



ESG

Environmental Social
Governance

Sustainability Report 2024



SPHEREA

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1 OUR MOTIVATION

Companies are understanding themselves more and more as a part of the ecosystem. They are impacted by the ecosystem and they are impacting their ecosystem. Today's challenges in our society can only be mastered together, i.e. politics, the population and the economy must work together on this. Otherwise, all parties will loose. Therefore, the long-term-success of our society and in consequence of our economy and our companies is depending on an engagement of our Environment (Ecological engagement), our corporate Social responsibility (CSR) and our corporate Governance (steering and control processes). This is summarized in the ESG principle.

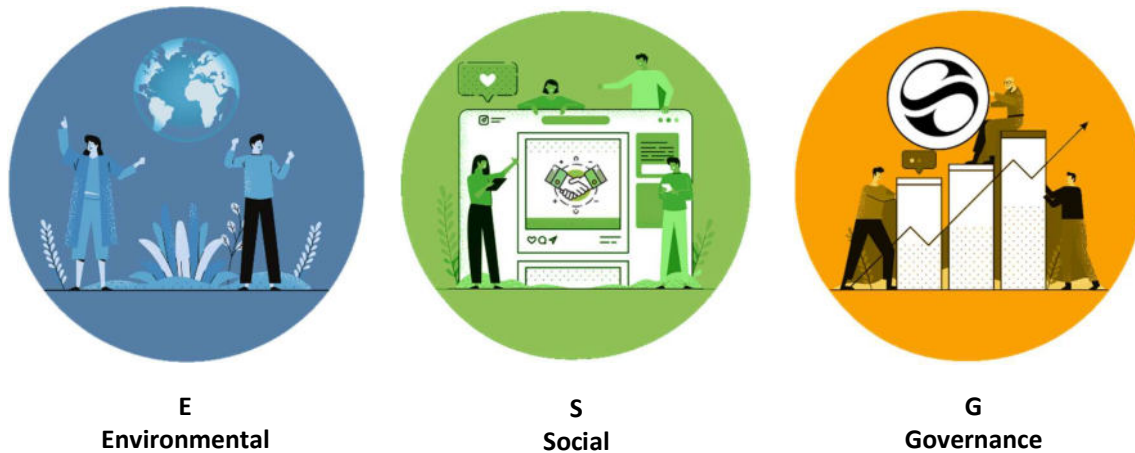


Figure 1-1 ESG principle

Spherea believes, that in future different stakeholder will consider the ESG level of a company in taking decisions:

- Investors, private equities, banks and funds may ask for ESG.
- More and more customers expect ESG consideration.
- People may select their employer based on ESG criteria.
- In addition, national and European legislators will increasingly demand ESG.

The climate crisis and its impacts are a key challenge to the whole society. Through political interaction half of the mandatory measures to limit the temperature increase to a maximum of 1,5 to 2,0°C may be achieved (see Paris Agreement). As a consequence, initiatives of companies, private organisations and people are more than ever in demand. Spherea realized this responsibility as part of its ESG responsibility and took the decision to proactively implement its own measures. Thereby impulses should be set inwards to the team and outwards to stakeholders and the ecosystem.

People and societies that are allowed to enjoy the benefits of a high standard of living have a special responsibility. On the one hand they have produced a lot of CO₂ and won't be as strongly affected by climate change as developing countries on the other hand. Therefore it is a dictate of reason that just these people get involved in solutions.

Therefore, the decision by Spherea is not just a following on a “green trend”, but a business decision to secure the future of the company.

Spherea depends a lot on the public sector (defence, railway). These sectors are depending on a good economy and last but not least on a good standard of living for the population. This is only possible if all social classes participate in it – both, in Germany and world-wide.

Spherea sees sustainability as a commitment to present and future society built up of three equivalent parts:

1. Economical sustainability
2. Social sustainability
3. Ecological sustainability

This triad should not be seen as a contradiction. Success is only possible if all elements interact.



Figure 1-2 3 Pillars of Sustainability

Sustainability in this context means that we focus on long-term, positive effects and do not want to use on-off results with external visibility.

Spherea is committed on:

- EU Charter of Fundamental Rights
- European Convention on Human Rights
- European Union Directive 2000/78/EC
- European Social Charter
- United Nations 17 Sustainability Goals
- United Nations Global Compact (2000)E

The ecosystem of Spherea is analyzed as follows:



Figure 1-3 Ecosystem of Spherea

1.1 Analysis of the UNSDG-process interface

The United Nations Sustainable Development Goals (UNSDGs) are a call to action to end poverty and inequality, protect the planet, and ensure that all people enjoy health, justice and prosperity. Spherea has analysed its entire process world against the following UNSDGs:



Figure 1-4 United Nations Sustainable Development Goals (UNSDGs)

The analysis looked at which process directly or indirectly supports which goal. This enabled the identification of measures to further support the UNSDGs through the business system.

1.2 Ecovadis



Figure 1-5 Ecovadis Sustainability Rating

Spherea externally analyses current efforts towards sustainability with the help of Ecovadis. Spherea achieved 69/100 Points and the silver medal in the sustainability rating for 2024. Spherea belongs to the 15% of the company, who have been assessed by Ecovadis, with the best sustainability level. We obtained an external view and suggestions for further ESG measures.

Spherea has carefully analysed the results of the EcoVadis assessment and identified both strengths and areas for improvement. Although environmental issues are not central to the business, the company performs relatively well in this area. Suggested improvements focus mainly on policies and reporting, such as water policy, which is not highly relevant to the business, and updating the CO2 report, which is outdated due to the two-year reporting period. This will no longer be the case as the company is moving to an annual emissions analysis.

No medium or high priority improvements were identified in the area of labour and human rights, which is a positive result. Strong processes are in place to manage ethical behaviour, although there is a need to formalise corruption risk assessment and professionalise awareness training. In the second half of the year, corruption awareness training was provided to those at particular risk.

Progress has been made on sustainable supply chain, but it is not yet fully integrated into procurement activities and supplier audits. Despite an acceptable rating (light green), this is the area with the lowest score and needs improvement.

2 ENVIRONMENTAL, ECOLOGICAL SUSTAINABILITY

In order to adequately implement this element “environmental, ecological sustainability” the decision was made by the management together with the team to start and continue an internal project.

The task is to actively reduce or eliminate its carbon footprint, Spherea applied the basic rule for this:

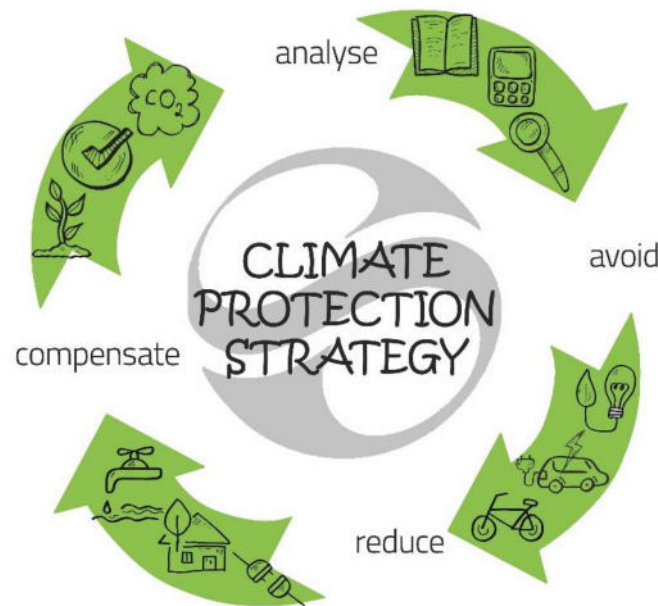


Figure 2-1 Climate Protection Strategy

Before measures can be taken, an organisation must be clear in advance about where and how much is emitted. For this reason, a detailed analysis was first performed with a specialised partner. Where possible, avoidance and reduction measures have been taken, taking into account economic sustainability.

Even if the reduction of CO₂ emission is a valuable target for Europe and Spherea, we both have to recognize, that the efforts for the reduction of CO₂ emission may be not balanced with the effects to the global climate. It is therefore logical and economically sensible to make a clear commitment to the sustainable compensation of CO₂ emissions.

Other regions in the world suffer from climate change caused by rich countries. Therefore, it makes sense to provide an economic balance for these regions in the frame of the CO₂ compensation. But for a mind change we also need local visibility and the involvement of employees.

Beyond the main challenge of CO₂ emission, Spherea considers standard regulations for environmental protection (waste separation, handling of hazardous substances, ...).

2.1 Targets and approach

The main target of the organization is to neutralize its carbon footprint as the key factor in ecological sustainability.

2.1.1 Initial determination of carbon footprint in 2024

Therefore, Spherea started to determine its own emissions together with a specialist partner in 2020. This actual state of CO₂ emissions is the basis for targeted measures and identifies fields of action.

Übersichtstabelle der Ergebnisse

Zuordnung	Emissionen nach Kategorien	[t CO ₂ e]	%-Anteil
Scope 1	1.1 Stationäre Verbrennung	0,00	0,00%
	1.2 Mobile Verbrennung	17,12	12,43%
	1.3 Flüchtige Emissionen (Kältemittel)	0,00	0,00%
	1.4 Prozessemissionen	0,00	0,00%
	Summe	17,12	12,43%
Scope 2	Strom	16,92	12,29%
	<i>market based</i>	16,92	
	<i>location based</i>	23,88	
	Fernwärme / Fernkälte / Dampf	0,00	0,00%
	Summe	16,92	12,29%
Scope 3	Vorgelagerte Scope 3 Emissionen		
Scope 3	3.1 Eingekaufte Güter und Dienstleistungen	1,26	0,91%
	<i>Verbrauchsmaterialien und Frischwasser</i>	0,11	0,08%
	<i>Papier- und Druckartikel</i>	1,15	0,84%
	3.2 Kapitalgüter	23,11	16,78%
	3.3 Vorgelagerte energiebezogene Emissionen	7,52	5,46%
	3.4 Transport und Verteilung (Austauschlogistik)	0,22	0,16%
	3.5 Abfallaufkommen im Unternehmen	7,18	5,21%
	3.6 Geschäftsreisen und Hotelübernachtungen	20,91	15,19%
	3.7 Pendeln und Homeoffice der Arbeitnehmenden	43,47	31,57%
	Summe	103,66	75,29%
Gesamtsumme		137,69	100%

Figure 2-2 Results of CO₂-analysis 2023

The main findings of the analysis are:

- the major factors are in scope 3 e.g. mobility (usage of cars for travel to work and business activities, business flights), capital assets (office equipment, construction measures, hardware) and business trips causing almost 2/3 of the emissions
- the overall footprint is 10% less than in 2021 (153,77t), among others due to a reduction in electricity usage and upstream energy-related emissions

Spherea decided to reach a really good climate level. This means that the company binds more CO₂ than it produces, which has a positive effect on the climate. Taking the company on a climate-neutral level is ambitious but in-line with the self-imposed demands, the company values and the understanding of excellence.

Spherea is committed to double the compensation for the remaining CO₂ emissions after reduction measures and direct compensation. Based on this motivation and the findings of the CO₂ analysis, a set of measures has been adopted. These are mainly focused in the compensation of CO₂ emissions, but also considering the reduction of the emission sources identified in the analysis. This commitment will be increasingly used in corporate communications.

2.1.2 Re-determination of carbon footprint

Spherea decided to determine its carbon footprint in a yearly interval. By this, positive or negative trends can be identified and required actions can be taken. Since it was determined that Scope 3 has a major influence on the Company Carbon Footprint, the next year the plan is to determine an overall CCF in order to obtain a comprehensive and even more detailed overview. Based on the current determination of the carbon footprint, new measures and actions are to be worked out for a further reduction of the emissions.

The company is intended to reduce its emissions in Scope 1 and 2 of the analysis by 21 % which is in line with the so-called science based targets to reach the 1.5°C target.

2.2 Alliance for climate and development

In order to demonstrate the commitment and to promote ecological responsibility, Spherea joined the alliance for development and climate from the German federal ministry of development (see: [Allianz für Entwicklung und Klima](#)). The membership confirms the target of a sustainable development.

2.3 Measures

2.3.1 Compensation

2.3.1.1 Compensation over certificates

Since the company has only limited possibilities to avoid or reduce emissions, the main emissions are over-compensated by climate certificates since 2020.

Climate certificates are not an indulgence trade, if appropriate certificates are selected, which actually and verifiably have a positive effect on the worldwide CO₂ balance. When selecting projects, a positive impact on the respective country (e.g. economy, employment) can be achieved at the same time. In this way Spherea can best achieve its goals with climate certificates.

The appropriate projects supported by the certificates are chosen regarding their support of the United Nations Sustainable Development Goals (UNSDGs).

Following projects were selected in 2024:

- **Project 1:** The Renewable wind energy, Ruchi Soya, India project involves the construction and operation of a wind farm with 37 turbines, generating a total capacity of 29.6 megawatts. The clean energy produced is fed into the northern Indian power grid, displacing 53,000 GWh of electricity from fossil fuel-based power plants. Without the additional revenue from voluntary carbon offsetting, this forward-looking renewable energy project would not have been feasible. The project is VCS certified and contributes to achieving Sustainable Development Goals 12 (Responsible Consumption and Production) and 13 (Climate Action).
- **Project 2:** The Teesta Low Dam project is a significant hydroelectric power plant located on the Teesta River near Kalijhora village in the Darjeeling district of West Bengal, India. As a run-of-river power station situated in the lower cascade of the Teesta River, the project aims to reduce dependence on fossil fuel-based electricity and harness sustainable energy sources. Its primary goal is to decrease reliance on fossil fuel-generated power, contributing to India's sustainable development and environmental protection. The project promotes energy independence and helps reduce CO₂ emissions from conventional power plants. It supports several of the 17 Sustainable Development Goals and is VCS certified, specifically goals 7, 8, 13, and 15.



URKUNDE

Ausgestellt für

Spherea GmbH

Kompensiertes Projekt	CO2-Ausgleich der Unternehmensemissionen 2023
Emissionsmenge	138 t CO₂
Klimaschutzprojekt	Erneuerbare Windenergie, Ruchi Soya, Indien
Projekttyp	VCS
ID-Nummer	668-1084-177
Erfassungsdatum	19. Dezember 2024

Alle CO₂e-Emissionen, die bei der Umsetzung des genannten Projektes entstanden sind, wurden erfasst und durch ein anerkanntes Klimaschutzprojekt bilanziell ausgeglichen.

Weitere Informationen finden sie auf www.natureOffice.com



Figure 2-3 Certificate Project 1



URKUNDE

Ausgestellt für

Spherea GmbH

Kompensiertes Projekt	CO2-Ausgleich der Unternehmensemissionen 2023
Emissionsmenge	138 t CO₂
Klimaschutzprojekt	Erneuerbare Energie aus Wasserkraft, Kishanganga am Fluss Teesta, Indien
Projekttyp	VCS
ID-Nummer	668-1084-751
Erfassungsdatum	19. Dezember 2024

Alle CO₂e-Emissionen, die bei der Umsetzung des genannten Projektes entstanden sind, wurden erfasst und durch ein anerkanntes Klimaschutzprojekt bilanziell ausgeglichen.

Weitere Informationen finden sie auf www.natureOffice.com



Figure 2-4 Certificate project 2

2.3.2 Employee participation

Since 2021 Spherea invites all their employees to participate on the compensation of their own CO₂ footprint through the certified projects. The participation is voluntary and is managed by Spherea. Payments can be done through the payroll.

With this initiative, Spherea wants to provide the employees with an simple way to support the ecological sustainability plan and to take care in their private sphere. The offer will be continued in future.

2.3.3 Local measures

With the following local measures, Spherea intends to motivate other companies in the region to follow the example or at least to motivate other companies to think about their Corporate Social Responsibility.

2.3.3.1 Flower field

Since 2020, Spherea rents a field nearby and sows a flower field together with a local farmer. The growing plants shall bind CO₂ and provide food and shelter for animals. The principle and the commitment is described on an installed sign so that walkers can read about the project.



Figure 2-5 Flower field

2.3.3.2 Climate Forest

In October 2021 Spherea planted the trees of a 0.5 hectare climate forest with 1,635 trees in Nersingen. The forest will bind about 6 tons of CO₂ per year. In addition to the contribution to the environment, it was a team event for our employees to ensure a commitment not only by management but by the entire Spherea team. The project is supported by the mayor of the municipality of Nersingen and by the nature conservation authority in Neu-Ulm.

As a medium-sized company, Spherea wants to set an example that everyone can contribute and hope to inspire other companies to contribute to our future together with communities, cities and districts. Climate protection should not only mean doing without, but can also be a positive event for a company.



Figure 2-6 Climate Forest

2.3.4 Reducing energy-related emissions

During the selection process for the new facilities, Spherea selected a modern building with good and modern air conditioning and heating, which also uses geothermal energy and heat pumps.

Spherea has asked the landlord to cover the company's electricity consumption with sustainable green electricity and to implement measures for reducing energy consumption in the office. Based on the exact consumption values, targeted reduction measures can be implemented to support the 1.5°C target.

In general, the possibilities for Spherea to reduce the energy related emissions is limited, because Spherea is not managing the infrastructure of the building. Spherea is committed to contribute to the most possible extend to the 1.5°C – 2°C target and will analyze how individual areas can save energy.

The LPA method is used to remind all employees regularly to reduce the daily emissions. This supports the aim to reduce the emissions in scope 1 and 2 by 21%.

2.3.5 Reducing mobility-related emissions

2.3.5.1 Exchange of team car

The usage of the team car has been analysed. The compromise between environmental protection, social responsibility for other countries (mining of rare metals) and usability is a fuel-efficient diesel engine. The team car was exchanged to a diesel engine car in June 2023.

2.3.5.2 Electro-mobility for business cars

Holders of a business car are offered to switch on an electrical car. Since 2021 Spherea exchanged 3 of 5 company cars to electrical cars.

2.3.5.3 Bicycles for commuting/small business trips

It has been evaluated, whether the two team bikes should be replaced by E-bikes. It was decided that an annual service day for bicycles should be introduced instead. Employees can have their private bikes checked and adjusted free of charge by a professional mechanic. This should positively support them in the use of bicycles. In addition, increased safety for the employees' way to work is achieved.

2.3.5.4 Job-Bike

In 2023 Spherea implemented the Job Bike model. With bicycle leasing, bicycles can be obtained easily and inexpensively from the employer. The bike can then also be used privately and is simply paid monthly via salary conversion.

2.3.5.5 City cycling "Stadtradeln"

Since 2021 Spherea is a part of the event "Stadtradeln" and shows that the employees of Spherea are an active part of the Ulmer cycling community. City cycling "Stadtradeln" is about covering as many kilometers as possible by bike privately and for business within 21 days. The target is to achieve more cycling promotion, more climate protection and a better quality of life for our employees - and at least have fun while cycling!

year	Cycled km Spherea	CO2 avoidance Spherea	Cycled km Ulm	CO2 avoidance Ulm
2021	1.931 km	283,9 kg	518.935 km	76 t
2022	6.169 km	950 kg	802.425 km	124 t
2023	3.165 km	510,6 kg	688.086 km	111 t
2024	3.290 km	483,70kg	867.576 km	144 t

Figure 2-7 Result of "Stadtradeln"

2.3.5.6 Annual rail ticket

Spherea subsidized the annual rail ticket (Deutschland Ticket) with 25 %.

2.3.5.7 Use of rail for business travel

Among the employees, it is noticeable that they increasingly use the railway for business trips when possible. The booking of flexible tickets supports this.

2.3.6 Other environmental measures

2.3.6.1 Printer

Kyocera offers climate-neutral printers. Therefore, the central printer was replaced by a device of this brand. At the same time, attention is paid to the purchase of environmentally friendly paper.

2.3.6.2 Office Equipment

Our supplier of office equipment sources as far as possible its goods from Germany or neighboring European countries. They take care of reduced packaging waste and have high requirements regarding quality and long durability of their furniture. The company takes care about economic and social responsibility.

2.3.6.3 Christmas marketing actions

The sending of Christmas cards is a pollution of the environment. The printing and the sending of the cards have a high environmental impact. The cards are often ennobled with gold or silver or with glitter on it and are mostly thrown away after the Christmas holidays. Therefore we dispense in 2024 on the sending of Christmas cards.

2.4 Garbage Collection

Spherea is separating garbage into the following components:

1. Gelber Sack: all typical Gelber Sack waste which can be recycled
2. Residual waste: all organic waste including Hofmann Biopap belong here
3. Paper + Cartons
4. Special waste
 - a. Electrical waste → e.g. cables, PCBs, electrical components, ...
 - b. Hazardous waste → e.g. paint, varnish, sprays, oils, solvents, ...
 - c. Metal waste → e.g. screws, corners, metal frames, ...
 - d. Accumulators/batteries → attention: protect poles of lithium-ion batteries with tape

This separation has been discussed with the city of Ulm (in particular for Biopap, which is better to collect in the residual waste, because it cannot be processed as organic waste). Organic waste cannot be separately collected by the landlord. The amount of organic waste is limited and therefore the solution is acceptable.

2.5 Hazard Materials

2.5.1 Cleaning agents

Spherea has contracted a specialist company for cleaning work. Therefore, it can be assumed that cleaning agents are used correctly. There is a separate and locked room for the storage of cleaning agents.

2.5.2 Laboratory material

Hazardous materials are used in small quantities in the laboratories, as required for electronic assemblies. PCB production or mechanical production with surface treatment is completely outsourced. Therefore, only very small quantities of hazardous materials can be assumed, so that no special measures are required here.

2.5.3 Regulatory requirements

Spherea considers the RoHS requirements as required by our contracts.

Spherea is regularly analysing the applicability of REACH. For the moment, the quantity of chemicals is below the level defined by REACH. Therefore, there is no dedicated action required.

2.5.4 Hazard Substance Register

Within a hazard substance register, all relevant hazard substances are listed and a risk assessment is carried out.

Year	2022	2023	2024
Batteries	-	3,0 kg	3,0 kg
Bulky waste	580,0 kg	-	400,0 kg
Electrical and electronic	780,0 kg	5,0 kg	600,0 kg
Hazardous Material	-	0,1 kg	-
Metal	-	10,0 kg	50,0 kg
Paper / Carton	690,0 kg	-	-

Figure 2-8 Overview of Waste Report

2.6 Circular Economy

Spherea engineers develop new products for Spherea customers every day. Spherea test systems are often in use for many years or decades. This means that individual components can no longer be repaired or procured. To avoid scrapping the equipment, Spherea offers clever solutions to replace the components without affecting the test task of the overall system. For old equipment that is no longer usable, Spherea offers to customers to find interested parties who can continue to use this old equipment. This is an active contribution to the circular economy.

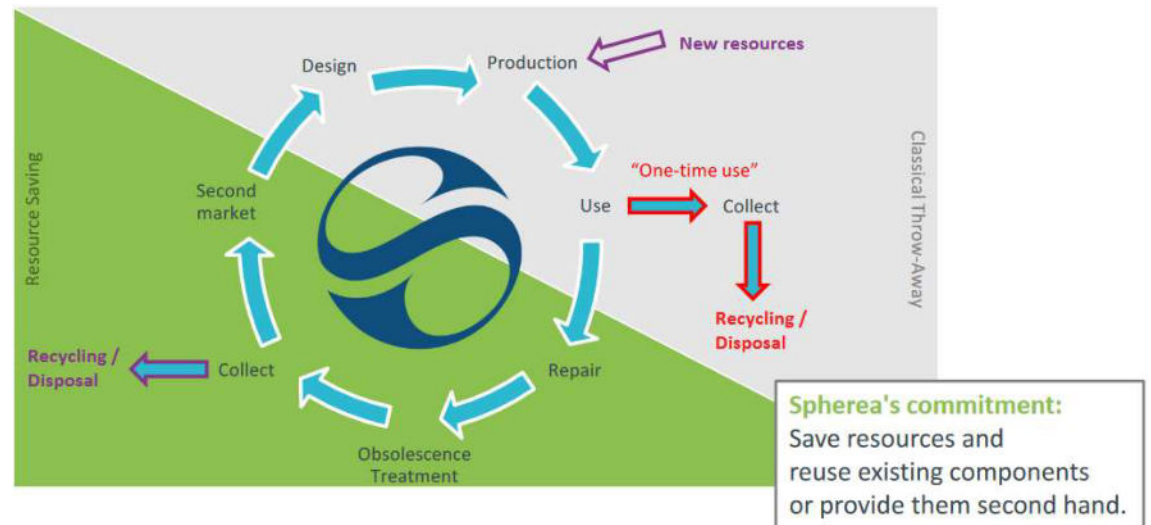


Figure 2-9 Circular economy approach at Spherea

2.7 Result

Thanks to these measures, Spherea has been able to call itself a climate-positive company since 2020. The term climate positivity or even climate neutrality are unclear concepts. Therefore, the Senate of the Economy (Germany) has launched an initiative for more transparency on climate neutrality. We feel bound by this.

More information at: <https://www.senat-deutschland.de/politische-impulse/klimaneutralitaet/>

3 SOCIAL RESPONSIBILITY

3.1 Spherea as an employer

As a growing company, Spherea creates secure jobs in the region and takes responsibility for its employees.

3.1.1 Fair working conditions

Spherea offers secure and safe jobs in a healthy work environment. Employees are seen as the most important asset of the company and benefit from collectively agreed wages and working hours, health care, company pension plan and many other services. The empowerment of Spherea employees is key; they can contribute in various ways and the company wants to enable them to take responsibility and develop personally. Furthermore diversification is recognized as a benefit, Spherea guarantees equal opportunities for all employees and applicants.

3.1.2 Family-conscious company

Since November 2021, Spherea has received the rating "Family-conscious company" of the FamilyNet cooperation with distinction. This cooperation is composed of entrepreneurs from Baden-Württemberg and the Family Council of Baden-Württemberg. Together with the Ministry of Economics, Labour and Tourism of Baden-Württemberg, they award the title "Family-conscious company" to committed companies and thus set an example for more family-friendliness.



Figure 3-1 Family-conscious company

More information: <https://www.familynet-bw.de/familynet/praedikat>

3.2 Social Partners

Spherea has been supporting various social institutions and projects since the beginning, thus contributing to society. Spherea wants to set a positive example and promote and initiate important improvements.

3.2.1 “Deutsches Rotes Kreuz” German Red Cross KV Ulm e.V.

3.2.1.1 „Tafel“ shops in Ulm and Alb-Donau district :

Spherea supports the non-profit organization “Tafel” annually with a monetary donation. In addition, Spherea was able to support the “Tafel” with a donation of FFP2 mouth and nose protection masks during the Corona pandemic.

The “Tafel” balances food surpluses and shortages: volunteers collect high-quality food that would end up in the trash. This food is sold in special stores for nearly one-third of the regular price to eligible people, such as those with small pensions or those in need of social assistance. In addition to food donations, the “Tafel” in Ulm and the Alb-Donau district are also happy to receive donations of time in the form of volunteer support in the collection and sale of food or monetary donations.

More information at: <https://www.drk-ulm.de/angebote/soziale-dienste/tafellaeden.html>

3.2.1.2 German Red Cross KV Ulm e.V. & Quarter Social Work Wiblingen



Sphera donated laptops that were no longer in use to “Quartierssozialarbeit Wiblingen” in June 2021 and in November 2021. The laptops were checked in advance by Sphera staff and equipped with new system software. Recipients of the laptops are families who are confronted with the difficult situation of home schooling due to the Corona pandemic with children of school age. Quarter Social Work Wiblingen supports families with different cultural backgrounds and provides a meeting place to bring them together.

Figure 3-2 Laptop donation

3.2.1.3 German Red Cross KV Ulm e.V. & Quarter Social Work Wiblingen

Since 2023, Sphera has been offering an annual blood donation together with its social partner, the German Red Cross. In 2024, 62 people were able to donate blood, 12 of whom were first-time donors. The aim is to make the barrier to donating very low so that people can donate during their break or after work.



Figure 3-3 Blood donation

3.2.2 Ulm's kleine Spatzen (The little sparrows of Ulm)

In 2021 Spherea supported the organization "Ulm's kleine Spatzen" and organized a event at Spheras Climate Forest to give the children a great experiences and the chance to learn. The district office of Neu-Ulm was also involved in the organization of the program and there was a lot of fun as well as some interesting information about insects and the animals of the forest and the river for the children. The organization "Ulm's kleine Spatzen" gives children unforgettable hours to distract themselves from their fate.



Figure 3-4 Event at Spheras climate forest

3.2.3 Autismus Zentrum Schwaben

Spherea is part of the project FIFAA "Fit for the world of work with autism" of the Autismus Zentrum Schwaben. This project supports people with autism in entering the world of work. While social communication is a prerequisite in today's professional life, autistic people perceive their environment less in terms of social signals, but pay attention to small details. The goal of the project is to enable more autistic people to make a smooth transition from school or training to work by improving their compensatory strategies and to support companies in hiring autistic people. Spherea is convinced that people with autism can be an asset to the economy. In case of suitable people, we would be happy to offer internships or permanent jobs together with the Autism Center Swabia.

More information at: <https://www.autismus-schwaben.de/>

3.2.4 J-Hope e. V.



Figure 3-5 J-Hope Sponsor run

Hope e.V. was founded in 2022 as a support association for children with SCN2A gene mutations. These are rare gene mutations that can lead to epilepsy, autism, severe intellectual disability and developmental delay. There are currently only 1,000 known cases worldwide. Unfortunately, there are many undiagnosed cases. The goal of the organization is to raise awareness in society and support research on SCN2A. In October 2024, Spherea supported the J-Hope sponsored run with donations and labour for the second year in a row.

3.2.5 "Geschenk mit Herz" Gift with heart



Figure 3-6 Christmas presents for „Geschenk mit Herz“

Also in this year the company and its employees took part in the "Geschenk mit Herz" campaign to bring Christmas joy to children from poorer families in Eastern Europe.

3.2.6 Movember – Der Moustache November

For the third year in a row, we started the Movember campaign from November 1 - 30. Movember, (portmanteau of "moustache" and "November") is an action to focus on mental health, suicide prevention in men, and prostate and testicular cancer. On average, men in Europe die 5 years earlier than women. To draw attention to the campaign, millions of men just grow their moustaches in November and collect donations for charity. The donations will go to various initiatives that deal with the research and prevention of the above-mentioned focal points. For more information see: <https://de.movember.com/>



Figure 3-7 Movember 2024

4 GOVERNANCE

For Spherea, governance means responsible, sustainable management and includes fairness and transparency. In order to do justice to responsible and compliant corporate governance, Spherea has defined values for itself according to which it acts. In order to ensure this along the entire supply chain, Spherea has also passed on this responsibility to suppliers, sub-suppliers and partners.

4.1 Values

Spherea defined together with the employees a set of values. These values are an integral part of the certified management system. During the annual employee interview, all people are reminded of those values. The values are inspired by values of the United Nations and the European Union.

A detailed definition of the values can be found in the released business management manual. The following list is an executive summary:

4.1.1 We excite our customers

Enthusiastic customers drive us to deliver optimum results and grow beyond ourselves. Our focus is always on the needs of our customers.

- We are always exerted to understand the expectations of our customers and their real needs.
- We intend to develop solutions leading to real added value for our customers.
- We understand our customer organisation and strive to find solutions proper for all the stakeholders within the customer organisation (contractors, managers, end users).
- We are committed to deliver on time, on cost and on quality in line with the contractual requirements.
- Beside any regulations and norms to be respected, we always focus on high quality in front of the real needs of the customer.
- We deliver to our customers safe and sustainable products and services.
- We are always interested in frank feedback and constructive criticism.

4.1.2 We shape future

If the wind of change is blowing, some build a wall, we build windmills.

- We implement continuous improvements, changes, innovations and transformation as required in order to be among the best.
- We involve our people using their creativity and innovation spirit instead of just giving instructions.
- We implement changes to reach sustainable results.
- We are continuously developing our organization according to the current needs keeping flat hierarchies and short communication channels.
- We anticipate mega trends.

4.1.3 We strive for excellence

We strive for outstanding performance in competition that is above average.

- We always set high standards for the results of our work.
- We undersign for our personal result, which means that topics are thought through and the result is a solution ready to be used.
- We work each day to be a premium company in our sector.
- We endeavour to deliver outstanding products and solutions.
- We compare ourselves with the best in our class so that we remain a reference in the sector.
- We exchange on our experience with other organisations and share best-practices.
- We achieve the optimum between chaos and perfection.

4.1.4 We believe on Lean Management

All our activities are focused on customer value and related targets. We are using the processes in the daily operations avoiding wasting of resources in order to deliver outstanding results.

- We are using our processes focused on targets in order to create valuable benefits for the customer.
- We avoid unnecessary waste, minimize necessary waste and maximize activities that our customers are willing to engage in.
- Each of us contributes to solving tasks, strives to deliver great results for other team members and clients, and always acts responsibly.
- We strive to solve problems immediately.
- We take decisions as soon as possible and implement them.
- We always look for simple solutions with as minimal interfaces as possible.
- We act in an entrepreneurial manner for the benefit of clients, Spherea and our stakeholders.
- We take minor tasks serious in order to avoid negative long-term impacts.
- We follow well-thoughted plans in order to avoid urgent and stress-full recovery actions.
- Our organization supports our people, our processes and our targets – not the other way around.

4.1.5 We are one committed community

The team spirit of Spherea is beyond the average and the talents of our people are a key success factor. We are ready to go the extra mile.

- Visions, Strategy and Targets are developed together in a dialogue between our people and our managers.
- We communicate actively, we understand, we decide, we implement – and we correct, if needed. Therefore, we are encouraged to make mistakes.
- We act sovereign and admit to mistakes.
- We are looking for solutions, not for excuses. We solve problems and don't look for people to blame.
- Even if we are working with highly complex organizations and partners, we keep the spirit of a SME.
- We trust on each other.
- We recognize diversification and integrate all team members independent from handicaps, colour, the origin or gender. A fair and open exchange of ideas as well as the contribution by all people support the development of our company.
- We want to secure our jobs.
- We support each other to balance work and private life. We are a family friendly company.
- We act appreciative, respectful, reflective and fair.

4.1.6 We lead professionally

We recognize our employees as the most valuable asset of our company. They deserve professional leadership with integrity and inspiration.

- We are honest, authentic, transparent and trustworthy. We give confidence.
- We stick to the line, stick to decisions, act without randomness and we are predictable.
- We give valuable feedback, praise honestly and listen.
- We take responsibility.
- We respond to situations, pick up employees, provide purpose and act as a reference.
- We are loyal towards our employees.
- We need to manage the daily operation; in addition, we need leadership. A good balance is a key element.
- Empowerment of people is based on coaching, trust and supervising in a fair manner.
- We enable our employees to continue their personal and professional development.
- We empower employees to take responsibility and show their best performance.
- The well-being and interests of our employees are important to us.

4.1.7 We act sustainable

We are aware about and take our responsibility for our environment, our society and our governance. Our commitment is changing the future through ideas and projects for greater sustainability.

- We generate an added value for our region.
- We provide safe and secure jobs.
- We appreciate the collaboration with schools and university for the benefit of the students and our company.
- We have responsibility for our nature and for environment protection. We will take care as much as applicable for our company.
- We have responsibility for the society.
- We ensure sustainable management and governance and efficient use of resources.
- We appreciate fair competition with other partners and companies.
- Instead of short-term effects, we want to develop the company on a long-term view and achieve sustainable results. Therefore, we think about the long-term impact of our decisions and actions.

4.1.8 We live our values

Compliance with legal and ethical rules and a strong commitment to our values are what drives us. Our values help us to develop and inspire us in our daily work.

- We treat all people, e.g. employees, customer, partners and stakeholder in a fair and respectful manner. We communicate in a transparent way to the most possible extent.
- We are looking for fair, trustful and reliable long-term partnerships with our suppliers, partners and customers.
- We want to avoid situations leading to any type of conflicts between private and company interests.
- We support each other during difficult situations in personal life as far as feasible for us.

4.2 Code of Ethics

We commit ourselves to the following Code of Ethics:

- We conduct business in an ethical, lawful and sustainable manner.
- We have zero tolerance for any type of corruption or bribe.
- We compete in a fair way and respect competition laws.
- We fully respect applicable laws and regulations and comply with export regulations.
- We cooperate with legitimated authorities in the course of their investigations.
- We do not facilitate any type of tax avoidance.
- We guarantee equal opportunities for employees and applicants.
- We request employees to report any type of incompliance to our Code of Ethics to their supervisor and the management.
- We do not accept any kind of discrimination or exploitation of people.
- We safeguard the property and confidential information of the company.
- We ask employees to act appropriately during business trips and business events without unreasonable demands.

4.3 Regulations of Compliance

Beyond the above mentioned values, Spherea is committed to their regulations of compliance. The compliance document covers the following elements: definition, duty to inform, breach of compliance, prohibition of bribery and corruption, avoidance of conflicts of interest, invitations and gifts for employees, invitations and gifts towards business partners, protection of the company's assets, data privacy, conduct toward competitors, consequences of compliance violation, focal points.

<mailto:compliance@spherea.de>.

4.4 Complaint mechanism

In 2023 Spherea initiated the complaint mechanism on our website. The complaint mechanism can be used to report violations of human rights or environmental obligations in the business area of the Spherea GmbH as well as in its supply chains. In addition, it is possible to report violations of legal regulations and internal standards. The submission of a complaint is free of charge and can be made anonymously. There is also a post address, mail account and phone number, to report offenses.

Employees in charge of managing possible infringements are contractually protected to act independently.

4.5 Compliance to Legislations

Within the Intranet there is a legislation register. This register lists the relevant legislations for the following domains:

- EMS Legislations
- EU Directives
- Standards
- Links to export control regulations

This enables all employees to verify the applicability of regulations and the latest issues of a legislation or and standard.

4.6 Supply Chain

As part of its corporate responsibility, Spherea is committed to placing legal and ethical obligations at the center of its business activities and to fulfilling them beyond the legal framework. Although the supply chain diligence act does not apply to Spherea due to the size of the company, Spherea is committed on those obligations.

Spherea introduced a risk evaluation matrix for countries and sectors for the selection of suppliers. The supply chain processes consider this matrix in the supplier selection process. In case of need to select suppliers in critical countries or sectors, additional measures are required by the process.

To meet the high standards, the relationship between Spherea and its partners and suppliers plays a key role. Spherea requires that partners and suppliers, as well as all participants in the entire supply chain, comply with all regulations and laws of the country in which business of any kind is conducted. Spherea ensures this by adhering to the “Corporate Responsibility and Sustainability Charter” (Code of Conduct) for Partners and Suppliers.

The “Corporate Responsibility and Sustainability Charter” contains committed obligations as well as additional challenges. The committed obligations are not negotiable. The additional challenges are considered in the supplier selection process.

The most critical requirements are covered by the standard terms and conditions of purchase.

4.7 Financial and Fiscal Controlling

Spherea has several process in place for planning and controlling on order intake, project execution (PMBOK standard) and financial controlling. For accounting, payroll and tax a specialised company (WTS) is the service partner. Certified public accountant is performing annually a fiscal audit.

Based on the cooperation with the public procurement agencies as e.g. BAAINBw or Deutsche Bahn, the agencies conduct an annual plan cost review as well as a review of current costs under the public pricing law (VO PR Nr. 30/53).

Since the beginning, all audits has been passed without deviations. Even more, there was positive feedback on the powerful controlling processes.

4.8 Management System

The business management system of Spherea is certified according to ISO 9001, EN9100 and ISO14001. The business management system considered the requirements of AQAP. Based on an external assessment (not an audit), the business management system covers to a high level of extend the requirements of ISO/TS22163 (technical specification of railway industry).

The business management system was a main element leading to the award of the German excellence price in bronze in 2019 (Ludwig-Erhard-Preis). In 2021, a new evaluation was carried out without a price procedure, with the result of 5 stars. In 2022, a short assessment was carried out within the framework of an Excellence Cluster (Professor of Fresenius University).

4.9 Risk Management

4.9.1 Risk Management Levels

Risks and opportunities are managed within Spherea on several levels:

- Risks and opportunities within the projects are addressed to standard risk management as described in the PMBOK (Project Management Body of Knowledge)
- Risks and opportunities within the sales activities are managed through so called sales outlines (sales projects) and related sales reporting
- Risks and opportunities on corporate level are managed through an enterprise risk register.
- There are emergency manuals for critical events (e.g. fire, burglary) and for information technology

4.9.2 Safety & Security Board

In the intranet there is a safety and security board available for all employees. The list of emergency numbers is presented to employees and visitors on the information board.

4.10 Engagements

4.10.1 Universities

Spherea works closely with several universities to give young people insight into a company and support their education. For this purpose, Spherea offers various opportunities and is in regular exchange with the universities.

It is possible to work as a student trainee at Spherea, to write a thesis in cooperation with Spherea or to study with in-depth practical experience. These offers should help to support the skilled workers in the region in a good education and to make Spherea known as an employer.

With several marketing actions we support this target. Spherea participates on several career exhibitions. In 2023 we were present on the career exhibitions of University Ulm, Hochschule Weingarten, Hochschule Augsburg and a general exhibition of IHK Ulm.

4.10.2 School partnerships

Beside that we organized an excursion for students of the University Ulm to get a glance into the world of Spherea. We presented our offices, integration rooms, products, etc. They could ask questions and get a view how the working environment is

On a tree planting event, we connected to a local school. The school offers electives to upper school students on sustainability combined with technical aspects. Spherea supported by giving a lesson on measurement technologies and data acquisition as well as an excursion to our company to present what our business is and how a SME can deal with sustainability in all aspects. Additionally Spherea financed measurement equipment and gave a dedicated lesson for the equipment.

Through the cooperation, we can make ourselves known as a company to potential future employees and present the opportunities we offer for students.

4.10.3 Senate of Economy (Germany)

Since 2020, Spherea has been represented in the Senate of the Economy by the Managing Director of Spherea, Martin Kugelmann, and thus have the chance to help shape a sustainable future in the spirit of John F. Kennedy's quote: "Ask not what your country can do for you, ask rather what you can do for your country!". In 2022/2023 he chaired the "Future Work and Personnel" Commission. The Senate of Economy is composed of personalities from business, science and society who are particularly aware of their responsibility to the state and society. Together, they contribute to the practical implementation of the sustainability goals oriented toward the common public benefit in the sense of the ecological-social market economy. The Senate of Economy is purely oriented towards the common good and is in constant dialogue with representatives from politics and science.

The ethical principles of the Senate's community of values can also be the basis and guideline for the economic actions of the members of the Senate. Fairness and partnership in business life as well as the social competence of entrepreneurs and executives shape the work of the Senate.

More information: <https://www.senat-deutschland.de/>

4.10.4 Excellence

In 2018, Spherea was awarded the Ludwig-Erhard-Prize in bronze (German excellence prize).

The Ludwig-Erhard-Prize is awarded on the basis of an intensive assessment process to organizations and companies that distinguish themselves through a holistic management system and the sustainable success of their business activities. The underlying assessment methodology for the process is the EFQM model. In 2020, the new EFQM Model was significantly more focused on the ecosystem, dealing with megatrends. Based on the new model, a new assessment was conducted in 2021 with the result of 5 stars.

To further spread the idea of excellence in Germany, Spherea was a member of the LudwigErhard Award initiative. The managing director Martin Kugelmann was a member of the jury. Spherea also provided assessors.

To carry the idea further, Spherea has joined an excellence network with 7 other companies, in which visits to each other and mutual assessments are pursued.

Spherea is a founding member of "Exzellenz Cluster Deutschland e.V." and the Managing Director was elected as the first chairman. This network aims to spread the ideas of Deming and the EFQM model in Germany in order to support SMEs in particular. On the other hand, the exchange with other companies helps Spherea to constantly benchmark and improve themselves.

5 FUTURE OF ESG

5.1 UNSDGs

The contribution of UNSDG is a goal of Spherea Therefore it was analysed how the internal processes can support the respective UNSDG. The analysis will be checked at regular intervals.

5.2 Detailed Evaluation Environmental Aspects

We evaluated the environmental aspects of all business processes. We made a risk and chance analysis, implement measures and set targets for the future. This document will be updated in regular intervals.

5.3 Planned ESG actions for 2025

In 2024, there was intensive collaboration with Spherea France in the area of CSRD. Spherea Germany will also collaborate actively in 2025. In addition, Spherea GmbH would like to look at the extent to which its products contribute to sustainability. Workshops will be held for this purpose.

In order to gain an even better insight into the company's environmental impact, Spherea will calculate the entire corporate carbon footprint in 2025 and then derive measures accordingly.

In addition, a new assessment by Ecovadis will be sought after implementation of the analyzed measures. Recertification for the family-conscious company is also planned for 2025.


6 COMMITMENT

With our signature, we – the management team - declare the correctness of this report and our commitment to continue on the ESG topics in the same sense as in the past.



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Martin Kugelmann
Managing Spherea GmbH



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