



KARL STORZ

SUSTAINABILITY FRAMEWORK

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1. Preamble

We, KARL STORZ SE & Co. KG, are committed to the vision of shaping the future of the healthcare industry by developing innovative solutions in medical technology. As a globally operating, independent, family-owned company, we think in generations rather than quarters. Our motivating force is to make a positive contribution to society through our work. Acting sustainably is indispensable for this, as the consequences of climate change and negative environmental impacts have significant influence on the health and well-being of people on our planet. Therefore, we acknowledge the challenges facing our world and are determined to contribute to creating a sustainable future. Sustainability is firmly embedded in our corporate strategy and as a concept is synonymous with 'ESG,' which stands for Environmental (ecological sustainability), Social (social sustainability), and Governance (corporate governance). We have been a member of the United Nations Global Compact since 2004 and report annually on our sustainability initiatives and their progress. For us, sustainability primarily means taking responsibility for our actions and the impact of our decisions on future generations. The ten principles of the Global Compact provide a solid foundation for fulfilling this commitment and serve as a clear guideline for our daily activities. Additionally, we align ourselves with the Sustainable Development Goals (SDGs).

Stefan Ort, Executive Vice President Global Legal & Compliance
Tuttlingen, December 2023.

2. Scope

This sustainability framework applies globally to all entities of KARL STORZ SE & Co. KG and is a tool to promote sustainability initiatives within our companies. It serves not only as internal guidance but also as a basis for collaboration with suppliers, relationships with customers, and interaction with other stakeholders. The policy holds strategic importance in representing our long-term commitment to sustainability but is not legally binding.



3. Ecological Sustainability

Our commitment to ecological sustainability is to minimize the impact of our economic activities on the environment and natural resources as far as possible, with a focus on reducing our ecological footprint. We consistently integrate ecological aspects into our decision-making processes, placing a strong emphasis on excellent quality and the durability of our reusable products. Our comprehensive service offerings, particularly in the repair business, and our international training programs contribute to the prolonged use of our products. In addition to the climate crisis, biodiversity loss and its effects on the environment pose a significant challenge to our society. The highly regulated healthcare sector plays a substantial role in resource consumption, especially in medical technology, with factors such as single-use products and various material requirements. Issues like the mandatory use of new materials due to regulatory requirements and the lack of recycling options due to contamination are crucial considerations. As a company, we also provide single-use products, as they are essential in certain medical markets and applications. We are aware of our responsibility in this regard. Therefore, we adopt a hybrid strategy, offering our customers the choice between single-use and reusable products. This approach allows us to effectively serve practices, clinics, and all other business partners and actively guide them, including in the context of sustainable usage. Furthermore, we strive to incorporate recycled materials where regulatory requirements permit.

3.1. Reduction of CO₂-Emissions

To efficiently reduce our CO₂ emissions, we adhere to the guidelines of the Greenhouse Gas Protocol (GHG Protocol) in continuously monitoring our Scope 1 and Scope 2 emissions. In 2023, we also submitted these emissions for the first time to the Carbon Disclosure Project (CDP) to provide transparency. The measurement of our Scope 3 emissions, covering both the entire upstream and downstream supply chain, is complex. Our medium-term goal is to report these emissions within the framework of our Corporate Sustainability Reporting Directive (CSRD) reporting from 2026, for the business year 2025.

In parallel to the necessary data collection, we are already implementing measures to reduce CO₂. We are steadily electrifying our company car fleet, equipping our locations with photovoltaic (PV) systems, and switching our subsidiaries to green energy. The installation of energy monitoring systems at our production sites is essential for the systematic reduction of our emissions and to visualize our energy flows. Additionally, we implement worldwide energy efficiency measures (e.g., installation of LEDs, development of waste heat utilization concepts, and optimization of our IT equipment) at our locations to reduce our energy consumption. This applies to both new acquisitions and existing equipment. Instead of offset certificates, we focus on the reduction of our footprint. Concrete objectives for emission reductions in Scope 1 and Scope 2 are under development.

3.2. Resource Conservation and Production

Resource conservation has not only an economic but also an ecological component. Our focus is on the most efficient design of our locations. Our logistics center in Neuhausen ob Eck, Germany, complies with the latest energy and environmental standards and features extensive PV systems as well as a water treatment facility that can save up to 10 million liters of water annually at full capacity. As part of the ongoing expansion of the site into a production center, ecological measures are being intensified – from PV systems to biodiversity. Solar modules are already contributing to the energy supply at other company locations, making us less dependent on fossil or nuclear power.

Furthermore, we make a significant contribution to resource conservation, particularly through the durability of our products. Quality, effectiveness, and affordability of medical technology products have always been our top priority. To ensure both quality and resource conservation, we have implemented our own certified quality management process, operate a broad repair service, and provide the option to return end-of-life products to us through our take-back system. Additionally, some of our locations are already certified under the ISO 14001 environmental management system, with others in the planning stage.

3.3. Circular Economy

Our commitment to ecological sustainability is to minimize the impact of our economic activities on the environment and natural resources as far as possible, with a focus on reducing our ecological footprint. We consistently integrate ecological aspects into our decision-making processes, placing a strong emphasis on excellent quality and the durability of our reusable products. Our comprehensive service offerings, particularly in the repair business, and our international training programs contribute to the prolonged use of our products. In addition to the climate crisis, biodiversity loss and its effects on the environment pose a significant challenge to our society. The highly regulated healthcare sector plays a substantial role in resource consumption, especially in medical technology, with factors such as single-use products and various material requirements. Issues like the mandatory use of new materials due to regulatory requirements and the lack of recycling options due to contamination are crucial considerations. As a company, we also provide single-use products, as they are essential in certain medical markets and applications. We are aware of our responsibility in this regard. Therefore, we adopt a hybrid strategy, offering our customers the choice between single-use and reusable products. This approach allows us to effectively serve practices, clinics, and all other business partners and actively guide them, including in the context of sustainable usage. Furthermore, we strive to incorporate recycled materials where regulatory requirements permit.

3.4. Waste Reduction

We strive to minimize both the waste generated during production and that resulting from the sale of our products. This means that, where permitted by law, we recycle materials and reintegrate them into the production process. We have implemented recycling concepts for our IT equipment, metal shavings, and waste wood. Additionally, we primarily use cardboard and paper packaging, which can be recycled and, in most cases, already consist of recycled materials. Furthermore, we continuously examine the extent to which we can transition, in particular, our product packaging to more resource-efficient alternatives.

4. Social Sustainability

Within the realm of social sustainability, we ensure that our entire operational process is socially responsible and that human rights are respected throughout the entire supply chain. Our employees constitute the essential pillar of our business success. Therefore, their health, satisfaction, and well-being are paramount to us as an employer. Health offerings and initiatives are promoted at many locations to support this. Fair wages and continuous training are just as crucial as our health management and a grievance mechanism for employees. We not only ensure compliance with applicable legal regulations but also go beyond by engaging in various educational initiatives, and by making material and financial donations.

4.1. Fair Wages and Working Conditions

All our employees worldwide are remunerated fairly based on location and performance. In addition to fair compensation for performed work, working conditions and well-being play a significant role. To address this, we have created various work schedule models, ranging from shift work, as required in production, to highly flexible models and home office options. In general, we offer our employees different flextime models that can vary from department to department, tailored to both employee needs and the smooth flow of our business operations.

4.2. Health Management and Occupational Safety

Health management and occupational safety are regulated on a site-specific basis. Strict adherence to all applicable legal regulations is a given for us. To promote the health of our teams, individual measures are in place at our locations. In the company headquarters in Tuttlingen, there is a health management system consisting of the four pillars: commitment, structures & processes, offerings, and evaluation. This provides employees with health-promoting structures and various measures for health awareness and improvement.

4.3. Ethics and Social Responsibility

Especially in an environment where the health of patients is at stake, social and ethical conduct is indispensable. This applies to interactions with customers as well as interactions with employees. It is self-evident for us that our employees adhere to our Code of Conduct and maintain respectful interactions. Any form of discrimination, exclusion, and unethical behavior is addressed seriously.

In research and development, the safety and reliability of medical technology products are paramount. The development of new products is demand-driven, involving close collaboration with users. Therefore, we offer a broad product portfolio encompassing around 15,000 products. We also develop products for niche applications, such as in pediatric or neurosurgery, which offer clear social benefits despite potential economic challenges. Our decisions on which niches to serve are made strategically, considering the market situation alongside economic aspects within the context of our corporate goals.

We view education as part of our societal responsibility and actively promote this through close collaboration with universities, offering bachelor's and master's theses, introducing a Girls' Day, and other educational projects. Continuous learning is also a focal point internally. Hence, we provide our teams worldwide with opportunities for further education. For this purpose, we continually evolve our training programs to offer a diverse range of training opportunities.

In October 2023, the Storz family also established the KARL STORZ Foundation to further develop social commitment within the framework of its own statutes and to intensify it internationally. Since then, the foundation has also run the TUTORAMA Museum in Tuttlingen, which aims to get young people interested in science and technology in a fun way.

Additionally, we offer a variety of training opportunities for users of our products. We have established a network of over 100 training centers worldwide and collaborate closely with partners such as the IRCAD Institute.

5. Governance

Governance represents sustainable corporate management, bringing together ecological and social sustainability with an economic perspective. A central pillar here is understanding the shared values within our company, secured and proactively promoted by guidelines such as our internationally valid employee Code of Conduct and the business partner Code of Conduct. In addition to profit and revenue maximization, integrity and compliance take precedence. We ensure, through an adequate compliance management and global whistleblower system, that our business processes align with legal requirements and our values as defined in the Code of Conduct.

5.1. Sustainability as Integral Part of Corporate Strategy

To meet our own standards of good and sustainable corporate management, we have embedded sustainability in our corporate strategy. This emphasizes the importance of sustainable practices for us. At the global level, structures and initiatives were created in 2022 to drive sustainability in all three ESG dimensions. The progress of these initiatives is regularly reported to the management to enable agile work and continuous progress.

5.2. Compliance and Legal Adherence

As a globally operating company, it is particularly important for us to define values that serve as the basis of our corporate culture. Our Code of Conduct forms the basis for our global business activities and regulates interactions between external and internal stakeholders. The principles of our Code of Conduct are supplemented by internal policies that, among other things, set rules for managing personal data and anti-corruption measures. Our compliance department ensures that these policies are regularly reviewed, revised, and implemented in the respective business processes. Our employees are trained on the Code of Conduct and the corresponding policies.

5.3. Risk Management

We are aware that examining the upstream supply chain is a crucial factor when it comes to sustainability in medical technology. Therefore, the ecological and social aspects of supply chains are regularly assessed under the Supply Chain Due Diligence Act (LkSG). The processes introduced for the LkSG are adhered to, reviewed, and continuously improved. To be prepared for contingencies, we have a global risk management system to identify and control risks in all relevant business areas. The overarching goal is to protect the company from significant risks and support the achievement of corporate goals in all areas.

5.4. Transparency

We shape our ecological, social, and economic engagement within the company and externally as transparently as possible. In addition to our annual report, we have been publishing our UN Global Compact Communication on Progress report since 2005. We continually develop our reporting and are preparing for sustainability reporting according to the European Union's European Sustainability Reporting Standards (ESRS). Our first sustainability report published to ESRS standards will be in 2026. To achieve this, we conducted a double materiality analysis within the company for the first time in 2023, the results of which will form the basis for our sustainability report.

This Sustainability Framework is to be reviewed by our global ESG department and revised every two years to meet the constant changes in the sustainability field.



6. Appendix

Definition of Terms

- **CDP** - The Carbon Disclosure Project is a non-profit organization based in London, with the goal of encouraging companies to disclose their emission data.
- **SDG** - The Sustainable Development Goals, introduced by the UN in 2015, serve as comprehensive sustainability objectives aimed at achieving the Paris Climate Agreement goals.
- **ESG** - Environment, Social, and Governance are the three spheres of sustainability.
- **GHG-Protocol** - Sets standards for measuring and managing emissions.
- **Scope 1 Emissions** - Emissions from sources directly controlled by the company. This includes emissions from production, fleet emissions, etc.
- **Scope 2 Emissions** - Indirect emissions from the generation of purchased energy from a utility company.
- **Scope 3 Emissions** - All indirect emissions, not included in Scope 2, that occur in the value chain of the reporting company, including upstream and downstream emissions.
- **CSRD** - The Corporate Sustainability Reporting Directive replaces the Non-Financial Reporting Directive (NFRD), which regulated non-financial reporting in the European Union (EU). With the new CSRD, the EU aims to expand, enhance, and standardize European sustainability reporting.
- **ESRS** - The European Sustainability Reporting Standards are standardized reporting standards developed by the EU, according to which companies must report within the CSRD.
- **LkSG** - The Supply Chain Due Diligence Act is a German federal law regulating corporate responsibility for human rights compliance in global supply chains. The EU is developing a similar law under the name Corporate Sustainability Due Diligence Directive (CSDDD). Our employees are trained on the Code of Conduct and the corresponding policies.

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More than
75
Years

*Shaping the Future
of Endoscopy with you*