BASLER

Combined Non-financial Report for 2024

Our Values and Responsibility
For today and the future

Content

Foreword by the Chairperson of the Supervisory Board

Dear Reader,

as a listed company, we are keenly aware of our responsibility in the areas of profit (economy), people (social issues) and planet (ecology) – the three pillars of sustainability management – as well as good corporate governance. The issue of sustainable management is close to our hearts. We are willing, possess the expertise and have already started to invest in a sustainable world. In doing so, we exploit opportunities and seek to increase economic success.

At a time when sustainability is of paramount importance, we are aligning our strategies with new regulations, comprehensive analyses and forward-looking plans to ensure our long-term resilience and success.

Navigating the EU-CSRD

The European Union's Corporate Sustainability Reporting Directive (EU-CSRD) is an important milestone on our path to greater transparency and accountability. This directive extends the scope of reporting to include a broader set of sustainability matters and comes with strict disclosure obligations. At Basler Aktiengesellschaft (in the following referred to as 'Company'), we view the EU-CSRD as an opportunity to improve our sustainability practices and offer our stakeholders a clear and thorough impression of our ESG performance. By adhering to these standards, we want to contribute to a more sustainable and fair future and at the same time position ourselves at the frontline of responsible business practices.

Double materiality analysis: A comprehensive approach

Our sustainability strategy is based on a double materiality analysis, which we use to assess the impact of our activities on the environment and society as well as the financial impact of sustainability issues on our business. This approach ensures that not only do we minimise risks we also exploit opportunities that emerge from a highly dynamic global environment. Integration of double materiality into our decision-making processes enables us to better anticipate and respond to the needs of our stakeholders.

Focus of the ESG agenda: Climate change and a conflict-free supply chain

Climate change and a conflict-free supply chain are at the heart of our ESG agenda. Climate change is among the most serious challenges of our time, and we are determined to contribute to confronting this immense task. A pivotal component of our sustainability agenda is our climate transition plan, which describes our journey to achieving net-zero emissions and building climate resilience. Included in this plan are initiatives such as using renewable energy sources, improving energy efficiency and developing sustainable products. We also attach great importance to a conflict-free supply chain and do so by promoting ethical procurement practices and consistently endeavouring to ensure that all materials and products are sourced and produced under fair conditions.

Foreword by the Chairperson of the Supervisory Board

In conclusion, it would be reasonable to say that the path to sustainability is continuous and constantly changing. At Basler, we are proud of the progress we have made and determined to move forward, driven by our core values and the expectations of our stakeholders. This report is a testimony to our ongoing efforts and a roadmap for our future endeavours. We invite you to join us on this path as we work to create a better and more sustainable world.

Here at Basler, the Executive Board and Supervisory Board are responsible for sustainability and for defining its strategy and objectives. This responsibility is an integral part of our value system and the Basler culture.

Wishing you a delightful reading experience!

Yours,

Improving quality of life with computer vision

“Improving the quality of life with computer vision is far more than a marketing slogan here at Basler – it is at the heart of what we do and embody.

Computer vision presents revolutionary opportunities to make the world more sustainable: our products optimise processes, support the production and operation of future-oriented, sustainable technologies and encourage transition to a functioning circular economy. At the heart of this commitment is Basler's core expertise: innovation. We can only shape a world in which economic progress is in harmony with social and ecological responsibility by embracing visionary approaches and continuous development – for a liveable present and future.”

Hardy Mehl, CCO/COO

Basler Sustainability Highlights 2024

189t CO_2e

Reduction in GHG emissions (Scopes 1&2)

see page 42

42 %

Confirmed conflict-free supply chain

see page 107

0.05 %

Gender pay gap (adjusted)

see page 98

37 %

Share of taxonomy-eligible capital expenditure

see page 55

4

Accidents at work

see page 97

+800 %

Whistleblower reports compared to 2023

see page 125

7.5

Training hours per employee

see page 95

€13.7m

Taxonomy-eligible sales

see page 57

Executive Summary

The Company and its subsidiaries (in the following referred to as ‘Group’) have made significant progress with regard to the transparency, scope and completeness of the combined non-financial report for the 2024 financial year. It has also made considerable headway in the setting of targets for key sustainability matters and in the implementation of sustainability actions.

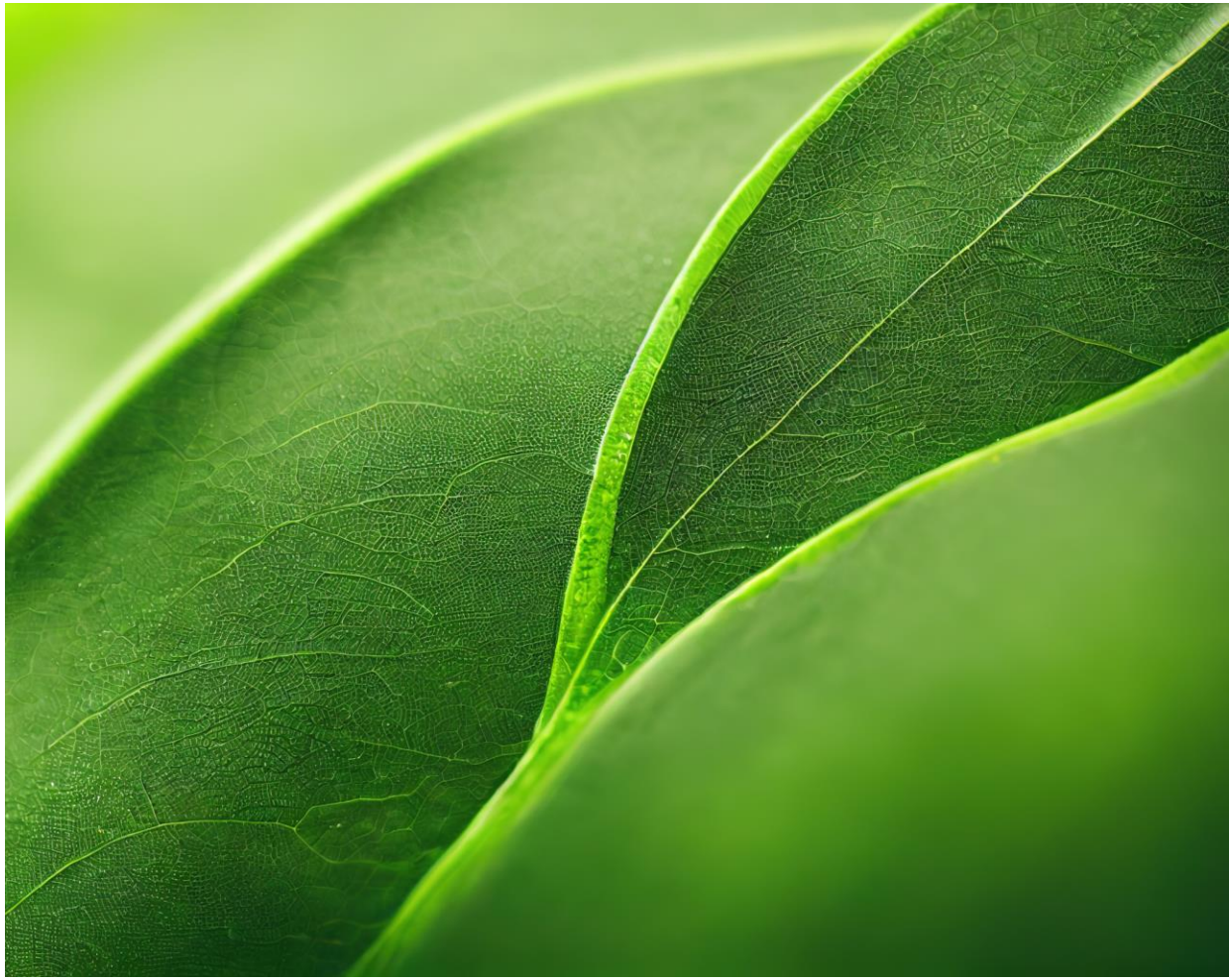
Double Materiality Assessment

Direct involvement of various internal and external stakeholder groups in the assessment of material sustainability issues enables a thorough identification of impacts, risks and opportunities both in the context of sustainability and for the Group's business model.

The Group is expanding its reporting to include three additional subject areas as a direct consequence. Until now, the statement has addressed the issues of climate, the circular economy, the company's own workforce and business conduct. The topics of environmental pollution, workers in the value chain and consumers and end-users are added from 2024 onwards.

Expansion of the scope of consolidation

This sustainability statement covers the Group, hence all the Group locations worldwide. This provides a complete view of the company's business activities and expands the dataset for reporting to all ten Group companies. In previous sustainability reports, the scope of consolidation has been limited to seven Group companies.



Executive Summary

Targets & Actions

Since 2024, the Group has pursued two targets for the most important sustainability issues, namely climate neutrality and conflict-free supply chains.

The Group is committed to achieving net-zero greenhouse gas emissions from its own business activities (Scope 1&2) by 2030 in order to reduce its own impact on climate change. Here, we already achieved a reduction of 9% (compared to 2022) in the 2024 financial year. We accomplished this, among other things, through initial, smaller investments of around €100,000 as part of our climate transition plan. These investments were tailored to reflect the economic situation. In order to achieve the climate target, increasing investments are planned for the years ahead up to a potential total volume of €8m by 2030.

Within the context of conflict-free supply chains, the Group has defined the goal of being able to confirm that at least 75% of its purchasing volume is 'conflict-free' by the end of 2028. At the end of the 2024 financial year, 42% of the supply chain was confirmed as conflict-free. This represents significant progress compared to the previous year (0% in 2023).

A revision of the supply chain target is planned for 2025. We plan to evaluate ecological and social standards as part of a more comprehensive target, as the absence of conflict is just one aspect of sustainable supply chains.

Climate assessment

For the first time, a complete inventory of Scope 3 greenhouse gas emissions was performed for this statement. It was conducted to add to the current GHG inventory resulting from the Group's own business activities (Scopes 1&2). Scope 3 emissions are caused in the upstream and downstream value chain. Expanding the GHG inventory will enable the Group to extend its climate targets and implement targeted mitigation actions – right at the source of emissions. Using this new, more comprehensive approach, it becomes evident that 96% of the Group's emissions are generated outside its own business activities – in particular during the use of Basler products by end customers and through emissions caused in the production of materials and components for Basler Vision products.

EU-Taxonomy

For the first time, the Group reports taxonomy-eligible sales in the 2024 financial year. We established that around 7% of Basler Vision products sold contribute to the promotion of sustainable business practices. This includes product sales that directly and indirectly contribute to climate protection, the circular economy, preventing pollution and preserving biodiversity. Moreover, 37% of capital expenditure was assessed as taxonomy-eligible.

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General Disclosures (ESRS 2)

1.1 Preliminary remarks and basis for preparation of the combined non-financial report

The company published its first sustainability report for the 2022 financial year in 2023. A continuous and rapid development in requirements for non-financial reporting has been noted ever since.

This combined non-financial report contains the non-financial group statement and the non-financial statement of the parent company and was prepared for compliance with Sections 289b to 289e, 315b and 315c German Commercial Code (HGB) and the requirements according to Article 8 of Regulation (EU) 2020/852. Furthermore, the company's combined non-financial report (referred to in the following as 'non-financial statement') has been aligned with the requirements of the European Union Corporate Sustainability Reporting Directive (EU-CSRD). The European Sustainability Reporting Standards (ESRS) were partially applied for this purpose. Under the partial application of the ESRS, the localization of the consolidated non-financial report within the consolidated management report was omitted, and the review of the disclosures in accordance with ESRS 2 GOV-1 based on the consolidated corporate governance statement was excluded. This non-financial report was prepared with reference to the guidelines of the European Financial Reporting Advisory Group (EFRAG). The allocation of HGB matters to the ESRS topics and disclosure requirements is set out in Appendix VI. Section 289c (2) no. 1 HGB is fulfilled by the disclosures in Chapters ESRS E1, ESRS E2 and ESRS E5, Section 289c (2) no. 2 HGB by ESRS S1 and ESRS S2, Section 289c (2) no. 3 HGB by ESRS S4 and Section 289c (2) no. 5 HGB by ESRS G1.

The company's non-financial reporting for the 2024 financial year hence contains additional new key figures, is shaped by new quality standards, is increasingly standardised and therefore enables greater comparability.

1.1 Preliminary remarks and basis for preparation of the combined non-financial report

The non-financial statement of the company and the Group is, for the first time and on a voluntary basis, subject to an external audit with 'limited assurance' in accordance with ISAE 3000 (Revised).

Scope of consolidation

The content of the company's non-financial reporting for the 2024 financial year was prepared on a consolidated basis and reflects the scope of consolidation shown in the Group's annual financial statements (Chapter 1.1 – Consolidated management report).

One exception to this is the non-consolidated minority interest in Roboception GmbH, Munich, which was acquired in the 2024 financial year. The new investment is not included in this non-financial statement as Roboception GmbH does not engage in business practices with material impacts, risks or opportunities for the company in the context of sustainability.

The Group has opted against the exclusion of information relating to intellectual property, know-how or innovation in its non-financial statement.

Materiality thresholds

The Group's sustainability reports for 2022 and 2023 defined permanent establishments with >10 employees (1% of the corporation's employees) as material. This materiality threshold does not apply to the 2024 non-financial statement, as the scope of consolidation presented in the consolidated management report is applied in accordance with ESRS requirements. Therefore, all 10 companies of the Group around the world (except the minority interest in Roboception GmbH) are included in this statement.

Time horizons

The Group applies the time horizons set out in ESRS 1 (Chapter 6.4) for the purposes of non-financial reporting. 'Short-term' refers to one year, 'medium-term' to a period of between one and five years and 'long-term' to between five and ten years.

1.1 Preliminary remarks and basis for preparation of the combined non-financial report

Upstream and downstream value chain

As a leading international manufacturer of computer vision components, the Group's value chain extends from the extraction of raw materials, through the manufacture of electronic and electromechanical components, to the production of industrial cameras and ultimately their use, as well as the disposal and/or recycling of Basler products.

Research and development, production and sales are elements in the value chain under direct control. All other activities, especially upstream activities, are part of a long and complex global value chain, which the Group can only influence to a limited extent.

The Group's value chain is mapped in detail in ESRS 2, Chapter 1.4 and Figure 5.

Value chain estimates

The Group's reporting on metrics concerning material sustainability aspects build to a large degree on primary data, especially for those parts of the value chain that are under its direct control. Given the complexity and global nature of supply chains, primary data is not always available for upstream and downstream actors in the value chain, or not available in adequate quality. In such cases, the Group uses estimates based on average data for the industry sector or other approximate values. The use of estimated values is a temporary measure. The Group is continually working with suppliers in the upstream value chain to expand and improve data availability.

In this non-financial statement, estimated values were used for parts of the Scope 3 GHG emission inventory, specifically for emissions resulting from procurement, employee commute, use phase and end-of-life treatment (recycling/disposal).

1.2 Governance

Changes to the preparation of sustainability information

Due to limited data availability, the GHG inventory in previous sustainability reports were limited to Scope 1 (emissions for which the company is directly responsible) and Scope 2 (indirect emissions from purchased energy). The Group is expanding its reporting of greenhouse gas emissions in the 2024 financial year to include material Scope 3 categories (indirect emissions within the value chain):

- 3.1 Purchased goods and services
- 3.4 Upstream transportation
- 3.5 Waste generation in companies
- 3.6 Business travel
- 3.7 Employee commuting
- 3.11 Use of sold products
- 3.12 Treatment of products at end-of-life

Administrative, executive and supervisory bodies

The corporate governance statement for the 2024 financial year contains information on the composition, remuneration, diversity of the Supervisory Board and Executive Board, the independence of the Supervisory Board and the compliance organisation (Chapter 9 – Corporate governance statement).

Figure 1 – Management structure

	Executive Board	Supervisory Board
Executive members	3	0
Non-executive members	0	6
% independent members	–	50.00 %
Employee representation	0	2
% male	100 %	66.67 %
% female	0 %	33.33 %
% diverse	0 %	0 %

1.2 Governance

Prof. Dr. Mirja Steinkamp and Lennart Schulenburg, as members of the Supervisory Board and the Audit and Sustainability Committee, possess the required expertise and skills to monitor and audit sustainability aspects.

Prof. Dr. Mirja Steinkamp is a tax advisor, auditor and professor of auditing and corporate accounting. She worked for several years as an audit manager at the international auditing firm Ernst & Young GmbH and subsequently spent 14 years as an authorized signatory and executive in the finance department of a globally operating trading company.

Today, Mirja Steinkamp works primarily as a supervisory board member and has extensive experience as chair of the audit and sustainability committee in publicly listed companies, as a member of nomination and ESG committees, as well as deputy chair of the supervisory board in non-listed companies. Since 2018, she has been a Qualified Supervisory Board Member and a Specialist Supervisory Board Member Financial Expert. Since 2023, she has also been a Specialist Supervisory Board Member of the Interfin Forum – Sustainability/ESG and a TÜV Nord-certified sustainability manager. In January 2025, Mirja Steinkamp additionally completed the training as an auditor for sustainability reports – conducted by the IDW (Institute of Public Auditors in Germany).

Due to her profound professional training, diverse work experience, and long-standing role in various audit and sustainability committees, she possesses extensive knowledge and expertise in the application of accounting principles, the assessment of corporate governance systems, as well as the preparation and auditing of annual and consolidated financial statements, (consolidated) management reports, and sustainability reporting.

This qualifies Prof. Dr. Steinkamp as a financial expert according to Section 100 (5) of the German Stock Corporation Act (AktG).

Lennart Schulenburg is the full-time managing partner of VisiConsult X-ray Systems & Solutions GmbH and has been part of the Supervisory Board of the company since 2022. He is a Qualified Supervisory Board Member and Specialist Supervisory Board Financial Expert (Interfin Forum) and has been a TÜV Nord-certified sustainability manager (ESG and CSR) since 2022.

The other Supervisory Board members have basic knowledge in the area of sustainability, which they acquired through exposure to and involvement in the Group's sustainability practices and reporting in 2022 and 2023.

Moreover, the company draws on external expertise to prepare its EU-CSRD reporting and GHG inventory in order to build on its internal competences and continuously improve the quality of non-financial reporting.

Two employee representatives sit on the Supervisory Board to represent the interests of the workforce. The organisation of sustainability management and the role of the Executive Board and Supervisory Board are described in more detail as follows.

A separate workforce unit (‘Administration’) within the CFO's remit is responsible for managing the material impacts, risks and opportunities associated with sustainability. The unit is tasked with identifying the material sustainability issues, reporting and communicating them to stakeholders and the public, integrating sustainability matters into other management areas and managing specific projects for the targeted improvement of the sustainability impact, opportunities, risks and communication within the Group.

1.2 Governance

The sustainability management is also involved in the approval of new and modified company processes and is classed on a par with quality, risk and compliance management. This ensures that sustainability aspects are taken into account in new and modified processes. Regardless of the project, the Group's overseas company management is consulted for alignment at the end of the year, as part of the materiality analysis and for the preparation of non-financial statement. Regular dialogue also takes place at this level during the year with regard to specific projects or the introduction of new guidelines.

Information and sustainability aspects

The Sustainability Manager regularly reports to the Head of Administration and the CFO on material impacts, risks and opportunities as well as on the status of relevant actions, projects and progress towards targets, and twice a year to the Audit and Sustainability Committee of the Supervisory Board as part of the audit of non-financial reporting processes, as well as on an ad hoc basis.

Based on the materiality analysis, the Executive Board developed strategic indicators for material impacts, risks and opportunities – 'Objective & Key Results' (OKRs) – in the 2024 reporting period. These are taken into account in the annual strategy process and in the monthly balanced scorecard system (BSC) for monitoring and Group management.

In the 2024 financial year, the Executive Board and Supervisory Board prioritised two sustainability issues that are material for the corporation and are measured by OKRs:

- Progress towards climate neutrality by 2030 (Scopes 1&2)
- Implementation of a conflict-free supply chain

The associated material impacts, risks and opportunities that the administrative, management and supervisory bodies addressed during the reporting period are described in more detail in Chapter 2 (Climate Change) and Chapter 6 (Workers in the Value Chain).

Sustainability-related incentive schemes

Incentive schemes of the company are based on key financial performance indicators. Sustainability-related performance is not currently included in the incentive schemes for administrative, supervisory and management bodies.

1.2 Governance

Due diligence, internal controls and risk management

Figure 2 – Core elements of due diligence

	Number of pages		
a) Embedding due diligence in governance, strategy and business model	17		
b) Engaging with affected stakeholders in all key steps of the due diligence	22		
c) Identifying and assessing adverse	E1 – 34 E2 – 62 E5 – 70	S1 – 82 S2 – 101 S4 – 111	G1 – 120
d) Taking actions to address those adverse impacts	E1 – 42 E2 – 65 E5 – 72	S1 – 86 S2 – 105 S4 – 115	G1 – 120
e) Tracking the effectiveness of these efforts and communicating	E1 – 44 E2 – 66 E5 – 75	S1 – 87 S2 – 107 S4 – 117	G1 – 122

1.2 Governance

Where due diligence obligations are associated with specific sustainability matters, these are predominantly performed by the respective departments. The Human Resources department monitors and is responsible for the impacts, risks and opportunities relating to employees; the Purchasing department for those relating to suppliers and arising along the supply chain; the Sales department for those relating to customers and downstream value creation; and Facility Management for those relating to greenhouse gas reduction at the company's own sites. Acting within the company, these departments assume group-wide responsibility in coordination with the foreign subsidiaries. Implementation of individual tasks can be delegated to them. The local management teams are in charge of specific safety, health, environmental and climate-related impacts at local level or of risks associated with the activities of the individual companies. They report to the Executive Board, are involved in developing strategy and in regular meetings of the Executive Board. Sustainability Management at the company provides advice and supports data collection, analysis and management of the individual departments by performing technical analyses and providing expertise on requirements and implementation practice, particularly with regards to environmental, climate, human rights, diversity and cultural issues.

The risk and opportunity analysis underlying this report extends beyond the risk and opportunity report in the consolidated management report and contains a more detailed consideration of the material sustainability risks and opportunities. These are largely indirect, often have a longer time horizon than usual business risks and are exposed to greater uncertainty. The central risk and opportunity management system is used to coordinate both the risk and opportunity analyses.

Risks are prioritised based on probability of occurrence and impact. The probability of occurrence is assessed according to the criteria in Figure 3. The impact classifications are calculated annually on the basis of the equity in the consolidated financial statements. The most important risks identified are listed in Chapter 1.4 (Material sustainability impacts and risks of the business model). Strategies to address these risks are explained in the following individual chapters.

1.2 Governance

The strategies for addressing these and other risks are explained in detail in the specific sections of this non-financial report.

Sustainability management accompanied the entire risk analysis process in regard to sustainability matters during the 2024 financial year. The purpose was to better identify and assess the materiality of business risks. The results are discussed with the CFO several times each year and presented to the Audit and Sustainability Committee of the Supervisory Board after finalisation of the risk analysis. The Audit and Sustainability Committee engages Deloitte Wirtschaftsprüfungsgesellschaft GmbH to perform the voluntary audit of the non-financial statement. Moreover, the Audit and Sustainability Committee of the Supervisory Board reviews the completeness and accuracy of non-financial reporting for compliance with its statutory duties. The Audit and Sustainability Committee and the Supervisory Board have come to the conclusion that the corporation's non-financial statement is appropriate and accurate.

Figure 3 – Probabilities of occurrence and impact classification

Probabilities of occurrence		
Very probable	50 – 100 %	1x in 1 – 2 years
Probable	25 – 50 %	1x in 2 – 4 years
Possible	5 – 25 %	1x in 4 – 20 years
Improbable	0 – 5 %	Less than 1x in 20 years

Impact classification (in kEUR)	
Catastrophic	35,400 – 70,800
Critical	17,700 – 35,400
Noticeable	8,850 – 17,700
Low	0 – 8,850

1.3 Strategy

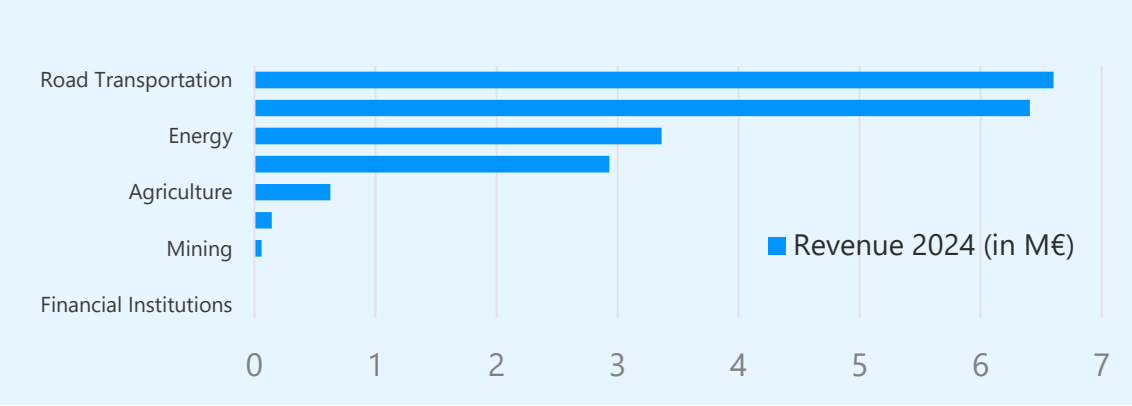
Strategy and business model

The companies of the group develop, produce and market components for machine vision applications for professional users. The largest share of sales is attributable to digital cameras, which are primarily used in industrial mass production, medical applications, traffic monitoring and logistics. The Group is continuously expanding its range of hardware and software products and is hence gradually developing into a one-stop supplier and solution provider. Innovation, outstanding reliability and easy integration are the hallmarks of Basler products. Target customers are national and international manufacturers of capital goods (OEM customers and system integrators) who integrate image processing components and solutions into their own systems and devices and market these to end users. The Group's value-orientated corporate culture is a crucial factor in the Group's 30-year success story. Reliability and trustworthiness are key brand values embodied by the Group in its dealings with customers, employees, suppliers, partners and other stakeholders. The company's vision is to deploy computer vision technology to achieve sustainable improvements in quality of life.

1.3 Strategy

Aside from the target markets and customers described above, the corporation generated sales in 2024 across several industrial sectors classified as significant from a sustainability perspective according to the ESRS.

Figure 4 – Sales in relevant ESRS sectors



In this context, the Group generated income through the sale of products used by third parties in the processing of natural resources (mining and exploration), industrial chemicals (liquids and gases) and in the production of tobacco products. Total income in 2024 amounted to:

- Mining and exploration: **€ 58,087**
- Industrial chemicals: **€ 44,428**
- Tobacco production: **€ 32,270**

Overall, these sales represent less than 0.1% of the Group's total sales and are also declining (-68% compared to 2023). Income from these business activities is therefore not considered material for the Group.

The Group's sales model, which involves selling products via distributors and to machine manufacturers and system integrators, means that the Group has limited opportunity to trace into which industrial sector its goods are ultimately sold. The figures shown are based on data available at the end of 2024.

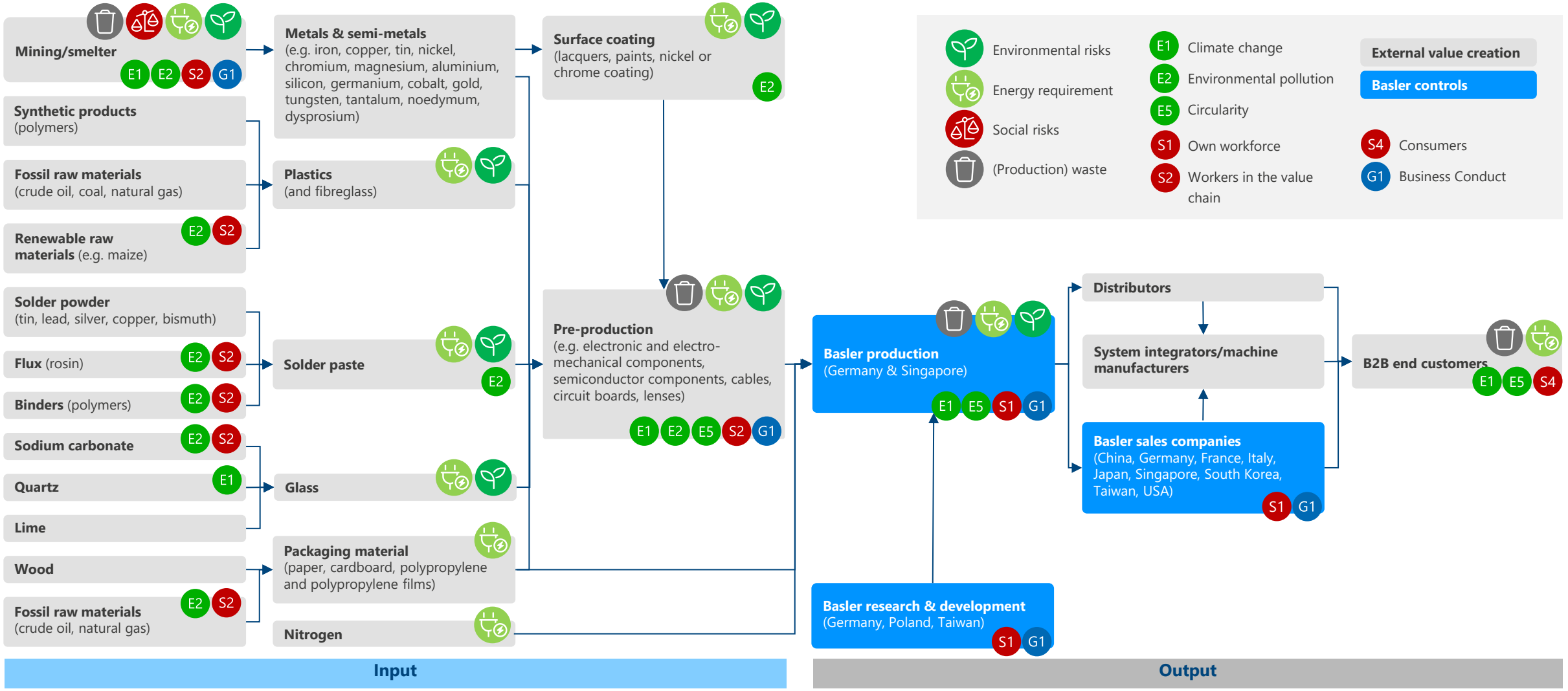
Value chain

Similar to the value creation processes in the electronics industry, the Group's value chain is global and complex in nature due to the wide variety of actors involved. Figure 5 illustrates an example of how the Group's value creation is structured and the positions at which environmental, social and business conduct risks may arise along the value creation process.

This shows that all value-added processes, from raw material extraction to the production of electronic and electromechanical components, are parts of the upstream value chain. The Group has control over research and development, production and assembly of the end products as well as some of the distribution channels.

1.3 Strategy

Figure 5 – Basler value chain



1.3 Strategy

Interests and views of stakeholders

The interests and views of stakeholders are collected, recorded and evaluated as part of the double materiality analysis. This is updated every two years, provided no significant changes occur in the meantime with regards to new impacts, risks or opportunities. The most important stakeholders for the Group include investors, employees, customers and suppliers.

Information and enquiries from customers and the downstream value chain are also logged via the sales back office. Supplier information from the upstream value chain is collected via supplier quality management. Employee concerns are dealt with by the HR department and, at the company, also by the General Works Council. Compliance-related sustainability aspects are logged in the whistleblower system and processed in the compliance team according to a 'multi-eye principle' (see ESRS G1, Chapter 8.2, Whistleblower system and protection of whistleblowers). Specific impacts, risks and opportunities in the foreign companies are the responsibility of the respective management teams and are also collected centrally as part of materiality analysis. Like in previous year, Supplier Qualification, the Legal department and the HR department perform numerous alignments with Sustainability Management on an ad hoc basis. In addition to the whistleblower system, all stakeholders can use the sustainability website to proactively submit enquiries on all sustainability topics using the email address sustainability@baslerweb.com.

Sustainability Management and the Head of Administration are responsible for collecting and responding to the submissions and, depending on the type of submission, coordinating with the departments and the Executive Board. We have noted an increase in employee initiative in recent years and the current reporting period, with ideas for potential improvements being incorporated directly into sustainability management. The CFO coordinates with Investor Relations Management and Sustainability Management to communicate with investors and rating agencies on sustainability issues. Sustainability Management also conducts analyses on specific topics, such as how human rights are addressed in the supply chain or the climate and environmental impact of practices at global locations.

The key lessoned learned from these efforts in 2024 is the realisation that, aside from established sustainability issues such as climate protection, employee concerns and the circular economy, it would be necessary to assign a higher priority to the issues of environmental pollution and conflict-free supply chains. These changes have been addressed in the analysis of impacts, risks and opportunities as well as in the following descriptions of strategies, actions and targets. This non-financial statement therefore contains additional topics compared to the previous year (Chapter 3, Chapter 6 and Chapter 7). The Group is also considering an expansion of actions and targets for sustainability matters. The relevant chapters contain detailed information and considerations.

1.4 Material sustainability impacts and risks of the business model

As outlined, the business model involves the development and manufacture of components for machine vision applications and their global distribution together with third-party products for industrial customers from a variety of sectors.

In summary, this results in the following material sustainability impacts and risks:

1. Climate change

Climate change and its consequences are among the greatest overarching challenges facing humanity. The Group's business model impacts climate change due to the greenhouse gases emitted during the production, use and disposal of products at the end of their service life. This relates to the release of greenhouse gas emissions in the upstream and downstream value chain, as well as business activities under direct control. Emissions caused by the procurement of materials and use of products by end customers as well as business trips, commuting and electricity consumption at the company's own production sites have been identified as material.

2. Environmental pollution

The Group experiences material impacts in connection with environmental pollution in the upstream and downstream value chain. In particular, the Group considers upstream activities for the extraction of raw materials, upstream activities for the production of metals, semi-metals and electronic components as well as downstream activities relating to the disposal of Basler products by end customers. These activities may result in several negative impacts due to the use of fossil energy, conflict minerals, regional water pollution and improper disposal of Basler products by end users. Potential risks also exist in connection with substances of very high concern.

3. Circular economy

Impacts and risks in connection with the circular economy relate exclusively to electronic waste generated during production and disposal by end customers. Both areas can lead to the loss of valuable resources and, if disposed of improperly, be harmful to the environment and health.

1.4 Material sustainability impacts and risks of the business model

4. People along the value chain

The Group's business model includes complex risk due to a lack of transparency and limited opportunities to exert influence in the upstream supply chain. In particular, the mining of conflict minerals in certain regions is associated with human rights violations (e.g. forced or child labour), armed conflicts, exploitation and dangerous working conditions.

Furthermore, internal restructuring processes over recent years have created impacts and risks in connection with the retention and recruitment of qualified employees.

5. Consumers and end users

A significant risk for consumers and end users results from the increasing frequency and severity of cyber security attacks on IT systems. As such the Group is focused on the impacts and risks associated with the data security of its products and the IT environment used.

All material impacts, risks and opportunities are discussed in detail in the introduction to the relevant topic chapters.

1.5 The Group sustainability strategy

The Group sustainability strategy builds on the following guidelines:

+ **Transparency:** The Group fulfils all legal requirements with regards to disclosure obligations. Communication with customers and suppliers may be significantly broader, especially with regards to collaborative and far-reaching change processes.
+ **Stakeholder orientation:** The Group is continuously improving its identification of stakeholder interests and dialogue, for example as part of the double materiality analysis. This means that different stakeholder interests can be recorded, and the associated impacts, risks and opportunities recognised and incorporated into the Group's corporate strategy.
+ **Long-term perspective:** In economic terms, the Group prioritises long-term growth and resilient stakeholder relationships over short-term profit orientation. Social and environmental impacts are included in order to develop positive impacts and, where possible, prevent damage before it occurs.
+ **Multiple value creation and innovation:** The company's overall success is defined by combining economic success with social and ecological sustainability. Sustainability – for example in the context of climate impact and responsibility for a conflict-free supply chain – is already an integral part of the Balanced Score Card and a separate pillar in every change process.

Implementation of this strategy – with due consideration of current material impacts, risks and opportunities of the business model – is evident in the definition of targets and development of actions in two specific areas:

– the reduction in greenhouse gas emissions (Scopes 1&2) to net-zero by 2030;

– the achievement of a supply chain that is 75% confirmed conflict-free by 2028.

These targets affect and apply to all Basler components for machine vision applications, the customer groups listed in section 1.3 (Strategy and business model) and all geographical areas, in particular the most important markets: China, Germany and the USA. Moreover, the Group's targets have particular relevance for stakeholders in the upstream supply chain, especially with a view to the growing expectations regarding the absence of conflict and a reduction in greenhouse gas emissions.

1.6 Management of impacts, risks and opportunities

Methodology of the materiality analysis and changes compared o the previous year

In 2024, the Group implemented a fundamentally revised approach to conducting the materiality analysis, which is based on the ESRS. In the past, a collection of sustainability aspects was compiled to determine material impacts, risks and opportunities, taking into account international reporting standards, regulatory and social trends and industry-specific requirements. The Group's management and subject matter experts then evaluated this compilation and prioritised its items internally. The most recent materiality analysis from 2022 was based on this internal assessment.

Involvement of external stakeholders in a consultation process is the most far-reaching change in the revised materiality analysis in 2024. Relevant sustainability issues were no longer assessed for double materiality only internally, but rather from a holistic perspective by for example shareholders, customers, employees, suppliers, the Executive Board and Supervisory Board as well as rating agencies. In total, nine different internal and external stakeholder groups were involved in the consultation process.

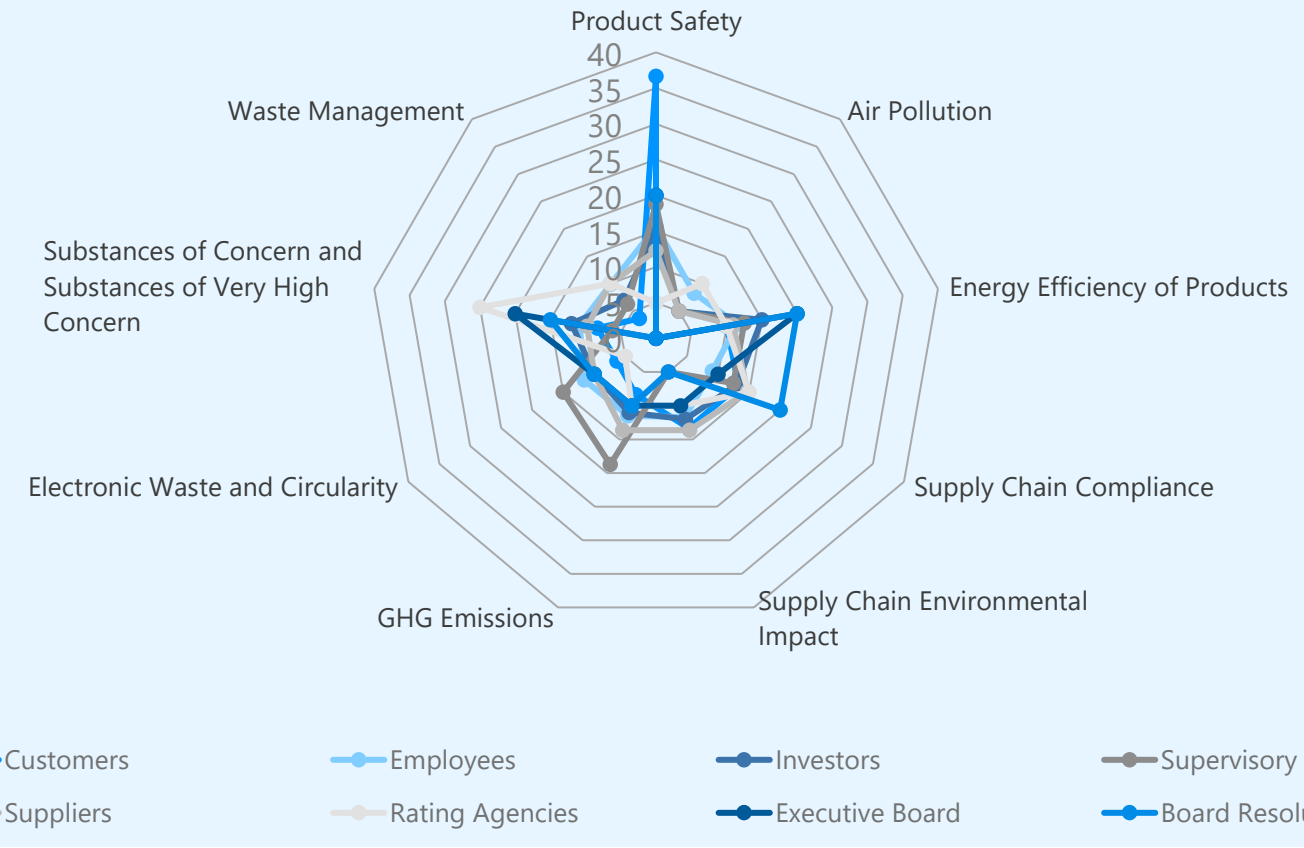
The selection of sustainability topics for evaluation built on the issues set out in the ESRS (at subtopic level) and other entity-specific sustainability topics. Entity-specific issues were identified using Basler's risk and opportunity management system and through individual feedback from relevant stakeholders. For example, sustainability enquiries from the Group's customers were analysed in order to identify recurring sustainability matters. The extensive selection of topics means that there are currently no plans to include a separate free text function in the stakeholder survey to enquire about additional topics.

It was not possible to obtain comprehensive feedback from some of the selected and surveyed stakeholder groups. Market-standard proxy voting by 'credible proxies' was obtained to flesh out any missing information. These proxies are, for example, employees from the Group's sales organisation who can draw on their experience and close customer contact to make representative statements for the stakeholder group of customers. For future materiality analyses, the Group plans to limit the scope of stakeholders surveyed to four key groups, namely investors, employees, customers and suppliers.

1.6 Management of impacts, risks and opportunities

In the process of the 2024 double materiality analysis, the Group's Executive Board prioritised key topics for the Group's sustainability strategy. The insights acquired from the stakeholder consultation process were used as a starting point. (see Figure 6 as an example).

Figure 6 – Stakeholder survey and Board resolution – Example: the environment



1.6 Management of impacts, risks and opportunities

Using Figure 6 as an example, it can be deduced which subtopics are the focus of the Group's sustainability strategy. For example, the topics of product safety, energy efficiency of products, supply chain compliance and substances of concern are defined as key priorities.

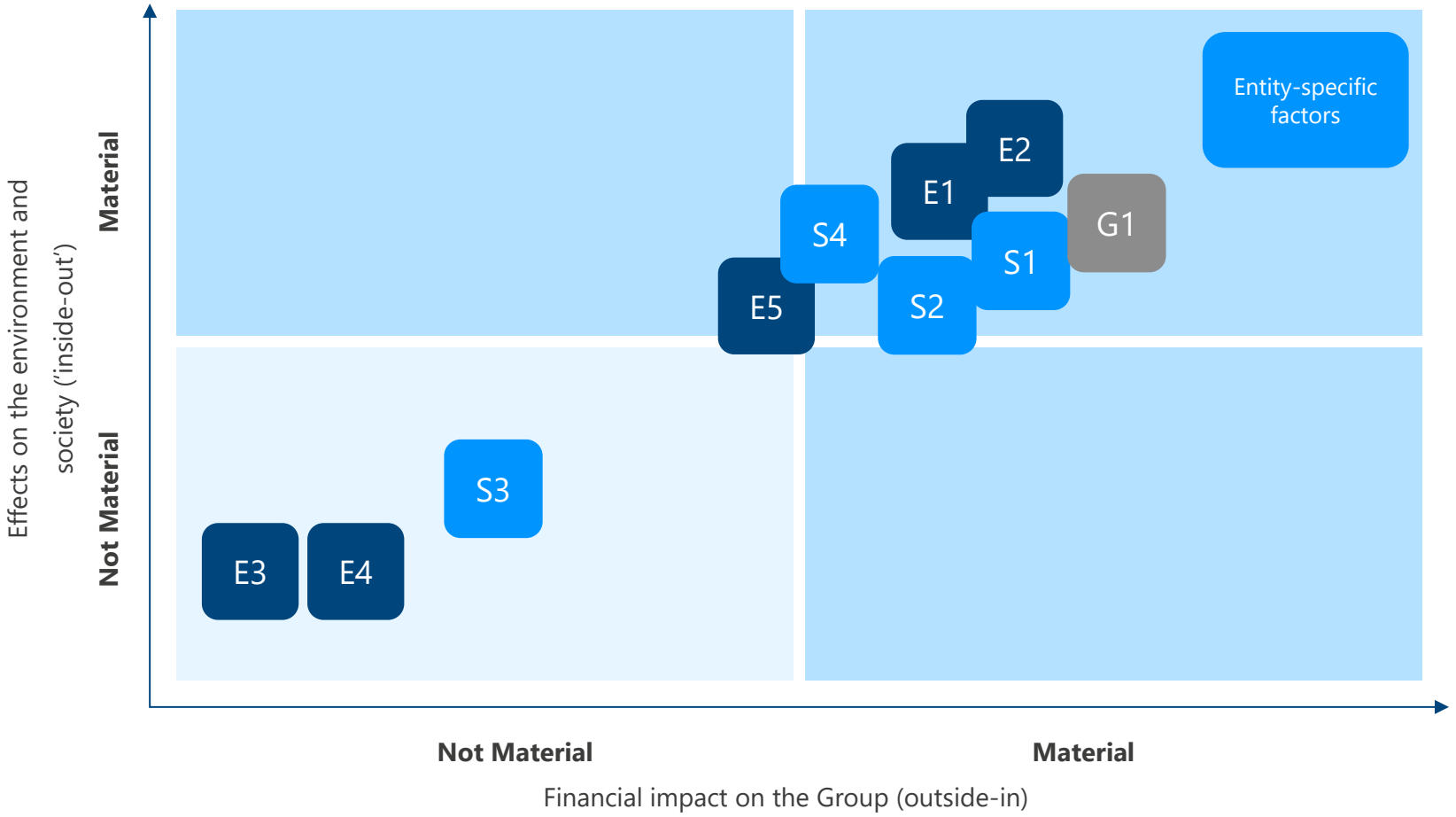
All subtopics defined by the ESRS and company-specific sustainability topics were taken into account when preparing the double materiality assessment. A categorisation of the individual subtopics was carried out, as part of the stakeholder consultation. These were then classified as 'immaterial', 'financially-material', 'impact-material' or 'double material'. The process and technical terminology were explained to the stakeholders at the start of the consultation process. The 2024 double materiality assessment (Figure 7) was prepared based on the mean values from the results of the stakeholder consultation, combined with a weighting of all topic-related sustainability aspects (company-specific topics: 60%, environmental topics: 10%, social topics: 15%, business conduct: 15%) performed by the Executive Board.

Financial materiality (risks and opportunities) was assessed by the Group's central risk and opportunity management over short, medium and long-term time horizons according to the probability of occurrence and impact classification. Natural and social resources that might significantly influence the financial risks and opportunities were also taken into consideration.

This includes, for example, analysing the impacts of personnel restructuring, demographic factors and the availability of critical raw materials for Basler's products.

1.6 Management of impacts, risks and opportunities

Figure 7 – Double materiality analysis 2024



Caption

- E1 Climate change
- E2 Environmental pollution
- E3 Water and marine resources
- E4 Biodiversity and ecosystems
- E5 Circular economy
- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- S4 Consumers and end users
- G1 Business Conduct

1.6 Management of impacts, risks and opportunities

In total, seven of the ten sustainability topics defined by the ESRS were identified as material by the Group's stakeholders and the Executive Board. These include (in each case with the most important of the main subtopics):

E1 – Climate change (climate protection, energy)

E2 – Environmental pollution (substances of very high concern)

E5 – Resource use and circular economy (resource use, electronic waste)

S1 – Own workforce (working conditions, equal treatment and equal opportunities)

S2 – Workers in the value chain (labour conditions, human rights)

S4 – Consumers and end users (informational impacts, personal safety)

G1 – Business Conduct (corporate culture) Entity-specific factors (product innovation, data security)

Based on the sustainability topics and subtopics identified as material, the Group's Sustainability Management prepared a list of potential positive and negative impacts as well as financial risks and opportunities. These result from a consideration of the entire value chain, activities that are specific to the industry and geographical risks in connection with the business model. The process of identifying relevant impacts, risks and opportunities was enabled, for example, by the long-standing experience of the people involved in the Group's sustainability management, consultations with internal and external stakeholders (procurement, suppliers, customers, employees, share-holders) and external risk analyses by recognised parties (e.g. the Responsible Minerals Initiative). Moreover, the Group used artificial intelligence (Chat GPT) to acquire an additional perspective on previously unidentified impacts, risks and opportunities.

The assessment determined the scope, scale, irreversibility and probability of occurrence with regards to impacts. Two independent parties rated the individual impacts on a scale from 1 to 5 ('low' to 'very high'). The first assessment was performed by the Group's Sustainability Management. The second assessment was conducted by an external sustainability consultant. The result was determined based on the mean of both values.

1.6 Management of impacts, risks and opportunities

The assessment of financial risks and opportunities is based on the scope of impact and probability of occurrence. Both were defined according to the same method as the Group's general risk and opportunity management process to enable their integration (see ESRS 2, Chapter 1.2, Due diligence, internal controls and risk management). In this case, two assessments were carried out by the Sustainability Management Team and external consultants. The Group's CFO verified the results of the overall valuation for plausibility and completeness.

For impacts, the mean value of the results for scope, scale and irreversibility was multiplied by the probability of occurrence in order to compare and prioritise. For financial risks and opportunities the scope was multiplied by the probability of occurrence.

Impacts, risks and opportunities were only declared not-material if the scope, scale, irreversibility and probability of occurrence were assessed as low. Accordingly, the threshold value applied corresponds to a rating of '1' across all assessment criteria.

The identified and prioritised impacts, risks and opportunities are incorporated into the Group's general risk and opportunity management process and are therefore treated as equivalent to other corporate risks. The Group updates the double materiality analysis and assessment of all impacts, risks and opportunities every two years. The next review is therefore scheduled for the 2026 financial year.

A complete list of all subtopics and a detailed list of the impacts, risks and opportunities for each topic are contained in the individual chapters of the report. Appendix I also includes an overview of all impacts, risks and opportunities.

The sustainability topics E3 (Water and marine resources), E4 (Biodiversity and ecosystems) and S3 (Affected communities) were classed as not-material. The reasons for these decisions are as follows:

E3 – Water and marine resources

Following the process of the materiality analysis described above, potential impacts, risks and opportunities in connection with water and marine resources were identified and assessed as not-material based on their scope, scale and probability of occurrence. Affected communities were consulted as part of the stakeholder survey for the materiality analysis. No water or marine resources are consumed, extracted or returned for Basler's products and production processes. Water may be used in some processes in the distant value chain, for example in the production of copper. However, this is beyond the influence of the Group as it has no direct relationship with or control over relevant upstream suppliers. The Group has therefore assessed ESRS E3 as not-material.

1.6 Management of impacts, risks and opportunities

E4 – Biodiversity and ecosystems

As part of the materiality analysis, potential impacts, risks (including transitional and physical risks) and opportunities as well as dependencies in connection with biodiversity and ecosystems were identified and assessed as not material using the process described above based on scope, scale and probability of occurrence. Affected communities were consulted as part of the stakeholder survey for the materiality analysis. Ecosystem services were not taken into account in this process. Neither the use nor the production of the Group's products causes any loss of biodiversity, nor do they affect the status of species or the ecosystem. Potential impacts may occur in the distant value chain, for example due to improper disposal of the Group's products by end users. This might cause environmental pollution, which together with other external factors could influence the loss of biodiversity. In addition, the extraction of required raw materials by third parties might lead to land degradation. The Group has no control or influence over any of these possible scenarios. ESRS E4 is therefore assessed as not-material. Based on these findings, a more extensive scenario analysis for biodiversity and ecosystems was not carried out. The Großhansdorf and Ammersbek nature reserves are located around 2 kilometres from the company's Ahrensburg site.

In order to identify potential negative impacts from office and production activities in Ahrensburg, particular attention was paid to impacts from environmental pollution (Chapter 3) and resource inflows and outflows (Chapter 5). No negative impacts leading to a deterioration of natural habitats or disturbance of species were identified. Therefore, no remedial actions are necessary with regard to biodiversity.

S3 – Affected communities

Neither the Group nor its stakeholders are aware of any positive or negative impacts of the business model and value creation on affected communities. These include the economic, social and cultural rights of communities, civil and political rights and the rights of indigenous people. Accordingly, the Group does not view ESRS S3 as material.

The table of all data points resulting from other EU legislation, including a description of where these are found in the non-financial reporting, is contained in Appendix II.

02

Climate change (ESRS E1)
GHG emissions and Basler's climate transition plan

In this chapter, the Group aims to demonstrate how its own business practices and activities in the upstream and downstream value chain have a positive or negative impact on climate change. It investigates past, current and future climate protection efforts and the Group’s plans to adapt its business model in line with the transition to a sustainable economy. Furthermore, it identifies the main financial risks and opportunities associated with climate change and discusses the Group's strategy and actions for dealing with them.

2.1 Material impacts, risks and opportunities

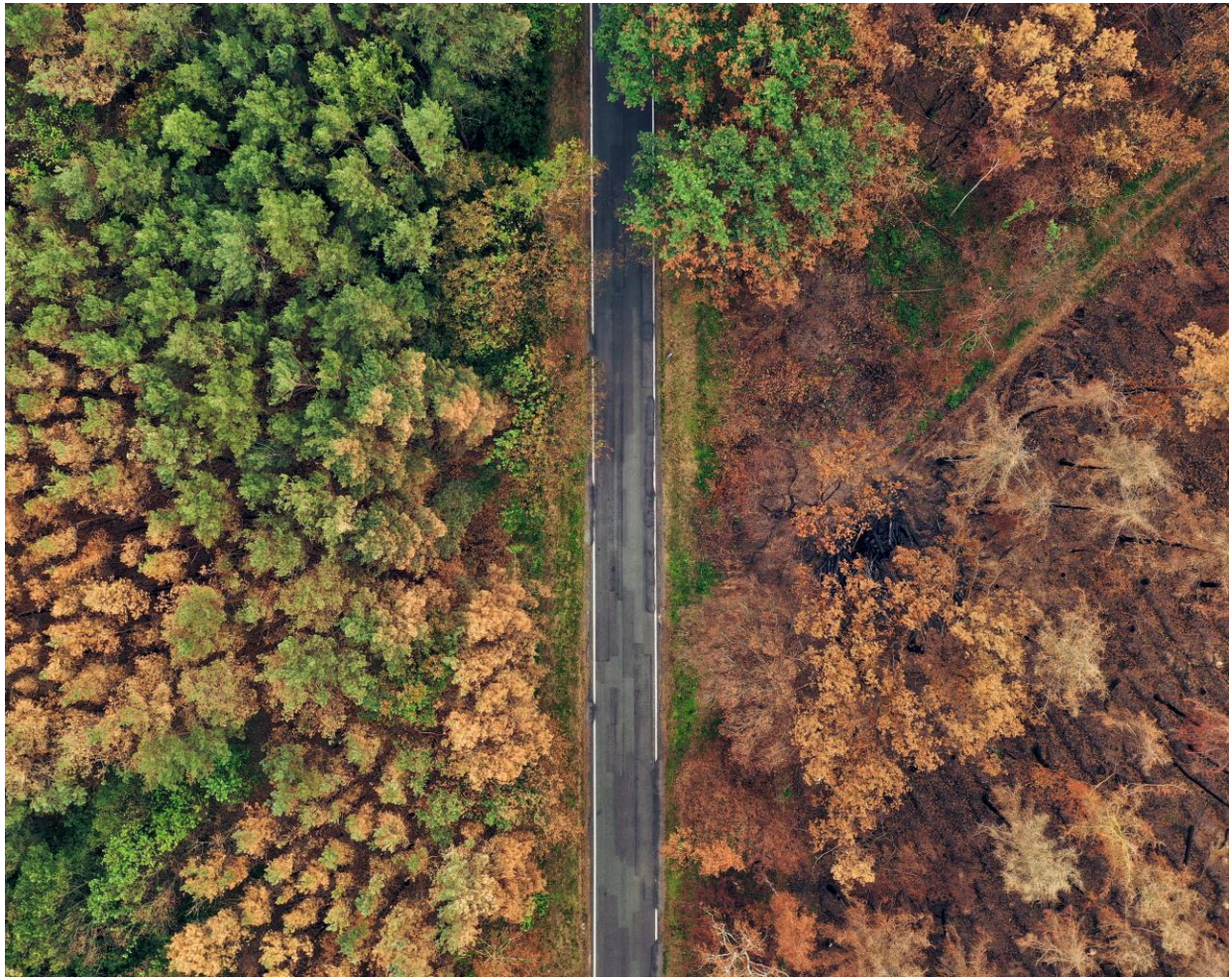
Negative impacts from greenhouse gas emissions in the upstream value chain

Purchased materials, parts and components account for around 23% of the Group's total GHG emissions (see Figure 13). This means that a significant proportion of GHG emissions are attributable to the upstream value chain. Greenhouse gas emissions intensify the greenhouse effect and therefore have a significant negative impact on the global climate and the environment. GHG emissions contribute to global warming, which in turn leads to more frequent extreme weather events, rising sea levels and the degradation of ecosystems. This jeopardises the basis of life for humans, animals and plants. In turn, this often leads to the emergence of health risks, changes in habitats, potential scarcity of food resources and economic damage. Greenhouse gases sometimes remain in the atmosphere for hundreds of years. This means that once triggered, climate change is difficult or impossible to reverse.

The Group assesses the scope and scale of these impacts as low and has limited opportunities to influence them through cooperation with direct suppliers.

Negative and potential positive impacts in connection with greenhouse gas emissions from the Group's business activities

The Group's company-owned sites and production facilities generate GHG emissions through the demand for electricity and heat. Additional GHG emissions also result from business trips and commuting by employees.



2.1 Material impacts, risks and opportunities

In total, business activities under the Group's control account for around 10% of total GHG emissions (see Figure 14).

The Group assesses the scope and scale of these impacts as low and, by controlling these activities, has the opportunity to reduce these GHG emissions to net-zero by 2030 in line with its own targets. By doing so, the Group can make a positive contribution to climate protection.

Negative impacts from greenhouse gas emissions in the downstream value chain

Estimates suggest that the use of the Group's products by end customers generate around 28,000 tonnes of GHG emissions each year. This means that the use of products in the downstream value chain is responsible for over 65% of the total GHG emissions associated with the Group's entire value chain (see Figure 13). This represents by far the most significant factor on the climate arising from the Group's activities.

The Group considers these effects to be minor in scope and medium in scale and has little or no opportunity to influence the usage behaviour of end users. Its potential scope for action is to optimise the energy consumption of the products it sells.

Potential risks from the physical impact of climate change on the Group's value chain

The physical impact of climate change on the infrastructure and business activities of our suppliers represents a transition risk to the continuity of the supply chain that should not be underestimated. Heat and water stress, rising sea levels, forest fires, storms, floods and much more can disrupt our suppliers' business operations at any time, impacting the Group's ability to manufacture components for machine vision applications.

The Group considers the likelihood of occurrence of such supply chain disruptions to be probable to very probable, but the financial impact to be low due to its adoption of a diversified supply chain.

Potential opportunities for sales growth through changes in purchasing behaviour

The Group expects an increase in demand for energy-efficient products and systems in the medium to long term. The growing market for vision products and customer preferences for energy-efficient camera products may present opportunities for sales growth. Machine vision systems that consumes less energy may be an additional incentive for certain customers to purchase these products in the long term if the trend towards sustainability in procurement persists.

The Group believes that the likelihood of occurrence of these opportunities is very probable in the medium term and that the financial impact will be low to noticeable.

2.2 Strategies and actions

Potential opportunities for cost reductions through investments in the Group's climate transition plan

The Group's target of achieving net-zero GHG emissions by 2030 (Scopes 1&2) and the planned switch to renewable energy can lead to cost savings for energy procurement in the medium term. Many sources of renewable energy are already cheaper than fossil fuels. Adding to this is the increased taxation on fossil fuels and GHG emissions, which will lead to rising costs for users of fossil fuels.

The Group believes that the anticipated cost reductions are very likely to materialise in the medium and long term and assesses the overall financial impact as noticeable.

Risks relating to financing must be mentioned along with the planned investment volume for the climate transition plan (see Figure 8). The financial resources required for implementation by 2030 will be made available depending on the success of the business, meaning that uncertainty exists in regard to the availability of funds.

Remuneration incentives for administrative, management and supervisory bodies

Incentive systems at the company are based on key financial performance indicators. Sustainability-related performance is not currently included in the incentive systems for administrative, supervisory and management bodies.

The remuneration is therefore not influenced by climate-related considerations and existing GHG emission reduction targets.

Climate risk scenario analysis

Risk analysis is the joint responsibility of Sustainability Management and the owners of risk and opportunity management. For this non-financial report, a climate risk analysis was performed in 2022 with the help of the Climate Check guidelines of the Federal Ministry for Economic Affairs and Energy (BMWi). This analysis was reviewed in the 2023 financial year for relevance, completeness and need for adjustment. No additions were made to the existing climate risk analysis in the 2024 financial year. Physical climate risks relating to flooding, storms, heavy rain, heat and water stress, hail, dry spells, lightning and sea level rise were used to assess the impact on the Group's business model. The RCP8.5 scenario of the IPCC (Intergovernmental Panel on Climate Change) with a time horizon up to 2065 was used to determine relevant climate risks. This scenario takes into account continued high population growth, increasing urbanisation, an economy with heavy dependency on fossil fuels and a rise in global energy demand, resulting in a sharp overall upswing in greenhouse gas emissions.

The RCP8.5 scenario with an average global warming of 4.3°C by 2100 was selected in order to understand the maximum potential impact. In addition, the specific flood risk up to 2030 for the Ahrensburg and Singapore production sites was evaluated for the worst-case scenario (+5° C), based on the IPCC 2021 consensus.

2.2 Strategies and actions

This scenario would materialise if global emissions continue to rise unabated, accompanied by a failure of climate protection measures and the occurrence of negative feedback loops. All scenario analyses are based on regional location data.

The transition to a low-carbon and resilient economy is impacting the Group in the form of rising energy and material prices. The assessment of transformation risks in particular is therefore based on projections of potentially rising energy costs and their impact on the costs of the Group. Energy costs may continue to rise in the long term in the scenario of a delayed expansion of renewable energies with a concurrent rise in carbon and increased demand. As a resilience measure, the Group is considering investing in its own renewable energy generation capacity at the production site in Ahrensburg as part of the climate transition plan. Furthermore, the planned switch to 100% green electricity is expected to produce long-term monetary savings compared to fossil fuels, which will have a positive impact on the company's operating result.

In addition to rising energy costs, the increase in management requirements due to risk management and changes in social conditions were assessed as another transformation risk. The risk assessment was classed as low without any urgent need for action, taking into account the probability of occurrence and scale of damage. No other material transition risks were identified.

Given that activities relating to the development, manufacture and sale of components for machine vision applications do not depend directly on changing climatic conditions or water and land use, the direct short-, medium- and long-term physical risks associated with climate change are low. The most important climate-related dangers identified are the risks of storms, heavy rainfall and flooding, although the probability of occurrence is only classed as 'rare' to 'occasional' and the potential scale of damage as 'very low'.

2.2 Strategies and actions

The Group's business model is not tied to specific locations or facilities, with the exception of the headquarters and the main production facility in Ahrensburg, Germany. All Group locations are leased and, with the exception of Ahrensburg and Singapore, most of the space is used as offices. No long-term disruption to business operations due to the consequences of climate change is foreseeable at these locations. Even in a worst-case scenario (+5° C path), no long-term business risk can currently be derived for the Group's production sites in Ahrensburg and Singapore. The City of Hamburg, close to the headquarters and main production site of the company, is currently the most important business and transport hub for the Group. Since 2013, the City of Hamburg has had a convincing action plan in place to adapt to rising temperatures and flood risks, which includes permanent scientific monitoring of changing climate risks in addition to structural and contingency measures.

The Group also conducts an assessment of the water stress situation as part of the climate risk analysis. Beijing and Xian are locations with very high water stress. In a pessimistic scenario, the locations of Shanghai, Suzhou, Seoul, Tokyo and Singapore may be exposed to very high water stress in the long-term. As the production and sales activities of the Group itself do not require water, neither a material impact nor a direct material risk can be derived from this. Internal water consumption for all Group locations worldwide totalled 7,322 m^3 in the 2024 financial year.

The availability of electronic components in connection with increasingly extreme storms, water and heat stress along the supply chain in a business-as-usual scenario presents an indirect but limited long-term risk that cannot be quantified precisely at this time. Supply disruptions are an overarching risk that applies to the global electronics industry and other sectors as a whole. The Group also considers itself resilient to potential sales risks that may result from cutbacks in other sectors relating to climate change. On the sales side, the Group generates sales in over 50 countries around the world in a wide range of different sectors. The Group is therefore well diversified and has a high level of innovation and flexibility.

Overall, the Group considers itself to be largely resilient to the typical transformation risks as well as chronic and acute climate risks. In principle, the Group expects all assets and its own business activities to be compatible with its transition to a climate-neutral economy. The only potential exception here, which can only be estimated to a limited extent at present, relates to activities in the upstream value chain in the mining of metals and minerals. Due to a lack of transparency, these are currently largely incompatible with the requirements of taxonomy conformity in connection with compliance with minimum standards that address human rights and the DNSH criteria concerning potential environmental pollution (see ESRS E1, Chapter 2.4, EU Taxonomy).

2.2 Strategies and actions

Climate protection targets

The Group's climate and environmental policy regulates how the Group addresses its positive and negative impact on the climate. The Group endeavours to make an effective positive contribution to climate protection by maximising customer benefits while reducing emissions and avoiding negative environmental impacts. Accordingly, the Group's climate target is net-zero GHG emissions in Scopes 1&2 by the end of 2030 and a significant reduction in Scope 3 emissions in relation to sales. In regard to Scopes 1&2, this corresponds to a reduction of at least 90 % of the GHG emissions recorded in 2022 as the base year and thus an absolute reduction of at least 1,800 tonnes of CO_2e. Progress in this Scope 1&2 reduction is measured annually through non-financial reporting and assessed internally on a quarterly basis using suitable KPIs. Ultimate responsibility for achieving the target lies at CFO level.

The goal of reducing Scopes 1&2 to net-zero GHG emissions by 2030 is in line with the objective of the Paris Climate Agreement. In particular by limiting global warming to 1.5° C, developing strategies for adapting to climate change, meeting the requirements for transparency and achieving climate neutrality by 2050 at the latest. To this end, the Group commits to short and medium-term investments to reduce the GHG emissions of its own business activities (see ESRS E1, Chapter 2.2, Transition plan and actions), plans to discuss actions with suppliers to reduce emission intensity in the value chain and reports comprehensively on GHG emissions performance.

The Group's Scope 1&2 target has not yet been subject to external assurance on the basis of scientific knowledge, through recognised initiatives such as the Science Based Target Initiative. This is due to the absence of a target for Scope 3 emissions. The Scope 1&2 target primarily addressed technical options such as energy savings and the replacement of fossil fuels. A quantified and measurable target for Scope 3 emissions is planned for the 2025 financial year in order to complete the climate target setting.

2.2 Strategies and actions

Transition plan and actions

In 2022, the Group quantified the impact of its own business activities (Scope 1&2) on climate change, by taking inventory of approx. 2,000 tonnes of CO_2e GHG emissions. Building on this, a climate transition plan was developed in 2023 that will enable the Group to achieve net-zero emissions in Scopes 1&2 by 2030. In the first step, the transition plan aims to realise substantial potential savings that are largely self-financing. Initial actions have been implemented directly since 2024 and will continue to be implemented successively until 2030. The second step will focus on the decarbonisation of electricity consumption. In the final step and during the transition period, certificates will be used to compensate residual fossil fuels that cannot be technologically mitigated (e.g. gas).

In summary, the most important levers for decarbonisation and achieving net-zero GHG emissions (Scopes 1&2) by 2030 are as follows:

- a reduction in energy consumption (for example, through building measures),
- electrification of assets operating on fossil fuels (for example, the conversion of company cars to electric vehicles),
- Self-generation of renewable energy (for example, by installing photovoltaic systems), and
- the compensation of residual emissions through high-quality carbon certificates.

Figure 10 contains a detailed list, the quantified overall contribution to achieving the GHG reduction targets and the temporal prioritisation of planned Scope 1&2 actions.

Figure 8 – Climate change milestones

2.2 Strategies and actions

The Group's Executive Board anticipates an investment volume of €8 million to implement the climate transition plan by 2030. Depending on the type of actions, these fall under CapEx or OpEx of the Delegated EU Taxonomy Regulation. Chapter 2 contains details on the alignment of economic activities with Delegated Regulation (EU) 2020/852. The first cost-effective investment measures totalling around €100,000 were carried out in the 2024 financial year. This includes replacing light bulbs, renewing the circulation pumps in the heating circuit system, reducing the cooling requirements of the server rooms and optimising the compressed air system used in production. The progress of the actions planned as part of the climate transition plan is monitored quarterly at Executive Board level as part of the OKR for climate neutrality by 2030.

With the current non-financial reporting, the Group is also quantifying the group-wide Scope 3 emissions for the first time. This broadening of the reporting focus revealed that Scope 1&2 emissions account for only 4% of total GHG emissions (see Figures 13 and 14). Scope 3 emissions are therefore responsible for 96% of total GHG emissions. As a result, the Group is planning to expand its climate target to include the reduction of Scope 3 emissions in the 2025 financial year. The planned target for Scope 3 emissions will also be based on the 1.5° C target. The Group is not affected by the disclosure obligations and requirements of Implementing Regulation (EU) 2022/2453.

No specific actions have yet been defined for reducing the Scope 3 emissions. Based on the current GHG inventory, it is evident that the use of Basler products by end users, the procurement of materials and components as well as commuting and business travel are the most significant Scope 3 factors. Accordingly, the Scope 3 actions that will be defined going forward will likely predominantly address emissions from these areas.

In connection with emissions from the use of products by consumers, this presents opportunities for adapting the product portfolio and requires research, development and adaptation of products with regard to energy efficiency. For procurement emissions, the focus is on ‘embodied' greenhouse gas emissions, which means that targeted cooperation with suppliers will be necessary moving forward. Behavioural incentives and internal travel policies will largely address commuting to work and business travel.

2.2 Strategies and actions

Results of actions

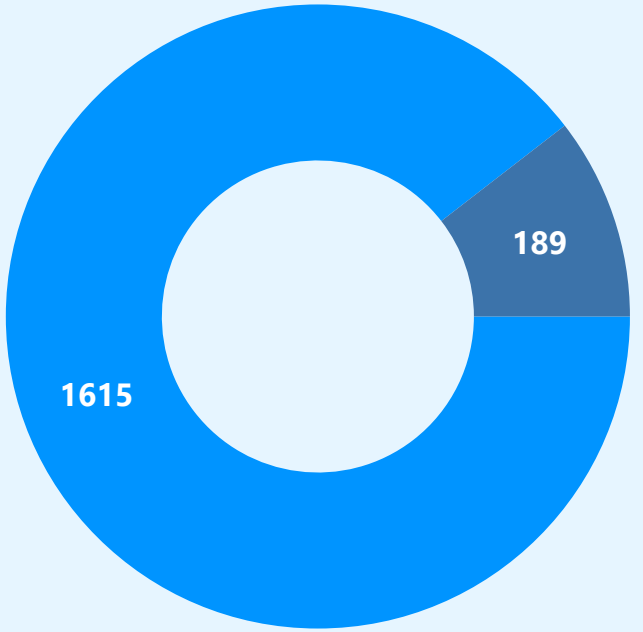
For the financial years 2023 and 2024, a reduction in Scope 1&2 emissions of 189t CO_2e (-9%) was achieved compared to 2022. This reduction results from a decline in electricity demand (-14%), in heating demand (-2%) and in vehicle fleet emissions (-10%); see Figure 9. These reductions are attributable to various factors. These include investments as part of the climate transition plan, the effects of workforce reductions as part of restructuring processes, improved data availability and, for example, the replacement of company vehicles with electric hybrid vehicles. By contrast, emissions from volatile gases have increased. These are due to maintenance on the refrigeration and air conditioning systems. In the 2024 financial year, various refrigerants were replaced in accordance with the maintenance schedule; this was not the case in the base year 2022.

For the coming years, the Group expects further reductions of around 1,615t CO_2e through the implementation of the climate transition plan in order to achieve the target of reducing Scope 1&2 emissions by at least 90% by 2030.

Figure 9 – Greenhouse gas reduction in 2024

Scope 1&2 GHG reduction in 2024 compared to 2022

(in tCO_2e)

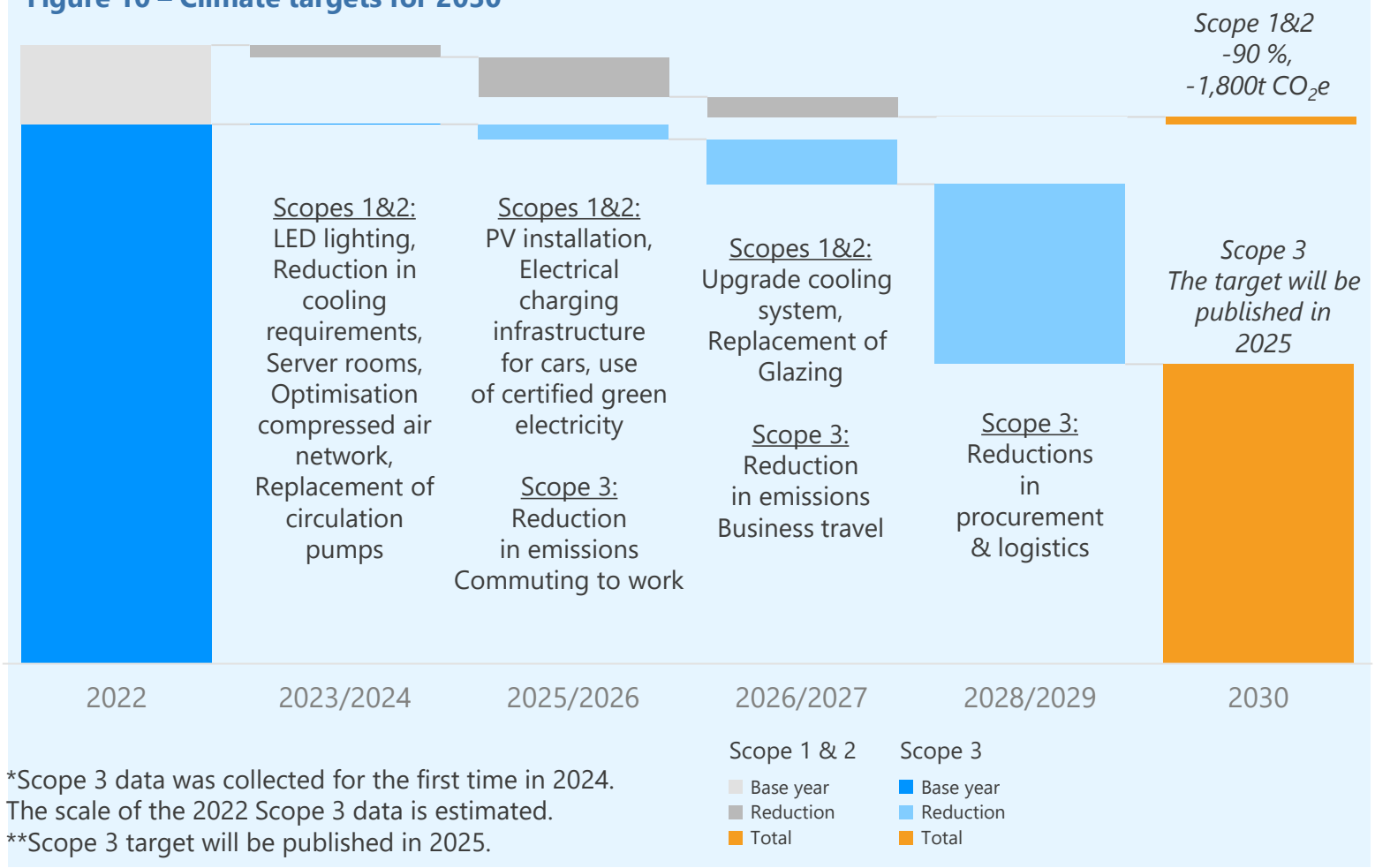


Changes	Source
–210t (-14 %)	Electricity requirement
–14t (-10 %)	Vehicle fleet
–8t (-2%)	Heat requirement
+43t	Volatile gases

2.2 Strategies and actions

Figure 10 shows the expected reduction in Scope 1&2 GHG emissions over the next few years as a result of the actions planned as part of the climate transition plan. The Scope 3 actions presented here relate to proposals for possible actions, which will be discussed and defined in detail by the close of the 2025 financial year. Based on the GHG inventory calculated for 2024 (Figure 13), the most significant areas for actions to reduce Scope 3 GHG emissions is in procurement, business travel and commuting. There are also material Scope 3 emissions in the use phase. The Group can only influence this to a limited extent by means of product design. The user's choice of power source represents the biggest lever for reducing use phase emissions.

Figure 10 – Climate targets for 2030



*Scope 3 data was collected for the first time in 2024. The scale of the 2022 Scope 3 data is estimated.
**Scope 3 target will be published in 2025.

2.3 Metrics and targets

Energy consumption and energy mix

The energy consumption and energy mix shown in Figure 11 relates only to the Group's own business activities (Scopes 1&2). This includes the heat and electricity requirements at the locations worldwide, as well as energy consumption from mobile combustion (company cars).

Electricity consumption was calculated according to the energy mix in the countries in which it is generated. It should be noted that Germany, Singapore, China and Korea are responsible for 95% of total consumption. The remaining six companies account for just 5 % of total consumption. It follows, therefore, that only the local energy mix for Germany, Singapore, China and Korea was determined and applied to the corresponding consumption. The remaining 5% of consumption was estimated based on average values.

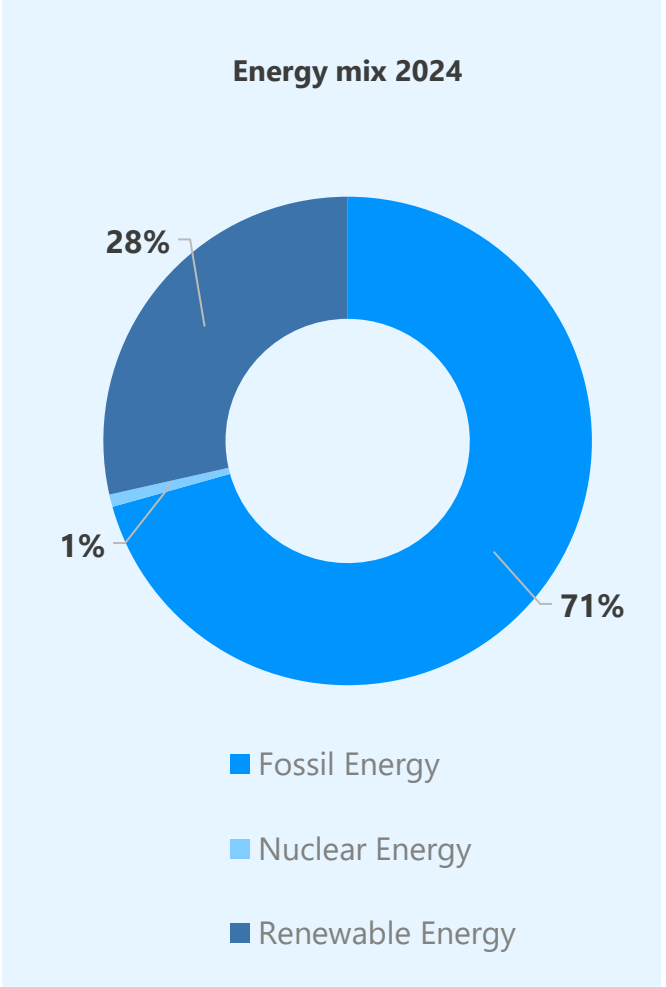
Heat is generated either by natural gas, district heating or electricity. District heating is only used in Germany, so the current energy mix for the German district heating network was used as a basis. Electricity consumption for heat generation was calculated as described above.

The energy mix for company cars was calculated for 2024 according to actual fuel consumption.

2.3 Metrics and targets

Figure 11 – Energy consumption and mix

Energy consumption and energy mix	2024
Total consumption of fossil energy (MWh)	**3,864**
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	527
Fuel consumption from natural gas (MWh)	1,735
Fuel consumption from other fossil sources (MWh)	0
Consumption from purchased or received electricity, heat, steam and cooling and from fossil sources (MWh)	1,602
Total consumption from nuclear power sources (MWh)	**45**
Total consumption of renewable energy (MWh)	**1,560**
Fuel consumption for renewable sources, including biomass (also industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh).	0
Consumption from purchased or received electricity, heat, steam and cooling and from renewable sources (MWh)	1,560
Consumption of self-generated renewable energy other than fuels (MWh)	0
Total energy consumption (MWh)	**5,469**



2.3 Metrics and targets

Energy intensity in climate-intensive sectors

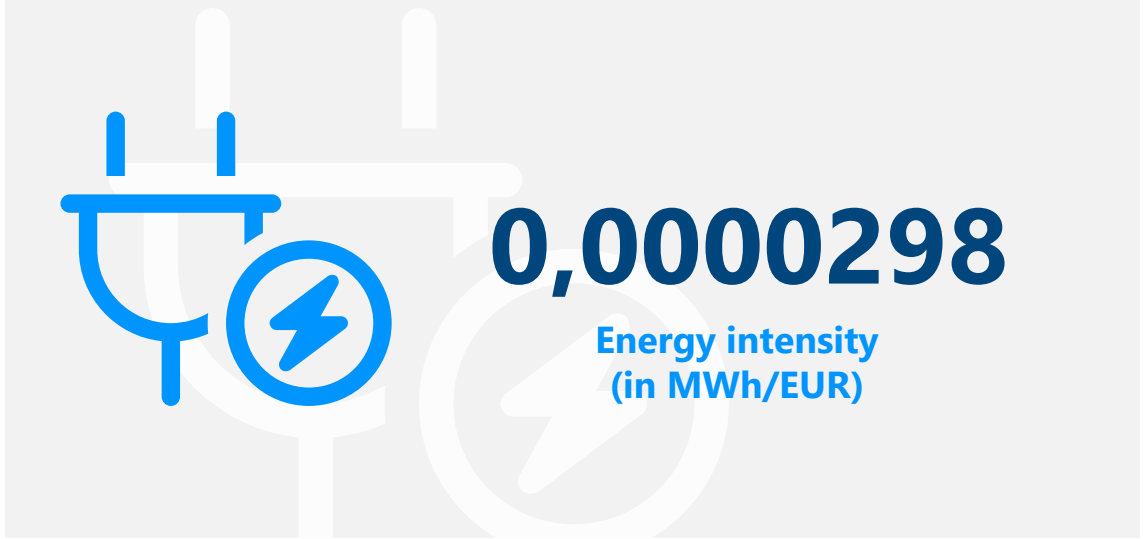
The European Sustainability Reporting Standards (ESRS) define which companies and sectors are particularly climate-relevant. Climate-intensive sectors are defined as those whose activities have a material impact on the environment and climate, particularly through greenhouse gas emissions or the use of resources. Climate-intensive sectors have a high emission potential, are heavily dependent on fossil fuels and are therefore particularly relevant for the transition to a low-carbon economy.

All of the Group's business activities relate to the climate-intensive sector NACE 26.70.0 – Manufacture of optical and photographic instruments and apparatus. Total net sales and total energy consumption of own business activities (Scope 1&2) therefore form the basis for determining energy intensity. The energy consumption of the upstream and downstream value chain is not considered in this calculation.

Total net revenue in 2024 amounted to around €184 million. Total energy consumption is 5,469 MWh. The energy intensity is therefore 0.0000298 MWh/€ or 0.0298 kWh/€.

Figure 12 – Energy intensity in climate-intensive sectors

Energy intensity in climate-intensive sectors	2024
Total energy consumption from activities in climate-intensive sectors per net revenue from activities in climate-intensive sectors (MWh/EUR)	0.0000298



2.3 Metrics and targets

Gross GHG emissions in Scopes 1, 2 and 3

The emissions impact of the Group's own activities within the value chain (Scopes 1&2) is rather low compared to other sectors. The only direct sources of emissions at the Group sites (Scope 1) are attributable to the company's own heating systems and leased company cars. Electricity and district heating consumption (Scope 2) are other indirect sources at the Group locations. As is common for the industry, the majority of the emissions impact is indirect, which means they are attributable to upstream and downstream value creation and outside the activities of the Group (Scope 3).

The emission data collection aims to demonstrate the direct and indirect impacts of the Group's GHG emissions on climate change. As the full Scope 1, 2 and 3 GHG inventory was mapped for the first time in 2024, comparisons with the previous year will only be possible from the 2025 financial year onwards. The GHG emissions recorded are based on the scope of operational control. Compared to the previous year, the materiality threshold has been lowered due to the application of ESRS, meaning that the scope of consolidation has been expanded by several companies in accordance with the disclosures in Chapter 1. Furthermore, there are no affiliated, joint or subsidiary companies in the Group's corporate structure that are not fully consolidated.

A separate materiality analysis was carried out to determine material Scope 3 categories. It considers an estimate of expected emissions, the influence of the Group on the generation of emissions and the availability of data. On this basis, 8 of the 15 Scope 3 categories were declared material (for details see Figure 13 Methodology).

It should be noted for future GHG assessments that the total emissions for category 3.5 Waste and 3.12 End-of-life treatment of products were not found to be material. The Group is therefore considering no longer calculating these categories from 2025 for the time being, unless significant influences change the materiality assessment.

2.3 Metrics and targets

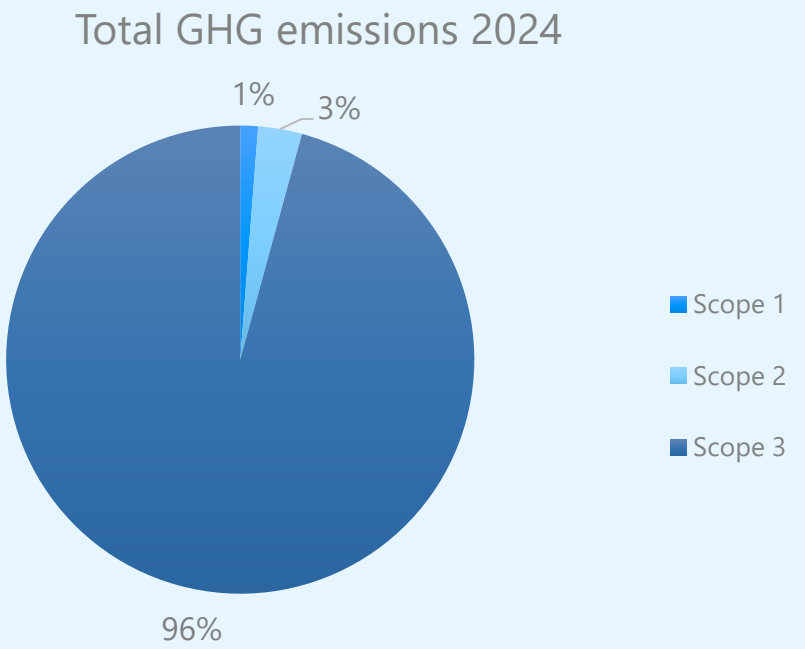
Figure 13 – Greenhouse gas emissions 2024*

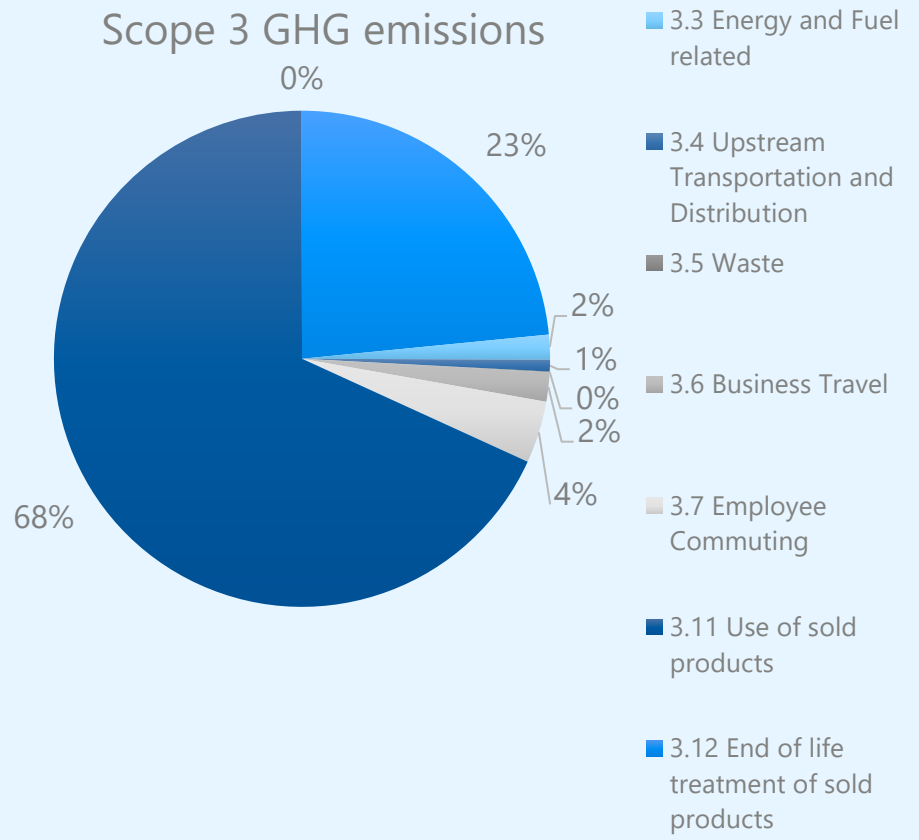
**No breakdown by financial and operational control, as the financial scope of consolidation is the same as the operational scope of consolidation. The percentage difference compared to the previous year cannot be calculated as no GHG balance was prepared for the 2023 financial year. The column 'Annual % of target / base year' shows the progress of emissions reduction since 2022 in relation to the planned total reduction by 2030.*

	Retrospective				Milestones and target years	
	Base year 2022	Comparative	2024	% N/N-1 (2023)	2030 target	Annual % of target/base year
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (t CO_2e)	499	+22	521	Not collected	50	–5 %
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (in %)	0 %	–	0 %		–	–
Scope 2 GHG emissions						
Gross locations-based Scope 2 GHG emissions (t CO_2e)	1,504	–210	1,294	Not collected	150	16 %
Gross market-based Scope 2 GHG emissions (t CO_2e)	1,504	–210	1,294		150	16 %
Significant Scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (t CO_2e)	Not collected		40,871	Not collected	Will be confirmed in 2025	-
1 Purchased goods and services			9,581			
3 Fuels and energy related activities			312			
4 Upstream transport and distribution			662			
5 Waste generation in operations			17			
6 Business travel			781			
7 Employee Commuting			1,650			
11 Use of products sold			27,858			
12 End of life treatment of sold products			10			
Total GHG emissions						
Total GHG emissions (location-based) (t CO_2e)	Not collected		42,686	Not collected	Will be confirmed in 2025	-
Total GHG emissions (market-related) (t CO_2e)			42,686			-

2.3 Metrics and targets

Figure 14 – Scope 1, 2 and 3 GHG emissions





2.3 Metrics and targets

The analysis of gross GHG emissions showed that 4% of total emissions are attributable to own business activities (Scopes 1&2). The 521 tonnes of CO_2e in the Scope 1 category are divided into 350 tonnes of stationary combustion emissions, 128 tonnes of mobile combustion and 43 tonnes of GHG emissions from volatile gases (R-407C and R-410A). Stationary combustion emissions and those caused by volatile gases are mainly based on consumption data for the respective energy sources. Natural gas consumption for December 2024 at the Neumünster site (Germany) is based on an estimate calculated from figures for the last 12 months. Mobile combustion emissions (company cars) were largely determined by estimating expenditure, distances travelled or the fuel consumption of the company cars.

96% of total emissions are generated in the upstream and downstream value chains. As expected, Scope 3 emissions are mainly attributable to the use of Basler's products by end customers, to the procurement of materials and components, as well as to commuting and business travel. Emissions from the use phase are responsible for 65% of all greenhouse gases emitted in the Group's value chain (Scopes 1, 2 and 3).

The Group did not exploit any contractual instruments (guarantees of origin or certificates for renewable energies) in the 2024 financial year. From 1 January 2025, the Group will purchase 100% green electricity for three years at the Ahrensburg site, which accounts for 78% of Scope 2 emissions. A significant reduction in Scope 2 emissions is therefore expected in the next financial year through guarantees of origin.

Methodology – Figure 13

GHG emissions were calculated on the basis of the GHG Protocol. The emission or conversion factors applied here originate from external databases or public sources such as ecoinvent and DEFRA (Department for Environment, Food & Rural Affairs) or the German Environment Agency. Where available, the current IPCC emission factors for GWP100 (Global Warming Potential) were used. GWP100 represents the mean global warming potential of greenhouse gases over a time horizon of 100 years.

The collection of Scope 3 data is based to approx. 27% on primary data. The remaining 73% was collected using proxy values, approximations and estimates. The reason for the low proportion of primary data is that Scope 3 emissions mainly result from the use phase and the Group is unable to collect primary energy data from end customers.

2.3 Metrics and targets

3.1 Purchased goods and services: Purchases made during the reporting period were analysed to calculate the GHG emissions for procurement expenditure. These primarily include raw materials and materials for production, as well as packaging materials. In total, emission factors were identified for 81% of procurement expenditure based on material composition to ensure sufficient granularity. The remaining 19% of procurement expenditure was estimated on the basis of average emission factors.

3.4 Upstream transport and distribution: The calculation of GHG emissions for logistics is based on activity data for logistics activities in 2024. The data builds on the freight weight, distance and emissions intensity of the modes of transport used. 86% (cost-based) of the logistics emissions were calculated and provided directly by the freight forwarding service providers. The remaining 14% was extrapolated on the basis of cost. Based on the emissions generated per euro of logistics services purchased (the 86% of activity-based logistics data), an extrapolation was made in order to be able to fully account for the remaining 14% of logistics activity.

3.5 Waste: Actual waste volumes for production sites and estimates for office sites were collected to calculate waste emissions. The emission factors used are from DEFRA. The accounting limit is impacting for the level of waste emissions, particularly for waste that is thermally recovered. In accordance with the GHG Protocol, the Group has only calculated the emissions up to the incineration plant in the case of thermal recovery. The emissions produced by the combustion process are attributed to the user of the energy generated. This approach based on the GHG Protocol has a significant impact on waste emissions for the Group. Waste emissions would increase by a factor of around ten if the Group also accounted for the emissions caused by incineration (which would not be compliant with the GHG Protocol).

2.3 Metrics and targets

3.6 Business travel: The calculation of GHG emissions for business travel is based on activity data for business travel in 2024. The data basis includes distances travelled and information on modes of transport from internal sources, which were supplemented with relevant external emission factors (German Environment Agency and DEFRA).

3.7 Commuting to work: A mobility survey of the Group employees from 2022 was used as the basis for calculating emissions from commuting to work. This was applied to determine average commuting distances, modes of transport and the number of days of travel to the workplace. The greenhouse gases emitted by commuting were determined by extrapolating the relevant emission factors. An update of the mobility analysis is planned every three years, so will next be executed in the 2025 financial year.

3.11 Use of products sold: The average energy consumption on a product group basis as well as the sales figures on a geographical level and the country-specific emission intensities for electricity production were used to calculate the GHG emissions during the use phase of Basler products. The base scenario was assumed to be 6,000 operating hours per year – 24 hours a day, 5 days a week. In order to account for regional differences in the greenhouse gas intensity of the electricity used, individual emission factors were used for the main sales markets on a country basis. This enabled the calculation of 93 % of use phase emissions. A single average factor for the emissions intensity of electricity generation was calculated for the remaining 7%, as these are sales markets that individually account for less than 1% of the Group's sales.

3.12 End-of-life treatment/disposal of sold products: The calculation of greenhouse gases resulting from the disposal of Basler products is based on assumptions regarding standard disposal structures in the main sales markets. The disposal options, e.g. landfilling or incineration, as well as recycling capacities, vary greatly between the different countries in which Basler products are used. Products that are recycled at the end of their life are not recognised under Scope 3.12 in accordance with the GHG Protocol.

The Scope 3 categories excluded on the basis of materiality (estimated total emissions, opportunities to influence and data availability) are 3.2 Capital goods, 3.8 Leasing of property, plant and equipment, 3.9 Downstream transport and distribution, 3.10 Processing of products sold, 3.13 Leased assets, 3.14 Franchise, 3.15 Investments.

2.3 Metrics and targets

Greenhouse gas intensity

The disclosure of greenhouse gas intensity comprises the total GHG emissions in tonnes of CO_2e per net revenue for the 2024 financial year (see Chapter 2.3 in the consolidated management report) and relates to emissions along the entire value chain (Scopes 1, 2 and 3).

Figure 15 – Greenhouse gas intensity

	2024	Unit
Net revenue used to calculate GHG intensity	183,714,577	EUR
Total greenhouse gas emissions (t CO_2e)	42,686	t
GHG emissions/net revenue (location-based)	0.000232	t/EUR
GHG emissions/net revenue (market-based)	0.000232	t/EUR

2.3 Metrics and targets

Reduction of greenhouse has emissions through CO_2 certificates

In the 2024 financial year, the Group did not purchase any CO_2 certificates to finance any reduction of greenhouse gases in climate protection projects outside its own value chain. In addition, the Group is not involved in projects that aim to reduce or store greenhouse gases.

In connection with the Group's net-zero GHG emissions target (Scope 1&2), the Group plans to use CO_2 certificates to compensate residual emissions towards the end of this decade, once all possibilities for avoidance and reduction have been exhausted. This is expected to apply to approximately 5-10% of the Scope 1&2 emissions calculated in 2022 and only relates to our own business activities.

The planned use of CO_2 certificates to avoid residual emissions is based on standard product certifications and international quality standards (e.g. 'Gold Standard' or 'Verified Carbon Standard'). The Group will take the following factors into account when selecting possible certificates: additionality, durability, avoidance of double counting, independent verification and transparency.

Internal carbon pricing

The Group does not currently use internal CO_2 pricing systems for decision-making to incentivise the implementation of climate-related strategies and targets.

The Group attaches great importance to climate change and emissions reduction as a whole and takes responsibility for its own emissions impact with substantial actions. It does so in order to make a positive contribution to a liveable future (see the Group Climate and Environmental Policy - ESRS 2, Chapter 3.4, Targets). The continuous expansion and improvement of climate assessment and the impact of emissions will remain a core component of the sustainability strategy in the long term.

2.4 EU taxonomy

Information in accordance with Regulation (EU) 2020/852

The EU taxonomy classification system provides companies, investors and policy makers with definitions of which economic activities can be classed as environmentally sustainable. The aim is to prevent greenwashing and promote sustainable investments in line with the objective of the European Green Deal. The Taxonomy Regulation stipulates that each activity must make a material contribution to at least one of the six environmental objectives defined by the EU without significantly compromising the other five objectives. In addition, the activity must meet minimum standards in terms of human and labour rights, anti-corruption, tax justice and fair competition.

2.4 Disclosures pursuant to Regulation (EU) 2020/852 ('EU Taxonomy')

Methodology

The Group's process for calculating the total figures for revenue, investments and operating expenses was determined in accordance with the EU Taxonomy Regulation.

The following approach was applied to identify taxonomy-eligible and taxonomy-aligned activities:

- turnover investments and operating expenses were categorised according to the type of economic activity.
- Categorised activities were checked for a substantial contribution to the environmental target set out in the EU Taxonomy Regulation.
- Activities with a substantial contribution were checked for compliance with the DNSH (Does No Significant Harm) criteria.
- Compliance with the minimum safeguards was reviewed in relation to the business activities of the entire Group.

The categorisation of economic activities was carried out by the central Sustainability Management Team with the involvement of the responsible specialist functions. For example, Sales Management was included in the process to categorise revenues. The review for a substantial contribution and compliance with the DNSH criteria and minimum safeguards was performed by the Sustainability Management Team.

Substantial contribution

The Group has reviewed and documented compliance with the criteria for a substantial contribution in relation to the relevant and eligible activities in the context of taxonomy reporting. The six environmental objectives (climate change mitigation, climate change adaptation, water, pollution, circular economy, biodiversity) were used as the basis for reviewing all taxonomy-eligible activities. The Group only assessed an activity as taxonomy-eligible with regard to a substantial contribution if there was documented evidence of compliance with one or more criteria.

DNSH criteria (Does No Significant Harm) and minimum safeguards

The Group has verified compliance with the DNSH criteria in relation to taxonomy-eligible activities.

The same applies to the review of minimum safeguards at company level. The audit for compliance with the minimum safeguards as defined by the EU Taxonomy Regulation addresses the following areas: human rights, corruption, tax justice and fair competition. The Group pursues strategies and actions and reports key figures with regards to these minimum safeguards. Detailed information in this regard is found in ESRS G1, Chapter 8.2, Strategies, actions and metrics.

2.4 Disclosures pursuant to Regulation (EU) 2020/852 ('EU Taxonomy')

The Group only categorised an activity as taxonomy-aligned if compliance with all applicable DNSH criteria could be demonstrated. Consequently, activities that do not fulfil one or more of the DNSH criteria and minimum safeguards were assessed as taxonomy-eligible but not taxonomy-aligned.

Results

The table below shows a summary of the EU taxonomy data for 2023 and 2024. Detailed information in accordance with EU Regulation 2021/2178 can be found in Appendices III (Turnover), IV (CapEx) and V (OpEx).

EU Taxonomy summary

		2024	2023
Turnover	Taxonomy-eligible share	7.5%	0%
	Taxonomy-aligned share	0%	0%
CAPEX	Taxonomy-eligible share	39.3%	0%
	Taxonomy-aligned share	0%	0%
OPEX	Taxonomy-eligible share	0%*	0.03%
	Taxonomy-aligned share	0%*	0.03%

*See 'Notes on taxonomy-eligible operating expenses (OpEx)'

The Group does not engage in any economic activities in the areas of nuclear power and fossil gas in accordance with Article 8 (6) and (7) of the EU Taxonomy Regulation EU 2022/1214.

Explanatory notes on taxonomy-eligible sales

Basler vision products are used in a wide range of industrial applications and sectors. These include, for example, the manufacture and use of renewable energy technologies and battery production.

The use of Basler products should be emphasised in particular in the context of sustainable economic practices:

- In the quality control of end products, with the aim of reducing the need for repairs and waste and ensuring functionality and durability;
- In production processes with the aim of reducing reject rates and hence the conservation of material and energy resources;
- In the operation of plants for the production of renewable energies with the intention of conserving biodiversity.

It follows, therefore, that Basler's products have a direct and indirect impact on climate protection (EU Taxonomy objective 1), promotion of the circular economy (objective 4), prevention of environmental pollution (objective 5) and conservation of biodiversity (objective 6). The Group hence contributes to four of the six economic activities defined by the EU as sustainable.

2.4 Disclosures pursuant to Regulation (EU) 2020/852 ('EU Taxonomy')

For the first time, the Group reported taxonomy-eligible turnover for 2024. These result from the sustainable economic activities described in more detail below.

Conservation of biodiversity (environmental objective *6) through the use of Basler products in the operation of wind turbines*

The operation of wind turbines may negatively impact biodiversity, depending on the site, type of turbine and local environmental conditions. Birds, especially migratory birds, are particularly at risk of colliding with rotor blades. Basler vision products are used as part of detection systems to identify endangered bird species and stop the rotor blades in the event of potential collision. Basler products hence contribute to the conservation of biodiversity (EU Taxonomy goal 6).

Climate protection (environmental objective *1) and promotion of the circular economy (environmental* objective *4) through the use of Basler products in the production of photovoltaic modules*

Photovoltaic (PV) systems are an important component of sustainable energy generation worldwide. One of the technological and economic challenges concerns the quality and durability of PV modules. Basler products are used for quality control in PV module production, e.g. for surface inspection. This enables the Group's customers to detect defects at an early stage, resulting in less production waste and electronic waste.

In addition, the ability to produce renewable energy is increased as defective module cells are not placed on the market. By providing technology to promote renewable energies and reduce electronic waste, the Group is contributing to climate protection and the transition to a circular economy (EU Taxonomy objectives 1 and 4).

Promotion of the circular economy (environmental objective 4) and prevention of environmental pollution (environmental objective 5) by using Basler products in the production of batteries for e-mobility

Demand for batteries used in e-mobility is rising continuously. At the same time, high reject rates of up to 30% in battery production lead to material economic losses, in addition to causing negative environmental impacts due to resource consumption and waste production. Digitalisation solutions and process monitoring can contribute to a significant reduction in these reject rates. Basler products are used in process monitoring and quality control in battery production. This enables the Group's customers to reduce waste and minimise the consumption of resources in battery production (EU Taxonomy objectives 4 and 5).

2.4 Disclosures pursuant to Regulation (EU) 2020/852 ('EU Taxonomy')

Climate protection (environmental objective 1) through the use of Basler products in traffic management

The transport sector is already responsible for around 15% of global greenhouse gas emissions. At the same time, the volume of traffic is expected to double by 2050. Basler products are also used in traffic control, for example at traffic lights. In this way, the Group enables smart traffic control which aims at reducing emissions, particularly in urban traffic. In summary, Basler products contribute to climate protection (EU Taxonomy objective 1).

The use of computer vision systems in recycling applications, for example in waste separation and sorting systems as well as deposit systems, is a business area that the Group believes will experience growth moving forward. The use of Basler products in these applications can promote the transition to a circular economy in the future.

For 2024, the Group only reports taxonomy-eligible turnover, as no activites were classed as taxonomy-aligned. The reason for this is the failure to fulfil the DNSH criteria ('Does No Significant Harm') and the limited dataset for assessment of the minimum safeguards. There is the potential for environmental pollution in the Group's upstream value chain (extraction of raw materials – for details, see ESRS E2, Chapter 3), which is not compatible with the DNSH criteria. Moreover, the Group currently has a limited dataset with regard to the absence of conflicts in the upstream value chain (for details, see ESRS S2, Chapter 6).

This means that compliance with the minimum safeguards relating to human rights in the upstream value chain cannot be fully confirmed under the EU Taxonomy Regulation at this time. There is potential to report taxonomy-aligned sales in the medium term with the progress of the Group's actions and efforts to confirm that the supply chain is conflict-free.

Notes on taxonomy-eligible capital expenditure (CapEx)

Taxonomy-eligible capital expenditure includes investments in property, plant and equipment as well as intangible assets such as intellectual property. For the 2024 financial year, the Group has identified taxonomy-eligible economic activities in the area of acquisition and ownership of buildings (CCM 7.7). These are capitalised rights of use in accordance with IFRS 16.7, which are considered capital expenditure in the EU Taxonomy. The leased buildings are mainly used as office, production and storage space. After reviewing the technical assessment criteria, the buildings leased by the Group are classed as taxonomy-eligible, but not taxonomy-aligned. Expenditure was made to reduce greenhouse gas emissions from buildings as part of the climate transition plan. According to the definition of the German Commercial Code, however, these are to be reported as modernisation measures and therefore as operating expenses (OpEx) and not as capital expenditure (CapEx).

2.4 Disclosures pursuant to Regulation (EU) 2020/852 ('EU Taxonomy')

Further actions to reduce the greenhouse gas emissions caused by buildings, such as the use of renewable energy, are planned from the 2025 financial year, meaning that a new conformity assessment will be carried out in the following reporting period.

Notes on taxonomy-eligible operating expenses (OpEx)

Relevant operating expenses in the reporting period (relating to research and development, building refurbishment measures, short-term leasing, maintenance and repair and all other direct expenses in connection with the day-to-day maintenance of property, plant and equipment by the company) totalled around €12 million (see Appendix V). The proportionate taxonomy-eligible operating expenses eligible in the 2024 financial year are considered not-material for the business model. Due to this materiality assessment, the Group is exempt from calculating the numerator of the OpEx KPI (in accordance with section 1.1.3.2, Appendix I of the EU Taxonomy Disclosures Delegated Act) and states this numerator as zero in the disclosure.

The Group provides the following information on a voluntary basis in the interests of transparency and to explain the scope of existing taxonomy-eligible operating expenses. The Group identified taxonomy-eligible operating expenses of around €140,000 in the 2024 financial year.

This corresponds to an increase of over 400% compared to the previous year (€27,000 in 2023). These include:

- modernisation measures on buildings (NACE codes C33.14 and C33.20) at the group's site in Ahrensburg with the aim of reducing electricity consumption. This includes, for example, the replacement of light sources with energy-efficient alternatives (LEDs), the replacement of inefficient equipment in the heating circuit system and measures to optimise the compressed air system used in production.
- Consultancy and planning services with the aim of calculating greenhouse gas emissions and consultancy services for the preparation of non-financial reports (NACE code M74.9).

Due to the use of certified green electricity at several company locations from 2025, and the Group's resulting contribution to climate protection, taxonomy-eligible and taxonomy-aligned operating expenses are expected to increase significantly in the next financial year. A new assessment of materiality is therefore planned for 2025.

03

Environmental pollution (ESRS E2)

Environmental pollution in the upstream value chain and substances of very high concern

The ESRS categorise environmental pollution into seven different subject areas: air, water and soil pollution, pollution of living organisms and food resources, substances of concern and substances of very high concern as well as microplastics. Four of these seven topics are potentially relevant to the Group's business model and were assessed for materiality: air, water and soil pollution and substances of very high concern.

3.1 Material impacts, risks and opportunities

As part of the determination of material impacts, risks and opportunities, the Group analysed its own company locations, in particular production sites in Germany and Singapore, as well as activities in the upstream and downstream value chain. All stakeholders described in the double materiality analysis were involved in this process. Affected communities were not explicitly consulted.

Negative impacts in connection with in-house production arise from the use of and dependence on electricity as well as from waste, particularly electronic waste. These impacts are examined in more detail in Chapter 2 (Climate change) and Chapter 4 (Resource use and the circular economy). No other material impacts, risks or opportunities relating to environmental pollution were identified at our own production sites.

A location-specific analysis is only of limited value due to the extent of the upstream and downstream value chain. The process for identifying impacts, risks and opportunities in the upstream and downstream value chain is therefore based on business practices. The following was included in the analysis:

- upstream activities for the extraction of raw materials
- upstream activities for the production of metals and semi-metals, surface coatings and the manufacture of electronic and electromechanical components
- downstream activities relating to the disposal of Basler products by end customers

3.1 Material impacts, risks and opportunities

The following material impacts, risks and opportunities were identified in the upstream and downstream value chain:

Negative effects from the use of fossil fuels

The activities described in the upstream value chain require considerable amounts of energy. This is currently generated predominantly from fossil sources and results in the extraction, production and combustion of fossil fuels, which has an actual, negative impact on environmental pollution. In addition to the effects of greenhouse gases, which are described in Chapter 2 (Climate change), this relates in particular to air pollutants (nitrogen and sulphur oxides). These lead to acidification of soil and water and may be harmful to plants.

The Group assesses the scope and scale of these impacts as limited in the context of the upstream value chain. Impacts can be expected from the global transition to renewable energy sources in the medium term.

Potential negative impacts from the use of conflict minerals

Basler's products require minerals such as tin, tantalum, tungsten, gold and cobalt. These are classed as conflict minerals and extracted in mines in the upstream value chain. This may result in environmental damage such as deforestation or drinking water pollution. The Group considers the manifestation of these potential impacts as probable. The scope and scale are estimated to be limited, as the Group uses comparatively few raw materials of this type overall. The Group's scope for action is limited, as these are activities in the distant, upstream value chain over which the Group has little or no control.

Potential negative impacts due to regional water pollution

The activities of the upstream value chain, e.g. the mining of gold, may result in regional water pollution due to the ingress of water-polluting substances. This may have a negative impact on marine life and on the local population if, for example, access to clean drinking water is no longer guaranteed.

The Group assesses the occurrence of these potential impacts as possible. The scope and scale are estimated to be limited, as the Group uses comparatively few raw materials of this type overall. The Group's scope for action is limited, as these are activities in the distant, upstream value chain over which the Group has little or no control.

3.1 Material impacts, risks and opportunities

Potential negative effects due to improper disposal of Basler products

In 2024, Sustainability Management efforts to identify and quantify substances of very high concern were carried out for the first time. The presence of the heavy metals lead and cadmium was detected in purchased product components.

This has a potential negative impact on the environment in the event of improper disposal of Basler products by end customers. Lead accumulates in soil over time, can damage microorganisms and has a toxic reproductive effect in aquatic ecosystems. Cadmium is easily absorbed by plants, is toxic to aquatic organisms and is also bioaccumulative. Potential pollution may therefore lead to long-term ecosystem disruption.

The Group assesses the probability of occurrence of these potential effects as possible. Should an impact occur, it is expected to be limited in scale with potentially serious consequences.

As a result, lead and cadmium may also enter the food cycle, which might lead to secondary impacts through potential health damage in the event of ingestion through food or drinking water. Lead and cadmium are carcinogenic in the human organism, among other things.

Heavy metals can also be absorbed from the air we breathe. Lead or cadmium components might escape into the atmosphere and be absorbed by end users in the event of an accident, e.g. if a Basler product were to catch fire. These impacts are discussed in Chapter 7 (Consumers and end users).

Potential risks from reputational damage in connection with substances of very high concern

Should environmental pollution with heavy metals lead to environmental or health damage due to improper disposal practices by end customers, this could also result in potential reputational damage to the Group. This creates a financial risk for the Group in terms of lost sales. The Group rates the probability of occurrence of this risk as unlikely, but the potential scale as noticeable to critical.

To summarise, the impacts and risks associated with environmental pollution primarily result from activities in the upstream and downstream value chains. In many cases, these are potential and industry-specific impacts and not actual and company-specific ones.

Despite limited room for manoeuvre, the Group pursues strategies and actions to reduce identified impacts and risks as far as possible.

3.2 Strategies and actions

Environmental pollution in the supply chain

The strategy for dealing with supply chains, impacts from the use of fossil energy sources, the extraction of conflict minerals and regional water pollution is largely defined by the Group's Code of Conduct, the Environmental Policy Guideline and the Conflict Minerals Guideline. In the case of pollution at the mine and smelter level, the Group has no control or direct business relationship with the identified activities. The Group can therefore exert only indirect influence via its own suppliers.

The Group's guidelines essentially describe the company's own strategy and the expectations it places on suppliers in the upstream value chain. These include, among others:

- reduction in Scope 3 (supply chain) emissions to mitigate negative impacts related to air pollution.
- reduction in environmental impacts from the extraction and use of resources to mitigate negative impacts related to water and soil pollution.
- demanding of corrective actions and, in the event of persistent violations of the Conflict Minerals Guideline, contractual consequences up to and including termination of the business relationship with the aim of minimising negative impacts in connection with the use of conflict minerals.

The Group is also planning to expand its environmental policy guidelines in 2025 in order to address in more detail the issue of environmental pollution for the upstream supply chain. Checks on compliance with the stricter guideline would take place as part of existing supplier audits.

Apart from the strategy outlined above, there are no specific actions for impacts relating to the use of fossil fuels or water pollution by actors in the upstream value chain. At present, this is not viewed as reasonable due to the low level of control, temporary impacts and their comparatively small scale.

3.2 Strategies and actions

Substances of very high concern

The Group has adopted a multi-stage approach in its strategy for dealing with identified impacts and risks associated with substances of very high concern:

1. conformity testing of components by the Group's Product Compliance and Sustainability Team (e.g. REACH – 'Registration, Evaluation, Authorisation and Restriction of Chemicals' and RoHS – 'Restriction of Hazardous Substances').
2. additional development of a separate database to identify substances of concern and substances of very high concern in all product components.
3. transparency towards stakeholders about substances contained.
4. substitution of affected components to reduce the substances contained.

The aim of this strategy is to prevent environmental pollution by gradually eliminating substances with a negative impact.

Efforts to implement this strategy increased significantly in 2024. In addition to the existing conformity testing of components, work has begun on implementing steps 2 and 3 of the strategy. For this purpose, an external database was purchased with the aim performing independent component analyses. In the first instance, over 1,600 purchased electronic components were analysed for the presence of substances of concern and substances of very high concern. The Group uses so-called parts lists to analyse the contamination with chemical-based substances. However, it must be noted that even international companies in the supply chain only have to provide this information on request and therefore external databases are not complete. Accordingly, the Group welcomes regulatory actions that are suitable for increasing transparency in the market.

Overall, this process enabled the Group to create a credible dataset for 62% of the more than 1,600 purchased electronic components. The Group has already started making direct supplier enquiries in order to close the gaps in data. This process is expected to continue throughout the 2025 financial year. There are also plans to extend the scope of the evaluated components beyond electronic components in 2025.

To implement the transparency measures, substances of very high concern are listed, classified, impacts discussed and information on total quantities provided in the annual non-financial report for the first time this year (see ESRS E2, Chapter 3.3, Substances of very high concern).

The substitution test described in the strategy will be implemented in 2025 for prioritised components based on the data procured in 2024. The Product Compliance Team and Sustainability Management will work in coordination with Product Development and the Purchasing Organisation to examine substitution options.

3.3 Substances of very high concern

Taking into account the limitations on data availability described in Chapter 3.2 (Strategies and actions), the Group has calculated the total quantities of substances of very high concern for the 2024 financial year as shown in Figure 16. These leave the company's facilities as part of products, in the form of purchased product components. The analysis performed has demonstrated that substances of concern are not contained, but only substances of very high concern. In total, six different substances of this type were identified in purchased product components. Two of these six substances account for 99.993% of the total, so the remaining four were excluded from further consideration on the basis of materiality. The two remaining substances of very high concern are the heavy metals cadmium and lead. Cadmium and lead were common substances in electronic components for a long time, but are now significantly limited or partially prohibited by stricter regulations. But they are still found in certain applications. Due to their properties, both substances remain indispensable in a few specialised applications.

In order to reduce and prevent pollution (in particular air, water and soil pollution, as well as the effects of substances of very high concern) in connection with the impacts, risks and opportunities described above, the Group's Climate and Environmental Policy Guideline requires, among other things:

- an effective and positive contribution to environmental protection.
- transparency with regard to the environmental impact of resource use.
- transparency in the handling of substances of very high concern and their substitution.

Figure 16 – Substances of very high concern

Substance of concern and substance of very high concern	Classification according to EC 1907/2006	Quantity in 2024 (in tonnes)
Cadmium	Carcinogenicity, germ cell mutagenicity, reproductive toxicity	0.011412471
Lead	Carcinogenic, reproductive toxicity	0.084658344

3.4 Targets

The Group measures and evaluates compliance with the climate and environmental policy guideline in connection with suppliers by requesting their approval of the Code of Conduct. In the 2024 financial year, the Group carried out a supplier evaluation of the 50 most important suppliers. These account for 90% of the purchased volume in total. Assessment data was available for 54% of the suppliers surveyed as of the reporting date. All of these suppliers have confirmed their agreement to the Code of Conduct.

There are currently no quantified targets for substances of very high concern. This is due to the first-time survey of total volumes in 2024. The newly gained insights and the planned actions to evaluate further product components will create a comprehensive dataset in the 2025 financial year. The Group plans to discuss the need for defining targets based on the full results.

As no specific pollutant data on environmental pollution in the upstream supply chain is collected and data for substances of very high concern was analysed for the first time this year, the effectiveness of the strategy and actions in this regard cannot yet be tracked. This will be possible for the first time in the 2025 financial year through a comparison with the data collected for 2024 in regard to substances of very high concern.

In 2024, there were no known material incidents of environmental pollution in connection with the Group's business activities. The negative impacts from the use of fossil fuels listed in Chapter 3.1 do not relate to a specific, material incident in connection with the Group's business activities, but correspond to a general description of the activities and impacts of the upstream supply chain. The targets described by the Group, as well as planned actions for future targets, are set on a voluntary basis.

04

Resource use and the circular economy (ESRS E5)

Electronic waste and product programmes to promote the circular economy

4.1 Material impacts, risks and opportunities

When determining impacts, risks and opportunities in connection with resource inflows, resource outflows and waste, the Group reviewed its upstream and downstream value chain as well as its own activities (details in Figure 5). Consultations with stakeholders were conducted as part of the double materiality analysis described in Chapter 1. Affected communities were not explicitly consulted in the current materiality analysis, as the Group's resource inflows and outflows do not have a material and direct impact on this stakeholder group in total (see Figures 17 and 18).

Negative impacts of electronic waste in production and disposal by end customers

The Group's own production facilities in Germany and Singapore generate around 1,331 kilograms of electronic waste each year (Figure 18) due to surplus production, defective components or repairs from the Basler Repair Centre. In addition, the Group products are disposed of by end customers at the end of their service life. Improper disposal by end customers might lead to the release of pollutants (e.g. heavy metals), which could contaminate soil and water and present health risks to humans (see ESRS E2, Chapter 3.1, Material impacts, risks and opportunities). This may also lead to the loss of valuable resources.

The Group assesses the scope and scale of this impact as low, as a small amount of materials, raw materials and products are affected in total and the Group's products are used by professional customers. Accordingly, it is reasonable to expect that the disposal of products by end customers will generally be carried out in accordance with the law.

4.1 Material impacts, risks and opportunities

Potential financial opportunities through the use of recycled raw materials

The Group currently uses little to no recycled materials in the manufacture of Basler products. Continuous and rapid technological progress makes it difficult to reuse ‘old’ electronic components. However, peripheral components, e.g. metals for housing parts or plastics for seals and cable insulation, could be procured as secondary materials. The Group sees this, to a lesser scale, as an opportunity to optimise cost structures.

This may also produce positive impacts such as a reduction in greenhouse gas emissions. Many secondary (recycled) materials cause fewer new emissions than the use of freshly extracted materials and raw materials. These impacts are analysed in more detail in Chapter 2 (Climate change).

Potential financial opportunities through circular product programmes

The Group could both establish a 'second-life' product range and reduce procurement costs by taking back old and used products and, if possible, refurbishing or utilising the raw materials and materials collected in this way. Fresh sales opportunities that arise in this way contribute to sales growth and may improve customer loyalty, e.g. through upgrade initiatives as part of product returns.

The Group believes that these opportunities will have little financial impact in the medium to long term. It is unlikely that these opportunities will be utilised in the short term.

4.2 Strategies and actions

The strategies for addressing material consumption and the transition to a circular economy are set out in the Group's climate and environmental policy and relate to the Group's entire value chain. It stipulates the decoupling of value creation from greenhouse gas emissions and the ecological footprint of material consumption as long-term climate and environmental objective. In addition, the Group's climate and environmental policy focuses on the reduction and recycling of electronic waste in order to promote the transition to a circular economy.

As a result, the Group is in the process of discussing actions to reduce the use of primary raw materials and increase the inclusion of secondary materials. The use of renewable resources has also been the subject of past and ongoing testing as far as possible. This is relevant in the context of the Group's resource consumption exclusively in regard to packaging materials and also to energy requirements (for the latter, see Chapter 2, Climate change).

Moreover, the Group is exploring ways to reduce electronic waste with targeted innovations. This may result in a longer product life or improved repairability. The aim of this strategy is to reduce the Group's most material impact, namely electronic waste.

The effectiveness of these strategies is monitored by Sustainability Management in coordination with the competent function (e.g. Central Purchasing) and ultimately by the CFO with overall responsibility.

Electronic waste and the Basler Repair Centre

In the previous sustainability report, the Group identified the lack of data collection on electronic waste at the production sites in Ahrensburg and Singapore. In the 2024 reporting period, data on the collection, disposal and recycling of electronic waste in Ahrensburg and Singapore was therefore collected in collaboration with waste disposal service providers. The electronic waste generated in the Group's production is disposed of by certified service providers in accordance with legal regulations and, where possible, sorted, dismantled and recycled.

The Group has no control over disposal by end customers, so there is potential for improper disposal in this regard. The Group founded the Basler Repair Center back in the early 2000s to offer end customers an option for reducing electronic waste, lowering resource requirements and extending the service life of Basler products. Based in Ahrensburg (Germany), the Repair Center specialises in the inspection, repair and refurbishment of Basler products.

In 2024, around 10,500 cameras, accessories or frame grabbers (a device or software that captures individual images/frames from a video or image signal) were submitted to the Basler Repair Center by customers worldwide for repair or as returns. If necessary, defective products are repaired in Ahrensburg and returned to the customer. Returns are carefully checked and, if possible, prepared for resale. Products that cannot be repaired or reused are disposed of properly.

4.2 Strategies and actions

Around 81.5% of the returned products can be refurbished and sold to customers worldwide for new use via the Group's sales channels. Around 2.5% of returned products have defects that are repaired so that they can remain in use. The remaining 16% require disposal as they are either irreparable or cannot be repaired with economic viability. Every year, this generates around one tonne of electronic waste in Ahrensburg (together with production-related waste), while an estimated 0.8 tonnes of electronic waste is avoided through processing and repair.

In principle, around 20% of Basler products are currently designed to be repairable. The Group's product development is increasingly focusing on better repairability, so that newer models are generally easier to repair than previous generations. The Basler repair service extends the service life of Basler products from 7.5 to over 10 years on average. In practice, the Group has observed that around 30% of the Basler product portfolio is currently suitable for repairs from the customer's perspective. Customers generally decide against repair for economic reasons.

The Group has adopted a clear strategy: the repairability of new products and use of the repair service by customers will be increased steadily in order to conserve resources and further reduce electronic waste.

Use of recycled raw materials and materials

The Group determined in the 2023 financial year that the recording of material weights is incomplete and unreliable. This made it impossible to analyse the scope of materials used. This was corrected at the end of the 2024 financial year in collaboration with Central Purchasing, so that a detailed dataset on the main materials purchased and their weights is now available for the first time (see Figure 17). The Group requires information on the proportion of recycled materials in products or components to define further steps. This information was not yet available as per the reporting date. It is reasonable to assume that packaging materials, especially those made of cardboard, for the products and materials purchased already contain over 80% recycled raw materials. All other products and materials purchased are in all likelihood made predominantly from primary raw materials. In the case of metals, particularly the steel and aluminium components used, the Group has the potential to include more secondary materials, which can be enabled by collaboration with suppliers.

The plan for the coming financial year is to improve the dataset on the use of primary and secondary materials in purchased products. The data created in 2025 will then enable the identification of certain material groups with high potential for the use of recycled raw materials. In cooperation with Central Purchasing, appropriate actions can be implemented thereafter to increase the use of these recycled raw materials.

4.2 Strategies and actions

Circular product programmes

Every year, end customers dispose of Basler vision products because they no longer meet the latest technical requirements or are considered uneconomical to maintain. This results in the elimination of valuable materials from the value-added cycle. Aside from the repair services described above, the Group is considering options for taking back used products in order to either recycle the raw materials they contain or, if possible, refurbish products and reuse them as second-hand vision products.

Appropriate incentives for end customers may therefore help to reduce electronic waste, cut costs and create new sales opportunity.

4.3 Targets and metrics

Targets

In 2023, the Group defined the target of reducing the amount of electronic waste generated in relation to sales volume. This target relates to several levels of the waste hierarchy, namely waste prevention and reuse. The Group is hence focusing on activities to improve the efficiency of resource use and increase durability and reparability. It was not possible to define a baseline data point for this objective in 2023 due to the lack of data. No absolute or percentage reduction targets were set as a result. The progress in data availability achieved in 2024 has now made it possible to determine the status quo. The Group generated 7.24 kilograms of electronic waste per one million euros in sales in 2024. Based on this insight, the Group is considering defining a measurable target in the 2025 financial year.

The Group also plans to evaluate the benefits and effects of setting a target for the proportion of product recyclate (recycled raw materials) in 2025.

Information on the outcome of these considerations will be included in the next non-financial report. The targets set out by the Group and the actions planned for future targets are voluntary.

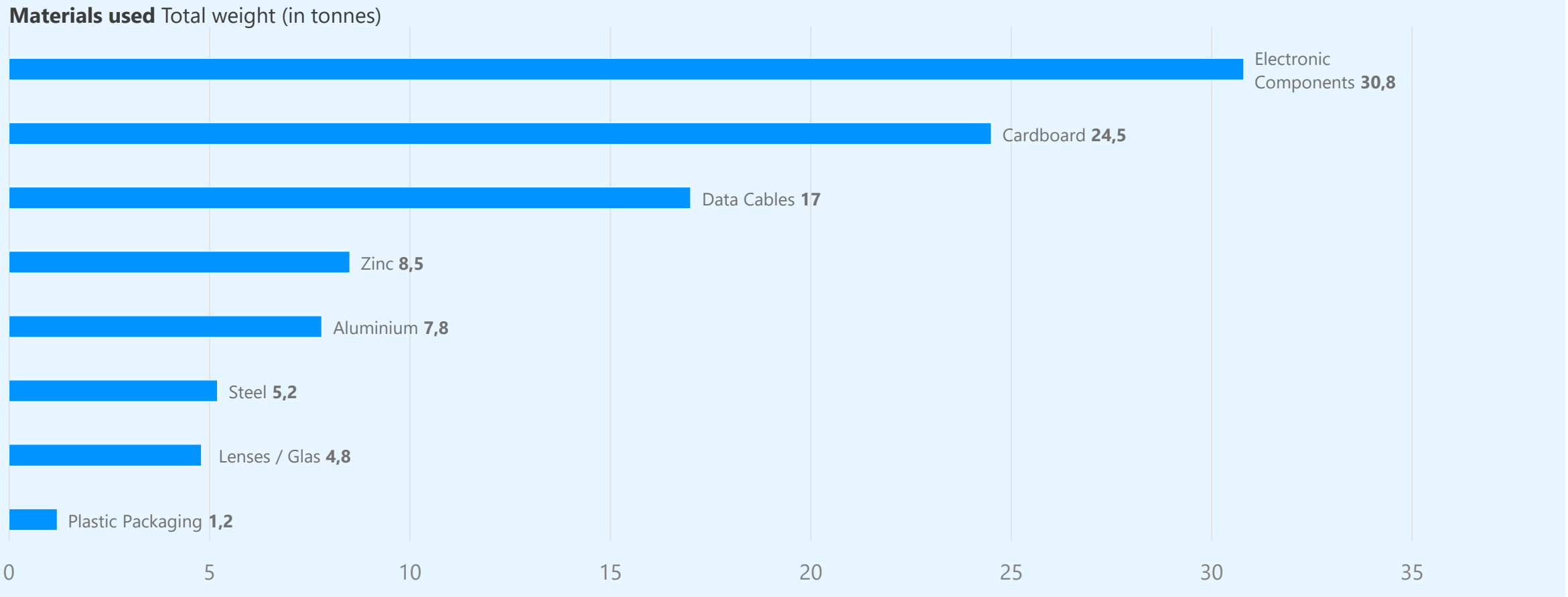
Resource inflows

The Group's value chain (Figure 5) shows a detailed overview of the most important material flows for products and production processes. In addition, Figure 17 describes the main materials used and their total weights in the 2024 financial year. These can be clearly consolidated in five categories:

- electronic components (approx. 31 tonnes)
- packaging materials (approx. 26 tonnes)
- metals (approx. 22 tonnes)
- data cables (approx. 17 tonnes)
- lenses (approx. 5 tonnes)

4.3 Targets and metrics

Figure 17 – Material resource inflows



4.3 Targets and metrics

Statistically speaking, every inhabitant of Germany consumes 16 tonnes of raw materials per year (Institute for Energy and Environmental Research Heidelberg, 2022). This means that the Group's total resource inflow of around 100 tonnes corresponds to the equivalent annual consumption of around six inhabitants of Germany. Due to the low total quantity and the type of materials used, the Group does not consider resource inflows to be a material sustainability aspect overall. Material impacts in connection with materials and raw materials are described in Chapter 3 (Environmental pollution) and Chapter 6 (Workers in the value chain). The data collected in Figure 17 will form the basis for further considerations and actions to increase the use of secondary materials in the Group's purchased product components and materials.

The methodology for collecting the data is based on the purchasing volume and the weights of the materials and components procured in the reporting period.

Resource outflows

Products and materials

The Group produces components for machine vision applications, mainly digital cameras and accessories. The standard service life of such products in the industry is 5-10 years. Basler products have an above-average service life of 7.5 to 10 years, and even well over 10 years in cases where Basler's repair service is utilised. As a rule, the Group seeks to achieve the highest possible level of product durability in line with its own quality standards. Based on the evaluation of data from the Basler Repair Centre on repair volumes and repair rates, around 20 % of products are currently repairable. Improving this rate is a priority at present. The potential of product reusability has not yet been exploited in full. It is reasonable to assume that packaging materials, especially those made of cardboard, already contain over 80% recycled raw materials. The Group is working on collecting data to assess the recyclable content of products. In all probability, purchased materials currently consist mainly of primary raw materials. Accordingly, the Group is pursuing the actions described above in order to create circular business models.

Waste

The main outflows of resources result from the Group's business activities at a total of 18 office locations in Germany, China, France, Italy, Japan, Korea, Poland, Singapore, Taiwan and the USA. Two of these locations, Germany and Singapore, also have production facilities. The waste mainly consists of mixed municipal waste, organic waste, cardboard, paper and plastic packaging as well as a small amount of waste wood. In addition, around 1,331 kilograms of electronic waste and 404 kilograms of hazardous waste are generated at the Group's production facilities. Hazardous waste includes cleaning fluids, batteries and other operating materials.

4.3 Targets and metrics

Figure 18 contains details on waste treatment.

In addition to the waste volumes shown in Figure 18, the Group estimates that 33.01 tonnes of Basler camera products were disposed of by end customers at the end of their service life in the 2024 financial year. Based on data on recycling rates in the respective geographies of the end customers, it is reasonable to assume that 24% of these disposed cameras could be recycled and 76% were thermally utilised. This means there is significant potential to increase the proportion of recycled materials. The Group could contribute to the recycling rate, for example with the take-back programmes described above, and potentially profit from the recovered materials.

No radioactive waste is produced in the business activities controlled by the Group.

1.7%

Electronic waste (share in %)

4.3 Targets and metrics

Figure 18 – Waste

The data shown in Figure 18 is based on a combination of activity data and estimated values. Data quality requirements were defined on the basis of materiality. Real data was collected for production sites (Germany and Singapore) and for large office locations (e.g. Ahrensburg, Germany). Estimated values were collected for smaller office locations with fewer than 50 employees, for example based on the volume of waste bins, filling level and emptying frequency.

	Hazardous waste (in tonnes)	Non-hazardous waste (in tonnes)
Total quantity	**1.278**	**77.708**
Of which for continued use	**0.438**	**41.497**
Preparation for reuse	0	1.299
Recycling	0.124	37.626
Other recovery operations	0.314	2.572
Of which for disposal	**0.840**	**36.211**
Incineration	0.840	31.882
Landfill	0	3.138
Other disposal operations	0	1.191
% share of non-recycled waste	66 %	47 %
% share of electronic waste	0 %	1.7 %

05

Own workforce (ESRS S1)
Recruitment and retention of qualified employees, health protection, skills development and diversity

5.1 Material impacts, risks and opportunities

The material impacts, risks and opportunities in connection with our own workforce relate to the area of working conditions. The Group's workforce plays a key role in the business model and corporate strategy. Qualified, motivated and healthy employees are the foundation for the Group’s success. The most material opportunities and risks in the Group business model arise primarily from the recruitment and retention of well-trained and capable employees in the context of the currently dynamic market situation. Management attaches particular importance to offering employees an attractive working environment to providing training and further education to ensure they possess the right qualifications for the requirements of their work at the Group. Health, job satisfaction and the promotion of further development have a material positive impact both on the employees themselves and on the long-term success of the Group.

5.1 Material impacts, risks and opportunities

The impacts, risks and opportunities defined here relate to the Group's own employees as defined under ESRS 2 (see ESRS 2, Chapter 1.1, Scope of consolidation) and business activities directly controlled by the Group (see Figure 5). This includes the Research and Development departments, the Group's own production facilities in Germany and Singapore and the Group sales companies worldwide. Employees of the company locations in Germany are employed by the company. Employees from other countries are employed by the other companies in the Group. The workforce mainly consists of salaried employees (see Figure 19) and non-salaried employees (see ESRS S1, Chapter 5.3, Non-salaried employees in own workforce) who are provided by third-party companies as leased labour. In the information contained in this chapter, the term ‘workforce’ refers to both employee groups.

Positive impacts due to flexible working time models, qualification and a focus on work-life balance

The Group offers a wide range of flexible options to provide employees with individual and attractive working conditions. This includes, for example, offering flexible working time models, remote working and sabbaticals. The Group has been certified by the 'Career and Family' initiative since 2011. In addition, the Group focuses on continuous personal and professional development through appropriate training and development programmes to promote employee skills. These actions have positive short, medium and long-term impacts on the wellbeing of salaried employees throughout the Group by providing employment opportunities that are adapted to their life situation.

Financial risks due to rising costs of employee retention

The Group expects the cost of retaining employees to rise due to the persistent shortage of skilled labour and increasing employee expectations. There is also increasing competition for qualified labour in the dynamic environment of a technology and innovation-driven industry. The Group assesses this as a short to medium-term risk with a low financial impact.

Financial risks due to restructuring-related loss of know-how

The significant restructuring measures initiated in the 2023 financial year continued in 2024 to adapt the Group to the current market environment come with various financial risks. As a result, the workforce was already reduced by 16.8% in the 2023 financial year. The economic environment forced a further workforce reduction of 4.4% in 2024.

5.1 Material impacts, risks and opportunities

One particular risk is the loss of expertise due to workforce reductions. Despite an above-average capacity reduction in Research and Development, it is still the department with the most workforce, accounting for around 25% of all employees. On the one hand, the reduction in personnel results in higher costs for the ongoing training of remaining employees who are required to accept and learn new or additional areas of responsibility, and in the medium-term for the training of new employees. On the other hand, the restructuring measures may lead to lower productivity and capacity, which in turn can result in a loss of sales.

The Group considers these risks to have a low to noticeable financial impact over a medium-term period.

The transition plan to climate neutrality by 2030 will not have any significant impact on the workforce, as only building measures – but no personnel measures – are included of the climate transition plan.

In addition to the identified impacts and risks, the Group attaches great importance to the topics of health protection, skills development and diversity for its corporate culture and business success. This is based on conviction and experience. Chapter 5.3 therefore explains additional targets and actions in these areas.

5.2 Strategies and actions

The principles set out in the the Group Code of Conduct and in other corporate guidelines and policies apply to the entire Group, over and above the respective minimum legal requirements. These include:

+ compliance with employment-related laws and guidelines as a minimum standard,
+ respect for human rights on the basis of the UN Charter,
+ the unrestricted right to freedom of association and collective bargaining,
+ effective occupational health and safety,
+ the core labour standards defined by the ILO (International Labour Organisation),
+ fair treatment and protection against discrimination based on gender, age, skin colour, origin, nationality, religious affiliation, sexual orientation, disability, certain political views or trade union activity,
+ protection against harassment,
+ the appreciation and inclusion of diversity (Diversity Charter) and
+ a culture of appreciation and mutual respect.

The management of each individual Group company can use these principles as a basis to enter into further agreements with their employees to regulate cooperation. The works agreements concluded with works councils at the Company and with the general works council apply in particular to the employees of the Company as the largest single entity in the Group. These include agreements on holiday and working hours, IT usage and data protection, employee development, remuneration, profit sharing and special payments, the possibility of sabbaticals and more. In the event of conflicts at work, employees of the Company can, if they wish, also make use of the counselling services (e.g. mental health coaching) offered by the Fürstenberg Institute (a provider of occupational health management) free of charge.

The issues of human trafficking, forced labour and child labour are not relevant to the Group's own workforce in the context of its business model. Risks in this regard exist in the upstream value chain and are addressed in Chapter 6 (Workers in the value chain).

Procedure for including our own employees in decision-making processes

The employees of the entire Group were invited to take part in the consultation process during the double materiality analysis. All employees were given the opportunity to provide information on their own perception of relevant impacts, risks and opportunities.

5.2 Strategies and actions

143 employees (16% of the total workforce) took advantage of this opportunity, allowing the incorporation of a wide range of perspectives into the process of this year's materiality analysis. This allowed the Group to gain a broad set of insights, which are reflected in the listed impacts, risks and opportunities. The findings on the viewpoints of employees are also integrated into the business strategy and the risk and opportunity management process through the double materiality analysis. Sustainability Management uses this process to consolidate employee perspectives every two years, which places this aspect within the operational remit of the CFO.

The interests of employees are also integrated into the Group's decision-making processes by the HR department, the employee representatives on the Supervisory Board and, at the company, by the General Works Council. The HR department, as well as the General Works Council, are continuously available as representatives to ensure that employees are involved at all times. The Group sees the self-organised representation of employee interests as an opportunity for better and more productive work.

Procedures to address negative impacts and channels through which employees can raise concerns

All employees worldwide can report violations and concerns about the Group's business principles either anonymously, via the internal whistleblower system or to an external body, as well as directly to superiors, the HR managers, the works council or the Compliance Team. Employees can access information on how to access these reporting channels on the company intranet. Chapter 8.2 contains further details on the Group's whistleblower system and the protection of whistleblowers.

Actions to minimise material risks

The Executive Board and the executive management level are responsible for defining appropriate and effective actions with the involvement of relevant departments. As part of the risk and opportunity management process, impacts, risks and opportunities are prioritised and appropriate actions developed (see ESRS 2, Chapter 1.2, Due diligence, internal controls and risk management). The effectiveness of the actions is assessed on the basis of risk-specific KPIs, such as performance assessments, and regularly evaluated by management. The Group endeavours to avoid potentially negative impacts of actions on its own workforce by involving the works council in decision-making processes. This is also ensured by the participation of two employee representatives elected by the workforce on the Supervisory Board.

In order to minimise financial risks from the loss of 'know-how' due to market-related restructuring measures, the Group has adopted a multi-stage change management approach since 2023, which will initially be implemented over three years, until the end of 2025. The first step is to provide managers with additional training from the Group’s Learning & Development team

5.2 Strategies and actions

in actions for effective employee retention. Building on this, the prioritisation of employee retention measures by direct supervisors will be increased.

In addition, all employees receive a salary increase to compensate for inflation. In the short to medium-term, there are also plans to focus on employee skills development through the Learning and Development organisation in order to promote personal development and adequately prepare employees for new and adapting work tasks. For 2025, the Group is also discussing the options of prioritising outstanding, planned promotions. A resolution to this effect had not yet been passed by the end of 2024.

The rise in employee retention costs is a global phenomenon that the Group cannot influence. The Group employs a qualified workforce who contribute to the long-term success through continuous training and further education as well as innovation. Risk and opportunity management aims to offset rising personnel expenses through sales growth or cost reductions elsewhere.

The actions described apply to all companies in the Group.

5.3 Targets and metrics

The Group has not defined any specific targets to reduce the financial risks described above. This is due to the limited time horizon of the impacts and the nature of the risks. The financial risks are accompanied by the aforementioned actions and are assessed as adequate by the Group's Executive Board, meaning that there is no additional need for targets or tracking.

Characteristics of the company's employees

As at 31 December 2024, the Group employed 938 people (see Chapter 2.6 of the consolidated management report). Compared to the previous year, there were 66 fewer people on the payroll worldwide at the end of 2024.

The group-wide fluctuation rate at the Group was 15.46% in the 2024 financial year. This fluctuation rate includes employees who left the company voluntarily or involuntarily and those who left for natural reasons, such as retirement. The fluctuation rate for employees who left voluntarily is 9.91%, 4.37% for employees who left involuntarily and 1.17% for natural departures. The denominator for calculating the fluctuation rate is equal to the total number of employees in Figure 19.

Regardless of the reduction in workforce, the company offers all employees the opportunity to work part-time in order to provide people with flexible opportunities to work in all life situations and according to their wishes – this also applies to managers. Figure 19 demonstrates that many employees make use of this offer.

The following breakdowns are based on the head count, not on full-time equivalents. They include all salaried employees, including members of the Executive Board and dormant employment relationships (e.g. parental leave and long-term sickness), with the exception of the non-salaried employees in the company's own workforce. In contrast to reporting in previous years, the application of ESRS in Figures 19.1-4, 22, 23, 25 and 26 means that data for trainees is also included for the first time. In contrast to previous years, Figure 26 also contains information on non-salaried employees. The data shown was determined as at 31 December 2024, the end of the reporting period. The company uses the SuccessFactors HR management system as the source for data collection. The foreign companies of the Group use individual and independent systems for personnel data management. Data from the foreign companies is transmitted manually to the central HR department, where it is consolidated and analysed with the data from the company. This process was also used to collect data for ‘Non-employees in own workforce’ and ‘Gender and age distribution’ (Figure 23).

5.3 Targets and metrics

Figure 19.1-4 – Employee characteristics

Gender	Number of employees
Male	602
Female	335
Other	1
Not reported	0
Total Employees	938

Country	Number of employees
Germany	656

Only for countries that account for at least 10% of the company's total number of employees.

2024

Female	Male	Other (*)	Not disclosed	TOTAL
Number of employees (head count)				
335	602	1	-	938
Number of permanent employees (head count)				
329	584	-	-	913
Number of temporary employees (head count)				
6	18	1	-	25
Number of non-guaranteed hours employees (head count)				
-	-	-	-	-
Number of full-time employees (head count)				
192	456	1	-	649
Number of part-time employees (head count)				
143	146	-	-	289

*Gender as specified by the employee themselves

2024

Europe	Asia	America	TOTAL
Number of employees (head count)			
706	201	31	938
Number of permanent employees (head count)			
681	201	31	913
Number of temporary employees (head count)			
25	-	-	25
Number of non-guaranteed hours employees (head count)			
-	-	-	
Number of full-time employees (head count)			
420	198	31	649
Number of part-time employees (head count)			
286	3	-	289

*Gender as specified by the employee themselves

5.3 Targets and metrics

Non-employees in the company's own workforce

In addition to salaried employees (Figure 19), the Group draws on temporary workers without guaranteed working hours within the framework of employee leasing. These temporary workers are mainly employed in production to enable flexible responses to demand fluctuation. The Group used 13 non-employees in the 2024 financial year. They were employed for an average period of 5.8 months. The data collected represents the head count, not the full-time equivalent, and was obtained at the end of the reporting period. Data collection adheres to the process described for Figure 19.

Application of collective bargaining agreements and social dialogue

The Group has adopted a global and unrestricted commitment to the right of all employees to freedom of association and the right to collective bargaining, within the framework of the legislation applicable at each location. All Group managers uphold and are required to comply with existing rights. The Company is fully subject to European and German legislation with its high standards regarding labour rights and employment. Here, 100% of permanent employees (excluding the Executive Board) are represented by a General Works Council, including a representative body for severely disabled employees, youth and trainee representatives and other committees. This refers exclusively to the Company based in Germany and not to the foreign companies within the Group.

Figure 20, which indicates the application of collective agreements, only shows entries for Germany. This is due to the ESRS materiality threshold of 50 employees, who account for at least 10% of the workforce. The other Group companies had fewer than 50 employees or accounted for less than 10% of the workforce and are therefore not included in this overview. Aside from Germany, there is a historical application – due, for example, to the spin-off of larger companies – of collective bargaining agreements in place for Italy and France. Collective bargaining agreements are not customary in many of the countries in which the Group companies operate, for example in the USA and China. In total, 4% of all employees are covered by collective bargaining agreements.

Figure 20 – Application of collective bargaining agreements and social dialogue (for companies with >50 employees)

	Collective Bargaining Coverage		Social dialogue
Coverage rate	Employees – EEA*	Employees – non-EEA countries	Representation at the workplace (EEA* only)
0 – 19 %	Germany	-	-
20 – 39 %	-	-	-
40 – 59 %	-	-	-
60 – 79 %	-	-	-
80 – 100 %	-	-	Germany

*EEA = European Economic Area

5.3 Targets and metrics

Appropriate remuneration

To calculate appropriate remuneration, the Group uses either the statutory minimum wage or, if this is not available, ILO 60% as a reference. ILO 60% is an internationally recognised benchmark for assessing the appropriateness of minimum wages and means that 60% of a country's gross median wage is used as a proxy value for the minimum wage.

With the exception of the employees in Singapore, the Group pays appropriate remuneration in all countries, which corresponds to at least the minimum wage benchmark for the lowest wage in each case (based on the average basic income and any fixed allowances).

Employees in Singapore fulfil a wide range of activities from production activities to office work. As at the reporting date (31 December 2024), 13 of the 43 employees (30.23%) in Singapore currently receive a wage that is below the calculated ILO 60% minimum wage reference.

These employees perform activities in production and warehousing, administration, purchasing, sales and marketing. In the coming 2025 financial year, the Group plans to discuss ways of aligning the actual salary of these employees with at least the minimum wage benchmark.

The data in Figure 21 is collected for the company by the SAP HCM payroll system.

The foreign companies within the Group use individual and independent systems. Data from the foreign companies is transmitted manually to the central HR department, where it is consolidated and analysed with the data from the company.

Figure 21 – Remuneration

Country	Germany	France	Italy	Poland	China	Singapore	Korea	Taiwan	Japan	USA
Currency unit	EUR	EUR	EUR	PLN	CNY	SGD	KRW	TWD	YEN	USD
Appropriate wage (either statutory minimum wage or ILO 60)	12.41	11.65	7.93	24.81	15.52	20.19	9,860.00	183.00	1,163	7.25
Lowest wage actually paid	14.63	15.11	8.09	28.42	49.90	10.38	16,629.81	330.85	2,816.33	26.92
% of employees below a reasonable wage	0	0	0	0	0	30.23 %	0	0	0	0

22 – Age distribution

Figure 22 – Age distribution

5.3 Targets and metrics

Diversity metrics

The Group perceives diversity primarily as an opportunity to underpin the future viability, resilience and innovative strength of the company. The economic environment is shaped increasingly by globalisation as well as demographic and social change. As an international group that thrives on its ability to innovate and its attractiveness as an employer for talented specialists, an open-minded approach towards other cultures and the diversity of people contributes to our success. At the same time, companies have an influence on ensuring that people of all genders, backgrounds and personal lifestyles are equally valued and participate in shaping society. Companies will only achieve economic success if the prevailing diversity is recognised, promoted and utilised.

The Group Code of Conduct sets out a minimum standard of fair treatment and protection against discrimination and harassment based on gender, age, skin colour, origin, nationality, religious affiliation, sexual orientation, disability, certain political views or trade union activity.

In order to make progress measurable and to be able to evaluate the effectiveness of the actions taken, the Group's Executive Board decided in 2015 to introduce a women's quota of 30% for senior executives and at department management level by the end of 2025. This target applies group-wide and is reviewed annually by the Group's management to assess progress.

At the end of the 2024 financial year, the proportion of women at senior management level had reached 18% and 27% at department management level.

The Group has committed itself to the Diversity Charter in order to document the additional demands it places on itself as a company and on its employees, both externally and internally. The Diversity Charter is an initiative to promote diversity in companies and institutions. The initiative has been run by the non-profit organisation Charta der Vielfalt e. V. since 2010. The aim of the initiative is to promote the recognition, appreciation and inclusion of diversity in the world of work in Germany. Organisations should create a working environment that is free of prejudice.

5.3 Targets and metrics

By signing the agreement, the Group has committed itself to the following guidelines on diversity in the company:

+ to cultivate an organisational culture shaped by mutual respect and appreciation; to create the conditions for managers and employees to recognise, share and embody these values,
+ to review HR processes and ensure that they reflect the diverse skills and talents of all employees as well as the performance requirements,
+ to recognise diversity within and outside the organisation, valuing its potential and using it profitably for the benefit of the company,
+ to make the contents of the Charter the subject of internal and external dialogue,
+ to notify employees about the added value of diversity and to involve them in the implementation of the Charter,
+ to provide annual public information on activities and progress in promoting diversity and appreciation.

Notes on the methodology for Figure 23: The top management level is the Group's Executive Board, the Executive Directors and Directors according to the ESRS definition of the 'top management level and two levels below'. Data collection adheres to the process described for Figure 19.

Figure 23 – Gender and age distribution

Gender	Age group	Employees	Top management level (Executive Board +2)	Top management level in %
Male (total)		**588**	**14**	**82.35%**
	<30	69	0	0%
	30-50	380	5	29.41%
	>50	139	9	52.94%
Female (total)		**332**	**3**	**17.65 %**
	<30	42	0	0%
	30-50	212	1	5.88%
	>50	78	2	11.76%
Other (total)		**1**	**-**	**0%**
	<30	1	-	0%
	30-50	-	-	-
	>50	-	-	-
Not stated (total)			**-**	
	<30		-	
	30-50		-	
	>50		-	
Total		**921**	**17**	**100%**

5.3 Targets and metrics

Social protection

With the exception of the employees in Singapore, all employees of the Group are currently covered by social security in the event of illness, unemployment, accidents at work, parental leave and retirement. In Singapore, none of the employees are insured against unemployment, as there is no legal framework for this eventuality.

Figure 24 – Social protection

Country		Germany	France	Italy	Poland	China	Singapore	Korea	Taiwan	Japan	Americas
Illness	Public programmes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
	Basler benefits	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Unemployment	Public programmes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
	Basler benefits	No	No	No	No	No	No	Yes	Yes	No	No
Accidents at work and disability	Public programmes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Basler benefits	No	No	No	No	No	Yes	Yes	Yes	No	Yes
Parental leave	Public programmes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
	Basler benefits	No	No	No	No	No	No	Yes	Yes	No	Yes
Retirement	Public programmes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Basler benefits	Yes	Yes	No	No	No	No	Yes	Yes	No	Yes

5.3 Targets and metrics

Training and skills development

As a technology and innovation-driven company, the skills of our employees are of particular importance to the company's success. Employee development is an important building block for the implementation of the Group's growth strategy in a dynamically evolving market. Addressing the shortage of skilled labour presents a major opportunity for internal development along the targeted growth path. In addition, the transfer and documentation of knowledge is an important factor in retaining expertise within the company. Digital transformation means that there will be areas of work in which automation will prevail, and employees will need to deploy their skills in the pursuit of new areas of work. At the same time, development and training has an important positive impact on the job satisfaction of employees and their prospects as qualified specialists.

The Group has adopted a needs-based training and further education policy and offers employees a wide range of individual training and further education opportunities as well as development measures, which are also set out in the framework company agreement on employee development. The Group uses university partnerships and dual curriculum degree programmes to develop budding talent and adapt to future needs within the company.

In 2024, the agreed annual performance reviews and development discussions were carried out on average for 71% of the active employees across the various business units of the corporation (Figure 25). Participation across genders varied from 42% for male employees, to 46% for female employees and 100% for diverse employees.

The data shown in Figure 25 is collected by the Group's HR department using a learning management system – Basler Academy – at the end of the year. All companies within the Group (except China) use Basler Academy. China uses a proprietary learning management system. The training data obtained was consolidated with the data from the Basler Academy.

Figure 25 – Training and skills development

		Executive Management	Research and Development	Operations	Administration	Marketing/Sales/Communications
Percentage of employees who have participated in regular performance and development reviews		100 %	60 %	58 %	43 %	95 %
Average employee training hours	Male	7.44	6.36	6.62	5.54	7.73
	Female	9.94	8.37	6.40	11.00	6.00
	Other / Divers	-	-	-	7.03	-
	Not stated	-	-	-	-	-

5.3 Targets and metrics

Occupational health and safety

Safety and a healthy working environment are, without exception, top priorities at the Group and are incorporated into all activities and in all areas of the company. This involves adhering to the highest standards and consistent compliance with the legal requirements. As a matter of principle, the Group has adopted a culture of foresight and the exclusion of potential hazards prior to the use of new equipment, workstations or operating resources. These principles apply throughout the Group.

Varying health and safety requirements are in place at the various locations of the Group worldwide, depending on the type of activities and national laws. Special regulations and actions apply in Ahrensburg and Singapore, as production also takes place at these locations in addition to office work. All other locations feature only office work, plus light warehouse work (receipt of goods and preparations for dispatch) and, to a lesser extent, work on equipment such as test stations. The hazardous substances used at the production sites are essentially limited to cleaning agents, soldering paste and lubricants.

A separate manual regulates the roles, responsibilities and rules for occupational health and safety at the production sites in Ahrensburg and Singapore. Regular risk assessments are performed at both locations and the documented results are reported to the Executive Board and local management on a quarterly basis at meetings of the Occupational Health and Safety Committee.

The Occupational Health and Safety Committee is made up of representatives of the employer, the works council, employees and company doctors. Among other things, hazardous goods storage, emissions and particulate matter within buildings as well as other risks to employee health are reviewed. The focus in the 2024 financial year was explicitly on the topics of mental stress and alerting first aiders.

5.3 Targets and metrics

All employees must undergo regular instruction and training on occupational health and safety and, at the production sites, also on ESD protection (electrostatic discharge) and maintaining cleanroom conditions. In Ahrensburg, regular occupational health and safety inspections are carried out by the employers' liability insurance association and by the state authority in Singapore. Aside from the customary fire alarm systems, sprinkler systems and fire extinguishers, the safety equipment also includes smoke extractors and special air circulation systems. Protective equipment is provided depending on the risk assessment; in production, these include safety shoes, safety gloves, respiratory masks, safety goggles or ear defenders in particular, depending on the activity.

A hazardous substances officer is responsible for the authorisation of hazardous substances at the main production site in Ahrensburg. This officer prepares operating instructions on handling, protective measures and information on potential health hazards for each authorised hazardous substance. Like all safety instructions, instruction is provided by the supervisor, and the contents are publicly available to all employees on the intranet.

The company also works with the Fürstenberg Institute, which assists the company in health management. The focus here is primarily on psychological counselling and the prevention of stress factors. The service is anonymous and free of charge for employees of the company.

Figure 26 – Occupational health and safety

	Basler workforce
% coverage of employees by the health and safety management system	100 %
Number of deaths due to work-related injuries and illnesses	0
Number of reportable work-related illnesses	0
Number of days lost due to work-related injuries, illnesses and fatalities	63
Number of reportable accidents at work	4
Rate of reportable accidents at work (accidents at work/hours worked x 1,000,000)	2.61

Methodology for Figure 26: The definition of occupational accidents abroad was assumed equal with the definition of accidents at work in Germany. Real data on working hours was collected for Germany to calculate the rate of reportable accidents at work. Working hours for the foreign companies were estimated on the basis of the average annual working hours less holidays.

5.3 Targets and metrics

Remuneration metrics

Figure 27 – Remuneration metrics

	2024	2023	2022
Gender pay gap	18.18 %	18.42 %	20.6 %
Ratio of the annual total remuneration of the highest-paid individual to the median	6.04	7.45	8.27

The gender pay gap shown here draws on unadjusted data, gross total remuneration paid and benefits in kind. Benefits in kind are based on real data for Germany, China and Singapore. For Italy, France and Poland, the benefits in kind were estimated on the basis of the real data for Germany. Benefits in kind for Japan, Korea, Taiwan and the USA were estimated on the basis of real data for Singapore. Remuneration is calculated on an hourly basis in order to enable comparability, even for part-time work. The pay gap between male and female employees continued to decline in 2024 compared to the previous year, following a significant drop from 2022 to 2023. The ratio of the annual total remuneration of the highest-paid individual to that of the median pay is shrinking at the same time consistently since the first data collection in 2022.

Among other things, this is due to the voluntary waiver of salary components by the members of the Executive Board in response to the economic situation.

The adjusted pay gap for employees in Germany is currently 0.05% and is mainly due to individual factors.
To determine the adjusted pay gap, the unadjusted pay differences are adjusted for partial time effects and all employees are assigned to pay groups. Grouping according to pay grade is based on training, influence and responsibility. This means that employees within a pay group are comparable, and the pay group enables calculation of the adjusted pay gap. The difference to the unadjusted pay gap can be explained almost entirely by the fact that the number of male employees who hold management positions in the company or are employed in the Research and Development department is larger than the number of female employees in these areas. It was not possible to determine the adjusted pay gap for the foreign companies of the Group due to limited data availability.

5.3 Targets and metrics

Incidents, complaints and serious impacts related to human rights

One case of discriminatory harassment became known in the 2023 financial year. A lawyer brought the case to the attention of the Executive Board and the Compliance Team by email. The incident was investigated by the Compliance Team and the employee was sanctioned for their misconduct according to labour law. This case was brought to a conclusion by court settlement In the 2024 financial year with the award of a compensation payment of €1,250 to the injured party.

Three further incidents of discrimination (including cases of harassment) were reported in the 2024 financial year. One of these cases was closed due to a lack of legal relevance. The Group conducted a follow-up training programme on leadership and culture at the company concerned. The two other cases are still pending at the time of reporting.

Figure 28 – Incidents and complaints concerning human rights

	2024
Reported incidents of discrimination (including harassment)	3
Number of other complaints filed (excluding discrimination)	0
Fines, sanctions and compensation payments in connection with discrimination	€ 1,250
Number of serious human rights violations established (e.g. forced labour or child labour)	0
Fines, sanctions and compensation payments for serious human rights violations	€0

06

Workers in the value chain (ESRS S2)

Compliance with occupational health and safety standards and human rights in the upstream value chain

The ESRS consider a variety of topics in connection with workers in the value chain. Relevant topics essentially include working conditions, equal treatment and labour-related rights. In the context of the Group's business model, the recognisable key issues are the occupational health and safety of workers, as well as child and forced labour in the upstream value chain.

6.1 Material impacts, risks and opportunities

Potential negative impacts and risks from the use of conflict minerals

Basler products require minerals such as tin, tantalum, tungsten, gold and cobalt. These are classed as conflict minerals and extracted in mines in the upstream value chain. Conflict minerals are used in many electronic devices and other industries. In certain regions, the extraction of conflict minerals is associated with human rights violations (e.g. forced or child labour), armed conflicts, exploitation and dangerous working conditions. There are particular risks of child or forced labour in regions marred by poverty, political instability and dependence on mineral exports. These include, for example, the Democratic Republic of Congo, Myanmar, Venezuela, Colombia, India and China.

The Group assesses the occurrence of these potential impacts as possible. The scope and scale are estimated to be limited, as the still sparse but evolving transparency of suppliers with regard to freedom from conflict and obligations to comply with minimum standards within the supply chain is continuously reducing the number of potentially affected persons. The Group's options to take action are limited, as these are activities in the distant, upstream value chain over which the Group can only exercise indirect control over third parties.

6.1 Material impacts, risks and opportunities

The extraction of conflict minerals may also create potential negative impacts in regard to harming the environment. These are analysed in more detail in Chapter 3 (Environmental pollution). The outlined impacts may also pose a potential financial risk for the Group. Along with a lack of transparency in the supply chain, suppliers may violate the Group's business principles (e.g. Conflict Minerals Policy) as well as labour protection and human rights standards. This may potentially result in reputational damage for the Group and hence also in sales losses with minor to noticeable impacts.

Potentially positive impacts of the Group's risk management processes and whistleblower system

The Group's efforts in recent years to establish a more complete risk and opportunity analysis, its own whistleblower system and comprehensive standards in the selection and monitoring of suppliers may have a positive impact on workers in the value chain. By engaging in these efforts, the Group hopes to improve compliance with labour-related laws, minimum standards and human rights along the entire upstream value chain.

The Group rates the probability of occurrence of these positive effects as possible, but the individual scope and scale as limited to moderate. Looking at the impact at industry level, the scope and scale can have a significant influence through targeted cooperation between several companies. The trend shows that business efforts are exerting an increasingly positive effect in this context across the industry.

Potential opportunities to improve supply chain stability

Supplier qualification as practised increasingly by the Group in the context of sustainability and product compliance may lead to a more resilient and diversified supplier portfolio in the medium to long term. The reduction of intransparency creates better risk and opportunity management, which helps to identify and address reputational risks, dependencies and location risks. Doing so improves supply chain stability and reduces regulatory risks, which can contribute to sales continuity.

The Group views it as probable that these opportunities will materialise and expects a low to noticeable financial impact in the long term.

6.2 Strategies and actions

Strategies

Respect for human rights, ILO labour standards, occupational health and safety and employee rights are inalienable principles for the Group. The principles and standards of cooperation with suppliers are set out in the the Group Code of Conduct and in the the Group Conflict Minerals Policy.

The contents of the the Group Code of Conduct include

- compliance with employment-related laws and guidelines as a minimum standard,
- compliance with human rights on the basis of the UN Human Rights Charter,
- effective occupational health and safety,
- the ILO core labour standards, including the right to freedom of association and collective bargaining, the ban on child labour and forced labour,
- fair treatment and protection against discrimination based on gender, age, skin colour, origin, nationality, religious affiliation, sexual orientation, disability, certain political views or trade union activity,
- protection against harassment,
- freedom of expression,
- compliance with competition and antitrust law,
- prevention of corruption, bribery and corruptibility,
- handling of personal data,
- sustainable environmental and climate protection.

6.2 Strategies and actions

The Group's Code of Conduct does not explicitly address the issue of human trafficking. However, the Group's commitment to respect human rights suppliers but the UN Human Rights Charter in Articles 4, 5, 13 and 23 indirectly includes a condemnation of practices associated with human trafficking. The Group does not currently have a specific code of conduct for suppliers but expects the acceptance of the Group's Code of Conduct as the basis for a supplier relationship.

The contents of the voluntary company guidelines on conflict minerals include

- the aim of curbing the trade in conflict minerals,
- the assurance to refrain from contributing indirectly to human rights violations, exploitation, mistreatment of local communities, environmental pollution, corruption or similar abuses in conflict areas,
- the commitment to tracing the origin of tin, tantalum, tungsten, gold and cobalt in purchased components and products as far as possible and to avoiding any involvement in their trade if they originate from the conflict areas listed in the Dodd-Frank Act Section 1502 or in EU Regulation 2017/821.

These principles are the basis for selecting suppliers, supplier audits and the risk analysis conducted by the purchasing organisation. Key suppliers are chosen for audits and supplier visits based on the purchasing volume and their materiality for the Group. They are audited before each contract is concluded; suppliers are also inspected annually at least one or two times each year. Current suppliers are audited every two years or more frequently if necessary.

Information on violations is included in the risk analysis of the purchasing organisation and in the materiality analysis of Sustainability Management.

Inclusion and elimination of negative effects on workers in the value chain

The Group does not have a general procedure for direct cooperation with affected workers in the value chain. Due to the lack of a direct business relationship and a lack of transparency in the supply chain up to the workers who are essentially affected, it is not possible for the Group to identify those directly affected in order to enable their involvement. As far as possible, the Group attempts to represent the interests and viewpoints of those affected through proxy stakeholders (credible representatives), such as direct contractual partners (suppliers), industry-specific risk analyses and information obtained through the whistleblower system.

As part of the whistleblower system, all executive bodies, managers, employees and external persons (including workers in the value chain) can report violations of the Group's Code of Conduct, the Conflict Minerals Policy or violations of the law in an operational context. At present, the Group does not have procedures in place to assess whether workers in the upstream value chain are aware of the existing whistleblower system.

6.2 Strategies and actions

Chapter 8.2 contains further details on the Group's whistleblower system and the protection of whistleblowers.

Actions

The Group has adopted the following actions to reduce the potential negative impacts and risks associated with the use of conflict minerals:

- Risk management through the Conflict Minerals Policy.
- Detection and remediation (see ESRS S2, Chapter 6.2, Inclusion and remediation of negative impacts on workers in the value chain).
- Monitoring of compliance with business principles and guidelines through supplier audits.
- Target for a ‘Conflict-free supply chain’ (see ESRS S2, Chapter 6.3, Targets).
- Transparency towards end customers by providing a Basler CMRT and EMRT.

The Group’s Conflict Minerals Policy defines a set of actions and guidelines for implementation. These include, for example, the use of alternative raw materials in product development demanded, reduce points of contact with conflict minerals and to comply with the demand for proof of conformity from the supply chain in accordance with the RMI (Responsible Minerals Initiative). In addition, if risks are identified, corrective actions are demanded or violations are sanctioned with contractual consequences.

6.2 Strategies and actions

The Group's Supplier Quality Management is part of the purchasing organisation; it is responsible for risk assessment and monitoring compliance with supplier obligations. Self-disclosures and on-site audits at the production sites can be used to identify potential risks or violations of the Group's guidelines or business principles. A risk assessment to prioritise the Group's audit activities may be performed, for example, on the basis of information received on the handling of conflict minerals. Four supplier audits were conducted in the 2024 financial year. No violations of the Group's guidelines or business principles were identified. The Group supplier structure is essentially characterised by a division into large and internationally active suppliers, who must comply with the strictest requirements of their global and well-known customers, and some smaller regional suppliers, most of whom are subject to high European statutory occupational health and safety standards and employee protection rights. Due to its size, the Group can exert a certain amount of influence on the latter in its role as a buyer if violations of the standards described above become known. At the same time, there is increasing pressure on the largest international suppliers to provide greater transparency right up to the mines and smelting furnaces within production. The Group acts as a risk intermediary. The Group offers long-term partnerships to incentivise greater transparency in the supply chain.

For transparency towards external parties, the Group plans to provide its own CMRT (Conflict Mineral Reporting Template) and an EMRT (Extended Mineral Reporting Template) in accordance with the RMI in 2025. This makes clear which conflict minerals are contained in Basler products, where they come from and how much information the Group possesses about its own supply chain. Providing complete Basler CMRT and EMRT documents will require sufficient information from the upstream value chain. The Group began collecting and consolidating the relevant information in 2024. A sufficient dataset is expected for the 2025 financial year.

The utilisation of opportunities to improve supply chain stability is also based on the actions described above.

Sustainability Management evaluates the effectiveness of the actions described at least once a year together with the relevant departments: Purchasing, Product Compliance and Legal. Newly acquired information on impacts, risks and opportunities in connection with workers in the value chain is assessed and findings on problems or incidents relating to occupational health and safety and human rights are examined. No serious problems or incidents relating to human rights within the upstream or downstream value chain were reported or uncovered during the reporting period.

6.3 Targets

Based on the potentially negative impacts and financial risks associated with the use of conflict minerals, the Group committed itself in the 2024 financial year to the goal of confirming at least 75% of the supply chain as conflict-free by the end of 2028. To this end, the Group plans to assess all suppliers, materials and components to ensure their conflict-free status. At present, achieving a 100% conflict-free status is not considered a realistic goal, as the external conformity assessment of the smelters in the supply chain, for example, is subject to continuous change. In addition, the assessment is based on voluntary self-disclosure, so it is possible that suppliers may refuse to disclose information.

The Group uses standardised documentation and reporting tools from the Responsible Minerals Initiative (RMI) to assess conflict-free status. These are the 'Conflict Mineral Reporting Template' (CMRT) and 'Extended Minerals Reporting Template' (EMRT). These tools aim to collect supply chain information, confirm compliance with legal regulations, increase transparency through standardised and traceable communication, and identify compliant smelters and refineries to enable the traceability of materials.

As an interim goal, the Group planned to assess the top 50 suppliers by the end of 2024 using the criteria outlined above. In total, these 50 suppliers represent around 90% of the purchased volume. At the time of reporting, the Group had requested CMRT and EMRT documentation from all top 50 suppliers. Responses to the assessment are already available for 28 of the 50 suppliers surveyed.

As a result, the absence of conflict was confirmed for 23 of 28 suppliers based on the CRMT and EMRT surveys. This means that 23 of the top 50 suppliers were assessed as conflict-free as per the reporting date. This corresponds to 42% of the purchasing volume. Upon enquiry, 4 out of 28 suppliers were unable to confirm the conflict-free status. Further information must be obtained for a supplier assessment. Cases of unconfirmed conflict-free status may result, for example, from a lack of data on the supply chain. Here, the purchasing organisation works with Sustainability Management and affected suppliers to create the necessary transparency.

The Group will demand corrective action from the relevant contractual partner, setting a deadline under caution of sanctions if the risks identified cannot be ruled out by a more in-depth examination and if violations of the Group's Conflict Minerals Policy are proven to be probable. The Group will take contractual action in the event of a persistent breach; the business relationship may then be terminated either temporarily or permanently.

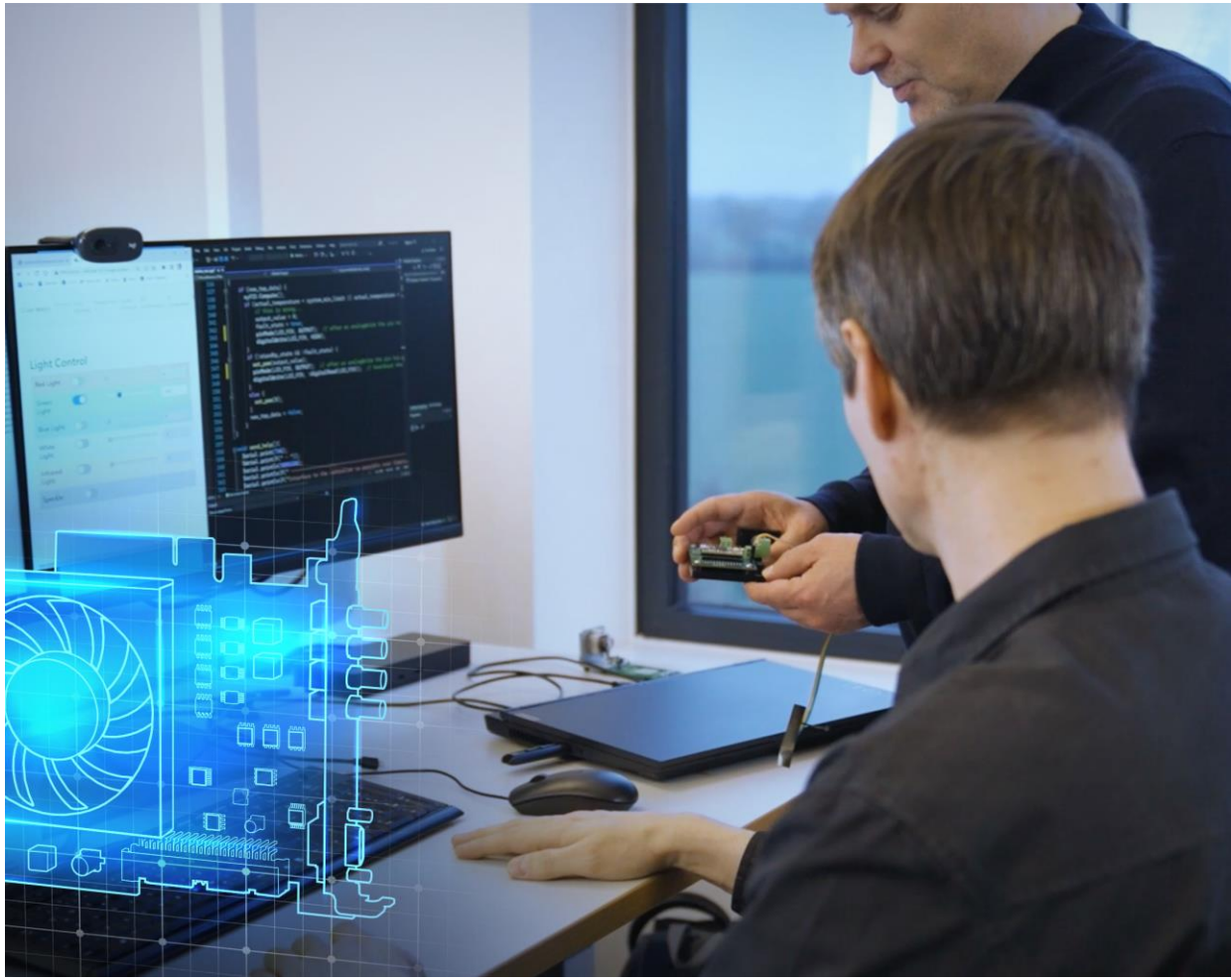
Due to the aforementioned limitations in the identification and involvement of directly affected workers in the value chain, the Group is unable to work with affected parties to define, track and identify opportunities for improvement.

07

Consumers and end users (ESRS S4)
Product innovation, data security and health protection

7.1 Material impacts, risks and opportunities

As an important group of affected stakeholders, the Group has considered the potential and actual impact on consumers and end users for the first time in this non-financial report. It should be noted that the Group's business model means that there is only rarely a direct business relationship between the Group and consumers or end users. The Group's customers are predominantly commercial companies, such as system integrators, machine manufacturers and distributors. The conventional definition of consumers therefore does not apply to the customers and users of Basler products and solutions. In the end application, Basler products are often used autonomously, without direct contact to the end user. However, human intervention is required during installation, maintenance and, depending on the application, also during operation of the products, which enables direct contact between Basler products and end users.



7.1 Material impacts, risks and opportunities

Information on the views of consumers and end users was obtained from 'credible proxies', in particular the Group's customers. These proxies are involved via various channels, both in the form of correspondence and surveys as well as through verbal communication. The sales organisation holds regular and ad hoc discussions with the Group's customers about consumer interests several times a year. In addition, viewpoints are captured via customer-driven benchmarking and rating processes, such as EcoVadis or IntegrityNext, and updated through annual assessment processes. Additional communication on the needs of consumers takes place within the framework of standard industry association work, in particular in regular discussions (several times a year) at events organised by the VDMA (German Engineering Federation). The information is consolidated at sustainability management level and is therefore the operational responsibility of the CFO.

To summarise, the interests of consumers and end users can be traced primarily to the use of secure products with regard to health protection and data security. There is also an interest in energy-efficient, resource-efficient, socially responsible and durable Basler machine vision products.

The insights into the views of consumers and end users are integrated into the business strategy and the risk and opportunity management process through the double materiality analysis. The Group's aim is to identify and minimise potentially negative effects, exploit economic opportunities and improve competitiveness.

As part of the double materiality analysis, the interests of consumers are placed on an equal footing with the viewpoints of other interest groups in the materiality assessment.

One outcome of these insights is the focus of research and development on energy-efficient products and the investigation of ways to increase the use of recycled materials. Going forward, for example, the increased use of recycled aluminium for camera housings might be considered in order to conserve resources and reduce greenhouse gas emissions.

Material impacts, risks and opportunities in connection with affected consumers and/or end users (as defined in ESRS 2, Chapter 1.1, Scope of consolidation) include:

Potential opportunities through product innovation in the context of sustainable vision products

These potential opportunities for the Group arise from the growing interest among consumers in energy- and resource-efficient, socially responsible and durable vision products. These customer needs can be addressed and the resulting opportunities exploited by the Group's own research and development, as well as the support of other in-house departments. Crucial factors in this regard include product innovations focusing on energy consumption, aspects of the circular economy such as the use of recycled raw materials and the reduction of electronic waste as well as actions for conflict-free supply chains.

7.1 Material impacts, risks and opportunities

Responding to these customer needs may lead to the development of new sales markets and increased sales. The Group also has the opportunity to strengthen customer satisfaction and customer loyalty, which in turn has a positive impact on long-term business success. Moreover, there are positive effects for consumers and end users, as the use of energy-efficient products, for example, contributes to their own reduction in greenhouse gas emissions.

The Group considers these potential opportunities to have a high probability of occurrence and rates them as relevant in the medium- to long-term.

Potential negative impact of cyber security attacks on vision products sold by the Group

These potential impacts relate to the possible loss of data by consumers and end users caused by third parties as part of a cyberattack on Basler hardware and software used by consumers. Such an attack might result in data loss, ransom demands, data breaches, data recovery costs and reduced machine availability. As a result, there is also a potential financial risk for the Group, in particular due to potential reputational damage and possible recourse claims.

Basler's camera products are used, for example, to monitor industrial processes, in quality control and for process automation. This involves, for example, the capture of anonymous image information about process sequences. Basler products can also be used to observe human behaviour, for example in the context of monitoring customer behaviour in supermarkets. However, the Group does not develop or distribute any personal identification software that collects, processes or analyses personal data. In this context, the risk therefore relates exclusively to image data collected by Basler vision products, not to personal data of consumers.

In view of the increasing frequency of cyber attacks on companies, the risk of such an incident is considered probable in principle. However, Basler products are generally used in an application that is shielded from the outside world. Basler components are connected to end users' machines but have no external connection that would enable direct external access. A cyberattack on Basler products would therefore only be possible indirectly via third-party software additionally used by end users, if the end user establishes an external connection on their own responsibility, as well as by directly accessing Basler products on site.

Whether the described effects actually occur also depends on the intention of the attackers and the IT security of the consumer company concerned. Overall, the Group considers the probability of such incidents among end users to be a low to medium risk and assesses this potential negative impact as relevant in the short-, medium- and long-term.

7.1 Material impacts, risks and opportunities

Potential negative impacts on the health of consumers and end users

These potential impacts relate to the possible and accidental exposure of consumers to cadmium and lead compounds that could be released as a result of accidents and damage (e.g. fire) of a Basler product (see ESRS E2, Chapter 3.1, Significant impacts, risks and opportunities). Given that some purchased components of Basler products contain small amounts of cadmium and lead, there is a potential risk of damage to the health of consumers and end users, for example in the event of them inhaling fumes. This risk only concerns consumers who could come into direct contact with substances released by Basler products in the event of an accident or damage.

However, due to the low probability of exposure, the potential risk to consumers and end users is assessed as low. As the Group is actively working on reducing substances of very high concern contained in purchased product components, the potential risk is also classed as short- to medium-term. For more information about strategies and actions, refer to ESRS E2, Chapter 3.2, Strategies and actions.

7.2 Strategies and actions

Strategies in connection with consumers and end users

Material impacts, risks and opportunities in connection with consumers and end users are addressed by the generally applicable sustainability strategy and risk and opportunity management processes (see ESRS 2, Chapter 1.2 - Governance). The aim in this case is to identify impacts, risks and opportunities at an early stage, conduct a thorough assessment and then prioritise them based on risks and opportunities.

The identification of impacts, risks and opportunities is part of the double materiality analysis (DMA) and is updated every two years. Any material changes in the market or competitive environment or in consumer needs that become apparent in the meantime are addressed outside the regular DMA cycle.

The assessment of identified impacts, risks and opportunities is carried out within the standardised risk and opportunity management process (see ESRS 2, Chapter 1.2, Due diligence, internal controls and risk management) and is based on the ESRS requirements. Impacts are assessed on the basis of scope, scale, irreversibility and probability of occurrence; risks and opportunities are assessed on the basis of scale and probability of occurrence.

The options for eliminating material impacts are developed individually in response to the situation and context. Risk assessment and time horizons are crucial factors here, as we as the opportunities for the Group to exert influence. These strategies cover all consumers and end users.

The principles of respect for human rights as set out in the the Group Code of Conduct based on the UN Charter apply to the entire Group, over and above the respective statutory minimum requirements. This also includes respect for the human rights of consumers and end users, such as the right to information, consumer rights and protection against economic exploitation.

Like all stakeholder groups, consumers also have the opportunity to report violations of human rights via the Group's whistleblowing system. Details on the reporting and remediation procedure for human rights violations are provided in the general description of the the Group Whistleblower System procedure (see ESRS G1, Chapter 8.2, Whistleblower system and protection of whistleblowers).

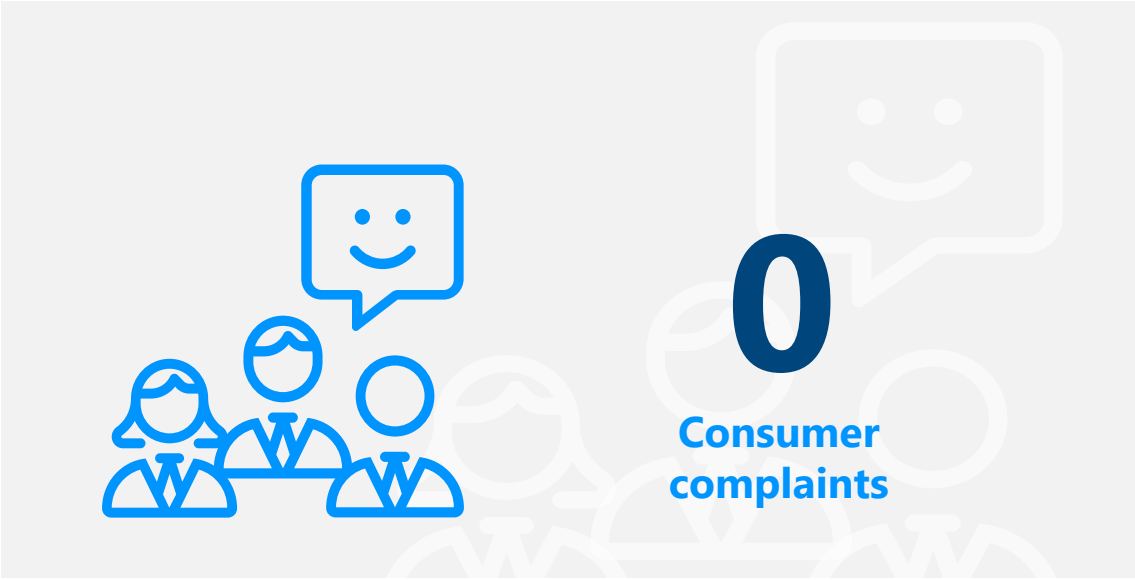
No cases of human rights violations in the downstream value chain were submitted in the reporting period.

7.2 Strategies and actions

Procedures and reporting channels for remedying negative impacts

Procedures and reporting channels for remedying negative impacts correspond to the description in ESRS G1, Chapter 8.2, Whistleblower system and protection of whistleblowers. The whistleblower system is also accessible to consumers via Basler's external website. Due to the lack of a direct business relationship, the reporting structures were not used by consumers in the 2024 financial year (see Figure 29).

Figure 29 – Consumer complaints



Actions to minimise material risks and exploit material opportunities

Sustainable product innovation

The inherent innovative strength of the Group represents a significant opportunity to contribute to sustainable business success. Computer vision is a growth market that can benefit from increasing automation and technological advancement in other sectors. The Group is taking a wide range of actions to meet the diverse customer requirements for energy- and resource-efficient, socially responsible and durable vision products.

With its 238 employees (full-time equivalents) in 2024, the Group's own research and development function represents one of the most important actions for contributing to sustainable product innovation. Every fourth position within the Group works on the development of new vision products and the continuous improvement of the current portfolio. The Group recognises the potential of product innovation geared towards sustainability and plans to discuss development targets for 2025 with regard to energy efficiency and resource consumption.

Actions relating to socially responsible, conflict-free supply chains are implemented by the purchasing organisation in collaboration with Central Sustainability Management.

Although the Group is a downstream organisation and is hence not directly involved in metal production or import, it still entered into the commitment in

7.2 Strategies and actions

2022 to curb trade in conflict minerals by introducing the Group Conflict Minerals Policy. This is done with the intention of not indirectly contributing to human rights violations, exploitation and mistreatment of local communities, environmental pollution, corruption and similar abuses in conflict areas. Planned supplier qualification processes were launched in 2024 (see ESRS S2, Chapter 6.2, Strategies and actions), with the aim of assessing conflict-free status in sourced product components from the upstream value chain, among other things. Where violations are identified in this process, the Group will demand corrective actions and, in the event of persistent violations, take contractual action, up to and including termination of the business relationship. The Group also endeavours, as far as possible, to avoid the use of conflict minerals during product development and to expand the use of alternative raw materials.

Actions relating to durable products begin with quality standards when selecting components and extend through the product development process to the repair of damaged products. The Group takes action at all these levels, such as purchasing high-quality components and operating its own repair centre (see ESRS E5, Chapter 4.2, Basler Repair Center). This results in an above-average product service life of approx. 7.5 years, which can often be extended to over 10 years at the customer's request by using the Basler Repair Center.

7.2 Strategies and actions

Data security

The Group mainly uses hardware and software developed in-house, so that a high degree of control and security over its own products can be guaranteed. External (open-source) software is used to a small extent, e.g. for standardised interface components. This is checked for malware by internal control processes prior to use.

The Group has adopted a software release process with multiple security mechanisms that ensures high quality and reliability of the software components and minimises the risk of data leaks and vulnerability of Basler components. Special processes with a high level of unit test and automated test coverage are used in development, such as 'pair programming' (an agile software development technique in which two developers work together on one computer to write and review code), 'review processes' (systematic methods for reviewing code, architecture or other development artefacts) and 'continuous integration' (a practice in which code changes are regularly and automatically integrated into a shared repository). This method aims to automate development processes and improve the quality of the software. Secure sign-in for the build and release procedures also protects against counterfeits, so that customers can always rely on the Group as the source of original software.

The topic of data security will become increasingly relevant going forward as software and cloud services expand. In this context, additional test procedures (e.g. penetration tests) are carried out to ensure the highest possible level of data security.

At the Group, quality assurance in the software development process is ensured both by internal control processes, e.g. a check of the final release by the Central Quality department, and by external certifications (ISO 9001).

If an infection of the software components with malware is detected despite all these measures, the implemented design processes ensure that customers can install updates using the software provided by the Group.

Health protection

To summarise, the main actions to reduce potential negative effects on consumer health due to the presence of substances of very high concern in purchased product components consist of improving the dataset, transparent communication to external parties and substitution of affected components.

Further details on actions can be found in ESRS E2, Chapter 3.2, Strategy and actions.

7.3 Targets and metrics

As the opportunities in the areas of product innovation and the potential impact on data security and the health protection of consumers and end users were first formally identified in 2024, the Group has not yet defined any temporal and result-oriented targets.

There are plans to evaluate a specific target on the topic of sustainable product innovation for the 2025 financial year. A particular focus here is on the circular economy, e.g. the proportion of recycled materials in Basler products. The Group is already monitoring the development of opportunities in this area within the scope of available data. For example, trends in repair requests are analysed at the Basler Repair Center. In the absence of a specific target, the Group assesses the effectiveness of actions relating to sustainable product innovation by looking at expenditure on research and development, as well as the number of patents, utility models, designs and brands. A total of €28.5 million was spent on research and development in the 2024 financial year. This corresponds to a change of -15% compared to the previous year. At the end of the 2024 financial year, the company is the owner of 119 patents and patent applications (previous year 120), of which 63 patents are in force (previous year 58) and 56 patent applications (previous year 62) are pending. The Group also owns 4 utility models, 22 designs and 173 registered trade marks.

Specific targets in connection with conflict-free supply chains are described in ESRS S2, Chapter 6.3, Targets.

No measurable targets are planned for the effects on data security and health protection in the short term. This is due to current inadequacies in the dataset that would be necessary to formulate credible and realistic targets. The effectiveness of actions relating to data security is monitored by the Group's internal Quality department, external quality management audits and feedback from any affected customers. ESRS E2, Chapter 3.4, Targets describes the process for tracing the efficacy of actions in relation to health protection.

No incidents of serious human rights violations in connection with consumers were reported in the 2024 financial year.

08

Business Conduct (ESRS G1)

8.1 Governance
8.2 Strategies, actions and metrics

8.1 Governance

Administrative, executive and supervisory bodies

The Executive Management is tasked with the Group’s responsibility for Business Conduct. The responsibility for the internal Control System as well as the risk and compliance management system lies under the responsibility of the CFO. The CEO is responsible for the internal Audit. This responsibility extends to the entire Group, including beyond the Company’s locations in Germany. The Group's Compliance Team consists of four members: Head of HR, Head of Legal, CCO/COO and Chair of the General Works Council. The specialist responsibilities of this team in different areas of business operations ensure sufficient expertise in relation to various aspects of business conduct.

The Compliance Team maintains a structured, monthly dialogue to ensure compliant management and operation. Once a year, the Compliance Team reports to the Executive Board and, if required, up to twice a year to the Group's Audit and Sustainability Committee. The involvement of a member of the Executive Board in the Compliance Team also ensures regular communication on current issues with the Executive Board team.

8.2 Strategies, actions and metrics

Based on the identified materiality (see ESRS 2, Chapter 1.6, Management of impacts, risks and opportunities), the Group reports on the topics of corporate culture, protection of whistleblowers, relationships with suppliers, corruption and bribery as well as lobbying activities and political engagement in the context of business conduct. Animal welfare is not relevant to the Group's business model. The entire value chain, including all locations of the Group, was analysed to determine material impacts, risks and opportunities.

The Group commissioned an externally supported risk analysis in the 2024 financial year in order to review the governance structures and instruments with regard to the correctness of the risk and opportunity management processes, compliance management and internal control systems for potential improvements. The aim was to identify key risks in order to prioritise improvements. Appropriate actions to improve existing processes will be evaluated and implemented incrementally from 2025.

Corporate culture

The ultimate goal of corporate management at the Group is to ensure the sustainable success of its business model. This means combining long-term economic success in line with the growth strategy with positive social and ecological impacts on the life quality of all company stakeholders. To this end, the Group is committed to the ethical principles stateded in the Code of Conduct and the Group Family Charter.

This shows that the Group upholds fair competition and acts on the basis of its corporate values. Integrity and trust, as well as appreciation – both internally and externally – are top priorities for the Group. In day-to-day business, these values are communicated to new employees as part of the onboarding process, for example, as well as regularly in the context of town hall meetings, New Year's speeches, internal company events and through intranet content. All content is made available separately to employees in China due to data protection regulations. The Group assumes responsibility by carefully weighing the economic, technological, social and ecological consequences of corporate decisions and actions and by seeking to strike a balance between the interests of various stakeholder groups – shareholders, employees and customers.

As part of its business activities, the implementation of its corporate strategy and the realisation of its objective, the Group pays strict attention to compliance with applicable laws and expects this equally from employees (see ESRS S1, Chapter 5.2, Strategies and actions) and business partners (see ESRS S2, Chapter 6.2, Strategies and actions). The Group's corporate culture builds on the responsible and ethical behaviour of each individual employee as the foundation for sustainable success.

8.2 Strategies, actions and metrics

The Executive Board attaches great importance to maintaining the good culture shaped by a strong team spirit. The company has adopted an ‘open door’ policy, and the Executive Board and managers are always available to address employee concerns. In recent years, the company has been honoured four times with the Best Managed Companies Award for excellence in corporate management to recognise its outstanding entrepreneurial performance in the areas of strategy, productivity and innovation, culture and commitment as well as corporate management and finance.

Whistleblower system and protection of whistleblowers

As part of the whistleblower system, all executive bodies, managers, employees and external persons are able to report violations of the Group's Code of Conduct, company operating procedures or laws in a business context. They can do so via various channels, either verbally, in writing or in person. This includes reporting to the Group's Compliance Team (compliance@baslerweb.com), the Executive Board or via the electronic whistleblower system (https://baslerweb.integrityline.app/). Details of the reporting channels described are included in the mandatory training for all employees described below (see ESRS G1, Chapter 8.2, Corruption & bribery).

All information is forwarded to the Compliance Team and documented centrally in the EQS Integrity Line electronic system. Information is generally reviewed by the Compliance Team, which consists of Head of HR, Head of Legal (with the support of external lawyers), CCO/COO and Chair of the Works Council. The Compliance Team ensures the appropriate, prompt and independent investigation of suspected cases, incidents or violations and the implementation of actions. The whistleblower is entitled to information about the findings of the review of the whistleblowing report and any measures taken or planned as a result, as well as the reasons, provided that this does not affect internal enquiries or investigations or the rights of the persons who are the subject of the report. This information is provided no later than three months after confirmation of receipt.

The Group protects the confidentiality and anonymity of the whistleblower to the scale permitted by law and insofar as this is compatible with conducting an adequate investigation. In particular, the use of the EQS Integrity Line electronic system does not permit any conclusions concerning the identity of the person providing the information.

8.2 Strategies, actions and metrics

Confidentiality also applies to the persons who are the subject of a report or who are named in a report.
No whistleblower may suffer reprisals, retaliation or other negative consequences as a result of submitting a report. The Group warrants that it will prevent repressive or discriminatory actions against the whistleblower and to penalise any such actions if necessary. This does not apply if the whistleblower was actively involved in the reported offence.

The regularity of these structures is assessed as part of the annual compliance reporting to the Executive Board and Supervisory Board. Key figures for the annual non-financial reporting are also analysed and published. A significant increase in whistleblower reports was noted for the 2024 financial year (eight reports in 2024, one report in 2023). This is viewed positively by the Group's Executive Board, as it means that stakeholders are more aware of procedural and reporting processes.

Relationships with suppliers

The principles and standards of cooperation with suppliers in connection with material impacts, risks and opportunities in the supply chain are described in the the Group's Code of Conduct and in the company's Conflict Minerals Policy (for details, see ESRS S2, Chapter 6.2). These principles, including the social and environmental criteria described in Chapter 6.2, are the subject of supplier selection.

The Group focuses on working with small and medium-sized enterprises (SMEs) as an important section of the economy and as a risk diversification strategy to improve supply chain resilience. In the 2024 financial year, the Group procured products or services from a total of 902 suppliers, 709 (79%) of which were identified as SMEs. Statistically speaking, business relationships with SMEs account for around 53% of total expenditure.

The Group is keenly aware of dependencies, particularly with regard to fair payment terms, thanks to its strong collaboration with SMEs. In this context, the Group treats suppliers equally, regardless of the size of the company. Figure 30 shows that the average payment delay (in days) in the 2024 financial year was 10 days. This applies equally to SMEs and larger companies. Regional differences are recognisable to a limited extent, but without any signs of systematic discrimination against SMEs. For example, there is a higher level of late payment of SMEs in China, the Netherlands and Austria, whereas invoices from SMEs in Singapore are paid more quickly.

8.2 Strategies, actions and metrics

The standard payment term (in days) is 60 days on average and globally standardised. The range of payment terms varies between 30 and 90 days. These payment terms are used for around 26% of suppliers (by purchasing volume). Regional application of the standard payment terms varies greatly. The key factor here is the standard payment term of 60 days, which was only introduced a few years ago. Historically, there has been no globally standardised approach, meaning that strong regional differences remain evident. The Group also offers more attractive payment terms to medium-sized suppliers with lower purchasing volumes. In the event of deviations from the standard payment terms, shorter payment terms are therefore predominantly offered to the benefit of suppliers. The majority of smaller suppliers currently benefit from a payment term of 30 days.

There were no legal proceedings against the Group for late payment in the 2024 financial year.

Figure 30 – Fair payment practices

Suppliers (head office)	Standard payment terms (in days)	% of suppliers with standard payment terms	Average payment term delay in days (total)	Average late payment to SMEs
Belgium	60	50%	9	9
China	60	30%	11	12
Germany	60	25%	10	10
France	60	0%	28	28
Indonesia	60	100%	-	-
Italy	60	0%	7	7
Japan	60	10%	5	5
Malaysia	60	60%	15	15
The Netherlands	60	30%	6	7
Austria	60	50%	9	21
Switzerland	60	0%	13	14
Singapore	60	15%	19	8
Taiwan	60	0%	6	6
Czechia	60	0%	4	4
USA	60	20%	11	11
United Kingdom	60	20%	4	5
Total	**60**	**26%**	**10**	**10**

8.2 Strategies, actions and metrics

All due dates to suppliers in 2024 were taken into account to calculate the data shown in Figure 30. Artificial intelligence (AI) was used to identify SMEs in the Group's supplier portfolio. In the first step of the process, all suppliers were checked by AI for company size based on the number of employees. Companies with fewer than 250 employees were categorised as SMEs. To improve data quality, a manual spot check was subsequently carried out by the Group's Sustainability Team.

Corruption & bribery

The Group Code of Conduct sets out clear guidelines and expectations for dealing with corruption and bribery.

Quote Code of Conduct

'Corruption and bribery contradict our understanding of fair competition, integrity and responsible behaviour. Our corporate bodies, managers and employees may not demand, accept, offer or grant any personal benefits (e.g. monetary payments, loans, gifts) in order to gain advantages for themselves or third parties. In particular, we may not offer, promise or grant any personal benefits to public officials.

Insofar as unfair preferential treatment is offered in business transactions in return, we are also not permitted to promise or grant third parties advantages in business transactions for ourselves or third parties. Likewise, we must not promise ourselves or third parties any advantages or allow any advantages to be granted to us.'

8.2 Strategies, actions and metrics

Aside from the whistleblower system outlined above and the associated procedural guidelines for independent and objective investigations, the Group's most important actions for preventing, detecting and combating corruption and bribery include regular mandatory training on the subject of corruption and bribery.

In the 2024 financial year, three electronically based mandatory training courses were conducted by the Compliance Organisation on the topics of 'Compliance Basics', 'Justice at Work' and 'IT Security'. The Code of Conduct (including corruption and bribery) and the whistleblower system are among the actions addressed as part of the Compliance Basics course. In total, the three compulsory training courses last between 60 and 90 minutes. These are mandatory for all employees worldwide, including the Executive Board of the Group. Risk-bearing functions (Purchasing, Sales and the Executive Board) are therefore automatically 100% covered. The Supervisory Board is exempt from mandatory training. As of the reporting date, 80% of employees had completed the Compliance Basics training course. Detailed training on the topic of anti-corruption and the Group's policy on gifts and invitations is also scheduled for the 2025 financial year. Compulsory training courses are repeated every two years.

Beyond these actions, the Group has no strategies to combat corruption and bribery in accordance with the United Nations Convention against Corruption. An expansion of the actions is not planned, as the Group's current risk assessment does not identify any significant risk in connection with corruption and bribery.

Management therefore considers the scope of the obligations set out in the Code of Conduct and the actions described above to be adequate.

There were no reported or confirmed incidents of corruption or bribery in the Group in the 2024 financial year. No fines were paid for violations of corruption or bribery regulations and no actions were taken to address violations of anti-corruption and anti-bribery procedures and standards.

Figure 31 – Whistleblower report

8.2 Strategies, actions and metrics

Political influence and lobbying activities

The Group Corporate Policy on Donations and External Commitments sets out the framework conditions under which the Group supports political and social causes. This stipulates that such sponsorships, which also include membership of associations, are only possible if they are in line with the Group values and ethical requirements such as transparency and political neutrality. All employees are invited to submit suggestions for donations to the Executive Board. The Executive Board authorises (by simple majority) the payment of donations.

The Group did not make any donations to politicians or political parties in the 2024 financial year.

The company is a member of the German Engineering Federation (VDMA) and paid a total of €86,000 in membership fees in the 2024 financial year. There were also material membership fees (>€5,000) for other professional associations: Cross-Business Architecture Lab - €15,000; Edge AI and Vision Alliance - €11,000; German Electrical and Electronic Manufacturers' Association (ZVEI e.V.) - €10,000; European Machine Vision Association (EMVA) - €6,000, Executive Global Network (EGN) - €5,000. The purpose of the Group's membership of these associations is to share experience in digital transformation, accelerate artificial intelligence applications in the field of industrial vision and develop global industry standards.

Dr Dietmar Ley, CEO of the company, has been active in various committees and roles at the VDMA for around 20 years and was most recently the Deputy Chairperson of the professional association. In November 2024, Dr Dietmar Ley was elected as the new Chairperson of the VDMA Robotics + Automation Association. He will hold this honorary position for three years. Hardy Mehl is also a member of the Executive Board of the VDMA's Industrial Image Processing Division. None of the members of the Supervisory Board or the Executive Board held a comparable position in public administration or with regulatory authorities in the two years prior to their appointment in the reporting period.

Furthermore, the Company donated €26,000 in total during the 2024 financial year (previous year: €22,300). This included indirect political donations of €15,000 (previous year: €15.000) to the Berlin-based (Germany), politically neutral Foundation for Family Businesses and Politics, which supports family businesses in transformation issues such as digitalisation and sustainability to makes their challenges heard by the media and politicians. Small donations to local charitable causes such as educational partnerships, cultural and support organisations accounted for the remaining €11,000.

8.2 Strategies, actions and metrics

Figure 32 – Membership fees and donations

Membership for professional associations	Charitable donations	Indirect political donations	Direct political donations
133,000 €	**11,000 €**	**15,000 €**	**0 €**

Ahrensburg/Germany, March 27, 2025

The Management Board

Dr. Dietmar Ley
CEO

Hardy Mehl
CCO/COO

Ines Brückel
CFO

9

Glossary

9. Glossary

BCS	Balanced Scorecard System
CapEx	Capital Expenditure
CO_2e	Carbon dioxide equivalents
DEFRA	Department for Environment, Food & Rural Affairs
DNSH	'Do No Significant Harm' (Do not cause significant harm)
DRS	German Accounting Standards
ESD	Electrostatic discharge
ESG	Environmental, Social and Governance
EU-CSRD	European Union Corporate Sustainability Reporting Directive
EFRAG	European Financial Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
EMVA	European Machine Vision Alliance
EEA	European Economic Area
GWP	Global Warming Potential
HGB	German Commercial Code
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IPCC	Intergovernmental Panel on Climate Change
ISAE	International Standard on Assurance Engagements
AI	Artificial intelligence
SMEs	Small and medium-sized enterprises
OpEx	Operational Expenditure
OKR	Objective and Key Results
PV	Photovoltaics
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RoHs	Restriction of Hazardous Substances
GHG	Greenhouse gas
VDMA	Verband Deutscher Maschinen und Anlagenbau e.V. (German Engineering Federation)

10

Appendices

10. Appendices
Appendix I – Impacts, risks and opportunities

ESRS Topic E1 - Climate change

No.	Impact	Positive/ negative	Actual/ potential	Type	Time horizon	Description	Location in the value chain
1	Impact	Negative	Actual	-	Short, medium or long term	Greenhouse gas emissions in Basler's upstream value chain through material procurement and logistics.	Upstream
2	Impact	Negative	Actual	-	Short, medium or long term	Greenhouse gas emissions from business travel and commuting.	Controlled by Basler
3	Impact	Negative	Actual	-	Short, medium or long term	Greenhouse gas emissions in Basler's downstream value chain through the use of sold products and the disposal or treatment of sold products (end-of-life treatment).	Downstream
4	Impact	Negative	Actual	-	Short, medium or long term	Greenhouse gas emissions at company-owned sites and production facilities, e.g. from heating, electricity consumption and company cars.	Controlled by Basler
5	Risk	Negative	Potential	Transition risk	Short, medium or long term	Physical impacts of climate change on our suppliers' infrastructure and operations (e.g. heat and water stress, rising sea levels, forest fires, storms, flooding, etc.).	Upstream
6	Opportunity	Positive	Potential	Market opportunities	Medium to long term	Growth market and rising customer demand for energy-efficient products offer opportunities for sales growth.	Controlled by Basler
7	Impact	Positive	Potential	-	Short to medium term	Basler has the opportunity to reduce greenhouse gas emissions at company-owned sites through various investments (e.g. PV systems, electric charging infrastructure for cars).	Controlled by Basler
8	Risk	Negative	Potential	Transition risk	Short to medium term	The continuous provision of funding for the transition plan to carbon neutrality.	Controlled by Basler
9	Opportunity	Positive	Potential	Regulation	Medium to long term	Basler's goal of achieving climate neutrality by 2030 and switching to renewable energies in the short term may produce cost savings for energy procurement in the medium term, as fossil fuels and greenhouse gas emissions will be taxed more heavily.	Controlled by Basler

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ESRS Topic E2 – Environmental pollution

No.	Impact	Positive/ negative	Actual/ potential	Type	Time horizon	Description	Location in the value chain
10	Impact	Negative	Actual	-	Short to medium term	Basler's production processes and the upstream supply chain require considerable amounts of energy. At present, this energy comes mainly from fossil sources, which means that the extraction, production and combustion of fossil fuels has an impact on environmental pollution. Air pollutants (SOx and NOx) in particular lead to acidification of soil and water and may be harmful to plants.	Controlled by Basler + upstream
11	Impact	Negative	Potential	-	Short, medium or long term	Basler's products require minerals such as tin, tantalum, tungsten, gold and cobalt. These are extracted in mines in the upstream value chain. This may result in environmental damage such as deforestation, drinking water pollution or loss of biodiversity.	Upstream
12	Impact	Negative	Potential	-	Short, medium or long term	The activities of the upstream value chain may cause regional water pollution due to inputs of substances that are hazardous to water (e.g. heavy metals). This may have a negative impact on marine life and on the local population if, for example, access to clean drinking water is no longer guaranteed. For example, the mining of gold and the use of mercury.	Upstream
13	Impact	Negative	Potential	-	Short, medium or long term	Potential harm to health from the distribution of products containing components that are substances of concern or very high concern	Downstream
14	Risk	Negative	Potential	Reputational risk	Short, medium or long term	Potential reputational damage and recourse claims due to the sale of products containing components that are substances of very high concern or substances of very high concern.	Downstream
15	Risk	Negative	Potential	Legal	Short, medium or long term	Penalty payment (and subsequent loss of sales) due to violation of import/export regulations of substances of concern in purchased parts. Penalty payment due to non-compliant product labelling (e.g. WEEE).	Controlled by Basler + upstream

10. Appendices
Appendix I – Impacts, risks and opportunities

ESRS Topic E5 – Circular economy

No.	Impact	Positive/ negative	Actual/ potential	Type	Time horizon	Description	Location in the value chain
16	Impact	Negative	Actual	-	Short, medium or long term	Electronic waste in production (e.g. surplus products).	Controlled by Basler
17	Opportunity	Positive	Potential	Market opportunities	Medium to long term	New sales opportunities by taking back old products/electronic waste from current end customers and sales of upgrades/new products.	Controlled by Basler
18	Impact	Negative	Actual	-	Short, medium or long term	Electronic waste at end customers (end-of-life products). Manner of disposal uncertain.	Downstream

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Appendix I – Impacts, risks and opportunities

ESRS topic S1 – Workforce

No.	Impact	Positive/ negative	Actual/ potential	Type	Time horizon	Description	Location in the value chain
19	Risk	Negative	Actual	Market risks	Short term	Higher costs for employee retention due to rising expectations of salaries, divergent expectations (cultural fit) of employees and increasing competition for skilled labour.	Controlled by Basler
20	Risk	Negative	Actual	Market risks	Medium term	Loss of 'know-how' through restructuring leads to higher costs for training new employees and potential loss of sales due to lower productivity and capacity.	Controlled by Basler
21	Impact	Positive	Actual	-	Short, medium or long term	Basler's flexible working time models (part-time employment, remote work, sabbaticals) positively impact the well-being of employees thanks to employment opportunities that are adapted to their life situation.	Controlled by Basler

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Appendix I – Impacts, risks and opportunities

ESRS topic S2 – Workers in the value chain

No.	Impact	Positive/ negative	Actual/ potential	Type	Time horizon	Description	Location in the value chain
22	Risk	Negative	Potential	Reputational risk	Short, medium or long term	Potential violations of Basler's business principles by indirect suppliers in the value chain may cause reputational damage.	Upstream
23	Opportunity	Positive	Potential	-	Medium to long term	The increasing supplier qualification practised by Basler may produce a resilient and diversified supplier portfolio in the medium term. This would improve supply chain stability and avoid interruptions to production, which would contribute to sales continuity.	Controlled by Basler
24	Risk	Negative	Potential	Reputational risk	Short, medium or long term	A lack of transparency in the supply chain (up to the mines and smelting furnaces) and a lack of opportunities to exert influence (particularly with international suppliers) makes it difficult to monitor labour protection and human rights standards. Loss of sales (opportunities).	Upstream
25	Impact	Positive	Potential	-	Short, medium or long term	Basler's efforts with regard to its own whistleblower system, supplier audits, active, ESG-based supplier selection to improve labour rights and working conditions in the supply chain, risk analysis and principles and standards of cooperation with suppliers improve compliance with employment-related laws, minimum standards and human rights.	Controlled by Basler
26	Impact	Negative	Potential	-	Short to medium term	Basler's products require minerals such as tin, tantalum, tungsten, gold and cobalt. These are extracted in mines in the upstream value chain. Employees may be exposed to human rights violations (e.g. child labour) and health risks (e.g. respiratory diseases).	Upstream

10. Appendices
Appendix I – Impacts, risks and opportunities

ESRS topic S4 – Consumers and end users

No.	Impact	Positive/ negative	Actual/ potential	Type	Time horizon	Description	Location in the value chain
27	Impact	Negative	Potential	Legal	Short to medium term	Health repercussions that may result from accidental exposure to cadmium and lead through damage to Basler products – product safety.	Downstream
28	Impact	Negative	Potential	Technology risk	Short, medium and long term	The risk of cyber security attacks at end customers on hardware and software sold by Basler may potentially lead to legal costs and recourse claims, as well as reputational damage.	Downstream
29	Opportunity	Positive	Potential	-	Medium to long term	Basler's product innovation in terms of energy- and resource-efficient, socially responsible and durable products presents opportunities for sales growth.	Controlled by Basler

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Appendix I – Impacts, risks and opportunities

ESRS Thema G1 – Unternehmenspolitik

No.	Impact	Positive/ negative	Actual/ potential	Type	Time horizon	Description	Location in the value chain
30	Impact	Positive	Actual	-	Short, medium or long term	Basler's whistleblower system improves the detection and tracking of cases of discrimination, corruption and bribery as well as potential human rights violations.	Controlled by Basler
31	Risk	Negative	Potential	Technology risk	Short, medium or long term	The risk of data loss due to cyber security attacks may present a financial risk. Costs may be incurred for ransom demands, data recovery, publication and legal consequences, among other things.	Controlled by Basler
32	Impact	Positive	Actual	-	Short, medium or long term	The Group makes a positive contribution to the local community in a variety of ways. The aim is to promote local economic and social development. There is a particular focus on educational cooperation for young people.	Controlled by Basler
33	Risk	Negative	Potential	Legal	Medium to long term	Due to the global nature and only partial transparency in the upstream value chain, there is a risk of fines for possible violations of human rights, bribery and corruption laws, money laundering (or similar), especially against the backdrop of politically induced, increasing responsibility for supply chain conditions.	Upstream
34	Opportunity	Positive	Potential	Market opportunities	Medium to long term	A strong ESG agenda and performance maintains sales opportunities, as this is increasingly required in existing business relationships.	Entire value chain
35	Risk	Negative	Actual	Regulation	Short, medium or long term	Growing regulatory requirements for compliance lead to cost increases due to additional workload and the need for new expertise (e.g. through product redesign).	Entire value chain
36	Risk	Negative	Potential	Regulation	Short, medium or long term	Political instability/change of direction has far-reaching impacts on investments, purchasing behaviour, customer behaviour and cost structures.	Entire value chain

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Appendix II - List of data points in overarching standards

Disclosure	Data point	SFDR	Pillar 3	Benchmark regulation	EU climate law	Page
ESRS 2 GOV-1	21 (d)	x		x		13
ESRS 2 GOV-1	21 (e)			x		13
ESRS 2 GOV-4	30	x				16
ESRS 2 SBM-1	40 (d) i	x	x	x		20, 57
ESRS 2 SBM-1	40 (d) ii	x		x		20
ESRS 2 SBM-1	40 (d) iii	x		x		-
ESRS 2 SBM-1	40 (d) iv			x		20
ESRS E1-1	14				x	40, 43
ESRS E1-1	16 (g)		x	x		41
ESRS E1-4	34	x	x	x		42
ESRS E1-5	37	x				45
ESRS E1-5	38	x				45
ESRS E1-5	40-43	x				46
ESRS E1-6	44	x	x	x		48
ESRS E1-6	53-55	x	x	x		53
ESRS E1-7	56				x	54
ESRS E1-9	66			x		-
ESRS E1-9	66 (a), 66 (c)		x			-
ESRS E1-9	67 (c)		x			-
ESRS E1-9	69			x		-
ESRS E2-4	28	x				-
ESRS E3-1	9	x				-
ESRS E3-1	13	x				-
ESRS E3-1	14	x				-
ESRS E3-4	28 (c)	x				-
ESRS E3-4	29	x				-
ESRS 2 - IRO 1 - E4	16 (a) i	x				32
ESRS 2 - IRO 1 - E4	16 (b)	x				32
ESRS 2 - IRO 1 - E4	16 (c)	x				32
ESRS E4-2	24 (b)	x				-
ESRS E4-2	24 (c)	x				-
ESRS E4-2	24 (d)	x				-
ESRS E5-5	37 (d)	x				79
ESRS E5-5	39	x				78
ESRS 2 SBM-3 S1	14 (f)	x				84
ESRS 2 SBM-3 S1	14 (g)	x				84
ESRS S1	20	x				84
ESRS S1	21			x		84
ESRS S1	22	x				84
ESRS S1	23	x				97
ESRS S1-3	32 (c)					85
ESRS S1-14	88 (b), 88 (c)	x		x		97
ESRS S1-14	88 (e)	x				97
ESRS S1-16	97 (a)	x		x		98
ESRS S1-16	97 (b)	x				98
ESRS S1-17	103 (a)	x				99
ESRS S1-17	104 (b)	x		x		99
ESRS 2 SBM-3 52	11 (b)	x				101
ESRS S2-1	17	x				103-104
ESRS S2-1	18	x				103-104
ESRS S2-1	19	x	x			104
ESRS S2-1	19		x			104
ESRS S2-4	36	x				106
ESRS S3-1	16	x				-
ESRS S3-1	17	x		x		-
ESRS S3-4	36	x				-
ESRS S4-1	16	x				113
ESRS S4-1	17	x		x		113
ESRS S4-4	35	x				113
ESRS G1-1	10 (b)	x				125
ESRS G1-1	10 (d)	x				-
ESRS G1-4	24 (a)	x		x		125
ESRS G1-1	24 (b)	X				125

10. Appendices
Appendix III – EU Taxonomy Turnover

	2024			Substantial Contribution						DNSH criteria ('Does not significantly harm')									
Economic activities	**Code**	**Absolute Turnover**	**Proportion of Turnover, 2024**	**Climate change mitigation**	**Climate change Adaptation**	**Water and Marine Resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change Adaptation**	**Water and Marine Resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of turnover, 2023**	**Category-enabling activity**	**Category transition activity**
		EUR (million)	*%*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	0	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities)																			
Use of Basler products in the operation of wind turbines to preserve biodiversity.	35.11.1	1.54	0.8%														0%		
Use of Basler products in the production/quality control of photovoltaic modules	26.11.1	3.03	1.6%														0%		
Use of Basler products in the production/quality control of batteries for e-mobility	27.20.0	8.19	4.5%														0%		
Use of Basler products in traffic management to reduce greenhouse gas emissions	26.51.1	0.95	0.5%														0%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities) (A.2)		13.71	7.5%														0%		
A. Total (A.1 + A.2)		**13.71**	**7.5%**														0%		
B. Taxonomy non-eligible activities																			
Turnover of Taxonomy non-eligible activities		**170.00**	92.5%																
TOTAL (A+B)		**183.71**	**100%**																

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Appendix IV – EU Taxonomy CapEx

	2024			Substantial Contribution						DNSH criteria ('Does not significantly harm')									
Economic activities	**Code**	**Absolute CapEx**	**Proportion of CapEx , 2024**	**Climate change mitigation**	**Climate change Adaptation**	**Water and Marine Resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change Adaptation**	**Water and Marine Resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of CapEx, 2023**	**Category-enabling activity**	**Transitional activity category**
		EUR (million)	*%*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities)																			
Acquisition, ownership, rights of use (leasing) of buildings (in accordance with IFRS 16.7)	L 68	0.92	39.3%														0%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities) (A.2)		0.92	39.3%														0%		
A. Total (A.1 + A.2)		**0.92**	**39.3%**														0%		
B. Taxonomy non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		**1.41**	60.7%																
TOTAL (A+B)		**2.33**	**100%**																

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Appendix V – EU Taxonomy OpEx

	2024			Substantial Contribution						DNSH criteria ('Does not significantly harm')									
Economic activities	**Code**	**Absolute OpEx**	**Proportion of OpEx , 2024**	**Climate change mitigation**	**Climate change Adaptation**	**Water and Marine Resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change Adaptation**	**Water and Marine Resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of OpEx, 2023**	**Category-enabling activity**	**Transitional activity category**
		EUR (million)	*%*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*J; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)	-	0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities)																			
OpEx of taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities) (A.2)		0	0%														0.03%		
A. Total (A.1 + A.2)		**0**	**0%**														0.03%		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		**12.33**	100%																
TOTAL (A + B)		**12.33**	**100%**																

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Appendix VI – Allocation of HGB matters to ESRS disclosure requirements

ESRS 2 – General Disclosures		
Disclosure requirement		Page
BP-1	Basis for the preparation	10
BP-2	Information on specific circumstances	11
GOV-1	Administrative, management and supervisory bodies	13 (partially disclosed)***
GOV-2	Administrative, management and supervisory bodies	14
GOV-3	Sustainability-related incentive systems	15
GOV-4	Due diligence	16
GOV-5	Risk management	17
SBM-1	Strategy, business model and value chain	19
SBM-2	Stakeholder positions	22
SBM-3	Effects, risks and opportunities of the business model	23
IRO-1	Identification and assessment of impacts, risks and opportunities	26
IRO-2	Disclosure requirements	30

ESRS E1 – Climate Change/ Section 289c (2) No. 1 and (3), Section 315c (1) and (2) German Commercial Code (HGB)		
Disclosure requirement		Page
GOV-3	Sustainability-related incentive systems	36
E1-1	Climate protection transition plan	40
SBM-3	Effects, risks and opportunities of the business model	34
IRO-1	Identification and assessment of impacts, risks and opportunities	34
E1-2	Climate protection strategy	40
E1-3	Actions and resources	42
E1-4	Targets	39
E1-5	Energy consumption and energy mix	44
E1-6	Gross GHG emissions	47
E1-7	Carbon credits	54
E1-8	Internal carbon pricing	54
E1-9	Financial impacts	N/A*

ESRS E2 – Environmental pollution/Section 289c (2) No. 1 and (3), Section 315c (1) and (2) German Commercial Code (HGB)		
Disclosure requirement		Page
IRO-1	Identification and assessment of impacts, risks and opportunities	62
E2-1	Strategies	65
E2-2	Metrics and resources	65
E2-3	Targets	68
E2-4	Air, water and soil pollution	N/A**
E2-5	Substances of concern and substances of very high concern	66
E2-6	Financial impacts	N/A*

* *material (phase-in)*

** *not material*

*** *GOV-1_04, GOV-1_08 are omitted*

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Appendix VI – List of ESRS disclosure requirements

ESRS E5 – Resource Use and Circular Economy/Section 289c (2) No. 1 and (3), Section 315c (1) and (2) German Commercial Code (HGB)		
Disclosure requirement		Page
IRO-1	Identification and assessment of impacts, risks and opportunities	70
E5-1	Strategies	72
E5-2	Actions and resources	72
E5-3	Targets	75
E5-4	Resource inflows	75
E5-5	Resource outflows	77
E5-6	Financial impacts	N/A*

ESRS S1 – Own workers/Section 289c (2) No. 2 and (3), Section 315c (1) and (2) German Commercial Code (HGB)		
Disclosure requirement		Page
SBM-2	Stakeholder views	81
SBM-3	Effects, risks and opportunities of the business model	82
S1-1	Strategy	84
S1-2	Inclusion of workers	85
S1-3	Elimination of negative impacts	85
S1-4	Actions	86
S1-5	Targets	87
S1-6	Employee characteristics	87
S1-7	Non-employee characteristics	89
S1-8	Application of collective bargaining agreements	89
S1-9	Diversity metrics	92
S1-10	Appropriate remuneration	90
S1-11	Social protection	94
S1-12	Persons with disabilities	N/A*
S1-13	Training and skills development	95
S1-14	Health protection	96
S1-15	Work-life balance	N/A*
S1-16	Remuneration metrics	98
S1-17	Human rights incidents	99

ESRS S2 – Workers in the value chain / Section 289c (2) No. 2 and (3), Section 315c (1) and (2) German Commercial Code (HGB)		
Disclosure requirement		Page
SBM-2	Stakeholder views	101
SBM-3	Effects, risks and opportunities of the business model	101
S2-1	Strategies	103
S2-2	Inclusion of workers	105
S2-3	Elimination of negative impacts	105
S2-4	Actions	105
S2-5	Metrics and targets	107

** material (phase-in)*

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Appendix VI – List of ESRS disclosure requirements

ESRS S4 – Consumers and end users / Section 289c (2) No. 3 and (3), Section 315c (1) and (2) German Commercial Code (HGB)		
Disclosure requirement		**Page**
SBM-2	Stakeholder views	110
SBM-3	Effects, risks and opportunities of the business model	111
S4-1	Strategies	113
S4-2	Consumer involvement	113
S4-3	Elimination of negative impacts	114
S4-4	Actions	115
S4-5	Targets	117

ESRS G1 – Business Conduct / Section 289c (2) No. 5 and (3), Section 315c (1) and (2) German Commercial Code (HGB)		
Disclosure requirement		**Page**
GOV-1	Administrative, management and supervisory bodies	119
IRO-1	Identification and assessment of impacts, risks and opportunities	120
G1-1	Strategies	120
G1-2	Relationships with suppliers	122
G1-3	Prevention of corruption and bribery	124
G1-4	Cases of corruption and bribery	125
G1-5	Political influence and lobbying activities	126
G1-6	Payment practices	123

11. Overview of figures

12. Reproduction of the Independent Auditor's Report

ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE SEPARATE COMBINED NON-FINANCIAL REPORT

To Basler Aktiengesellschaft, Ahrensburg/Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the "Combined Sustainability Statement" of Basler Aktiengesellschaft, Ahrensburg/Germany, combining the Consolidated Non-Financial Report and the Non-Financial Report of the parent (hereafter referred to as "the Combined Non-Financial Report"), for the financial year from 1 January to 31 December 2024. The Combined Non-Financial Report was prepared to fulfil Sections 289b to 289e, 315b and 315c in conjunction with 289c to 289e German Commercial Code (HGB) including the disclosures included therein to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 for a combined non-financial report.

Not subject to our assurance engagement are all prior-year's disclosures, the part "Foreword by the Chairman of the Supervisory Board" and the references to information of the Company outside of the separate combined non-financial report.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Combined Non-Financial Report for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with Sections 289b to 289e, 315b and 315c HGB and the requirements of Article 8 of Regulation (EU) 2020/852, and the specifying criteria presented by the executive directors of the Company.

Furthermore, we do not express an assurance conclusion or assurance opinion on the above-mentioned parts of the separate combined non-financial report that were not covered by our assurance engagement.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

12. Reproduction of the Independent Auditor's Report

Our responsibilities under ISAE 3000 (Revised) are further described in section "German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Report".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Emphasis of Matter – Principles of Preparation of the Combined Non-Financial Report

Without modifying our conclusion, we draw attention to the details provided in the Combined Non-Financial Report, which describe the principles of preparation of the Combined Non-Financial Report. According to these principles, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent described in the chapter "Preliminary remarks and basis for preparation of the combined non-financial report" of the Combined Non-Financial Report.

Responsibilities of the Executive Directors and the Supervisory Board for the Combined Non-Financial Report

The executive directors are responsible for the preparation of the Combined Non-Financial Report in accordance with the requirements of the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a combined non-financial report in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the Combined Non-Financial Report) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Combined Non-Financial Report as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Combined Non-Financial Report.

12. Reproduction of the Independent Auditor's Report

Inherent Limitations in Preparing the Combined Non-Financial Report

The applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the Combined Non-Financial Report. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the Combined Non-Financial Report is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the Combined Non-Financial Report.

German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Report

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Combined Non-Financial Report has not been prepared, in all material respects, in accordance with the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Combined Non-Financial Report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional scepticism. We also

- obtain an understanding of the process used to prepare the Combined Non-Financial Report, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Non-Financial Report.

12. Reproduction of the Independent Auditor's Report

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Combined Non-Financial Report.
- inquired of the executive directors and relevant employees involved in the preparation of the Combined Non-Financial Report about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Non-Financial Report, and about the internal controls related to this process.
- evaluated the reporting policies used by the executive directors to prepare the Combined Non-Financial Report.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.

12. Reproduction of the Independent Auditor's Report

- performed analytical procedures or tests of details and made inquiries in relation to selected information in the Combined Non-Financial Report.
- considered the presentation of the information in the Combined Non-Financial Report.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-Financial Report.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated 1 January 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Hamburg/Germany, March 27, 2025

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:
Annika Deutsch

Wirtschaftsprüferin
(German Public Auditor)

Signed:
Daniel Oehlmann

Wirtschaftsprüfer
(German Public Auditor)


BASLER