



2022

ACTING FOR TOMORROW



SUSTAINABILITY REPORT

ABOUT US

The STIHL Group develops, manufactures, and distributes outdoor power equipment for forestry, agriculture, landscaping, construction, and discerning consumers. The product range is complemented by digital solutions and services. The products are sold to end users through authorized servicing dealers and through STIHL's own online shops, which are slated for international expansion in the years ahead. The STIHL Group's sales network consists of 42 sales and marketing companies, approximately 120 importers, and more than 55,000 independent, authorized dealers. The Group has manufacturing operations around the world in seven countries: Germany, Switzerland, Austria, Brazil, the U.S., China, and the Philippines. STIHL has been the world's top-selling chainsaw brand since 1971. The STIHL Group was founded in 1926 and is based in Waiblingen near Stuttgart, Germany.

5.5

BILLION EUROS IN REVENUE
worldwide in fiscal year 2022

20,552

EMPLOYEES Group-wide as of
late 2022

IN OVER

160

COUNTRIES
people can buy STIHL

ABOUT THIS REPORT

This publication is the second STIHL Sustainability Report. The report was prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) for the period from January 1, 2022, to December 31, 2022. It outlines our sustainability strategy and our sustainability targets, as well as our sustainability activities in 2022. The consolidated group covered in the Sustainability Report differs from the one covered in the STIHL Annual Report. Unless stated otherwise, all data relates to the operating German STIHL locations (the founding company of the STIHL Group, ANDREAS STIHL AG & Co. KG, with eight locations in Waiblingen, Fellbach, Ludwigsburg, Weinsheim, and Wiechs am Randen, as well as the distribution center in Dieburg), along with all international STIHL production companies (U.S., Brazil, Austria, Switzerland, and China) and the ZAMA Group, with subsidiaries in China, Hong Kong, the Philippines, Japan, and the U.S. The STIHL Group's international sales companies and the U.S. company CS COSMOS STIHL Manufacturing Inc., which was founded in late 2022, are not yet covered in this report, but will be included in the medium term. The Sustainability Report was published in digital form at [SUSTAINABILITYREPORT.STIHL.COM/2022](https://sustainabilityreport.stihl.com/2022) in May 2023 and is available in German and English. It was not subjected to external assurance. All forward-looking statements in this report were based on assumptions valid as of the editorial deadline. The actual results and developments may vary. The next STIHL Sustainability Report is scheduled for publication in early 2024.

OUR MOTIVATION

STIHL is a family-owned business with roots in forestry that stretch back nearly 100 years. Everything we do has always been focused on people, nature, and their power to grow. That is what drives us – and what we want to keep driving forward.

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READ ONLINE

The STIHL Sustainability Report 2022 is also available online.

LEARN MORE AT [SUSTAINABILITYREPORT.STIHL.COM/2022](https://sustainabilityreport.stihl.com/2022)



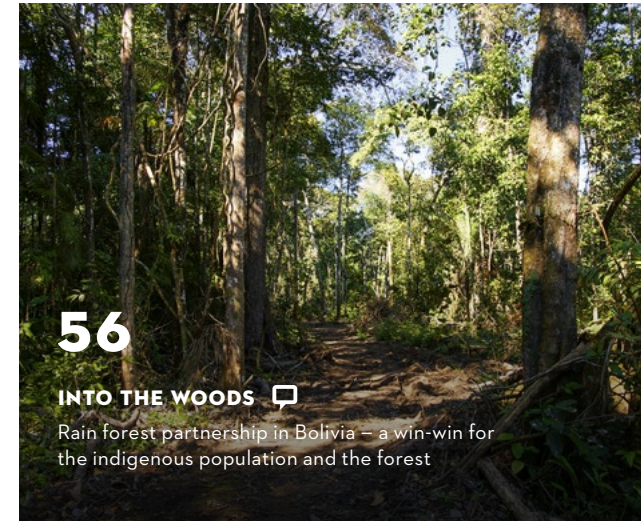
This report looks at several flagship projects, which are marked with this icon.



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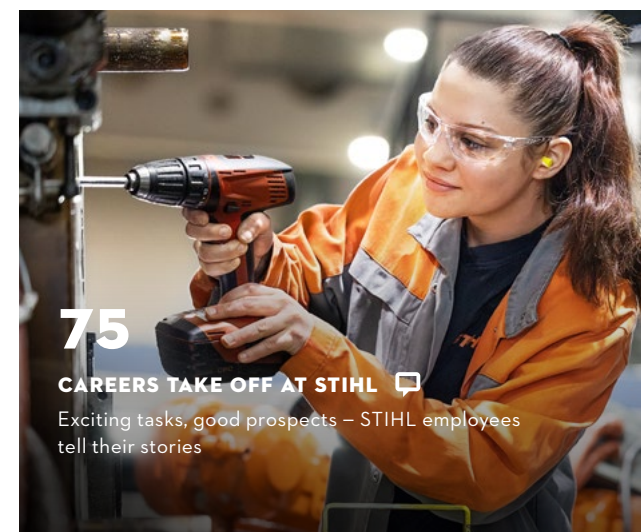
STIHL is advancing its battery strategy and investing in new production sites for battery-operated tools



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Dr. Nikolas Stihl, Selina Stihl, Karen Tebar

DEAR READERS,

Especially uncertain times require a clear compass. Where is STIHL headed in today's turbulent climate? How can we make sure we remain ready for the future? The sustainability strategy contributes to the compass for our actions. As a family-owned company, we see ourselves as drivers of sustainable business in every area. For three generations now, we have been defining the strategic principles of successful long-term business development.

We also see ourselves as role models. Acting sustainably requires enthusiasm, spirit, and an understanding of why we at STIHL think in generations. That is something we want to embody and make real. After all, the shared commitment of all employees is the one and only key to unlocking STIHL's future as an economically, socially, and ecologically responsible business.

DR. NIKOLAS STIHL
Chairman of the
Advisory Board

SELINA STIHL
Deputy Chair of
the Advisory Board

KAREN TEBAR
Deputy Chair of the
Advisory Board

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STIHL AG EXECUTIVE BOARD

Dear Readers,

Behind us lies a year of multiple, concurrent crises, the likes of which we had never seen before. The coronavirus pandemic, material shortages, and a lack of skilled labor had already put STIHL to the test. And then came the Russian invasion of Ukraine, with all its terrible consequences for the people there – and with political and economic upheaval that has affected companies and citizens in Germany through inflation and concerns about energy shortages. Meanwhile, the UN Climate Change Conference in Egypt made it clear that we are still far from finding a solution to the climate crisis. The credit for STIHL's 8.6 percent increase in revenue to 5.5 billion euros in the face of these adversities goes primarily to the outstanding commitment and dedication of our people, who have earned our sincere thanks.

Despite all of the acute crisis situations, we have not forgotten the mission pursued by company founder Andreas Stihl: "Acting for tomorrow." STIHL is rising to the challenges of today, without losing sight of its vision for the times ahead of us. Both the STIHL Group and the Stihl family want to leave the generations to come a livable future. That is why we think and act with the long term and sustainability in mind, in the interest of employees, customers, authorized dealers, and suppliers – and in the interest of the environment and society, to which we are actively committed.

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Part of looking toward tomorrow is embracing change. In 2022, we ushered in a new generation on the Executive Board by welcoming a new Chairman and a new Chief Financial Officer. This spirit continued in 2023 with the new Executive Board member for Marketing and Sales. We also mourned the death of Eva Mayr-Stihl, a dedicated entrepreneur who spent many decades guiding our business with her wisdom.

In 2021, we developed a sustainability strategy and set ourselves ambitious targets for the time between now and 2030 to guide us in our mission of acting for tomorrow. We have started rolling out this strategy through-

out the STIHL Group. Our first achievements include the full offsetting of carbon emissions at our production companies and the code of conduct for our suppliers, which further strengthens the commitment to responsibility in our supply chain. Our decision to join the United Nations Global Compact also underscores how seriously we take our sustainability activities. In other areas, our progress is not yet satisfactory, and we still have room to evolve and grow. This, our second STIHL Sustainability Report, documents that path. We thank you for your interest in our development, and we wish you an informative read.

MICHAEL TRAUB
Chairman of the
Executive Board

KARL ANGLER
Finance and Information
Technology

INGRID JÄGERING
Finance and Controlling

ANKE KLEINSCHMIT
Research and Development

NORBERT PICK
Marketing and Sales

DR. MICHAEL PROCHASKA
Human Resources and
Legal Affairs

MARTIN SCHWARZ
Manufacturing and Materials

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»Shaping a sustainable future is an obligation for us all. I firmly believe that we have the tools to drive forward the transformation of both ourselves and our customers toward even more sustainability by thinking and acting together.«

MICHAEL TRAUB
Chairman of the Executive Board
(since Feb. 1, 2022)



»Sustainability is the environment, business – and people. Our employees are a key success factor. That’s why we help them to help STIHL develop for the long term, so that they grow with us, and we with them.«

DR. MICHAEL PROCHASKA
Human Resources and Legal Affairs



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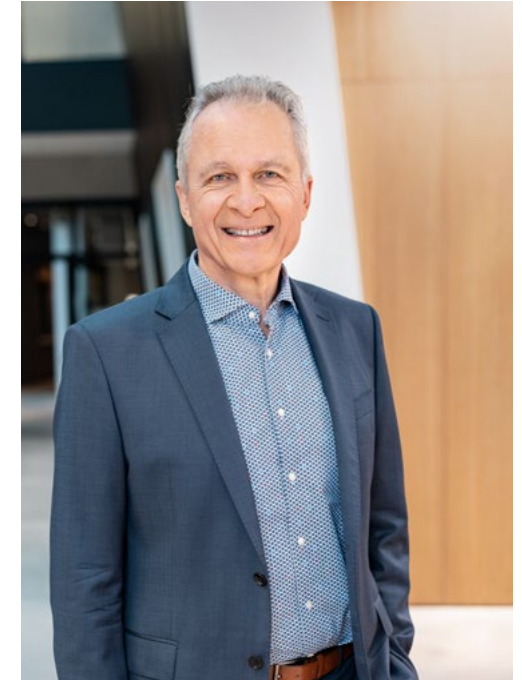
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»We're growing without forgetting our roots. Seizing the opportunities of transformation and investing globally, with an eye to the future, are what set STIHL apart as a sustainable business.«

KARL ANGLER
Finance and Information Technology
(until Jul. 31, 2022)



»Quality, innovation, and reliability are what our customers expect from STIHL. We have had lasting success in the market because we meet these very expectations with our products and services.«

NORBERT PICK
Marketing and Sales (until Dec. 31, 2022)

»Good corporate governance is the basis for our sustainable development. We know where we stand and where we want to go. We're creating the right structures and processes to get there, and we're taking everyone who works here along for the ride.«

INGRID JÄGERING
Finance and Controlling
(since Aug. 1, 2022)



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»We develop products that combine performance and responsibility, for technology with reasonable environmental footprint. Our customers get sustainable innovations – and STIHL ensures its leading competitive position.«

ANKE KLEINSCHMIT
Research and Development



»The most resource-efficient and climate-friendly production methods possible, embedded in a socially responsible value and supply chain – we are constantly growing better with that goal in mind.«

MARTIN SCHWARZ
Manufacturing and Materials

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LOCAL ROOTS, GLOBAL GROWTH

At the STIHL Group, we associate roots with growth. In our nearly 100-year history, we have gone from being a Swabian family business to being a global player. What has always remained the same is that everything we do is focused on people, nature, and their power to grow. That is something we want to continue fostering in the future.

The STIHL Group is the world's leading manufacturer of chainsaws and outdoor power equipment. Since 1971, we have been the world's top-selling chainsaw brand. The business founded by Andreas Stihl in Bad Cannstatt, Germany, in 1926 has grown into a group of companies with branches and activities all around the world.

Today, our production network alone is made up of plants in seven countries. Cast-magnesium components, saw chains, and carburetors are among the products we make in-house. The most recent addition to the STIHL Group is the American muffler manufacturer COSMOS, which we acquired at the end of 2022.¹ Having already worked together for several decades, the new production company in the U.S. state of Illinois will allow us to strengthen our supply chain even further in times of global uncertainty and ensure our impressive depth of production.

¹ Data pertaining to COSMOS has not been included in this Sustainability Report.

Our area of activity

Our main area of expertise is the development, manufacture, and sale of handheld power equipment for forestry, agriculture, landscape maintenance, construction, and private consumers. In addition to chainsaws, our portfolio includes a wide range of power equipment such as brushcutters, hedge trimmers, blowers, mist-blowers, cleaning systems, cut-off machines, earth augers, lawn mowers, and robotic mowers.

With a rising volume of investment in the digitalization of our products and services, STIHL is currently transforming itself from an engineering company to a provider of mechatronic and software solutions. Since 2009, the STIHL Group has been increasingly focused on battery technology. While we aim to make the business with gasoline-powered products environmentally friendly and intend to continue pursuing it for as long as possible going forward, the battery-powered product business is our main driver of growth. As a result, our focus is squarely on the associated customer demands. By 2027, we plan to increase the share of total sales accounted for by batteries and battery-operated tools to at least 35 percent, with a goal of 80 percent for 2035. In 2022, that figure stood at 20 percent. In our domestic market of Germany, we have already sold more battery-operated products than gasoline-powered products over the past two years. Our battery strategy is also associated with major decisions regarding our production sites. Starting in 2024, we will manufacture battery-operated products at our founding company in Waiblingen as well. In addition,

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we are building a new plant for battery-operated and electric tools in Romania, which is likewise scheduled to open in 2024.

Fuels and lubricants, accessories, and personal protective equipment round out our product range. We provide our customers with additional support through digital solutions and services. Our magnesium diecasting plant in Weinsheim, the Asian carburetor manufacturer ZAMA, and the U.S.-based company COSMOS also serve customers outside our Group, in industries such as the automotive sector.

Sustainable business

As an independent, family-owned business, we have always acted with sustainability in mind. We focus on more than just short-term profit. Instead, we do business with a view to the long term and with present and future generations in mind – in the interest of the Group, its customers, employees, nature, and society. Our actions have always been guided by a keen sense of responsibility toward our staff, society, and the environment, as well as a consistent customer focus. All of those things together ensure our long-term success.

Our capital structure is very solid, with an equity ratio of roughly 62 percent. We can generally finance investments without the need for borrowing, allowing us to preserve our independence. We plan to increase our value creation in the long term and strengthen our competitive position so that we can stand firm and create and maintain jobs, even in times of crisis.

We are increasing our targeted, sustainability-led investments, among other things to expand our business model. Through our corporate venture unit STIHL Ventures GmbH (formerly STIHL Digital GmbH), we support and partner with start-ups whose innovations are helping us develop sustainable products and services for our customers.

Fiscal year 2022

Due to the effects of multiple crises, sales at the STIHL Group fell slightly in 2022 compared to 2021, which saw strong growth, but remained high overall. In combination with each other, the consequences of the war in Ukraine (particularly the sanctions and the embargo against Russia), persistent material shortages, and disrupted supply chains all led to tremendous backlogs in production across the STIHL Group, preventing us from being able to fully meet the continued high demand at all times. We also felt the effects of the energy crisis and cost increases, as well as the shortage of skilled labor.

Despite all those factors, we recorded an increase in revenue thanks to positive currency effects and price increases that allowed STIHL to compensate for some of the additional costs. More than 20,500 employees Group-wide helped us achieve revenue of 5.5 billion euros (previous year: 5.06 billion euros), an increase of 8.6 percent.

FOR DETAILS ABOUT THE FISCAL YEAR, PLEASE SEE OUR **ANNUAL REPORT**

Corporate structure and governance

At the STIHL Group, good corporate governance means taking responsibility and acting based on principles of sustainability. All STIHL companies are part of STIHL Holding AG & Co. KG. Since 2002, the STIHL Group's business operations have been overseen by an independent Executive Board made up of six members. The responsibilities of the individual Executive Board members are defined in the Executive Board rules of procedure and in the bylaws. The Executive Board is appointed by the Supervisory Board of STIHL AG.

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In accordance with the articles of association of STIHL Holding AG & Co. KG and the corporate charter of STIHL AG, the Advisory Board of STIHL Holding AG & Co. KG makes nearly all of the significant strategic decisions prepared and proposed by the Executive Board. The Advisory Board has eight members, half of whom are representatives of the individual shareholder families. The other half consists of external representatives who are appointed by the partners. The Supervisory Board has twelve members. The duties of the STIHL AG Supervisory Board are defined by law. Pursuant to German codetermination statutes, the Supervisory Board consists of six shareholder representatives and six employee representatives. The shareholder representatives are nominated by the partners and elected at the STIHL AG Stockholders Meeting. The workforce at the German locations elects four of the employee representatives every five years. Two employee representatives are appointed by the trade union IG Metall. Both the Supervisory Board and the Advisory Board have formed a personnel committee. In doing so, the Supervisory Board meets the requirements under Section 27 Subsection 3 of the German Co-Determination Act (Mitbestimmungsgesetz).

> INFORMATION ON THE **CURRENT MEMBERS OF THE STIHL GROUP'S BOARDS** IS AVAILABLE ONLINE

When appointing their representatives to the boards, the partners mainly look at whether their candidates have the appropriate qualifications. In particular, the external representatives should be capable of leveraging their expertise, experience, and skills to advise the Group. There are no cross-shareholdings with suppliers. Likewise, any transactions with related parties are conducted under arm's length conditions.

The members of the Advisory Board and the Supervisory Board each receive fixed monetary compensation and attendance fees.

Executive Board compensation consists of a fixed component and a variable component that is based on the Group's success. Sustainability aspects are not taken into separate consideration. Market comparisons by external remuneration experts are consulted to determine Advisory Board, Supervisory Board, and Executive Board compensation.

The Chairman of the Advisory Board and the Supervisory Board is Dr. Nikolas Stihl, who took over the position from his father, Hans Peter Stihl, in 2012. Hans Peter Stihl is the Honorary Chairman of both boards and is the general partner of STIHL Holding AG & Co. KG.

The shareholder structure of the STIHL Group has changed as a result of Eva Mayr-Stihl's death last year. While she was alive, she held 25 percent of the limited partner shares in STIHL Holding AG & Co. KG. After the passing of Eva Mayr-Stihl, the Eva Mayr-Stihl Foundation, which she helped to establish, succeeded her as a STIHL shareholder, albeit with a reduced stake. As a result, the Group is able to maintain its high level of financial stability.

RISK MANAGEMENT

In forward-looking businesses like ours, proactive risk management plays an integral role in decision-making and business processes. It is one of the many governance systems that the STIHL Group uses to measure, monitor, and manage risks. Each segment of the business tailors its risk management approach to its functional responsibilities. Group-level risks are regularly discussed, evaluated, and reported. In addition, the potential risk areas are reviewed and adapted annually so as to identify, evaluate, and counteract new and evolving risks in real time. The risk management process involves the use of globally standardized assessment principles and processes that are laid out in guidelines and directives.

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In organizational terms, the STIHL Group's risk management system is overseen by the Group Audit department, which reports directly to the Chairman of the Executive Board. Risk management activities are the responsibility of the Executive Board. Findings and outcomes are communicated regularly to the Advisory Board. Together, they define further risks, which are then tracked by the individual departments and members of staff that are responsible for them. Every risk identified in the risk assessment is monitored and mitigated by taking appropriate measures.

COMPLIANCE

The term "compliance" refers to the Group's adherence to both statutory and internal rules and regulations. All employees are obliged to comply with guidance on how to act internally within the Group and in dealings with third parties outside the Group. Every action we take is guided by our fundamental values of honesty, fairness, and abiding by the law. We obey the law in the countries in which we operate. Any failure to act in accordance with the law and with our own standards may damage the Group's reputation in the public eye or lead to financial losses, regulatory action, or criminal prosecution. It is our shared responsibility to ensure the lasting success of the business and protect the reputation of the STIHL Group.

We take a clear stance against corruption and bribery. Our values are firmly rooted in our **CORPORATE CULTURE**. Since 2022, they have additionally been reflected in our new **CODE OF CONDUCT**. They offer employees guidance on how to act internally within the Group and in dealings with business partners.

Every STIHL company has local guidelines for ensuring compliance with applicable law both internally and externally. The primary aim of these guidelines is to effectively prevent corruption and conflicts of interest while avoiding violations of antitrust law. We keep an eye on new legal requirements through continuous monitoring and consult on them with outside experts. We train our employees regularly in line with their individual responsibilities. To keep the risk of corruption as low as possible, STIHL has rules on the separation of functions, approval processes, and the principle of dual control.

All operational compliance issues are coordinated by a Corporate Compliance Officer who reports to the Executive Board member for Human Resources and Legal Affairs, is the first point of contact for employees when they have questions about compliance, and works closely with the Group Audit, Risk Management, and Legal departments.

In order to continue ensuring the compliance of its business operations with the law and its corporate values, STIHL is constantly working to enhance its compliance management system with avoidance, early detection, and response in mind. To this end, we launched a compliance risk analysis in 2021 at the founding company's offices in Waiblingen, Germany, which we expanded to the entire Group in the reporting year. The conclusion of the analysis is scheduled for 2023. We have so far not identified any material risks requiring immediate action.

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In 2022, we developed a new code of conduct based on the principles of the International Labour Organization (ILO) of the United Nations, in which we affirm our aim of complying with internationally recognized human rights standards. The STIHL code of conduct has been adopted by the Executive Board and the Advisory Board and will act as an important tool for preventing compliance violations. It was published in German and English on various platforms, initially internally, in late 2022 and has been undergoing a successive Group-wide rollout ever since. Additional language versions are planned to ensure an optimal flow of information for all STIHL employees around the world.

Our training concept has undergone further enhancement, with a focus on the code of conduct as well as anticorruption and anti-trust issues. Such training is mandatory for all STIHL employees and is being expanded further for staff from divisions and departments that are exposed to particularly high risks. As a further preventive measure, STIHL has set up a whistleblower system. After initially being available only in Germany, the program was rolled out across the Group in late 2022, giving employees, business partners, and third parties alike the opportunity to report well-founded suspicions, anonymously if preferred. In 2022, the system received 19 reports, which STIHL investigated in accordance with a predefined review process. Only in one case, involving a violation of an internal guideline, were the concerns that were raised upheld. STIHL also incorporates the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) into its compliance work. The law entered into force on January 1, 2023, and was at the center of a project that was launched in the reporting year to perform a risk analysis of all internal operations as concerns the LkSG and documentation in our internal system (see “Supplier management,” p. 62). We also plan to adapt our whistleblower system in line with the provisions of the LkSG on dealing with complaints.

The STIHL Group has been cooperating with the Bundeskartellamt, the German market competition authority, in an information procedure that has been ongoing since 2020. The matter relates to a clause in some contracts between the STIHL sales company responsible for the German market and STIHL dealers. The authorities believe that the clause in question violated antitrust law. STIHL disagrees and has therefore filed a complaint with the Higher Regional Court (Oberlandesgericht) in Düsseldorf.

STIHL GROUP COMPANIES AND THEIR EMPLOYEES ARE INVOLVED IN A VARIETY OF ASSOCIATIONS AND INITIATIVES (SELECTION):

- BDG – Bundesverband der Deutschen Gießerei-Industrie (Düsseldorf, Germany)
- eFuel Alliance – Interest group (Hamburg, Germany)
- EUROMOT – European Association of Internal Combustion Engine Manufacturers (Brussels, Belgium)
- European Power Tool Association (Brussels, Belgium)
- DIHK – Association of German Chambers of Commerce and Industry (Berlin, Germany)
- CCI – Chamber of Commerce and Industry for the Stuttgart Region (Germany)
- IMA – International Magnesium Association (Saint Paul, Minnesota, USA)
- Südwestmetall – Metal and electrical industry employer association (Baden-Württemberg, Germany)
- UVSH – Unternehmerverband Südhessen (Darmstadt, Germany)
- VDMA – German Engineering Federation (Frankfurt am Main, Germany)
- vem.die arbeitgeber – Rhineland-Palatinate employers’ association (Koblenz, Germany)

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SUSTAINABILITY AS A STRATEGY

Sustainability remains our compass, even in difficult times. As the key to solutions to the most pressing challenges worldwide, it has to. That is why the STIHL Group is consistently taking steps to incorporate sustainability into corporate decisions and management systems.

In 2022, the Russian war in Ukraine may have dominated the headlines and overshadowed many other developments. Yet the challenges we faced before the war remain. As important as peace is to sustainable development, it is also essential to recognize that the world cannot continue doing business as it has in the past: in a manner that consumes resources and emits greenhouse gases on a massive scale. The same goes for human rights violations around the globe, which have no place in an economically, ecologically, and socially sustainable world. STIHL is dedicated to actively promoting greater sustainability within its sphere of influence. We want to be part of the solution. That is why we decided in 2021 to do business in a way that allows us to continuously reduce negative ecological impact while consistently meeting our due diligence obligations in terms of human rights in the supply chain and so much more.

Major steps in this process – such as appointing a Group-wide Sustainability Officer, setting up a sustainability steering group, developing a materiality analysis, and defining Group-wide targets – were taken in 2021 to give the topic of sustainable corporate strategy at STIHL a direction that is realistic and to define the issues that we need to work on. As a result, the STIHL sustainability policy that has been in place since 2016 has been transformed into a sustainability strategy that is relevant for our business.

Material topics

The aim of the strategy is to consolidate the many existing sustainability activities within the Group and give them more momentum. We want to make a measurable contribution to achieving the United Nations Sustainable Development Goals (SDGs). The 17 goals were adopted by the global community in 2015 as part of the 2030 Agenda for Sustainable Development. By 2030, they are intended to make a tangible difference in key matters related to sustainable development.

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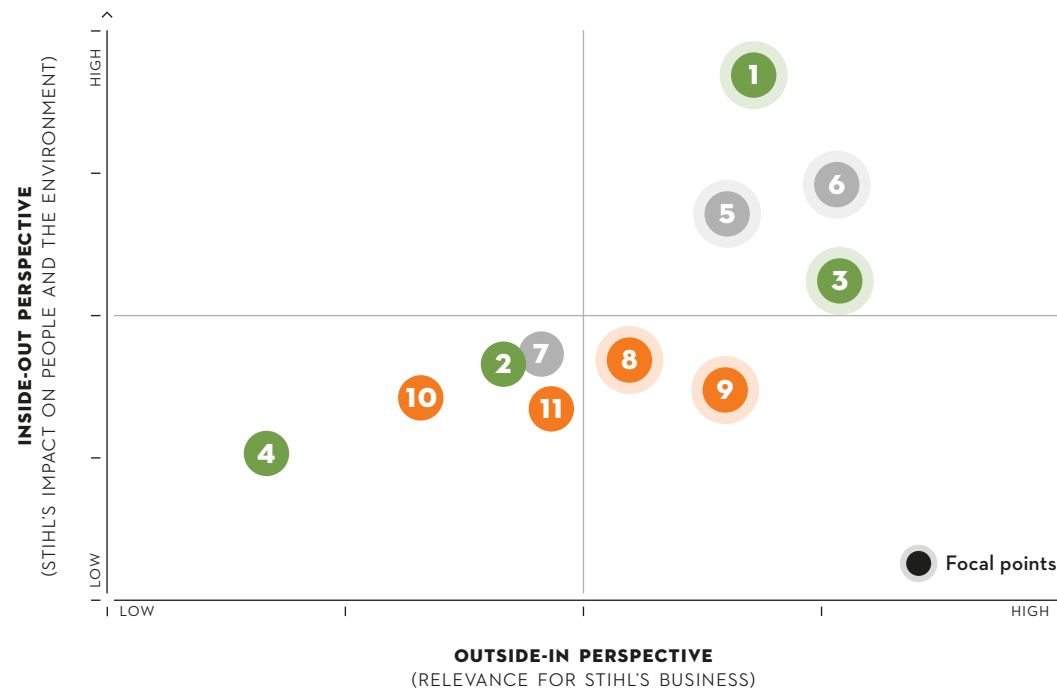
As an organization, we feel it is important for us to make a difference in areas where we have expertise and can assert our influence. At the same time, we aim to position ourselves in the public eye with selected topics. Ultimately, the measures are also designed to help us meet new legal requirements, such as the German Act on Corporate Due Diligence in Supply Chains (LkSG) and the European Corporate Sustainability Reporting Directive (CSRD), which will become binding for us in fiscal year 2025. From our perspective, the sustainability strategy is not an end in itself. Instead, it is an essential component of our corporate strategy that focuses it on a sustainable future. The strategy was developed with the involvement of internal and external stakeholders. In

October 2021, it was discussed by the Executive Board before being adopted by the Advisory Board in December 2021.

➔ PLEASE SEE THE **SUSTAINABILITY REPORT 2021** FOR MORE DETAILS ON THE **MATERIALITY ANALYSIS PROCESS**

Our findings have revealed eleven material topics for STIHL, including four environmental aspects: climate change mitigation, circular economy and materials management, avoiding environmental pollution, and protecting biodiversity. We allocated the eleven topics (with overlaps) to three strategic focal areas – ecosystems,

MATERIALITY MATRIX



ECOSYSTEMS

- 1 Climate change mitigation
- 2 Climate change adaptation
- 3 Biodiversity and protecting ecosystems
- 4 Water use and conservation

CIRCULARITY

- 5 Avoiding environmental pollution and management of hazardous substances
- 6 Circular economy and materials management
- 7 Promoting education, technology, and innovation

CARE

- 8 Human rights and workers' rights
- 9 Health and safety
- 10 Nondiscrimination
- 11 Governance and compliance

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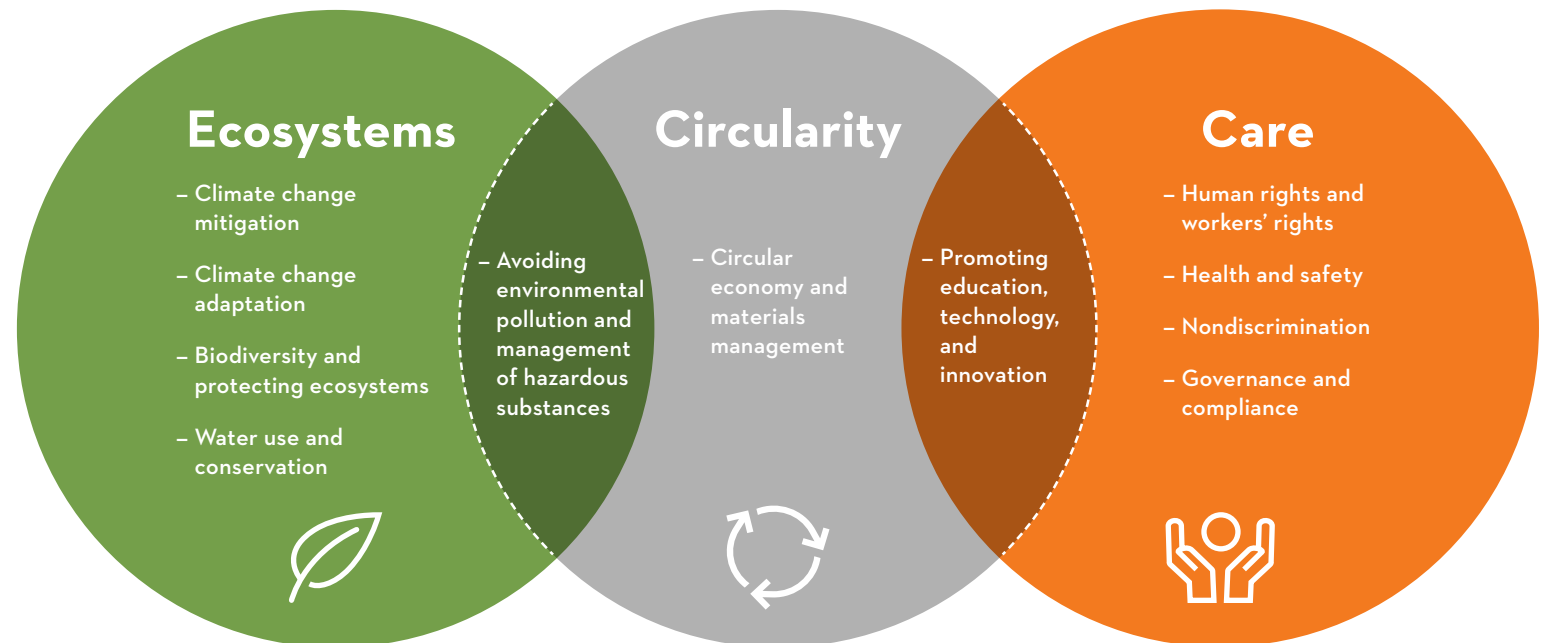
circularity, and care – which form the basis for sustainability management (see materiality matrix, page 18).

Each of the three focal areas corresponds to two SDGs: Ecosystems corresponds to SDG 13 (climate action) and SDG 15 (life on land), circularity corresponds to SDG 12 (responsible consumption and production) and SDG 9 (industry, innovation, and infrastructure), and care corresponds to SDG 8 (decent work and economic growth) and SDG 3 (good health and well-being).

Sustainability management

The Sustainability Officer and the sustainability steering group work together to advance the strategic focal areas in day-to-day operations. In organizational terms, the Sustainability Officer is responsible for overseeing the work of the sustainability steering group, which meets on a quarterly basis, prepares Executive Board decisions, and offers recommendations. The steering group provides information and reports on all sustainability projects and initiates new projects as needed.

STRATEGIC FOCAL AREAS



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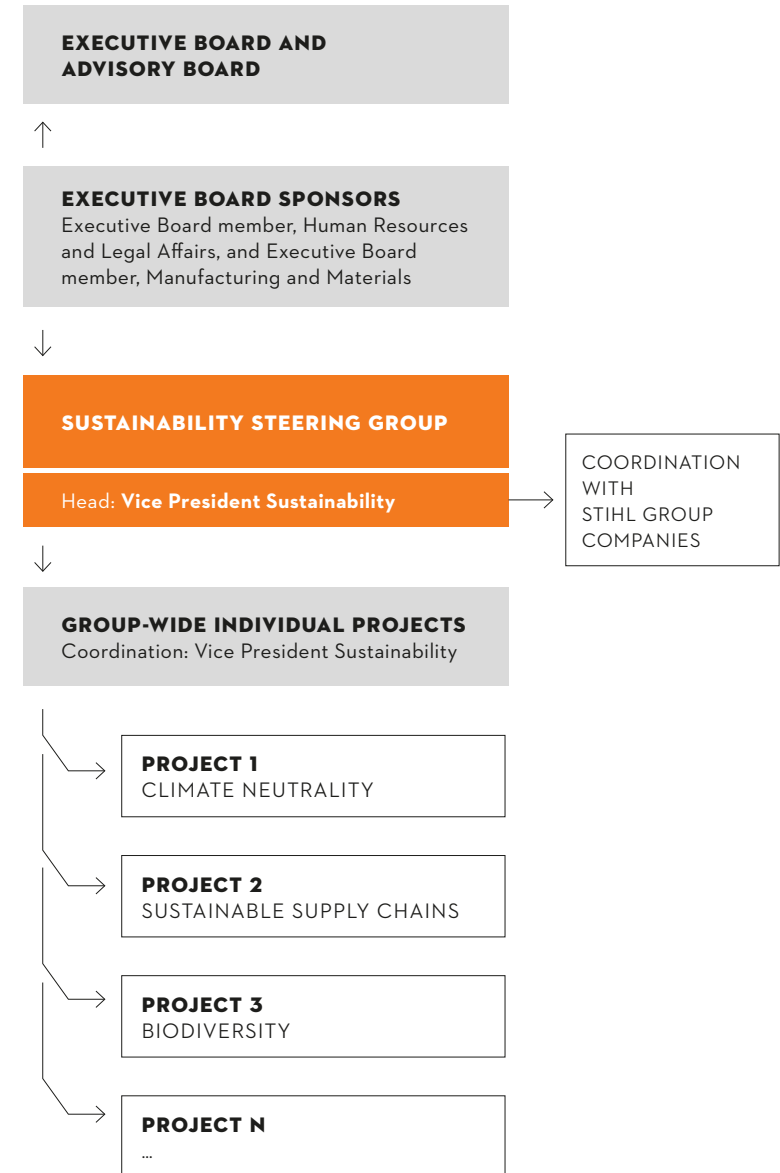
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The Executive Board members in charge of Human Resources and Legal Affairs, Manufacturing and Materials, and Research and Development attend all steering group meetings, with the first two acting as sponsors. Each Executive Board unit is represented in the steering group by a second-level executive and backed by additional experts from throughout the Group. The Sustainability Officer is part of the area overseen by the Executive Board member for Human Resources and Legal Affairs, and advises the overall Executive Board and Advisory Board on all strategically relevant sustainability topics on both a regular and ad hoc basis. The Executive Board approves and releases reports on sustainability, which are also submitted to the Advisory Board.

The reporting year, 2022, saw the launch of numerous initiatives that will be continued in the years ahead. The initiatives focus on energy management, among other topics, with the goal of quickly achieving measurable savings. By 2030, for example, we aim to reduce the consumption of fossil fuels (i.e., natural gas and oil) by 40 percent Group-wide compared to 2019. To help us achieve these and other targets, standards and guidelines for the production and sales companies within the STIHL Group were developed and discussed with the organizations. All departments that will play a role in working toward the targets are to be involved, culminating in a participatory path to implementation that stipulates a goal while still providing substantial freedom. Due to the large number of stakeholders, the process was initiated in the reporting year, but has yet to be completed. Training will also play an important role in enabling managers and ordinary staff members alike to meet the expectations they face.

STIHL GROUP SUSTAINABILITY ORGANIZATION



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Sustainability targets

The targets for the three focal areas – ecosystems, circularity, and care – have been defined for a short-term horizon of one to two years and for a long-term horizon of three years or more.

Ecosystems

CLIMATE CHANGE MITIGATION:	STATUS	PROGRESS
FROM 2022: Scope 1 and 2 climate neutrality at all production companies	Achieved in 2022 through carbon offsets 🔗 p. 46	
FROM 2023: Scope 1 and 2 climate neutrality at all sales companies	From 2023 through carbon offsets 🔗 p. 46	
2022: Defining reduction targets for Scope 3 emissions	Inventory launched in 2022 🔗 p. 46	
BY 2030: Reduce fossil fuel consumption by 40% compared to 2019	80% of target supported by measures that can be taken by 2030 🔗 p. 47	
2022: Defining a product carbon footprint (PCF)	Launched and in progress 🔗 p. 47	
BIODIVERSITY AND PROTECTING ECOSYSTEMS:		
2022: Developing a biodiversity concept for specific customer groups	Project launched in 2021, initial findings completed 🔗 p. 38	



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 **Circularity**

CIRCULAR ECONOMY AND MATERIALS MANAGEMENT:

STATUS

PROGRESS

BY 2023:
Feasibility study for a product geared entirely to circularity

Project launched in December 2022
🔗 p. 34



Recycling rate of over 85% for products in accordance with ISO 17314

Topic to be covered by feasibility study for a product geared entirely to circularity

2022:
Potential analysis for increasing the percentage of secondary raw materials

In planning for 2023



AVOIDING ENVIRONMENTAL POLLUTION AND MANAGEMENT OF HAZARDOUS SUBSTANCES:

BY 2024:
Developing a strategy for environmentally critical raw materials

Initial workshop held in 2022



BY 2025:
Action plan for avoiding hazardous process chemicals

In planning



2022:
Defining specific targets for reducing plastic packaging and CO₂ emissions

Implementation of individual projects identified in the potential analysis
🔗 p. 45



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 **Care**

HEALTH AND SAFETY:

2022:

Reviewing potential to further reduce accident rate per 1 million hours worked

STATUS

Initial workshop held in 2022
🕒 p. 77

PROGRESS



NONDISCRIMINATION:

2022:

Defining measures and targets for more transparency and strengthening diversity and inclusion in the workforce

In planning for 2023



HUMAN RIGHTS:

FROM 2022:

Supply chain management in compliance with new legislation and three annual in-depth risk analyses for high-risk supply chains

Supply chain management geared toward new law. Risk analysis launched in 2022
🕒 p. 62



GOVERNANCE AND COMPLIANCE:

BY 2023:

Developing derived sustainability targets for each STIHL company

Inclusion of “sustainability” in corporate target system and definition of key performance indicators

Guidance developed and discussed with the organizations and enhanced on an ongoing basis

Incorporating sustainability criteria into all key decision processes

Ongoing process



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In dialogue with stakeholders

The STIHL Group maintains links with a wide variety of stakeholders as part of its business activities. Through surveys and active participation in workshops, we involved some of them directly in the development of the sustainability strategy. Others were involved indirectly by taking into account their public positions.

The expectations and requirements that STIHL faces are regularly collected and assessed as part of the ISO certification process for quality, environmental, occupational safety, and energy management systems. Relevant findings are included in the design of products and processes.

In addition, we employ a wide range of tools in order to remain in continuous contact with our stakeholders. For employees, these tools include internal communication channels such as the intranet, company meetings, video messages, notices, performance re-

views, employee surveys, and the in-house suggestion system. We communicate with private and commercial customers, as well as authorized dealers, through surveys, trade fairs, congresses, the customer service team, our hotline, social media, the website, and other channels. Suppliers are consulted through face-to-face meetings, negotiations, disclosures, and audits. Personal contact and project partnerships are the methods of choice for government authorities, while the research community is involved through targeted alliances with universities and collaboration on projects. We work directly with nongovernmental organizations on local and regional projects and provide them with support in a variety of ways. Our active media relations work, along with our website and the opportunities for dialogue offered there, allows us to be in contact with an even wider range of stakeholders, such as the media and the general public. We are interested in active exchange and feedback. Moreover, we make every effort to respond appropriately to all serious inquiries and use the resulting inspiration for our own development.

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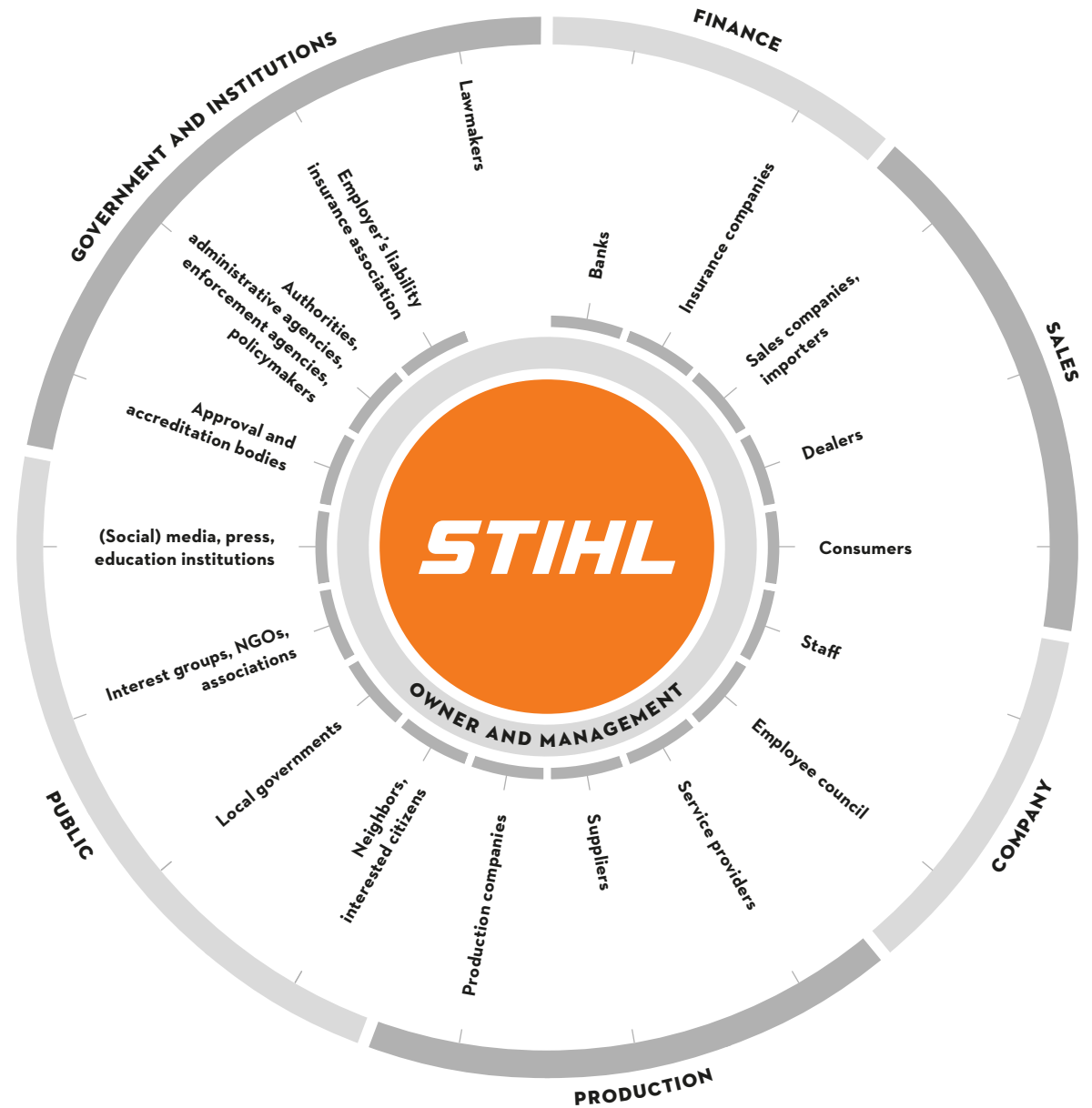
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STAKEHOLDERS AT STIHL

Stakeholders are individuals and groups who

- a) can influence decisions or activities at STIHL or
- b) are influenced by STIHL's decisions or activities.



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NATURAL TALENT FOREST

Dr. Michael Prochaska, STIHL Executive Board member for Human Resources and Legal Affairs and Executive Board sponsor for sustainability, and Dr. Andreas Rigling, Professor of Forest Growth and Global Change at ETH Zurich, discuss the importance of forests and approaches to sustainable forestry.

DR. MICHAEL PROCHASKA The STIHL Group has its roots in forestry. That's why we feel a particular sense of obligation to the forests of this earth. But we're also aware that forests face major challenges. Where do the biggest problems lie?

DR. ANDREAS RIGLING One of them is climate change. Heat and dryness have a particularly strong impact by weakening trees and reducing their ability to fight off pests. What's more, deforestation continues unabated in many parts of the world. Those factors are dramatic in many ways: Forests are a habitat for around 80 percent of all land-based species on earth, plus they're the largest carbon sink in the world. Every year, they absorb around 2 billion metric tons of CO₂.

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»We feel a particular sense of obligation to the forests of this earth.«

DR. MICHAEL PROCHASKA
STIHL Executive Board member for Human Resources and Legal Affairs



BILLION METRIC TONS
of carbon is taken from the atmosphere and the soil and absorbed by forests every year

DR. MICHAEL PROCHASKA And that CO₂ remains sequestered in wood, as long as it isn't used to generate energy.

DR. ANDREAS RIGLING That's right. Ideally, wood should be kept in the system for as long as possible after harvesting and used in the construction or furniture industry, for example. But sustainability starts well before that, with things like wood harvesting techniques that protect the soil. Roughly 50 percent of the carbon is stored in the biomass in the forest soil. That carbon escapes into the atmosphere when you clear forests by fire, clear-cut them, or work the soil using heavy equipment.

DR. MICHAEL PROCHASKA What would a potentially sustainable approach to forestry look like? We participate in projects run by Fairventures Worldwide, for example. The nonprofit organization helps small farmers in the tropics cultivate degraded and deforested rain forest areas with local tree species and various crops that ensure sources of income for the people who live there.

DR. ANDREAS RIGLING That's a good approach, since it's important to actively involve the local population and make sure the concept generates jobs and educational opportunities. The project also has an effect on the carbon side of the equation, because the trees being planted and the forests being safeguarded in the long term bind CO₂. Still, it's absolutely essential to protect old-growth forests and stop further deforestation, since the destruction of forests has a serious impact on the climate, biodiversity, and water cycle.

DR. MICHAEL PROCHASKA STIHL also provides financing and support for research and aid projects that develop concepts for sustainable forestry. For many years now, we've additionally been shifting our focus to battery-operated tools that don't produce emissions locally. In 2022, for example, we brought out the MSA 300, the first battery-powered chainsaw specifically designed for professional applications, which people can use to fell, trim, and cut medium-sized trees.

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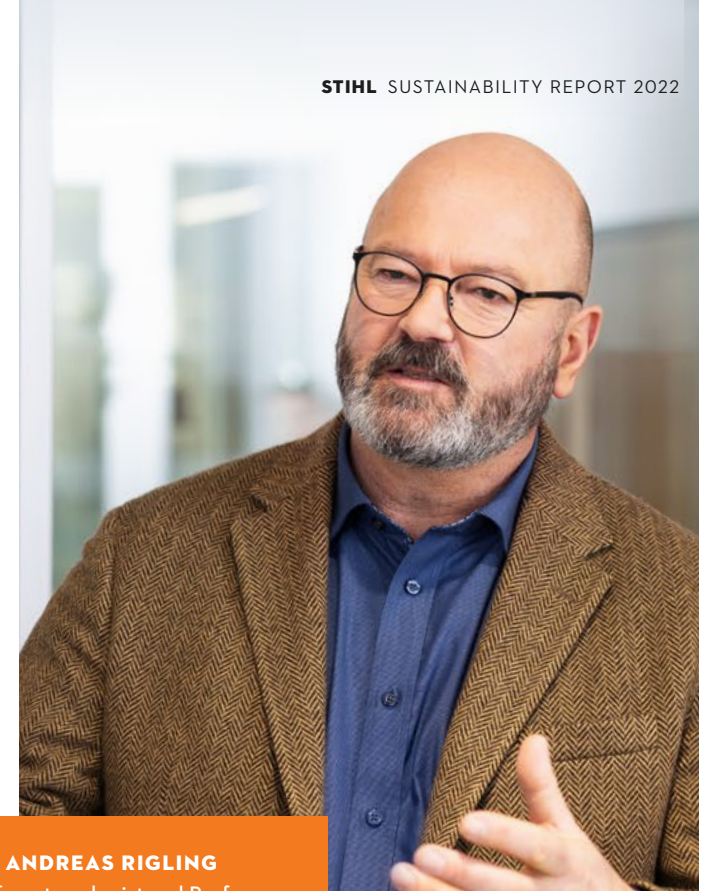
»Sustainability starts with wood harvesting in the forest.«

DR. ANDREAS RIGLING
Professor of Forest Growth and Global Change

DR. ANDREAS RIGLING STIHL is headed in the right direction. The electrification of forestry technology needs to continue. It offers great potential, especially when it comes to reducing harmful emissions.

DR. MICHAEL PROCHASKA Circling back to climate change, what needs to be done today to make forests more resilient to the weather and the climate in the future?

DR. ANDREAS RIGLING It's going to take rapid yet gentle forest restructuring. We need to create structurally and biologically diverse forests with a mix of trees of different ages and genetic abundance. Diversity makes it possible to spread the risks that result from climate change. Natural regeneration – the natural mixing of older trees with younger plants for the future in order to achieve the necessary diversity – also plays a crucial role in self-regulation in times of climate change. What matters is that we act now and start selectively restructuring the forest, while letting nature take its course in other places.



DR. ANDREAS RIGLING is a forest ecologist and Professor of Forest Growth and Global Change at ETH Zurich in Switzerland. A forester by training, he spent 29 years at the Swiss Federal Institute for Forest, Snow and Landscape Research (WSL) before joining the school. At the institute, he headed the forest dynamics research unit and served on the board of directors. Rigling's research focuses on a variety of topics, including the impact of environmental changes on forests and how forestry can be adapted.





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THINKING FURTHER, GOING FURTHER

For nearly 100 years, STIHL has been a technology leader. We see that role as both an obligation and a source of inspiration. Our goal is to make it easier for people to work in and with nature. To do so, we develop products and technologies that combine innovation, quality, and durability.

Our founder, Andreas Stihl, attached great importance to both the constant advancement of the products made by STIHL and the expansion of the portfolio in order to constantly meet the customer's needs. In 1959, he revolutionized forestry work by launching the STIHL Contra, the first gearless gasoline-powered chainsaw. Based on the technical foundation laid by the Contra, STIHL has worked tirelessly to further enhance its chainsaws. From the anti-

vibration system (first installed in the Contra in 1965) and intelligent engine management for reducing fuel consumption all the way through to technologies engineered to reduce emissions, the first chainsaw with magnesium pistons for weight reduction, and battery technology, STIHL's focus to this day has always been on performance, durability, comfort, safety, and environmental protection.

Our customers have high standards. In order to meet them, we have always maintained an impressive depth of development expertise and aim to fully understand and master all of our technologies and products. To ensure the desired premium STIHL quality, we expect the same of our suppliers as well. Our international and interdisciplinary development team makes sure that our products offer the best possible combination of performance, durability, and ergonomics. That way, our customers get products that meet or exceed regulations and technical standards regarding fuel consumption, emissions, and noise, for example. Through innovation, we are working to cement our market leadership.



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SUSTAINABLE PRODUCT INNOVATIONS

LOW-EMISSION



MotoMix Eco

Our new fuel makes operating two-stroke engines more environmentally friendly. MotoMix Eco contains 10 percent ingredients from renewable sources, reducing CO₂ emissions by at least 8 percent compared to the classic MotoMix fuel while delivering the same level of performance. As a member of the eFuel Alliance, STIHL is helping advance the development and acceptance of synthetic liquid fuels from renewable energy sources across the industry.

HSA 100

More user-friendliness and less noise are the hallmarks of the new HSA 100 cordless hedge trimmer, which is 70 percent quieter than its predecessor and can be used for longer in noise-sensitive environments.

INNOVATIVE

MSA 300

The STIHL MSA 300 is the most powerful cordless chainsaw on the market today. Despite having low impact on people and on the environment, the flagship model in the series is designed for demanding jobs in forestry and other sectors. Compared to gas-line-powered saws, the MSA 300 is quieter and emission-free for its immediate surroundings.

Cordless product advisor

STIHL launched a pilot version of a digital cordless product advisor in 2022. Initially available in Germany, the system allows users to filter their online searches to find battery-operated tools and charging solutions that are an optimum fit for their needs and expectations. Our goal with the advisor is to encourage people to switch to cordless products and to show them tailored options for their equipment.



iMow

In 2023, we plan to launch the latest generation of our iMow robotic mowers. They combine high performance, optimized mowing times, perfect cutting patterns, and easy use by app or smart home technology with intelligent operation and charging.

AWARD-WINNING



bottTainer

The innovative power of our products receives regular recognition from independent institutions. Germany's national horticulture and landscaping association Bundesverband Garten-, Landschafts- und Sportplatzbau, for example, awarded the bottTainer powered by STIHL its innovation medal in 2022. In partnership with the in-vehicle equipment manufacturer bott, we have developed the industry's first flatbed-loading system that can be used to safely transport batteries from our AP system and charge them directly on location. We have also added a new top-of-the-line option to our AP professional battery system: The AP 500 S is the most powerful battery in the series. With 337 watt-hours of energy, it helps double charging cycles and delivers a substantial increase in service life.

HLA 56

Our battery-operated HLA 56 extended-reach hedge trimmer is a winner. In August 2022, the German consumer testing organization Stiftung Warentest wrote: "The only good trimmer is the one from STIHL, which is even capable of handling thick branches." With an impressive overall score of 1.9, it achieved the best reviews by far in its category. The testers – who looked at 15 cordless hedge trimmers, including five extended-reach models – also singled out the above-average battery runtime.

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Quality

STIHL products have always been known for their particularly long service life, repairability, and high quality. It is not uncommon for them to be handed down from generation to generation, underscoring our commitment and conserving resources at the same time.

We consistently live up to our quality standards, as reflected in a wide range of testing techniques, many of which were developed in-house. Where possible, our focus is on use-oriented techniques, such as examining the steel composition of various alloys and performing vibration, noise, and other durability and quality tests. We also test our saw chains and examine the contents and chemical composition of the fuels and lubricants we develop. More importantly, however, we have defined quality as a corporate target based on key performance indicators that we analyze regularly to make adjustments and improvements as necessary.

With regard to sustainability, we further honed our marketing and sales promotion focus on our quality standards and the corresponding features of our products in 2022. The message: With STIHL, customers get efficient and durable products that help conserve resources.

Part of keeping our quality promise to our customers includes making sure that properly trained authorized dealers are available to handle the maintenance and repair of our tools, should it become necessary. Tools such as saw chains can be sharpened, helping them achieve excellent performance over a long service life. With our patented Hexa cutting system, we recently started making it possible even for non-commercial users to sharpen saw chains the easy way. To keep our tools working for as long as possible, spare parts are available for at least ten years or longer after we stop making a particular series.

In keeping with our STIHL quality commitment, the right-to-repair legislation that the European Commission is planning for consumers is also on our agenda. The proposals address concerns raised by the right-to-repair movement, which is dedicated to achieving a universal right to have devices and appliances repaired, unencumbered access to repair services and tools, and the reduction of global resource consumption. In 2022, STIHL adopted Group-wide guidance containing a standardized definition of how we understand this issue. We are committed to making our products repairable. An analysis of repairability plays an important role in the development of any new product. To contribute to sustainability through durability, among other objectives, we also want to make it possible for our customers to access service and repair information, as well as spare parts.

At the same time, STIHL is meeting its responsibility to protect consumers from illegal modifications, manipulations, or improper alterations of parts that are essential to its products' environmental and/or safety performance. Our guidelines therefore also provide guidance and recommendations on which repairs should continue to be performed by authorized dealers only.



STIHL products are designed to **LAST**.



SPARE PARTS are **AVAILABLE FOR AT LEAST TEN YEARS** even after we stop making a particular series – often for much longer.



More than **55,000 DEALERS** take care of maintenance and, if necessary, repair.

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Research and development

A product is only as good as the people who develop it. That is why STIHL is committed to continuously expanding and enhancing its research and development (R&D) activities. In 2022, we increased the number of employees in R&D by a significant margin at our founding company's offices in Waiblingen, Germany, alone – from roughly 700 to more than 900. Around the world, just over 1,200 engineers and technicians from a variety of fields work to improve existing STIHL technologies and develop new ones. Most recently, our focus has been on amassing expertise in fields such as digitalization, robotics, sensors, and artificial intelligence.

Our global network of businesses ensures that R&D at STIHL is always closely tailored to the requirements and conditions of local markets and our production sites. To this end, engineers at the production companies around the world provide regular feedback in order to ensure the manufacturability of a product design and to ensure that the product is well suited for the markets in which it will be sold. The overall responsibility for all R&D activities lies with the Executive Board member for Research and Development at the German founding company, where corporate product development is based. What all projects have in common is that they must meet the strict guidelines of our STIHL product development process, which are defined in our Group-wide directives.

As of 2022, our development team has registered more than 2,600 patents. Many of those patents strengthen our sustainability commitment directly. Our automated patent analysis tool makes it possible to attribute patents to the United Nations Sustainable Development Goals (SDGs). Accordingly, most of the attributable patents contribute to reducing emissions and therefore have an impact on SDG 13 (climate action), SDG 3 (good health and well-being), and SDG 9 (industry, innovation, and infrastructure). Overall, our R&D activities allow us to enhance scientific research and upgrade technological capabilities – a contribution to achieving one of the targets of the United Nations Sustainable Development Goal SDG 9.

Drivers of innovation

In recent times, ever-stricter exhaust and emissions standards for internal combustion engines have been fueling a surge in innovation, especially in the battery segment served by STIHL. The U.S. state of California, for example, has set hydrocarbon (HC) and nitrogen oxide (NO_x) limits of 0 grams per kilowatt-hour for certain products starting on January 1, 2024, which equates to a de facto ban on internal combustion engines. For this and other reasons, we are focusing our R&D activities both on the further optimization of our tools powered by internal combustion engines and on the expansion of our expertise in battery development. Our goal is to maintain our leading market position in the gasoline-powered segment and leverage further potential through technologies such as low-CO₂ fuels, while continuously enhancing our position in the field of battery-operated tools.

In its search for the best solutions, STIHL is also in close contact with external experts at universities and other institutions, such as Prof. Michael Bargende, Chair of Vehicle Drives at the University of Stuttgart. For more than 20 years, his research input has helped us achieve breakthroughs time and again. On top of that, we regularly carry out research in cooperation with colleges and universities. In the field of innovation alone, over 60 students wrote their undergraduate or graduate thesis at STIHL in 2022 on topics such as battery technology, battery recycling, or sustainable lubricants.

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Expertise in digitalization and electronics

For many years now, STIHL has been dedicating its efforts to exploring the opportunities associated with increased digitalization. In 2022, we further enhanced our organizational focus on digitalization in the area of hardware and incorporated it into our development activities, allowing us to optimize our processes and create synergies. Through stronger links between individual fields, we aim to leverage even more of the potential of digitalization for our business and our customers. The use and analysis of data (“big data”), for example, has the potential to enhance the efficiency of how we manage production or further optimize the sale and use of STIHL equipment when it comes to factors such as fuel and electricity consumption. What is more, operating data lets us know where we can make changes to improve the way products are engineered. Through our expertise in the development of software and apps, on the other hand, we aim to continue enhancing the user-friendliness of our tools.

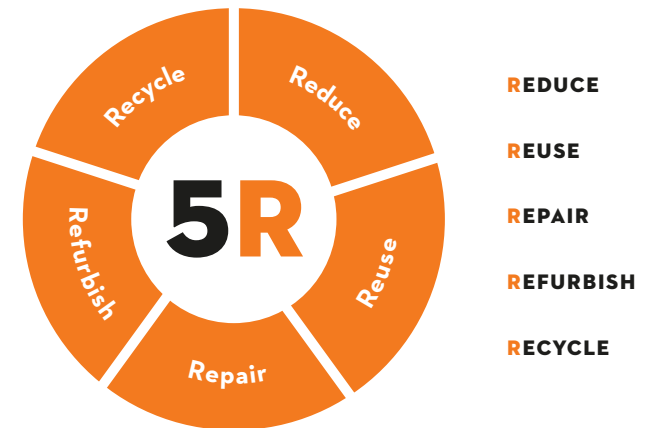
STIHL is investing in fields such as robotics, sensors, and artificial intelligence in order to offer its customers complete solutions and round out its data expertise through the hardware to match. In 2016, we opened a state-of-the-art center of excellence for battery and electrical technology in Waiblingen, Germany. In 2021, we further enhanced our battery strategy by teaming up with the Elrad International Group to found a joint venture for the production of electronic assemblies.

Circular economy

Circularity plays an important role in the STIHL sustainability strategy. The goal of a sustainable circular economy is to minimize the use of resources and the production of waste, in line with the principles reduce, reuse, repair, refurbish, and recycle.

At the STIHL Group, we pay attention to the efficient use of materials from the very start. The durability and repairability of our products also help conserve resources. The reuse and refurbishing of products likewise have the potential to make an important contribution to a functioning circular economy through new business models and innovations built around product-as-a-service solutions and other concepts that involve using a product for a fee rather than buying it outright.

IN LINE WITH THE GOAL OF A SUSTAINABLE CIRCULAR ECONOMY, WE FOLLOW THE 5 RS:



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Devices or tools no longer fit for use can be recycled as a final step – an aspect that is at the center of our battery-powered products in particular. Authorized STIHL dealers may take back portable batteries depending on their obligation to do so, and recycle them in cooperation with different disposal companies in the respective countries.

In line with the goal of a circular economy, we aim to enhance our processes and products in order to conserve resources. When developing new products, we pay particular attention to using recyclable components. We aim to make our products reusable to the greatest extent possible, with a material recycling rate of over 85 percent in accordance with ISO 17341. To this end, we launched a two-year pilot project in late 2022 to investigate the potential of developing a clearing saw that is fully circular in both manufacturing and use. For capacity reasons, we were forced to postpone a potential analysis on increasing the percentage of secondary raw materials until 2023. The analysis was originally scheduled for 2022. However, we still held a kickoff workshop for our environmentally critical raw materials strategy, which we plan to develop by 2024. By 2025, we aim to also draw up an action plan for avoiding hazardous process chemicals.

Product safety

The safety of our customers while they work with our outdoor power equipment is essential. Compliance with technical standards, the latest technological developments, and legal requirements is the foundation on which our products are built. Because STIHL is a member of the working groups that define global ISO and IEC safety standards, systematically promoting the advancement of safety requirements is part of our corporate philosophy. STIHL's internal findings on the strength of guards and handles, and on electronic circuits and sensors, for example, have been incorporated into international standards, allowing us to share our knowledge with the world.

As a technology leader, we look back with pride on the many innovations STIHL has pioneered that have made an important contribution to increasing the safety of customers. Since 1972, for example, the Quickstop® chain brake has been helping saw chains come to a full stop in a fraction of a second. To ensure that our safety philosophy is fully understood by users, authorized dealers provide product instruction and safety training that buyers in our online shop can also take advantage of. Our RESCUE SAW MR – Mixed Reality Emergency Services Saw Simulator virtual training platform, which has already received multiple awards, demonstrates how modern technology can contribute to greater safety. The platform was designed with a focus on enabling emergency response teams from fire departments and civil protection organizations to practice the safe handling and proper use of chainsaws and emergency services saws in a digitally augmented training environment.



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MAXIMUM POWER

Thanks to a continuous rise in demand, battery-operated tools are the fastest-growing market segment for STIHL today. That is why the STIHL Group is promoting the advancement of its battery strategy and investing in the development of this promising technology.

In Germany, every second STIHL product sold is already battery-operated. Unit sales of gasoline-powered products continue to fall. Meanwhile, the U.S. state of California has decided to ban the sale of certain categories of gasoline-powered tools starting in 2024. Such trends and developments underscore the strategic importance of battery-operated products going forward.

STIHL launched its first battery-operated hedge trimmers back in 2009. Since then, the Group has stepped up its investments in battery development and production while constantly advancing technology in terms of performance and weight in order to remain a leading manufacturer for the cordless market. STIHL has consistently engineered battery innovations that have shaped the market. In 2014, for example, it unveiled the TSA 230, the world's first battery-operated cut-off machine. These days, the STIHL

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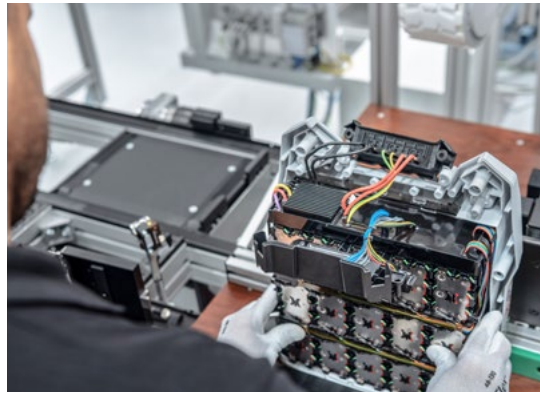
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In addition to battery-operated tools, STIHL also makes accessories, such as backpack batteries.

MSA 300 leads the pack when it comes to battery-operated chainsaws. As the most powerful battery-operated chainsaw on the global market, it demonstrates the level of power that modern energy storage devices are currently capable of delivering. STIHL develops not only tools, but also the battery packs and chargers to match. Today, the Group offers customers more than 50 battery-operated tools for professional and private use alike.

The foundation for new products is laid at STIHL's in-house development center and center of excellence at the founding company's headquarters in Waiblingen, Germany. There, interdisciplinary teams perform research on technologies of the future in a variety of fields, such as navigation, artificial intelligence, and image processing. They engineer nearly all the electrical technology themselves, including embedded software for efficient and powerful microprocessors.

Battery-operated tools are mainly produced in Austria at STIHL Tirol. STIHL battery-

operated tools are also made in the United States at STIHL Inc. Customers appreciate the benefits of battery-powered technology: quiet, cordless, no local emissions. As a result, demand is rising rapidly. Because STIHL expects this trend to continue, the Group's current manufacturing capacities look set to reach their limits soon.

To meet the demand, a new production plant for battery-operated and electric tools is currently being built in Oradea, Romania. The facility is scheduled to open in mid-2024. The founding company in Waiblingen will also start making battery-operated products for professional applications on-site in 2024. For STIHL, the plans go beyond the strategically important expansion of the international manufacturing network to set a milestone on the road to becoming a provider of software and mechatronics.

🗨️ READ ABOUT HOW STIHL IS MAKING THE **BATTERY SUPPLY CHAIN** SUSTAINABLE STEP BY STEP HERE



MAKING THE SWITCH

Quiet, powerful, and easy to use, battery-operated garden tools are becoming more and more popular. Armando Vega, owner of Enviro Views, a U.S. landscape maintenance and tree care company in Richmond, California, tells us why he switched to cordless equipment.

🗨️ READ THE INTERVIEW ON OUR WEBSITE



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PROMOTING BIODIVERSITY

Caring for ecosystems in the long term is one of the foundations for the sustained success of STIHL. After all, we make products for working in and with nature – products that allow us to preserve and foster biodiversity. That is why biodiversity is central to our sustainability strategy.

Biodiversity is the basis for life on our planet. It extends beyond the diversity of species to include genetic and ecosystem diversity. All elements must be in balance for an ecosystem to be healthy. Otherwise, this sensitive cyclical system may fall apart. That is why we educate our users on the importance of biodiversity and how they can contribute to it through the way they handle their STIHL products. We use a variety of channels to inform our customers, including user manuals and articles for a professional audience, as well as tips and recommendations on our website, on social media, and through authorized dealers. In 2022, we gave biodiversity an even bigger role in our articles and tutorials. The latest edition of our STIHL garden barometer, a regularly reoccurring survey of garden owners, has also helped position us as a voice of responsibility by focusing on biodiversity.

Biodiversity-friendly products

Because we want to do an even better job of understanding how ecosystems are connected and how our products might affect them, we seek exchange with universities, institutions, and experts in this field. We take what we learn in these partnerships and apply that knowledge in product development, minor model updates, and our communication efforts.

In 2022, we and another power equipment manufacturer launched a three-year partnership with the University of Oxford to develop realistic test methods for robotic mowers. Our aim is to help these methods find their way into the robotic mower ordinance, which is currently being revised by the standardization bodies. The next step will be for the project partners to analyze technical solutions for enhancing the protection of small animals such as hedgehogs through acoustic signals or other techniques.

As part of our sustainability strategy, we are developing a biodiversity concept for specific customer groups. To this end, in 2021 we initiated a two-year project in Germany that aims to investigate the challenges associated with biodiverse land use in local communities in cooperation with the Institute for Applied Material Flow Management (IfaS) and the German cities of Losheim am See (Saarland), Pirmasens (Rhineland-Palatinate), and Waiblingen (Baden-Württemberg). In 2022, these municipalities will set aside spaces to test biodiversity-optimized planting and use patterns. Together with experts from the land-use planning agency and consultancy firm Flächenagentur Baden-Württemberg, the project



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partners will ascertain how biodiversity has improved in those spaces over a specified period of time following specific measures. They will also investigate potential ways to simplify and automate recording and measurement processes that have so far been manual.

The project garnered its first relevant insights in 2022, including the finding that more biodiversity in cultural landscapes requires cultivation. Rather than focusing on large-scale machinery and pesticides, however, such human intervention will require new harvesting and cultivation techniques that necessitate new or modified equipment. STIHL has drawn up technical specifications for the key product groups and has had them evaluated scientifically by an independent consultant. Based on these specifications and the insights gained, we are currently identifying potential tools for change, such as dedicating more attention to the topic in communication materials like user manuals, or redesigning and engineering products with biodiversity in mind.

Biodiversity-friendly locations

Biodiversity is also an important factor when it comes to the design and construction of company buildings. At the present time, the Group is planning to construct a new facility in Ludwigsburg. The state-of-the-art production plant will replace a former STIHL plant that is currently unused. The plans call for unsealing roughly 35 percent of the 35,000-square-meter site's surface area and replacing parts of it with a biodiversity-focused concept that includes a green roof and facade. A photovoltaic array and energy-efficient operating technology, featuring heat recovery and evaporative cooling systems, round out the architectural design.

Our measures contribute to the United Nations Sustainable Development Goals, which aim to safeguard biodiversity in order to protect terrestrial ecosystems (SDG 15).



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In Waiblingen, drone images of the Hörschbach river and the surrounding area are helping to gauge the success of measures to promote biodiversity.



BIODIVERSITY IN 3D

To promote biodiversity, many cities are taking a targeted approach to how they design outdoor spaces. As part of the Biodiversity in Communities project, STIHL's municipal partners are showing the world how drones and artificial intelligence can be put to good use.

The rotor blades of the drone whirl away. Vertically, the unmanned aerial vehicle takes off and glides silently in the air, 30 meters above the Hörschbach, a narrow river in Waiblingen. On this sunny Friday in July 2022, the drone, operated by a FlyNex pilot, is surveying some 11,500 square meters of land, taking more than 550 individual pictures in the process. Using those images, FlyNex will later generate a 3D model showing every individual blade of grass – including patches of giant knotweed.

Before-and-after in Waiblingen

“Giant knotweed is an invasive plant species, or neophyte, that is spreading rapidly around the Hörschbach and displacing native plants, which is damaging biodiversity,” says Achim Wieler, the head of Waiblingen’s municipal public spaces maintenance facility. That is why plans are in



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Drones are capable of precisely measuring land and terrain from the air and delivering detailed data. They are operated by trained drone pilots.



place to remove the plant over a large area. The efforts to combat giant knotweed are one of the land restoration measures designed to create additional habitats for native plants and microorganisms along the Hörschbach. “We also plan to replace spruces with locally native woody plants, level out the bankside, and restore a natural stream course as best we can by undoing the river’s straightening,” Wieler adds. The first restoration measures are planned for 2023. Further drone images will be captured at regular intervals to provide a before-and-after comparison and document the outcomes digitally.

Waiblingen, in the German state of Baden-Württemberg, is one of three cities participating in the STIHL Biodiversity in Communities project. “Communities have tremendous potential to make their outdoor spaces – such as parks, green areas, athletic fields, or cemeteries – more bio-diverse,” says project manager Christoph Hiller von Gaertringen. “Our project gives us valuable insights into how this potential can be used even more effectively with

modified products, as well as new applications or services.” STIHL already builds and markets tools that support biodiversity in green spaces today.

Artificial intelligence (AI) spots invasive plants in Pirmasens

Pirmasens is also an active participant in the project. The southwestern German city called on FlyNex in summer 2022 to get drone images of hard-to-reach sites. Among them were sections of the Strecktal park along the Blümelsbach river, where giant hogweed and goldenrod, two non-native plant species, had spread. AI-supported recognition software was later used to analyze the drone images, helping create 3D models to identify neophytes and measure their spread. “The AI software allowed us to save money and

FLYNEX

DIGITAL DRONE TECHNOLOGY

Founded in Hamburg, Germany, in 2015, FlyNex is an all-in-one platform for drone-based data management. Combining drones and artificial intelligence (AI) can help automate data planning, collection, and analysis. Businesses and organizations around the world turn to FlyNex to inspect and digitally manage facilities, land, and buildings. In 2021, the STIHL subsidiary STIHL Ventures GmbH entered into a strategic partnership with FlyNex to bring the technology to forestry and horticulture in the future.

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resources while finding the neophytes and take a more efficient approach to removing them,” says Michael Maas, who is in charge of construction and green spaces for the city. By mowing less frequently and later in the season, setting up islands of coarse woody debris, and planting fruit trees, among other measures, Pirmasens plans to foster additional biodiversity in the surveyed spaces.

Setting aside space for biodiversity in Losheim am See

Losheim am See is the third project partner. The city in the German state of Saarland is looking to transform its green areas into biodiverse spaces. “Simply doing nothing isn’t an option,” says Werner Ludwig, head of the municipal department of environmental and municipal development in Losheim am See. “To increase biodiversity, we have to change our land management techniques.” As a result, the local authorities plan to set aside dedicated spaces on large parcels of manicured grass to foster biodiversity. Around a local elementary school, for example, the municipality has created quadrangular plots measuring roughly 100 square meters each

that promote structural diversity and offer animals and plants food, protection, and a habitat. Going forward, Losheim am See plans additional measures to create further nesting and shelter opportunities.

No matter the location, modern technologies such as drone images and AI can help efficiently assess and measure the success of steps to promote biodiversity in any community.

The drone images are used to create 3D models that facilitate surveying and many other applications.

»Communities have tremendous potential to make their spaces more biodiverse.«

CHRISTOPH HILLER VON GAERTRINGEN

Head of the Biodiversity in Communities project at STIHL

BIODIVERSITY MATTERS TO GARDENERS

A majority of German garden owners say biodiversity in their own garden is important or very important to them. According to the findings of the 2022 STIHL garden barometer, a representative survey of German garden owners, around 70 percent have already taken targeted steps to promote biodiversity. The most popular methods include growing regional plants that provide food for birds and insects, as well as planting strips or beds of flowers next to or in the middle of lawns and adding bird tables or birdbaths. Only 5 percent of garden owners say they do not care about biodiversity in their own gardens. Interestingly, biodiversity appears to be more important to people in urban environments than to those in rural areas. It also matters less to younger respondents than to older ones. The 2022 STIHL garden barometer survey was conducted online by the market research firm (r)evolution GmbH in October 2021 and looked at responses from 1,000 garden owners in Germany.

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STIHL feels a special responsibility for the environment. Our tools are used in nature and for nature. That is why we leverage our scope as a company to help protect nature and the climate. STIHL's aim is to keep the environmental impact of our business activities and products to a minimum while using resources sparingly.

As a globally active organization, the STIHL Group naturally complies with all legal guidelines regarding environmental protection in its operations, at its sites, and through its products. The regulations to which we are subject include the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the EU's Restriction of Hazardous Substances Directive (RoHS). In 2022, no violations of relevant laws were reported.

Our own environmental and quality standards are often stricter than the statutory regulations. When using potentially hazardous substances, we act with tremendous care, comply with legal guidelines, and make every effort to minimize the impact of our

activities on the environment. In keeping with our mission to go above and beyond the applicable environmental requirements, we plan to draw up an inventory of all critical process chemicals. By 2025, we will have an action plan that aims to minimize the use of hazardous process chemicals such as biocides (which are added to cooling oils and process water), first in our own processes and then also in our supply chain. With this we will make a contribution to the United Nations target of achieving the environmentally sound management of chemicals (SDG 12).

All of our production companies worldwide have a certified environmental management system in line with ISO 14001 and are subject to recertification every three years. External audits are conducted every year. The next recertification is scheduled for 2023 and 2024 at most production companies. Our currently valid **➤ CERTIFICATES** can be viewed on the STIHL corporate website. In addition to the external audits, we perform internal audits on a regular basis. Every plant has an environmental officer who is responsible for compliance with laws, standards, and guidelines.

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Water and effluents

The STIHL Group requires water in manufacturing for cleaning and cooling and for other processing stages. We are constantly working to optimize the use of resources. At the STIHL chain plant in Switzerland, for example, we have succeeded in reducing water consumption for chemical deburring, electroplating, vibratory finishing, and cleaning parts.

During some manufacturing processes, water is mixed with additives to act as a cleaning agent or to finish surfaces. We treat the resulting effluents in accordance with the applicable regulatory requirements before releasing them into wastewater collection systems.

In 2022, production companies Group-wide extracted around 655,000 cubic meters of water (previous year: 630,000 cubic meters). We plan to collect and report more detailed water-use data in the future.

Waste

The main types of waste generated at STIHL are packaging, wood, metal, and plastics. Hazardous waste, such as used oil or slurry containing metals, accounts for a small share and is disposed of properly. Our waste management hierarchy consists of prevention, recycling, and disposal. We sort the waste we generate. If possible, it is reused or recycled. If not, it is properly disposed of. STIHL regularly informs and trains its employees about proper waste management.

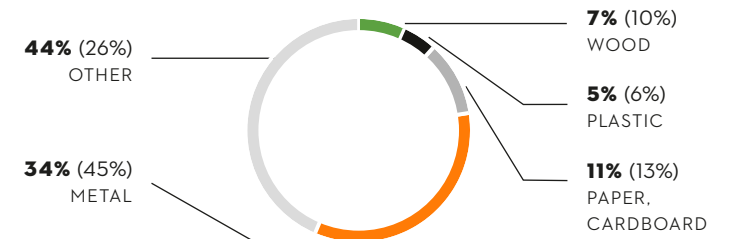
In 2022, waste volume was significantly higher than the level reported in 2021, mainly due to construction work at STIHL in Brazil. The reporting year saw an increase in the share of other waste in particular, while the proportion of wood waste fell noticeably after certain testing activities were outsourced.

WASTE¹
IN METRIC TONS – VALUES ROUNDED

	2022	2021
Total waste volume	68,200	56,200
Of which hazardous waste	9,600	7,300

¹ Production companies only; data collection to be expanded in the future.

WASTE BY MATERIAL
(PREVIOUS YEAR IN PARENTHESES)



We continued our project to examine environmentally friendly packaging. In an analysis – which was initially performed for STIHL Germany and Austria, as well as for individual types of packaging in Switzerland (chains) and the United States (mowing heads) – we identified the potential for savings with regard to our product packaging. We are currently rolling out the changes. By the end of 2023, we plan to achieve 94 percent of the identified savings opportunities and cut our use of plastics by 194.4 metric tons a year. Merely converting our mowing head packaging from plastic to solid and corrugated fiberboard, which started in 2022, will account for 111 metric tons of that reduction. In 2023, we also plan to do away with the window on our chain packaging, eliminating a further 48 metric tons of plastic. Switching to mono-materials additionally

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AVOIDING WASTE AT STIHL INC.

Our U.S. company STIHL Inc. is focused on maximum efficiency when using resources in production. In injection and blow molding, the sprues are automatically separated from the part and reused right away in further processing. Larger recyclable parts that are left over or rejected once the machines are up and running are ground down centrally and reused. In mowing line production, the lines produced when the machines are started are granulated mechanically and recycled, helping STIHL avoid process-related waste.

has a positive effect on the recyclability of our packaging, since different materials no longer need to be combined. A follow-up project is scheduled to begin in 2023 at STIHL Inc. in the U.S., as well as at STIHL Brazil and STIHL China.

Converting our packaging allows us to make a contribution toward substantially reducing waste generation, a target under the goal “Sustainable consumption and production” (United Nations Sustainable Development Goal, SDG 12).

Energy and climate change mitigation

We are committed to protecting the climate and intend to help shape climate change mitigation efforts. STIHL supports the Paris Agreement and the target of limiting global warming to no more than 1.5 degrees Celsius. In 2020, we set the goal of offsetting the carbon impact of our business activities in the long term. However, we still believe that reducing emissions comes before offsetting them. Our climate change mitigation activities are our contribution to the goal “Climate action” (United Nations Sustainable Development Goal, SDG 13).

To give our climate targets a solid foundation, STIHL is currently considering whether to join the Science Based Targets initiative (SBTi).

Our first step will be to focus on Scope 1 emissions under the Greenhouse Gas Protocol, which come from energy consumption and can be influenced by our decisions. At the STIHL Group, such emissions result primarily from the combustion of gas and oil to heat buildings and during manufacturing processes, assembly, and development. They are also attributable to fuel for the vehicle fleet and coolant losses during business operations. We additionally take indirect Scope 2 emissions from electricity and district heating into consideration.

Thanks to offsetting, our locations in Germany have been climate-neutral with regard to their Scope 1 and 2 emissions since January 2021. All international production companies followed suit in 2022, with the international sales companies slated to go carbon-neutral in 2023. We have already purchased the appropriate offsets.

In the long term, we aim to lower our energy consumption and therefore reduce the share of unavoidable emissions, which we currently offset by making positive contributions in the form of carbon credits from climate protection projects.

REDUCING SCOPE 3 EMISSIONS

Emissions occurring in the upstream and downstream value chain (Scope 3) are not something the STIHL Group can influence alone. However, we still aim to reduce such emissions in accordance with the targets under the Paris Agreement and under German legislation. Last year, we defined the areas we need to consider when it comes to Scope 3 emissions beyond the life cycle of our products. In the upstream value chain, those areas include business travel, goods and services, waste, logistics, employee commuting, and the upstream chain for our fuels. In the downstream value chain, they

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concern the use of our products and their disposal, as well as distribution logistics and packaging. Our next step will be to define detailed targets for individual areas.

We have calculated product carbon footprints (PCFs) for initial product groups. The calculation involves determining the environmental footprint in CO₂ equivalents in every life-cycle phase. On average, the use phase accounts for 60 to 90 percent of our products' emissions. Battery-operated products tend to lie on the lower end of the scale, depending on the local electricity mix. We have validated and verified our calculation methods, and intend to analyze the footprint of nearly our entire product portfolio in the near future. The findings will be included in the product development process.

We are already taking action when it comes to mobility and are developing a mobility concept with a focus on alternative drive technologies. STIHL aims to offer low-emission options for commuting between our plants and plans to convert on-site traffic to electric mobility where possible. Our department cars will be gradually replaced with electric vehicles and consolidated within an interdepartmental vehicle pool. At the same time, we plan to set up charging stations at the founding company's headquarters in Waiblingen and in Weinsheim, Germany. Company vehicles and privately owned cars alike will be allowed to use the charging stations. Charging options have been available in the visitor parking lot of the distribution center in Dieburg since 2022, as well as at the STIHL plants in Austria and Switzerland.

However, changing the way people commute to and from work allows us to make an even greater impact. By offering financial support for public transit tickets and e-bike leases, we are already making a small initial contribution toward reducing Scope 3 emissions.

OUR PATH TO A POSITIVE CLIMATE CONTRIBUTION

The STIHL Group's goal of making a positive contribution to climate change mitigation by offsetting Scope 1 and 2 emissions is based on the following pillars, which we continued refining in 2022:

1) Renewable sources of electricity

Since 2022, all STIHL production companies worldwide have been using electricity from renewable sources. The ZAMA production sites in the Philippines, China, and Hong Kong will be converting to renewable sources of electricity at a later date due to existing contracts and a lack of availability. COSMOS, which the STIHL Group took over at the end of 2022, does not yet use green electricity either.

We also plan to systematically expand the localized, in-house generation of energy from renewable sources. In 2022, for instance, we installed a photovoltaic (PV) array measuring 17,000 square meters at our Chinese location. The array covers 45 percent of the plant's electricity needs and saves around 4,740 metric tons of CO₂ emissions a year. Our Swiss chain plant has ordered its second and third PV systems, which will allow it to cut CO₂ emissions by roughly 250 metric tons a year. Through this approach, we are improving the availability and reliability of self-generated, clean energy.

2) Defossilization

By 2030, STIHL plans to reduce the use of fossil energy sources by 40 percent compared to 2019. The main fossil energy sources used at STIHL include natural gas and fuels. In 2019, their consumption stood at around 150 gigawatt-hours (GWh). All STIHL Group companies have submitted action plans for achieving these targets. The more than 100 individual measures that have been slated, including technological advancements such as optimized process heat use, will help the organization achieve roughly 80 percent of the planned reduction. At the Swiss chain plant, for example, we plan to electrify a hardening furnace by mid-2023. Doing so will allow us to save 2,400 megawatt hours (MWh) of gas, or around 600 metric tons of CO₂ emissions, over the course of a year.

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3) Energy efficiency

We also aim to reduce our energy consumption overall and improve our energy intensity in the process. In 2022, our energy intensity per 1 million euros in revenue stood at 166.1 MWh (previous year: 188.0, 2019: 197.8 MWh). Initial improvements in energy consumption have already been achieved in plastics production in Waiblingen, Germany. With the support of a professional energy management system and the use of an acoustic camera, for example, the local team was able to identify leaks in the compressed-air system and take targeted measures to rectify them. The result was an immediate reduction in compressed-air needs by around 75 standard cubic meters per hour, which equates to energy consumption of more than 82,000 kilowatt-hours a year.

4) Carbon offsetting

We believe in the principle that reducing emissions comes before offsetting them. The STIHL Group offsets currently unavoidable emissions through carbon credits. Because we value internationally recognized, high-quality, and independent certification standards, those credits come exclusively from gold-standard, certified climate protection projects. Alongside climate change mitigation, we also care about further sustainable development goals that we are prioritizing as part of our sustainability strategy, including decent work for all (SDG 8) and sustainable consumption and production patterns (SDG 12). To offset the emissions of our production and sales companies by 2023, we have purchased credits for 80,000 metric tons of CO₂ emissions, which support for example a climate protection project focusing on drinking water purification in Uganda. As a result, schools will receive modern filtration technology for drinking water treatment so that they no longer have to boil it over a wood fire.

Going forward, we intend to contribute to permanent carbon capture and storage wherever possible rather than merely offsetting our emissions. To this end, we launched an agroforestry project

in cooperation with Fairventures in 2022 that will provide almost 500,000 seedlings to help reforest cleared land in Uganda and Borneo. Using an app, local farmers can scan the trees regularly to deliver precise data for calculating the amount of carbon stored. By doing so, STIHL plans to store a total of 120,000 metric tons of CO₂ between 2023 and 2028 and make a positive climate contribution.

ENERGY CONSUMPTION AND INTENSITY

The energy management system at our German production plants has been certified in line with ISO 50001. Our aim is to save energy and costs through efficiency measures.

In 2022, our total energy consumption (Scope 1 and 2 under the GHG Protocol) amounted to roughly 497 gigawatt-hours (GWh), which is 17.2 GWh, or around 3 percent, below last year's level (514 GWh). The largest shares of energy consumption are attributable to electricity, in particular for production, at 66 percent and natural gas to heat buildings at 29 percent. While electricity consumption was virtually unchanged at 331 GWh (previous year: 332 GWh), consumption of natural gas fell sharply to 146 GWh in 2022, compared with 160 GWh in 2021. We have reduced our gas consumption on account of the impact of the Russia–Ukraine war. The steps taken to do so include powering down the cogeneration plant at the Waiblingen location. We have had to compensate for the missing heat by using regular heating oil furnaces, resulting in a rise in local emissions. At our companies in Germany, Austria, and Switzerland, we have also turned down the heat to save gas.

Approximately half of our gas consumption was attributable to the STIHL Group's German locations. We use most of the gas for processes such as casting and metal hardening. However, we are constantly looking for ways to reduce gas consumption and replace natural gas with sustainable sources of energy.

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ENERGY CONSUMPTION¹
IN GWH – VALUES ROUNDED

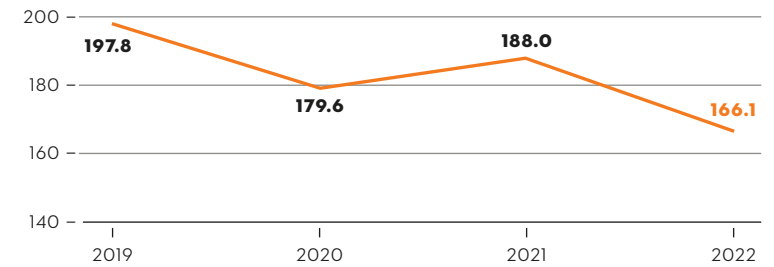
	2022	2021	2020	2019
Natural gas	146	160	141	133
Heating oil	2.8	5.8	4.5	3.4
Fuel ²	13.8	12.5	12.1	13.4
Renewable energy (geothermal heating and cooling)	1.6	1.3	2.5	0.4
Total direct energy consumption	164.2	179.6	160.1	150.2
Electricity	331	332	294	279
Of which from renewable sources	297	160	67	67
District heating	1.6	2.4	2.1	1.1
Total indirect energy consumption	332.6	334.4	296.1	280.1
Total energy consumption	496.8	514.0	456.2	430.3

¹ Including STIHL direct GmbH, STIHL Ventures GmbH, treeva GmbH, and STIHL International GmbH, which are based at the founding company's headquarters. Not including the ZAMA companies in Japan and the U.S., which are not production companies.

² STIHL Germany: founding company and Dieburg distribution center.

Energy intensity (per 1 million euros in revenue) decreased in line with the lower energy consumption to 166.1 MWh (previous year: 188.0 MWh).

ENERGY INTENSITY¹
IN MWH PER 1 MILLION EUROS IN REVENUE



¹ Including STIHL direct GmbH, STIHL Ventures GmbH, treeva GmbH, and STIHL International GmbH, which are based at the founding company's headquarters. Not including the ZAMA companies in Japan and the U.S., which are not production companies.

EMISSIONS AND EMISSION INTENSITY

Measured in CO₂ equivalents, emissions at the German STIHL locations and at international production companies stood at 53,685 metric tons in total in 2022 (Scope 1 and 2 under the GHG Protocol, previous year: 93,840 metric tons). They were offset by positive contributions to climate protection projects (see “Off-setting,” p. 48).

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The significant decline in CO₂ emissions is primarily due to the conversion of the production companies worldwide (excluding the ZAMA companies) to green electricity. In 2022, we obtained around 90 percent (previous year: 48 percent) of our electricity needs from renewable sources and therefore achieved a corresponding reduction in the CO₂ emissions resulting from electricity consumption (see “Renewable sources of electricity,” p. 47).

GREENHOUSE GAS EMISSIONS¹
 IN METRIC TONS OF CO₂E – VALUES ROUNDED

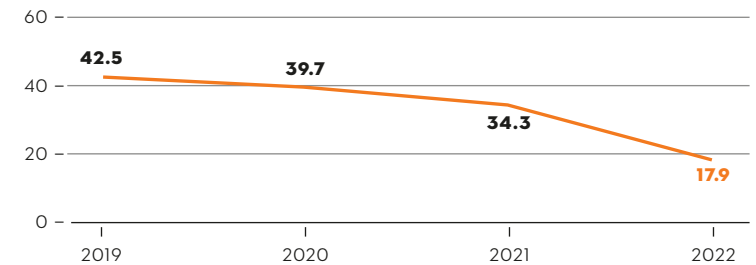
	2022	2021	2020	2019
Natural gas emissions	29,980	32,570	28,860	27,210
Heating oil emissions	710	1,510	1,180	900
Fuel emissions	4,620	3,300	3,340	3,720
Coolant emissions	980	1,310	790	1,860
Total direct emissions (Scope 1)	36,290	38,690	34,170	33,690
Electricity emissions	17,330	55,060	66,450	58,690
District heating emissions	65	90	120	60
Total indirect emissions (Scope 2)	17,395	55,150	66,570	58,750
Total emissions (Scope 1 and 2)	53,685	93,840	100,740	92,440
Of which offset	53,685	19,800 ²	0	0

¹ Including STIHL direct GmbH, STIHL Ventures GmbH, treeva GmbH, and STIHL International GmbH, which are based at the founding company's headquarters. Not including the ZAMA companies in Japan and the U.S., which are not production companies.

² STIHL Germany: founding company and Dieburg distribution center.

Emissions and emission intensity are presented using the market-based approach. The calculation takes into account hazardous greenhouse gases under the GHG Protocol, which mainly consist of CO₂ emissions. Although STIHL only generates negligible volumes of other greenhouse gases, such as coolants, such emissions are included for the sake of completeness.

EMISSION INTENSITY¹

 SCOPE 1 AND 2 IN METRIC TONS OF CO₂ PER 1 MILLION EUROS IN REVENUE, WITHOUT OFFSETTING, VALUES ROUNDED


¹ Including STIHL direct GmbH, STIHL Ventures GmbH, treeva GmbH, and STIHL International GmbH, which are based at the founding company's headquarters. Not including the ZAMA companies in Japan and the U.S., which are not production companies.

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ACTION, BUT GREEN —

The STIHL TIMBERSPORTS® Series is considered to be the premiere lumberjack sports competition. Attracting the largest audiences, the best athletes, and the widest media interest, more than 100 competitions take place worldwide over the course of a TIMBERSPORTS® season. Going forward, the organizers plan to reduce the environmental impact of their events even further. The World Trophy 2022 in Vienna, Austria, got those efforts off to a strong start – by earning EcoEvent recognition for sustainability.

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The city of Vienna's EcoEvent label recognizes sustainable events – like the World Trophy 2022.



The STIHL TIMBERSPORTS® Series can already look back on a nearly 40-year history. Launched by STIHL and the American cable sports channel ESPN in 1985, the series has since spread to Europe, Canada, New Zealand, and Australia. Today, some 1,500 athletes on four continents regularly face off against each other at TIMBERSPORTS® events.

Vision: sustainable brand, holistic approach

The World Trophy 2022 in Vienna, Austria, was the first international event of its kind to take place in front of a live audience since the start of the pandemic. From the beginning, the organizers knew they wanted the resource and carbon footprint of the tournament to be as small as possible. “For some years now, we’ve been pursuing a sustainability strategy at TIMBERSPORTS® with the goal of giving the brand an ecologically, economically, and socially sus-

tainable basis,” says Domenic Guagenti, who heads up the STIHL TIMBERSPORTS® Series’ sustainability efforts. To underscore this approach, the event team gained certification under the EcoEvent, or “ÖkoEvent,” label. The program is the city of Vienna’s way of recognizing especially sustainable events and is based on a variety of criteria. In partnership with the service provider KEEN solutions GmbH, the organizers developed measures to meet the city’s requirements and make the World Trophy 2022 the first carbon-neutral TIMBERSPORTS® competition. KEEN solutions GmbH develops tailored concepts for events.

Criteria for the label: communication and mobility

Ahead of the meet, visitors, service providers, and suppliers alike were informed that the tournament would be an EcoEvent. Communication was largely paperless, meaning that digital tools and

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10%

RENEWABLE RAW MATERIALS gives MotoMix Eco fuel an extra kick – just the thing to make the TIMBERSPORTS® Stock Saw an even bigger attraction.

Sustainable catering: Both the food trucks and the ingredients were from the region, with cutlery and flatware made of renewable materials.



on-site LED screens were used for invitations, information, and accreditation. To reduce mobility-related CO₂ emissions, the crew members relied almost solely on public transit while preparing and overseeing the event. For visitors, additional mobile bicycle racks were set up in the immediate vicinity of the venue, Vienna's Rathausplatz square.

Energy, water, and catering

Electricity was largely from green sources and came from the public grid. No generators were used during the event. Because the competitions were only held during daylight hours, less electricity and fewer resources were needed in general. Instead of chemical toilets, the organizers set up facilities with water and sewage tanks. Food trucks from local vendors offered regional and seasonal dishes, many of them vegetarian or vegan and made with fair-trade ingredients. Cutlery and flatware were made from renewable materials, with caterers relying on reusable utensils.

Sustainability was also front and center during the athletic portions of the tournament. The wood used in competition was from certified forestry (see info box) and was donated to the city of Vienna after the event for composting at its recycling plant, where it will be turned into pellets or wood chips. In addition, STIHL MotoMix Eco, a special bio-based fuel, was used during the chainsaw events. MotoMix Eco contains 10 percent renewable raw materials, largely waste products from forestry, reducing its carbon emissions by 8 percent compared to conventional STIHL MotoMix fuel.

Offsets support a drinking water project in Rwanda

The carbon footprint of the World Trophy 2022 stood at roughly 90,500 kilograms, as calculated in accordance with the Greenhouse Gas Protocol and Technical Specification ISO/TS 14067. Compliance with these globally recognized standards enables further external verification and makes it possible to offset the remaining emissions by financing qualified climate protection projects. The donation from the World Trophy 2022 went to a drinking water project in Gatsibo, Rwanda, that aims to reduce the burning of wood for boiling by 70 percent through better water treatment.

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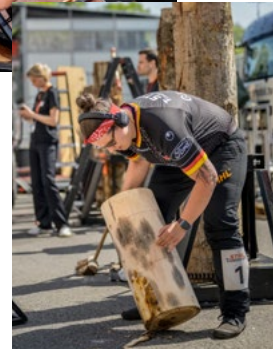
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After the competition, the wood was handed over to the city of Vienna for composting.



100%

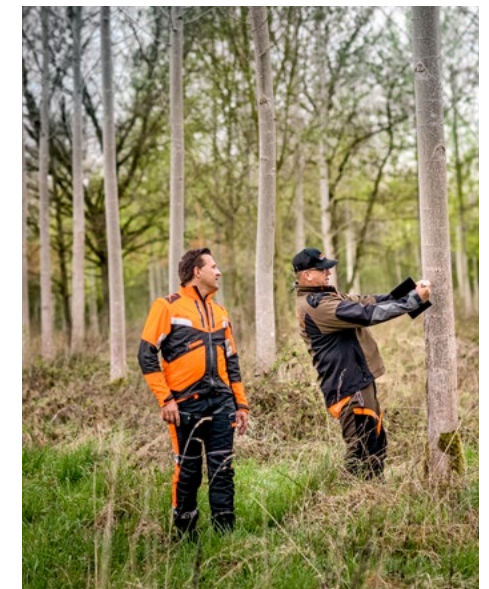
of the **WOOD USED IN COMPETITION** at international TIMBERSPORTS® events is recycled.

“Our goal is to avoid emissions to the greatest extent possible for the entire TIMBERSPORTS® Series,” Guagenti explains. “We counteract the emissions that we cannot avoid by supporting certified climate protection projects. That lets us make a positive contribution and helps us work toward achieving STIHL’s sustainability targets. The World Trophy 2022 was just the beginning. We systematically continued down this path at the second major event of the year as well, the World Championship in Gothenburg, Sweden.”

➤ LEARN MORE AT WWW.STIHL-TIMBERSPORTS.COM

WOOD FOR EVENTS FROM RESPONSIBLE PLANTATIONS AND FORESTRY

Every year, the international TIMBERSPORTS® Series needs roughly 320 metric tons of wood for its competitions around the world. The organizers use fast-growing poplars from certified plantations and white pine from certified forestry. During felling, special attention is paid to preventing damage to the natural environment. All of the wood is reused after the tournaments. Applications include furniture, clamping plates, biomass, wood pellets, and renewable energy generation.



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GREEN LIVING SPACE

The forest means life, for countless species of plants and animals, as well as for us humans. Forests are essential to a vibrant economy, to relaxation and recreation, and to carbon storage. At the STIHL Group, we have a close connection with the forest. Forestry is what made us who we are. That is why we care so much about the sustainable management of forests.

Our business has its roots in forestry. A mindful and long-term approach to caring for and managing forests is the basis of our success and a voluntary pledge that we take seriously. We condemn illegal tree felling, as well as forest clearances by fire or heavy equipment – and not only in especially sensitive tropical rain forests. Such practices damage forests and endanger our survival as a species. The STIHL Group is dedicated to promoting a sustainable approach to forests around the world. Through our support for the restoration of damaged forests and the planting of new ones, we are making a contribution to the goal “Life on land” (United Nations Sustainable Development Goal, SDG 15).

PROTECTING FORESTS, PLANTING FORESTS

Through reforestation and forest management projects, STIHL strives to help efforts to mitigate the damage already done to tropical rain forests in particular. The projects focus on a socially and environmentally sustainable approach to using forests that takes the interests of the local population and nature alike into consideration. Actively involving local populations is particularly essential to providing long-term protection from further destruction. Some of the already degraded land has to be managed in such a way that it provides people with an attractive foundation for their lives in order to make the maintenance and reforestation of tropical rain forests a common interest. Among the projects we support around the world are Instituto Floresta Tropical in Brazil, Bergwaldprojekt e. V. in Germany, and the National Greening Program in the Philippines. STIHL provides financing and support for research and aid projects that develop concepts and approaches for sustainable forestry in selected zones of the tropical rain forest. In addition, STIHL is continuing its long-standing exchange with nongovernmental organizations (NGOs). As part of our alliance with Fairventures Worldwide in Borneo, representatives of STIHL also sought dialogue with local farmers in 2022. In Uganda and Borneo, Fairventures takes an approach focusing on agriculture and forestry to help reforest degraded and cleared areas with local community involvement.

When it comes to helping forests, our employees personally pitch in and lend a hand. In 2022, our distribution center in Dieburg, Germany, held its first tree-planting campaign, which saw STIHL staff plant common oaks, chestnut trees, and sycamore maples in a damaged forest. They also planted a forest edge, with various shrubs, thickets, and rare wild fruit vines.



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Chiquitania is a dry forest region with a unique biodiversity that spans more than 16 million hectares in eastern Bolivia. It is home to many indigenous peoples.



The goal of our rain forest partnership in Bolivia is to help people use the local forest legally and sustainably. A field experiment conducted by the Bolivian NGO IBIF (Instituto Boliviano de Investigación Forestal) in cooperation with the Chair of Silviculture at the Faculty of Environment and Natural Resources at the University of Freiburg has helped optimize and legalize powered manual logging – a great benefit for the local people and for the conservation of the Bolivian rain forest.



In Chiquitania, a forest region in eastern Bolivia, the pressure on the forest and the local population is steadily increasing. With more and more of the woodlands and their unique biodiversity being destroyed for agricultural use, one section of the forest has been set aside for an array of tests and experiments since 2018. The main focus is to work out how to establish an efficient forest management system that allows the indigenous population to legally participate in value creation and provides them with a long-term livelihood – all while preserving the forest and its natural regenerative capacity.

To look into this, Dr. Benno Pokorny from the University of Freiburg and Dr. Nataly Ascarrunz from IBIF initiated a field study together with selected indigenous communities



Dr. Benno Pokorny initiated a research project to find out how locals can cultivate the forest without destroying it.

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in Chiquitania. “Bolivian legislation prohibits the use of chainsaws to process felled trees directly in the forest. Instead, the heavy logs have to be removed from the forest using large and expensive machines and transported to faraway sawmills. This not only causes considerable damage to the forest, but essentially makes it impossible for the indigenous population to use their own forest independently, efficiently, and legally,” says Pokorny.

In order to try and earn a living, the population often uses the forest unofficially anyway - at the risk of being caught and severely punished. Technical and logistical inadequacies lead to additional inefficiencies, timber quality that is often inferior, and low sales prices. Together with the Bolivian STIHL importer Hiller and indigenous forest dwellers, the study has successfully tested technologies to improve the quality and productivity of processing timber. “In addition to training in the use of the correct saw chains and their care, other aids, such as a mobile saw guide bar, significantly increase the quality of the cut boards. They are transported out the environmentally friendly way: by horse,” says James Johnson, the IBIF’s local project manager. “Appropriate planning and control are also required to ensure the proceeds are fairly distributed and to avoid the over-exploitation of commercially attractive tree species,” Johnson adds.

»Until now, Bolivia didn’t allow people to use a chainsaw to cut felled trees into boards directly in the forest.«

DR. BENNO POKORNY
Chair of Silviculture at the University of Freiburg

Everyone works together as a team to fell the trees and cut them up while still in the forest.



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As much of the value creation as possible should be in the hands of the people living there. Trees are cut up into boards or pieces of furniture on-site.



The study, which was successfully completed despite the significant impact of the coronavirus pandemic, was able to prove that powered manual forest use can generate much-needed local income. Compared with large-scale logging with heavy equipment, it also causes only a fraction of the damage, from which the forest can regenerate itself.

The findings have made an important contribution to changes in Bolivia's forestry legislation. The authorities now allow local forest users to process tree trunks using a chainsaw directly in the forest. That means the indigenous communities can finally use their forests themselves without being dependent on large timber companies. A follow-up project now aims to further establish and scale up the proven approach to powered manual forestry in indigenous communities to help more indigenous families use their forests legally and profitably in the future while preserving them for future generations.



ROUGHLY
50%
of Bolivia is covered by **FOREST**.

STUDYING SUSTAINABLE FOREST USE

A consortium of universities and research facilities led by the Bolivian Catholic University San Pablo in Cochabamba is currently preparing the launch of a new international master's degree program in agroforestry and socio-ecological restoration. STIHL supports this initiative with scholarships for students to qualify urgently needed professionals for the application of sustainable agroforestry systems based on small farms.

The practical master's course offers students the opportunity to study the design and implementation of agroforestry systems under the guidance of recognized experts and in direct contact with local stakeholders. The study program has already been officially accredited. Students from all over the world are expected to be able to enroll for the new course starting in fall 2023.



SUPPLY CHAIN



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> Acting responsibly

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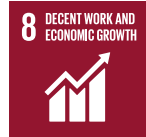
ACTING RESPONSIBLY

Doing business responsibly goes beyond a company’s own four walls. The STIHL Group demands the same high standards from its over 10,000 suppliers as it does from itself. Responsible labor and business practices, as well as environmental protection and transparency, are core values throughout our supply chain. Together with our suppliers, we are creating a balance of quality, price, availability, and legal certainty – all while keeping an eye on efforts to reduce emissions and conserve resources.

Organization and responsibilities

In the reporting year, there were no material changes to the way procurement is organized at the STIHL Group. The STIHL founding company plays the leading role within the purchasing network and defines the purchasing strategy for the entire STIHL Group, which allows us to pool our needs while centrally and efficiently ensuring the supply of raw materials.

The purchasing strategy is translated into internal guidelines and standards to ensure standardized processes and procurement principles. The director of purchasing reports to the STIHL AG Executive Board member for Manufacturing and Materials and works with the responsible senior managers and the purchasing managers of the production companies to develop the global STIHL purchasing strategy. Procurement teams with representatives from Purchasing, Quality Assurance, and Procurement Logistics work hand in hand to ensure the efficient Group-wide implementation of the strategy and the procurement principles. Commodity managers oversee procurement and the activities for individual product groups. Leading buyers maintain contact with suppliers, work with the commodity managers to select suppliers for individual products from the product groups, and negotiate prices. The structure is rounded out by commodity buyers, who keep an eye on the regional markets and incorporate specific local requirements and criteria into the product group procurement strategies. As a global organization, the STIHL Group also buys goods and services around the world. Within our production networks, we strive to procure raw materials and upstream components for manufacturing on the continent where they are processed whenever possible to keep transport distances and CO₂ emissions to a minimum.



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> **Acting responsibly**

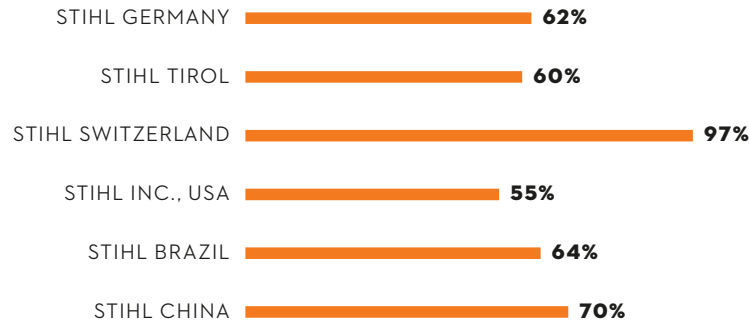
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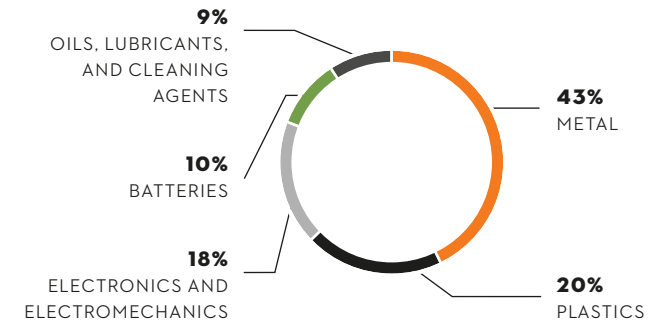
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LOCAL PURCHASING VOLUME¹ OF PRODUCTION MATERIALS (PRODUCTION COMPANIES ONLY)



¹ Purchasing volume on the continent on which the company in question is based (Europe, North America, South America, Asia).

PURCHASING VOLUME OF ESSENTIAL PRODUCTION MATERIAL BY TYPE OF MATERIAL¹



¹ Production companies only, not including ZAMA Group.

Sustainable purchasing decisions

A significant portion of our purchased materials and components is attributable to steel, magnesium, plastic, and electronic modules. STIHL uses them to make many key components of our products ourselves. Our above-average vertical integration protects our expertise in key areas of technology and ensures our ability to manage the individual steps of the production process ourselves and meet our high STIHL quality standards. The operation, maintenance, and repair of our equipment, along with IT services and technical services, account for the lion's share of our indirect purchasing needs.

Because we want to ensure that our products are manufactured with the greatest possible conservation of resources in mind, we are developing a strategy for the use of raw materials that are critical from an environmental perspective. We initiated the strategy with a kickoff workshop in 2022. The goal is to either replace environmentally critical raw materials or procure them as sustainably as possible if they cannot be replaced. In addition, we want to reduce the use of potentially hazardous process chemicals in our own production and over the medium term in our supply chain.

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Fiscal year 2022

2022 presented STIHL with major challenges. On the one hand, the Group faced continued high demand. On the other, it faced materials shortages and supply bottlenecks that were further exacerbated by the Russia–Ukraine war. Together, though, we were successful in keeping the impact on production and on supplying our customers to an absolute minimum. As in the previous year, components made of steel (such as punched and turned parts) and entire assemblies made out of steel were most affected by the shortages, as were electronics components and plastics. The Russian invasion of Ukraine also meant supply problems for cable harnesses, switching equipment, and rubber parts.

We are trying to mitigate the impact of the energy crisis through long-term contracts, and were able to cover most of our electricity and gas needs for 2022 and 2023 by relying on existing supply agreements. Additionally, we are in close contact with suppliers to come up with energy-supply alternatives early on in the event of a crisis. In the long term, STIHL supports efforts to enhance Germany’s energy independence.

The shortages of raw materials, components, and energy have driven up prices and resulted in a sharp rise in our procurement costs. As a result, we too have had to adjust our prices.

Supplier management

Because our choice of suppliers has an impact on how sustainable our supply chain is, STIHL has expanded the main purchasing criteria (price, quality, and logistics) to include sustainability-oriented aspects. To this end, Quality Management launched the Sustainable Supply Chains project in 2020. In 2022, we rolled out various processes and tools that we had developed in the previous year. The milestones include the completion of the first risk exposure analysis of all suppliers as a basis for deriving necessary preven-

tive measures. As part of the analysis, we classified them into four risk categories: low, medium, high, and extreme. In addition, we introduced a cloud-based platform that Group companies can use to check and monitor their suppliers’ conformity with the relevant sustainability and compliance standards. The platform is designed to increase our suppliers’ transparency. By the end of 2022, we had already invited over 700 suppliers to join the platform. The decision to extend an invitation is based on a variety of factors, including the results of the risk exposure analysis. We also developed a concept for the further development of a global sustainable supply chain network at STIHL starting in 2023, once the Sustainable Supply Chains project is complete.

Sustainability already plays an important role when (pre)selecting and onboarding a potential supplier. Our **CODE OF CONDUCT FOR BUSINESS PARTNERS** is an obligatory element of any supply contract (see “Code of conduct for suppliers,” p. 63). An international reporting system that takes into account input such as the information on our internal platform is in place to monitor and audit existing suppliers. It also helps us support them in stepping up their commitment to sustainability if need be. We demand corrective measures if the annual risk analysis indicates that suppliers have failed to implement the STIHL Group’s sustainability standards. As a last resort, STIHL can terminate the relationship with a supplier if it still does not change its behavior. There were no material violations on the part of suppliers in 2022.

For greater transparency and sustainability, we started analyzing potentially critical supply chains as a whole in 2021. Our three pilot projects for magnesium, cobalt, and textiles started in 2022 with an intensive analysis and are set to continue in 2023. To analyze its cobalt supply chain, STIHL is working with the Responsible Minerals Initiative (RMI). We joined the initiative in 2021 in order to make the procurement of minerals more sustainable. The RMI is a cross-sector organization with over 400 company members that is dedicated to promoting the responsible mining, handling, and purchasing of minerals around the world. We recently became a member of the Cobalt for Development (C4D) initiative. Its goal is

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to improve the living and working standards for artisanal cobalt miners and their communities in the Democratic Republic of Congo. C4D is exclusively funded by a cross-industry partnership including BASF, BMW, Samsung Electronics, Samsung SDI, and the Volkswagen Group and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The advancement of our supply chain management approach is helping us contribute to the goal “Decent work and economic growth” (United Nations Sustainable Development Goal, SDG 8) by promoting minimum social standards in our supply chains and enforcing respect for human rights requirements, including the ban on child labor, as well as fair and safe working conditions.

SUSTAINET

Working together is the key to achieving more, especially when it comes to complex issues like sustainability. That is why STIHL has joined Sustainet, a platform for sharing and exchange that focuses on sustainability in the supply chain. Since July 2021, the six member companies from various industries have met regularly to discuss their experiences and share knowledge and recommendations. In 2022, the teams took a closer look at preventive measures, corrective actions, and reporting, as well as strategies to protect human rights.

Code of conduct for suppliers

We expect our suppliers to actively support us in developing a sustainable supply chain. Back in 2015, we introduced a code of conduct for suppliers, in which we described our vision of sustainable and responsible business practices. In 2021, we reworked the code of conduct with regard to social, environmental, and governance aspects to define even clearer criteria that our partners have to meet. The code of conduct has been adopted by the Executive Board and is based on the principles of the United Nations Global Compact and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

In addition to compliance with human rights standards while providing fair and safe working conditions, STIHL requires its suppliers to exhibit a commitment to protecting the environment. The focus lies on an approach to doing business that conserves resources, the recording and reduction of greenhouse gas emissions, and the sustainable procurement of (raw) materials. The code of conduct also contains provisions that require suppliers to prevent discrimination and corruption and ensure data protection. By the end of 2022, around 67 percent* of our largest suppliers had already signed the code of conduct. The aim is to roll out the new code of conduct to all STIHL Group suppliers by the end of 2023, with purchasing staff throughout the Group to receive training to this end over the course the year. We will use mechanisms such as disclosures and audits to measure compliance with the code of conduct.

* Production companies only, not including ZAMA Group.



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PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

Acting responsibly

> From raw material to battery pack

PEOPLE

SOCIETY

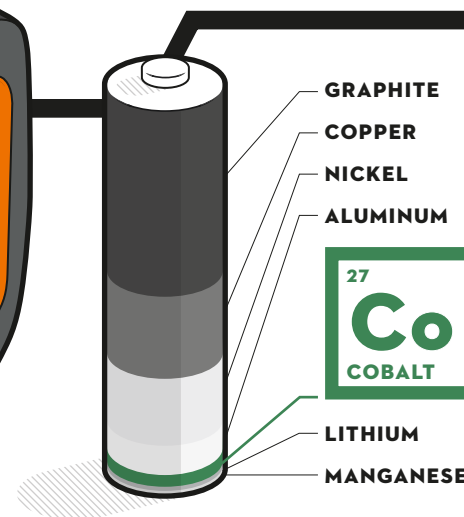
ADDITIONAL DISCLOSURES

FROM RAW MATERIAL TO BATTERY PACK

Wherever possible, the STIHL Group takes responsibility for its supply chains. We are committed to making our supply chains, particularly those of a potentially critical nature, more transparent and sustainable.

Battery-powered products are quiet, create zero emissions at the point of use, and are becoming increasingly popular. Yet some links in the chain – from extracting raw materials to manufacturing and

recycling batteries – are opaque and in need of improvement. That is why STIHL is carrying out in-depth analysis of potentially high-risk supply chains to identify and seize potential for optimization. We are currently analyzing our mineral procurement supply chains on a successive basis with the help of the Responsible Minerals Initiative (RMI), which STIHL joined in 2021. The first supply chain to come under scrutiny is the one for cobalt, which is considered particularly critical.



THE BATTERY CELL

Although there is only a relatively small amount of cobalt in a lithium-ion battery, the metal is a vital part of any high-performance portable power solution. Cobalt is used as a basis for the cathode material and is also responsible for giving the cell its high energy density, quick-charging capabilities, and long life span. Rather than manufacturing its battery cells in-house, STIHL procures the components from a handful of carefully selected suppliers. Consistently high battery quality is guaranteed through close collaboration with suppliers and continuous control.

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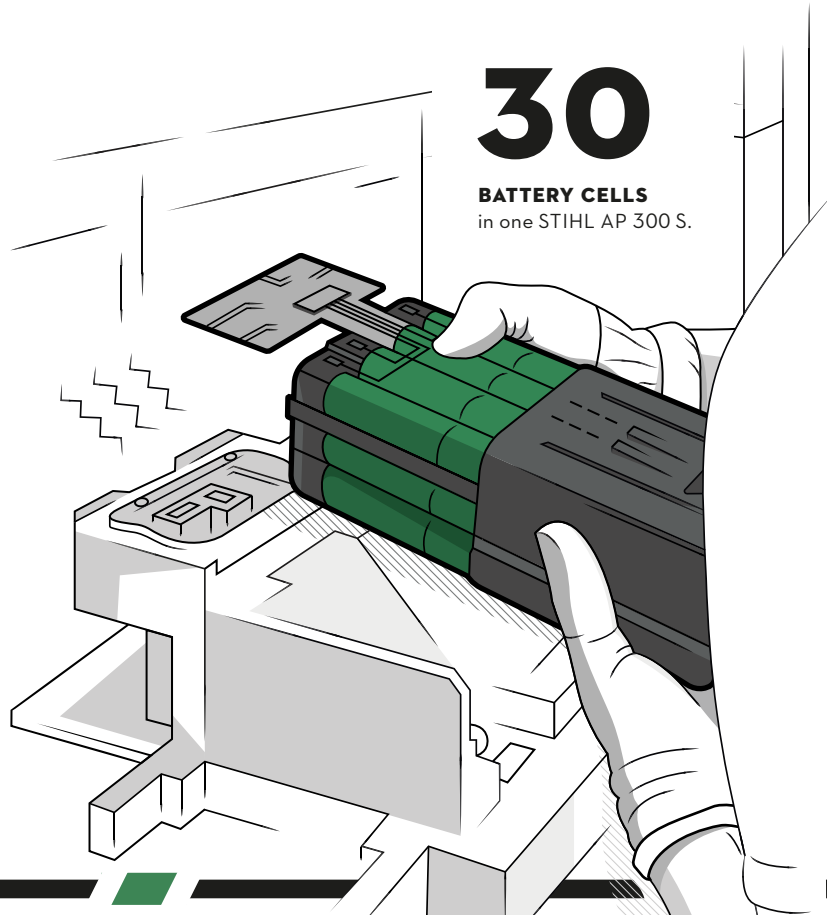
Acting responsibly

> From raw material to battery pack 📄

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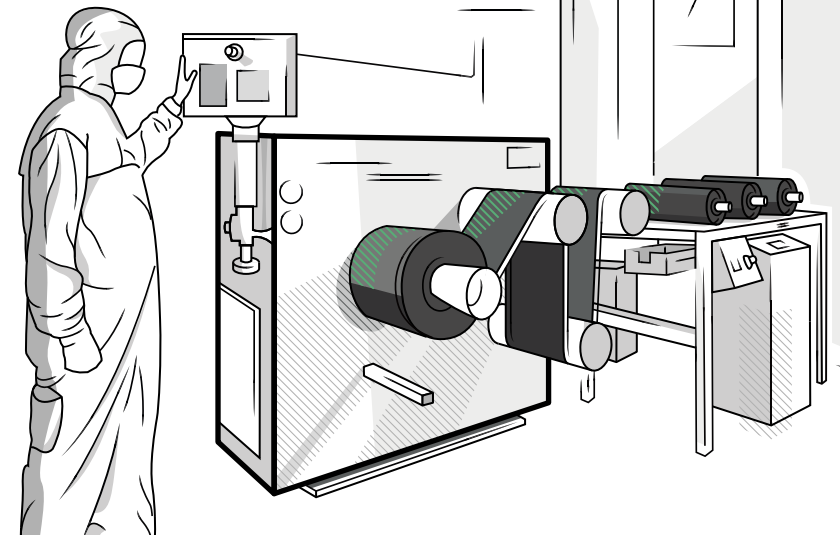


MANUFACTURING BATTERY CELLS

The process of manufacturing a battery cell starts with two electrode sheets. Together with other minerals and additives, the cobalt is turned into a paste and applied to a carrier sheet. This sheet is then compressed using rollers and cut to size. After that, alternating cathode and anode sheets are stacked together to create the battery cell. Lastly, the pole contacts are connected up and an electrolyte is added. Most battery cell production sites are located in China. Typical risks there include long working hours, low pay, a lack of safety in the workplace, and insufficient environmental protection. We provide greater transparency regarding our battery cell suppliers and their production sites through a cloud-based sustainability assessment platform. This allows us to work toward realizing improvements in collaboration with our suppliers along a defined development pathway.

BATTERY PACK PRODUCTION

Battery packs consist of a group of battery cells, which are grouped together in a housing that protects them from their surroundings. Many STIHL battery packs are manufactured in-house in partnership with battery cell suppliers. High-performance packs for professional applications are also produced at our own battery pack production facility in Germany. All STIHL battery packs exclusively contain lithium-ion battery cells.



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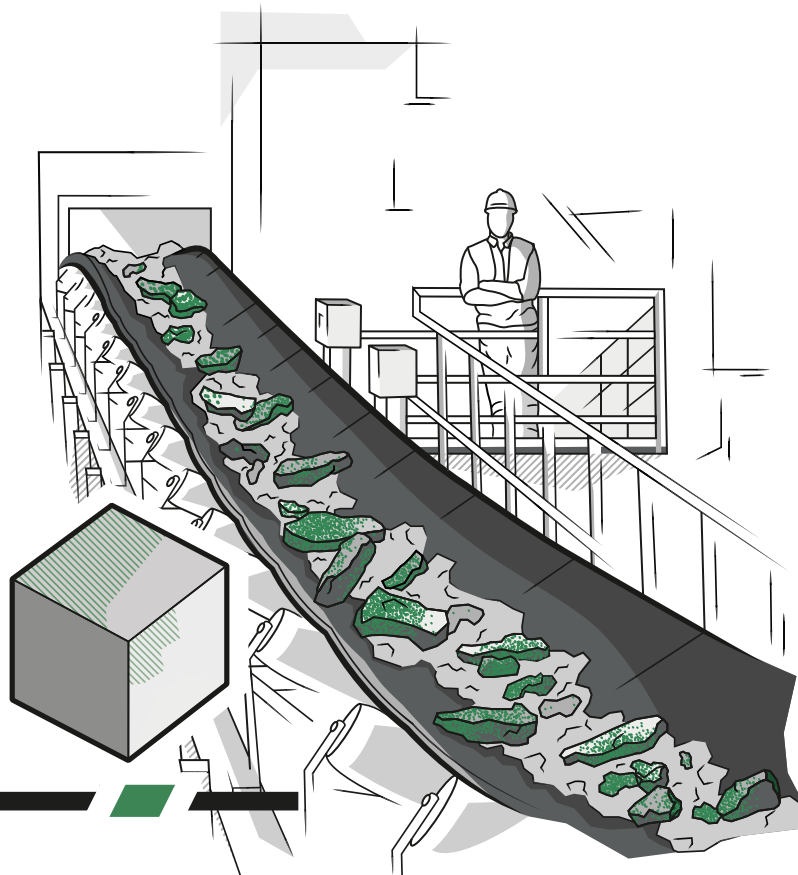
Acting responsibly

> From raw material to battery pack 📦

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SMELTERS, REFINERS, AND INPUT MATERIALS

Cobalt is separated from nickel, copper, and other byproducts in the smelter, before being sent to the refinery for further processing. Most cobalt producers are located in China. The pure cobalt is delivered in the form of solid blocks, slabs, or powders that form the basis for further processing. This part of the cobalt supply chain lacks transparency. Because smelting and refining are high-energy processes, the production of cobalt is assumed to have a large carbon footprint. In addition, chemical waste, toxic gases, and particulate matter often cause soil, water, and air pollution.

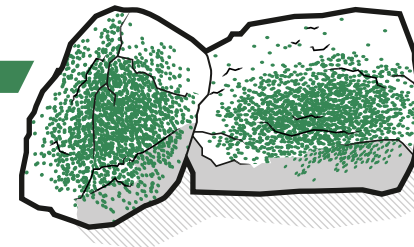
COBALT MINING

Cobalt is primarily produced from copper and nickel ores. More than half of all cobalt reserves are located in the southeast of the Democratic Republic of Congo, where the political situation is extremely unstable. Only 10 to 20 percent of the mines there are operated legally. The legal ones are comparatively large and mechanized, and they produce around 80 to 90 percent of the country's cobalt. The remaining reserves are mined by small, illegal operations with extremely poor, dangerous, and lawless working conditions. For the locals, however, working in these illegal mines is often the only way to earn a living. Environmental damage through water pollution caused by cleaning the cobalt also has an adverse impact on people's health in the region.

COBALT FOR DEVELOPMENT

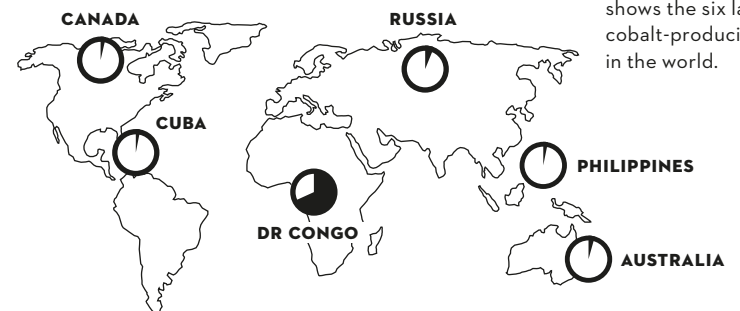
C4D works both in communities and mine sites as they are closely intertwined and impact each other in a variety of respects. GIZ, which has technical responsibility for the project, works with the artisanal miners directly through local cooperatives, official authorities, and civil society. Ultimately, the project works to strengthen legal compliance, improve health and working conditions and manage environmental resources, with a focus on economic and social well-being. The project's flexible, modular approach is designed to be replicated and scaled across mining sites and communities, in order to spark engagement with responsible mining practices and ensure that cobalt mining contributes to local development.

> FOR MORE INFORMATION, PLEASE VISIT [COBALT4DEVELOPMENT.COM](https://cobalt4development.com)



170,000

metric tons of **COBALT** was mined worldwide in 2021. The map below shows the six largest cobalt-producing regions in the world.





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> Side by side and hand in hand

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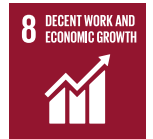
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SIDE BY SIDE AND HAND IN HAND

As an employer, STIHL Group companies combine the advantages of a family-owned business and a global market leader. Our corporate culture is built on partnership, with extensive benefits and family-friendly working hours. This fundamental attitude is shared across our locations around the world and gives all employees the opportunity to grow at STIHL.

Organization and responsibilities

Overall strategic responsibility for personnel management at the STIHL Group lies with the STIHL AG Executive Board member for Human Resources and Legal Affairs. Each major STIHL company has its own human resources department, whose work is subject to guidelines set by the founding company. The guidelines cover topics such as introducing and changing pension systems, rules and conditions for temporary international staffing assignments, and contractual and compensation rules for managers.



International human resources strategy

Human resources, or HR, plays a decisive role in making the transformation from mechanical engineering company to a mechatronic and software specialist a success. Because qualified and motivated employees are the engine of change, the HR team at the founding company has partnered with managers in charge of staffing at the production and sales companies in Germany and France to develop an international HR strategy.

The strategy covers five fields of action:

- ONE HR
- Digital HR
- HR as a transformation partner
- Leadership transformation
- New skills and abilities

Our aim is to establish an HR excellence standard within the STIHL Group. To do this, it is important that the Group's HR teams continue to grow together on the basis of strategic guidelines. Core HR processes are being harmonized, and a uniform software standard is acting as a technology enabler. Uniform KPIs allow Group-wide analyses of business management to be presented to the Executive Board and Advisory Board. Modern self-service functions for supervisors and employees help create a digital HR world and increase the Group member companies appeal as an employer. For example, they facilitate the entry of personal

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data and provide support in the internal application and staff development processes. To this end, we launched a project in 2017 to roll out a uniform software standard worldwide. The coming years will see the rollout of the new master data system and the different modules, in particular at the production companies and the large sales companies.

HR acts as a transformation partner both within HR and for the organization as a whole, while also proactively supporting important transformation projects. HR needs to continue developing its own roles and skills in order to drive forward transformation and innovation within the Group.

The transformation also places new demands on the functions of supervisors and their staff. Skills and capabilities that will make us fit for the future need to be developed or integrated into the company. Global management programs are being implemented to prepare executives for their future roles. Part of the strategy includes the development of the global STIHL Leadership Principles, which are designed to guide the leadership transformation. The principles have been undergoing a Group-wide rollout since the launch of the new STIHL Leadership Academy in late 2021.

Employment within the STIHL Group

As of December 31, 2022, STIHL Group companies employed 20,552 people worldwide, an increase of 458 compared to the previous year (20,094, not including temporary agency workers). The other figures given in this report take into account all German locations (including STIHL direct GmbH, STIHL treeva GmbH, and STIHL International GmbH), the Dieburg distribution center, and all production companies, including the ZAMA Group. The companies within this scope of consolidation had a total of 18,667 employees at the end of 2022 (previous year: 18,338, not including temporary agency workers). All other key performance indicators are reported on this basis.

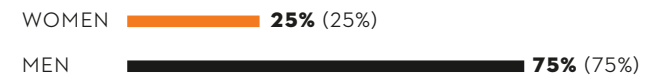
EMPLOYMENT WITHIN THE STIHL GROUP AS OF DEC. 31

	2022	2021
Total headcount within the STIHL Group ¹	20,552	20,094
Total headcount within the scope of consolidation ¹	18,667	18,338
Of which apprentices and students	866	889
Average headcount ¹	18,622	17,469
Number of temporary agency workers	519	715

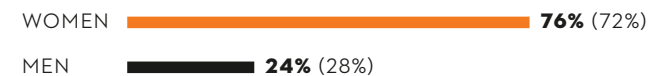
¹ Not including temporary agency workers. STIHL does not employ any non-guaranteed-hours employees.

TOTAL HEADCOUNT BY TYPE OF EMPLOYMENT¹ AS OF DEC. 31 (PREVIOUS YEAR IN PARENTHESES)

FULL-TIME: 16,830 (15,221)



PART-TIME: 623 (557)



¹ Not including employees with temporary contracts, temporary agency workers, students, and employees in partial retirement.

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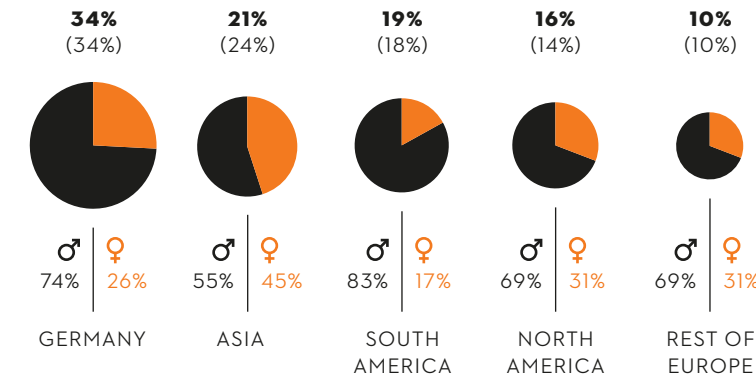
In the reporting year, there were 3,594 new hires (previous year: 4,694), including employees with temporary contracts, apprentices, and students, but excluding temporary agency workers. The current reporting system does not provide for a detailed disclosure of new hires by age group or gender. However, such disclosures are under consideration for future reports.

The increase in headcount is attributable to the positive business performance of the STIHL Group, despite the negative impact over the course of the reporting year in connection with the effects of the war in Ukraine and continued supply chain bottlenecks. At STIHL Inc. alone, we welcomed more than 1,000 new employees as part of the largest hiring campaign in the company's history.

Most of those new hires will look after the production, sale, and servicing of battery-operated products. The number of temporary agency workers was slightly below the previous year's level. STIHL primarily hires temporary agency workers in product-related areas to cover peaks in manufacturing.

STIHL makes every effort to create secure jobs. Roughly 86 percent of our employees now have permanent contracts (previous year: 83 percent). In doing so, we make a contribution within our means to achieving the target of full employment, as stated in the goal "Decent work and economic growth" (United Nations Sustainable Development Goal, SDG 8).

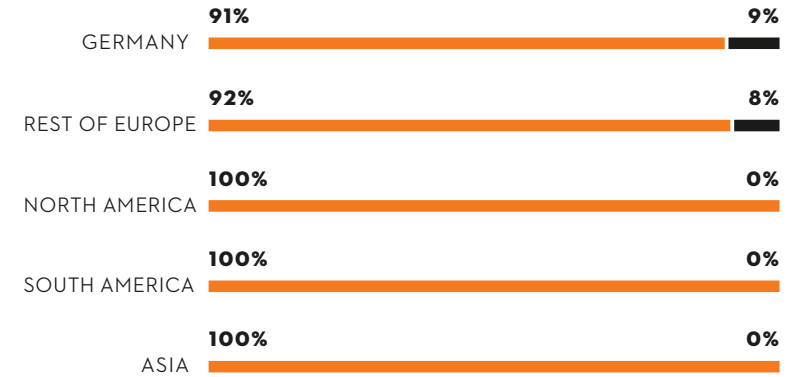
HEADCOUNT BY REGION AND GENDER¹
AS OF DEC. 31 (PREVIOUS YEAR IN PARENTHESES)



■ Women ■ Men

¹ Not including temporary agency workers.

HEADCOUNT¹ BY TYPE OF EMPLOYMENT AND REGION
AS OF DEC. 31



■ Full-time ■ Part-time

¹ Not including employees with temporary contracts, temporary agency workers, students, and employees in partial retirement.

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WORKERS' RIGHTS

Open and constructive exchange with employee representatives is a long-standing tradition at STIHL. All STIHL plants in Germany have employee councils, and work agreements for staff are in place. Together, the individual employee councils form the General Employee Council for the founding company. Our international locations have local employee representation bodies in accordance with national law in certain countries, such as Brazil and China. Many production companies are subject to collective bargaining agreements or similar collective wage structures, which cover roughly 56 percent (previous year: 55 percent) of all staff. Generally, our employees in all countries receive remuneration in line with market rates. By protecting workers' rights, we are making our contribution to achieving the goal "Decent work and economic growth" (United Nations Sustainable Development Goal, SDG 8).

Attractive employer

Fair cooperation in a spirit of partnership is a key element of our corporate culture, which manifests itself in support from colleagues and open communication. As a result, long terms of service and low rates of voluntary resignation (excluding retirements) are the norm at nearly all of our locations. Turnover among permanent staff not employed in production stood at 4.1 percent, according to the most recent statistics (previous year: 3.7 percent). Due to the low rate, we do not keep records of voluntary resignation by region, gender, or age group.

To foster international networks and cooperation within the STIHL Group, we offer employees the opportunity to work abroad. Experience and exchange with colleagues at other subsidiaries promotes the sharing of knowledge and strengthens mutual understanding and collaboration, which in turn enriches the STIHL Group as a whole. We strengthen team spirit through a variety of activities, including celebrations, outings, and competitions, as well as events to mark International Women's Day, Mother's Day, and Father's Day.

BENEFITS AND PERKS

STIHL employees have long enjoyed voluntary social benefits that go far beyond what is agreed upon through collective bargaining.

At nearly all STIHL companies, eligible employees receive a bonus linked to financial performance every year. Employees at the founding company can also take part in a company pension plan that is financed entirely by STIHL and acquire profit participation rights within the scope of a stock ownership plan that consists of an employee contribution (one-third) and an employer subsidy (two-thirds). The profit participation rights may offer yields as high as ten percent, depending on the company's success, allowing staff members to profit from their dedication and performance by adding to their savings.

In addition, a new employment and site-guarantee agreement through the end of 2025 was signed in late 2021. The agreement gives core staff at the founding company a four-year employment guarantee. In it, STIHL has also made a commitment to continue providing extensive vocational training and support to new employees just entering the workforce. Employment and site-guarantee agreements have played an important role in developing the business and safeguarding jobs at STIHL for more than 20 years.

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AWARDS

The U.S. magazine “Forbes” ranks STIHL 89th on its latest list of the “World’s Best Employers.” In 2022, the STIHL Group company in São Leopoldo, Brazil, was once again named a “Great Place to Work,” with STIHL China also receiving the same honors and STIHL Tirol being recognized as one of Austria’s ten best employers. Meanwhile, the internship program at STIHL Inc. in the U.S. won the 2022 Top Employer for Interns award.

WORK-LIFE BALANCE

STIHL offers employees a wide range of options for achieving an optimal work-life balance. At most locations, Group member companies work with employees to arrange working models that are flexible enough to take childcare, family care, and other personal circumstances into account. In addition, we support staff by offering part-time models and local perks such as corporate childcare. At the Waiblingen and Ludwigsburg locations in Germany, we have started expanding childcare capacities by 70 percent, with the goal of offering 60 spots. New mothers at our Swiss chain plant and STIHL Brazil can also make use of newly added lactation rooms.

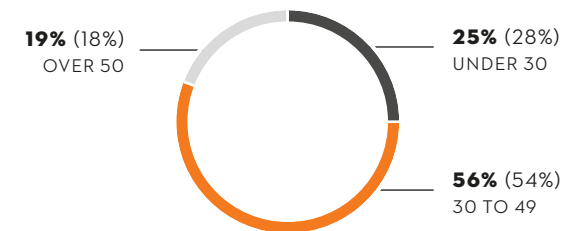
The coronavirus pandemic has further reinforced the advantages of remote working for employees and employers. That is why we have decided to continue offering options to work from home, even though the most significant pandemic-related restrictions have been lifted. Employees and their supervisors are encouraged to reach individual agreements. At the founding company, our distribution center in Dieburg, and STIHL Brazil, for example, the guidelines call for staff to be in the office 60 percent of the time, with remote working possible for the remaining 40 percent of their hours.

DIVERSITY AND EQUAL OPPORTUNITY

Promoting diversity and equal opportunity is part of a sustainable HR policy and plays a key role in the sustainable success of the Group. Our efforts are backed by values such as internationality, transparency, and diversity, which are what set our global family-owned business apart. We aim to empower our employees to bring their strengths, experiences, and potential to the fore, regardless of their gender, origin, age, and other traits. We do not tolerate racism or any form of discrimination, and we support the inclusion of people with disabilities. STIHL Austria’s commitment to hiring people with disabilities, for example, has earned recognition from the Austrian state of Tyrol. To further enhance our diversity strategy, our locations in Germany are currently conducting a review that will later be used to define development options, targets, and specific projects for Germany as well as the entire Group in line with the corporate strategy.

TOTAL HEADCOUNT BY AGE¹

AS OF DEC. 31 (PREVIOUS YEAR IN PARENTHESES)



¹ Not including temporary agency workers.

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At the present time, women account for 30 percent of the total workforce within the STIHL Group (previous year: 29 percent). Two of the six STIHL AG Executive Board members are women. As a result, STIHL has more than met the target that was defined by the STIHL AG Supervisory Board in June 2022 of having at least one woman on the Executive Board. With three women and three men, the composition of the Executive Board has been equally balanced since January 2023. Four of the twelve members of the STIHL Supervisory Board are women, exceeding the statutory requirement in Germany of at least 30 percent.

DIVERSITY AND INCLUSION AT STIHL BRAZIL

STIHL Brazil has launched a diversity program that aims to promote knowledge and discussion on the topic of diversity, and to encourage empathy, respect, and inclusion. The project is built on four focal points: people with disabilities, gender, LGBTQI+, and race and ethnicity. The four project groups meet once a month to share knowledge and agree on measures. In 2022, the diversity program achieved a major milestone by founding the Executive Diversity School, a professional education offering for executives that is designed to raise awareness of diversity and provide knowledge.

STIHL Brazil also has experience when it comes to inclusion. Since 1977, the company has employed people with disabilities. Right now, 176 employees, or 5 percent of staff in the country, have physical or cognitive impairments. As a result, STIHL exceeds the legal requirements. The inclusion program covers strategic HR and occupational health and safety targets, as well as improvements to equipment, systems, and processes to ensure accessibility.

Professional development and training

THE STIHL COMPETENCY MODEL

Our employees make a substantial contribution to the success of STIHL through their individual know-how, abilities, and skills. The STIHL competency model has been developed to maintain existing expertise and develop new know-how. Based on findings from surveys and workshops involving employees and supervisors, it forms the foundation for a common understanding of requirements. The model consists of eight fields of competence that relate to specific expertise, as well as motives, attitudes, and values. The scope ranges from entrepreneurial thought and action to partnership-based leadership and shaping change. To ensure a consistent approach to talent development and succession planning throughout the STIHL Group, the competency model is being phased in at all companies.

STIHL LEARNING WORLDS

At nearly all locations, we offer employees an extensive selection of seminars, including internal and external classroom training sessions and a growing number of digital learning opportunities. The options focus on social and interpersonal skills, methods, project management, and technical training for employees in production. In 2022, each employee received an average of roughly 15 hours of professional development a year (previous year: 12 hours). That figure is not broken down by gender or employee category in our reporting system. However, we plan to keep records of such data in the future.

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Our new internal learning management system STIHL HR Online-Training was launched in Germany in 2020 and will be expanded to Brazil in early 2023. Employees can use the system to find out about continuing education and book training directly. STIHL also offers employees support in completing professional training measures, such as pursuing a degree program or gaining master tradesperson certification. We offer technical staff in our gasoline-powered drive technology division a training and qualification program in electrical engineering and mechatronics to support them as we shift our focus to battery-powered drive technology and to empower them to take on new responsibilities at STIHL. Negotiations on the topic of digital learning are currently underway with the employee council. In addition, we have joined forces with departments to set up pages in the cloud for better knowledge management, which we are constantly enhancing and expanding.

EXECUTIVE DEVELOPMENT

Leadership that provides motivation and empowerment is crucial to a positive culture of cooperation and the success of the Group. Since managers, executives, and supervisors face a complex array of requirements and expectations, STIHL supports them with country-specific qualification programs. Newer managers at the founding company earn a Führungsführerschein, or “license to lead,” while experienced managers have the opportunity to reflect on and enhance their approach in dedicated sessions. A STIHL mentoring program that allows long-serving managers to pass on their experience to the leaders of tomorrow rounds out the range of offerings. The mentoring program usually lasts twelve months and is geared toward a long-term approach to fostering talent. The international STIHL companies, such as those in China, Brazil, or ZAMA, also offer a variety of programs.

In 2021, STIHL partnered with SGM Management Institute St. Gallen in Switzerland to develop a general management program for international senior executives. The program aims to impart strategic management knowledge, offer new perspectives on the latest leadership issues, and strengthen international exchange. All of the 16 participants in the first session in 2022 gave the program their highest ratings. The program is scheduled to continue in 2023.

Executive surveys are conducted every year at the founding company and at the production companies in Austria, Switzerland, Brazil, the U.S., China, and the Philippines. In 2022, the eleven largest sales companies were also included in the surveys. Their aim is to gain insights into the leadership culture and identify points for further development.

VOCATIONAL TRAINING AND DEGREE PROGRAMS AT STIHL

STIHL has a long tradition of placing a high priority on training. In addition to a wide range of vocational training opportunities focusing on technical and office careers, we work with colleges and universities to offer internships and work-study positions for students in cooperative education programs. Both play an important role in our strategy to ensure access to specialists in the long term. We invest worldwide in state-of-the-art apprenticeships and comprehensive training programs. Some STIHL companies provide “dual” training in the classroom and on the job. In recent years, we have rolled out proven training concepts at STIHL companies where the state school system does not provide this type of training, such as in the U.S. and Brazil, and at the plant in Qingdao, China.



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CAREERS TAKE OFF AT STIHL

As a family-owned business, the STIHL Group thinks in terms of generations. That is why it cares so much about providing the right start for tomorrow's skilled workers. Young people can lay the foundation for their careers with a technical or office apprenticeship, or as an intern, trainee, or student combining training and academic study. Along with exciting tasks and good prospects, STIHL offers a lively corporate culture that fosters personal and professional development and is aimed at shared success.

> VISIT OUR **WEBSITE** TO READ ABOUT THE EXPERIENCES OF LEA PUGLIESE, APPRENTICE AT THE STIHL MAGNESIUM DIECASTING PLANT IN WEINSHEIM, GERMANY, ELFIN LIU, ASSEMBLY ENGINEER AT STIHL CHINA, AND TAÍS ZUCHETTO, INTERN AT STIHL BRAZIL

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OCCUPATIONAL SAFETY

STIHL does whatever it takes to protect and promote the health of all employees. That is why we care about preventing accidents and promoting occupational health and safety. Both the coronavirus pandemic and the energy crisis have driven home how important it is to ensure the health and safety of all employees while keeping our operations up and running.

Organization and responsibilities

All plants of the German founding company, as well as the STIHL Group companies in Brazil and China, have an ISO 45001-certified occupational health and safety management system that covers more than 57 percent of the entire workforce (previous year: 55 percent). The management system at the founding company was recertified in 2022, with the other two countries to follow in 2023. In addition, external audits are conducted every year. We have defined processes and directives regarding occupational health and safety in our STIHL guidelines and standards. Overall responsibility for the topic lies with the STIHL AG Executive Board member for Human Resources and Legal Affairs. At our locations, executive departments for occupational safety with dedicated specialists are responsible for compliance and the implementation of

legal and internal guidelines. The divisions also have safety officers who, in addition to their regular responsibilities, monitor safety and support local executives, managers, and supervisors in implementing occupational safety measures.

Accident avoidance and prevention

Our internal STIHL directives define a hazard analysis and risk assessment process for work involving machines and other activities, with the aim of systematically identifying and avoiding potential hazards. Hazard analysis is conducted by the appointed management and safety officers, who guide, train, and support occupational safety specialists. Findings from the assessments are incorporated into our planning of targets and measures to further increase occupational safety. They are also reflected in regular safety instructions for staff. Before they enter one of our plants, we familiarize all external individuals with potential hazards, as well as the applicable safety measures and safety rules. The briefings are required for ordinary visitors and representatives of outside companies alike.

Accidents and incidents are reported to the local occupational health and safety department and investigated in cooperation with the individuals affected, as well as their supervisors. Whenever possible, the employee council is consulted. In addition, we review



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the findings of the hazard analysis and make adjustments to it as necessary. We derive fields of action for further improvements from the regular analysis of incidents. The most recent occupational safety improvements include noise reduction measures for production processes at STIHL in Brazil and heat reduction during magnesium processing.

WORKPLACE ACCIDENTS

STIHL strives to keep the number of workplace accidents as low as possible. We record all known accidents at STIHL facilities involving STIHL employees, staff from outside companies, and other visitors. In 2022, the accident rate stood at 4.5 per 1 million hours worked and was therefore slightly higher than in 2021 (4.2). We plan to stop this negative trend at an early stage. As in previous years, we recorded no fatal workplace accidents. In 2022, we launched a pilot project for Germany, Austria, and Switzerland that aims to reduce the number of accidents in the long term and further enhance our safety culture. The region recorded higher accident figures than other locations. Findings from previous accident analyses and inspections show that up to 80 percent of accidents are behavior-related and could be easily avoided by no longer using cell phones on stairs or by making sure paths are kept clear, to name just two examples. To further increase employee awareness, STIHL relies on methods such as informative posters and banners, as well as reminders from supervisors and executives. Over the remaining course of the project, STIHL plans to hold a workshop on best practices and develop an occupational safety leadership concept.

WORKPLACE ACCIDENTS¹

	2022	2021
Total workplace accidents	187	170
Of which employees of STIHL Group companies	150	148
Of which outside workers	37	22
Serious workplace accidents (more than 6 months' time lost)	2	4
Of which employees of STIHL Group companies	1	4
Of which outside workers	1	0

¹ Includes workplace accidents with at least 1 day of time lost.

ACCIDENT RATE

(STIHL EMPLOYEES ONLY) PER 1 MILLION HOURS WORKED

	2022	2021
Total accident rate	4.5	4.2
Serious accident rate (more than 6 months' time lost)	0.1	0.1

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Careers take off at STIHL

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TRAINING AND COMMUNICATION

To ensure a high level of occupational health and safety, staff members must have a certain level of consciousness and need access to all the necessary information. As a result, all STIHL Group employees regularly receive comprehensive training and undergo a safety briefing at least once a year. In addition, our continuing education program includes a wide range of learning opportunities such as fire drills and seminars on hazardous materials and load restraint. In 2022, we trained and retrained a particularly large number of fire safety assistants, a position required under occupational health and safety law in Germany and in certain other jurisdictions. The reason for the uptick in training sessions was the availability of on-site training for the first time since 2020 on account of the coronavirus pandemic. Where necessary, our employees receive special certification in professions such as fork-lift operator or crane operator. New managers and supervisors undergo training on occupational safety. In addition, we raise awareness among the workforce through communication. Posters, written employee information, and regular contributions to the Executive Board report or the report of the management at company meetings help reinforce the principles of our corporate culture. Staff members can also submit improvement recommendations related to safety aspects and other topics using the local idea management system.

HEALTH MANAGEMENT

Healthy and satisfied employees are the heart of our Group. Nearly all of our STIHL production companies have company doctors or agreements with external physicians and occupational health specialists who look after the occupational health needs of our staff and provide personalized medical support. STIHL also offers regular preventive occupational health exams and aptitude tests. At many locations, the Group even provides free annual flu shots and Covid vaccinations.

Through a wide range of information and training, we promote our employees' physical well-being, with an increased focus on mental health as well. Even our apprentices and student employees have access to dedicated classes on the four prevention principles of exercise, nutrition, addiction, and stress that STIHL has incorporated into its training curriculum. Our health management team provides a variety of services and offerings depending on the STIHL location, such as information on promoting good health, preventive measures, and sports programs. Consultation and training options on topics such as workplace ergonomics, nutrition, substance abuse, stress management, resilience, and mindfulness are also available. Since February 2022, for example, STIHL has offered a multi-session digital mindfulness course for all employees. At its location in Virginia Beach, USA, STIHL Inc. now offers doctor-prescribed forest bathing for rest and relaxation in one of Virginia's national parks. As part of a six-week campaign in 2022, staff at the founding company in Waiblingen, Germany, had

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a chance to learn more about the connection between gut health and mental well-being through healthy cafeteria food, cooking classes, and online seminars. The STIHL plant in Wiechs am Randen and the distribution center in Dieburg, Germany, both held a Health Day in 2022. Talks on subjects such as stress management were available to employees in Wiechs am Randen, while staff in Dieburg were offered vaccinations and blood or eye tests.

Through our offerings, we are making a contribution to the goal “Good health and well-being” (United Nations Sustainable Development Goal, SDG 3), with a special focus on universal health coverage, access to vaccines, and the prevention of substance abuse.

PREVENTION DURING THE PANDEMIC

The health of our employees has always been our top priority, especially during the pandemic. Since its outbreak, STIHL has made increased use of remote working arrangements wherever possible. Accordingly, our occupational health management efforts have paid particular attention to providing training on a healthy and safe approach to working from home. At the same time, we have taken extensive measures at our plants in line with the latest pandemic developments in order to protect on-site staff from infection with the coronavirus. In 2022, STIHL once again partnered with a mobile vaccination team at many locations to provide easy access to initial immunization and booster shots. Additional company vaccination campaigns can be organized at any time, should expert bodies such as Germany’s Standing Committee on Vaccination issue new recommendations.

COMPREHENSIVE MEDICAL CARE AT STIHL BRAZIL

In September 2022, we dedicated the Comprehensive Health Care Center at our production company in São Leopoldo, Brazil. The center features three doctor’s offices, two dentist’s offices, a physical therapy space, a lactation room, and an air-conditioned relaxation room. Services range from dental and medical checkups to psychological treatment and dietary advice, as well as occupational and physical therapy. The wide range of offerings is available to our employees and their families. The new center supplements the care program, which was launched in 2019 and includes occupational health exams and vaccinations, along with special services for pregnancy, nutrition, smoking cessation, and chronic illness.



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> [Think globally, act locally](#)

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THINK GLOBALLY, ACT LOCALLY

As a family-owned business, a commitment to society is deeply rooted in our values. That is why our global activities extend beyond merely doing business. We have always been dedicated to social responsibility. Through alliances, partnerships, and donations, we stand up for our convictions and foster social development at home and around the world.

STIHL's commitment focuses on education, health, inclusion, and society. Numerous STIHL companies around the world are dedicated to promoting good vocational training and better educational opportunities by cooperating with local educational institutions such as schools and universities. We view the communities in which we have locations as partners and support their local projects wherever possible.

Some examples of STIHL's commitment:

UKRAINE AID

The humanitarian consequences of Russia's war of aggression against Ukraine have had a major impact on our commitment to society in the reporting year:

- **Immediate relief:** STIHL donated 500,000 euros to help support people in the country. The funds were divided equally between our long-standing partners at SOS Children's Villages and the aid organizations Diakonie Katastrophenhilfe, the German arm of the United Nations' Refugee Agency, and Médecins Sans Frontières. The organizations provide relief aid, medical care, shelter, and evacuation assistance on the ground.
- **Local staff:** In addition to supporting aid organizations, our efforts focused on the well-being of our local staff. STIHL has a sales company on the outskirts of Kyiv and created various support options for employees. In western Ukraine, for example, we rented accommodation for employees and their families.
- **Sponsor program:** STIHL also offers support to employees who leave the country. In Poland, Slovakia, Hungary, and Romania – all of which border Ukraine – we have set up a sponsor program that includes regional STIHL employees, importers, and authorized dealers to provide Ukrainian employees with fast and direct assistance in case they need help arranging shelter, transport, food, clothing, or medical attention outside the country's borders.

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- **Internal fundraising drive:** For the first time, STIHL spearheaded a Group-wide fundraising drive to offer affected colleagues financial support that will help them once the war has ended. In cooperation with Hoffnungsträger, a charitable organization based in Leonberg, Germany, we have set up a platform where all members of staff can make a voluntary donation. The Group will match the final total. After the war, we will determine what employees in Ukraine need most urgently. A committee is responsible for distributing the funds fairly. A portion of the donations will go to benefit Hoffnungsträger's general aid projects in Ukraine.

BRAZIL

In Brazil, STIHL supports Instituto Floresta Tropical (IFT), which works to preserve the tropical forests of the Amazon and ensure their sustainable management. The partnership has been in place for more than 20 years and includes a variety of activities, including training on sustainable forest management for government officials, forest workers, and local communities. In 2022, STIHL and the IFT helped the local population in the Reserva Extrativista Arioca Pruanã nature reserve form a commercial cooperative for sustainable timber and açai fruit cultivation.

GERMANY

In 2022, the STIHL distribution center in Dieburg, Germany, supported education by donating goods worth roughly 4,000 euros to Wissen Aktuell GmbH. The organization supports schools by providing learning materials such as books and other sources of information.

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