

# climate protection agreement

between  
the state of Baden-Württemberg  
represented by

Minister Thekla Walker MdL  
Ministry for the Environment, Climate and Energy Sector of Baden-Württemberg  
and

ARNOLD UMFORMTECHNIK GmbH & Co. KG  
(Company Name)

represented by

Bernd Weidner, COO

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(company representative)

## **1. PREAMBLE**

With the Paris Agreement launched by the United Nations in December 2015, the global community has set the course for future-oriented climate protection. The increase in the average global temperature is to be limited to 1.5 degrees compared to pre-industrial levels.

The European Union (EU) is taking on an international leadership role with a “European Green Deal”. The aim is to reduce greenhouse gas emissions within the EU to “net zero” by 2050.

As one of Europe's leading economic regions, Baden-Württemberg has a special responsibility. The economy has a key role to play in the upcoming change processes. The climate protection agreement between the state and climate-committed companies brings the Baden-Württemberg Climate Protection and Climate Change Adaptation Act ( KlimaG BW) to life. With this joint alliance, companies and the state want to make a sustainable contribution to the necessary change and make products "Made in Baden-Württemberg" a success on both the domestic and international markets.

With this agreement, the climate alliance partners - the Ministry of the Environment (representing the state of Baden-Württemberg) and ARNOLD UMFORMTECHNIK GmbH & Co. KG (hereinafter referred to as ARNOLD) - declare that they will support each other in achieving the political and corporate climate protection goals and work together cooperatively.

### **ARNOLD's motivation for signing the climate protection agreement**

As a company with a 125-year history in which sustainability and environmentally conscious action have always been at the heart of its operations, ARNOLD sees the climate protection agreement as an extension of its long-term corporate goals.

Since its founding in 1898, the company has always relied on innovative and environmentally friendly technologies. A special example of this is its own hydroelectric power plant, which was used to generate electricity for the company's first machines. To this day, this makes a significant contribution to the generation of electricity from renewable energies and thus an active contribution to climate protection at ARNOLD. This underlines the company's commitment to the use, expansion and maintenance of renewable energy sources at the individual locations.

In 2014, ARNOLD was the first signatory to the WIN Charter, which sets the avoidance and

reduction of greenhouse gases as one of its priorities. The annual activities and reports within the framework of the WIN Charter demonstrate the company's continuous efforts to improve its environmental performance and minimize its ecological footprint.

For ARNOLD, participation in the Baden-Württemberg Climate Alliance is a further step in advancing its own sustainability goals and assuming its responsibility as an industrial company towards the environment and society. ARNOLD's motivation is shaped by several factors:

1. **Responsibility and commitment**: As a company with a long tradition, ARNOLD sees it as its duty to make a positive contribution to climate protection and to align its business practices accordingly.
2. **Innovation and efficiency**: ARNOLD always strives to optimize its production processes through innovative technologies and measures in order to both increase energy efficiency and reduce emissions.
3. **Role model function and cooperation**: By concluding the climate protection agreement, ARNOLD wants to be a role model for other companies in the region and show that economic success and climate protection can go hand in hand. ARNOLD also hopes for a valuable exchange with other participants and organizations.
4. **Securing the future**: Long-term sustainable management is an essential factor for ARNOLD in order to remain competitive in the future and to protect the livelihoods of future generations.

ARNOLD is convinced that the Baden-Württemberg Climate Protection Agreement will provide valuable support in implementing its own climate protection measures. The associated networks, advisory services and funding opportunities are of great interest to the company and will help to achieve the ambitious environmental goals.

## **2. INITIAL SITUATION**

### **a) Company profile**

ARNOLD – this name stands internationally for efficient and sustainable connection systems and cold-formed parts at the highest level. Based on many years of know-how in the production of intelligent connection elements and highly complex extruded parts, ARNOLD has developed into a comprehensive supplier and development partner in this area for several years.

The idea of sustainability is at the heart of our business activities.

At ARNOLD, sustainable business means that the social, ecological and economic footprints that the company and all employees leave behind in their work are in harmony with one another and should therefore contribute to securing the long-term future - and this has been the case for more than 125 years.

With excellent employees, outstanding products and the best service, we provide the social, ecological and economic sustainability.

### **b) Initial situation of the company**

In the company's more than 125-year history, climate protection, avoiding emissions and using renewable energies have always been a central concern of ARNOLD. With the signing of the WIN Charter in 2014, the diverse activities in the field of sustainability in general and climate protection in particular were brought together under one roof. In this context, ARNOLD documents the company's own activities and results in the annual sustainability report under "Guiding principle 05 - Energy and emissions: "We use renewable energies, increase energy efficiency and reduce greenhouse gas emissions in line with targets or compensate for them in a climate-neutral way." In addition, since 2021 an annual climate balance has been drawn up based on the Greenhouse Gas Protocol in cooperation with KlimAktiv Consulting GmbH, Tübingen. The emission values determined from this in the areas of Scope 1-3 are documented in the climate protection chapter of the annual sustainability report. The specific figures are explained in Chapter 3 of this document.

### **c) Presentation of previous climate protection activities**

As a company with a 125-year history and a deep-rooted commitment to sustainability, ARNOLD pursues a comprehensive climate protection strategy based on the principles of avoiding, reducing and, where not otherwise possible, compensating for CO<sub>2</sub>e emissions . This strategy builds on the long-standing tradition of using renewable energies and the ongoing effort to assume ecological responsibility. The successful certifications according to ISO 14001 & 50001 demonstrate the quality of the measures taken to date.

In the area of the individual strategy building blocks, ARNOLD is pursuing the following

measures:

## 1. Avoiding CO<sub>2</sub>e emissions

Avoiding CO<sub>2</sub>e emissions is the first and most important step in ARNOLD's climate protection strategy. It relies on preventive measures to avoid emissions in advance. The key measures include:

- **Use of renewable energies**: ARNOLD's own hydroelectric power plant, which has been in operation since 1898, as well as the operation of PV systems on the roofs of the individual locations contribute to the generation and use of low-emission energy. ARNOLD plans to further expand the share of renewable energies in order to minimize fossil fuels.

The electricity purchased already comes from verifiably 100% renewable sources.

- **Technological innovation**: Introduction of new technologies and processes that contribute to increasing efficiency and avoiding emissions in market applications. One example of this is the ACO<sub>2</sub>-Save initiative, which actively supports customers in avoiding CO<sub>2</sub>e emissions. This is done through the sustainable design and use of fasteners and cold-formed parts. The specially developed CO<sub>2</sub>e calculator can be used to determine the product carbon footprint and optimize it together with the customer.

- **Sustainable procurement**: Selection of suppliers and materials that use environmentally friendly and low-emission production methods.

## 2. Reduction of CO<sub>2</sub>e emissions

Where emissions cannot be completely avoided, ARNOLD relies on targeted reduction measures. The approaches include:

- **Process optimization**: Introduction of energy-efficient processes and continuous improvement of our production processes to reduce energy consumption and CO<sub>2</sub>e emissions. Within this framework, individual energy-saving projects are carried out at each location and targeted investment measures are initiated. One example of this is the use of heat recovery in the production area.

- **Modernisation of infrastructure**: Investments in modern, energy-efficient facilities, storage technologies and buildings to further reduce energy consumption.

- **Employee training**: Raising awareness and training employees with regard to energy-efficient behavior and resource-saving working methods. By integrating the topic into the mandatory annual training, 100% of our workforce can be reached.

- **Employee integration**: By regularly carrying out energy saving campaigns as part of ARNOLD's own Idee-Plus suggestion system, the potential, know-how and inventiveness of

employees are used for optimization measures.

### 3. Compensation of unavoidable emissions

For the remaining Scope 1 + Scope 2 CO<sub>2</sub>e emissions that can neither be avoided nor reduced, ARNOLD relies on compensation measures. In this context, certificates are purchased for carbon offsetting. These follow the guidelines and specifications of the Gold Standard Foundation . The projects supported with them thus demonstrably meet strict requirements and contribute both to CO<sub>2</sub> sequestration and to sustainable development.

### 4. Monitoring and reporting

The successful implementation of the ARNOLD climate protection strategy requires continuous monitoring and reporting:

- **Regular climate accounting**: Annual recording and analysis of CO<sub>2</sub>e emissions to measure progress and identify further optimization potential.

The requirements of the Greenhouse Gas Protocol are applied.

- **Transparent reporting**: Disclosure of climate protection measures and results as part of the annual sustainability report in order to inform stakeholders and create trust. In addition, the results and measures are communicated in accordance with the requirements of the Carbon Disclosure Project (CDP). ARNOLD uses the M2030 platform for long-term planning and monitoring of the measures.

### 5. Conclusion

ARNOLD's climate protection strategy is based on a holistic approach that includes the avoidance, reduction and compensation ( Scope 1 + Scope 2) of CO<sub>2</sub>e emissions . Through continuous innovation, efficient processes, the commitment of employees and in cooperation with partners in the supply chain, we are committed to minimizing the ecological footprint and making a positive contribution to climate protection. Participation in the Baden-Württemberg Climate Protection Agreement is another milestone on this path for ARNOLD and underlines the company's long-term commitment to sustainable business.

The aim of the climate protection agreement is to reduce greenhouse gas emissions (GHG) and energy consumption in the company.

In setting its objectives, ARNOLD is guided by the science-based 1.5-degree target of the Science Based Targets initiative ( SBTi ):

On the way to climate neutrality, ARNOLD aims to reduce its recorded greenhouse gas (GHG) emissions by at least 79,602 tonnes of CO<sub>2</sub>e by 2035 . compared to the base year

2018. This corresponds to a greenhouse gas reduction of 73.6 percent and is divided into GHG reductions in Scope 1 & 2 and Scope 3, including interim targets, as follows:

Emissions CO <sub>2</sub> e [t]	2018	2021	2022	2030	2035	reduction 2018 - 2035 in%
Scope 1	2,674	4,121	3,784	1326	765	71.40%
Scope 2	8,354	0	0	0	0	100%
Scope 3	97,114	84,222	76,595	48,169	27,775	71.40%

Scope 3 values of the 2018 baseline balance shown in the table consider categories 3.1 and 3.3-3.7 in the Greenhouse Gas Protocol

ARNOLD aims to reduce its greenhouse gas emissions in Scope 1 & 2 by at least 10,263 tonnes of CO<sub>2</sub>e by 2035 compared to the base year 2018. This corresponds to a greenhouse gas reduction of 93 percent.

ARNOLD aims to reduce the greenhouse gas emissions recorded in Scope 3 by at least 69,339 tonnes of CO<sub>2</sub>e by 2035 compared to the base year 2018. This corresponds to a greenhouse gas reduction of 71.4 Percent.

**4. COMPANY ACTIONS**

The main areas of action for the measures to achieve the target are: energy, mobility, production and consumption, employment and construction. With regard to the climate protection ranking according to Section 3 of the Baden-Württemberg Climate Protection and Climate Change Adaptation Act, the measures should serve in particular to avoid and reduce greenhouse gas emissions. In the case of energy-intensive greenhouse gas emissions, the main measures to be used are the saving , efficient provision, conversion, use and storage of energy as well as the expansion and use of renewable energies.

GHG compensation <sup>1</sup>should only be carried out to the extent absolutely necessary, as a transitional solution and under the condition that this share is gradually reduced.

to achieve the GHG reduction targets in Scope 1 set out in the company’s third objective, ARNOLD will implement the following measures:

- Reduction of direct CO<sub>2</sub> emissions by switching to renewable energy sources and electrification (e.g. heat pumps)

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<sup>1</sup>Compensation can only be made according to a standard that complies with the requirements of Article 6 of the Paris Agreement on Climate Change.

- Expansion of heat recovery
- Reduction of heating oil consumption
- Use of hydrogen as an energy source
- Conversion of the vehicle fleet to electric vehicles
- Compensation of unavoidable residual emissions
- Increasing energy efficiency in all company buildings through modernization and energy management systems

to achieve the GHG reduction targets in Scope 2 set out in the company's third objective, ARNOLD will implement the following measures:

- 100% electricity from renewable sources
- Compensation for unavoidable emissions, for example when fleet vehicles are charged outside the company with energy from a source that is not 100% renewable

to achieve the GHG reduction targets in Scope 3 set out in the company's third objective, ARNOLD will implement the following measures:

- Replacement of conventional LD steel by electric steel with a higher scrap content, which reduces CO2 emissions by up to 76%
- Optimizing the supply chain by selecting suppliers with a lower carbon footprint
- Use of more environmentally friendly packaging materials and methods
- Direct sorting in transport packaging to avoid polybags
- Virtual meetings policy to minimize the need for business travel
- Minimizing scrap and optimizing recycling through strict waste separation

## **5. SUPPORTING THE COUNTRY**

The state of Baden-Württemberg will support companies in achieving their climate protection goals and on the path to climate neutrality with information and support offers as well as through communication offers. These offers relate to the entire climate protection management process.

An important component in the process is the exchange and learning from each other. To this end, the state offers support services for networking between companies and promotes dialogue between business and politics.

## **6. MONITORING**

To validate the degree to which the objectives of this agreement have been achieved (see 3. Company objectives), ARNOLD will carry out regular monitoring.



#### a) Initial balance sheet

At the start of the climate alliance, ARNOLD creates a GHG baseline balance. This serves as the basis for data monitoring and for checking the degree to which targets have been achieved. The baseline balance is sent to the state of Baden-Württemberg within the first year after the climate protection agreement is signed.

#### b) Annual data collection

Monitoring includes an annual data collection of greenhouse gas emissions, in which the main sources of emissions are identified. This serves primarily to verify and document the energy and GHG reductions achieved. ARNOLD will submit the data collection to the state of Baden-Württemberg annually, if possible in line with the company's reporting and no later than June 30 of the following year.

#### c) Monitoring reports and final report

The first monitoring report will be submitted by ARNOLD to the State of Baden-Württemberg after completion of the fifth year, if possible corresponding to the company's financial and, if available, non-financial reporting.

The monitoring report includes a GHG balance and all relevant effectiveness progress, taking into account the reduction and investment measures. The monitoring report describes the degree to which the target has been achieved (see 3. Company objectives) and, in this context, addresses the implementation of the measures mentioned under 4. and, if applicable, other implemented, current and planned measures. If the set interim target is not met or one of the targets in Scope 1 to 3 is foreseeable (see 3. Company objectives) or if the measures mentioned under 4. are not implemented, this will be justified in the monitoring report.

Written after the expiration of the Climate Protection Agreement ARNOLD will publish a final report within 6 months of the agreement expiring, or at the latest at the next corporate financial report after the 6 months have expired, in which the degree of target achievement and the measures implemented are prepared. In the event that the climate protection agreement is extended, ARNOLD will publish a second monitoring report at the end of the first 10 years, corresponding to the corporate financial and, if available, non-financial reporting. A final report is only due after the climate protection agreement has expired without an extension.

#### d) Publication

The climate protection agreement, the annual data monitoring, the monitoring reports and the final report will be published on the website of the state of Baden-Württemberg in accordance with the applicable data protection regulations. In this context, both partners undertake to treat confidential information and data exchanged when coordinating measures and projects as confidential and not to pass them on to third parties.

The reports are only checked by the Ministry of the Environment for completeness and plausibility. The responsibility for achieving the savings targets with the planned and implemented measures rests solely with the respective company.

## **7. TERM**

The climate protection agreement between the state of Baden-Württemberg and ARNOLD is designed for 10 years, with the option of extending it with mutual consent in writing.

## **8. ADJUSTMENT OF THE CLIMATE PROTECTION AGREEMENT**

Should special events require an adjustment of individual parts or the entire agreement, the adjustment must be made in writing. Any change to this written form clause must also be made in writing. A separate document for updating the climate protection agreement is available for this purpose.

### **a) if the target is achieved early**

Should ARNOLD If the overall target or one of the individual targets in Scope 1 & 2 or Scope 3 (see 3. Company's objectives) is not achieved before the end of the 10-year climate protection agreement, the targets for the remaining term can be adjusted. To do this, the company submits a written declaration and evidence of target achievement to the state of Baden-Württemberg. The company then formulates an appropriately adjusted target or targets for Scope 1 to 3 and enters these in the document for updating the climate protection agreement.

### **b) if the objectives are not met**

In the event that ARNOLD foresees that the goals set out under 3. Objectives of the company will not be met, the company will contact the state of Baden-Württemberg in good time and submit any necessary adjustments in writing. Reasons may be of an economic, technical or legal nature, for example if important transformation developments in the supply chain that lead to the availability of sufficient climate-friendly steel are not implemented as forecast or are implemented late. The new goal or goals ( Scope 1 to 3) will then be recorded in the update to the climate protection agreement.

c) in case of non-compliance with monitoring

In the event that ARNOLD fails to submit the annual data collection or the monitoring report to the State of Baden-Württemberg on time and even after being requested to do so, the State reserves the right to dissolve the Climate Alliance.

#### **9. ENTRY INTO FORCE**

This climate protection agreement between ARNOLD and the state of Baden-Württemberg will come into force on January 2, 2024.

Notice: The signatures are in the original German document.