

SICK AG

Policy statement on human rights strategy

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Preamble

As an international family-owned business, we believe we have a particular responsibility towards our employees¹ and business partners globally to observe human rights and environmental standards. Protecting and respecting every individual is a top priority for SICK AG and its Group companies (“SICK”, “we”) and an indispensable part of entrepreneurial responsibility. Therefore, compliance with nationally and internationally applicable human rights and workers’ rights is a matter of course for us. We actively avoid causing, tolerating, or participating in any form of human rights violations. We respect workers’ rights in accordance with the applicable laws and the core labor standards of the International Labor Organization (ILO).

It is part of the corporate culture of SICK to do what we can to protect the environment. We maintain an environmental management system and observe all applicable laws and international standards on environmental protection as well as all statutory prohibitions on hazardous substances. Furthermore, we proactively promote good environmental practice.

In our [Code of Conduct](#) and our [Supplier Code](#), we have set out our human rights and environment-related corporate principles, and our expectations on our employees as well as our suppliers and business partners.

Building on the values set forth in these codes, this policy statement describes how we comply with our human rights and environment-related due diligence obligations under the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) as well as the priority human rights and environment-related risks we have identified in a risk analysis, and the expectations on our employees and suppliers we have derived from this.

This policy statement is binding for SICK AG and all its Group companies.

¹ Other gender-neutral terms (e.g. employer, supplier or parts supplier) will also be used for improved readability.

1 SICK AG and the Group

SICK is one of the leading companies worldwide in the area of sensor technology and concentrates on the development, manufacture, and marketing of sensors, systems and services for industrial automation.

The focus of our business activities is on creating added value for customers in diverse target industries through sensor intelligence.

We offer solutions worldwide in the form of components, systems with software, or tailored services and develop them in the business fields of factory, logistics, and process automation. Sensors for factory automation are used, for example, in the automotive, food, packaging, pharmaceutical and cosmetics industry. Logistics automation includes application areas such as airports, traffic, retail and warehousing, building safety and security, and ports. In the area of process automation, SICK sensors are used, for example, in shipbuilding, energy supply, power plants, and the chemical industry.

SICK sensors and solutions make it possible to safely and efficiently control processes, to protect people from accidents, and to avoid environmental damage.

We sell our products through more than 50 subsidiaries and equity investments in four regions worldwide: Germany, EMEA (comprising the regions Europe, Middle East and Africa), Americas (comprising North, Central and South America) and Asia Pacific.

As at December 31, 2022, SICK had more than 12,000 employees worldwide and generated a group revenue of around EUR 2.2 billion in the 2022 fiscal year.

2 The Act on Corporate Due Diligence Obligations in Supply Chains

In meeting its human rights and environment-related due diligence obligations, SICK AG is subject to the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG), which came into force on January 1, 2023.

SICK AG is therefore obligated, both within its own business area and within its supply chains, to exercise due regard for the due diligence obligations set out in that

act with the aim of preventing or minimizing, or of ending the violation of any the following risks to human rights or environment-related risks:

1. the prohibition of child labor taking into consideration the defined age limits;
2. the prohibition of the worst forms of child labor for children under 18 years of age;
3. the prohibition of forced or compulsory labor;
4. the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace;
5. the prohibition of disregarding the occupational safety and health obligations;
6. the prohibition of disregarding the freedom of association (for example the forming or joining of trade unions by employees);
7. the prohibition of unequal treatment in employment;
8. the prohibition of withholding an adequate living wage (in particular minimum wage);
9. the prohibition of causing certain harmful environmental impacts that are of human rights significance;
10. the prohibition of unlawful eviction and the prohibition of unlawful taking of land, forests and waters, the use of which secures the livelihood of a person;
11. the prohibition on contracting or using private or public security forces if, due to a lack of instruction or monitoring on the part of the enterprise, the use of the security forces violates certain human rights;
12. the prohibition of an act or omission in breach of a duty to act that goes beyond the aforementioned acts, which is directly capable of impairing a protected legal position in a particularly serious manner, and the

unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question;

13. the prohibition of violations relating to the Minimata Convention on Mercury of 10 October 2013, the Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989.

3 Respecting human rights and the environment in our own business area and within the supply chain

3.1 Measures for effective risk management, Human Rights Officer

SICK AG has incorporated into its risk management system all risks described in the LkSG and nominated strategic risk owners for the risks arising from potential violations of the human rights and environment-related prohibitions specified in the LkSG. The strategic risk owners are responsible for conducting the risk analysis and managing the human rights and environment-related risks specified in the LkSG and therefore for analyzing, describing and evaluating the risks. They belong to the area within the company that has been assigned responsibility for the respective human rights or environment-related risk. At the operative level, the respective management units are responsible, as the operative risk owners, for the specific risks that exist in their area (risk identification, damage prevention).

The risks are reviewed annually by the strategic risk owners and, if necessary, adapted. The operative risk owners must do this at least once a year for all specific risks that exist. The risks must also be reviewed on an event-related basis and, if necessary, adapted, in particular if the risk situation changes significantly due, for example, to a material change in business activities or due to substantiated knowledge of such a change from relevant information. The management units at SICK are also surveyed annually regarding (potential) risks as part of the "Enterprise Risk Assessment", as well as in regard to the risks described in the LkSG.

In accordance with Sect. 3(1)(2) in conjunction with Sect. 4(3) LkSG, the Executive Board of SICK AG designated the Chief Compliance Officer as the Human Rights Officer on December 19, 2022. Besides monitoring the risk management for

adherence to the due diligence obligations of the LkSG, his tasks also include, among other things, processing of complaints and information provided under the Rules of Procedure for the Complaints Procedure adopted by the Executive Board in accordance with Sect. 8 LkSG, as well as regularly informing the Executive Board, the Audit Committee of the Supervisory Board, and the Economic Committee of SICK AG on the implementation of the risk management as well as known risks and the measures taken. In exercising his role, the Human Rights Officer is independent and not bound by any instructions.

3.1.1 Identifying, weighting and prioritizing risks

The risk analysis performed pursuant to the LkSG provides us with an important basis for the early identification of human rights and environment-related risks. As part of this risk analysis, we determine whether any human rights or environment-related legal rights are being violated in our own business area or by our direct suppliers (and indirect suppliers in the case of substantiated information), or whether a risk of such a violation exists.

The full risk analysis is performed once a year, whereby the results of the annual review and adaptation of the individual LkSG risk areas are determined and appropriately weighted and prioritized by the responsible strategic risk owner. For the regular or event-related risk analyses, basic information on the organizational structure of SICK, its procurement structure, and its supply chains are compiled in order to create transparency in our own business area and within the supply chain. To this end, relevant information is requested from certain areas of SICK AG and the Group companies as well as suppliers.

Besides an abstract consideration of risks (e.g. industry- or country-specific), concrete risks relating to the company's organization and supply chain are also identified, appropriately weighted, and prioritized. Findings from processing information provided in the complaints process are also incorporated into the risk analysis. Furthermore, in carrying out the risk analysis we take into consideration the appropriateness criteria in Sect. 3(2) LkSG as well as the guidance provided in the "Handout for implementing a risk analysis in accordance with the provisions of the Supply Chain Due Diligence Act") of the German Federal Office for Economic Affairs and Export Control (BAFA), based on which we analyze the risks at an abstract and concrete level as part of a two-stage process.

Besides the Global Supply unit, the People & Places and Global Quality units of SICK AG participate in the regular risk analysis. Other management units and relevant stakeholders are involved in the risk analysis where necessary. Event-related risk analyses are performed by the strategic risk owners responsible for the relevant human rights or environment-related risk specified in the LkSG.

3.1.2 Preventive approach

Where a relevant risk is identified, appropriate preventive measures are established in our own business area or in relation to a direct supplier. If we have substantiated knowledge of actual evidence that appears to indicate that an indirect supplier may have violated a human rights or environment-related obligation, we will also take appropriate preventive measures in regard to this.

SICK AG has already introduced various preventive measures that are reviewed on an annual or event-related basis and are described below.

[SICK Code of Conduct](#)

Through the comprehensive provisions in our code of conduct on human rights and working conditions as well as the protection of the environment at SICK, and through suitable management processes, we are ensuring that the human rights strategy set out in this policy statement is implemented in the own business area of SICK.

[SICK Supplier Code](#)

The SICK Supplier Code is intended to ensure that our direct suppliers comply with the internationally recognized human rights and avoid causing or being involved in human rights violations. Furthermore, our direct suppliers are expected to comply with the basic workers' rights in the relevant applicable laws and recognize the core labor standards of the ILO.

We expect our direct suppliers to accept the SICK Supplier Code, the principles contained therein, and to obligate in similar manner their own suppliers, contractors and parts suppliers to accept these principles and to make all reasonable efforts to

apply them within the supply chain. To this end, a risk-focused Policy on the Agreement of the SICK Supplier Code with Suppliers has been implemented. This enables human rights and environment-related risks to be taken into consideration by creating specific risk profiles. SICK also reserves the right to perform appropriate audits on a regular basis and, in the event of non-compliance, to also undertake remedial measures right through to termination of the contractual relationship in order to ensure adherence to the Supplier Code or comparable principles.

Training

Regular training of all employees at SICK on human rights and environment-related issues as part of an e-learning course on the SICK Code of Conduct is planned from 2024. Furthermore, employees in the procurement function are also trained on human rights and environment-related issues within the supply chain.

Control measures

As part of his monitoring task, the Human Rights Officer carries out regular and event-related control measures in the own business area of SICK AG (including Group companies) in order to check whether our preventive measures as well as our processes for exercising our due diligence obligations are effective and being adhered to. The Global Supply unit of SICK AG, as part of its supplier management, monitors suppliers through regular and event-related control measures.

3.1.3 Taking remedial actions

With regard to remedial measures, we distinguish between violations in our own business area and by direct suppliers on the one hand, and violations by indirect suppliers on the other hand. If we determine that a violation of a human rights or environment-related obligation has already occurred or is imminent in our own business area (including the SICK Group companies) or at a direct supplier, the Human Rights Officer will make sure, in consultation with the responsible strategic risk owner for the LkSG risks in our own business area, that suitable remedial measures are taken and arranged within the affected management units.

The Global Supply unit of SICK AG, the procurement managers in the SICK Group companies, and the managing directors of SICK Group companies without a procurement department are responsible for remedial measures relating to violations within the supply chain. In the case of a violation of a human rights or environment-related obligation by a direct or indirect supplier, measures to end the violation as soon as possible and to avoid it in future will be demanded with a view to minimizing the extent of the violation. If the violation of a human rights or environment-related obligation by a direct supplier is such that it cannot be ended in the foreseeable future, a plan for ending or minimizing it must be prepared and implemented without delay. This plan includes a specific timeline.

The effectiveness of the remedial measures is verified on an annual as well as event-related basis. The measures are updated without delay if necessary.

3.1.4 Complaints process and rules of procedure

To effectively prevent negative human rights and environment-related impacts and to be able to take remedial actions, SICK AG has established a company-internal complaints process that comprises various reporting channels. This process allows persons to report human rights and environment-related risks as well as violations of human rights or environment-related obligations resulting from the economic activities of SICK or a direct or indirect supplier. The complaints process is accessible to all potentially involved parties within and outside our own business area, i.e. employees of SICK or employees of direct and indirect suppliers or other business partners of SICK. Not only directly affected persons can provide information but also third parties, for example a representative of directly affected persons.

The Executive Board of SICK AG has agreed [rules of procedure](#) for the reporting process, which it recorded in writing and made available via the company website at www.sick.com on December 19, 2022.

[Responsibility for the complaints process at SICK AG](#)

The Human Rights Officer at SICK AG, as the Complaints Body, is responsible for receiving complaints. He is assisted with the processing of complaints by a team of case managers.

Reporting channels for information

Information about human rights and environment-related risks as well as violations of human rights and environment-related obligations can be reported either stating your name or anonymously via the SICK Integrity Line, the internal reporting system of SICK AG. SICK Integrity Line is a web-based platform on which information about other misconduct can also be reported. All communication via the SICK Integrity Line is confidential and protected. The SICK Integrity Line is available 24/7 and in many languages.

Reports can be made to the SICK Integrity Line on the following web page:

<https://sickag.integrityline.com>

In the USA and Canada, confidential and protected information and complaints can also be submitted to the SICK Integrity Line over the phone. The following country-specific telephone numbers can be used for this purpose:

Canada: +1 866 204 1940 – Please enter the following identification code:
11477

USA: +1 833 211 3671 – Please enter the following identification code:
11477

Relevant information and complaints can also be directed to the Compliance Team as follows:

E-mail: compliance@sick.de
Phone: +49 (0)7681-202-3276
Mail: SICK AG
Compliance/LGC
Erwin-Sick-Str. 1
79183 Waldkirch
Germany

They can also be raised in person with the Human Rights Officer.

Complaints process

After receiving information via one of the aforementioned reporting channels, the whistleblower will receive a confirmation of receipt within seven days. The Complaints Body will investigate whether human rights or environment-related risks exist, whether human rights or environment-related obligations have been violated, or other misconduct has occurred. If practicable or necessary, the Complaints Body will discuss the content of the complaint and the underlying facts of the matter with the whistleblower.

The Complaints Body will follow up the matter with an internal investigation of the information provided, and in doing so will give due consideration to the applicable laws and internal policies as well as the interests of all involved parties. The whistleblower can inform themselves at any time of the status of the matter through the Complaints Body and, within three months at the latest from receipt of the report, will receive feedback on the investigation and any follow-up measures. The rights of the affected parties will be respected when providing this feedback. After conclusion of the investigation at the latest, the whistleblower will be informed of the outcome to the extent permissible under law. Investigations as part of the complaints process must be concluded within a reasonable time period. We endeavor to conclude any investigations within six months.

The Complaints Body tasked by SICK AG to conduct the complaints process guarantees that the process will be impartial and confidential.

Protection of the whistleblower from discrimination and punishment

The Human Rights Officer and the members of the Compliance Team are obligated to keep confidential as best as possible the identity of whistleblowers and third parties mentioned in a whistleblower's report.

SICK AG does not tolerate any retaliation against whistleblowers who raise their concerns in good faith. Any discrimination against or punishment of whistleblowers is forbidden.

Effectiveness of the complaints process

The effectiveness of the complaints process is verified on an annual as well as event-related basis.

Further binding principles and rules of procedure for internal investigations regarding suspected compliance violations, or for human rights or environment-related complaints under the rules of procedure for the complaint process under the German Supply Chain Sourcing Obligations Act are specified in a policy that applies to the entire SICK Group.

3.1.5 Documentation and reporting

The fulfillment by SICK of its human rights and environment-related due diligence obligations is documented on an ongoing basis. The documentation is retained for a period of at least seven years from its creation.

The Human Rights Officer, in collaboration with the Global Supply unit of SICK AG and in consultation with the risk owners for the human rights and environment-related risks specified in the LkSG, prepares an annual report on the compliance of SICK AG with its due diligence obligations for the German Federal Office for Economic Affairs and Export Control (BAFA). All other relevant stakeholders must be involved in this. The Executive Board, the Audit Committee of the Supervisory Board, and the Economic Committee of SICK AG are informed about the preparation of the report. The report is published at www.sick.com.

3.2 Human rights/environment – results of the risk analysis

3.2.1 Risks in our own business area

While carrying out an initial risk analysis, SICK identified the following priority risks in its own business area:

For Group companies with manufacturing facilities or service deployments, there is a moderate risk with regard to violations of the prohibition of disregarding the

occupational safety and health regulations. A moderate risk also exists with regard to the prohibition of human rights violations by security forces at subsidiaries where the security service has been engaged by the landlord, our supplier code has not yet been signed, or a separate code of conduct exists that has not been updated for the legal requirements of the LkSG.

SICK has Group companies in only a small number of countries with a high abstract risk with regard to violations of the prohibition of unequal treatment, freedom of association, and prohibition of forced or compulsory labor. In a few of these countries, there also exists a high abstract risk of violations of the applicable working hours regulations or violations of the prohibition of the employment of children and the applicable minimum wage regulations. With regard to violations of the applicable working hours regulations, a concrete low to medium risk was determined. Otherwise, based on our current knowledge and the results of the assessments, the concrete risk of the aforementioned violations within the SICK Group companies in these countries can be regarded as low. Our Group companies in countries with high abstract risks are examined more closely on a regular basis and will be the focus of future measures.

An overall low risk was determined for our own business area with regard to environment-related risks and violations of the prohibition of unlawful eviction.

We do not see any other relevant risks in our own business area.

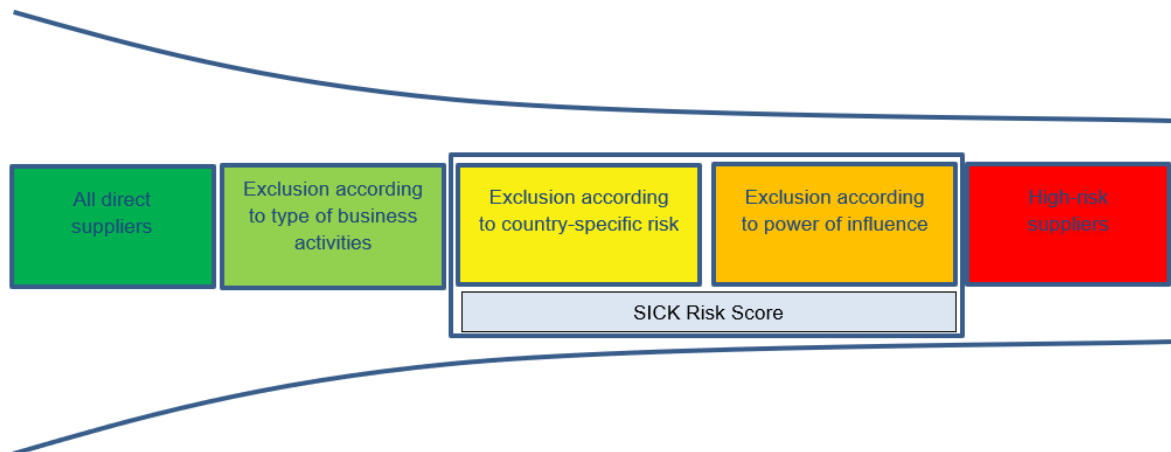
3.2.2 Risks within the supply chain

When carrying out analyses on the risks within the supply chain, the suppliers were prioritized based on the criteria described below.

Exclusion according to type of business activities

In the first step, business partners that receive payments from SICK but do not provide any services, for example authorities, insurance companies, credit institutions, and associations, were initially excluded.

Suppliers from which no products or services were ordered during the period of consideration, or that delivered products or provided services that are not directly related to the manufacturing of products or provision of our own services by SICK were also initially excluded.



Exclusion according to country-specific risk

The ESG index data of Global Risk Profile, a Swiss company based in Geneva, was used to determine the risk index for individual countries (the so-called “country risk”). Based on this, the individual suppliers were assigned country risk indexes with regard to human rights risks. Only a small number of suppliers come from particularly sensitive countries with a high human rights risk. In addition, there are a few individual countries within the supply chain with a moderate human rights risk.

Exclusion according to the SICK risk index

The SICK risk index is calculated from the country-specific risks, the purchasing volume, and the number of orders. Suppliers are then prioritized on the basis of this index.

Consideration of further aspects

SICK's suppliers predominantly come from a uniform industrial environment. The risks associated with different industries were not examined separately.

In the initial analysis, the environmental risks within the supply chain relating to specific requirements on mercury and persistent organic compounds were considered negligible. Compliance with the relevant EU directives (“Minimata Convention”, “Basel Convention” and “POPs Convention”) is already ensured in the relevant contractual provisions and play no, or only a very subordinate role for SICK's products.

3.3 Expectations on employees and suppliers

The human rights and environment-related principles of SICK, and therefore in its own business area under the meaning of the LkSG, are specified in the [SICK Code](#)

[of Conduct](#). We expect all managers and employees of SICK AG and all of its Group companies to adhere to the requirements of the [SICK Code of Conduct](#), to implement this policy statement, and to set up and implement the management processes described in the organizational directive “Risk Management with regard to the German Supply Chain Due Diligence Act”.

We expect also that direct suppliers of SICK AG and its Group companies fully adhere to the applicable laws, conduct their business in an ethically sound manner, and adhere to the human rights and environment-related principles described in the [SICK Supplier Code](#). Our indirect suppliers are also expected to adhere at all times to the principles described in the [SICK Supplier Code](#), in particular the provisions on human rights and conditions of employment as well as on environmental protection.

4 Outlook

SICK AG recognizes that it is necessary to continuously review and further develop the human rights and environment-related due diligence processes in its own business area and along the supply chain. We accept this challenge and review the present policy statement on an annual as well as event-related basis so that we can respond to changing circumstances.

Waldkirch, November 13, 2023

SICK AG

Executive Board

Dr. Mats Gökstorp

Jan-Helmut Eberhardt

Feng Jiao

Ulrike Kahle-Roth

Nicole Kurek

Dr. Niels Syassen