

THE GREEN SIDE OF DRIVE



Introduction

Sustainability along the entire value chain

Sustainability is an essential part of SEW-EURODRIVE A/S's strategy and operations. Our sustainability efforts encompass every aspect of our company, including people, products & services, supply & raw material chains, assembly processes as well as ethical and governance practices.

Our commitment to sustainability is driven by our belief that people are the heart of everything we do. Whether in sales, engineering, assembly or service.

For us, sustainability means more than just minimizing waste and reducing our environmental impact. It means protecting and preserving the very basis of our existence, both as a company and as a member of a larger global community. By embracing sustainability in all aspects of our operations, we are not only fulfilling our responsibility to the planet for the future generations to come, but we also ensure the long-term success of our business.

We know that creating a more sustainable future requires collaboration and innovation. That's why we are committed to working with our customers, partners, and stakeholders in order to drive progress towards a more sustainable future for everybody.

This sustainability report shows our current sustainability efforts and outlines areas for improvement - our drive for the future!

Sincerely,



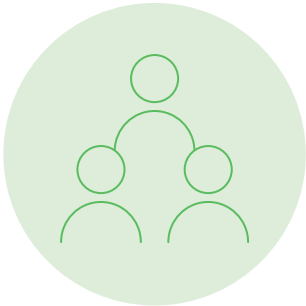
Morten Holmstrøm
Managing Director
SEW-EURODRIVE A/S

About our company

SEW-EURODRIVE is the international leader in industrial automation. Founded in 1931 in Bruchsal, Germany with humble beginnings, we have grown to a worldwide company with over 21 000 team members. We blend product innovation with incredible customer support to ensure our place as a deserving supplier to our customers.

Vision statement: Our customers are makers. They are doers. They are the drivers of local economies and the foundation for successful communities. Our purpose is to make and support the best industrial automation products on earth for the ones that keep it turning.

Mission statement: To provide our customers the world’s finest industrial automation products, people and support.



21 000

employees worldwide

55

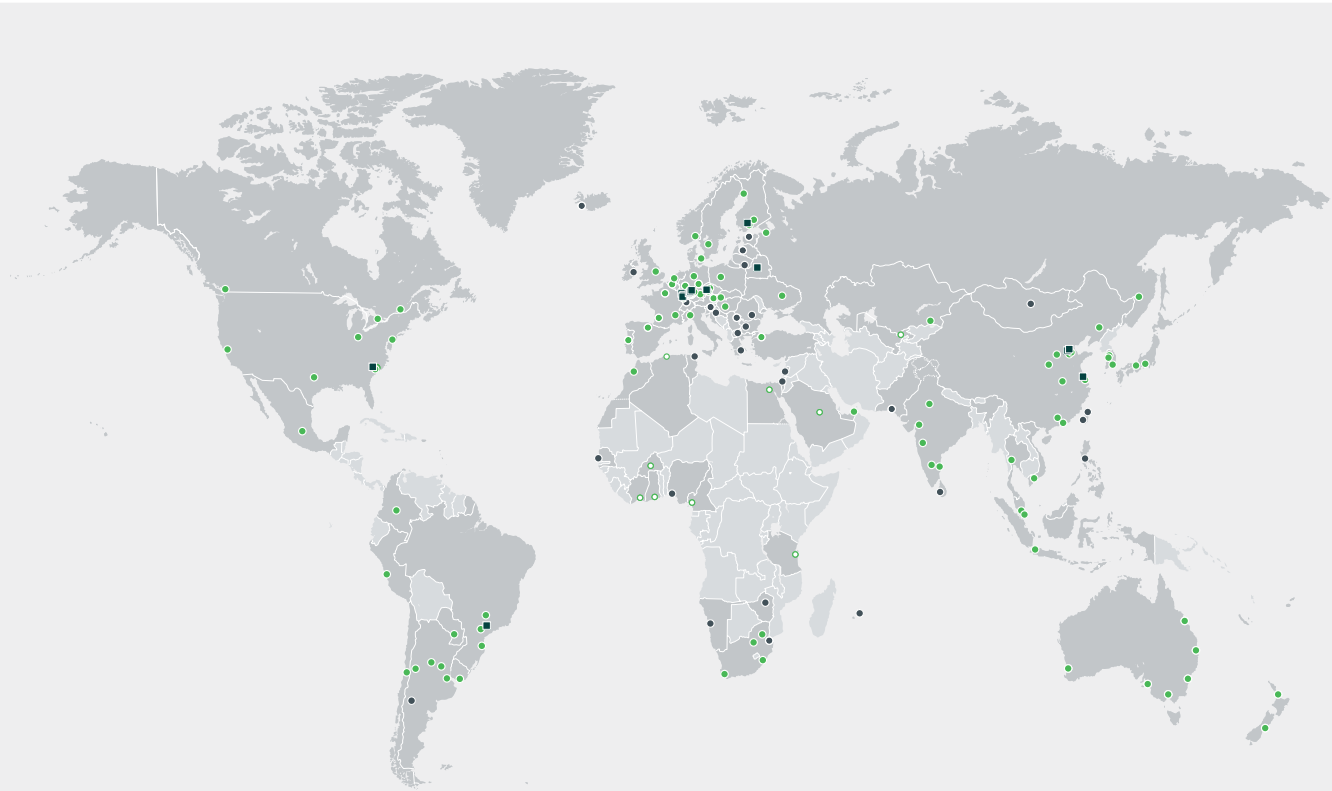
Countries

~ 110 000

active customers

> 3 000

patents granted



- 17 production plants
- 91 Drive Technology Centers
- > 200 sales companies
- 27 partners

20 Mio.

parts/month at
100+ sites

~ 230 000

gear motors/
month

~ 55 000

frequency inverters/
month

About SEW-EURODRIVE A/S

SEW-EURODRIVE A/S was founded in 1984 as a subsidiary of SEW-EURODRIVE GmbH & Co KG, Germany.

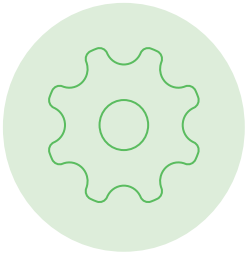
The company is specialized in drive technology and offers a wide range of products like geared motors, industrial gear units, frequency inverters, servo gear units and decentralized drives.

Based on the SEW group's decentralized business model and with focus on creating value close to the customers, our assembly workshop for geared motors operates in an industrial area near Greve. From our service center in Vejle, we support our customers in the western part of Denmark.

With local assembly for both mechanics and electronic products, we offer short delivery times for gear motors and frequency inverters. We also offer our customers unique support through our knowhow and wide experience within transmission and automation for various industries and applications.

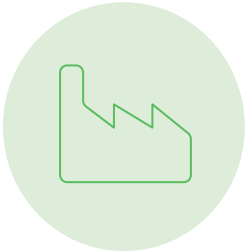


- Drive Technology Center
- Service Center



1984

Founded



Main office

Greve, Denmark



Locations

1

Drive Technology Center (Greve)

1

Service Center (Vejle)

The SEW sustainability roadmap – the key stages and milestones

Our roadmap includes the key milestones for our journey towards greater sustainability by 2025.

2022

Consistent disposal and recycling concept with additional food waste disposal and sorting system in our facility.

2023

Extension of our energy consulting capacity, focus on selling high efficient products and repair service/remanufacturing.

2024

Increasing local assembly share up to 70% of all SEW gears sold in Denmark - in order to reduce carbon footprint associated with transportation of assembled gearmotors coming from Germany.

2025

Expansion of Service Center, Vejle in order to extend service capacity/remanufacturing.

New showroom displaying energy efficient products.

Employment of more service technicians and application engineers.

Our approach to sustainability

Sustainability is one of our values, built into our daily management and strategy. We are guided by the 17 global sustainability goals: “Sustainable Development Goals” of the United Nations. As part of this long-term sustainability initiative, we aim to gradually and consistently safeguard resources, lower CO₂ emissions, and thus optimize our entire value chain.

At the same time we have elevated sustainability on an organizational and strategic level by establishing a Sustainability Working Group in our Headquater in Germany that reports directly to the Management Board.

This coordinated approach will ensure that individual measures and activities can have even more impact in the future.



During the spring 2022, we established a cooperation with the consulting company Hansen & Ersbøll Agenda and the industry association BITVA. The goal has been to develop a local, strategic sustainability approach. The project has resulted in the definition of three main sustainability focus areas:

- + Increase our share of local assembly from 50% to 70%, thus reducing our CO₂ footprint associated with transportation of assembled gearmotors correspondingly
- + Help our customers select solutions with a lower CO₂ footprint through energy consulting during the sales process
- + Extend the life of our products promoting CDM, preventive maintenance, remanufacturing and retrofit thus helping our customers save CO₂

17 global Sustainability goals

We want to make the world a better place for people and the planet, which is why we have aligned our business with the UN Sustainable Development Goals.

“The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.”



The basis of our business activities



People make the difference

People are the key to the success of our company. Whether in assembly, sales or service – people are at the heart of everything. Our company culture is characterized by the reciprocal trusting, respect, and valuing of one another.

By introducing countless measures related to occupational health management and both basic and further training, we keep levels of motivation high and make sure our employees identify strongly with our company.

Our corporate culture is based on trust, which supports freedom with responsibility. Thus, our employees have the liberty to solve their tasks with a great range of autonomy. In order to support a better work/life balance we also provide the option of flexible working hours.

We believe that our constant expansion and evolution gives our employees the opportunity to be part of our success and creates a safe and satisfactory work environment.

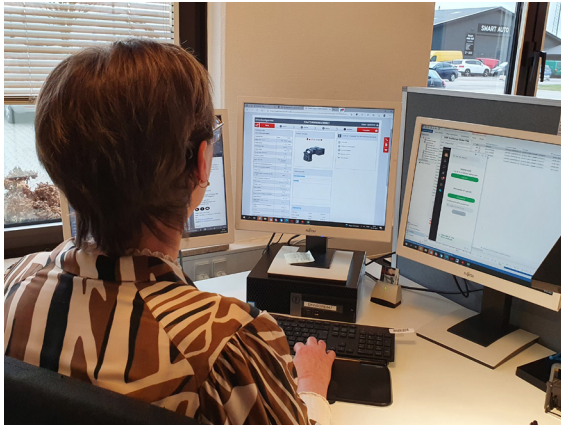
Safety matters

One of our top priorities is to provide our employees a healthy and safe working environment. We encourage our employees to develop occupational safety. We also provide continuous training for employees and jointly identify areas in need of development in the work environment.

Knowing what matters

The training content we offer makes it possible for both our employees and customers to get the best out of SEW-EURODRIVE drives and solutions, in order to achieve the optimum balance between economic and ecological interests.

Besides being convenient, minimizing travels related to training courses also helps reduce our CO₂ emissions. The growing number of on-line courses and seminars is helping to shrink this carbon footprint.



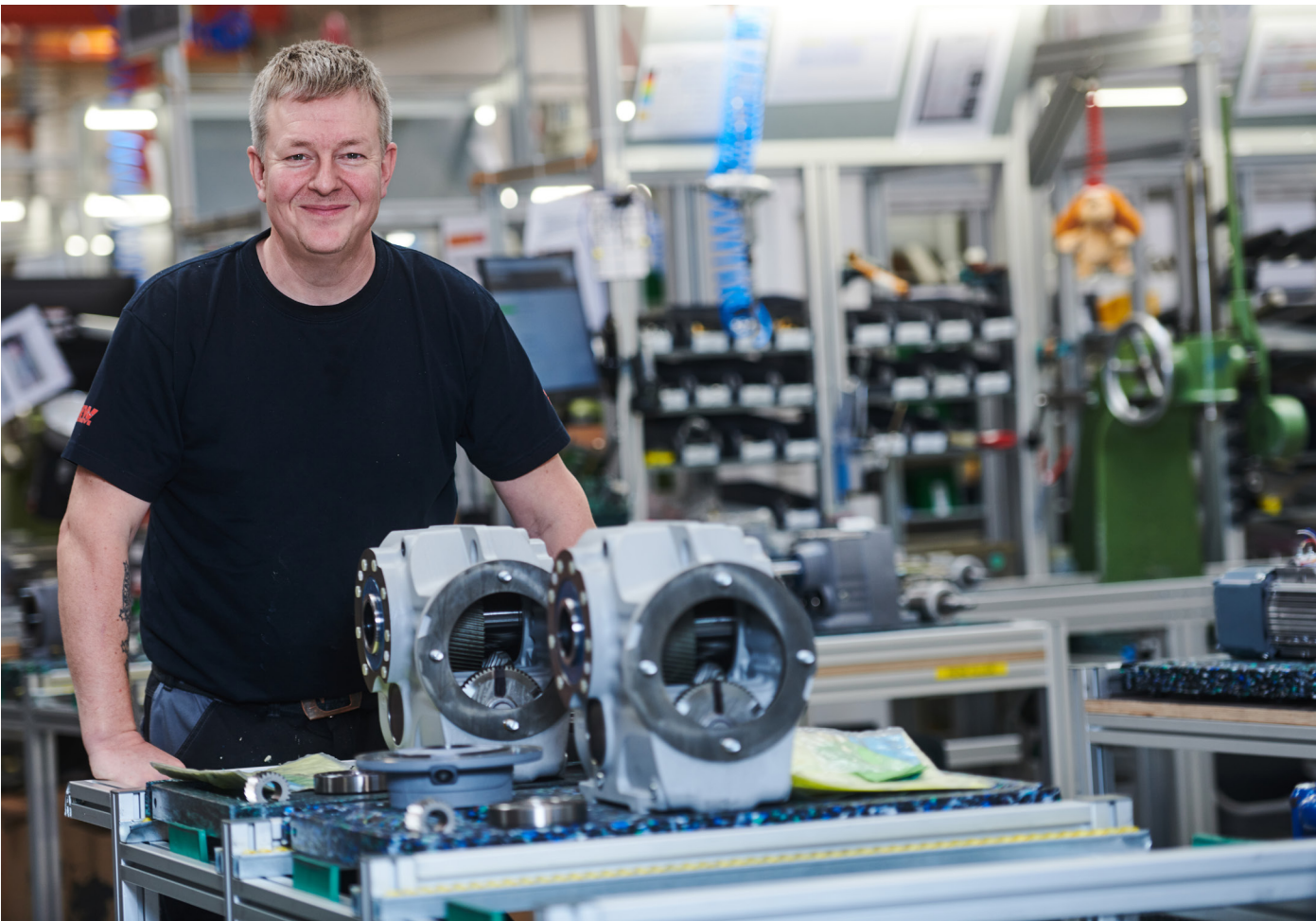
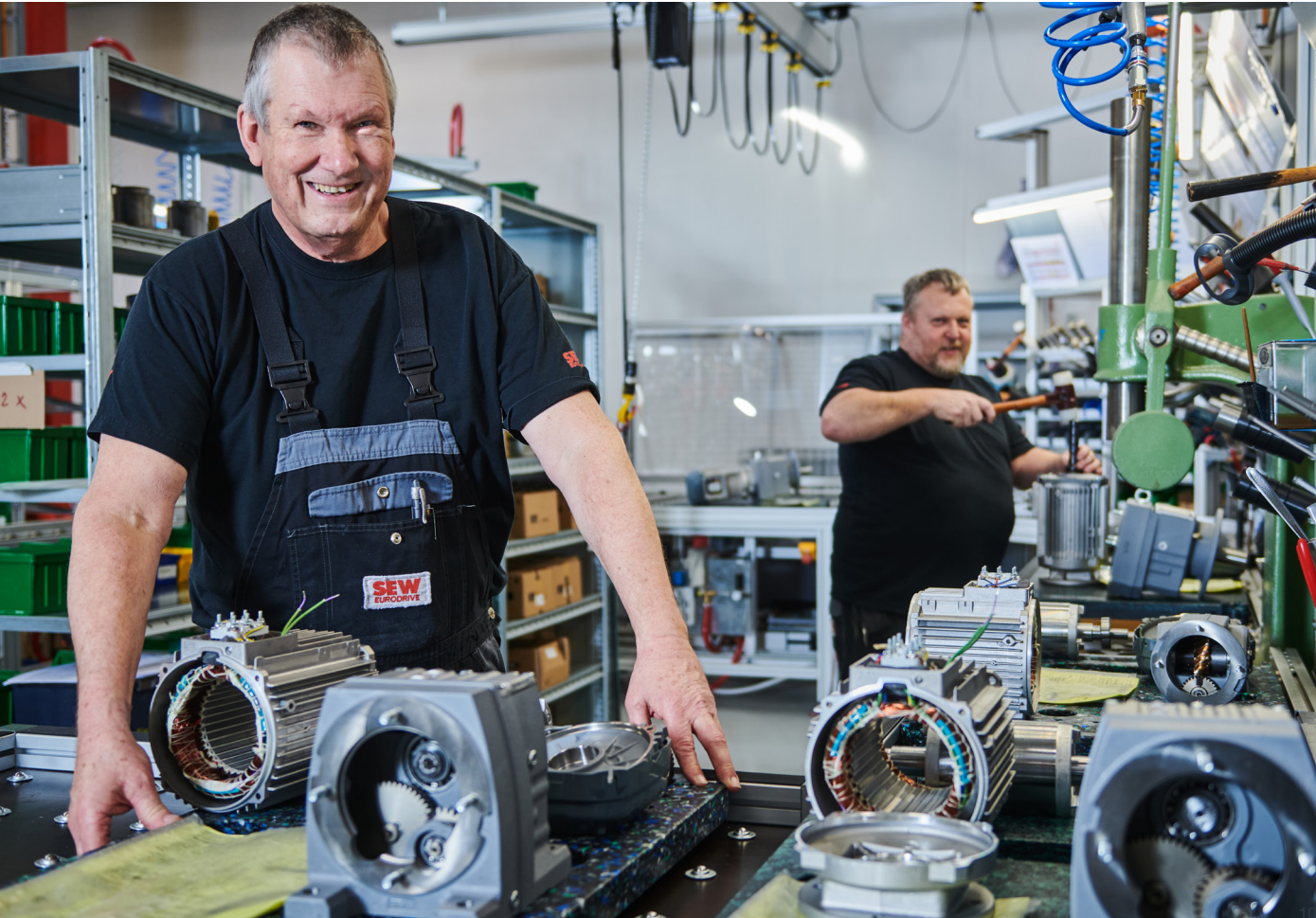
KPI metrics (2022)

47,2

Average age of personnel / years

1‰

Workdays with absence due to injuries of total workdays



Health and employee initiatives – an overview

- + Continuous development of employees' competences
- + Company lunch buffet with a variety of healthy food options
- + Parking spaces with charging possibilities
- + Company arranged social events for employees and their families
- + Ergonomically designed workstations in offices and production facilities
- + Modern IT equipment to suit the relevant working process
- + New optimized, efficient & ergonomical layout – state of the art within assembly of industry products



KPI metrics (2022)

11,2

Average seniority / years

11,7

percent employee turnover rate

"Whether in assembly, sales or service – at SEW-EURODRIVE, people are at the heart of everything."

Products & Services

As a leading drive technology company SEW-EURODRIVE sees innovation as a decisive factor for its sustainable approach to developing products, systems, and services. The modular concept behind our products is one of the most important reasons for their success and also contributes significantly to sustainability by reducing stock and increasing stock turnover rate.

The sustainability of our state-of-the-art gear units is principally based on the general idea of creating as many variants as possible from as few individual parts as possible. A good example of this is using the same gear set for multiple product types and sizes.

40

The potential energy reduction with a motion task is 40%

Another way that our modular system improves sustainability is that many components can be used across a range of different product series. At the same time, simply having one component in dual variants, such as a drive bearing, means we can offer twice as many variants of each product.

Since all components are compatible, the end result is greater variation. This in turn enables us to build solutions that are tailored as closely as possible to specific customer requirements.

Remanufacturing of gear units and recycling are two approaches that give many drives a second life.

In addition, we also supply a considerably CO₂-reduced lubricant in recycled containers.

Better energy efficiency across the entire system

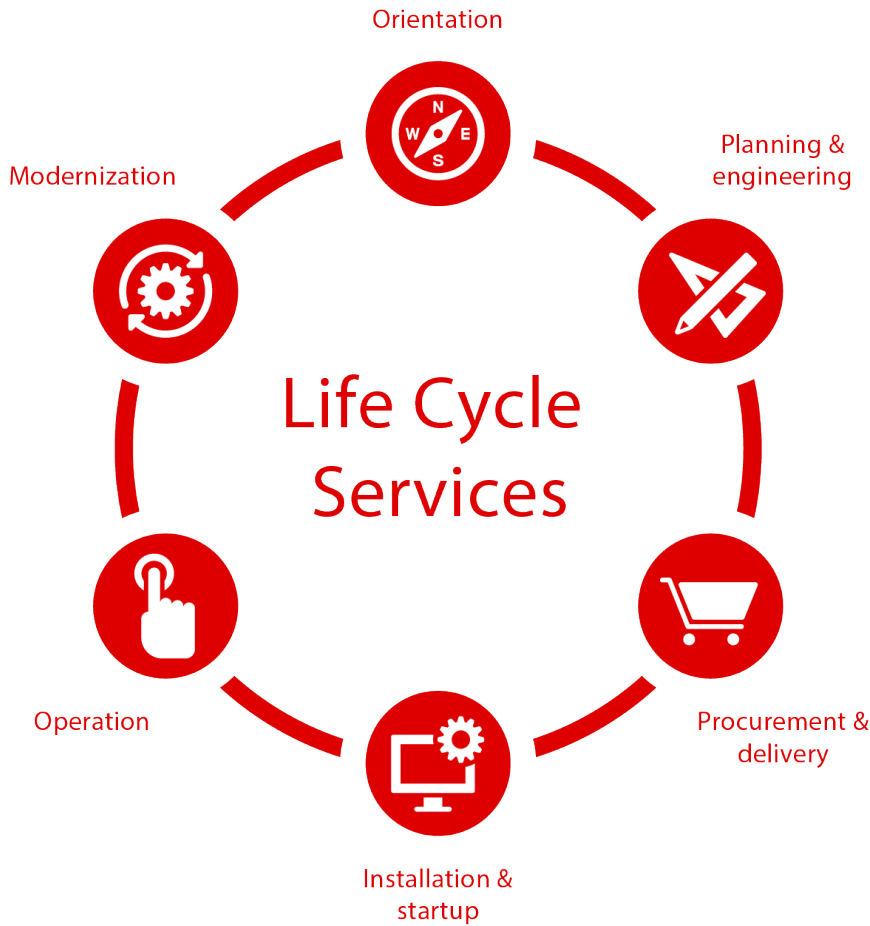
By maximizing energy efficiency at the concept development stage, we aim to make our drive solutions as economical as possible. A good example of this are the inverters in the latest generation of our MOVI-C® modular automation system.



Sustainable Life Cycle Services

Our Life Cycle Services cover the entire service lifespan of a product while it is in use with the customer. Life Cycle Services encompass services, tools and resources throughout the entire system life cycle.

- + We are in the process of extending our service capacity in Denmark
- + We offer energy consulting carried out by application engineers and we focus on selling high efficient products
- + Our energy efficiency tools support determining the optimal efficiency of systems and reducing CO₂ emissions during operations
- + SEW-EURODRIVE has created the DriveRadar® brand for its condition monitoring offerings. Cloud systems and apps make condition monitoring much more convenient for customers, which ultimately increases the lifetime of our products
- + SEW-EURODRIVE remanufactured gearmotors are an optimal solution to ensure extended product life



"We ensure that our customers get precisely the solution they need – we manufacture with precision and to suit the market."

Supply & raw material chains

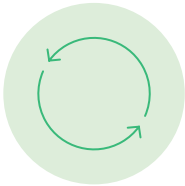
"Act global – think and buy local." For many companies, a combination of globalization and localization – sometimes known as "glocalization" – has become the best possible approach when it comes to shrinking the carbon footprint. Given the many problems currently impacting supply chains, a large number of businesses are making focused efforts to achieve as much flexibility as possible moving forward. They are looking to avoid overdependence on individual countries and regions.

The same applies to the supply and raw material chains of SEW-EURODRIVE. We aim to minimize our carbon footprint and maintain a healthy supply chain through the use of our global network. This will ensure that the procurement of raw materials, as well as our products and solutions, are located as close as possible to both our sites and our customers. By keeping transportation routes short in this way, we will reduce our CO₂ emissions and minimize the amount of packaging involved.

Reviewing the sustainability of our service providers and suppliers is a key element in our supplier management system.



Low-carbon green steel production
Green steel is manufactured for SEW-EURODRIVE in a process where CO₂ emissions have been reduced as much as possible by using recycled waste and electric arc furnaces that are powered entirely by renewable energy. Only around 110 kg of CO₂ are emitted per metric ton of raw steel, which is 90% less than the global average.



Thanks to our recycling partners, we can feed a lot of waste materials back into the material cycle in their entirety.

KPI metrics (2022)

46,5

Percent local assembly rate (Greve)

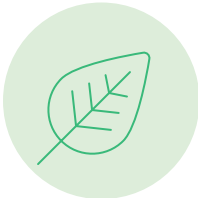
A tighter focus on sustainability both now and in the future
While refining and realigning our approach to supplier selection, we decided to make a change. In the past, our priority in procurement has been to secure the best and most consistent material quality at the best possible conditions on very different markets.

However, focusing exclusively on conventional requirements such as cost reduction and risk minimization is no longer enough. Instead, procurement will need to take account of not just the origin and price of procured services and products, but also – and more especially – their use and subsequent disposal.

- How we aim to achieve more sustainability**
- + Continuously optimizing business processes to ensure the efficient and sustainable use of resources
 - + Establishing collaborative supplier relationships with a focus on mutual reliability and social responsibility
 - + Continuing to specifically prioritize local service providers and suppliers
 - + Increasing local assembly capacity with new assembly layout thus reducing our carbon footprint associated with transportation of assembled gearmotors correspondingly as transportation of the unassembled parts takes up much less space



Production & Business processes



Continuous improvement of the energy efficiency of the premises

We aim to enhance our efficiency across individual areas by ensuring our assembly processes are ideally coordinated. Among other initiatives we are adopting a smart approach to the digitalization of our business.

Our buildings are regularly updated with the aim of optimizing energy efficiency.

In terms of assembly operations, we constantly strive to further improve workflows across all process chains and avoid waste and inefficiency.

How much CO₂ does a drive solution from SEW-EURODRIVE generate?

We only have limited access to figures from our customers, as we are dependent on the companies in question telling us about the conditions in which their solutions are being used. This is relevant information as more than 95% of the total CO₂ emissions associated with our gearmotors comes from operations, based on an average lifetime of approx. 15-20 years.

Although it is challenging to determine the carbon footprint of our solutions that are actually in use, we are making good progress when it comes to calculating the annual carbon footprint associated with the energy and electricity consumption of our production.

KPI metrics (2022)

74,3

percent of our waste is recycled

20

percent of our waste is converted into energy



Continuously optimizing our building management and our company's overall environmental credentials in terms of sustainability, energy efficiency, and resource conservation requires a lot of small steps:

- + New expansion of SEW-EURODRIVE, Greve according to the newest building regulations
- + Optimizing lighting management
- + Consistently managing the switching off of machinery/ systems and equipment outside of working hours
- + Implementation of new assembly layout – state of the art within assembly of industry products
- + Ergonomically designed workstations in the offices and factories
- + Conversion from natural gas to district heating
- + New optimized high efficient ventilation system



Analyzing energy mix and identifying optimization potential

We are always looking for new, innovative, and sustainable energy concepts.

We regularly review and evaluate new methods of energy generation that may be of interest to us.

KPI metrics (2022)

33

percent of our company cars are electric cars

100

Digital invoice %

14

Charging points for electric cars (Greve)

"We are making good progress when it comes to calculating the carbon footprint for each of our products."

Ethics & governance

Our most fundamental corporate principles

The high quality of our products and solutions is matched by a high benchmark in ethical guidelines and standards. We believe that ethics and governance are about more than just abiding by applicable laws and global human rights. As part of SEW-EURODRIVE Group, these standards are very close to our heart, whether in terms of occupational health and safety, a corporate code of conduct, or functional safety.

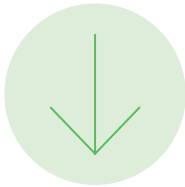


Whistleblower Hotline

We have also successfully launched a publicly accessible whistleblower tool. The company's employees and external third parties such as suppliers can use this tool to submit anonymous tip-offs. Most importantly, the tool provides a channel of communication with the source of information, without that source having to reveal their identity.

Dependable data protection through the GDPR

We naturally observe and abide by all provisions and regulations in the General Data Protection Regulation (GDPR), which entered into force in 2018. We have an appointed in-house data protection officer for this purpose.



KPI metrics (2022)

0

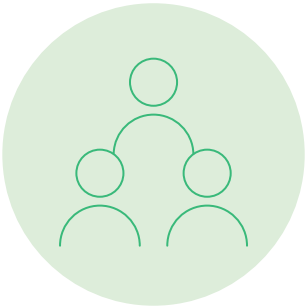
Whistleblower anonymous tip-offs

Overview of certificates and product compliance regulations

We comply with the applicable international standards for quality management, environmental management, and energy management in addition to other ISO standards on occupational health and safety and information security.

Certificates issued by SEW-EURODRIVE

- + QM-Certificate (Quality Management System)
- + FSM-Certificate (Functional Safety Management System)
- + EX-Certificate (Manufacture of Gears, Motors and Gear Motors)
- + IT-security-Certificate



Code of Conduct – the ethical guidelines for our day-to-day activities

Our Code of Conduct guides our everyday work. Through this code, we make a commitment to abide by all applicable laws and the core values of our company, namely freedom, reliability, and humanity. At the same time, the Code of Conduct helps us acknowledge our responsibility as an international family business with a history that stretches back more than 90 years.

Our Code of Conduct applies to every single member of staff, whether a senior executive or trainee, and to all hierarchy levels across all our branches and business units worldwide. Misconduct that violates the Code of Conduct may be harmful to SEW-EURODRIVE and will not be tolerated.

Please find our Code of Conduct on www.sew-eurodrive.dk or just ask for it and we will be happy to send it to you.

Our actions are governed by eight key principles

1

Abiding by the law

We always act in accordance with the local laws.

2

Management culture

Our managers have a special responsibility and pay particularly close attention to the regulations of the Code of Conduct.

3

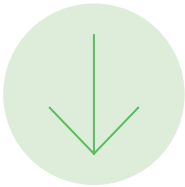
Human rights / ban on child labor / forced labor

We reject child and forced labor, and are vigilant with regard to any human rights violations.

4

Workers' rights

We respect the labor rights that apply in any given circumstance and support their enforcement.



5

Health and safety in the workplace

We place major emphasis on the safety and health of our employees and support the continuous further development of safety measures.

6

Working together and the prohibition of discrimination

We respect each other and reject any form of discrimination.

7

Environmental protection

We always consciously act to minimize our impact on the environment and conserve resources.

8

Tax compliance

We meet our tax and contribution obligations and provide constructive assistance to the relevant authorities.

Our Code of Conduct also contains detailed rules for how to handle business relationships. For example, we reject any form of preferential treatment or bribery as part of our business dealings. We also have a proactive policy regulating the giving and receiving of gifts. Any form of gratuity must not under any circumstances influence a business decision. Gifts and invitations that exceed a value of EUR 60 per individual gift or EUR 180 per person, per financial year must be reported and seamlessly documented.

Any agreements that are anti-competitive are also prohibited. We avoid any semblance of a conflict of interest, as it is in our own business interest to do so. We also handle information with care, and always ensure that the appropriate level of confidentiality is assured. We place a strong emphasis on the protection of personal data.

You can find the full text of our Code of Conduct, plus a detailed description of all principles and regulations on www.sew-eurodrive.dk or the QR-code below.





SEW-EURODRIVE A/S

Geminivej 28-30
DK-2670 Greve
Tel. +45 4395 8500
sew@sew-eurodrive.dk
www.sew-eurodrive.dk