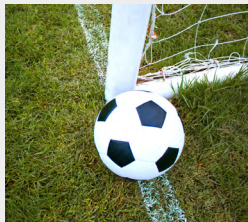
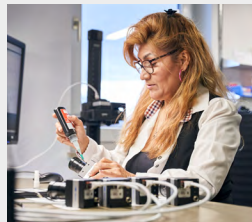


# UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS (COP) 2021 OF STEMMER IMAGING AG



CONTENTS

ABOUT THIS REPORT ..... 3

CEO MESSAGE ..... 4

MATERIALITY ANALYSIS ..... 5

FOCUS AREAS IN 2021 ..... 6

HUMAN RIGHTS..... 7

LABOUR..... 8

ENVIRONMENT .....10

COMPLIANCE (ANTI-CORRUPTION AND PARTNERSHIP FOR DEVELOPMENT) .....12

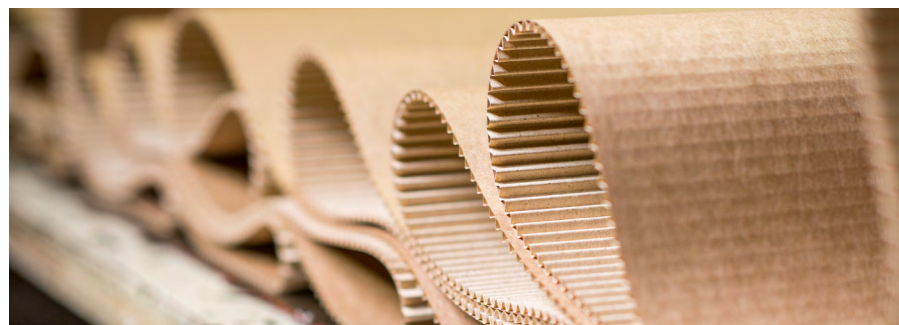
STEMMER IMAGING ESG GOALS .....14

## ABOUT THIS REPORT

This United Nations Global Compact (UNGC) report and the data within it cover the period of 1 January to 31 December 2021 unless specified otherwise and show our commitment to the ten principles of the UNGC and Sustainable Development Goals (SDGs).

- This report has been prepared as per the requirements of CoP.
- This report provides the STEMMER IMAGING commitment to sustainability policies, initiatives taken, and progress made so far.
- This report showcases how STEMMER IMAGING is putting sustainability at the core of its business philosophy.

This exhibits our business values and how they are integrated with our processes.



## CEO MESSAGE



Dear Stakeholders,

The 2021 reporting year is now the second year of participation in the UNGC.

I am delighted to confirm that STEMMER IMAGING reaffirms its support to the ten principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-corruption.

As being the leading international partner for machine vision technology we offer a broad product portfolio for both industrial and non-industrial applications combined with a high level of expertise and value-added services. Using machine vision technologies and solutions from STEMMER IMAGING not only helps increase energy efficiency, conserve resources and reduce CO2 emissions, but also creates innovative and future-oriented production processes. We see ourselves as a pioneer and a powerful, dynamic driver of innovation and support our customers in taking a leading role in their markets.

Sustainability took on even greater significance in the year 2021 and occupies a key position in STEMMER IMAGING's strategy. In the field of e-mobility STEMMER IMAGING is making an important contribution to battery

production with machine vision solutions. The food and agriculture sector also presents opportunities for innovative uses of STEMMER IMAGING's machine vision solutions, such as camera-based weed detection, rendering the use of pesticides unnecessary. We are proud to say that at least 95 per cent of all STEMMER IMAGING revenues already make a positive contribution to the UN Sustainable Development Goals (SDGs) today. All of this underpins STEMMER IMAGING's corporate vision:

**"We are convinced of the significant potential of machine vision technology. With our passion for state-of-the-art technologies, we contribute to make the world a better place to live in."**

This is our annual Communication on Progress (CoP). In this CoP, covering from 1 January to 31 December 2021, we describe our actions, policies, and commitment to further integrate the Global Compact's principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders

Sincerely,

A handwritten signature in black ink, reading 'Arne Dehn'. The signature is fluid and stylized, with the first letters of the first and last names being capitalized and prominent.

Arne Dehn, CEO

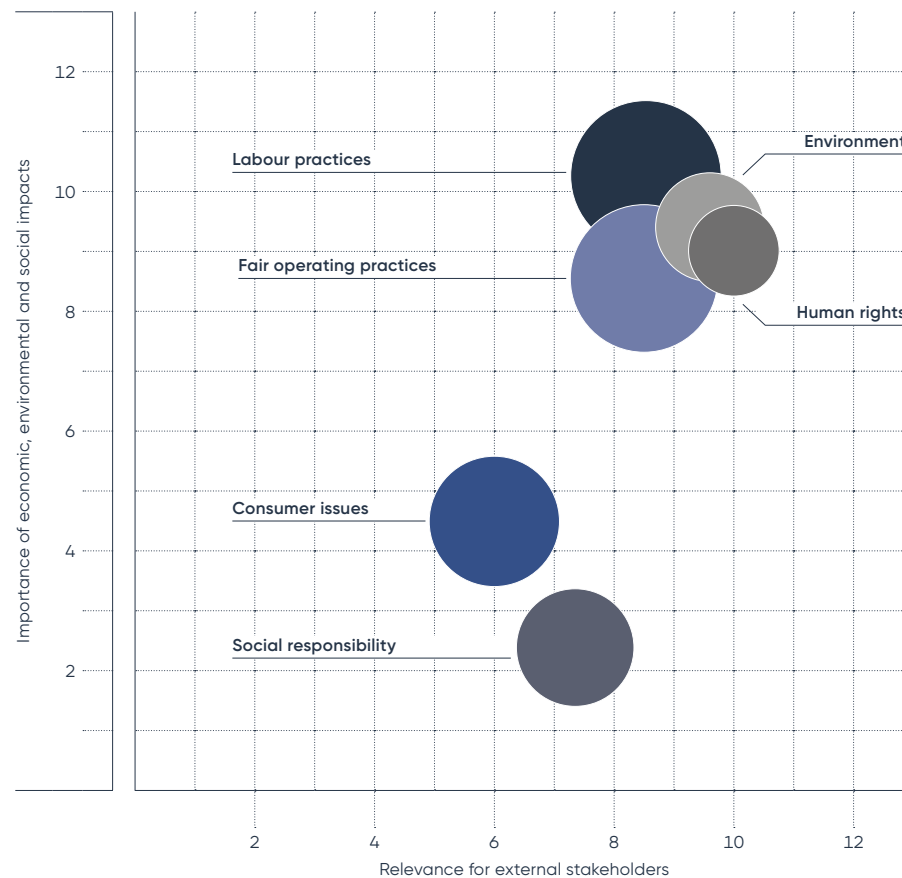
## MATERIALITY ANALYSIS

In the 2020 fiscal year, STEMMER IMAGING conducted its first materiality analysis to identify and prioritise the most relevant sustainability issues. The economic, ecological and social effects of the company's activities and the relevance of these issues for the company's stakeholders were examined. The views of internal experts were taken into account when conducting this analysis, as well as benchmarking from databases and indirect sources.

Topics	Relevance for external stakeholders	Importance of economic, environmental and social impacts
Human rights	10,0	9,0
Labour practices	8,6	10,2
Environment	9,6	9,3
Fair operating practices	8,5	8,6
Consumer issues	6,0	4,5
Social responsibility	7,3	2,3

### MATERIALITY ANALYSIS

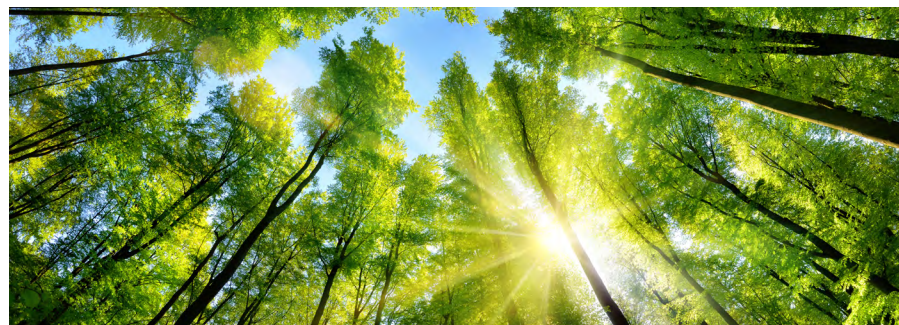
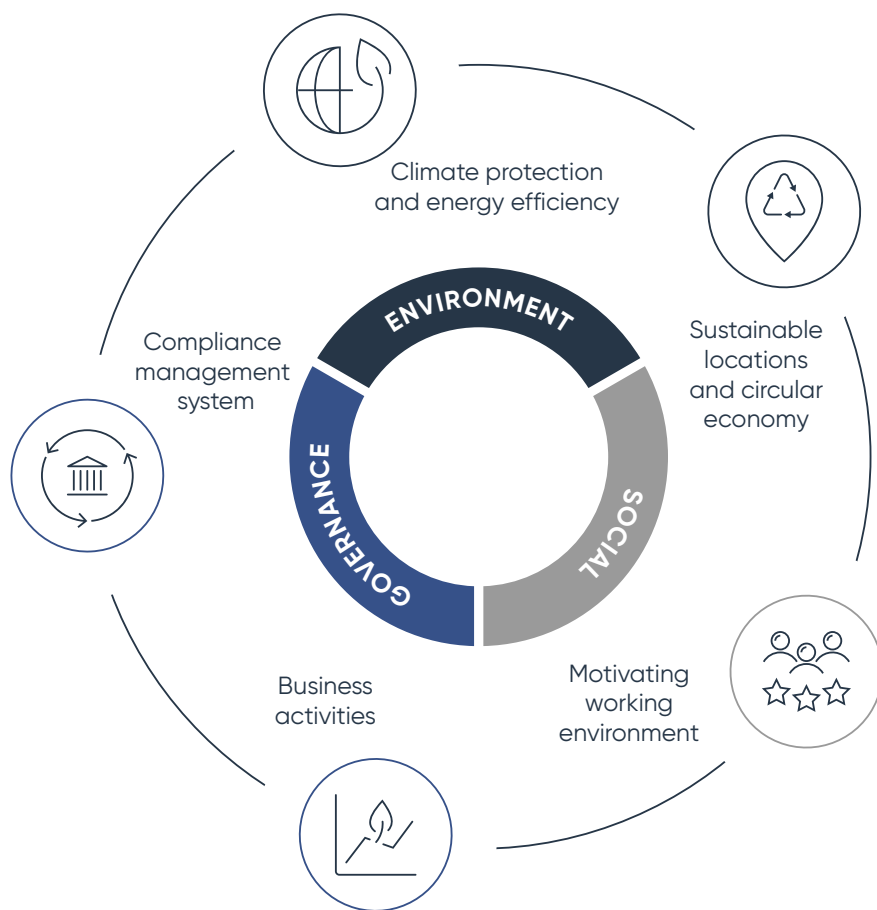
0 = unimportant, 12 = very important, size of circles = impact of own measures





## FOCUS AREAS IN 2021

Based on the materiality analysis and the results for the two factors "impact" and "relevance", different focus areas were identified. These are the focus of STEMMER IMAGING's objectives and specific action.



## HUMAN RIGHTS

<b>UNGC Principles</b>	<b>Principle 1</b> – Protection of Human Rights
	<b>Principle 2</b> – Complicity in Human Rights Abuses
<b>Focus Areas</b>	Fundamental principles and rights at work
	Due diligence
	Discrimination and vulnerable groups
	Civil and political rights
	Economic, social, and cultural rights

## POLICIES AND APPROACH

We are clearly committed to respecting human rights and therefore do not tolerate any form of illegal employment, slavery, human trafficking or child labor.

### Code of Conduct

The STEMMER IMAGING Code of Conduct summarises the key principles and fundamentals for how employees of STEMMER IMAGING should act and conduct themselves when interacting with business partners and the general public. This includes ensuring respectful and cooperative collaboration, being acutely aware of their social responsibility, and ensuring compliance with all applicable laws and regulations. The principle of non-discrimination is a central component of the STEMMER IMAGING Code of Conduct. Together,

they form the basis for long-term corporate success. The Code of Conduct provides all employees, senior executives and management alike with a binding framework of orientation to prevent situations that may call into question the legality and honesty of STEMMER IMAGING and its actions. All employees and managers of the STEMMER IMAGING Group commit and acknowledge this with their signature.

### Code of Supply

With regard to its business partners STEMMER IMAGING is committed to conducting business with all stakeholders who respect the business's environmental, social, and ethical standards. We adhere to our responsible procurement policy. We demand all our suppliers to stick to the following guidelines,

- Execute business processes ethically, and in compliance with the relevant laws.
- Ensure responsible sourcing through audits, surveys, and third-party certification.
- Respect human rights, provide health and safety to workers, eliminate child labour, treat employees with all fairness in the true spirit of all relevant laws.

At the end of the reporting year, 87 per cent of all suppliers, sorted by their contribution to revenue, had signed the Code of Supply. The target in 2022 is to have all suppliers sign the code.

## LABOUR

<b>UNGC Principles</b>	<b>Principle 3</b> – Freedom of Association and Collective Bargaining
	<b>Principle 4</b> – Forced and Compulsory Labour
	<b>Principle 5</b> – Child Labour
	<b>Principle 6</b> – Discrimination
<b>Focus Areas</b>	Human Development
	Health and safety at work Due diligence
	Conditions of work and social protection
	Social Dialogue and Participation
	Employer and Employee relationship

To create a safe working environment, various measures were taken. These include securing that minimum distances are observed between employees, the provision of disinfectants, protective masks and covid tests as well as technical protective measures such as the installation of plexiglass partition walls. During the course of the pandemic, a mask requirement was also introduced on the premises of the company headquarters in Puchheim.

Constant monitoring and improvement of occupational health and safety and the identification of health-promoting or physically harmful working conditions are basic principles at STEMMER IMAGING. The company offers its employees initiatives like the daily provision of fresh fruit and salads at the company's expense, participation in sports initiatives such as city cycling, and the app-based sports team-building challenge B2Mission. Operational integration management helps employees to maintain and promote their employability as well as to overcome their inability to work, if necessary. Various health-promoting measures are available to support this.

Part of STEMMER IMAGING's self-concept as an employer is to help employees reconcile their work and private life. We manage this by providing diverse offers for employees in different phases of life. These include individualised part-time models.

In the course of the Covid-19 pandemic, STEMMER IMAGING introduced a hybrid working concept in the form of a works agreement at the Puchheim location. This was developed with the involvement of the employees and will remain valid after the pandemic is over. For work areas that do not necessarily require presence in the company, the concept envisages a 50 per cent on-site presence per month: on the other days, employees can freely

## POLICIES AND APPROACH

STEMMER IMAGING is unequivocally against the use of all forms of force, military, and bonded labour. Our opposition extends to prisons, human trafficking, indentured, and any other forms of slavery.

### Occupational health and safety

As a responsible employer, STEMMER IMAGING attaches great importance to occupational health and safety.

In light of the Covid-19 pandemic, this topic was also important in 2021. The company needed to protect employees from potential infection in the best way possible, and at the same time maintain operational workflows.



select their work location anywhere in Germany. The company thereby fulfils employees' desire for flexibility in terms of location and time, and makes it easier for families with children to better reconcile their career with their family. Variable working hours, and the opportunity to accumulate time credits so that absences can be easily compensated, facilitate to improve their work-life-balance. This provides all employees with the opportunity to find the best individual solution for themselves and the company.

### Diversity

Since STEMMER IMAGING is an international company, diversity is an important foundation for its corporate success. Studies document that, due to the interaction of varying points of view, more successful ideas and solutions are created in mixed teams than in homogeneous ones. At the end of 2021, the company employed staff from 23 nations at all age levels. The Group-wide average age is 41. To give due consideration to this topic, STEMMER IMAGING signed the "Diversity Charter" (Charta der Vielfalt e.V.) at the beginning of 2022, the employers' initiative for the promotion of diversity in companies and institutions.

The proportion of women declined Group-wide from 28 per cent in 2020 to 27 per cent in 2021. STEMMER IMAGING has set itself the goal of increasing the proportion of women in management positions in the company. In 2021, the proportion of women at STEMMER IMAGING AG in the first management level was at 0 per cent and thus below the quota of 10 per cent set for 2024. The proportion of women was at 36 per cent in the second management level at the parent company. Therefore, the company has already exceeded its target for the second management level in the reporting year (2024 target: 20 per cent).

### KEY FIGURES

in FTE<sup>1</sup>

	2021	2020
Total number of employees	310	341
Number of male employees	226	246
Number of female employees	84	95
Number of women in management positions	15	14
Number of nationalities	23	21
Average Group affiliation	7.1 years	6.8 years
Average age	41 years	41 years
Vocational training quota in Germany	7.0 %	5.7 %

<sup>1</sup> FTE = Full Time Equivalents

A diversity dimension analysis is planned for 2022 with the aim of defining recruitment criteria for new employees.

### Corporate co-determination

A trusting cooperation with the works council employee representatives is a key element of STEMMER IMAGING's corporate culture. The works council represents the interests of the employees and exercises their statutory rights of participation as well as their rights to information and co-determination. The council meets weekly and regularly invites a representative of the Human Resources department to attend as a guest. The Executive Board attends works council meetings on a monthly basis. Twice a year, the works council shares information in a meeting with all employees and submits a report on its activities. The works council currently consists of nine members.

## ENVIRONMENT

<b>UNGC Principles</b>	<b>Principle 7</b> – Precautionary Approach
	<b>Principle 8</b> – Environmental Responsibility
	<b>Principle 9</b> – Environmentally Friendly Technologies
<b>Focus Areas</b>	Prevention of pollution
	Sustainable use of resources
	Climate change mitigation and adaptation
	Protection of the environment, biodiversity, and restoration of natural habitats

## POLICIES AND APPROACH

STEMMER IMAGING understands the environmental impacts associated with its business. We are determined to reduce our products' carbon footprint in their lifecycle, which aims higher than just using energy savings and use of green energy. Our commitment to reducing GHG emissions and pollution is evident by the green energy program that we have in place.

### Carbon footprint

In the past 2021 fiscal year, STEMMER IMAGING defined the topic of CO<sub>2</sub> accounting as a focus for 2022. The emission sources (Scopes I – II and partly III) that are of most relevance to STEMMER IMAGING were determined together with an external partner. In 2022, the sources of CO<sub>2</sub> emissions will be identified and based on this gradual ways of reduction will be defined. STEMMER IMAGING aims to become climate-neutral by 2027.

### Electricity consumption

In the 2021 fiscal year, the company started compiling documentation and collecting data for ISO 50001 certification and introduced systematic energy management. By taking advantage of previously untapped energy efficiency potential, reducing energy costs and cutting greenhouse gas emissions, STEMMER IMAGING can make a contribution to climate protection and energy efficiency efforts. Further energy-saving measures are planned for 2022. Purchasing green electricity at all STEMMER IMAGING locations around the world is one way of improving the company's carbon footprint. The company has set itself the goal of sourcing 90 per cent of its electricity at all locations from renewables by the end of 2022. At the end of 2021, the figure was 84 per cent.

### Mobility

Promoting sustainable mobility is another way STEMMER IMAGING wants to help reduce its carbon footprint. STEMMER IMAGING's policy for its fleet of vehicles was revised in 2021. Since January 2022, any new vehicles added to the Group-wide fleet will be hybrid or all-electric where appropriate and possible. In 2022, the company plans to establish a guideline for optimising business travel with a view to establishing environment-friendly business travel practices. At the same time, a policy to promote the use of sustainable transport by employees at the head office is to be introduced in 2022. In 2016, STEMMER IMAGING established a JobRad bicycle leasing scheme at its main location.

### Material consumption

STEMMER IMAGING is working to reduce its environmental footprint by using less packaging and switching to the use of sustainable materials. The intro-

duction of a digital document management system in the reporting year also made it possible to avoid the use of 9 per cent of paper. All of the packaging materials purchased now consist of recyclable packaging and fillers. There are plans to collect data on total material consumption and take corresponding action to achieve savings here in 2022.

### Waste management

Improved waste management and the circular use of materials can reduce the consumption of natural resources. The environmental relevance of waste depends on the type of waste and the disposal method used. STEMMER IMAGING currently considers the absolute reduction in waste in relation to

revenue, which relates to urban waste, paper and cardboard as well as electrical waste. 100 per cent of the waste is handled by a certified waste management company. The total amount of waste in tonnes produced in a year-on-year comparison remained almost constant (+ 1.3 per cent), while the KPI (tonnes of waste/revenue) decreased by 19 per cent despite the strong growth in revenue.

More efficient production processes and reusing packaging, for example, made it possible to avoid paper and cardboard waste, and reduce the overall volume of waste.



## COMPLIANCE (ANTI-CORRUPTION AND PARTNERSHIP FOR DEVELOPMENT)

UNGC Principles	<b>Principle 10</b> – Corruption (Businesses should work against corruption in all its forms, including extortion and bribery.)
Focus Areas	Fair competition
	Conditions of work and social protection
	Anti-corruption
	Respect for property rights
	Fair marketing, factual and unbiased information, and fair contractual practices
	Community involvement
	Employment and employment relationships

### Whistleblower system

A prerequisite for effective compliance is having secure and reliable communication channels for employees and business partners. STEMMER IMAGING attaches importance to clearly defined and communicated reporting channels. STEMMER IMAGING set up a whistleblower system at the end of 2021 and rolled it out company-wide in January 2022 as a way of complementing the prior system of approach the direct supervisor or the compliance contact.

The whistleblower system can also be accessed by external whistleblowers via the STEMMER IMAGING website. Employees and third parties such as customers, suppliers and business partners can use this additional reporting channel to report potential compliance violations anonymously via a service provider, if desired.

### Compliance training

Regular training courses on ensuring honest and irreproachable conduct are held in the form of e-learning courses for all employees of the Group. These courses focus on data protection, information security and the Code of Conduct.

### Qualification and further education

Employees of STEMMER IMAGING have a wide range of qualification measures available to them – from further education on general topics that are relevant to the company to specific training and individual personnel development programmes. One option is to learn from experienced colleagues who pass on their knowledge to others as experts in the STEMMER IMAGING European Imaging Academy (EIA).

## POLICIES AND APPROACH

A key focus of our compliance management system is the active prevention of corruption and conflicts of interest. STEMMER IMAGING does not tolerate any form of bribery or corruption, acceptance of benefits or granting of advantages. To ensure this, STEMMER IMAGING communicates the rules to its employees in its Code of Conduct.

The focal points of the Code include acting in accordance with the law, anti-discrimination, data protection, IT, personal conflicts of interest, anti-corruption, and health protection. The Code of Conduct is published on the company's website and is also communicated internally to the workforce once a year. There were no compliance breaches in the 2021 reporting year.

Digital formats play an increasing role in the further education offerings: these provide more flexibility through learning that can be carried out anytime and anywhere. Even prior to the coronavirus pandemic, the number of training programmes had been increased to meet the challenges of digital transformation and a modern working world through appropriate learning formats and content.

Since 2019, STEMMER IMAGING has been using the service of a well-known external training portal to offer regular online training courses on compliance topics that are relevant to the company. Furthermore, new formats such as video news to provide information and training content were introduced in the past fiscal year.

### Knowledge transfer and exchange

STEMMER IMAGING aims to continuously promote employees' identification with the company. Many different communication measures contribute to this and aim to strengthen exchange across all management levels. In addition

to internal newsletters, video messages, and quarterly virtual town hall meetings with the entire workforce, there is a regular direct exchange between employees on important subject areas – from new technologies to reference projects to individual colleagues' areas of activity. The monthly "Lunch & Network" format strengthens this exchange and promotes team spirit within the organisation.

### Stakeholder dialogue

In the 2021 annual report STEMMER IMAGING informed its stakeholders for the third time on a voluntary basis about its ESG initiatives and progresses. The UN Global Compact Communication on Progress report is as well part of the stakeholder dialogue.





In the past fiscal year, STEMMER IMAGING also added a dedicated "Sustainability" section to its website and regularly informed its stakeholders about relevant ESG topics via social media.







## STEMMER IMAGING ESG GOALS

In the year under review, STEMMER IMAGING addressed the following specific topics. KPIs are used to measure and regularly review the progress being made in achieving the goals.

SDG contribution	Focus area	Topic	KPI	Status quo	Measures
 	Climate protection and energy efficiency	Carbon footprint	Carbon neutral by 2027	CO <sub>2</sub> accounting in preparation	Data for CO <sub>2</sub> emissions collected in the 2021 fiscal year
		Energy consumption	90 per cent green electricity at all locations by the end of 2022	84 per cent green electricity use at all locations	Define and implement measures to reduce CO <sub>2</sub>
		Mobility	Promoting sustainable mobility	New fleet policy, i. e. vehicles in the fleet are hybrid or electric where appropriate	Steady increase in the share of green electricity
 	Sustainable locations and circular economy	Material consumption	Reduce other material consumption or switch to environmentally friendly materials by the end of 2023	Mobility concept in preparation	Introduce a policy on the use of sustainable transport in 2022
		Waste management	Reduce volume of waste and fully recycle all waste at the main location in Puchheim by the end of 2024	Purchasing switched to 100 per cent recyclable packaging materials	Introduce a guide for environmentally friendly business travel
				Certified waste management at the main location in Puchheim	Collect data on current material consumption in order to derive measures to make further reductions
					Collect data on the current recycling rate of all waste in order to define measures to increase the recycling rate.

SDG contribution	Focus area	Topic	KPI	Status quo	Measures
  	<b>Motivating working environment</b>	Employer attractiveness	<p>Number of applications per job advertisement</p> <p>Duration needed to fill a position</p>	<p>Internal talent pools set up for key leadership positions</p> <p>Flexible working models (including working from home)</p> <p>Promoting cross-regional cooperation through temporary assignments abroad</p> <p>A fair and consistent performance appraisal process</p> <p>Further education budget</p>	<p>Introduction of additional occupational safety measures</p> <p>Employer branding programme</p>
		Diversity	Positive perception of an inclusive work environment by the employees	<p>Health and safety at work</p> <p>Targets for the share of women at management positions level 1 and 2 by 2024</p>	<p>Internal analysis of diversity in the company</p> <p>Establish recruitment criteria for new staff with a view to promoting diversity</p> <p>Promote women at management positions level 1 and 2</p>
		Supply chain	100 per cent of the purchasing volume covered through the Code of Supply	87 percent of the purchasing volume covered through the Code of Supply	Supplier audits Adjust portfolio
 	<b>Compliance management system</b>	Supply chain	100 per cent of the purchasing volume covered through the Code of Supply	87 percent of the purchasing volume covered through the Code of Supply	Supplier audits Adjust portfolio
  	<b>Business activities</b>	Code of Sale	100 per cent of all revenue aligned with the UN SDGs, i. e. sustainable impact of all business activities	At least 95 per cent of all revenue already make a positive contribution to the UN SDGs	Define a Code of Sale in 2022 applicable from 2023 for all project decisions
  					



## LEGAL NOTICE

### **STEMMER IMAGING AG**

Gutenbergstraße 9-13

82178 Puchheim

Germany

Telephone: +49 89 80902-0

Fax: +49 89 80902-116

[de.info@stemmer-imaging.com](mailto:de.info@stemmer-imaging.com)

Executive Board: Arne Dehn (CEO),

Uwe Kemm (COO)

Chairman of the Supervisory Board:

Klaus Weinmann

Commercial register: Munich HRB 237247

VAT no.: DE 128 245 559

Company responsible: STEMMER IMAGING AG

Text and editing: STEMMER IMAGING AG

Concept and design: STEMMER IMAGING AG

## CONTACT

Arne Dehn

CEO

[ir@stemmer-imaging.com](mailto:ir@stemmer-imaging.com)

[www.stemmer-imaging.com/investors](http://www.stemmer-imaging.com/investors)