

11 NON-FINANCIAL STATEMENT (§§ 315b TO 315c HGB)

About this Statement

Pursuant to the law for “strengthening the non-financial reporting” in the management report and the group management report (CSR Directive Implementation Law), the Basler group (hereinafter called “group” or “Basler AG”) is obliged to set up a non-financial statement for financial year 2019. The present summary of the non-financial statement meets this reporting requirements according to §§ 315b and 315c i.c.w. 289c to 289e HGB (German Commercial Code).

The information given here generally applies to the entire group. The group includes the scope of consolidation described in the annual report (please see group notes (IFRS) in the 2020 Annual Report, chapter “Basics of Consolidation”). Concepts only applying to individual areas or locations are marked as such.

For the reporting, Basler AG followed the guidelines of the Global Reporting Initiative (GRI Standards) that was considered as framework for identifying essential topics pursuant to “GRI 101: Basics” and for the description of the management approaches pursuant to “GRI 103: Management Approach”.

The further development of uniform group-wide ESG standards was only recently decided. In the near future, the Basler Group will select a framework that is a perfect fit for the future sustainability strategy and will start further activities in 2021 based on this standard.

The identification of essential non-financial topics according to § 289c paragraph 3 HGB (German Commercial Code) was made in a multi-step process with the participation of members of the management board and specialist departments. The development of the overall concept included a materiality analysis that was prepared by a small project team with the participation of the management. Subsequently, the departments became involved and the

topics were elaborated in detail by the respective responsible departments. Topics that are relevant for this statement are of great importance for the business activity, the course of business, and the situation of Basler AG, as well as those that have significant impacts on non-financial aspects. Based on these requirements the following statement contents were selected:

Non-financial aspects	Issues defined essential pursuant to § 289c, para. 3, HGB (German Commercial Code)
Employee matters	Safety, staff retention and qualification, diversity & equal opportunities
Social issues	Social responsibility
Respect of human rights Combat corruption and bribery	Protection of human rights in the company Combat corruption and bribery in the company and in the supply chain
Environmental issues	Operational environmental management

In accordance with Section 289 c (3) of the German Commercial Code (HGB), the non-financial report must include material risks that are very likely to have a serious negative impact on the group. Basler has implemented an internal risk management system for the systematic recording of risks. The results of Basler’s risk management are described separately in the chapter “Opportunities and risks report” in the group management report.

Business Model

Decisive factors for the more than 30-year success story are a value-oriented corporate culture, the courage to take risks, the willingness to regard constant change as normal, and the passion to drive customer-oriented innovations and thus lead the company sustainably into the future. Reliability and trustworthiness are key brand values for which Basler AG stands with customers, employees, suppliers, partners and other stakeholders.

The company’s mission is to develop computer vision technologies that are used in applications to enhance the quality of life. For example, image processing

components from Basler are used in production processes to minimize waste, in semiconductor and electronics production, in medical technology for the early detection of cancer, in intralogistics for faster order processing in web stores, in recycling of materials or in food inspection.

Further explanations of Basler AG's business model can be found in section 1.1 of the management report.

Employee Matters

Qualified and motivated employees are the basis for Basler's success. Therefore, the management of Basler attaches particular importance to offer an attractive working environment to its employees including suitable training and education for demanding activities. The basis for this is a safe work environment in the administration and commercial area.

Work Safety

Aim:

Basler AG ensures the safety of its employees.

Key Measures & Due Diligence Processes:

In order to ensure the well-being of the employees, legal work safety requirements are observed. They are recorded in a safety manual that is accessible to all employees in the intranet. Furthermore, an annual work safety training takes place in the commercial area. Due to Basler AG's production structure that consists of various machines and partly requires clean-room conditions, operating procedures for air pollution control and sound minimization are key safety measures. These requirements are met by using air circulation systems in the shop floors. Additionally, legally prescribed fire protection measures are taken in the form of a central fire alarm system, fire protection walls, smoke ventilation systems, and sprinkler systems.

For identifying potential dangers and need for action as well as deriving measures, an external agency for work safety regularly conducts inspections of the business premises as well as the building. These inspections include

inter alia a review of the storage of dangerous materials, emissions and fine dust in buildings as well as further dangers for the employees' health. Regular measurements of the room air in the production area are made for monitoring the air quality. To avoid an increased dust loading additional measurements and cleaning measures are carried out.

In order to raise employee awareness of how to avoid hazards and to ensure that this awareness is maintained in the long term, initial briefings and regular instruction on occupational safety, health and fire protection are carried out. Some of the employees are specially trained in first aid and as safety officers or fire protection and evacuation assistants and receive regular training.

Furthermore, Basler AG has a cooperation with the Fürstenberg Institute which supports the company in the health management focusing on the prevention of stress factors.

Free of charge fruits and mineral water are available for the employees. Basler AG subsidizes lunch for all employees in the company bistro in Ahrensburg.

In 2020, the Corona pandemic also posed major challenges for the Basler Group in terms of occupational safety, among other things. The health of employees was the top priority at all times. A variety of measures were successfully implemented to protect the health of employees while at the same time fully maintaining business operations. In addition to strict hygiene regulations, production and office workplaces were strictly separated. For the majority of office activities, employees were enabled to work from home within two weeks of the decision to act due to Covid-19.

Results:

By the implementation of these measures and processes, Basler AG achieves a high safety level for its employees. The illness rate of Basler AG was 4.72 % in 2020 (previous year: 6.06 %).

Furthermore, in the elapsed fiscal year, only one Corona illness case became known at Basler.

Retention and Qualification of Employees

Aim:

The recruitment and retaining of qualified managers and specialists for a successful implementation of the company's growth strategy and the continuous development of employees.

Key Measures & Due Diligence Processes:

The satisfaction of the employees has a great influence on the efficiency, the period of employment and thus on the success of the company. For this, a good reconciliation of work and family life is of major importance. Therefore, Basler AG fosters the reconciliation of the demands of work and family life. In addition to various part-time models and flexible working time and places, Basler AG offers child care services for emergencies and during special working hours. This may be made use of in the company childcare room or at home. In 2011, Basler AG was audited by the Hertie Foundation within the "Work and Family" initiative and certified as "family-friendly company". Regular audits confirm a very good implementation and cultural embedding of the reconciliation of work and family at Basler AG. Furthermore, the company offers the option of sabbaticals to its employees.

Basler gives special attention to own in-house trainings of young people, in order to find suitable junior staff, but also in order to confirm the social commitment in the Ahrensburg region. In 2020, the number of trainees amounted to 24 (previous year: 23).

Another key aspect of the personnel policy is the continuous development of the employees through internal and external seminars, courses, on the job trainings, or self-study. Once a year, development reviews with the employees are conducted (except for the newly acquired companies Basler China and Silicon Software) in which employee and manager agree on development objectives. The progress is measured regularly.

Results:

Due to the measures that were taken, Basler AG ensured an appropriate qualification of its employees and an attractive working environment. Additionally, new employees were hired. The employees' satisfaction is reflected in a low fluctuation rate of 2.07 % (previous year: 1.13 %).

In 2020, the average number of employees of the group was 857 (previous year: 853), 37.67 % (previous year: 36.85 %) of them are female. Converted to the number of equivalents of full-time employment the average number of employees was 808 (previous year: 806).

The expenses for training of the Basler group amounted to € 394 thousand in financial year 2020 (previous year: € 680 thousand). This amount was temporarily negatively impacted by the Corona pandemic.

Diversity and Equal Opportunities

Aim:

In order to offer an attractive and effective working environment, diversity and equal opportunities are to be supported.

In March 2018 (before the acquisitions of Silicon Software and Basler China), the management board and the supervisory board decided that until the end of 2021 at the latest a female quota of 30 % should be achieved in executive functions as well as on head of department level at Basler AG.

Key Measures & Due Diligence Processes:

The company's staff is characterized by a variety of home countries and cultures. In order to promote the integration of employees of different nationalities and generations, language classes are offered, and in video conferences and during visits in the subsidiaries an intensive exchange takes place. Furthermore, projects are carried out with international participants additionally supporting

the integration in social events. The majority of the communication of the company is in German and English language.

In the context of implementing the law for equal participation of women and men in executive positions in the private industry and public services, the supervisory board should set objectives for reaching the gender quota in the supervisory board and the management board. In its meeting in March 2018, the supervisory board decided that, until further notice, an increase in the quota of women on the Supervisory Board and the Executive Board will be strived for but does not have to be achieved and that no extraordinary measures will be taken to increase the quota of women.

The company offers a special development program (High Potential Program) to qualify talented employees for management positions. In the 2020 program run, the focus of the internationally launched program was placed on promoting women in management positions.

With Prof. Dr. Mirja Steinkamp as well as Dorothea Brandes the female representation in the supervisory board of Basler AG is currently more than 30 %. The management board currently exists of four male members.

At the group's headquarters in Ahrensburg, great importance is attached to the issue of work and integration. There is a works council and a representative body for people with disabilities, and the barrier-free expansion of the company is constantly being driven forward.

Results:

Due to integration measures and high internationality, the Basler Group has a great diversity within the global workforce, whereby the company strives for a continuous increase of depth of value added in the foreign subsidiaries and for transforming from an international company to a global one. By using digital tools, the international collaboration and thus the diversity in thought and action could be further increased despite of Covid-19.

The first management level below the management board is the divisional management or the executives, and below that the department management.

On December 31, 2020, 27.27 % (previous year: 33.33 %) of the executives and 20.00 % (previous year: 21.05 %) of the department managers were female. No targets have yet been defined for the Group. Efforts will be made in the coming fiscal year to increase this. The targets for promoting the participation of women in management positions had not yet been achieved by the end of the reporting period. This development is due to the M&A transactions of smaller companies in the past two years, in which predominantly men hold executive positions. The opportunities within the scope of organic growth over the short period were not sufficient to compensate for this effect. In addition, new hires were curbed in 2020 due to the Corona pandemic and management focus was placed on the health and stability of the organization.

The special promotion program (high potential program) of Basler Group could also be performed in the Covid-19 characterized year 2020. It is planned to give half of the places to women and to focus the contents on different gender roles in leading positions. The aim is to identify and promote executives in order to significantly increase female proportion in leadership positions. In the past year, four employees were selected for the high potential program, two of them were female and two male.

The winner of the annual innovation competition was, for the first time, a female employee from the Ahrensburg branch. Across the company, 20 employees had applied, three of them were female.

Social Concerns

Social Responsibility

Basler AG bears social responsibility. This is particularly valid for the headquarters in Ahrensburg where the majority of the employees reside.

Aim:

Basler AG's aim is to promote the local economic and social development considering interests of local stakeholder groups.

Key Measures & Due Diligence Processes:

As one of the biggest private employers in Ahrensburg, the group plays an important role for the local economy and society. The group fulfills this role in different external and internal areas.

Thus, the headquarters in Ahrensburg offers workshops for schools in order to arouse interest for the different occupational areas within the company and to attract attention at an early stage as a local employer. Every year, Basler AG participates in the Girls' Day, arranges hackathon for young computer programmers, as well as social projects; for example, "Wi mook dat" (We do it) or "Children help children" (Kinder helfen Kindern) by participating in the "Hamburger Commercial Bank Run" in summer 2019.

Dr. Dietmar Ley, CEO of the company, is a voluntary member of the university council of the "Hochschule für angewandte Wissenschaften" (University for Applied Sciences) in Hamburg as well as member of the board of the professional association Robotics and Automation of the VDMA (Verein Deutscher Maschinen- und Anlagenbau, German Engineering Association).

Furthermore, Dr. Klaus-Henning Noffz is chairman of the board of the technical department for industrial image processing of the VDMA.

Result:

Basler AG's commitment fosters the local and national economy and society. Special attention is given to new talents.

In 2020, all these actions were also firmly scheduled, but many of them unfortunately had to be cancelled due to Corona.

Respect of Human Rights & Combat of Corruption and Bribery**Aim:**

The aim of this concept is to avoid human rights violation as well as corruption and bribery in Basler AG's business relations.

Key Measures & Due Diligence Processes:

The business activities' compliance with legal requirements and human rights, as well as the rejection of corruption and bribery are self-evident for Basler AG. Based on this principle, the company compiled a "Code of Conduct" that was implemented and trained in the headquarters and will be further rolled out in the upcoming financial year:

Basler AG and the companies affiliated to it (the "Basler Group") take part in the fair competition on the basis of our corporate values. We attach great importance to integrity, trust as well as the respectful and considerate interaction with each other, both internally and externally. We assume responsibility by giving due consideration to the consequences of entrepreneurial decisions and activities under economic, technological as well as social and ecological aspects and by balancing the interests of all parties involved in a reasonable way. The Basler group therefore respects the applicable law in the course of its business activities, when implementing its strategy and when attaining its targets. We expect the same from our employees and business partners. Our corporate culture will also be sustained and supported by the responsible and ethical conduct of each employee.

Unlawful behavior can cause considerable economic damage. Even the suspicion of a legal infringement can affect the Basler Group's market position. Hence, the consequences of one's own actions must also be assessed in the light of, what impact they have on the reputation of the Basler Group as a trustworthy business partner as well as on the integrity of all employees and the management.

Any action must therefore be based on a clear understanding of the legal regulations, of the internal guidelines and of a common moral concept. All bodies, executives and employees of the Basler Group are bound to comply with this Code of Conduct, with the company's bodies and officers having a particular role model function. At the same time, they need to enforce the compliance with the Code of Conduct by the employees and to support them in this respect.

This Code of Conduct provides and describes a framework of how the above principles can be implemented in the daily work. The rules of the Code of Conduct will make it easier to comply with the legal provisions and the internal regulations. However, these rules do not represent a complete collection of the

duties arising from, and enshrined in, the legal system, in which we work and live. The employees are therefore bound to seek competent advice in cases of doubt, for which the company's executive staff and the relevant departments are available.

(Extract from the Code of Conduct of Basler AG)

The Basler Code of Conduct gives handling instructions for the following subjects:

1. Compliance with the law
2. Integrity and company management (ensuring health and work safety, harassment, discrimination, fair treatment of each other, freedom of opinion, protection of privacy, data protection)
3. Conduct in competition (corruption, bribery, invitations, presents, competition and cartel law, trade controls, foreign trade law, insider trade)
4. Working conditions
5. Environmental protection
6. Protection of company assets, trade and business secrets

Result:

In 2020, the planned trainings in the foreign subsidiaries on the "Code of Conduct" could not take place and had to be postponed due to Covid-19.

For the financial year 2020, no cases of corruption and bribery or violations of human rights emerged at Basler AG.

Environmental Concerns

Corporate Environment Management

Basler AG recognizes its responsibility towards society and future generations and takes measures in order to reduce the emission of greenhouse gases and to deal responsibly with resources. More detailed information can be seen in the Basler AG Environmental Statement.

Aim:

Basler AG wants to make an active contribution to the protection of the environment and continuously develop it further.

Key Measures & Due Diligence Processes and Results:

A fundamental and continuous measure is to sensitize the employees for acting in an environmentally conscious manner at work and in their everyday life.

The operation of production facilities and administrative buildings requires energy. In addition to costs, this also causes climate-damaging emissions in the form of CO₂ and other climate gases. Even though the manufacture of cameras is relatively less energy-intensive than other sectors, Basler will focus on reducing the company's carbon footprint in the new ESG strategy due to the overall societal relevance.

Basler AG purchases its electricity from the public utility in Ahrensburg which is 100 % from renewable energy sources. A continuous maintenance of our technical equipment as well as the use of latest technologies and environmental standards ensure the highest possible energy efficiency; for example, the conversion of existing lights to LED. Furthermore, the extension of the company building, which is currently being implemented, will be carried out according to the latest technical standards.

In its manufacturing process, Basler only uses hazardous substances (for example soldering paste) if this is necessary. Before using these substances, a substitution check is conducted, meaning that it is verified whether there is a more sustainable alternative.

Basler AG's employees in Germany separate waste that is generated in the office premises and the production areas. Metal scrap, boards, and plastics are collected in separately marked waste containers and discarded by certified specialist companies.

Thanks to latest video conference technology, the communication with our subsidiaries or customers and suppliers is very efficient and, at the same time, unnecessary business trips can be avoided.

Result:

Basler AG fulfills legal requirements regarding emissions, energy consumption and dangerous goods and converts to newest technologies where possible. Furthermore, in 2020 the foundation was laid for a company-wide ESG strategy focusing on the long-term reduction of the carbon footprint. This will be launched in 2021 and be successively explained in more detail in upcoming reports.

In 2020, the Basler Group once again proved that the company's success can also be ensured with less travel and the mapping of many meetings via digital tools, even if this low level will certainly not continue in the long term after the Corona crisis.