

**Our responsibility:  
Sustainability in drive technology**



**DRIVESYSTEMS**

Our Solution. Your Success.



Carolin von Rönne:  
3rd generation of the  
NORD DRIVESYSTEMS  
founding family, and head  
of the sustainability team

*„Our sustainability work is a promise to our customers, to the public and to the employees of the NORD DRIVESYSTEMS Group, to consequently behave in an ecological, economic and socially responsible manner.“*

**Carolin von Rönne**

The NORD DRIVESYSTEMS Group is a globally active provider of drive solutions for more than 100 industries. As a family business, sustainable operations have always been part of our DNA and the key to our success. Today, our group is almost 60 years old and our product portfolio now comprises the complete drive system with gear units, electric motors, and drive electronics. With 48 subsidiaries in 36 countries, and around 5,000 employees, we are close to our customers.

We assume responsibility towards our and future generations, and wish to contribute to a sustainable future. We set ourselves ambitious goals to improve, step by step. On the one hand in our own company – from development to production and service to recycling of our products. On the other hand, we closely cooperate with our suppliers to ensure sustainability throughout the entire supply chain.

Especially in drive technology, the main greenhouse gas emissions are generated during the use phase of the products. This represents a great opportunity to significantly minimise our greenhouse gas emissions together with our customers, thanks to our highly efficient drive solutions.

# Contents



## Our sustainability approach

As a globally active, family-owned company, we are aware of the impact our business activities have on society and environment, which also affect future generations, and we want to take part in shaping a sustainable future. We therefore concern ourselves very intensively with our responsibility throughout the entire value chain – from raw material extraction to recycling.

## Energy balances of our customers

Being a provider of electrical drive components, which are used in numerous industries, the continuous increase of energy efficiency and the reduction of resource consumption of our products are the main drivers of our business activities. With our comprehensive service and consultation activities, we support our customers in continuously improving their energy balances.

## Reporting on sustainability

The ILO\* labour and social standards are firmly established in our comprehensive Company Policy and shape our strategic actions. Since 2021, we have been reporting our sustainability activities according to the German Sustainability Code (DNK). In the fields of quality and environment, we work according to certified ISO management standards. We furthermore signed the UN Global Compact and orient ourselves by the Sustainable Development Goals of the United Nations.

## Five fields of action of our sustainability strategy

The topics of our sustainability can be subdivided into five main areas. These fields of action are based on our sustainability strategy for 2025. For each field of action, we defined milestones by 2025.



Products

People

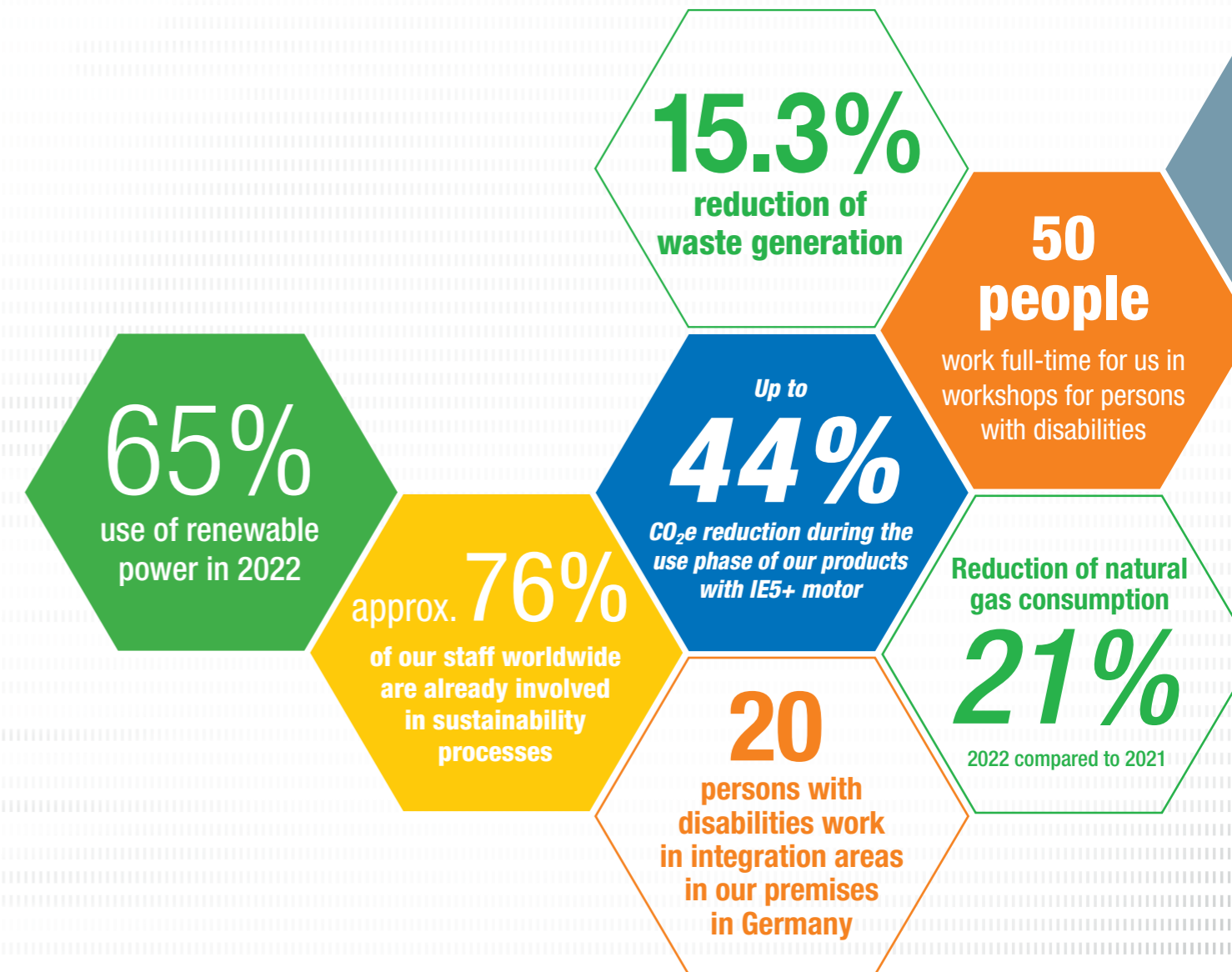
Supply Chain

Governance & processes

Environment

## ESG\* highlights

The following overview shows this year's ESG highlights of our company. This overview provides an insight into our various sustainable practices and efforts to equally promote environment, social responsibility and effective corporate management. Find out more about our important initiatives and the progress we achieved towards a more sustainable future.



\*ILO – International Labour Organization

More details on our sustainability strategy can be found on our website



\*Environmental, Social and Corporate Governance

# Products

As a manufacturing company, the subject of sustainability is of course firmly established in our development processes. Production, design, material selection, life cycle, application fields, and product operation have an impact on topics such as material efficiency, product recyclability, human rights or greenhouse gas emissions.

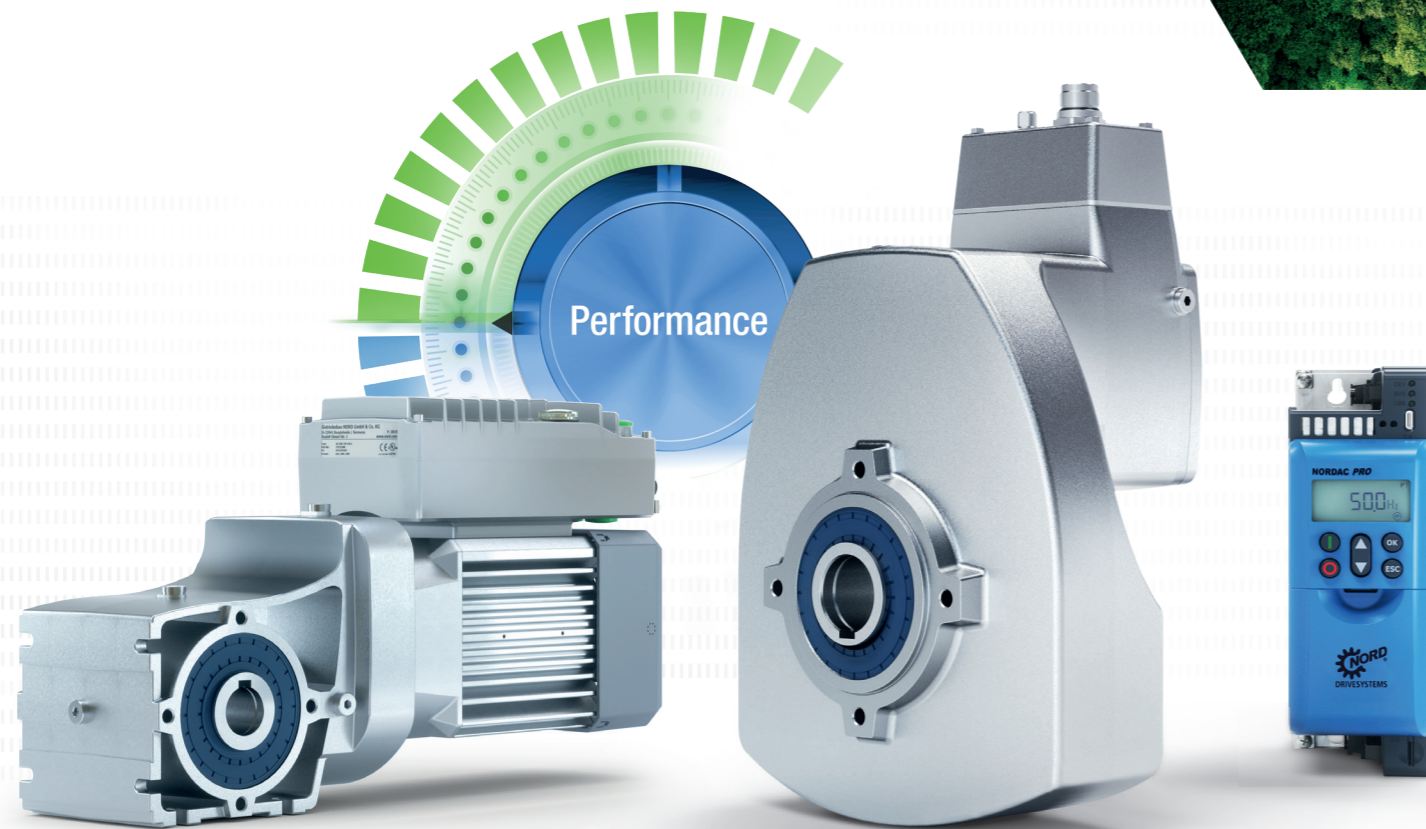
## Milestones

- ▶ The sales share of particularly energy-efficient products will be significantly increased. In concrete terms, we aim at a share of more than 30 percent of our efficiency class IE5 products in the post & parcel and airport industries
- ▶ Product carbon footprints (PCF) will be established for the first products



## Product carbon footprint

In general, the product carbon footprint (PCF) recognises all greenhouse gas emissions generated during the entire life cycle of a product – from development and production to use and disposal. To find out more about the footprint of our products, we want to investigate the emissions from the cradle of the raw material to the delivery to our customers. We are working on providing the product carbon footprints of all products, and plan to document a complete product series up to 2025.



## Economic operation, long service life

Our products are intended for commercial use and are durable investment goods. During use, they convert electrical power into mechanical power. In terms of the energy impacts of production, use and recycling of our products, the high energy consumption during use stands out. It can be minimised with an efficiency as high as possible during power conversion. The efficiency of the drive unit is thus the essential measure for assessing sustainability. Our IE5+ synchronous motors even surpass the highest defined efficiency class IE5, and achieve efficiencies of more than 90 percent, depending on the actual application. Another product with an excellent energy efficiency is our integrated geared motor, the DuoDrive. The sales share of highly efficient products has significantly increased over the last years.

For example, the share of motors with efficiency class IE3 and higher increased from 26 percent in 2019 to 71 percent in 2022. Following the purchase, we continue to provide our comprehensive service, and

thus provide for a long service life of our drive solutions. Gear units and electric motors can be easily repaired; all parts can be simply replaced. Spare parts – even for drive units older than 30 years – can be reliably obtained, for example from our 24/7 online shop. In case our products can no longer be repaired, they can be easily and economically recycled. We voluntarily apply the EU RoHS Directive on the restriction of hazardous substances in electrical and electronic equipment, also for our gear units. We know a number of ways to support our customers in reducing their eco-balance. Our energy consumption measurements within the framework of our NORD ECO service help in finding the most energy-efficient drive solution. With our NORDcalc software tool, we support our customers with the best system

*“We are experts for drive solutions for more than 100 industries. Drive solutions can be found in many sectors of industry, where they consume a large share of the overall energy used in the industry. With our highly efficient drive solutions, we want to contribute to the reduction of energy consumption and CO<sub>2</sub>e emissions in the industry.”*

Jörg Niermann & Marcel Grunenberg



design. We furthermore involve our suppliers in the process of reducing environmental impact. For example, in close collaboration with our suppliers, we switched the impregnation of motor windings to low-emission styrene and VOC-free resins.

More information can be found on our website



## People

We respect employees' rights, ensure equal opportunities and open up qualification opportunities for all of our employees. We thereby increase our attractiveness as an employer for current and future generations.

### Milestones

- ▶ In 2023, we nominated a company-wide human rights officer
- ▶ A digital learning management system will be introduced by 2024 to offer our employees in the global NORD Group the opportunity for individual further training. This system will be globally available by 2025
- ▶ By 2025, all employees in the NORD Group will be fully informed on the CSR activities, and receive regular training

By 2024, we aim to have set ambitious goals for diversity key figures, from which we can derive specific measures for our employees.

*The NORD Group now employs approximately 5,000 people worldwide. This number is complemented by many more people who work along our supply chain. We wish to promote values and goals such as inclusion, respect for human rights, strengthening our culture of work, safety, and continuous knowledge transfer with those people working with us.*

Carolin von Rönne & Laura Sophie Haag



### Sustainability within the organisation

The respect of employees' rights is ensured by regular exchange between management, human resources department, employees' representatives, and employees. In 2022, we established a whistleblower system, via which no violations of human rights have so far been reported.



*My area of expertise is the Supply Chain Act and all topics related to it. I want to reassure our customers and all our colleagues that our products are made with raw materials and components from sustainable production, and that our partners along the supply chain are also committed to human rights.*

Nadine Kruse




## Supply Chain

In a networked, collaborative and globalised world, it is no longer sufficient for companies to only consider their economic activities at their own facilities. Monitoring the entire supply chain is mandatory, logical and also stipulated in the Supply Chain Act. For this purpose, we have installed a complex yet transparent supply chain management system.

### Milestones

- ▶ Since 1 January 2023, we voluntarily apply the German Supply Chain Act, which will be binding for us from 1 January 2024
- ▶ By 2024, we want to record the main greenhouse gas emissions for our logistics service providers
- ▶ By 2025, we want to determine the greenhouse gas emissions of 80 percent of our purchased parts
- ▶ Material compliance in our company will be further promoted
- ▶ We continuously monitor the legal requirements, identify risks and minimise them through reliable processes

Our value chain comprises the process steps development, procurement, production, distribution, usage and recycling/disposal. We can influence the first four steps, and ensure legal conformity in these areas. We commit our direct suppliers to our Code of Conduct; indirect suppliers will be addressed as part of our conflict minerals management. We furthermore implemented a supplier enquiry tool, which maps all enquiries on material compliance, conflict minerals, and the supply chain used. In annual meetings with suppliers, problems or ambiguities that have become apparent can be discussed and action plans can be adopted. At our own production facilities worldwide, we ensure occupational safety and the protection of the health of our employees, and implement various preventative measures beyond the legal guidelines.

## Governance & processes

Our thoughts and actions focus on the satisfaction and success of our customers. Our mission statement and our values form the holistic approach with which we reconcile economic efficiency and sustainability in all fields. This does not only include innovations in the field of energy efficiency but also employee-oriented behaviour as well as a global and collaborative network.

**This is what our Company Policy stands for:**

The NORD sustainability management was introduced in 2022. Important milestones were the successful introduction of a certified environmental management system in Germany and the publication of the first sustainability report for the Bargteheide site. The challenge in this field of action is the establishment of an international governance structure and reporting for the entire NORD Group's 48 subsidiaries. The success of other fields of action, in particular environment, energy and climate, depends on this governance structure.



### Milestones:

- ▶ From 2025, we will submit an international sustainability report, which will contain the key figures from all subsidiaries. In the meantime, we have nominated a sustainability team for each country to promote, among others, the continuous development of sustainability on a regional level. With this team, we will also ensure the required reporting
- ▶ In addition to the sustainability reporting according to the standards stipulated by the EU, the international governance structure of the NORD Group will also comprise the organisation of the required certifications of the NORD Group such as ISO 14001

*The NORD DRIVESYSTEMS Group with its approximately 5,000 employees has a broad international base. Our own subsidiaries with production, development, assembly, sales and service are available for our customers in 36 countries. We pursue a sustainability strategy for the entire NORD Group, because from our point of view, compliance with a sustainability standard should be possible everywhere. This is why we aim for the establishment of global processes and reporting structures (governance) within the NORD Group.*

Carolin von Rönne & Jörg Niermann



Deutscher NACHHALTIGKEITS Kodex  
 Find our DNK sustainability report here



The NORD DRIVESYSTEMS Group has 48 subsidiaries in 36 countries. Approximately 5,000 employees are working there for our customers.



**Drives for Europe's largest biogas fermenter**  
 In a gigantic biomethane plant in Friesoythe in Lower Saxony, the agitators are operating with robust industrial gear units from NORD's MAXXDRIVE® series.



## Environment

All business activities of a company inevitably have consequences for the environment. As a mechanical engineering company, NORD has influence on global resource consumption and greenhouse gas emissions. To keep this effect low and to continuously reduce it further, we decided to introduce an international environmental management system, which defines the main environmental aspects at NORD and our principles of action. We conduct regular trainings on this topic to raise awareness among our employees.

### Milestones

- ▶ Reduction of energy consumption used for operations and associated reduction of greenhouse gases throughout the entire NORD Group
- ▶ Increase in the use of renewable energies and the share of self-generated electricity
- ▶ Reduction of the amount of waste
- ▶ Preventive protection of the environment against water-polluting substances
- ▶ Before the end of 2023, we want to adopt a climate strategy that defines reduction targets at group level
- ▶ Expansion of measures to promote the diversity of species at our locations



**Biodiversity areas**

We created a biodiversity area at the Bargtheide site. It does not require human intervention, serves the recreation of the local diversity of species and is intended to raise awareness of this important topic among employees and visitors. The size of the area is 350 m<sup>2</sup> and can be expanded to 2000 m<sup>2</sup>. Biodiversity areas shall also be established at our other sites.



consumption of our sites in relation to the weight of the products delivered, i.e. in kWh of electricity per site and year per ton of products delivered. This makes it possible to compare the sites with each other. Our share of self-generated electricity will be increased significantly. Among other things, we operate a combined heat and power plant and are planning a photovoltaic system at the Bargtheide site. Our goal is to continuously maintain the share of renewable energies in the electricity mix of at least 50 percent. We also already use regenerative energy at our other sites or are planning to do so in the short term.

**Emissions**

Our main emission sources are electricity for the operation of our production facilities and gas, which is used for both heating and electricity generation. In addition, there is fuel, which is necessary

for the distribution of our products, and our cooling and air conditioning systems. The painting of our products also emits solvents. NORD DRIVESYSTEMS aims to reduce climate-relevant emissions. We want to significantly reduce the energy consumption by 2025. In doing so, we reduce the temperatures in our production halls during the winter months, improve insulation and replace energy-inefficient machinery, plants and lighting systems with newer resource-saving systems. In the area of solvent emissions, we use high solid paints and other innovative technologies and filter systems to improve efficiency of our painting system and thus minimise the use of solvents. The optimisation of our cooling systems leads to a reduction of our coolant consumption. In addition, we improved our internal waste management and are aiming to increase our reuse and recycling rate to reduce our amount of waste. To monitor our energy consumption and emissions, we installed an improved data collection and analysis system that accurately records fuel, electricity and gas consumption in all areas.

**Environmental management system**

NORD's environmental management system was certified according to DIN EN ISO 14001:2015 for the first time in 2022. The commercial management is responsible for the environmental management system. An environmental team that is integrated into the CSR Head Quarter Steering Committee is responsible for implementing the measures at the Bargtheide site. The most important inspection instruments are our internal audits including controlling measures and an annual external audit. The environmental management system is also being gradually introduced at our subsidiaries. In 2023, we prepared the first three sites (Nowa Sól, Poland, Aurich and Italy) for internal certification.

**Usage of natural resources**

As manufacturer of stationary drive solutions, we mainly use electricity as an energy source to operate our production and assembly plants. Natural gas is primarily used to heat the operating facilities. The main utilisation resources that we process are steel, aluminium and paints. In addition, we use rare earth elements for our electric motors. For our vehicle fleet, we use diesel or petrol fuels as well as water in sanitary facilities and canteens. We monitor all resource consumptions in detail, check them for irregularities and work on reducing them. Key figures developed for this purpose are used to document the progress. We record the energy

*„The focus of our work is on environmental issues. We are committed to work together with our colleagues from various departments to improve our environmental programme.“*

Faton Orani, Jan Philip Stender, Michael Holst & Erik Herzog



# Roadmap

We are proud of the milestones achieved so far, but we also set ourselves ambitious goals for the next years.

## 2023

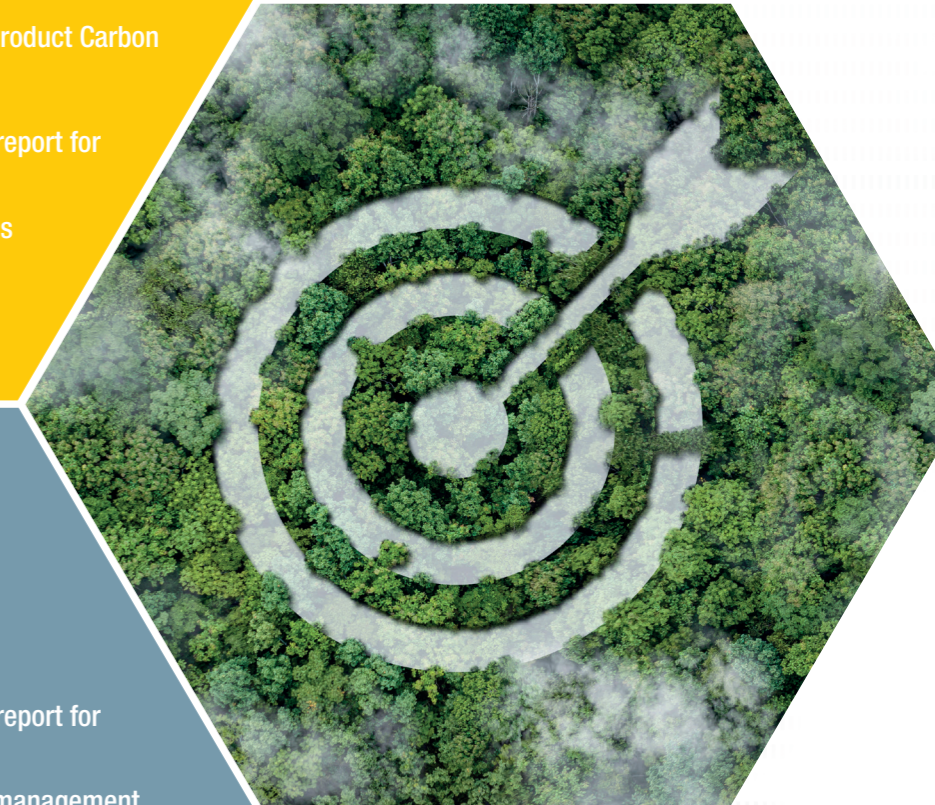
- 1st half**
  - ▶ Implementation of the Supply Chain Act
  - ▶ Initial Product Carbon Footprint (PCF) calculation
  - ▶ Group-wide Scope 1 & 2 recording
- 2nd half**
  - ▶ Preparation of a sustainability report for all German sites
  - ▶ Development of a climate strategy
  - ▶ Determination of diversity key figures
  - ▶ Introduction of environmental management at 3 additional sites

## 2024

- 1st half**
  - ▶ Introduction of a digital learning platform
  - ▶ Start of a sustainability network within the 10 largest subsidiaries
  - ▶ Development of a systematic Product Carbon Footprint (PCF) calculation
- 1st half**
  - ▶ Preparation of a sustainability report for the 10 largest subsidiaries
  - ▶ Recording of Scope 3 emissions

## 2025

- 1st half**
  - ▶ Preparation of a sustainability report for majority of our subsidiaries
  - ▶ Introduction of environmental management at sites with significant emissions
- 2nd half**
  - ▶ CSRD reporting capability





**EN**

Headquarters:

Getriebebau NORD GmbH & Co. KG

Getriebebau-Nord-Str. 1

22941 Bargteheide, Germany

T +49 4532 289 0,

F +49 4532 289 2253

info@nord.com