



# SUSTAINABILITY REPORT 2022

**KAYSER AUTOMOTIVE GROUP**

COP – COMMUNICATION ON PROGRESS

status 12/2023



**KAYSER<sup>®</sup>**  
AUTOMOTIVE GROUP



This sustainability report is a publication of the KAYSER Automotive Group and includes the following companies:

A.KAYSER AUTOMOTIVE SYSTEMS GmbH	Site: Einbeck	1000 (Germany)
A.KAYSER AUTOMOTIVE SYSTEMS GmbH u. Co. KG Glauchau	Site: Glauchau	1100 (Germany)
A.KAYSER AUTOMOTIVE SYSTEMS Polska Sp. z o.o.	Site: Batorowo	2000 (Poland)
KAYSER AUTOMOTIVE SYSTEMS Kłodzko Sp. z o.o.	Site: Kłodzko	2100 (Poland)
KAYSER AUTOMOTIVE IBERICA S.L.	Site: Pamplona	3000 (Spain)
KAYSER AUTOMOTIVE SYSTEMS S en C.	Site: Puebla	4000 (Mexico)
KAYSER AUTOMOTIVE HUNGÁRIA Kft.	Site: Komárom	5000 (Hungary)
KAYSER AUTOMOTIVE SYSTEMS (Changchun) Co., Ltd	Site: Changchun	6100 (China)
KAYSER AUTOMOTIVE SYSTEMS USA, LP	Site: Fulton	7000 (USA)

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**Note:** All personal designations in this report are to be understood as gender-neutral.

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Note: Corrected version 12/2023



## Corporate statement

*Dear Ladies and Gentlemen!*

We are preparing this sustainability report in accordance with the "GC Active" status of the United Nations Global Compact - Communication on Progress (UNGC-CoP). In this way, we would like to confirm that A. KAYSER Automotive Systems GmbH and the associated companies (see table 1 on page 4) support the ten principles of the United Nations Global Compact in the areas of human rights, labour standards, environmental protection and anti-corruption as well as comply with the principles of the International Labour Organisation (ILO).

Acting responsibly, sustainably and lawfully is one of the basic prerequisites for our entrepreneurial success. Based on our social, societal and environmental responsibility, it is our goal to be a social employer worldwide who ensures compliance with the wide

range of legal standards within the KAYSER Automotive Group and to create a working environment that is characterised by integrity and respect as well as fair and responsible conduct. The Group's policy is based on principles of action which ensure a sustainable and efficient use of resources as well as continuous improvement of energy-related performance.

The entire KAYSER Automotive Group supports the Global Compact out of deep conviction. In the upcoming years we will work continuously to support the objectives of the pact and actively incorporate them into our daily business processes. ■

Kind regards from the management of A. Kayser Automotive Systems GmbH.

*Meinolf Lehmkuhl*  
Meinolf Lehmkuhl

*Jörg Schmidt*  
Jörg Schmidt

*Jörg W. Meyer*  
Jörg W. Meyer



## STRATEGY & GOALS

We, the KAYSER Automotive Group, as part of a family business with a long tradition, consider ourselves as one of the world's leading developers and suppliers in the automotive industry. With more than 60 years of automotive experience, we develop and manufacture highly complex and innovative systems for all drive types. In this way, we make a significant contribution in the area of emission reduction and are specialists for all types of thermal and fluid management in vehicles with conventional drives as well as all types of alternative drives.

Acting responsibly, sustainably and lawfully is one of the basic prerequisites for our corporate success. We recognise our social and societal responsibility and aim to be a social employer worldwide. We ensure compliance with the wide range of legal standards within the KAYSER Automotive Group and create a working environment which is characterised by integrity and respect as well as fair and responsible conduct. In doing so, we adhere to the highest ethical standards.

Our operational occupational safety and environmental protection is an integral part of our philosophy. The protection of our employees, a high level of environmental aware-

ness and energy efficiency are particularly important to us in order to ensure that future generations may also be able to follow a sustainable path. The implementation of and

compliance with our management systems is reflected in our certifications according to DIN EN ISO 14001 and DIN ISO 45001 as well as DIN EN ISO 50001.

Certifications within the Group				
	ISO 14001	ISO 45001	ISO 50001	TISAX
A.KAYSER AUTOMOTIVE SYSTEMS GmbH	✓	✓	✓	✓
A. KAYSER AUTOMOTIVE SYSTEMS GmbH u. Co. KG Glauchau	✓	✓	✓	★
A.KAYSER AUTOMOTIVE SYSTEMS Polska Sp. z o.o.	✓	✓	---	★
KAYSER AUTOMOTIVE SYSTEMS Klodzko Sp. z o.o	✓	✓	---	★
KAYSER AUTOMOTIVE IBERICA S.L.	✓	★	---	★
KAYSER AUTOMOTIVE SYSTEMS S en C.	✓	✓	---	★
KAYSER AUTOMOTIVE HUNGÁRIA Kft.	✓	★	---	★
KAYSER AUTOMOTIVE SYSTEMS (Changchun) Co., Ltd	✓	★	---	★
KAYSER AUTOMOTIVE SYSTEMS USA, LP	✓	★	---	★

✓ Already certified   
 ★ Implementation   
 --- Not certified

Table 1: Certification matrix of KAYSER Automotive

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Bild „Sprössling“ © Nadine Conrad, Adobe Stock

**MISSION**

As a family business with a long tradition, we are a globally active and innovative system supplier to the automotive industry.

Customer satisfaction, quality and growth are in the focus of our daily activities.

**VISION**

Emission reduction through innovative technologies.

We are the development partner and system supplier of the automotive industry for innovative technologies to reduce emissions.

**WERTE**

Customer-oriented & successful  
Passionate & innovative  
Quality-conscious & sustainable  
Reliable

The KAYSER Team

Figure 1: Mission, vision and values

All production sites worldwide have a certified environmental management system according to ISO 14001 and all German locations are additionally certified according to ISO 50001. Furthermore, the occupational health and safety management system was certified according to ISO 45001 at our headquarters in Germany, in Mexico as well as at our production plants in Poland. The certification of the plants in Glauchau (Germany), Spain, Hungary and China should be carried out promptly and is currently being implemented. All of the non-certified companies also work strictly according to the globally established processes and procedures of the management systems. This includes, among other things, regular checks of key figures and adherence to annual goals in the areas of energy, environment and occupational safety. The associated processes and procedures are available in the main languages spoken by the employees. Each factory has a representative for each certified management system. The management systems support the further development of our efficient manufacturing processes as

well as ongoing in-house efficiency improvement programmes. With all these activities, we continuously contribute to the principles of the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs).

In addition to a holistic approach to sustainability, we set ourselves the requirement to consistently meet not only the quality demands of our customers, but also our own standards of quality, safety and social responsibility. For this purpose, we have developed a modern quality management system and have had ourselves certified according to IATF 16949. In combination with our highly competent team and the constant dialogue with customers, we are able to provide results that are characterised by experience and innovation as well as service and customer orientation.

Appropriateness, effectiveness and efficient implementation of the site-related management systems are regularly assessed by the management and targets are subsequently set in order to achieve continuous

improvement. In this context, compliance with applicable legal requirements is also reviewed and the awareness of employees with regard to the environment, sustainability, occupational safety and quality is continuously raised. These principles are also anchored in our corporate mission and our vision as well as in our values.

In line with our corporate strategy, we strive for long-term improvement in sustainability. A sustainable foundation for this endeavour shall be created through the development of a Science Based Target (SBT). ■



## SUSTAINABLE DEVELOPMENT GOALS „SDGs“

We support and confirm the importance and necessity of the 17 “Sustainable Development Goals” (SDGs). As part of an analysis of business activities taking into account the materiality analysis, all SDGs were examined in detail and a prioritisation was carried out (see the following chapter).

The prioritisation resulted in five SDGs that are primarily relevant for KAYSER. In addition, KAYSER pursues the goal of avoiding any negative impact on all SDGs through its business activities.

We want to do business in a responsible manner. In that regard, Goal No. 3 (Health & Well-being), Goal No. 8 (Decent Work & Economic Growth) and Goal No. 12 (Sustainable Consumption & Production) with their respective sub-goals are particularly relevant. With our products, we contribute to Goal No. 9 (Industry, Innovation & Infrastructure) and Goal No. 13 (Climate Action). With our aspiration to maintain peace

and justice in our business, we also contribute to Goal No. 16 (Peace, Justice & Strong Institutions) in our operating environment. ■



Abbildung 2: SDGs KAYSER



## MATERIALITY ANALYSIS

In order to determine which sustainability issues are particularly relevant to us, a materiality analysis was conducted in 2021. Internal and external parties were also included in this analysis.

Out of a total of 23 topics assessed, the following 6 focus topics were identified. These focal topics are now

increasingly taken into account in all activities.

In connection with the identified topics, there are the prioritised SDGs, as shown in the figure. The following chapters include our approach and existing actions on these topics. ■



Figure 3: Materiality analysis and SDGs

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Bild „Kornfeld“ © andranik123, Adobe Stock

## THE HUMAN

**Our success critically depends on our employee – and therefore, their wellbeing is one of our highest priorities. In order to promote this, we ensure a safe and low-risk working environment. In addition to aspects of quality and environmental protection, occupational safety and the health of our employees is anchored as a central component of our corporate policy.**

Our goal is to ensure, that accidents, personal injury and property damage are avoided and that the safety, health and well-being of employees, subcontractors and third parties are guaranteed. This is achieved by implementing appropriate organisational and technical measures.

Our employees are provided with all the training they need to qualify and perform their professional tasks. At the same time, detailed health and safety analyses are conducted at all locations to ensure an adequate working environment. New analyses are carried out when new processes are implemented in production or when processes are optimised.

Existing equipment and processes are checked by means of regular inspections and maintenance measures, which can ensure their safety. In order to create awareness and sensitise employees, regular briefings on the topic of occupational safety are held for all employees. As part of these

instructions, an effectiveness test is carried out depending on the topic and location. To further protect our employees, protective equipment is provided, if required. Before any "personal protective equipment" (PPE) is used, the hazardous factors, such as hazardous substances or noise, are substituted, avoided or reduced wherever possible. Measurements are taken regularly in areas with a high level of occupational noise exposure. If the hazard cannot be further minimised in specific areas, protective equipment is required and the employees are instructed accordingly.

If employees require health fitness for their work, this is ensured through obligatory health examinations. In addition to physical hazards, psychological hazards, such as stress, must also be taken into account. In order to keep these hazards as low as possible, compliance with working hours is checked and the accumulation of overtime is limited. Overtime built up should be

compensated in a timely manner, if possible, so that the employees' recovery can be guaranteed. In order to minimise any further potential hazards from possible emergencies or hazardous substances, global processes are in place which the employees are familiar with. Should an accident occur nevertheless, experts will analyse them to determine their cause. As part of these analyses, measures to improve safety are established where possible. For measures from which all societies could benefit, international exchange groups exist to promote such findings.

The safety of external service providers is also an important concern for KAYSER. Before subcontractors are permitted to enter the sites premises, they receive instructions. If they carry out potentially dangerous work on the site, a risk assessment is also carried out and necessary measures are initiated at an early stage. Furthermore, labour and human rights are also tak-

Bild: „Herz auf Baumrinde“ © Dario Loew-Albrecht, Adobe Stock

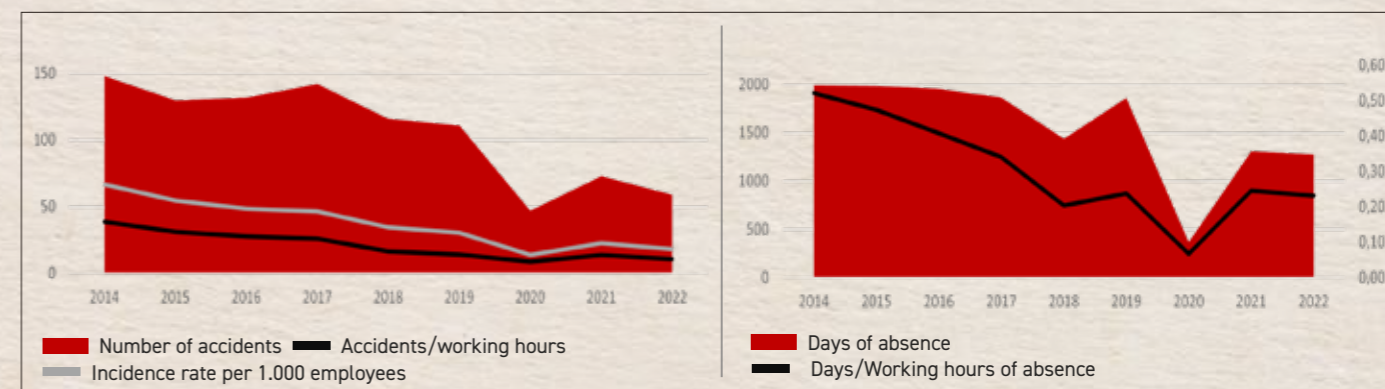


Figure 4: Lost Time Injury Rate (left side) & Lost Time Injury Severity Rate (right side)



en into account with suppliers. For this purpose, we have established a guideline on sustainable procurement.

In general, all of our employees are provided with regular training on occupational safety, the environment and the Code of Conduct. This resulted in 10.06 hours of instruction per employee in 2022. In addition to the health and safety of our employees, the aim is to increase employee satisfaction. In order to achieve this, individual incentive systems are used in different companies. For example, there are discounts on sporting activities, prizes for suggestions, theme weeks and general employee discounts.

There are anonymous employee surveys to obtain honest feedback, on the basis of which optimisation is possible. The results are then analysed, whilst suggesting improvements. Reports on various topics, such as occupational safety and ethics, are sent to management on a monthly basis. The information contained there in will be processed and tracked accordingly. □

### Human rights

Principle 1, 2, 3, 4

We assume responsibility for our employees and respect and protect human rights. We also act in accordance with internationally recognised human rights, labour and social standards and strictly adhere to the laws applicable to our business activities. As a result, we comply with all applicable occupational health and safety regulations to ensure the safety of our employees in the workplace. In addition, we are committed to the principles of the Global Compact and the requirements of the International Labour Organisation (ILO).

Compliance with all human rights is addressed and required in the frame-

work of the codes of conduct within the company as well as along the supply chain. Central aspects of the codes of conduct are the observance of human rights, the exclusion of child labour, slavery and all forms of forced labour and corruption as well as environmental issues.

Employees are provided with a 'Code of Conduct' training to ensure that the content is understood and applied, for which it is available in all country-specific languages. Confirmation of compliance with the Supplier Code of Conduct is mandatory for every serial supplier.

A whistleblowing system is in place for employees who wish to report any type of violation. No reports of hu-

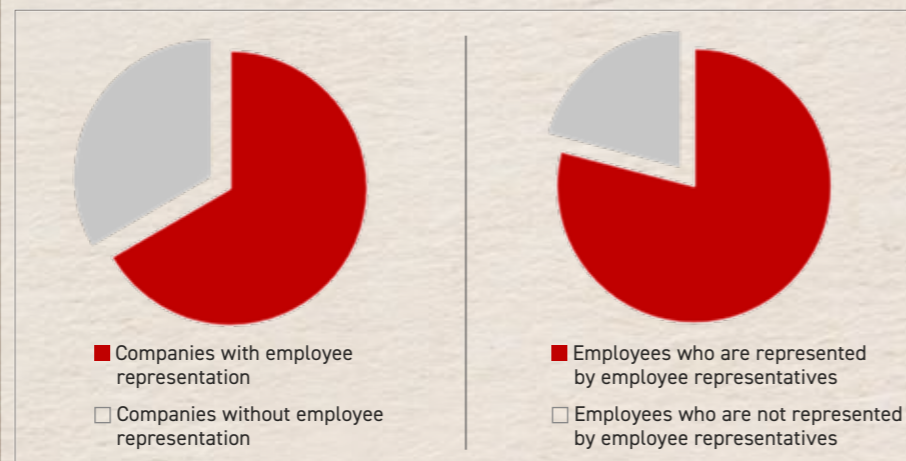


Figure 5: Employee representation (Works Council)



man rights violations were received in 2022. We want to ensure that our employees work under fair working conditions and that all human rights are respected. The payment of wages as well as special compensation or time off for overtime is anchored in the employment contracts on a country-specific basis. In total, 40% of our employees in 2021 were covered by collective agreements. For all employees, at least local legislation applies in conjunction with other rules and agreements. Regulations, such as a minimum 24-hour rest period within a time frame of seven consecutive days, are taken into account at all companies. The content of employment contracts is explained to each employee as required.

An important goal is to create an attractive working environment. Interaction with each other shall be characterised by appreciation, mutual understanding, respect and fairness. To reinforce these principles, we have developed our corporate culture and management guidelines. Employees are free to join associations in accordance with national law, such as trade unions. Any representative organisations for the purpose of collective bargaining and working conditions

are recognised. In the majority of our companies, employees have chosen to be represented by an employee representative body (Works Council). □

### Equity (Discrimination; Equality)

Principle 6

No tolerance of any form of discrimination, humiliation, oppression, harassment or insult is our principle. All employees are regarded as full and equal. Interaction based on appreciation, mutual understanding, respect and fairness excludes any form of discrimination. In addition, every manager sets an example with his/her own behaviour and is thus responsible to ensure a working environment that is free of discrimination and harassment

on a permanent basis. As an element of the codes of conduct, the importance of equality and fairness is known to all employees. Violations of any kind can be reported. In addition to supervisors and existing works councils, a neutral ombudsman is available. All employees may feel free to report any concerns about ethically unacceptable or unlawful behaviour through the various channels.

We value all age groups and offer older employees an option for phased retirement whenever possible. In addition to ethical, visual or political reasons, there is also no preferential treatment or discrimination based on gender. Diversity is promoted in both recruitment and staff development, and everyone is treated identically, without bias and with respect.

Women represent an average of 49% (in 2021) of employees in the company. In 2022, 28% of management positions were held by women and 15% of works council members were women. Our employees in the Human Resources department have been trained on "Compliance in the Recruiting Process". In addition, they have also been sensitised accordingly neither to discriminate nor to accept any discrimination. These values and

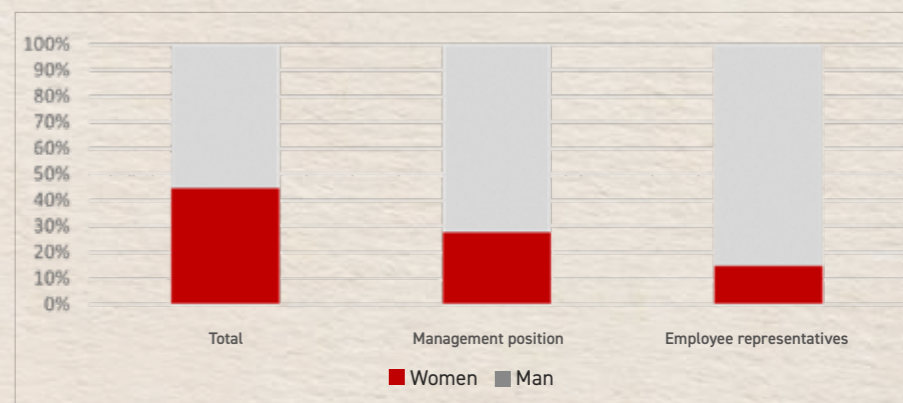


Figure 6: Gender quota



principles are also communicated to all contractors. □

### Child labour

#### Principle 5

We recognise our social and corporate responsibility and do not use child labour at any stage of the business process. We comply with the recommendation of the ILO Conventions on the minimum age for the employment or use of child labour. This minimum age should not be less than the age at which compulsory schooling ends and in any case not less than 15 years of age. This is ensured by appropriate identity checks during the recruitment process.

In order to raise awareness among employees, the issues of child and forced labour are anchored in the Code of Conduct and addressed in the related training. This action and commitment with regard to child labour is passed on to our suppliers within the framework of the Supplier Code of Conduct and confirmed by them when they conclude a contract.

Furthermore, by paying fair wages, we want to enable our employees to finance a good education for their children. □

### Employee promotion

Various activities are available to promote satisfaction and motivation as well as personal and professional development of our employees.

Our human resources management is based on well-defined processes and guidelines. During the recruitment process we already place great emphasis to transparency and fairness and our recruiters and managers are trained accordingly. The interview costs incurred by applicants are covered in full by KAYSER. An applicant management system has been introduced to professionalise and standardise the entire applicant management process and to ensure compliance with data protection regulations.

Our employees are professionally supported along the "Employee Lifecycle" at all times, whether through individual onboarding, standardised employee review meetings or regular training surveys. At the beginning of 2022 were standardised development discussions will be successively implemented. The annual training requirements will be derived from this and the corresponding measures will

be implemented by our personnel developers in accordance with the personnel qualification process. We design customised in-house training, organise external measures or create digital offers via our corporate e-platform.

In addition, our training supervisors take on the responsible task of providing young people with practice-oriented vocational training. The choice can be made here between apprenticeships and dual courses of study. In 2021, we supervised 30 apprentices and dual students at our German locations, including two students on the new mechatronics degree programme which is offered by us. On a regular basis we also provide pupils and students with the opportunity to get to know our company.

We are also represented at selected career fairs and even support young academics financially – for example, we regularly sponsor German scholarship holders.

In order to continuously providing professional support to the employees, regular assessments are carried out. From the previous individual approaches in the different produc-

tion plants, uniformly structured and standardised procedures shall be implemented in 2022. These assessments are intended to provide the entire company with early opportunities for further development and to be able to react to the needs of the employees. This framework will identify when employees need or would like to have support. On average, each employee received 5.0 external training hours in 2022.

In 2022, Germany introduced uniform structures and standards for individual employee discussions. The standardisation started with employees of the three upper management levels, and going forward, employee discussions will take place annually. The discussions focus on the comparison of competencies and tasks. From 2023 onwards, discussions will be held with all employees and follow-up measures for employee and management development will be defined, most of which will be implemented in the same year.

Regular employee surveys are carried out in almost all KAYSER plants. These will be standardised by 2025 at

the latest. An employee survey was carried out in the German plants in 2022 with an overall response rate of 63%. Within the administrative areas, the response rate was significantly above 80%. One focus of the survey was psychological stress at work. The current German standard version of the COPSQ (2020) by the Freiburg Research Center for Industrial Sciences (FFAW) was used. Several follow-up measures are already being implemented in this respect.

In addition, those responsible for training take on the valuable task of enabling young people to receive practical vocational training. They can choose between apprenticeships and dual study programmes. In 2022, we looked after 29 trainees and dual students at our German sites.

Our extensive range of apprenticeships offers teenagers and young adults the opportunity to receive further training/training in both commercial and industrial apprenticeships and study programmes. In addition to our two existing dual degree programmes, a dual degree programme in business informatics has also been available. We also regular-

ly offer schoolchildren and students the opportunity to get to know our company. Through our future days, we support young people in their initial career orientation and open up new perspectives for them. Thus, this gives them a unique insight into training opportunities and professional life at KAYSER.

The KAYSER Group is also represented at selected career fairs. Furthermore, we support young academics financially - for example, we regularly support scholarship holders in Germany. We also support students' theses and offer internships in a variety of areas at our German sites. ■

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Bild „Team Bergsteiger“ © phomix\_a, Adobe Stock | „Seil“ © Zerbor, Adobe Stock | „Kompass“ © Alexstair, Adobe Stock





# PLANET

Bild „Weltkugel“ © rangizzz, Adobe Stock | „Landschaft mit Sonnenuntergang“ © Mordolff, iStock

## THE PLANET

PRINCIPLE 7, 8

**Protecting the planet and preserving our environment are important to us. Our products are manufactured at a total of nine locations around the world by using the energy and resources that is required in this context. In order to be able to monitor and improve the environmental impact, each production site has a certified environmental management system according to ISO 14001.**

Likewise, any legal requirements are considered and complied with at every step. Compliance with legal requirements is verified through regular internal and external audits at all Group locations. The appointed auditors have the necessary professional qualifications.

With the help of continuous environment analyses, it can be ensured that the environment with its special features is known, taken into account and complied is not negatively influenced with at each location. Any find-

ings from these analyses also have an impact on the consideration of potentially abnormal operating conditions, such as floods, fires or storms. Those conditions which would have the greatest impact on the environment are given special consideration. An emergency plan is available for each production site of which the employees are aware of. In addition, there are emergency plans for internal hazards, such as leaks. The effectiveness of the emergency plans is tested by means of regular simulations and evaluations.

Beyond analyses and considerations, we place a lot of emphasis on awareness and support of all employees in order to protect the planet. There is a continuous appeal to common interest through briefings and sharing of information. □







## Resources

The conservation of resources is taken into account through the highest possible efficiency, conscious handling and the use of modern technologies in all areas.

During the procurement process of equipment, attention is already paid to state-of-the-art production technology, taking energy efficiency into account. When planning the production, downtimes and idle times shall be avoided wherever possible. Through various considerations and comparisons of energy consumption, our employees have extensive knowledge in terms of a responsible way of planning.

For continuous improvement, each plant has intensity reduction targets as part of the management systems. Despite the more difficult conditions due to COVID-19 and material short-

ages, we have nevertheless been able to maintain our energy efficiency. Our primary energy source for heat is gas. Wherever possible, we use the principle of heat recovery to use less

of our heating systems. Thus, some areas are heated by waste heat from our air compressor. Due to our continuous growth in recent years, the density of equipment in

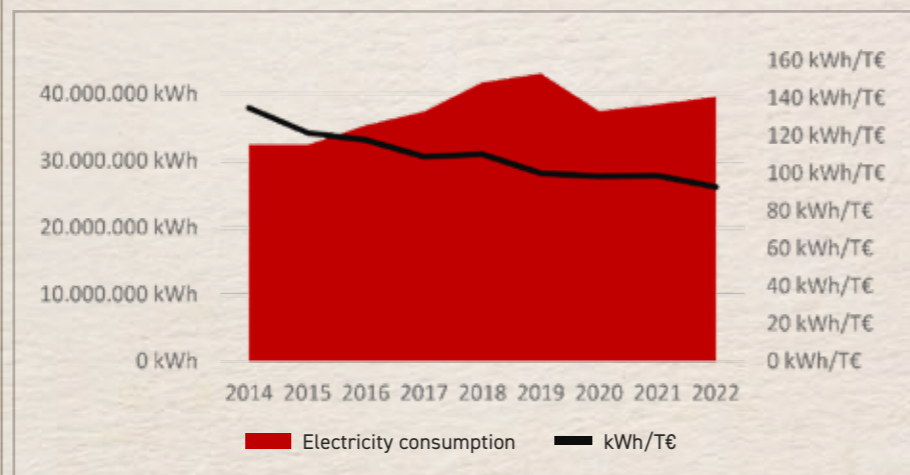


Figure 7: Electricity consumption



some of our production halls has also increased, so that it is not always necessary to use gas for heating. Meanwhile, in other areas, halls even had to be extended due to a lack of space. However, these have only had a low plant machine density up until now. In order to create an adequate working environment, more gas-fired heating must be used in these areas. In addition to growth and the associated development of heating requirements, COVID-19 and the shortage of materials also have an impact on the gas consumption. By creating a hygienic and safe working environment, the regular exchange of air volume was increased. The equipment was operated to a lesser extent and therefore, the process heat volume, which was usually available, was also lower. But, in order to continue providing

an appropriate working environment for our employees, the heating output was increased.

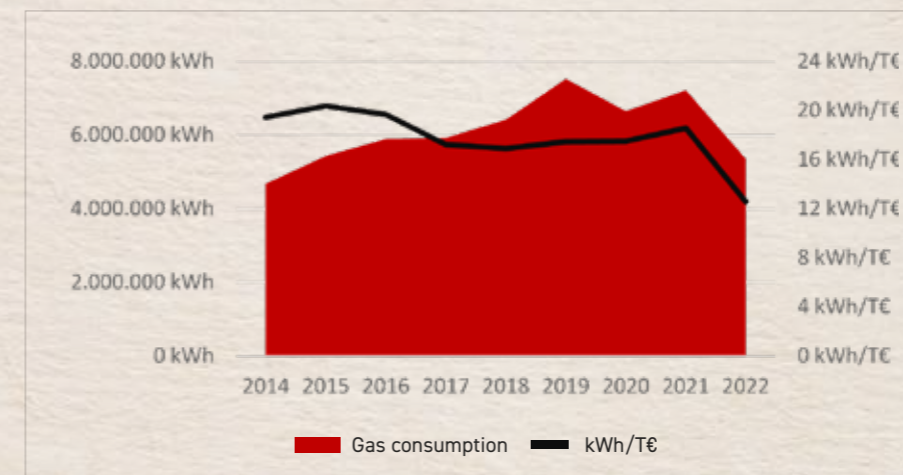


Figure 8: Gas consumption

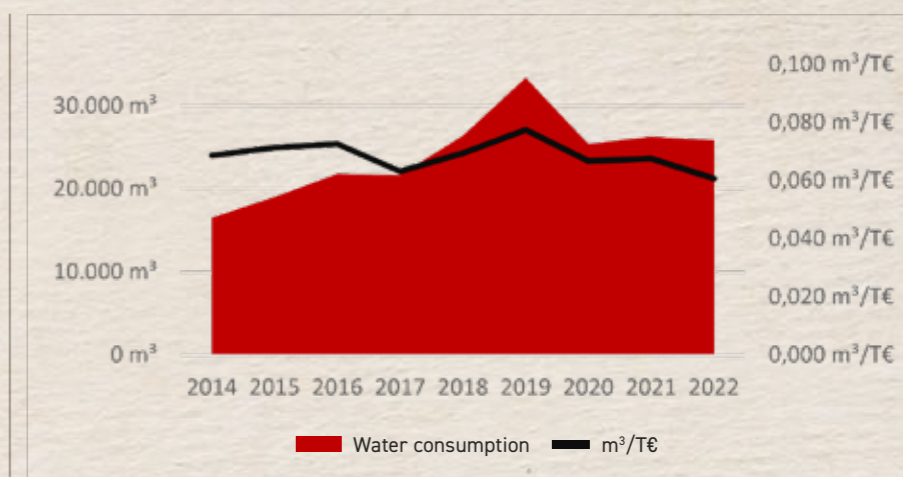
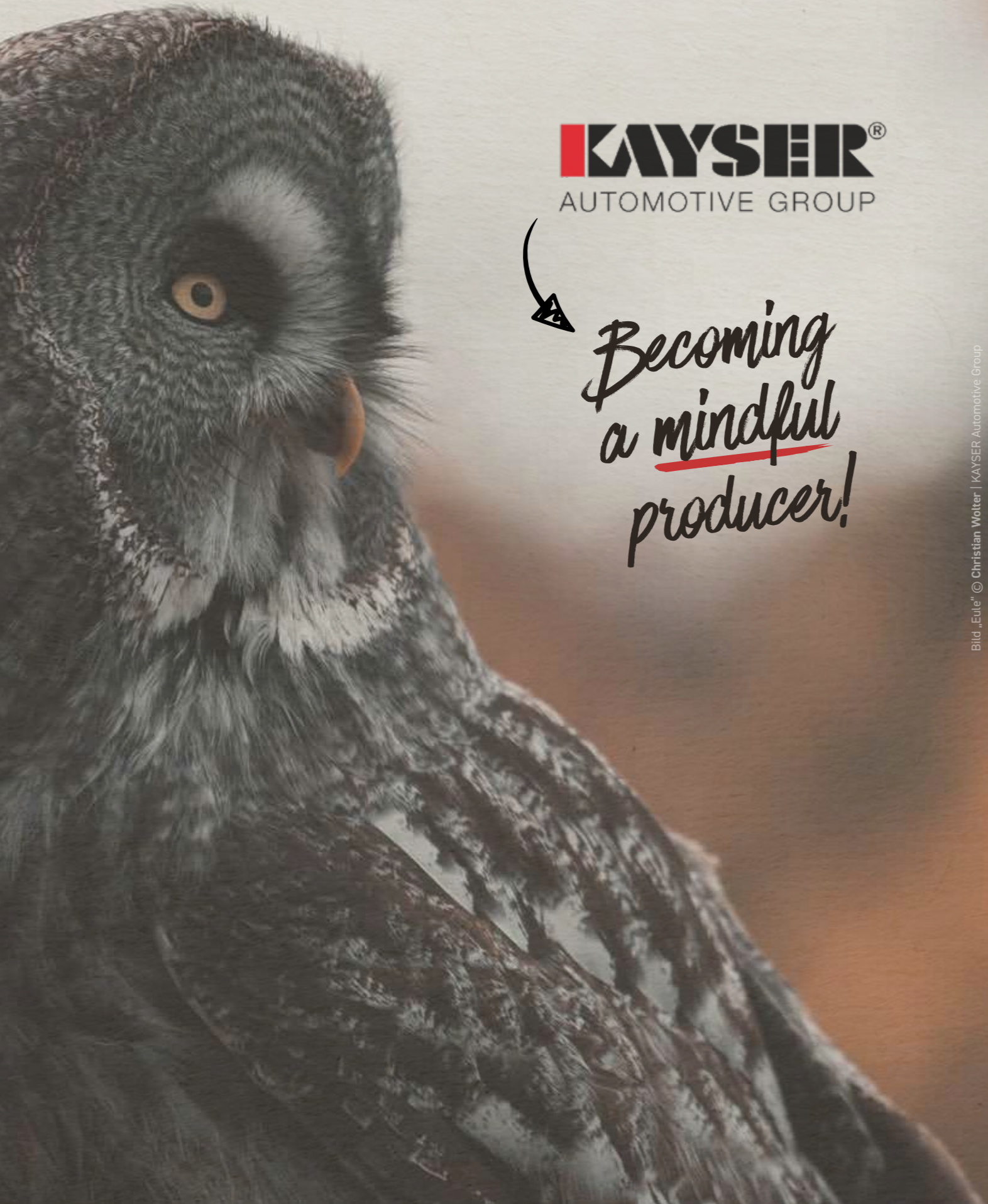


Figure 9: Water consumption

Water is not a major component of our production and is primarily used by our employees. Nevertheless, we also record these consumptions and take a closer look at them. This allows us to identify any potential leaks or other complications in the fastest way possible.

In order to conserve resources, we continuously implement measures to reduce the amount of waste. In particular, scrap reduction programmes





*Becoming  
a mindful  
producer!*

Bild „Eule“ © Christian Wolter | KAYSER Automotive Group  
Bild „Müllsack“ © Lumos sp, Adobe Stock | Bilder „Schaum“ & „Blätter“ © Vanessa Strauß | KAYSER Automotive Systems | Bild „Müllsack“ © freshidea, Adobe Stock



are an ongoing part of our production. Along with the procurement of new and more efficient equipment, older and less efficient equipment is being phased out. As a result, there is a higher volume of waste in the meantime. Most of our waste is recycled or recovered. Our location in Fulton (USA) has been committed to clean waste separation for years. Since separation is not normally done in this region, we are particularly pleased and proud that our employees are aware of this and are supporting us in implementing the technique. In order to ensure that waste prevention and disposal are handled identically in all factories, a global waste management procedure is in place and each factory has a waste manager. □

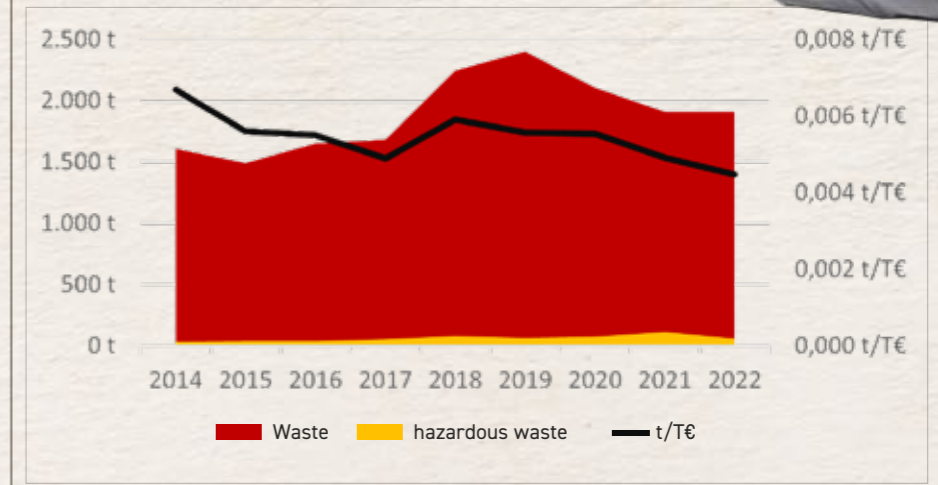
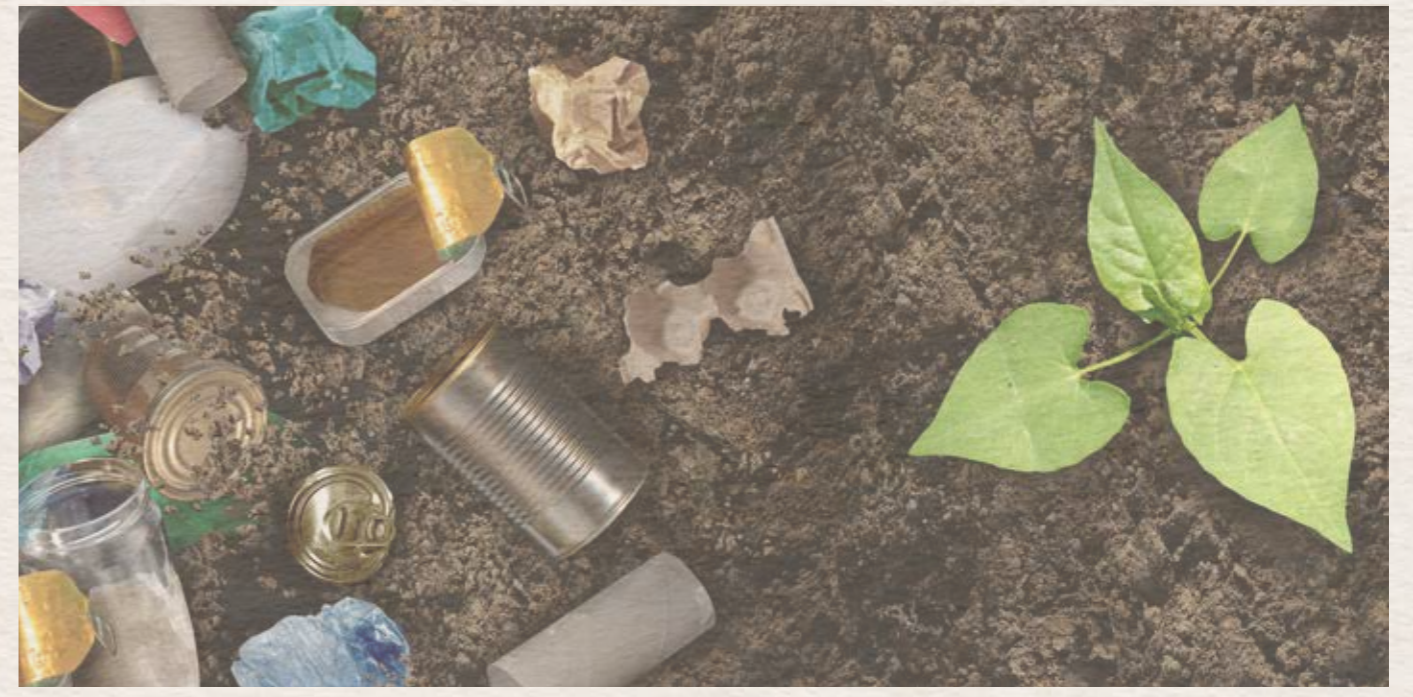
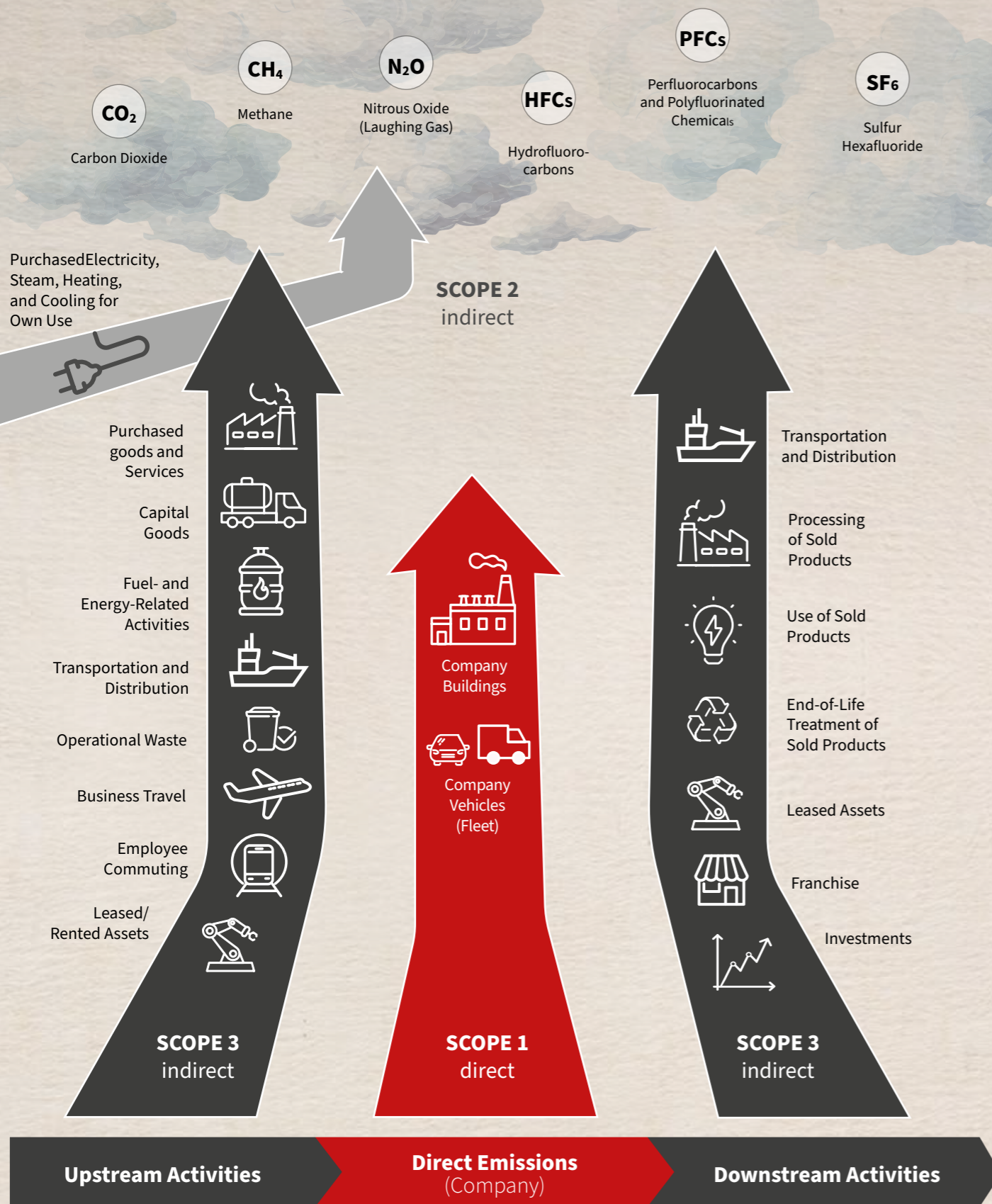


Figure 10: Waste



### Direct and Indirect Greenhouse Gas Emissions Scope 1-3 According to GHG Protocol



### Development of emissions within the KAYSER Automotive Group

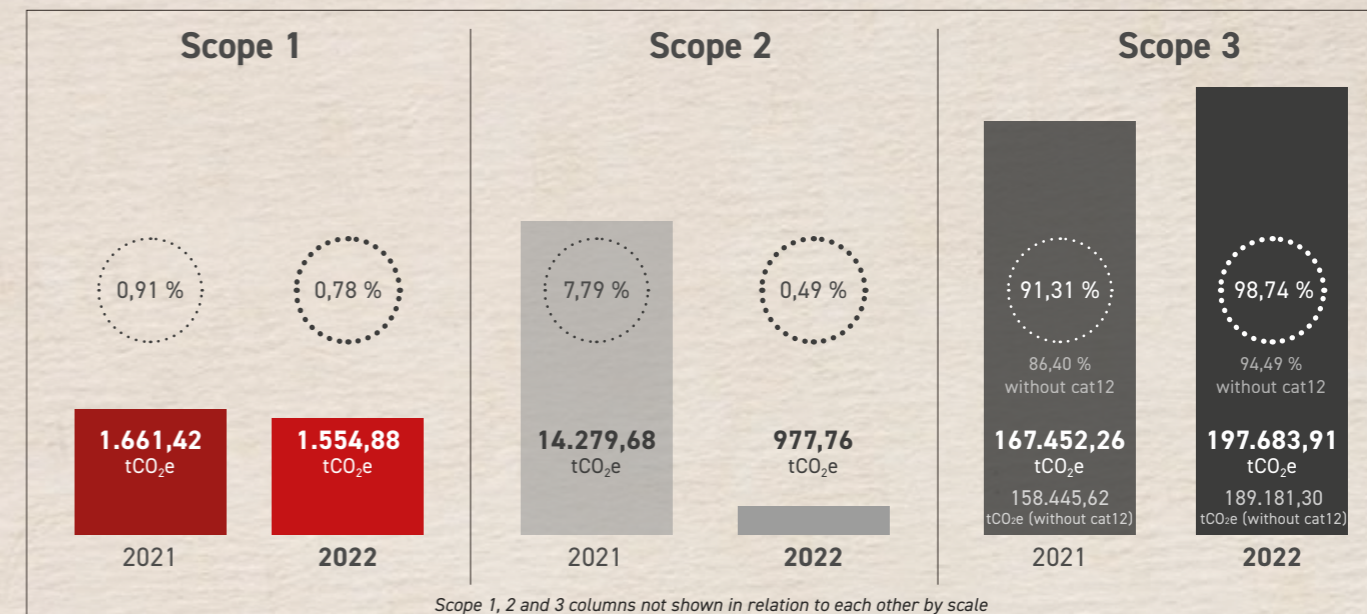


Figure 11: Development of emissions

### Emissions: Roadmap to CO<sub>2</sub> neutrality

In response to one of the world's most urgent challenges, the climate crisis, we are striving to significantly reduce our impact on the climate. The goal of KAYSER Automotive Group is to achieve CO<sub>2</sub> neutrality by 2038.

In order to achieve the overarching goal of climate neutrality by 2038, we have defined two sub-goals. The Science Based Targets Initiative is currently reviewing these to ensure conformity.

We started working on calculating CO<sub>2</sub> equivalents back in 2019. In the first step, the focus was on looking at our direct (Scope 1) and indirect (Scope 2) emissions at KAYSER. In 2021, various categories of indirect upstream and downstream CO<sub>2</sub> equivalents were recorded for the first time. The underlying calculation standard is the "Greenhouse Gas Protocol".

The largest and therefore most important part of our footprint is category 3.1 - Purchased Goods and Services. Because of this, we have

defined goals for all of our suppliers: From 2028, Scope 1, 2 & 3 data must be submitted by all suppliers on an annual basis. In order to obtain qualitatively comparable data, CO<sub>2</sub> equivalent calculations should be carried out based on the GHG protocol or ISO 14064. We demand that CO<sub>2</sub> neutrality for Scope 1 and Scope 2 be achieved by the 2030 reporting year. Complete CO<sub>2</sub> neutrality must be achieved by the 2035 reporting year.

The transition towards being a CO<sub>2</sub>-neutral company comes with various challenges. Not all countries can obtain electricity from renewable sources. Material requirements can greatly limit supplier selection. Technical possibilities in existing processes only allow for limited potential for optimisation. We are aware of the challenges and are working on perspective solutions for a holistic plan to achieve our goals. In the 2022 reporting year, we were able to successfully reduce Scope 2 emissions by 93.2% by switching

the electricity we purchased. Direct Scope 1 emissions were reduced by 12.4%. Upstream and downstream emissions - Scope 3 were increased by 8.3%. ■

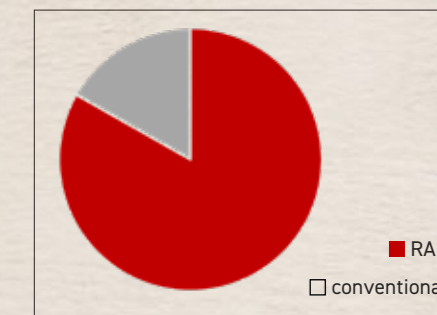


Figure 13: Electricity mix 2020





# PROCUREMENT



## PROCUREMENT

**Through our procurement process we have the opportunity to influence the upstream supply chain. We use this influence to establish sustainability matters and our values along the supply chain. For this purpose, we have introduced self-disclosure on the subject of compliance and sustainability, which must be filled out by the suppliers.**

To ensure that our minimum requirements are implemented, this is included in our supplier evaluation. In addition to our requirements, our minimum requirements consist partly of legal requirements and customer requirements.

Our suppliers receive corresponding information about their score and any associated restrictions. A new platform for reviews and information sharing is under development. In the future, this platform will also be used to collect data on our suppliers' emissions. At the same time, an early warning system is being introduced to enable early reactions to potential areas of danger. A risk assessment for suppliers is also being introduced. In addition to demanding more sustainability along the supply chain, we are also working on continuous improvements at our sites. A reduction in paper use is to be achieved by switching to digital global purchasing files. The "Paperless Office" test phase at headquarters

is already running. Our buyers are continually made aware of the issue of sustainability. Sustainability is an integral part of the annual global purchasing workshop. It focuses on general information on sustainability, guidelines, as well as requirements and measures. ■





PRODUCT

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## THE PRODUCT

Principle 8, 9

**We are a development partner and system supplier to the international automotive industry. Our innovative technologies and products enable us to make a significant contribution to reduce emissions. Our ready-to-install complete systems help our customers to reduce the emissions of their vehicles and thus to comply with all current and future legal regulations. In this way, we are able to make a joint contribution to the protection and preservation of our environment.**

Increasing legal requirements in terms of climate protection demand that we develop ever more efficient products. During the development of our products, we already have to pay attention to make them as environmentally friendly as possible. This is ensured by queries integrated into the development process and minimum requirements which must be met. Part of these queries is to check whether the product can be manufactured in such a way that it can be dismantled and recycled. One legal requirement is the reduction of hydrocarbon emissions to 1/10 of the previous limit value. In order to achieve this goal, among other things, our activated carbon tank must be equipped with significantly more activated carbon as well as an additional high-performance absorber made of activated carbon. The reduction of the limit value leads to a 30 % increase in activated carbon consumption on average. As a result of which not only the transport costs increase, but also the associated carbon dioxide emissions. Added to this is the resulting increase in the demand for the raw materials which is required



for the production of activated carbon. There is an additional climatic risk of reduced availability of these raw materials that are required for the production of activated carbon, triggered by extreme weather phenomena or water shortages in the area where the raw material plants are growing. In order to meet these challenges, we focus on the development of intelligent and sustainable solutions. We have succeeded in counteracting this trend with our own developments (e.g. a high-performance absorber) due to the fact that we have managed to combine high performance with high environ-

mental friendliness. Our product is not only capable of reducing the emissions of an activated carbon container by up to 90%, but also consumes up to 90% less energy in the production process than conventional products on the market. Contrary to the state of the art, the absorber is not manufactured at 800°C, but at room temperature and can be additionally or proportionally manufactured from recycled materials, which further reduces the energy requirement and thus contributes in easing the situation. In order to reduce CO<sub>2</sub> emissions even further, we are also increasingly us-



ing recycled materials in other areas to produce individual components, such as the housing of an activated carbon container. By using recycled material, it is frequently possible to save more than 50% of the required energy in comparison to virgin material. Thanks to these measures, not only our customers benefit from the significantly improved climate balance of our products, but also the environment itself.

The KAYSER Automotive Group is not only working on making the existing products for conventional drive types more sustainable, but is also researching and developing products for the alternative drive market. The orientation of research and development is continuously focusing more on intelligent solutions for the advancement of alternative drive

types, which directly help to counteract climate change through their use.

These developments include components such as lines, valves or expansion tanks for the thermal management of battery electric vehicles (BEVs). These use new materials, the use of which helps to reduce CO2 emissions. Particularly when it comes to cables, the new materials have the advantage that the processing temperature and the time required for processing are lower. By using these materials, CO2 can also be saved because the energy required is lower than with classic elastomer cables. These developments are supported by further developments for BEVs, which serve to protect these

vehicles from explosions. Filter

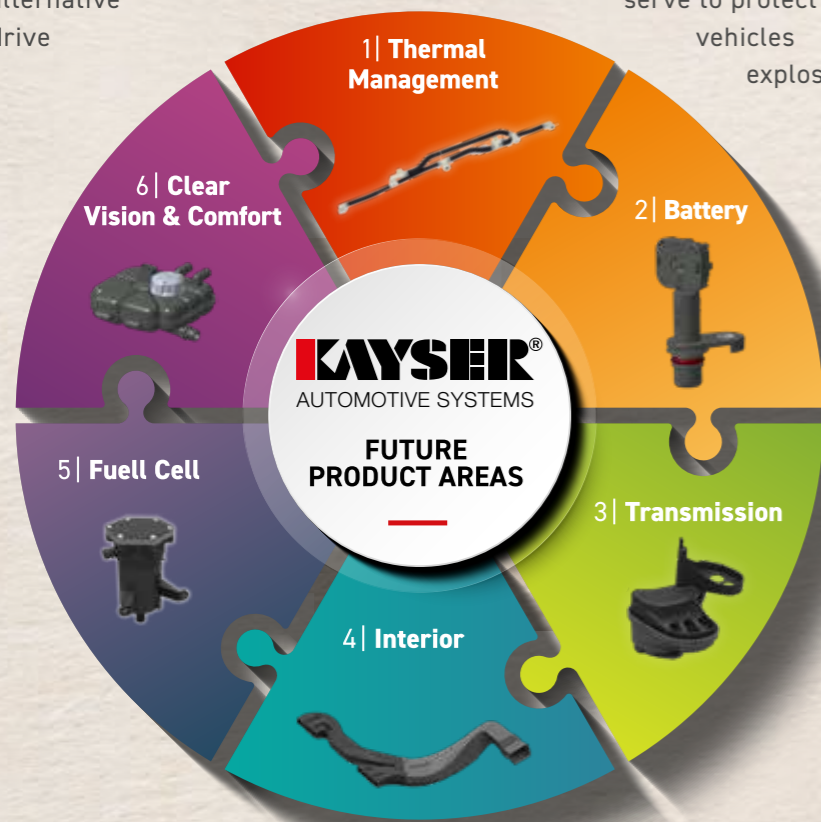
elements for the area of hydrogen mobility will expand the portfolio so that KAYSER can also actively contribute to reducing emissions with these products. All of these developments help us to actively face new situations and make an active contribution to climate protection.

We are committed to green hydrogen mobility in the "ViridisH2 Südniedersachsen" initiative. The initiative is pursuing the goal of establishing a concept for the implementation of public transportation in southern Lower Saxony by means of a feasibility study as well as developing a hydrogen strategy for southern Lower Saxony until the year 2035. The long-term goal is to establish hydrogen mobility as a multiplier in Southern Lower Saxony. Alliances are to be formed along the entire value chain for further hydrogen projects, in which KAYSER is also actively involved.

Here, representatives from business, science, administration and politics join forces to actively promote various hydrogen-related projects and to network on a supra-regional level. In order to pursue this professionally, a hydrogen network office is being set up at the "Stiftung Südniedersachsen", which is organisationally docked to the office of the SüdniedersachsenInnovations-Campus (SNIC). ■

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Bild „Korruptionsversuch abwehren“ © sabthai, Adobe Stock



## ANTI-CORRUPTION

Principle 10

**We, the company KAYSER, our employees and business partners do not tolerate corruption. This principle is anchored in our corporate policy as well as in our Code of Conduct and is confirmed and recognised by the employees.**



In connection with our activities at home and abroad, corporate bodies and employees of other companies as well as public officials may not be promised or granted any personal benefits in return for preferential treatment. Our employees do not engage in any form of bribery and do not derive any profit from their activities, apart from their remuneration paid by the company. A risk assessment for anti-competitive practices as well as corruption and information security forms part of our strategic risk management. This includes all measures for the systematic identification, analysis, assessment, monitoring and control of the company's risks.

A variety of principles and mechanisms are in place in order to monitor and ensure compliance with this principle. The separation of

functions between the individual departments means that requirements and approvals are separate from each other. Hierarchies in the company are endowed with different competences and business processes regulate procedures and responsibilities at different levels. Regulations and requirements apply to the general management as well as plant management of the respective companies. Each general management and plant management must ensure that there is no violation of these principles. Authority thresholds corresponding to the hierarchy level are defined at the management levels, which are flanked by a release scheme dependent on the investment level.

All incoming invoices are continuously checked against purchase orders with the help of an independent

system. All underlying purchase orders must first pass through a release hierarchy. If there is no matching purchase order for an invoice, a manual check is initiated. This check includes the involvement of the finance department and separate approvals become necessary. Any investments that exceed a certain amount in total costs must be approved by a committee. In such a case, the availability of comparative offers is a basic requirement.

A comprehensive and independent control of the mechanisms and regulations takes place within the framework of the internal audit, especially with regard to the consistency of receipts. In addition to the review of business processes, random samples are checked for compliance with the applicable requirements as well as for accuracy. This audit found no evidence of corruption, anti-competitive practices or bribery in 2021. Furthermore, a due diligence check is carried out by third parties as part of the information security management system (ISMS). Kayser Automotive Systems GmbH Einbeck has been certified according to the TISAX industry standard for years. Its associated companies are also scheduled to be certified in line with this standard in 2023. ■



Bild „Blatt“ © Vanessa Strauß | KAYSER Automotive Group

**SUSTAINABILITY REPORT 2022**

ONE WORLD. ONE FAMILY. ONE KAYSER.



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