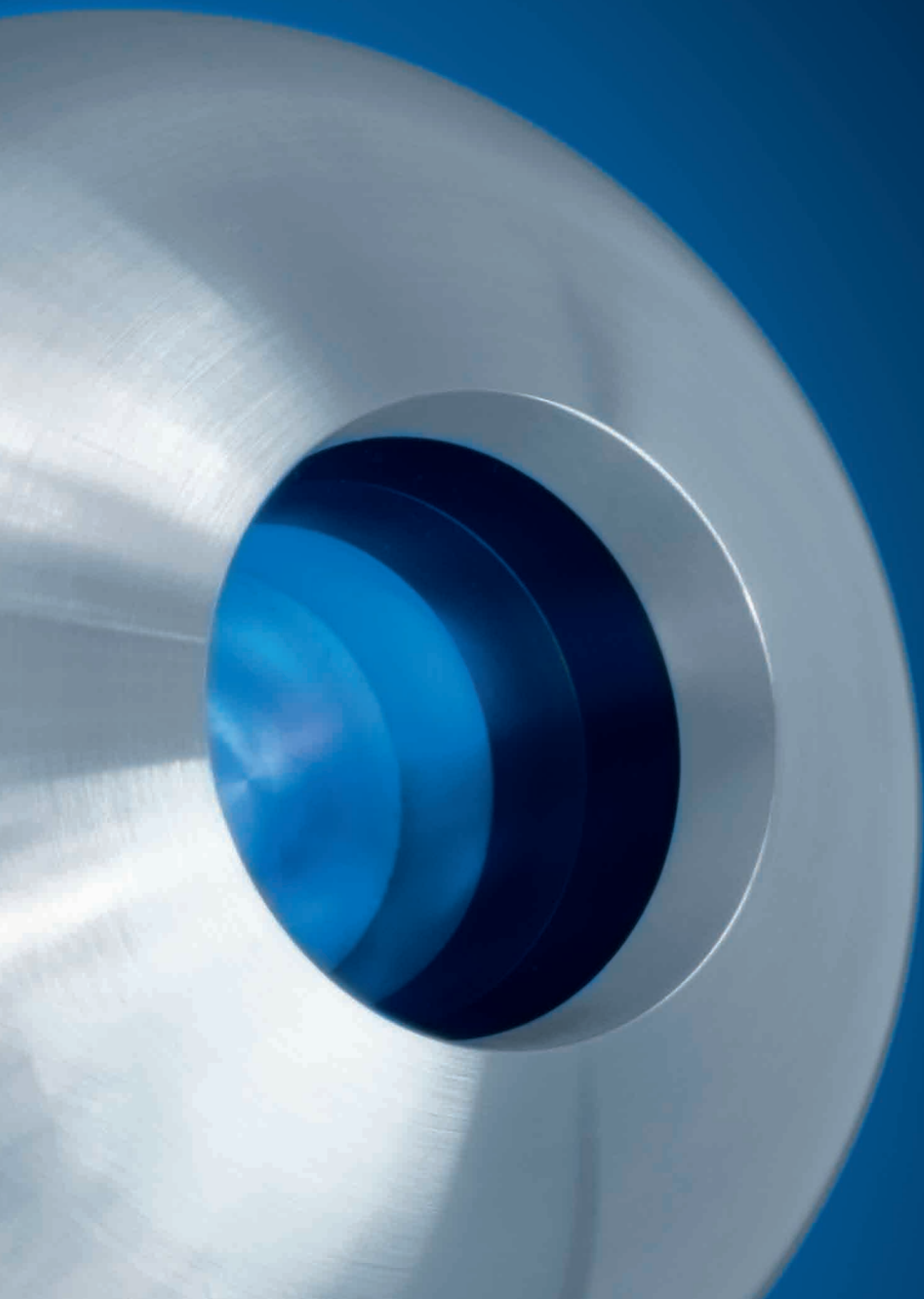


Sustainability Report 2023

FESTO





The Festo delegation at the award ceremony in Düsseldorf on November 23, 2023 (from left to right): Christian Österle, Vice President Corporate Communication and Sustainability, Dr. Sebastian Beck, Member of the Management Board Finance and Human Resources, Julia Bikidis, Head of Corporate Sustainability, Neeta Wellhäußer, Human Rights Officer, Dr. Oliver Niese, Member of the Management Board of Festo Didactic SE.



Cover image:

Winner of the German Sustainability Award

The German Sustainability Award (DNP) is the largest award for environmental and social commitment in Europe. It is based on the goals of the German government’s 2030 Agenda and thus on key areas of transformation such as climate, biodiversity, resources, the supply chain, and society. Prizes are awarded for pioneering contributions to the transformation for a sustainable future.

In 2023, Festo was given the award in the hydraulics, pumps, and compressors category as an example of environmental and social progress; this demonstrates how sustainability can be successfully implemented.

The German Sustainability Award confirms our holistic approach – with a focus on climate protection and people – because sustainability has always been the work of many hands at Festo. The award recognizes the commitment of our employees and shows that we are on the right track.

We place particular emphasis on climate protection and reducing our carbon footprint. This is why we are continuously optimizing our energy efficiency and waste recycling. Our core values, such as our ethical principles and an inclusive work environment, are also part of our holistic approach. And in everything we do, we always have the drive to find the best and most efficient solution for our customers.

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Dipl.-Ing. (FH) Thomas Böck,
Chairman of the Management Board of Festo SE & Co. KG

Dear Readers,

As the new Chairman of the Management Board, it gives me great pleasure to invite you to read the Sustainability Report 2023. In our latest report, we show you how Festo, as a family-owned company, understands and embraces sustainability across various dimensions.

In addition to the social perspective, our focus in the context of sustainability is on climate protection. Our aim here is to demonstrate the technological expertise of the entire Festo team in the area of energy and resource efficiency along the value chain. Already in research and development, we deal with challenges relating to the selection of materials and the innovative functionalities of our products with the aim of significantly reducing the impact on our environment.

Digitization and artificial intelligence will become increasingly important for us as an automation and learning company. We are convinced that, alongside the continuous development of our product hardware and the addition of digital features, we offer our customers priceless added value.

At the same time, we are working on answers to the existential challenges of our time. However, dear readers, we can only meet these challenges together – through

broad-based partnerships that are open to innovation. The next industrial transformation toward a climate-friendly circular economy requires courage, pioneering spirit, entrepreneurship, and innovative strength.

It's all in our DNA. In this report, we use our Blue World to show you how we are advancing into completely new solution areas in many industries with our automation ideas and are thus enablers of a sustainable future.

Two outstanding awards in 2023 show us that, as a company, we are on the right track with our efforts. We are proud to be the winner of the UNIDO Innovation Award with our Didactic unit and to be awarded the German Sustainability Award in the same year. These awards confirm that we are on the right track with our holistic approach, where climate protection and people are at the heart of our efforts.

I hope you enjoy reading our Sustainability Report 2023.

Dipl.-Ing. (FH) Thomas Böck,
Chairman of the Management Board of Festo SE & Co. KG
→ [GRI 2-1](#), [GRI 2-11](#), [GRI 2-22](#), [GRI 2-23](#)

Company portrait

Festo at a glance

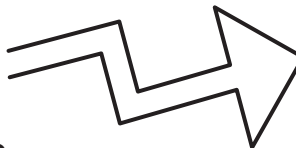
Festo stands for clear values, top quality, and customer-oriented innovations. In industrial automation technology and technical education, we contribute to the sustainable development of the environment, the economy, and society. As a family-owned company, we think and act responsibly and with a focus on the future.

The focus is always on finding the most efficient and productive solution for movement tasks in industrial production. Sustainability and the climate-friendly transformation of manufacturing are becoming the most important tasks in the entire value chain. In the 2023 financial year, the Festo Group generated revenue of 3.65 billion euros and has around 20,600 employees at 250 locations around the world. The company invests more than seven percent of its sales annually in research and development. Vocational and advanced training measures account for 1.5 percent of turnover. → [GRI 2-1](#)

The Festo Group is divided into the business divisions Automation and Didactic. Important industry segments include automotive, food and packaging, electronics and assembly, biotech, pharmaceuticals and cosmetics, chemicals, and water as well as the areas of medical technology and laboratory automation (LifeTech), which are growing in importance. Festo also supports all automated process steps in the field of electromobility – from battery production to the production of electric vehicles. → [GRI 2-1](#)



20,545
employees worldwide
→ [GRI 2-7](#)



EUR 3.65 billion
total revenue in 2023

Total sales by region	2021	2022	2023
Europe/Middle East	60%	57%	59%
Asia	24%	25%	23%
Americas	16%	18%	18%

→ [GRI 201-1](#)



60
Companies in
around 60 countries → [GRI 2-2](#)

[Production sites:](#) 12 global production centers
[Delivery centers:](#) 4 regional service centers
[Offices:](#) over 250 worldwide
[Service worldwide:](#) in 176 countries



EUR 280 million
in research and
development services

The Automation division

Automation offers a wide range of solutions for factory and process automation. The business purpose encompasses the development, manufacture, and sale of pneumatic and electric components, technical systems, and services as well as the provision of knowledge for automation tasks such as the control, regulation, positioning, and handling of machines, apparatus and technical processes. When it comes to customer solutions, demands on energy and resource efficiency and the humanization of work are increasingly becoming competitive factors in all industrial segments. → [GRI 2-6](#)

The Didactic division

The Group's activities in the Didactic division stand for technical education and training and have encompassed the continuous development of professional, industry-related learning products and services relating to automation technology for over five decades. The educational offer covers a wide range of technologies, including factory and process automation, fluid engineering, electrical engineering, industrial trade, and much more.

Festo Didactic is a system partner of companies as well as private and public educational institutions in order to make or keep people fit for work through education and training and to allow them to participate in economic development. → [GRI 2-6](#)

Sustainability is firmly anchored in our corporate strategy. As a long-term operating family-owned company, we assume responsibility for the environment, social issues, and governance (ESG) when it comes to current and future generations. For us, sustainability means the holistic fulfillment of all three dimensions.

We place particular emphasis on climate protection and continuously reducing our CO₂ footprint. For example, since 2024, the entire Festo Group worldwide has been carbon offset in terms of Scope 1 and carbon-neutral in terms of Scope 2 – two years earlier than planned.

We are continuing to work on energy-saving measures such as the further expansion our photovoltaic (PV) capacity and retrofitting our heating technology in order to continuously reduce the need for offsets and achieve net zero by 2040, including in Scope 1.

For this reason, Festo is joining the Science Based Targets Initiative (SBTi) in 2024. In doing so, we commit to scientifically sound climate targets that are in line with the Paris Agreement and are continuously reviewed by the globally recognized network. Furthermore, the implementation of an energy management system in accordance with ISO 50001 is planned in Germany for 2024.

Our areas of activity

In order to achieve our sustainability goals, our sustainability strategy defines four fields of action.

→ [GRI 2-6](#), [GRI 2-22](#), [GRI 2-23](#), [GRI 3-2](#)



Climate protection and resource efficiency

Climate protection and the economical use of energy, materials, and resources are firmly anchored in our sustainability strategy.



People at Festo

At Festo, the focus is on people. After all, a healthy, motivated, and high-performing workforce is a key factor in our success.



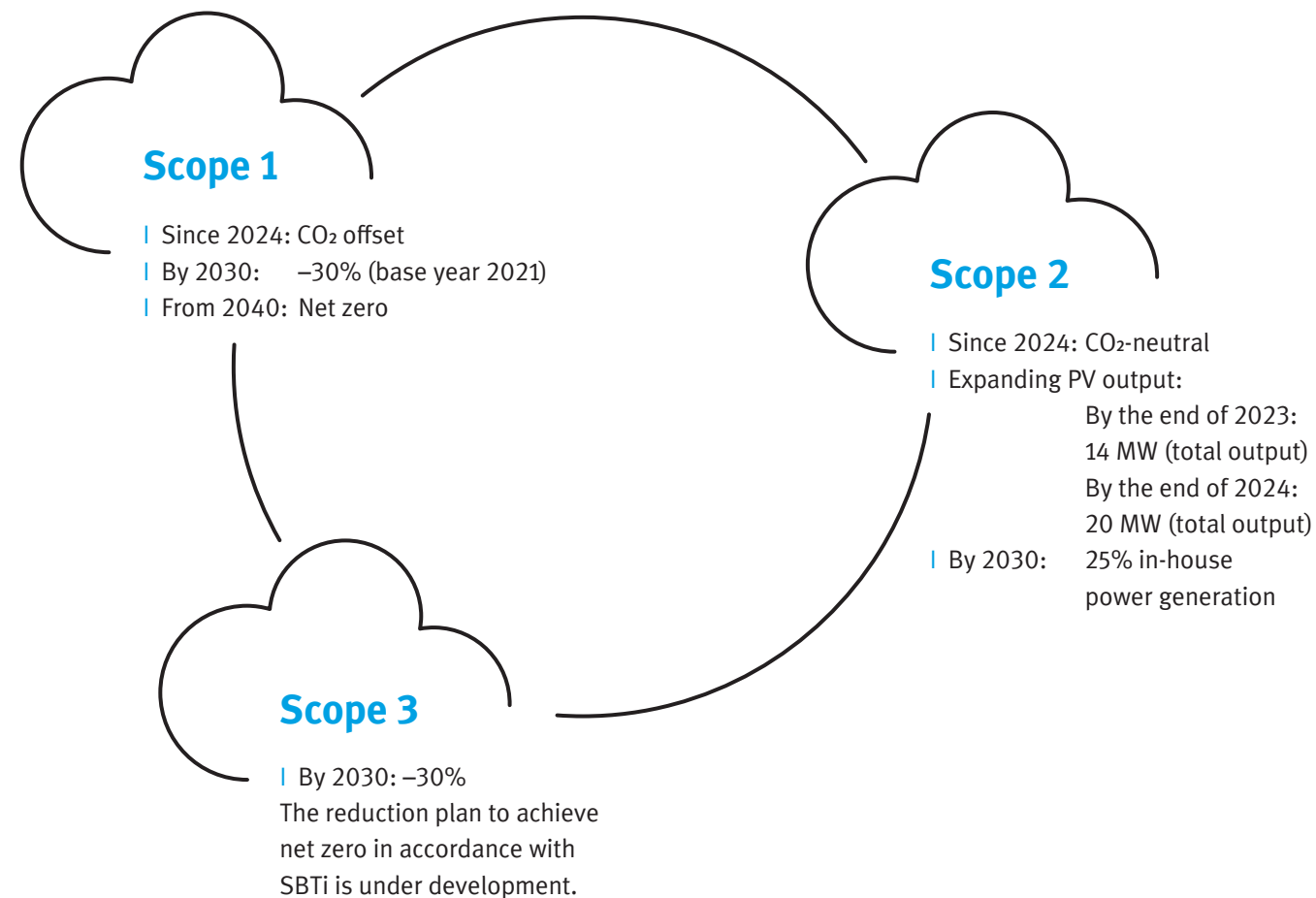
Technical education

With our comprehensive range of training courses, we make an important contribution to the technical qualification of current and future generations.



Ethics and governance

In order to achieve the goals of sustainable development, we attach great importance to acting ethically and in accordance with the law and regulations.



Certified sustainability → [GRI 3-3](#)

Our operational management systems contribute to the continuous improvement of sustainable processes and services in the company. This is confirmed by recognized standards such as the following:

- E** Environmental management system: certified in accordance with ISO 14001 → [GRI 303-1](#)
- S** Occupational health and safety management system in Budapest, São Paulo, and Shanghai: certified according to ISO 45001 → [GRI 403-1](#)
- G** Compliance Management System: certified in accordance with the IDW testing standard 980 → [GRI 206-1](#)

Sustainability in action

Festo actively promotes sustainability. We are therefore involved in various initiatives and are committed to acting in a socially supportive and resource-conserving manner.

- ✓ 2024: Joining the Science Based Targets Initiative (SBTi) to reduce greenhouse gas emissions in line with the Paris Climate Agreement.
- ✓ 2023: Establish a systematic approach to respecting human rights and the related environmental rights.
- ✓ 2022: Signature of the Diversity Charter to take into account and promote the diversity of our workforce.



Award-winning sustainability

Our commitment is already widely recognized in important awards, ratings, and rankings. This confirms our strategic orientation and motivates us to continue on this path.





Blue World

Automation and technical education with Festo: enabler for sustainable solutions to tackle humanity's greatest challenges.

How to treat our blue planet presents humanity with unprecedented challenges. The ability to securely supply and support the world's population in the face of demographic change seems to be in insoluble conflict with the protection of our natural resources. Festo deals with these conflicting priorities with its expertise in automation technology and technical education and anchors them in the "Blue World."

Our blue planet presents us with major challenges. How can we use automation technology and technical education to help solve these challenges?

Festo has anchored its solution expertise in its Blue World.

With the technology fields of pneumatics, electric automation, process automation, digitization, and artificial intelligence, Festo is enabling the transformation of industrial production into an efficient and climate-friendly method of production and, in the future, also into biological transformation.

With our people-centric approaches, we make life easier for people at work. The technologies developed in our LifeTech division support health care, and our learning systems empower people to learn and use new technologies efficiently.

With our resource-centric approaches, we use automation technology to support structural change in industries such as the automotive industry and demonstrate how automation technology can better protect our most important resources. Increased localization also means shortened transport routes and value chains, which minimize emissions.

How

Automation and technical education

Why

Challenge:
Growing population and demographic change

Focus on people



What

Factory automation, process automation

Focus planet

Why

Challenge:
Climate change and limited resources

Making Work Easier



What systems and solutions does Festo offer that make the workplace more ergonomic or relieve people of heavy and stressful tasks, both physically and mentally?

On the one hand, the focus is on intelligent and collaborative robots that can work hand in hand with humans and provide relief, particularly in a working environment with difficult and tiring tasks.

On the other hand, digitization offers great potential for enhancing human capabilities and increasing productivity. AI software tools and methods can take on complex analyses of large volumes of data and generate information that helps people make decisions or carry out burdensome tasks.



GripperAI software

In company logistics centers, thousands of different parts and objects are packed into boxes by employees and prepared for shipment. The larger the product portfolio, the more parts of varying weights there are – an enormous strain on employees. The AI software GripperAI from Festo can enable all kinds of robots and handling systems to grip objects of varying weight. There is no upper limit on the number of kilograms.

The software also follows a completely autonomous learning process and makes it possible to really reach

“blindly” into the box – it recognizes and grabs unknown and unlearned objects. This allows heavy parts of different shapes to be handled efficiently, which reduces the workload for employees and increases operational efficiency. Pretrained AI capabilities, such as those for parallel gripping and vacuum gripping, are available and can be adapted or further developed according to customer requirements. Furthermore, the software can even take over the packaging of objects in boxes.

These skills are offered as a set, individually, or modularly within the GripperAI Suite.

Improve Health

Population growth, demographic change, and pandemics are placing ever greater demands on healthcare and preventive health measures. How can technological innovations in automation technology speed up medical technology and laboratory diagnostics while ensuring high quality and safety standards?



Fast and precise diagnostics are required. Under the term “LifeTech” Festo offers systems and components for medical technology and laboratory automation. Thanks to decades of experience and innovative strength in the automation of industrial manufacturing processes, a high level of efficiency and productivity as well as maximum reliability are achieved in these areas.

From standard market products to customized subsystems: Festo LifeTech offers everything from a single source for medical technology and laboratory diagnostics.



Festo LifeTech

Festo supplies components for the automation of analytical applications for laboratory facilities. The offer includes electric and pneumatic drives as well as controllers, dosing systems, and grippers, equipped with sensors for measuring and checking.

Automated handling speeds up the work with samples and fluids and also offers safe handling of the test material. This reduces the causes of errors, for example by preventing mix-ups. In addition, it guarantees sterile and consistent analysis conditions even with higher test volumes and delivers fast and accurate results.

Festo also offers products and solutions for the construction of medical systems and devices, such as the high-precision control of medical gases or components for minimally invasive surgery. Festo products also ensure maximum quality in the production of medical consumables.

Lifelong Learning

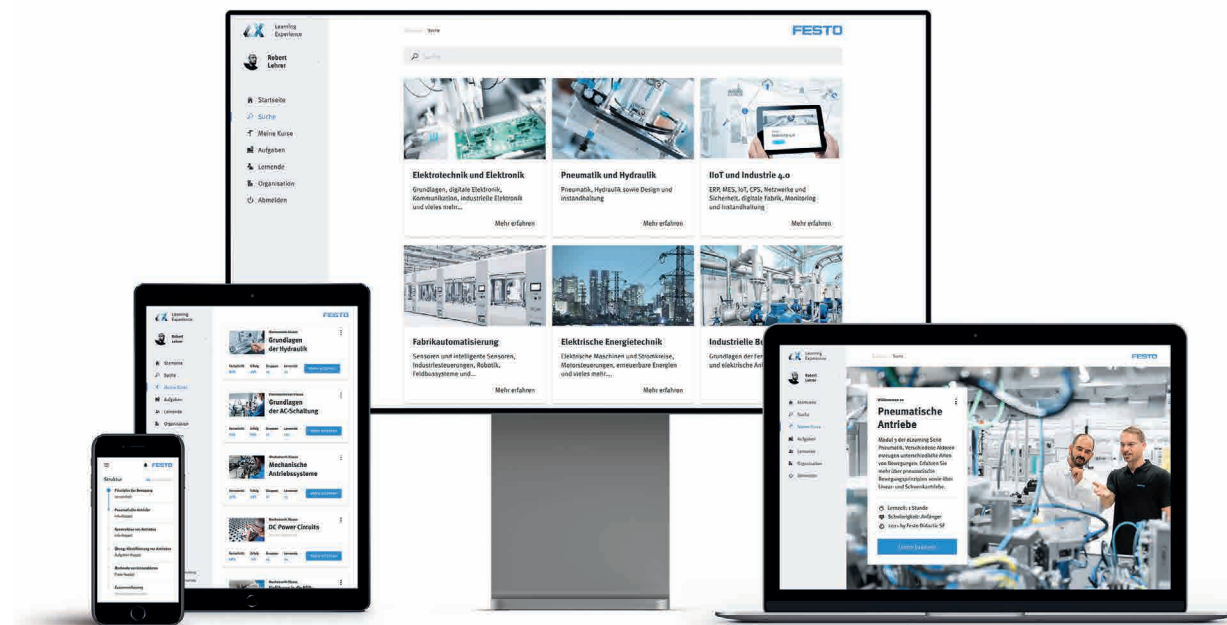


How do we enable people to master new technologies? After all, productivity and competitiveness cannot be maintained and increased by modern, high-quality automation solutions alone.

Rapid technological change means that companies need to continuously train their employees and develop their skills in order to maintain their productivity over the long term. Employees themselves ensure their employability by continuously acquiring the most sought-after skills through on- and off-the-job training.

Driven by innovations and changing societal needs, completely new job profiles are constantly being created and existing jobs are being transformed. As the world's leading provider in the field of technical education, Festo is a global partner for educational institutions, governments, public institutions, and companies.





Festo Learning Experience (Festo LX)

The Festo LX digital learning portal offers a holistic approach to basic and further technical training. We pursue a blended learning approach that combines theoretical knowledge with practical exercises. Festo LX provides the right learning content for the learning systems from Festo Didactic. Knowledge can be learned independently and tested on the physical equipment so that it can be used in a targeted manner in later daily work.

Thanks to the large number of learning formats, learning is motivating and varied. Festo LX enables digital learning that is as individual as people themselves.

Digitization not only changes the required skills taught in basic and further technical training but also how these are learned.



Industrial Transformation



Entire branches of industry and sectors are undergoing profound change. With Industry 4.0, production is increasingly interlinked with state-of-the-art information and communication technology. How will we manage to bring about this change in our machine and plant control systems?



Festo also consistently relies on industrial intelligence and AI at its own plants. The findings from these applications are incorporated into customer projects in a targeted manner.

This structural change is particularly evident in the automotive industry. Combustion drives are transforming into regenerative drive systems with massive effects on production environments, processes, and supply chains. Intelligent machines independently coordinate increasingly complex manufacturing processes and generate data that is converted into information using artificial intelligence in order to identify specific areas where there is potential for optimization. This improves quality and reduces the use of resources.

For battery cell production in the field of e-mobility, Festo supplies the technology needed to produce high-quality batteries reliably and cost-efficiently. This includes the automation of processes, starting with the processing of raw materials, the fully automated production of battery cells, and the transport and assembly systems for the precise assembly of battery parts through to disassembly and recycling as a closed loop.

Festo Automation Experience (Festo AX)

With Festo AX Solutions, Festo uses artificial intelligence to offer algorithms that make it possible to record status data of components in order to predict their potential failure – including during recycling. A wide variety of components are moved here.

Adaptive gripping with corresponding algorithms and robot solutions enables the efficient and fast recycling of individual materials.



Ecological Innovations



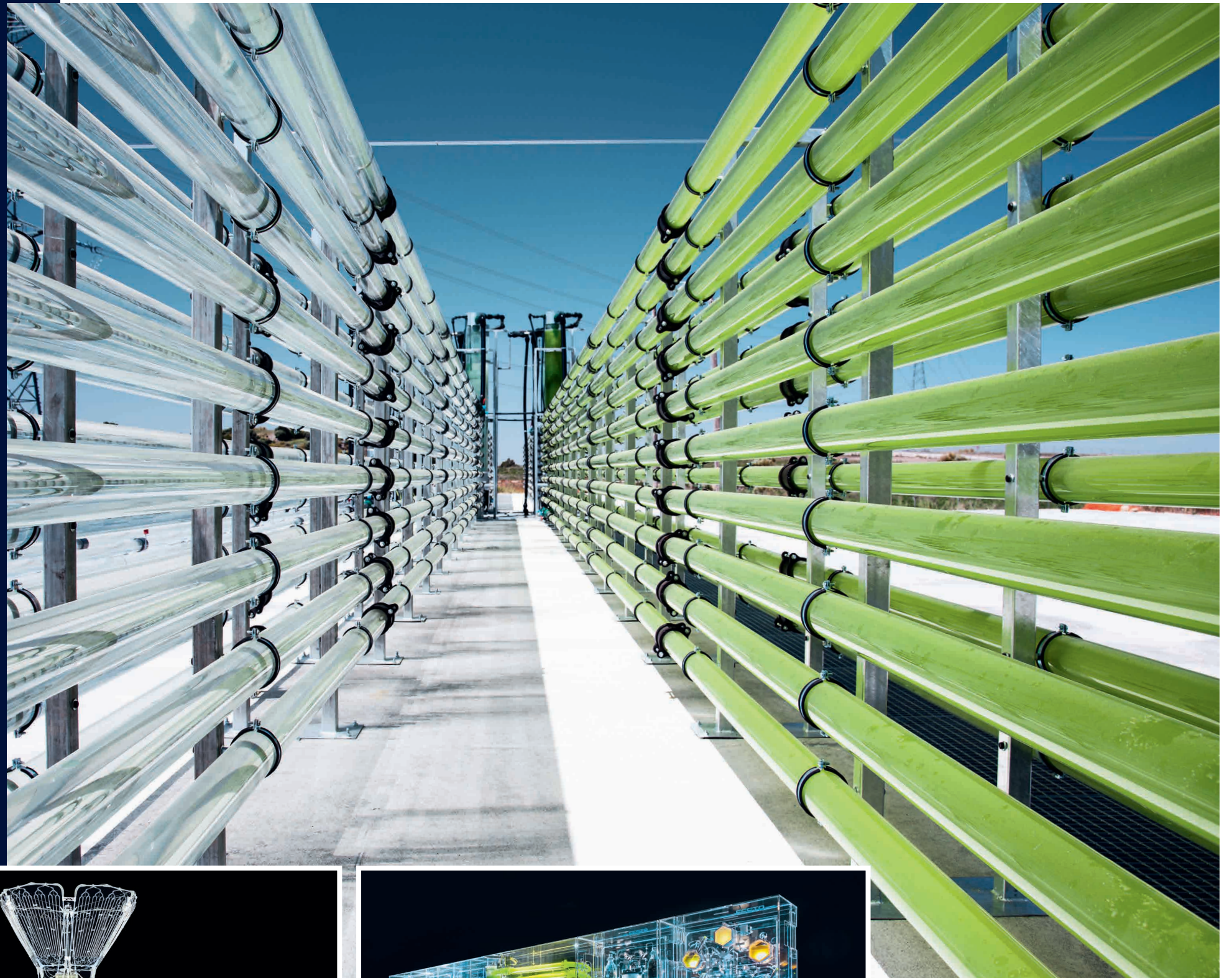
Protecting climate and resources is becoming our most urgent task. How do we save energy and reduce CO₂ emissions? How can we use less material, recycle more, and find alternative materials?

It's about opening up new solution areas for automation and the transformative steps toward a circular economy.

Economists have been predicting the end of linear growth for some time now. Moving toward a closed circular economy is the next major goal with new growth potential. Here, too, our great role model is nature, as it knows no waste or garbage.

Particularly promising for Festo is the inclusion of biology as a field of activity for automation because automation technology can be used to accelerate and scale biological processes and thus make them economically viable.

Following the bioreactor projects PhotoBionicCell (2022) and BionicCellFactory (2023), which focused on the cultivation of algae, Festo's current BionicHydrogenBattery project focuses on one of the energy sources of tomorrow: hydrogen. Among other things, it will play an important role in the generation of clean electricity.



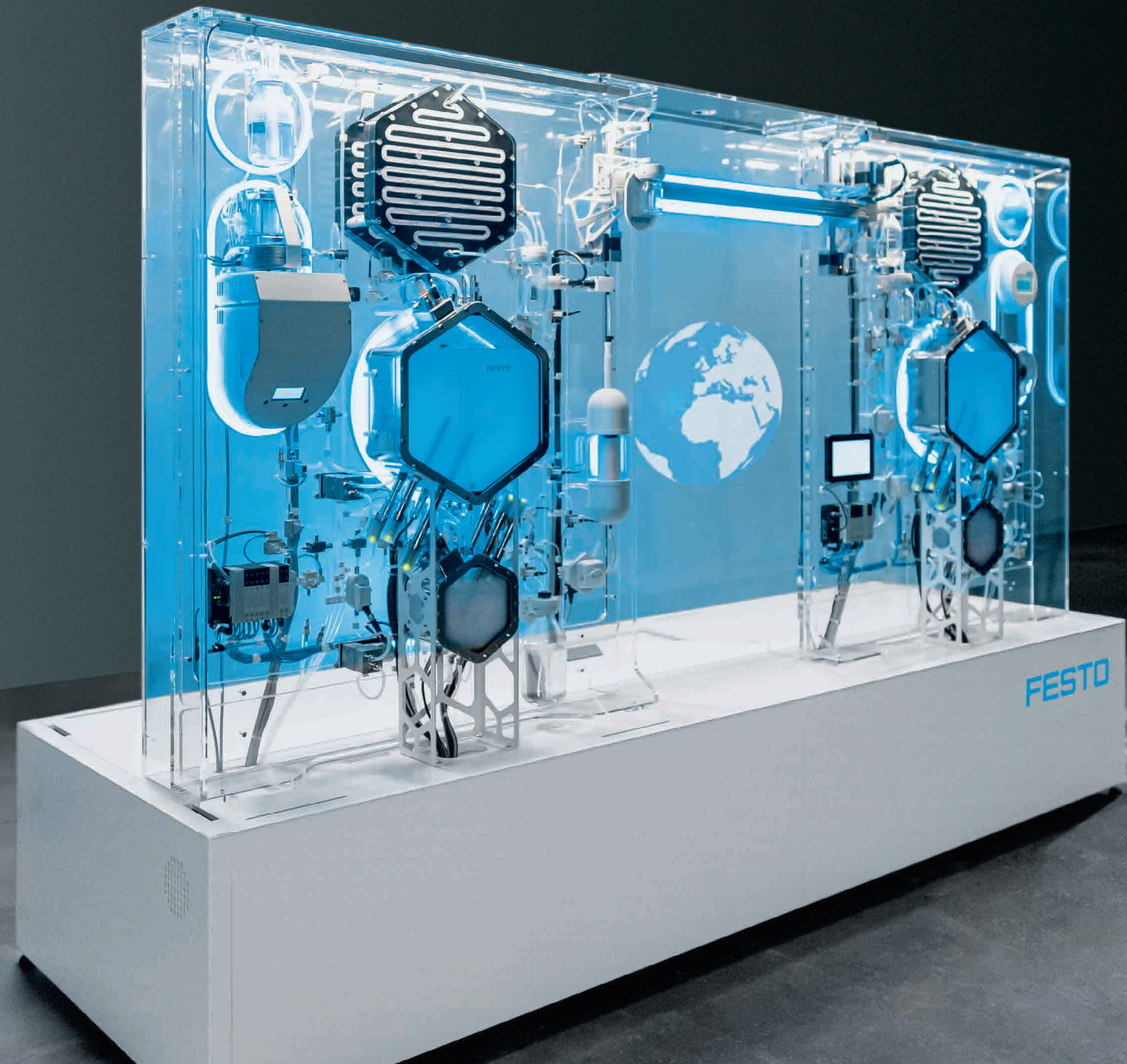
Picture, bottom left: The PhotoBionicCell automates the cultivation of algae and keeps growth in check.

Picture, bottom right: The BionicCellFactory demonstrates a holistic bioprocess – from the automated cultivation of algae to its further processing and refinement.

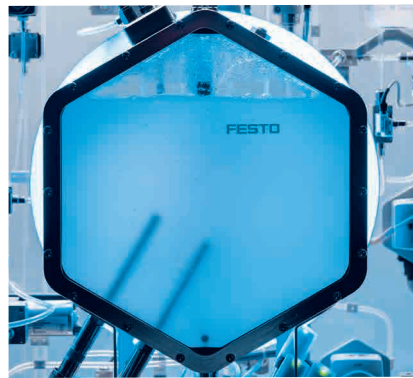
BionicHydrogenBattery

At present, hydrogen can only be stored and transported safely and in a space-saving manner using processes that require extremely high or low temperatures and high pressures. This requires a great deal of energy. With the fully automated biological system BionicHydrogenBattery, we are demonstrating a completely new solution: the volatile substance is converted into formic acid in a low-risk and energy-efficient manner with the help of bacteria – at a comparatively low temperature of around 65°C and low pressure of 1.5 bar. The acid can be easily stored and transported.

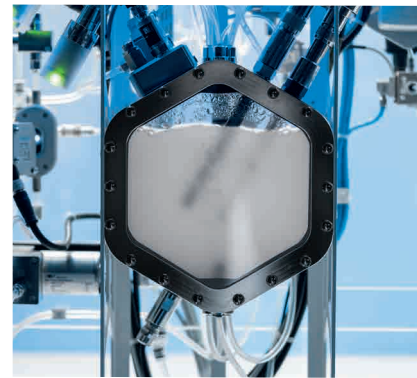
At the destination, the same bacteria reverse the process and decompose the acid back into CO₂ and hydrogen. While hydrogen can be used to generate electricity, the high-purity CO₂ could go on to be used in the beverage industry, for example. In the exhibit, it is recycled as part of a circular economy and used again for the production of formic acid.



Electrolysis: production of hydrogen from water.



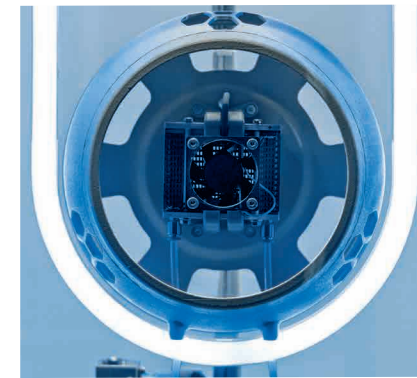
Cultivation reactor: optimal bacterial growth thanks to automation technology.



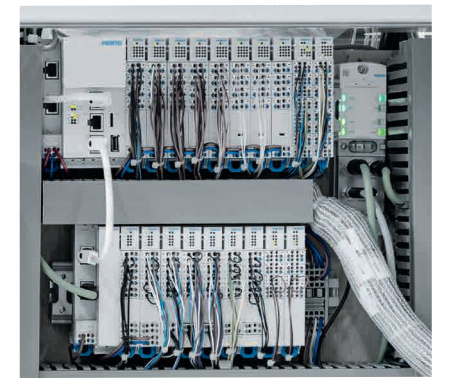
Production reactor: conversion of hydrogen and CO₂ into formic acid.



Symbolized: the low-risk transport of formic acid in liquid form.



Fuel cell: conversion of hydrogen into electrical energy by bacteria.



Automation technology in the base: control and regulation of complex processes

Resilience in Value Chains



Long supply chains and a dependence on single sources of raw materials bring risks in times of pandemics, warfare or high energy prices. How can we better safeguard globalized supply chains and find a more environmentally friendly way to deal with our environment?

In addition to the manufacture of the products, logistics are an important competitive factor, as goods need to reach our customers quickly and safely while causing as little environmental impact as possible.

Festo relies on a local-for-local strategy. Thanks to a decentralized production network, local markets – with their local market needs – can be supplied more quickly and reliably thanks to short transport routes.

Festo supply chain

At Festo, a CO₂-reduced supply chain begins with the development of new products and the question: What risks can already be taken into account during the design phase of the products in order to support product development and market entry?

The level of material stocks, risks of individual suppliers defaulting, and selected delivery routes follow this consideration. Our selected means of transport are as CO₂-reduced as possible, while the digitization of the supply chain ensures early detection of disruptions and their elimination.



Our goal: the transformation into a circular economy

Today's challenges call for innovation-friendly and broad-based partnerships. We see the next development boost for industrial production in the shift toward a circular economy. Together with our customers and partners, we want to drive this transformation forward. Innovations are the key to greater sustainability.



Corporate Responsibility

» Sustainable decisions require holistic consideration of ecological, economic, and social aspects. Sustainability is therefore an integral part of Festo's corporate strategy. «

Christian Österle,
Vice President Corporate Communication and Sustainability at Festo



Christian Österle is Vice President Corporate Communication and Sustainability and is therefore globally responsible for communication, design, branding, history, and sustainability at Festo.

He is responsible for continuously developing and monitoring the implementation of Festo's sustainability strategy.



Sustainability is firmly anchored in our corporate strategy. The Management Board of Festo SE & Co. KG is committed to this. From left to right: Dr. Ansgar Kriwet; Gerhard Borho, Dipl.-Ing.; Dr. Jaroslav Patka; Dr. Sebastian Beck; Thomas Böck, Dipl.-Ing. (FH); Frank Notz, Dipl.-Ing. (FH)

Sustainability Strategy and Management

The United Nations (UN) has formulated 17 Sustainable Development Goals (SDGs) at the economic, social, and environmental levels. A strategy in line with these sustainability goals, systematic sustainability management, and transparency are essential elements for Festo on the path to achieving this goal. → GRI 3-3

Reference framework of our sustainability strategy and our sustainability management

There were no significant changes to Festo's value chain or business model in the reporting period.

→ GRI 2-6

As part of our "local for local" approach, we will expand our international production capacities in Hungary and Turkey. We will include these locations in our sustainability management.

→ GRI 203-1

Basic information about Festo for 2023 can be found in the company profile on pages 6 and 7. More detailed information on our business units is available on our website www.festo.com.

Sustainability strategy as part of the corporate strategy

Thinking in terms of generations and responsible, long-term business practices is deeply rooted in Festo – a family-run company. Key aspects of our sustainability strategy are therefore firmly anchored in our corporate strategy. It is based on the following five strategic directions:

- Competitiveness
- Growth
- Innovation
- Culture
- Sustainability

→ GRI 2-1, GRI 2-6, GRI 2-9

The following three sustainability topics from the corporate strategy are managed and promoted at the Management Board level:

- Reduction of the CO₂ footprint
- Digital education
- Capability Shift

→ GRI 2-6, GRI 2-9

These measures are subject to a quarterly evaluation by the Management Board, are supported by senior executives, and follow a company-wide project organization.

The other topics of the sustainability strategy are continuously assessed and developed further together with the responsible departments. This is the responsibility of the Corporate Sustainability department, which is also responsible for sustainability reporting.

→ GRI 2-1, GRI 2-6, GRI 2-9

Identification of key issues

The interests of both internal and external stakeholders were taken into account when identifying topics. Specifically, we focus on the following peer groups:

- Shareholders
- Management Board
- Customers and their clients
- Employees
- Suppliers
- Local population
- Science
- The general public
- Nongovernmental organizations (NGOs)
- Government
- Supervisory institutions

→ GRI 2-26, GRI 2-27, GRI 2-29, GRI 413-1



The four action areas of our sustainability strategy
→ GRI 2-6, GRI 2-22, GRI 2-23, GRI 3-2

Sustainability Strategy

The sustainability strategy of Festo SE & Co. KG is firmly anchored in the corporate strategy and was approved in March 2020. It covers a period of approximately five years and is continuously developed. The chart above shows the current areas of activity. The sustainability strategy will also be realigned in 2024 together with the next period of the corporate strategy.

In doing so, we are guided both by our own efforts and by the requirements of the Corporate Sustainability Reporting Directive (CSRD). In particular, the materiality analysis of the CSRD and the assessment of the disclosure requirements to be reported will provide information on the potential need to adapt the sustainability strategy. → GRI 2-23, GRI 3-1, GRI 3-2

Climate Protection and Resource Efficiency → Chapter 3

Since 2023, we have been pooling our activities and measures to reduce our carbon footprint and use energy, materials, and resources sparingly in the action area of climate protection and resource efficiency. This area of activity is the focus of our sustainability efforts. It includes the updated corporate carbon footprint (CCF) for 2022 and 2023, calculated in accordance with the GHG Protocol (Greenhouse Gas Protocol), and the progress we are making toward reducing our carbon footprint.

The reduction plan for Scope 3 with a focus on Scope 3.11 plays a key role here. By joining the Science Based Targets initiative (SBTi), we commit to scientifically sound climate targets in line with the Paris Agreement.

For Scope 3.11, which accounts for around 95 percent of Festo's CCF, an SBTi-compliant reduction plan was drawn up and will be submitted for review by the end of 2024.

On the one hand, the reduction plan includes the aspiration to always find the most efficient solution for the respective customer application. On the other hand, it also takes into account the effects of expanding our portfolio to include more efficient products (see section 3.4).

We were also able to make progress with regard to Scopes 1, 2, and 3.8 in 2023: since 2024, – two years earlier than planned – the entire Festo Group has been offset in Scope 1 CO₂. In addition, we plan to reduce Scope 1 emissions by around 30 percent by 2030 and achieve net zero by 2040. In Scopes 2 and 3.8, the Festo Group has been CO₂-neutral since 2024.

We are also continuing to invest in energy efficiency measures and the further expansion of photovoltaics (PV). In 2023, photovoltaic systems were installed at a further 20 locations. The total PV capacity installed at Festo has thus been increased by more than 60 percent and now amounts to 13.8 megawatt peak.

By the end of 2023, all PV installations worldwide generated 15,651 megawatt-hours of electricity. This avoids 10,600 metric tons of CO₂ per year at the plants of the respective electricity suppliers. By 2030, we want to generate around 25 percent of our own power requirements with PV ourselves.

In Scopes 3.1 and 3.4, we continued to focus on improving the data quality of our CO₂ emissions with regard to the materials we use and, in selected projects, to investigate the use of materials with lower CO₂ emissions and the possibility of a circular economy. The same applies to distribution logistics. Here, we continued the systematic conversion of individual products from air freight to sea freight.

We were also able to make progress with the product carbon footprint (PCF) in 2023. After testing our approach with pilot customers, it is now available to all customers upon request. A further development is planned for 2024 (for details see chapter 3.3).

In addition to our focus on reducing CO₂ emissions, which goes hand in hand with the efficient use of resources, we are also continuing our environmental management.

At our own locations, we will work on the efficient use of materials and supplies as well as waste reduction and the economical use of water as part of our ISO 14001-certified international environmental management system.

Technical Education → Chapter 4

The technical education and training of our customers at Festo Didactic is another important pillar of our sustainability efforts. Examples of our activities:

- Provide accessible, high-quality technical training with the digital learning portal Festo Learning Experience (Festo LX)
- Supporting learning through competitions with numerous activities and inspiring young people to pursue careers in technology
- Training in sustainable professions to promote environmentally conscious thinking and enable them to develop eco-friendly innovations.

People at Festo → Chapter 5

Within this sphere of activity, we will continue to work on the qualification and further development of our employees, the expansion of occupational health and safety promotion, and equality and diversity in the company over the long term.

Ethics and Governance → Chapter 6

The focus area of ethics and governance focuses on our global compliance management system and the fulfillment of corporate due diligence obligations for human rights. In 2023, we operationally implemented the requirements of the German Supply Chain Due Diligence Act (LkSG) at our suppliers and in our own business units.

Our activities in the areas of activity in the 2023 reporting period are also explained in the following chapters using corresponding GRI indicators.

Networks and Committee Work

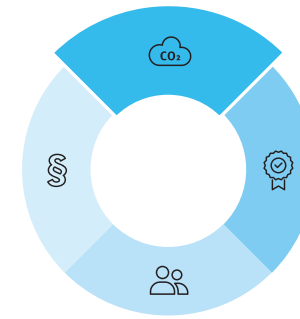
Partnerships and networks mean significant added value for mutual exchange and working across corporate boundaries. Our Automation and Didactic business divisions work both nationally and internationally as part of various committees and associations directly on the issue of sustainability. → [GRI 2-28](#)

Automation

5 G Alliance for Connected Industries and Automation (5 G-ACIA) | Working group for Business and Human Rights of the German Engineering Federation (VDMA) | Stuttgart CSR network | Digital Industries | Various employer associations | European industry umbrella organization ORGALIM (indirectly via VDMA and ZVEI) | EuropElectro (representing the interests of European industry in China) | Fraunhofer Institute for Production Systems and Design Technology | ISO and IEC standardization committees for automation technology | Industry 4.0 platform | SustaiNet – business network | VDMA Blue Competence sustainability initiative | German Electrical and Electronic Manufacturers' Association (ZVEI)

Didactic

ADEA – Association for the Development of Education in Africa | German-African Business Association | Didacta Association | Digital Industries | Don Bosco Tech Africa | EU Global Gateway | European Institute of Innovation & Technology (EIT) | EuroSkills | iMove | German Asia-Pacific Business Association | Eastern Europe Business Association of Germany | Industry 4.0 platform | UN organizations such as UNESCO, UNIDO, UNICEF, UNHCR | VDMA | WEF – Advanced Manufacturing and Production | Worlddidac | WorldSkills Africa | WorldSkills International | ZVEI



Climate Protection and Resource Efficiency

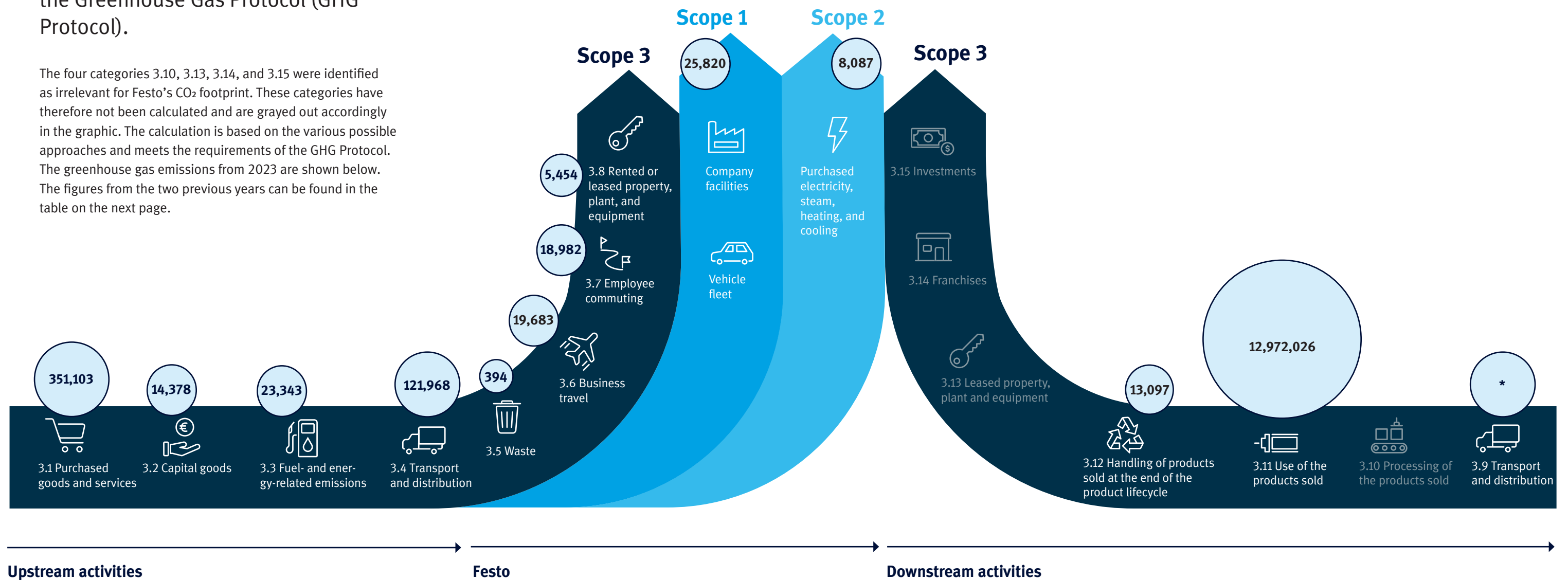
Climate protection and the economical use of energy, resources, and materials are therefore important tasks of our time and are firmly anchored in both our corporate and sustainability strategies. Our focus is on reducing CO₂ emissions – for our customers and for ourselves. Since 2024, the entire Festo Group has been CO₂ offset in terms of Scope 1 and CO₂-neutral in terms of Scopes 2 and 3.8 – two years earlier than planned. In addition, we plan to reduce Scope 1 emissions by around 30 percent by 2030 and achieve net zero by 2040. The Scope 3 reduction plan with a focus on Scope 3.11 – the use phase of our products sold – is already being implemented. → [GRI 3-3](#)



3.1 Corporate Carbon Footprint (CCF)

Since 2022, Festo has been calculating the corporate carbon footprint (CCF) for all three scopes in accordance with the Greenhouse Gas Protocol (GHG Protocol).

The four categories 3.10, 3.13, 3.14, and 3.15 were identified as irrelevant for Festo's CO₂ footprint. These categories have therefore not been calculated and are grayed out accordingly in the graphic. The calculation is based on the various possible approaches and meets the requirements of the GHG Protocol. The greenhouse gas emissions from 2023 are shown below. The figures from the two previous years can be found in the table on the next page.



Greenhouse gas emissions 2023 (Scope 1, Scope 2, and Scope 3) in line with the GHG Protocol (in t CO₂e).

* Category 3.9 is included in category 3.4.

Compared to the previous year’s report, the figures in the following categories have changed:

- 3.4: Adjustment to standard emission calculations without radiative forcing index (RFI)
- 3.5: Focus on existing waste data from the production and logistics network and refraining from extrapolating across the Festo Group
- 3.7: Correction of a calculation error
- 3.11: In this category, the most significant correction was made, as the assumptions regarding the number of cycles of large diameter cylinders were made more precise and the service life of our products was standardized to ten years.

With the exception of category 3.5, which only includes our headquarters as well as the production and logistics sites worldwide, but only accounts for a negligible share of 0.003 percent of the CCF, the table shows the emissions of the entire Festo Group, including all international sales companies.

On the one hand, 2023 was shaped by the realization that 95% of the emissions in category 3.11 are caused by the use phase of our products. As a result, our efforts to reduce emissions – in addition to Scopes 1 and 2 – are primarily focused on these scopes (see chapter 3.4 for details).

On the other hand, the calculation logic has been refined, automated, and thus accelerated in some cases. This allows us to publish the results of the CCF for the past three years and thus also for the year 2023.

In total, the Festo Group’s CCF for 2023 amounts to approximately 13.57 million metric tons, which is around 500,000 metric tons lower than in the economically stronger year 2022 and around the same level as in 2021. Compared to 2022, the 2023 CCF shows significant changes in category 3.1 caused by the use of a unified database with more accurate secondary data for electronic components.

Scope 2 electricity-related emissions have also fallen significantly, as guarantees of origin have made the entire production and logistics network mathematically carbon-neutral from 2023. The differences in Scope 1 and categories 3.3 and 3.8 result in lower consumption of fossil fuels. The other categories show only minor fluctuations.

→ [GRI 302-1](#), [GRI 302-2](#), [GRI 302-4](#), [GRI 302-5](#), [GRI 305-1](#), [GRI 305-2](#), [GRI 305-3](#), [GRI 305-5](#)



The greatest lever for CO₂ savings: our products being used customers.

	2021	2022	2023
Scope 1	24,847	30,762	25,820
Scope 2	38,875	38,589	8,087
3.1 Purchased goods and services	359,717	452,869	351,103
3.2 Capital goods	19,421	18,082	14,378
3.3 Fuel- and energy-related emissions	20,499	32,027	23,343
3.4 Transport and distribution	121,178	129,586	121,968
3.5 Waste	364	394	394
3.6 Business travel	7,000	18,620	19,683
3.7 Employee commuting	18,288	18,330	18,982
3.8 Rented or leased property, plant, and equipment	4,434	8,422	5,454
3.9 Transport and distribution	See 3.4	See 3.4	See 3.4
3.11 Use of products sold	12,683,345	13,363,775	12,972,026
3.12 Handling of products sold at the end of the product lifecycle	14,382	14,549	13,097
Total	13,312,350	14,126,005	13,574,335

Greenhouse gas emissions (Scope 1, Scope 2, and Scope 3) in accordance with the GHG Protocol (in t CO₂e).



» Joining the Science Based Target Initiative (SBTi) is an important step on our path to carbon neutrality. In doing so, we are pursuing our strategic goal of enabling sustainable production for both our customers and ourselves. «

Julia Bikiadis,
Head of Corporate Sustainability at Festo

Julia Bikiadis has headed the Corporate Sustainability department at Festo since July 2023. Prior to that, she was responsible for projects to reduce CO₂ emissions in our product portfolio.

Her current activities focus on reducing Festo's corporate carbon footprint without losing sight of the holistic sustainability approach according to ESG.

3.2 Sustainability at Our Locations

Primary energy consumption and Scope 1 greenhouse gas emissions

Under primary energy consumption, we document the consumption of heating oil and natural gas caused by the operation of our buildings and, to a much lesser extent, by some of our production processes.

It also includes the fuel consumption of the largely leased vehicle fleet. In addition, self-generated renewable energies are listed under primary energies. We report on the CO₂ emissions caused by fossil fuels accordingly in Scope 1. → [GRI 302-1a](#)

Our production processes do not cause any direct emissions of other greenhouse gases (e.g. process emissions). Refrigerant emissions from cooling and refrigeration systems are negligible compared to CO₂ emissions. They are therefore not reported on.

In 2023, primary energy demand amounted to 69,852 megawatt-hours, a decrease of 12 percent compared to the previous year. This is due to several effects. At the German locations, for example, savings measures in connection with the gas shortage led to significantly lower consumption. A milder winter resulted in lower consumption at all European locations. In addition, the economic situation also affected primary consumption – for example, due to closing days

Scope 1 emissions are mainly derived from fossil fuels in primary energy consumption. Simply shifting between the different energy sources such as heating oil, natural gas, diesel, and petrol can lead to slight deviations. The influencing factors are correspondingly identical to those of primary energy consumption. → [GRI 305-1](#)

Scope 1 emissions are shown in the second diagram on the right and amounted to 13,471 metric tons of CO₂ equivalent emissions in 2023. We have been offsetting these emissions for the production and logistics network since 2023.

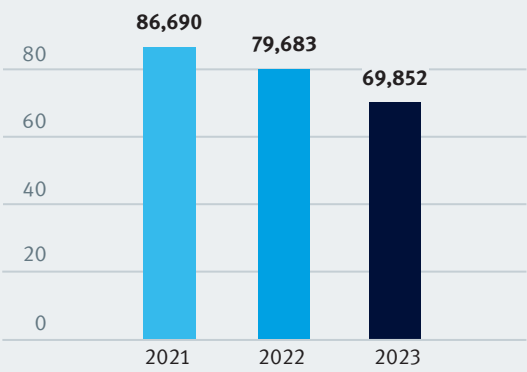
Final energy consumption and derived Scope 2 emissions

Festo obtains its final energy almost exclusively in the form of electricity. Two locations are heated by district heating. The associated emissions are reported in Scope 2. → [GRI 302-1c](#)

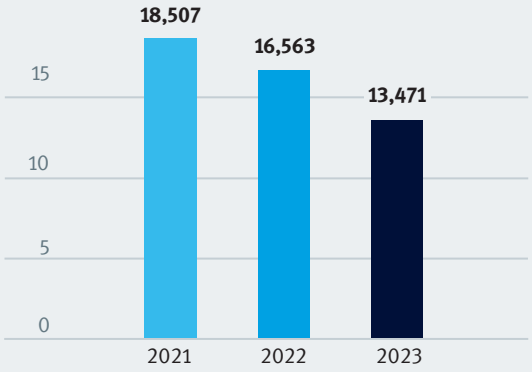
The final energy demand in 2023 amounted to 126,202 megawatt hours, which is 10 percent lower than in the previous year. In addition to economic factors, this was achieved primarily by internal energy-saving measures.

Scope 2 emissions caused by final energy demand have fallen to zero due to the purchase of green electricity. The purchase of district heating causes 270 metric tons of CO₂e emissions. As these are compensated, they are set to zero. → [GRI 302-1, 305-2](#)

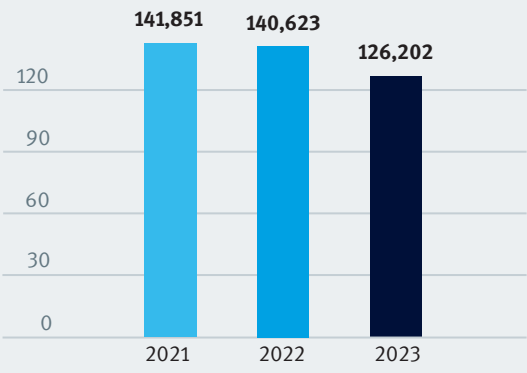
Total energy demand in relation to sales (primary and final energy) fell by seven percent year-on-year to a record low of 53.7 megawatt hours per million euros. Scope 1 and 2 sales-related emissions fell sharply year-on-year at 70 percent to the lowest figure ever of 3.8 metric tons CO₂e million euros in sales. As a result, there is now a decoupling of both energy requirements and greenhouse gas emissions from sales. The much faster development of emissions is due to the purchase of green electricity. In addition, in-house power generation with photovoltaic systems was further expanded. → [GRI 302-4, GRI 305-4, GRI 305-5](#)



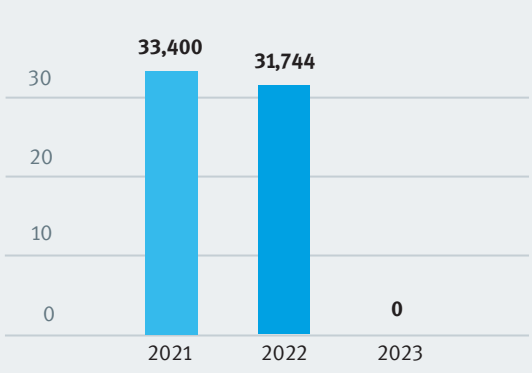
GRI 302-1a: Primary energy (heating oil, diesel, gas, MWh)



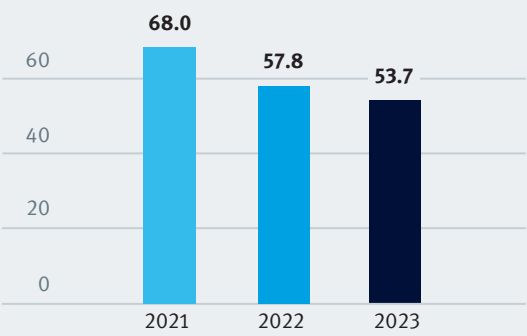
GRI 305-1: Direct greenhouse gas emissions (Scope 1, t CO₂e)



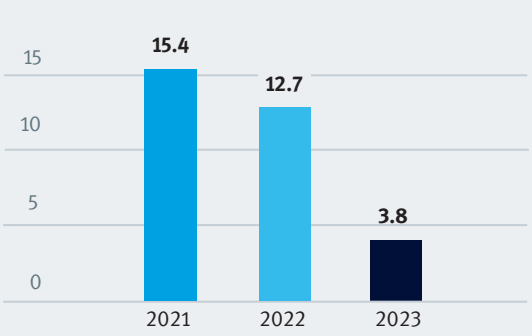
GRI 302-1c: Final energy (electricity, district heating, MWh)



GRI 305-2: Indirect energy-related greenhouse gas emissions (Scope 2, t CO₂e)



Energy consumption in relation to sales (MWh/million €)



GRI 305-4: Greenhouse gas emissions (Scope 1 and Scope 2), in relation to sales (t CO₂e/€ million)

Offsetting Scope 1 emissions

We offset CO₂ emissions from the combustion of fossil fuels (Scope 1) at production and logistics sites that we are unable to avoid in the short and medium term with CO₂ credits from international climate protection projects (see box below).

When selecting projects, we relied on certification systems such as Gold Standard and Verra. We aim to specifically support projects in the context of renewable energies, energy efficiency, forest protection, and re-forestation (in line with the REDD+ concept) that have a demonstrable benefit for the population.

We see this positive effect particularly in projects that relate to the Sustainable Development Goals of Education (4), Water Supply (6), and Industry, Infrastructure and Innovation (9). → [GRI 2-23](#)

We have earned the corresponding amount of CO₂ credits from the following projects:

- Guohana Rongcheng Wind Farm Project (China)
- VP Biosupply Wastewater Treatment and Biogas Utilization Project (Thailand)
- Hebei Landfill Gas Power Generation Project (China)
- Quang Minh Solar Power Project (Vietnam)
- Use of more than 15,000 energy-efficient and clean-burning stoves (Uganda)
- Chudu Afforestation Project (China)

Guarantees of origin for electricity

Since 2021, we have been reporting on the procurement of green electricity for our sites in Germany and are setting the corresponding Scope 2 emissions to zero. Since 2023, this has also been the case at all international production and logistics sites.

Using the amount of electricity consumed by Festo, the electricity supplier purchases guarantees of origin issued for electricity from wind and hydroelectric power plants in the respective electricity grid. → [GRI 302-1](#)

This method allows the environmental characteristics of electricity generation (i.e. zero emissions) to be taken advantage of without the electricity physically coming from the same power plant as the voided guarantees of origin. The procedure complies with the GHG Protocol.

The guarantees of origin also meet the requirements of the European green energy label EKOenergy and those of the American green energy label green-E. The availability of green energy labels for the locations in China is still being examined. Once the current electricity supply contract expires, only EKOenergy-labeled guarantees of origin will be used for the German locations.

We intend to further improve the ecological quality of green electricity in the medium term. We are therefore examining whether electricity and guarantees of origin can be bundled from 2027 onward – that is, procured from the same facilities – or whether green power purchase agreements (PPAs) can be concluded. Both options would have a greater incentive to expand electricity generation from renewable energies.



In 2023, the total output of our photovoltaic systems worldwide increased by 60 percent.

Measures

Expansion of in-house renewable power generation

Festo has been investing in generating its own electricity using photovoltaic (PV) systems since 2004. In 2023, photovoltaic systems were installed at a further 20 locations. The total PV capacity installed at Festo has thus been increased by more than 60 percent and now amounts to 13.8 megawatt peak. By the end of 2023, all PV installations worldwide generated 15,651 megawatt-hours of electricity. This avoids 10,600 metric tons of CO₂ per year at the plants of the respective electricity suppliers.

Energy controlling and savings

With the exception of three smaller plants, our locations are equipped with energy-monitoring systems. These make it possible to monitor energy consumption, identify abnormally excessive consumption and its causes, and initiate corrective measures at short notice. Routines for monitoring consumption during nonproduction periods have been implemented and intervention thresholds have been defined.

Energy teams

Energy teams were set up at all production sites in 2022. Their task is to further develop energy control and to identify and implement investment-related and behavior-related measures in production and building management.

→ [GRI 302-3](#), [GRI 302-4](#)

Environmental compliance

Festo has not committed any serious violations of environmental law. It is not possible to rule out small fines due to violations of regulations (e.g. in the transport of dangerous goods) and short-term exceedances of waste-water or emission limits without sanction.

Corresponding countermeasures have been taken. Where breaches involve reporting obligations to the authorities, these obligations will be fulfilled.
→ [GRI 2-27](#), [GRI 307-1](#)

Waste figures and transport of waste

The operation of production facilities and buildings is always associated with the generation of waste. For this reason, we have been striving at all of our locations for many years to avoid waste or – where this is not possible – to favorably recycle it. For us, the legal regulations applicable at the respective location are always fundamental.

Over the past four years, our locations around the world generated an average of 12,226 metric tons of waste per year. Compared to 2022, the volume of waste in 2023 fell by 3.1 percent. About 84 percent was nonhazardous waste and about 16 percent hazardous waste. The recycling/reutilization rate across all waste categories is 93 percent.
→ [GRI 306-1](#), [GRI 306-3](#), [GRI 306-4](#)

This high level was achieved by a large number of Group-wide and local measures, such as reusable packaging, low-waste manufacturing processes, sorted and process-related waste collection, and measures to promote the environmental awareness of the workforce.

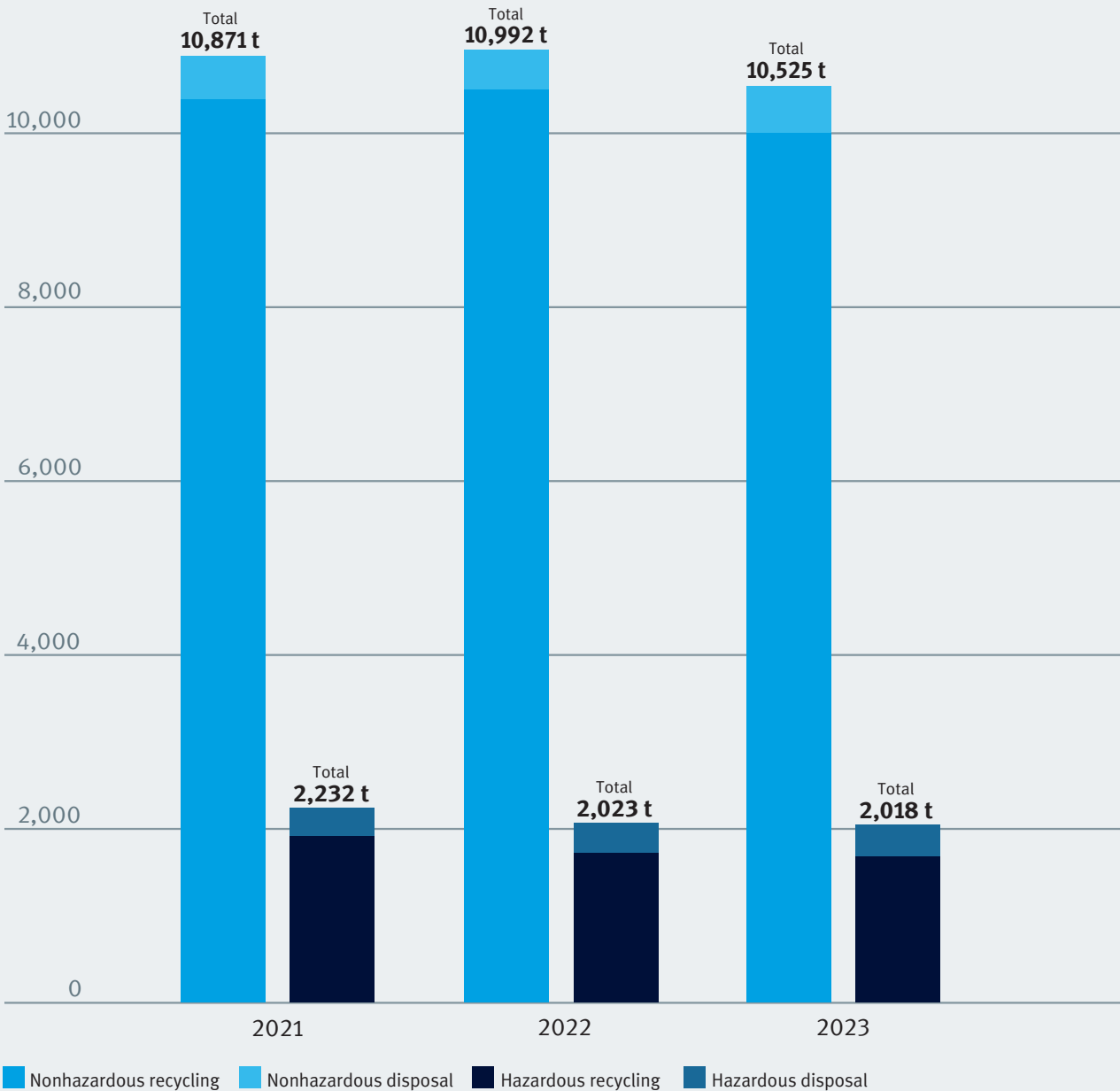
An internally award-winning measure was implemented at the production site in Scharnhausen in 2023. In the past, a larger quantity of hazardous cleaning agents was used for cleaning as part of maintenance work. By purchasing a cleaning station that uses a water-based biological cleaner, it was possible to avoid the use of hazardous substances and thus reduce the amount of hazardous waste.

In order to be able to achieve further improvements in the future, an international workshop was held in 2023 with all environmental managers in the global production network. A common global waste standard was drawn up, which is to be implemented successively at all sites in 2024.

At all locations, we collect waste and make it available for collection. The small amount of waste that cannot be recycled, thermally recovered, composted, or incinerated is sent to landfills at local waste disposal facilities. Our waste is only disposed of by qualified waste disposal companies. We do not export or import waste.
→ [GRI 306-1](#), [GRI 306-3](#), [GRI 306-4](#)

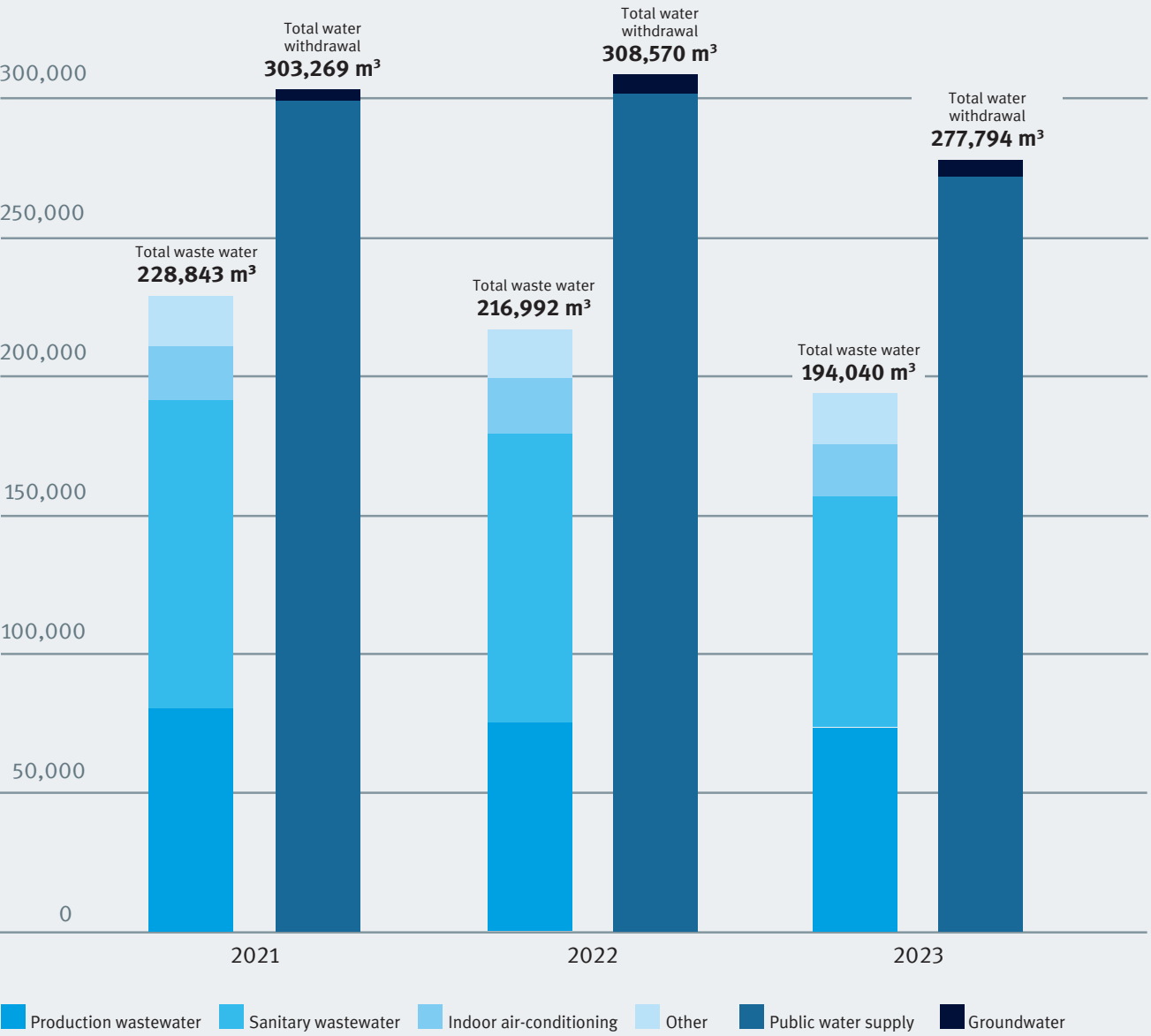
Nonhazardous and hazardous waste

According to disposal procedure
GRI 306-1, GRI 306-3, GRI 306-4



	2021	2022	2023
Nonhazardous recycling	10,381 t	10,500 t	10,003 t
Nonhazardous disposal	490 t	422 t	522 t
Hazardous recycling	1,893 t	1,712 t	1,666 t
Hazardous disposal	339 t	311 t	352 t

Water discharge and water withdrawal



	2021	2022	2023
Water discharge by quality and destination			
GRI 303-1, GRI 303-3			
Production wastewater	80,895 m³	75,329 m³	73,736 m³
Sanitary wastewater	110,445 m³	103,682 m³	82,846 m³
Indoor air-conditioning	19,763 m³	20,862 m³	19,276 m³
Other	17,740 m³	17,119 m³	18,182 m³
Water withdrawal by source: public water supply, and groundwater			
GRI 303-1, GRI 303-5			
Groundwater	3,969 m³	6,946 m³	5,971 m³
Public water withdrawal	299,300 m³	301,624 m³	271,823 m³

Water consumption

At 277,794 cubic meters, the Festo Group’s water consumption in 2023 was well below the previous year’s level. At 31 percent and 30 percent, respectively, sanitary installations and production accounted for the largest share of total water consumption. The remainder is distributed between cooling with evaporative cooling systems (21 percent) and some subordinate processes such as the irrigation of green areas and the operation of the canteen.

Savings were achieved in all areas but particularly in sanitary facilities. However, this must also be seen in the context of a decrease in the number of employees. Water consumption was reduced at the majority of plants. → GRI 303-5

Measures are being implemented in all areas to continuously reduce consumption. Our own buildings are fully equipped with water-saving fittings. Where possible, we optimize the production processes that generate wastewater and try to repurpose wastewater. In 2021, an evaporative refrigeration system was replaced by a hybrid cooler with minimal water consumption as part of the renovation of the cooling system at the company headquarters. This saves between 3,000 and 4,000 cubic meters of drinking water annually.

No further noteworthy water-saving measures could be identified or implemented in the current reporting year. The figure on the right shows water withdrawal by source for the years 2021 to 2023. Nearly 98 percent of the water demand is covered by the public water supply. We obtain just over two percent of our water requirements from our own groundwater wells, which are used exclusively to irrigate the green spaces. → GRI 303-1, GRI 303-3

Wastewater

Polluted wastewater is only discharged into the public sewage system. Our production wastewater is treated for process-specific pollutants before discharge. We hold the necessary permits for all treatment plants and monitor the treatment and pollutant parameters. With the exception of unpolluted rainwater, we do not discharge any wastewater into natural bodies of water or groundwater.

The figure on the right also shows the water discharge by quality and destination for the years 2021 to 2023. The development and distribution for the categories is explained by the type of water use described above. → GRI 303-1, GRI 303-4

Packaging

Our packaging concept is continually being developed and optimized – as was the case in 2023. The following improvements were achieved in the past year. In our largest distribution warehouse in Rohrbach (Germany), product packaging and outer packaging for polyethylene bags were switched and increased to 80 percent PIR (post-industrial recyclates). At the same time, the material thickness was reduced.

Our products are being evaluated as part of the global Low Paper Concepts project. Online user documentation is sufficient, and this saves more than 160 metric tons of paper per year.

In 2023, our packaging concept was reviewed by an external partner – with potential savings for 2024. Planned measures include the following: within Europe, switching from single-use pallets to Euro pallets for transport and, at our plant in Bulgaria, replacing single-use boxes with circulating containers. Implementation is currently being reviewed. Initial results will be available in Q1 2024.

Numerous measures were also implemented in 2023 in our international production network. In China, the material composition of the wooden pallets was

changed, with a weight reduction of around ten percent and savings of more than 80 tons of wood per year. In India, reusable strips are used when stacking parcels instead of the previous stretch film. This measure saves around three tons of film per year.

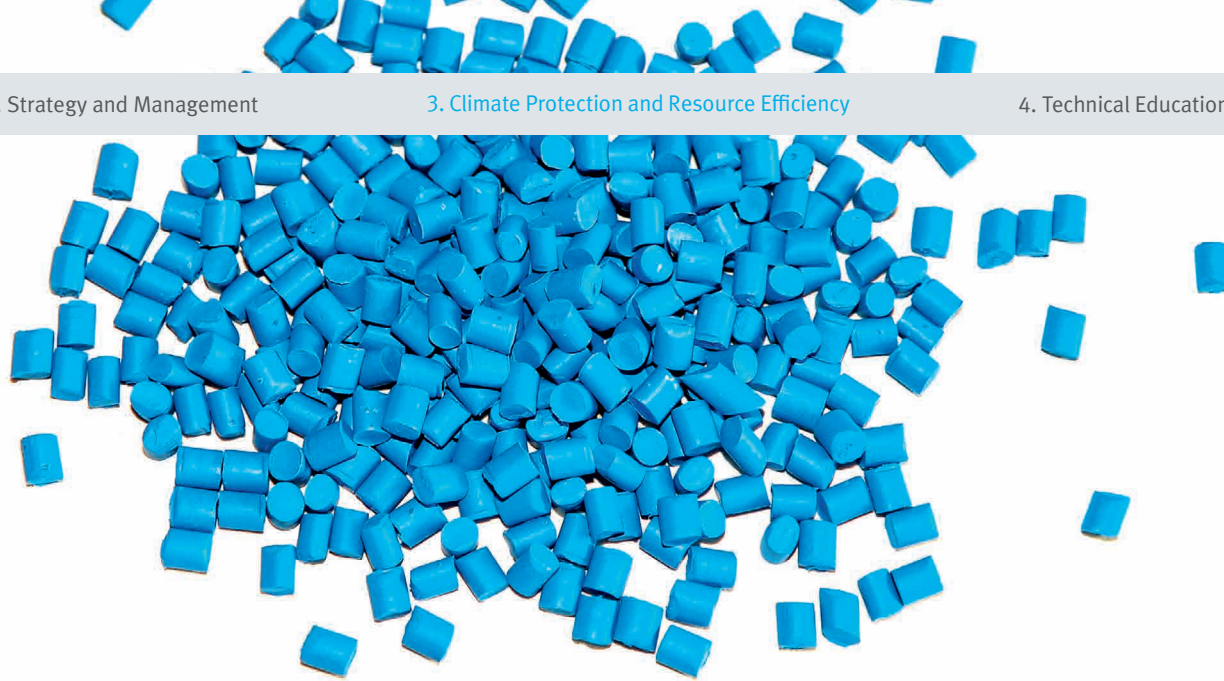
Our aim is to achieve the highest possible proportion of packaging made from renewable materials such as wood, paper, cardboard, and corrugated board. In 2023, this amounted to more than 96 percent of the weight of all packaging materials at our largest distribution warehouse in Rohrbach. We also aim to limit the amount of packaging we ship. This was just under 20 percent in 2023 – also for Germany. When compared at the international level, the figures are in the same order of magnitude. → [GRI 301-1](#)

We are striving to find the packaging solution that is as sustainable as possible for us. Isolated customer complaints are systematically tracked in order to continuously improve our packaging concept.

Reusing transport packaging used within our international production and logistics network is one of our future goals. We can measure this proportion at our Asia hub in Shanghai (China): the reuse rate from our production plant in Jinan (China) is over 90 percent.



At the Rohrbach plant, renewable materials account for more than 96 percent of the weight of all packaging materials.



3.3 Material Use in Our Products and the Product Carbon Footprint (PCF)

The product carbon footprint (PCF) balances all greenhouse gas emissions that occur during the lifecycle of a product. The PCF describes the manufacturing phase of the product from cradle to gate. It is used to account for all relevant material, energy, and transport emissions from product manufacturing. The usage phase must always be evaluated depending on the application.

At Festo, we have been implementing an evaluation logic in accordance with applicable standards since mid-2022. To this end, we are jointly defining a uniform procedure in the network of the associations VDMA and ZVEI (e.g. with the VDMA specification for calculating the product carbon footprint).

This evaluation logic enables us to evaluate our products with regard to their PCF cradle to gate during the product development process.

Due to the current development progress of the valuation model, an individual cost estimate at the part number level is currently possible. The next development step is to enable our calculation logic to calculate multiple part numbers at the same time. We are pursuing this goal for 2024.

Added to this is the data situation that is largely based on database values, known as secondary data, and does not yet cover all possible materials and supply sources. For this reason, in addition to further expanding the PCF cradle-to-gate calculation process, we are also taking an approach for evaluating our products for our customers.

To this end, we have created a Festo CO₂e based on the CCF, which includes all the relevant scopes for the manufacture of our products all the way to the Festo gate. This procedure is not standard-compliant and does not lead to precise calculation results. However, the entire Festo product portfolio can be evaluated in this way. Based on the detailed calculation results available to us, we know that this approach leads to a slight deviation for the majority of our products.

Other points in favor of this approach are the still high proportion of database values (secondary data) and the negligible proportion of our products in the customer balance sheet at machine level. Our customers also endorse this approach. Further details are planned for 2024 in order to continuously reduce the deviation.

The PCF of the usage phase is already communicated via our engineering tools (see chapter 3.4) and must always be evaluated in the respective application.

CO₂-saving product design

In addition to the optimal usage phase (see chapter 3.4), the PCF of our products is determined by the manufacturing process and the materials used. Thanks to development principles such as material-saving product design, PCF is reduced during production. This is an established development principle at Festo and is already reflected in products (see graphic). → [GRI 302-5](#)

CO₂-saving materials

Material-saving product design combined with the use of materials with low specific emissions (e.g. recyclates) increases this CO₂-saving effect. To this end, measures have been in place since mid-2022 to evaluate and implement CO₂-saving preferred materials, which are already being tested using a sustainable pneumatic cylinder. → [GRI 302-5](#)

CO₂ avoidance thanks to optimum service life

In order to use the CO₂ emissions generated during the manufacture of Festo components as efficiently as possible, instructions and descriptions include information on possible misuse as well as information on maintenance, cleaning, care, and disposal.

Around a third of Festo products are repairable. In addition, instructional videos clearly explain how, for example, wear parts can be replaced independently and thus also help to extend the service life of our products. → [GRI 417-1](#)

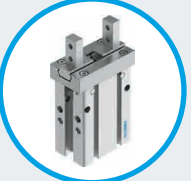
Examples of products with weight reduction

Compared to the ISO standard:

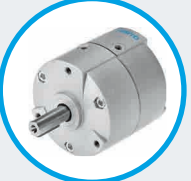
DSNU-S
Round cylinder  **-50%**

ADN-S
Compact cylinder  **-48%**

Compared to its predecessor:

DHPC
Parallel grippers  **-37%**

DPDM
Compact cylinder  **-27%**

DRVS
Quarter turn actuator  **-25%**

DRRD
Quarter turn actuator  **-20%**

Reduction of CO₂ emissions in our product portfolio thanks to the principle of weight reduction.



Anchoring in the product development process

There is a further focus on the implementation of CO₂-reducing product concepts and product designs in the product development process.

To this end, the implementation plan is continuously developed. Known project targets are expanded to include CO₂ reduction targets and anchored in the product requirements. Elements such as CO₂e for materials and manufacturing processes are defined, and the corresponding calculation tools and algorithms are developed to support development and then integrated into the product development process.

Avoidance of critical ingredients

In addition to protecting human health, the recycling of materials requires that they do not contain impurities that stand in the way of the production of high-quality secondary raw materials.

The use of critical ingredients is regulated by numerous legal requirements, such as EU Directive 2011/65/EU (RoHS 2), EU Regulation 1019/1021 (POP Regulation), EU Regulation 1907/2006 (REACH Regulation), the corresponding mandatory entries in the SCIP database, the requirements of EU Directive 94/62/EC on packaging, and the requirements of EU Directive 2006/66/EC on batteries.

All regulations and guidelines aim to prevent critical ingredients from being present in a material in concentrations above the permitted limit value.

In 2023, Festo continued the project to switch to aluminum alloys with a lead content of less than 0.1 percent by weight. We also provide our customers with an application note that provides comprehensive information on the use of critical materials in our components.

→ [GRI 416-1](#)

You can download the Application Note from our website:
www.festo.com/materialkonformitaet

Sustainable procurement

Festo's purchasing structure is characterized by the procurement of semi-finished products, components, and finished products. Aluminum, (stainless) steel, and plastics are among the most important materials. The products purchased by Festo have an ecological effect on several levels. In addition to the finite nature of resources, the consequences of mining raw materials and the resulting CO₂e emissions must be taken into account. The quantities of materials purchased in 2023 in metric tonnage are shown in the diagram below.

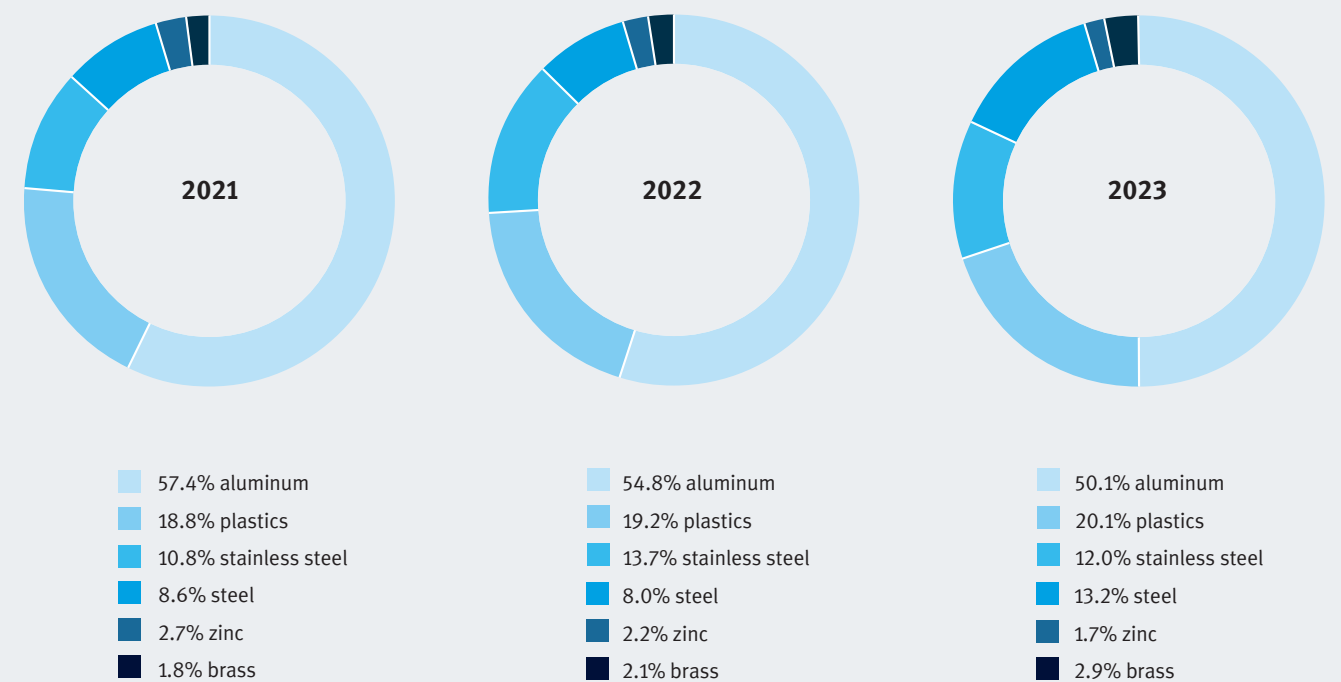
→ [GRI 301-1](#)

More than half of the raw materials purchased to manufacture our products consist of primary and secondary aluminum. Around 25 percent are made of steel or stainless steel, 20 percent are plastic granules or parts, and four percent are other metals.

The environmental impact of primary aluminum is significantly higher than that of remelted secondary aluminum. In recent years, a positive trend has emerged in purchasing. Current data show a secondary aluminum content of 78 percent.

The aluminum supply chain begins with the mining of bauxite. Depending on the mining region, the raw material for aluminum production has adverse effects on the environment. The high economic importance and supply risk of bauxite led to bauxite being declared a critical raw material by the EU in 2020. The procurement of secondary aluminum saves a significant proportion of emissions and conserves bauxite stocks.

→ [GRI 2-6](#), [GRI 301-2](#), [GRI 304-2](#)



GRI 301-1: Distribution of the purchase volume by material.

Procurement emissions

Greenhouse gas emissions from the manufacture of individual materials vary considerably. Alongside aluminum, other-brand products and nonproduction materials have the greatest impact. Preliminary calculations show that 351,103 metric tons of CO₂e were emitted in the production of purchased materials and the use of services in 2023.

The aluminum CO₂e footprint was recorded taking into account the countries of origin and, to a large extent, the alloy. For the first time, supplier data was also taken into account. In 2023, emissions of 67,082 metric tons were generated (2022: 90,815 metric tons). Compared to the previous year, merchandise was included in the overall balance sheet for the first time. The quality of the data, particularly with regard to purchased electronic parts, was further improved.

As part of Festo's holistic CO₂e reduction strategy, concepts for reducing Scope 3.1 emissions are currently being developed. These focus on material savings in the development phase, the procurement of low-CO₂e materials and the strengthening of the circular economy. In Hungary, Festo was able to melt aluminum waste directly into the required raw materials, bypass various intermediate steps, and significantly reduce CO₂ emissions. The concept is to be extended to the German production facilities. → [GRI 302-5](#)

Reduction of transport emissions

The measures started in 2021 to reduce transport-related greenhouse gas emissions and other air pollutants were continued and expanded.

Following the pilot project for the RSC Midwest delivery center (Mason, Ohio), a further 320 metric tons of airfreight were avoided on the route between Germany and the United States. On the routes Germany–China, China–Korea, and China–Australia, 40 metric tons of freight were transferred from aircraft to ship for the first time. Sea freight arriving at the Port of Hamburg is transported by train instead of by truck to the central distribution warehouse in Saarland.

These measures, which have been taken since 2021, reduce emissions by around 2,300 metric tons of CO₂e per year. This does not take into account the fact that, unlike airfreight, emissions from sea freight do not contribute to the formation of high clouds and are therefore less damaging to the climate. → [GRI 305-3](#)



As part of our holistic CO₂e reduction strategy, our aluminum footprint emissions were reduced from 91,545 metric tons to 68,738 metric tons.

3.4 Use of the Products Sold

At Festo, we are committed to climate protection and focus in particular on reducing our corporate carbon footprint (CCF). This includes both the emissions we cause directly and those resulting from the use of our products by customers. The latter make up the majority of Festo's CCF. The carbon footprint of our products varies depending on the application and depends on various parameters.

In 2023, a focus was placed on determining and evaluating the effect of measures that reduce the carbon footprint of our products on customers. Based on the results, we were able to commit ourselves to the Science Based Target Initiative (SBTi) at the beginning of 2024, including our emissions from use (Scope 3.11).

Choosing the right drive technology plays a decisive role here. Both pneumatic and electrical automation solutions are available to the mechanical and plant engineering company. In many cases, a sensible combination of both technologies may also be the optimal solution. Other important levers, especially in the case of pneumatic solutions, are the correct dimensioning and the pressure level. Intelligent control technologies will also play an important role in reducing energy consumption in the future.

CO₂ transparency and advice on the energy-optimized use of Festo components

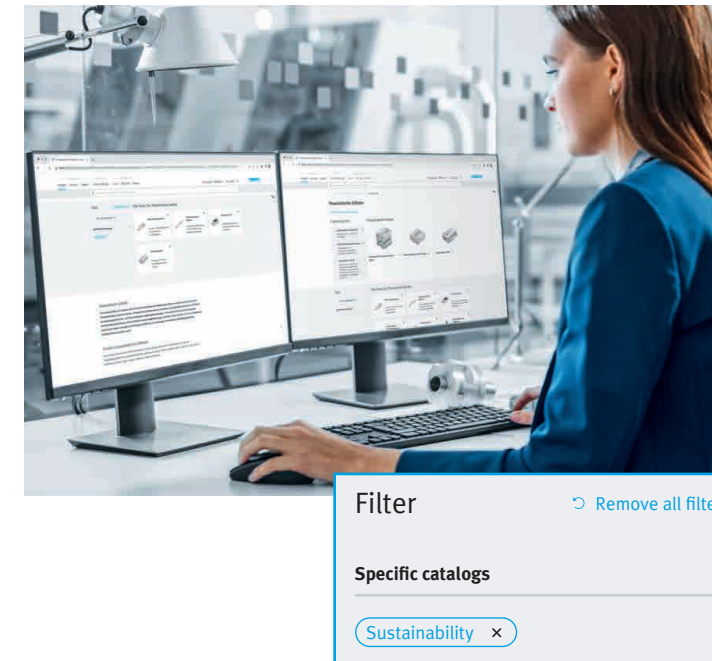
The environmental effects in the use phase vary with the application and must always be considered application-specific. The aim of Festo is to always find the most efficient solution for the respective customer application.

This starts with the selection of the most efficient technology, followed by the definition of the most efficient products to their optimal design. Here, costs and CO₂ emissions for procurement and operation are compared. Tools are needed to achieve the necessary transparency, and Festo is continuously developing them with the aim of making the customer's decision as easy as possible.

In addition to the tools, our sales staff advise and support our customers in designing an overall solution that is as efficient as possible, e.g. by the following:

- Extensive and easy-to-understand information on the subject of energy-efficient automation in our Festo Experience Centers (FECs), already existing and being built around the world
- Courses and offers from Festo Didactic
- Workshops to raise awareness among employees
- Total cost of ownership calculations (TCO and CO₂) to compare pneumatic and electric drive systems
- On request, the type and scope of the PCF (product carbon footprint) can be specified for each customer application.
- Energy efficiency analyses of production systems with our Festo Energy Saving Services

→ GRI 302-5, 305-3



Shopping basket for CO₂ emissions reduction in our online shop using the "Sustainability" filter.

Products for CO₂ reduction and energy efficiency

In addition to the engineering tools, our website "Sustainability in automation" also contains selected products whose properties and functionality help to reduce CO₂ emissions. This product selection can be found in our online shop using the filter "Specific catalogs > Sustainability."

This product selection currently comprises more than 40 products with a focus on sustainability in production, sustainability in operation, and sustainability at the end of the use phase. Continuous development and expansion is an integral part of our strategy and a key reduction measure for joining the SBTi.

Sustainable production includes, for example, products with a material-saving product design such as the compact cylinder ADN-S and the round cylinder DSNU-S, in which up to 50 percent of material and CO₂ have been

saved in production. The new HPPF parallel gripper also boasts improved material efficiency thanks to its compact, flat design.

Our "Sustainability in operation" products enable our customers to reduce their energy consumption and thus their CO₂ emissions. This includes, for example, the MSE6 energy efficiency module, which reduces energy consumption and CO₂ emissions by up to 70 percent. The OVEM vacuum generator can also save up to 90 percent energy thanks to intelligent vacuum monitoring combined with an air-saving circuit. The amount of savings depends on the application in question.

Further information on our sustainability, CO₂ reduction, and energy efficiency products and services can be found here: www.festo.com/energyefficiency

Festo Energy Saving Services

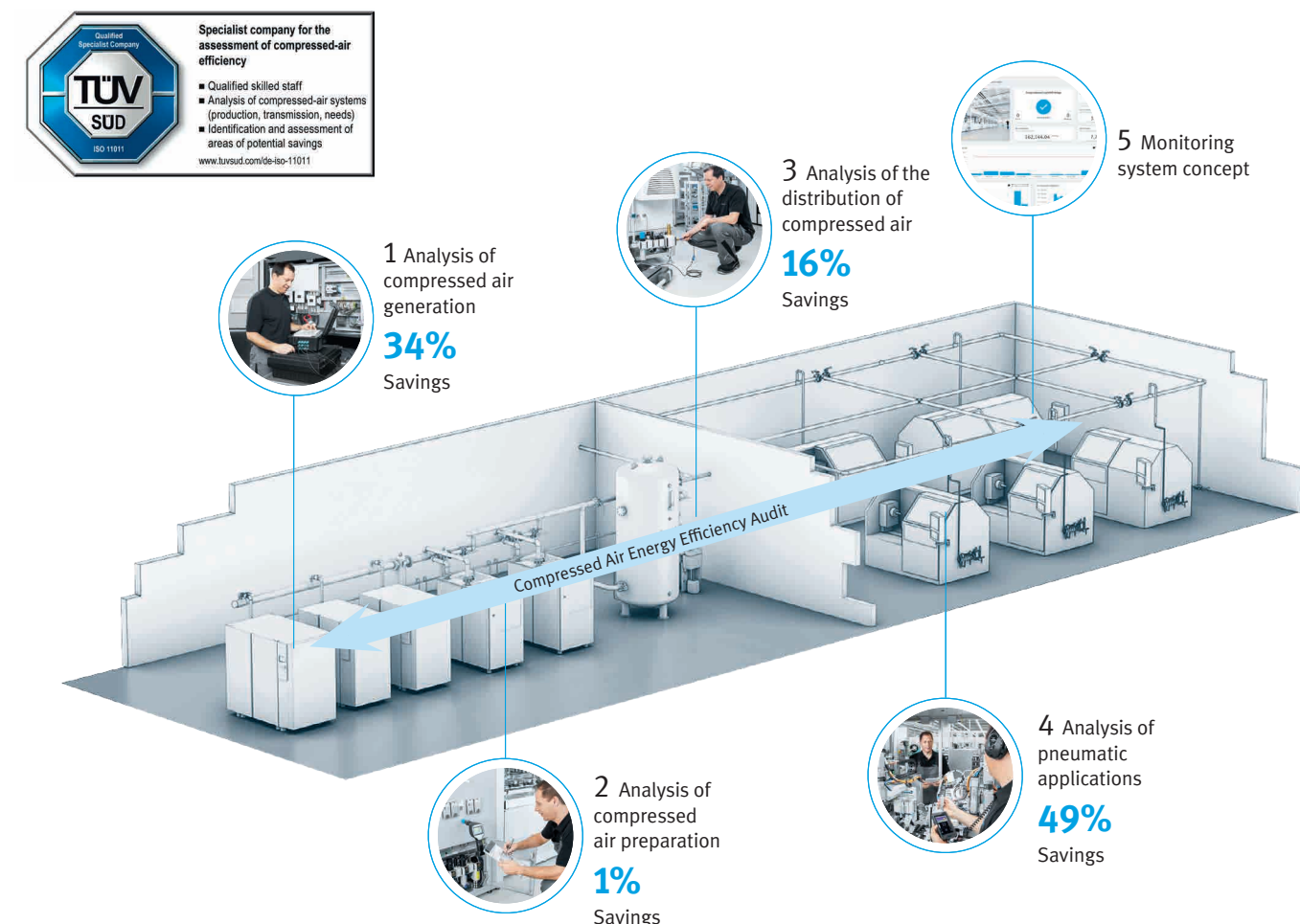
On the road to becoming a CO₂-neutral factory for our customers, cross-company industrial solutions are required that go far beyond our own product portfolio. The biggest lever Festo currently has with regard to climate protection is the reduction of Scope 3 emissions – specifically when the products sold are used by the customer (see diagram in chapter 3.1). This requires specialists with expertise to optimize the entire system.

Festo Energy Saving Services – a tailor-made service program for optimizing pneumatic system efficiency in accordance with DIN EN ISO 11011 (compressed air energy efficiency audit) – are based on this holistic view. It serves to determine and optimally exploit compressed air savings potentials for the customer, enabling them to optimize their entire energy management system in accordance with DIN EN ISO 50001. Festo is one of the few suppliers in the world to be certified by TÜV SÜD in accordance with DIN EN ISO 11011 as a “specialist company for evaluating compressed air energy efficiency.”

Festo Compressed Air Energy Efficiency Audit

With the audit, the customer immediately identifies the weak points and reliably knows which measures are worthwhile for their compressed air system. Our auditors assess the compressed air generation (1) as well as the compressed air preparation and quality (2) and the compressed air network (3). They also perform exemplary leak detection on selected pneumatic systems, investigate potential savings, and check pneumatic efficiency (4). To round off the audit offer, a concept for a monitoring system can be created upon customer’s request (5).

Finally, a detailed report is produced with precise documentation of the data and prioritized recommendations for optimizing compressed air energy efficiency through potential savings. The documentation also shows the CO₂ emission values of the compressed air system, which many companies require for their sustainability reports – for example, in accordance with GRI or GHG – and use in their climate strategy.

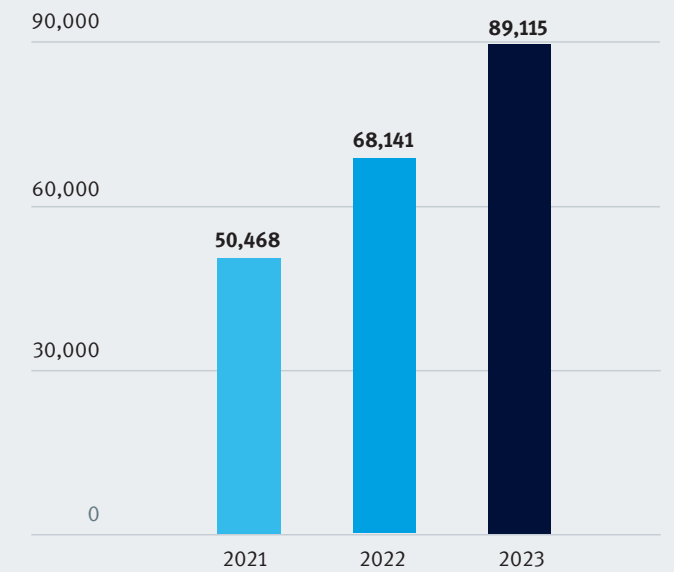


Documented savings potential

The focus is on the Festo Compressed Air Energy Efficiency Audit, which is available across the globe and is carried out by our specialist auditors. In 2022, 425 projects were carried out worldwide with a calculated CO₂ savings potential of 20,974 metric tons in total.

This amount is made up of the leaks determined by means of specific leak location and the total savings potential estimated for the first time by the Compressed Air Energy Efficiency Audit. Since 2012, we have been able to identify potential CO₂ savings of 89,115 metric tons in customer projects.

→ [GRI 302-5](#)



GRI 302-5: Cumulative identified potential savings through the use of Festo Energy Saving Services for our customers (t CO₂).

Festo sustainability review of pneumatics

As part of the new “Sustainability review of pneumatics,” pneumatic applications on existing systems are subjected to a deep dive. In addition to the complete detection of leaks in a production plant, relevant pneumatic applications are examined for their energy efficiency and sustainability, and specific improvement measures are proposed and implemented.

For our customers, in addition to significantly reduced compressed air and energy consumption, this almost always means greater system availability and a longer service life of the installed components, as they are better matched to the respective operating conditions. In 2023, we trained and empowered around 50 Festo partners around the world to offer this service to even more customers.

Festo Energy Saving Services portal

The web-based Festo Energy Saving Services portal and the associated app offer our customers numerous bene-

fits. They can use the portal and app to document the energy efficiency measures developed as part of the Festo compressed air energy efficiency audits, such as the reduction of pressure drops or the elimination of leaks, quantify potential savings and CO₂ emissions, implement repair measures more quickly, and monitor those measures in real time.

Our portal is also ideal for customers who want to perform leakage testing and inspection of pneumatic components themselves. By purchasing a license to use the portal, they have access to all features and can efficiently conduct their own inspection and leakage checks. If desired, our customers have the opportunity to take part in an Energy Efficiency Workshop. In this workshop, they learn how to identify, document, and quantify savings measures in their compressed air systems.

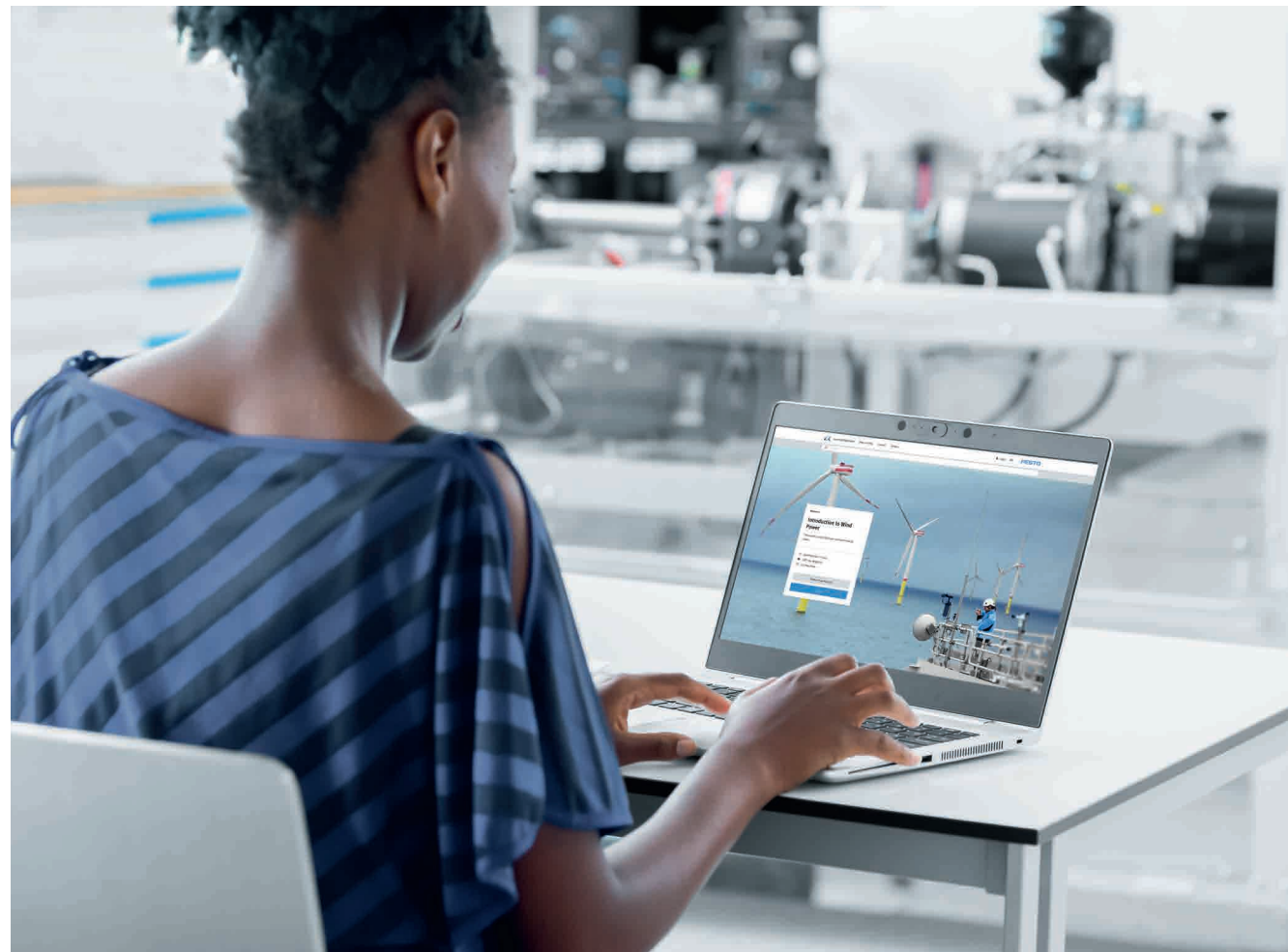
Go to the portal:
energysavingservices.festo.com



Technical Education

Megatrends such as climate change and digitization influence many areas of life. As a result, technical education and training are also changing. It is essential for sustainable development and paving the way to a more sustainable future. Technical education and training teaches skills and competencies to address challenges in a solution-oriented manner: it shapes the future in the interest of future generations. Festo Didactic makes an important contribution to the technical qualification of future and current employees with its comprehensive range of training courses and worldwide projects and partnerships. → [GRI 3-3](#)





Festo Learning Experience (Festo LX)

The digital learning portal offers a wide range of didactically prepared learning content for many technical areas – from pneumatics, hydraulics, STEM, and electrical engineering to Industry 4.0. The integration of physical learning systems, simulations, and digital courses enables learners to apply theoretical knowledge in practice and prepare for the dynamic demands of high-tech industry.

Festo LX stands out thanks to an innovative approach that cleverly combines in-depth industry knowledge with didactic know-how. This unique combination makes it possible to offer learning content at the highest level. The offer covers thematic, competence-oriented content that meets the requirements of modern education and industry sectors.

In addition, the digital learning portal offers a tool for creating content – known as the LX Creator – which allows users to tailor content to their needs. This flexibility is reflected in the widespread use of Festo LX in various educational and industrial sectors.

With the integration of FluidSIM and AI-assisted course creation, Festo LX has taken an important step toward a digital learning ecosystem.

- FluidSIM offers learners a powerful simulation tool for the practical exploration of pneumatic, hydraulic, and electrical technologies.
- AI functionality in Festo LX simplifies the creation of course content for educators, improving the teaching and learning experience.

The digital learning portal currently has more than 1,000 customers with more than 50,000 active users worldwide. Currently, there is access to over 650 courses with a total duration of 3,500 hours of study. In addition, other technologies such as hydrogen technology and battery production will be integrated. This pursuit of excellence and innovation reflects Festo Didactic's tireless commitment to revolutionizing technical education and training with Festo LX.

The cloud-based learning portal Festo LX can be accessed with any modern browser at lx.festo.com

4.1 Digital Learning

In the course of digitization, the skills required for technical education and training are changing, as well as the way in which they are fostered. Festo Didactic is responding to these changed requirements with the digital learning portal Festo Learning Experience (Festo LX). Our aim is to provide accessible, high-quality technical education and promote a culture of continuous learning.



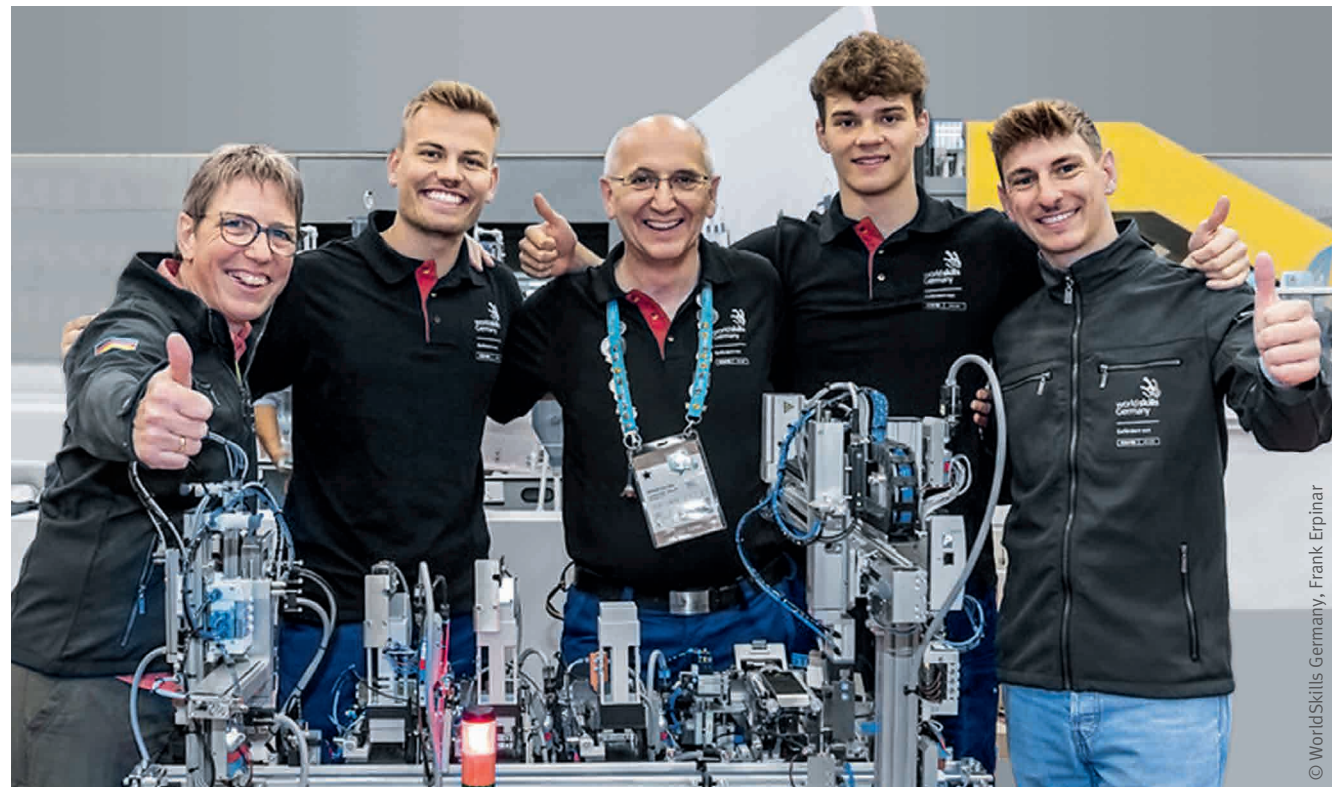
Award-winning learning portal

Festo LX has already been awarded the Comenius EduMedia seal (2021) and the Delina Award (2022). In 2023, the digital learning portal received the Worlddidac Award, underlining Festo Didactic's commitment to innovation and educational excellence.



4.2 Learning through Professional Competitions

With the right skills, you can change the world for the better. But there is a shortage of skilled workers in industry and business. Competitions are a great way to get young people excited about technical topics and careers. There, participants can develop their skills and put their talents to the test in an international environment.



After the final whistle: the Festo trainees with their trainers and the Chief Expert of Mechatronics. From: left to right: Sybille Bohland, Timo Oßwald, Michael Linn, Daniel Schmid, Felix Alt. (Source: WorldSkills Germany, Frank Erpinar)

Qualifying young people helps to reduce the shortage of skilled workers and is a tool for responding to demographic and technological change. Skilled workers are also needed for a sustainable future. They can combat climate change by promoting electric mobility and renewable energies, and conserving resources. That is why Festo supports competitions and educational events around the world.

European championship of professions

The EuroSkills career competition takes place every two years and is organized by WorldSkills Europe with more than 30 member countries and partners. This year, Gdańsk, Poland, was chosen as the venue for EuroSkills Gdańsk 2023. It is the largest event for vocational training and excellence for young people in Europe.

At this year's EuroSkills, 600 professionals under the age of 25 from 32 countries took part in competitions and demonstrations in 42 professions. Tens of thousands of visitors traveled to the event. In addition, stakeholders from education, industry, government, and NGOs met on-site to exchange ideas and further develop education.

Challenge in the field of mechatronics

Mechatronics is one of the many disciplines at EuroSkills. Here, the task was to set up a fault-free, automated production system. An individual order is

placed on the HMI touch display, where the color, number of items, and quantity of contents in the containers are specified. Technical data such as energy consumption are shown on the HMI display. After pressing the start button, the first parts are removed from the stacking magazine, subjected to quality control (color and height), filled with contents, covered with a lid, and packed in a box. Finally, they travel to their removal position on the conveyor belt. This is a challenging task that requires many skills.

Gold for Festo trainees

Timo Oßwald and Daniel Schmid are mechatronics trainees at Festo. They took second place at the German Championships of Mechatronics Engineers in 2021. This is how they paved their way to EuroSkills Gdańsk 2023. Together, the German team from Festo did it: they were the winners in the field of mechatronics.

Festo as a sponsor

Festo has been an official partner of WorldSkills Europe since 2008 and sponsors the discipline of mechatronics, among others. In 2022, Festo was named a premium sponsor by WorldSkills Europe. WorldSkills is a movement to promote vocational training. In Europe, it is supported by various European ministries, funds, and organizations. Over the past two years, Festo has supported the professional competitions with a total of 2,500 man-days.

Further information on the career competitions can be found at www.festo.com/worldskills



The Festo team wins gold in the mechatronics discipline. (Source: WorldSkills Germany, Frank Erpinar)



4.3 Training for Sustainable Professions

UNIDO defines green skills as the knowledge, skills, values, and attitudes required to live, develop, and support a sustainable and resource-efficient society. This is why we are jointly responsible for environmental sustainability. Technical specialists should promote environmentally conscious thinking and develop innovative solutions to counteract climate change and resource scarcity.

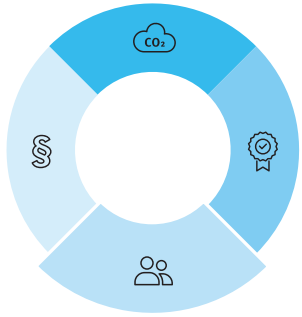
More information on learning solutions for technical education and training in the subject of sustainability can be found at www.festo.com/greenskills

The pursuit of a more sustainable world is shaping daily work and redefining the demands on professional skills. More and more companies are pursuing sustainability goals and pledging to reduce their environmental footprint. New technologies are being used, and this calls for new skills. In order to enable current and future employees to contribute to a more sustainable world, technical education and training programs must promote these green skills.

Learning solutions for sustainable professions

Different skills, topics, curricula, and new job profiles are required in different technical areas. Existing courses and programs can be modified and optimized to promote relevant green skills. The comprehensive learning solutions from Festo Didactic are designed to inspire and guide instructors in sought-after areas of training. These solutions are supported by courses on the digital learning portal Festo Learning Experience (Festo LX). The course content is optimally tailored to the objectives and requirements of the industry. This approach not only saves time but also ensures the comprehensive and tailored coverage of topics. It also supports effective learning and teaching as well as the seamless integration of new topics.

- **Sustainable manufacturing:** rising energy costs and stricter environmental regulations are forcing manufacturing companies to develop more sustainable production processes. To reduce energy consumption, it is essential to quantify and monitor energy and compressed air consumption, costs, and resource use. This makes it possible to select and implement suitable optimization strategies and measures. With learning solutions in factory automation and fluid technology with a focus on energy management, instructors can improve energy efficiency knowledge across the industry.
- **Production of electric vehicles and batteries:** production plants for electric vehicles and batteries are being built in large numbers around the world to drive the electrification of transportation. The introduction of innovative production technologies has a direct impact on qualification requirements. These technologies provide the precision, consistency, and stability required to meet stringent safety and performance requirements. Car manufacturers, battery manufacturers, and educational institutions can qualify their employees and trainees for highly automated production with learning solutions in the fields of factory and process automation or electrical engineering.
- **Renewable energies production:** technological advances make it easier to use renewable energy sources, increase energy efficiency, and offset complexities such as the availability of electricity sources and rising costs. Success depends to a large extent on the willingness and skills of qualified workers. The electrotechnical training solutions from Festo Didactic develop and expand practical expertise in the areas of planning, installation, operation, and maintenance through to monitoring, optimization, modernization, and troubleshooting in a wide range of electrical energy systems.
- **Water management:** the sustainability of water cycles depends to a large extent on careful management and use. Skilled workers play an essential role in the design, deployment, maintenance, and operation of water and sewage systems and installations for the collection, treatment, and distribution of water. These assets depend on instrumentation and process control equipment and systems, which are fundamental aspects of our education and industry expertise. Complementary fields such as industrial mechanics and electrical engineering also make an important contribution. Practical learning solutions enable individuals to make optimal use of water in industry and beyond.



People at Festo

In order to live up to our mission and standards every day anew, the continuous training of our employees for future requirements is a must. We therefore see lifelong learning as an essential part of our corporate culture. We put people at the center and create the foundations for a secure and trusting relationship. At Festo, occupational health and safety, corporate health promotion and respect for valid employee rights form the basis for this. We offer fair and performance-related pay as well as flexible working models to improve work-life balance. This is because a healthy, motivated and efficient workforce is the guarantee of success for every company. → [GRI 3-3](#)



5.1 Employee Development

Committed, performance-oriented, qualified, adaptable employees are one of the prerequisites for business success at Festo. That is why we strive to attract, retain, and develop the best employees.

The Festo Group employed a total of 20,545 people worldwide in 2023. This figure includes the entire workforce, including interns, students, and temporary staff. → [GRI 2-1, GRI 2-7](#)

Employees by region

	2021	2022	2023
Total number of employees	20,757	20,817	20,545
Africa	113	109	104
Americas	2,364	2,407	2,376
Asia	3,486	3,570	3,762
Australia	82	79	78
Europe, excluding Germany	6,088	6,070	5,878
Germany	8,624	8,582	8,347

GRI 2-7: Employees by region

Permanent and temporary employment relationships

The table below shows the total number of permanent and temporary employment relationships. In addition, there are activities carried out by trainees and students that do not fall under these two categories. There were 608 interns and students in 2021. The number fell to 541 in 2022 and 477 in 2023. → [GRI 2-8](#)

Employment relationships by gender and region

	2021	2022	2023		2021	2022	2023
Permanent and temporary employees	20,149	20,276	20,068				
Permanent by gender				Temporary by gender			
Male	65 %	64 %	65 %	Male	6 %	6 %	5 %
Female	26 %	26 %	27 %	Female	3 %	4 %	3 %
Permanent by region				Temporary by region			
Total	18,388	18,262	18,404	Total	1,761	2,014	1,658
Africa	108	104	99	Africa	0	0	0
Americas	2,330	2,383	2,344	Americas	2	2	6
Asia	2,443	2,451	2,627	Asia	1,026	1,109	1,116
Australia	81	73	73	Australia	1	6	5
Germany	7,794	7,820	7,768	Germany	442	435	287
Europe, excluding Germany	5,632	5,431	5,493	Europe, excluding Germany	290	462	244

GRI 2-1, GRI 2-7: Information on employees; employment relationships by gender and region.

Employees and management bodies by age and gender

	2021	2022	2023		2021	2022	2023
Total number of employees	20,149	20,276	20,068	Total management bodies	1,175	1,190	1,171
Employees by gender				Management bodies by gender			
Male	70 %	70 %	70 %	Male	89 %	89 %	89 %
Female	30 %	30 %	30 %	Female	11 %	11 %	11 %
Employees by age				Governance bodies by age			
<29 years	14 %	14 %	13 %	<29 years	0 %	0 %	0 %
30–49 years	57 %	57 %	57 %	30–49 years	48 %	48 %	48 %
>50 years	29 %	29 %	29 %	>50 years	52 %	52 %	52 %

GRI 405-1: Diversity according to gender and age.

New employees and staff turnover

Both the total number of new employees and the fluctuation by gender, age group, and region are shown below. In 2021, staff turnover was reduced. Employee turnover increased again in 2022 and fell slightly in 2023. → [GRI 401-1](#)

New employees and staff turnover

	2021	2022	2023		2021	2022	2023
Total hires	2,046	2,341	1934	Total departures	2,107	2,678	2,342
New entries by gender				Departures by gender			
Male	64 %	67 %	64 %	Male	68 %	68 %	66 %
Female	36 %	33 %	36 %	Female	32 %	32 %	34 %
New entries by age				Departures by age			
<29 years	55 %	51 %	44 %	<29 years	39 %	35 %	27 %
30–49 years	36 %	41 %	49 %	30–49 years	41 %	45 %	46 %
>50 years	9 %	8 %	7 %	>50 years	19 %	20 %	26 %
New entries by region				Departures by region			
Africa	0 %	0 %	1 %	Africa	1 %	0 %	1 %
Americas	15 %	16 %	15 %	Americas	12 %	12 %	14 %
Asia	21 %	20 %	25 %	Asia	20 %	15 %	15 %
Australia	0 %	1 %	1 %	Australia	1 %	1 %	1 %
Germany	29 %	28 %	19 %	Germany	32 %	27 %	28 %
Europe, excluding Germany	35 %	35 %	39 %	Europe, excluding Germany	34 %	44 %	41 %

GRI 401-1: New employees and employee turnover by gender, age, and region.

Attractive employer

In order to draw new talent to Festo and offer our existing employees an attractive working environment, Festo is constantly developing its policies and programs as an employer.

Our culture is an essential part of what we do and makes us unique. This includes respectful interaction and the opportunity for lifelong learning.

With solutions such as mobile working and new collaborative room concepts for the “new normal,” we offer our employees many attractive options for organizing their work individually.

Here, we focus on the respective phase of life of our employees. When it comes to the individual organization of working hours, our offer goes beyond the models regulated by law in some countries (part-time, parental leave, or care leave). In this age of digitization, self-determined and flexible working makes it easier to reconcile work and private life. → [GRI 401-1](#)

Remuneration and benefits

In addition to fair overall remuneration, Festo offers all employees in Germany – regardless of whether they work part-time or full-time – attractive benefits, such as

- A generous company pension scheme
- Training (in-person and online) and innovative learning opportunities
- Creative spaces
- Family services and social counseling from external consulting partners
- Programs for permanent or temporary job changes within Festo global
- Workplace health promotion with a wide range of preventive services

- Opportunities for bicycle leasing with an employer subsidy
 - Opportunities to lease an (electric) company car for employees not covered by collective wage agreements
 - Modern management development programs
 - Holiday childcare for employees’ children
 - Social benefit fund for special financial burdens (rainy day fund)
 - Subsidized canteens or meal allowance at our branch offices
 - Price reductions for various discount portals and from regional partners
 - Discount on public transport in Esslingen
 - Special leave (e.g. wedding, moving, or birth of child)
 - Various scholarship programs for students (IT scholarship, women pursuing technical master’s degree)
 - Student loyalty scheme for former interns
 - Comprehensive onboarding program
 - Events for employees (e.g. after-work events)
 - Limited places in nurseries for children of employees
- [GRI 401-2](#)

For our employees covered by collective agreements, the total remuneration package consists of a monthly basic salary, a performance-based remuneration component and a variety of special payments, such as holiday pay. Remuneration is based on the demands of the work assignment and is subject to a globally applicable level system. → [GRI 405-2](#)

In Germany, the companies Festo SE & Co. KG, Festo Didactic SE, Festo Polymer GmbH and Festo Vertrieb GmbH & Co. KG are subject to the collective agreement of IG Metall. → [GRI 2-30](#)



Our New Work AirEa in Esslingen: a special atmosphere for creative work and design.



5.2 Diversity

Diversity is a key success factor at Festo and not only shapes society – but also our corporate culture. Diversity and the appreciation for people in their uniqueness, from different cultures, and with individual lifestyles and abilities have been part of Festo’s corporate culture ever since it was founded.

Diversity by nationality

Our belief is that diverse teams are more creative and perform better than homogeneous groups. Especially when it comes to the backgrounds of our team members, we continuously draw on cultural diversity, which we see as an enrichment for our workforce and a prerequisite for our long-term success. In 2023, employees of 98 nationalities worked together successfully at Festo.

Diversity according to age and gender

In 2023, a total of 1,171 people were employed in upper and middle management (E, F1, and F2 levels) world-wide. This corresponds to about 5.6 percent of the total workforce. This figure remained steady in 2023. The breakdown in section 5.1 “Employee Development” on page 82 shows the diversity in terms of age and gender across management bodies and among employees.

→ GRI 405-1

Society is changing, and this transformation is also reflected in the working environment – as demonstrated by globalization, demographic change, and technological innovations. We cannot afford to stand still in our dealings with one another. Concepts of life change as a result of various factors, such as changing professions, family and career, flexibility in the workplace, and life-long learning. → GRI 2-24

Diversity management

The topic of diversity is also relevant to the sustainability strategy and contributes to the UN Sustainable Development Goals 5, 8, and 10. → GRI 2-24

In 2023, we continued the activities we started with the creation of a diversity and inclusion role in Germany. In doing so, we oriented ourselves around the diversity dimensions of the Diversity Charter and focused our activities on the dimension of gender and gender identity in 2023.

With the aim of promoting equal opportunities at Festo and supporting female managers and high-potential employees in their individual development and career planning, the Female Empowerment Program was designed in 2023 and piloted with 15 participants.

The feedback on the program was very positive and led us to continue the program in 2024. We are convinced that, with the Female Empowerment Program, we are making an important and appropriate contribution to supporting female employees in their development even more strongly in the future.

To achieve this goal, we also want to create better framework conditions in the future that allow us to offer women attractive alternatives in their development. Management positions on a part-time basis or as shared leadership positions are concepts that we are already implementing today. Our experience in this area has been very positive, and we are convinced that we are on the right track.

In addition, we also focused on internal HR processes in 2023 – for example, with our recruiting and talent management processes. As a result, we defined various measures to achieve equal opportunities and thus promote greater diversification in the workforce.

Our journey to greater diversity and inclusion continues: we remain committed to an inclusive corporate culture that recognizes and embraces diversity as one of our greatest strengths.

You can find out more about diversity at Festo and the Diversity Charter at:
www.festo.com/diversity



Nationalities
at Festo

98
Total Festo Group

29
Americas

30
Asia

69
Europe (without Germany)

71
Germany

GRI 405-1: Diversity by nationality in 2023.



Proud@Festo

The LGBTIQ network at Festo

Proud@Festo is the LGBTIQ (lesbian, gay, bisexual, transgender, intersex, queer) network at Festo. The aim is to network LGBTIQ people and employees who stand up for the visibility of diverse individuals and lifestyles and for a tolerant coexistence.

The LGBTIQ network was also active in 2023. For the first time, we were able to offer two expert talks with external speakers as part of Pride Month. We were also able to celebrate the first Christopher Street Day (CSD) in Esslingen (Germany) in June. The group lunches at the main locations were continued, and regular get-togethers were also held. In addition, there was close networking with the merger of the local LGBTIQ “0711LiebtBunt” networks. Here, too, there were various organizational and leisure events, such as a joint summer event and a hiking excursion.

Specifically, the goals are as follows:

- Promote visibility and acceptance
- Enable networking
- Be a point of contact for employees and management
- Serve as a driving force on LGBTIQ issues within the company
- Support Festo’s corporate sustainability
- Represent Festo in the LGBTIQ context beyond the company’s borders



Women@Festo

The women’s network at Festo

Women@Festo is a network of women for women within the company. The aim is to provide impetus for future collaboration, to make potential transparent, and to actively drive change forward.

In 2023, the areas of action arising from the 2021 equal opportunities survey were pursued further. The focus in 2023 was on leadership and personality development. Various events on these topics have enabled us to create a wide range of target-group-oriented offers. With the “Growing together” program, more than 60 women have participated in character development. The initiative helped them to become aware of their own goals and values and to pursue them.

Women@Festo offers the following:

- Networking across organizational units
- Professional and interdisciplinary exchange
- Expand one’s horizons
- Exchange on topics such as career planning, management, and work-life balance
- Events and lectures

Discrimination

Festo and its employees fundamentally reject discrimination and are committed to an environment free from discrimination. We encourage our employees to address and report discrimination at an early stage.

Our employees have the right to complain if they feel disadvantaged by their employer, superiors, other employees, or third parties in connection with their employment relationship on the grounds of race or ethnic origin, gender, religion or belief, disability, age, or sexual identity. The complaints office of the General Act on Equal Treatment (AGG) receives complaints from employees and examines them. Complaints are treated confidentially, of course.

In addition, the topic of discrimination is regularly addressed and discussed in various courses (such as compliance and human rights) and also in management circles. Information on the topic of discrimination is continuously published on the AGG intranet pages.

At Festo in Germany, incidents of discrimination can be submitted to a specially established complaints office. There is a designated process for this, which is laid down in a regulatory agreement between the company and the employee representatives. In doing so, the principles and procedures of the AGG are taken into account. Internationally, incidents of discrimination can be reported via the whistleblower portal.

In 2023, a total of three AGG cases were reported, reviewed, and closed in Germany. In 2024, we will continue to raise awareness to the issue of discrimination in our company through various measures. → GRI 406-1

Inclusion at Festo

We see the inclusion of disabled people – in particular, severely disabled people and people of equal status – in working life as a social responsibility that must be fulfilled jointly by all those involved, in addition to legal obligations.

In 2023, the representation for disabled people of the Festo Group was elected and has commenced its work together with the inclusion officer. They are also responsible for the parts of the Festo Group who do not have their own representative body for severely disabled employees. The objectives of the representatives and the company are professional and social inclusion as well as the provision of the necessary framework conditions for the participation of people with severe disabilities in working life at Festo. In addition, the respective inclusion agreements are also reflected in the Code of Conduct of the Festo Group.

Compliance with the agreed measures is checked jointly by the company management, the representatives of the severely disabled persons, and the works council, and this is included in the annual progress report.

→ GRI 405-1



5.3 Vocational Training

Preparing trainees and students to seize the opportunities offered by digitization without losing sight of the company’s sustainability goals is becoming increasingly important.

Integrating knowledge and expertise in both areas into the training of young people is therefore one of Festo’s areas for future success. Environmentally friendly expertise – green skills – as well as skills related to the digital transformation will be relevant for all professions in the future. This is already changing the demands placed on dual training.

Existing skilled occupations and courses of study are changing, and new skilled occupations and courses of study are emerging with these focal points. Learning is also changing. Whereas in the past the focus was on professional skills, today the ability to acquire new knowledge is increasingly coming to the fore.

Extended and new vocational jobs and courses of study
In terms of training at Festo, existing vocational jobs and courses of study have been adapted. This way, trainees and students learn how to integrate sustainable practices into their daily work. This may include, for example, reducing energy and resource consumption, promoting recycling, or taking social aspects into account in the supply chain.

Existing dual study programs are also changing. One example is the dual degree program in electrical engineering, which is now called Electrical Engineering and Information Technology. The topic of IT security is explored in greater depth in the computer science degree program.

New training content has been developed that is geared toward combining digitization and sustainability. For example, students in technical fields can learn how to develop energy-efficient systems, use renewable energies, and increase data and information security.

In commercial areas, trainees can learn how work processes can be simplified digitally or how data as well as existing work, business, and value-creation processes can be analyzed and digitally developed.

The IT Specialist and Digitization Management Clerk apprenticeships were offered for the first time in 2023. The apprenticeship Immersive Media Designer is already planned for 2024.

Investment in training

In Germany, investments in our training totaled approximately 9.9 million euros in 2021, 9.4 million euros in 2022, and 9.5 million euros in 2023. → [GRI 404-1](#)

Apprentices worldwide

The table below shows the number of trainees worldwide from 2021 to 2023. The declining numbers of apprentices in the various countries can be attributed to fluctuations in demand (including changes in job profiles).

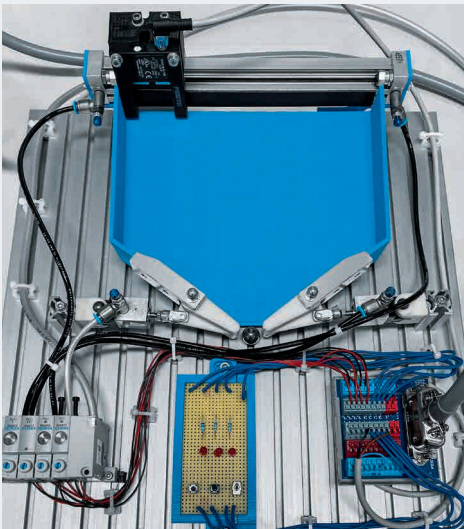
Apprentices	2021	2022	2023
Total	552	491	432
Germany	313	238	221
China	121	112	94
Hungary	59	68	68
India	34	36	34
Switzerland	25	27	21
Bulgaria	0	10	0

Number of apprentices from 2021 to 2023 by country.

Integrative STEM education: Enthusiastic for Technology

Festo provides support with a wide range of offers relating to STEM education in preschool as well as in primary and secondary schools. The aim of the Enthusiastic for Technology project is to spark interest in the natural sciences and technology at an early stage.

In 2023, a total of 49 apprentices took part in the program on six Saturday mornings at the Festo Learning Center in Rohrbach (Germany). Here, 22 girls and 27 boys created a pinball machine as part of a group project. This was made possible under the guidance of former trainees and their knowledge of metalworking, pneumatics, mechatronics, and 3D printing.



» Different job profiles will change. This also gives rise to new skilled occupations that combine sustainability and new technologies. Together with our employees, we are systematically pursuing this path. «

Dr. Sebastian Beck,
Member of the Management Board Finance and
Human Resources at Festo SE & Co. KG



Dr. Sebastian Beck is Member of the Management Board at Festo for the two areas of Finance and Human Resources. Advancing digitization, demographic change, and the needed sustainability are changing market needs and thus also the way companies work. In order to remain a reliable partner to its customers in the future,

Festo relies on the capability shift. Together with its employees, Festo embarks on a continuous learning process in order to remain an attractive employer for new talent and to qualify its employees at an early stage and systematically.

5.4 Further Training

At Festo, we continuously invest in training and learning to ensure our employees have the right skills. Our aim is to unleash their full potential and help them achieve success.

The firmly established philosophy of lifelong learning at Festo remains solid and has evolved in various ways over the course of the year. We have made very good progress with a clear focus on targeted employee qualification, modernizing the learning platform, and promoting everyday learning.

Flexible learning concepts and employee qualification

Our learning concepts are designed to be flexibly adapted to current needs. In addition, we standardize plant processes with our factory reference organization and train managers and employees according to their positions and tasks.

Since the start of the project in 2021, more than 13,500 employees have taken part in 859 training sessions on quality, cost, delivery, finance, and OPEX topics.



At the Festo learning company, training and development measures amount to 1.5% of turnover.

Modernization and expansion of the Learning Campus

The Learning Campus will continue to be the central learning platform for all Festo employees. In 2023, it had a stable base of 16,835 users who actively participated in around 4,200 training sessions worldwide, cementing the strong participation from the previous year.

→ GRI 404-1

The further development of the Campus with a major release last July was a decisive step. In addition to a modernized design, the Campus offers improved search functions that help employees search for suitable training courses more efficiently. The ability to create and integrate your own learning content using the Festo LX Creator (authoring tool) strengthens the relevance of our learning offer.

My Daily Learning – learning in everyday working life

The introduction of the My Daily Learning tile in the Learning Campus is intended to raise awareness of the fact that learning takes place on the job rather than just in formal learning environments. With LearnHacks, tips, and tricks for effectively integrating learning practices into everyday life, we encourage our employees to continuously acquire new skills and expertise.

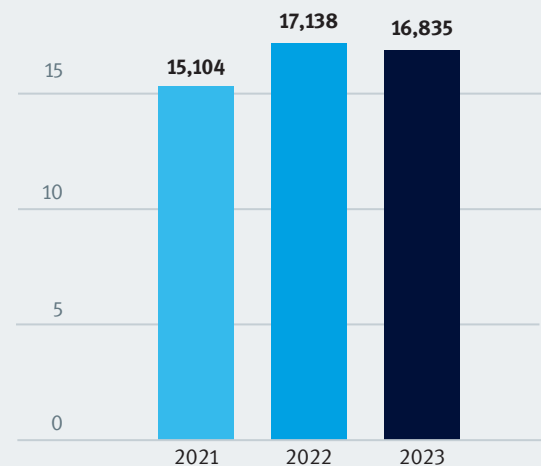
The newly integrated “Simply.Better.Learning!” format serves as a platform for sharing best practices and inspires people to make their own learning more conscious. Among other things, the format presents the Festo Learning Guideline developed this year, which serves as a guideline for a learning organization in which everyone can contribute.

Expert talks and external learning opportunities

The year 2023 was characterized by an increase in virtual training opportunities and an expansion of global expert talks. The number of participants increased from 5,172 at the end of 2022 to 5,951. These talks consolidate the understanding of sustainability and the connection between corporate strategy and individual knowledge acquisition. → GRI 404-1

In addition, our LearningTubes – learning videos created by colleagues themselves – received around 23,000 views. LinkedIn Learning’s integrated online courses were used by approximately 5,000 employees, who consumed over 9,000 hours of content in total.

The development of the topic of continuing education in 2023 clearly shows that significant progress has been made both quantitatively (usage) and qualitatively (content and formats).



GRI 404-1: Number of Learning Campus users worldwide.

Expert talks	2021	2022	2023
Total	90	92	90
Global expert talks	34 %	37 %	46 %
German expert talks	66 %	63 %	54 %
Subscribers			
Total	4,688	5,172	5,951
Global expert talks	37 %	52 %	52 %
German expert talks	63 %	48 %	48 %

GRI 404-1: Distribution of number and participants of expert talks.



Capability Shift:
New technologies
require new job
profiles. We sup-
port our employees
through the digital
transformation with
tailored programs.

Capability Shift

People, machines, and industrial processes are intelligently networked. Digitalization has already changed industrial processes and continues to develop at a rapid pace. This brings with it enormous opportunities and possibilities – but also risks and challenges.

The aim of the Capability Shift strategic initiative is the opportunity to position future-relevant expertise successfully and sustainably within the company. The acquisition of new skills in the following areas represents the strategic range of topics relevant to Festo in this respect: software, artificial intelligence, and the sale of electronics. Customized qualification concepts enable employees to develop in the digitized world of work.

One example of this is the global rollout of a qualification program in sales for electric automation. Here, approximately 2,500 employees are prepared for the future in several modules and webinars. The collaboration with Esslingen University on the in-house Festo-certified software engineer course and a qualification program for product security officers and security experts are further examples of how the Capability Shift is designed. → GRI 404-2

Leadershift@Festo: the journey continues

Leadership shift, or “leadershift,” is an important area of activity in terms of our corporate strategy. With the aim of increasing management maturity at Festo globally, we implemented various measures in 2023 and made further progress in the development of our managers.

Leadership development programs

In 2023, we were able to complete the design and pilot phase of the First Leadership Level Program and start the global rollout. This is a program for the first management level, which extends over a period of 12 to 16 months with a combination of virtual and in-person modules and is geared toward Festo leadership expertise.

The Advanced Leadership Program is aimed at mid-level managers. This was also designed and piloted in 2023 and will be rolled out across the board in the coming years. The content of the course is based on the Festo leadership skills and also lasts for 12 to 16 months.

The Leadership Essentials event series is enjoying great popularity. This is a virtual event that took place in 2023 both in Germany and internationally.

→ GRI 404-2, GRI 404-3



In short 90-minute sessions, ten meetings were held in Germany on a wide range of topics and issues related to leadership. Five meetings took place in an international context. In total, several thousand managers took advantage of the offer with great interest and commitment. What makes it so special is that all managers (across company levels, departments, and countries) can take part. The format thrives on the exchange of ideas between managers and on the input of our external training partners. → GRI 404-2

360° feedback

In 2023, the process of 360° feedback in the international arena (excluding Germany) was completed. Over the past two years, almost 10,000 feedback forms have been submitted by employees, colleagues, and direct managers. Around 1,300 international managers took part in the 360° feedback process.

With these and other measures, we were able to contribute to the development of many managers in 2023. Now we need to keep our efforts going in 2024 and continue to view the development of our managers as a strategic priority. Well-trained managers are an important prerequisite for the long-term success of our company. → GRI 404-3

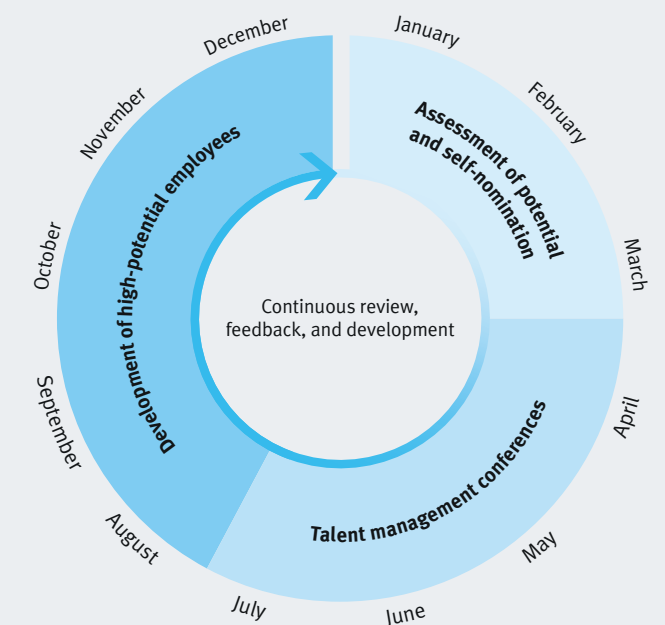
Global talent management

The aim of the talent management process at Festo is to identify high-potential individuals and develop them in a targeted manner. This ensures that we are able to fill key positions quickly and promote the high level of commitment of our high-potential employees.

In the annual cycle, the performance and potential of the employees are discussed in meetings according to uniform criteria. The meetings will initially be held internally and then cross-departmentally.

As part of regular employee appraisals, a tailored development plan is jointly drawn up and bindingly defined in order to ensure that the individual career goals are in line with the strategic corporate goals.

This comprehensive approach to Global Talent Management underscores our commitment to a sustainable future and helps to secure the innovative strength and competitiveness of our company over the long term.



Continuous development of high-potential employees



5.5 Occupational Health and Safety

At Festo, occupational safety and health protection are essential components of the corporate philosophy. Proactively ensuring and maintaining the health and safety of our employees is always our top priority.

Accident avoidance and prevention are at the forefront of our approach to prevention. At all Festo locations, the occupational safety department supports and advises all areas in establishing a safety-oriented occupational safety culture, based on company guidelines and compliance with local legal requirements. Control and networking in the Festo occupational safety management system takes place in the central safety department at headquarters. → [GRI 403-6](#)

Experts are in regular contact with each other via the Festo occupational safety network and make use of the existing synergies. This increases global knowledge of occupational health and safety in the company as well as the overarching use of measures to prevent accidents and occupational illnesses. → [GRI 403-7](#)

Global management system

The global standards of Festo's internal global management system for occupational health and safety are based on the ISO 45001 standard.

The occupational health and safety policy as well as the minimum requirements are described in the company policy on health and safety at work and in the international handbook and apply throughout the company. These documents are reviewed on an ongoing basis. In addition to the legal requirements, additional findings from audits and contributions from the Festo occupational safety network ensure that it is up to date. → [GRI 403-1](#), [GRI 403-4](#), [GRI 403-8](#)

Festo has already implemented an ISO 45001-certified occupational health and safety management system at its locations in Budapest, São Paulo, and Shanghai.

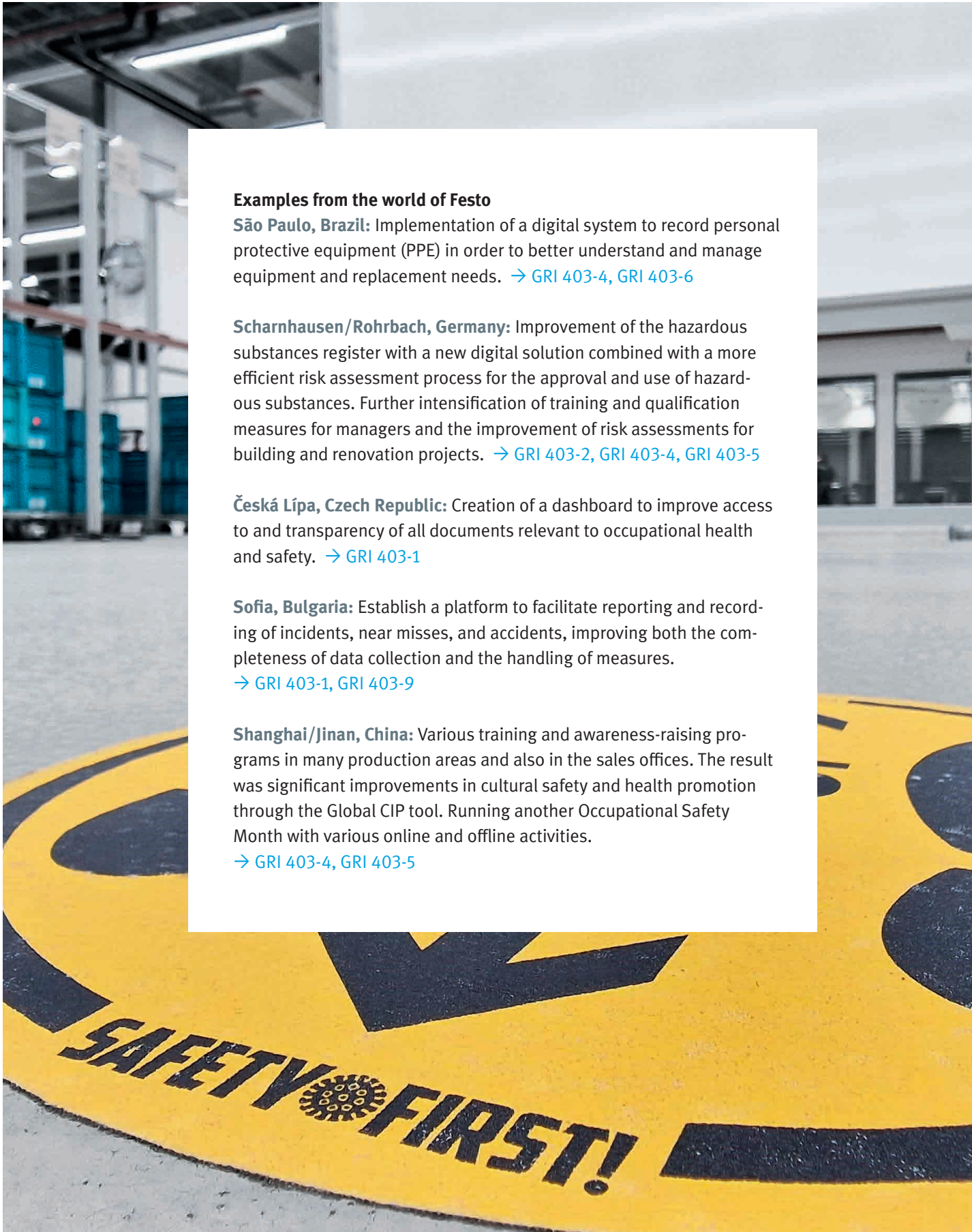
The other Festo locations with production and logistics have local systems, also based on ISO 45001. All locations are evaluated internally with regard to the maturity level of a ISO 45001 management system. Gaps and nonconformance are continuously analyzed, critically examined, and successively dealt with. → [GRI 403-8](#)

Risk assessment and prevention

The risk assessment is carried out by the appointed managers and advised by the safety specialists who guide, train, and support the managers and safety officers. Employees are also involved and heard in this process. Based on the results, the necessary and meaningful conclusions for dealing with the hazards are defined and effectively implemented.

The priority when dealing with risks is first and foremost to avoid them. The focus is then placed on technical and organizational measures designed to reduce risks. If this is not possible, the use of personal protective equipment is necessary. Training on all measures and awareness of active occupational safety round out the measures. This also includes preventive medical care or behavioral measures to prevent hazards and stresses. → [GRI 403-2](#), [GRI 403-3](#), [GRI 403-4](#), [GRI 403-5](#), [GRI 403-6](#), [GRI 403-7](#)

External employees of suppliers and service providers as well as leasing staff are integrated into the local occupational safety systems. External visitors are also instructed in accordance with the conduct and safety guidelines. → [GRI 2-8](#), [GRI 403-4](#)



Examples from the world of Festo

São Paulo, Brazil: Implementation of a digital system to record personal protective equipment (PPE) in order to better understand and manage equipment and replacement needs. → [GRI 403-4](#), [GRI 403-6](#)

Scharnhausen/Rohrbach, Germany: Improvement of the hazardous substances register with a new digital solution combined with a more efficient risk assessment process for the approval and use of hazardous substances. Further intensification of training and qualification measures for managers and the improvement of risk assessments for building and renovation projects. → [GRI 403-2](#), [GRI 403-4](#), [GRI 403-5](#)

Česká Lípa, Czech Republic: Creation of a dashboard to improve access to and transparency of all documents relevant to occupational health and safety. → [GRI 403-1](#)

Sofia, Bulgaria: Establish a platform to facilitate reporting and recording of incidents, near misses, and accidents, improving both the completeness of data collection and the handling of measures. → [GRI 403-1](#), [GRI 403-9](#)

Shanghai/Jinan, China: Various training and awareness-raising programs in many production areas and also in the sales offices. The result was significant improvements in cultural safety and health promotion through the Global CIP tool. Running another Occupational Safety Month with various online and offline activities. → [GRI 403-4](#), [GRI 403-5](#)

Accident frequency rate, worldwide

Accidents and near misses are reported to the local occupational health and safety department and investigated in collaboration with the persons concerned and their supervisors. Festo strives to keep accidents to a bare minimum. For this reason, accident figures are continuously tracked and reported to the management. → [GRI 403-2](#), [GRI 403-9](#)

The number of loss time incidents (LTI) in our production facilities was 105 in 2023 (117 in 2022), which represents a slight reduction in the number of accidents.

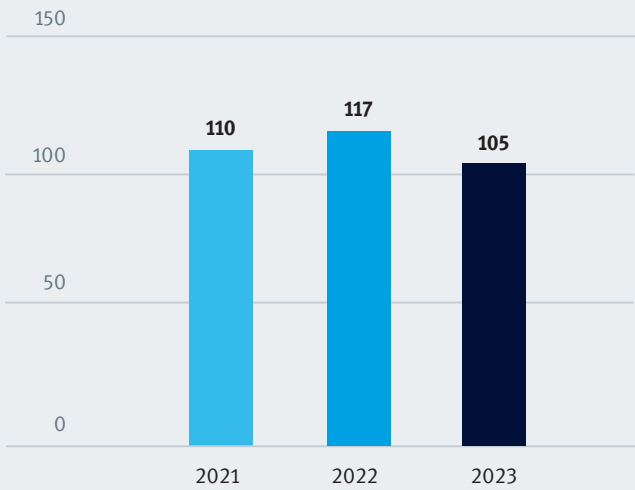
The loss time incident rate (LTIR) is defined as the number of occupational accidents per million hours worked. In 2023, the scope for calculating the accident frequency rate worldwide included accidents in Germany and our largest international production facilities (indirect and direct areas).

However, the vast majority of accidents had only a minor impact. There were no serious accidents resulting in more than six months' absence, and there were no fatal accidents. The main occupational accidents are cuts and accidents caused by falls, tripping, or slipping. For 2023, we once again recorded a slight improvement in terms of accidents resulting in an LTIR of 7.3 (8.1 in 2022). → [GRI 403-2](#), [GRI 403-9](#)

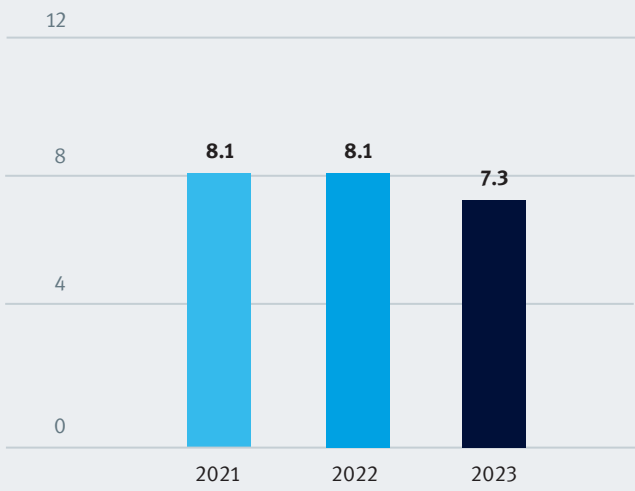
Lost working days due to accidents

Downtime caused by accidents amounted to 6,895 hours (or 985 days) at the Festo locations in 2023. In 2022, this was 15,840 hours (or 2,263 days). In addition to the continuous improvement of occupational safety processes, the reason for the decline in the number of lost working days is the reduced accident severity. → [GRI 403-2](#), [GRI 403-9](#)

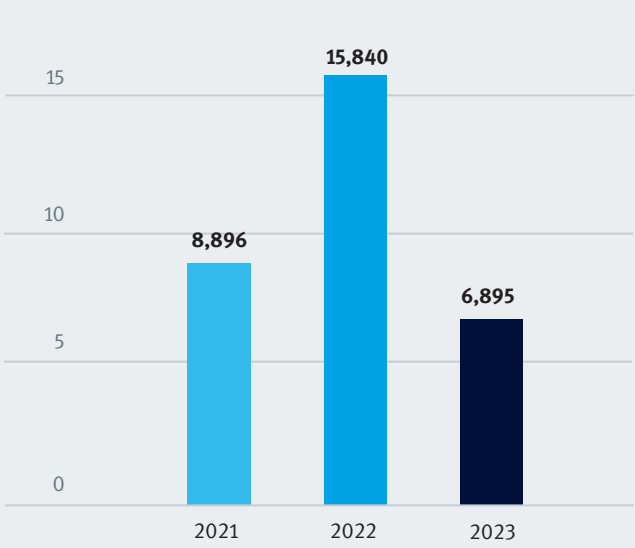
The accident statistics include occupational accidents that result in at least one lost day. Gender-specific differences are not currently recorded, so these are not taken into account in the occupational safety evaluation. And there are no plans to do so in future. → [GRI 403-2](#), [GRI 403-9](#)



GRI 403-2, GRI 403-9: Occupational accidents with an absence of at least one day



GRI 403-2, GRI 403-9: Accident frequency rate, worldwide



GRI 403-2, GRI 403-9: Lost hours worldwide

5.6 Comprehensive Health Promotion

Prevention programs at our German locations

In 2023, in addition to the already established online and in-person offerings, our occupational health promotion also offered courses with in-person and online participation (via live streaming) for the first time. The positive feedback and the number of new participants has encouraged us to consider this format again in our 2024 annual planning. In 2023, almost 3,000 employees took part in the voluntary measures. The focus was once again on exercise, ergonomics, stress management, and nutrition. → [GRI 403-3](#), [GRI 403-6](#)

■ Highlight: company fun run – achieving our goal together!

In 2023, the Festo company run took place in Germany once again and this time with the slogan “Achieving our goal together.” In both Waiblingen and Dillingen (Germany), 300 employees came together for the 5.5-kilometer run. Together with our external partners, various activities such as lectures, running training, and individual performance diagnostics with gait analyses were offered in the lead-up to the company run. This gave beginners the opportunity to prepare themselves safely and competently.

■ Versatile prevention through screening

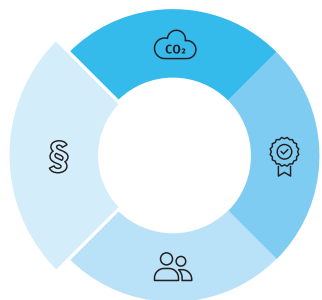
At our site in Saarland (Germany), the focus in 2023 was on screenings. Throughout the year, our employees were able to take part in screenings dealing with exercise, stress, and nutrition. In 2023, for example, we offered a total of ten different measurement and screening modules, such as the Medi Mouse spine screening, the cardiac stress measurement Cardio Scan, and a bioelectrical impedance analysis to measure the composition of muscle and fat mass in the body. Around 300 employees took part in the measures and were enthusiastic about the various screenings.

■ Good collaboration brings quality

In order to be able to provide our employees with better-quality measures and an optimized range of services, our occupational health promotion has set itself the goal of further improving internal collaboration in 2023. This includes stronger networking with occupational safety and occupational medicine. At a higher level, the departments strive for common strategic goals – with a long-term global focus. The harmonization of common processes and the integration of health issues at different points is intended to increase the presence and quality of health and safety for employees at Festo.



Together on target: the participants of the company fun runs in Germany.



Ethics and Governance

In order to achieve the goals of sustainable development, binding ethical and governance standards must be established and adhered to worldwide. That is why we are committed to always acting fairly and in accordance with applicable laws, regulations, standards, and guidelines. Legally compliant business processes and conduct with integrity play a key role here, as do respect for UN's Universal Declaration of Human Rights and ensuring corporate due diligence. → [GRI 3-3](#)





6.1 Compliance

Compliance means ensuring adherence to laws and internal rules, and the company sees this as one of its responsibilities. → [GRI 2-27](#)

For Festo, maintaining integrity and responsibility toward people and the environment is fundamental. At all of our locations, we attach great importance to acting ethically and in accordance with the law and regulations. → [GRI 2-23](#), [GRI 406-1](#)

Compliance management system (CMS)

In order to systematically safeguard against legal and reputational risks, Festo set up a compliance management system in 2012 focused on the areas of anti-corruption, anti-fraud, antitrust, and management culture, which controls and monitors the necessary activities to prevent legal violations. This is implemented globally and continuously improved.

→ [GRI 2-24](#), [GRI 2-25](#), [GRI 2-26](#), [GRI 205-1](#), [GRI 206-1](#)

To safeguard and further raise awareness, 4,369 employees worldwide received training in 2023. This training is conducted by Corporate Compliance, the Regional Compliance Officer, and the Local Compliance Officer. The zero-tolerance approach also applies at Festo. This means: no infringement goes without an appropriate sanction. → [GRI 205-2](#)

Whistleblower portal

We have been offering our whistleblower portal, which meets the requirements of EU Directive 2019/1937, since 2016. Employees and business partners around the world can report any misconduct and violations of our Code of Conduct (CoC) or applicable law anonymously and securely here, without having to fear any negative consequences.

→ [GRI 2-16](#), [GRI 2-25](#), [GRI 205-1](#), [GRI 406-1](#), [GRI 413-1](#)

The link and further information on the whistleblower portal can be found on our website:

www.festo.com/compliance

Regular review of CMS and business partners

Observance and implementation of compliance regulations are the subject of regular audits by the group auditing department. Furthermore, since 2015, our compliance management system has been regularly audited by external auditors based on IDW 980, who verified its unrestricted suitability and effectiveness in 2022. There are no known legal proceedings initiated due to anticompetitive behavior or antitrust or monopolistic practices. → [GRI 206-1](#)

Since 2020, the sales partners of our Didactic division have undergone a systematic business partner check for regulatory requirements as an additional preventive measure against corruption risks. Potential sales partners are subjected to a tool-supported due diligence process in the course of initiating business. Risks are systematically identified, recorded, and minimized wherever possible.

The review process and the results are documented in the tool. The compliance officer of the Didactic business unit is primarily responsible for carrying out the Didactic sales partner check. The respective Didactic managers are responsible for implementing the recommended measures. → [GRI 205-1](#)

Internal and external guidelines

Our compliance guidelines comprise both internal and external documents and are accessible to all employees. At the turn of the year from 2020 to 2021, our Supplier Code of Conduct was replaced by the Code of Conduct for Business Partners. The Code of Conduct for Business Partners sets out Festo's expectations regarding compliance with laws and standards as well as human rights and obligations within the supply chain toward our business partners. This document applies to all our business partners.

Both the Code of Conduct and the Code of Conduct for Business Partners are available for download in several languages from our company website. → [GRI 205-2](#)

Compliance training offer

Festo's compliance training courses in the aforementioned subject areas include basic compliance knowledge, special training courses, and Web-based training courses. The main focal points of basic compliance knowledge are the content of the Code of Conduct and the internal compliance regulations. Basic compliance knowledge was also made available in 2023 in web-based training courses and at onboarding events at the Esslingen headquarters and in almost all national subsidiaries. The special training courses provide in-depth training in further areas of compliance. → [GRI 205-2](#)

Compliance-Guidelines 2023

→ [GRI 2-23](#)

- 1 Code of Conduct
- 2 Code of Conduct for Business Partners
- 3 Anti-Corruption Policy
- 4 Antitrust Directive
- 5 Sector Exclusion List



GRI 205-2: Information and training in anti-corruption strategies and measures

Compliance’s areas of responsibility

The core areas of compliance at Festo include anti-corruption, anti-fraud, antitrust, and management culture. The other compliance areas have their own risk management systems.



Compliance at Festo with its core areas and other areas. → GRI 2-6

6.2 Taxes

As an internationally active family-owned company with a long tradition, Festo attaches great importance to conduct that is ethically sound and in conformance with laws and regulations. Through our actions, we want to ensure that our national and international tax obligations are met. At Festo, transparency, an open and cooperative dialogue, and trustworthy cooperation with the tax authorities are central elements of the corporate culture.

Tax compliance management system

As part of our tax compliance management system, which is subject to regular development, we have evaluated risks for tax-relevant processes and implemented the corresponding guidelines and work instructions. In addition, responsibilities and tasks have been defined in order to comply with the applicable tax regulations. → GRI 207-1, GRI 207-2, GRI 207-3, GRI 207-4

Short delivery times, the right service, and a high degree of flexibility – the demands of the global markets are constantly increasing. That’s why we are wherever our customers are. The following list provides an overview of the countries where Festo is represented with its own company or production and logistics facilities. → GRI 2-1, GRI 2-2

- Americas** Argentina Brazil Chile Canada Colombia Mexico Peru USA Venezuela
- Europe, Middle East (E/ME)** Austria Belgium Bulgaria Croatia Czech Republic
- Denmark Dubai Estonia Finland France Germany Great Britain Greece Hungary
- Iran Ireland Israel Italy Jordan Kazakhstan Latvia Lithuania Netherlands Norway
- Poland Portugal Romania Serbia Slovakia Slovenia Spain Sweden Switzerland
- Turkey Ukraine **Africa** Nigeria South Africa **Asia** China Hong Kong India Indone-
- sia Japan Korea Malaysia Philippines Singapore Taiwan Thailand Vietnam **Aus-**
- tralia** Australia New Zealand

6.3 Human Rights in the Supply Chain

Festo is committed to the values of the United Nations International Charter of Human Rights and expects the same from its business partners.

Environmental and social standards for suppliers

Obligating and monitoring our suppliers to ensure they comply with social and environmental standards is part of our corporate responsibility. The supplier qualification process was further developed in 2023 so that every new supplier (100 percent) is assessed and audited according to environmental and social standards.

→ [GRI 308-1](#), [GRI 414-1](#)

All suppliers must sign to confirm compliance with our Code of Conduct for Business Partners. By signing this agreement, our suppliers also undertake to demand compliance with these agreements from their sources of supply. If these responses are unsatisfactory, appropriate action will be taken. Festo is careful not to accept any suppliers that pose a risk.

→ [GRI 308-1](#), [GRI 407-1](#), [GRI 408-1](#), [GRI 409-1](#), [GRI 414-1](#)

Assessment according to environmental criteria

All of our suppliers go through defined processes in which they are evaluated according to various criteria. A distinction is also made between technologies and manufacturing processes with a higher or average environmental impact. Suppliers with a higher environmental impact are required to be certified in accordance with ISO 14001 (or the Eco-Management and Audit Scheme, or EMAS for short). Alternatively, Festo carries out an environmental audit on the supplier's premises.

Following the suspension in the previous year due to the coronavirus pandemic, these were carried out again in 2023. In the case of dealers (distributors), the certification of the actual manufacturer is used. → [GRI 308-2](#)

Evaluation according to social aspects

In 2023, the supplier self-assessment of protected goods relevant to the German Supply Chain Act was expanded to include a questionnaire for an on-site inspection. The pilot phase of the on-site verification was successfully conducted with potentially risky suppliers in China.

In addition to the preventive measures, a campaign was launched to raise awareness of social and environmental aspects within the global purchasing organization. Topics included a keynote on sustainability and a keynote speech from the WE Program. In addition, a training concept was developed for buyers, supplier developers, and supply chain experts. → [GRI 308-2](#), [GRI 410-1](#), [GRI 414-1](#)

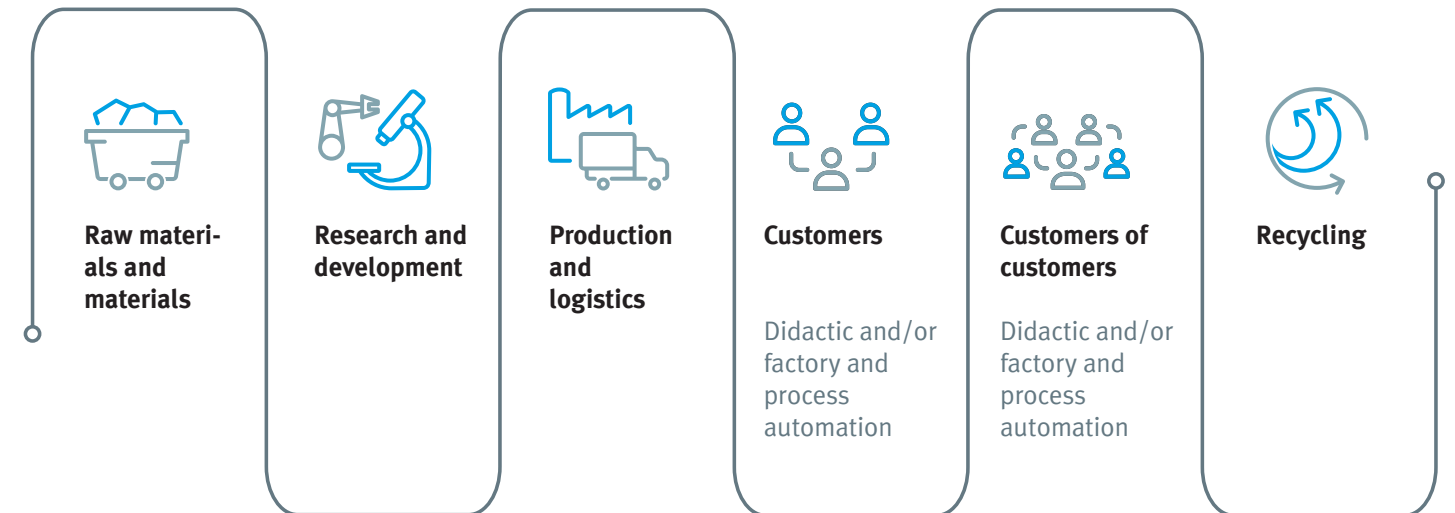
As part of the expansion of the risk analysis to include non-production material (NPM), a further 100 suppliers were identified who were given an extended supplier self-assessment. In addition, with the help of the supplier self-assessment, information on potential conflict materials was requested from all specified suppliers.

→ [GRI 414-1](#), [GRI 414-2](#)

Dealing with conflict minerals

In order to support the sustainable use of conflict minerals, we disclose the smelters from which the raw materials for our products come as part of our responsible business.

By filling in the Conflict Minerals Reporting Template (CMRT), we help create the necessary transparency to continuously increase the proportion of certified smelts



The Festo value chain. → [GRI 2-6](#)

worldwide. Festo expects its business partners to comply with all applicable regulations on conflict minerals. Find out more at www.festo.com/compliance

The Festo supply chain

The supply chains for production at our plants are organized internationally and include a large number of direct and indirect suppliers. In 2023, this total amounted to around 2,300 suppliers for 68,000 parts delivered. → [GRI 2-6](#), [GRI 304-2](#)

Systematic approach to respecting human rights and related environmental rights

The Festo Group meets its corporate duty of due diligence with operational risk management for the global protection and safeguarding of human rights and envi-

ronmental obligations along the value chain. Responsibility for monitoring lies with the Human Rights Officer of the Festo Group.

The Human Rights Committee was established in 2023. It is headed by the Human Rights Officer and consists of representatives from Strategic Purchasing, Corporate Compliance, Corporate Risk Management, Global Health and Safety, Human Resources, and Sustainability.

The members are responsible for implementing the measures and for continuously improving the global systematic approach. → [GRI 2-23](#), [GRI 414-1](#)

Regional distribution of purchasing volume

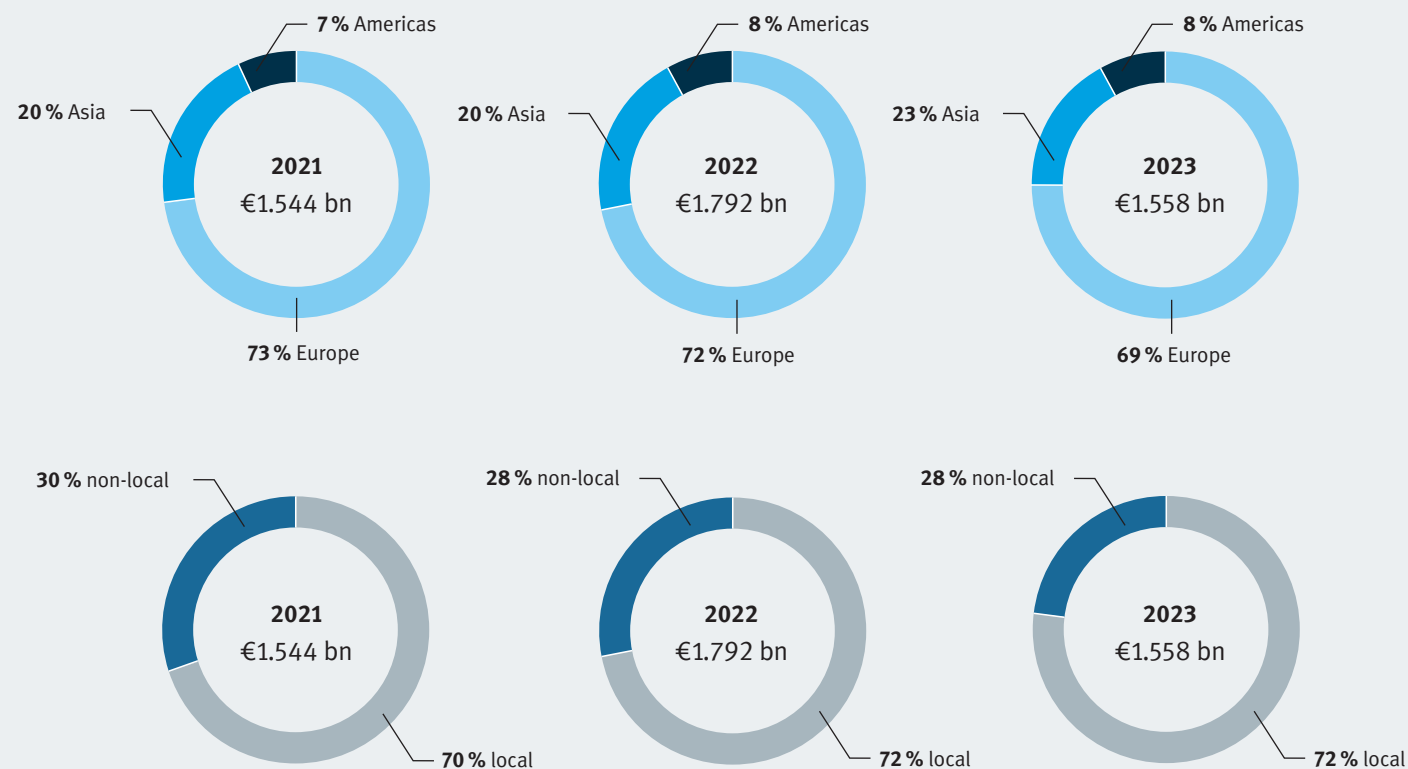
Festo's direct and indirect purchasing volume (production materials and non-production materials) fell from 1.792 billion euros (2022) to 1.558 billion euros (2023). This is partly due to the economic situation.

The non-production materials relate to all production sites (Festo Global Production Centers, GPCs for short) as well as the distribution companies. The production materials cover all production sites. → [GRI 204-1](#)

Festo is constantly expanding its global supplier network, which consists of local and non-local suppliers. By “local” we mean procurement within the region of the respective national subsidiary. Compared to the previous year, the number of local suppliers remained the same in 2023.

The “local for local” strategy will continue to be pursued in 2024 in order to enable shorter delivery times throughout the entire supply chain and shorter transport routes, among others. Efforts continue to be made to procure more goods from those countries and regions in which production takes place.

The diagrams below show the regional distribution of the direct and indirect purchasing volume of the Festo Group.



GRI 204-1: Regional distribution of the direct and indirect purchasing volume of the Festo Group.



“Local for local”: Thanks to a decentralized production network, local markets can be supplied more reliably, quickly, and in line with their needs thanks to short transport routes.

Approach to respecting human rights and related environmental rights



The chart shows the systematic approach to respecting human rights and related environmental rights.

1 Declaration of principles

A policy statement has been updated on the basis of the risk analysis carried out in the 2023 reporting period. Festo undertakes to protect human rights and related environmental rights, as well as to prevent violations of rights, both in its own business areas and vis-à-vis its business partners (direct and indirect suppliers).

→ [GRI 2-23](#), [GRI 403-3](#), [GRI 407-1](#), [GRI 408-1](#) [GRI 409-1](#)

2 Risk analysis

The annual risk analysis serves as the basis for appropriate and effective risk management. In the 2023 reporting period, an annual risk analysis was carried out for our own business unit and for direct suppliers in order to identify, weight, and prioritize human rights and environmental risks.

We analyze internal and external data sources to identify potential risks to our business unit and our direct suppliers. In doing so, we take into account both general risks, such as country and product group risks in purchasing, as well as specific risks that correspond to our business purpose.

To assess country risk, we use sources such as the ITUC Global Rights Index and the Countries' Risk Classification from the Business Social Compliance Initiative (BSCI).

We also use internal information from on-site audits and other control measures to assess risks in others.con-junction with human rights. The risks are prioritized according to their nature and the degree of personal responsibility.

As part of the risk-based approach, human rights work-shops on human rights impact assessments were held within the Festo Group. The human rights focus areas are as follows: discrimination, safety and health in the workplace, working conditions (contracts and working hours), wages and remuneration, and freedom of associ-ation and assembly.

→ [GRI 403-4](#), [GRI 412-1](#), [GRI 413-2](#)

It turned out that the criteria for identifying suppliers with potentially high and medium risk based on country and industry risks were appropriate and covered the cor-rect scope. As a result, 36 suppliers in countries with high environmental and medium risk are being assessed for potential human rights violations.

The potential human rights risk areas in the supply chain are occupational health and safety, discrimination, wages and salaries, and freedom of association and assembly.

→ [GRI 407-1](#), [GRI 408-1](#), [GRI 409-1](#), [GRI 412-1](#), [GRI 414-1](#), [GRI 414-2](#)

In addition, we carry out system-based checks as part of our export controls (embargo, sanction list, and goods list checks, as well as a critical end-use check).

3 Complaint mechanism

Festo offers three different options for submitting a complaint or an indication of possible human rights violations:

- Anonymous report via our whistleblower portal
- Direct report to Corporate Sustainability
- Direct report to our Compliance Office

Eleven reports were reported via the whistleblower por-tal in 2023. However, according to the assessment, these are not violations of the Supply Chain Act. As a result, they were closed.

→ [GRI 2-25](#), [GRI 413-1](#)

4 Reporting

During the reporting period, the results of the risk analysis and the derived preventative measures were reported annually to the Management Board and rele-vant authorities. The key elements of the Supply Chain Act are reported annually as part of the Sustainability Report. → [GRI 2-25](#)

The report sent to the German Federal Office for Eco-nomic Affairs and Export Control (BAFA) is available for download here: www.festo.com/ethik-und-governance

Measures and effectiveness monitoring

In addition to the policy statement and the complaints procedure, the following additional preventive measures were implemented:

- Establishment of an operational risk management system for the global safeguarding and guarantee of human rights and environmental obligations along the value creation chain
- Raising awareness of company-wide complaint procedures
- The Supply Chain Act as a component of the ISO 14001 environmental management system
- Global purchasing awareness training: WE Program
- Sustainability keynote for the global purchasing organization
- Escalation process
- Update of construction contracts for international construction sites
- Training of site managers for new construction projects
- Update of invitations to tender for non-production material
- Pilot of on-site checks in China
- Sustainability rating of Festo SE & Co. KG by EcoVadis, NQC Supplier Assurance, and Integrity Next

→ [GRI 403-5](#), [GRI 410-1](#), [GRI 412-2](#), [GRI 412-3](#), [GRI 414-2](#)

» To ensure a sustainable supply chain, we conduct risk-based audits of our suppliers. On-site checks provide us with direct insights that enable us to actively develop the supplier relationship. «

Felix Ackermann,
Supplier Lifecycle and Sustainability Manager at Festo



In his role as Supplier Lifecycle and Sustainability Manager, Felix Ackermann has been a member of the Human Rights@Festo working group since 2022. He has also been an active member of Festo's Human Rights Committee since 2023.

His main responsibility lies in the human rights risk analysis of suppliers and in supplier development. He also drives forward the implementation of strategic measures to promote a sustainable procurement strategy.

6.4 Business Continuity Management (BCM)

We are living in a time of great uncertainty and challenges – from armed conflicts, the catastrophic effects of climate change, increasing cyberattacks, and disruptions to global supply and transport routes.

The continuous safeguarding of business processes is therefore becoming increasingly important. In doing so, we rely on established standards and base our business continuity system on ISO 22301, the BCI Good Practice Guide, and ISO 27001.

Our processes are therefore fully compatible with the systems of our suppliers and customers. In addition, effective response measures protect the continuous supply of goods and services to our customers, the company's value and reputation, the brand, the company's value-adding activities, and the interests of our stakeholders.

Business continuity management as a holistic process helps with the following:

- Identify threats
- Evaluate the potential impact and damage (e.g. business impact analysis)
- Not looking at the units of the company in isolation
- Enable effective responses
- Define a framework of conditions
- Ensure reuse/integration in existing risk analyses and assessments as far as possible

→ GRI 201-2

By combining different strategies as part of business continuity management, we achieve a sustainable safeguard for the company, the processes, and the products and services intended for you. The following measures contribute to our holistic BCM:

Risk management

At Festo, we have been setting up a risk management system for more than ten years, in which significant risks are identified at an early stage, risk officers are defined, and programs of measures to minimize risks are followed. The entire risk management process and organization are regularly audited by auditors in accordance with the IDW 340 n.F. standard. → GRI 2-23, GRI 2-25, GRI 3-3

Crisis management

Crisis management at Festo follows a structured process in which local emergencies are processed by the local emergency organization and quickly escalated to corporate crisis management if necessary. The Management Board is in charge of the corporate crisis management team. Sending alerts via FACT24 and cooperation between the teams are regularly tested.

Supply chain and logistics

In recent years, we have expanded our production infrastructure according to the “local for local” principle in order to produce products independently and redundantly at different locations. Our logistics network makes it possible to guarantee deliveries from suppliers and deliveries to customers at all times throughout the value-added network in a highly flexible manner using alternative routes. Our wide-ranging product portfolio enables us to offer products tailored to needs and provide our customers with alternative solutions in the event of restrictions affecting individual components. → GRI 2-6

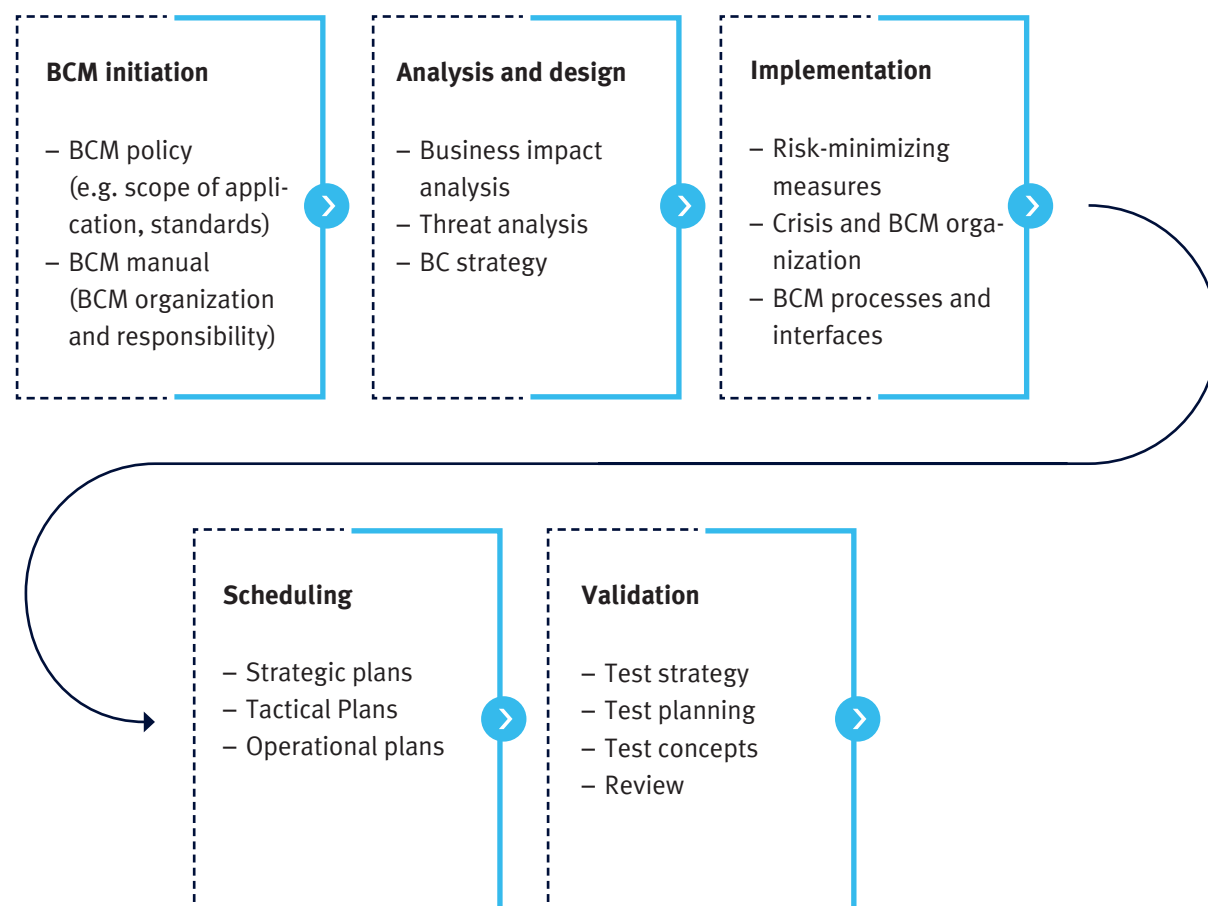
Information security

Protecting our information, the information entrusted to us by customers, and the information processing systems and processes against cyber threats is a high priority at Festo. For this reason, Festo has established a state-of-the-art information security program. Necessary safeguards are selected and implemented in accordance with industry standards for information security, such as the NIST Cybersecurity Framework. All controls are reviewed regularly and adjusted in line with the current threat and risk landscape. This continuous improvement process is ensured by a globally effective information security management system that is designed for the relevant IT services in accordance with ISO 27001:2017. → GRI 2-23, GRI 3-3

Health and safety

For Festo, safety – in particular, occupational health and safety – is a fundamental component of the company philosophy. Compliance with and implementation of safety-related specifications serve to protect our employees and company values. To this end, all divisions are supported by safety experts in establishing of a safety culture and occupational safety management system. More information on occupational safety can be found in [Chapter 5.5](#).

→ GRI 403-7



Further information on our Business Continuity Management and a detailed brochure can be found at www.festo.com/bcm.

7. GRI Index

Declaration of use	Festo reports on the 2023 financial year based on the GRI Standards	
GRI 1 used	GRI 1: Foundations 2021	
Applicable GRI Sector Standard(s)	None	

GRI	Designation (section)	Page
GRI 2: General disclosures 2021		
The organization and its reporting		
2-1	Organizational profile	
	Foreword	5
	Company portrait	6
	Strategy and management (2)	37
	People at Festo (5.1)	82
	Ethics and governance (6.2)	109
	Report profile (8)	130
2-2	Operating sites	
	Company portrait	7
	Ethics and governance (6.2)	109
	Report profile (8)	130
2-3	Reporting period, reporting cycle, and contacts	
	Report profile (8)	130
2-4	Correction or restatement of information	
	The reasons for the corrections or restatements are shown separately in the report.	
	Report profile (8)	130
2-5	External audit	
	Report profile (8)	130
Activities and employees		
2-6	Activities, value chain, and other business relationships	
	Company portrait	7
	Strategy and management (2)	37
	Climate protection and resource efficiency (3.3)	63
	Ethics and governance (6.2, 6.3, 6.4)	from 109

GRI	Designation (section)	Page
2-7	Employees	
	Company portrait	6
	People at Festo (5.1)	82
2-8	Workers who are not employees	
	People at Festo (5.1, 5.5)	82, 89
Corporate governance		
2-9	Governance structure and composition	
	Strategy and management (2)	37
2-10	Nominating and selecting the highest governance body	
	Information is treated confidentially.	
2-11	Chairperson of the highest governance body	
	Foreword	5
2-12	Role of the highest governance body in overseeing the management of impacts	
	Information is treated confidentially.	
2-15	Conflicts of interest	
	Information is treated confidentially.	
2-16	Communicating critical concerns	
	Ethics and governance (6.1)	106
2-17	Collective knowledge of the highest governance body	
	Information is treated confidentially.	
2-18	Evaluation of the highest governance body's performance	
	Information is treated confidentially.	
2-19	Remuneration policy	
	Information is treated confidentially.	
2-20	Process for determining remuneration	
	Information is treated confidentially.	
2-21	Annual total compensation ratio	
	Information is treated confidentially.	
Strategy, policies and procedures		
2-22	Declaration on the implementation of the Sustainable Development Strategy	
	Foreword	5
	Company portrait	8
	Strategy and management (2)	38

GRI	Designation (section)	Page
2-23	Declaration of commitment to principles and actions	
	Foreword	5
	Company portrait	8
	Strategy and management (2)	38
	Climate protection and resource efficiency (3.2)	52
	Ethics and governance (6.1, 6.3, 6.4)	106, 111, 119
	Report profile (8)	130
2-24	Integrating political commitments	
	People at Festo (5.2)	87
	Ethics and governance (6.1)	106
2-25	Procedures for the remediation of adverse impacts	
	Ethics and governance (6.1, 6.3)	106, 115
2-26	Procedures for seeking advice and raising concerns	
	Strategy and management (2)	37
	Ethics and governance (6.1)	106
2-27	Compliance with laws and regulations	
	Strategy and management (2)	37
	Climate protection and resource efficiency (3.2)	54
	Ethics and governance (6.1)	106
2-28	Membership of associations and interest groups	
	Strategy and management (2)	40
Stakeholder engagement		
2-29	Approach to stakeholder engagement	
	Strategy and management (2)	37
2-30	Collective bargaining agreements	
	People at Festo (5.1)	84
GRI 3: Material topics 2021		
3-1	Procedure for defining report content and topic boundaries	
	Strategy and management (2)	38
3-2	List of material topics	
	Company portrait	8
	Strategy and management (2)	38

GRI	Designation (section)	Page
3-3	Management of material topics	
	Company portrait	9
	Strategy and management (2)	36
	Climate protection and resource efficiency (3)	43
	Technical education (4)	70
	People at Festo (5)	80
	Ethics and governance (6, 6.4)	104, 119
Material topics: GRI 200 Economy		
GRI 201: Economic performance 2016		
201-1	Direct economic value generated and distributed	
	Company portrait	6
201-2	Financial implications of climate change for the organization and other risks and opportunities associated with climate change	
	Ethics and governance (6.4)	118
GRI 202: Market presence 2016		
202-2	Proportion of senior managers recruited from the local community	
	In 2023, 75 percent of managers at the company's main business location in Germany were recruited locally – that is, within Germany.	
GRI 203: Indirect economic impacts 2016		
203-1	Infrastructure investment and promoted services	
	In recent years, we have invested in various new buildings and internal infrastructure measures around the world to support our core business.	
	Strategy and management (2)	37
GRI 204: Procurement practices 2016		
204-1	Proportion of spending on local suppliers	
	Ethics and governance (6.3)	112
GRI 205: Anti-corruption 2016		
205-1	Operating sites assessed for risks related to corruption	
	Ethics and governance (6.1)	106
205-2	Communication and training on anti-corruption policies and procedures	
	Ethics and governance (6.1)	106

GRI	Designation (section)	Page
GRI 206: Anticompetitive behavior 2016		
206-1	Legal actions for anticompetitive behavior, anti-trust, and monopolistic practices	
	Company portrait	9
	Ethics and governance (6.1)	106
GRI 207: Taxes 2019		
207-1	Tax concept	
	Ethics and governance (6.2)	109
207-2	Tax governance, control, and risk management	
	Ethics and governance (6.2)	109
207-3	Stakeholder engagement and management of tax concerns	
	Ethics and governance (6.2)	109
207-4	Country-by-country reporting	
	Ethics and governance (6.2)	109
Material topics: GRI 300 Ecology		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	
	Climate protection and resource efficiency (3.2, 3.3)	58, 63
301-2	Recycled source materials used	
	Climate protection and resource efficiency (3.3)	63
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	
	Climate protection and resource efficiency (3.1, 3.2)	47, 50
302-1a	Fuel consumption from nonrenewable sources	
	Climate protection and resource efficiency (3.2)	50
302-1c	Electricity consumption	
	Climate protection and resource efficiency (3.2)	50
302-2	Energy consumption outside the organization	
	Climate protection and resource efficiency (3.1)	47
302-3	Energy intensity	
	Climate protection and resource efficiency (3.2)	53

GRI	Designation (section)	Page
302-4	Reduction of energy consumption	
	Climate protection and resource efficiency (3.1, 3.2)	47, 50
302-5	Reduction of energy requirements for products and services	
	Climate protection and resource efficiency (3.1, 3.3, 3.4)	47, 61, 66
GRI 303: Water and wastewater 2018		
303-1	Water as a shared resource	
	Company portrait	9
	Climate protection and resource efficiency (3.2)	56
303-3	Water withdrawal	
	Climate protection and resource efficiency (3.2)	56
303-4	Water recirculation	
	Climate protection and resource efficiency (3.2)	57
303-5	Water consumption	
	Climate protection and resource efficiency (3.2)	56
GRI 304: Biodiversity 2016		
304-2	Significant impacts of activities, products, and services on biodiversity	
	Climate protection and resource efficiency (3.3)	63
	Ethics and governance (6.3)	111
GRI 305: Emissions 2016		
305-1	Direct GHG emissions (Scope 1)	
	Climate protection and resource efficiency (3.1, 3.2)	47, 50
305-2	Indirect energy-related GHG emissions (Scope 2)	
	Climate protection and resource efficiency (3.1, 3.2)	47, 51
305-3	Other indirect GHG emissions (Scope 3)	
	Climate protection and resource efficiency (3.1, 3.3)	47, 63
305-4	GHG emissions intensity	
	Climate protection and resource efficiency (3.2)	50
305-5	Reduction of GHG emissions	
	Climate protection and resource efficiency (3.1, 3.2)	47, 50

GRI	Designation (section)	Page
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts Climate protection and resource efficiency (3.2)	54
306-3	Waste generated Climate protection and resource efficiency (3.2)	54
306-4	Transport of hazardous waste Climate protection and resource efficiency (3.2)	54
GRI 307: Environmental compliance 2016		
307-1	Non-compliance with environmental laws and regulations Climate protection and resource efficiency (3.2)	54
GRI 308: Environmental assessment of suppliers 2016		
308-1	New suppliers that were screened using environmental criteria Ethics and governance (6.3)	110
308-2	Negative environmental impacts in the supply chain and actions taken Ethics and governance (6.3)	110
Material topics: GRI 400 Social issues		
GRI 401: Employment in 2016		
401-1	New hires and employee turnover People at Festo (5.1)	83
401-2	Benefits provided only to full-time employees, not to temporary or part-time employees People at Festo (5.1)	84
GRI 402: Employee–employer relationship 2016		
402-1	Minimum notice period for operational changes Festo does not currently have any global information on the minimum notification period for operational changes.	
GRI 403: Occupational health and safety 2018		
403-1	Management system for occupational health and safety Company portrait People at Festo (5.5)	9 99
403-2	Hazard Identification, risk assessment, and incident investigation People at Festo (5.5)	99

GRI	Designation (section)	Page
403-3	Occupational health services People at Festo (5.5, 5.6, 6.3)	99, 102, 114
403-4	Employee participation, consultation, and communication on occupational health and safety People at Festo (5.5) Ethics and governance (6.3)	99 115
403-5	Employee training on occupational health and safety People at Festo (5.5) Ethics and governance (6.3)	99 115
403-6	Promotion of employee health People at Festo (5.5, 5.6)	99, 102
403-7	Avoidance and mitigation of occupational health and safety impacts directly linked to business relationships People at Festo (5.5) Ethics and governance (6.4)	99 119
403-8	Employees covered by an occupational health and safety management system People at Festo (5.5)	99
403-9	Work-related injuries People at Festo (5.5)	100
GRI 404: Training and education 2016		
404-1	Average hours of training per year per employee People at Festo (5.3, 5.4)	91, 95
404-2	Programs to upgrade employee skills and transition assistance People at Festo (5.4)	96
404-3	Percentage of employees receiving regular performance and career development reviews The percentage of employees in Germany with regular performance and career development reviews was 100% in 2023. Globally, the People Excellence Process has been implemented as mandatory at Level E-F3 (similar to AT in Germany). People at Festo (5.4)	96
GRI 405: Diversity and equal opportunity 2016		
405-1	Diversity of governance bodies and employees People at Festo (5.1, 5.2)	83, 86

GRI	Designation (section)	Page
405-2	Ratio of basic salary and ratio of women's remuneration to men's remuneration People at Festo (5.1)	84
GRI 406: Nondiscrimination 2016		
406-1	Incidents of discrimination and corrective actions taken People at Festo (5.2)	89
	Ethics and governance (6.1)	106
GRI 407: Freedom of association and collective bargaining 2016		
407-1	Operating sites and suppliers where the right to freedom of association and collective bargaining may be at risk Ethics and governance (6.3)	110
GRI 408: Child labor 2016		
408-1	Operating sites and suppliers at significant risk for incidents of child labor Ethics and governance (6.3)	110
GRI 409: Forced or compulsory labor 2016		
409-1	Operating sites and suppliers at significant risk for incidents involving forced or compulsory labor Ethics and governance (6.3)	110
GRI 410: Safety practices 2016		
410-1	Security staff trained in human rights policies and procedures Security personnel at Festo's German plants are fully trained (100 percent) in dealing with people, behavior in dangerous situations, and de-escalation techniques in conflict situations. Ethics and governance (6.3)	110
GRI 412: Human rights audit 2016		
412-1	Operating sites that have undergone a human rights audit or a human rights impact assessment Ethics and governance (6.3)	115
412-2	Employee training on human rights policies and procedures Ethics and governance (6.3)	115
412-3	Contracts that contain human rights clauses or have undergone human rights screening Ethics and governance (6.3)	115

GRI	Designation (section)	Page
GRI 413: Local communities 2016		
413-1	Operating sites with local community engagement, impact assessments, and development programs Strategy and management Ethics and governance (6.1, 6.3)	37 106
413-2	Business premises with significant actual or potential negative impacts on local communities Ethics and governance (6.3)	115
GRI 414: Social assessment of suppliers 2016		
414-1	New suppliers that were assessed using social criteria Ethics and governance (6.3)	110
414-2	Negative social impacts in the supply chain and actions taken Ethics and governance (6.3)	110
GRI 415: Political influence 2016		
415-1	Political contributions The Festo Group had no donation receipts for political parties in 2023.	
GRI 416: Customer health and safety 2016		
416-1	Assessing the health and safety impacts of different product and service categories Climate protection and resource efficiency (3.3)	62
GRI 417: Marketing and labelling 2016		
417-1	Requirements for product and service information and labeling Climate protection and resource efficiency (3.3)	61
GRI 418: Customer privacy 2016		
418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data Information is treated confidentially.	
GRI 419: Socioeconomic compliance		
419-1	Noncompliance with laws and regulations in the social and economic sphere Festo is committed to strict compliance with laws and regulations; there are governed by the Code of Conduct and are binding for all employees.	

8. Report Profile

In this sustainability report, the Festo Group informs its stakeholders about its sustainability strategy and sustainability activities in 2023. Previous comparison years are shown for the key figures.

Unless otherwise stated, the reported figures and data refer to the global activities of the Festo Group. The focus of the information in the “People at Festo” section is on Festo SE & Co. KG. [→ GRI 2-1, GRI 2-2](#)

The reported corporate carbon footprint in chapter 3 takes into account key figures for the entire Festo Group (with the exception of the waste category). The other data in chapter 3 relates to the production and logistics sites of the Festo Group. The organization’s headquarters are located in Esslingen. [→ GRI 2-1, GRI 2-2](#)

In the future, we will be guided by the requirements of the European CSRD (Corporate Sustainability Reporting Directive) when deriving and updating material topics and areas of activity.

Declaration of use

The Festo Sustainability Report 2023 was prepared in accordance with the international standards for sustainability reporting of the Global Reporting Initiative (GRI). It is based on the “GRI 1: Foundations 2021.” The GRI Sector Standards were not applied. [→ GRI 2-3](#)

We have supplemented this information with further information on strategically relevant and current issues, including with regard to the Sustainable Development Goals (SDGs). Find out more from page 36. [→ GRI 2-4, GRI 2-23](#)

Reporting period and editorial deadline

The document is available in German and English and mainly relates to the period from January 1, 2023, to December 31, 2023. All forward-looking statements in this report are based on the assumptions valid at the time of writing. The editorial deadline for this report was March 15, 2024.

The Sustainability Report of Festo SE & Co. KG is published annually. The last report was published in April 2023 as a print version and as an interactive PDF and covers the 2022 financial year. [→ GRI 2-3](#)

External and internal audit

By using the GRI standard, we want to ensure the transparency of information and comparability for the public. An external audit of GRI conformity has not taken place. [→ GRI 2-5](#)

Our environmental management system according to ISO 14001 and our quality management system according to ISO 9001 are regularly audited by external auditors.

Contacts and project participants

Numerous employees of the Festo Group contributed to the Festo Sustainability Report 2023. We will be happy to answer your questions and, if necessary, forward them to the relevant departments: corporate.sustainability@festo.com [→ GRI 2-3](#)

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