



# 2023 SUSTAINABILITY REPORT

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# FOREWORD

Dear Friends of the Company,

Once again, this last year has challenged our resilience - the resilience of each and every one of us and that of the community.

The economy and our society are still contending with the fallout from the war in Ukraine, soaring energy prices and challenging bureaucratic processes.

Our mission to address ecological, social and political challenges has therefore never been clearer.

We are well prepared for the future: Sustainability is firmly established in our business strategy and is experienced through our corporate purpose. We intend to progress on this basis - because a true pioneer is constantly seeking new challenges!

We are under no legal obligation to prepare and publish a sustainability report. We have chosen the German Sustainability Guidelines as a basis for the structure and content of this report. The sustainability report is well established within our organisation and prepared on an annual basis.

On behalf of all Baumann employees, I would like to thank you for your interest in our 2023 Sustainability Report.

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## COMPANY PROFILE

Baumann GmbH was founded in 1984. Its products and services can be found in almost all countries of the world. The company develops and manufactures turnkey production systems for customers from the international automotive supplier, electronics and household appliance industries. Everything from a single source – from individual assembly and test cells to fully automated production lines.

With 40 years' experience, Baumann knows the market and recognizes new trends and developments in industrial production that secure market advantages for customers through flexibility and economic efficiency. Future-oriented challenges such as autonomous driving, e-mobility, digitalization or Industry 4.0 are the focal points of the company's activities.

Baumann Automation offers flexible, scalable and versatile automation platforms thanks to its long-standing partnerships with numerous customers from a diverse range of industries. Customers can find a vast range of manufacturing processes, assembly systems, handling solutions and test facilities that can be easily integrated into modular systems in production lines.

The family business with its headquarters in Amberg now employs more than 900 people worldwide. Service centres in China, Romania, Taiwan, the Philippines, the USA and Mexico ensure customer proximity globally. More than 6,800 robot cells and production systems are in operation at customers in 22 countries all over the world. Annual revenue of 110 million euros and over 30,000 square meters of office and production space make Baumann Automation ready to face the future.







## CORPORATE PHILOSOPHY

Long-term collaborations with customers and partners are testimony to Baumann Automation's continuity, quality and flexibility. The company sets standards – from the very first idea all the way through to the perfect realization of the project.

Baumann modules provide the basis for every conceivable process integration. The family business issues all the necessary quality and CE certifications for individual automation systems. Rationalisation, quality improvement and traceability are the key criteria according to which Baumann develops flexible automation solutions. The company's philosophy is „producing quality economically“.

The entire Baumann team is committed to providing customers with the best concepts to secure the optimum cost/benefit factor. The idea is to improve product quality and gain decisive competitive advantage by increasing system flexibility. To achieve this, Baumann Automation produces top notch quality workmanship.



# STRATEGY: MATERIALITY, VISION, GOALS

## Strategic Analysis and Measures

In order to achieve our sustainability goals, we have implemented an integrated management system (IMS) throughout the Baumann Group in accordance with VDA 6.4/ISO 9001(Quality), ISO 14001 (Environment), ISO 50001 (Energy) and information security/data protection. This system has been certified by an independent body.

Representatives have been appointed for quality management, environmental management, energy management, information security/data protection. There is also a designated industrial safety specialist.

One key aspect for the coming years is the further integration of the individual systems into a homogeneous integrated management system in which the various aspects, rules and reporting systems coexist in the same form on an equal footing.

Sustainability, CO2 footprint and ESG play an important role in the company. For this reason, long-term targets up until 2045 have been formulated in this report.





## Materiality

We apply two approaches to identify opportunities and risks and, taking the result as a basis, define suitable measures.

In an annually revised analysis of the interests and expectations of interested parties (stakeholder analysis), we collect and evaluate the expectations and preferences of our customers, suppliers, employees, insurers and neighbours, as well as authorities and organisations and the company management. We formulate our strengths and weaknesses in order to derive further potential and specific measures wherever necessary.

We analyse specific risks for the quality of our products and production processes, occupational health and safety in the activities of our employees at the various workplaces, and the environmental impact of our business processes using the FMEA (Failure Mode and Effects Analysis) method. Within this framework, potential risks are collected and evaluated in terms of their significance and probability of occurrence. An assessment is conducted, taking into account the regulations already in place to avoid risks and the measures defined to reduce negative impacts should any risks occur. The areas in which action is still required are systematically and continuously identified in order to gradually mitigate any remaining risks in all of the areas mentioned.

In addition, potential risks and opportunities have been identified for each process in turtle diagrams.

We are closely monitoring general trends on the market and the discourse over the mobility of the future in order to adapt our planning strategy in line with changing circumstances at an early stage.



## Goals

We have established key performance indicators as part of the management systems mentioned and the materiality analyses conducted in accordance with them. We use these indicators to monitor the effectiveness and efficiency of our business processes and our performance and to track development in each case.

Targets are reviewed at least once a year and, if necessary, adjusted to changing results and circumstances in order to achieve continuous improvement.

At least once a year, the fulfilment of the targets is assessed by the top management as part of the management review. If targets are not met, the reasons are analysed and measures are formulated and implemented on this basis.

### Sustainability targets for Baumann GmbH

- 2024 Expansion of the CO2 footprint calculation for 2023 from Scope 2 to Scope 3 upstream emissions.
- 2026 Preparation of CSRD report for 2025
- Heat supply via renewable energy by 2028
- Introduction of occupational health and safety management system in accordance with ISO 45001 by 2029
- Power supplied from 100% renewable energies by 2034
- CO2 neutrality according to Scope 2 by 2034
- CO2 neutrality according to Scope 3 upstream emissions by 2045





## Depth of the Value Chain

Despite our endeavours to realise and maintain a high level of added value ourselves, allowing us to control and monitor this within our own systems, we still require a large number of suppliers in various sectors (raw materials, purchased parts, machinery and equipment, production tools, auxiliary and operating materials).

The processes for managing the supply chain in our global procurement market are defined in a comprehensive supplier management system, from selection and approval through to continuous evaluation.

We require all our suppliers, without exception, to comply with our Code of Conduct, which is based on our own principles of behaviour and the basic principles of legally compliant and sustainable action formulated therein. All suppliers of materials that have a direct influence on our products are either certified to ISO 9001 or at least work in accordance with this standard and are required to maintain information security, environmental, occupational health and safety management systems.



# PROCESS MANAGEMENT: RULES AND STRUCTURES

## Responsibility

Within Baumann GmbH management, the management system function is assigned to one of the managing directors. A senior management representative, an Integrated Management Representative (IMR), has been appointed. The mandates for the management systems are assigned to this individual, regardless of whether they have been certified by an external body or not. This ensures centralised control for the implementation of all sustainability aspects, allowing use of the same system and methodologies at Baumann.

To monitor compliance with the requirements of the management systems, the representatives and internal auditors concerned are entrusted with the planning and implementation of an audit programme under the direction of the IMR.

Further responsibilities are defined at process level and set out in the respective organisation charts and, if necessary, in separate mandates.

## Rules and Processes

As part of our integrated management system, a valid process map is defined, broken down into management, main and support processes.

Specific „turtle diagrams“ exist for the processes named in the process map so that specific process requirements can be taken into account. The „turtle diagrams“ refer, in turn, to the respective detailed regulations for the higher-level processes, procedures and manuals. Process owners are responsible for each process.

The divisions/groups are represented in terms of personal responsibility by their division/group manager.

The processes are provided with key performance indicators to evaluate their effectiveness and efficiency.

The system is subject to regular external monitoring through annual audits by independent third parties.





## Check

Besides monitoring the effectiveness and efficiency of our business processes, for which a standardised target system has been defined, we have introduced a KPI system to monitor the performance of our processes overall and track the development of each one. This system is being continuously expanded as further management systems are integrated. The target is based on the continuous improvement approach and requires a positive trend for each individual aspect on a three-month basis compared to the average taken over the previous twelve months.

Currently, performance figures have been defined for the following aspects:

- **Quality:** Delivery reliability index
  - Target / actual hours at delivery date
  - Target / actual material costs at delivery date
  - Quality of deliveries
  - Number of open CIP measures
- **Environment:** Water consumption,
  - Quantities of hazardous and non-hazardous waste
- **Occupational health and safety:** Incidents and accidents
  - Accident frequency
- **Energy management:** Electricity consumption
  - Proportion of electricity consumption accounted for by PV
  - Gas consumption
  - Fuel consumption
- **Data protection and information security:** Number of security incidents

There are plans to expand this system to include occupational health and safety in the coming years.





## Incentive Systems

The direct involvement of employees at every level in the integrated improvement process is an integral and indispensable part of this system. The main elements in this process are internal audits, quality meetings and a controlled CIP process.

In addition to the goal of continuous quality improvement, this always includes environmental, energy, occupational health and safety and information security aspects.

The initiative and the feedback on improvements can then be linked in a timely manner.

Monetary incentive systems are not envisaged in principle.

## Participation of Stakeholders

As part of our management systems, points of contact are designated for internal and external communication with the various stakeholder groups.

The process for identifying significant stakeholder groups and their interests is described in the stakeholder analysis mentioned in the „Materiality“ section.

Logically, stakeholder communication is planned on the same basis.

This process is also a key element for the direct involvement of employees in creating working conditions, as well as an elementary component for the sustainable realisation of the necessary productivity with regard to customers and company management.

## **Innovation and Product Management**

Just like all our business processes, our production and product development processes are put through risk assessments on occupational health and safety, data protection and information security and the environmental impact thereof. This ensures that they are continuously improved.

# **ENVIRONMENT: ECOLOGICAL ASPECTS OF SUSTAINABILITY**

## **Use of Natural Resources**

For Baumann, as a mechanical engineering company specialising in custom machine construction, the consumption of resources is determined more by the infrastructure than by the production processes themselves.

The most significant quantities of resources used are gas, electricity, water and fuel.

There is a continuous optimisation process for these resources as part of ISO 14001 and 50001.

The use of space for our custom machines is a constant optimisation target within the development process.





## Resource Management

We endeavour to optimise and, where necessary, reduce the demand for materials through constant measures in our manufacturing processes.

In recent years, we have been able to significantly increase our recycling rate. This increase is achieved through the implementation and continuous improvement of our waste concept.

For example:

- Changing the outer packaging of sheet metal parts from non-recyclable foam film to reusable and recyclable bubble wrap.
- Use of green CNC, the future-proof technology of the mineral oil-free and water-based high-performance lubricant. Advantages include an extremely long service life and freedom from solvents

## Climate Relevant Emissions

Direct climate-relevant emissions at Baumann result from heating operations and fuels.

The greatest potential influence on climate-relevant emissions lies in the use of electrical energy. Baumann produces 25% of the electricity consumed at its main site using its own photovoltaic systems.

We expect further efficiency improvements and cost minimisation in 2024 by installing and integrating a battery storage system with a capacity of 1288 kWh (output 736 kVA) into our electricity management system.

We endeavour to keep climate-relevant emissions resulting from travel activities to the absolute minimum. Business trips may be planned and taken only after they have been evaluated by the superiors concerned.

Travelling times and emissions are further reduced through the mobile work model (up to 2 days per week wherever possible).



# COMPANY: SOCIAL ASPECTS OF SUSTAINABILITY

The Baumann Code of Conduct includes and sets out as binding employee rights, equal opportunities, qualification and human rights.

Through its Code of Conduct, Baumann ensures sustainable conduct, integrity and compliance with legal regulations and ethical standards. The Code of Conduct is firmly embedded in the corporate values, and employees worldwide are required to implement it in their day-to-day work. The management acts in compliance with the Code of Conduct, which is based on internationally applicable standards.

The Code of Conduct includes internal regulations and external voluntary commitments that govern dealings with partners, employees and with society as a whole. Signing the „Baumann Code of Conduct“ is mandatory for all of Baumann’s partners. Baumann thereby places its partners under an obligation to comply with these principles and to pass the Code of Conduct on to their employees and integrate it into their processes. This ensures fair and dependable co-operation.

## Employee Rights

At Baumann, we are aware of our social and corporate responsibility and arrange our actions accordingly.

We consider compliance with laws and regulations an essential basic principle of economically responsible conduct and we respect the principle of legality.

Integrity and respect for the rights of third parties are the basis of our dealings with our employees, business partners and society.

We treat all people with consideration and respect. Baumann expects all employees to be polite, impartial, fair and respectful in their dealings and cooperation with colleagues and business partners alike.

We promote equal opportunities and prohibit discrimination.

This has also been set out in our Code of Conduct, which applies internally at Baumann and also to our suppliers.





## Equal Opportunities

We do not allow any personal discrimination on the basis of ethnic origin, colour, gender, sexual identity, age, religious affiliation or physical constitution. This is set out as a binding regulation in our Code of Conduct.

If employees feel they have been treated unfairly, various reporting channels are available to them:  
The first point of contact is either their manager or the HR department concerned.

Employees can also turn to the employee advocacy committee. All concerns are treated confidentially by the members of the advocacy committee. Only the employee can decide whether the matter should be addressed to a superior or the management.

Direct messages from employees to members of management (individually or to several at the same time) can be sent via the Direct Line. This is generally anonymous if no personal name is given.

The portal is located on the intranet and can be accessed from any computer in the Baumann GmbH network. It is also possible to upload files.

A statutory whistleblower system was introduced at Baumann in 2023.

## Qualification

Besides awareness, involvement and feedback, we consider competence an essential element for motivating our employees.

Our competence management begins with the job description for each employee, in which tasks and authorities are assigned to them and the required competences are specified.

In reviews between superiors and their employees held at least once a year, the individual training (still) needed on the basis of the job description is determined and any necessary measures are agreed.

The success of training programmes is systematically evaluated.

Instruction on our management systems, environmental aspects, occupational safety and other topics is provided to all employees on a regular basis.

A CAQ (Computer Aided Quality Assurance) system will be introduced in 2024 to optimise our qualification process.



## **Human Rights**

Baumann respects and supports compliance with internationally recognised human rights and rejects all forms of forced and child labour.

Our Code of Conduct contains these basic principles on legally compliant and sustainable action and is binding for all our employees.

We also require all of our suppliers, without exception, to comply with our Code of Conduct.

## **Community**

Baumann GmbH in Amberg is located in a rural area on the outskirts of a medium-sized town.

As part of this local responsibility, we endeavour to maintain good neighbourly relations. It is important to us that our guiding principles and knowledge are applied at the location and that we take sound, correct decisions and proper approaches.

Under our management system, complaints from neighbours or other incidents must be reported to enable the management to take appropriate action as required.

## **Political Influencing**

Baumann is not politically active and does not support any political parties or groups.

## Conduct in accordance with the Law and the Guidelines

A legal database has been created at Baumann. This database is constantly being updated and revised. It is used by the relevant managers at Baumann. A ticket system ensures that knowledge of the laws and standards and the corresponding measures are implemented and monitored.

A central point of contact is available for questions and reports in connection with compliance aspects and any incidents, both confidentially and anonymously. Guidelines on the correct approach to corruption and competition have been defined for Baumann and regular training is provided.

The legal registers for environmental protection and occupational health and safety are reviewed several times a year at each plant with the assistance of local external legal experts. Should the requirements or obligations change, any necessary measures are identified and implemented in a standardised process.

A list of legal, official, contractual and other requirements, which is kept updated and monitored for compliance, exists for information security and data protection.

The integration of information and data protection management into our integrated management system was completed in mid-2023.



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