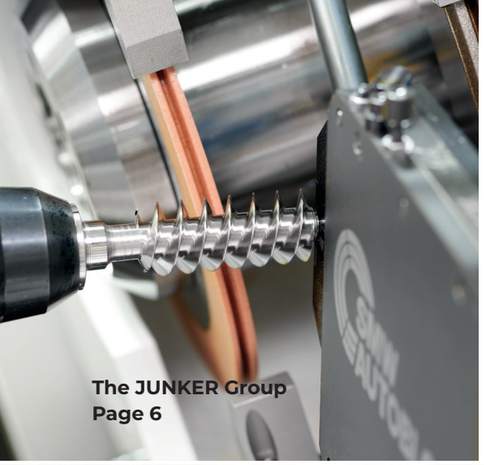
Sustainability Report

JUNKER GROUP

Sustainability Report of Erwin Junker Maschinenfabrik GmbH · 2024



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JUNKER GROUP

Gender-neutral pronouns (they/them) are used in our Sustainability Report to improve readability. They include all genders.

JUNKER partner for precision

Thinking and Acting Sustainably for the Future

Dear readers,

Even though the term "sustainability" in the sense of ecological, economic, and social factors was not in common use when JUNKER was founded over 60 years ago, these elements already formed the basis of our conduct to some extent back then. Sustainability has become more and more important to society, and therefore also for JUNKER, in the last few years.

We firmly believe that consistent, sustainable conduct is essential to meeting the challenges of the future, both socially and on a corporate level. Climate change and its impacts, responsible handling of resources, fostering social justice, and adapting to changing market conditions are just a few examples of these challenges.

This is our second sustainability report. It provides comprehensive insights into our strategy, goals, activities, and engagement in the field of sustainability.

We look forward to sharing ideas with you.

The Management of Erwin Junker Maschinenfabrik GmbH

Joachim Himmelsbach **Dr. Karsten Schaumann**

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The JUNKER Group

JUNKER is the global market leader in the manufacture of CBN high-speed grinding machines. Just under 1,200 employees across the globe work at 13 sites to ensure that the company stays ahead of the pack in terms of technology. Many world-renowned automotive manufacturers and their suppliers, tool manufacturers, and a wide range of other companies rely on JUNKER's innovative grinding concepts. JUNKER grinding machines work accurately, efficiently, and reliably for mass and small series productions. In addition to Erwin JUNKER Maschinenfabrik, the JUNKER Group comprises LTA Lufttechnik GmbH and Zema Zselics Ltda. LTA Lufttechnik GmbH manufactures air filtration and fire protection systems for trade and industry. ZEMA provides expertise in specialized grinding with corundum.

With a high equity ratio, the JUNKER Group highlights their independence and financial strength, and therefore has the best prospects of continuing to be successful as a global player.

Around 350 people are employed at the headquarters in Germany, which was established in 1962. The final assembly and commissioning of grinding machines takes place there. Other departments are also based at the headquarters in Nordrach, such as the Technology Center, Construction, Sales, and Customer Service.

2.1 Our Strategy

- The JUNKER Group is an independent, financially self-reliant, international, growing technology leader with new technologies and is an attractive employer for highly qualified employees in the manufacture and servicing of grinding machines and air filters.
- The JUNKER Group operates at a yield of more than 10% in the long term.
- We stand apart from our competitors thanks to our premium technology, our innovative lead, and our global position in consulting, manufacture, and services.
- As a reliable partner, we retain our customers through new solutions and end-to-end support, including customer service. We recognize our customers' needs and keep our promises.
- Through innovations, we continuously develop solutions for (new) power trains, services/customer service, RETROFIT / retooling, and machine conversions in our business areas and supplement them with handling systems and tools (development, conditioning, and software (Industry 4.0).
- We are continuously advancing the digitalization of the JUNKER Group.
- We stand for intelligent technology: Autonomous, digital, efficient.
- Thanks to our clear structures, short decision-making paths, and motivated, innovative, and responsible employees, we are highly efficient and productive.
- As an employer, our distinguishing features are our global presence, secure jobs, individual development opportunities, flexible working time models, performance-based pay, and optimal knowledge transfer in a breathing organization.
- Our claim to leadership is shaped by trust, commitment, reliability, and consistency, with close contact with employees. We use targets in our management and give employees freedom and independence to achieve them; we communicate this as well as our expectations. We continuously train our managers in our management program.

2.2 History of the JUNKER Group

2024
Launch of the new platform 3

2023
First JUDISC machine for grinding brake discs

2022
60th anniversary of Erwin Junker Maschinenfabrik GmbH

2021
Market launch of the JUMAT for machining worm shafts

2020
Launch of the new platform 1 and 6

2008
First JUCENTER CBN high-performance grinding machine with two stations

2003
First CBN high-performance grinding machine for the complete machining of crankshafts in a single clamping setup

1962
Formation of "Erwin Junker Maschinen- und Apparatebau" in an inoperative flour mill

1977
Opening of the company's own sales offices in the USA and Germany

1992
Acquisition of the three Czech sites Mělnik, Čtyřkoly, and Strědokluky and formation of the JUNKER Group

1995
Opening of the Technology Center in Nordrach

1998
Acquisition of the Holice site in the Czech Republic

2003
Formation of a sales and service office in Shanghai, China

2007
Merging of the Czech sites to become Erwin Junker Grinding Technology a.s.

2008
Opening of a sales and service office in Pune, India

2011
Formation of the sales and service office in São Paulo, Brazil

2012
The sales and service office is opened in Yaroslavl, Russia

2014
Inauguration of the site in Mexico

2015
Majority stake in Zema Zselics Ltda., Brazil

2016
Establishment of the Erwin Junker manufacturer foundation

2021
Awarded the special environmental technology prize in Baden-Württemberg

3 Sustainability Management

JUNKER has not based its sustainability report on any specific reporting standard in the past. However, from this year onward, we will be using the European Sustainability Reporting Standard (ESRS) developed by the EU to structure our sustainability report. The ESRS is becoming established in the EU, as it is designed for companies that already have a reporting obligation under the Corporate Sustainability Reporting Directive (CSRD) due to their legal form and size.

Although JUNKER is not required to report in accordance with the CSRD until 2026, we would like to align our reporting with the new standard now. We have not yet fully applied the standard's structure in this year's sustainability report, but have used the ESRS as a guide for the Environment subject area in particular.

3.1 Materiality Assessment

Following the review of our sustainability strategy and sustainability reporting, the double materiality assessment has become a key step in accordance with the CSRD. This involves examining different issues in the three ESG areas: Environment, Social Factors, and Corporate Governance.

The double materiality assessment enables sustainability factors to be considered from two perspectives to assess their relevance:

- First, we analyze how our company's activities impact various sustainability issues. In other words, we consider our sustainability-related impacts from an inside-out perspective (impact materiality).

- Second, we assess what financial risks and opportunities exist or could arise for our company because of sustainability issues, applying an outside-in perspective (financial materiality).

The materiality assessment enables us to optimize and extend our existing sustainability strategy and reporting to ensure the sustainability factors that are important for our business and relevant for meeting the expectations of our stakeholders are at the forefront of our strategy.

3.2 Materiality Assessment for the Environment

We have started by drawing up our double materiality assessment for the Environment subject area in 2024. We are planning to extend this assessment to Social Factors and Corporate Governance in the current year and to make it more detailed overall. To do so, we are following the requirements of the CSRD and ESRS, as well as EFRAG guidelines in the form of Implementation Guideline IG 1 Materiality Assessment.

We consider the impact on people and the environment to be material if the relevant factor is graded 'medium' or above in at least one sub-topic in the assessment undertaken by our sustainability team covering the extent, implications, and remediability.

We consider an issue to be financially material if the assessment outcome places the issue in the bottom quarter on the assessment scale in terms of severity and likelihood of occurrence. In this way, we ensure that we also take into consideration issues that are minor in terms of severity and very likely to occur.

Our assessment is based on our own analyses and the known assessments of our stakeholders that are recorded in our environmental management system.

According to our assessment, the following ESRS topics are material in the Environment subject area:

- **Climate change** (ESRS E1)
- **Circular economy** (ESRS E5)

On the other hand, the following topic was classed as immaterial:

- **Pollution** (ESRS E2)

This topic includes the pollution of air, water, soil, organisms, and food resources, as well as pollution from substances of concern and microplastics.

Due to our existing environmental certification in accordance with ISO 14001, the environmental factors at our site have been assessed and optimized for years, including our impact on pollution. As a result, we have implemented optimization measures in this respect for many years, so the level of pollution can now be classified as low.

Regarding the greenhouse gas emissions assessed under E1, we refer to our painting facility in our production operations, which produces emissions that could enter the environment through the air. However, this facility is seldom used, therefore in 2023 less than 40 kg of VOC (volatile organic compounds) were produced in painting processes before the exhaust air was subsequently filtered.

There is no direct entry of pollutants into water or soil. The water used can be disposed via the public sewage system, as it does not contain chemical substances. However, water from washing processes and the coolant emulsion used are disposed of as hazardous waste on a small scale (approx. 70 m^3 per year => waste codes: 110111* and 120109*).

The materiality assessment ruled out any pollution of living organisms or food resources from our processes. Because of the materials we specify for our components and the careful selection of our suppliers, which are almost all in the EU, we assume that there is no known risk from substances of concern.

If we use substances of concern, we comply strictly with the REACH Regulation and ensure that our purchasing departments also meetsthese requirements.

Our assessment of financial materiality also concluded there are no further risks or opportunities beyond the impact assessed in E1 from the consequences of greenhouse gas emissions.

- **Water and marine resources** (ESRS E3)

This section of the ESRS calls for the assessment of water consumption, water sourcing, water discharge in general and into oceans, and the extraction and consumption of marine resources.

We also include water in our environmental assessment within the scope of ISO 14001, as mentioned above. The water we use is solely taken from the public water mains; we do not operate our own wells or extract water from the Nordrach area adjacent to our site.

We measure our water consumption regularly. To our knowledge, our supply chain does not involve any process with high water consumption.

In addition, we are not expecting any water shortages in the region in which our site is located, and so we do not expect any impact relating to this.

- **Biodiversity and ecosystems** (ESRS E4)

This section assesses direct impacts on the loss of biodiversity, the status of species, the extent and status of ecosystems, and the impacts and dependencies of ecosystem services.

Our results show that our activities and products do not have a material negative impact on biodiversity and ecosystems. Similarly, changes in these areas will not create any significant risks or opportunities for our company.

Climate change

- **1.1** Adaptation to climate change
- **1.2** Combating climate change
- **1.3** Climate change – energy

Pollution

- **2.1** Air pollution
- **2.2** Water pollution
- **2.5** Pollution – substances of concern
- **2.6** Environmental pollution – substances of very high concern

Water and marine resources

- **3.1** Water

Biodiversity and ecosystems

- **4.1** Direct impacts on the loss of biodiversity

Circular economy

- **5.1** Inflow of resources, including resource consumption
- **5.2** Outflow of resources in connection with products and services
- **5.3** Waste

Materiality assessment

4 Responsibility for the Environment

As a premium manufacturer, JUNKER Group intends to lead the way on sustainability. The protection of resources and energy is reflected on various levels at the JUNKER Group: At sites, in working processes, in ultra-modern grinding machines and filtration systems, and in the development of future technologies and applications. The environmental management system implemented at sites in Germany and the Czech Republic has been certified to ISO 14001 since 2017. Regular energy audits in line with DIN EN 16247 are also carried out.

4.1 Climate Change Impacts (ESRS E1)

Identification of Risks and Opportunities

To limit global warming to 1.5°C, the EU has set a target of reaching net zero by 2050. As an interim target, greenhouse gas emissions are to be cut by at least 55% by 2030 compared with 1990 levels. Reporting in line with ESRS E1 aims to help achieve these targets. E1 includes the sub-topics climate change adaptation (E1.1), climate change mitigation (E1.2), and energy (E1.3). The outcome of the double materiality assessment was that this subject area is material for JUNKER. Impacts, risks, and opportunities for these sub-topics were identified and evaluated in the materiality assessment. The relevant impacts, risks, and opportunities evaluated are shown below as the results of the assessment.

The following points have been identified to have an impact on JUNKER and involve a financial risk or opportunity (outside-in perspective):

- E1.1 – Ongoing climate change and extreme weather events that are becoming more frequent may need additional investment in air-conditioning, heat insulation, and the protection of Nordrach shore areas on the company premises => Actual risk

- E1.1 – Unforeseen weather events may also have a negative effect on our logistics chains in our Nordrach plant (from suppliers and our sites in the Czech Republic) and to our global customers => Potential risk

- E1.1 – The tightening of environmental regulations may affect JUNKER directly or via customers and result in increased manufacturing costs, compliance costs, or costs for ensuring compliance (assessment, reporting). Early implementation may be a competitive advantage => Actual risk & actual opportunity

- E1.2 – The global transition from fossil fuels to electromobility is already affecting JUNKER's business and has necessitated the development of new product areas for some years now => Actual risk & actual opportunity

- E1.2 – Europe has set itself the target of reaching net zero by 2050. The current sales market for traditional combustion engines is collapsing because of bans and CO_2 restrictions. The focus is increasingly on e-mobility. The transition means new sales markets can be developed in the medium term => Actual risk & actual opportunity

The following topics are also relevant, theynot only have an impact on JUNKER, but are also areas where JUNKER and its activities have an impact on people and the environment (both inside-out and outside-in perspective):

- E1.2 – Most greenhouse gases are caused indirectly through purchased electrical power (Scope 2). Electricity could become increasingly expensive through a CO_2 price. Generating our own electricity using solar power may reduce the amount of CO_2 and keep the price low for our site in Nordrach => Actual opportunity

- E1.2 / E1.3 – The development of more energy-efficient grinding machines and automation may reduce our environmental impacts and the running costs for our customers => Potential opportunity (Note: We consider this point to be potentially material, however it has only been a factor in purchasing decisions for a few of our customers in the past).

A systematic approach is crucial to confront the impacts and risks of climate change and utilize the opportunities.

4.2 Management of Climate-related Impacts

Identification of Risks and Opportunities

Our approach is broken down into the following steps:

- Determination of our CO_2e emissions
- Analysis of the CO_2e emissions
- Determination of goals and measures to reduce CO_2e
- Monitoring the achievement of goals and implementation of measures for reducing CO_2e
- Continuous management of the transition plan

In the past, we developed our goals and measures on the basis of a medium-term strategy, our 2025 environment program. When we switch to the ESRS reporting standard, we will create a transition plan that takes into account the relevant requirements and aims to achieve net zero by 2050. This step will not be included in reporting until then.
In this step, we systematically record and calculate all relevant CO_2 emissions produced by our business activities.

4.2.1 Determination of our CO_2e Emissions

This includes direct emissions (Scope 1), indirect emissions from energy consumption (Scope 2), and other indirect emissions along the value chain (Scope 3). If greenhouse gases (GHG) other than CO_2 are emitted, these are converted into a common unit, based on the Global Warming Potential (GWP), in relation to their contribution to the greenhouse gas effect. These are indicated as CO_2 equivalents, expressed as CO_2e (the "e" stands for "equivalent").

Scope 1

Scope 1 includes all direct emissions, in other words emissions from energy sources that are used directly on site, such as wood chips for heating systems, acetylene for gas welding, and fuel for company vehicles. The Scope 1 emissions for our company in 2023 amounted to 81 metric tons of CO_2e. This does not includes emissions from vehicle fuel, as the requirements for fully recording and analyzing them were not met yet. These requirements have been met in 2024, so in the uture the figures will be calculated and analyzed in full. In addition, the quantity of coolant refills in our air-conditioning equipment will also be included in the future.

Scope 2

Scope 2 covers indirect emissions from purchased energy, including, for example, electricity bought from an electricity provider. Scope 2 emissions amounted to 404 metric tons of CO_2e in 2023.

Scope 3

Scope 3 includes all other indirect emissions produced along the upstream or downstream value chain, such as emissions from the production of purchased materials, business trips, or waste disposal. Scope 3 emissions are subdivided into 15 categories, including both upstream and downstream activities, in accordance with the GHG protocol:

Upstream Categories	Downstream Categories
• Purchased goods and services • Capital goods • Activities relating to fuel and energy (not included in Scope 1 or 2) • Transport and distribution (upstream) • Operational waste • Business trips • Staff commuting • Leased assets (upstream)	• Transport and distribution (downstream) • Processing of sold products • Use of sold products • End-of-life treatment of sold products • Leased assets (downstream) • Franchise • Investments

At present, JUNKER cannot determine its Scope 3 emissions to a sufficient quality standard. This is because of the complexity and many different sources of these emissions. The aim is to have developed a suitable balance sheet system by the 2025 reporting year and to report on the amounts that are material for us.

4.2.2 Analysis of our CO_2e Emissions

Previous reporting standard

We continuously monitor our energy consumption and the associated greenhouse gas emissions. In the past, JUNKER did not use a specific standard for recording energy consumption and greenhouse gas emissions. Energy consumption and emissions have been recorded and assessed using the following categories since 2018. Even though we want to use the ESRS reporting standard in the future, the previous assessment system is being continued to enable comparisons with previous reports.

		2018	2019	2022	2023
Electricity (building and production process)	Consumption [kWh]	2,301,534	2,097,637	1,601,422	1,423,633
	CO_2 emissions [metric t]	570.78	480	885.59	404.31
Wood chips (building heating)	Consumption [kWh]	1,321,290	1,424,640	1,153,280	1,288,960
	CO_2 emissions [metric t]	35.67	38.47	31.14	34.80
Light fuel oil (building heating)	Consumption [kWh]	89,858	148,007	201,812	174,467
	CO_2 emissions [metric t]	23.90	39.37	53.68	46.41
Acetylene (production process)	Consumption [kWh]	214	135	135	135
	CO_2 emissions [metric t]	0.05	0.03	0.03	0.03
Sum	Consumption [kWh]	3,712,896	3,670,419	2,956,649	2,887,195
	CO_2 emissions [metric t]	630.41	558.23	970.44	485.55
	CO_2 emissions / production hour [kg / production hour]	4.96	4.96	15.41 *	7.71 *

ESRS E1 reporting standard

The following table also shows the energy consumption and energy mix at our site. This illustration meets the requirements of section E1-5 of the ESRS and relates to Scope 1 and 2 as required by the standard (see ESRS E1, AR32). In addition to the ESRS standard, we have inserted additional sub-categories in order to develop targeted energy-saving measures. As this is our first assessment using this standard, not all recording processes are complete yet, therefore the values for emissions from vehicle fuel in particular may change at a later date.

Energy Consumption and Energy Mix in accordance with ESRS E1-5 / AR32			2023
(1) Fuel consumption from coal and coal products		MWh	0
(2) Fuel consumption from oil and oil products	a) Scope 1 – heating oil	MWh	174.5
	b) Scope 1 gasoline – vehicle fleet (company use) Preliminary, estimated value (further detailing 2024)	MWh	485.3
	b) Scope 1 diesel – vehicle fleet (company use) Preliminary, estimated value (further detailing 2024)	MWh	741.2
(3) Fuel consumption from natural gas	-	MWh	0
(4) Fuel consumption from other non-renewable sources	a) Scope 1 – acetylene welding process	MWh	0.1
(5) Consumption of purchased or acquired electricity, heating, steam, and cooling from fossil sources	Scope 2 – proportion of electricity from fossil fuels	MWh	469.8
(6) Total consumption of non-renewable energy (total from 1–5)		MWh	1870.9
Proportion of non-renewable sources in total energy consumption		%	45.5
(7) Consumption from nuclear power	Scope 2 – proportion of electricity from nuclear power	MWh	79.7
Proportion of nuclear power in total energy consumption		%	1.9
(8) Fuel consumption for renewable sources (including biomass, biogas, non-fossil fuel waste, renewable hydrogen)	Scope 1 – energy generated internally from renewables – wood chip heating	MWh	1289.0
(9) Consumption of purchased or acquired electricity, heating, steam, and cooling from renewable energy sources	Scope 2 – proportion of electricity from renewables	MWh	874.1
(10) The consumption of renewable energy produced internally not from fuels	Scope 1 – energy generated internally from renewables	MWh	0
(11) Total consumption of renewable energy (total from 8–10)		MWh	2163.1
Proportion of renewable sources in total energy consumption		%	52.6
Total energy consumption (total from 6, 7, and 11)		MWh	4113.6

Greenhouse gas emissions in accordance with E1-6 / AR48

Scope 1 GHG emissions		2023
Scope 1 GHG emissions	metric t CO_2e	406.52 81.24 (wood chips, heating oil, acetylene) + preliminary calculation of vehicle fuel 325.28
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	0

Scope 2 GHG emissions		2023
Scope 2 GHG emissions (location-based)	metric t CO_2e	540.98
Scope 2 GHG emissions (market-based)	metric t CO_2e	404.31

4.2.3 Determination of Goals to Reduce CO_2e

Based on the categorization of emissions, we have developed and planned our current strategy (the "environment program") to achieve the following goals by the end of 2025.

Goal: To reduce CO_2 emissions and energy consumption
- JUNKER aims to reduce production-related CO_2 emissions ("Scope 1" and "Scope 2" emissions, excluding fuel consumption) at the Nordrach site by at least 5% by the end of 2025 compared with 2018.

Goal: To increase the transparency of CO_2 emissions
- The fuel consumption for on-site service visits and business trips is part of "Scope 1" emissions. The allocation of fuel consumption to service vehicles and the classification is to be increased by the end of 2025 through the introduction of a system for allocating and analyzing fuel consumption. This will enable JUNKER to more effectively analyze a significant portion of "Scope 1" emissions and to derive measures to reduce CO_2 emissions in the future.

- In general, staff awareness of CO_2 emission reductions is to be raised. To this end, JUNKER will communicate key figures and progress in the environment program to employees biannually.

Goal: To reduce the energy consumption of products
- A significant portion of compressed air consumption in grinding machines is accounted for by the blast air consumption of spindles. For all new spindle designs and design modifications, the compressed air consumption is to be reduced by at least 25% compared with previous comparable spindle types. Evidence must be provided for the attainment of this target for every newly constructed or modified spindle type for the years 2021 to 2025.

4.2.4 Monitoring the Achievement of Goals and the Implementation of Measures for Reducing CO_2e

Reducing CO_2 emissions and energy consumption
Electricity consumption accounts for a large proportion of CO_2 emissions at the site. This is made up of electricity for production-related standard consumption and for commissioning grinding machines. To reduce consumption, various measures have already been taken in the last few years, resulting in a nominal reduction of 139,247 kWh per year and thus approx. 30 metric t of CO_2 per year between 2018 and 2021. The following measures are to be implemented by the end of 2025, as scheduled in the ongoing environment program. The implementation of the measures to date (as at June 2024) is shown.

Modernizing additional air-conditioning equipment => implementation progress 20%
- Replacement of old air-conditioning equipment with energy-saving air-conditioning
- Saving of 51,600 kWh/a | 11.3 metric t CO_2 per year

Office lighting => implementation progress 50%
- Retrofitting of two office floors
- Saving of 18,100 kWh/a | 4.0 metric t CO_2 per year

Modernizing the cooling system => implementation progress 0%
- Retrofitting of central cooling system for coolant / grinding oil
- Saving of 62,000 kWh/a | 14.2 metric t CO_2 per year

Reducing compressed air requirement => implementation progress 0%
- Separation of the existing compressed air system into two sub-systems
- Reduction of the target pressure in a system
- Saving of 14,000 kWh/a | 3 metric t CO_2 per year

Increasing the transparency of CO_2 emissions => implementation progress 75%
The assessment of fuel consumption will be completed and communicated internally by the end of 2024.

Reducing the energy consumption of products => implementation progress 25%
The reduction of blast air consumption has begun and will be continued.

4.3 Circular Economy (ESRS E5)

To make the use of resources more sustainable and support the principles of the circular economy, the EU is aiming to increase resource efficiency and reduce waste, in line with the EU circular economy action plan and the Waste Framework Directive (Directive 2008/98/EC). The reporting in ESRS E5 will help to achieve these goals. This section of the ESRS includes the sub-topics of resource inflows, including resource use (E5.1), resource outflows in connection with products and services (E5.2), and waste (E5.3).

The double materiality assessment concluded that the following topics, which not only have an impact on JUNKER, but are also areas where JUNKER and its activities have an impact on people and the environment (both inside-out and outside-in perspective), are material:

- E5.1 & E5.2 – We consider our products to be reusable as a rule. However, there is further potential here and it is possible that recyclability could become a customer requirement => Actual risk & actual opportunity.
- E5.3 – The waste produced is separated and disposed of in line with legal requirements. The volume of hazardous waste was approx. 60 metric tons/year in the last few years. The volume of emulsions that require disposal fluctuates depending on the order.

The company is planning to develop strategic measures for ESRS E5 in 2025. Separately to this, JUNKER has already implemented various measures in the past few years.

4.4 Prolonging the Service Life

Since 2011, JUNKER's RETROFIT business area has been offering its customers the option of upgrading their JUNKER machines to the latest energy-efficiency standard and adapting them optimally to new component geometries, allowing customers to continue using them. This extends the service life of the machines. Around 450 machines have been modernized in the last 7 years.

Typical steps that produce energy savings in operations are:

- Replacement of pneumatic and hydraulic components such as cylinders, valves, maintenance units, pumps, etc.
- Optimization of grinding processes
- Replacement of worn components (e.g., accessories in contact with the workpiece, control system)
- Upgrade to preventive maintenance

4.5 Waste Management

The main waste types such as wood, paper, metal chips, and special waste are collected in separate bins and disposed of properly at the site. Waste separation was introduced with the launch of our environment management system and optimized in 2023.

Hazardous waste	2019	2020	2021	2022	2023
Sum [kg]	100,207	100,207	72,873	59,638	67,377
[kg/prod. hr.]	1.77	2.69	2.35	1.89	1.01

Non-hazardous waste	2019	2020	2021	2022	2023
Sum [kg]	106,610	48,120	67,730	50,540	78,894
[kg/prod. hr.]	1.89	2.48	2.18	1.61	1.18

4.5.1 Measures Planned by the End of 2025

100% Implementation of recycling => implementation progress: 75%
- For all production areas
- Measures to increase acceptance

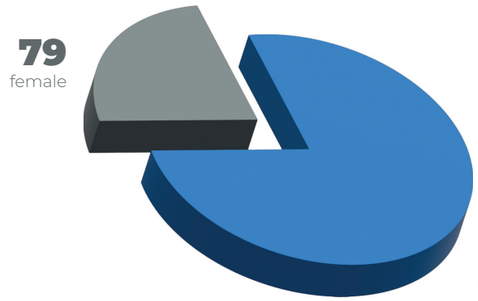
Reduction of the number of hazardous substances => implementation progress: 75%
- Reduction of hazardous substances from 145 (2021) to 140 different products by means of substitution (production allowing)
- Side benefit: Reduction of risk of disasters and uncontrolled VOC emissions

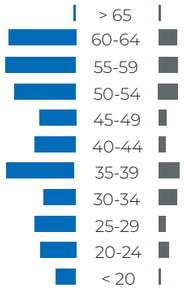
5 Social Factors

5.1 Responsibility for Employees

Since its foundation in 1962, the JUNKER Group has developed into an internationally successful grinding machine manufacturer. Committed, qualified employees have been an essential element of this right from the start. The future of the JUNKER Group will be shaped and safeguarded by them too. That's why, for JUNKER, it is important to foster the strengths and motivation of employees and to remain an attractive employer. Loyalty, mutual support, respect, tolerance, openness, and fairness are embedded in our principles for working together and are put into practice every day.

We train our employees purposefully. Managers and employees pinpoint professional development potential and agree on training measures in joint meetings held at least once a year. We are also committed to this systematic approach due to our certification to the VDA 6.4 quality management system. In addition, employees have the opportunity to choose training courses from an internal range covering more than 100 different subjects. Uniform management principles are important to us. We ensure they are put into practice, for example through shared, uniform training for our managers. We set up a development program for our young talent in 2021, comprising internal and external training. The fact that employees stay at JUNKER for 16.5 years on average shows they value us as an employer. The proportion of women is low at 23% of the total staff, which is typical of the industry. This figure is to be increased in the medium term through measures such as improving the balance between career and family.





Age chart

Average age

5.2 Traineeships and Continuing Professional Development

Traineeships
Traineeships were undertaken for the first time at the Nordrach site as early as the year in which Erwin Junker Maschinenfabrik GmbH was founded. Since then, more than 500 young people have established a solid basis for their professional career with a traineeship or study program.

As a strong partner, JUNKER offers traineeships in six technical and commercial professions as well as five different dual study programs. JUNKER usually goes on to employ (at least temporarily) those who have successfully completed a traineeship or study program.

During the training period, trainees undergo a structured induction program with a direct point of contact within the various departments. The JUNKER Group encourages young talent to do an international internship in Europe or the USA. This gives trainees technical and commercial insights into the production sites in the Czech Republic and the sales office in Elgin, USA. Not only is JUNKER on board right from the start of a career, it also offers continuous support throughout the learning process and beyond, along with a range of opportunities for promotion and continuing professional development.

Continuing professional development
There is an extensive professional development program in place at JUNKER. We also train our managers within our extensive management development program and prepare our young talent for new tasks in our young talent development program.

5.3 Work-Life Balance

JUNKER knows the importance of a good work-life balance and supports it through:

- a flexi-time system for all employees
- the option for mobile working by agreement with the employee's line manager
- part-time models by agreement with the employee's line manager and the HR department (currently 15% of our employees work part time)

JUNKER expressly welcomes the statutory regulations on parental leave and also supports male employees to take up this opportunity.

In 2022 and 2023, almost 50% of our employees who took parental leave were men.

5.4 Occupational Safety and Health Management

Guaranteeing and improving health and safety in the workplace is a top priority for JUNKER; the company goes beyond legal requirements in this respect. For this reason, we are currently establishing a management system for occupational safety and health protection, which we had certified to ISO 45001 for the first time in 2023.

At less than 10 notifiable accidents per 1 million working hours, our workplace accident rate is much lower than the industry average of 20. Nevertheless, our intention is to further reduce the number of accidents.

The provision of personal protective equipment is a matter of course for JUNKER, for example personally adjusted hearing protection and the assumption of costs for screen-work spectacles.

5.5 Responsibility in the Supply Chain

For JUNKER, observance of and compliance with high ethical and ecological standards is of great importance. This is also taken into consideration when we select suppliers.

Suppliers are obligated to comply with our Code of Conduct, which requires binding adherence to our sustainability criteria. Implementation of the Code is checked during annual, random supplier audits, which are required under our VDA 6.4 certification.

When reviewing suppliers in 2019, 90% of suppliers were based in the EU, meaning the same legal basis applies regarding sustainability factors.

Our Code of Conduct for Suppliers comprises:

5.6 Responsibility for the Community

Beyond its corporate affairs, the JUNKER Group considers itself to be a committed, responsible corporate citizen. As part of its sociopolitical responsibility, JUNKER engages with charitable institutions, projects, and activities.

This includes close collaboration with universities, colleges, and institutes, through which JUNKER helps to drive forward research and advance the state of the art.

JUNKER also supports regional retirement and care homes through annual donations. Retaining ties with former employees is also important to us. For example, we organize annual parties for retirees, enabling them to maintain contact with the company even after they have retired.

In 2016, the "Erwin Junker Altenpflege Stiftung" (Erwin Junker Elderly Care Foundation) was founded with the aim of supporting care for the sick and elderly, particularly in the regions in which JUNKER operates. The foundation has donated more than 30,000 euros in the last two years.

When artisan work is carried out, such as renovation work on buildings, we give priority to regional service providers to help strengthen local small businesses.

>30,000€
for charitable causes

6 Corporate Governance

The management of JUNKER represents responsible, sustainable corporate governance. Our principles, long-term customer relationships based on close dialog, and a clear commitment to sustainability in terms of the environment, economy, and social factors are at the heart of every action. The management is responsible for establishing the sustainability strategy and agrees targets together with key individuals and departments, such as HR, Occupational Health and Safety, Purchasing, or Environmental Management.

The targets are discussed and target achievement assessed and prioritized in regular quarterly consultations. An annual evaluation of the management systems is carried out in accordance with the ISO 14001 environmental management system, VDA6.4 quality management system, and ISO 45001 occupational health protection management system by way of a further appraisal.

Sustainability factors are also embedded in the internal guidelines of our integrated management system, e.g., in the primary CSR guideline or the guideline for raw material procurement.
JUNKER and the entire JUNKER Group view compliant, responsible conduct as an essential basis for success. This is firmly embedded in the mission statement of the JUNKER Group. Indeed, the JUNKER Group has had a compliance management system in place for years. "Compliance management system" means all processes and measures that ensure compliance. The JUNKER Group's compliance program not only ensures adherence to all relevant laws, regulations, and provisions, it also includes the stated core values of the JUNKER Group and our internal guidelines, providing a strong set of rules that supports our business activity. By knowing our compliance program thoroughly, training our employees on the compliance principles of the JUNKER Group, and making the specific compliance risks in the JUNKER Group visible as well as monitoring them, we can create a firm basis for legally compliant conduct that meets all rules and regulations.

Another key part of our compliance management system is the annual performance of audits in the compliance organization. The effectiveness of the system is assessed in annual internal audits, which are carried out directly by the management. As in previous years, the system's effectiveness was proven with no significant discrepancies in 2021, the last audit period. There were no compliance breaches at any of the JUNKER Group's sites.

6.1 Our Guiding Principles for Working Together

Collaboration and Cooperation
- Employees help one another and can count on their colleagues' support when they need it

Professionalism
- Tasks are approached and completed in a target-oriented manner. Parallel to this, the best possible solution is always sought
- The quality of work at JUNKER always meets the highest standards

Diversity and Tolerance
- The individuality of JUNKER employees is an integral element of JUNKER's corporate culture and a key factor in creating a positive working environment
- The corporate culture of JUNKER is based on tolerance. Different religious beliefs, ideological views, and sexual orientations are treated with respect
- Discrimination fundamentally contradicts JUNKER'S core values and is therefore prohibited

Respect
- JUNKER employees respect one another

Fairness
- The principles of fairness are observed and upheld

Openness
- Openness and integrity are vital to a positive corporate culture. These values create an environment of trust and help to prevent misunderstandings
- The giving and receiving of regular, open, honest, and constructive feedback is integral to the fulfillment of this objective

6.2 Our Core Values

JUNKER is a "partner for precision" in every sense
JUNKER is a "partner for precision" in every sense: JUNKER supplies its customers with high-quality, custom-developed machines, and the entire working approach of all JUNKER employees is shaped by a high standard of quality and efficiency

JUNKER is committed to complying with all laws
Compliance with legal provisions is mandatory in every case, even when this means avoiding an attractive business opportunity

JUNKER is committed to maintaining a high degree of integrity in its business activities
We take a firm stance against corruption and avoid any conflict of interest that has even the appearance of improper conduct

JUNKER is committed to maintaining a working environment shaped by good collaboration and to ensuring equal treatment of all employees
We expect our employees to respect the personal privacy and dignity of others. Discrimination and harassment of any kind are not tolerated

JUNKER is committed to transparency in its decision-making processes
We document our business transactions fully, precisely, and exactly

JUNKER is committed to ensuring the health and safety of employees in the workplace
We foster a sense of responsibility for workplace safety. We take measures to identify and eliminate potential hazards. Where applicable, we give warnings about hazards

JUNKER is committed to cooperating with investigating authorities
We assist official investigations and answer questions posed by investigating authorities. In this way, we ensure that the rights and interests of JUNKER and its employees are maintained

Conduct at JUNKER is rooted in values
The JUNKER Group places great value on a sustainable corporate culture, which is rooted in shared values. This includes valuing our customers, integrity as the foundation and guiding principle of our conduct, as well as diligence, accuracy, and reliability in everything that we do. These principles are embodied by every JUNKER employee, being conducive to the development of a culture of collaboration amongst employees with customers, suppliers, and other interest groups

JUNKER
partner for precision

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