

FOR A BETTER TOMORROW

Sustainability in 2019





AT A GLANCE

SUSTAINABILITY IN 2019

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STRATECs INTENTION

SUSTAINABILITY AT STRATEC

With this brochure, STRATEC would like to inform its stakeholders and interested members of the public about the targets, activities, and progress made by the group of companies in ecological and social fields. Detailed information about developments in the economic field can be found in the 2019 Annual Report, which is available on the company's website at www.stratec.com/financial_reports. This Sustainability Brochure supplements and extends the Non-Financial Group Declaration in the 2019 Annual Report.

Unless otherwise indicated, the data published in this brochure refer to all companies included in the STRATEC Group's scope of consolidation. The period under report is the 2019 financial year. STRATEC bases its CSR reporting on the "Core" application level of the Global Reporting Initiative (GRI) standards.

Corporate Social Responsibility

Since its foundation 40 years ago, a responsible mindset and sustainable operations have been one of the foundations enabling STRATEC to grow from a small startup into what is now a company with global operations. Sustainability-related topics represent an important and ever-growing aspect of the responsibility that has steadily been factored into the company's strategy and adapted in line with changing market and environmental conditions. Given the high priority accorded to them, corporate social responsibility-related topics are managed at the STRATEC Group by the Board of Management. Within the Supervisory Board, Mr. Dr. Hiller is responsible for ESG topics. At STRATEC, the topics identified in a materiality analysis cover three dimensions that account for the core elements of the company's corporate social responsibility (CSR):

- ECONOMIC OPERATIONS
for long-term growth
- ECOLOGICAL RESPONSIBILITY
for tomorrow's world
- SOCIAL RESPONSIBILITY towards people

Economic operations

We see economic operations as a core element of our company's long-term business success. Our strategic objective is to generate growth that is sustainable, ecological, socially responsible, and permanently higher than the sector average.

At the same time, as an innovation leader STRATEC aims to make a valuable contribution towards further technological advances in various areas of life sciences and diagnostics.

Ecological responsibility

STRATEC has implemented extensive measures enabling it to meet its ecological responsibility. STRATEC's business activities are performed in compliance with current environmental legislation, local laws and ordinances, and recommended guidelines. The company ensures that resources are put to economical use in all relevant processes – from forward-looking, resource-efficient product design, via measures to reduce greenhouse gas emissions, through to environmentally-friendly waste disposal. STRATEC's objective here is to detect savings potential and render this measurable for the purpose of assessing target achievement by working with defined key figures.

Social responsibility

STRATEC's success is driven by its employees with their individual skills, wealth of ideas, and outstanding motivation. It is their work and the resultant innovations that facilitate the company's successful and sustainable development. As a group of companies with operations worldwide and more than 1,300 employees, STRATEC is aware of its social and ecological responsibilities.

Stakeholder engagement

STRATEC defines its stakeholders as those persons, companies, institutions, and interest groups that may influence the company's performance or themselves be influenced by its decisions. These include customers, employees, shareholders, lenders, suppliers, other business partners, local authorities/residents, the media, regulatory authorities, associations, research institutions, and lawmakers.

STRATEC accords great value to remaining regularly in dialog with its stakeholders. Only this way is it possible to identify the interests of the respective stakeholders and address important concerns. This dialog with stakeholders is conducted, for example, by way of active investor relations and press activities, specialist fairs, social media, regional and national newspapers, membership in industry associations, employee events, questionnaires, and endowed professorships at and cooperations with universities.



ECOLOGICAL RESPONSIBILITY

STRATEC BECOMES CLIMATE-NEUTRAL

Climate-neutral company

Group-wide conversion to CO₂-neutral green electricity and offsetting of all unavoidable emissions (Scope 1 and 2).

Limiting global warming

Clear commitment to the climate target agreed in the Paris Climate Accord to limit global warming to less than 2°C.

Reduction in greenhouse gas emissions

Target: To reduce absolute greenhouse gas emissions (Scope 1 and Scope 2) by 30% by 2030 compared with 2019.

TO PROTECT THE ENVIRONMENT AND NATURAL RESOURCES

Ecological responsibility enjoys high priority at the STRATEC Group and forms a fundamental aspect of our quality management – from forward-looking resource-efficient product design, via measures to avoid and offset greenhouse gas emissions, through to environmentally-friendly waste disposal.

The STRATEC Group has not reported any environmentally relevant incidents in the past years. Key risks to the company's own business activities as a result of environmental concerns particularly include interruptions to operations due to increasing numbers of extreme weather events in connection with global climate change.

Climate protection and emissions

STRATEC accords high priority to protecting the climate and the associated need to cut greenhouse gas emissions. The STRATEC Group has therefore set itself the target of making its Scope 1 and Scope 2 emissions climate neutral during the 2020 financial year. To achieve this, it will be implementing a Group-wide conversion to CO₂-neutral green electricity from renewable energies. Furthermore, starting in 2020 STRATEC will offset unavoidable CO₂ emissions due to building heating and its vehicle pool by supporting certified climate protection projects.

In selecting the projects to be supported, STRATEC will strictly ensure that these meet high, certified standards for climate protection projects, such as the Gold Standard or the Verified Carbon Standard (VCS) and the Climate, Community and Biodiversity Standards (CCBS). By exclusively procuring green electricity and voluntarily offsetting unavoidable emissions, STRATEC will become climate neutral before the end of 2020.

Furthermore, STRATEC is committed to the climate target agreed in the Paris Climate Accord, namely to limit global warming to less than 2°C. Consistent with this commitment, the company's new climate target is based on the internationally recognized requirements of the Science-Based Targets Initiative. STRATEC thus aims to reduce its absolute greenhouse gas emissions (Scopes 1 and 2) by 30% compared with 2019.

One aspect that currently plays a particularly important role in the STRATEC Group's efforts to reduce its CO₂ emissions in absolute terms is that of building energy efficiency.

In planning the new building and extensions at the company's headquarters in Birkenfeld, for example, STRATEC opted for optimized exterior insulation and energy-efficient light systems. Furthermore, windows with enhanced heat insulation and a central air-conditioning system with a supply air heat exchanger have been installed. Moreover, in 2019 the regular energy audit pursuant to DIN EN 16247-1 was successfully performed at the company's headquarters in Birkenfeld in order to further improve the energy efficiency of existing buildings and reduce energy consumption. The energy audit is performed at regular four-year intervals. The next such audit is therefore scheduled for the 2023 financial year.

Since 2017, STRATEC has based its recording of greenhouse gas emissions on the internationally recognized Greenhouse Gas Protocol (GHG). Consistent with this approach, the company divides its emissions into direct emissions (Scope 1) and indirect emissions (Scope 2). The direct emission data reported thus refers to the gas used to heat buildings at STRATEC's locations and the fuel consumed by the vehicle pool. Due to the construction measures currently underway, the company also made temporary use of heating oil at its Birkenfeld location. Energy-related indirect emissions result from energy generation at external suppliers. Scope 3 emissions, which arise for example upon the production of upstream products, are currently not recorded. It is planned to record Scope 3 emissions for the first time for the 2020 financial year.

Energy Consumption^{1,2}

	2019	2018	+/-
Gas consumption (MWh)	2,245.4	2,695.8	-16.7%
per 1,000 employees	1,789.2	2,310.0	-22.5%
Heating oil (liters)	37,423.0	0	n/a
per 1,000 employees	29,819.1	0	n/a
Electricity consumption (MWh)	4,995.1	4,906.6	+1.8%
per 1,000 employees	3,980.1	4,204.5	-5.3%

¹ Data partly based on estimates, as not all data was yet available for some subsidiaries due to the respective invoicing periods

² Previous year's figures adjusted due to partial use of estimates in previous year



GREENHOUSE GAS EMISSIONS IN TONNES (CO2-equivalents) ^{1,2}

	2019	2018	+/-
Gas and heating oil consumption (Scope 1)	569.8	571.6	-0.3%
per 1,000 employees	454.0	489.8	-7.3%
Vehicle pool (Scope 1)	290.7	321.7	-9.6%
per 1,000 employees	231.6	275.7	-16.0%
Electricity consumption (Scope 2)	1,288.1	1,347.8	-4.4%
per 1,000 employees	1,026.4	1,154.9	-11.1%
Total	2,148.6	2,241.1	-4.1%
per 1,000 employees	1,712.0	1,920.4	-10.9

¹ Data partly based on estimates, as not all data was yet available for some subsidiaries due to the respective invoicing periods

² Previous year's figures adjusted due to partial use of estimates in previous year and updated emission factors

Despite substantial growth in sales and the workforce in the 2019 financial year, Group-wide Scope 1 and 2 emissions fell by 4.1% to 2,148.6 tonnes (previous year: 2,241.1 tonnes). This figure was positively influenced by, among other measures, the sale of the nucleic acid purification business at the beginning of 2019. Furthermore, conversion measures at the Birkenfeld location also involved upgrading building complexes with poor heat insulation. Emissions per 1,000 employees as a result of gas, heating oil, and electricity consumption and the vehicle park therefore fell by 10.9% to 1,712.0 tonnes.

Greenhouse gas emissions per 1,000 employees were reduced by 10.9% in 2019.

Energy generation

STRATEC produces green electricity using photovoltaics systems at its Birkenfeld (DE) and Beringen (CH) locations. In Birkenfeld, a photovoltaics system with a nominal capacity of 130 kilowatt peak (kWp) has been supplying renewable energy since December 2011. Since its first full year of operations, this system has produced an average of 139,084 kilowatt hours (kWh) of green energy a year. Since operations were launched, the system has generated 1,114 megawatt hours (MWh) of green energy.

A photovoltaics system with a nominal capacity of 95 kWp was also installed at the location in Beringen (CH) in 2016. Together, the two systems generated 226,209 kWh of renewable energies in the financial year. This corresponds to an increase of 2.3% compared with the previous year.

Photovoltaics system total yield (kWh)

	2019	2018	+/-
Birkenfeld (DE)	142,490	143,749	-0.9%
Beringen (CH)	83,719	77,342	+8.2%
Total	226,209	221,091	+2.3%

Waste and recycling

STRATEC aims to ensure that resources are treated as sparingly as possible and to use a high share of recyclable materials and packaging.

Careful and correct waste separation is a matter of course for STRATEC, as is the suitable disposal of hazardous goods. STRATEC has therefore introduced the 4R method to minimize environmental pollution or avoid this altogether:

- REDUCTION
- REUSE
- RECYCLING
- REPLACE

STRATEC distinguishes several categories of waste to facilitate optimal classification of their environmental relevance. Since 2015, uncritical waste has been separated into municipal waste, cardboard packaging/paper, metal, and timber waste. Waste materials with electronic components, chemicals, and oils are disposed of separately, as is laboratory waste, such as blood samples. For the disposal and recycling of its waste, STRATEC works together closely with specialist waste disposal companies.

In its supply chain as well, STRATEC attaches great value to avoiding waste by working with recyclable materials. To this end, STRATEC has obliged its suppliers to use recyclable packaging. Any exceptions to this requirement have to be explicitly approved by the company. STRATEC also makes use of reusable shuttle containers which are returned to suppliers for renewed use following receipt of a delivery.

The waste reduction measures outlined above were effective once again in the 2019 financial year, with a year-on-year reduction in Group-wide waste volumes of 7.6% to 181.4 tonnes.

Waste volumes in year-on-year comparison in tonnes¹

	2019	2018	+/-
Waste volumes	181.4	196.3	-7.6%
per 1,000 employees	144.5	168.3	-14.1%

¹ Data partly based on estimates, as not all data was yet available for some subsidiaries due to the respective invoicing periods

Water and wastewater

STRATEC's production sites (Birkenfeld, Beringen, Anif, Budapest) are all located in regions that according to the Aqueduct Water Risk Atlas of the World Resources Institute do not constitute risk areas. Furthermore, apart from the production site in Hungary, STRATEC's production processes only use a relatively low volume of water. Moreover, this water does not remain in the finished products. The volume of wastewater thus corresponds to the volume of water used at all locations with the exception here too of the Hungarian location, which fills a notable volume of reagents and other liquids. Despite the growth in the workforce and sales, the Group-wide volume of water consumed remained virtually unchanged at 17,134 m3 in 2019 compared with 17,171 m3 in the previous year. As a result, the volume of water consumed per 1,000 employees fell by 7.2% from 14,717 m3 in the previous year to 13,653 m3 in 2019.

Water consumption (Freshwater) in cubic meters¹

	2019	2018	+/-
Water consumption	17,134	17,171	-0.2%
per 1,000 employees	13,653	14,717	-7.2%

¹ Data partly based on estimates, as not all data was yet available for some subsidiaries due to the respective invoicing periods

Ride sharing and business bikes

Employees at our main location in Birkenfeld (DE) have formed ride sharing groups or travel to work with business bikes in order to reduce car emissions. STRATEC provided special parking spaces for ride sharing groups in the year under report.



Product-related environmental protection

During appliance development, STRATEC already ensures that its products have a lean and resource-efficient design scheme and that they are made of forward-looking, recyclable materials.

- **"Smart design" reduces material input**

When developing product designs, resource input is minimized by working with light construction and limiting the design scheme to the most important components. This has the beneficial side-effect of reducing the cost of materials.

- **Recyclable materials**

When using stainless steel and aluminum, STRATEC avoids coatings wherever possible, as these mostly involve harmful or critical substances. STRATEC frequently uses thermoplastics as materials due to their good properties in terms of thermal usability. Due to potential contamination, these plastics may not be recycled.

- **Development of consumables**

When developing consumables, such as pipette tips, reagent vessels or reaction cuvettes, STRATEC generally only uses thermoplastics with good thermal properties and only containing a minimum share of contaminants. Due to potential contamination, however, these plastics may also not be recycled.

- **Development of flat modules**

In developing flat modules (printed circuit board assemblies – PCBAs), STRATEC ensures that the PCB surface area selected is very small and that the circuit design is optimized in such a way that only two or four copper layers are required. Furthermore, to avoid separate assembly printing the desired information is included in the copper layer. This increases efficiency in module production, reduces the use of machinery, accelerates the galvanic processes, and thus results in a more sustainable approach to using raw materials.

- **Recycling of used consumables**

When disposing of used consumables, STRATEC ensures that liquid wastes are strictly separated in order to optimize incineration. For all appliances, the residual liquids are sucked out before the plastic components are disposed of as solid waste.

When selecting materials and technologies and procuring components, STRATEC ensures strict compliance with EU Directive 2011/65/EU. This RoHS (Restriction of Hazardous Substances) Directive serves to limit the use of specific hazardous substances in electrical and electronics appliances.

In designing and manufacturing appliances, STRATEC has complied with the necessary substance restrictions since the entry into force of the previous directive 2002/95/EC, which has now been replaced by the new requirements.

This means that STRATEC's products already conformed to the RoHS Directive even before this required mandatory application in in-vitro diagnostics. STRATEC identifies further materials limitations in the context of 2011/65/EU, such as those published in the form of delegated legislation, and factors these into its product design, change management, and procurement processes.

STRATEC pursues an analogous proactive approach to materials compliance with regard to European Regulation No. 1907/2006 (REACH Regulation; Registration, Evaluation, Authorisation and Restriction of Chemicals). This way, the company ensures that the materials used to construct appliances do not pose any risk to the people processing, using, or disposing of them and also safeguards the long-term approval, availability, and usability of the appliances on the market. The main components of the products manufactured by STRATEC include aluminum, steel, and semiconductors.





RESPONSIBILITY TOWARDS EMPLOYEES

PROMOTING SATISFACTION, MOTIVATION AND PRODUCTIVITY

STRATEC's employees – with their individual skills, wealth of ideas, and outstanding motivation – are the source of the company's success. STRATEC therefore attaches great importance to personnel development, occupational health and safety, and health-related topics. STRATEC has set itself the long-term objective of continually extending its personnel development opportunities and permanently enhancing its occupational health and safety and health promotion activities. A further self-evident aspect of STRATEC's approach involves positioning the company in the labor market as an open, tolerant, and flexible company, and thus as an attractive employer.

Attractiveness as employer and measures to attract employees

STRATEC is making every effort to position itself as an attractive employer both for its existing and for its future employees. One key task for human resources therefore involves offering existing and future specialists an interesting and attractive working environment at STRATEC. The tools we draw on to evaluate the success of various measures and identify potential improvements include performing surveys to assess our employees' satisfaction in terms of their workplace, workload, future prospects, and internal communications. Preparations are currently underway, for example, to design an employee survey at a national subsidiary.

One way in which we act early to present STRATEC as an attractive employer to young people is by taking part in careers' fairs to raise awareness of the wide variety of activities on offer at the company. Furthermore, STRATEC offers training posts to young people in a variety of areas and employs students in the context of internships, student research projects, and dual training and study programs. Diverse cooperations with universities also serve to arouse students' interest in STRATEC as a potential employer at an early stage. One example worth mentioning here is the close cooperation with Pforzheim University, where STRATEC co-finances an endowed professorship for "Quality Management and Regulatory Affairs" in medical technology. Not only that, STRATEC RO supports measures to promote the next generation of talent, particularly in the field of software engineering, by sponsoring a variety of robotics competitions on local, national, and international level, such as BEST, Battle Lab, Battle Lab Robotica, and Robochallenge Bucharest. The target group for these competitions mostly involves students with an interest in technology. The company also supports sports and cultural activities for students.

The success of these measures is reflected in particular in the number of newly recruited staff. With 250 new hires, the STRATEC Group successfully attracted a large number of highly qualified employees once again in the 2019 financial year. Women accounted for 36.4% of the newly hired employees in 2019. A further criterion referred to by STRATEC to assess the attractiveness of its working environment is the personnel turnover rate. Despite the high numbers of staff consistently hired in recent years, the personnel turnover rate remains low. Excluding employees whose temporary contracts expired and employees entering retirement, this key figure amounted to 7.9% in 2019.

New hires

	2019
Total new hires	250
of which women	91
of which men	159
Employees aged below 30	116
Employees aged between 30 and 50	125
Employees aged 50 and older	9

Further training

The wealth of new ideas and willingness to perform shown by our employees are the driving force for developing new, innovative technologies. STRATEC therefore accords high priority to promoting its employees. The company offers its employees individually tailored further development programs which include training for all employees on general topics as well as training courses tailored to the functions and tasks performed in individual departments. Managers also receive regular training on personnel management.

As well as being recommended or instructed to take part in training by their managers, employees may themselves also apply to participate in specific training sessions or courses. Further training is also a fixed item at the regular feedback meetings and annual appraisals between employees and their managers.



With regard to the diversity concept for the composition of the Board of Management and Supervisory Board, reference is made to the Corporate Governance Declaration, which is available at the company's website at www.stratec.com > Investors > Corporate Governance.

Occupational health and safety

Occupational health and safety is one key element of STRATEC's responsibility towards its employees. The company's top safety objective is to ensure a working environment that is free of injury and illness, and one that benefits all employees, suppliers, partners, and customers.

STRATEC achieves this by ensuring forward-looking occupational health and safety management. To this end, the company has appointed a safety engineer who is responsible for the topic of occupational safety and a further officer who is responsible for company healthcare management. The company regularly offers special health protection programs for first-aiders and evacuation assistants, as well as occupational health and training sessions. Work-related accidents are recorded and accident logbook entries are documented to enable suitable measures to be taken to further enhance workplace safety.

The Corporate Compliance Policy obliges all STRATEC Group employees to adhere to the occupational health and safety guidelines and adopt the company's basic approach to these areas. Employees are also required to immediately report any potential safety risks.

In terms of health promotion, the company implements preventative measures, programs, and courses, such as voluntary annual eye checks, various sports programs, advice on healthy nutrition, exercise during the lunchbreak, and ways to relax and cope with stress.

Not only that, medical checks tailored to employees' specific workplaces are also offered, as are special vaccinations for employees.

Work-related accidents

	2019	2018
Total work-related accidents	17	17
per 1,000 employees	13.6	14.6
of which accidents leading to absence on day after ¹	4	n/a
per 1,000 employees ²	3.2	n/a
Lost time injury frequency (LTIF) rate ^{1,2}	1.6	n/a

¹ Number of work-related accidents leading to absence on day after per million working hours

² Figure first reported for 2019 financial year

The total number of work-related accidents per 1,000 employees fell year-on-year from 14.6% to 13.6% in 2019 and thus remains at a low level. The same also applies for the number of work-related accidents leading to the employee being absent from work on the day after the accident. The resultant accident frequency rate amounts to 1.6 per million working hours. To maintain a low number of accidents in future as well, individual accidents are analyzed and suitable measures taken to minimize the risk of such accidents recurring.

Sickness quota

	2019	2018
Sickness quota in %	4.4	3.9

The Group-wide sickness quota, i.e. the number of working days missed due to sickness as a proportion of planned working time, rose year-on-year by 50 base points to 4.4% in the 2019 financial year. The development in the sickness quota is particularly dependent on seasonal factors, such as the intensity, frequency, and duration of any influenza outbreaks.

Working hour regulations, family and work

STRATEC offers its employees flexible working hours and flexi-time arrangements. Part-time models are also available and particularly benefit employees with children. This makes it easier for them to return to work and may lead to full-time employment at a later date. Throughout the STRATEC Group, employees who find themselves in unforeseeable situations are supported by being granted individual working hour models. In the 2019 financial year, a total of 22 female and 30 male employees took parental leave or comparable periods of leave.

Diversity

Innovation driven by diversity – STRATEC views a diverse workforce as a great source of added value. A wide range of personal and cultural diversity is seen as a force driving innovation and enabling the company to respond more closely and swiftly to technological changes and customers' needs. Maintaining an open and tolerant corporate culture is therefore a matter of course for STRATEC. It also makes it easier for the company to attract highly qualified employees, particularly at times when specialists are in short supply.

STRATEC treats all employees equally and provides them with the same career opportunities irrespective of their age, disability, origin, religious affiliation, gender, sexual orientation, or any other factors not relevant in this regard. The Corporate Compliance Policy obliges all employees worldwide to behave with respect and in compliance with legal requirements towards their employees, colleagues, business partners, customers, and the authorities.

In practice, diversity is lived on a top-down basis

STRATEC is aware that its managers have a key role to play in promoting diversity and inclusion. In view of this, diversity is actively promoted in practice by STRATEC's Board of Management.

One key focus here as well is on raising the share of management positions held by women. To this end, in 2017 the company set targets for the share of women on the first and second management tiers below the Board of Management. These targets amount to 20% for each tier and are to be met by June 30, 2020. The target for the first management tier below the Board of Management was met as of December 31, 2019. Furthermore, 66.7% of the positions becoming vacant in the second management tier were awarded to female applicants in the 2019 financial year. To further raise the share of women in management tiers, the company is continually taking additional measures. In 2019, for example, a training program aimed at raising awareness for diversity and inclusion among all of the Group's managers was held for members of the first and second management tiers. The rollout of further diversity and inclusion training is planned for the human resources departments at subsidiaries in 2020.

Percentage of female employees

	2019	2018
Female employees in %	28.2	28.0

The female share of the STRATEC Group's total workforce rose from 28.0% in the previous year to 28.2% in the 2019 financial year. With regard to the diversity concept for the composition of the Board of Management and Supervisory Board, reference is made to the Corporate Governance Declaration, which is available at the company's homepage at www.stratec.com > Investors > Corporate Governance.

Supporting voluntary activities

STRATEC has great respect for the ways in which its employees meet their responsibility to society. Several employees at the group of companies are active as volunteers with the rescue dog service, in the voluntary fire brigade, or the German Federal Agency for Technical Relief. Others assist by donating blood or thrombocytes or as first-aiders. STRATEC gives leave to its employees for the time required to donate blood or thrombocytes and for training sessions and deployments at aid organizations.





The Birkenfeld (DE) running team at the AOK Company Running Event © STRATEC



The Romania (RO) running team at the Crosul Companiilor in Cluj © STRATEC

Sports programs for and by employees

STRATEC promotes team-building measures in various sports disciplines, for example by covering the costs of participation fees or sponsoring jerseys for STRATEC teams.

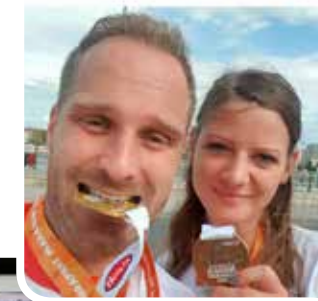
There are many employees who are keen on sports, and that throughout the STRATEC Group. The programs an offer vary from location to location and in line with employees' interest over running, cycling, mountain biking, soccer, fitness and ski-trips.

There are running teams in Germany, Austria, Hungary and Romania. In Romania, nearly 20% of the workforce consistently takes part in locally organized running competitions.



Rooftop Fitness: Led by a qualified fitness instructor and personal trainer, employees at the Beringen location (CH) can take part in weekly "Train with your own bodyweight" sessions to strengthen their muscles and stimulate their metabolisms.
© STRATEC

Diatrun



Diatron running team at the SPAR Budapest Marathon © STRATEC



The Anif running team (AT) at the Salzburger Business run © STRATEC



Winner design of the internal competition "STRATEC- Sport-kollektion" © STRATEC



The Birkenfeld (DE) mountain bike and race team at the 24-hour race at the Nürburgring © STRATEC

CORPORATE COMPLIANCE

"Human dignity is inviolable."

TREATING EACH OTHER FAIRLY AND WITH RESPECT



Measures to combat corruption and bribery

Any incidence of corruption or bribery within the STRATEC Group may have severe implications for the company's reputation and for its existing and future business relationships. Corruption also has enormously negative implications for society as a whole, as well as for political integrity, and general prosperity.

Measures to prevent corruption and bribery therefore form an integral component of STRATEC's understanding of compliance and have also been summarized in the Corporate Compliance Policy which requires application throughout the Group. This policy is binding for all employees. In this respect, compliance with a variety of legal systems and statutory regulations is just as important as compliance with ethical principles. Core elements of STRATEC's Corporate Compliance Policy:

- Preventing corruption, i.e. upholding the integrity necessary in business dealings, and in particular the prohibition of any illegitimate exercising of influence
- Regular training of employees and information material on the intranet and bulletin boards
- Compliance with all requirements set by law and the respective authorities and internal regulations
- The obligation to ensure fair, respectful working conditions at the company
- The provision of assistance to enable employees to avoid conflicts of interest between private and business matters
- Compliance with the requirements of capital market, antitrust, and tax laws
- Copyright and license conformity
- Respectful and professional conduct at the company.

STRATEC expects all of its employees to adhere to compliance requirements and to ensure that all business decisions and actions taken in their areas of responsibility are consistent with relevant legal requirements and the Corporate Compliance Policy and also serve the company's best interests. To this end, soon after they join the company all new employees are trained in person by the Global Compliance Officer with regard to the Corporate Compliance Policy. Training is provided to all full-time and part-time employees, as well as to all interns, trainees, and freelance employees at all locations. Furthermore, managers are obliged to provide compliance-related training to their employees once a year. To detect and remedy any omissions on the part of the managers at an early stage, the provision of this training is monitored and documented.

STRATEC's compliance system is subject to permanent enhancement and optimization. To this end, the Compliance Officer is provided with regular training by an external service provider. Furthermore, one-to-one meetings are held at regular intervals between all managers and the relevant compliance officer. These talks are intended to identify any potential risks at an early stage, continually raise awareness of compliance among the management teams, and address any current topics.

This enables STRATEC's management teams to detect specific risks, avoid risks by analyzing situations and developing suitable strategies, comply with operational imperatives, and take any necessary measures. The compliance officer reports the findings of his or her talks with managers directly to the Board of Management. The Board of Management discharges its reporting duties towards the Supervisory Board.

An anonymous whistleblower system enabling employees or other parties to notify the company of any breaches of regulations or legal requirements has been in place since 2017.

Respecting human rights

STRATEC is committed to the Human Rights' Charter of the United Nations and the guidelines of the UN Global Compact. It provides employees throughout the Group with a high degree of social security and performance-based compensation. The group-wide Corporate Compliance Policy ensures that all employees worldwide behave with respect and in compliance with legal requirements within the STRATEC Group and in their dealings with employees, colleagues, business partners, customers, and the authorities. The company's approach towards human rights and employee rights is laid down in guidelines that are mandatory throughout the Group.

Even though STRATEC's suppliers predominantly operate in western industrial economies, it is not possible to fully exclude the risk of human rights' breaches, particular in the upstream supply chain. STRATEC therefore expects its suppliers to meet the same standards in terms of safeguarding and complying with human rights.

To this end, all suppliers relevant to the company's production activities have been contractually obliged to abide by STRATEC's generally valid Code of Conduct, which is based on the guidelines of the UN Global Compact, the conventions of the ILO, the UN Declaration of Universal Human Rights and Children's Rights, and the OECD Guidelines for companies with international operations. Compliance with the Code of Conduct is also reviewed in the context of regular audits. Furthermore, sanction list, watch list and blacklist screenings are performed whenever contracts are initiated with new business partners.

No breaches of human rights were identified within the STRATEC Group or its supply chain in the 2019 financial year or the preceding financial years.



SOCIAL COMMITMENT

WORLDWIDE ASSISTANCE FOR PEOPLE IN NEED

Good education for children in Rwanda
© Plan International

As a company with global operations but regional roots, STRATEC is aware of its social responsibility on both global and local levels. STRATEC therefore supports both regional and global charities, healthcare and education organizations, conservation organizations, and associations. In 2019, STRATEC supported these kinds of organizations with a total of € 110,673.

Not only that, the company maintains an open and constructive dialog with a wide variety of stakeholders in the fields of politics, business, science, and society at all of our locations. This dialog is intended to improve the competitiveness of the individual regions and to inform local populations about activities and developments which affect them. To this end, and also with the aim of reducing transport-related CO2 emissions, STRATEC is increasingly working with suppliers in its respective regions.

At the Birkenfeld and Budapest locations, for example, more than 60% of procurement volumes are sourced from regional companies (within a radius of 100km).

PROJECTS 2019

STRATEC supported aid projects at a variety of organizations once again in 2019. A selection of these projects is presented below.

Donations and assistance in €

	2019	2018
Donations/ assistance	110,673	100,530



CHARITABLE ACTIVITIES AT STRATEC SE, Germany ("STRATEC DE")

STRATEC SE has for several years now made donations to the following organizations: Ärzte ohne Grenzen (MSF), Deutsche Krebshilfe (German Cancer Research), DKMS (German Bone Marrow Donor Database), Deutsches Rote Kreuz (German Red Cross), Birkenfeld Fire Brigade, and Pforzheim Wildlife Park.



Reanimation training
© DRK



DKMS registration set: Anyone who is healthy and aged between 18 and 55 may be eligible to make a stem cell donation. © Valéry Kloubert/ DKMS



Yemen: Elma Wong, a physician from MSF, examining a young boy with severe landmine injuries. He is now being treated at the accident clinic run by MSF in Mocha.
© Agnes Varraine-Leca/ MSF



Familienherberge Lebensweg gGmbH

Familienherberge Lebensweg ("life's journey family hostel") is a charitable organization which helps families living with severely ill children and/or children with multiple severe disabilities. These families are under permanent psychological, physical, and often financial strain. Family life is entirely based on the child in need of care and the ups and downs in the illness. Hardly any time remains for the needs of the parents and other children. This is precisely where Familienherberge Lebensweg can help. It provides families with severely ill children with a break from their routine, support, and relief by offering a temporary home to the entire family. A competent and caring nursing team provides the sick child with loving and professional care during the stay.

The costs of building and equipping the hostel were all covered by private donations, funds from foundations, and company donations. Barrier-free rooms, medical equipment, highly motivated and competent specialist staff. High-quality care is never cheap, and top-quality care for severely ill children in need of great care is even less so.

Thanks to funds received from donors such as STRATEC, Familienherberge Lebensweg can remain true to its basic idea – offering sustainable support to affected families in return for an affordable contribution to the costs!



Anna plays with the fountainhead in the grounds of the family hostel
© Familienherberge Lebensweg



Plan distributes new toys at centers in Rwanda. These should motivate children to get actively involved in practical games and pedagogical activities.
© Plan International



Plan Deutschland

STRATEC has supported the children's charity Plan International Deutschland e.V. (hereinafter "Plan") since 2012. Driven by donations, Plan has successfully implemented very many projects in different countries over the past 81 years.

Plan is an international children's charity with operations in more than 70 countries in Africa, Asia, and Latin America which campaigns for children's rights. Children are the key focus of its program activities. The charity pursues the aim of helping girls and boys and improving their living environments with long-term programs and projects. Plan campaigns for a world in which all children are free to develop and flourish in societies that protect their rights and treat them with dignity and respect, and that irrespective of their origin, religion, gender and of political factors. Plan also bears the DZI fundraising integrity seal.

Projects with Plan in 2019

In the year under report, STRATEC provided financial support for four aid projects. These were the emergency assistance fund, the "Good Education for Children" project in Rwanda, the "Work Perspectives for Young People" project in Bolivia, and the "Water for Schools and Communities" project in Ghana.

Plans emergency assistance fund

Speedy assistance for children! The emergency assistance fund makes it possible to provide children and their families in situations of need with fast, uncomplicated assistance in the form of relief goods. The fund enables clean water, food, emergency accommodation, and sanitary facilities, as well as covers, protective sheets, and personal hygiene products, to be provided and distributed at short notice.

Not only that, Plan is committed to protecting children affected by disasters, rebuilding facilities in the wake of disasters, and providing aid to child refugees and their families worldwide.

STRATEC is keen to offer help to people where it is most needed in the event of crises and disasters. It has therefore supported Plan's emergency assistance fund with a monthly donation since June 2016.

Numerous examples from the recent past show how important and valuable this aid is. In the assistance it provides to refugees around the world, for example, Plan operates not only in crisis-hit regions, but also in the countries accepting the refugees. It also helps people affected by earthquakes, flooding, and starvation. As well as offering humanitarian assistance, Plan's programs also aim to promote the sustainable development and improvement of living conditions on location.

Good Education for Children, Rwanda

Only around half of children in Rwanda finish primary school. This is due to many schools having inadequate equipment and poor quality of teaching, as well as to the poverty of parents and child labor. Only 18 percent of children attend nursery school, even though that is where a foundation for successful learning could be laid.

This project aims to improve learning conditions for girls and boys in 20 primary and secondary schools by training teachers and providing new teaching material and school equipment. Girls in particular need education on sexual and reproductive health to help them avoid having to leave school due to premature pregnancies. Overall, 6,900 school children are benefiting from the project measures. In addition, aid is being provided to 25 nursery schools. This way, around 5,250 infants are being prepared for school by receiving community-based

nursery education. On a political level, the project campaigns for suitable payment of the teachers at the nursery schools and for the inclusion of children living with disabilities.

Activities 2019:

- Selection of eleven rooms to be extended and equipped for nursery education
- Selection of ten schools where girls' washrooms are being built or overhauled
- Training sessions on CLAC approach to nursery education
- Training sessions on child protection, gender equality, violence prevention, high-quality education and infant development

Hélida, 21, had to say goodbye to many of her friends a few years ago when she left her remote community in search of a better life in the city, where there are more opportunities for work. When Plan International launched a project in her home community, Hélida decided to get involved. Having farmed chickens since her youth, Hélida decided to found a chicken farm. Once her training was complete, she received her first stocks and is now managing her own chicken farm.

© Plan International



Work Perspectives for Young People, Bolivia

Young people living in rural regions of Bolivia have a difficult time finding paid work. Youth unemployment is high and the country's wealth is very unevenly distributed. 30 percent of young people between 20 and 24 do not receive any pay for their labor, as they work for their families, for example in agriculture. There is also great gender inequality in terms of access to education and work, with young women far less likely than men to benefit from paid employment or education opportunities.

It is the same in the rural project regions of Altiplano and Tarija: Few companies here are able to offer work to young people. As a result, young people often leave their villages and emigrate to neighboring countries. In the urban project region of Santa Cruz de la Sierra, many young people are informally

employed and earn far less than the national minimum wage. Their employment relationships are mostly precarious and offer no social security at all.

In this project, Plan aims to provide young people aged between 15 and 24, and young women in particular, with opportunities to improve their work skills and thus their economic situations. The young people receive support to found their own companies and benefit from vocational training. The aim is provide the young people with access to secure and humane jobs offering them long-term employment and an adequate income. In this project, we also aim to promote gender equality by encouraging young women and men to question existing role models and power structures.

Water for Schools and Communities, Ghana

Although Ghana can point to significant success in its economic development in recent years, living conditions in many places have not kept up with this progress. People in rural regions in particular have hardly benefited at all. In these regions, only 66 percent of the population has access to drinking water, while only 9 percent has sanitary facilities.

The World Health Organisation estimates that most cases of malnutrition are due to diarrhea or worm diseases. These in turn are caused by contaminated water, inadequate hygiene, and poor sanitary conditions. The supply of water and sanitary facilities is also inadequate at schools, with 35 percent of schools in Ghana not having a secure supply of drinking water and 31 percent of schools lacking sanitary facilities. For girls in particular, this situation often obliges them to miss school due to the lack of hygienic facilities and privacy, particularly during menstruation.



This project aims to improve sanitary and hygienic facilities and the supply of drinking water in 36 project communities. Around 32,000 community members are to receive access to clean and affordable water and sanitary facilities. To this end, 20 new water supply points are being built in the communities and 16 further water access points are being renovated in schools, communities and healthcare stations. The project is raising awareness in the communities for the connections between hygiene, sanitary facilities, and disease prevention. Here, 300 community members are taking part in the training measures. Not only that, the construction of sanitary facilities adapted to local conditions is being promoted. Around 12,000 children at the 36 project schools are benefiting from new toilets and washrooms.

Erde der Kinder e.V. – Aid for Burkina Faso

STRATEC has provided financial support to Erde der Kinder e.V., a children's charity close to our main location in Birkenfeld, since 2015 already. Siegfried Straub began helping needy children in Burkina Faso in West Africa on a private basis in 2008. He has consistently stepped up his voluntary activities and in 2014 founded the charity Erde der Kinder e.V., which to date has been exclusively driven by the unpaid voluntary activities of its members and helpers. As well as organizing godparenting schemes, Erde der Kinder e.V. also supports measures such as clean drinking water for schools, vaccinations, buying mosquito nets, medical treatment for children, school clothes, and learning materials.

Project progress

Demand to learn tailoring at the newly established sewing center is so great that a second seamstress has been hired.

Six huts have been built for children from remote villages who benefit from the godparenting scheme. This way, able children can attend the high school.

The outer and inner walls of the orphanage have been plastered and decorated. The rooms have been tiled, thus enabling them to be kept clean. The windows have to be glazed, solar panels have to be installed on the roofs and, for safety and security reasons, a wall has to be built around the whole area.

In the year under report, the children in the godparenting scheme were invited once again to share a meal together with balafon music, while a visit to the historic Dogon settlement was organized with young people attending the high school.

Not only that, the powdered milk donations helped infants who lost their mothers at childbirth to survive.



Infants who survived thanks to the powdered milk donation
© Straub

CHARITABLE ACTIVITIES AT
Diatron MI Zrt., Ungarn

Charity Cookie Day

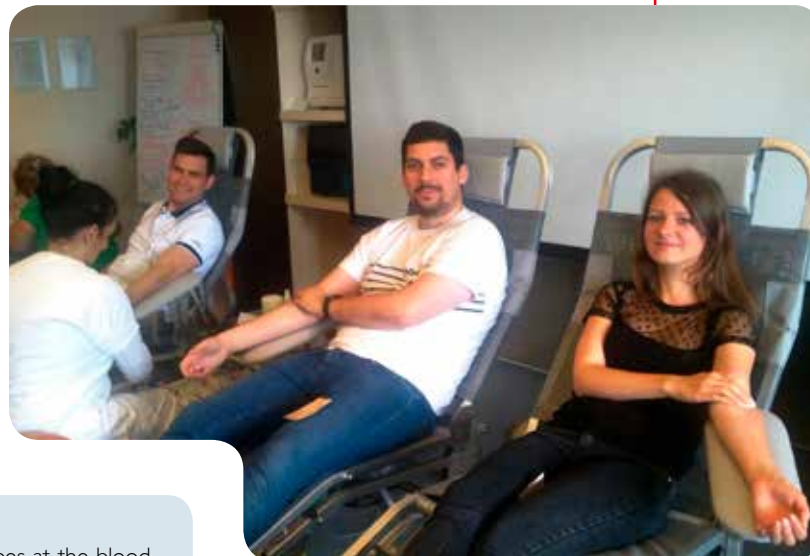
Proceeds from the "Charity Cookie Day" were donated in the year under report to "Tabitha Hospice House for Children and Young Adults". This is Hungary's largest children's hospice, whose activities and location meant that it plays a key role in treating terminally ill children from across the whole country. Tabitha Hospice House was opened in Törökbálint, a town close to Budapest, in September 2011.



„Charity Cookie Day“
© Diatron

Blood donation project

In the year under report, Diatron organized two blood donation projects at its main location in Budapest, where 56 employees donated blood.



Diatron employees at the blood donation project © Diatron

CHARITABLE ACTIVITIES AT

STRATEC Biomedical S.R.L., Rumänien ("STRATEC RO")

STRATEC RO sponsors a variety of competitions, as well as projects for autistic children and school projects. It also supports people living under the poverty line with school equipment, clothing, food, and Christmas presents. Some of these projects were initiated by employees on a voluntary basis.

School after School

STRATEC RO took part in a special school program called "School after School" in 2019. This involved supporting a group of 23 children from families living in difficult financial circumstances. The program is intended to reduce the risk of children having to leave school due to financial difficulties. Alongside school bags and other school-related items, the project also involves buying Christmas presents and pedagogically valuable games for the children.



© School after School

Asociatia Autism

The donations from STRATEC RO were channeled into acquiring materials used in therapies for children living with autism. Part of the funds was used to hold a Christmas party for the children.



© Asociatia Autism Campia Turzii

CHARITABLE ACTIVITIES AT

STRATEC Consumables GmbH, Österreich ("STRATEC AT")

In the year under report, the donations budget was awarded to the family of a deceased colleague.

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Further information

Our 2019 Sustainability Brochure provides you with supplementary information accompanying our 2019 Annual Report.

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Discrepancies may arise throughout the brochure due to the arithmetic rounding up or down of the underlying figures.

In this annual report, words in the masculine include words in the feminine; in parts of the report, the masculine form has solely been used to make the document easier to read.

This brochure is available in both German and English. Both versions can be downloaded from the company's website at www.stratec.com. In cases of doubt, the German version is definitive.

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