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AT A GLANCE

Sales:
2,189.8
(EUR million)

EBIT margin
(% of sales):
7.5

R&D expenditure:
240.8

11,909
Employees on
December 31

Proportion of women (%)
32.4

0
Reduction of net GHG
emissions to zero worldwide
by 2030*

* Refers to Scope 1 and 2 emissions as well as defined Scope 3 emissions (business travel, commuting of employees) including compensation for unavoidable emissions. More information on page 23 ff.

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ABOUT THIS REPORT

This sustainability report refers to the 2022 fiscal year. It covers the reporting period from January 1 to December 31, 2022. We examine the sustainability of our business model and economic aspects from several perspectives in this report. Details on the economic position of SICK AG are available in the Annual Report 2022.

We avoid the use of gendered words for terms and concepts in the majority of cases in this report to make it easier to read. This is solely for editorial reasons and does not imply any judgment.

DATA

Not all consumption data may have been available to us in individual cases at the time of publication. We use data from the previous year and the company's growth, among other things, to calculate consumption in these cases. These will then be replaced by up-to-date data in the following year, which may result in minimal deviations for the data from the previous year.

MATERIALITY ANALYSIS

We receive input on a large number of sustainability aspects by systematically monitoring laws, standards and norms, analyzing the key environmental and energy aspects within the framework of ISO 14001 and 50001 each year, by also by conducting regular exchanges with internal and external stakeholders. These aspects are subjected to a technical assessment by internal experts to see whether they are relevant for SICK. Assessment criteria are in particular the relevance for/impact

on the environment, society, and especially significant stakeholders as well as SICK's scope for influence. The result of the assessment is submitted to the management and the Executive Board for a final decision.

For example, a resolution was adopted in 2022 to include the new field of activity "Green Product Design" as the 15th field of activity of green sustainability, as it has also gained in importance for SICK as a result of the draft Ecodesign Directive.

Key internal stakeholders are:

- Employees
→ annual employee survey as part of the Great Place to Work certification, tips about compliance breaches can be reported internally
- Works Council
→ regular exchanges with the Executive Board
- Internal experts/ knowledge carriers from Production, Development, Purchasing, Logistics, Sales, IT, Human Resources, Finance and Facility Management
→ regular sustainability network meetings, Compliance Committee
- Executive Board, Supervisory Board and management
→ board meetings and management reviews
- Shareholders

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Key external stakeholders are:

- Customers
→ direct contact, sustainability portals of our customers
- Suppliers
→ supplier days
- External experts
→ external expert council for sustainability
- Applicants
- Neighbors
- Industry associations and chambers of commerce and industry
- Nature conservation organizations
- Human rights organizations and compliance associations
- Banks
- Insurers
- Auditors

As a result of the materiality analysis, the ESG strategy was laid down containing 15 fields of activity in ecological sustainability, three fields of activity in social sustainability, and four fields of activity in governance. (→ Page 10)

We will continue to develop the existing analysis in line with the draft European Sustainability Reporting Standards (ESRS), which set new requirements for the materiality analysis and are expected to be adopted in July 2023.

DUE DILIGENCE

Based on extensive and well-established measures, processes, and evaluation options, we are able to guarantee high-quality reporting for the national organization and the parent company (SICK AG).

We will enhance the global data situation in the coming years and define and expand the long-term development goals for the worldwide organization, which are based on the strategic sustainability goals.

We ensure through our environmental, climate, and occupational safety certificates (ISO 14001, 50001, and 45001, EMAS, Corporate Carbon Footprint, Climate Neutrality) that ambitious goals are set, calculations are checked, and a risk assessment is carried out.

Moreover, we would like to introduce forward-looking performance indicators and enhance our consideration of the perspectives of people outside the organization (e.g. customers).

The report is printed and also available for download: www.sick.com/momentum.

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FOREWORD

Dear Readers,

We are committed to technology for good, we are bringing about a sustainable future, we create sensor intelligence. – this is, in broad strokes, what drives us: Our purpose. It answers the question of why we do what we do and sets our internal compass.

This is also how it has to be, because, as a company with more than 50 subsidiaries and approx. 12,000 employees worldwide, we bear a considerable responsibility. For the people who work with us, for our customers’ projects – and for life on this planet. We exert an influence on the climate and the environment through our commercial activities. We want to keep the impacts that necessarily arise from these to the minimum possible. You can read in this report how we achieve this, how far we have already come in individual areas, and where we have to invest more efforts in order to be better. That is one side of sustainability.

The other is the possibilities offered by our technological developments. What contribution can SICK sensor intelligence. make to a successful future? As the leading global manufacturer of industrial sensors, we support our customers around the whole world in implementing their goals in the areas of digitalization, automation, and smart manufacturing. Bringing to the market ever more innovative and high-quality sensors is in our genes. But we do more than that: Sensor intelligence. is the term we use to describe an intelligent way of recording reality in data. This is how we create the fundamentals for optimizing productivity, safety, and sustainability in processes. The innovation highlights

from the past fiscal year speak for themselves – we are working intensively on areas of activity in which our technologies deliver solutions in the field of sustainability.

Sensor Intelligence. begins in the mind. Our employees deliver the skills, inspiration, and commitment that we need for implementation. To this end, we create an atmosphere that encourages trust and creativity for the long term, provide training and continuous professional development, and support networking and communication.

This year, we have based our annual and sustainability report as well as the magazine of the same name on the idea of “Momentum”, the stimulus and impetus that accompany us in many aspects. We get the ball rolling: When our employees’ commitment to projects provides real impetus. When sensor intelligence. stimulates innovation to make our customers happy. And when technological progress without sustainability is no longer conceivable.

Using technology for a good cause was already the company’s guiding principle when it was first founded. We continue to pursue this aspiration and are proud to be effective in doing so.

The Executive Board of SICK AG

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OUR BUSINESS MODEL

- SICK is the technology and market leader for sensors
- Our business is driven by digitalization and Industry 4.0.
- We invest 11% of our sales in innovation.

We are the technology and market leader in the field of sensor intelligence.. Our products and solutions provide the basis for controlling digital and automated industrial processes as well as for protecting people and the environment.

We offer our products in the form of components, systems, software or individual services worldwide. We develop them in the Factory, Logistics and Process Automation business segments.

The market for sensors is developing very dynamically, driven by megatrends such as digitalization, Industry 4.0, mobility, the Internet of Things, as well as the pressing issues of environmental and climate protection. Our focus on intelligent high-quality products and systems enables us to provide our customers with the reliable solutions required in industry or critical infrastructure. We transform SICK sensors to sensor intelligence. by means of increasingly powerful processors and algorithms, as well as by integrating our application knowledge in our software.

In addition to selling intelligent products, our business model is based on the development of system solutions, as well as providing individualized services to customers, using customized solutions to improve their value-creation processes. These solutions are individually adapted to our customers’ particular requirements and are based on extensive collaborative partnerships.

As a highly innovative company with a worldwide presence, as well as our own production, development and sales operations, we are well positioned in all important growth regions. Specialization, broad sector knowledge, and trusting relations with our customers form, and will continue to form, the basis for converting market opportunities into commercial success. Further information on our business model can be found in our Annual Report 2022.

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STRATEGY AND UNDERSTANDING
OF SUSTAINABILITY

Our strategy, the quality of our work and products, and our understanding of sustainability cannot be thought of separately from each other. This is also reflected in SICK's purpose that we developed in 2022: Our core value, "Technology for Good", which have put into practice since the company was founded, is more relevant today than ever. This attitude takes form in our corporate and sustainability strategy.

We believe in using
technology for good

- to protect people
- to free people from tedious tasks
- to preserve our planet

We contribute to a
sustainable future

- by co-creating dynamic and desirable solutions
- by working together as an inspiring network
- with vision, curiosity and courage

We deliver
Sensor Intelligence.

- by combining the physics of sensing with electronics, software, data, learning, and empathy

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STRATEGY

SICK is an independent family-owned company aligned on sustainable growth. Technological and commercial independence, a high level of innovative power in the field of sensor intelligence., sustainable growth thanks to a leading competitive position, and exemplary leadership are the guiding principles of our corporate strategy. As a family-owned company, we build upon a mature corporate culture, upon strengths and visions. This is our concept for the future – which is both an obligation and motivation for us.

The core of our commercial responsibility is profitability. We have proved that our strategy works – with profitability of 7.5%, an R&D investment rate of 11% and sales growth of 11.5% in 2022.

We develop our corporate strategy in an evolutionary process. We have formulated our values and corporate culture in our ‘Principles for Leadership and Cooperation’. Our ‘culture of sharing and trust’ and the future-oriented ‘competence model’ are two important cornerstones.

We defined the vision of a future-oriented alignment of the company in our ‘SICK 2.0’ corporate strategy and thus achieved significant milestones: In-house corporate projects for more uniform stabilization of processes and controlling, the management of globalization, and the founding of in-house start-up initiatives. We are currently implementing the SICK Beyond Borders strategy for the decade up to 2030. We are focusing here on

our customers in particular. The core ideas were developed in a collaboration between international managers and the Executive Board. Employees are also explicitly invited to actively contribute towards further development, structure and implementation of the strategy.

SICK AND SUSTAINABILITY

SICK’s understanding of sustainability includes corporate responsibility for employees, the environment, the company’s economic success, and society.

Protecting the environment and people, securing stable jobs through long-term economic success, and contributing to society: This has been SICK’s understanding of sustainability since the company was founded in 1946. As a family-owned company, sustainability has a long tradition, is a matter of course and an integral element of our corporate philosophy and culture.

We put sustainability into practice by seeing ecology, economy and social aspects as important factors that are combined in responsible corporate governance. As a result of our materiality analysis, we have defined strategic fields of activity for environment, social, and governance (ESG).

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STRATEGIC FIELDS OF ACTIVITY FOR OUR SUSTAINABILITY



Ecological sustainability

- Green Sensor Solutions
- Green Production
- Green Supply Chain
- Green Mindset
- Green Product Design

- Fair Climate & Green Energy
- Biodiversity
- Green Mobility
- Green Materials
- Green Packaging
- Green Logistics
- Green Buildings
- Green Office
- Green IT
- Green Catering

6 CLEAN WATER AND SANITATION



13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



14 LIFE BELOW WATER



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND



Social sustainability

- SICK Code of Conduct
- Personnel development and training
- Diversity and equal opportunities
- Health and occupational safety

1 NO POVERTY



5 GENDER EQUALITY



3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



Governance

- Sustainable steering and company strategy
- Code of Conduct and compliance management system
- Integrated governance
- Human rights and international standards

17 PARTNERSHIPS FOR THE GOALS



<https://sdgs.un.org/goals>

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INNOVATION

Innovative power results from a combination of economic strength, technological competence and new stimuli. We therefore maintain a continuous dialog with customers, universities and research institutes on the direction industry is taking, and appraise the knowledge of our own sales organization and then learn to understand our customers' requirements and translate them into new products, system solutions and service concepts.

With sensor intelligence., we focus on the networkability of the sensors and the topic of data sovereignty. Both aspects are developing extremely dynamically in the context of megatrends such as Industry 4.0, mobility, energy, climate change and infrastructure. The importance of collecting, evaluating and exploiting data is rapidly increasing – we have organized a very lively culture of innovation in this field, rich with new stimuli, with our own start-up initiatives that combine the unique flexibility of small and young companies with SICK's experience and technological competences.

The openness of our products towards many systems and the ability to communicate with cloud systems is essential for our development activities. We sit on the committees of a variety of industrial associations so that we can drive forward the further development of open and defined interfaces. We also observe other technologies and trends that we consider relevant for the future development of the SICK Group and, when appropriate, we include them in our development or collaboration processes.

Our aim is to offer solutions consisting of sensor products, systems, software, artificial intelligence or services. We use digitalization to help our customers operate their systems safely and improve their productivity, increase their flexibility, and use fewer resources – helping to protect the environment.

We invest in research and development so that we can further expand our leading technological position worldwide. Our financial strength is of enormous importance here: We are very well positioned to profit comprehensively from the increasing networking and digitalization of industrial production and even help shape it with our own innovations.

Our investments in R&D activities in the 2022 fiscal year are shown in the following overview. It includes expenditure on the start-up initiatives.

	2022	2021	Change
Sales (EUR million)	2,189.8	1,963.7	11.5%
R&D expenditure (EUR million)	240.8	210.3	14.5%
R&D expenditure as percentage of sales	11.0	10.7	0.3 percentage points
Employees in R&D on reference date	1,611	1,406	14.6%

Our intensive R&D activities provide us with a diversified product portfolio that meets the demands of very different industries and serves short to long-term cyclical markets. This makes us resilient: We can compensate for challenges within individual target sectors.

SICK brought more than 50 new products to market in 2022. The range of these innovations extends from series sensors, through security sensors and systems, 2D and 3D cameras, LiDAR sensors (light detection and ranging), and environmental measuring technology, all the way to software and digital services.

In the context of the digital transformation, our approach, which embeds the performance capabilities of algorithms with artificial intelligence (AI) in our sensors, our edge systems, and our cloud solutions, represents a total package for business customers.

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INTELLIGENT INSPECTION WITH DEEP LEARNING.

By combining traditional machine vision applications for quality inspection with a powerful, extended deep learning function, intelligent inspection opens up the possibility of automating challenging inspections, which was not previously possible. The SICK Intelligent Inspection Toolset is available in the SICK Nova SensorApp, which is pre-installed on SICK cameras.

Our innovation highlights from 2022 described below reflect a representative cross-selection.

MAGNETOSTRICTIVE LINEAR ENCODERS DAX®

Linear encoders from the DAX® product family for high-precision recording and feedback of piston positions in hydraulic cylinders and for monitoring of linear movements in machinery.

The magnetostriction measurement principle guarantees the highest degree of machine availability, as reference runs are no longer necessary. Extensive diagnostic functions provide the option to use the sensors for condition monitoring and integration in Industry 4.0 environments.

FIELD ANALYTICS

Acquire, visualize, monitor data and improve workflows.

Field Analytics is a highly scalable Industry 4.0 software program for evaluating production data that empowers users with configurable real-time and historical data insights. The software uses visualizations and reports for 24/7 monitoring and alerting across the entire plant.

FLAWSIC H2 READY

The “H2 Ready” firmware update for FLOWSIC ultrasonic flow metering systems extends the measurement capability for natural gas with an addition of hydrogen content of up to 30%. In comparison, the standard meter where the function is not activated covers hydrogen content of up to 10%.

The ultrasonic technology of the FLOWSIC ultrasonic flow metering systems today measures gas containing hydrogen just as reliably and stably as gas with no hydrogen content and can compensate for any measurement uncertainties.

LECTOR85X

The Lector85x camera-based code reader is designed for the highest reading performance and maximum throughput in logistics centers. The 12.4 megapixel imaging chip combines a massively improved depth of field and field of vision with increased resolution and processing power as well as deep learning functions. This means that codes can be reliably identified and correctly assigned to objects even at high speeds of up to 3.5 m/s. In this way, the Lector85x allows efficient automatic sorting processes and reduces manual re-acquisition to a minimum.

MARTRACKER

The MARtracker digital service is a cloud-based, digital solution for visualizing live data from a ship's emission monitoring system. MARtracker combines these measurement data with information about the position of the ship as well as about ECA and local emissions regulations. Ship operators and fleet managers thus obtain full transparency about their fleet's conformity status, current and historical emissions data, the device status, and information about the efficiency of the flue gas scrubbers.

MULTISCAN100

The 3D LiDAR sensors deliver 3D measurement data that provide the mobile platforms with a 360° all-round view in 3D for precise localization of vehicles while mapping the environment at the same time (SLAM, Simultaneous Localization and Mapping).

SAFEVISIONARY2

With the world's first 3D time-of-flight camera with performance level c safety certification, SICK is opening a new dimension in safety technology. safeVisionary2 allows safe three-dimensional environment perception. Moreover, thanks to the precise measurement data, the camera also reliably solves automation tasks, sparing the need for additional hardware components. safeVisionary2 has a compact, rugged design and is versatile and reliable when used for everyday industrial tasks.

SARA

App for smartphones and tablets with iOS or Android operating systems enables causes of problems to be investigated in depth directly on site using a smartphone or tablet. To this end, the wireless diagnostics system using augmented reality merges the view of the sensor with its real environment – and visualizes errors directly on the end device. Other sensor data can additionally be displayed. As a result, recommissioning operations are sped up and robot downtimes are minimized.

Our portfolio of solutions within data-based business models already contributed towards the company's financial success last year. Our innovations continue this trend, meaning we are well positioned to exploit the opportunities of digitalization together with our customers in the future to improve efficiency and make optimizations along the value chain.

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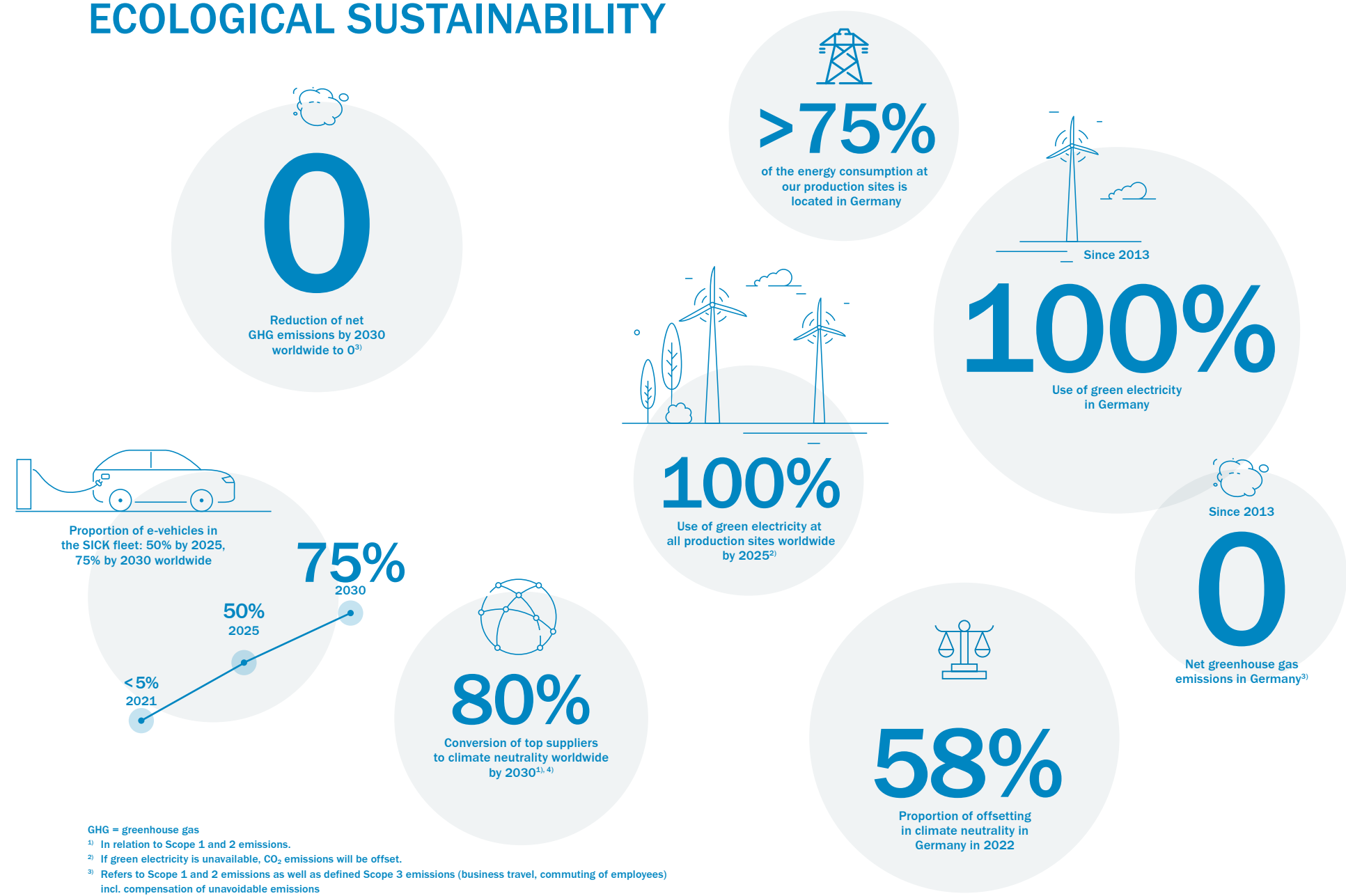


ECOLOGICAL SUSTAINABILITY



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FACTS AND FIGURES ON ECOLOGICAL SUSTAINABILITY



GHG = greenhouse gas
¹⁾ In relation to Scope 1 and 2 emissions.
²⁾ If green electricity is unavailable, CO₂ emissions will be offset.
³⁾ Refers to Scope 1 and 2 emissions as well as defined Scope 3 emissions (business travel, commuting of employees) incl. compensation of unavoidable emissions
⁴⁾ 80% in relation to the purchasing volume.

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ECOLOGICAL SUSTAINABILITY

- We develop innovative products whose functions help protect the environment and the climate.
- We have produced an overall ecological concept that involves every area of the company.

Climate change and a shortage of resources demand committed action from the entire society. We take our corporate responsibility seriously and support environmental protection with measures for ecological sustainability.

For us, environmental protection must have its place at all levels and be driven forward with fresh energy – from the management to every employee. As a key element in implementation, SICK has established an internal sustainability network that sets out to strengthen an independent “green mindset” in the company. By this we mean taking account of sustainability aspects at all levels of activity and creating an understanding of why they are given such a high priority. SICK also raises environmental awareness within the company by valuing and promoting model projects and providing comprehensive

information about them both internally and externally. Sustainability is an overall concept at SICK, affecting every corporate department. Our employees can put forward suggestions for improvements, which are then incorporated in specific sustainability projects. In addition to in-house expertise, SICK works with an external council of experts. Together with this council, projects to achieve our sustainability goals are continuously examined, adapted and – in the international corporate framework – expanded. We publish key figures and goals relating to individual environmental aspects and site-specific environment information in our [EMAS Environmental Statement](#).

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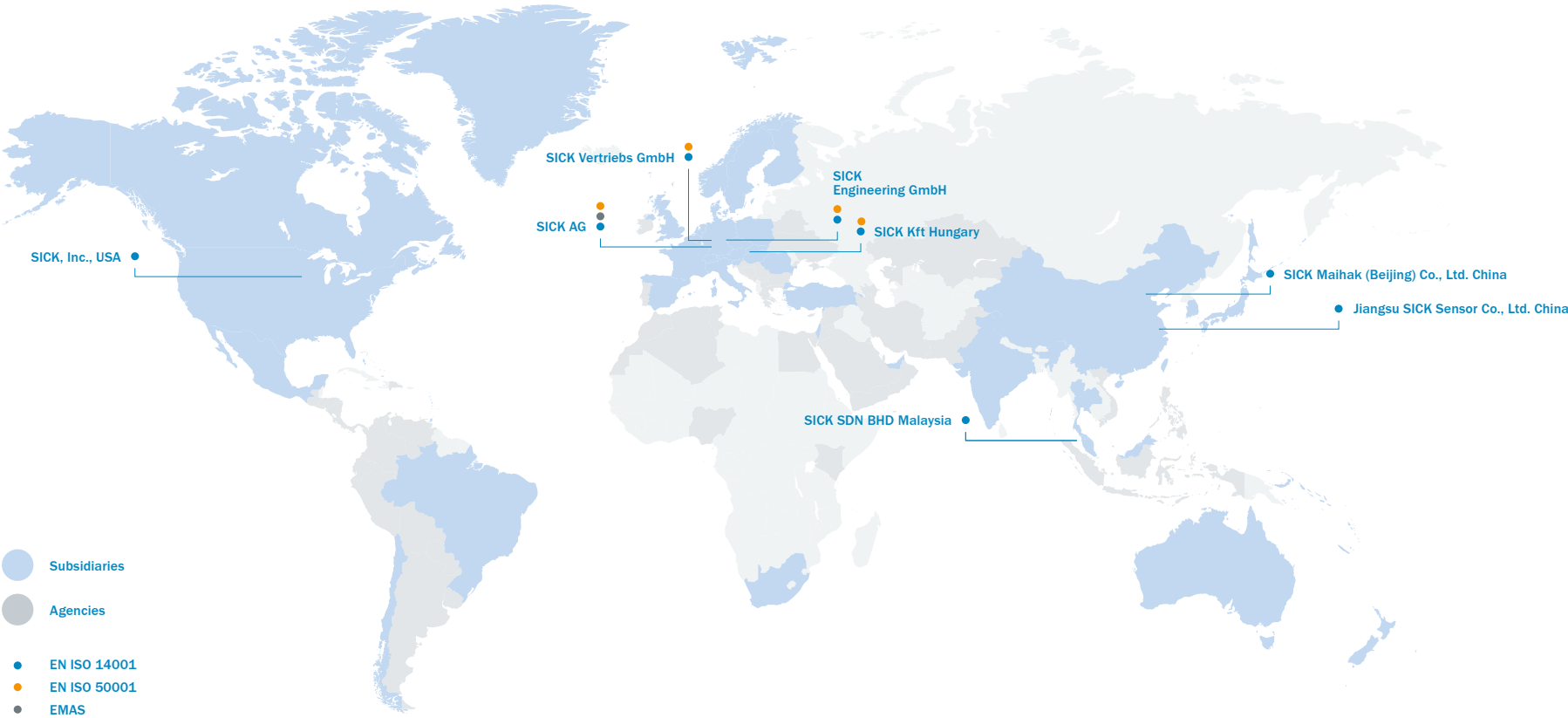
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SICK'S ENVIRONMENTAL AND ENERGY MANAGEMENT

All German sites in the SICK Group and all production subsidiaries (Hungary, the USA, Malaysia and China) are certified according to the ISO 14001 environmental management system. In addition to this, sites of particular environmental relevance are also certified in line

with ISO 50001 (energy management) or EMAS*. An overview of our sites with the respective certifications can be found in the graphic below. Detailed information on these sites is presented in our Environmental Statement.



* EMAS = Eco Management and Audit Scheme; Regulation (EU) No. 1221/2009.

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The aim of our environmental and energy management system is to reduce or, if possible, entirely prevent negative impacts on the environment, particularly on our climate. We achieve this by consistently putting the principles described in our [corporate policy](#) into practice throughout the company.

Our business activities in environmental and energy management cover the areas of energy consumption, greenhouse gas emissions, biodiversity, water consumption and material usage, raw materials and chemicals, waste, and risk management concerning local or accidental environmental pollution.

A central team of environmental and energy experts deal with the strategic development of our environmental and energy management system worldwide. By monitoring legislation, conducting internal audits, analyzing the requirements of customers and other stakeholders, we define goals and actions for reducing the impacts on the environment.

Climate change and a shortage of resources demand committed action. We see it as our responsibility to leave a livable environment to future generations by protecting the climate.

NICOLE KUREK,
MEMBER OF THE EXECUTIVE BOARD OF SICK AG



ENVIRONMENTAL RISKS

As a company that operates and manufactures on a global scale, our business activities pose a risk to people and the environment. The main environmental aspects and their risk for the environment are determined and managed annually pursuant to ISO 14001. Despite a management approach geared toward sustainability, it cannot be ruled out that the SICK Group's results of operations could be significantly impacted by the occurrence of an environmental risk. Minimizing environmental risks or damage, especially preventing any adverse impact on the health and safety of our customers and employees, is the mission of our operational and product-related environmental management.

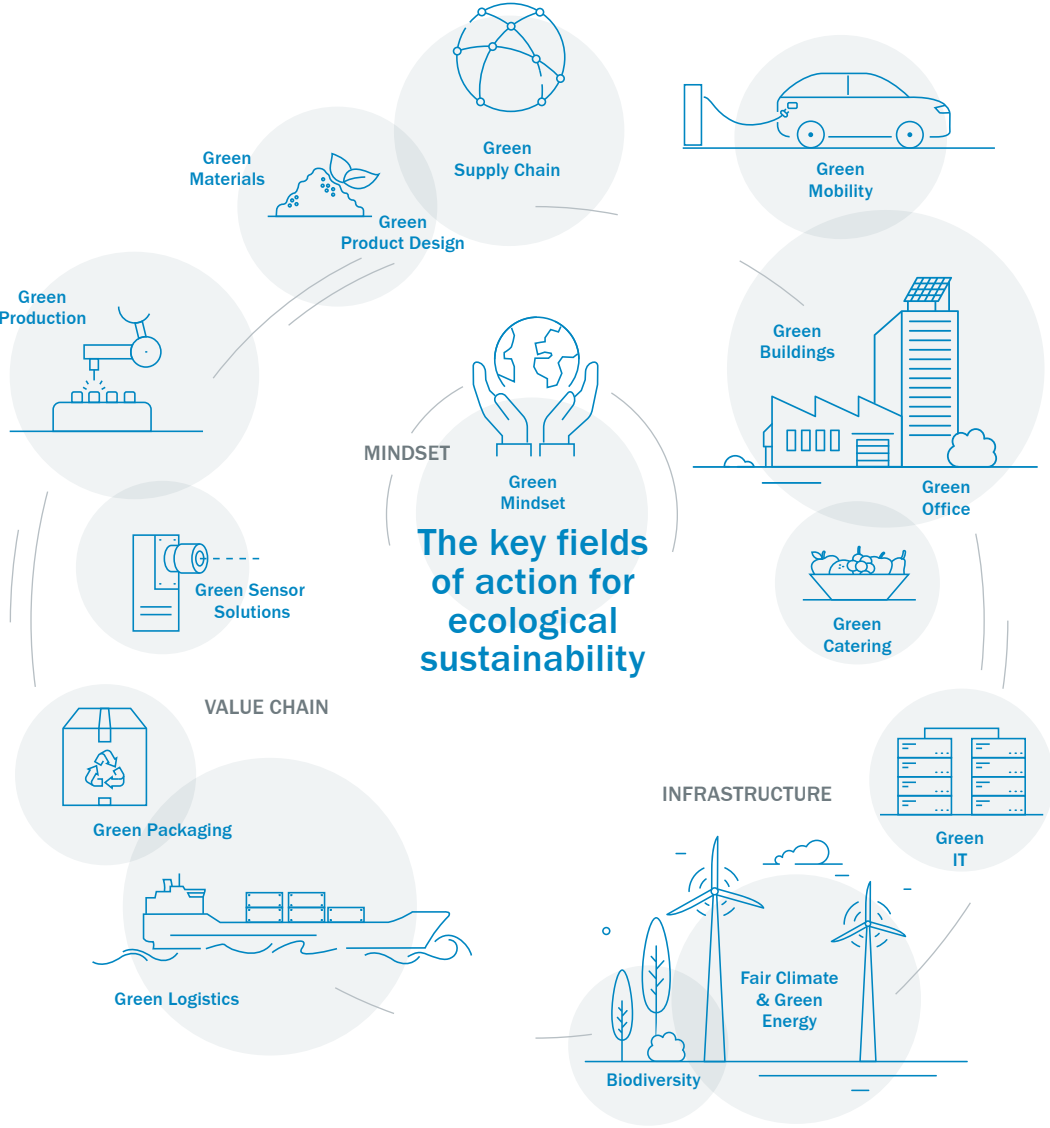
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IMPORTANT FIELDS OF ACTIVITY IN ECOLOGICAL SUSTAINABILITY

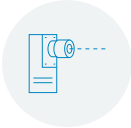
- We have defined 15 main fields of action for our ecological sustainability based on the UN Sustainable Development Goals.
- We continuously measure the progress we are making in achieving our goals and monitor our own actions.

With our sustainability strategy, which was revised in 2020, SICK expanded its environmental protection activities globally to include all important fields of action. A materiality analysis initially identified 14 fields of action covering both products and processes along the entire value chain as well as all of SICK's infrastructure, such as the energy supply, buildings, IT, catering and the vehicle fleet. A further field of action, "green product design", was added in 2022. We examined each field of action for its ecological optimization potential and concrete goals were defined. These are in line with the United Nations Sustainable Development Goals that are relevant for SICK. Other standards on which the SICK sustainability strategy is based include the German Sustainability Codex (DNK) and the Global Reporting Initiative (GRI).

We summarize in the following pages our main fields of action for ecological sustainability together with the most important goals. A complete overview of our goals, measures and current progress can be found in the [Annex](#).

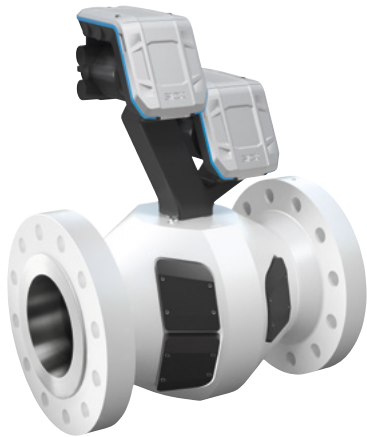


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GREEN SENSOR SOLUTIONS

With our Green Sensor Solutions initiative, SICK supports its customers in line with its corporate purpose to use resources more efficiently, minimize negative environmental impacts and provide sensor solutions for a CO₂-neutral world. The phasing-out of fossil combustion processes is linked at the same time with the introduction of new technologies. The expansion of regenerative energy production plants (photovoltaic, wind turbines) will play an even greater role in future. SICK also provides intelligent sensors here, for example to optimize yields. We give two examples of applications from the energy industry below:



OUR FLOWSIC 600-XT CAN BE USED IN HIGHLY ACCURATE AND CALIBRATABLE MEASUREMENT IN THE FLOW MEASUREMENT IN THE NATURAL GAS NETWORK. IT CAN MEASURE UP TO 30% HYDROGEN IN THE NATURAL GAS MIXTURE.

USING HYDROGEN PRODUCED WITH POWER-TO-GAS

Green electricity generated from wind and sun is fundamental for the energy transition, but also creates a problem: Its generation depends on the weather and therefore cannot be accurately predicted. Suitable storage systems for surpluses from solar and wind plants are not currently available. One solution is offered here by power-to-gas technology: Excess green electricity is used to produce hydrogen which can be stored, transported and burnt as a natural gas/hydrogen mix via the existing natural gas network. The addition of hydrogen, however, significantly alters the properties of the natural gas. Until now, up to 2% hydrogen has been added to natural gas networks in some regions of the world. Tests by SICK have shown that the company's gas flow meters actually function as stably and reliably as with pure natural gas even when the gas is mixed with up to 10% hydrogen. SICK is also prepared for higher hydrogen proportions of up to 30% with a new ultrasound probe that was already developed in 2021. These devices additionally provide an integrated indication of the hydrogen content or the gas quality. Legal-for-trade meters for measuring a hydrogen concentration of 100% have been in development since 2021. Certified calibration has not yet been carried out, as some formalities are not complete.

Goal:

To develop sensor solutions in the area of regenerative energy generation (photovoltaics, hydrogen, wind power) as well as production and logistics (increased efficiency, emission monitoring).

Measures:

1

Develop natural gas meters for operations with gas mixtures of up to 30% hydrogen

100%

2

Develop legal-for-trade meters for a hydrogen concentration of 100%. A sensor for measuring the purity of hydrogen has been integrated in the meters. It was no longer possible to conduct metrology accreditation in 2022, as some formalities were not complete.

80%

3

Development of sensors for analyzing hydrogen in particular for application in large-scale electrolysis and the use of hydrogen (industrial heat generation).

10%

4

Develop a meter for liquid CO₂ for application in CO₂ capture. Development of the meter was completed in 2022 and it is now ready for pilot tests.

70%

5

Provide a complete offer with new functions for measuring clean energy with quantity and quality analysis by the end of 2025.

15%

An overview of all goals and key figures can be found in the [Annex starting from page 52](#).

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EXAMPLE OF A SOLAR POWER PLANT WHERE SICK SENSORS CAN BE USED AND OPTIMALLY TRACK THE REFLECTORS ACCORDING TO THE POSITION OF THE SUN

SOLAR POWER STATIONS

Enormous solar power stations at locations in the earth's sunbelts can supply entire regions with environmentally friendly energy throughout the day. The plants, made up of many thousands of reflectors, are often located in desert regions with harsh climate conditions. Controls to check that they are working with optimum efficiency and

without disruption are all the more important. Sensors from SICK measure the inclination and rotary movements of the reflectors so that they always face the sun. Their electronics are designed for harsh outdoor use and are thus, in effect, failure-free. A suitably developed gateway system transmits the data to the customer's server or cloud.

Using technology for good:
Committed to meeting the challenge of
integrated sustainability in the company.

NIELS SYASSEN
MEMBER OF THE EXECUTIVE BOARD OF SICK AG



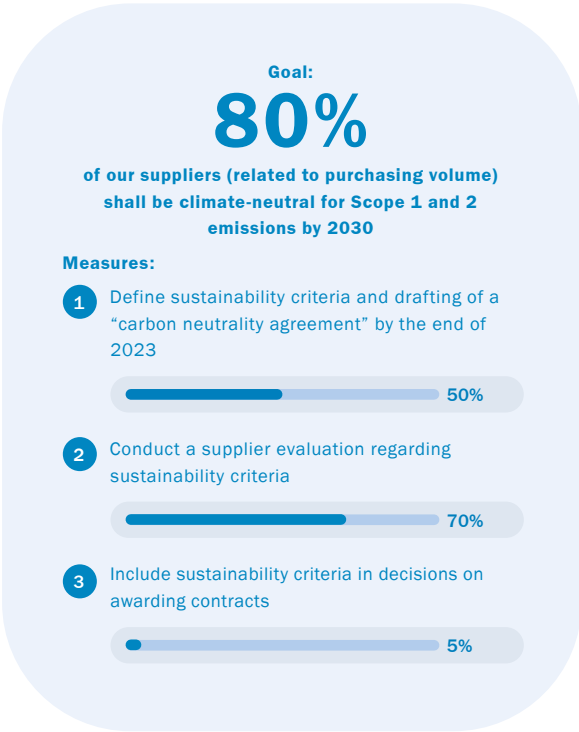
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GREEN SUPPLY CHAIN

The main environmental impact in the life cycle of a sensor is caused during the production, processing and transport of the raw materials required. So the supply chain – with its suppliers and sub-suppliers as well as transport between the individual players – is decisive for achieving our sustainability goals. The Green Supply Chain field of action is dedicated to the relevant environmental issues along our supply chain as well as the environmental practices of our suppliers.



GREEN MATERIALS

SICK places great value on the responsible treatment of raw materials and on establishing a sustainable circular economy. In the case of metals, it is already common for a certain quantity to be recycled. On the other hand, however, this is seldom the case for plastics in industry. SICK is examining the use of recycled plastics, known as recyclates, to close the circle and minimize negative environmental impacts. Our aim is to apply these in the production of SICK products.



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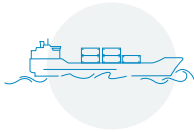
GREEN PRODUCT DESIGN

The new strategic field of action Green Product Design was identified as “key” in 2022. Its relevance is derived on the one hand from our core values and, on the other, from external requirements, such as:

- Anticipation of customer requirements;
- Result of the Scope 3 screening;
- Legal developments at the EU level: The draft Ecodesign for Sustainable Products Regulation (ESPR for short), which is expected to replace the Ecodesign Directive in 2024/2025.

The aim of the Green Product Design field of action is to calculate and reduce the carbon footprint of our products and to prevent them causing harmful effects. We achieve this by taking relevant requirements into account at an early stage in our product development. These include durability, reparability, avoiding substances of concern, and using sustainable materials, for example.

In 2023, we will focus on developing a strategy for calculating the carbon footprint of our massive product portfolio.



GREEN LOGISTICS

The Green Product Design field of action is the logical supplement to the Green Materials field of action, which concentrates on the introduction of sustainable materials, especially recyclates. In the process, there is close networking with the Green Packaging, Green Logistics, Green Production and Green Supply Chain fields of action are additionally in place. Thanks to the effective cooperation between these fields of action, we are able to identify and implement requirements that are relevant for our product development at an early stage and thus reduce in the long term the carbon footprint and other harmful environmental impacts of our products.

SICK is working on a more efficient and more environmentally friendly design of its logistics. In doing so, the transport of goods throughout the supply chain (from the raw material to the subcontractor or from the supplier to SICK), the transport of goods within SICK sites (operating logistics), and the transport of our products to customers are considered. We are here reducing our emissions by increasing the proportion of rail and sea freight, optimizing packaging sizes, and improving the efficiency of our dispatch planning and replenishment processes. Close networking with the Green Packaging and Green Supply Chain Fields of Activity is conducted. The unavoidable emissions when transporting packages are already offset today through our main logistics partners.



Goal:

Increase the proportion of rail and sea freight
Updated 2022: 5%

Measures:

- 1 Create an overall concept to increase the proportion of rail and sea freight. The overall concept includes a warehouse replenishment concept as well as the determination of other potential and goals. Put on hold in 2022 because of lack of logistics capacity worldwide
- 2 Use regular train lines between Germany and China. Put on hold in 2022 because of political events
- 3 Increase the proportion of sea freight from Germany to USA to 20%

9%

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GREEN PACKAGING

To create environmentally friendly packaging, we replace plastics with either cardboard or paper or use recycled plastics or renewable raw materials such as wood from sustainable forestry instead. We also aim to further reduce package volumes as well as the weight of plastic and paper packaging.

Initial projects have already been implemented: SICK now uses stronger paper to protect consignments instead of conventional two-component foam. The use of bubble wrap with a recycling ratio of at least 50% also ensures secure transport. Three differently sized plastic bags are now used in place of our standard plastic packaging, to reduce over-packaging.



EXAMPLE OF PACKAGING OPTIMIZATION: REDUCTION OF PLASTIC PACKAGING BY SWITCHING TO CARDBOARD AS FILLING MATERIAL (PILOT PROJECT IS STILL IN THE IMPLEMENTATION PHASE)



FAIR CLIMATE & GREEN ENERGY

We regard climate change as the greatest challenge for the world's population. That is why we take responsibility and will gradually reduce our GHG emissions. Our energy policy includes in particular the sustainable procurement and generation of energy.

Goal:
To reduce packaging, use recycled packaging material; avoid plastic packaging wherever possible

Measures:

- 1 Derive measures based on the packaging analysis completed in 2022
10%
- 2 Define minimum requirements for the internal SICK packaging standard
75%
- 3 Develop performance indicators to be able to measure progress
0%

How we deal with the terms greenhouse gas emissions (GHG), CO₂ and CO₂e (CO₂ equivalent):

We use the term greenhouse gas emissions (GHG) in this report. Greenhouse gas emissions (GHG emissions) are expressed in CO₂ equivalents (CO₂eq). Emissions of greenhouse gases other than carbon dioxide (CO₂), such as methane (CH₄) and nitrous oxide (N₂O), are converted into CO₂ equivalents (CO₂ = 1) based on their global warming potential in order to facilitate comparisons.

Source: <https://www.umweltbundesamt.de/en>

CLIMATE STRATEGY AT SICK

1. We prevent the waste of energy and increase energy efficiency.
2. We use renewable energy wherever possible.
3. We offset GHG emissions that cannot be avoided

CLIMATE NEUTRALITY:

Climate neutrality means that GHG emissions that cannot be avoided are offset so that the balance of the GHG calculation is zero.

SICK has voluntarily committed itself to reducing its net greenhouse gas emissions to a balance of zero at all German sites and all production sites worldwide by 2030 by signing the climate protection agreement with the state of Baden-Württemberg. This commitment refers to Scope 1, Scope 2, and defined Scope 3 emissions¹. For Scopes 1 and 2, this goal is already set to be achieved in 2025.

* Defined Scope 3 emissions include business travel and commuting by employees

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According to the Greenhouse Gas (GHG) Protocol, emission sources from companies are divided into the following three areas (scopes):

- Scope 1 emissions occur directly at the company's premises. In addition to the emissions that are generated directly at the site (e.g. natural gas), these also include emissions from the vehicle and company car fleets.
- Scope 2 emissions are created by energy generation that does not take place on-site (purchased energy such as electricity and district heating).
- Scope 3 emissions include all other indirect emissions that are caused by the activities of a company (e.g. through upstream and downstream value chains and business trips).

In Germany, SICK already achieved this goal in 2013. More than 75% of the energy consumption of our worldwide production is generated in Germany, meaning that we already cover a significant part with our balance in climate neutrality today.

SICK has had its GHG balance as well as the climate neutrality status for Germany certified by an independent testing agency since 2021. The offsetting rate for Scope 1 and 2 is 58%, i.e. the GHG emissions from 58% of the energy we use is offset. This involves our heat supplies, which are predominantly covered by natural gas, and the operation of our company car fleet, which is being gradually replaced by electric vehicles. The offsetting rate for defined Scope 3 emissions (business travel, commuting) has not been calculated yet, as the data is missing. We are endeavoring to produce an accurate calculation in 2023.



NEW INSTALLATION OF A PV SYSTEM IN 2022 AT OUR SITE IN OTTENDORF-OKRILLA WITH AN OUTPUT OF OVER 500 KWP

At our global production sites, we have been able to reduce the emission intensity (= GHG emission generated per kWh consumed measured in g CO₂eq/kWh) from 366 g to 232 g. This was achieved by converting our site in Hungary to green electricity. The emission intensity for Scopes 1 and 2 will be zero from 2025. Unavoidable emissions will be offset from this time on.

OFFSETTING

The above-mentioned offsetting takes place by means of climate protection projects according to the Clean Development Mechanism (CDM) Gold standard arranged by the atmosfair not-for profit organization. CDM Gold is the offsetting standard with the highest quality demands. atmosfair was again declared the test winner for CO₂ offsetting by the Stiftung Warentest, the independent consumer and testing foundation, in 2022.

Goal:
To reduce the emission intensity at our global locations
to **2025** by **0** for Scope 1 and 2 (including offsetting)
Status 2021: 366 g CO₂eq/kWh
Status 2022: 232 g: CO₂eq/kWh
Goal: 2025: 0

Measures:

- 1 Conversion of our locations to renewable energy: Hungary was successfully converted to green electricity in 2022
50%
- 2 Renewable energy generation at the international production sites
0%

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GLOBAL SCOPE 3 EMISSIONS

In addition to its climate footprint, SICK ascertained its global Scope 3 emissions in line with the Greenhouse Gas Protocol (GHG Protocol) for the first time in 2022. Approximately 99% of its GHG emissions come under Scope 3. Of these Scope 3 emissions, the vast majority, 73%, are caused by the upstream supply chain. We see the most important starting point here for reducing the GHG emissions in the supply chain in our fields of action Green Packaging, Green Product Design, Green Materials and Green Supply Chain.

More information can be found in the [Annex starting from page 66](#).

PREVENTION AND GHG EMISSIONS
ENERGY EFFICIENCY

SICK has set itself the goal of implementing energy efficiency measures each year amounting to a 0.5% reduction of the previous year's consumption. We want to achieve this goal by, for example, optimizing control of heating and ventilation, improving compressed air production, optimizing quiescent current consumption, and improving façade and roof insulation.

SUSTAINABLE HEAT SUPPLY

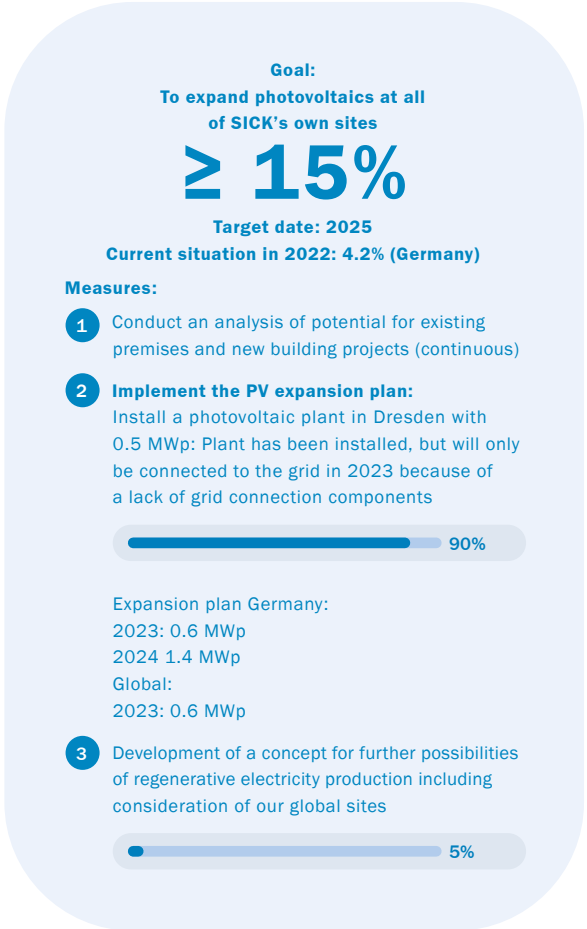
Whenever new buildings are constructed we will systematically examine and favor heat pumps to establish sustainable heat provision.

RENEWABLE ENERGY AND ENERGY SELF-SUFFICIENCY

SICK wants to increase the proportion of electricity it generates itself to 40% – in Germany by 2025 and globally by 2030. This is to be prioritized with regenerative energies. SICK generates electricity from renewable energy carriers on its own works grounds. This is achieved using photovoltaic plants (PV) that have been established at many SICK sites. The aim is to increase the proportion of PV electricity SICK generates on its own land to at least 15%. We constantly examine the possibility of using gas from regenerative energy sources for our existing combined heat and power units. The GHG emissions will be offset if this proves impossible.

PURCHASE OF GREEN ELECTRICITY

The remaining electricity will be purchased as green electricity. Our global production sites will be converted to green electricity by 2025 or, if this is not available, emissions will be offset.



An overview of all goals and key figures can be found in the [Annex starting from page 52](#).

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GREENHOUSE GAS EMISSIONS OF OUR WORLDWIDE PRODUCTION SITES

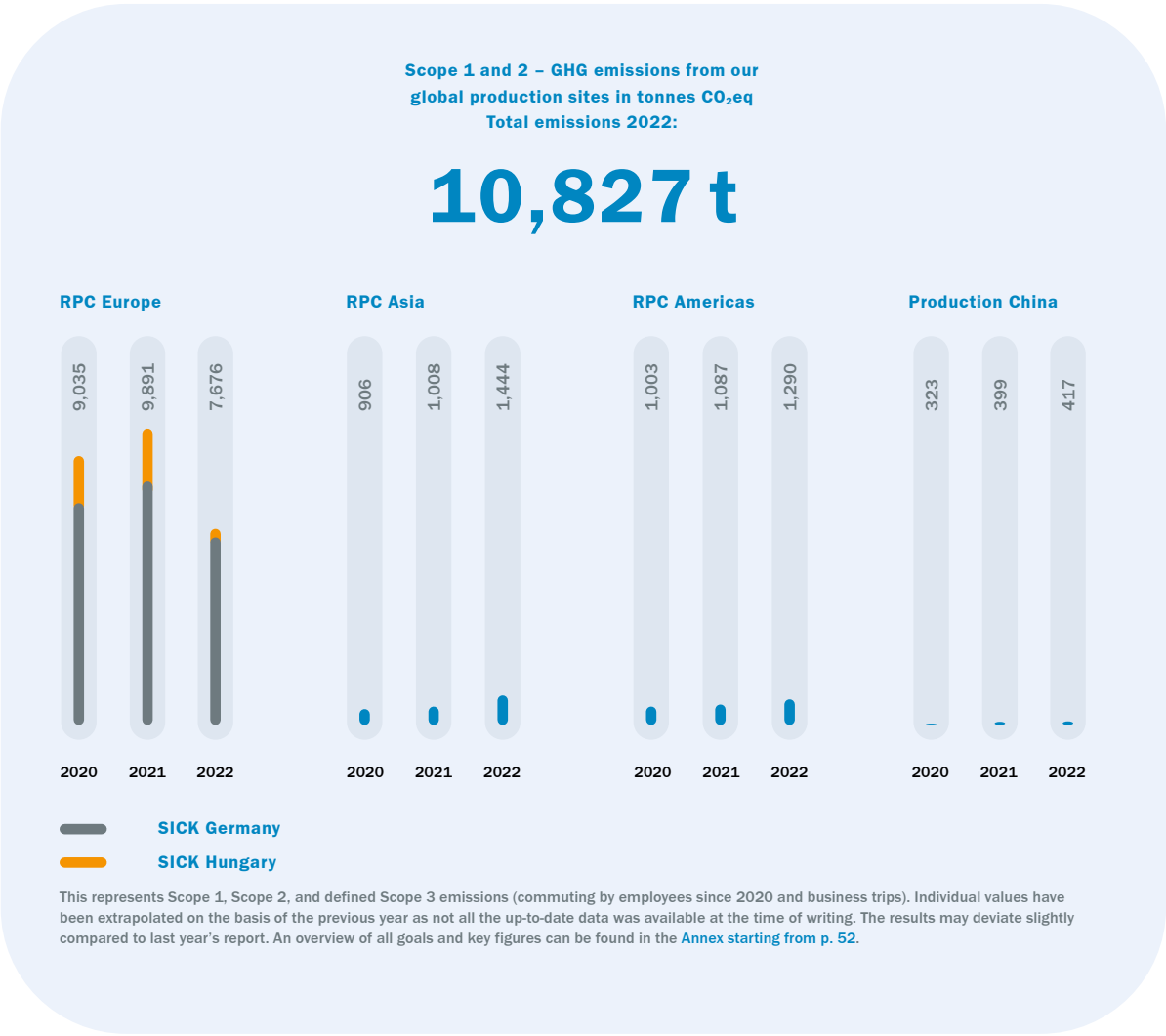
You can find an overview of SICK's global emissions here.

All global organizational units, known as RPCs (Regional Product Centers*) and locations where production is carried out:

- RPCs in Europe: Germany and Hungary
- RPCs in Asia: Malaysia and Singapore
- RPCs in the Americas: Minneapolis, Houston, and Stoughton (USA)
- Production China: Changzhou and Beijing

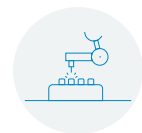
The decline in GHG emissions in Hungary is a result of our purchasing of green electricity since 2022.

The increase of GHG emissions in Asia and Americas is a result of area expansion on these sites.



* RPCs have the task of taking care of products and technologies of our business clusters for the relevant region. In terms of organization, our production sites are integrated in the RPCs, with the exception of China.

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GREEN PRODUCTION

The use of resources is particularly high in production – from the production processes themselves to the necessary infrastructure. The focus here is on reducing the environmental impacts from the use of hazardous substances, water consumption, generated waste and, in particular, the consumption of energy and materials. We go beyond the legal requirements with our measures and increase energy and resource efficiency within the relevant production processes and infrastructure. The experts in this field of action work closely with the Green Materials and Green Supply Chain teams in the development and improvement of production technologies to qualify sustainable materials for the production

process. We see major potential for reducing energy consumption in the production process at our production facilities.

SICK also seeks appropriate solutions outside its own companies at partners and suppliers in order to align the entire value chain on sustainability. In the process, we concentrate on three aspects, in particular:

- Energy and resource savings in the production process.
- Reduced use of hazardous materials.
- New production technologies for the use of environmentally friendly materials.



An overview of all goals and key figures can be found in the [Annex starting from page 52](#).

Goal:
To reduce the energy consumption of our operating materials in relation to production volumes by 2025

Measures:

- 1 Conduct basic research including possible introduction of standby/sleep/wake-up modes
80%
- 2 Systematically analyze energy consumption data for new production equipment
60%
- 3 Define standards for the development of future production equipment using sustainable and energy-efficient components
20%
- 4 Commission a thesis on the environmentally friendly design of production facilities. The thesis was commissioned in 2021 and completed in 2022
100%
- 5 Develop key performance indicators for measuring energy efficiency derived from the findings of the thesis
10%

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GREEN BUILDINGS

Because buildings have long service lives, it is essential to invest in energy efficiency and sustainable building materials right from the start when constructing office blocks, warehouses and production facilities in order to minimize adverse effects on the environment.

SICK optimizes existing buildings on the one hand and all planned new buildings on the other. An energy concept is created for all new buildings in advance to achieve energy consumption that is as low as possible. The main measures implemented, depending on the suitability of the location and the building's utilization profile, are:

- Use of groundwater for cooling.
- Concrete core activation.
- Displacement ventilation and ventilation plants with waste heat recovery.
- Use of daylight as well as presence- and daylight-controlled LED illumination.
- Use of photovoltaics, geothermal energy, and heat pumps.
- Management to monitor and optimize energy use.

Existing buildings and the entire infrastructure are being renovated to improve energy efficiency. For this purpose, ventilation plants are being renewed, lighting standards defined, and automated shading systems installed, for example. An energy measurement system determines which plants or departments consume how much electricity to uncover savings potential. All results and experiences that result in concrete specifications are documented in a building standard. This is to be used for all new buildings at SICK.



OUR DISTRIBUTION CENTER IN WALDKIRCH-BUCHHOLZ WAS BUILT AND CERTIFIED ACCORDING TO A HIGH ENVIRONMENTAL STANDARD, THE DGNB-GOLD STANDARD.

Goal:

To identify potential energy savings and heat losses in existing buildings

Measures:

1

Efficient connection of the building stock to the local heat network in Waldkirch by means of system separation and needs-oriented regulation

100%

2

Optimize ventilation systems: A comprehensive analysis was carried out in 2022. First measures have already been implemented

75%

3

Install a heat pump in Überlingen/renovate the heating system

80%

An overview of all goals and key figures can be found in the [Annex starting from page 52](#).

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BIODIVERSITY

Biodiversity is the variety of species, habitats and genetic material. In the Biodiversity field of action, ideas are developed and implemented to protect and increase species diversity at our SICK sites. The aim is to give biological diversity space and to create artificial biotopes on the green areas of SICK sites.

In 2022, SICK AG was the winner in the category “Companies” in the Baden-Württemberg state competition “bw blüht 2021” (“bw blossoms 2021”). The prize, awarded for our project “Biodiv@SICK – Biodiversity in an industrial context”, serves as recognition of our exemplary projects and measures to boost the biological diversity of our sites in Baden-Württemberg. We also hosted the “UnternehmensNatur-Firmengelände blühen lassen” (“Corporate Nature – Let company premises blossom”) project, supported by the Ministry of the Environment of Baden-Württemberg, at our main sites in Waldkirch and Buchholz.



WILDFLOWER MEADOW WITH EMPLOYEE INFORMATION AT OUR SITE IN WALDKIRCH

An overview of all goals and key figures can be found in the [Annex starting from page 52](#).

Goal:

To promote species diversity at SICK sites

Measures:

- 1 Promote species diversity through **wildflower meadows and by building specific habitats**
The following measures were put into practice in 2022: Sheep grazing on our large green areas in Buchholz, creation of a sandpit for wild bees by our trainees at the SIA campus in Buchholz



- 2 Determine a suitable **performance indicator for quantifying biodiverse areas** taking into consideration areas with potential for biological diversity, structural elements, woods, green areas including green roofs, and permeable surfaces



- 3 Participate in the “Corporate Nature Baden-Württemberg – Company Grounds Bloom” project and derive further measures: Construct specific habitats to support various species of flora and fauna (dry stone walls, nesting boxes, bat habitats, dead tree stumps, etc.)

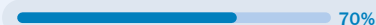


- 4 **Install insect-friendly lighting at all locations in Germany by 2030**

Insect-friendly lighting with screening and insect-friendly light colors were installed at our site in Waldkirch for the first time in 2022



- 5 Introduce a standard for insect-friendly outdoor lighting by 2023



GREEN CATERING

SICK uses Green Catering concepts to select the range of foods in its staff restaurants. SICK attempts to obtain food that comes from the region and is in season so that transport routes are kept as short as possible and greenhouse gas emissions are reduced. We promote a sustainable food culture with appropriate products and our supplementary, vegetarian Smart Lunch range of meals. By changing the all-inclusive concept to an intelligent co-payment concept for meat, we were able to almost halve the consumption of meat in the Waldkirch staff restaurant during our pilot project.

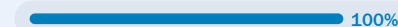
Goal: To reduce meat consumption by

50%

Measures:

Germany:

- 1 Implement the co-payment concept for meat in the staff restaurant in **Waldkirch**. The concept was successfully implemented in 2022. The number of dishes containing meat has been reduced from > **80%** to **36%**. The target for Waldkirch was thus reached



- 2 Expand the co-payment concept to **other German locations** with their own staff restaurant by 2024



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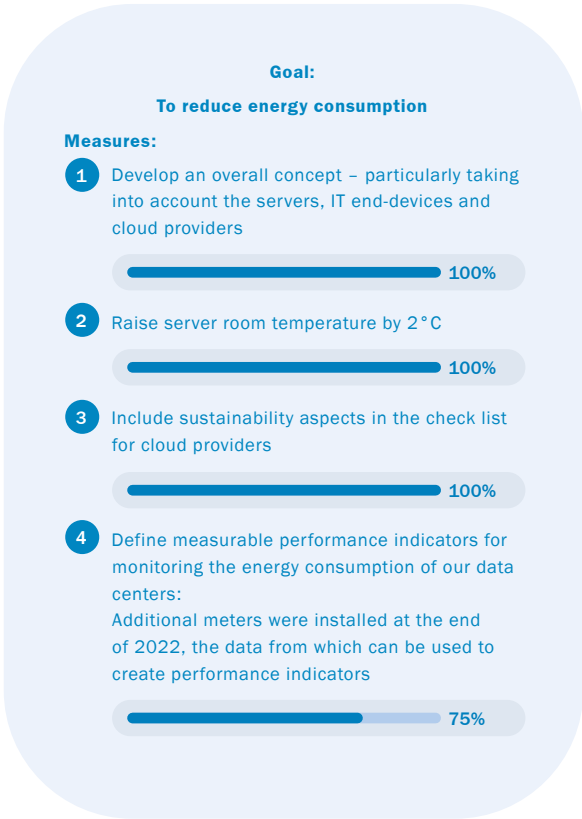


GREEN IT

Our ‘Green IT’ concept refers to energy-efficient and environmentally friendly information and communication technology at SICK. We differentiate between ‘Green in IT’ and ‘Green through IT’:

‘Green in IT’ involves the use of energy-saving IT devices, as well as optimizing the need for resources at the workplace and for cooling servers. We also place great value on a long life cycle of IT devices – from procurement to recycling. We also try to implement ecological sustainability in the area of IT with resource-conserving and energy-efficient processes such as server virtualization and the harmonization of applications to reduce server and energy loads.

‘Green through IT’ involves providing an IT infrastructure that helps reduce our carbon footprint. This includes video conference systems that replace non-essential business trips or IT equipment that enables mobile work in the home office. We promote cross-departmental collaboration so that the digitalization of business processes can be driven forward throughout the company.



GREEN OFFICE

SICK also pays attention to reducing CO₂ emissions in the day-to-day work in the office. The Green Office field of activity therefore involves the environmentally friendly structuring of office-specific processes.

With the digitalization of work processes, SICK moves away from paper-based work and thus saves valuable resources. We also use newspapers and magazines largely in digital formats to prevent used paper from the outset.

SICK uses recycled and environmentally friendly products in its core range of office supplies so that all employees have direct access to sustainable office materials. In this area, we work continuously to expand our range of environmentally friendly office items and intend to introduce them internationally in the next step.



An overview of all goals and key figures can be found in the [Annex starting from page 52](#).

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GREEN MOBILITY

In the Green Mobility field of action, we want to reduce the emission of carbon dioxide by SICK employees commuting to work or on business trips.

SUSTAINABILITY THROUGH ELECTROMOBILITY

E-vehicles have been used for SICK's business trips between German sites since 2011. Green electricity is used to supply all the power, and the fleet is being continuously expanded. Pedelecs are also made available to employees. These e-bikes were donated by Dorothea Sick-Thies, the daughter of company founder Dr. Erwin Sick and initiator of numerous environmental measures at SICK. We also invest in the necessary infrastructure and are continuously expanding our network of charging points for electric cars, e.g. in employee and visitor car parks.

PROMOTING ENVIRONMENTALLY FRIENDLY MOVEMENT

It is impossible to prevent business trips between the various sites at a company like SICK that is active world-wide. Whenever possible, such journeys are replaced by telephone and video conferences. If they are unavoidable, however, they are carried out in as environmentally friendly a way as possible, e.g. by train or using efficient trip planning with carpools. SICK uses e-mobility for short distances. SICK plans to adopt a Green Travel Policy for 2023.

For many years now, the 'Environmentally Friendly to SICK' working group has also worked to motivate and support employees to switch to environmentally friendly methods of transport.

GREEN CAR POLICY

The switch to e-vehicles is heavily promoted at SICK as part of the Green Car Policy. The SICK Environment Bonus makes e-vehicles more financially attractive for all employees, regardless of their job. To support this transition, SICK has developed a strategy for charging infrastructure at the sites and at the homes of employees. The strategy involves subsidizing the installation of a defined and calibrated wall-mounted box, while SICK pays for the charging of company cars.

SICK's Green Car Policy actively promotes the change to sustainable drives and an appropriate driving style. Our aim when it comes to company cars is to have electric cars comprise 50% of the entire fleet by 2025 and 75% by 2030.



15 NEW VW E-UPS HAVE BEEN AVAILABLE TO OUR EMPLOYEES SINCE 2022.

Goal:
To increase the proportion of battery electric vehicles in order to reduce the CO₂ emissions of SICK's fleet of company cars

to 50% by 2025,
to 75% by 2030

Current status in 2022:

12% (Germany)

Measures:

Germany

- Support the selection of an electric car with a SICK environmental bonus of EUR 350 per month that is calculated into the reference leasing rate
100%
- Promote wallboxes through payment of an additional EUR 350, independent of any government subsidy
100%
- SICK assumes the electricity costs if sustainable green electricity is used
100%
- Conduct a stock-take and usage survey of our global locations in 2022. Not all the results are available yet
50%
- Analyze the country-specific circumstances in the switch to electromobility (e.g. charging infrastructure, availability, etc.)
0%

An overview of all goals and key figures can be found in the [Annex starting from page 52](#).

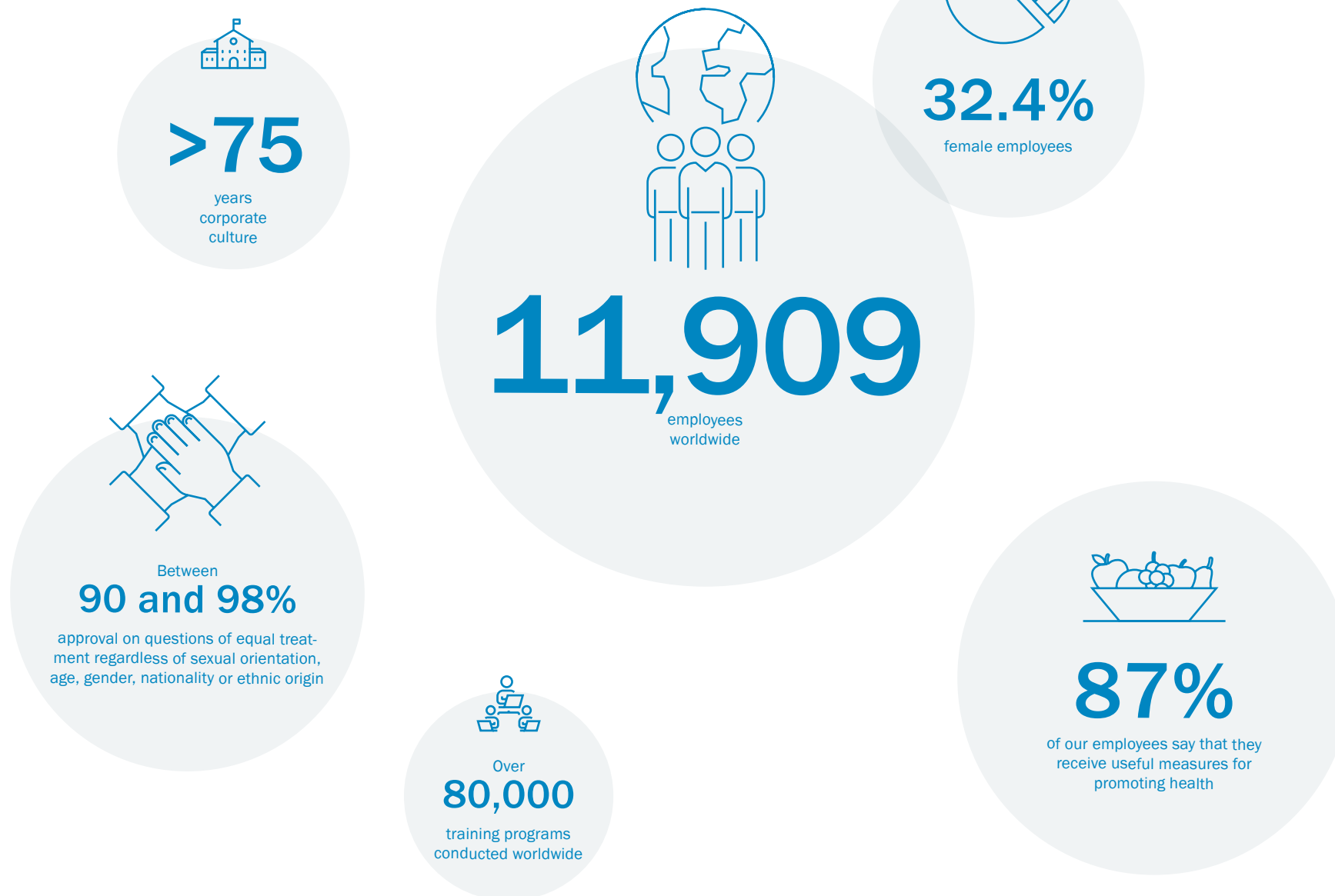
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SOCIAL SUSTAINABILITY

FACTS AND FIGURES ON SOCIAL SUSTAINABILITY

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IMPORTANT FIELDS OF ACTION IN SOCIAL SUSTAINABILITY

Derived from our corporate purpose there are three main fields of action Social sustainability.



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When people come together, something great can emerge. We can learn from each other and work together as an inspiring network. The campus of the SICK Sensor Intelligence. Academy creates a modern platform for this exchange and provides support for turning ideas into innovations for a livable and sustainable future.

NICO ZIMMERMANN,
HEAD OF THE SENSOR INTELLIGENCE. ACADEMY



THE SENSOR INTELLIGENCE. ACADEMY

At SICK, the Sensor Intelligence. Academy (SIA) is the central venue for developing skills and managing careers for our employees as well as for our customers. This is where more than 70 years of expertise in automation meets the most advanced training methods and a unique place of learning: The campus of the Sensor Intelligence. Academy. The SIA campus stands for a symbiosis of training development and modern collaboration. It has now become a central international meeting point for our customers, employees, and business partners. The SIA also acts as an independent business unit in our company, offering training programs and consulting for customers for example.



THE CAMPUS OF THE SENSOR INTELLIGENCE. ACADEMY

New ways of working require learning new things. At the SIA, we offer our employees a wide range of further education courses that they can make use of during work hours. The SIA coordinates needs-oriented further education and, with its wide range of courses, acts as a competence center for further education and lifelong learning

for the entire SICK organization worldwide. The range of further education is divided into four general areas: Methods and specialist knowledge, product-oriented knowledge, sector and application knowledge, and corporate topics. The learning management system SIAonline harmonizes and standardizes training processes and guarantees uniformly high quality standards for customers and employees.

Technology training programs are only ever as good as their ability to transfer their contents into day-to-day work. To this end, we offer the opportunity to work on campus on sensors, devices, and systems. In combination with the required theory, this enables the necessary knowledge to be conveyed within a short time. For this purpose, SIA offers, among other things, efficient technology-based learning formats, such as web-based courses, blended courses, and collaborative learning environments using virtual reality, social or co-creation approaches. Different training formats, from in-person training to webinars, can additionally be used. The technologies that are used minimize the hurdles for the international cooperation of training groups and reduce the need for travel.



PEOPLE AT SICK: COOPERATION OF EXPERTS FROM THE MOST VARIED OF DISCIPLINES IN AN INSPIRING ENVIRONMENT

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In the 2022 fiscal year, the focus within the spectrum of sales training was placed on “Digital Sales”, meaning the sale of digital solutions. Moreover, we were able to make great strides by appointing a training manager in the field of cybersecurity. The Training & Education department, which is integrated directly in the cybersecurity organization, enables the transfer of knowledge on this area of expertise, which is still very new to everyone, to all organizational areas, especially Development.

More co-creation activities will increasingly be used to share knowledge in the future. A separate, specially furnished area offers room to develop, improve, and swiftly implement ideas together. This all takes place in the inspiring environment of the campus. The campus is where teams of experts from the most varied of disciplines and with different points of view come together and solve the challenges of the future, readily together with our customers, too.

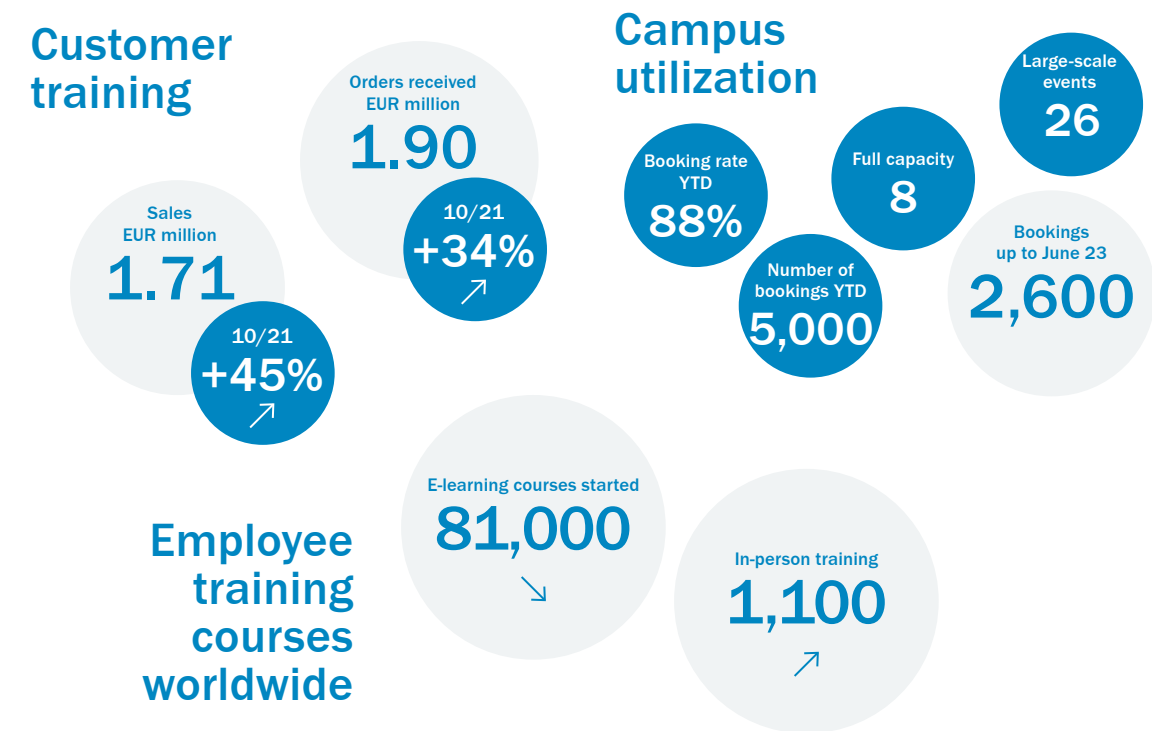
The Buchholzer Schloss is currently being renovated so that it can host more training rooms and also a museum relating the history of the Sick family and of the SICK technologies in the future.

LEARNING OFFERS FOR THE NEIGHBORHOOD

It is important to us that we act as good neighbors and support local organizations such as the German Red Cross, the fire department, and the municipality. We do this also by offering our premises for hire at discounted rental fees. Moreover, we are actively involved in educational activities at regional universities. For example, our training consultants provide support for the training measure “How do I develop an e-learning program” at the Pädagogische Hochschule (University of Education) in Freiburg.

FIGURES, DATA, FACTS

Key figures for the SIA (updated: October 2022 (YTD))



SKILLS MANAGEMENT

Lifelong learning is vital for our company’s sustainable success and offers employees a real opportunity to develop their skills. A key cornerstone of the internal further education is skills management, where the important goal is to shape the digital transformation in our company in terms of leadership, collaboration, and new innovative technologies. Under the motto “Competence counts”, our skills management supports the development of technical, management, and social skills that is necessary for this.

As part of the skills management, employees are offered training courses and learning pathways tailored to the field of activities. They additionally have the opportunity to undertake continuous professional development throughout the entire duration of their career also in many other areas. At the moment, skills management is predominantly used in the area of service and sales. In the area of operations, the employees receive regular training on basic issues, such as machine and system operation or occupational safety measures. By providing the learning contents around the world, we support the

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global networking and digital transformation of the Group. The goal is to provide the entire company with global skills management by the end of 2023.



SELECTION AND ONBOARDING OF NEW EMPLOYEES

When selecting new employees we place great value on their fit with the company, their future colleagues and our culture. Social and leadership skills – alongside professional qualifications – play a major role in the application process.

There is a special curriculum for onboarding new employees. It includes an introductory seminar, feedback workshops, and special e-learning courses. Participants are made familiar here with the SICK corporate culture, strategy, values, mission statement, and the principles of leadership and cooperation. There is a tailored offer covering the needs of specific target groups as well as employees from SICK companies in other countries that addresses department-related or intercultural aspects for example. Each and every new hire is supported by mentors, who make the initial process of becoming part of the company much easier.

The company offers temporary use of company-owned apartments to help new employees at SICK find their feet. They are fully furnished and very stylish. This provides a good start for new colleagues from other towns or from abroad and makes it easier for them to find a suitable permanent home.



PEOPLE AT SICK: CLOSE EXCHANGES ACROSS PROFESSIONAL GROUPS AND TRAINING COURSES

TRAINING

As in previous years, training remained an important aspect of our development of young employees in 2022. Our training philosophy picks up on our corporate values and encourages the trainees and students at cooperative universities (dual studies) to put these into practice in the day-to-day work.

On the occasion of her 100th birthday on November 8, 2022, Gisela Sick, co-founder of the company, conveyed a message to us:

It is only through cooperation that a company can be so successful. Individuals could not accomplish that. Only a smoothly functioning interplay ensures long-term success.

GISELA SICK, CO-FOUNDER OF THE COMPANY, CELEBRATED HER 100TH BIRTHDAY ON NOVEMBER 8, 2022



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Number of trainees
as at December 31, 2022 (national)



It is important to us that this understanding is also firmly rooted among our trainees and students at cooperative universities. The exchange of information across professional groups and training courses is promoted. Everyone should be aware that the skills of the individual ensure our joint success.

It is our goal to maintain the total number of trainees and at the same time to adjust the professions and study programs to the needs of the company. Unfortunately, there are still too few girls and women who are interested in the skilled technical occupations and courses of study. Motivating this target group remains a focus for us.

The demand for skilled workers in the STEM area is constantly increasing. We have, however, recorded a decline in applications for our industrial and technical occupations for a few years now. We concluded from this very early on that we have to intensify the commitment to STEM education for young people. As early as 2016, we undertook to drive the promotion of STEM subjects at the regional level to begin with. That is why we are firmly committed to the Waldkirch branch of the Schülerforschungszentrum Region Freiburg e.V. (Freiburg Region School Research Center Association), which was founded in 2017 and which offers free programs in the fields of science, mathematics, information technology, science and technology for children and youths. The next step saw the establishment of the STEM region in 2022. The experience gained at the School Research Center has motivated us also to offer the knowledge and tools state-wide in the southern Baden region. SICK is a driver and sponsor of this important task and provides both professional support and human resources for it.

To promote intercultural competences and to prepare them for a position in an international setting, students at cooperative universities can complete part of their practical phase or their training at a SICK company outside Germany.

As part of what we call the SICK CulTOUR days, our trainees get involved as volunteers in various sustainability projects. Constructing a habitat to provide a living space for wild bee species and lizards is on the agenda here, as is designing welcoming and attractive rest areas with raised flowerbeds and benches on the SIA campus, or paving paths so that bicycle stands can be installed.

With our SensorING graduate trainee program, we offer university graduates an attractive, broad-based entry point into working life at SICK. The program is targeted at enthusiastic graduates, especially from the fields of



PEOPLE AT SICK: SOMETHING GREAT CAN EMERGE FROM A SINGLE IDEA – SICK HAS SUPPORTED THE “JUGEND FORSCHT” COMPETITION FOR MANY YEARS

science, technology engineering and mathematics (STEM subjects). Within twelve months, our graduate trainees can develop and step into a challenging position in their specialist area – this is how young talent is created for specialized and project tasks. In addition, the program offers the specialist divisions the possibility of recruiting a graduate trainee for vacant positions that are hard to fill, who can then learn the ropes and find their enthusiasm fired for the special task. The SensorING program is set to be expanded internationally in the next few years – another step in supporting the Group’s networking and digital transformation.



PEOPLE AT SICK: PROMOTING YOUNG TALENT IS A TOP PRIORITY AT SICK

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For us, diversity and inclusion means the diversity of skills, knowledge, perspectives, strengths and abilities of our employees and business partners. This diversity makes us unique and innovative and is of strategic importance for the success of our company. That is why we signed the Charta der Vielfalt (Diversity Charter) with pride and conviction in 2022.

CORNELIA REINECKE,
SENIOR VICE PRESIDENT PEOPLE & CULTURE



DIVERSITY AND INCLUSION

The fundamental values of our corporate culture are based on the conviction that all genders are equal. We promote diversity within the working environment, for example with regard to background, origin or religion. This approach is firmly anchored in our principles for leadership and cooperation. We made a bold and visible statement in 2022 by signing the Charta der Vielfalt (German Diversity Charter) and have thus committed ourselves to the goal of promoting diversity and respect in all areas.

We follow these principles in all our recruitment and selection procedures. Our managers are trained during courses on employment law about the importance of the German General Equal Treatment Act, enabling them to act and also to further develop employees in line with our principles of leadership and cooperation.

Diversity is also expressed in the way we speak. To easily implement gender-sensitive language in both internal and external communications, a cross-departmental working group has developed and published a set of guidelines in the company. As language informs our thinking, our perception, and our values, we also want to embed diversity and equal opportunities in our daily communications.

We are proud that in the “Great Place to Work” survey most recently conducted by an international research and consulting institute our employees gave us a 98% approval rating for the fair treatment of employees regardless of their sexual orientation. Virtually the same high approval, specifically 97%, was given to the question of equal treatment in terms of nationality or ethnic origin.



PEOPLE AT SICK: INCLUSION AND EQUAL OPPORTUNITIES – PUT INTO PRACTICE EVERY DAY

90% of the workforce saw the fair treatment of all employees regardless of gender as correct. Even age is not a criterion where unfair treatment is perceived according to the answers in the survey – here, 91% of employees gave their approval when it came to the question of equal treatment.

Through the targeted creation of internal networks and communities, such as the Women’s Leadership & Empowerment Group and the Diversity, Equity & Inclusion@SICK-Initiative, we get closer to our goal of embedding equal opportunities in the company along the entire “employee journey” – from when someone first joins the company until they retire or change employer. In these networked groups, employees can share their experiences and their concerns can get a wider hearing. The formation of the women’s group originated at our North American branch and is gradually expanding its network worldwide throughout the company.

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Getting girls interested in technical professions has long been the aim of our Girls' Days and matches the identity and vision of a company focused on technology such as SICK. 35 schoolgirls from the families of SICK employees visited us for a day. The girls gained an insight into an exciting profession in which, hopefully, more and more women will work in future.

We endeavor to be a company that reflects society. It is our firm conviction that people from different backgrounds and with different experiences can bring unique perspectives to meeting the challenges of our market. The promotion of diversity in our workforce improves our ability to cater to the needs of our customers with innovations, to develop new technologies, to enhance our production and delivery capabilities, and to continually develop our company in order to gain a competitive advantage. A diverse workforce benefits our employees, partners, customers and, ultimately, our company.

SICK supports the constructive cooperation with the employee representative committees (Works Council, Central Works Council, and Group Works Council) and union representatives in order also to keep the social and personal concerns of the employees in sight and to respond to them by creating good general conditions in the future.

MEASURES FOR PROMOTING EQUAL PAY

The remuneration systems at SICK AG are based in principle on job assessment processes related to the individual position. For the standard pay scale, the grade scoring system pursuant to the general collective wage agreement of the metal and electrical industry in Baden-Württemberg is used. For non-pay scale employees, the job assessment based on the global grading system of the service provider Willis Towers Watson is used to define the value of the jobs and their allocation to salary bands.

In both assessment processes, it is not the person, but the position (job) that is assessed and allocated to a pay category or a salary band. A gender-neutral assessment of the work duties is thus inherent in the system. The assessment of the positions is additionally reviewed and approved by commissions with equal numbers of representatives from the employer and the employee side. Each and every employee has the right to have their classification or their job reviewed. These regulations are laid down in works agreements between the employer and the employee representatives.



PEOPLE AT SICK: PEOPLE FROM DIFFERENT BACKGROUNDS AND WITH DIFFERENT EXPERIENCES COME TOGETHER TO CREATE SOMETHING GREAT



PEOPLE AT SICK: EMPLOYEES FROM DIFFERENT CULTURES PUT A DISTINCTIVE STAMP ON THE WORLD OF WORK AT SICK

Wage and salary trends are analyzed by gender every year in the course of a voluntary pay review for employees. The objective of this review is to identify trends at an early stage and to enable corrective and responsive action to be taken where appropriate. The results also remained positive in 2022: There are no signs of unequal treatment on the basis of gender.

In addition to the above-mentioned review processes, the data on pay-related processes on the employee side are provided. In this way, we create an independent supervisory body for conducting gender-neutral processes that are in compliance with the rules.

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WORK-LIFE BALANCE

We believe in a family-oriented personnel policy that helps all employees maximize the compatibility of their family and working lives. We are confident that this increases motivation and job satisfaction.

The Group works agreements on remote work plays a part in further enhancing the flexibility and the balance between family life and work. If the job and the work duties permit this, our employees are free to perform 50% of their work remotely, or even more after consulting with the management. Different models for part-time work and for switching back from part-time to full-time work allow adjustments to be made to individual needs depending on the stage in the employee’s life.

The flexible arrangement of daily work hours based on our flextime model similarly aims to empower our employees to balance the needs of both a professional and a private nature. Within the framework of a working time credit account, money can be converted into time, which can then be redeemed at a later date in the form of a temporary reduction in work hours or paid leave.

We continue to offer an extensive child-care program. Flexible afternoon and holiday care for school-age children is provided thanks to partnerships and the Gisela and Erwin Sick Foundation. Introduced in 2018, full-day care is also available in the daycare facilities of the SICK Family and Health Center. Childcare facilities for small children aged between 6 months and 2 years as well as mixed age groups for 2 to 6-year-olds are offered here. We tripled the quota of places in the period under review.

In addition, we provide support on the corporate platform for families looking for babysitters or au pairs. We also offer our employees help in finding care provision in critical situations and make holiday and emergency care available.

We also offer older children attractive opportunities with numerous events, e.g. introductory PC courses, training on job applications, or ski and snowboard outings. Employees and their children can use the laboratories, workshops, and other resources of SICK’s School Research Center. This is also intended to promote a positive attitude to the company among the families.

SICK increases social opportunities for its staff by offering a subsidized and transferable public transport ticket – encouraging climate-friendly mobility in the region. The ticket is also valid for other family members. The whole family can use the ticket on weekends to travel throughout the region.

OUR SOCIAL COMMITMENT

SICK AG takes responsibility. We are committed to a variety of regional and supra-regional aspects of society beyond our actual commercial activities. We want to play our part in ensuring the future of our society through this commitment. We face great challenges, but these can also give rise to a wide range of opportunities, especially in the areas of sustainability, innovation and digitalization. That is why the focus of our commitment continues to be placed on education.

Through our close cooperation with universities, colleges and institutes, such as the Institute of Applied Optics at the University of Stuttgart, SICK plays a part in driving research and further developing the state of the art. We also sponsor academic institutes and endow professorships, e.g. the Gisela and Erwin Sick Chair of Microoptics at the University of Freiburg. SICK is a member of the Stifterverband für die deutsche Wissenschaft (a German organization that addresses challenges in higher education, science and research), the National Academy of Science and Engineering (acatech), and the International Data Space Association (founding member).

It is especially important to us that we help children and young people as well as support up-and-coming scientists in technical fields. We try to inspire young people to take up technology and innovation with events such as Tech4Teens and Science Days and through sponsoring the German youth science competition “Jugend forscht” (“Youth Researches”) and to encourage them far beyond what may be possible in day-to-day routines at school.



PEOPLE AT SICK: WE ARE COMMITTED TO INSPIRING GIRLS AND YOUNG WOMEN WITH ENTHUSIASM FOR THE STEM OCCUPATIONS

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But we also take responsibility regionally beyond our specialist entrepreneurial area – particularly regarding young people and health care. We sponsor activities for schools and kindergartens, the Red Cross, or volunteer fire brigades.

One special aspect is our commitment as a partner in the Waldkirch employment and qualification company WABE, which offers new perspectives to young men and women lacking education.

Since 2021, innovative labor market concepts have been developed, trialled and implemented in a collaborative project with the “Bildung für alle” (“Education for All”) association. The initiative, called “Arbeit neu denken” (“Rethinking Work”) is aimed at men and women over 50 years of age suffering long-term unemployment. They will be supported by the Heidehof Foundation and by Baden-Württemberg’s State Ministry for the Economy, Labor and Housing. Our role is to develop ‘good practice’ approaches and formulate organizational methods within a participative specialist committee.



PHOTO INSTALLATION AT SICK:
“LIVING WORLDS” PROJECT

(PART OF THE SPONSORED PROGRAM
“NEUE CHANCEN AUF DEM ARBEITSMARKT”
(“NEW OPPORTUNITIES ON THE LABOR MARKET”).
MINISTRY FOR THE ECONOMY, TEMBERG)

It is also part of our understanding of our role in society to help wherever the need is great: We were able to donate EUR 50,000 to Médecins sans Frontières in 2022, following fundraising in which SICK employees, SICK AG and the Sick family were involved. Moreover, our colleagues worldwide collected EUR 160,338 for the “terre des hommes” organization, which supports families and children who are refugees from Ukraine. Both SICK and the Sick family matched the generous donation by our employees and contributed an additional EUR 160,400. The total amount of the donation came to EUR 481,138, a large contribution by SICK for people in need in Ukraine.

We additionally supported the AWO – Arbeiterwohlfahrt Ortsverein Waldkirch e.V., the local workers’ welfare association – over the winter months by delivering warm meals every day for people in need. It is important to us that we make an active contribution to ensuring that no one in our region has to go hungry.

Our company and our Sensor Intelligence help to make life better for people and to safeguard our planet. We promote education and equal opportunities and enhance health and well-being for this purpose.

CORNELIA REINECKE,
SENIOR VICE PRESIDENT PEOPLE & CULTURE

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Constant change, digitalization, and "new work" are posing new challenges for people. Maintaining and strengthening mental health and vitality are more important than ever. With the "MentalHealth @ SICK" project, the Health Management Team supports our colleagues with special offers and campaigns on the healthy road to a sustainable future.

THOMAS HÖSSEL,
HEAD OF CENTRAL UNIT HEALTH AND SAFETY

The health of our employees is part of our social responsibility and a prerequisite for corporate success. We promote wellbeing at the workplace, empower the people at SICK to unlock and optimize their health potential, and make sure that their working conditions are designed to be safe and healthy.

We play a leading role and, when it comes to the health of our employees, we want to exceed the industry average. In the Great Place to Work survey, our goal is for over 60% of our employees to rate us with four or five points out of five when responding to the statement "We stay mentally and emotionally healthy at this workplace".

Key figures:

- Sick leave below the industry average
- Question about mental and emotional health over 60% positive response
- Reduction in accidents at work

HEALTH MANAGEMENT

We signed the Luxembourg Declaration on Workplace Health Promotion of the European Union in 2007 and have developed our own active and systematic health management concept. It ranges from promoting health, through prevention and rapid support measures in acute cases, to rehabilitation. We aim to provide all employees with working conditions that are as healthy as possible and at the same time enable them to take responsibility for their own health.

In order to ensure constant further development and to satisfy the current requirements of our employees, we conduct our health management within a continuous improvement process.

The health of our employees and also the general conditions are regularly analyzed on the basis of clear targets and structures. Following the results of these analyses, we implement targeted measures and subsequently assess these using feedback and external audits.

The following measures are part of SICK's health management system:

- Corporate fitness packages
- Online and offline health courses (fitness, yoga, pilates)
- Various sports groups initiated by or for employees
- Corporate social counseling and the Employee Assistance Program
- Wide-ranging counseling and preventive options from works' physicians
- Topic-specific health promotion programs
- Regular surveys of employee health
- Family and health center with separate physiotherapy practice
- Rooms for health-related fitness training
- General medical and orthopedic consulting hours

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MENTALHEALTH@SICK

Because of the impacts of the ongoing corona pandemic as well as how the modern working world is developing, we increased our focus in the 2022 fiscal year on the issue of mental health and, together with our largest health insurer, launched the “MentalHealth@SICK” project. The aim here is to implement mental health sustainably in the day-to-day life at work and to destigmatize it as an issue.

With the MentalHealth@SICK project, we want to:

- raise and support the awareness and motivation of our employees around the subject of mental health
- ensure the health of all employees at SICK as we accompany them into the working world of the future

In line with our purpose, an inspiring network of in-house experts from various sites are working together with experts from our health insurer in this project.

The measures that have been implemented include interviews with employees who have been affected by mental ill health for example, workshops on the subject of building resilience, keynote presentations on the connection between work and health, or break sessions in which different relaxation techniques can be taught. Well over 1,000 employees have taken part in various measures. This number and the positive feedback that has been received attests to the relevance of this issue and the quality of the offers.

The following approaches have been developed:

- Building of knowledge and empowerment: Development of a mindful lifestyle and targeted increase and strengthening of individual resilience
- Internal and external (stress management) offers: Promotion of acceptance and use
- Developing individual strategies: Maintaining and promoting one's own mental and psychosocial health
- Constructive self-control: Learning how to act in times of constant change / recovery from the pandemic
- Increasing psychological resilience: Especially in times of rapid change and new forms of collaboration
- Strengthening how to deal with shifting requirements, changes and crises: Strengthening motivation and individual coping skills / initiative
- Avoiding / reducing psychosomatic health risks: Especially risks such as anxiety, depression and stress symptoms such as backaches, headaches and stomach pains; susceptibility to infections

IN-HOUSE PREVENTIVE HEALTHCARE OPTIONS

In addition to the preventive and advisory work of classic occupational health, our corporate health service is also involved in programs and measures to promote all-round good health. These far exceed legal requirements and are a fixed element of our work processes. For example, employees receive the offer to undergo a medical check-up in which various subjects involving cardiovascular disease prevention, skin and colorectal cancer screening, giving up smoking, vaccinations, and the issue of psychological stress are discussed.

MentalHealth@SICK has succeeded in benefiting from complex national structures in a communicative way. As an important issue in this day and age, mental health has been systematically embedded and can be perceived and experienced by all employees under various conditions in multifaceted ways.

The development of the communication structures and the participative and needs-based processes as part of the project are outstanding and make it a flagship project in the field of wellbeing and mental health in Germany.

COMPANY HEALTH MANAGEMENT ADVISER FROM THE
TECHNIKER HEALTH INSURANCE COMPANY

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In order to make use of the preventive potential of vaccinations, generally recommended vaccinations can be conducted at the Waldkirch and Reute locations. At the Waldkirch location, employees are additionally offered special orthopedic and general medical consulting hours. In addition to preventive healthcare offers, employees also receive support in acute cases and emergencies.

HELP IN ACUTE EMERGENCIES

In-house emergency care is not only guaranteed by the first-aiders that are required by law, but is also supplemented by an organized in-house emergency rescue service at the large locations, which includes emergency response officers and company physicians. The company also works with external specialists to cope with acute mental problems. Corporate social counseling is additionally available as an option. For acute and emergency medical situations on international business trips, we work closely together with a global service provider.

To deal with the Covid-19 pandemic, the Corporate Health Service set up an in-house vaccination center from 2021 to 2022, at which thousands of vaccinations were administered not only for company employees, but also for their family members. By additionally offering vaccinations for employees of neighboring companies, SICK made a valuable contribution to the public fight against the pandemic. In accordance with the current recommendations of the German Standing Committee on Vaccination (STIKO), vaccination against SARS-CoV-2 has been included in the routine program of our occupational healthcare since October 2022 and will be continued with the annual flu vaccination.

SAFETY AT WORK

To systematically implement in practice the legal occupational health and safety requirements and the regulations of the employers' liability insurance association (Berufsgenossenschaft, BG) and also to achieve SICK's health and safety objectives, an occupational health and safety management system in line with the procedural principle of the Employee's Liability Insurance Association for Energy, Textiles, Electronics, Media Products (Energie Textil Elektro Medienerzeugnisse – BG ETEM) was introduced back in 2011. This occupational health and safety management system is constantly being updated and upgraded. Compliance with the management standard ISO 45001 has also been confirmed by BG ETEM since the last successful recertification in 2021.

RESULTS

We use internal and external key figures to measure the success of our work in the area of occupational safety and health management.

We receive annual reports from our three largest health insurers, which we can use to compare the sick leave at SICK with the sick leave in the industry. As the key figures for 2022 were not yet available at the time this report was prepared, we report the key figures from the 2021 fiscal year. In all areas of health insurance, our sick leave is lower than that of the industry as a whole.

Insurer	Number of insured persons	Sick leave at SICK	Industry comparison
AOK	1,836	4.3	4.7
Techniker	1,592	2.3	2.7
Barmer	749	2.8	3.6

In the regular Great Place to Work survey, 87% of respondents agreed with the statement, "The employees receive useful measures for promoting health", while 72% agreed with the statement, "Mental and emotional health is safeguarded at the workplace".

We want to reduce the accident rate of 3.86 to less than three work-related accidents per 1,000 employees in the future. One of the ways we aim to achieve this is by introducing a new software solution that will raise awareness about this subject.

OVERVIEW OF KEY FIGURES IN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Key figure	Result
Sick leave lower than the industry average	Achieved in all reports (figures from 2021)
Agreement with the statement "Mental and emotional health is safeguarded at the workplace" over 60%	Approval at 72%
Reduction in the number of work-related accidents	3.86 accidents per 1,000 employees (figure from 2021)

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GOVERNANCE



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GOVERNANCE

IT IS ALWAYS THE TASK AND RESPONSIBILITY OF ALL EMPLOYEES AT SICK TO ACT WITH INTEGRITY ORIENTED UPON LEGAL REGULATIONS, ETHICAL PRINCIPLES AND HIGH STANDARDS.

SEPARATION OF MANAGEMENT AND CONTROL OF THE COMPANY

- SICK is a family-owned company.
- The Executive Board consists of six members; the Supervisory Board has twelve members.
- Good governance is ensured through internal company regulations.

The SICK Group is a family-owned company and can look back at more than 75 years of successful entrepreneurial development. The owner family retains a total of more than 95% of the shares in SICK AG. The majority of shares are held by SICK Holding GmbH.

Trusting collaboration between the SICK Group’s Supervisory Board and its Executive Board – with a clear separation of responsibilities for the management and for control of the company – are the cornerstones of the corporate governance structure at our company. The separation of entrepreneurial competence and ownership complies with the legal standard for stock corporations.

The six-person Executive Board of SICK AG is responsible for managing the company, as well as for the corporate development strategy and its implementation. In the process, it works in a spirit of trust with the controlling committee, the Supervisory Board. The Supervisory Board and Executive Board both acknowledge their entrepreneurial responsibility for the independence and long-term, sustainable growth of the SICK Group.

The Supervisory Board of SICK AG consists of twelve members with equal representation between stockholders and employees. The Supervisory Board monitors the work of the Executive Board, and together they agree the main features of the SICK Group’s business policy and corporate strategy. The Annual General Meeting elects the six representatives of the shareholders on the Supervisory Board, while the workforce of the German group companies elects the employees’ representatives in accordance with the regulations of the Mitbestimmungsgesetz (German Co-Determination Act). The new Supervisory Board was appointed on May 19, 2022, for a term of five years, with the former chairman of the Executive Board assuming the chair of the board. The owner family is represented on the Supervisory Board by two elected members. Gisela Sick, the widow of the company’s founder Dr. Erwin Sick, is the Honorary Chairwoman of the Supervisory Board.

The rules of procedure issued by the Executive Board of SICK AG for the individual organizational units and various other internal company regulations, such as the principles of leadership and cooperation, are designed to ensure good corporate governance in the SICK Group. The dual control principle is firmly anchored in the rules of procedure, for example.

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COMPLIANCE MANAGEMENT

- Our Compliance Management applies throughout the company and worldwide.

SICK’s success is based on the trust of its customers, suppliers, employees, and the general public. The key to maintaining this trust, the stability of the company and its further growth is complying with the statutory and internal company regulations, known by the umbrella term compliance. Knowledge of and compliance with all of the legal requirements and internal guidelines applicable to SICK AG and its group companies is the aim of our compliance management system and its preventive approach. Monitoring company compliance with all legislation is one of the main tasks of the compliance organization. The Executive Board introduced company-wide compliance management as long ago as 2010, and its expectation that all employees of the SICK Group must comply with all regulations of relevance to SICK is explicitly formulated throughout the company.

Compliance provides SICK with added value by reducing liability risks as well as preventing financial losses and damage to its reputation. In addition, successful compliance management can enhance long-term strategic reputational and competitive advantages, as well as promote increased efficiency and process optimization. Compliance management is therefore integrated in the daily processes of the SICK Group. Continuous adaptations are made to changing conditions.



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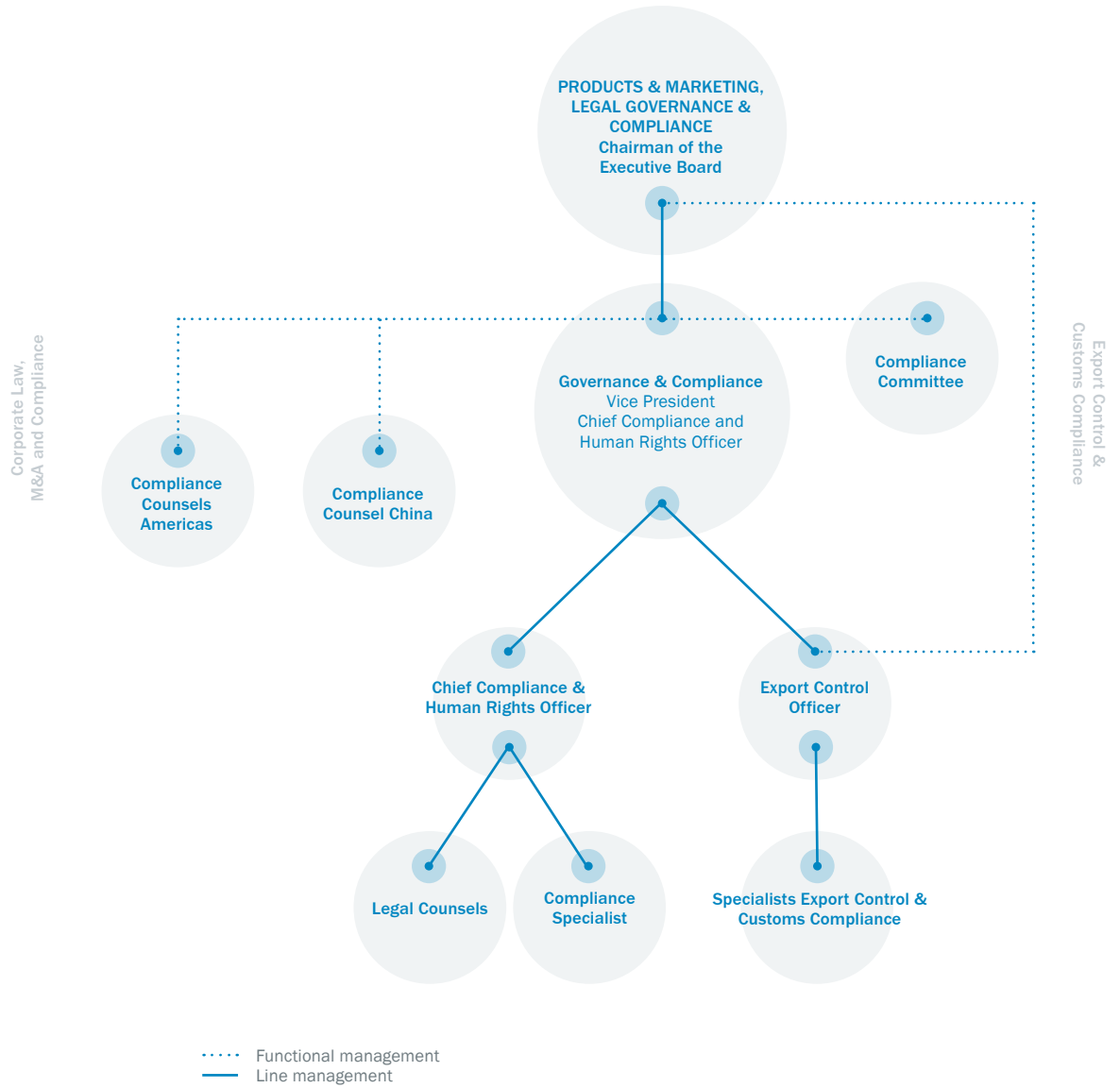
COMPLIANCE AT SICK

THE ORGANIZATION OF COMPLIANCE AT SICK

- The Chief Compliance Officer reports directly to the Executive Board.
- The SICK Code of Conduct lays down ethical standards for business activities and applies to all employees at SICK.
- Employees and other people can report information on misconduct through the SICK Integrity Line.
- SICK respects human rights and complies with the legal requirements in this regard.

On SICK AG's Executive Board, the chairman Dr. Mats Gökstorp has been responsible for the Compliance portfolio since September 1, 2022. He is directly responsible for compliance management. The Chief Compliance Officer reports directly to the Executive Board. Together with other employees of SICK AG and its subsidiaries who are charged with compliance-related tasks, the Chief Compliance Officer is responsible for the implementation, monitoring and continuous development of the compliance management throughout the entire Group. The Chief Compliance Officer regularly informs the entire Executive Board and the Supervisory Board about compliance at SICK.

The Compliance Committee, working under the leadership of the Chief Compliance Officer, defines the compliance requirements in the Group and supports the operating units as they introduce and maintain appropriate measures. The committee monitors the effectiveness of compliance management and initiates any additional compliance activities that may be necessary. It is supported in this by regular internal audits and external inspections that examine both potential compliance violations and weaknesses in the compli-



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ance processes. All compliance-relevant departments in our company are represented on the Compliance Committee, especially those responsible for data protection, information security, export controls, health and safety at work, and quality and environmental management, but also the Works Council for example.

Risks in connection with compliance breaches are identified by the compliance management system and analyzed and managed as part of the risk management at SICK. The compliance officers conduct annual company-wide surveys about risks arising in the area of compliance as part of the enterprise risk management system RICO (Risk and Compliance), which was introduced in 2022. Compliance risks are reviewed on a regular basis and reported to the Executive Board and Supervisory Board as part of the risk reporting.

SICK CODE OF CONDUCT

The SICK Code of Conduct is applicable throughout the Group and forms the basic framework for the compliance activities at SICK. In addition to the requirement for behavior to comply with the law, it addresses all the material core topics of compliance by, for example, unmistakably declaring that SICK is against any form of corruption or violations of antitrust law. Among other things, the Code of Conduct also covers environmental protection, health and safety at work, equal opportunity for employees, and the confidential treatment of business secrets, whereby it also demands compliance with relevant legal and internal regulations. A new SICK Code of Conduct that incorporates additional compliance issues is set to come into effect in 2023.

The compliance training courses are regularly updated. In addition, employees have access to a didactically innovative e-learning course on the SICK Code of Conduct. A variety of measures support the status of the Code of Conduct and are intended to further ensure its observance and implementation. Accompanying (communications) measures include, for example, addressing the topic of compliance on the internal communication platform or within the framework of presentations in management meetings.

WHISTLEBLOWING SYSTEM AT SICK

A global electronic whistleblower system was introduced back in 2021 – the SICK Integrity Line. Employees, customers, suppliers and other external stakeholders can use this whistleblower system, anonymously if desired, to provide information on misconduct, such as corrupt behavior or antitrust practices, and ask questions on compliance-related topics. The team of case managers can communicate with anonymous informants via an electronic mailbox. The management at SICK welcomes cases where specific indications of compliance breaches are reported and does not tolerate any retaliatory measures against whistleblowers who express their concerns in good faith. **We investigate all information regarding compliance infringements. Overall, the company maintains an open and direct exchange with employees on the topic of compliance.**

Reports of compliance breaches enable us to protect the company against damage and to maintain the confidence of our employees as well as of our business partners in the values practiced by SICK. The SICK Integrity Line provides us with support here as an additional offer to internal and external stakeholders. Whistleblowers who stand up for the protection of our company values are protected for their part.

DR. MATS GÖKSTORP,
CHAIR OF THE EXECUTIVE BOARD OF SICK AG



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HUMAN RIGHTS AT SICK AND IN THE SUPPLY CHAIN

The observance of national and international legislation on human rights and workers' rights is a matter of course for SICK. The protection of and respect for every person is our highest priority and an indispensable element of our corporate responsibility. We condemn every form of discrimination or harassment, whether for reasons of ethnic origin, religion, political beliefs, gender, physical constitution, appearance, age, or sexual orientation. To underscore this, clear anti-discrimination rules are part of the SICK Code of Conduct. The statement on human rights and working conditions as well as on the protection of the environment at SICK issued by the Executive Board in 2022 supplements the regulations of our Code of Conduct. This statement includes, among other things, the prohibition of forced labor and illegal child labor, protection of the freedom of assembly and association, the appropriate remuneration of the employees, occupational safety and the protection of the environment. All companies in the SICK Group are required to comply with the principles of the statement and to immediately remedy breaches that occur in their company. The principles are set to be integrated in the new SICK Code of Conduct in 2023. This takes place in the course of the social dialog at SICK in consultation with the Group Works Council of SICK AG.

In the supply chain, SICK wants to work with companies that have comparable principles. SICK therefore constantly seeks to commit its suppliers to accept the [SICK Supplier Code of Conduct](#). We revised our Supplier Code of Conduct in 2022 in view of the Lieferkettensorgfaltspflichtengesetz (German Supply Chain Due Diligence Act), which came into force on January 1, 2023. In this regard, the due diligence requirements applying to suppliers in relation to human rights and the environment – as well as other areas of compliance – were increased. As a basic prerequisite of a permanent business relationship with SICK, we expect our suppliers to comply with the principles of our supplier Code of Conduct and to promote these to the best of their ability among their own suppliers. This includes for example the prohibition of forced labor, human trafficking and illegal child labor, but also the prohibition of corruption and restrictions of competition in violation of antitrust law. We consider the SICK Supplier Code of Conduct to be part of a continuous (improvement) process that requires, and will continue to require, commitment and effort on the part of all involved in their own organization and in the supply chain.

The German Supply Chain Due Diligence Act is applicable to SICK AG, as our company employees more than 3,000 people in Germany. Accordingly, we instituted precautions in 2022 enabling us to comply with the due diligence obligations laid down in this act. These include in parti-

cular establishing a risk management system to ensure compliance with the due diligence obligations regarding human rights and the environment in view of our own business operations (including Group subsidiaries) as well as in view of SICK's direct and indirect suppliers. The Chief Compliance Officer has been appointed as the Human Rights Officer. They are responsible for monitoring the risk management and the related reporting to the Executive Board and Supervisory Board.

In addition, a complaints procedure has been introduced in accordance with the legal requirements which enables people to report human rights and environmental risks as well as violations of human rights or environmental obligations that have arisen as a result of the economic activities of SICK in its own business operations or by the economic activities of a direct or indirect supplier. The rules of procedure governing the complaints process are available on our website. They stipulate that information about these kinds of risks and violations can be reported through the SICK Integrity Line and other reporting channels. The complaints procedure is open to all parties who are potentially involved, such as employees of SICK or of companies in our supply chain. Reports of this kind are investigated by the Human Rights Officer of SICK AG. An impartial procedure is guaranteed here, as the Human Rights Officer is independent and not bound by instructions in their work.

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ANNEX

Supplements to the Ecological Sustainability Chapter

GLOBAL KEY FIGURES AND ECOLOGICAL SUSTAINABILITY GOALS AT A GLANCE


The following table summarizes the goals and measures of our main fields of action described above:



Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Status of goal (2022 fiscal year)	Measures	Progress on measures in % 2022
Fair Climate & Green Energy							
Climate neutrality	Reduce the balance of GHG emissions in Germany to 0 for Scope 1, 2 and defined Scope 3 emissions ¹⁾ KPI: Emission intensity less offsetting relating to the energy consumed (CO ₂ eq/kWh)	G	Since 2013	0 g CO ₂ eq/kWh	0 g CO ₂ eq/kWh	(1) Reduce GHGs through the measures described in the fields of action including GHG offsetting (2) Validate climate balance and climate neutrality for Germany by external certification in accordance with the GHG Standard	(1) 100% (2) 100%
	Continually reduce the offsetting ratio relating to Scopes 1 and 2 KPI: Offsetting ratio (%) (= share of offset energy in the total energy use in kWh)	G	By 2030	61%	58%	General measurement variable. For measures, see sustainable – heating supply, energy efficiency, and renewable energies	–
	Reduce the balance of GHG emissions of our global production sites outside Germany to 0 in relation to Scopes 1 and 2. KPI: Emission intensity less offsetting in relation to the energy consumed (CO ₂ eq/kWh).	W (excluding G)	By 2025	366.6 g CO ₂ eq/kWh	222.3 g CO ₂ eq/kWh	(1) Determine GHG emissions at our production sites (RPCs). (2) Convert the global production subsidiaries to renewable energy supplies, including self-generated renewable energy. We have purchased green electricity for the Hungary location since 2022. (3) Offset unavoidable emissions starting from 2025. We show our offsetting rate from this time onward	(1) 100% (2) 36% (3) 0%
	Reduce the balance of GHG emissions of our global production sites outside Germany to 0 in relation to defined Scope 3 emissions ¹⁾	W (excluding G)	By 2030	–	–	(1) Calculate the defined Scope 3 emissions in 2023 (2) Offset or avoid Scope 3 emissions	(1) 0% (2) 0%

¹⁾ Defined Scope 3 emissions = business travel and commuting by employees
G = Germany
W = worldwide

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Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Status of goal (2022 fiscal year)	Measures	Progress on measures in % 2022	
Energy efficiency	Save 0.5% of the previous year's energy consumption (electric and thermal) annually through efficiency measures. KPI for 2023: -246.8 MWp	G W	From 2022 From 2023/24	–	100%	(1) Energy efficiency measures to achieve the 0.5% target in 2022 (G): 251.3 MWh – Measures implemented: <ul style="list-style-type: none">• Waste heat utilization, air compressors, Donaueschingen (~210MWh)• LED – lighting switch HH (~60MWh) (2) Include worldwide sites and define savings potential starting from 2023/2024 (3) Define and implement energy efficiency measures to achieve the 0.5% target in 2023 (G) = -246.8 MWh	(1) 100% (2) 0% (3) 0%	<ul style="list-style-type: none">••••
Renewable heat supply	Continuously reduce the GHG emissions caused by fossil fuels KPI: Proportion of sustainable heat supply (%) = renewable heating energy (kWh) / total heating requirement (kWh)	G W	2030	–	5% << 5%	(1) Constantly increase the percentage of regenerative heat supply, e.g. by using heat pumps where possible (2) Develop other performance indicators and measurable goals by 2022 (3) Convert heat station at Überlingen site, use heat pumps	(1) 5% (2) 50% (W) 0% (D) (3) 70%	<ul style="list-style-type: none">•••
Renewable electricity supply	External procurement of certified green electricity at all SICK's German sites KPI: Proportion of certified green electricity (%) = External procurement of green electricity (MWh)/ total amount of external electricity procurement (MWh)	G	Since 2013	100%	100%	Purchase green electricity according to the strict criteria of the OK Power standard that promotes the construction of new plants, in particular	100%	<ul style="list-style-type: none">•
	External procurement of certified green electricity at all SICK's global production sites outside Germany KPI: Proportion of certified green electricity (%) = External procurement of green electricity (MWh)/ total amount of external electricity procurement (MWh)	W (excluding G)	2025	0%	50%	Examination of the availability of green electricity at all other production sites started. Green electricity will be available at our site in Hungary from 2022	50%	
	Expand renewable energies (particularly photovoltaic) at all SICK's sites ≥ 15% KPI: Proportion of self-generated renewable energy (%) = PV electricity consumption (MWh/ total electricity consumption (MWh)	G W	2025	4.1% (G) 0% (W)	4.2% (G) 0% (W)	(1) Conduct potential analysis on existing and planned buildings in order to achieve PV expansion goals (1.1) Feasibility study for a 1 MWp PV system, location Operations Logistics, Waldkirch (2) PV expansion plan Germany: (2.1) Dresden (2023) 0.5 MWp (2.2) Reute – system hall (2023) 0.1 MWp (2.3) Waldkirch – building WA,WD,WM,WL (2024) 0.6 MWp (2.4) Reute – building RP, RT (2024) 0.4 MWp (2.5) Donaueschingen – building P/W5 (2024) 0.4 MWp Global: (2.6) Hungary site (2023) 0.6 MWp (3) Develop a concept for further possibilities for generating renewable electricity including consideration of our sites worldwide	(1) Continuous  (2.1) 90% (2.2) 50% (2.3) 20% (2.4) 10% (2.5) 20% (2.6) 20% (3) 30%	
Self-sufficiency in electricity	Own production of electricity with a level of self-sufficiency of 40%. KPI Level of electricity self-sufficiency (%) = Consumption of self-generated electricity (MWh)/ total electricity consumption (MWh)	G	2025	21.3% (G)	20.3% (G)	Expand own electricity production with maximum possible proportion of renewables	50%	
G = Germany W = worldwide								

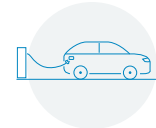





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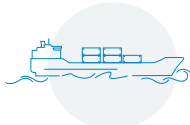

Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Status of goal (2022 fiscal year)	Measures	Progress on measures in % 2022
Biodiversity							
Biodiversity	Promote biodiversity through wildflower meadows on all SICK-owned green spaces	G	2030	Continuous	Continuous	(1) Use native blossoming seed mixtures when creating new green areas (2) Adjust the mowing cycles on existing areas and use blossoming seed mixtures on test areas (3) Promote species diversity through sheep grazing on the green areas in Buchholz	Continuous
	Promote species diversity by building specific habitats (dry stone walls, nesting boxes, bat habitats, dead tree stumps, etc.)	G	2030	Continuous	Continuous	(1) We participated in "Corporate Nature Baden-Württemberg – Company Grounds Blossom". Input for implementations is continuously drawn from the extensive catalog of measures (2) Trainees create a sandpit for wild bees on the SIA campus (3) Green the façade of the parking garage in Donaueschingen (4) Orchard meadow with old species of fruit trees in Reute. (5) Create biodiverse meeting areas: Pilot area on the Waldkirch campus in 2023	(1) 100% (2) 100% (3) 50% (4) 100% (5) 0%
	Create artificial biotopes and thus encourage diversity in an industrial context	W	2025	0%	0%	Expand the concept to production sites worldwide including wildflower meadows on all grass spaces (100%) where applicable	0%
Employee awareness	Support wild bees with the involvement of the employees	G	2023	50%	60%	(1) Building of wild bee hotels by a local, not-for-profit company: These will be filled by employees, under professional guidance, at all German locations in 2023 (2) Support ground-nesting wild bees with the construction of a sandpit at the SIA campus	(1) 50% (2) 100
Training	Training courses on biodiversity principles, including professional care of outdoor spaces near to nature and incorporation of biodiverse designs in new buildings and renovations	G	2022	50%	60%	(1) Training courses for SICK project managers to take account of biodiversity from the outset, in new building and renovation projects (2) Inform garden maintenance staff about appropriate care of outdoor spaces close to nature	(1) 100% (2) Continuous
Quantification	Determine a suitable indicator for quantifying biodiverse areas	G	2023	10%	20%	Determine a suitable performance indicator for quantifying biodiverse areas including areas with potential for biological diversity, structural elements, woods, green areas including green roofs, and permeable surfaces	10%
Outdoor illumination	Insect-friendly outdoor illumination each time there is retrofitting or modification	G	2030	20%	30%	(1) Introduce a standard for insect-friendly outdoor lighting by 2022 (2) Replace the pathway lighting on the company premises in Waldkirch on the basis of these principles: Use shielded bollard luminaires with an insect-friendly light color of 3000K	(1) 70% (3) 100%

G = Germany
W = worldwide

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	Green Mobility								
	E-mobility	Increase the proportion of battery electric vehicles: to reduce CO ₂ emissions from SICK vehicle fleet/ company cars 2025 – 50% of entire fleet 2030 – 75% of entire fleet	G W	2025 / 2030	5% (G) << 5% (W)	5% (G) << 5% (W)	Germany: (1) Promote electric cars with a SICK environmental bonus of EUR 350 per month that is calculated into the reference leasing rate (2) Promote wallboxes through payment of an additional EUR 350 independent of any government subsidy (3) SICK assumes the electricity costs if sustainable green electricity is used for charging Global: (4) Conduct survey of all subsidiaries concerning vehicle fleet status (5) Examine the possibilities for switching to e-mobility in due consideration of the country-specific circumstances	(1) 100% (2) 100% (3) 100% (4) 50% (5) 0%	• • • • • • •
	Combustion engines	Reduction in emissions from conventional vehicles with combustion engines	G W	2021–2024	< 154 g/km 100% (G)	< 154 g/km 100% (G)	(1) Only models with a WLTP consumption of <5.8l/100km (or CO ₂ emissions <154g/km) can be ordered in Germany since 2021 (2) Only models with a WLTP consumption of <4.8l/100km (or CO ₂ emissions <127g/km) can be ordered in Germany from 2024 (3) For ecological reasons, only plug-in hybrid versions of petrol-driven cars can be ordered	100% (G) 0% (W)	•
	Charging infrastructure	Expand the charging infrastructure at all SICK sites in line with needs	G/W	2030	Continuous 	Continuous 	(1) Germany: So far, 100 more charging points have been installed at various sites since 2021 (2) A further 30 charging points are planned at various German sites for 2022. On account of the necessary development of the infrastructure, it was possible to install 10 charging points (3) A further 28 charging points are planned at global sites for 2023: As and when required	(1) 100% (2) 33% (3) 0%	• • •
	Business trips	Reduce CO ₂ emissions from business trips by focusing on video conferences, rail journeys and prevention of flights. (Germany 2019: 4,556 tonnes CO ₂)	G/W	2030	145 t CO ₂ eq (G)	1,976 t CO ₂ eq (G)	(1) Avoid flights wherever possible (strong reduction in 2020 and 2021 due to pandemic) (2) Approve a SICK Green Travel Policy for Germany by 2022 Worldwide sites: Being planned.	(1) 100% (2) 50%	• • •
	Green Materials								
	Environmentally friendly and resource-conserving materials	Development of a strategy to use recyclates and materials based on renewable raw materials in our products	W	2023	10%	80%	(1) Conduct market analysis of available materials and technologies. Identify application possibilities at SICK (2) Build up resources: One FTE was approved and filled in October 2021 (3) Integrate “green materials” in the central development process PEP 4.0 by 2023 (4) Globally communicate the relevance of sustainable materials in product development in 2023	(1) 100% (2) 100% (3) 0% (4) 0%	• • • •
		Develop a database of sustainable materials as alternatives to materials already in use	W	Continuous 		Continuous 	Qualify sustainable materials through first material tests starting in 2023	0%	•
G = Germany W = worldwide									

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	Green Packaging						
Environmentally friendly packaging	Prevent and reduce packaging wherever possible. Use recycled packaging material. Reduce plastic packaging KPI: In process	W	2030			(1) Organize a systematic packaging analysis by an external expert (2) Derive measures and standards based on the results of the packaging analysis (3) Define minimum requirements in SICK's internal packaging standard by 2022 → further processing in 2023 (4) Develop performance indicators on the capability for measuring environmentally friendly packaging by 2024	(1) 100% (2) 10% (3) 75% (4) 0%
	Use cardboard from sustainable sources for all major suppliers KPI: Proportion of certified cardboard (%)	G W	2022 2024	100% (G) 0% (W)	100% (G) 0% (D not known)	Purchase certified cardboard e.g. FSC certification	-
	Green Logistics						
Rail & sea transport	Increase proportion of rail and sea freight KPI: Proportion of rail and sea freight in total freight (%)	W	2030	5%	On hold ² ⌂	Create an overall concept to increase proportion of rail and sea freight: The overall concept consists of: (1) A warehouse replenishment concept: Identification of materials and goods suitable for sea and/or rail transport including process adaptation (Demand Inventory Planning) by 2022 (2) Determination of further potential and definition of further goals by 2022	On hold ² ⌂
	Use regular train lines for goods transports between Distribution Center (DC) Buchholz and China	W	Since 2020	On hold ² ⌂	On hold ² ⌂	The use of the train connection between DC Buchholz (Germany) and FCC Jiaxing (China) initiated in 2020 had to be halted in 2022 and will be resumed as soon as possible	On hold ² ⌂
	Increase the proportion of sea freight from Germany to USA to 20% KPI: Proportion of sea freight in total freight from Germany to USA (%)	W	2025	7%	9%	The goal could not be achieved due to the current delivery situation and the availability of sea freight capacities. The goal and will be reassessed as part of the overall concept	On hold ² ⌂
	Green Buildings						
New buildings	Improve the building energy standard	G/W	Continuous ⌚	Continuous ⌚	Continuous ⌚	(1) Evaluate various energy concepts for new building projects (2) Implement sustainable heat supply by means of heat pumps, where sensible New build projects: Building system hall Reute – "Efficiency House" 40NH Construction of new building WA – "Efficiency House" 55 Production and logistics hall Hungary Campus USA	(1) Continuous ⌚ (2) Continuous ⌚
Existing buildings	Minimize heat losses and determine energy-saving potential	G	Continuous ⌚	Continuous ⌚	Continuous ⌚	(1) Expand the energy measurement concept (2) Efficiently connect building stock to local heat network in Waldkirch by means of system separation and needs-oriented regulation (3) Install a heat pump in Überlingen/renovate the heating system	(1) Continuous ⌚ (2) 100% (3) 80%

²⁾ Paused on account of global shortages of transport capacity caused by events such as the pandemic and the war in Ukraine

G = Germany
W = worldwide

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Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Status of goal (2022 fiscal year)	Measures	Progress on measures in % 2022
Operation of buildings	Determination of energy-saving potential	G	Continuous	Continuous	Continuous	(1) Optimize the ventilation systems: a) Examine the current situation and identify optimization measures (e.g. needs-oriented regulation) using external experts b) Implement initial measures (2) Optimize the heat station in Waldkirch: a) Analyze operations in first year b) Derive optimization potential c) Implement initial measures (3) Optimize heat station in Waldkirch / Buchholz / Reute: a) Analyze operations b) Derive optimization potential c) Implement initial measures	(1) 75% (2) 100% (3) 0%
Green Office							
Office and advertising materials	Switch to sustainable products	G	2025	50%	60%	(1) Qualify sustainable alternatives with recycled elements for the core assortment of office materials (envelopes, notepads, clear plastic sleeves, etc.) (2) Conduct a usage analysis in 2023 to measure the proportion of recycled products used and possibly to derive further measures (3) Switch advertising materials to sustainable products First sustainable articles have already been qualified, such as the SICK tote bag made from recycled PET	(1) 70% (2) 0% (3) 10%
Photocopy paper	Reduction of white content of recycled photocopy paper from ISO 100 to ISO 80	G/W	2021 / 2024	100% (G) 0% (W)	100% (G) 0% (W)	(1) Reduce the white content of our recycled paper to ISO 80 in Germany (2) Expand to global locations → We have not been able to assess this topic globally because of political crises and shortages of recyclable paper (as a result of increased digitalization, work from home)	100% (G) 0% (W)
Office furniture	Sustainable handling of office furniture	G/W	2023			(1) Develop a concept for using office furniture that is no longer required	0% (new)
Green IT							
Energy consumption	To reduce energy consumption KPI: In process	W	Continuous			(1) Develop an overall concept, particularly taking into account servers, IT end-devices and cloud providers by 2022 (2) Define measurable targets by 2022 → continued in 2023: The first key figures can be ascertained following the meter installation at the end of 2022 (3) Increase the server room temperature by 2°, install energy meters (4) Include sustainability aspects in the check list for cloud service providers (5) Implement a Green IT Awareness campaign: IT Summit December 2022 and IT divisional meeting in February 2023	(1) 100% (2) 75% (3) 100% (4) 100% (5) 100%
Resource conservation	Reduction of resource consumption	W	Continuous			(1) Develop an overall concept, particularly taking into account IT end-devices including mobile devices, telephones, smart phones by 2022 → continued in 2023 (2) Define measurable targets: Penetration rate softphone: > 75% at units that use IPT (3) Introduce a lease agreement for iPhones in Germany, target: End of Q1/2023	(1) 50% (2) 75% (3) 0%

G = Germany
W = worldwide

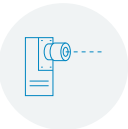
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Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Status of goal (2022 fiscal year)	Measures	Progress on measures in % 2022
Green Catering							
Regionality	Use at least 60% regional products KPI: Proportion of products that come from regional producers in % (in relation to the purchasing volume) (regional = within Germany, radius generally < 60 km from the place of use)	G	Since 2022	60%	> 60%	(1) Purchase more than 60% of the products from regional sources ³⁾ (cost-based) (2) Examine how and where further expansion is meaningful and feasible	(1) 100% (2) 20%
Meat consumption	Reduce meat consumption KPI: Number of dishes with meat / total number of dishes (%)	WK G	2022 2024	> 80% > 80%	36% > 80%	1) Pilot project in Waldkirch: Switch from all-inclusive concept to extra payment for meat. The change reduced meat consumption by over 50%. The range of vegetarian offers is to be expanded (2) Expand the concept to other German locations with an in-house staff restaurant	(1) 100% (2) 0%
Takeaway Box	Use reusable boxes instead of single-use boxes	G	Since 2021	100%	100%	100% use of reusable boxes for 'takeaways' instead of single-use plastic containers	100%
Global Green Catering Concept	Expand Green Catering concept to worldwide sites	W	2025	0%	0%	Evaluate current situation and possibilities by 2023 and derive measures	0%
Green Supply Chain							
Suppliers	Develop the top suppliers to climate neutrality in Scopes 1 and 2 (corresponding to 80% of the purchasing volume)	W	2030	0%	2%	(1) Define sustainability criteria and draft a carbon neutrality agreement (by 2023) (2) Conduct a supplier evaluation based on sustainability criteria (annually for the most important suppliers and also during the supplier phase-in process) (3) Include sustainability criteria in decisions on awarding contracts	(1) 50% (2) 70% (3) 5%
Green Mindset							
Strategy/goals	Implement and further develop sustainability strategy	G W	Since 2020	Continuous ↻	Continuous ↻	Internal at SICK: (1) Hold regular network meetings to coordinate definition of strategies and goals, as well as exchanges regarding progress, improvements, problems and ideas. (2) Expand network meetings to worldwide sites (USA, Asia) (3) Conduct critical review of our activities using an independent external council of experts	Continuous ↻
Communication	Continuous internal communication and information on current topics to increase Green Mindset	W	Since 2020	Continuous ↻	Continuous ↻	Inform employees about current internal and external events through the Sustainable Newsblog We have published a news-board article approximately every eight weeks since 2020: "The people behind the Sustainability Network" – presentation of the network personnel behind the 15 fields of action. Reports on a further six fields of action were published in 2022	Continuous ↻

³⁾ Locally within Germany: These include milk, baked goods and meat in particular
G = Germany
W = worldwide
WK = Waldkirch

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Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Status of goal (2022 fiscal year)	Measures	Progress on measures in % 2022
Green Sensor Solutions							
Sensor solutions	Develop sensor solutions in the area of renewable energy generation (photovoltaic, hydrogen, wind power) as well as production and logistics (increased efficiency, emission monitoring)	W	2025	Continuous	Continuous	(1) Natural gas meters are already in operation with gas mixtures with up to 30% hydrogen (2) Develop legal-for-trade meters for a hydrogen concentration of 100%. A sensor for measuring the purity of hydrogen has been integrated in the meters. It was no longer possible to conduct official verification in 2022, as some formalities were not complete (3) Develop sensors for analyzing hydrogen in particular for application in large-scale electrolysis and the use of hydrogen (industrial heat generation) (4) Develop a meter for liquid CO ₂ for application in CO ₂ capture. Development of the meter was completed in 2022 and it is now ready for pilot tests (5) Provide a complete offer with new functions for measuring clean energy with quantity and quality analysis by the end of 2025	(1) 100% (2) 80% (3) 10% (4) 70% (5) 15%
Green Production							
Energy efficiency	Reduce energy consumption of our production facilities KPI: In process	G	2025	–	–	(1) Conduct basic research including possible introduction of standby/sleep/wake-up modes (2) Systematically analyze energy consumption data for new production equipment (3) Define standards for the development of future production equipment using sustainable and energy-efficient components (4) Commission a thesis on the environmentally friendly design of production facilities. The thesis was commissioned in 2021 and completed in 2022 (5) Develop key performance indicators for measuring energy efficiency derived from the findings of the thesis	(1) 80% (2) 60% (3) 20% (4) 100% (5) 10%
Recycling	Packaging	G	2025	–	–	(1) Reduce and reuse disposable packaging (2) Use reusable packaging	(1) 30% (2) 20%

G = Germany
W = worldwide

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ENERGY CONSUMPTION, WATER CONSUMPTION, AND EMISSIONS

The following tables show the CO₂ emissions of SICK's production sites worldwide. The German sites are presented separately because important environmentally relevant processes take place here and thus a majority of the energy consumption of the production sites (> 75%) can be attributed to Germany. As a result, many goals relate to German sites.

SICK GERMANY

	2020	2021	2022
Scope 1&2			
Energy consumption by energy source [MWh]	55,383	58,746	56,788
Stationary			
External procurement of natural gas	21,925	25,915	21,989
External procurement of district heating	494	1,167	1,106
External procurement of heating oil	100	30	50
External procurement of electricity	22,137	20,804	21,222
Consumption of our own electricity PV	1,212	1,075	1,099
Mobility			
Fuel	9,515	9,755	11,138
Electricity charging stations			184
Electricity performance indicators			
Total consumption, electricity	26,220	26,367	26,548
Own use PV [MWh]	1,212	1,075	1,099
Own use CHP (from gas) [MWh]	2,871	4,488	4,227
Share of PV in total electricity consumption [%]	5%	4%	4%
Self-sufficiency in electricity* [%]	16%	21%	20%

* Proportion of self-generated electricity in total electricity consumption

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SICK GERMANY

	2020	2021	2022
Offsetting ratio total * [%]	57%	61%	58%
Offsetting ratio stationary [%]	48%	53%	48%
Use of renewable energy [MWh]	23,842	23,046	23,427
Use of fossil-based energy [MWh] with CO ₂ offsetting	22,025	25,945	22,039
Offsetting ratio mobility [%]	100%	100%	98%
Avoidance through renewable energy	0	0	184
Fossil-based energy offset	9,515	9,755	11,138
Scopes 1 and 2 and defined Scope 3			
Total CO ₂ emissions [t]	11,729	11,953	14,431
Scope 1 – direct emissions	7,145	7,769	7,304
Scope 2 – grid-bound indirect emissions	29	33	27
Scope 3 – other indirect emissions	4,556	4,150	7,100
Business trips	940	145	1,976
Commuting by employees (since 2020)	3,615	4,005	5,125
Water [m ³]	51,875	43,864	46,012

* Proportion of energy consumption that is offset is for Scopes 1 and 2. The aim is to reduce the offsetting ratio when climate neutrality is achieved

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The Regional Product Centers (RPCs) in Europe consist of our sites in Germany and Hungary.

RPC EUROPE

	2020	2021	2022
Energy consumption [MWh]	64,052	69,574	67,419
External procurement of natural gas	23,445	27,507	23,508
External procurement of electricity	26,311	25,551	26,149
External procurement of district heating	494	1,167	1,106
External procurement of heating oil	100	30	50
Consumption of our own electricity PV	1,212	1,075	1,099
Consumption of our own electricity BHKW	2,871	4,488	4,227
Fuel	9,619	9,755	11,280
Proportion of regenerative – absolute [MWh]	27,523	26,626	27,248
Proportion of regenerative – relative [%]	43	38	40
Proportion of electricity self-generated – relative [%]	13	18	17
Water [m³]	53,360	50,481	54,147
Total CO₂ emissions [t]	9,035	9,891	7,676
Scope 1 – direct emissions	7,483	8,125	7,649
Scope 2 – grid-bound indirect emissions	1,552	1,766	27 *

* Defined Scope 3 emissions include business travel and commuting by employees.

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The Regional Product Centers (RPCs) in Asia consist of our sites in Malaysia and Singapore.

RPC ASIA

	2020	2021	2022
Energy consumption [MWh]	1,718	1,907	2,907 *
External procurement of natural gas	-	-	-
External procurement of electricity	1,709	1,903	2,896
Fuel, vehicle fleet	9	3	11
Water [m³]	6,471	7,398	11,524
Total CO₂ emissions [t]	906	1,009	1,445
Scope 1 – direct emissions	2	1	3
Scope 2 – grid-bound indirect emissions	904	1,008	1,442

* The increase in energy consumption in 2022 was caused by the expansion of the site in Malaysia.

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The Regional Product Centers (RPCs) in the Americas consist of our sites in Minneapolis, Houston, and Stoughton.

RPC AMERICAS

	2020	2021	2022
Energy consumption [MWh]	3,182	3,730	4,505 ¹⁾
External procurement of natural gas	1,246	1,492	1,792
External procurement of electricity	1,407	1,678	2,713
Fuel, vehicle fleet	528	559	1 ²⁾
Water [m³]	9,677	11,073	15,147
Total CO ₂ emissions [t]	1,003	1,087	1,290
Scope 1 – direct emissions	384	441	362
Scope 2 – grid-bound indirect emissions	619	646	928

¹⁾ The increase in energy consumption was caused by the establishment of a new site in Minneapolis.
²⁾ The vehicle fleet was reduced to 1 vehicle in 2022.

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The China production location covers our sites in Changzhou and Beijing.

PRODUCTION LOCATIONS IN CHINA

	2020	2021	2022
Energy consumption [MWh]	582	719	742
External procurement of natural gas	426	467	514
External procurement of electricity	513	629	690
Fuel, vehicle fleet	69	90	53
Water [m³]	1,750	2,278	2,604
Total CO₂ emissions [t]	324	399	416
Scope 1 – direct emissions	31	40	23
Scope 2 – grid-bound indirect emissions	293	359	393

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ANNEX: GLOBAL GREENHOUSE GAS EMISSIONS IN SCOPES 1, 2 AND 3

CALCULATION AND METHODOLOGY

In accordance with the GHG Protocol, two methods are combined to determine the global greenhouse gas emissions including Scope 3: Various Scope 1, 2 and 3 emissions are calculated using consumption data (primary data). If no primary data was available, the remaining Scope 3 categories are determined with the help of secondary data on the basis of input-output models. The Quantis software is used for this.

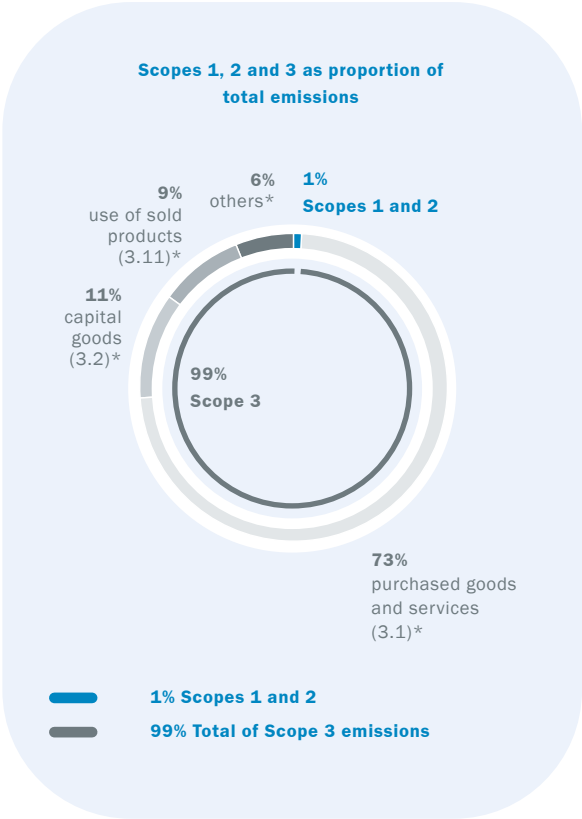
This procedure is recommended by the GHG Protocol to calculate a rough estimate of a company's total GHG emissions, including Scope 3 emissions, as a first step. Relevant Scope 3 categories can be identified on this basis, which are then considered in more detail in the next step: Primary data should be obtained for these categories, which enables the emissions of suppliers and service providers to be assessed individually and measures for GHG reductions subsequently to be derived.

RESULT

At approximately 99%, the majority of SICK's GHG emissions can be attributed to Scope 3, the major share of which is in turn produced in the upstream supply chain (73%). Scope 1 and 2 emissions are approximately 1%

Although Scope 1 and 2 emissions account for a small proportion of SICK's total emissions, we nevertheless see these as material, as they fall under SICK's direct responsibility and its sphere of control. Based on the polluter pays principle, the following is true: If every polluter fulfilled their responsibility for Scope 1 and 2 emissions, there will no longer be any Scope 3 emissions.

We take responsibility for minimizing our Scope 3 emissions through our 15 strategic fields of action, especially within the supply chain. The table on the next page shows an overview of the Scope 3 emissions (in %), how SICK can influence them, and how they are allocated to the strategic fields of action.



* Categories according to GHG Protocol see table on the next page

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GLOBAL GREENHOUSE GAS EMISSIONS BY SCOPE AND RELEVANCE FOR SICK

Cat. ¹⁾	Scope according to GHG Protocol description	Relevance for SICK		Minimization as a result of these fields of action
		Proportion of SICK's total emissions	SICK's sphere of control ²⁾	
1	Scope 1 Direct emissions			
1.1	Direct emissions from stationary combustion sources	0.3%	A	Fair Climate and Green Energy Green Buildings Green Production Green IT
1.4	Direct emissions from processes (leaks)			
1.2	Direct emissions from mobile combustion sources	0.6%	A	Green Mobility
2	Scope 2 Indirect emissions			
2	Indirect emissions	0.2%	A	Fair Climate and Green Energy Green Buildings
3	Scope 3 Other indirect emissions			
3.1	Purchased goods and services	73%	B	Green Supply Chain Green Packaging Green Materials Green Catering
3.2	Capital goods	11%	B	Green Supply Chain Green Production Green IT Green Office
3.3	Fuel and energy-related activities	0.2%	A	Fair Climate and Green Energy Green Buildings
3.4	Upstream transport and sales	3%	B	Green Logistics
3.5	Waste generated in operations	0.02%	B	Covered by waste management at the production sites
3.6	Business trips	0.9%	A	Green Mobility
3.7	Employee commuting	1%	B	Green Mobility
3.11	Use of sold products	9%	C	Green Product design
3.12	Disposal of sold products	0.04%	C	Green Product design

¹⁾ Note: Categories in accordance with GHG Protocol: Categories that are not listed here are not applicable to or not relevant for SICK.

²⁾ Sphere of control:
A: High – directly controllable
B: Medium – indirectly controllable
C: Low – indirectly controllable

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