



# Sustainability Update 2024

2024

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PREFACE

# Climate protection is our mission

To conserve the environment for future generations, as an energy-intensive company we've spent years making consistent contributions to climate protection. Our sustainability efforts are deeply rooted in our corporate DNA. Long ago, my great-great-grandfather relied on hydropower – and today we're still firmly committed to using energy from renewable sources. Through innovation and investment, we've already reduced our CO2e footprint in Scopes 1 & 2 by 90%, making us a leader in sustainability. We've also measured our Scope 3 emissions and will reduce them significantly. Our mission is to employ innovation to keep contributing effectively to climate protection. That way we can also offer our customers added value in achieving their own climate protection goals.

Germany's energy-intensive SMEs are facing major challenges: maintaining their competitiveness despite massive increases in energy costs and decarbonizing their processes and products to meet their climate protection targets. But how can SMEs manage this transformation? Together with Prof. Kai Gent, a lawyer specializing in energy law from the law firm Ritter Gent & Colleagues, I launched the 'EE-Industrie' initiative, which is an association of SMEs who jointly generate and use green electricity. If you'd like to find out more about the

EE-Industrie initiative or to join it, please contact us at [info@ee-industrie.de](mailto:info@ee-industrie.de) or sign up to the list of interested parties on our website, [ee-industrie.de](http://ee-industrie.de).

I would be delighted if you would support us in creating a future worth living for the generations to come.



**Dirk A. Neumayer**  
Owner & Managing Director



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For us, innovation is not just the basis for our entrepreneurial future. It's also part of our mission. Our task is to secure jobs and future-proof the company so we can make a positive contribution to climate protection.

HOW WE'RE BUILDING THE FUTURE

# How we at Richard Neumayer GmbH understand sustainability

ESG issues have become a key aspect of business activities in recent years. Today, companies are expected to adopt sustainable practices that also meet the needs of their stakeholders. ESG encompasses the three areas of:

**Environment**, which stands for planet- and climate-friendly initiatives.

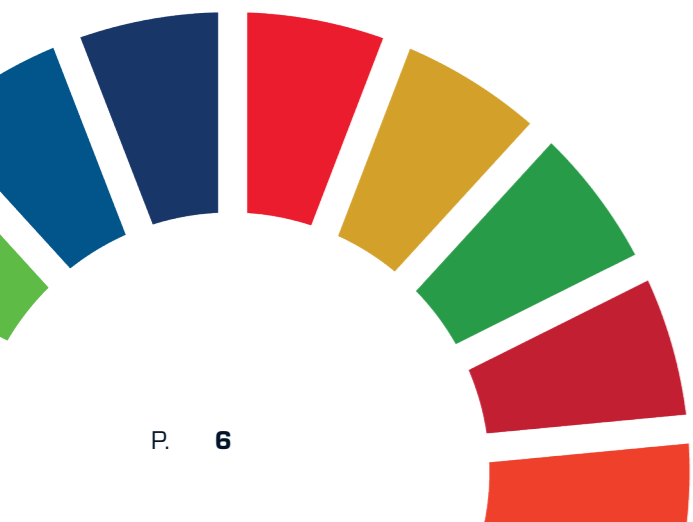
**Social**, which stands for measures taken at the human level, such as improving living and working conditions.

**Governance**, which stands for good corporate management that's subject to binding regulations, and which is monitored both internally and externally.

Our actions are guided by the 2030 Agenda, an agreement from the year 2015 in which the United Nations set 17 sustainable development goals (SDGs) for socially, economically and ecologically sustainable development. These 17 goals are aimed at states, civil society, business, science, and all of humanity; their purpose is to implement a common vision of reducing poverty, hunger and inequalities.



Quelle: UN Sustainable Development Goals



Our benchmarks are the Paris Climate Accords and the European Green Deal.

**The goals of the Paris Climate Accords are:**

- To limit global warming, as compared to the pre-industrial era, to less than 2 degrees Celsius, ideally to 1.5 degrees Celsius
- To strengthen our capacity to adapt to climate change
- To strike a balance between financial flows and climate goals

**The objectives of the European Green Deal are:**

- For Europe to become the first climate-neutral continent by 2050
- To achieve at least 55% reduction in net greenhouse gas emissions by 2030 (cf base year 1990)
- To decouple growth from resource use
- To leave out no peoples or regions
- To plant 3 billion trees in the EU by 2030



Our own targets for contributing to these goals have been validated by the renowned Science Based Targets initiative (SBTi), which is an independent initiative of leading environmental and climate protection organizations, such as the WWF, the CDP, the UN Global Compact and the World Resources Institute (WRI). It supports companies in the development of science-based climate protection targets that are in line with the Paris Climate Accords.

**Our commitment:**

- By 2030, we will have reduced our greenhouse gas emissions in Scope 1 and Scope 2 by 50%. (cf base year 2018)
- We are currently measuring and reducing our Scope 3 emissions.
- Our goal is to achieve net-zero greenhouse gas emissions by 2050.



# ESG

## Environment

- Climate
- Water
- Resource scarcity
- Biodiversity

## Social

- Employees & continuing education
- Safety & health
- Diversity & inclusion

## Governance

- Compliance
- Corruption
- Supervisory structures

MEILENSTEINE

# More sustainability thanks to innovation & investment

We look back with enthusiasm and pride on the progress we've recently made towards a more sustainable and environmentally friendly future. Our determination and commitment to protecting the environment have led us to take innovative and effective measures. This has not only revolutionized the way we operate, it has also fundamentally changed the way we think about and use energy.

The measures we've taken so far to achieve our goals include: heat treatment using residual forging heat instead of natural gas; installation of a photovoltaic system on the company premises; switching over to exclusively green electricity (solar and wind energy) via the Green Power Purchase Agreement (PPA); and successively converting our fleet to electrified vehicles. By using only 100% green electricity, we've also been able to nearly eliminate greenhouse gas emissions associated with line losses. And instead of converter steel, we rely on electric steel, ideally from renewable energy sources, as well as CO<sub>2</sub>-neutral or CO<sub>2</sub>-reduced alternatives.

Managing Director Dirk A. Neumayer is also the initiator of the 'EE-Industrie' initiative. Founded in 2023, this association of around 20 companies has set itself the goal of jointly constructing and ultimately operating wind and photovoltaic plants to supply its members with green electricity.

OUR AMBITIOUS TARGETS

SCOPE 1

# Environmental Social Governance

**Scope 1** emissions are direct emissions from resources owned or controlled by a given company. These include emissions that are generated on site, such as from the combustion of natural gas, or of fuels for cars, vans and trucks. Scope 1 emissions also include process emissions from industrial processes and on-site production (e.g. factory exhaust gases or chemicals).

To further our goals at NEUMAYER, we analyzed the following:

- Fleet
- Production facilities
- Building heating
- Miscellaneous

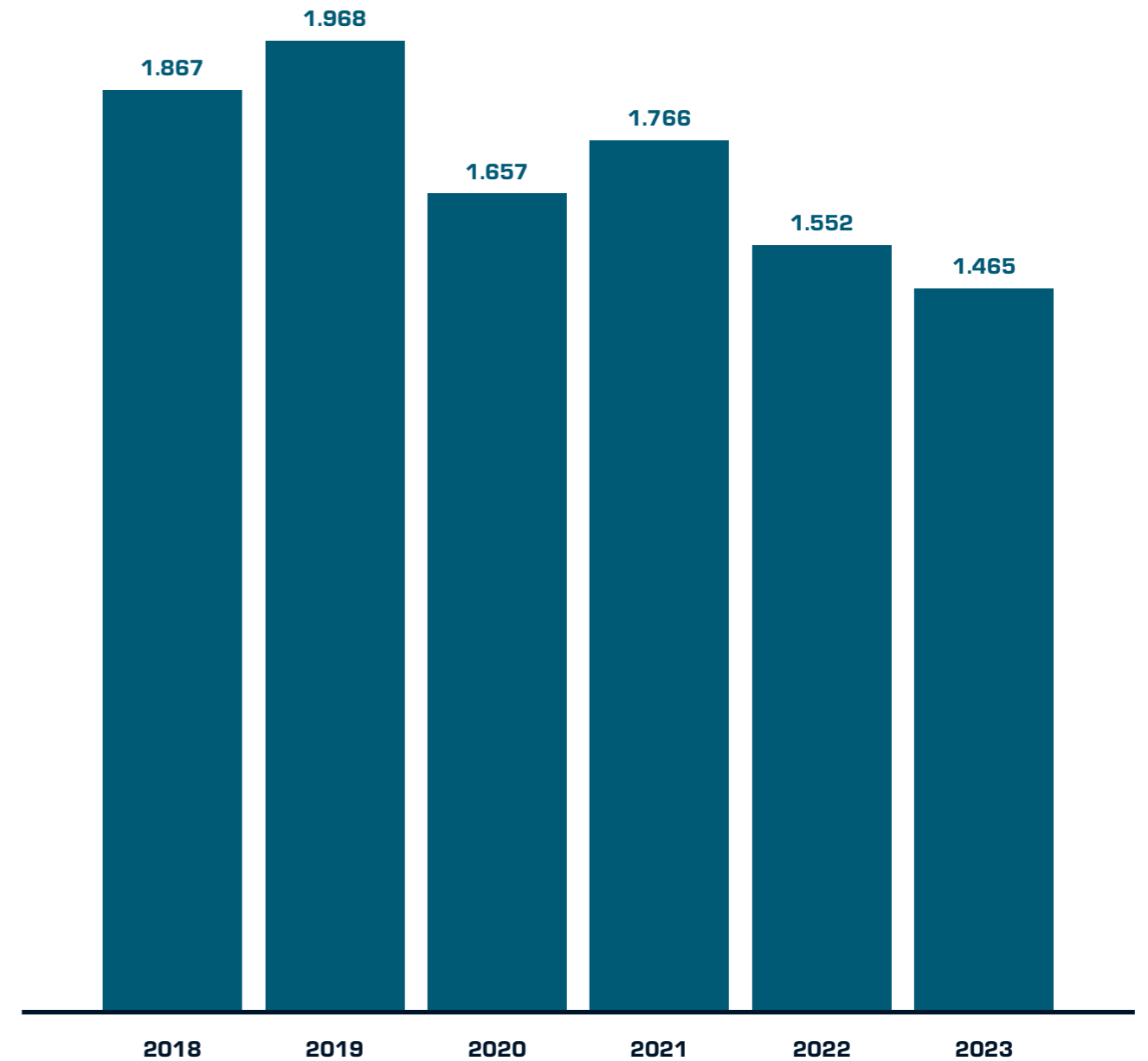


Measures taken:

- Heat treatment using re-purposed forging heat instead of gas
- Successively converting our fleet to electric vehicles
- Reduced fuel consumption through heat recovery (building heating)

CO2e emissions since 2018, in tons:

SCOPE 1



Through innovation and investment, we've reduced our CO2e footprint within our direct sphere of influence by 17% – and the downward trend continues.

OUR AMBITIOUS TARGETS

SCOPE 2

# Environmental Social Governance

**Scope 2** comprises indirect emissions that arise from the generation of purchased energy. This includes electricity, steam, district heating or cooling that's generated outside a company's own system boundaries but is purchased and used by the company.

To further our goals at NEUMAYER, we analyzed the following:

- Electricity use

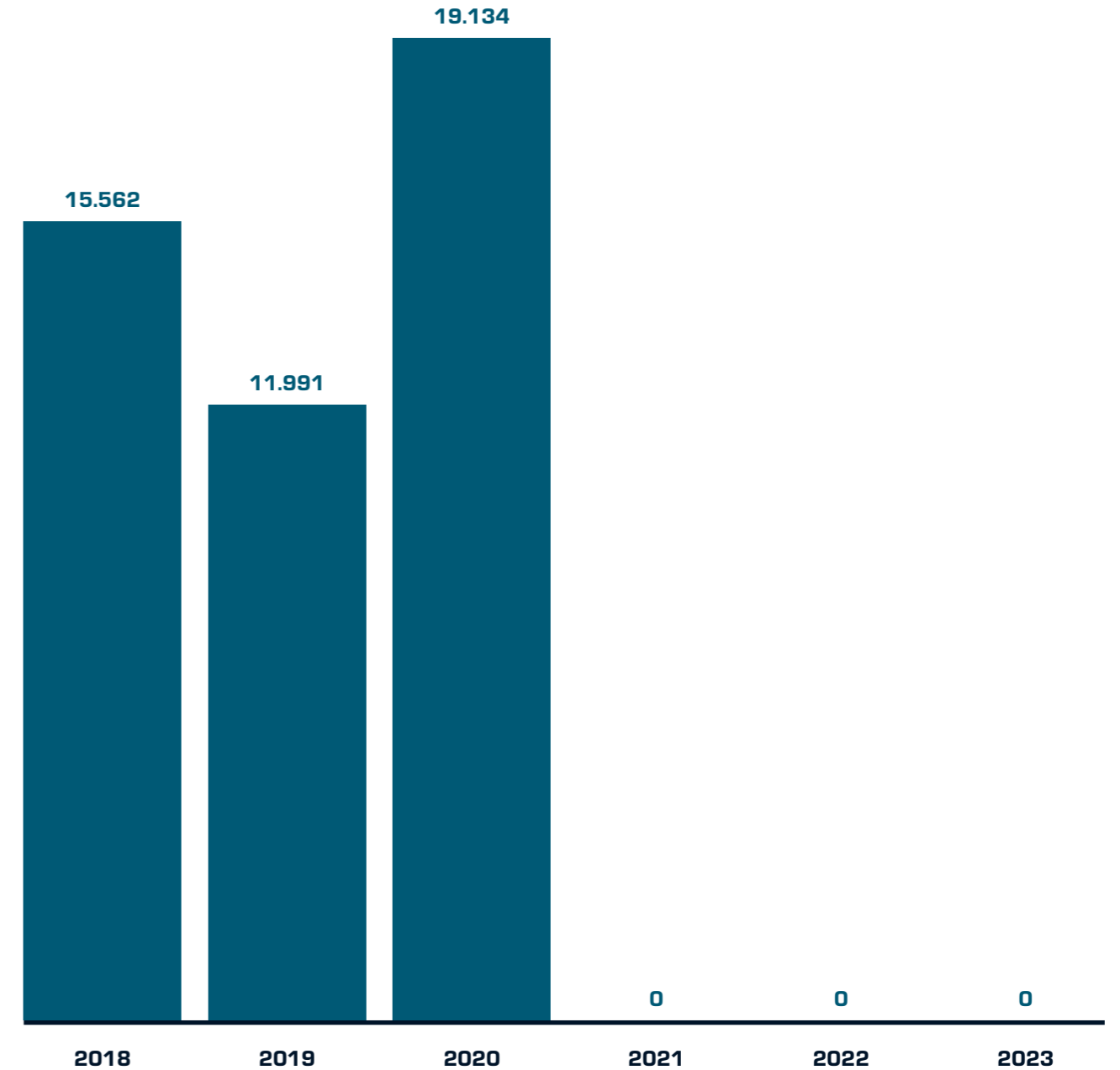


Measures taken:

- Installed a photovoltaic system on the company premises for in-house production of green electricity
- Switched to green electricity (from solar and wind) by means of a Green Power Purchase Agreement (PPA)
- Cofounded the 'EE-Industrie' initiative
- Converted to energy-efficient heating systems

CO2e emissions since 2018, in tons:

SCOPE 2



By switching to 100% green electricity, we've zeroed out our CO2e footprint in Scope 2.



WIR HABEN EHRGEIZIGE ZIELE

SCOPE 3

# Environmental Social Governance

**Scope 3** comprises all other indirect emissions that arise along a company's value chain, including upstream and downstream emissions. Upstream emissions are related to purchased goods (tangible goods) and services (intangible goods). Downstream emissions are associated with a company's products and services after they've been sold to someone else or are no longer under the company's control.

To further our goals at NEUMAYER, we analyzed the following:

- Purchased goods and services
- Processing of products we sold
- Logistics (paid)
- Logistics (3rd party)
- Waste and disposal

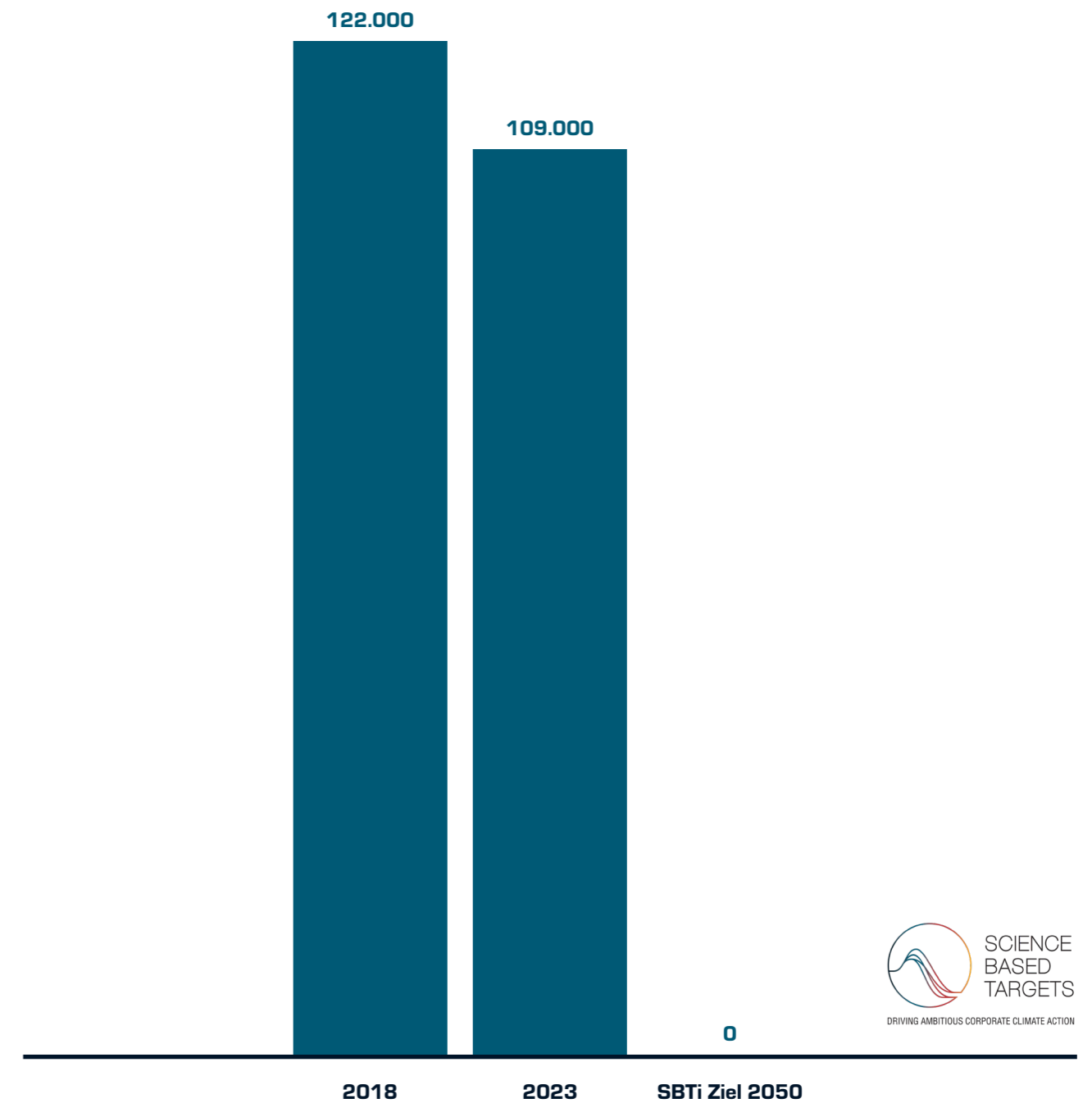


Measures taken:

- Focused on avoiding converter steel
- Shifted to active procurement of CO2-reduced alternatives
- Switched to 100% green electricity, which makes even potential line losses emission-free

CO2e emissions compared to 2018, in tons:

SCOPE 3



In 2023, Scope 3 emissions represented almost 99% of our total emissions. By expanding our purchases of CO2e-reduced goods, we've already achieved an 8% reduction in the Scope 3 CO2e footprint within our indirect sphere of influence.

Based on the guidelines of the Science-Based Targets initiative (SBTi), our goal is to achieve 'net zero' by 2050.

PROSPECT

# Measures for the future

We'll never stop striving to implement more sustainable and environmentally friendly company practices. To achieve the goals we've set for ourselves, we try to use as much electric steel as possible, ideally from renewable energy, as well as CO2-neutral or CO2-reduced alternatives to converter steel – although these still aren't offered by all steelworks. To that end, we cooperate closely with suppliers and customers alike, so we can jointly develop sustainable solutions.

Furthermore, we're constantly working to make our manufacturing processes as material-efficient as possible, so we can offer our customers near-net-shape forgings or parts made from alternative materials, for example.

In the area of logistics, we endeavor to keep transport routes as short and as efficient as possible, for example by using rail or, when on the road, alternative-drive systems.

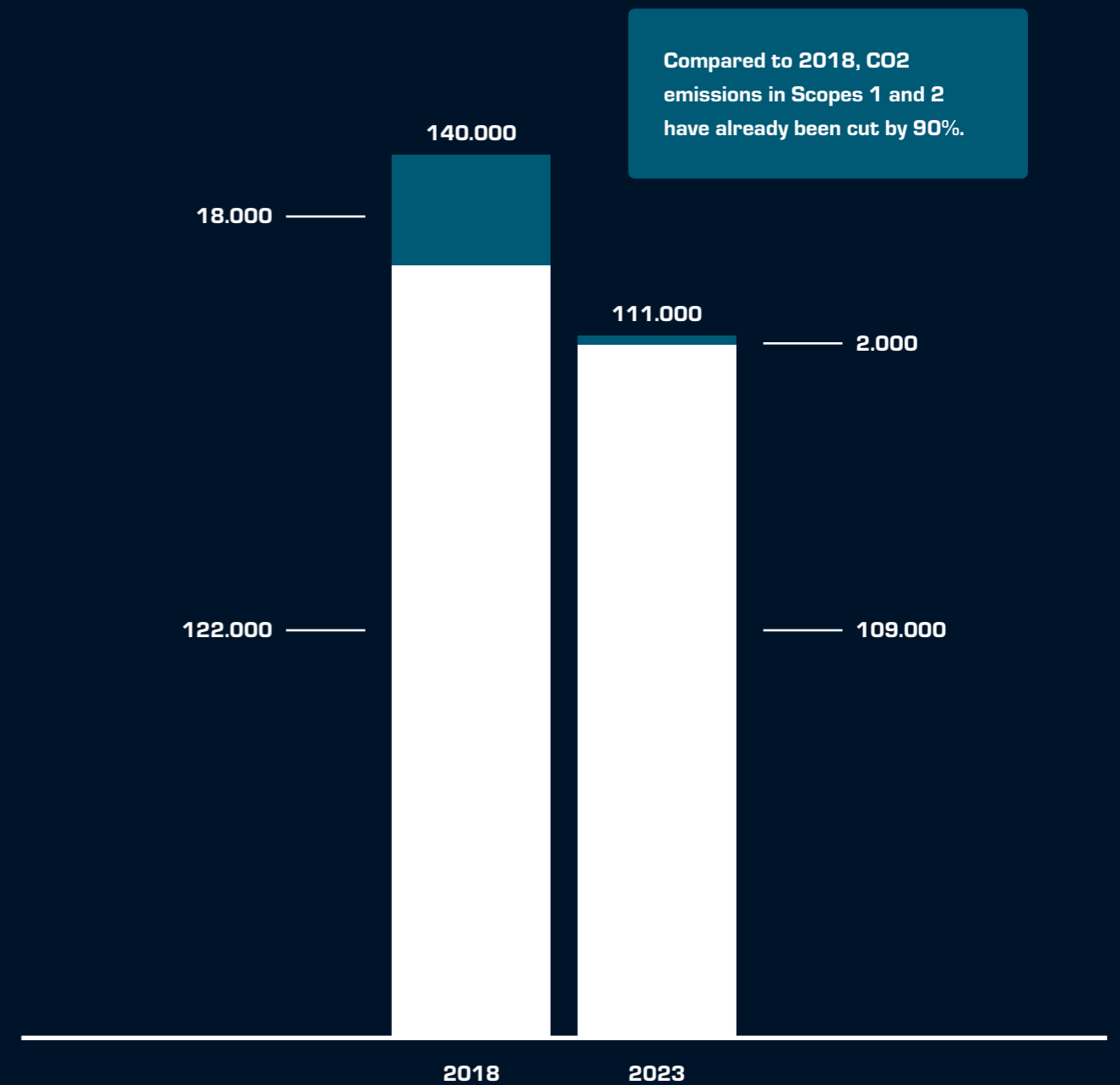
We also optimize personal mobility for our employees through attractive offers for public transport, by encouraging carpooling, and by subsidizing bike leases.

Along the entire value chain, we place great importance on regular communication with all stakeholders, so that we can identify potential areas of reduction and take appropriate action.

CO2e emissions compared to the base year 2018, in tons:

SCOPE  
1 / 2 / 3

Scope 1 & 2  
Scope 3



WE ACCEPT RESPONSIBILITY

# Environmental Social Governance

## Training & continuing education

We attach great importance to the quality of our employees' training and continuing education, because we offer long-term prospects for the future.

We're currently training over 20 apprentices in five different professions, helping young people lay the foundation to enter the job world. If they want to further their academic development, they also have the opportunity to complete a degree course alongside their work. And once a year, we offer six to ten employees further training to become metal technology specialists, so they have a chance to improve their skills and boost their career opportunities. We also provide access to a 4-month course in German as a second language, to help our foreign-language speakers gain a foothold within the workforce and the region. We further support career changers with special retraining opportunities, enabling them to make a successful new start in a different job area within the company. As a way of promoting the professional and personal development of our employees internally, we also offer continuing education for them to rise to foreman or technician within their area.

## Health & well-being

Gesundheit und Wohlbefinden unserer Mitarbeitenden liegen uns am Herzen. Daher bieten wir umfassende betriebliche Gesundheitsangebote an: Unsere Kurse und Beratungen decken die Bereiche Bewegung, Ernährung und psychische Gesundheit ab und helfen unseren Mitarbeitenden, ein gesundes und ausgewogenes Leben zu führen. Zusätzlich haben unsere Mitarbeitenden die Möglichkeit, mit dem Job-Bike umweltfreundlich und gesund zur Arbeit zu kommen, was nicht nur die Fitness fördert, sondern auch einen kleinen Beitrag zum Umweltschutz leistet.

## Regional commitment

Our commitment doesn't end at the factory gate. We are deeply connected to our home region. We actively support schools, associations, and educational and cultural events in our region, and we support our employees who volunteer, for example in civil defense. We're particularly proud of the success of the „Hausacher LeseLenz“ literature festival curated by José F.A. Oliver. Another absolute highlight of the past year was a joint event organized with ARD meteorologist Sven Plöger, held at the sold-out Hausach town hall. Sven Plöger perfectly communicates the complex topic of climate change and motivates the audience to take action: "Our planet doesn't need us: it's the other way around!"



Our corporate culture reaches well beyond the factory premises.

COMMITMENT TO RESPONSIBILITY

# Environmental Social Governance

We at Richard Neumayer GmbH believe in sustainable and responsible corporate governance. The area of governance plays a central role in ensuring ethical behavior, transparency and conscientiousness.

## Ethics and Integrity

Our ethics are based on integrity, honesty and respect for human dignity. We reject all forms of discrimination and actively promote equal opportunities. These principles also form the basis for our business dealings and our relationships with business partners. It goes without saying that we stand for fair competition and that we reject corruption and bribery.

## Leadership and Responsibility

Our managers play a key part in creating a positive work atmosphere. By acting as role models and setting clear objectives, they promote the success of the company and the well-being of employees. Honesty and openness in communication are fundamental values that create trust and credibility. For us, leadership means taking responsibility and strengthening the quality of cooperation.

## Transparency and Compliance

We've implemented comprehensive control mechanisms and supervisory structures to ensure that all business processes are transparent and comply with the law. A detailed code of conduct regulates the handling of confidential and/or personal information, ensuring the highest data security standards.

## Data Security

Data security is a top priority for us. Our data security guidelines ensure that sensitive information is optimally protected and that all legal requirements are met. The availability, confidentiality and integrity of data and systems are essential components of our corporate governance.

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We believe that corporate governance means developing a culture of shared responsibility

## Sustainability Goals and Commitment

Our commitment to sustainability is reflected in our ambitious targets for reducing CO2 emissions. We are deeply committed to significantly reducing emissions in a wide variety of areas, in order to make a positive contribution to climate protection. These targets are firmly anchored in our corporate strategy and supported by concrete measures and investments.

## Training and Continuing Education

Continuous training and development of our employees is another important part of our corporate governance. We offer comprehensive training programs and in-service study opportunities to promote the professional and personal growth of our employees. These measures contribute to individual development while simultaneously strengthening the innovative power and competitiveness of our company.

At Richard Neumayer GmbH, our governance practices are an integral part of our focus on sustainability. Through our clear ethical principles, transparent management structures and our strong commitment to sustainability, we're setting new industry standards for responsible behavior. Our goal is to achieve long-term economic success and to make a positive social impact through responsible corporate governance.



IN ADDITION

# Our certifications & ratings

## Science Based Targets initiative (SBTi)



The SBTi is an independent initiative of leading environmental and climate protection organizations, such as the WWF, the CDP, the UN Global Compact and the World Resources Institute (WRI). It supports companies in the development of science-based climate protection targets that are in line with the Paris Climate Accords.

## Certified environmental and energy management system in accordance with ISO 50001:2018 and ISO 14001:2015 standards



These international standards contain requirements for the introduction, management and improvement of energy consumption and energy efficiency. The certifications include the manufacture and sale of precision forged parts, mechanical processing and assembly of installable components and subassemblies.

## CDP



The CDP (Carbon Disclosure Project) is a global organization that allows companies, cities, states and regions to measure their environmental impact and have it assessed by an independent party according to uniform criteria. It functions as a source of information for investors, purchasing departments and political decision-makers around the world to assess the climate protection activities of their plants, suppliers or global partner companies.

## APPENDIX

# Glossary

## CO<sub>2</sub>

The amount of carbon dioxide (CO<sub>2</sub>) in the atmosphere has increased by approximately 50% since the mid-20th century. It's most commonly released through combustion processes and has the greatest impact on global warming. It accounts for around 90% of all the greenhouse gas emissions in Germany.

## CO<sub>2</sub>e

To compare and quantify the impacts of different greenhouse gases on climate change, their values are given in the unit of measure 'CO<sub>2</sub>e', based on their respective contribution to the greenhouse effect as compared to carbon dioxide (CO<sub>2</sub>). The 'e' in CO<sub>2</sub>e stands for 'equivalent'.

## CO<sub>2</sub> Neutrality

CO<sub>2</sub> neutrality means creating a balance between the emission and the removal of carbon dioxide. It does not mean that no CO<sub>2</sub> is emitted. This balance can be achieved through offsets that support climate protection projects, but the reduction of emissions takes priority over offsetting.

## Cradle-to-Gate

Cradle-to-gate describes the life cycle of a product from raw material extraction to completion and delivery. This means that only the production phase is considered.

## Cradle-to-Grave

Cradle-to-grave considers the entire life cycle of a product, from raw material extraction to its final disposal. All phases, including its use and disposal, are taken into account here.

## Cradle-to-Cradle

Cradle-to-cradle is a circular concept that aims to design products in such a way that they can be returned to the production cycle at the end of their life. In contrast to the other two models, it is therefore a closed loop and not a linear process.

## CSRD

The EU's CSRD obligation requires companies to report comprehensively on their sustainability and environmental activities. Replacing the NFRD, it expands the group of companies subject to reporting requirements, which now includes small and medium-sized listed companies. The reports must be prepared in accordance with uniform EU standards and audited externally. This directive will gradually come into force starting in the 2024 financial year, with the first reporting due in 2025. The aim is to improve the transparency and comparability of sustainability information.

## ESG

These three letters are shorthand for three sustainability-related areas of corporate responsibility: environmental, social (societal), and corporate governance (company management). Criteria that play a role here include resource scarcity, CO<sub>2</sub>e footprint, biodiversity, human rights, health protection, corporate values, social commitment, and diversity.

## Green Power Purchase Agreement (PPA)

Companies that conclude a Green PPA directly support the expansion and financing of renewable energy projects such as solar plants or wind farms and thus actively contribute to the promotion of green energy production in Germany. A PPA makes it possible to trace the actual origin of the electricity delivered, which ensures that the electricity purchased comes from the specific renewable energy project for which the contract was concluded. In the case of certificates, while it is also possible to label the electricity as green, tracking the actual origin is not always clear.

## GRI

The GRI is an international organization that develops standards for sustainability reporting. These standards help companies to present their ecological, social and economic impacts in a transparent and comparable way. GRI standards are recognized worldwide and are used by many companies to communicate their sustainability performance.

## Climate Neutrality

We speak of climate neutrality when the activities of an organization, the manufacture of a product or the provision of a service do not increase the concentration of harmful greenhouse gases in the atmosphere. Climate neutrality covers all direct and indirect emissions (Scopes 1 & 2) and all emissions along the supply chain (Scope 3) of a given company/product/service.

## Net Zero

The net zero standard as defined by the SBTi (Science Based Targets initiative) covers the total emissions of a company's value chain, including emissions generated by its own processes (Scope 1), purchased electricity and heat (Scope 2,) as well as by its suppliers and end users (Scope 3). There is a strong focus on reducing emissions before any offsetting.

## Scope 1,2,3

Scope 1 emissions are direct emissions from resources owned or controlled by a given company. These include emissions that are generated on site, such as from the combustion of natural gas or fuels for cars, vans and trucks. Scope 1 emissions also include process emissions from industrial processes and on-site production (e.g. factory exhaust gases or chemicals).

Scope 2 includes indirect emissions that arise from the generation of purchased energy. This includes electricity, steam, district heating or cooling that is generated outside a company's own system boundaries but is purchased and used by the company.

Scope 3 comprises all other indirect emissions that arise in a company's value chain, including upstream and downstream emissions. Upstream emissions are related to purchased goods (tangible goods) and services (intangible goods). Downstream emissions are associated with a company's products and services after they have been sold to someone else or are no longer under the company's control.

## Greenhouse Gases

The Kyoto Protocol lists the following greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).

APPENDIX

# Sources

**Bosch Climate Solutions**

<https://www.bosch-climate-solutions.com>

**Bundesministerium für Wirtschaft und Klimaschutz**

**(German Federal Ministry for Economic Affairs and Climate Action)**

<https://www.bmwk.de/Redaktion/DE/Artikel/Industrie/klimaschutz-abkommen-von-paris.html>

**European Commission**

[https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_de](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_de)

**Umweltbundesamt (UBA, Germany's environmental protection agency)**

<https://www.umweltbundesamt.de/daten/klima/treibhausgas-emissionen-in-deutschland/kohlendioxid-emissionen#kohlendioxid-emissionen-im-vergleich-zu-anderen-treibhausgasen>



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