



KROHNE

KROHNE Group Annual Sustainability Report 2023

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1 Introduction

KROHNE Sustainability Report is based on the findings of the global sustainability assessment carried out throughout our company worldwide.

The global annual sustainable development reporting provides an overall view of the KROHNE Group environmental impacts, health & safety achievements and social & ethical practices for our clients and stakeholders.

We value the importance of this analysis which allows us to measure our environmental footprint and fulfil our social and ecological responsibilities. Engaging in a more resource-efficient, greener business and fostering trustful lasting relationships with our employees, customers and partners are priorities which all KROHNE companies share.

In 2023, an important milestone was achieved with the release of the Net-Zero emission strategy.

This document, approved by the board of Directors and Senior Vice President Quality H&SE defines our road to achieve Net-Zero by 2045.

In January this year we took some important steps within the context of KROHNE Net-Zero Emissions Strategy introduced in 2023. Six workgroups have been set up, involving all KROHNE processes and geographical regions worldwide, with the task of implementing actions to reduce our emissions and help our clients to reduce their emissions also.

- **Measurement** – calculate and analyse our emissions to gain a better understanding of our impact
- **Product Development** – implement eco-design & reduce the environmental impact of our instruments.
- **Operations & Logistics** – reduce emissions related to our processes, supply chain & transport.
- **Services & Sales** – reduce emissions related to sales and service by promote remote support, second-hand products, spare parts and optimising sales practices
- **External Communication** – oversee our communication campaign towards customers & stakeholders.
- **Social Awareness & Internal Communication** – ensure that all employees are kept informed and contribute to this immense cause.

Another important measure was the roll-out of a 3-module eLearning course for employees worldwide. The course provided information about climate change, KROHNE Net-Zero Strategy and how each of us can contribute at a personal level to reducing our carbon footprint.

KROHNE ranks among the world 's leading companies involved in the development and production of innovative and reliable process measuring technology for all sectors around the globe.

We provide our customers with products which optimise their processes, highly contributing to a reduction in raw material and energy consumption and consequently to avoided emissions as well as cost savings in production and maintenance. It is not only our technologies which make KROHNE a strategic partner in sustainability projects. Our expertise in the field of calibration law and our wide range of certified instruments according to international standards (MID, OIML, ..) mean we enable our customers to meet the monitoring, and accounting regulations of the GHG trading schemes.

Operating more than 100 calibration rigs and offering six different flow technologies, KROHNE can provide the best suitable solution to monitor energy flows or GHG-equivalents.

2 Scope

The information contained in this consolidated report applies to the entire KROHNE group and joint ventures with the exception of one entity EuroLoop B.V. located in the Netherlands.

Despite that 4 production companies (CRK, SGAIC, KMI, KROHNE Conaut) are Joint ventures (50% of shares owned by KROHNE), the report does not use "equity share approach". This method could probably show better figures, but our intention is NOT artificially improving data. We want to provide transparent information and ensure that our JVs improve together with the KROHNE group.

3 **KROHNE – A Global Business**

KROHNE Group is an international company offering local contacts for instrumentation projects in over 100 countries to meet the needs of our global clients. We have local production facilities in all economic areas of the world. Producing locally not only ensures proximity with our customers and optimised lead times, but also has a significant effect on greenhouse gas emissions and air & noise pollution due to overseas transport.

Organisation and Sustainable Management

KROHNE Group comprises a network of legally independent companies. Management is in the hands of the Executive Board chaired by the CEO and overseen by KROHNE Group Advisory Board which is presided by a chairman. The Advisory Board is granted an important role in corporate governance. Its task being to oversee the work of the Executive Board by providing constructive feedback. Fundamental and far-reaching decisions are taken with the approval of the Advisory Board.

Central Management is further supported by KROHNE Group Corporate Managers.

As a family business we think long term and see it our goal to ensure cross-generational, sustainable growth. The owner and family shareholders are committed to our customers and to our staff, our adherence to independent economic growth and innovative technologies, all of which contribute strongly to the sustainable development and perennity of our company.

4 Environmental Sustainability

KROHNE has an environmentally aware corporate culture, and we recognise that the quality of life for future generations very much depends on how we manage the environmental performance of our facilities today. We view sustainable practices as the best way to minimize the impact of our manufacturing operations on the environment as well as reducing operating costs and contributing effectively to the perennity of our business. Implementing a carbon accounting software solution, establishing the environmental profile of our products (PEP), banning paper cups, increasing the number of E-vehicles in our automobile fleet developing our sales in the area of sustainable energies, are just a few of our current green initiatives towards a sustainable future.

Implementing and maintaining an environmental management system according to ISO 14001 is required of all our production sites. At the end of 2023, **92% of KROHNE factory employees** work in a company certified by an external body. Furthermore, several sales companies have also obtained external certification, representing **63% of sales and service staff**.

As described in the introduction, the release of our Net-Zero emission strategy is big step forward in terms of environmental impact.

This document defines clear objectives to be achieved by 2025, 2030. It also describes key actions which will be implemented in the coming years throughout our whole organization.



KROHNE GROUP
Net-Zero Emission Strategy

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Attila Bilgic
Attila Bilgic
Chief Executive Officer

Gaelle Hotellier
Gaelle Hotellier
Chief Operations Officer

Marco Rudelli
Marco Rudelli
Chief Sales Officer

Ingo Wald
Ingo Wald
Chief Financial Officer

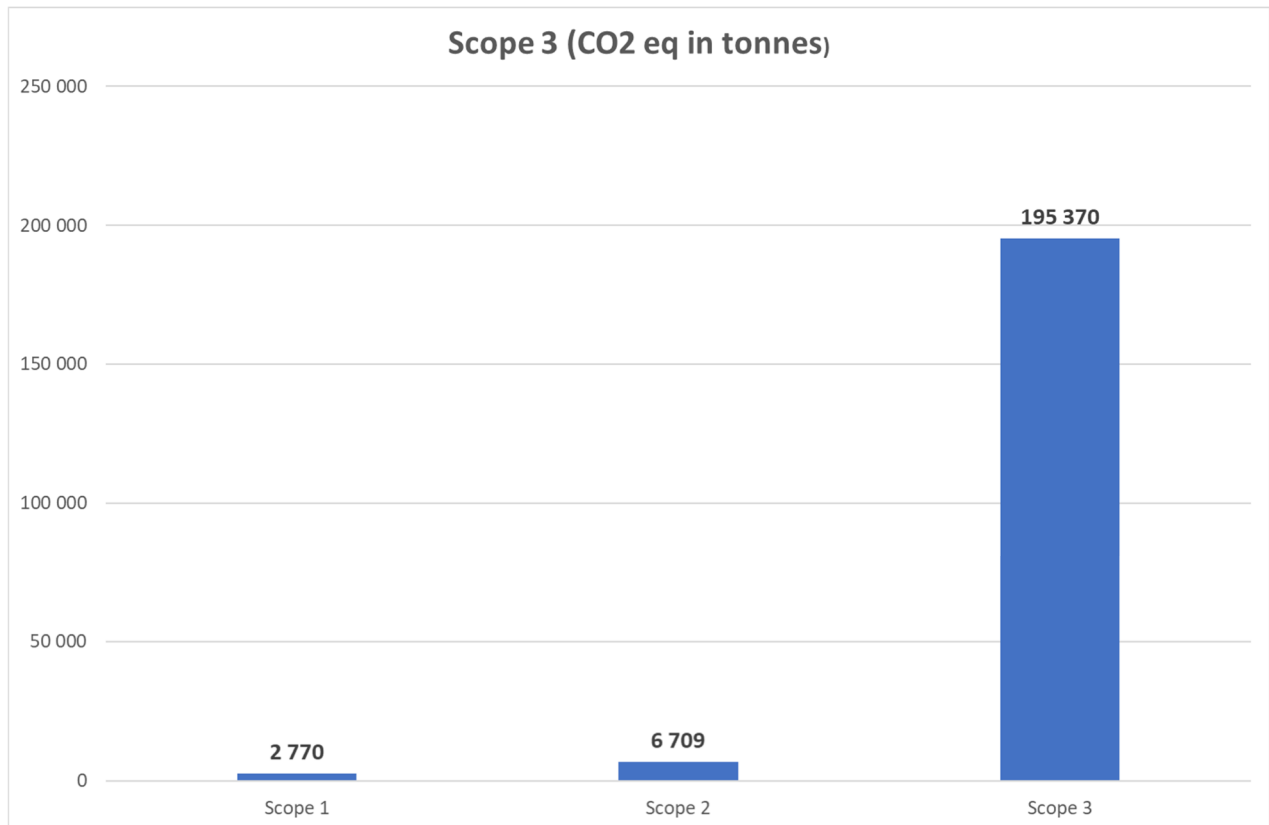
Christophe Ronjat
Christophe Ronjat
Senior Vice President Quality H&SE

KROHNE's Carbon Footprint and Energy Consumption

We assume our responsibility in the role demanded of companies to fight against climate change. Acting on emissions will most importantly lead towards a more sustainable planet but also strengthen our company's performance and perennity. KROHNE introduced Net-Zero Emissions Strategy defines objectives and actions to reach our Net-Zero commitment by 2045.

This year, the report covers a broader scope and step by step, our target is to report all significant topics relevant to KROHNE.

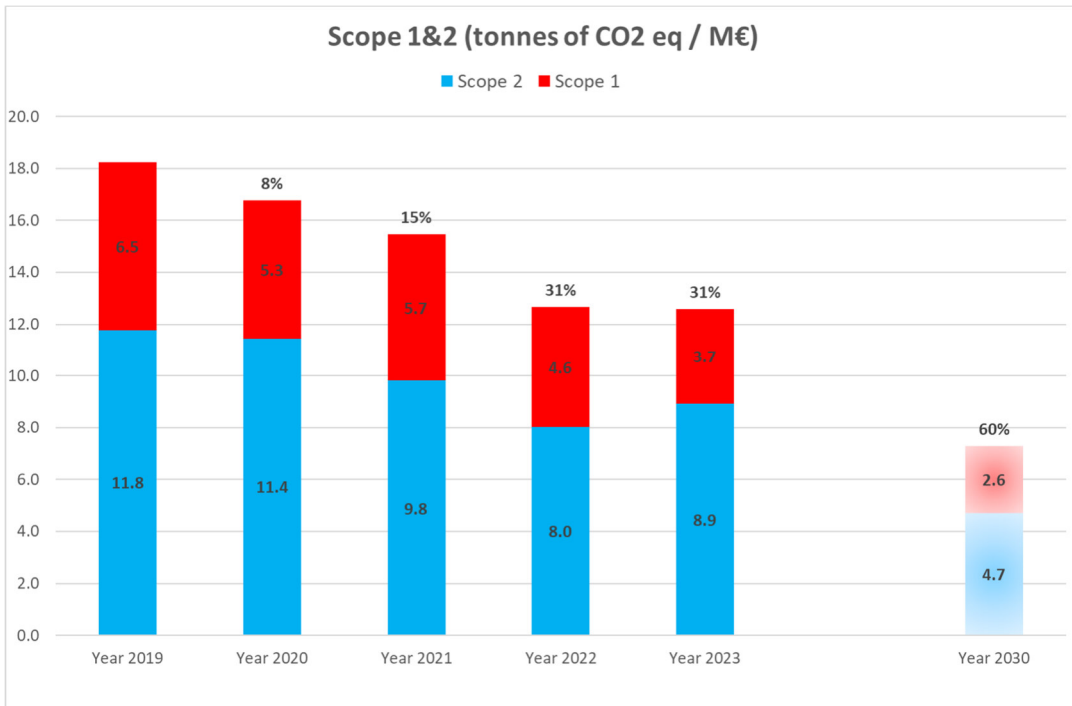
Our priority remains scopes 1 and 2 however, the below graph demonstrates the importance of actions initiated by our development teams and supply chain.



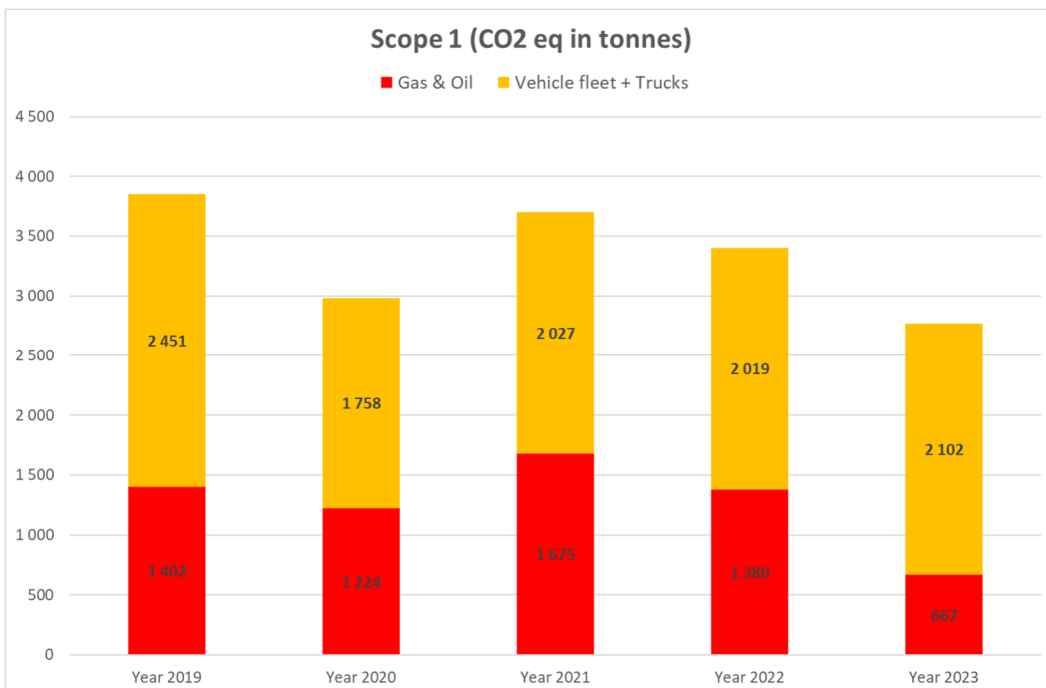
Our impact is initially being calculated and measures implemented to reduce scope 1 and scope 2 emissions by 60% by 2030, in comparison to the reference year 2019.

In 2023, there was no significant decrease of our scope 1 and 2 emissions however the target defined in our Net-Zero strategy remains achievable. The main reason for this stability is caused by errors in previous reports.

Corrections have been made for the current reporting period. The previous errors were detected by means of an independent verification of both energy bills and carbon factors implemented this year.



The reduction in gas consumption is explained by errors in previous reports. In this report, the real petrol and diesel volumes purchased have been used to calculate the carbon emissions of our vehicle fleet. Only a few exceptions are based on passenger vehicles factors provided by DEFRA.

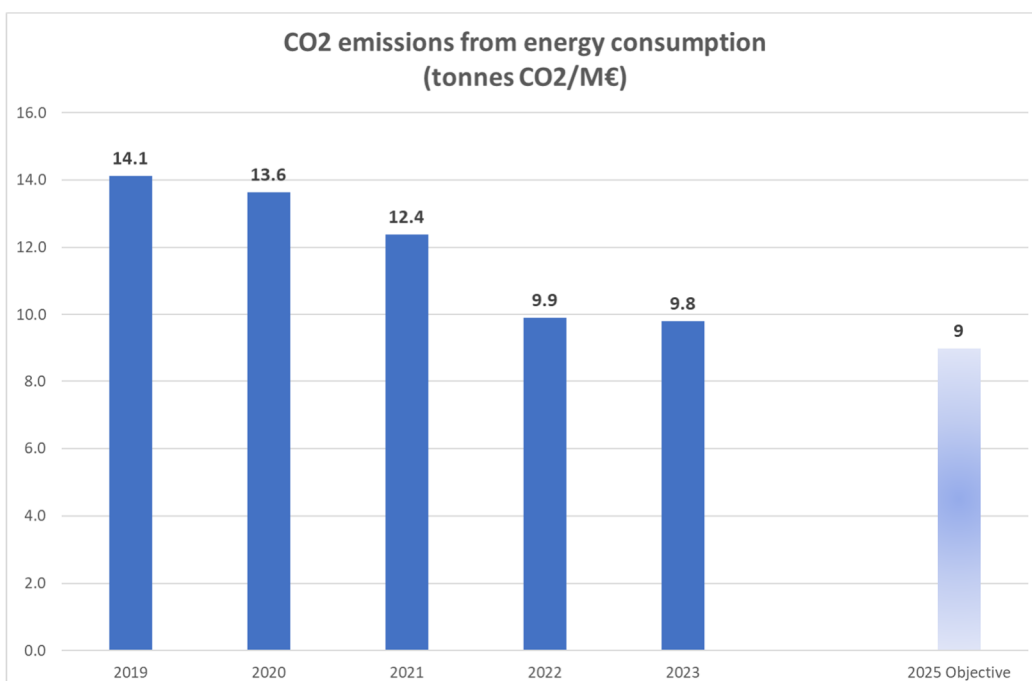
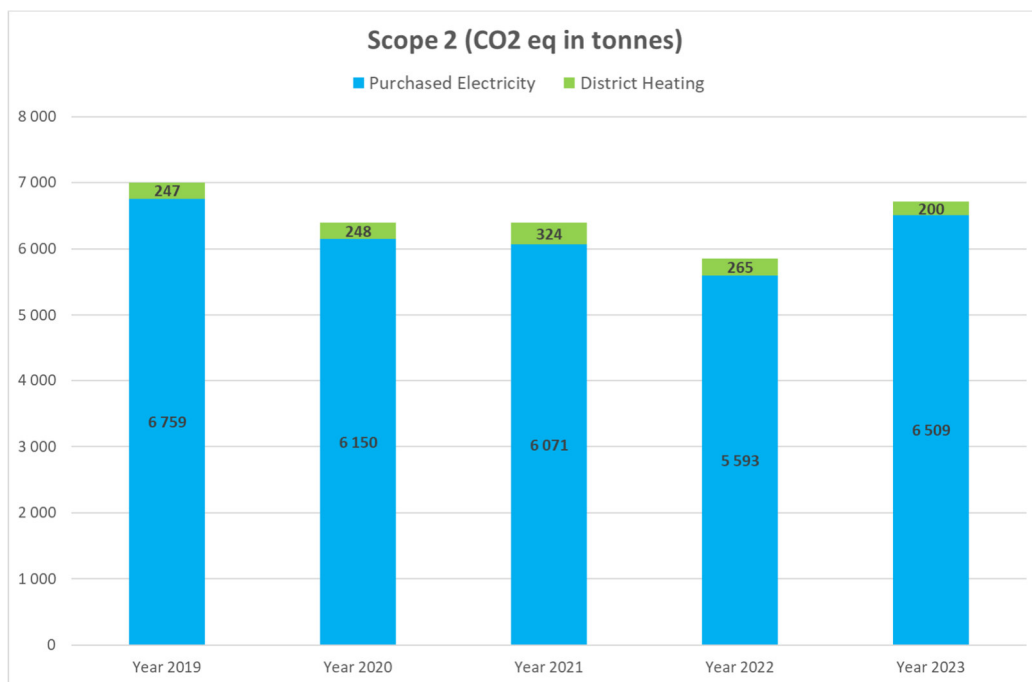


In this report, we observe an increase in carbon emissions linked to electricity. In fact, this change is mainly explained by wrong reporting in previous years.

We use a market-based method for reporting our electricity representing 6509 tonnes of CO₂.

The location-based method represents 7712 tonnes of CO₂ (18% higher). This gap shows all the potential gain which can be achieved in the coming years by increasing the percentage of green electricity.

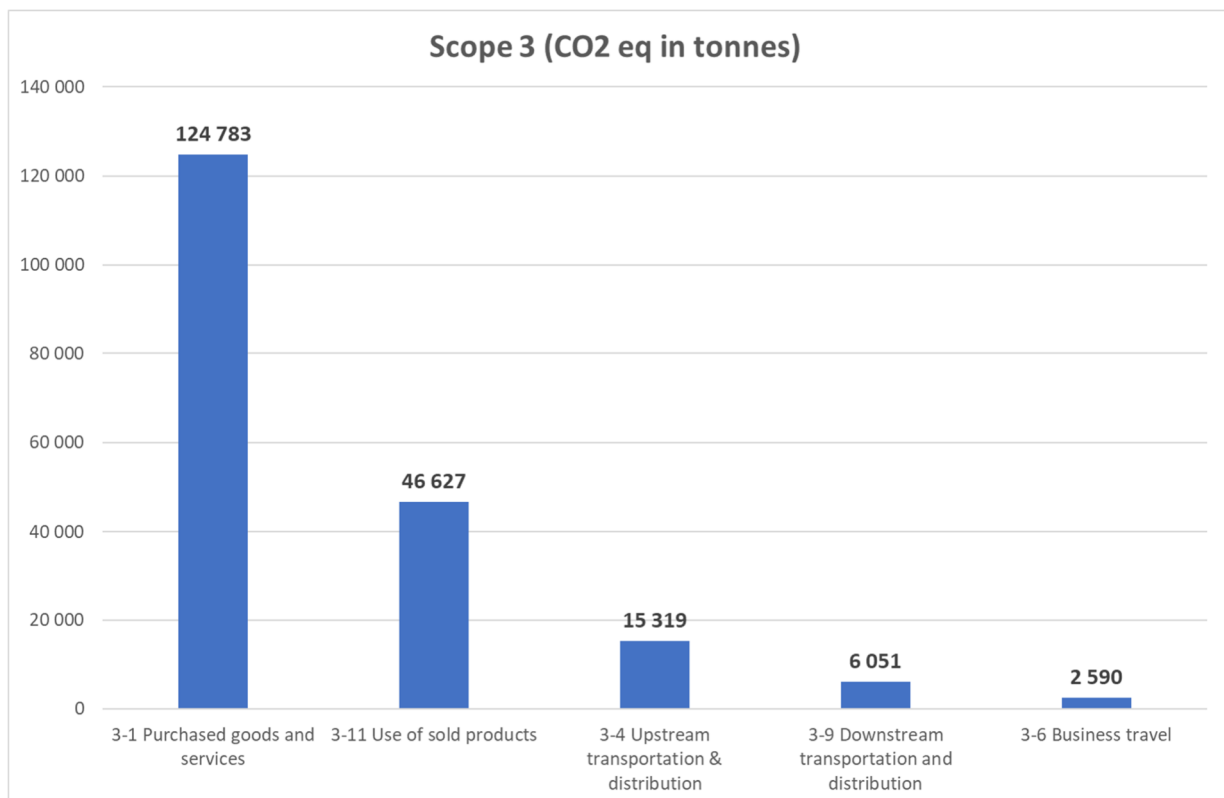
However, we can also observe that the energy consumption intensity (combining electricity, gas consumption and district heating) is still on track for reaching our 2025 objective (see below)



Scope 3 Emissions

In this report, we consolidated GHG categories (scope3) having a significant impact for KROHNE.

- 3-1 Purchased goods and services – Spend-based calculation using DEFRA monetary factors. We know that spend-based calculation probably overestimates our carbon footprint. A lot of our key suppliers have already begun their journey to reduce their CO2 emissions and their improvements cannot be visible with this method. But having a full picture, is also the right way to press the right triggers and involve all concerned parties.
- 3-11 Use of sold products - electrical energy used by our converters. The electrical consumption is based on a product lifetime of 10 years and 413 CO2eq / KWh corresponding to the 2023 KROHNE company's average. This energy is mainly driven by our 4 wire converters used for flow measurement. Actions have already been implemented, via KROHNE's Eco-design golden rules and associated procedure for the design of new converters
- 3-9 Downstream transportation and distribution - Spend based calculation using ADEME Base Carbone factors (road, sea and air transports)
- 3-4 Upstream transportation & distribution - Spend based calculation using ADEME Base Carbone factors (road, sea and air transports). The inter-company shipments are also included in this category
- 3-6 Business travel – Activity data using DEFRA Business travel factors



We continue to pursue our efforts to reduce work-related travel emissions. E-vehicle charging stations and bike shelters have been installed in several facilities. Even though employee commuting is not yet included in our scope 3 reporting, by offering our staff the possibility to tele-commute at least 2 days per week, whenever the post allows so, we directly reduce our scope 3 emissions.

Below : E-bike charging stations at KROHNE's premises



Waste Reduction

Our factories maintain actions to reduce and sort waste. The below figures show a decrease of waste generated by facilities (from 4,6 ton/M€ to 2.9 ton/M€ between 2019 and 2023).

In 2023, we see an increase of recycled waste and for the first time, we have exceeded 50%.

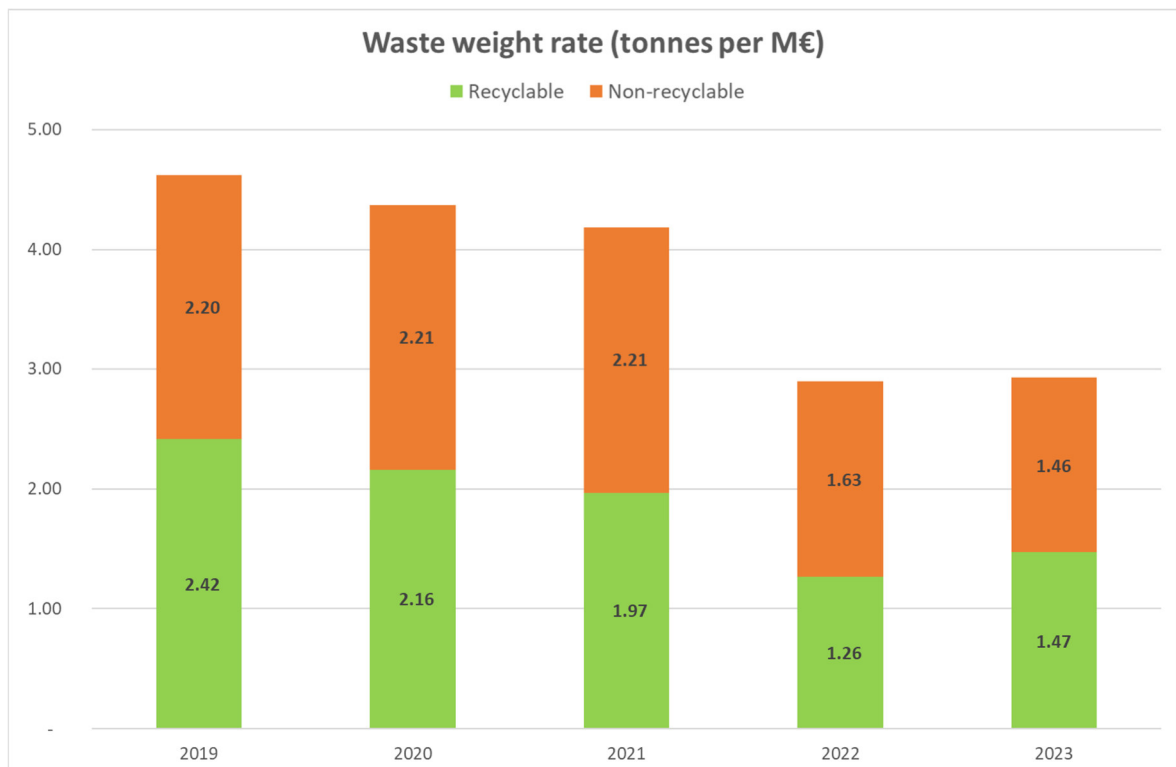
A considerable improvement has been made in the quantity of landfill.

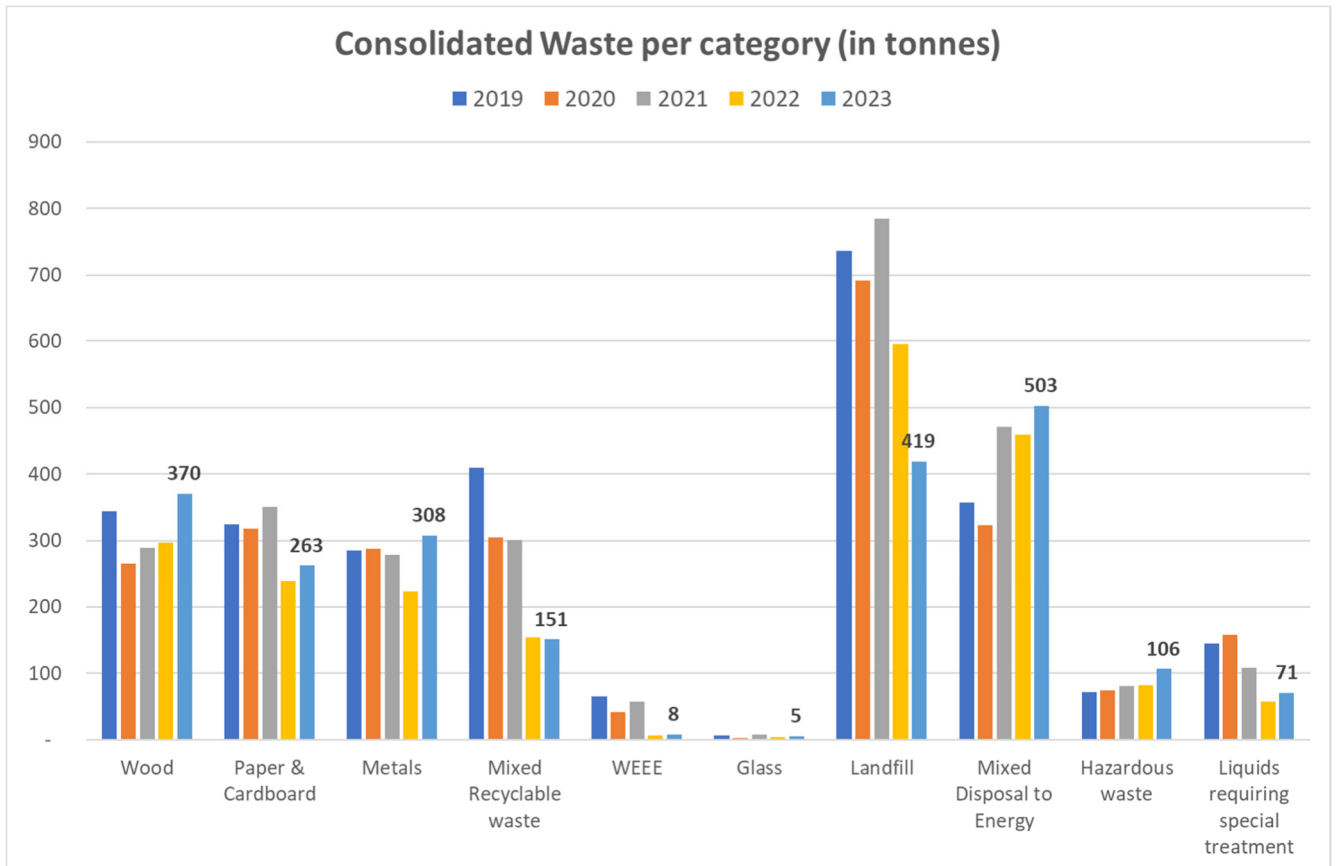
In 2023, landfill represented 19% compared to 27% in 2019.

We take a pro-active approach towards eco-design with the idea of bringing to the market products which have both a good environmental performance as well as good performance for our customers.

We are actively working towards a transition to reusable/recyclable packaging. Although expanding foam provides effective custom fit protective cushioning for packing our instruments, we are aware of its negative environmental impact and aim to eliminate its use. Testing the efficiency of suitable eco-friendly replacement packaging solutions is an ongoing task of our corporate test centre.

We act responsibly and fulfil our obligation as a producer of electronic and electrical waste by either adhering to a compliance scheme or handling independently this type of waste. This enables end of life products to be effectively and economically recycled or reused.

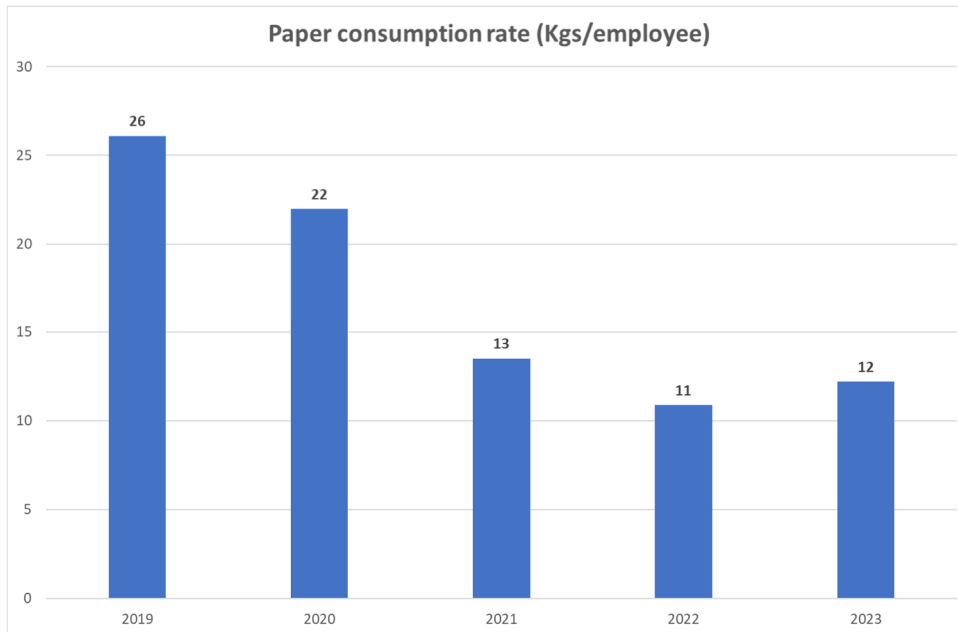




The above graph shows the overall tonnage of waste per category

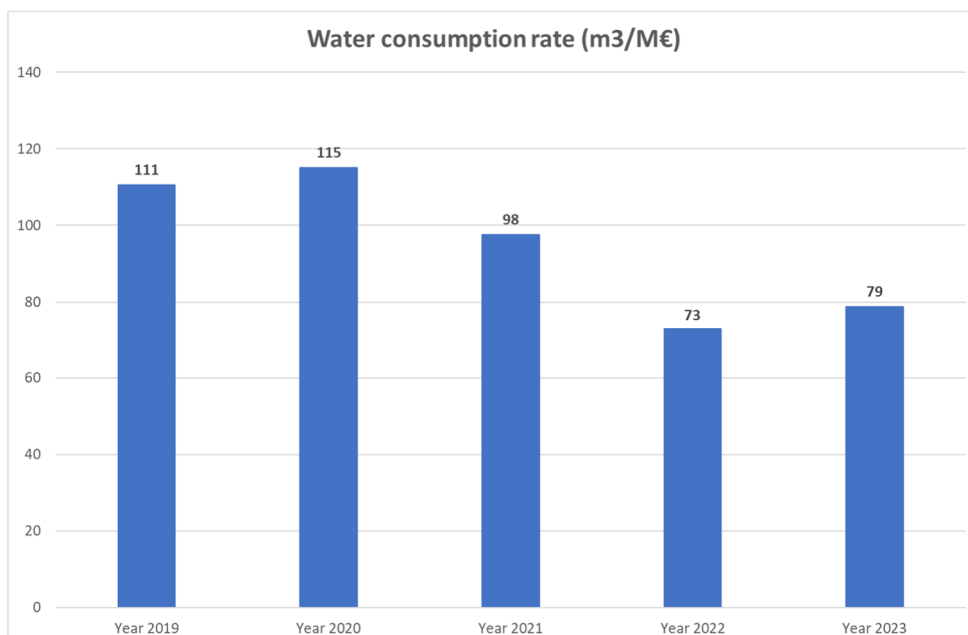
Paper consumption

We see the importance of Industry 4.0 and the advantages for KROHNE and for the environment. Working towards a paperless factory is an ongoing project involving every step of the production process. As demonstrated below, latest figures show that paper consumption has been reduced by more than half since the reference year 2019, as we continue to focus on the digital transition of our processes and communication.



Water

Despite that KROHNE produces flowmeters (up to 3000 mm diameter) and that all our flowmeters are wet calibrated, the overall water consumption of the KROHNE group remains very low. In 2023, we can observe an increase which is directly linked with our 3 Chinese factories. Their water consumption data is due to an increased quantity of produced flowmeters, the construction of a new building but also the difficulties to change cultural habits. However, compared to 2019, which is our reference year, water consumption has been reduced by 29%.



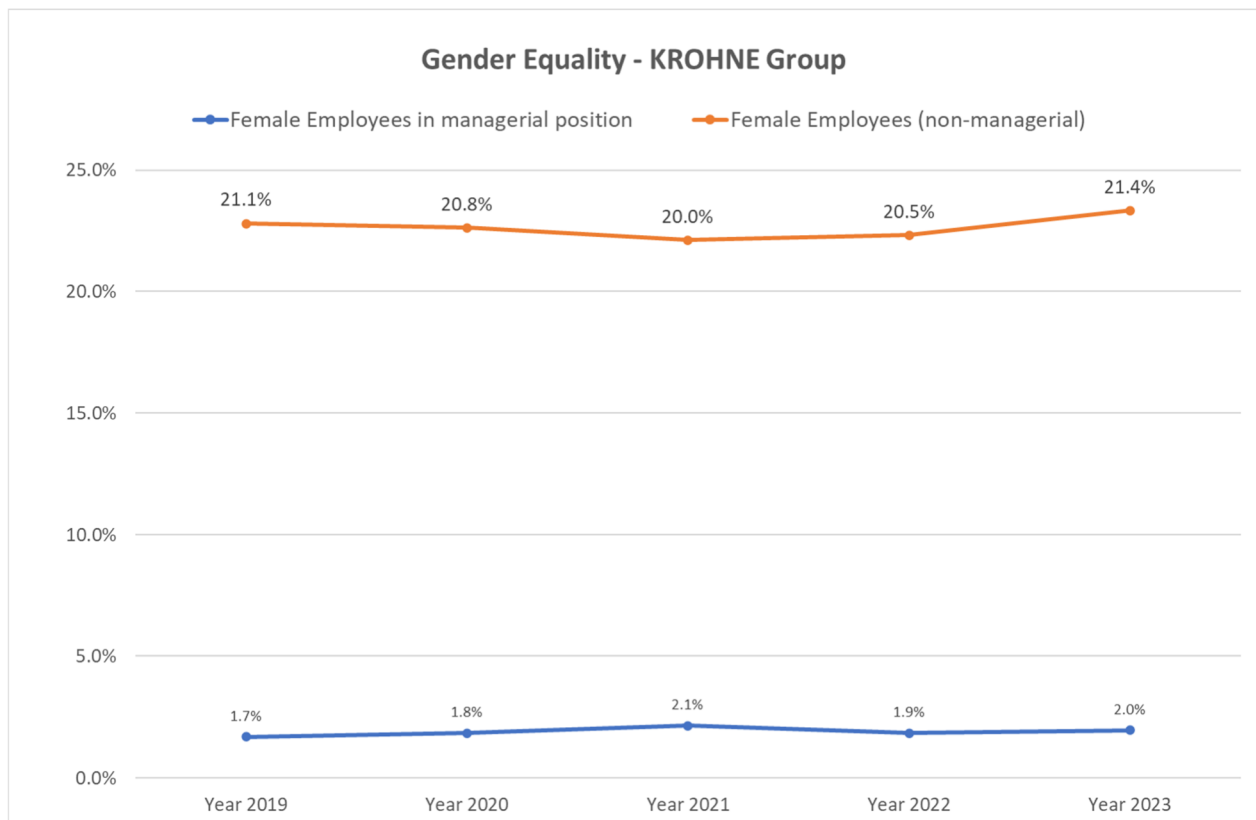
5 Social Sustainability

Employer of Choice

Effective human resource management throughout the KROHNE group is essential to fostering a positive work environment, maintaining substantial employee-employer relations and therefore ensuring that we remain a purpose-driven, sustainable and high-performing organization.

We reject any form of employment discrimination; uphold the importance of a healthy work-life balance and we strive to provide a safe and pleasant work environment for our staff.

Historically, process instrumentation is a male-dominated industry, however this is continually evolving, and we recognise the importance of making progress with regards to gender equality. The fact that KROHNE has a loyal workforce and low employee turnover means that this is a slow, but nevertheless, improving process.



Above figures show a slight improvement in the number of females occupying both managerial and non-managerial positions. It is our goal to progress in this area and improving the balance is one of the targets of KROHNE 2025 Excellence Plan.

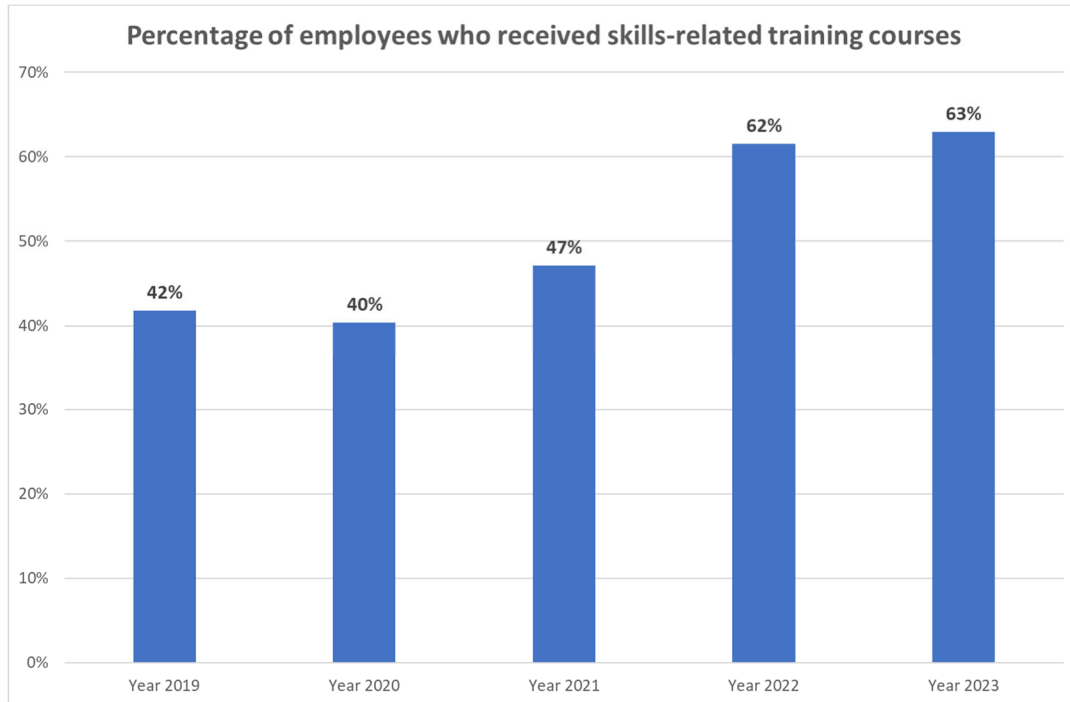
Career Development, Competence Training and Awareness

Our employees are our greatest asset and at KROHNE we encourage both creativity and ambition. We recognize the values, competence and knowledge which are valuable to our company's vision and to contributing to our technological excellence. Our performance management ensures that continuous learning is supported and that interesting career opportunities are offered, meaning that professional and personal development are nourished and come to the fore.

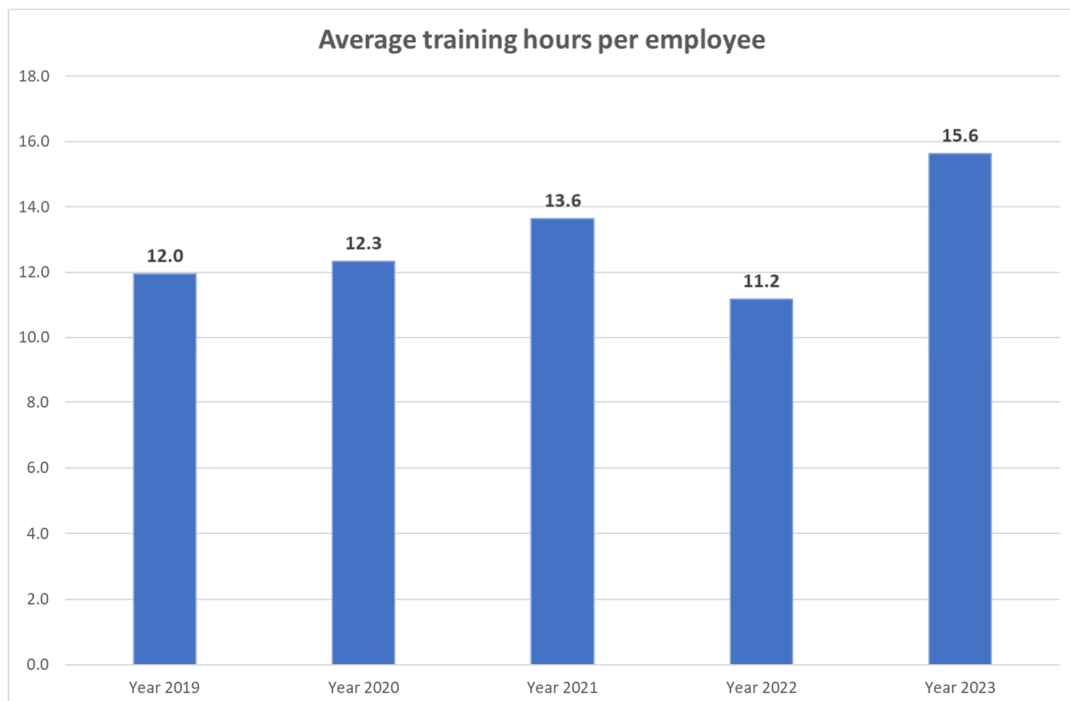
Employees benefit from an annual assessment during which training needs are assessed and all staff are encouraged to improve their knowledge and skills by taking part in external courses and internal training sessions specific to their field of activity.

In 2023, the following KPIs were monitored and registered for the whole KROHNE group:

- ✓ Number of employees who received an annual appraisal
- ✓ Average training hours per employee (see below)
- ✓ Number of employees who received skills-related training (see below)



The above graph shows the percentage of employees benefiting from training courses (internal and external)



The above graph shows the average duration of training courses per employee

6 Ethics

As a corporate citizen, KROHNE is committed to respecting fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption as defined in the charter of the United Nations. We understand that transparency in our business practices is crucial for sustainability. We are committed to conducting our activities with respect of universally held ethical and social values, especially integrity, honesty and respect of human dignity and to pursuing responsible leadership and fair business practices. The principles to which we adhere have been outlined in several corporate documents cited below and a training course in the form of a Code of Conduct eLearning and associated quiz has been deployed throughout our companies world-wide. Employees are required to renew the course every two years. These measures ensure a mutual and global understanding of our expectations and a means of harmonising practices throughout our company.

KROHNE's Code of Conduct for Corporate and Social Responsibility

KROHNE endorses the ZVEI-VDMA code of conduct. This self-imposed commitment transcribes our basic understanding of social responsibility, clean business practices, environmental protection and other core principals which are in alignment with the human rights stated in the charter of the United Nations and in ISO DIS 26000

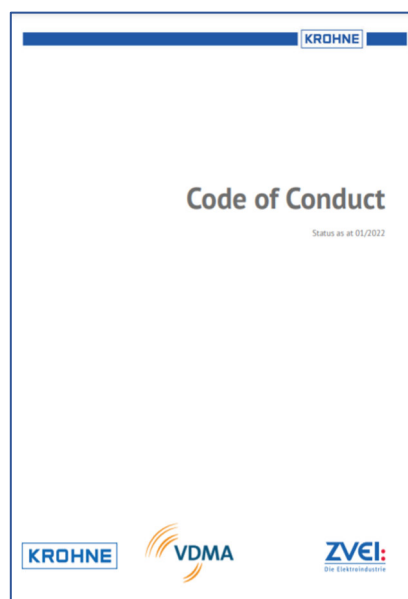
KROHNE'S Whistleblowing and Grievance Procedure. This procedure provides a framework for responsible and secure reporting of misconduct, protecting our staff and allowing any concern of public interest arising from our business to be raised and where appropriate acted upon in compliance with regulatory directives.

KROHNE Gift policy

In order to protect our reputation and our values we have established a policy for what is acceptable and non-acceptable in terms of gifts and hospitality. **This gift policy ensures a transparent code of conduct for what is tolerated and expected of our employees and business partners alike as well as providing a guideline on sensitive subjects such as bribery. These anti-corruption guidelines are an integral part of our corporate sustainability strategy.**

In 2023, the following KPIs on ethics were monitored and registered for the whole KROHNE group:

- ✓ Number of confirmed incidents or legal actions in related to business ethics (1 case)
- ✓ Number of cases of discrimination reported to HR (0 case)
- ✓ Number of cases of harassment reported to HR (1 cases)
- ✓ Number of detected breaches of confidential information in IT system (2 cases)



7 Health and Safety

Implementing and maintaining a health and safety management system according to ISO 45001 is required of all our production sites. At the end of 2023, **66% of KROHNE factory** employees work in a company certified by an external body.

H&S indicators are consolidated for the KROHNE Group. The lost time injury rate (LTIR) has decreased. The occupational accident gravity (LTI-G) rate has increased however as has the number of accidents with days lost. Nevertheless, both are relatively low in comparison to the industry average and overall H&S results demonstrate the efficiency of our ISO 45001 management systems.

KROHNE Group H&S results		2019	2020	2021	2022	2023
	Fatal Accident(s)	0	0	0	0	0
	Number of accidents > 3 days lost	15	14	19	16	21
	Number of accidents between 1 and 3 days lost	16	9	17	9	7
	Medical Treatment Cases (doctor)	19	48	36	37	26
	First Aid (internal)	300	391	391	167	203
	Near-miss	73	62	62	79	87
	Number of employees	3247	3844	3838	3 588	4 031
	Number of days lost due to accidents	246	203	372	425	202
KOAR	KROHNE Occupational Accident Rate (Qty of accident > 3days / 1000 employees)	4.6	3.6	5.0	4.5	5.2
LTIR	Lost Time Injury Rate (Frequency Rate)	5.0	3.1	4.9	3.6	3.6
TLTIR	Total Lost Time Injury Rate	8.0	9.6	9.8	9.0	7.0
LTI - G	Lost Time Injury Rate (Gravity Rate)	0.04	0.03	0.05	0.06	0.03

The health and safety of both our staff and our customers is our top priority. We pay attention to our workers' well-being and prevent injury and illness by providing a safe and healthy working environment.

Hazardous Chemicals and Waste

KROHNE complies with international legislations to limit the impact of chemicals and hazardous substances in order to protect the environment, the health of our workers, clients and in a larger sense the population. We supply only non-chemical products which are intended uniquely for industrial purposes.

In order to prevent occupational illness due to exposure to hazardous substances, we have taken actions to reduce the presence of CMR (Carcinogenic, Mutagen & toxic for reproduction) in our products and manufacturing process. We prohibit the introduction of new chemicals containing CMR in our new developed instruments and as far as possible, we substitute these chemicals with safer ones. We also limit the number of staff exposed to CMR.

KROHNE products comply with **REACH regulation** For further information on KROHNE's compliance regarding hazardous substances and waste visit our web page via the following link:

<https://krohne.com/en/company/group/quality-health-and-safety-and-environment>

On-Site Safety

Process and people safety are a key focus in the development of our instrumentation solutions, both for direct occupational safety and for reliable measurement. Extremely reliable measured values and safety related features, characteristic of KROHNE technology, contribute directly to plant safety and accident prevention.

For further information on field-proven safety solutions by KROHNE follow the link below:

<https://krohne.com/en/trends/safety/occupational-and-process-safety>

Since 2022, any occupational incident occurring within our service organisation worldwide is shared with other countries. These "Safety Alerts" are managed by Corporate Services and include photographs, root causes, corrective actions and lessons learned.

8 Sustainable Procurement

We are aware that the supply chain is a key factor in our company's corporate social responsibility and has an important role in the full lifecycle environmental impact of our products and services. It is why KROHNE engages in working only with well-established, certified (ISO or equivalent) and reputable suppliers with whom we seek to establish a solid and lasting business relationship.

As well as carrying out onsite audits of our main suppliers including quality and HSE aspects, KROHNE has endorsed the ZVEI-VDMA Code of Conduct and engages our suppliers to do likewise. Furthermore, we have established a contract with INTEGRITY NEXT specialised in ESG (environmental, social & governance) to ensure we meet legal requirements, manage risks and overall improve our supply chain sustainability and transparency. All suppliers are subject to an abstract risk assessment. Key suppliers undergo a concrete risk analysis and validation. They are required to provide information on topics such as environmental protection, human rights, labour and governance through standardised assessments. All answers are evaluated, and measures taken where appropriate. A report based on the resulting analysis ensures that KROHNE fulfils the due diligence obligations of the German Supply Chain Act (LkSG).



Conflict Minerals

In response to US and European legislation regarding conflict minerals (US Dodd-Frank Act 2010 & EU regulation) KROHNE acts in due diligence by abstaining from purchasing minerals 3TG in conflict countries and by ensuring that our suppliers engage in responsible sourcing of minerals. The CMRT and EMRT templates are available on the KROHNE website.

<https://krohne.com/en/company/group/quality-health-and-safety-and-environment>

9 Eco-Design

In October 2019 a product eco-design guideline was released aiming to promote a pro-active approach towards eco-design with the idea of bringing to the market products having both a good environmental performance as well as good performance for our customers.

To quote a renowned environmental advocate **“We don’t need so many things. We need to use our imagination more, which is in infinite supply.”**

Hereunder are the Eco-design Golden Rules on which our corporate guideline is based:

- Ensure that newly designed products have a more POSITIVE environmental impact than the previous generations.
- Promote LONG LIFE, especially for products with most significant environmental aspects out of usage phase.
- Promote REPAIR and UPGRADING, by enforcing MODULARITY DESIGN and providing clear instructions manuals to our clients.
- Ban or reduce TOXIC substances in accordance with regulations (e.g.: ROHS & REACH...).
- Minimise WEIGHT by reducing instrument sizes and using high quality materials which do not impact functional properties.
- Minimise the overall ENERGY consumption especially during the usage phase by reducing pressure drop and/or current consumption of instruments.
- Use as FEW JOINING ELEMENTS as possible to facilitate recycling.
- Promote RECYCLING by using fewer, simple, non-blended materials and no or few alloys.
- Prefer quality materials and surface treatments to PROTECT products from corrosion and wear.
- Select recyclable PACKAGING materials and minimize their weight to reduce consumption in TRANSPORT.

In 2023, we started Life Cycle Assessment (LCA) based on PEP Eco-passport program.

<http://www.pep-ecopassport.org/>

The Product Environmental Profiles (PEPs) are in compliance with ISO 14025 « Environmental labels and declarations. Type III environmental declarations ».

These documents will allow our clients to obtain information about the carbon footprint of our products (contribution to climate change) but also access many other KPIs (such as contribution to water use, contribution to ozone depletion ...)

The first PEPs will be released in 2024.

10 Conclusion

We can only improve what we measure and in the last period, huge efforts have been made to calculate our carbon footprint more accurately and also many other ESG indicators.

In the next years, KROHNE will enlarge the scope of our reporting to support the requirements of CSRD but the regulatory topics are only one aspect.

Our aim is to support our clients to achieve their own Net-Zero target as well and this aspect is not developed in this report. More information about this topic can be found in our Net-Zero strategy.

By implementing LCA and carbon footprints software, we support our engineers in charge of product development. This also provides transparency enabling our Board of Directors and General Managers to anticipate customers’ expectations and take the right decisions.

Engaging all managers and employees in our strategy and deploying efficient tools gives us hope for our future in achieving our Net-Zero targets