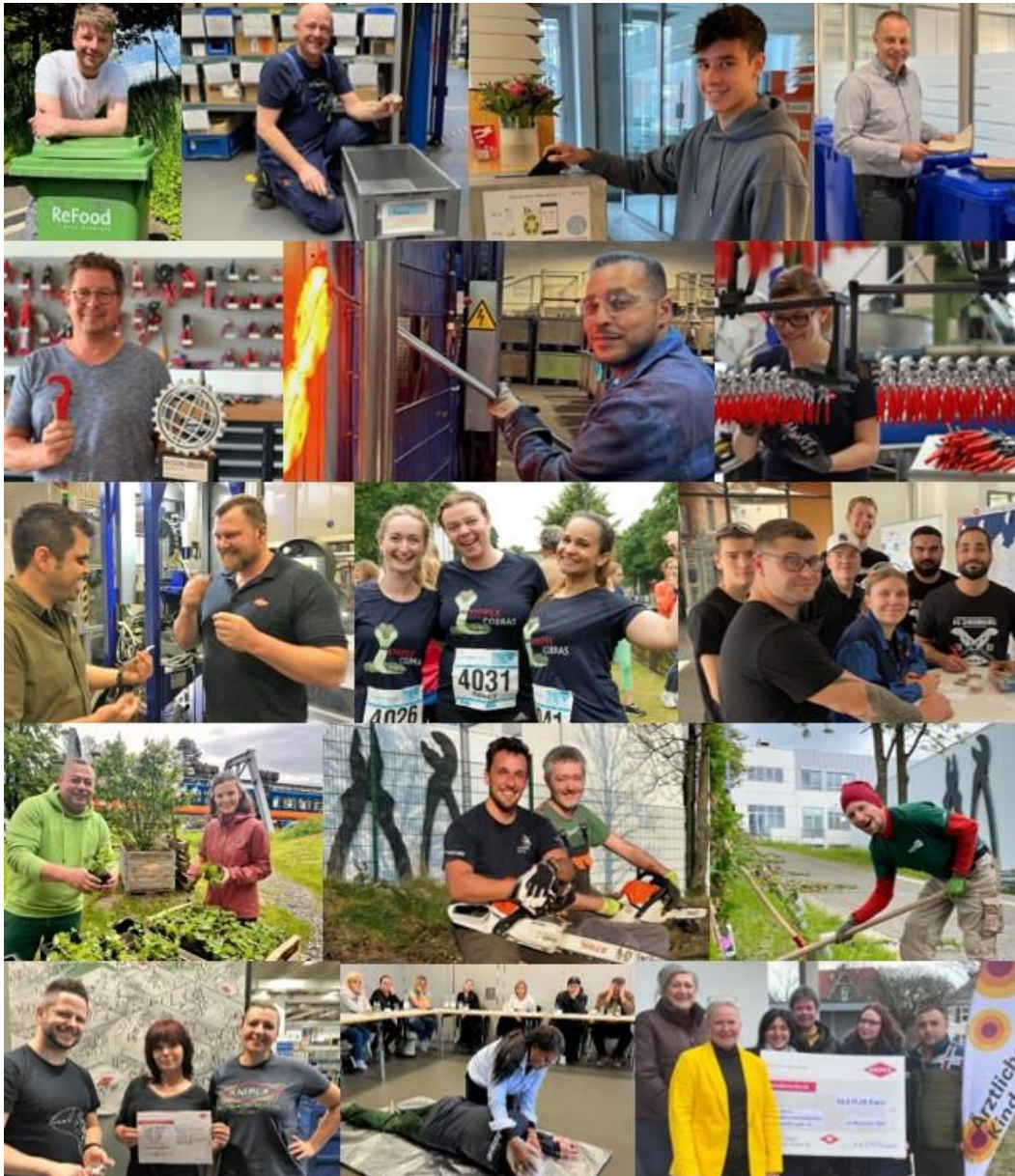




We take responsibility



KNIPEX Sustainability Report 2023

Period under review 1 January to 31 December 2022

KNIPEX Sustainability Report 2023

Responsibility is an essential element in our more than 140-year company history at KNIPEX. Our company will only enjoy a positive future if we treat people and the environment with respect. That's why, despite our already high standards, we are constantly working to improve our sustainability in the areas of ecology, employees, community and economy. This sustainability report outlines what we have achieved in 2022 and what objectives we have set ourselves for the next few years.

We are committed to the ten principles of the UN Global Compact and aim to actively contribute towards achieving the 17 Sustainable Development Goals (SDGs).



In all cases, we use the corresponding icons in the report to make clear which principle of the Global Compact we have improved on and to which SDG we have contributed. We use the generally known symbols to denote this. There is an overview of the ten principles and 17 objectives at the end of the report.



Ecology

As a company, we live from the conditions and resources, the quality and maintenance of which we assume our share of responsibility for. **Our objectives are to halve our greenhouse gas emissions by 2030 compared to 2020, to achieve climate neutrality by 2045 at the latest, to continuously and systematically reduce our specific energy use and our production-related waste, to promote resource-saving production and increase ecological stability.**

We make our employees aware of the need to be responsible and act sustainably with regular communication and training on the objectives and implemented measures of ecological sustainability.

Climate management at KNIPEX

Our climate protection management approach means we commit ourselves to climate-friendly action. We have compensated for emissions that are hazardous to the environment that are caused by our business activities, set ourselves targets for reducing greenhouse gas emissions and formulated a climate strategy to systematically achieve these targets. In doing so, we initially focus our activities on areas with the greatest potential for influence. We want to make a measurable contribution to climate protection.

Climate Strategy

We have identified emission sources relevant to us and made an assessment of the relevant opportunities, chances and risks. We have compensated for our greenhouse gas emissions from Scopes 1 and 2 and significant emissions from Scope 3 in accordance with the internationally recognised Greenhouse Gas Protocol.



We have set out our framework for action using this as a foundation. It gives us a starting point for continued development of our corporate activities. We report regularly and clearly on our objectives, our measures and our successes. The management team responsible for implementing our energy, environmental and climate management system is anchored in all management units.

The absolute, effective and sustainable reduction of greenhouse gases is of the utmost priority in achieving our climate objectives. We look to technological and/or organisational solutions and the use of renewable energies to reduce energy consumption from fossil fuels.



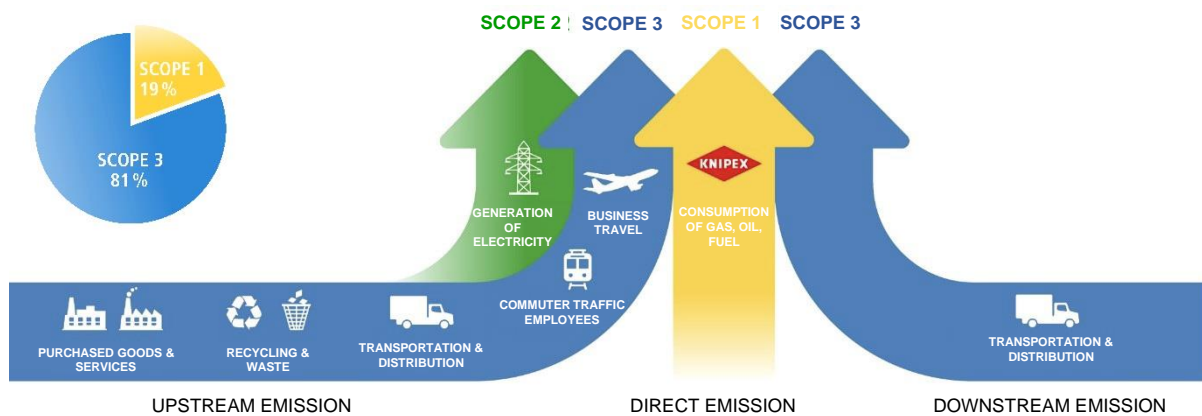
We assume responsibility for Scope 3 climate gas emissions by identifying our options to influence them and using them. We approach the reduction of emissions in the supply chain together with our business partners and focus on solutions. We prioritise

investments in climate protection measures so that the reduction of emissions is as effective, absolute and sustainable as possible.

We see compensation as the last resort if avoidance, reduction or substitution are not possible. On the one hand, offsetting is an investment that must be made every year and, in our understanding, is therefore not sustainable; on the other hand, the possibilities for offsetting, e.g. through reforestation projects, are globally limited.

Greenhouse Gas Balance

In 2022, across all scopes, we emitted 19,295 (2021: 24,393) tonnes of CO₂e.



Our carbon footprint is determined on the basis of a verified database, taking into account our value creation stages. The inventory is updated annually, primary emission factors and otherwise official emission factors were used where available. An independent expert office has audited our footprint according to DIN ISO 14064-01 + 14064-03.

The footprint shows the use of gas as well as acquired steel as the main sources of greenhouse gas emissions at KNIPEX. This knowledge enables us to identify actions that will achieve significant reductions. Our complete changeover to green electricity since the beginning of 2022 made us climate-neutral in Scope 2.

Energy use & reducing greenhouse gas emissions

For a long time, we have been striving to continuously reduce energy consumption and CO₂ emissions in producing our pliers; we identify concrete measures every year for this purpose. Optimisation of plant technology and process selection alongside modernisation measures help us meet our environmental responsibilities. KNIPEX has used an energy management system for organisational purposes in accordance with DIN ISO 50001 since 2014. A broad-based organisation of energy patrons and energy savings groups systematically pursues the reduction of specific energies used - gas, electricity, oil and fuels. In 2022, we used 40.98 gigawatt hours of energy across the entire company. This corresponds to 3,718 (2021: 3,731) tonnes of CO₂e in scope 1 and 0 (2021: 7,774) tonnes of CO₂e in scope 2. In 2022





the specific energy use, i.e. the required energy use broken down by the individual pliers, was reduced by 7 percent to 2.42 kWh per pliers. The aim of the energy experts is to reduce specific energy use by a further five percent in 2023.

Scope 1 and 2

19 per cent of our greenhouse gas emissions are in Scope 1.

We made major investments aimed at saving energy in 2022, among other things through the further expansion of waste heat recovery and the expansion and modernisation of the thermal processing system. We have installed the latest generation of burners on a trial basis in some furnaces in the hardening plant. In addition to increased energy efficiency, we have also established the first prerequisites for the use of hydrogen. We have lowered our gas consumption by changing process parameters during annealing and hardening. Investments in intelligently controlled LED lighting, changes in the process flow for the dipping systems and the continuous expansion of our building services management systems are noticeable in our reduced use of electricity. Investments in modernising our hot processes should reduce specific energy consumption in the coming years. We are looking into the use of hydrogen in our hot processes.

Seven additional charging points were installed in 2022 to expand e-mobility. A total of 13 charging points, two of which are public e-charging stations, supply the vehicles in our company fleet as well as the private electric cars of our employees with self-generated solar power.

KNIPEX continues to expand. In 2022 we built a new production hall, increasing our factory capacities by approx. 4,250 sqm of production area. Further expansions in terms of space and extensive expansions in our production capacity are also planned for 2023. Buildings and production facilities require fossil fuels in order to run. At this point in time, we do not wish to formulate an absolute reduction target for our Scope 1 emissions on this basis. The clear goal for 2023 is to reduce specific energy use by a further 5 percent compared to the previous year.

Scope 2

Since January 2022, KNIPEX has been using only green electricity, which means that our Scope 2 emissions are neutral. Our objectives still include further saving of our electricity used as well as continued expansion of our self-generated solar power. Two photovoltaic systems planned and commissioned in 2022 will result in an expansion of system capacity by 55 percent to 275 kWp from mid-2023.

Scope 3

Scope 3 accounts for 15,577 (2021: 12,887) tonnes of CO₂e, or 81 percent of our greenhouse gas emissions. The lion's share is accounted for by the upstream Scope 3 emissions for the bought-in steel and its transport to us. The growth-related increase in our purchased steel for pliers is the reason for the over 20 percent increase in our Scope 3 emissions. We are already in contact with all our steel suppliers and have already identified initial potential for reductions. Specifically, we are investigating how we can achieve an even higher level of scrap recycling and will be running trials with lower-emission steel in production from mid-2023. Because ensuring the high quality and customary large-scale precision production of our pliers is a top priority, these trials are correspondingly complex and we cannot expect very speedy successes with implementation. In autumn 2022 we formed a working group aimed at systematically increasing material efficiency. We expect initial successes in this area in 2023. A higher output of pliers for the quantity of steel used





should not just reduce Scope 3 emissions, but also promises a sustainable reduction in emissions along our entire value chain. KNIPEX has traditionally relied on short transport routes for purchased goods through cooperation with national or local suppliers.

Emissions caused by our employees commuting to and from work account for another significant share of Scope 3 emissions. We have already taken measures in the past to make our employees aware of climate-friendly mobility and to make it attractive. At the same time, as our company expands, our staff are coming from increasingly further afield. The majority of them are required to work on production machines on site and do not have the option of working from home. With the help of an external service provider, we are analysing possible reduction potentials within the framework of a sustainable mobility concept. A company-wide employee survey on current mobility patterns and expectations was carried out in autumn 2022. At the end of 2022, we laid the foundations for reintroducing bicycle leasing.



We have set ourselves the ambitious goal of reducing our Scope 3 emissions to below 10,000 tonnes of CO₂e by 2030, despite planned double-digit sales growth.

Climate protection projects

Since 2016, we have been involved in replanting work in the Libyan desert with a local partner we have known for many years. Alongside reforestation, we achieve positive social effects such as the creation of good jobs. 49,366 trees have been planted there so far, offsetting 1,804 tonnes of CO₂ annually. We are in regular contact with our partner, provide replacement plantings in the event of climate-related damage to the young plants and aim to continue this committed partnership.



Materials management: cycle of resources

Our objective is to use resources sparingly and also to systematically reduce our production-related waste. We have been using an environmental management system in line with DIN ISO 14001 since 2014. Resources that are never even used do not have to be disposed of. Through targeted measures we are reducing consumption and increasing awareness. Together with our disposal companies, we check and evaluate our material cycles to identify potential reductions and to increase the degree of recycling.

When it comes to raw materials and supplies, we ensure that these are used as needed and regularly check whether there are more environmentally friendly alternatives. In 2022, for example, we switched from solvent-based cleaning products for machine components to cleaners with a lower evaporation rate.



The microfiltration system installed at the end of 2021 should permanently and significantly reduce our degreasing waste. Technical start-up difficulties and unavailable spare parts meant that effective commissioning has been delayed several times beyond 2022 and our expectations have not yet been met.

We recycle 100 percent of waste steel, building rubble, paper and cardboard, and wood we produce by returning it to the relevant producers. The plastic residue that arises during the manufacture of our pliers handles and protective jaws are returned to the injection moulding process as regranulate. Our segregated collection rate of 98 percent in accordance with the Commercial Waste Ordinance was also confirmed by an independent expert in 2022.



We allow our employees the opportunity to take no longer needed material home with them and thus put it to further use. This is used extensively for old cardboard and wood, but also for non-saleable B quality products and discarded resources that would otherwise have to be disposed of.

Over 98 percent of our customers within the EU receive their invoices digitally. Unfortunately, outside of the EU, we are unable to dispense with the paper version due to the required customs papers. We receive 94 percent of all invoices digitally from our suppliers and service providers. Here, too, we are continuing to increase the level of digitisation in order to conserve paper resources.

Due to their heavy weight, our pliers place extreme demands on sales and shipping packaging. During shipment to our overseas customers, the pliers must also be protected from dust and moisture. Over 83 percent of our pliers are sold in boxes made from 100 percent recycled materials. When it comes to shipping material, we also use resource-saving alternatives. We have switched our delivery note bags from plastic to paper and in 2022 we replaced the previous PVC adhesive tape with polypropylene adhesive tape. We are currently testing different materials and a modified machine fleet for the padding materials used.

The production output and number of employees, which also increased sharply in 2022, and additional quality assurance measures caused a disproportionate increase in some waste materials. Significant areas were cleared out in preparation for demolition and new construction, resulting in an increase in residual waste and paper/cardboard in particular. In 2022, our activities generated 932 (2021: 875) tonnes of so-called "hazardous waste" and 743 (2021: 554) tonnes of "non-hazardous waste", resulting in an increase in the specific amount to 103.3 (2021: 93.54) kg of waste per 1,000 pliers produced.



In the annual evaluation of our main waste disposal companies, we check the aspects of creditworthiness, certification (proof of professional practices, DIN ISO 14001, 9001, 50001) and subjective criteria (communication, reliability and innovation). Out of a maximum of 100 available points, an average of 80.1 points were awarded in 2022.

Since 2020, KNIPEX has been committed to reducing pollution in regions where waste has a massive impact on people's lives by supporting a start-up company with the aim of actively combating environmental pollution outside our direct sphere of influence. The [Plastic Fischer](#) company focuses on technical feasibility with the simplest conditions on site to remove plastic waste from marine tributaries and establishes an infrastructure for reducing waste in the oceans as a result. In 2022, Plastic Fischer fished 21 tonnes of plastic from the tributaries of the Ganges on behalf of KNIPEX, which corresponds to around one million plastic bags. At the same time, jobs with a regular income were created for 49 people. We will continue this link in 2023.



Water Management

Water is the most important resource on our planet and it is the foundation of life for humans, animals, plants and ecosystems. Our operational water management aims to use water resources as efficiently as possible with the help of technical and structural measures and processes whilst avoiding water contamination.

In 2022, our water use increased to 41,004 m³ (2021: 30,890) due to increased production volumes and employee numbers, as well as necessary hygiene measures for the cooling water system. Of this, 37 per cent was well water and 63 per cent municipal water. Our water circuits (cooling water, shower water, demineralised water, heating water, well water, extinguishing water) are subject to strict legal regulations and test specifications, which we fulfil through regular internal and independent external



laboratory tests. Modern technologies, water-saving system components and the closed cooling water system and water-saving shower heads reduce water consumption. A smart building management system that monitors and controls our water flows helps us to do this.



The wastewater from the company's own wastewater treatment plant is monitored internally several times a day and by external laboratories regularly throughout the year to ensure compliance with limit values. We have improved in-house analysis through qualifications and process optimisation in 2022. The Wupperverband, which is responsible for KNIPEX, has established a waste water coefficient of 0.73 mg/l for January and June for our waste water in 2022. Total pollutants released into the water in 2022 amounted to 33.9 (2021: 125.3) kg.

We keep extinguishing water in an unspoilt duck pond. We installed a biological filtration system to ensure that the requirements of the fire brigade are met while at the same time protecting animal and plant life in and around the pond.

Our water management system also includes the collection, use and infiltration of rainwater. The green roofs of our production halls, built in 2018 and 2022, also act as water storage and a buffer during heavy rainfall. Where possible, we have unsealed previously sealed surfaces with suitable materials



such as gravel turf. We have created emergency waterways and buffer areas with infiltration trenches and troughs. In order to ensure that no contamination, e.g. from rainwater, enters the soil, we have provided endangered areas with seals in accordance with the Federal Water Act (WHG).

Local Emissions & Pollution

The KNIPEX premises are close to green spaces and residential buildings. Protecting people and nature near our plant is just as important to us as protecting people who are in the plant. We aim to minimise the impact of our activities on the local environment. Emissions of noise, dust, any local pollution and vibrations are regularly monitored by our environmental management system as well as external certified test laboratories and are below the legal limits.

Noise cannot be fully avoided in our production processes. We take comprehensive technical and organisational noise protection measures at production facilities and buildings. When planning new plants, we take the precaution of having external experts carry out prognosis forecasts to determine possible noise so that the best possible emission protection can be planned. Actual noise levels are checked when the facilities are commissioned. Guidelines ensure implementation of sound-insulating measures. In 2022, we installed optimised silencers on several of our extraction systems and shifted the noisy delivery of nitrogen to the daytime. In May 2022, we had an acoustic report for the entire plant prepared by an external expert. This indicated once again that our noise emissions are at least 8 dB(A) below the relevant emission guide values at all measuring points during day and night.



Total dust emissions in 2022 came to 630 kg (2021: 589 kg). The dust emissions of our entire plant are regularly in the lower ten per cent of the limit values permitted in TA-Luft regulations. All our dust extraction systems are equipped with dust monitors so that these extremely good values are constantly maintained. These continuously measure the dust load in the exhaust gas stream and trigger an alarm if the set values are exceeded. Dust monitors and extraction systems are checked and calibrated every six months.



To prevent environmental pollution, all potentially hazardous substances, such as chemicals are stored and used in appropriately equipped operational areas. Our in accordance to the Federal Water Act (WHG) certified storage facilities with corresponding coatings and, where appropriate, catch basins serve as a precautionary form of protection and are regularly inspected by external experts on substances that are hazardous to water. Operating and procedural instructions ensure correct handling of all hazardous substances.



In the outdoor area, we only deal with chemicals or substances that are hazardous to the soil in the designated WHG areas. We arrange for soil samples to be taken as required during regular conversions, new builds and demolition work. In 2022, in preparation for the dismantling of two buildings planned for 2023, we had soil investigations carried out by an external expert.

In addition to technical aids, there are clear rules of conduct in emergencies to mitigate negative effects, limit possible damage and subsequently repair it. These emergencies are rare thanks to our precautionary measures at KNIPEX. In 2022 there were no events of this kind.

Not disturbing our neighbours is a major priority. However, if there are any complaints from residents, we take them very seriously. A small team discusses each resident complaint, looks for possible causes and carries out appropriate measures. It always maintains contact with the complainants and keeps them aware of causes and measures.

Biodiversity

We developed a comprehensive concept in 2014 to increase the variety of habitats as well as the biodiversity of animals and plants on our company premises with assistance from the Heinz Sielmann Foundation. Since then, we have implemented at least five measures a year to improve ecological stability. In the meantime, newly created habitats such as orchard meadows, gravel lawns, bird protection hedges, green facades or green roofs provide a protective habitat for our native flora and fauna.



In 2022, we created a large outdoor break area with 80 seats between large potted plants and under shady trees. A 600 square metre flower meadow was replanted and additional fruit trees and bird protection bushes were replanted as a source of food for insects and birds. A new duck house on the water in the fire water pond and four additional nesting sites in the shore area offer safe, protected breeding facilities for the wild ducks that live there. We have installed a total of 36 bat boxes at suitable places around our site as safe retreats. The roof of the new production hall, which was completed in December, offers additional living space for insects and plants on more than 2,000 square metres of planted green roof.

Raising Awareness of Sustainability

The stated objective is to anchor the concept, the ecological goals and corresponding measures in terms of sustainability broadly within the company. In 2022, we reported on our ecological objectives and implemented measures in all issues of the KNIPEX employee magazine and almost weekly in our my-Knipex employee smartphone app. We recognise an interest that has been growing for years via the likes and comments made by app users on sustainability matters. After the pandemic-related reluctance to attend in-person training, we sought an exchange of ideas with our employees on the importance of biodiversity and ecological diversity in 2022 as part of the KNIPEX after-work academy and during visits to our flock of sheep and the orchard.



Numerous employees used the first KNIPEX Sustainability Day in September to find out about strategies, goals and measures, in relation to social and ecological sustainability in particular. To mark



Sustainability Day, the KNIPEX carpooling service was launched as a component of sustainable mobility. Personal disused mobile phones and discarded glasses were collected and some of our international partners presented the projects funded by KNIPEX.

We explain everything about our objectives and guidelines regarding resource-conserving and environmentally friendly use of energy, raw, valuable and residual materials, as well as water, to our staff as part of annual briefings. All commercial and technical trainees are made aware of operational matters regarding ecological sustainability at KNIPEX in a four-part training course during their first year of apprenticeship. In 2022, we trained 23 trainees on the topics "Sustainability at a glance", "Social sustainability", "Ecological sustainability - focus on energy and greenhouse gases" and "Ecological sustainability - focus on raw materials".

Looking beyond the horizon together

We aim to continuously improve and develop ourselves. It is often difficult to move from the abstract to the concrete, despite the recognised relevance and acceptance of sustainability within the company. Some fields of action only become apparent at second or even a fifth glance. We are specifically looking to discuss matters with associations, companies, organisations and politicians. Since 2018, we have maintained open and constructive discussions with companies and organisations in the Bergisches Land region in the [Zukunftskreis Nachhaltigkeit HOCH3](#) discussion group, which we co-founded. We are aware of high potential for synergy here and consciously implement directly effective measures as a community. We conduct industry-specific exchanges with the Fachverband der Werkzeugindustrie and the Industrieverband Massivumformung. The "Klimaschutz im Bundestag" (Climate Protection in the Bundestag) format provides the opportunity to discuss our interests in implementing legal climate protection measures with political representatives and other company representatives - we take part in this on a regular basis.



Networks for a global circular economy

Founded in Wuppertal, [Circular Valley](#) is an initiative that aims to develop the extended Rhine-Ruhr metropolitan region as a global centre for the circular economy. As we work on closing the gaps in the prudent use of globally available resources, it makes sense to do this with representatives around the world. Circular Valley is an inspiring platform to allow young and innovative companies from all over the world to network with science and business - a good breeding ground for new and promising business ideas. We at KNIPEX are pleased to be able to work with this exciting development in our locality and to support it as a sponsor.

Our goals in the "Ecology" field of action



- **Reducing our greenhouse gas emissions to be carbon neutral by 2045**
- **Resource-saving production**
- **Increasing ecological stability**



Employees

We pursue social sustainability in the areas of "Employees" and "Community". We create and maintain good and secure jobs for our employees. **Our goals are the continuous training and further development of our employees, the promotion of a good work-life balance and the maintenance or improvement of health at work.** The individual diversity of our employees has always been of central importance to KNIPEX as a 140-year-old values-based family company. KNIPEX was the first company in Germany to receive TÜV "Ausgezeichneter Arbeitgeber & Ausbildungsbetrieb" (Excellent Employer & Training Company) accreditation.

Continuous development

The skills, knowledge, commitment and ideas of KNIPEX employees are the foundation of KNIPEX's success. That is why we consistently invest in this foundation for success for as long as employees are part of KNIPEX. We support our employees through lifelong learning, through personal and professional development opportunities whilst also encouraging them to expand their own horizons by constantly introducing new formats. We adapt options to suit individual needs, personal possibilities and changing habits of staff. These are provided via new and easily accessible learning opportunities, digital learning platforms, audiocasts and much more.

Our HR development focuses on requirements and learning objectives. Individual requirements are identified jointly by employees and HR development. The resulting options are prepared together and the results are reflected as well as evaluated in both the medium and long run.



In 2022, we held 87 workshops, training courses, seminars and meetings in our B-Lab, which opened in 2021. This special space allowed our employees to work on their chosen topics in different formats, away from normal everyday work, in a goal-oriented and open-ended manner, with the focus on our mission statement. The application of different new methods was and is explicitly encouraged.

Education and training

We provide excellent, comprehensive training in eleven different trades with four full-time instructors and a fully-equipped training workshop. Our training regularly wins awards. 72 young people were in training at KNIPEX in 2022 (previous year: 73). 20 trainees successfully completed their training in 2022 (previous year 19) and all were offered employment. In addition, KNIPEX supports young people (including young people with disabilities) in gaining access to a possible training position as part of what is known as foundation training. As part of this measure, KNIPEX offers young people the opportunity to gain an insight into the first year of training over a longer period of time and to experience this over the defined period of time. At the end of this period, an analysis is carried out to establish whether the participants are suitable for training and whether they should be offered an apprenticeship.



The annual career field explorations in the form of a one-day internship with the aim of getting students excited about technical careers. In 2022, 78 participants from all over the region gained an insight into the KNIPEX company and the training available at the Wuppertal site through the internship.

Our trainers supported our partner schools with individual on-site training days to compensate for the technical lessons that were cancelled due to school attendance.

We offer internships for schoolchildren and students as well as supervision for bachelor's and master's theses in almost all areas of the company. On the reporting date 31 December 2022, 41 students were employed at KNIPEX (previous year: 39).

In 2022, KNIPEX participated in a cooperation project involving several companies in Wuppertal, in which each participating company equipped an overseas container as its own escape room and set it up together as an "Escape Centre" on the busy "Nordbahntrasse" cycle route. The target group is primarily pupils, students, but also other people who are to be introduced to teaching and training occupations and regionally based companies in a playful way. We would like to draw attention to KNIPEX as an attractive employer at regional and national level. KNIPEX's own Escape Room should be completed by August 2023 and from that point on many interested participants can start looking for the solution.



Five employees successfully completed further qualifications as machine and plant operators or warehouse specialists in 2022. This qualification ensures at a very early stage that unskilled employees are ready for change resulting from technical modernisation. Since 2013, 73 employees have already undergone further training at KNIPEX.

In 2022, 847 participants (previous year 772) in total took part in almost 283 formal training courses (previous year 150) on various subjects. These ranged from further technical qualifications to interdisciplinary subjects. Time spent per participant in further training amounted to 0.51 working days on average in 2022. The number of measures has almost doubled compared to the years of the pandemic.



All employees with PC workstations have also taken part in e-learning courses on IT and data security, data protection, safety at work, the Internet or how to safely use web tools and mobile devices. In 2022, the offer was expanded to include the General Equal Treatment Act and Compliance modules and also implemented as mandatory modules. These modules must be repeated annually by employees.

Employee development

We foster an open culture regarding feedback. This is how we monitor the effectiveness of our actions and initiate necessary steps for improvement. Departments can obtain feedback from all staff via our intranet regarding cooperation and possible potential for improvement. The feedback tool can also be used anonymously.



Employees and managers hold a staff development meeting at least once a year based on corresponding company agreements. These cover professional and personal goals and an open exchange about performance, challenges, ideas and well-being is explicitly desired.

We provide individual and group workshops to systematically identify future leaders and develop existing ones. A total of 20 employees took part in these in 2022. A bespoke training programme for managers, KNIPEX's own managerial learning journey, is mandatory for all our managers and supports

them in optimally developing in their role. 15 managers successfully completed this training measure last year.

Good ideas take us further

At KNIPEX, we systematically reward suggestions for improvement from the specialist and production departments. Our annual mission statement award helps us reinforce community action in the spirit of our mission statement. Many KNIPEX employees are implementing ideas and measures in their departments to take us closer to achieving the objectives in our mission statement. Every year, we reward particularly successful ideas and implemented measures with attractive bonuses and present these ideas throughout the company. In 2022, a team from our maintenance team took first place. Their idea of reusing waste oil through the use of off-line filter units reduces downtimes in the hydraulic units and make a contribution to resource conservation.



Work and family life

As a family business managed on traditional lines, a good work/life balance is close to our hearts. It is important to us that family life does not represent a social or economic disadvantage. Our KNIPSKISTE day care centre means we encourage ready organisation of individual working time models and parental leave. The day care centre is available to all company employees.

We provide support during difficult personal periods via appropriate counselling services such as care advice, psychological counselling or debt counselling.

Flexible working time models and mobile working make it easier to balance the demands of family and career. In 2022, around 5.1 per cent (previous year: 6.7 per cent) of our employees work part-time. Both women and men can take up to three years of parental leave per child. KNIPEX makes it possible to work flexibly wherever it is expedient and viable.



We provide the option of part-time work for older employees in line with the collective agreement to aid transition from working life to retirement. At the end of 2021, there were a total of 32 employees in the partial retirement model, 19 of whom (previous year: 19) were in the working phase and 13 (previous year: 11) were in the release phase.

Health promotion

We focus on the health of our employees with a variety of measures and options - both in terms of preventive health care and with high-quality health care. Our canteen serves healthy meals that are freshly prepared every day. A wide range of breakfasts, a varied salad bar, dessert fruit and vegetarian dishes are all prepared from seasonal ingredients of regional origin and help encourage our staff to eat healthily. Soda makers are located at central points in the company and many KNIPEX employees report that they have become accustomed to much healthier drinking habits as a result of this. In 2022, following the Covid-19 pandemic, we resumed our sports and exercise programmes, such as our running club and participation in the "Schwebbahnlauf" running event.



In addition, the conclusion of a company-wide collective agreement with the IG Metall trade union gave employees the opportunity to lease a bicycle or e-bike, which can also be used privately, through deferred compensation.

As a pioneer in its industry, KNIPEX launched a joint project with the University of Wuppertal in 2021 for more health protection that is also customised to meet individual requirements. Comprehensive



analysis of physical and psychological influences forms the basis for the best possible tailored behavioural and preventive measures for all production workplaces. As part of this project, an analysis of physical activity and a sleep phase analysis was carried out in 2022 using wearables. In addition, new, state-of-the-art examination rooms for our company doctor have been set up on our premises. Furthermore, plans for the introduction of physiotherapy on the factory premises are currently underway. Further measures, such as intervention with heat therapy, are also planned for the future.



Transparency and participation

Regular employee surveys and external appraisals support the constructive, direct exchange between staff, specialist departments and managers right up to senior management. In 2022 we conducted a company-wide survey on employee mobility and started planning a company-wide employee survey for 2023 on employee satisfaction among other things. Also in 2023, the human resources department will undergo re-certification by TÜV Rheinland as an excellent employer and training company. The kununu online employer portal has recognised us as a "Top Company" thanks to the numerous very positive reviews by employees and applicants.



Top Company 2023



We offer many opportunities for information and discussion on company and inter-company matters via various internal communication channels. We actively involve the workforce in corporate processes and put great emphasis on providing comprehensive information about upcoming operational changes at an early stage. Our employee magazine is published quarterly and provides comprehensive reports about matters such as strategy, measures, successes and developments at KNIPEX. We use the employee app, often several times a day, to send messages about everyday goings-on at KNIPEX directly to employees' cell phones. We deliberately encourage and promote dialogue and participation with the app. This regularly leads to intense discussions between staff and the works council, occupational health and safety as well as the human resources department.



As of 31 December 2022, 1,506 employees were registered in our myKnipex app (previous year 1,372), amounting to well over 95 per cent of our workforce. 351 contributions were published in 2022, leading to feedback and dialogue from employees via both active and interactive options. 93 percent of our app content generates interaction among registered employees and the number of visitors increased by 58 percent in 2022. Since October 2021, we have also been using this communication option to support the onboarding process for future employees and to provide a variety of information about KNIPEX aimed at new employees starting out.

Human Rights & Labour Standards

Diversity

We are committed to our mission statement and the notion of thinking in different "groups" does not fit into our value system. We see people as well as their personalities and create a working environment where everyone feels welcome and can contribute in the best possible way. At KNIPEX, we consciously pay attention to diversity when filling our positions.

Toolmaking has traditionally been a male-dominated profession. We aim to increase the proportion of women and encourage girls and women to come into contact with technical matters, among other things, through links with educational institutions. The annual Girls' Day, which aims to attract schoolgirls to technical professions, usually registers ten to twelve





participants every year. In total, 30 per cent (previous year: 30.2 per cent) of our employees are women. 9.8 per cent (previous year: 8.8 per cent) of our management positions are held by women.

We employ people from around 51 different countries. 4.9 percent of our managers come from an international background. Employees whose mother tongue is not German are supported in finding and financing language courses.

The proportion of our employees with a recognised severe disability is 3.6 per cent of the total workforce (previous year 3.3 per cent).

Equal Opportunities

Our corporate culture is based on our values and ensures equal opportunities as well as fair cooperation. A risk assessment does not reveal any significant risk of inequality of opportunity, discrimination or harassment within or by our company or our employees.



There is no risk of child labour, forced labour or slavery at KNIPEX. To date, we are not aware of any cases of discrimination or human rights violations and we currently see no need to take any measures to control or remedy human rights violations at KNIPEX.

Knowing full well that we are based in Germany and that the position that our company is in cannot be taken for granted on a global scale, we are strongly committed to human rights and equal opportunities, both in our extended neighbourhood in Wuppertal and the Bergisches Land region, as well as in an increasing number of international projects. More details on this can be found in the Community section.

Labour rights

Development and production of our pliers takes place in Wuppertal-Cronenberg to this day. Germany has committed itself to respecting fundamental and human rights in the Basic Law as well as by ratifying numerous international and European human rights treaties. Our works council and human resources department, among others, monitor compliance with worker protection regulations set out in labour law within the German Constitution, EU directives, laws, ordinances, collective agreements and company agreements. Promotion of equal rights between women and men along with integration of severely disabled employees are also of great importance at KNIPEX and have been structurally anchored for a long time.

Our employees have the right to elect their own representatives. In 2022, collective bargaining regulations applied to around 94.5 per cent (previous year: 94.7 per cent) of our workforce. 5.5 per cent (previous year 5.3 per cent) of our staff are employed as managers outside of collective bargaining agreements, and are thus not subject to collective bargaining agreements by law. Works agreements concluded between staff representatives and management shall apply equally to all staff on a continuous basis.

A total of 17 employee representatives from all areas of the company, elected by the employees, look after the interests of our employees and also have a say in personnel decisions and certain personnel-related corporate decisions. We maintain an open and trusting exchange with staff representatives. In addition to personal discussions, the most important dialogue formats include regular discussions between executive management, personnel management and the works council, annual works meetings and information events for our employees. Four of our staff representatives are completely released from their work to fulfil these tasks.





Our goals in the "Employees" field of action

- **Continuous training and development of our employees**
- **Good work-life balance**
- **Maintaining or improving health in a work setting**

Society

We consider ourselves to be deeply rooted in our region and the people who live here. **Our goals are to promote equal opportunities and to actively contribute to the common good.** This leads us to initiate and support a wide variety of projects and initiatives focusing on education, culture and social issues. We provided financial support to 175 organisations and associations in the region in 2022.

Social Commitment

Equal opportunities are of great importance to us. The opportunities a person has in life should not depend on the family home. Children and young people should have the opportunity to experiment, discover new things, shape their environment, turn ideas into reality. We support many associations and organisations that focus on children and young people in Wuppertal and beyond and that work for education, culture, social advancement and more equal opportunities in general. We present the key points from 2022 here:



Charity marathon

For us, sustainable social support also means the long-term strengthening of our partners. A [charity marathon](#) initiative empowered select non-profit organisations to find new ways to attract donations. Twelve organisations took part in the workshop, where they learned how to create an online fundraising campaign. In this case, 66,000 euros was collected for social projects that support disadvantaged infants, school children and young adults into adulthood.

Aid for Ukraine

The attack on Ukraine dominated the year 2022. Our aim is to show solidarity with the people and to provide humanitarian aid. We have donated to many organisations - some of the aid goes directly to Ukraine, some to Poland, but also to German institutions that coordinate aid projects or that offer shelter and care to the refugees in Wuppertal. In addition to these monetary donations, campaigns were also held in which employee non-monetary donations were forwarded to local aid organisations.



Food for the needy and children's aid

Anyone who has no more money left for food at the end of the month can get food at the [Wuppertaler Tafel](#) food bank. Children find a valuable port of call at the Kindertafel. We are happy to support this. The same goes for the [Mampferando](#) initiative, which was founded by two siblings. Along with a small team of volunteers, they bring hot food to the homeless every weekend by delivery bike. At the same time, they exchange information with people, give tips and always have a kind word.





Everyone can shape their city

A living democracy needs broad participation. It is not "those at the top" who shape our reality, but all of us. The [Bürgerbudget](#) initiative aims to demonstrate this. Everyone in Wuppertal can submit ideas on how to make their city more attractive, more liveable, and how to strengthen the community. We provide money so these ideas can be implemented. This makes Wuppertal (even) more attractive and people realise that they do have influence.



KNIPEX employees get involved

We are convinced that social life benefits from an active volunteering culture. KNIPEX^{engagiert} supports and encourages our staff to show active commitment to social causes. This can include coordination of a charitable project, a fundraising campaign for a good cause, or involvement in voluntary activity.

One student worker took a month's extraordinary leave to support the [Save the Grain](#) programme in West Africa to reduce crop losses and to help a process planner set up a training centre in Tanzania.

Everyone at KNIPEX can donate the small change from their payslips through the Rest-Cent Campaign. The many small amounts add up to a significant sum that is donated once a year to charitable organisations in Wuppertal. In 2022, the monies collected in this way, amounting to EUR 16,000, went to [Ärztliche Kinderschutzbambulanz Bergisch Land e.V.](#), an organisation that takes care of children and young people who have experienced physical, psychological or sexual violence.



KNIPEX employees can act individually or as departments to cover the costs of food and basic needs for the schoolchildren of our international partner [Our children and our future](#) in Kitamba/Uganda for one year via a sponsorship programme. 20 sponsorships were taken over by staff in 2022. Knipex promotes this by matching each sponsorship with an additional one, so that 40 children were supported.

100 KNIPEXians were sponsors of the Wunschstern foundation, making the wishes of children and young people from charitable organisations come true at Christmas.

Twice a year we organise a blood donation drive together with the German Red Cross. For years, the number of recipients has been increasing while the number of donors has been declining; a trend that was reinforced by the Covid-19 pandemic. In addition to 58 familiar faces, we are to report that this year we had 18 people donating blood for the first time.

A commitment to education

Close contact between educational institutions and the business community can provide young people options for professional opportunities and also show us as companies the expectations and needs of future generations. We support educational institutions in Wuppertal and neighbouring Bergisch towns through links, partnerships and projects.



The impact of the [Junior Uni](#), a children's and youth university unique in Germany with a very wide range of courses, extends far beyond Wuppertal. Small groups of children and young people from four to 20 years of age can engage here with a wide variety of topics in a very stimulating way. KNIPEX has offered intensive support for the purely privately financed Junior Uni initiative right from the start by participating in committees, providing financial backing and participating in courses.



We regularly offer workshops at KNIPEX as part of the [Bergisches Schul-Technikum Zentrum BeST](#) (zdi) initiative. In this way, we want to make girls aware of STEM professions and give pupils a practical reference to the many career opportunities in an industrial company - always combined with practical action.

Many schools organise interesting projects that we are happy to support.

Leimbach Secondary School in Wuppertal enhances the media skills of young people in the 8th grade and shows them how to protect their privacy in [dealing with digital media](#). Peterstraße Primary School uses the concept of [learning without violence](#) to promote the social skills of the 300 children at the school and thus prevent violence and bullying. In the [Klasse2000](#) programme children learn how to deal with stress and what they can do to stay healthy. We make this meaningful experience possible for four classes of our primary school in Cronenberg.



In 2022, we supported 17 [Deutschlandstipendium](#) scholarship holders from the Bergische Universität Wuppertal who do voluntary work alongside their studies. This honours commitment to voluntary work with simultaneous academic achievement.

International Commitment

Education enables sustainable development. We have deliberately expanded our social commitment internationally as a company that is active worldwide. Working together with partners who are personally known to us, we aim to improve living and educational conditions, primarily in Africa, but with greater presence in South Asia since 2022. Our long-established links with experienced associations and foundations ensures that we have local contacts as well as a personal connection with the projects.



In 2022, working in cooperation with the [Strahlemann Foundation](#), we meaningfully improved vocational training opportunities and living conditions in India and Nepal by setting up training centres, among other things.

We supported the [Q-RATIO](#) organisation in setting up an educational system with a children's centre in Lolera, a Maasai village in Tanzania.

In cooperation with the [Menschen für Menschen](#) foundation, we have been financing the construction of a new secondary school in Wogdi, Ethiopia for several years. The school was completed in 2022 and offers 800 young people a positive start to their education.

Other projects in Ghana and Laos enable [access to fresh water](#) and helps [fight malnutrition](#) in children.

A commitment to culture

A stimulating artistic and cultural landscape provides a valuable foundation for future generations. It makes a city worth living in, stimulates the imagination whilst offering opportunities for discussion and reflection on a wide range of topics. KNIPEX supports numerous artistic and cultural projects as well as making concerts, theatre performances or exhibitions possible. Long-term cooperation gives cultural associations planning security and thus ensures their survival. The [Bergisches Kulturfonds](#) promotes projects from all areas of the independent young cultural scene.

Singing and artistic activity are expressions of one's being and make people resilient. We want to make these experiences available for children who receive little cultural stimulation at home. This works on the one hand via the [Kultur am Vormittag](#) project. 19 musicians or visual artists regularly visit twelve primary schools to make music or paint with the children. They build a relationship with them and encourage them to express themselves via art. 1,600 children took part in 2022.

At [SingPause](#) Wuppertal, trained singers and music teachers regularly sing with primary school children. In this way, the children learn more about their voice, train their hearing and are allowed to proudly present their skills in concerts. SingPause works with 13 primary schools in Wuppertal and reaches over 2,700 primary school children each year.



Our goals in the "Community" field of action



- Promoting equal opportunities
- Active contribution to the common good
- Improving international educational opportunities



Economy

We combine the sustainability aspect of economy with a stable, **long-term business model**, **financial solidity**, along with the continuous expansion and **maintenance of our foundations for success**.

Sound financial management

KNIPEX relies on a proven, systematically implemented business model as well as a high level of self-financing to maintain its economic independence, investment strength and security for the future. We aim for long-term economic success, but not at any price. We are guided by values and the principle of economically, socially and ecologically sustainable development. We maintain good, long-term relationships with our customers and suppliers, and in our dealings with each other we act in line with the principles of the respectable businessman. Continuous improvement of products and processes is also important to us.



We ensure the development of new sales markets in the long term by expanding our international distribution network. We sell our tools in over 100 countries worldwide. In 2022, we also invested in international expansion as well as recruited sales and marketing staff in more countries. KNIPEX stopped supplying to Russia because of its war of aggression against Ukraine.

Investments

We are convinced of the following: One basis for successful business is good corporate value. Alongside qualified and committed employees, modern production facilities are crucial for the precision and quality of our products. We invest particularly heavily in maintaining and improving our value. Investments in our production facilities are usually higher than the depreciation. In 2022, we invested in all production areas and commissioned a total of over 30 new machines and systems. We also set up a new production hall (approx. 6,500 square metres) at the Wuppertal-Cronenberg site and acquired a property with a total area of around 69,000 square metres in nearby Wuppertal-Ronsdorf. From the end of 2022, all logistics will be handled from this location.



Extensive investments in new facilities and buildings are also planned for the coming years in order to further improve KNIPEX's future prospects.

Economically, the Covid-19 pandemic and its effects were still challenging in the 2022 financial year. After the end of restrictions at the end of 2022, the interdisciplinary Covid-19 coordination group was disbanded.

High quality safety and ergonomics

The KNIPEX quality promise means that our products have a long service life. Product quality is already the focus when it comes to developing new products. Our comprehensive complaints management strategy ensures that if a complaint does arise, the causes are systematically analysed and eliminated. For us, product quality also includes product safety and the ergonomic handling of our tools. Our

product compliance manager and a committee set up for this purpose ensure that our emissions are always well below the permitted pollutant limits in the respective markets.

Digitalisation

Automation and digitalisation have become significantly more important within all areas of the company. In order to put forth digital topics in a targeted, strategic manner, the digitalisation department was created in IT, which deals with topics such as robotic process automation and artificial intelligence. One of the objectives is to simplify workflows and processes and make them more efficient. One example of this is the use of AI-supported software in our purchasing department.



Alongside the internal IT department and external service providers, work is also being done on these matters with LMIS AG, which has been part of the KNIPEX Group since 2017.

Data Protection and Data Security

Cyber attacks affect both small and large companies, sometimes with devastating consequences. Information security and data protection are high priority matters at KNIPEX. This is not only about protecting internal company data, but also particularly about protecting staff, customer and supplier data. This is implemented via appropriate hardware and software for both existing and newly added systems or services, such as cloud services or the networking of our hardware in all areas.



All employees with PC workstations are regularly trained on data protection, data security and carefully handling such matters. An external e-learning tool is used to monitor the contents learned as well as to document learning success and potential for improvement. In addition, employees in data-sensitive areas have been designated as coordinators and contact persons and also received further in-depth training in 2022. In addition, our whistleblower system can also be used to report data protection incidents. Our data protection management system is regularly audited by external parties and also meets GDPR requirements in 2022.

We identify potential for improvement and weak points through tests and simulations, also with external partners. Measures are derived from these findings on a weekly basis together with the information security officer.

Compliance

In the past, we relied on value-based action in accordance with our mission statement. We are establishing additional management systems at this point, in line with the changing requirements of our stakeholders. With assistance from an external law firm, we conducted a compliance risk assessment and issued a "Policy on Ethics, Human Rights and Working Conditions". It is intended to provide KNIPEX employees clear guidance on topics such as competition and antitrust law, corruption, bribery, gratuities, fraud,





theft, money laundering, counter-terrorism, conflicts of interest and information security.

In 2022, we trained employees in international sales on anti-corruption and bribery as well as anti-competitive practices. This has led us to make e-learning modules available to all employees with PC workstations. This offer was used extensively. In 2022, 69 percent of employees were already trained in compliance-related topics, which corresponds to 523 employees with PC access. Content-adapted training is also available via annual briefings for production staff without access to a PC.

Our objective is to raise awareness of legally problematic situations and to increase employees' willingness to report problematic cases.



We include all of our business partners in our risk analysis, including our customers. Among other things, we have been using software to fight terrorism since 2022, automatically checking sanction and embargo lists. It aims to ensure that we do not have any business contacts with persons who are on a sanction or embargo list.

Whistleblowing Procedure

KNIPEX has established a whistleblower procedure to process reports of misconduct in accordance with our "Policy on Ethics, Human Rights and Working Conditions" as well as to protect the anonymity of the whistleblower. We also follow up on anonymous tips. An honest, reasonable suspicion that misconduct has been committed or is likely to be committed is sufficient.

Employees, business partners and stakeholders can report concerns to our compliance officer or the Ombudsman. The exact procedure can be found on the intranet, on our website and in the KNIPEX employee app. In 2022, four suspected cases were reported and checked at KNIPEX. In two cases, misconduct by external parties to the detriment of KNIPEX were determined. The investigations are still ongoing in the other two cases.



Sustainable procurement

Legal compliance, fairness and respect for human rights and human dignity are important to us not only in our own company, but also in our supply chain. We do not tolerate child labour, inhumane working conditions and infringements of environmental aspects. We see it as our responsibility not only to enforce this in our direct area of responsibility, but also to encourage and ensure it within the supply chain. We use a variety of tools to do this.

Our employees in purchasing are regularly trained and made aware to this effect. 57 percent of the operative buyers have now been trained in "sustainable procurement". The purchasing and legal departments hold regular meetings aimed at preventing corruption and conflicts of interest. In addition, we are also committed to resource-saving processes, production methods and materials among our suppliers. This includes not only materials that are used and processed directly by us, but also, for example, packaging materials and transport routes. A supplier survey in the area of packaging materials was launched in 2022 with the aim of determining the proportion of recyclable materials.



Business relationships with suppliers

We advocate compliance with rudimentary social and ecological standards when structuring our business relationships. Several process steps help to ensure this. We encourage our suppliers to also support compliance with the standards and values described in their supply chains and to monitor this



compliance. These aspects are included in the assessments that form part of our systematic supplier evaluation (e.g. certified environmental audits).

Supplier self-disclosures upstream of the procurement process plus ongoing CSR risk analyses ensure that social and environmental risks are taken into account in the business initiation process and beyond. Our requirements and expectations in relation to social and environmental standards are an integral part of our contractual business relationships with suppliers. Our binding general terms and conditions of purchase include clauses designed to meet our social responsibilities in the supply chain and apply to every single one of our suppliers.

Our Code of Conduct is fundamental and binding as part of our General Terms and Conditions of Purchase. We expect written confirmation of this from our suppliers. In 2022 we asked 69 suppliers to confirm compliance. Almost 90 percent of the top suppliers we contacted already have their own code of conduct that meets our requirements, or have accepted our code of conduct.



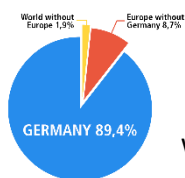
We require our suppliers to prove their compliance with our standards and values by submitting specifically defined certificates. In addition, we also ask for compliance with these standards in our supplier self-disclosure.

We are guided by the standards of the ILO Conventions (ILO core labour and social standards) and also demand this in our contracts with our suppliers.

We are in cooperative and personal discussions with our suppliers in order to ensure the continuity of the standards expected of us and to continuously develop them further. Suggestions for improvements submitted by partners, suppliers and other external stakeholders are actively taken up and pursued and encouraged in supplier meetings.

Short distances & climate-friendly transport

For us, environmentally friendly procurement includes short delivery routes. In this way, we reduce emissions in our supply chain whilst simultaneously strengthening the local economy and society. In 2022, almost 90 per cent of our suppliers were still based in Germany, and less than two per cent were based overseas.



We instruct our suppliers to use climate-neutral shipping options whenever feasible, to choose logistically efficient routes and to avoid unnecessary empty runs. We expect and support the use of reusable container systems.

Punctual, complete delivery is part of the service for our customers. We choose climate-friendly shipping partners where possible. Well over 90 per cent of our pliers delivered by parcel are shipped in a climate-neutral manner. We also pay attention to climate-friendly transport for forwarded deliveries.

Circular, Not Linear

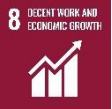
Along with our suppliers, recyclers and disposal companies, we identify possible material cycles with the objective of converting linear processes into cycles or increasing the recycling rate by further separating residual materials. 100 per cent of steel scrap generated during production is recycled. By evaluating our steel scrap, for example, we were able to achieve a significantly higher level of recycling in the recycling process for our dies.



When selecting our product components, we make sure that they meet the standards of the REACH Regulation and are recyclable. The sprue from the injection moulding process of our pliers handles is shredded at the supplier and fully returned to production.

Inclusion

We also want to encourage disadvantaged groups to take part in society. Links with local sheltered workshops have proven themselves to be a highly effective method over the years. We work together on picking, putting together our assortments and maintenance of the grounds. We achieve social and economic consolidation of our home region in the process. We also recommend and expect similar commitment from our suppliers in accordance with the provisions of our Supplier Guidelines.



Our goals in the "Economy" field of action 

- **Preserving our financial robustness**
- **Long-term trusting business relationships**
- **Ecologically and socially responsible purchasing**

We are committed to the ten principles of the UN Global Compact

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights, within the scope of their influence

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle 2

Businesses should make sure that they are not complicit in human rights abuses

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 7

Businesses should support a precautionary approach to environmental challenges

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

Principle 5

Businesses should uphold the abolition of child labour



We want to make an active contribution towards achieving the 17 Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

