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Sustainability strategy produces tangible results:  
Krones posts key ESG performance indicators for 2022

* Operational CO2 emissions were 22 per cent down on the preceding year’s figure.
* The share of women in management positions rose by two per cent and that of female employees overall by five per cent.
* Expenditure for charitable contributions and sponsorship came to over 1.1 million euros – up by almost 40 per cent on the preceding year.

The Krones Group documents its sustainability performance for 2022 in its recently published annual report. The core statement of the relevant chapter, which is some 50 pages long and studded with key performance indicators, is that: Sustainability is hard work but the efforts undertaken to achieve it definitely pay off.

Krones has made good progress in implementing its climate strategy, in particular. Here, operational CO2 emissions (Scope 1 and 2) are to be reduced by 80 per cent in the period from 2019 to 2030. The group set itself this target in 2020, and since then emissions have gone down each year, a trend that also continued in 2022 when the group succeeded in cutting them by 22 per cent year-on-year, despite record sales of 4.2 billion euros and a correspondingly high production volume.

**Milestone reached early**

More than 50 per cent of the target figure for reducing emissions by 2030 has thus already been reached. However, the group points out that this early success must not tempt people to slacken their efforts to combat climate change – on the contrary: the obvious measures like switching to green power have already been taken, meaning that considerably greater effort will be needed to reach the final goal. Nevertheless, Krones still refuses to greenwash its climate footprint by buying carbon credits: “Climate protection only makes sense when we avoid emissions right from the start, instead of paying for them,” emphasises Martina Birk, Head of CRD Sustainability. “In view of what’s at stake, which is nothing less than the future of our planet, we have no choice. But our efforts to combat climate change will more than pay off for us and for future generations, too.”

It is equally important to improve other key environmental performance indicators besides CO2 emissions, chief among them water consumption and hazardous waste, which have risen by 28 and five per cent respectively since 2020.

**Appealing to our customers’ climate conscience**

Krones has set itself an ultra-ambitious climate target, not least for the upstream and downstream supply chains: to reduce Scope-3 emissions by 25 per cent in the period from 2019 to 2030 – irrespective of any increase in sales. “To keep the company growing while simultaneously reducing the product carbon footprint is doubtless one of the most difficult challenges,” says Martina Birk. “We have no alternative but to continue improving our machines’ energy-efficiency – and to discuss what products and technologies we want to keep in our portfolio – in other words: Which of them can be considered environmentally sustainable. One thing is certain: We can only reach our Scope-3 emission target together with our customers, who will ultimately need to reduce their emissions just like us.”

Particularly worthy of mention is the fact that product-related greenhouse gas emissions are already substantially below what might be expected given the group’s order intake figure, which was up by 34 per cent in 2022, whereas emissions in the downstream supply chain only increased by six per cent. This development now needs to be consolidated, not least in the upstream supply chain: “Even though there was a slight year-on-year reduction in emissions here in 2022, they are still too high compared to the base year 2019,” says Martina Birk.

**Good progress in social sustainability**

A positive trend can also be reported for the key social and governance performance indicators. The number of workplace accidents is down by 17 per cent across the group, and the resulting days lost by eight per cent. The measures taken to boost gender diversity were likewise successful: The share of women in management positions rose by two per cent, and that of female employees overall by five per cent. Charitable contributions and sponsorship, at over 1.1 million euros, were almost 40 per cent up on the preceding year’s figure. That increase is mainly attributable to various benefits paid to victims of the conflict between Russia and Ukraine.

To navigate successfully through the next stages, the group has included in its budget 20 million euros for further sustainability-related measures. A clear and unequivocal signal that Krones is serious about achieving its goals.

The measures taken and progress made in the field of sustainability have up till now been described in the non-financial report, published each year alongside the annual report. As a result of a new law, the Corporate Sustainability Reporting Directive (CSRD) of the European Union, it will be mandatory to combine these two documents as from business year 2025, with retrospective effect for the 2024 annual report.

Peter Steger, Head of Corporate Sustainability, explains why Krones is meeting this legal requirement two years earlier than stipulated: “The processes and key performance indicators for non-financial reporting have already been established at Krones for quite some time now. So there is no reason why we should wait for the legal deadline.” What is more, he continues, this procedure is a logical step that follows directly from the group’s corporate strategy: “With this combined document, Krones demonstrates in no uncertain terms that the key financial and sustainability performance indicators are equally important factors for the company. Fitting in perfectly with our new ‘Solutions beyond tomorrow’ target, commercial performance and sustainability performance are accorded the same priority in our corporate strategy.”

The complete annual report for 2022, including the chapter on non-financial performance, has been published on the internet at: https://www.krones.com/de/unternehmen/investor-relations/geschaeftsbericht-konzern-2022.php.

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