

Responsibility

SUSTAINABILITY REPORT

2021

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FOREWORD

Dear Readers,

The quicker our world changes, the more important the topic of sustainability becomes – for us humans, for our planet, and for our company. It is our declared aim to preserve values in the three dimensions of sustainability – ecological, social and commercial.

Much of what is now formulated as a sustainable trend is already present in the DNA of a family-owned company such as SICK. The respectful and fair treatment of employees – and the possibilities for them to develop personally – make us an attractive employer. The careful treatment of resources and the environment protects our own habitat. And, finally, our forward-looking economic and technological development protects the valuable legacy we inherited from company founder Dr. Erwin Sick.

This report focuses on how we anchored sustainability even more firmly in our company during the 2021 fiscal year. For example, with new further education courses, responsible action during the COVID-19 pandemic, health programs, our own generation of renewable energy, or the further development of our recycling economy. But we can do more: Our technologies help protect both the environment and human health, while enabling better measurement of the consequences of climate change. Moreover, other companies can also use our technologies to manufacture their products more safely and more environmentally friendly. This is a strong motivation for us to keep getting better. We use all our experience to open up sensor intelligence and the myriad possibilities of digitalization and Industry 4.0.

ABOUT THIS REPORT

This sustainability report refers to the 2021 fiscal year. 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 2021.

OUR BUSINESS MODEL

- SICK is the technology and market leader for sensors
- Our business is driven by digitalization and Industry 4.0.
- We invest 10.7% of our sales in innovation.

The SICK Group is 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 the protection of persons 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. This rapid development is being driven by megatrends such as digitalization, Industry 4.0, mobility, intelligent buildings and infrastructure, 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. In doing so, we use every possibility that sensor technology offers. We transform SICK sensors to sensor intelligence by means of increasingly powerful processors and data storage technologies, 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 complex solutions to improve their value-creation processes. These solutions are individually adapted to our customers' particular requirements and are based on extensive collaborative partnerships.

We consistently exploit the opportunities of digitalization to improve our competitiveness. The Supervisory Board also completely supports the Executive Board's strategy of comprehensively aligning the SICK Group on the demands of increasing digitalization. We also optimize our own organizational structure through digitalization, increasing our attractiveness as an employer.

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 2021.

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.

PROFITABILITY

The core of our commercial responsibility is profitability. We have proved that our strategy works – with profitability of 10.3 percent, an R&D investment rate of 10.7 percent and sales growth of 15.5 percent in 2021.

	Actual value 2021	Actual value 2020	Change	Forecast from Annual Report 2020
Group sales (EUR million)	1,963.7	1,700.2	15.5%	Low to mid-range single-digit percentage growth
EBIT margin (%)	10.3	8.3	2.0%	Mid-range to high single-digit percentage growth
Employees	11,022	10,433	5.6%	Low single-digit percentage growth
R&D investment as percentage of sales	10.7	11.8	-1.1%	Low double-digit percentage

DEVELOPMENT OF CORPORATE STRATEGY

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 then 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 working on further developing the corporate strategy for the current decade up to 2030. The core ideas were developed in a collaboration between international managers and the Executive Board. The strategy's program focuses on our customers in particular. Employees are also explicitly invited to actively contribute towards further development, structure and implementation of the strategy.

QUALITY

The increasing networking of production and control processes in complex machine environments is determining the future of industry. Whether production can be more efficient, more flexible, more resource-conserving or of better quality largely depends on the reliability and robustness of the data that forms the input of many process chains. Intelligent sensors collect these data and make them available for all downstream processes.

The quality of our products and services ensures our sustainable economic success. We recognize the needs of our customers early on; we react rapidly to requests and concerns; and we develop innovative solutions with commitment and technological competence. We consider customers and suppliers to be partners in this process, with whom we maintain long-term collaborations and share knowledge and development steps.

We consider learning from mistakes to be an opportunity. We thus constantly improve our processes, in addition to using quality assurance measures for product development and production. We also involve our suppliers in this monitoring and improvement process. We employ special processes to monitor and control stocks of strategically relevant components.

We guarantee our customers the security of our solutions during operation, and while processing data entrusted to our products throughout their life cycles.

We use audit management to inspect our process and quality management systems. The overall effectiveness of the measures is continuously evaluated by means of internal and external audits.

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 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 comprehensively profit from the increasing networking and digitalization of industrial production and even help shape them with our own innovations.

Our investments in R&D activities in the 2021 fiscal year are shown in the following overview. It includes expenditure on the Start-Up Initiatives. Most of our R&D activities remain located at the sites in Germany.

	2021	2020	Change
Sales revenues (EUR million)	1,963.7	1,700.2	15.5%
R&D expenditure (EUR million)	210.3	201.1	4.6%
R&D expenditure as percentage of sales	10.7	11.8	-1.1%
Employees in R&D on reference date	1,406	1,367	2.9%

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 difficult developments within individual target sectors.

Three product highlights from 2021 demonstrate our innovative strengths in a variety of industries.

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

INNOVATION HIGHLIGHTS 2021

Innovation		Description and customer benefits
EventCam App	SICK AppSpace SensorApp	Digital solution for SICK's AppSpace products. It turns SICK cameras into event cameras that record a defined period before and after a trigger signal.
Condition Monitoring	Cloud-based function in a variety of applications, e.g. tunnels, waste incineration and cement production	Cloud-based application that collects, visualizes, archives and draws conclusions from measurement values, device parameters and the vital values from measurement devices. <ul style="list-style-type: none"> • Ensures device availability • Prevents plant downtimes • Provides planning support for maintenance intervals
Package Analytics 4.4	Software	Package Analytics software for analyzing performance data in package distribution centers enables comprehensive real-time monitoring of efficiency and the state of automated identification systems.
Automated Goods Receipt (AGR)	Track & Trace	Permits the automatic reception of goods by means of modular, sensor-based software functions in combination with automatic package identification. It enables the exchange of consignment data with partners at all times, accelerating the booking process in the receiving ERP system.
DWS Dynamic Eco	Track & Trace	Cost-effective system for dimensioning, weighing and scanning. Grows with customer requirements. Hardware and software match needs regarding consignment throughput, object sizes and subsequent data processing requirements. Sorting, storage and transport tasks can be automated with the master data collected.
Tag-LOC System	Accurate localization, tracking and administration of assets	Localization system for industrial applications. It determines the precise location and storage place of assets such as vehicles, workpieces, materials, etc. in real time. The digital representation of position data is used to track and trace assets. Analyses are possible in the software backend for continuous monitoring of goods movements and to control material flows.
Inspector P61x powered by deep learning	2D vision sensor	Ultra-compact 2D vision sensor for confined installation spaces. Ideal for inspecting fine details. Supported by deep learning and ready to solve classification tasks using artificial intelligence.
Educational Set Artificial Intelligence	Training program	The aim of the set is to enable a teacher or trainer to impart the topical Industry 4.0-related subject of artificial intelligence in a didactically meaningful and motivating way.

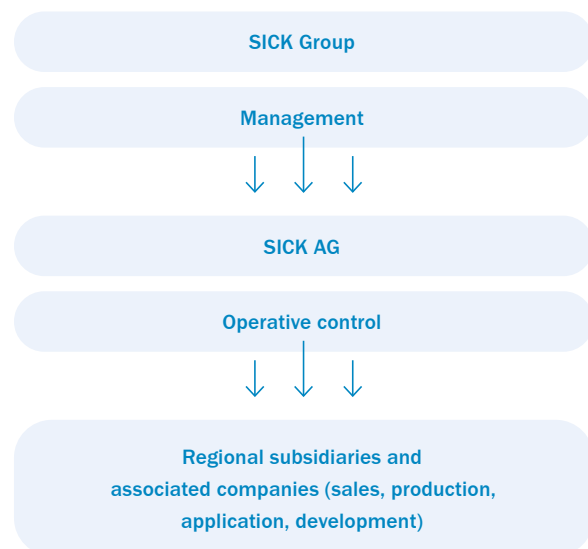
INNOVATION HIGHLIGHTS 2021

Innovation		Description and customer benefits
FTMg	Flow sensor with energy measurement	Compressed air is one of the most expensive forms of energy. The FTMg thermic flow sensor supports plant operators with early recognition of leaks in compressed air systems so that they can plan maintenance.
Visionary-T Mini CX	Compact 3D snapshot camera	Cost-effective solution for numerous 3D applications: The compact Visionary-T Mini can be integrated into almost any machine design and individually configured. The sensor offers a reliable data basis for demanding applications.
STS	Motor feedback system	The STS absolute motor feedback system ensures maximum flexibility and precision for measuring the position and speed of hollow shaft motors and direct drives.
TMS/TMM22E	Tilt sensors	Transmits precise tilt data to the plant controller via a linearized analog signal.
IMM	IMM inductive proximity sensors	Miniature sensors for industrial applications.
ScanGrid2	Safe multi-beam scanner	Economical safety solution for small lane-guided automated guided carts (AGCs): The world's first LiDAR multi-beam scanner with safe solid-state technology.
sBot URCap	Safety system	To protect freely accessible robot applications from Universal Robots with the highlight of rapid and easy direct configuration of the SICK safety laser scanners via the UR Teach Pendant, offering maximum productivity.
FLOWSIC100 Flare-XT	Ultrasonic gas measurement device, flare gas measurement device for monitoring emissions	Its Advanced Sound Correlation ensures that measurements are provided even when the sensor signal has been scattered due to high gas speeds. Designed for multi-component highly dynamic emission-related applications. The measurement devices continue to set the standard for worldwide emissions measurement with integrated diagnosis and monitoring.

THE GROUP'S ORGANIZATIONAL STRUCTURE

SICK was founded by Dr. Erwin Sick in Vaterstetten near Munich in 1946. We celebrated our 75th year of existence in 2021. The parent company SICK AG leads the Group from its headquarters in Waldkirch near Freiburg. This is also the company's largest production and development site.

In the 2020 fiscal year the SICK Group consisted of 52 companies. The SICK Group reports on its business performance in four sales regions: Germany; Europe, the Middle East and Africa (EMEA); Asia-Pacific; and the Americas (North, Central, and South America). The SICK Group is led by an Executive Board consisting of six people. The Supervisory Board, consisting of twelve members with equal representation between stockholders and employees, acts as the control committee.



The regional structure of the Group's organization reflects the complex structure of customers and markets. Competence and production centers are correspondingly domiciled in all regions of the world. Sales generally take place via the Group's own sales and service companies in all important industrial nations.

OUR UNDERSTANDING OF 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.

Sustainability in the sense of Corporate Social Responsibility (CSR) is understood in terms of our three-pillar model in which ecology, economy and social aspects are considered important factors and form the foundation of stable corporate control and governance.

OUR MAIN SUSTAINABILITY OBJECTIVES

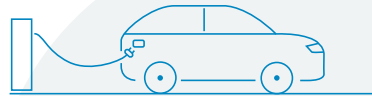
UN Sustainable Development Goals and Fields of Activity



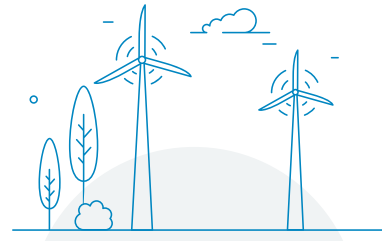
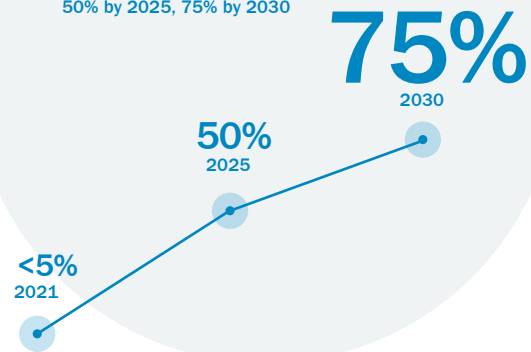
ECOLOGICAL SUSTAINABILITY



FACTS AND FIGURES ON ECOLOGICAL SUSTAINABILITY



Proportion of e-vehicles in worldwide SICK fleet:
50% by 2025, 75% by 2030



100%

Use of green electricity at all production sites worldwide by 2025²⁾



Since 2013

100%

Use of green electricity in Germany



Since 2013

0

Greenhouse gas emissions³⁾ in Germany



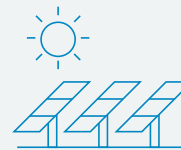
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Reduction of worldwide greenhouse gas emissions to zero by 2030¹⁾



80%

Conversion of main suppliers to climate neutrality worldwide by 2030



40%

Energy autonomy in Germany by 2025

¹⁾ Related to scope 1 and 2 emissions.

²⁾ If green electricity is unavailable, CO₂ emissions will be compensated.

³⁾ Refers to scope 1 and 2 emissions as well as defined scope 3 emissions.

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 long-term environmental protection with measures for ecological sustainability.

Our commitment for employees, society and sustainable economic success derives directly from our credo of being able to work together for, and in, a worthwhile future.

Environmental protection must have its place on all levels and be driven forward with motivation – from the management to each and every individual employee. In order to achieve this, SICK has established an internal sustainability network as a key element for promoting our own 'green mindset'. By green mindset, we mean taking into account sustainability aspects on all levels of activity and creating an understanding of why this requires such a high prioritization. For this purpose, SICK increases environmental awareness

within the company by appreciating, supporting and providing comprehensive information on exemplary projects. Sustainability is an overall concept at SICK, affecting every corporate department. Our employees are not only involved in this on a daily basis, but are also informed about every measure we undertake – consolidating the green mindset throughout the company. Each and every employee can suggest improvements, and these flow into concrete sustainability projects. In addition to internal corporate expertise, SICK also works with an external panel of experts. Together with the panel, projects to achieve our sustainability goals are continuously considered, adapted and expanded internationally.

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 the consolidated environmental statement.



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

The aim of our environmental and energy management system is to reduce or, if possible, entirely prevent negative environmental impacts, particularly on our climate. This is made possible by our consistent implementation of the principles described in our corporate policy throughout the company. For SICK, this means in particular using resources sparingly, minimizing environmental emissions, as well as the use and development of environmentally friendly and energy-saving products. This also involves developing products whose functions make a positive contribution towards environmental protection. Energy efficiency – which we constantly strive to improve – is always a major element for sustainable environmental protection. We also continuously evaluate all environmentally relevant processes, activities and services.

A central team of environmental and energy experts deal with the strategic development of our environmental and energy management system worldwide. The team's members maintain regular close contact with environmental officers at the subsidiaries and in the production units and central production departments. The team leads all central projects to implement defined environmental and energy requirements. There is also regular contact with external partners, Chambers of Industry and Commerce, and industrial associations so trends can be detected early on and legal requirements anticipated in good time. Legislation on global, national and local levels is also of relevance for SICK. Moreover, our compliance with legislation is ensured by environmental audits, an open and direct dialog with responsible authorities, and our involvement on external specialist committees.

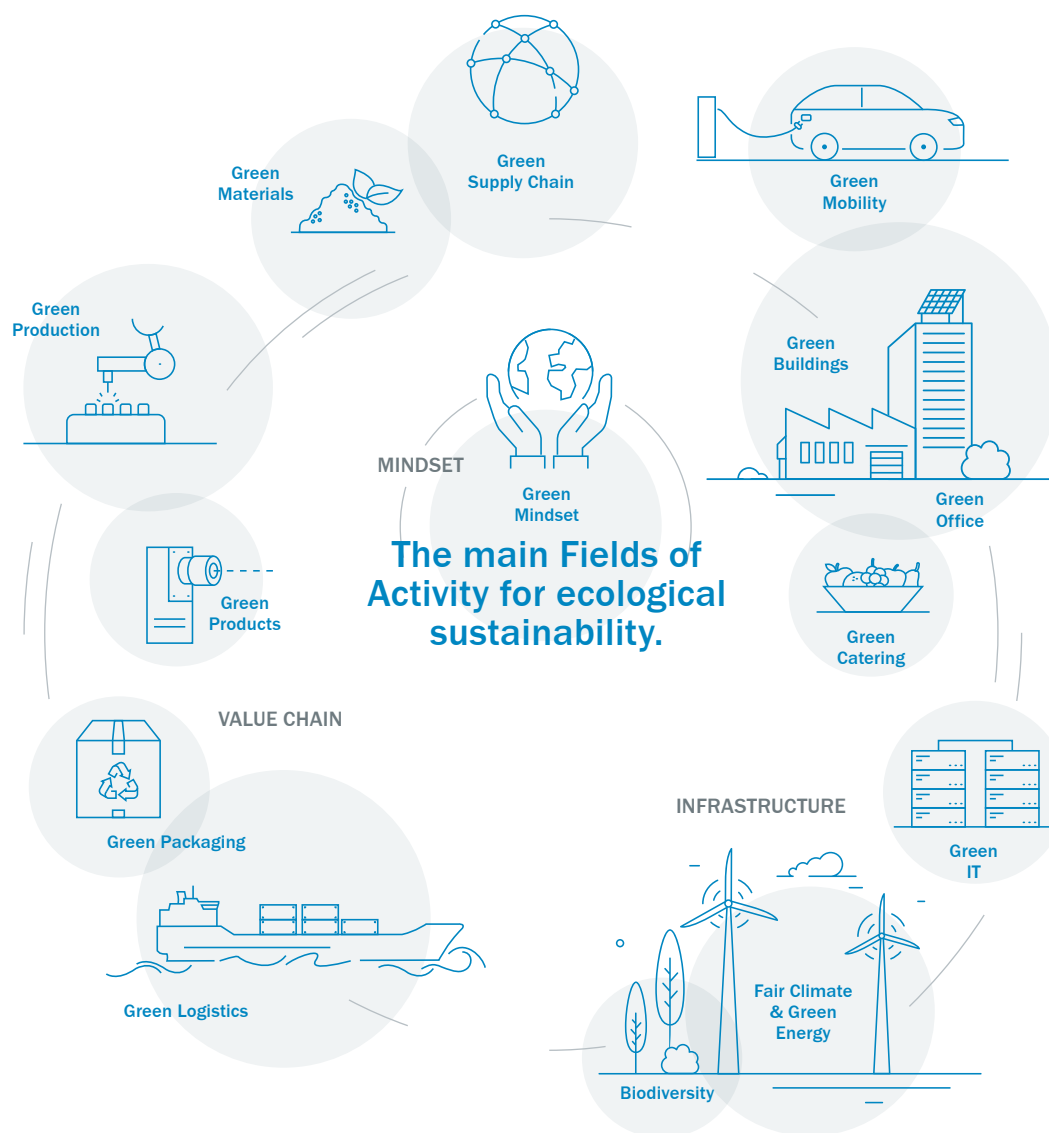


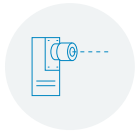
IMPORTANT FIELDS OF ACTIVITY IN ECOLOGICAL SUSTAINABILITY

- We have defined 14 main Fields of Activity for ecological sustainability.
- We continuously measure our progress in achieving the goals and monitor our own actions.

We expanded our environmental awareness into a global climate protection strategy in 2013 in order to take into account environmental regulations and the constantly improving knowledge on environmental and climate protection. In 2020, SICK increased its environmental protection activities globally to include all important fields of action with a reworked strategy focusing on ecological sustainability. 14 Fields of Activity were identified in a materiality analysis involving products and processes throughout the entire value-creation chain – as well as SICK's infrastructure, energy provision, buildings, IT, gastronomy and vehicle fleet. Each Field of Activity was examined for its ecological optimization potentials and concrete targets were defined. These are in line with the United Nations' sustainability goals that are of relevance for SICK. This sustainability strategy was also based on the German Sustainability Codex (DNK) and the Global Reporting Initiative (GRI).

We summarize our main Fields of Activity for ecological sustainability and the most important goals below. A complete overview of our goals, measures and current progress can be found in the [Annex](#).





GREEN PRODUCTS

In parallel with technological progress, demands for companies to contribute towards environmental and climate protection have also increased in recent decades. From production and logistics, to energy generation and consumption, as well as the monitoring of emissions – the need to use resources more efficiently is great in all industrial fields. Sensors can provide direct help here because they gather large quantities of relevant data, and thus generate the transparency needed to optimize processes. SICK's Green Products initiative assists its customers to use resources more efficiently and minimize negative environmental impacts – and provide sensor solutions for a CO₂-neutral world. The phasing-out of fossil combustion processes is directly linked with the introduction of new technologies. Our customers will undergo a transformation process – from natural gas, through liquefied natural gas (LNG) to hydrogen. The conversion to CO₂-neutral production is taking place in all sectors, driven by a will to achieve energy efficiency and increased yields. The new technologies that will be created for this purpose will have to be monitored and controlled by intelligent sensors and counters. The expansion of regenerative energy production plants (photovoltaic, wind turbines) will play an even greater role in future. SICK also provides intelligent sensors here to optimize yields.

Two applications from the energy industry follow:

USING HYDROGEN PRODUCED WITH POWER-TO-GAS

Green electricity generated from wind and sun is fundamental for the energy transition, but also creates problems: Its generation is weather-dependent and therefore cannot be accurately calculated. Suitable storage systems for surpluses from solar and wind plants are not currently available. One solution here is 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, which can affect the performance of gas flow counters. Until now, up to 2 percent hydrogen has been added to natural gas networks in some regions of the world. Tests by SICK have shown that our gas flow counters actually function as stably and reliably as with pure natural gas even when mixed with up to 10 percent hydrogen. SICK is also prepared for higher hydrogen proportions of up to 30 percent with a new ultrasound probe developed in 2021.

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 thousand reflectors, are often located in desert regions with little civilization. So it is all the more important for operators that the plants work with optimum efficiency and without faults. 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.

Goal:

Development of sensor solutions for regenerative energy production (photovoltaic, hydrogen, wind turbines), as well as for production and logistics (increased efficiency, emission-monitoring).

Measures:

- 1 Natural gas counters are already available for operation with a gas mix of up to 30% hydrogen.

100%
- 2 Legal-for-trade counters for 100% hydrogen will be ready for practical trials by the end of 2022. A sensor for measuring the purity of the hydrogen is in an early development phase.

70%
- 3 A counter for liquid CO₂ for use in CO₂ capture will be ready for testing by the end of 2022.

60%
- 4 SICK remains at the forefront of technologies for measuring clean energy, and will prepare new functions and a complete range for measuring clean energy with quantity and quality analyses by the end of 2025.

10%



THE GREEN SUPPLY CHAIN AND MATERIALS

THE GREEN SUPPLY CHAIN

The main environmental impact in the life cycle of a sensor product is caused during the production, processing and transport of the raw materials required. So the delivery chain – with its suppliers and sub-suppliers as well as transport between the individual players – is decisive for achieving sustainability goals. This connection has not only become the focus of politics. SICK is also examining the processes along the entire delivery chain. The Green Supply Chain Field of Activity is dedicated to taking ecological aspects into account in the delivery of materials and products from our suppliers and sub-suppliers to SICK. Appropriate measures have been derived by assessing the sustainability of our suppliers. Some of the procurement logistics chain now takes place via CO₂-reduced freight routes. Moreover, SICK collaborates within works and cross-departmentally: Sustainable packaging for transport from suppliers to SICK has been designed and produced via the Green Logistics and Green Packaging Fields of Activity.



Goal:
80%

Conversion of main suppliers (the top 80%)
to climate neutrality by 2030

Measures:

- 1 Definition of sustainability criteria and publication of a SICK Vendor Sustainability Policy (by 2022).
15%
- 2 Supplier assessment regarding sustainability criteria.
0%
- 3 Annual assessment of the most important suppliers and evaluation during the acquisition phase.
0%
- 4 Inclusion of sustainability criteria in decisions to award contracts.
0%

GREEN MATERIALS

Minerals, metals and fossil resources are present on our planet in limited quantities only and cannot be renewed. So it is essential to recycle these materials and integrate them in a circular economy. The global increase in population is causing consumption to rise, further exacerbating the problem of insufficient resources. A functioning circular economy is also an important aspect for plastics because most of them are not recycled. 85 percent of waste on beaches worldwide is plastic. This ends up in the bodies of marine life or people who consume it. The negative effects on human and animal health due to microplastics in the air, in water and in food are difficult to estimate.

An overview of all goals and key figures can be found in the [Annex from p. 43](#).

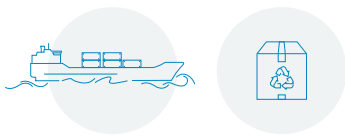
SICK places great value on the responsible treatment of limited raw materials, and on establishing an appropriate circular economy for minerals, metals and fossil resources. In the case of metals, it is already common for a certain quantity to be recycled, thus about 52 percent of aluminum produced in Europe is recycled. On the other hand, however, this is seldom the case for plastics in industry. SICK is examining the use of recycled plastics (so-called recyclates) to close the circle and minimize negative environmental impacts. Our aim is to use them in the production of SICK products. In an initial approach we are developing our own strategy.

Goal:
2023

Development of a strategy to use recyclates
and materials based on renewable raw materials
in our products by 2023.

Measures:

- 1 Market analysis of available materials and technologies. Identification of potential applications at SICK.
10%
- 2 Build-up of resources: A new post was created in October 2021.
100%



GREEN LOGISTICS & GREEN PACKAGING

GREEN LOGISTICS

According to current studies, 8 to 10 percent of the world's CO₂ emissions are caused by logistical processes. SICK is therefore committed to improving the efficiency of its logistics. In doing so, the transport of goods throughout the delivery chain (from raw material to subcontractors, from suppliers to SICK), the transport of goods within SICK (operating logistics), and the transport of our SICK sensors to customers are considered. SICK supports an intact environment, and takes responsibility regarding the consumption of energy, space, material and fuel. For this purpose, we are reducing our carbon footprint by optimizing packaging sizes and by improving the efficiency of our dispatch planning and replenishment processes. In the process, there is close networking with the Green Packaging and Green Supply Chain Fields of Activity.



Goal:
Creation of an overall concept to increase proportion of freight transported by rail and sea.

Measures:
The overall concept includes:

- 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 potentials and definition of additional goals by 2022.

Progress:

5%

GREEN PACKAGING

INNOVATIVE IDEAS FOR SUSTAINABLE PACKAGING

In order to create environmentally friendly packaging, SICK replaces plastic with either cardboard or paper, or uses recycled plastic instead. We also aim to further reduce package volumes, as well as the weight of plastic and paper packaging.

SICK uses these measures to combat the problem of environmental pollution by microplastics whilst reducing energy consumption during transport. Wherever possible we will in future do without new plastic and use recyclates instead. In general, finite resources should be replaced by renewable resources: Recycled paper, recyclates, and wood from sustainable forestry will be used more in future.

An overview of all goals and key figures can be found in the [Annex from p. 43](#).

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 recycle level of at least 50 percent also ensures secure transport. Three differently sized plastic bags are now used in place of our standard plastic packaging, to reduce over-packaging. Smaller adapted packaging sizes not only reduce the amount of plastics consumed, but also the entire packaging volume. This reduces the carbon footprint of packaging and all transport processes. With its Green Packaging Field of Activity, SICK takes responsibility for an intact environment and is continuously developing innovative and environmentally friendly packaging solutions with its packaging suppliers.

Goal:
Prevention and reduction of packaging wherever possible. Use of recycled packaging material. Reduction of plastic packaging.

- Measures:**
- 1 A systematic analysis of our packaging by an external consultant will be carried out in 2021/2022. The analytical phase has been completed.

100%

- 2 Further measures based on these results will be derived and standards defined.

0%

- 3 Definition of minimum requirements in SICK's internal packaging standard by 2022.

0%



FAIR CLIMATE & GREEN ENERGY

Climate change is the greatest challenge and threat to the world's people. A clear majority of all climate scientists are convinced that the CO₂ emissions caused by humans and their activities are responsible for worldwide climate changes. We at SICK take responsibility and will gradually reduce our CO₂ emissions. Our energy policy includes, in particular, the sustainable procurement and generation of energy – so that our Earth will still be habitable for future generations.

THE CLIMATE PROTECTION STRATEGY AT SICK

1. We prevent the waste of energy and increase energy efficiency.
2. We use renewable energy wherever possible.
3. We compensate for CO₂ emissions that cannot be avoided.

THE GOAL OF BALANCING CLIMATE NEUTRALITY:

We track and evaluate the success of our measures on the basis of concrete goals. SICK has voluntarily committed itself to reduce its net greenhouse gas emissions to zero at all German sites and all production sites worldwide by 2025 by signing a new climate protection agreement with the state of Baden-Württemberg. This commitment refers to Scope 1, Scope 2, and defined Scope 3 emissions*.

* According to the Greenhouse Gas (GHG) Protocol, emission sources from companies are divided into the following 3 areas (scopes):
 Scope 1 emissions occur at the company's location.
 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-creation chains and business trips).
 An overview of all goals and key figures can be found in the [Annex from p. 43](#).

In Germany, SICK had already achieved this goal in 2013 – for its emissions at the sites including upstream energy generation (Scopes 1 and 2) and business trips (Scope 3). Further Scope 3 emissions are to be measured and offset.

THE PREVENTION AND OFFSETTING OF CO₂ EMISSIONS

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

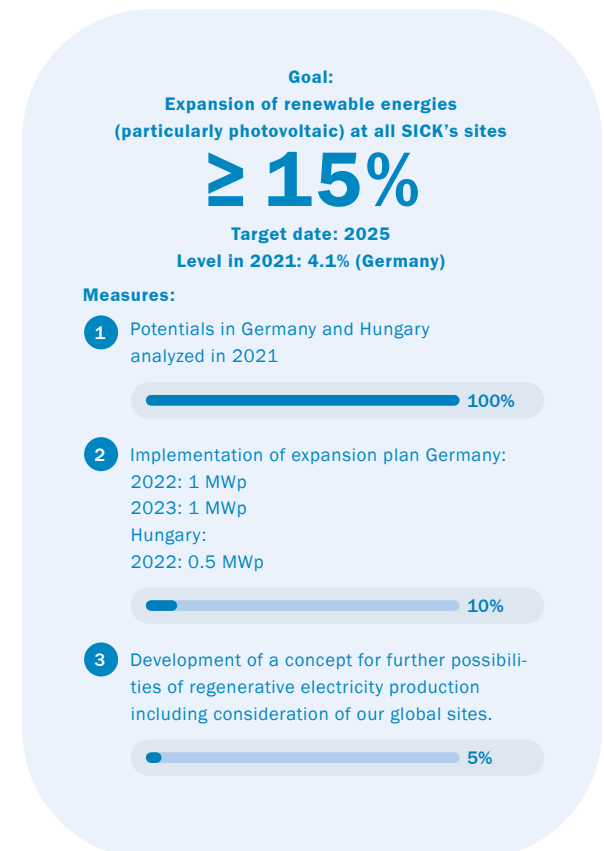
Sustainable heat supply: Whenever new buildings are constructed we will systematically examine and favor heat pumps to establish sustainable heat provision.

Renewable energy and energy autonomy: SICK wants to increase the proportion of electricity it generates itself to 40 percent – 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 percent. We constantly examine the possibility of using gas from regenerative energy sources for our existing combined heat and power units. The CO₂ emissions will be offset if this proves impossible.

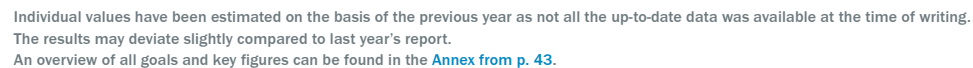
Purchase of green electricity: The remaining electricity will be in the form of green electricity purchased when certified as 'OK-Power' (which fulfils the highest demands in Germany and particularly promotes the expansion of new plants).

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

Offsetting: The above-mentioned offsetting takes place by means of climate protection projects according to the Clean Development Mechanism (CDM) GOLD standard via the 'atmosfair' not-for profit organization. CDM GOLD is the offsetting standard with the highest quality demands.



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





GREEN PRODUCTION

The use of resources is particularly high in production – from the production processes themselves to the necessary infrastructure. The use of hazardous materials, the consumption of energy and water, as well as the resultant waste materials are responsible for an environmental impact that must be reduced. Production is an important mainstay of SICK's corporate success, so we must pay particular attention to a resource-conserving and environmentally friendly way of working here. SICK considers and evaluates the entire life cycle of a product in order to draw conclusions about sustainable process optimization. In doing so, we go further than stipulated by legal regulations, increasing resource efficiency within relevant production processes and our infrastructure. The experts in this Field of Activity work closely with the Green Materials team in the development and improvement of production technologies to further reduce our ecological footprint. SICK also seeks appropriate solutions outside its own companies, e.g. with partners and suppliers, to align the entire value-creation chain sustainably. 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.

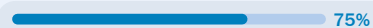
German sites are considered separately because important environmentally relevant processes take place here and thus a majority (> 80 percent) of emissions can be assigned to Germany. As a result, many goals relate to German sites.

Goal:

Reduction of the energy consumption of our operating materials in relation to production volumes by 2025.

Measures:

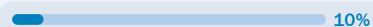
- 1 Fundamental research including possible introduction of Standby/Sleep/Wake-up modes.



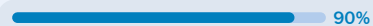
- 2 Systematic analysis of energy consumption data for new production equipment.



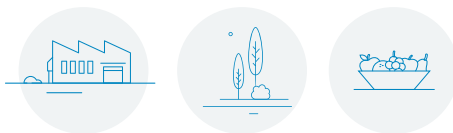
- 3 The definition of standards on the development of future production equipment using sustainable and energy-efficient components.



- 4 A thesis was commissioned in 2021 and is nearing completion.



An overview of all goals and key figures can be found in the [Annex from p. 43](#).



GREEN BUILDINGS, BIODIVERSITY AND GREEN CATERING

GREEN BUILDINGS

The building sector is considered the greatest single factor contributing to worldwide energy consumption and greenhouse gas emissions. Of decisive importance here are the environmental impacts from the utilization phase, i.e. energy consumption, and from the construction materials used. Because buildings have long service lives, it is essential to invest in energy efficiency right from the start when constructing office blocks, warehouses and production sites to achieve a maximum positive effect on the environment. SICK pays particular attention to the use of sustainable construction materials for its new buildings. This includes the use of renewable raw materials (e.g. wood instead of concrete), produced with as little energy as possible and ideally purchased locally. These factors have a decisive positive effect on the environmental footprint.

THE SUSTAINABILITY OF SICK'S BUILDINGS

SICK optimizes existing buildings and all planned new buildings. 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, for example, ventilation plants are being renewed; illumination standards defined; and automated shade-provision systems installed. An energy measurement system determines which plants or departments consume how much electricity to uncover savings potentials. 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.

Goal:

Analysis of heat loss and determination of energy-saving potentials.

Measures:

The following measures are planned for 2022:

- 1 Expansion of the energy measurement concept: A further 30 heat flow meters and 45 electricity meters are planned for 2022.
- 2 Efficient connection of the building stock to the local heat network in Waldkirch by means of system separation and needs-oriented regulation.
- 3 Installation of a heat pump in Überlingen / renovation of the heating system.

Progress:

10%

BIODIVERSITY

Biodiversity is the variety of species, habitats and genetic material. The creeping loss of this biodiversity is a challenge for all society. Measures at a global, regional and local level are required to retain biological diversity. SICK is well aware of its role in society in times of climate change and insufficient resources, and wants to combat the loss of species diversity at a local level and set a good example for employees and customers.

In the Biodiversity Field of Activity ideas are developed and implemented to protect and increase species diversity at SICK sites. The aim is to give biological diversity space on the green areas of SICK sites. Wild bees, butterflies, lizards, grasshoppers and many other inhabitants (both flora and fauna) should find a home there.

Goal:

Promoting species diversity at SICK sites.

Measures:

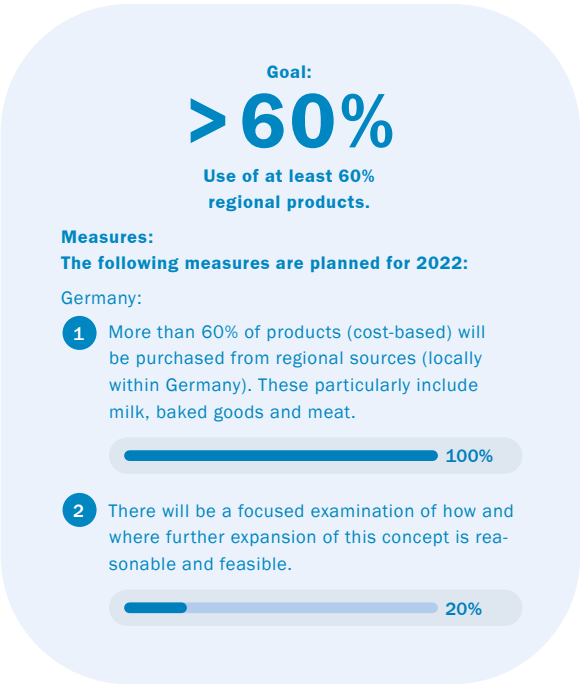
- 1 Create wild flower meadows in all SICK's green spaces.
- 2 Participation in the "Corporate Nature Baden-Württemberg – Company Grounds Bloom" project and derivation of further measures: Construction of specific habitats to support various species of flora and fauna (dry stone walls, nesting boxes, bat habitats, dead tree stumps, etc.).

50%

SHEEP GRAZING IN BUCHHOLZ

Sheep have been active as a SICK landscaping team at the Buchholz site since starting with one ewe and two lambs in May 2019, and we maintain contact with local shepherds to this end. This gentle and environmentally friendly method of grass-cutting is the next step towards increased biological diversity on SICK’s green spaces. When grazing is used, all the small animals on the ground can safely withdraw and the insects survive – in contrast to regular mowing by machine. Grazing also allows the formation of islands of plants which, in turn, each accommodate a type of micro-ecosystem with its own specialists.

We have converted all our open spaces throughout Germany into flowering and natural meadows (except for heavily frequented grassland and soakaway ditches). We want to convert open spaces at SICK’s worldwide production sites to flowering and natural meadows by 2025. Individual habitats for insects, birds and bats will be set up at the various corporate sites, depending on their suitability. Many such activities have already been implemented. These concepts will be expanded gradually and, wherever possible, implemented at the global sites.



GREEN CATERING

The supply of food is responsible for one third of all greenhouse gas emissions worldwide: No progress in transportation or energy transition has the potential to slow global warming as much as a conscious choice of food. Conventional means of food production have the greatest negative effects on biological diversity. The selection of seasonal and regional food could reduce carbon emissions from the food supply chain by at least 50 percent – and increase regional species diversity. It is also worth noting that arable farming releases lower amounts of greenhouse gases than livestock, so vegetable products are preferable to meat.



GREEN CATERING AT SICK

SICK uses Green Catering concepts to select the range of foods in its works cafeterias, as well as to choose how snack machines and coffee machines are used. We pay attention to the sustainability and quality of the foods provided. SICK attempts to obtain its foods regionally so that transport routes are kept as short as possible, reducing greenhouse gas emissions. SICK selects seasonally available foods for its cafeterias. We promote a sustainable food culture with regional and seasonal products and our supplementary, almost entirely vegetarian, Green Line range of meals. This not only leads to appreciation of the range of food available regionally, but also reduces CO₂ emissions while maintaining high quality and freshness. Our aim is to offer our employees a healthy and sustainable selection of meals – without them having to renounce culinary pleasure.

An overview of all goals and key figures can be found in the [Annex from p. 43](#).



GREEN IT, GREEN OFFICE, AND GREEN MOBILITY

GREEN IT

According to current estimates, information and communication technology is responsible for about 4 percent of the world's electricity consumption. In addition, video streaming, social media, big data, artificial intelligence, and the digitalization of business and production processes result in a worldwide increase in energy consumption and thus CO₂ emissions. Moreover, the production of IT devices requires metals (including silver, gold, copper and lithium) and rare earths (e.g. neodymium and tantalum) that have a negative impact on the environment because they are mostly mined under uncontrolled conditions. These examples show why the IT Field of Activity also offers major optimization potentials regarding ecological sustainability.

WHAT SICK UNDERSTANDS BY '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. SICK also places great value on a sustainable 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 enable 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.

Goal:

Reduction of energy consumption

Measures:

The following measures are planned for 2022:

- 1 Development of an overall concept – particularly taking into account the servers, IT end-devices and cloud providers.

Progress:



GREEN OFFICE

In addition to reducing CO₂ emissions in logistics, packaging and business trips, SICK also embraces this task in everyday office work. Large quantities of paper and plastic waste accumulate every day. The Green Office Field of Activity therefore involves the environmentally friendly structuring of office-specific processes. SICK thus wants to establish appropriate environmental and resource-related measures and gradually achieve our defined sustainability goals.

RESOURCE-AWARENESS IN THE OFFICE

Although recycling is a sensible environmental protection process we consider it to be a final option: We want to prevent avoidable purchases right from the start.

With the digitalization of work processes, SICK moves away from paper-based work and thus saves valuable resources. We also prefer newspapers and magazines 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 every employee has 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.



Goal:

Reduction of the white content of recycled photocopy paper from ISO 100 to ISO 80.

Measures:

- 1 The level of white in our recycled paper was reduced to ISO 80 in Germany in 2021.



- 2 Extension to global sites.

**GREEN MOBILITY**

About 60 percent of total CO₂ emissions from European road traffic is caused by vehicles. So this is precisely where SICK is taking action: In the Green Mobility Field of Activity, we want to reduce the emission of carbon dioxide by SICK employees commuting to work or on business trips.

**TOWARDS SUSTAINABILITY WITH GREEN MOBILITY
IN THE FORM OF E-MOBILITY**

Essential business trips are undertaken with maximum environmental friendliness. 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. SICK also invests in the necessary infrastructure and is continuously expanding its network of charging points for e-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 worldwide. 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 carpool. SICK uses e-mobility for short distances. Since 2013, the CO₂ emissions caused by business trips (indirect emissions) have been offset using a climate protection project in line with the CDM Gold Standard organized by 'atmosfair'.

For many years now, the 'Environmentally Friendly to SICK' workgroup has also supported employees switching to environmentally friendly methods of transport, e.g. bicycles or public transport. In addition, the organization of carpools has been simplified via an app so that employees are more motivated to share cars.

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 for a plug-in hybrid or fully electric vehicle, and 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. We support the switch to pure e-vehicles with the aim of 50 percent of the entire fleet consisting of e-cars by 2025 and 75 percent by 2030.

Goal:

Increasing the proportion of battery-powered e-vehicles to reduce the CO₂ emissions of SICK's fleet of company cars to 50% by 2025, and to 75% by 2030.

Current situation in 2021:

5% (Germany)

Measures:

Germany

- 1 On selection of an e-car, a SICK Environment Bonus of EUR 350 per month is paid and calculated into the reference leasing rate.
- 2 In addition to the subsidy from the KfW (a promotional bank), SICK also subsidizes a wall-mounted charging box with an additional EUR 350.
- 3 SICK assumes the electricity costs if sustainable green electricity is used.



Global sites: Being coordinated.





SOCIAL SUSTAINABILITY

SOCIAL SUSTAINABILITY

PEOPLE MAKE OUR SUCCESS



Competent employees who collaborate in the corporate network are a fundamental prerequisite for sustainable growth. They are also an important distinguishing feature in the competition for new talent.

Innovation and commercial success are the result of the work of committed, inspired and high-performing employees. This success can flourish only on the basis of a respectful and fair collegiality in a trusting working atmosphere. Our aim is to create an environment that encourages pride, motivation, identification, and the health of our employees. We also consider development opportunities and the enhancement of individuals' skills important. Balancing expectations and encouragement, as well as providing numerous opportunities to get involved beyond one's own work context and taking responsibility for oneself, are also important elements of our corporate culture.

Human resources work is oriented on the belief that an employee's tasks and their competences must match one another as much as possible. Only then can all employees unlock their individual potentials and provide their best performance. Finding suitable employees, integrating them, and encouraging their loyalty are major priorities for us. For this to succeed, the stated goals of our strategy and personnel policy should be seen and experienced every day in the lived corporate culture. To achieve this, we actively shape our workspace culture and establish all the necessary processes, creating a human resources policy that is transparent, comprehensible and coherent.

1 ATTRACTING TALENT AND TRAINING SKILLED WORKERS

- New building for the Sensor Intelligence Academy.
- The world of work is changed by digitalization, reinforced by the pandemic.
- 11,022 employees worldwide.

SICK's human resources policy is characterized by its core values 'Independence', 'Innovation' and 'Leadership'. 'Leadership' does not solely mean being ahead in technology and the markets, but also the development of our own corporate and management culture. The activities of our company's employees are based on the same principles and values all over the world. Our enhanced global orientation and consistent customer alignment make value-oriented leadership and results-oriented collaboration increasingly important and ever more challenging. Our internal Principles of Leadership and Cooperation (PLC) provide orientation – a binding framework for action valid for all employees and managers worldwide.

High levels of workplace quality, trust, enthusiasm and teamwork have been deeply anchored in SICK's corporate culture and guiding principles since the company was founded 75 years ago. Human resources work must involve a wide variety of topics in order to shape this culture. Some of the main aspects during the 2021 fiscal year were:

- Further alignment and adaptation of personnel work to meet requirements resulting from the pandemic.
- Farther-reaching concepts and targeted implementation of activities to shape the world of work ('New Work'), as required to meet the demands of digitalization and business (e.g. continuing the agile and digital transformation, promotion of cross-functional cross-organizational collaboration, expansion of virtual forms of work, flexible office organization, digital workplaces, leadership concepts, and targeted personnel development opportunities).
- Greater organizational adaptability and active process support.
- Further development of methods, instruments and processes focused on service provision, transparency and applicability. Implementation of a viable concept for mobile work.
- Skills development, talent management, strategic personnel planning, as well as employer branding and recruiting.
- Enhanced competences for cross-departmental collaboration in a global environment, and development of appropriate organizational methods to enable the company to optimally overcome the challenges of digitalization.

REMUNERATION AND RECOGNITION

In line with our principle 'We recognize and acknowledge performance', in addition to collectively agreed remuneration, SICK also offers extensive non-tariff payments, e.g. profit-sharing, variable pay components, performance-related payments, invention-based bonuses, or company pensions. This range is supplemented by flexible worktime models, mobile work, flexitime and working time accounts for individual life phase planning and the active promotion of health and needs-oriented training. The core of our recognition culture, however, is a lived culture of feedback that is strongly promoted by personnel work.

EMPLOYMENT IN NUMBERS

SICK added 589 new employees to the workforce worldwide during the 2021 fiscal year. The Group employed a total of 11,022 personnel at the end of 2021. This represents year-on-year growth of 5.6 percent. The rise was within the forecast range; slightly above it if the extra personnel for the Start-Up Initiatives are included. This increase in capacity further enhances SICK's competences, particularly in R&D, production and the worldwide sales and service organizations.

	2021	2020	Change
Total employees as at Dec. 31	11,022	10,433	5.6%
Further information:			
Average age of SICK's workforce	40.9	41.0	
Average length of employment (years)	9.2	9.2	
Proportion of women (%)	32.1	31.8	0.3%
Employees in Research and Development	1,406	1,367	2.9%
Trainees in the SICK Group	373	384	-2.9%
Expenditure on training and further education (in EUR m)	10.1	10.0	1.0%

	2021	2020	Change
Employees as at Dec 31			
Germany	6,292	5,961	5.6%
Europe, Middle East and Africa (EMEA)	2,136	2,023	5.6%
North and South America (Americas)	1,064	993	7.2%
Asia-Pacific	1,530	1,456	5.1%
Total employees:	11,022	10,433	5.6%

The average age of SICK's workforce was 40.9 in 2021. The average length of employment at SICK was 9.2 years. The proportion of women in the workforce remained almost constant compared to the year before. During the past fiscal

year, 32.1 percent of the workforce was female and 67.9 percent were male. The SICK Group had 373 trainees on December 31, 2021.

SELECTION OF NEW EMPLOYEES AND ONBOARDING

When selecting new employees we place great value on their fit with the company, their future colleagues and our culture. Thus, in addition to professional qualifications, the applicant's cultural imprint is a central selection criterion for new appointments. Social and leadership competences – alongside professional qualifications – play a major role in the application process. An online test is an additional indicator for trainees and students at cooperative universities (dual studies): In the Assessment Center – part of the selection process for trainees and students at cooperative universities – applicants complete both individual and group tasks that portray everyday work at SICK.

There is a special curriculum for onboarding new employees. It includes an introductory seminar, feedback workshops, and special e-learning courses. Participants are familiarized with SICK's corporate culture during a two-day introductory seminar. In addition to the corporate strategy, it also examines corporate communication, values, the Mission Statement, and the Principles of Leadership and Cooperation. Adapted variants of the introductory seminar, such as the Start@SICK program for production and logistics, meet the needs of specific target groups. The program focuses on the topics of social interaction, leadership and collaboration in the particular work area, as well as developments and strategy in production and logistics. There is also an adapted range of courses available for international employees. These pay particular attention to intercultural aspects.

COMPETENCE MANAGEMENT

Lifelong learning is vital for our company's sustainable success and offers employees a real opportunity to develop their skills. Competence management, as an integrated dynamic system of personnel management, is the mainstay

of internal further education. In doing so, an important objective is to shape the digital transformation in our company with regard to leadership and collaboration. In addition, the fundamental attitude that 'competence counts' expresses a high level of recognition and appreciation of our employees. Our competence management supports the necessary development of specialist, leadership and social competences, particularly given the challenges of the digital transformation. This ensures that all employees have the necessary expertise and abilities to meet the needs of their specific working tasks.

FURTHER EDUCATION AT THE SENSOR INTELLIGENCE ACADEMY (SIA)

We offer a continuous and far-reaching range of further education courses at our own Sensor Intelligence Academy (SIA). The SIA is open to all employees during their working time because we have great trust in their individual sense of responsibility. 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, also for the international subsidiaries. It has become established as a training center for technical and non-technical courses. 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 harmonizes and standardizes training processes, and guarantees uniformly high quality standards. The farther the digital transformation advances, the greater the importance of this expansion of knowledge and capabilities. Within our Learning Management System, course content is structured by means of a skills management

system – which won an award from a European e-learning journal. Employees and managers are given an appropriate training profile that pinpoints the current position and the desirable future situation. This tool enables determination and analysis of the current training status of organizational units throughout the company, and reacts with appropriate course offers.

It is becoming increasingly important to provide employees with rapid and easy access to the knowledge and information required at the particular 'point of doing'. For this purpose, among other things the SIA offers efficient learning formats based on new technologies, such as web-based courses, blended courses, or collaborative learning environments using virtual reality, social or co-creation approaches. Furthermore, a variety of training formats are available: In addition to classic face-to-face courses at the SIA, there are also e-learning courses, short films and webinars, for example. The aim is to use digital learning media to support self-regulated learning processes. We thus enable learning that is independent of time and place – and increase learning effectiveness.

A NEW BUILDING FOR THE SIA

We completed the new campus for the Sensor Intelligence Academy in December 2021 so that we could also implement a blended learning approach with face-to-face phases in a high-quality infrastructure. The new building has a total floor area of more than 5,000 m² and 30 new training rooms. It was financed by Sick Glaser GmbH – and Renate Sick-Glaser, the daughter of company founder Dr. Erwin Sick – with an investment of about EUR 19 million.

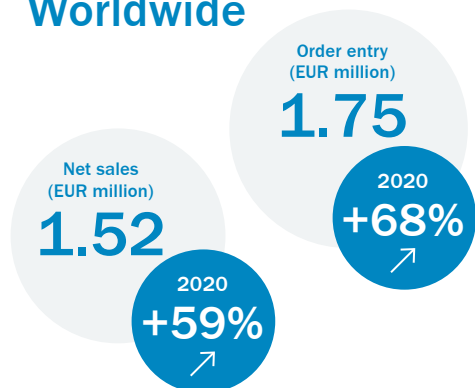
In addition to its modern stand-alone architecture, the building's planning and construction also took into account the need for forward-looking technical equipment. The design and acoustics of the interior furnishings were also considered during the actual construction planning phase in order to meet the demands of current learning concepts. The new SIA campus involved investments of EUR 1.5 million in hybrid media technology and about EUR 1 million in highly flexible furnishings.

The Sensor Intelligence Academy's Team Office is located at the heart of the building so that queries and service-related topics involving all aspects of the courses can be acted on and dealt with as they arise. In addition to the training rooms, the building also accommodates a large auditorium, a restaurant, and studios for producing audio and multimedia recordings.

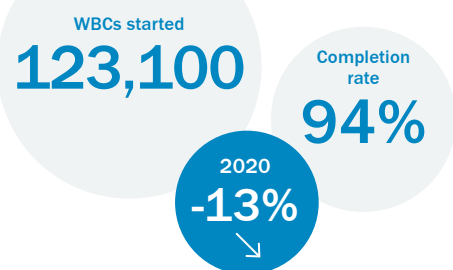
FACTS AND FIGURES

Key figures for the SIA (year end, 2021):

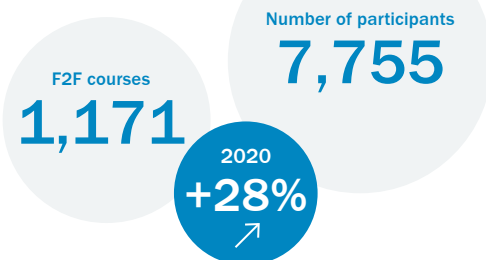
Sales Worldwide



Web-based courses



Face-to-face courses



In addition to the task of further educating SICK employees, the SIA also acts as an autonomous Business Unit within the company. Numerous training opportunities for customers, schools and universities have been developed and sold for 2021, both as face-to-face courses and in the form of digital training modules. The SIA profits from the synergetic effects produced by adapting existing employee courses for use with external target groups.

The SIA introduced a worldwide platform for videos in 2021, enabling employees and customers to access tutorials and educational films. In future, more co-creation activities will be used to share knowledge. In the past, trainers have passed on a certain standard content to all participants in the same format. In future, so-called Requirement Management Workshops will meet the needs of participants and the transfer of knowledge will be structured according to results.

Given the dynamic development of market and customer requirements, courses for managers in the global organization played a major role during the 2021 fiscal year. We focused on the following aspects:

- Providing opportunities to discuss operative implementation of the corporate strategy.
- Bringing employees together to exchange experiences or aspects of best practice, e.g. regarding collaboration.
- Greater orientation on results.
- Management approaches as a major element for the learning organization.

TRAINING

As in previous years, training remained an important aspect of our personnel work in 2021. In addition to specialist technical topics, learning in projects and the development of social and methodological competences (so-called off-the-job measures) are gaining in importance. Our range of further education courses includes areas specifically designed to meet the needs of trainees and students at cooperative universities (dual studies). At the same time, all the general further education courses offered by the SIA are also available.

Students at cooperative universities spend part of their practical phase or education at a foreign subsidiary to promote intercultural competences and to prepare for a position in an international setting. We interest young people by means of education partnerships with schools, e.g. within the framework of the School Research Center opened in Waldkirch in 2018, the Summer University, or the Open Training Days. We also increased our efforts to drive forward the international 12-month training program for university graduates during the 2021 fiscal year, particularly focusing on sensor engineering.

The tasks and goals of the program are:

- Creating early potentials for up-and-coming talent involving specialist and project tasks.
- Supporting mid- and long-term personnel planning.
- Acquiring employees for posts that are difficult to fill – specifically set up and expanded through internal development.
- The build-up of cross-departmental knowledge.
- Supporting and expanding formal and informal networks.

2 MANAGEMENT OF HEALTH AND SAFETY AT WORK

- We set up our own vaccination and testing capacities during the pandemic.
- Awarded the AOK Gold Standard seal as a 'Healthy company. Systematic operational health management'.

"Those with experience remain stronger, more complete people at work through sports, community and culture."

DR.-ING. E. H. ERWIN SICK

SICK committed itself to the objectives and principles of the European Union's Luxembourg Declaration (on promoting workplace health) by signing up to it in 2007. The management of health and safety is part of our corporate strategy: We consider our employees to be a particularly important factor in our success. The protection of their health is in the best interests of the company and is one element of our social responsibility. The promotion of health involves three pillars: permanently enhancing health potentials, improving the wellbeing of employees at the workplace, and preventing risks at the workplace.

Our active and systematic health management concept ranges from promoting health, through prevention and rapid support measures in acute cases, to rehabilitation. We continue to collect and evaluate data on potential chemical and physical health risks, as well as mental and psychosocial stresses at the workplace. Employees and managers use this knowledge to develop solution concepts to minimize potential health risks.

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 counselling and the Employee Assistance Program.
- Wide-ranging counselling and preventive options from works' Medical Officers.
- Topic-specific health promotion programs.
- Regular surveys of employee health.

Our Family and Health Center at the Waldkirch site offers physiotherapeutic treatments as well as a wide variety of health-related courses. Occupational health care is also supplemented by orthopedic and general practitioner services. There is thus a seamless linkage of internal and external company structures with the aim of offering employees a comprehensive range of services that are easy to integrate into everyday working life. The health program serves individual health. The focus is on achieving a health-promoting lifestyle.

We started concentrating on nutrition in 2021 with the 'SICK is(s)t gesund' health program (SICK is healthy/eats healthily). A food blog provides information on healthy nutrition. The measures offered encourage employees to question their usual eating habits and, if necessary, to integrate healthier nutrition in their everyday lives.

We have been able to motivate many hundred employees worldwide to walk at least 8,000 steps per day with our SICK Global Health Challenge. The Challenge was accompanied by regular information on health and movement. The joint aim of this campaign was for SICK to sponsor walking so that we could donate money to a good cause.

We ensure the continuous development of our health and safety management with regular participation in competitions and audits. During the past fiscal year, SICK was awarded the AOK Gold Standard 'Healthy Company. Systematic operational health management' by an external auditing company in collaboration with the AOK Baden-Württemberg (the state's general health insurance scheme).

"The health of our employees is very important to us and has a high priority at SICK. This can also be seen from our handling of the coronavirus pandemic. I am very pleased about this award for all those who tirelessly work to protect the health of our personnel day after day, and most particularly in the current situation. Thank you to everyone for their extraordinary commitment."

CORNELIA REINECKE
(SENIOR VICE PRESIDENT HUMAN RESOURCES)



THE CORPORATE HEALTH SERVICE

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 good health. These far exceed legal requirements and are a fixed element of our work processes. Employees also receive support in emergency situations: for example, through collaboration with professional rehabilitation management and the services provided by the company's social counselling, or through acute assistance in the case of mental illnesses.

SAFETY AT WORK

A health and safety at work management system in line with DIN ISO 45001 was introduced in 2011 to systematically implement in practice Germany's Occupational Health and Safety Act (ArbSchG) and the regulations of the employers' liability insurance association (Berufsgenossenschaft, BG) and to achieve SICK's health and safety objectives.

The following recertification by BG ETEM took place in 2021.

"The health and safety management system at SICK AG, and the systematic approach in all areas of the company, is very efficient and successful – leading to excellent results including low accident rates (well below the average for the sector) and greater employee satisfaction."

FROM THE AUDIT REPORT 2021

Health- and safety-related key performance indicators are assessed annually in the Management Review. All strategic corporate health and safety protection targets were reached in 2021.

HANDLING THE COVID-19 CRISIS

At the start of the coronavirus crisis, we quickly implemented preventive and protective measures in close collaboration with the responsible authorities and public health departments. The measures and rules were centrally defined, controlled and communicated throughout the company by the Coronavirus Planning Committee that we set up in February 2020. The planning team met daily during the initial phase of the pandemic. The frequency of these meetings was then adapted to the current need during the course of the pandemic. The planning team, however, was still meeting at least once a week at the start of 2022. The composition of the planning team ensures that all aspects are taken into account, and that rapid decisions are made and implemented

without delays. The planning team includes members of the Executive Board and Works Council, the senior Company Medical Officer, the senior company Safety Engineer, as well as leading experts from Human Resources, Health & Safety at Work, Facility Management, Factory Security, IT, Procurement, Operations, Customer Fulfilment/Logistics, and Corporate Communication. The planning committee is an important worldwide orientation point and anchor for employees and management in our company. It provides regular information on Group-wide rules for all employees as well as making measures, rules and comprehensive information available for local use.

Mobile work at home was already the preferred option for many employees from 2020 onwards and was also seen as a preventive measure to keep the number of people at the company's sites as low as possible. This continued throughout 2021. We had already provided the technical prerequisites during the first year of the pandemic, and we further improved them in 2021. The measures involved internet bandwidths, technical equipment, as well as collaboration and conference media. Tips, training and support programs for working from home, as well as for virtual collaboration, were provided in our own 'Coronavirus Info Space' on the Intranet. Experiences and best practices from the home office were distributed throughout the Group in Intranet blogposts. Live formats on the topics of promoting virtual collaboration and dealing with stressful situations are offered to managers and other personnel. The 'Coronavirus Info Team' is also available to offer advice to all employees.

Production and logistics are critical for the success of the company's business activities and require the presence of employees on site. In addition to the higher-ranking Coronavirus Planning Committee, we established a dedicated COVID-19 crisis team to specifically focus on these departments, responsible for ensuring the implementation of more far-reaching protective measures. These apply throughout the global operation network and are prioritized as follows:

- Protection of employees (by means of social distancing rules and hygiene measures).
- Greater flexibility for employees in shaping their individual working times.
- Protecting the company – and thus jobs. For example, SICK set up a global production and logistical network in such a way that if there were a lockdown in one country the manufacture of products there could be temporarily moved to another production site.

ALSO TAKING RESPONSIBILITY BEYOND THE COMPANY ITSELF

Our Central Purchasing Department also supported authorities and medical facilities in the southern Baden region. In particular, we provided assistance by purchasing materials, for example protective masks, at the start of the pandemic.

When a public campaign began at the district's vaccination center in 2021, the doctors providing SICK's medical services supported vaccination efforts on a voluntary basis. The experience thus gained was used to set up our own corporate vaccination center on the works grounds in Waldkirch. In collaboration with the Security Department, the corporate vaccination center was designed so that it was also accessible for local people not employed by the company. As soon as the government approved the provision of vaccinations at industrial works, SICK started its own works vaccination campaign and vaccinated almost 2,000 people in an initial effort. Almost as soon as employees were offered vaccinations, the scope was expanded to include their family members. Many were grateful to take advantage of this offer.

The works vaccination center was set up again in late November 2021 due to SICK's positive experience with works vaccinations and because of the increasingly urgent indications regarding the need for a massive booster campaign that were evident at the time. We were again able to vaccinate more than 2,000 people between late November 2021 and the end of January 2022.

External medical officers provided on-site vaccinations at most of SICK's other locations in Germany if the sites were too far from Waldkirch for employees to come for vaccinations.

SICK also set up rapid testing stations, sometimes in collaboration with the German Red Cross, at a variety of sites. The rapid testing station in Waldkirch was located next to the works vaccination center and could also be used by the general public. We thus not only took responsibility for our own employees, but also for the community in Waldkirch and the surrounding area.

3 FAMILY-ORIENTATION: COMPATIBILITY OF FAMILY AND WORKING LIVES

- **New childcare facilities set up for the children of SICK employees.**
- **Working times and locations made more flexible.**

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.

We already announced the expansion of our childcare facilities for the children of employees in 2020. We organize this by providing financial support to the bodies responsible for daycare centers, nursery schools and kindergartens near our sites so that they can add new childcare places and provide precisely what our employees need. Supervision times are oriented upon the wellbeing of the children and the needs of the parents. The number of places available has thus been

increased from the previous 19 to a future total of 60 childcare places. We make a further contribution by providing support on the corporate platform for finding babysitters and arranging au pairs. We also offer our employees help in finding care provision in critical situations, and make holiday and emergency care available.

During the last fiscal year, we have considerably expanded the arrangements for making working times and locations more flexible. In many cases, we also enable part-time work. We support young parents in taking advantage of parental leave. Our works social counsellors provide advice on how to apply for parental leave and the arrangements that are possible. We are pleased that fathers working for SICK on all levels of the hierarchy can take advantage of the so-called 'partner months'.

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 and corporate loyalty in the families.

OTHER CORPORATE ACTIVITIES

We celebrated 75 years of SICK in 2021. Employees' families were invited to join in the celebration of the company's birthday – accompanied by a supporting program of entertainment – and to gain greater insight into the company.

SICK increases social opportunities for its personnel 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. On weekends the whole family can use this ticket to travel throughout the region.

We offer temporary use of company-owned apartments to enable new colleagues at SICK to 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.

Getting girls interested in technical professions has long been the aim of our Girls' Days, and matches the self-image of a technologically aligned company such as SICK. 24 school-girls 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.

4 DIVERSITY AND EQUAL OPPORTUNITY AT SICK

- [Intercultural courses for employees and managers.](#)
- [Diversity firmly anchored at SICK through the Principles of Leadership and Cooperation and the Competence Model.](#)

The term 'diversity' is a broad formulation and refers to a wide range of potential variety in an organization: gender, age, handicaps, religious and cultural diversity, and the variety of specialist disciplines. The SICK Group is an internationally active company in which diversity and equal opportunity are very important, whereby our corporate Mission Statement and the Principles of Leadership and Cooperation show the way forward.

The diversity of employees and the resultant variety of perspectives are important factors in our success. The broad bandwidth of expertise, opinions and points-of-view is both a resource and an opportunity to further develop the company and make the right decisions. The Principles of Leadership and Cooperation ensure that the actions of employees – and thus ultimately our corporate culture worldwide – are based on the same principles and values despite continuous growth and increasing global networking. Diversity is a concern and stimulus for managers, employees and workers' representatives. It is integrated in the methods of organizational development, and documented in leadership models. The topic is included in training for employees and management, as well as in the activities of our employer branding. Moreover, diversity is explicitly anchored in SICK's Competence Model in the form of the 'opening up diversity' competence.

In order to meet the challenges of a complex global environment we support the ability and readiness of employees to collaborate worldwide, as well as beyond the boundaries of their organizational units and disciplines. Respectful treatment, curiosity and optimism help us successfully master shared challenges.

This corporate sense of community enables us all to act in the company's best interests, to build up trust in the competence of colleagues, and to share information and knowledge. The leadership culture relies on working towards strengthening, encouraging and enabling employees. Because creativity and potentials will open up only in an environment characterized by trust.

The Inclusion Agreement – intended to enhance equal opportunity while preventing discrimination and the social exclusion of people with handicaps – is further proof of the seriousness with which we promote diversity. The results of an annual survey show that we are all pulling together in this regard. Statements about equality, fairness and employment protection, in particular, traditionally receive the highest approval ratings from more than 90 percent of our personnel.

Clear anti-discrimination rules are part of SICK's Code of Conduct and are valid worldwide. Furthermore, employees – as well as customers, suppliers and other external stakeholders – can report violations of laws and workers' rights anonymously via an electronic whistleblower system.

Our mid-term aim is to integrate diversity as a management process within Human Resources activities. We will establish equal opportunity along the entire 'employee journey' (i.e. from joining the company to retirement or change of employer). This also includes initiating highly targeted networks and communities in which employees can share experiences and express their concerns.

In addition to the above-mentioned Girls' Days, the **Women's Leadership & Empowerment Group** as well as the **Diversity, Equity & Inclusion@SICK** Initiative are two further examples from sites in the USA intended to drive forward diversity and equal opportunity.

5 OUR SOCIAL COMMITMENT

- Promoting education and science.
- Participation in the 'Arbeit neu Denken' (Rethinking Work) project for the long-term unemployed.
- Donations to Médecins sans Frontières.

SICK AG takes responsibility. We are committed to a variety of regional and supra-regional aspects of society beyond our actual commercial activities. We focus on areas within which we have particularly deep insights and can thus be sure of the effects of our involvement.

These include training and further education, as well as the promotion of science and research. In doing so, we place special emphasis on helping children and young people, as well as supporting up-and-coming scientists in technical fields. We try to inspire young people to take up technology and innovation with events such as Tech4Teens, Science Days, Girls' Days, and through sponsoring Jugend forscht (a German youth science competition).

We work closely with universities, colleges and institutes, e.g. the Institute of Applied Optics at the University of Stuttgart. We also sponsor academic institutes and endow professorships, e.g. the Gisela and Erwin Sick Professor of Microoptics at the University of Freiburg. SICK is a member of the following scientific funding associations:

- The Stifterverband für die deutsche Wissenschaft (a German organization that addresses challenges in higher education, science and research).
- The German Academy of Science and Engineering (acatech).
- The International Data Space Association (we were a founding member).

We want to use such activities to make a contribution towards maintaining the high standard of innovation in Germany.

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 is as a partner in the Waldkirch employment and qualification company WABE, which offers new perspectives to young men and women lacking education. From 2021 onwards, innovative labor market concepts are to be developed, trialed and implemented in a collaborative project with the 'Bildung für alle' (Education for All) association. The initiative, called 'Arbeit neu denken' (Rethinking Work) is particularly 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 has been to develop 'good practice' approaches and formulate organizational methods within a participative specialist committee.

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 2021, following fundraising in which SICK employees, SICK AG and Ms. Sick-Glaser were involved.



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.

1 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 12 members.

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 percent 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 Executive Board of SICK AG consists of six members with many years of experience in their activities for SICK. The Executive Board is responsible for managing the company, as well as for the corporate development strategy and

its implementation. In the process, it works trustingly with the controlling committee, the Supervisory Board. The Supervisory Board and Executive Board both acknowledge their entrepreneurial responsibility for the independence and long-term growth of the SICK Group.

The Supervisory Board of SICK AG consists of twelve members with equal representation between stockholders and employees. Many members of the Supervisory Board can look back on numerous years of activity in this controlling body of SICK AG. The Annual General Meeting elects the six representatives of the shareholders on the Supervisory Board for a five-year term of office. The owner family is represented on the Supervisory Board by two elected members. Gisela Sick, widow of the company's founder Dr. Erwin Sick, is the Honorary Chairwoman of the Supervisory Board. 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. Details on the activities of the Supervisory Board, on who sits on the committees, and on their activities during the 2021 fiscal year can be found in the Supervisory Board's Report that is included in the Annual Report. Further information on the Executive Board and the Supervisory Board is provided in the Group Annex (see Annual Report).

2 COMPLIANCE MANAGEMENT

- Our Compliance Management applies throughout the company and worldwide.
- The Chief Compliance Officers report directly to the Executive Board.
- We introduced a new whistleblower system in 2021.
- We will be establishing processes to implement the Supply Chain Due Diligence Act (LkSG) during this fiscal year.

The successful worldwide activities of the SICK Group require the observance and fulfilment of numerous external and internal regulations, laws and directives. Knowledge of, and compliance with, all of the legal requirements and internal guidelines valid for SICK AG and its Group companies is the aim of our preventive approach of the compliance management system at SICK. Monitoring company compliance with all legislation is one of the main tasks of the compliance organization. The Executive Board introduced the compliance management system 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.

In SICK AG's Executive Board, Dr. Martin Krämer is responsible for the Compliance portfolio. He is directly responsible for compliance management. The two Chief Compliance Officers, appointed for different sales regions, report directly to the Executive Board. They are responsible for the implementation, monitoring and continuous development of the Group's compliance management – together with other employees of SICK AG and its subsidiaries with further compliance-related tasks. The Chief Compliance Officers regularly inform the entire Executive Board and the Supervisory Board about compliance at SICK.

If no Compliance Representative has been appointed at a subsidiary, the particular Managing Director is responsible for maintaining compliance. The Compliance Committee, working under the leadership of the Chief Compliance Officer Europe & Africa, defines the compliance requirements in the Group and supports the operative units in their introduction and observance of 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 potential compliance violations and weaknesses in the compliance processes.

All compliance-relevant departments in our company are represented on the Compliance Committee, especially those responsible for data protection, export control, health and safety at work, quality management and environmental management, as well as the Works Council, for example. Every year, those with responsibility for risk management and compliance carry out a survey of risks, including compliance-related risks, throughout SICK – using a uniform Group-wide system for risk and compliance management. Coordinated systems and processes are particularly recommended when searching for new compliance risks because it is not always possible to differentiate business risks and compliance risks from one another without overlap.

NEGATIVE EFFECTS AND RISKS RESULTING FROM BUSINESS ACTIVITIES

SICK's risks and opportunities management system effectively monitors and controls risks, including compliance risks, and exploits commercial opportunities, and thus business potentials. In the course of this, the effects on non-financial aspects are also taken into account, and are represented within the framework of the opportunities and risks report as part of the Annual Report 2021. Any risks not included in the risks and opportunities described in it do not require reporting.



ORGANIZATION OF COMPLIANCE AT SICK

THE ORGANIZATION OF COMPLIANCE AT SICK

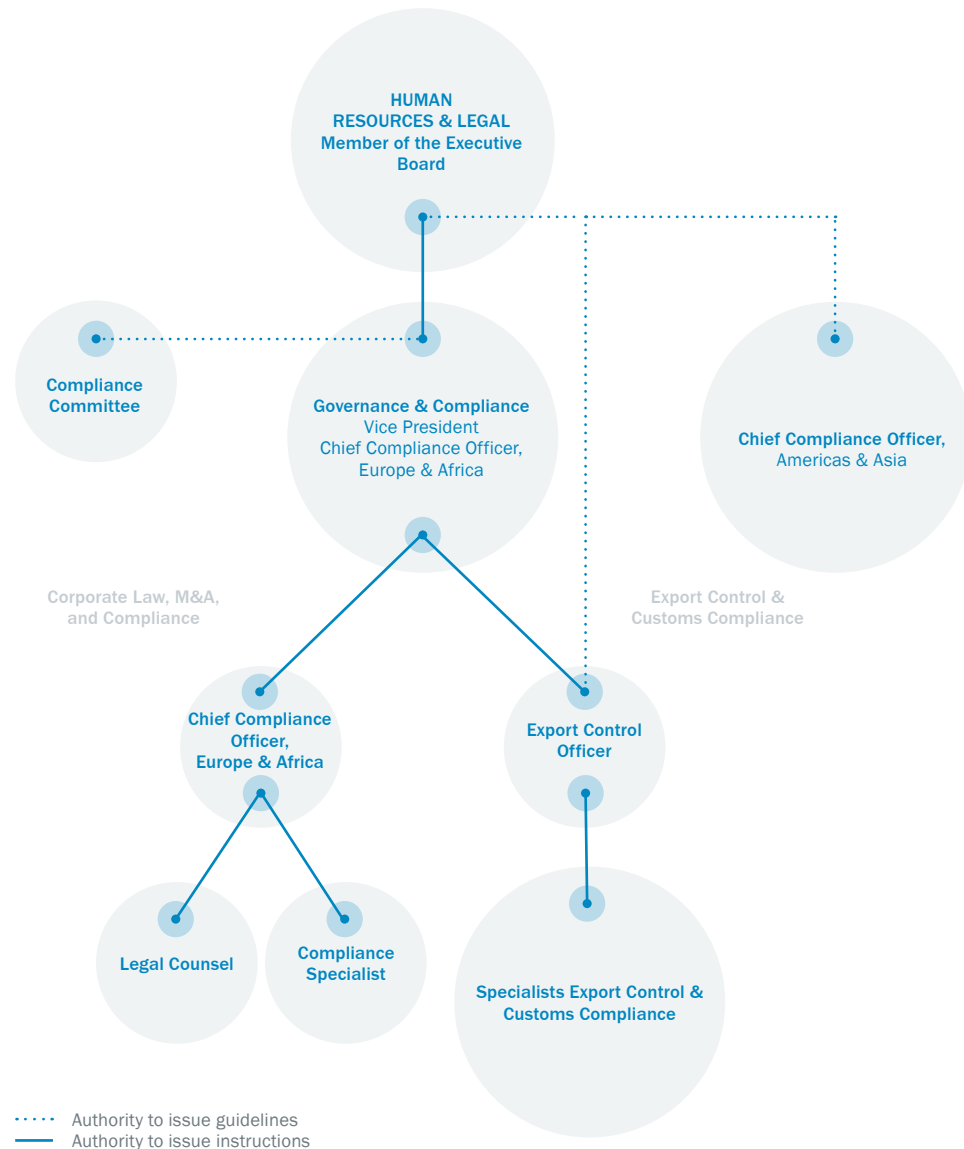
Compliance provides SICK with added value by reducing liability risks as well as preventing financial losses and damage to its reputation. In addition, successful compliance management can enhance long-term strategic reputational and competitive advantages, as well as promote increased efficiency and process optimization. Compliance management is therefore integrated in daily processes. There are continuous adaptations to changing conditions. In order to simplify this dynamism, the Governance & Compliance Department has set up an e-mail address (compliance@sick.de), via which employees or business partners can ask questions on compliance-related topics or report compliance violations at any time.

THE NEW WHISTLEBLOWER SYSTEM

A supplementary electronic whistleblower system was introduced 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 and ask questions on compliance-related topics. The team of case managers can even communicate with anonymous informants via an electronic mailbox. **We investigate all information regarding compliance infringements. Overall, the company maintains an open and direct exchange with employees on the topic of compliance.**

HUMAN RIGHTS

The observance of national and international legislation on human rights and workers' rights is a matter of course for SICK. The protection and respect of every person is our highest priority and an indispensable element of our corporate responsibility. We condemn every form of discrimination, whether regarding ethnic origin, religion, political



attitudes, gender, physical constitution, appearance, age, or sexual orientation. To underscore this, clear anti-discrimination rules are part of the SICK Code of Conduct valid worldwide. Employees, as well as customers, suppliers and other external stakeholders, can use the SICK Integrity Line to report violations against human rights and workers' rights.

In addition to monitoring our own sites, suppliers of the SICK Group should also comply with sustainability standards and human rights legislation. We have developed a Supplier Code of Conduct for this purpose. SICK expects its suppliers to uphold human rights and the needs of employees on all levels, and forbids child labor and forced labor. SICK retains the right for appropriate persons, obliged to maintain confidentiality (e.g. auditors), to inspect adherence to the principles listed in the Supplier Code of Conduct during regular or contractually agreed supplier audits. Culpable violations by suppliers against a principle in the Supplier Code of Conduct entitle SICK to demand that the violating behavior cease (if the violation is not negligible). SICK is entitled to cancel the contract with immediate effect if, after a reasonable deadline has elapsed without fruitful action, the requested change in behavior has not taken place. We consider this 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 response to the new German Supply Chain Due Diligence Act (LkSG), which comes into force on January 1, 2023, we will establish the processes necessary to meet the obligations stipulated in this law during the 2022 fiscal year. These include introducing a risk management system to adhere with the due diligence obligations regarding human rights and the environment. We will also establish processes for documenting and reporting compliance with these due diligence obligations.

INFORMATION SECURITY & DATA PROTECTION

The appropriate protection of our information and business processes – regarding confidentiality, integrity and availability – ensures our company's independence. We are well aware of our special responsibility when handling personal data, and it is a matter of course for us to comply with all valid data protection legislation and regulations. The Group Data Protection and Chief Information Security Officer reports directly to the Executive Board regarding this particular area of activity.

EMPLOYEES' HEALTH AND SAFETY AT WORK

Our employees, and their abilities, are key to the company's success. Maintaining their health at the workplace is therefore a major priority. Taking into account the capabilities and needs of the employees, as well as providing the necessary equipment and tools, is part of our corporate culture. We promote safe and healthy working conditions that prevent injuries, illnesses and improper stresses – whether physical, mental or social. This applies for both our employees and external persons at the company. The Executive Board, Corporate Management Board, managers and Works Council (where available) work together on the implementation and encouragement of a comprehensive and all-encompassing system for harm prevention and health promotion (see also Chapter on Social sustainability: [Management of health and safety at work](#)).

We are also committed to the continuous training and further education of employees. We thus create the preconditions for high levels of competence and motivation (see also Chapter on Social sustainability: [Attracting talent and training skilled workers](#)).

THE SICK CODE OF CONDUCT

The SICK Code of Conduct forms the basic framework for compliance activities at SICK. In addition to the requirement for behavior to comply with the law, it addresses all the 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.


On introduction of the SICK Code of Conduct, managers were trained first and then enabled to successfully train their employees. Training on the SICK Code of Conduct is very practical and is intended to promote discussion. Moreover, there were classic face-to-face presentations on individual compliance topics in order to promote direct exchanges between employees and the compliance team. While the relevant information for the courses was defined centrally, employees also examined specific department-related compliance issues.

Courses on compliance 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 supports the status of the Code of Conduct and is 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.

In the delivery 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. This commits business partners to maintain certain minimum standards, for example to respect human rights and the needs of employees, to combat corruption and bribery, as well as to protect the environment. The Supplier Code of Conduct is currently being edited to reflect the German Supply Chain Due Diligence Act (LkSG), which comes 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 – are to be increased.

OVERVIEW OF KEY FIGURES AND ECOLOGICAL SUSTAINABILITY GOALS

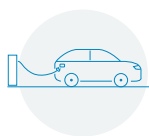
The following table summarizes the goals and measures of our main Fields of Activity described above:



Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Measures	Progress on measures in %
Fair Climate & Green Energy						
Goal of balancing climate neutrality	Reducing the balance of GHG emissions in Germany to 0 (goal of balancing climate neutrality). Scope 1, 2 and defined Scope 3 emissions.	G	Since 2013	GHG emissions: 0 100% achieved	(1) CO ₂ reduction via the measures described in the Fields of Activity incl. CO ₂ offsetting. (2) Validation of climate balance & climate neutrality for Germany by external certification acc. to GHG Standard for 2020 and 2021 fiscal years → Certification completed.	(1) 100% (2) 100%
	Reducing the balance of GHG emissions worldwide to 0 (goal of balancing climate neutrality). Scope 1 and 2.	W	By 2025	GHG emissions: tonnes CO ₂ 0%	(1) Determining the GHG emissions at our production sites (RPCs). (2) CO ₂ reduction through purchase of green electricity and own generation. (3) Offsetting unavoidable measures from 2025.	(1) 100% (2) 20% (3) 0%
Sustainable heat supply	Continuous reduction of CO ₂ emissions caused by fossil fuels.	G W	2030	-	(1) Constant increase in percentage of regenerative heat supply, e.g. through use of heat pumps where possible. (2) Development of key figures and measurable goals by 2022.	(1) 5% (2) 10%
Energy efficiency	Save 0.5% of previous year's energy consumption (electric & thermal) annually through efficiency measures → For 2022: -251.3 MWh.	G W	From 2022 From 2023/24	Evaluation in 2023	(1) See energy efficiency measures of Green Production and Green Buildings. (2) Inclusion of worldwide sites and definition of savings potentials from 2023/2024.	(1) - (2) 0%
Renewable energies	External procurement of certified green electricity at all SICK's German sites.	G	Since 2013	100%	Purchase of green electricity according to the strict criteria of the OK Power standard that promotes the construction of new plants, in particular.	100%

Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Measures	Progress on measures in %
	External procurement of certified green electricity at all SICK's production sites worldwide.	W	2025	0%	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.	20%
					(1) Analysis of potentials in Germany and Hungary was carried out in 2021. (2) Expansion plan: PV expansion plan for Germany 2022: 1 MWp 2023: 1 MWp PV expansion plan for Hungary: 2022: 0.5 MWp (3) Development of a concept for further possibilities for generating regenerative electricity incl. consideration of our sites worldwide.	(1) 100% (2) 10% (3) 5%
	Expansion of renewable energies (particularly photovoltaic) at all SICK's sites \geq 15%.	W	2025	4.1% (G) 0% (W)		
Energy autonomy	Own production of electricity with a level of autonomy of 40%.	G	2025	21.3% (G) 0% (W)	Expansion of own electricity production with maximum possible proportion of regenerative (photovoltaic and combined heat and power units).	53%
Biodiversity						
Biodiversity	Promote biodiversity on all SICK-owned green spaces.	G	2022	40%	Create wild flower meadows on all green spaces (100%).	40%
	Construct specific habitats to support various species of flora & fauna (dry stone walls, nesting boxes, bat habitats, dead tree stumps, etc.).	G	2023	0%	Participation in "Corporate Nature Baden-Württemberg – Company Grounds Bloom" project and derivation of further measures.	50%
	Create artificial biotopes and thus encourage diversity in an industrial context.	W	2025	0%	Expansion of the concept to production sites worldwide incl. wild flower meadows on all grass spaces (100%) where applicable.	0%
Employee awareness	Promotion of wild bees and instructions for employees to build their own 'bee hotels'.	G	2022	0%	Wild bee hotels as part of an employee campaign at all German sites.	10%
Training	Appropriate care of near-natural outdoor spaces.	G	2022	0%	Training of garden maintenance staff on appropriate care of near-nature outdoor spaces in 2022.	10%
Outdoor illumination	Insect-friendly outdoor illumination each time there is retrofitting or modification.	G	2022	0%	Introduction of a standard for insect-friendly outdoor illumination by 2022	50%








Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Measures	Progress on measures in %
Green Mobility						
e-mobility	Increase in proportion of battery-powered e-vehicles: to reduce CO ₂ emissions from SICK vehicle fleet/company cars. 2025 – 50% of entire fleet 2030 – 75% of entire fleet	W	2025/2030	5% (W)	Germany: (1) A SICK environmental bonus of EUR 350 per month paid on selection of an e-car and the reference leasing rate is calculated in. (2) In addition to KfW subsidy, SICK subsidizes a wall-mounted box with an additional EUR 350. (3) SICK takes over the electricity costs if sustainable green electricity is used for charging. Worldwide sites: Being coordinated.	100% (D) 0% (G)
Combustion engines	Reduction in emissions from conventional vehicles with combustion engines.	G W	2021–2024	< 154g/km 100% (G)	Germany: (1) Only models with a WLTP consumption of <5.8l/100km (or CO ₂ emissions <154g/km) have been orderable in Germany since 2021. (2) Only models with a WLTP consumption of <4.8l/100km (or CO ₂ emissions <127g/km) will be orderable in Germany from 2024. (3) Petrol-driven cars can only be ordered as plug-in hybrids for ecological reasons. Worldwide sites: Being planned.	100% (D) 0% (G)
Charging infrastructure	Needs-oriented expansion of the charging infrastructure at all SICK sites.	G/W	2030	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. Worldwide sites: Being planned.	(1) 100% (2) 0%
Business trips	Reduction in 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 tonnes CO ₂ (G)	(1) Prevention of flights wherever possible (strong reduction in 2020 and 2021 due to pandemic). (2) Approval of 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%	(1) Market analysis of available materials and technologies. Identify application possibilities at SICK. (2) Build up resources: One extra post was approved and filled in October 2021.	(1) 10% (2) 100%
Green Packaging						
Environmentally friendly packaging	The prevention and reduction of packaging wherever possible. Use of recycled packaging material. Reduction of plastic packaging.	W	2022		(1) A systematic analysis of our packaging by an external consultant undertaken in 2021/2022: Analysis phase has been completed. (2) Based on these results, further measures will be derived and standards defined. (3) Definition of minimum requirements in the internal SICK packaging standard by 2022.	(1) 100% (2) 0% (3) 0%
	Use of cardboard from sustainable sources for all major suppliers.	G W	2022 2024	100% (G) 0% (W)	Purchase of certified cardboard e.g. FSC certification.	–





Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Measures	Progress on measures in %
Green Logistics						
Rail & sea transport	Creation of an overall concept to increase proportion of rail and sea transports.	W	2022	5%	The overall concept consists of: (1) Warehouse replenishment concept: Identification of materials/goods for sea and rail transport incl. process adaptation (Demand Inventory Planning) by 2022. (2) Determination of further potentials and definition of further goals by 2022.	5%
	Use of regular train lines for goods transports between Buchholz and China.	W	Since 2020	On hold 	The use of the train connection between DC Buchholz (Germany) and FCC Jiaxing (China) initiated in 2020 had to be halted until at least May 2022 due to the current delivery situation and will be resumed as soon as possible.	On hold 
	Increase in proportion of sea freight from Germany to USA to 20%.	W	2021	7%	The current proportion (by weight) is: 7%. 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 



Green Buildings							
New buildings	Building Energy Standard with maximum sustainability, based on economic and ecological criteria. Goal: Higher than legal requirements. Maximized use of renewable energies.	G/W	Continuous	Continuous		(1) Evaluation of various energy concepts for new building projects. (2) Implementation of sustainable heat supply by means of heat pumps, where sensible.	Continuous
Existing buildings	Analysis of heat losses and determination of energy-saving potentials.	G	Continuous	Continuous		The following measures are planned for 2022: (1) Expansion of energy measurement concept: About 30 additional heat meters and 45 electricity meters are planned for 2022. (2) Efficient connection of building stock to local heat network in Waldkirch by means of system separation and need-oriented regulation. (3) Installation of a heat pump in Überlingen/renovation of heating system.	10%
Operation of buildings	Determination of energy-saving potentials.	G	Continuous	Continuous		The following measures are planned for 2022/23: (1) Optimization of ventilation plants: a) Examination of the current situation and identification of optimization measures (e.g. needs-oriented regulation) by external experts. b) Implementation of initial measures. (2) Optimization of heat station in Waldkirch: a) Analysis of operation in first year. b) Derivation of optimization potentials. c) Implementation of initial measures.	5%



Green Office							
Office materials	Change from primary fibers to recycled paper products.	G	2022	50%		(1) Switch of office materials for daily use to recycled products, e.g. envelopes, notepads, ballpoint pens, transparent covers, glue. (2) Switch of advertising materials to recycled products.	50%
Photocopy paper	Reduction of white content of recycled photocopy paper from ISO 100 to ISO 80.	G/W	2021/2024	100% (D) 0% (G)		(1) The white content of our recycled paper was reduced to ISO 80 in Germany in 2021. (2) Expansion to worldwide sites.	100% (G) 0% (W)

Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Measures	Progress on measures in %
Green IT						
Energy consumption	Reduction in energy consumption.	W	Continuous		(1) Development of an overall concept, particularly taking into account servers, IT end-devices and cloud providers by 2022. (2) Definition of measurable goals by 2022.	(1) 100% (2) 20%
Resource conservation	Reduction of resource consumption.	W	Continuous		(1) Development of an overall concept, particularly taking into account IT end-devices incl. mobile devices, telephones, smart phones by 2022. (2) Definition of measurable goals.	10%
Green Catering						
Regionality	Use of at least 60% regional products.	G	2022	> 60%	(1) More than 60% of products (cost-based) to be purchased from regional sources (local within Germany). This includes in particular: milk, baked goods & meat. (2) Examination to focus on how and where further expansion is meaningful and feasible.	(1) 100% (2) 20%
Meat consumption	Exploit incentives for lower meat consumption.	W	2022–2023	5%	Pilot project in Waldkirch through switch from all-inclusive concept to extra payment for meat (after coronavirus pandemic is over).	5%
Takeaway Box	Use of reusable boxes instead of single-use boxes.	G	Since 2021	100%	100% use of reusable boxes for 'takeaways' instead of single-use plastic containers.	100%
Global	Expansion of Green Catering concept to worldwide sites.	W	2025	0%	Evaluation of current situation and possibilities by 2023 and derivation of measures.	0%
Green Supply Chain						
Suppliers	Transition of main suppliers (top 80%) to climate neutrality by 2030.	W	2030	0%	(1) Definition of sustainability criteria and publication of a SICK Vendor Sustainability Policy (by 2022). (2) Supplier evaluation regarding sustainability criteria. (3) Annual assessment of the most important suppliers. Also during introductory phase. (4) Inclusion of sustainability criteria in decisions on awarding contracts.	(1) 15% (2) 0% (3) 0% (4) 0%



Environmental aspects	Concrete goal	Site	Date	Status of goal (2021 fiscal year)	Measures	Progress on measures in %
Green Mindset						
Strategy/goals	Implementation and further development of sustainability strategy.	G W	Since 2020	Continuous	<p>Internal at SICK:</p> <p>(1) Regular network meetings to coordinate definition of strategies and goals, as well as exchanges regarding progress, improvements, problems and ideas.</p> <p>(2) Expansion of network meetings to worldwide sites (USA, Asia) in 2021/2022.</p> <p>External:</p> <p>An independent expert board on sustainability has been meeting twice a year since 2021 to carry out a critical review.</p>	Continuous
Communication	Continuous internal communication and information on current topics to increase Green Mindset.	W	Since 2020	Continuous	<p>(1) We have been publishing a news-board article every eight weeks since 2020: "The people behind the Sustainability Network" – presentation of the network personnel behind the 14 Fields of Activity. Reports on a further six Fields of Activity will be published in 2022.</p> <p>(2) We provide information on other current topics.</p>	60%
	External communication to increase the Green Mindset.	W	Since 2019	Continuous	Implementation of the Green Intelligence marketing campaign in 2022.	10%
Green Products						
Sensor solutions	Development of sensor solutions in area of regenerative energy generation (photovoltaic, hydrogen, wind power), as well as Production and Logistics (increased efficiency, emission monitoring).	W	2025	Continuous	<p>(1) Natural gas counters are already in operation with gas mixtures of up to 30% hydrogen.</p> <p>(2) Legal-for-trade counters for 100% hydrogen ready for practical trials by end of 2022. A sensor to measure the purity of hydrogen is in early development phase.</p> <p>(3) A counter for liquid CO₂ for application in CO₂ capture will be ready for trials by the end of 2022.</p> <p>(4) SICK still technology leader for the measurement of clean energy and will prepare new functions and a complete range for the measurement of clean energy with quantity and quality analyses by end of 2025.</p>	<p>(1) 100%</p> <p>(2) 70%</p> <p>(3) 60%</p> <p>(4) 10%</p>
Green Production						
Energy efficiency	Reduction of energy consumption of our operating materials in relation to production volumes.	G	2025		<p>(1) Fundamental research including possible introduction of Standby/Sleep/Wake-up modes.</p> <p>(2) Systematic analysis of energy consumption data for newly produced devices.</p> <p>(3) Definition of standards on development of future production equipment using sustainable and energy-efficient components.</p> <p>(4) Thesis was commissioned in 2021 and has almost been completed.</p>	<p>(1) 75%</p> <p>(2) 60%</p> <p>(3) 10%</p> <p>(4) 90%</p>

G = Germany
W = worldwide



ENERGY AND WATER CONSUMPTION

The following tables show the CO₂ emissions of SICK's production sites worldwide. German sites are considered separately because important environmentally relevant processes take place here and thus a majority (> 80 percent) of emissions can be assigned to Germany. As a result, many goals relate to German sites.

SICK GERMANY

	2019	2020	2021
Energy consumption in MWh	62,410	58,550	60,021
External procurement of natural gas	21,709	22,255	23,475
External procurement of electricity	23,059	22,027	20,704
External procurement of district heating	389	568	494
External procurement of heating oil	105	100	30
Consumption of our own electricity (PV)	1,128	1,214	1,075
Consumption of our own electricity (CHP)	2,341	2,871	4,488
Fuel	13,679	9,515	9,755
Proportion of regenerative – absolute in MWh	24,187	23,241	21,779
Proportion of regenerative – relative in %	39	40	36
Proportion of electricity self-generated – relative in %	13	16	21
Proportion of electricity self-generated (PV)	4	5	4
Water in m³	62,592	51,107	44,178
Total CO₂ emissions in tonnes	12,829	11,807	11,441
Scope 1 – direct emissions	8,241	7,230	7,270
Scope 2 – grid-bound indirect emissions	31	21	21
Scope 3 – other indirect emissions	4,556	4,556	4,150
Business trips	4,556	940	145
Commuting by employees (since 2020)		3,615	4,005

According to the Greenhouse Gas (GHG) Protocol, emission sources from companies are divided into the following 3 areas (scopes):

Scope 1 emissions occur directly at the company's premises.

Scope 2 emissions are created by the energy generation that does not take place on-site.

Scope 3 emissions include all other indirect emissions that are caused by the activities of a company.

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

RPC EUROPE

	2019	2020	2021
Energy consumption in MWh	67,506	64,420	66,361
External procurement of natural gas	22,956	23,846	25,067
External procurement of electricity	26,777	26,201	25,451
External procurement of district heating	389	568	494
External procurement of heating oil	105	100	30
Consumption of our own electricity (PV)	1,128	1,214	1,075
Consumption of our own electricity (CHP)	2,341	2,871	4,488
Fuel	13,810	9,619	9,755
Proportion of regenerative – absolute in MWh	27,905	27,415	26,527
Proportion of regenerative – relative in %	41	43	40
Proportion of electricity self-generated – relative in %	11	13	18
Water in m³	68,358	60,603	50,481
Total CO₂ emissions in tonnes	14,518	13,716	13,593
Scope 1 – direct emissions	8,532	7,568	7,626
Scope 2 – grid-bound indirect emissions	1,388	1,545	1,754
Scope 3 – other indirect emissions	4,598	4,603	4,213

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

RPC ASIA

	2019	2020	2021
Energy consumption in MWh	1,720	1,718	1,907
External procurement of natural gas	-	-	-
External procurement of electricity	1,693	1,709	1,903
Fuel, vehicle fleet	26	9	3
Water in m³	6,002	6,471	7,398
Total CO₂ emissions in tonnes	873	906	1,008
Scope 1 – direct emissions	7	2	1
Scope 2 – grid-bound indirect emissions	866	904	1,008
Scope 3 – other indirect emissions	-	-	-

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

RPC AMERICAS

	2019	2020	2021
Energy consumption in MWh	3,637	3,182	3,730
External procurement of natural gas	1,224	1,246	1,492
External procurement of electricity	1,563	1,407	1,678
Fuel, vehicle fleet	851	528	559
Water in m³	12,013	9,677	11,073
Total CO₂ emissions in tonnes	1,177	1,036	1,139
Scope 1 – direct emissions	466	384	441
Scope 2 – grid-bound indirect emissions	679	619	646
Scope 3 – other indirect emissions	33	33	52

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