



# 2023 Sustainability Report



H. Butting GmbH & Co. KG · Knesebeck



**BUTTING**

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In the interest of readability, we do not differentiate between genders.

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Figures are commercially rounded.



**BUTTING**

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01



# Foreword and Company Profile



# Progress by Tradition

for our customers and staff  
in this generation and the next.

## Dear Readers,

For over 245 years, BUTTING has been known for a history characterised by consistency and a clear focus on the future. The company was established in 1777 by my ancestors, marking the start of an incredible journey. BUTTING remains a family-owned business to this day. The close bond between ownership and management has defined our identity and is the cornerstone of our corporate commitment.

We consider it our responsibility to maintain the harmony of tradition and progress by prioritising quality, flexibility and ongoing innovation in metal processing. In a constantly evolving world, we have demonstrated courage by investing in our production facilities and our employees, and expanding our presence in international markets.

In today's business environment, regulatory requirements such as Corporate Social Responsibility (CSR), Environmental, Social and Governance (ESG), the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) and the Carbon Border Adjustment Mechanism (CBAM) are becoming increasingly important. As a result, companies are being urged more than ever to prioritise their commitment to sustainable corporate practices. Our business partners also expect sustainable business practices from us, as demonstrated by ESG ratings, questionnaires, audits, and workshops.

At BUTTING, we recognise the importance of transparency in about our commitment to sustainability and

corporate responsibility. Our strategy and objectives are focus on addressing material topics and promoting sustainable practices. We have set clear key performance indicators (KPI) to track and demonstrate our progress. This report reflects our commitment to comprehensive and transparent reporting on our sustainability and ESG efforts.

We aim is to meet the growing demands of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) for sustainability information. We are approaching this challenge with determination and foresight.

Our mission has always been to pass on a healthy company to the next generation. As a family-run business, we strive for self-determination, independence and long-term stability. Our motto and vision reflect our dedication to enhancing the our customers and employees quality of life. We are the preferred partner for our customers and a leading employer in our region.

We appreciate your interest in our report and welcome you to join us on our journey.

Kind regards,



Hermann Butting



## Company profile of BUTTING in Knesebeck

H. Butting GmbH & Co KG (from now on referred to as BUTTING) is the main BUTTING Gruppe GmbH & Co KG plant. The Butting family settled in Knesebeck in Lower Saxony after fleeing from Crossen an der Oder after the Second World War. The company has been operating in Knesebeck since 1945. BUTTING can process over 80 000 metric tonnes of stainless and clad materials annually at the factory premises, which now cover more than 535 000 m<sup>2</sup>. Today, BUTTING in Knesebeck is one of the largest employers in the region. The main plant employs more than 1 600 people, and over 100 apprentices are continuously being trained in Knesebeck in 14 different occupations or study programmes.

The BUTTING family business is fully owner-managed by its President, Hermann Butting.

### Range of services

The primary activities in Knesebeck revolve around producing longitudinally welded pipes from coils and plates, their processing into ready-to-install piping components through comprehensive finishing capacities and specialising in piping technology.

BUTTING offers a wide range of products and services, from design and development right through to production and assembly. Our primary focus is on manufacturing welded piping components using stainless, heat-resistant and creep-resisting materials, such as high-alloy steels, nickel, copper, aluminium and titanium alloys. We also specialise in producing welded pipes made from mechanically or metallurgically clad raw materials.

### Manufacturing processes and technology

The products are mostly manufactured through cold forming from plates or coils and then welded using protective gas, submerged arc, plasma, metal arc, laser or electron beam processes with or without filler material. The individual requirements of the standards, customers, projects or specifications will determine the specific type and extent of the subsequent heat and surface treatment.

The focus of the manufacturing methods is on:

- Forming
- Welding
- Heat treatment
- Surface treatment

### Industries, markets and fields of application

The customers and fields of application of the products are predominantly in the following sectors:

- Plant and apparatus engineering
- Architecture and design
- Drilling and well construction technology
- Chemical industry
- Automotive engineering
- Research and technology
- Trade
- Food industry
- Aviation, aerospace and defence
- Nuclear technology and power engineering
- Oil and gas industry
- Pulp and paper-making industry
- Pharmaceutical industry and biochemistry
- Pneumatic conveying
- Pump technology
- Shipbuilding technology
- Environmental technologies
- Water and effluent technology



The organisation into business units at BUTTING in Knesebeck is based on the business area model

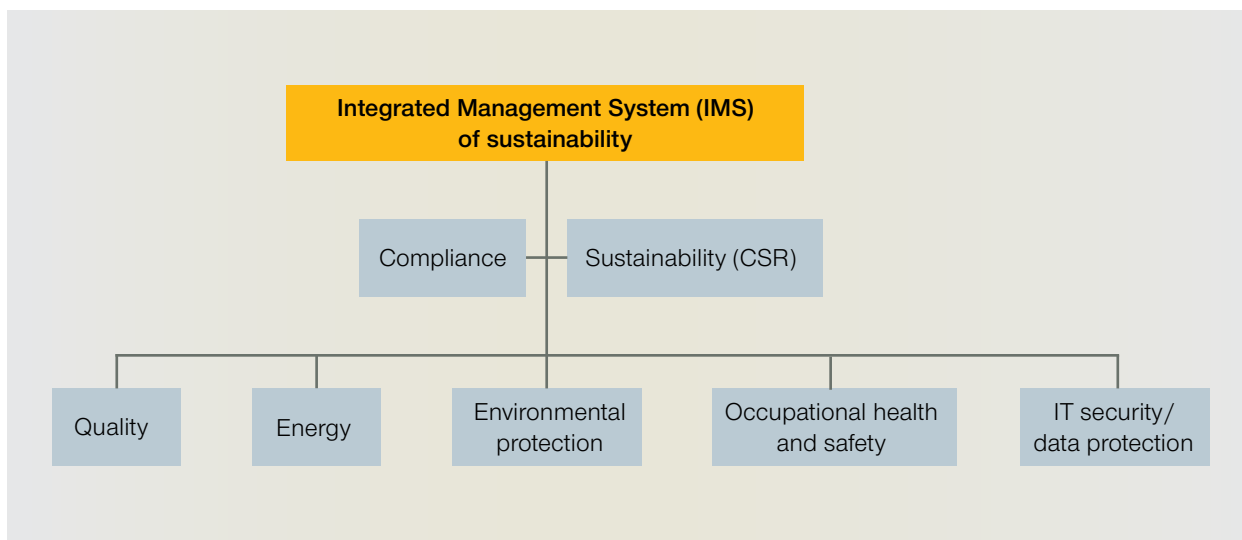
## Organisational structure and management systems

Since 2019, BUTTING's corporate structure has been divided into four business units, which are responsible for processes ranging from market development to packaging. The division of the company into these four business units took into account the needs of the markets and customer groups, as well as the product portfolio and optimised processes. The overarching goal is to ensuring customer satisfaction through quick response, to inquiries and short throughput times in production and order processing. Central departments provide the business units with higher-level functions in technology and commercial services as service functions.

As one of the world's leading processors of high-quality stainless steels and clad materials, BUTTING in Knesebeck has been ISO 9001 certified since 1989. In addition, we aim to lead by example about environ-

mental protection, occupational health and safety, and responsible resource management. The supreme quality of our products, along with our commitment to environmental protection, occupational health and safety, and the pursuit of energy-saving opportunities, are integral to our corporate philosophy and significantly contribute to the success of our company.

Since 2006, BUTTING in Knesebeck has combined quality, environmental protection, and occupational health and safety into an Integrated Management System (IMS). In this system, we implement the requirements of the ISO 9001, ISO 14001 and ISO 45001 (formerly OHSAS 18001) standards. Certification of the energy management system in accordance with ISO 50001 was added in 2015.



## Anchoring sustainability in the organisation

Sustainability is an integral part of the corporate vision, mission, and strategy. The Management Board is responsible for the sustainability strategy. Since 2023, BUTTING has formed its own sustainability team, which regularly convenes, at least quarterly, with top management to deliberate on prioritisation, progress and adjustments to the initiatives. A member of the Management Board leads the sustainability team and serves as both a sponsor and an operational and strategic driver of sustainability activities within the company. This sustainability team collaborate with the quality, energy, environmental protection, occupational health and safety, and IT security/data protection teams to advance corporate social responsibility (CSR). An annual sustainability report provides transparent information about the company's progress in terms of sustainability.

The sustainability team has undergone further training on various sustainability topics. The exchange of experience with other companies is actively pursued and advanced through networks, such as the German Mechanical Engineering Cooperation Initiative (Kooperationsinitiative Maschinenbau e. V. (KIM)), or via the BUTTING Group's advisory board.

In recent years, efforts have been made to gradually integrate compliance, IT security/data protection and sustainability (CSR) topics into the Integrated Management System (IMS) and to transition the existing structure into a sustainability management system. The officers

responsible for the individual management systems report directly to the Management Board. A structured management review is conducted at least every six months to report and evaluate progress, risks and new developments.

All management systems are designed to continuously and sustainably optimise our processes, always in compliance with legal, contractual and other obligations, by the Plan-Do-Check-Act (PDCA) cycle. All managers and employees are actively involved in these efforts to drive continuous improvement and advance sustainable development. Our philosophy is characterised by a holistic approach that focuses not only on the company's success, but also on our responsibility towards society, our employees and business partners as well as future generations. BUTTING has always been thinking in terms of generations.

In addition to management serving as decision-makers for the business, typical CSR stakeholders in the company include employees and applicants, who can expect fair working conditions, equal opportunities and a safe working environment, among other things. The same principles apply to service providers and individuals who work for or within the context of BUTTING. We also expect our suppliers to adhere to environmental regulations, ethical standards, labour and human rights, and ensure sustainable procurement in the supply chain. Customers, banks, insurance companies, official bodies, municipalities and residents rely on us as a company to provide these sustainability services.

## Keys facts of H. Butting GmbH & Co KG in 2023

This report pertains to H. Butting GmbH & Co. KG, based in Knesebeck. As of the end of 2023, the company had a workforce of 1 603 employees and an additional 122 trainees.

As a result, this company is the largest operational unit in the BUTTING Group. More than 2 400 employees work for the BUTTING Group worldwide.

The breakdown of the workforce is as follows:

	2022 <sup>1</sup>	2023 <sup>1</sup>
Employees <sup>2</sup>	1 553	1 603
Trainees	124	122
Temporary staff	19	10

	2022 <sup>1</sup>	%	2023 <sup>1</sup>	%
Employees <sup>2</sup>	1 553		1 603	
of which full-time	1 423	92	1 469	92
of which part-time	130	8	134	8

	2022 <sup>1</sup>	%	2023 <sup>1</sup>	%
Employees <sup>2</sup>	1 553		1 603	
of which male	1 347	87	1 385	86
of which female	206	13	218	14

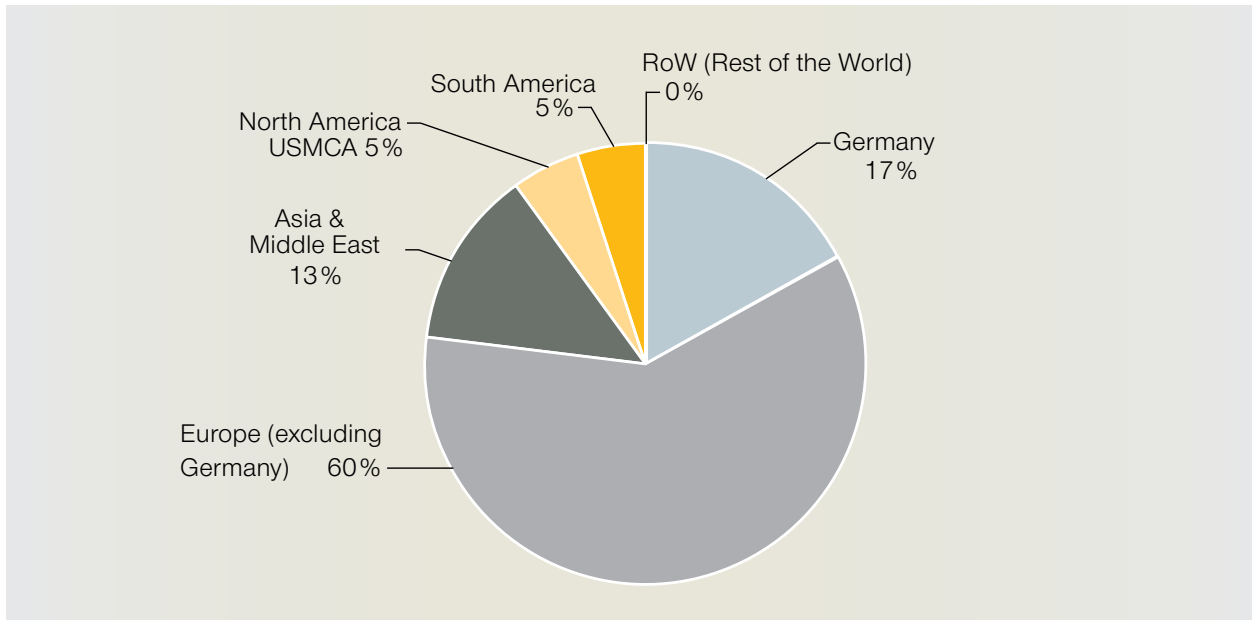
	2022 <sup>1</sup>	%	2023 <sup>1</sup>	%
Trainees	124		122	
of which male	105	85	107	88
of which female	19	15	15	12

<sup>1</sup>Number as at 31 December of the year

<sup>2</sup>Workforce excluding holiday employees, postgraduates, interns, working students and trainees

## Turnover with distribution by region in %

In 2023, BUTTING in Knesebeck reached customers from 47 different countries worldwide with its products and services, achieving a turnover of 582 million euros.



Our aim is to  
pass on a healthy company  
to the next  
generation(s).

02



# Sustainability Strategy

SECURITY  
MORE THAN PIPES – FOR A BETTER QUALITY OF LIFE  
**PROGRESS BY TRADITION**  
RELIABILITY HONESTY  
**INNOVATION** FINANCIAL STABILITY  
SUPPORT **BUTTING FANS**  
RESPONSIBILITY QUALITY OF LIFE  
**BUTTING FAMILY**  
WELL-BEING EMPLOYEES COMMITMENT  
**TRADITION TRUST HEALTH**  
SOLIDARITY OPEN MINDEDNESS  
**FAMILY BUSINESS** SELF-DETERMINED  
WE ARE THE PREFERRED PARTNER FOR OUR CUSTOMERS.  
REAL STRENGTHS **SUSTAINABILITY**  
BUTTING – CONSCIOUSLY SAFE DESIGN  
**TOP EMPLOYER**  
ENVIRONMENTAL AWARENESS

## Progress by Tradition

This is a tried and trusted slogan for BUTTING and will continue to be put into practice by the BUTTING Group going forward. For only the courageous will continue to open up new paths and opportunities, and strengthen regional business success.

## Vision and mission

For a company like BUTTING that prioritises long-term thinking, future viability paramount. Future viability entails maintaining competitiveness and sustainability tomorrow, the day after tomorrow, and in the future, as well as meeting the needs and demands of customers. For BUTTING, future viability means having a strong community tomorrow, the day after tomorrow, and in the future – a strong BUTTING family of employees that is flexible and efficient in addressing market challenges.

Slogans play a vital role in communicating BUTTING's identity and message. Every slogan we choose should reflect our values, vision, and the unique offering we provide to our customers. Our slogans represent a promise to our customers, employees and business partners and are more than just words.

We have developed various slogans to highlight our company's various aspects, including innovation, quality, customer satisfaction and social responsibility. Each slogan carries significance and is designed to foster a strong connection with our target audiences.

### Progress by Tradition

"The name BUTTING has a long-standing tradition of over 245 years and represents progress based on tradition for our customers and employees in this generation and the next. With courage, care, and diligence, my ancestors contributed to the advancement of the metal processing industry, laying the foundations for a successful company history," explains Hermann Butting,

the 7th generation owner of the company, as he describes this BUTTING motto.

### More than pipes – for a better quality of life

Our medium-sized company is deeply committed to sustainable practices, which are ingrained in our DNA. Our commitment extends beyond efficient pipe systems to encompass a comprehensive sustainability strategy, all under the motto "More than pipes – for a better quality of life."

We are committed to producing high-quality products and ensuring their proper finishing. We manufacture longitudinally welded stainless steel pipes for our customers around the world. We supplement this offering for the benefit of our clients by incorporating various processes throughout the value creation chain. By integrating modern production technology with skilled craftsmanship and extensive experience, we create custom components tailored to our customer's specific requirements, supporting a sustainable process.

Additionally, we strive to positively impact on the quality of life in our community and on the environment. We put people at the center of all decisions, developments and processes. This is why we are dedicated not only to our customers and employees but also to the people in the region. For example, we support many social projects in the area where we live and work.



## Our 2024 BUTTING strategy: We are the preferred partner for our customers.

We have gained valuable insights from our 2020 strategy, particularly about ourselves and our customers. Through collaborative efforts, we have developed target processes and achieved a significant milestone with implementing of the organisation into business units. Building on this, we have defined five strategic goals in our 2024 BUTTING strategy.

Hermann Butting explains: "One of our key responsibilities as management is to provide clear direction. Everyone needs to understand the path we are taking. We aim to achieve 'Progress by Tradition – for our customers and staff in this generation and the next'. To succeed, it is essential for us to be future-proof, sustainable, and competitive. We also rely on the favour and support of our customers. Our goal is for BUTTING to be their top choice!"

## BUTTING – consciously SAFE design

At BUTTING, the health and safety of our employees and business partners are top priority. In order to further and sustainably improve occupational safety at our Knesebeck site, we launched the project "BUTTING – consciously SAFE design." In the coming years, a comprehensive set of initiatives will be implemented involving

all employees and managers. This will include various training programmes aimed at increasing awareness of accident risks and promoting safe walking and climbing.

## Real Strengths

BUTTING considers Corporate Social Responsibility (CSR) an essential component of our corporate culture. One of our key focus areas is the benefits we provide to our employees. These measures demonstrate our commitment to social responsibility and are a crucial component of our strategy to establish a sustainable and supportive work environment.

With the motto "Real Strengths," our benefits programme has been bringing our employees together for a number of years.

In this context, living values form the foundation of our collaborative approach. The strong partnership within the BUTTING family of employees is built on appreciation, reliability, and honest communication. We strive to set new benchmarks in the stainless steel industry and are committed to supporting our employees.

We are confident that these slogans will help us effectively communicate BUTTING's identity, values and objectives within the organisation and to the public, thereby positively influencing the perceptions of both employees and customers.



## BUTTING's mission statement

Since our establishment over 245 years ago, prioritising responsibility and integrating sustainability into our business practices has been a fundamental aspect of our corporate culture. Our long-standing mission is founded integrity, social responsibility and environmental awareness.

Our company has consistently been guided by the following principle: "Our aim is to hand over a healthy company to the next generation!" We have been committed to this tradition for many generations and are simultaneously focused on building a successful future. This is reflected in our motto, "Progress by Tradition". We grow with challenges and embrace change. To this end, we are continuously developing our company, our products and our employees.

Our corporate philosophy is expressed in our mission statement. It reflects how we see ourselves as a company and our vision for the future. We focus on the customer and their requirements.

At the same time, our mission statement brings us together within the organisation.

We take pride in the fact that our values are lived across all areas of our business. From the supply chain and product life cycle to collaboration with our employees and business partners, we strive to promote positive societal change.

In this year's sustainability report, we would like to highlight the ongoing nature of our efforts. This long-standing commitment is evident in our ethical business practices and in specific initiatives that support social justice, protect the environment and create long-term value for all stakeholders.

We view the promotion of sustainability not only as a responsibility but also as a fundamental aspect of our identity. This deeply ingrained mission statement inspires us to persist in finding innovative ways to make a positive contribution and proactively address the challenges of the future.

# Our Mission statement –



## Family business

We are a self-determined family business managed by the 7th generation of the Butting family. Our aim is to hand over a healthy company to the next generation!"



## A family of employees

We are a well-trained, international family of employees and we understand ourselves as people who learn something new every day. We owe our innovative strength and ability to find solutions to many years of experience and teamwork, as well as to new ideas and unique personalities!



## Sense and quality of life

We support the success of our clients and with our corrosion resistant products we support sustainability and quality of life. With our economic success we assure our future as a self-determined family business and contribute substantially to the living standard of our employees and their families.



## A valuable cooperation

We represent the values of our 'House of Cooperation':

- Mutual esteem • Commitment to perform • Honesty
- Openness • Reliability • Courage

In order to make our cooperation successful and joyful!

# A clear vision for the future

## BUTTING fans

We are well-known for quality and reliability.  
We assume responsibility for our work – as well as for our mistakes.  
Our customers will be delighted with the service we render!



## A powerful, global network

We create a powerful network with worldwide cooperation partners  
and through global market presence with BUTTING companies.



## Top performance

A top performance is our inspiration! We are strong in the sectors of

- Materials and welding technology
- Cryogenics
- Production technology and quality assurance
- Handling of major projects

and we invest continuously for a successful future.



## Healthy, safe and environmentally friendly

In organizing the workplaces we take care of health and safety of our employees and visitors on-site. The safety at work has first priority in our daily work. We save resources, protect the environment and act in accordance with man and nature.





The Management Board at H. Butting GmbH & Co. KG in 2023  
(from left to right: Dirk Meinecke, Thomas Schüller, Hermann Butting, Norbert Heinzle)

## CSR commitment and management obligation

CSR is the ethical obligation of businesses to contribute to the well-being of society. BUTTING recognises its social responsibility. The actions of businesses today will determine the future of generations to come. Every company has a direct or indirect impact on people and the environment through its business activities. Entrepreneurs are responsible for adopting and implementing these practices and decisions in a sustainable and socially responsible manner to ensure that the world remains habitable for future generations. Conducting due diligence for companies involves carefully examining business decisions and activities to identify any potential negative impacts or harm to individuals, society, and the environment.

BUTTING was founded in 1777. As a family business in its 7th generation, it has always prioritised sustainability. As a company, our contribution to society is dependent on the success of both ourselves and our customers. BUTTING's approach has always been to prioritise long-term results over short-term profits. Establishing long-term and reliable partnerships with customers, suppliers, and employees is a cornerstone for sustainable practices. Our commitment to creating meaning and prosperity for our employees and the region has always been our credo and guiding principle. When our employees thrive, it positively impacts the success of the company and the region as a whole.

At BUTTING, sustainability is a core principle that guides all decisions and actions within the company. This principle encompasses the procurement of raw materials, the high-quality manufacture of our products and their sustainable use, and recycling by the customer. The same principle applies to our employees – from career entry, training, and education to ensuring safe working conditions and a healthy retirement. The demands on contemporary corporate management are immense. Issues such as advancing climate change, environmental protection, the conservation of nature, and the role and rights of people are becoming increasingly important. Sustainability is a key concern for stakeholders, including political decision-makers, potential and current employees, customers, business partners, and the general public.

BUTTING's management is committed to practising sustainable corporate management. We are actively committed to climate protection, protecting the environment, ensuring job security, and promoting equal opportunities. Our principles align with the ten United Nations Global Compacts (UNGC) and the 17 Sustainable Development Goals (SDGs). We are committed to integrating these values into our strategy and daily operations, emphasizing transparency and accountability.



20th anniversary of the advisory board in 2023

## Identification of material topics through discussions with both internal and external stakeholders

### Collection of sustainability topics:

In collaboration with the sustainability team, BUTTING's management initiated a workshop to identify relevant sustainability issues in a first step. These issues were identified within the framework of BUTTING's business and included both favourable and adverse effects on the economy, the environment and people, including human rights. In accordance with the Global Reporting Initiative (GRI), topic standards, industry benchmarks for sustainability, and the input of BUTTING employees, managers, and the President were taken into account. Surveys and literature research were used as the foundation for this process.

### Integration of expectations and ideas:

In the second step, the expectations of external stakeholders were incorporated into the identification of key topics. This was done on the basis of surveys and feedback. We interviewed various external CSR stakeholders, including individual customers, suppliers, banks, insurance companies, and official bodies, to gather their perspectives.

### Assessment and prioritisation:

Due to these steps, we have compiled a list of 28 topics or sustainability aspects. The third step involved an assessment and prioritisation by BUTTING's top

management team, individual managers, employees, and other stakeholders, such as business partners, the advisory board, and auditors. The assessment considered the materiality of the impact within BUTTING's corporate context. A weighted evaluation was used to determine the top 10 topics.

### Supplementation and determination of the material topics:

In the final step, the top 10 topics were subsequently supplemented to include the aspects of greenhouse gas (GHG) / CO<sub>2</sub> emissions and sustainability and transparency in the supply chain. The individual topics were classified according to the ESG categories. The list on the following page presents the findings of our materiality analysis and serves as the foundation for BUTTING's sustainability strategy, outlining the action areas and key topics.

In the future, we will continuously refine and update the process for identifying the material topics in line with the applicable reporting requirements. This will ensure that we always recognise the most relevant topics and can address them proactively. In parallel, we regularly review our strategy and adjust it as needed to maximise our progress optimally.

Results of the materiality analysis		
E Climate/Environment/Ecology	S Social/People	G Governance/Corporate Management/Economics
<b>Very material topics</b>		
		Financial stability and healthy growth
		Sustainable innovations and products
		Customer satisfaction
Quality and product safety		
		Value-based leadership
	Occupational health and safety	
Conservation of resources		
	Training and education	
	Fair working conditions and remuneration	
	Attractiveness as an employer	
CO <sub>2</sub> emissions		Sustainability and transparency in the supply chain

Other material topics		
Circular economy	Employee commitment	Partnership-based business relationships
Water and effluents (water management)	Diversity, inclusion and equal opportunities	Ethical business behaviour and integrity
Waste	Cooperation with the social partner	Resilience and transition to a low-emission economy
Energy intensity	Respect for human rights	Transparent communication and reporting
Transport and traffic		Social (regional) commitment
Biodiversity		Anti-corruption and anti-bribery measures



BUTTING pipes for a better quality of life, here in a sewage treatment plant

## Our sustainability strategy

Our vision, "BUTTING products for a better quality of life", and our mission, "We want to pass on a healthy company to the next generation," are the objectives of our sustainability strategy. At BUTTING, we are dedicated to developing and manufacturing sustainable solutions that provide the highest quality, respect the environment and improve the quality of life of our customers, employees and future generations. We are committed to environmentally friendly production processes, resource efficiency and continuous innovation positively impact creating a more sustainable world. We strive for a sustainable future where environmental protection, social responsibility and responsible corporate management are in balanced.

Our sustainability strategy is informed by the findings of the materiality analysis. We have defined focus topics in the environmental, social and corporate management categories. We have also established short-, medium- and long-term targets for each focus area. Performance indicators will enable us to monitor progress effectively and make necessary adjustments if projects and measures do not achieve the desired outcomes. Our action areas are the building blocks of our sustainability strategy and are detailed in the table on the following two pages.

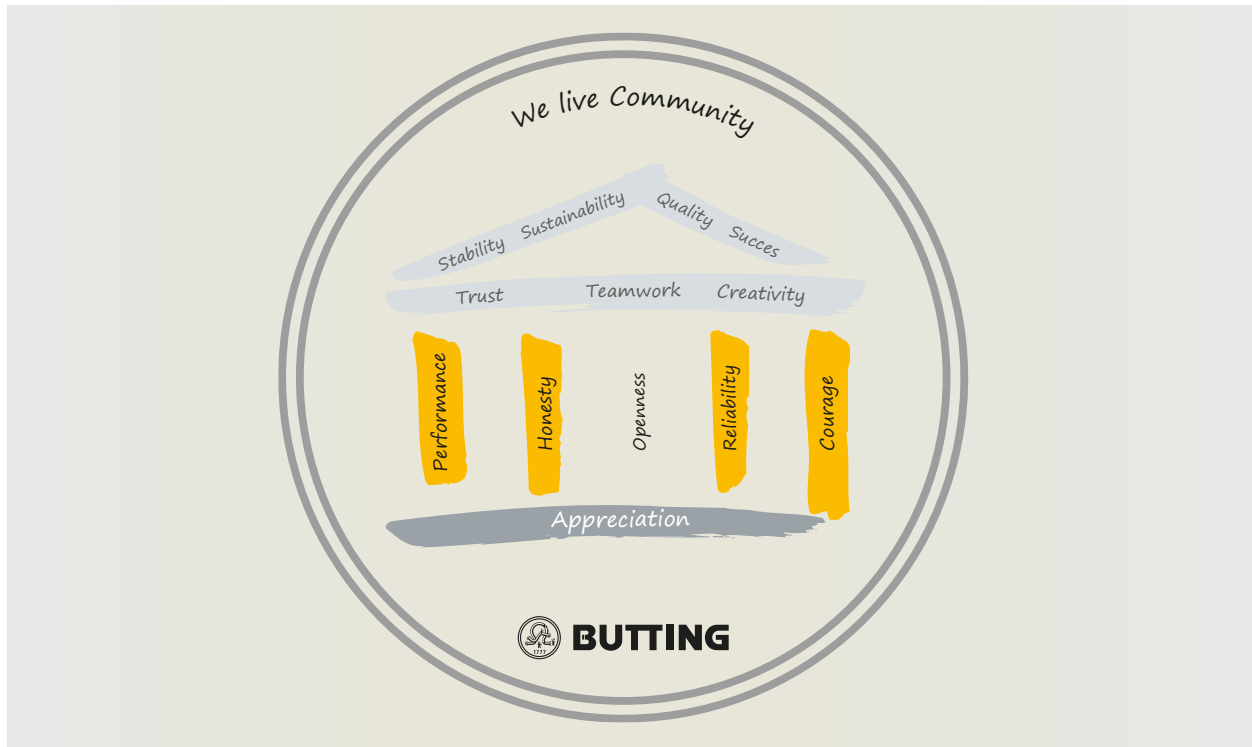
BUTTING sustainability strategy	Motto	Overall objectives
<p><b>Environment</b></p>	<p>On the road to carbon neutrality 2050</p>	<p>Reduction of our carbon footprint</p> <p>Conservation of resources</p>
<p><b>Social responsibility</b></p>	<p>We live community</p>	<p>Attractiveness as an employer</p> <p>Occupational health and safety</p>
<p><b>Responsible, value-based corporate management</b></p>	<p>A valuable future for the next generation</p>	<p>Financial stability and healthy growth</p> <p>Value-based corporate management</p> <p>Sustainable business model: BUTTING – more than pipes – for a better quality of life</p>

Action areas	KPI
<ul style="list-style-type: none"> <li>• Increased utilisation of renewable energies</li> <li>• Efficiency improvements through process optimisation and the implementation of energy-efficient technology</li> </ul>	<p>We are committed to achieving carbon neutrality (Scope 1 and Scope 2) by 2050 at the latest. As milestones towards this goal, we want to reduce our CO<sub>2</sub> emissions by 30 % by 2030 compared to the 2022 reference year and by 60 % by 2040</p>
<ul style="list-style-type: none"> <li>• Improving energy and resource efficiency and establishing cycles for materials, waste and water</li> <li>• Adherence to high quality and product safety standards</li> <li>• Ongoing optimisation through the continuous improvement process (CIP)</li> </ul>	<p>We are working towards energy efficiency and reducing our scrap and rework rates by 20 % each by 2035 compared to the 2022 reference year</p>
<ul style="list-style-type: none"> <li>• Strengthening the employer brand</li> <li>• Family-friendly, team-orientated employer and training company</li> <li>• Fair working conditions and remuneration</li> <li>• Promoting lifelong learning through training and education</li> </ul>	<p>We are an attractive employer in the region, and our training places and job vacancies are or can be filled promptly</p>
<ul style="list-style-type: none"> <li>• Developing a reliable occupational safety culture</li> <li>• Creating a safe and healthy working environment</li> <li>• Vision Zero: Aiming for zero accidents</li> </ul>	<p>A maximum of 5 workplace accidents per 1 million hours per year by 2030, no work-related fatalities</p>
<ul style="list-style-type: none"> <li>• Risk-controlled business policy</li> <li>• Responsible handling of contractual commitments and financial resources</li> </ul>	<p>a) Equity ratio greater than 50 % b) Preservation of an owner-managed, self-determined family business in the 8th generation</p>
<ul style="list-style-type: none"> <li>• Establishing value-based leadership standards and behaviour at all management levels</li> <li>• Promoting a culture of integrity and accountability</li> <li>• Ensuring compliance through training and understanding</li> </ul>	<p>a) The annual rates of Integrated Leadership System (ILS) fulfilment in nationwide qualification and application of the standards are above 90 % b) At least 95 % of the employees concerned have taken part in the mandatory annual compliance training courses</p>
<ul style="list-style-type: none"> <li>• Continuous increase in customer satisfaction</li> <li>• Ongoing development of sustainable products and innovations</li> <li>• Promotion of sustainability standards throughout the supply chain</li> </ul>	<p>a) Customer satisfaction score is rated as "good" on average, at a minimum b) Requirements for the German Act on Corporate Due Diligence Obligations in Supply Chains have been implemented</p>

03



Social/ People



The House of Cooperation 4.0

## Our greatest asset: People

### Understanding of values

Since the establishment of the BUTTING family business, people have been valued as the company's greatest asset, and leadership has been guided by ethical principles. Over seven generations, the Butting family has consistently upheld and strengthened their understanding of values. The "House of Cooperation" is our cornerstone of our way of life and work at BUTTING.

**Appreciation** is the foundation of BUTTING. We are convinced that every individual deserves consideration and respect. This means, for example, that positively approach each other, demonstrate good etiquette, including when communicating by e-mail, and talk with each other rather than about each other. People who contribute to the well-being of the company are supported by BUTTING in developing their potential.

This is the foundation for the following supporting pillars:

**Performance** means that every individual commits themselves 100% to the success of the BUTTING Group. Here it, is not only important that every individual diligently takes on the tasks assigned to them. Rather, we

also support one another as a team and are successful together. If we cannot deliver the performance expected, we will work together to identify the root causes and explore possible solutions. In this way, we are committed to progress, growth and ensuring the future of the BUTTING Group.

**Honesty** means to us that what we say is in line with what we do. We know the limits of our actions and don't make promises we can't keep. We stand up for our convictions, face up to difficulties, and admit our own mistakes openly at an early stage.

**Openness** means that we are open to other people, new technologies and new forms of teamwork and organisation. In order to continue to be competitive in the future, we must, as a company, regard changes as opportunities and take advantage of them. That is why we see ourselves as learning every day. We question existing interdependencies and develop new ideas for our own tasks, processes, the department, or the company. In so doing, we consider the arguments and ideas of employees and colleagues when reaching decisions.



**Reliability** implies that we build long-term relationships. We succeed in this when we live the values of care, discipline, faithfulness, and loyalty to the company. That is why, for example, we complete our tasks and appointments reliably and on schedule or communicate difficulties and possible delays to the downstream departments at an early stage. Discrete handling of personal information and corporate expertise is crucial to us.

**Courage** means that every individual takes decisions independently within their area of responsibility and implements new ideas. We, therefore, try out innovations on our own initiative if this benefits our corporate objectives and progress. Every individual fulfills the tasks allocated to them responsibly and stands up for the consequences of their actions. However, we also stand up for our own ideas even if they do not directly affect our area of responsibility.

If these values are embraced, we firmly believe that an atmosphere of trust, creativity and genuine teamwork will develop. Every employee should be able to reach their full potential to the best of their ability. The rewards are stability, sustainability, quality, and success. This is the way to achieve Progress by Tradition.

## Social responsibility

The Universal Declaration of Human Rights is the foundation for BUTTING's work. BUTTING is committed to protecting human rights and dignity to foster a fair and respectful society.

All employees receive fair remuneration and are entitled to establish committees and enjoy fair working conditions and hours. In the BUTTING family of employees, every individual is valued and respected regardless of gender, nationality, or occupation.

The scope of application includes companies and stakeholders as well as sustainability requirements in the supply chain. The relevant frameworks are the Code of Conduct (CoC) and Social Compliance.

Incidents of discrimination can be reported in person or via our BUTTING whistleblowing system.



## Personal transformation: Training and education

The BUTTING Management Board knows the crucial success factor for the company: The foundation, which cannot be replaced by technological developments, is the specialised knowledge of our staff. We provide a wide range of internal and external training opportunities to help them enhance their personal competencies and further develop their diverse skills and abilities. At our main plant in Knesebeck, career starters have a wide range of opportunities. With a total of ten different trainee occupations and four-degree programmes, we offer a wide range of training in attractive professional fields. With a focus on holistic training, all apprentices – whether in commercial or industrial-technical fields – gain practical experience in working with stainless steel. Regular discussions are an important part of training at BUTTING. We provide trainees with regular feedback on their progress. This feedback is an essential building block for development. Receiving honest feedback at an early stage is essential for individuals to utilise it in their work and advance their personal and professional development.

As a company with a global presence and high standards for the quality of our products, this approach is reflected in the strong performance of our trainees. In

the biennial "Jugend schweiß" competition for young welders organised by the German Welding Society (DVS), our trainees can showcase their welding skills alongside trainees from other companies. We are proud to see them consistently qualify for participation at the district, state, and national levels.

BUTTING particularly recognises exceptional performance: The top trainees of each year receive a training completion bonus as a form of recognition. Furthermore, we provide all interested trainees with a twelve-month fixed-term employment contract upon successful completion of their training. This often leads to a permanent employment contract for those demonstrating strong performance and commitment.

### Modern training

We also continuously support the advancement of digital learning in our training programmes and provide tablets to all trainees and students. This enables our trainees at BUTTING to easily conduct online research and quickly save notes as part of their daily routine. Our trainees have the option to use digital versions of their textbooks and benefit from interactive learning. In the classroom

	Training occupation	Number of trainees			
		Training year 1	Training year 2	Training year 3	Training year 4
<b>Industrial-technical training</b>	Systems mechanic	11	10	11	6
	Electronics engineer	2	3	1	-
	IT specialist	2	2	1	-
	Industrial mechanic	2	2	2	3
	Machine and systems operator	6	5	-	-
	Technical product designer	2	2	1	-
	Materials inspector	3	2	2	0
	Cutting machine operator	4	3	3	4

<b>Commercial training</b>	Storage logistics expert	3	2	3	-
	Commercial clerk	5	5	3	-

	Study programmes	Number of students			
		Training year 1	Training year 2	Training year 3	Training year 4
<b>Part-time study programmes</b>	Business administration	2	-	-	-
	Business information technology	-	-	-	-
	Industrial engineering	-	5	-	-
	Marketing and communication	-	-	1	-

as of 31 December 2023

they can capture images from the whiteboard, share their work results, and effectively use their study materials to prepare for tests. More and more apps are available as learning aids.

As a global company, BUTTING provides international opportunities for trainees and students. As another development option to get to know other cultures, learn foreign languages, and develop personally, BUTTING offers trainees and students the chance to participate in an international internship programme.

The Youth and Trainee Representation (YTR) body collaborates closely with the social partner. It is dedicated to supporting the interests and needs of our young employees and trainees. Its primary goal is to foster a strong sense of community, both among the trainees and between them and their trainers. For example, they organise the annual Christmas party and the trainee excursions.

## Study programmes

Students at BUTTING face a wide range of tasks and challenges within a technical, economic, and scientific environment. They can also take on responsibility from day one. The interdisciplinary training programme allows

for the direct application of theoretical knowledge in practice. Thanks to the various learning models with partner universities, such as Ostfalia Wolfenbüttel and Hanover University of Applied Sciences and Arts, BUTTING offers excellent study opportunities.

These include degree programmes such as business administration, business information technology, industrial engineering with a specialisation in mechanical engineering, and industrial engineering with a specialisation in technical sales.

## Internal training (using the example of NDT)

BUTTING relies on non-destructive testing (NDT) for industrial production and maintenance. The physical measuring technology and energy interactions enable quality control measures to without damaging the test specimen. Thanks to this high level of waste avoidance, the process has a significant ecological impact on the metal industry. In order to ensure a standardised test procedure, it is essential to have high expectations for the testing personnel, as described in the EN ISO 9712 standard. As a result, one of our quality features is our extensive training in non-destructive testing methods, which is available both internally and externally.



## Employee programme – individual support

BUTTING is continuously committed to its employees and offers an annual employee programme for in-house training. The programme covers various topics, including BUTTING expertise, personal skills, languages and leisure activities. This enables us to support a variety of different personal qualification fields. The current programme includes the following offerings:

- Leisure activities: photography courses, watercolour painting for beginners and advanced students as well as a chainsaw course
- Personal development: Microsoft Office courses at various levels, nutritional advice workshops for the family and English language courses at various proficiency levels

The programme is open to all BUTTING employees and select external individuals. Participation in the seminars is voluntary and takes place in the employee's spare time (e.g., holidays, reduction of work hours). BUTTING covers the participation fees and the organisational expenses.

## BUTTING Akademie

Long-term relationships are part of our mission. The name BUTTING is synonymous with the Knesebeck region and stands for Progress by Tradition, high-quality products, reliability, and growth a strong value orientation.

When entrepreneur Hermann Butting founded the BUTTING Akademie in Knesebeck in 2004, he had a clear vision! People should receive support in their personal and professional development. Simultaneously, regional businesses should be empowered through the promotion of a value-based corporate culture and employee development. Today, the vision is being realised through three independent business divisions, all of which share a strong emphasis on personal commitment and quality awareness in the execution of each project: In addition to renting out the company's own conference center, BURG Knesebeck, the company also offers customised training concepts and supports charitable projects in the region. The aim of the BUTTING Akademie is not only to impart knowledge but also to convey values that are practised at BUTTING.



BUTTING employee programme										
Programme/ edition	Year	BUTTING expertise		Personal skills		Leisure time		Language course English	Parent forum	
		NC <sup>1</sup>	Ps <sup>2</sup>	NC <sup>1</sup>	Ps <sup>2</sup>	NC <sup>1</sup>	Ps <sup>2</sup>	NC <sup>1</sup>	NC <sup>1</sup>	Ps <sup>2</sup>
9th edition*	2020/2021	0	0	8	49	0	0	1	0	0
10th edition	2021/2022	3	36	11	101	3	21	1		
11th edition	2022/2023	1	5	10	88	4	31	1	2	9
<b>Total Amount</b>		4	41	29	238	7	52	3	2	9

\*Programme with limited availability of offerings due to the COVID-19 pandemic  
<sup>1</sup>NC = Number of courses conducted, <sup>2</sup>Ps = Participants

The BUTTING Akademie aims to promote the potential of each individual through targeted development, advice, and training. It is committed to supporting others, particularly with regard to private individuals, daycare centres and schools.

### Tiny Tots Science Corner

One particular example is the "Tiny Tots Science Corner" ("Haus der kleinen Forscher") project. The "Tiny Tots Science Corner" cooperation project, based in Berlin, aims to promote scientific, mathematical, and technical education for young children throughout Germany. The initiative in the district of Gifhorn is supported by a range of regional companies, and BUTTING Akademie GmbH is in charge of project coordination. In 2024, the project will celebrate its fifteenth anniversary in the district of Gifhorn. In an initiative of the district of Gifhorn, the local companies IAV GmbH, Volksbank BraWo Stiftung, Sparkasse Celle-Gifhorn-Wolfsburg, and the German Red Cross Gifhorn Regional Association are committed

to offering early support in the fields of science, technology, engineering and mathematics (STEM) under the project management of BUTTING Akademie.

The support provided by the network partners takes the form of financial resources or the provision of human resources. With 685 participants from 94 currently active daycare centers, 54 themed workshops were held.

In autumn 2022, our network launched the Foundation's educational programme on "Education for Sustainable Development", complementing the existing themed workshops in the STEM fields. Through this educational concept, we aim to empower children to explore and understand our complex world, including its finite resources, and to inspire them to actively participate in shaping it. The "Open the Door!" introductory training programme addresses sustainability issues that affect the daily lives of both girls and boys.

## Health

BUTTING practises the holistic health approach. Ensuring a healthy and safe working environment is an essential part of our sustainable corporate strategy.

At BUTTING, activities relating to health-promoting preventive measures are summarised under occupational health management (OHM). The specific objective of occupational health management is to maintain and enhance the physical, emotional, mental, and social well-being of all employees. We advocate for comprehensive health support for employees of all risk levels and age groups. Each year, initiatives are implemented to address various important health topics. For help and support with occupational health concerns, the corporate healthcare service/company doctor is accessible on-site and during publicised working hours.

The following organisations act as BUTTING's health partners:

### Preventive healthcare

B-A-D Gesundheitsvorsorge und Sicherheitstechnik GmbH supports BUTTING with a wide range of services including:

- Conducting compulsory, preventive and optional occupational health examinations
- Company inspections
- Occupational health consultations
- Guidance on organising corporate first aid
- Occupational reintegration
- Advice on ergonomics for workplace and lifestyle enhancement
- Assistance with risk assessments
- Providing employees with information on occupational health and safety issues



### Healthy career start

The health insurance company AOK Niedersachsen is a long-standing partner and supports trainees in starting their careers in good health. The goal is to raise awareness about health-related issues. This has resulted in the offering of workshops for exchanging information and reflecting on one's own health behaviour. Modules with a specific focus can be selected and completed as needed.



### Psychosocial counselling

The Christian Psychological Counselling Service Gifhorn (Christlich-Psychologischer Beratungsdienst Gifhorn e. V., CPB) looks after the mental well-being of BUTTING employees and their family members. The service is available for a wide range of issues, including:

- Overwork and burnout
- Fears and health concerns
- Challenging family issues and crises
- Relationship problems and couple counselling
- Concentration issues, restlessness, sleep disorders, increased irritability, lack of joy and loss of interest
- Psychosomatic complaints
- Work-life balance
- Mental health conditions such as depression, compulsions, panic attacks and eating disorders
- Post-traumatic stress disorders
- Traumatic experiences
- Feelings of hopelessness and suicidal ideation





### In-house addiction prevention

The primary goal of addiction prevention is to assist employees who are affected by addiction at an early stage in finding a way out of recognised addiction situations. Simultaneously, the goal is to prevent any potential harm to those affected by the addiction as well as others, both in their personal lives and at work.

In recent years, it has become evident that dedicating resources to addiction support is a valuable endeavour. Numerous employees who have been impacted have received assistance and have successfully reintegrated into the company community.

An addiction task force has been established to coordinate the company's efforts in preventing addiction. In addition to online assessments, the company addiction counsellors and the addiction task force, support resources such as self-help groups, counselling centres and specialist clinics are also included in BUTTING's assistance process.

### Additional health initiatives

BUTTING offers its employees a range of health promotion initiatives, such as regular fruit days and the "BUTTING gets moving" programme. The programme includes the popular company runs that take place annually in Kneesebeck and Braunschweig. "An event like this is enjoyable and beneficial for your health. It also encourages a sense of community among colleagues, which has a positive impact," explains Norbert Heinzle, Managing Director of BUTTING in Kneesebeck.

### Occupational health and safety in accordance with ISO 45001

Ensuring the occupational health and safety of our employees has always been a fundamental aspect of our mission statement. Under the motto "We make BUTTING safe," it is our declared aim to practise the occupational health and safety culture throughout the entire BUTTING Group and to invest in it continuously.

We are making every effort to prevent injuries, accidents, and work-related illnesses. At the same time, we are continuously working to reduce hazards at our sites actively. The working environments of our employees, the machines and systems, as well as the workstations, are systematically analysed for potential hazards. Risks are assessed, and measures are implemented to minimise and prevent them.

In order to ensure occupational, operational, and plant safety for our external companies and visitors at our Kneesebeck site, all external companies and visitors are briefed by our external company coordinator or the visit coordinator before entering the site. The provisions and requirements are outlined in our guideline for dealing with external companies.

Workplace accidents			
Work-related injuries with serious consequences			
Year	2022	2023	
Number*	25	36	
Lost Time Injury Frequency Rate (LTIFR)**	9.0	11.9	
Fatalities due to workplace accidents	0	0	

\*Number of reportable workplace accidents resulting in more than three days of lost work

\*\*per 1 000 000 hours



## BUTTING – consciously SAFE design

At BUTTING, the utmost importance is placed on health and safety. A variety of measures have been introduced and put into practice in recent years. Our ultimate objective is to be able to achieve a zero accident rate (Vision Zero) at BUTTING. As a first step, we aim to achieve a rate of no more than 5 workplace accidents per 1 million hours per year by 2030.

To ensure the long-term stability of this intermediate step, the "BUTTING - consciously SAFE design" programme was launched and will be gradually rolled out for all employees and managers over the next few years. The goal is to cultivate a reliable occupational safety culture within our company. The programme will cover the following key training areas:

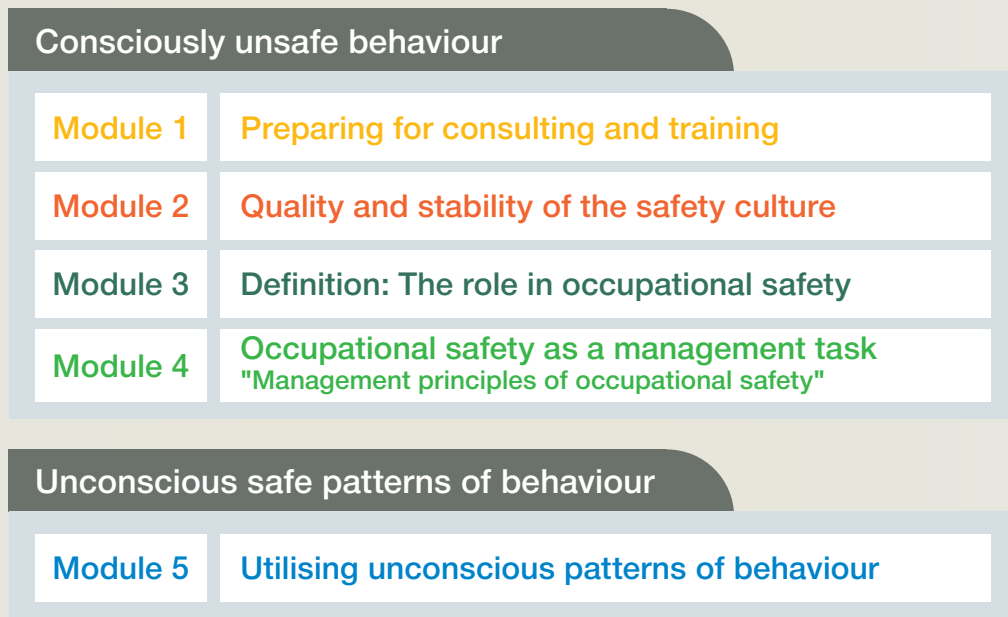
- Targeted perception of accident risks
- Safe walking, climbing
- Controlling movements safely
- Avoiding dangerous reflexes
- Coordinating safe workflows for new activities and routine tasks

Sustainable training programmes have been developed closely with occupational safety experts from the Institute Bruno Schmaeling Consulting Group (IBS). These programmes were launched in 2022 and will be gradually implemented over the coming years. As part of this project, the training priorities mentioned above are being developed and followed up in workshops at all levels and with all employees in collaboration with IBS. The goal is to effectively and sustainably guide all employees to transition from unconscious unsafe behaviour to unconscious safe patterns of behaviour. Particular attention is paid to the unconscious patterns of behaviour.

The programme consists of five modules:

- Preparing for consulting and training
- Determining the current status of the quality and stability of the safety culture
- Defining various roles in occupational safety
- Occupational safety in practice as an essential management task
- Preventing unconscious mistakes

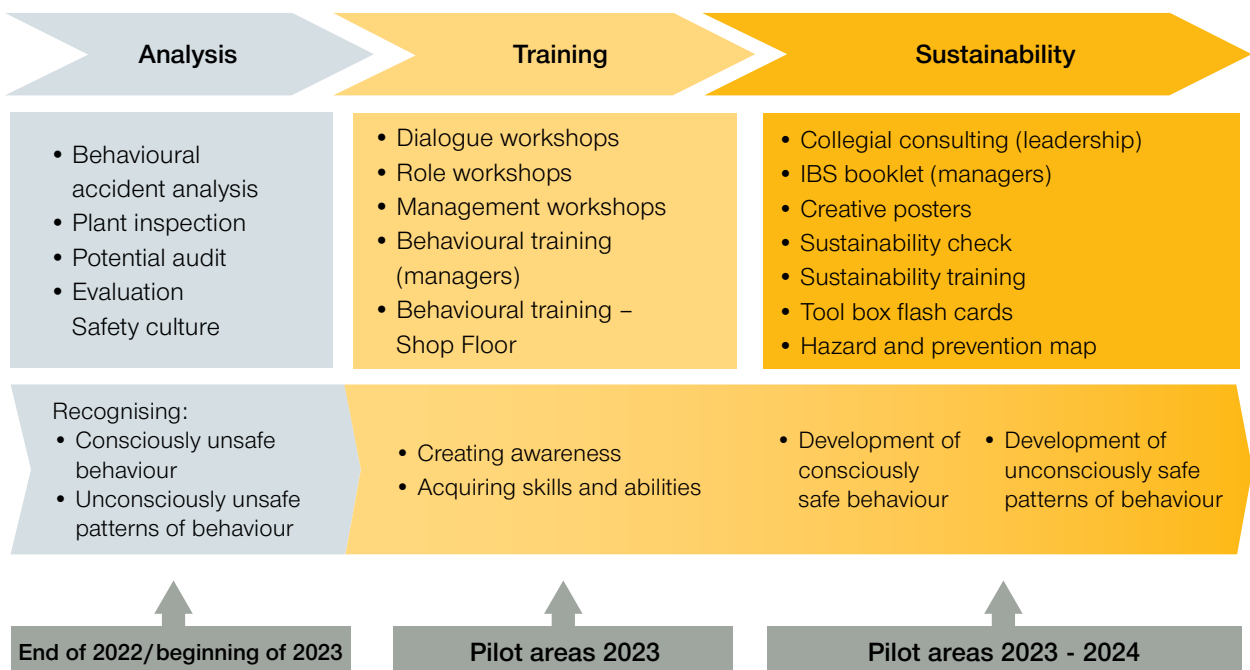
### The strategy for injury-free operation



The preparation of the consulting and training sessions commenced with an internal assessment to survey the quality and stability of the safety culture. This was followed by factual analyses of accident hotspots, behaviour-related accident analyses, and unconscious areas of action, as well as external assessments through potential audits.

The surveys to assess the quality and stability of the safety culture in-house were conducted at the beginning of 2023 with the employees in the first defined areas at BUTTING. The purpose of these surveys was to determine the current situation. A total of 343 people participated in the surveys.

### Overview of the consulting and training concept



In February 2023, potential audits were conducted with the objective of assessing the current situation by external occupational safety experts (IBS). They conducted additional interviews with employees, managers, senior management, and the Head of Health, Safety, Environment (HSE), as well as inspections in the various areas. The audits focused on the significance of occupational safety, the quality of management in relation to occupational safety, hazard management, safety information and communication, the establishment of safe working practices, and the promotion of safety expertise.

In March 2023, dialogue workshops were conducted with a total of 157 participants. The findings from employee surveys and potential audits were presented and discussed in these workshops, leading to the identification of initial improvement measures.

In April 2023, additional dialogue workshops were held for the pilot areas of real estate and supply as well as maintenance. Role workshops were also held with managers (including Management Board, business unit managers, core process managers, sub-process managers, team leaders, and the works council) on the subject of leadership behaviour in occupational safety in order to define the occupational safety roles at the relevant levels. A further management training course in June 2023 helped to further refine the process for addressing non-compliance with safety regulations, communication, and role model behaviour. In December, the most frequent causes of accidents (technical, organisational, personal) were identified. A graphic representation of the causes of accidents was developed concerning to conscious and unconscious behaviour.

**BUTTING – consciously SAFE design – Initial areas in 2023**

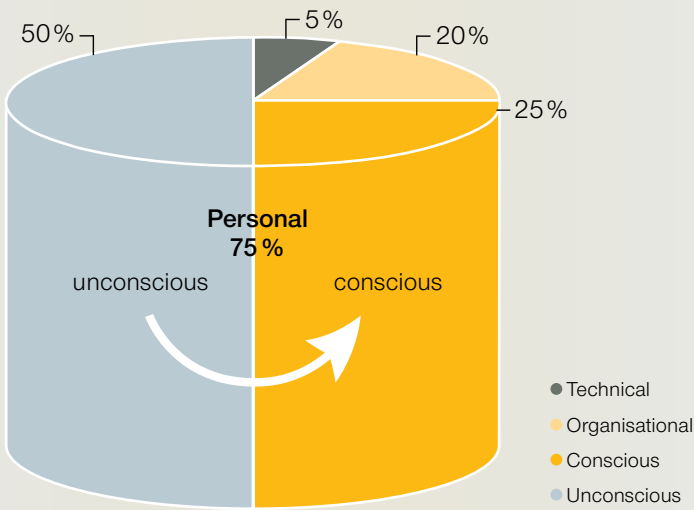
Measurement criteria	Employee survey	Potential audit	Dialogue workshops*	Role workshop**
Period	10/01 – 11/01/2023	06/02 – 08/02/2023	14/03 – 27/04/2023	26/04 + 05/07/2023
Scheduled dates	15	3	11	1
Completed dates	15	3	11	2
Implementation rate	100%	100%	100%	200%
Potential participants	396	-	385	47
Number of participants	343	-	203	30
Participation rate	87%	-	53%	64%

\*IBS had not planned for all employees to participate  
 \*\*It was not necessary for all managers to participate (each level had to be represented on site)

**BUTTING – consciously SAFE design – 2024**

Measurement criteria	Behavioural training 1 – Mngr.	Behavioural training 2 – Empl.	Behavioural training 3 – Mngr.	Behavioural training 3 – Empl.
Period	04/03 – 18/03/2024	04/03 – 05/04/2024	27/05 – 13/06/2024	27/05 – 21/06/2024
Scheduled dates	3	16	3	16
Completed dates				
Implementation rate	0%	0%	0%	0%
Potential participants	46	353	46	353
Number of participants				
Participation rate	0%	0%	0%	0%

**BUTTING SAFE design – Accident pie chart**



Work was also carried out on breaking habitual eye movement patterns and on the targeted perception of dangers.

In 2024, the focus will be on the implementation and long-term effectiveness of the measures. The focus here is on analysing accident log book entries and near-miss incidents as well as processing and continuing identified potential for improving occupational safety in the initial areas. Furthermore, there are plans to develop a planning concept for the next phase of the project.

**Management training 1**

Management training 1	Management training 2	Behavioural training 1 – Mngr.	Behavioural training 1 – Empl.		
05/06 – 07/06/2023	28/08 – 30/08/2023	13/11 – 06/12/2023	13/11 – 06/12/2023		
3	3	3	12	Scheduled	51
3	3	3	15	Total	55
100%	100%	100%	125%		

47	47	47	353	Pot. participations	1 322
41	28	37	270	Number of participants	952
87%	60%	79%	76%	Rate	72%

**Behavioural training 4**

Behavioural training 4 – Mngr.	Behavioural training 4 – Empl.	Management training 3	Safety officer training		
09/09 – 23/09/2024	09/09 – 01/10/2024	04/11 – 06/11/2024	2024		
3	18	3	3	Scheduled	65
				Total	0
0%	0%	0%	0%		

46	353	46	18	Pot. participations	1 261
				Number of participants	0
0%	0%	0%	0%	Rate	0%



Metal cutting technology earned the "Golden Broom" in 2023



## BAGU team

BAGU stands for Betrieblicher Arbeits-, Gesundheits- und Umweltschutz and refers to Occupational Health and Safety and Environmental Protection. The team meets four times a year in accordance with Section 11 of the German Occupational Safety Act (Arbeitsschutzgesetz, ASiG).

In addition to the statutory requirements, BUTTING also includes the topic of environmental management. The Management Board, an occupational safety specialist, the company doctor, the environmental management officer, safety officers, and other internal experts, if necessary, all participate in identifying the extent of the relevant topics. The **core topics** include:

- Analysis of current key figures
- Status of ongoing projects related to occupational health and safety and environmental protection
- Coordination of improvement measures for occupational health and safety and environmental protection
- Discussion of upcoming legal changes

## Occupational safety management software

In 2023, BUTTING introduced occupational safety management software with a focus on updating and converting risk assessments.

The aim is to achieve a standardised presentation of risk assessments and to be able to develop improvements to the processes for creating and updating risk assessments. BUTTING is also planning to expand the software to include the processing of internal audits, the tracking of measures from audits, as well as the organisation and implementation of instructions and training (e-learning).

## "Golden Broom" award

Ensuring occupational safety is a fundamental to BUTTING's mission statement. Production departments that demonstrate exceptional performance in this regard have been honoured once a year at BUTTING in Knesbeck for several decades. The "Golden Broom" challenge cup is awarded at the end of December. The metal cutting department in the *Customised components* business unit was presented with the sought-after award for 2023 by the occupational safety management officer.





Cultivating a community spirit: Family Day on 1 July 2023 at BUTTING in Knesebeck

## Working conditions: Promoting family

BUTTING provides support to young families through **financial subsidies** for family events or grants special leave to care for a relative. Parental leave is also readily available, and every family member at BUTTING is welcome to take advantage of it. We are particularly pleased to have a 100% return rate after parental leave. In addition, our flexible working options and hours can be customised to suit our employees' individual needs when returning to work after parental leave. At BUTTING, we value and prioritise the importance of family and strengthening bonds. For instance, we frequently organise **family or company parties** on the company premises.

During the past reporting year, BUTTING hosted a Family Day event at our company premises on 1 July. Employees, their families, and friends spent a memorable day together on the factory grounds of the Group headquarters, enjoying information, games, and fun activities. Visitors had the chance to take a look at selected production areas and learn more about the company.

The family event offered a colourful programme for the whole family, including stage acts, manufacturing exhibitions and an in-house trade fair. BUTTING trainees presented the different training occupations and had come up with some special ideas for this purpose: ranging from a welding simulator and a 3D printer to the building of birdhouses and barbecue tongs. Since the topic of sustainability is a high priority at BUTTING, it was not neglected on the Family Day either: Our partner for green power generation, as well as our BUTTING Förderverein support association for BUTTING staff and the integration workshop, among others, were represented with their own stands.

The Management Board drew a positive conclusion: "We are delighted with the 5.000 visitors and the great interest shown by our employees and their relatives. Our family of employees is something very special – and of course, the families and friends of our employees are just as close to our hearts. We can all be proud to be part of this wonderful community."

At BUTTING, celebrating successes together with the employees is a long-standing tradition. While the 2022 "All aboard" staff party was a great event, the 2023 festival was for the whole family. Because families are what make our society colourful, diverse, and vibrant. "We wanted to show our appreciation to our employees and their families by organising a family festival as a way to say thank you," said the Management Board.

The "**Corporate Benefit Portal**", which offers employees and their families discounts on purchases from selected partners, demonstrates BUTTING's commitment to the well-being of its employees beyond the workplace.

BUTTING consistently engages in open and constructive communication with its employees to ensure their needs are met. The family of employees expressed a strong desire for more **flexibility in working hours** in order to increase productivity in the team and better accommodate the division of labour in everyday family life. In response to these needs, it was decided in collaboration with the social partner to implement the following changes:

- Personal core working hours have been eliminated
- Functional hours corresponding to normal office hours have been introduced for each team or sub-process in place of core working hours
- Breaks have been made more flexible and shortened
- A flexible working time account has been established
- Hourly and all-day reduction of working hours have been standardised: Both are possible with the consent of the manager. A refusal can be made for operational and objective reasons (e.g. the requirement to take annual leave within the current year).

As part of the ongoing digitalisation at BUTTING and the incorporation of new working models, "**mobile working**" is a recognised form of working at BUTTING. The combination of mobile working and office presence increases the flexibility of every employee at BUTTING. It made a significant contribution to the safety of the BUTTING family of employees during the COVID-19 pandemic.

BUTTING attaches great importance to offering its employees **fair remuneration**, which is primarily based on the work requirements and takes experience, dedication and performance into account. The willingness to accept the percentage-based pay increases resulting from negotiations between the German Employers' Association in the Metal Industry and the trade union demonstrates the commitment to align remuneration

with market conditions and current trends.

As a full-time employee at BUTTING, employees are entitled to the statutory **holiday benefits**, as well as an additional number of days off, resulting in a total of 30 days of annual leave. Flexibility in the use of holiday periods and special leave days for special events takes into account the individual needs of employees.

A particular highlight is the **working time account**, which provides employees with the opportunity to save their accrued work hours, invest them, and then use them to take paid time off at a time of their choosing. All of this is done in a very safe and secure manner. BUTTING tops up these payments with the employer's social security contributions. The accounts are held in cash and are protected against insolvency. Interest is paid on the savings and the credit balance from the working time account can be used as follows:

- Paid leave of absence immediately preceding the commencement of the statutory retirement pension
- To pursue a qualification
- Taking a partial leave of absence as part of a part-time arrangement (with full or proportional salary compensation)
- For extended parental leave
- For care periods
- For a sabbatical

Further savings options include:

- Current monthly gross salary: contributing at least € 50
- Gross special payments: Christmas bonus, holiday allowance or anniversary bonus
- Special leave days

In addition, BUTTING pays a voluntary subsidy of 2.7% to cover the currently incurred one-time costs for the deposit.



Welcome event for new employees

As a family business, BUTTING also supports **partial retirement** models. This is a popular and modern way for employees to take early retirement (block model) or offers individual time solutions for each member of the BUTTING family of employees (part-time model). Through this voluntary agreement, BUTTING acknowledges and appreciates the dedication of long-serving employees and fulfils its duty of care. People with special needs are given preferential treatment. At present, 54 people are taking advantage of the partial retirement programme.

Overall, BUTTING considers employee satisfaction to be an important objective and fosters a positive working environment based on fairness, flexibility and support.

Solidarity  
Trust  
Fairness

### Social partners in the company

The BUTTING family of employees has a long tradition in shaping industrial relations and has facilitated comprehensive representation of employee interests through the social partner since 1953.



Pensioners' Christmas party

In this context, the BUTTING social partner recognises the following principles of action for itself:

- We prioritise the well-being of our employees.
- We take responsibility for our actions.
- We make decisions together as a body.
- We work for the task and adhere to the rules.
- We adapt to new requirements and circumstances as a team. In order to achieve this, we acquire the necessary knowledge and share it with others.
- We express our opinions clearly and objectively.
- We are open to addressing conflicts, and problems are openly discussed rather than swept under the carpet.
- We actively participate in shaping processes and strive to find satisfactory solutions.

The action areas are based on the following values from the perspective of the works council:

#### **Solidarity**

We are collegial, helpful and treat everyone with respect, esteem and appreciation. It starts with a daily greeting. As a works council, we are here to support you with our helpfulness. Even the smallest problem is worth solving. We demonstrate loyalty by defending our decisions and standing up for one another. We do not operate in

separate groups, but rather work as a cohesive team, maintaining open communication and treating each other with respect.

#### **Trust**

For us, trust is the basic principle for cooperation within the committee, with the workforce and with the employer. We foster a culture of open communication and appreciate any constructive feedback. With this in mind, we are always open to discussions. Maintaining discretion is a matter of course. Confidential matters are treated accordingly. We reliably keep our promises, inform people promptly and provide feedback on unsolved issues.

#### **Fairness**

We treat each other with decency and hold each individual in high regard. We treat each other with respect and as equals, engage in objective discussions and listen to each other. We value diverse perspectives, are open to compromise and strive to find common solutions.

Excerpt from the published statement of the BUTTING works council



## Employer attractiveness

In addition to customer- and product-focused paths, we have made employer attractiveness a key strategic pillar in our 2024 Corporate Strategy. This is essential for our long-term viability and respectful collaboration. The project layout provides all interested parties with easy access to jointly defined topics. Weekly face-to-face discussions at production and administrative workstations throughout the year, as well as specific surveys, revealed pain points related to basic needs, for which solutions were immediately put in place:

- Action plan for the development of state-of-the-art sanitary and social facilities in modular construction
- Substantial investment in transforming the company restaurant into a contemporary catering facility. We aim to offer a highly diverse range of regional and organic products to meet international dietary needs
- Expansion and renovation of the parking facilities

## Employee retention

We have compiled more than 50 unique benefits for our employees' families into a specially designed programme called "Real Strengths".

In 2023, we focused on family-friendliness, mobility, and retirement provision in response to the needs of different generations.

We support young families during the holidays through regional cooperation, offering a wide range of childcare services for each holiday period. This enables parents to access over 100 days of reliable childcare. In terms of content, we place significant emphasis on addressing the post-pandemic landscape through various initiatives, such as comprehensive exercise programmes for schoolchildren, offering creative design activities in our integration workshop, and fostering a vibrant community around the campfire.

In line with the increasing popularity of leasing, more than 300 bicycles are currently being used for commuting from home to the BUTTING factory prem-



ises in the Südheide region. All employee groups have received this benefit.

While we support the safety of cyclists and provide behavioural advice from HSE and OHM, Generation X employees show a preference for our company pension scheme (bAV) offerings and, more recently, the working time accounts that BUTTING has set up with an initial credit balance.

### Employer branding

We have learned from recruitment interviews with production employees and trainees that the reputation of our company is largely based on positive word of mouth within the region.

Through targeted personnel marketing initiatives, we support, expand, and manage the quality promise of the BUTTING employer brand. Trainees share their experiences with interested school-leavers at career information events, for example. Establishing partnerships with universities allows us to enhance the reputation of our degree programmes in the academic environment. Thousands follow us every day on the relevant social networks.



*"Future Giver" is a distinction that is given to particularly attractive employers in the Brunswick-Wolfenbüttel region. It's not just that the award certifies that we have attractive working conditions – the auditing process was also an excellent opportunity to gain new impetus and increase our attractiveness as an employer for future generations too.*

*It was particularly pleasing that BUTTING received top marks in eight categories. This reflects the wide range of benefits available to our employees.*

*Our training programme also received an award in 2023: The Lüneburg Chamber of Industry and Commerce thoroughly examined processes and certified our excellent performance in developing, implementing and reviewing processes in the dual vocational training programme.*





## Family member at BUTTING

As a family business, it is important for us focus not only on strong product quality and customer satisfaction but also on a healthy and positive corporate culture. We believe that our employees are the key to our company's success and that it is only by working closely together and sharing a clear vision that we can develop our full potential. The average age of the workforce at H. Butting GmbH & Co. KG in 2023 is 41 years (reporting date: 31 December 2023).

### Diversity

Embracing responsibility has always been the foundation of our corporate culture and fosters a high level of trust. For us, this trusting relationship with customers, suppliers, and employees means that every individual is valued. The diversity we practise in the company enables us to truly appreciate the different perspectives and experiences that continuously contribute to our success.

Employees are generally selected and promoted on the basis of their motivation, skills, and personal aptitude.

Share of age groups [in %]		
	2022 <sup>1</sup>	2023 <sup>1</sup>
<b>under 25 years</b>	15	15
<b>25 - 35 years</b>	21	22
<b>35 - 45 years</b>	20	20
<b>45 - 55 years</b>	19	18
<b>55 - 65 years</b>	21	21
<b>over 65 years</b>	3	4

<sup>1</sup>This data comprises the workforce, including trainees (excluding holiday employees, interns, postgraduates, working students), at the end of the respective year

Diversity indicators		
	2022 <sup>1</sup>	2023 <sup>1</sup>
<b>Number of severely disabled</b>	66	68
<b>Number of partial retirees</b>	50	54
<b>active</b>	20	31
<b>passive</b>	30	23
<b>Employees with fixed term employment contracts</b>	240	230
<b>Number of nations</b>	24	26

<sup>1</sup>Workforce excluding holiday employees, postgraduates, interns, working students and trainees, at the end of the respective year



Employees entitled to parental leave		
	2022	2023
Employees	1 502	1 549
Employees taking parental leave* <sup>1</sup>		
Men	42	42
Women	14	17
<b>Total</b>	<b>56</b>	<b>59</b>

\*Parental leave taken in the respective year  
<sup>1</sup>Return rate 100%

Female workforce [in %]		
	2022 <sup>1</sup>	2023 <sup>1</sup>
Percentage of women	13	14
Percentage of women in management positions at levels 2 to 5	8	10

<sup>1</sup>Workforce excluding holiday employees, postgraduates, interns, working students and trainees, at the end of the respective year

BUTTING strongly opposes all forms of discrimination, such as unfair treatment, harassment, bullying, or defamation – including on social media – and advocates for respectful, cooperative behaviour. We have presented and explained our most important values in the "House of Cooperation".

### Equal opportunities

BUTTING's commitment to these values makes it especially important to actively promote gender diversity. We can achieve this through targeted communication to

address the female target group and by strengthening the inclusive corporate structure.

We guarantee equal opportunities and equal treatment, irrespective of ethnic origin, skin colour, gender, disability, world view, religion, nationality, sexual orientation or social origin. This also applies to political opinions, providing these are based on democratic principles and tolerance towards those who think differently. It is therefore an inherent part of our corporate strategy to recognise minorities and embrace diversity.



It is not  
the person  
who is disabled  
but society  
which prevents  
people from  
being equal members  
and so  
'disempowers' them.

(Unknown)

## Inclusion

The BUTTING family of employees is committed to ensuring that every family member can participate in all company processes and work autonomously. Providing customised onboarding and representing individual needs and interests in every life situation is important to us at BUTTING. In addition, the BUTTING family of employees is particularly keen to build the confidence of employees with disabilities in terms of inclusion in order to ensure consistent well-being in the workplace.

At BUTTING in Knesebeck, the number of people with disabilities is around 5% of the workforce. They have an additional voting right in the election of the representative body for disabled employees (Schwerbehindertenvertretung (SBV)). The SBV has been an important advocate for employees with disabilities for many decades and ensures that the workplace is suitably adapted. It enables disabled employees to work under the same conditions as their non-disabled colleagues. With minimal adjustments in some cases, this ensures a sustainable level of performance. In addition, it is not uncommon for non-disabled employees to benefit from these workplace optimisations.

For example, BUTTING customised a workstation with special equipment for an employee with a rare eye condition. Special software was installed on the employee's

computer. Documents can be enlarged or inverted using a VisioBook. This enables the employee to take part in everyday working life despite their condition.

Another workstation was technically converted for a hearing-impaired employee following consultation with a company specialising in hearing concepts so that the employee could take part in discussions and meetings. A connection to the hearing aid and telephone was also implemented.

Following a commuting accident, one employee had significant limitations (severely disabled with limited mobility). His workplace was redesigned after the accident in 2017. To make his work even easier, a special forklift truck was purchased (ergonomic arrangement of the controls, accelerator for changing direction, better all-round visibility, ergonomic seat, hydraulic fork adjustment). Since the accident, the employee's colleagues were primarily responsible for operating the forklift truck; thanks to the new forklift, the employee is now able to work independently once more.

The SBV has also campaigned to purchase a sweeper and a lean lift, for example. This makes the work of two other employees much easier. BUTTING received a grant from the Lower Saxony State Office for Social Affairs for these optimisations.



04



Governance/  
Corporate Management /  
Economics



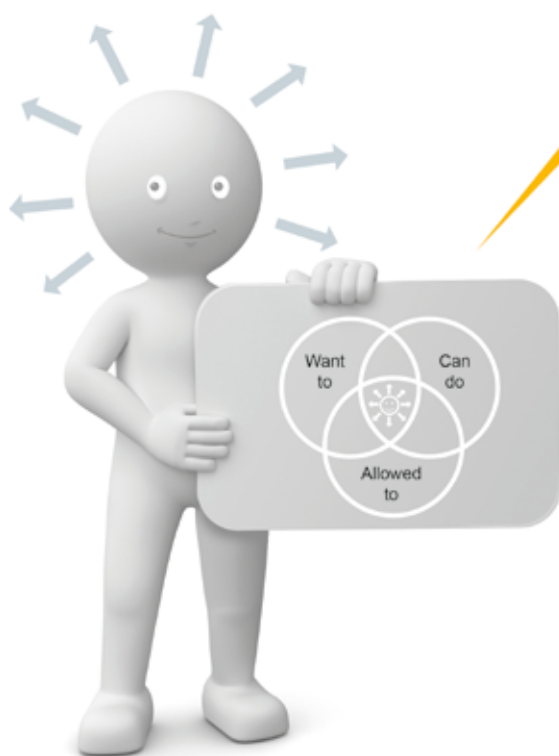
BUTTING leadership philosophy 1.0

## Value-based leadership

Particularly in these challenging times, values are the basis for behaviour. Values provide direction and support. Particularly when it comes to people leadership.

For us, value-based leadership means supporting every employee so that they experience joy and a sense of self-efficacy in their work, are able to contribute and develop their skills and are excited to be a member of our BUTTING family of employees.

We have developed the BUTTING leadership philosophy to help us focus on a common goal. It describes the various facets that characterise good leadership at BUTTING. It also serves as a basis for the development of simple, standardised and practical leadership tools such as the TOP leadership tasks. The concept of the Integrated Leadership System (ILS) has been in place since 2015 and has been taught in training programmes and practised in day-to-day business ever since.



BUTTING Integrated Leadership System (ILS)

### Framework of the leadership system

- BUTTING mission statement
- Strategic goals
- House of cooperation
- Code of conduct

### Our understanding of leadership

- Six leadership principles
  - 25 guiding principles of leadership
  - Examples of implementation
- Management tasks by level

### Leadership tools

- Employee interview
- Management training
- Leadership-cockpit
- Management coaching
- Bottom-up feedback
- Management support
- Behavioural dictionary
- 1x1 of leadership

## Leadership development

A key component of our leadership development programme consists of the ILS training courses in which the BUTTING leadership philosophy is conveyed. The training programme has a modular structure based on the principles of leadership. Over a period of two years, participants are given the opportunity to engage and reflect intensively on the respective leadership principles and to try out leadership methods.

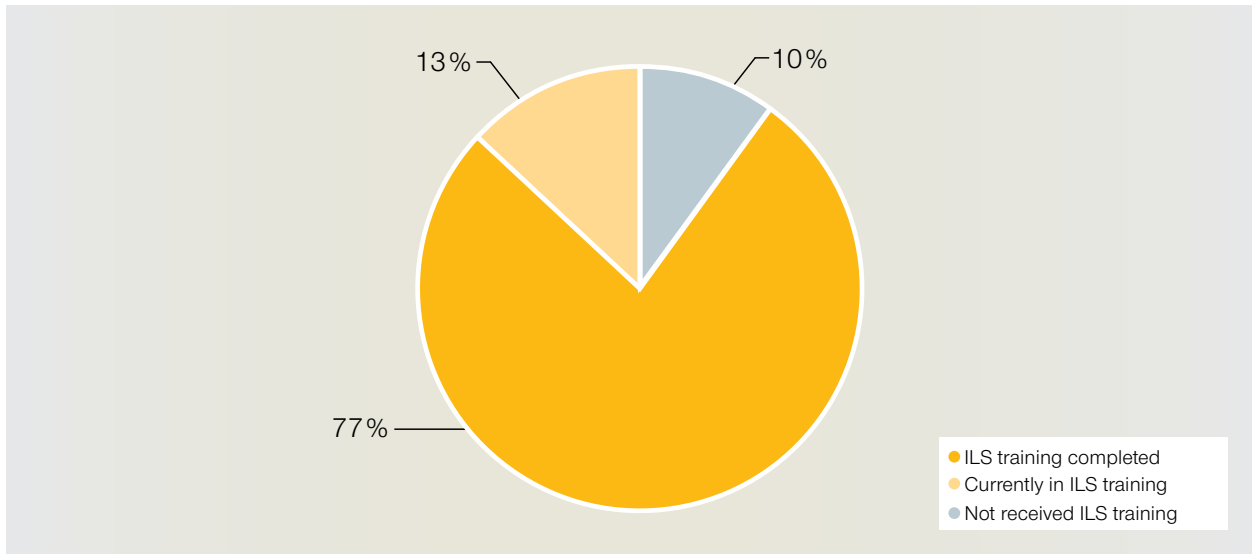
In order to reinforce the sustainability of the training programme, each training module includes practical and personalised coaching sessions. This gives participants the opportunity to address unsolved issues, explore interesting topics in greater depth, become more confident in using the methods they have learned or be supported in specific everyday issues.

Participation in training is mandatory for managers across all five management tiers. In addition, deputies, junior staff, or employees who are responsible for project management tasks are given the opportunity to take part in the training courses.

We are convinced that only those who enjoy the management task will support us and our employees in the long term. For managers who decide against a management role either during or after completing the training programme, we will find other areas of employment for them in our company.

A total of 194 people from Butting GmbH & Co. KG have now taken part in an ILS training programme – including the Management Board. In 2023, six training programmes were held with 47 participants, 57% of whom were managers. Two of these training programmes were completed in 2023. A total of 77% of managers at Knesebeck have already completed the ILS training programme. A further 13% are taking part in one of the current ILS rounds.

We have not yet reached our target quota – 90% of managers to have completed the ILS – in 2023. However, we are confident that we will achieve this goal by the end of 2025 at the latest.



Participating status of BUTTING managers in ILS training. Target of 90% by the end of 2023 not yet achieved

In 2023, training courses were held on the assessment report, on key performance indicators (KPI), and on dealing with sick employees.

We also launched the ILS Update in 2023 to improve the continuity of management development at BUTTING. This training programme is aimed at managers who completed their ILS training by 2019. In 2023, we conducted three training modules with 35 participants.

Overview of participant hours		
	2022	2023
	[h]	[h]
ILS training	3 140	1 836
ILS Update	0	429
ABC of management	337	212
Feedback rounds	198	222
<b>Total</b>	<b>3 675</b>	<b>2 699</b>

### Supporting sustainability

We see our Integrated Leadership System as a project for long-term change. We are aware that shaping our management culture takes time and requires strategic support. This is why we provide our managers with internal coaches. Our management support staff are

there to answer questions relating to practical, day-to-day management issues and to assist in the implementation of BUTTING leadership tools. In 2023, for example, they accompanied 74 moderated feedback sessions in which managers receive feedback on their leadership behaviour from their employees and determine specific development opportunities for themselves.

The higher-level managers also support the sustainable implementation of our BUTTING leadership philosophy. They are role models for value-based management behaviour and support the management tools. For example, they use the leadership cockpit to discuss challenges and support options with the managers assigned to them.

The ILS cockpit is a further step towards sustainability. The status of the implementation of the management tools is evaluated twice a year and made available to the top two management tiers. On this basis, each department can make precise adjustments.

For BUTTING, good leadership means lifelong reflection and learning. It requires a constant willingness to take a self-critical look at one's own behaviour. This is how we create Progress by Tradition. We want to continue to face the challenges of the future and are confident about the road ahead – especially so since we have every confidence in our managers!





BUTTING in Knesebeck, 1981

## Financial stability and healthy growth: the key topic in our sustainability strategy since 1777

Sustainable development and resilient business practices have been at the center of our corporate management strategy for seven generations. BUTTING has been following this approach since 1777. We and our stakeholders understand the importance of financial stability and healthy growth as cornerstones of BUTTING's long-term business success. This is a clear outcome of our materiality analysis.

Our business model is geared towards sustainability and resilience. We pursue conservative principles in order to maintain an appropriate balance between risks and opportunities.

Opportunities in business are only utilised if the risks are calculable. In all business decisions, care is taken to ensure that there are no serious risks that could pose an

existential threat to the company. Speculative transactions are taboo. Hedging transactions are concluded in the form of trade credit insurance and, in the large-scale project business, in the form of individual credit insurance in order to counteract risks arising from defaulted receivables. In order to exclude losses due to fluctuations in foreign currencies, material prices, and alloying elements, these are minimised by hedging or direct transactions in the project. In 2023, all transactions were hedged via our insurance and banking partners.

One of the key indicators of financial stability is a healthy equity ratio. Our aim is a target figure of over 50% in order to maintain our independence. We will reach this target again at the end of the 2023 financial year.



BUTTING in Knesebeck, 2022

We regularly undertake an overarching risk and opportunity assessment and systematically evaluate the organisational context. Each identified risk is assessed in terms of probability of occurrence and extent of damage. As part of our risk policy, suitable measures are taken to minimise risks and ensure financial stability.

In 2023, we once again carried out a comprehensive risk and opportunity assessment. Known and new risks from the categories of external business risks, process risks, and information and decision-making risks were identified and assessed in terms of their risk significance and probability of occurrence. Decisions on how to handle the identified risks are made on the basis of a conservative risk appetite.

A key issue in 2023 was the minimisation of contractual risks. Specific measures were taken to this end.

By implementing and revising contract standards and defining "red lines" in our contract manual, we can ensure clear alignment with our corporate philosophy. These standards serve as a guide for responsible behaviour and minimise potential risks in business relationships. In 2023, we used these standards as a basis to consciously refrain from submitting quotations or withdraw our quotation when an alignment with our principles was impossible.

Our philosophy in favour of healthy, organic growth is in clear contrast to the incalculable risks of short-term profit or quarterly thinking. These measures are crucial for us to ensure sustainable success for our company and our stakeholders.



## Sustainable innovations and products

Our innovation strategy is focused on combining economic success with sustainable practices. Targeted investments have enabled BUTTING to introduce innovative technologies and production processes for increased efficiency.

In this context, we have optimised our processes in order to reduce resource consumption and minimise emissions. By implementing state-of-the-art technologies, we have not only achieved cost savings but have also significantly reduced our environmental impact.

Our product range reflects our commitment to sustainable development. We use innovative materials that not only meet the highest quality standards but are also produced in a resource-efficient manner.

Stainless steel is a versatile material that is valued for its sustainability in various applications. The following aspects underscore this approach: Durability, recyclability, and low maintenance requirements thanks to its resistance to corrosion and other environmental effects. Although the production of stainless steel requires energy, energy efficiency has increased considerably in recent years. State-of-the-art technologies and processes help to minimise energy consumption. Some stainless steel producers are opting for renewable energy sources to reduce their environmental impact further.

The integration of recycled materials in the manufacture of our intermediate products, such as coil and plate, has been part of the circular economy for decades and contributes to the conservation of limited resources.

### Innovative products

Our customers benefit not only from high-quality products but also from solutions that support their own sustainability goals. By collaborating with our customers, we can promote a responsible supply chain and together strengthen competitiveness.

BUTTING supports the global energy transition with products for geothermal energy, among other things. In this reporting year, BUTTING was commissioned to manufacture casings for a new geothermal project for a prominent customer: 2 656 m casings 273.1 x 10.16 mm made of super-duplex as well as 823 m casings 339.7 x 12.19 mm made of alloy 625, each in production lengths between 30 ft (approx. 9.15 m) and 38 ft (approx. 11.6 m).

BUTTING has been a reliable partner for casings used in geothermal drilling in the Salton Sea in Southern California for many years. These pipes are used to line boreholes. In this region, special challenges have to be overcome: high temperatures, heavy corrosion, and difficult drilling conditions.

In an interview with the online magazine ThinkGeo-Energy, Norbert Heinzle, Managing Director at BUTTING in Knesebeck, explained: "The products we offer for the Salton Sea far exceed the normal standard." He went on to emphasise: "Geothermal energy is one of the most sustainable forms of energy around. Our expectation is that the potential of geothermal energy will be used much more extensively in the future than in the past."

## Customer satisfaction

True to our mission statement, we want to win over BUTTING fans – among our employees, the public, and also our business partners.

The needs and expectations of our customers are therefore at the centre of our business strategy. We strive to maintain the highest level of customer satisfaction by continuously improving our products and services. Our objective is not only to offer high-quality products but also to guarantee excellent service.

### Customer surveys

BUTTING conducts customer surveys at two year intervals to gain an insight into customer satisfaction with the quality of our products and processes and to make further improvements. This is the only way we can guarantee that our customers derive the maximum benefit from working with us. The online surveys are sent randomly to our global network of customer contacts. To maximise the informative value of the results, the survey is sent out separately for each customer group. This means that the results can be evaluated for the entire sample as well as for specific customer groups; targeted measures can then be developed for specific groups. The survey covers a broad spectrum of questions from the range of services, quotation and order completion, consulting, and communication to product quality and competitiveness.

After evaluating the responses, conclusions are drawn in the individual business units about customer satisfaction per customer group in order to determine and track targeted measures for each business area. The average rating of overall satisfaction with the company was 1.84 (on a grading scale of 1 (excellent) to 6 (poor)) in 2022. This confirms our efforts to offer high-quality products. At the same time, it spurs us to strive for continuous improvement.

### Partnership-based business relationships

We see our business relationships as long-term partnerships based on trust, transparency, and mutual respect. We maintain close relationships with our suppliers, customers, and other business partners. Open communication and the joint development of sustainable solutions take center stage. By working in partnership, we aim to increase efficiency in the supply chain and also contribute to the promotion of sustainable practices throughout the value chain. One example of this is our partner

VDM Metals. Material manufacturer VDM Metals and pipe producer BUTTING have cultivated a partnership for several decades. Our shared vision: bringing innovative and sustainable product solutions to the world. Current and future topics of cooperation are discussed at regular meetings. Norbert Heinzle, Managing Director at BUTTING in Knesebeck, is pleased about the dialogue with our business partner's representatives: "In an era of digital change, we at BUTTING are deliberately holding on to tradition: Cultivating a community spirit! I'm very pleased that after more than 40 years, we still get together regularly as a large group of people." Reliability – an important core value for BUTTING. Performance, honesty, openness, and courage have also shaped the culture at BUTTING in terms of its principles for seven generations and have contributed to the success of the family business for 246 years. "An end product can only be as good as its primary products. For the future success of BUTTING, close, appreciative cooperation with VDM, both on a technical and a sales level, is indispensable. We are already looking forward to many new joint projects!" says Norbert Heinzle.

### Innovation for sustainable customer experiences

We focus on continuous innovation to offer sustainable products and services that meet customers' requirements. We integrate ecological aspects into the entire product life cycle. For a large number of our customers, BUTTING is already an important partner in the product development process. This means that many projects in recent years were carried out as collaborative endeavours.

One example of this approach is particularly impressive: Progress based on environmentally friendly technologies is one of the sustainability goals of the European aerospace corporation Airbus. It is both a duty and an aspiration to protect space as a resource. The Defence and Space division of the international corporation in Bremen designed and built the European Service Module (ESM) for the NASA ORION spacecraft. This requires sustainable and high-quality product solutions such as those provided by BUTTING. The Knesebeck-based company has already manufactured and successfully delivered several propellant lines consisting of titanium elbows in the dimensions 6.35 x 0.41 to 44.45 x 2.03 mm (diameter x wall thickness) for the ESM of Artemis missions 1 to 3. Production is currently underway for the ESM-4 model. To meet the requirements of this high-tech industry, BUTTING is certified according to EN 9100.



In addition, the family business has a clean room of class DIN ISO 14644-1 Class 8/US Fed. STD.: 100 000. BUTTING has Nadcap AC7110 welding approval for the welding of aircraft components. Welding supervisors are designated in accordance with DVS 2715.

"From the initial idea to series production, from raw material procurement to final cleaning and packaging: We manage the entire process chain for ready-to-install components for our aerospace customers. Of course, everything is documented in a traceable manner. We guarantee this through specially described processes and specifications," says Volker Gerdwilker, Technical Project Manager at BUTTING in Knesebeck, explaining the advantages of the one-stop shop.

Our commitment to customer satisfaction and collaborative business relationships is firmly established in our corporate culture. We are convinced that these values promote long-term business success and make a positive contribution to the sustainable development of our society.

BUTTING is a long-standing partner that has already supplied pipework for Ariane 5's upper stage production.

ArianeGroup and Airbus Defence and Space are building on this experience and since the first Orion flight model have ordered the production of selected lines from BUTTING.

The successful maiden flight of Orion in 2022 attests to BUTTING's good work.

Tim Wagner  
Team Leader ORION-ESM, JTLF2 Liquid Propulsion  
Airbus Defence and Space



## Sustainability and transparency in the supply chain

A sustainable supply chain is a fundamental requirement for responsible corporate management. From 2024, BUTTING will be subject to the German Act on Corporate Due Diligence Obligations (LkSG). BUTTING recognises the importance of this legislation and is firmly committed to complying with the requirements and principles as set out in the Act. We are convinced of the need to be a responsible player in the global supply chain in order to minimise human rights-related and environmental risks in our business activities. It is important for us to ensure that our products and services do not lead to human rights violations in supply chain. At the same time, we want to work alongside our business partners and make our contribution to overcoming the climate crisis and other ecological, social, and sustainable challenges through sustainable organisation, processes, and business activities.

A classic supplier management system has been in place for many years. It focused primarily on commercial and qualitative supplier assessment with auditing on a case-by-case basis. In 2023, BUTTING added key elements to this system to ensure sustainability and transparency in the supply chain. Internal responsibilities have been defined, and an official Supplier Code of Conduct

formulated, which sets out the legal requirements and our own expectations for an ethical approach to business with our partners based on integrity. The feedback from our suppliers with a corresponding commitment is now coming through. A publicly accessible complaints procedure has been established via the whistleblowing system on the BUTTING website. In the future, supplier risk analyses will be carried out and evaluated in a structured manner using the Ecovadis platform.

We believe that we are well on the way to fulfilling the legal requirements, including the required reporting while making our contribution to sustainability in the dialogue with our suppliers since our commitment to sustainability and responsibility goes hand in hand with our business partners. We are convinced that shared values and principles are the key to creating a transparent and sustainable supply chain. We are therefore committed to ensuring that our partners share the same high standards and actively contribute to implementing them and making further improvements. Through this collaborative endeavour with our suppliers, we continuously strive to strengthen the transparency and sustainability of our entire supply chain and, in so doing, exert a positive influence on the environment and society.



## Compliance

Compliance with laws and regulations is a fundamental component of our company's success. It is not just the absolute basis for the rule of law – it is also the basic principle for respectful cooperation and valuable teamwork. BUTTING understands the importance of these laws and its in-house rules and has set up its own Compliance department.

The task of compliance management is to communicate legislation and rules, as well as BUTTING's voluntary codes of conduct, to our employees, customers, and suppliers and to ensure their compliance with these regulations. Compliance is an important pillar in our Integrated Management System (IMS) and sits alongside quality management, occupational health and safety management, environmental and energy management, as well as the management of IT and information security and data protection. Compliance means that, as a company we always act within the framework of statutory requirements and ethical principles.

With the Code of Conduct as the basis for our compliance management, we want to set out rules so that our actions are always above reproach, correct, and exemplary. Alongside the Code of Conduct, our BUTTING mission statement and our leadership philosophy define our actions and shape our corporate culture – for the good of our employees, our company, and all our business partners.

BUTTING undertakes to abide by fair, ethical and transparent business practices. We do not purchase any materials or services that do not comply with national or international laws and conventions. At the same time, we undertake to use raw materials with legal and sustainable origins. So, we also do not knowingly purchase raw materials from conflict regions ("conflict minerals").

BUTTING sets particular store for conforming with statutory provisions on the employment of both its own

and third-party employees. We are therefore committed to respecting and protecting all human rights, in particular those set out in the United Nations Universal Declaration of Human Rights, such as

- The right to life, liberty and security of the person
- The prohibition of torture and inhuman treatment
- The right to freedom of thought, conscience, and religion
- The right to freedom of expression and information
- The right to work and to fair working conditions
- The right to education and participation in cultural life
- The prohibition of discrimination of any kind
- The prohibition of child labour
- The prohibition of slavery and the trading of slaves

No confirmed incidents of human rights violations were documented at BUTTING in 2023.

We condemn any active or passive bribery or any attempts at bribery. The aim of our anti-corruption programme is to actively prevent attempts at corruption by ensuring strict compliance with the dual control principle in selected processes through defined processes for approval with segregation of duties and implemented approval limits in our ERP system. Gifts, favours, hospitality, offers of entertainment, and other benefits are only granted or received if they remain within what is legally permitted or if they do not go beyond normal business practice in the relevant region and are not of disproportionately high value and do not constitute a bribe.

No confirmed incidents of corruption at BUTTING were documented in 2023.

We expressly commit to upholding all the laws to prevent, detect and report on money-laundering activities and have business relations only with customers and business partners that pursue legitimate business activities, and use legitimate financial means. To minimise the risk of money laundering, BUTTING uses a business partner check integrated in the ERP system. Participating business partners are checked with regard to applicable sanctions lists.

There can only be stable business cooperation for the benefit of all if there is fair competition and strict compliance with the legal framework. Thus BUTTING undertakes to respect and comply with the national and international rules of fair competition and not to undertake any actions that violate anti-cartel legislation. We do not make any bogus proposals, do not have discussions with competitors about prices, capacities or not competing with one another, and do not make any agreements on dividing up customers, territory or production programmes. For selected project businesses, BUTTING works in partnership and in compliance with all competition law requirements. This collaboration allows us to pool the expertise and resources of different organisations and business partners to achieve the best possible results for our customers. Our agreements with customers and suppliers are complete and clear, and subsequent changes and additions are documented. This also applies to arrangements for the payment of bonuses, credits, commissions, and advertising or sales promotion subsidies. We select our suppliers purely on a competitive basis after comparing the price, quality, reliability, performance, and suitability of the products or services on offer.

No confirmed incidents of competition or anti-cartel legislation violations were documented at BUTTING in 2023. No incidents of discrimination are currently reported here, although no distinction is made between the causes of discrimination.

Compliance training is an important component of BUTTING compliance management as a preventive compliance measure. In compliance training, the content of compliance management is delivered to a broad target group – from the managing director to project handlers. In addition, regular training sessions increase awareness of the subject areas covered.

We missed our defined training target of at least 95% of all relevant employees in the mandatory compliance topics in 2023.

By continuously expanding our integrated software solution for risk assessments and training, we want to lay the foundations for achieving this target in 2024.



## Social commitment

For us, active social responsibility means taking responsibility for our society in a variety of ways.

### For our region

Our deep-rooted commitment to the local community is at the heart of our sustainability efforts.

In the reporting year, we supported various projects aimed at helping socially disadvantaged groups in our region. We have worked with local organisations to provide financial support, food aid, and educational opportunities to families in need.

Here is a selection of some of our campaigns:

- BUTTING recently granted an employee from the production department leave of absence to undertake voluntary work in Africa. His helping hands and skill as a machine and systems operator came in useful for the construction of a children's nursery in Uganda.
- Following the payment of a bonus, staff from a production department spontaneously collected money and donated it to a family in Gambia.
- BUTTING employees made a donation in December 2023 as part of the Annual General Meeting. These funds were used to support three regional food bank schemes.

- BUTTING has been at home in Knesebeck since 1945. A great place! Supporting local educational centers and associations in their charitable work to enable our employees and their families to enjoy a better quality of life comes naturally to us. Since the Knesebeck rifle clubhouse needed to be completely renovated, mainly for fire safety reasons, we also provided a six-figure sum to the Knesebeck Rifle Club for the refurbishment work in the reporting year.

As a genuine acknowledgement of thanks, the board of the rifle club renamed the small hall the BUTTING Hall.

### Stronger together – thanks to our employees

The BUTTING Förderverein support association was set up by employees in 1990. It supports people and institutions in need of assistance, club sports within the region, training and education projects, as well as elderly and youth welfare schemes. The goals of the Förderverein support association are achieved with the help of monthly donations from BUTTING employees.

Almost 600 projects have been supported so far and over €500.600 has been distributed as donations for a good cause. The following measures, among others, were implemented in the reporting year:



- BUTTING made a donation to help finance a new climbing frame for the primary school Grundschule an den Seewiesen in Bad Bodenteich.
- The Förderverein Freiwillige Feuerwehr Jübar e.V. (support association for the voluntary fire brigade in Jübar) was delighted with our support for the newly founded Jübar children's fire brigade. Our support enabled the association to purchase standardised rucksacks for the children.
- Due to a serious illness, an employee was unable to complete the paving work on his new building around his house. A number of staff lent a hand in their free time for their colleague, and the materials were procured thanks to the financial assistance of the Förderverein support association.
- Thanks to the help of the employees of the BUTTING Förderverein support association, a young disabled woman is delighted with her car seat with an electric swivel function to help her get in and out of her car with ease.

## Promoting education

Promoting education has always been an investment in the future for BUTTING. With the BUTTING scholarship programme, we help young people to achieve their

career goals and meet the increasing demands of the industry. With fifteen places on our programme, we want to secure our own young talent at the same time. We also give young people from financially disadvantaged backgrounds access to education.

Supporting a forest nursery is another integral part of our sustainable corporate philosophy. With this initiative, we are sending out a clear signal in favour of environmental protection, education, and the common good for the benefit of our region and for a better quality of life. The forest nursery Die Kienäppel in Barwedel (in the district where our main plant is located) is a place where children can discover their environment in a playful manner while developing a deep understanding of nature. With our financial support for this project, we want to promote the education and development of children and, at the same time, contribute to the conservation of our natural resources.

We believe that promoting education and environmental awareness at a young age can have a long-term positive impact on society.

In addition, BUTTING has in recent years supported the Neue Auetal School, a Montessori school in Lüder in the neighbouring district. Company owner Hermann Butting is in no doubt: "In order to ensure the quality of life and future viability in our region, we need personalities who



are courageous, responsible, self-reflective and creative, and who are therefore able to act with an entrepreneurial spirit and take responsibility for their actions."

Hermann Butting hopes that the Neue Auetal School in Lüder will discover and promote this potential and create a space for holistic learning. For BUTTING employees, potential managers, and skilled workers who would like to settle in our region, the school enriches educational opportunities for their children and thus increases the attractiveness of our region as a place to live and work.

### Promoting diversity

We are actively committed to diversity and inclusion in the workplace and believe that a diverse workforce not only strengthens innovation but also contributes to an inclusive and respectful corporate culture.

Against this backdrop, we supported the inclusive sports festival in the district of Gifhorn with donations during this reporting period. The district sports association and

regional clubs offer at least 20 sports to take part in, such as amputee football, archery, wheelchair basketball, and wheelchair tennis, at venues that change each year.

BUTTING has been supporting the Nordkreis Gifhorn integration workshop since 2018. The project is a work opportunity provided by Jobcenter Gifhorn, and has a multicultural focus. Refugees and the long-term unemployed come together on site and can benefit from each other's wealth of experience. Both groups are prepared for (re)integration into society and the world of work based on the same set of values, which include appreciation, reliability, and courage. The values-based development of the participants is an important goal of the integration workshop; it is a source of motivation, guidance and meaning in the region. The main focus of the scheme is craft activities, such as working with wood and colours, fabrics, garden maintenance, and the bicycle workshop. Effective networking with other societies for the common good is elementary for the project: "We support social and charitable actors such as the Wittingen Youth Development Agency, the Wittingen Diakonisches Werk (Protestant welfare agency), the Gifhorn



Women's Shelter, and the nurseries and schools in the district with products that often could not be purchased otherwise due to a lack of finances. This gives real enrichment to the lives of all of us in the region," says Uschi Schüller, head of the integration workshop.

In the 2023 reporting year, more than a thousand people were waiting for a free place on the integration courses organised by the Federal Office for Migration and Refugees in the district where BUTTING has its main plant. Against this backdrop, we decided to make a donation of 135 055 euros to fund more than 25 open and flexible German courses. Thus, various offers at the necessary language proficiency levels can be arranged at short notice, effectively cutting the lengthy wait times. German courses are planned to start at the end of January 2024. This will reach 550 people across the district of Gifhorn. The courses are aimed at refugees and migrants from all countries of origin. A course lasts around five months with staggered start dates.

"The ability to speak German is crucial for successful integration. The fact that people who are willing to learn

have to wait up to two years for an official German course shows how long the road to successful integration still is! This donation provides not only financial support, but is also an expression of our commitment to social responsibility. We are in no doubt that investing in the education and integration of people fleeing hardship and conflict will lead to a more diverse, stronger and more harmonious society in the long term," explains Hermann Butting.

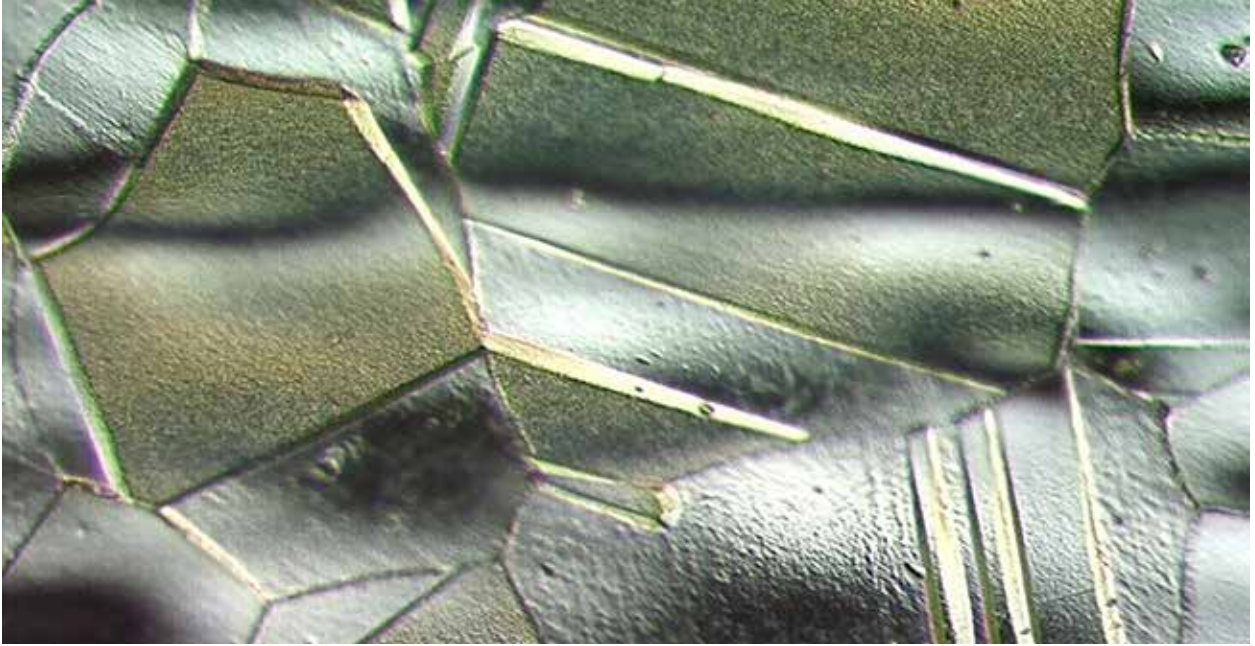
Our conviction is that social engagement is not only a responsibility but an opportunity to shape our society in a positive way. We will continue to work with passion and determination to make a sustainable contribution to social welfare and justice in our region and beyond.

Commitment  
Trust  
Promotion

05



Climate/ Environment/  
Ecology



## Conserving resources in practice

Conserving resources is an overarching goal that is achieved in various ways at BUTTING. Our focus is on improving energy and resource efficiency and establishing closed loops for materials, waste, and water. By consistently maintaining high quality and product safety standards as well as ongoing optimisation through continuous improvement processes (CIP), we strive to conserve material, energy and labour resources.

BUTTING favours the processing of materials that are particularly corrosion and temperature-resistant. These materials are characterised by their low maintenance and durability in use, making them the most environmentally friendly options.

There is a continuous dialogue between quality management, production, production technology, and our raw materials manufacturers to determine the optimum use of materials in accordance with customer requirements. Well-trained and conscientious employees are another key to minimising rework and reject rates. However, there are technical limits to production, which means that there will always be a certain amount of waste scrap during processing.

The topic of recycling, therefore, plays an important role in our sustainable production of metals. Almost complete processing and utilisation are crucial in order to reduce the need for primary raw materials. Since 2021,

we have been working closely with a German recycling specialist to reduce waste volumes and improve the recycling rate.

Innovative recycling technologies now make it possible to process residual matter from cutting and grinding processes as well as dust from BUTTING filter systems. In a special recycling process, materials subject to mandatory waste disposal can be separated into their constituent parts again and fed back into the general value chain. This progress makes it possible to utilise materials requiring disposal as recyclable materials, for example, as an additive in metal production. BUTTING's metal waste containing oil and water is treated using vacuum distillation technology. In this process, sludge from grinding processes is dried and de-oiled. The result: distilled water, oils and metal powder, meaning that all metallic components can be fully recycled. Powders and dust containing metal are processed in a special briquetting plant using a natural binding material.

In 2023, we made significant progress in the treatment and reuse of metal waste. Our efforts in the field of waste and energy management are described in more detail in the following sections of the report. BUTTING remains committed to exploring optimisation opportunities in the recycling of metal waste in the future and continues to work intensively with recycling and disposal companies on this important topic of the circular economy.

## Corporate carbon footprint: The road to a carbon-neutral company

In a world characterised by environmental awareness and sustainable practices, the issue of an organisation's ecological footprint is coming increasingly to the fore. BUTTING is a company with a clear commitment to sustainability and has pledged to make its contribution to limiting global warming. In this context, determining the corporate carbon footprint plays an important role.

### Creating transparency: Determining the carbon footprint

Having a clear conception of one's own impact on the environment is essential to engender real change. BUTTING has, therefore, calculated its corporate carbon footprint for 2022 for the first time in accordance with the requirements of EN ISO 14064-1:2019 and based it on the internationally recognised Greenhouse Gas Protocol (GHG). With the support of AGIMUS GmbH Umweltgutachterorganisation & Beratungsgesellschaft in Braunschweig, a carbon footprint was calculated for Scopes 1, 2, and 3. The calculation method used is shown in the Appendix. The CO<sub>2</sub> values for the years 2022 and 2023 are listed below. BUTTING has set the result for 2022 as the reference year for measuring future success.

Overview of emissions per Scope [in t CO <sub>2</sub> e]		
	2022	2023
Scope 1 (direct emissions)	6 407	6 508
Scope 2 (indirect emissions from secondary energy sources)	7 638	8 883
Scope 1, 2 Total	<b>14 045</b>	<b>15 391</b>
Scope 3* (other indirect emissions, such as upstream processes, manufacturing, input material etc.)	112 926	167 096
<b>Scope 1, 2, 3 Total</b>	<b>126 970</b>	<b>182 487</b>
Processed outgoing goods tonnage [t]	48 570	69 222
Scope 1-3 emissions per processed outgoing goods tonnage [t CO <sub>2</sub> e / t]*	2.6	2.6

\*The factors can fluctuate more strongly each year due to changing material combinations

### The ultimate goal: Carbon neutrality by 2050

Determining the carbon footprint forms the basis for future measures. BUTTING has committed to being carbon-neutral by 2050. This ambitious target requires a consistent decarbonisation programme aimed at minimising carbon emissions in the long term.

### Concrete steps: 30 % reduction in emissions by 2030, 60 % reduction in emissions by 2040

There are clear stages on the road to carbon neutrality. By 2030, BUTTING plans to save up to 30% of emissions in Scope 1 and 2 compared to 2022 through efficiency measures and the increased use of renewable energies. This time frame enables a gradual changeover of processes and the integration of sustainable technologies. However, decarbonisation will not stagnate at this point: BUTTING has set itself the ambitious target of reducing emissions by 60% by 2040 compared to the 2022 reference year.

We aim to achieve our ambitious reduction targets through measures in the following action areas:

#### 1. Action area: electricity

- Approach 1: Energy efficiency measures through technical adjustments and optimisation of energy-consuming processes, in particular Significant Energy Use (SEU) as part of the energy management system. Further reduction paths include lighting, drives and pumps, refrigeration, compressed air, and ventilation technology
- Approach 2: Expansion in the use of green electricity and own generation from renewable energies

#### 2. Action area: heating

- Approach 1: Implementation of energy efficiency measures (e.g. expanding the use of waste heat, system optimisation)
- Approach 2: Expansion of the use of fuels and heat sources with lower or no carbon emissions.



### 3. Action area: process heat

- Approach 1: Process optimisation/optimisation of heat/use of waste heat
- Approach 2: Transition to renewable fuels/electricity

### 4. Action area: mobility and logistics

- Approach 1: Enhancing logistics planning efficiency, optimising trips and route management, minimising travel (e.g. by adopting video conferences in lieu of business trips), advancing in-plant logistics (including drive technology and the fuels used)
- Approach 2: Utilising carbon-neutral transportation options for goods and staff (e.g. rail, electric mobility, bike, public transport)

### 5. Action area: procurement and product design

- Approach 1/Procurement: Favouring local suppliers, carbon efficiency in the production of intermediate goods, sourcing of secondary raw materials
- Approach 2/Products: Promoting production that conserves materials, enhancing vertical integration, improving energy efficiency during product use and fostering reparability, durability, recyclability, as well as the principles of a circular economy

In addition to the company's considerable willingness to invest, implementing the reduction targets also requires the support and cooperation of business partners, energy suppliers and grid operators, municipalities and public authorities, as well as investors. This is illustrated by the following two strategic projects:

## Production of green hydrogen in Knesebeck

One of BUTTING's medium-term visions is the production of green hydrogen in Knesebeck, which is currently being actively pursued in the planning stage. We are counting on the support of municipalities, network operators and public authorities to implement a pilot project in the Gifhorn district. In addition to creating the necessary infrastructure, planning permission must also be issued.

## From truck to train

In an effort to make transportation as efficient and sustainable as possible, BUTTING is planning to expand the railway tracks on its company grounds. This expansion aims to accommodate entire block trains as well as to provide greater flexibility in the supply of wagons. The regional rail network is primarily used for passenger



transport. As such, freight transport can only use the network during off-peak times. With a track extension to two lines, incoming goods and dispatch would be possible independently of each other at the company site. The planning contract was awarded in 2023. We currently use the existing track system primarily for downstream transportation. We anticipate that our suppliers will be increasingly willing to deliver by rail in the years ahead as a result of CO<sub>2</sub> activities. Planning, approval and execution steps for construction work take a long lead time. The final decision is expected in 2024 once planning and approval are ready to be granted, and the costs have been estimated.

### Shared responsibility: partnerships for climate protection

The challenge of achieving climate neutrality demands more than just internal efforts by a company. Cooperation with a wide range of business partners and public authorities is becoming a critical factor for the speed and success of this corporate mission. Partnership-based relationships with suppliers play a key role in the continuous improvement of technologies in relation to plant, machinery, and vehicle fleets, but above all, in the production of our raw material, the largest emitter of our carbon footprint.

### Continuous dialogue and progress: key to success

The road to climate neutrality is an ongoing process based on dialogue and cooperation. BUTTING underscores the importance of transparent communication and regular progress reports. It also strives for positive change by sharing ideas and best practices between employees, customers, suppliers, and other stakeholders and by setting shared goals. Overall, determining the carbon footprint not only demonstrates BUTTING's responsibility towards the environment, but also marks the beginning of a sustainable journey. The company is committed to transparency and concrete measures to make an effective contribution to tackling the global climate crisis.

## Energy intensity

BUTTING has implemented an energy management system in accordance with DIN EN ISO 50001:2018, which was last externally audited and recertified in November 2023. The two strategic objectives of the energy management system are to continuously increase energy efficiency and to promote transparency, communication, and awareness. In the long term, the aim is to achieve a 20% improvement in energy efficiency by 2035 compared to the 2022 reference year.

### Continuous increase of energy efficiency

In order to increase energy efficiency, potential energy savings are regularly identified, and measures implemented in cooperation between the energy team and the specialist department. In 2023, we focused on the optimisation of Significant Energy Users (SEU), in which 10 SEUs with energy performance indicators were actively monitored. These include compressed air supply systems, heat treatment furnaces, and heating systems. Another key area was on reducing the base load at weekends, which was also set as a company target for the year. In order to reduce the base load at the weekend, shutdown plans were drawn up for selected plants and systems.

The specific projects to increase energy efficiency in 2023 were:

- Replacement investment in the compressed air supply
- Decommissioning and dismantling of a gas-powered heat treatment furnace
- Operational and energy optimisation of cooling water supply pumps
- Creation of a heating concept for selected halls
- Continuation of the expansion to LED lighting technology
- Optimisation of the transport control system for internal big forklift truck traffic (conversion to electric mobility and reduction in diesel consumption)

### Transparency, communication and raising awareness

In order to increase the transparency of energy consumption, the expansion of energy measuring points has been advanced. Fifty additional measuring points were added in 2023. In addition, a live display of electricity

consumption has been created using an energy monitor and is accessible to all staff via the intranet. In order to promote awareness of energy-saving potential, various training and information campaigns were organised for employees on energy-related topics.

### Results and outlook

The total amount of energy in 2023 increased to 61 245 MWh compared to 57 483 MWh in 2022. The absolute increase of approx. 7% can be explained by the increased output volume (+15%) and the longer machine running times associated with this increase. This corresponds to an increase in energy efficiency of approx. 8% and is a good first step towards achieving our long-term target of a 20% improvement by 2035. The measures to reduce the base load at weekends led to a reduction of almost 3% in 2023 compared to 2022.

Energy quantities		
	2022	2023
Electricity [MWh]	26 951	29 670
Gas [MWh]	27 713	28 874
Diesel [MWh]	2 819	2 701
Total energy [MWh]	57 483	61 245

The year 2024 will see further optimisation of the SEUs as well as a continued reduction in the base load at weekends. Other projects include better use of waste heat, optimisation of the compressed air network and the ongoing switchover to LED lighting throughout the company.

By implementing these goals, BUTTING aims to further increase its energy efficiency and make a contribution to climate protection, since every energy-saving measure contributes directly to our vision of carbon neutrality.



## Waste

Waste management is a key component of our environmental management system. Our goal is not only to handle waste efficiently, but also to continuously minimise our environmental impact and comply with all legal regulations. This is achieved by the following steps:

- **Waste avoidance and minimisation:** We actively strive to reduce waste volumes by implementing technical and organisational measures. Raising awareness among our employees plays a key role here. Identifying substitute materials with a lower negative environment impact is another important approach for us in our efforts.
- **Waste separation and sorting:** Our support for the circular economy (recycling) is clearly demonstrated by waste segregation, particularly in the case of production-related metal waste. This initiative actively contributes to conserving resources in the procurement of our raw material. The production of raw material from scrap metal is significantly more environmentally friendly than steel production from primary raw materials.
- **Optimisation of waste routes:** Identifying recycling opportunities and ensuring the proper disposal of waste are front and centre of our efforts. We optimise

waste routes and ensure compliance with all relevant environmental standards. The corresponding documentation and reporting obligations are fulfilled conscientiously. We verify proper disposal by our external waste disposal providers annually by requesting and reviewing specialist company certificates. We also gather information about disposal methods.

Types of waste		
	2022	2023
Hazardous waste [t]	742	609
Non-hazardous waste [t]	4 777	6 678
<b>Total waste [t]</b>	<b>5 520</b>	<b>7 287</b>
Of which non-hazardous scrap metal (for recycling) [%]	72	75

In 2023, the total amount of waste increased by 32% compared to 2022, mainly due to the rise in production volume and the associated increase in production-related metal scrap. The proportion of scrap metal that is fully recycled is still around 75% of the total amount of waste. Fortunately, the amount of hazardous waste in 2023 was reduced by almost 18% compared to 2022.



## Water/effluents

Our water and effluent management is an integral part of our environmental management system. In manufacturing, water is primarily used for cooling, such as in production plants, as well as for the surface treatment of products. Additional water consumption arises from providing for the needs of employees and the use of sanitary facilities. We use targeted measures to minimise water consumption, protect water quality, and ensure efficient effluent treatment.

- **Water efficiency and minimised consumption:**  
We rely on innovative technologies and processes to reduce water consumption. We also use continuous monitoring to identify opportunities for increased efficiency in our operational workflows. Employees receive training to raise awareness of water-saving measures. All new and modernised sanitary facilities are fitted with water-efficient fixtures.
- **Conserving resources through water recycling:**  
We explore ways to reuse water in our processes (water cycle). Water recycling not only helps to conserve resources, but also reduces the need for fresh water.
- **Water quality protection:** Our production processes take into account the protection of water quality.

We invest in technologies to prevent harmful effluent discharge and use environmentally friendly chemicals to maintain water quality in our environment.

- **Effluent management and continuous monitoring:**  
Effluent treatment is carried out in accordance with strict environmental standards. At Knesebeck, we use several neutralisation plants (water treatment plants) to ensure that the treated effluents meet the legal requirements before being released into the environment.

At 37 315 cubic metres, BUTTING's fresh water consumption in 2023 was around 7% below the previous year's level. The volume of treated effluents increased by 24% compared to the previous year, which is partly due to the additional treatment of groundwater undertaken as part of the officially supervised remediation efforts following the pickling fire incident.

Water quantities		
	2022	2023
Consumed fresh water [m <sup>3</sup> ]	40 069	37 315
Treated effluents [m <sup>3</sup> ]	20 353	25 300



## Biodiversity

BUTTING is committed to the responsible use of natural resources and is actively involved in the preserving of biodiversity. The main focus is on the maintenance and reforestation of native wooded areas. Sustainable practices in BUTTING's forested areas ensure that these forests serve as important carbon sinks and that their diverse flora and fauna preserved.

An important aspect of our efforts to protect biodiversity is the preservation and improvement of the bodies of water on the BUTTING site. The Knesebeck site is situated in the Schönewörde water protection area, zone IIIB. As a concrete measure for water protection, the company regularly carries out extensive water sampling.

This affects both the company pond and the Kiekenbruchsronne stream, which crosses the company premises. These activities are aimed at both monitoring water quality and ensuring the identification and elimination of potential sources of hazard.

BUTTING attaches great importance to transparency and cooperation with the relevant authorities. Comprehensive monitoring has been established in order to document the measures that have been implemented and to ensure continuous improvement. Regular dialogue with the authorities ensures that activities comply with applicable environmental regulations and that the highest water protection and biodiversity standards are met.

06



# Appendix

# Carbon footprint: Methodology and emission factors

The presentation of greenhouse gas emissions from BUTTING in Knesebeck was carried out in full for the first time for the year 2022 with the support and advice of AGIMUS GmbH Umweltgutachterorganisation & Beratungsgesellschaft from Braunschweig in accordance with DIN EN ISO 14064-1:2019. We have also aligned ourselves with the requirements of the internationally recognised Greenhouse Gas Protocol (GHG). The calculation of Scopes 1, 2, and 3 of the corporate carbon footprint is based on the operational control approach of the GHG Protocol. This means that all facilities over which the organisation has operational control are included. AGIMUS has certified that our calculation of greenhouse gas emissions for the year 2022 complies with the standards. By completing the first calculation of our carbon footprint, including all relevant Scope 3 emissions, in 2022, we have established this year as the reference and base year for our future milestone targets on the road to carbon neutrality. The emissions for the 2023

reporting year were determined using the same calculation method. The reporting period for the presented carbon footprint is our financial year, which ran from 1 January to 31 December 2023.

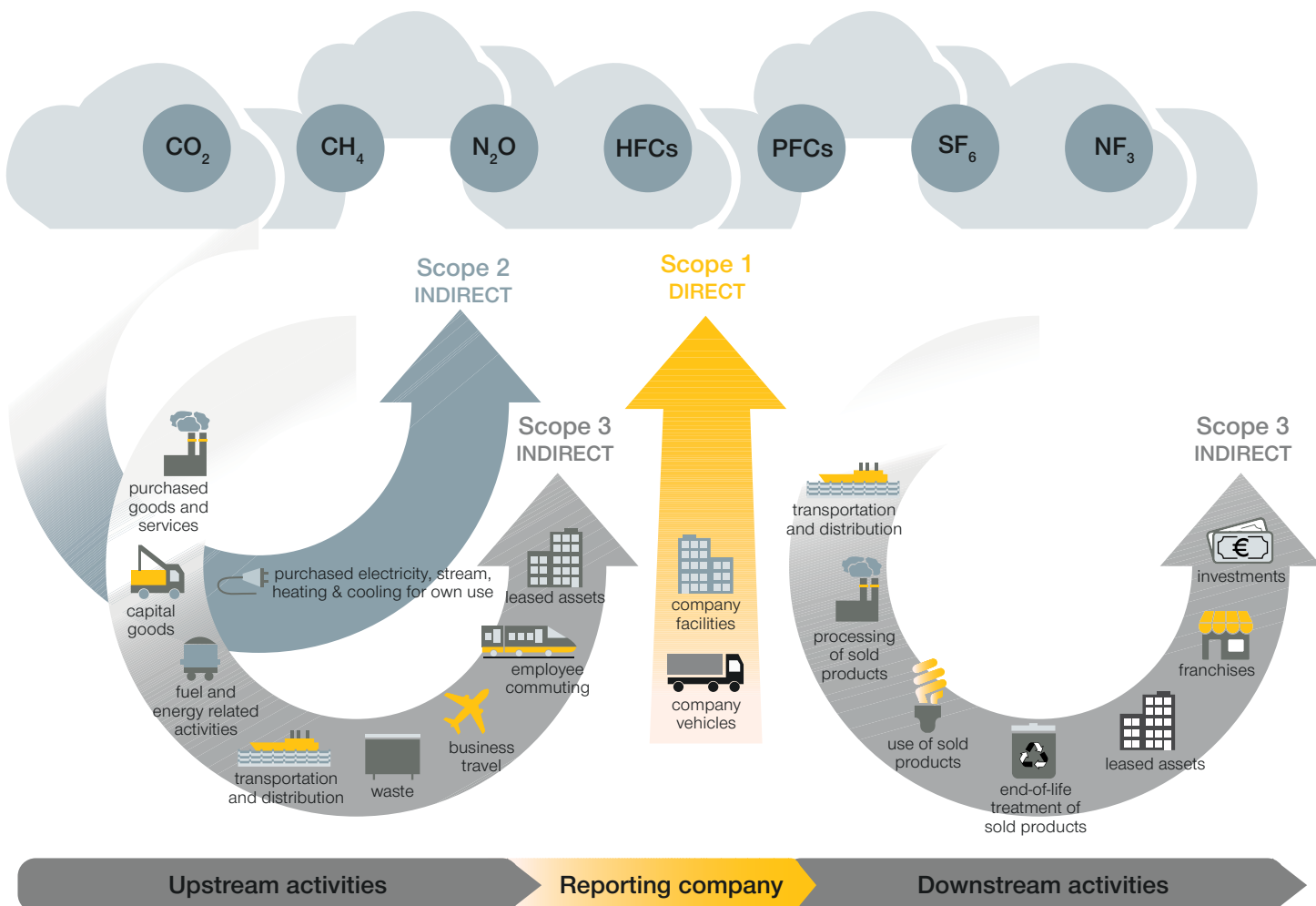
In accordance with the GHG requirements, BUTTING differentiates greenhouse gas emissions into three categories (Scopes):

**Scope 1** includes all direct emissions caused by the organisation itself, for example through combustion for the generation of electricity and heat.

**Scope 2** includes indirect emissions from energy purchased from external suppliers, such as electricity and heat.

**Scope 3** includes all indirect emissions that occur as a result of the company's business activities.

## Overview of GHG Protocol Scopes and emissions across the value chain



Source: Figure 1.1 of Scope 3 Standard. Errors and omissions excepted. Source: GHG Protocol

In the initial approach, BUTTING carried out a high-level screening and identified the categories in the Scope 3 assessment with a high impact for which more precise data is required. In addition to establishing relevance, the next step was to determine data availability and estimate the calculation effort.

The following Scope 3 categories were selected and determined as part of this materiality analysis in terms of their relevance and data availability for BUTTING's carbon footprint:

- 3.1 Purchased goods and services
- 3.3 Fuel and energy-related emissions
- 3.4 Upstream transportation and distribution
- 3.5 Waste generated in operations
- 3.6 Business travel
- 3.7 Employee commuting
- 3.9 Downstream transportation and distribution

The following categories were not determined due to lack of applicability or relevance, non-existent data or disproportionate effort required to determine the data:

- 3.2 Capital goods
- 3.8 Upstream leased assets
- 3.10 Processing of sold products
- 3.11 Use of sold products
- 3.12 End-of-life treatment of sold products  
(waste management, recovery of materials for recycling)
- 3.13 Downstream leased assets, operation of buildings, machinery, vehicles
- 3.14 Franchise: Scope 1 and 2 of franchises
- 3.15 Investments: proportionate share of Scope 1 and Scope 2 emissions of equity investments, debt investments, project finance

All categories currently categorised as not relevant are reviewed annually and their significance is re-evaluated. Additional categories are added in the event of amendments. BUTTING is in continuous dialogue with suppliers and is looking for publicly available data in order to gradually develop robust inventories and improve data quality for categories with a high environmental impact, i.e. to collect primary data.

### Data sources used in Scope 3

Various sources were used to calculate the CO<sub>2</sub> equivalents in Scope 3. The purchase of steel raw materials plays a key role in the goods purchased. The quantities used in production in the respective year were taken into

account in order to minimise the time lag between delivery and the actual start of production. Direct contact was made with the TOP suppliers in order to obtain the most accurate CO<sub>2</sub> values. Further data was partly obtained from the suppliers' websites (CO<sub>2</sub>/ESG reports). Where plausible supplier values were available, these were used. Only a small number of our raw material suppliers have published their own carbon footprint for all Scopes. If no values could be specified or determined, the standard value for stainless steel from the "Information Sheet CO<sub>2</sub> Factors" as published by the German Federal Office for Economic Affairs and Export Control was used (e.g. stainless steel sheet 5.18 CO<sub>2</sub>e / t).

Another source of CO<sub>2</sub> factors is the "Climate Protection Tool" from AGIMUS, which provides standard values for various categories. Values from this database were used to determine fuel and energy-related emissions, waste (recycling, incineration, landfill), fresh water and copy paper. The value determined by statista.de for German freight transport between 2019 and 2021 was used to determine the carbon impact of upstream and downstream transportation (truck, inland navigation, freight train). The data for business travel includes all flights for the respective year. The CO<sub>2</sub> data was transmitted directly by the travel partner. Employee commuting was divided into three categories depending on how staff travelled to work. Attendance days were determined and statistically extrapolated with the average travel behaviour (on foot, by bike, car, carpooling, train). Reference and conversion factors for the respective means of passenger transport were taken from the AGIMUS calculation tool.

The following table shows the absolute emissions in Scopes 1, 2 and 3 as well as the percentage shares in detail.

Overview of emissions per Scope				
	2022	Share	2023	Share
	[t CO <sub>2</sub> e]	[%]	[t CO <sub>2</sub> e]	[%]
<b>Scope 1</b>				
Gas consumption – natural gas	5 578	4.4	5 716	3.1
Fuels (diesel, propane gas)	679	0.5	670	0.4
Other gases	149	0.1	122	0.1
<b>Scope 2</b>				
Power consumption*	7 626	6.0	8 870	4.9
District heating	12	0.0	12	0.0
<b>Scope 1 and Scope 2 Total</b>	<b>14 045</b>	<b>11.1</b>	<b>15 391</b>	<b>8.4</b>
<b>Scope 3</b>				
Purchased goods and services	106 568	83.9	159 752	87.5
Fuel and energy-related emissions	1 382	1.1	1 434	0.8
Upstream and downstream transportation	2 050	1.6	1 913	1.0
Waste	1 531	1.2	2 319	1.3
Business travel	153	0.1	368	0.2
Employee commuting	1 232	1.0	1 301	0.7
Fresh water	9	0.0	8	0.0
<b>Scope 3 Total</b>	<b>112 926</b>	<b>88.9</b>	<b>167 096</b>	<b>91.6</b>
<b>Scope 1 – 3 Total Amount</b>	<b>126 970</b>	<b>100</b>	<b>182 487</b>	<b>100</b>
<i>Processed outgoing goods tonnage [t]</i>	<i>48 570</i>		<i>69 222</i>	
<i>Emissions per processed outgoing good tonnage</i>	<i>2.6</i>		<i>2.6</i>	

\* The market-based method was used to determine the carbon emissions from externally purchased electricity. The electricity supplier specified the electricity mix from 2022 as the most recent value, which is valid until a new publication. The current value is 331 g CO<sub>2</sub>/ kWh. A subsequent amendment with more up-to-date values is possible and will be adopted or implemented in subsequent reports in the event of significant deviations.



## Bescheinigung

Die AGIMUS GmbH Umweltgutachterorganisation & Beratungsgesellschaft bescheinigt, dass für die

### H. Butting GmbH & Co. KG

eine Eigenberechnung der Scopes 1, 2 und 3 des Corporate Carbon Footprints gemäß DIN EN ISO 14064-1:2019 in einem durch die AGIMUS GmbH beratend begleiteten Coachingprozess durchgeführt wurde. Zusätzlich haben wir uns an den Anforderungen des international anerkannten Greenhouse Gas Protocol orientiert.

Die normkonform berechneten **Treibhausgasemissionen im Jahr 2022** waren wie folgt:

<b>Scope 1</b> (direkte Emissionen):	<b>6.407,2 t CO<sub>2eq</sub>.</b>
<b>Scope 2</b> (indirekte Emissionen durch Sekundärenergieträger):	<b>7.637,5 t CO<sub>2eq</sub>.</b>
<b>Scope 3</b> (andere indirekte Emissionen wie vorgelagerte Prozesse, Herstellung, Einsatzmaterial etc.):	<b>112.925,6 t CO<sub>2eq</sub></b>

Basierend auf unseren Berechnungen der Treibhausgasemissionen bescheinigen wir, dass der CCF normkonform berechnet wurde und wir eine Plausibilitätskontrolle, aber keine Datenkontrolle oder -evaluierung vorgenommen haben.

Der guten Ordnung halber unterstreichen wir, dass dieses Testat eine Bescheinigung über die normkonforme Berechnung des CCF durch uns darstellt und keine unabhängige Third-Party Evaluierung gemäß DIN EN ISO 14064-3:2020 ist.

Braunschweig, den 27.11.2023

A handwritten signature in black ink, appearing to read "R. Utermöhlen".

Dr. Ralf Utermöhlen, Umweltgutachter, DE-V-0080

## About the report

H. Butting GmbH & Co. KG pursues an ethical, value-based sustainability strategy, which is manifested in the first publication of the 2023 Sustainability Report with reference to and application of the Global Reporting Initiative (GRI) Standard. Sustainability reporting provides a comprehensive insight into our company's activities, performance, and goals, which are crucial for our sustainable progress. The report also enables our stakeholders to understand our sustainability efforts. At the same time, it illustrates how BUTTING takes responsibility for ecological, social, and economic affairs.

### Reporting period, frequency of reporting and contact point

This sustainability report relates to the reporting period from 1 January 2023 to 31 December 2023. The report also uses and takes into account comparative and reference variables from previous years to illustrate developments. Going forward, we plan to prepare and publish this report annually. The reporting period is identical to the financial year for financial reporting purposes.

The sustainability report is only available as a digital version. It is aimed at our employees, our business partners and all interested stakeholders.

#### Contact details [ESG@butting.com](mailto:ESG@butting.com)

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H. Butting GmbH & Co. KG / CPO of the BUTTING Group

### Correction or restatement of information

With the Corporate Sustainability Reporting Directive (CSRD) having come into force, BUTTING will be confronted with increased sustainability

reporting requirements in the years ahead. In order to fulfill these new requirements, we are continuously adapting our internal and external reporting processes. As a first step, we have aligned our reporting with the GRI framework and have applied the relevant principles.

Our sustainability management and reporting system is continuously being expanded and improved. For example, we are constantly working with our business partners to refine the methods used to assess greenhouse gas emissions and improve data quality. We do not receive the actual emission factors from the local electricity supplier for the location-based method for calculating Scope 2 until the fourth quarter of the following year. In the event of significant changes, such circumstances or similar situations may require us to correct or restate information in subsequent reports. However, no corrections or restatements were made in this first report. The editorial deadline for the report was 31 January 2024.

### External audit

The information provided has been reviewed by the Management Board of H. Butting GmbH & Co. KG. Data preparation and reporting of the sustainability indicators was carried out by the Controlling team in line with the processes in the Integrated Management System and financial reporting.

No external audit has taken place to date. Random checks are carried out as part of internal audits as well as in the internal compliance process under the direction of the Compliance Officer and the BUTTING Advisory Board. This sustainability report will be submitted to the external auditor as part of the 2023 audit of annual accounts.

The Management Board at H. Butting GmbH & Co. KG, 9 February 2024



Hermann Butting



Norbert Heinzle



Dirk Meinecke



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# Index

## GRI Index

Statement of use:	H. Butting GmbH & Co. KG has reported for the year 2023 with reference to the GRI Standard
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Industry Standard:	none applicable

GRI Disclosure	Name	Page	Comments / References
1	Foundation 2021		
2	General Disclosures 2021		
1. The organization and its reporting practices			
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2-2	Entities included in the organization's sustainability reporting	2, 11	
2-3	Reporting period, frequency and contact point	88	
2-4	Restatements of information	88	
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2. Activities and employees			
2-6	Activities, value chain and other business relationships	8-10, 23	
2-7	Employees	11	
3. Governance			
2-9	Governance structure and composition	8-9, 22, 88	Management Board from 2024: Hermann Butting, Norbert Heinzle, Dirk Meinecke
2-11	Chair of the highest governance body	8	Hermann Butting
2-12	Role of the highest governance body in overseeing the management of impacts	10, 23, 88	
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2-14	Role of the highest governance body in sustainability reporting	10, 23-26, 88	
4. Strategy, policies and practices			
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2-23	Policy commitment on principles and norms of behaviour	22, 30, 66-67	Code of Conduct available on the website
2-24	Embedding policy commitments on principles and norms of behaviour	7, 22, 88	
2-25	Processes to remediate negative impacts	31, 36, 63, 66-67	Whistleblowing system accessible via website
2-27	Compliance with laws and regulations	22, 66-67	
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	23, 65	

<b>3</b>	<b>Material Topics 2021</b>		
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3-2	List of material topics	24	
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<b>201</b>	<b>Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	8, 12	
<b>205</b>	<b>Anti-corruption 2016</b>		
205-2	Communication and training about anti-corruption policies and procedures	66-67	
205-3	Confirmed incidents of corruption and actions taken	66-67	No confirmed incidents in 2023
<b>206</b>	<b>Anti-competitive Behavior 2016</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	66-67	There were no legal actions in 2023
<b>207</b>	<b>Tax 2019</b>		
207-2	Tax governance, control, and risk management	60-61, 66-67	
<b>301</b>	<b>Materials 2016</b>		
301-2	Recycled input materials used	74, 79	
<b>302</b>	<b>Energy 2016</b>		
302-3	Energy intensity	78	
302-4	Reduction of energy consumption	75-76, 78	
<b>303</b>	<b>Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	80	
303-5	Water consumption	80	
<b>304</b>	<b>Biodiversity 2016</b>		
304-3	Habitats protected or restored	81	
<b>305</b>	<b>Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	75-77, 84-86	
305-2	Energy indirect (Scope 2) GHG emissions	75-77, 84-86	
305-3	Other indirect (Scope 3) GHG emissions	75-77, 84-86	
305-5	Reduction of GHG emissions	75-77	

<b>306</b>	<b>Waste 2020</b>		
306-2	Management of significant waste-related impacts	74, 79	
306-3	Waste generated	79	
<b>401</b>	<b>Employment 2016</b>		
401-3	Parental leave	44, 51	
<b>403</b>	<b>Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	9	ISO 45001
403-3	Occupational health services	36	
403-4	Participation of employees, consultation, and communication on occupational health and safety	38-42	
403-5	Training of employees on occupational health and safety	38-42	
403-6	Promotion of employees' health	36-41	
403-8	Employees covered by an occupational health and safety management system		All employees are covered
403-9	Work-related injuries/accident frequency and injury rate	37	
<b>404</b>	<b>Training and Education 2016</b>		
404-2	Programs for upgrading employee skills and transition assistance programs	32-34, 56-58	
<b>405</b>	<b>Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	50-51	
<b>406</b>	<b>Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	30-31, 66-67	
<b>408</b>	<b>Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	60-61, 65-67	No known incidents in 2023. Suppliers at significant risk could not be identified
<b>409</b>	<b>Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	60-61, 65-67	No known incidents in 2023. Suppliers at significant risk could not be identified

SDG	Goal	Chapter	Page
1	 End poverty in all its forms everywhere	2; 3; 4	17-25, 44-45, 66-69
2	 End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2; 3	17-25, 48-49
3	 Ensure healthy lives and promote well-being for all at all ages	2; 3	17-25, 36-37
4	 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	2; 3	17-25, 32-35
5	 Achieve gender equality and empower all women and girls	2; 3	17-25, 50-52
6	 Ensure availability and sustainable management of water and sanitation for all	2; 5	17-25, 80
7	 Ensure access to affordable, reliable, sustainable and modern energy for all	2; 5	17-25, 78
8	 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	2; 3; 4	17-25, 30-31, 56-58, 60-67
9	 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	2; 4	17-25, 60-65
10	 Reduce inequality within and among countries	2; 3	17-25, 50-52
11	 Make cities and human settlements inclusive, safe, resilient and sustainable	2; 4	17-25, 68-69
12	 Ensure sustainable consumption and production patterns	2; 4; 5	17-25, 60-65, 74-79
13	 Take urgent action to combat climate change and its impacts	2; 4; 5	17-25, 62-65, 74-81
14	 Conserve and sustainably use the oceans, seas and marine resources for sustainable development	2; 5	17-25, 80
15	 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	2; 5	17-25, 81
16	 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	2; 4	17-25, 66-67
17	 Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	2; 4	17-25, 63-65

## List of abbreviations

BAGU	Betrieblicher Arbeits-, Gesundheits- und Umweltschutz (Occupational Health and Safety and Environmental Protection)
bAV	Betriebliche Altersversorgung (company pension scheme)
BU	Business unit
CBAM	Carbon Border Adjustment Mechanism
CO <sub>2</sub>	Carbon dioxide
IHK	Chamber of Commerce and Industry
CPB	Christlich-Psychologischer Beratungsdienst (Christian Psychological Counselling Service)
CoC	Code of Conduct
CIP	Continuous Improvement Process
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DNA	Deoxyribonucleic acid
DVS	Deutscher Verband für Schweißen und verwandte Verfahren (German Welding Society)
Empl.	Employees
ERP	Enterprise Resource Planning
ESG	Environment Social Governance
ESM	European Service Module
ESRS	European Sustainability Reporting Standards
GRI	Global Reporting Initiative
GHG	Greenhouse gas
GHG	Greenhouse Gas Protocol
HSE	Health, Safety and Environment
IT	Information technology
ILS	Integrated Leadership System
IMS	Integrated Management System
ISO	International Organization for Standardization
KPI	Key Performance Indicators
KIM	Kooperationsinitiative Maschinenbau e. V. (German Mechanical Engineering Cooperation Initiative)
LkSG	Lieferkettensorgfaltspflichtengesetz (German Act on Corporate Due Diligence Obligations in Supply Chains)
LED	Light-emitting diode
LTIFR	Lost Time Injury Frequency Rate
Mngr.	Manager
m	million
NASA	National Aeronautics and Space Administration
NADCAP	National Aerospace and Defense Contractors
No.	Number
NC	Number of courses conducted
OHSAS	Occupational Health and Safety Assessment Series
OHM	Occupational Health Management:
Ps	Participants
PDCA	Plan-Do-Check-Act cycle

cont. &gt;

**List of abbreviations**

Pot.	Potential
RoW	Rest of the World
SO	Safety officers
SBV	Schwerbehindertenvertretung (representative body for disabled employees)
STEM	Science, Technology, Engineering and Mathematics
SEU	Significant Energy Use
SDGs	Sustainable Development Goals
UNGC	United Nations Global Compact
USMCA	USA, Mexico, Canada
YTR	Youth and Trainee Representation
NDT	Non-destructive testing

