

Sustainability Report 2019/2020

SATA GmbH & Co. KG



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Foreword by the Management



Dear readers,

SATA is a company steeped in tradition with a history spanning 113 years. Today, we are a leading company in spraying technology, cup systems, breathing protection and compressed air filters.

As a manufacturing company, sustainability is of particular significance to us, and it forms an integral part of our business activities. That is why we assume responsibility in all three dimensions of sustainability: economic, environmental and social.

The economic dimension implies securing jobs and the company's success in the long term. We continue to develop our products and processes to this end, maintaining our position as a leading company in the world of car refinish and thus securing the long-term existence of our company.

At SATA, the environmental dimension includes the consistent conservation of resources and avoidance of waste while pursuing economic and social objectives. For example, SATA draws 100% green energy and district heating from a nearby biogas facility. In addition, SATA invests in environmentally friendly technologies such as geothermal energy and photovoltaics.

With regard to the social dimension, SATA sees itself as a responsible employer for the employees needed to pursue its economic goals. SATA wants to make secure jobs available. SATA has also been supporting various local and global associations and aid projects for years. Since 2019, for example, we have been supporting our own football project together with the non-profit association KIDsmiling, which provides free football training for children and adolescents.

Naturally, we are committed to constantly improving and expanding our own sustainability measures in order to remain successful in future.

Even though we have been dealing with the subject of sustainability for years and it is not a new topic for us, we have noticed that the need to provide information has increased significantly in recent times. We would like to set an example in our industry. That is why, for the first time this year, we decided to publish a sustainability report, which you now hold in your hands.

As SATA, we want to make our own contribution to ensure that the world remains a liveable place for today's generation as well as future generations.

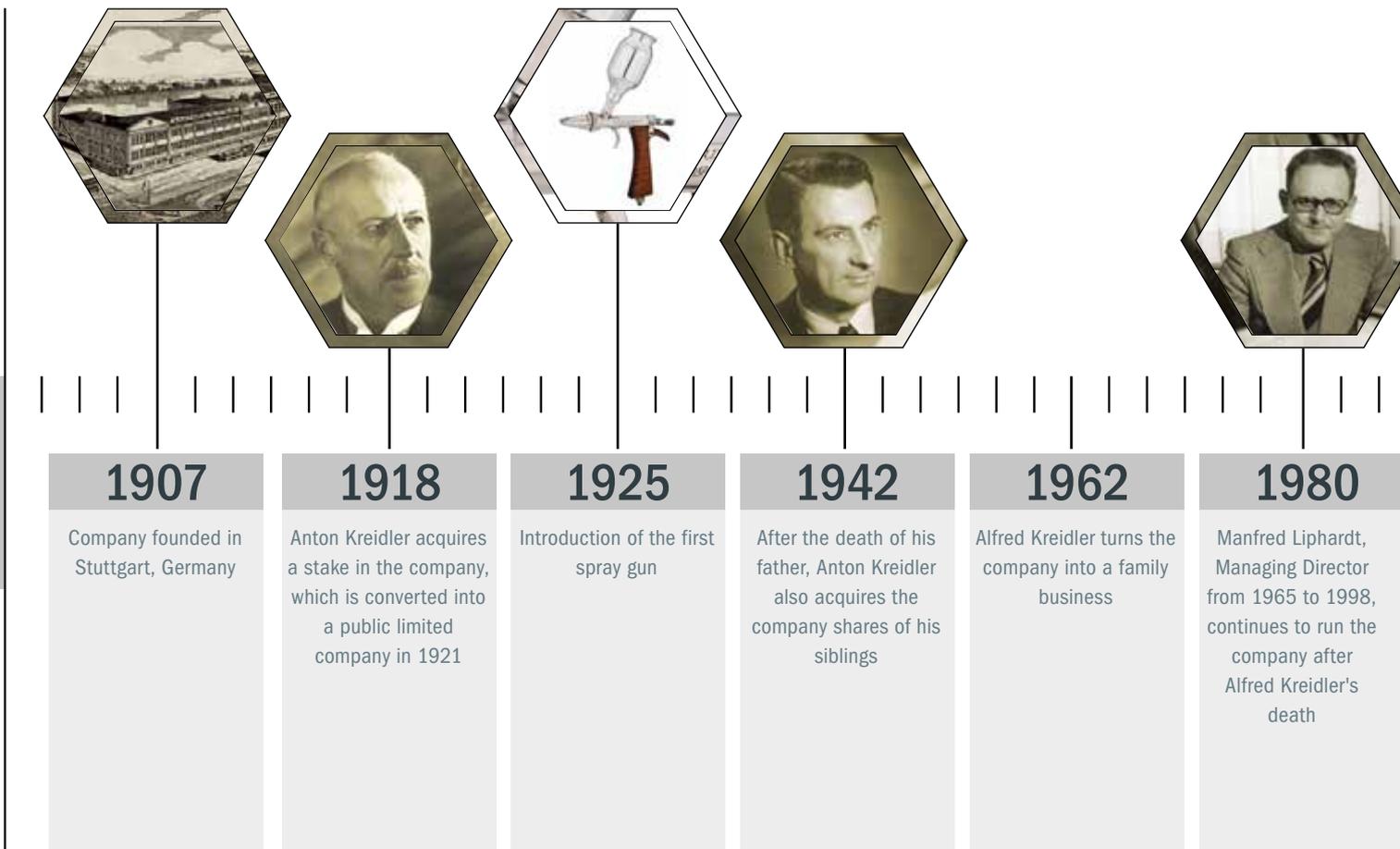
We hope you enjoy the read!

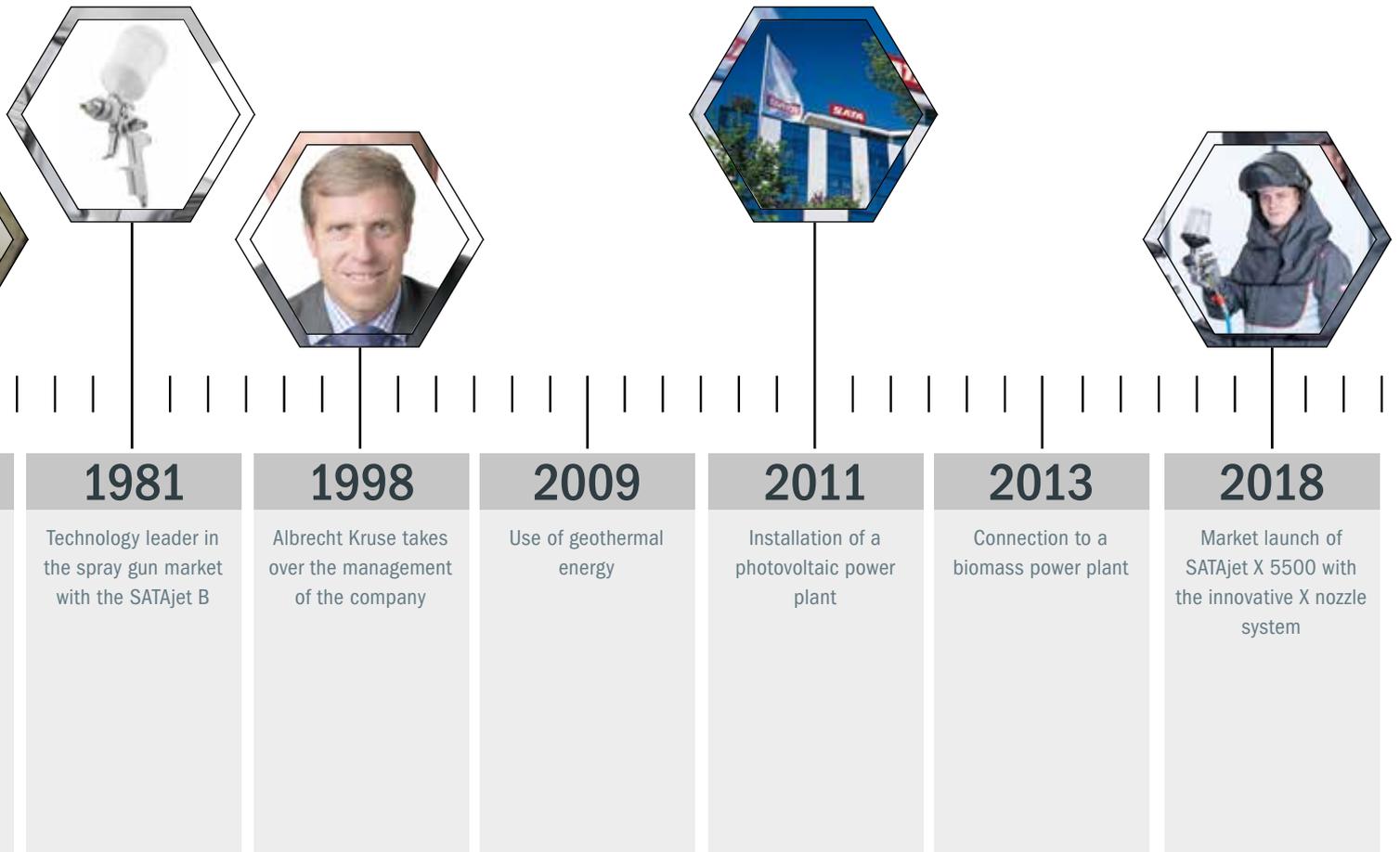
A handwritten signature in black ink, which appears to read 'A. Kruse'.

Albrecht Kruse
President

SATA Saga

- Excerpt -





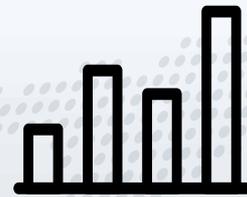
SATA at a Glance

Status as of 2019



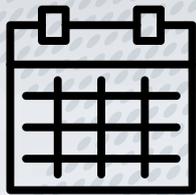
288

employees



92 million euros

turnover



11 years, 9 months

average employee retention



Kornwestheim

Company headquarters



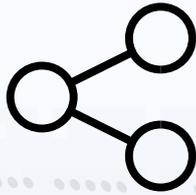
>100,000 euros

for donations, sponsoring &
cultural promotion



100 %

green energy



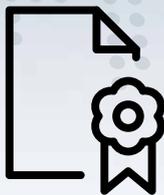
Export share:

67 %



100

international markets

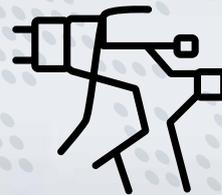
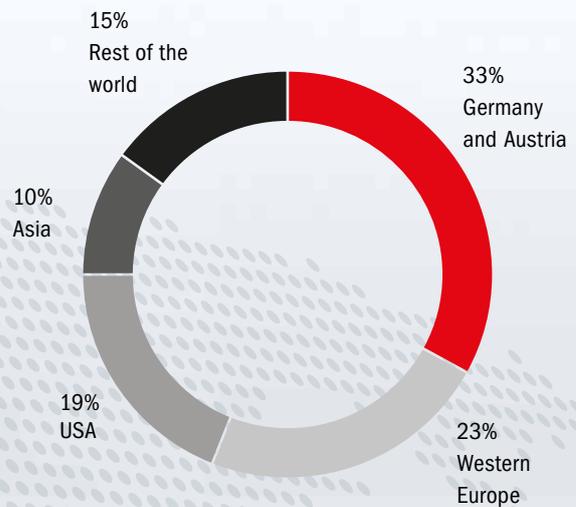


approx. 400

patents & utility models

SATA

Turnover distribution by country



up to 1,000

spray guns produced per day



>50,000
likes



>30,000
followers

SATA's Understanding of Sustainability 8

This is what sustainability means to us at SATA: Assuming responsibility in all three dimensions. Economic, environmental and social.

Economical

Quality and precision are the hallmarks of the SATA brand and form the basis of our continued success for many years. This is why we are always looking for ways to further improve our products and continue to add value.

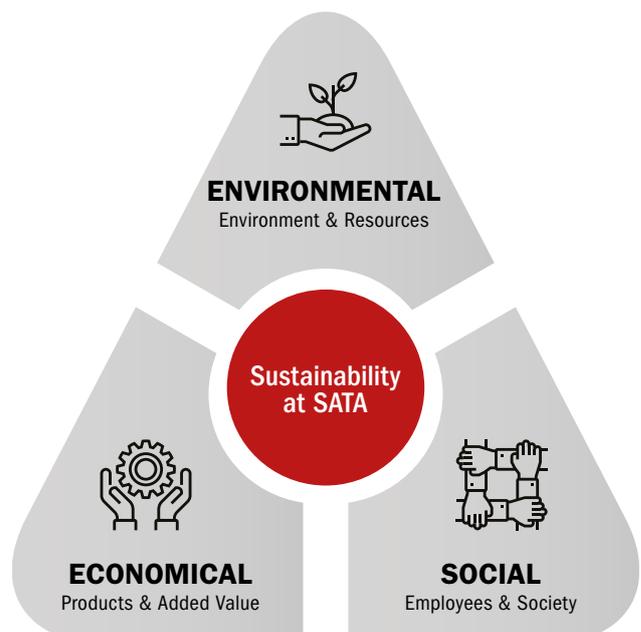
Economic success is a basic requirement for creating and maintaining jobs as well as for investments. At the same time, we are convinced that all three dimensions of sustainability are interdependent in the long run and must be kept in harmony with one another.

Environmental

We are aware that the environment is the basis of our existence and that resources are finite. This is why we are motivated to identify additional measures to keep our environmental impact as a manufacturing company as low as possible.

Social

Our success is also based on our employees, for whom we aim to be an attractive, reliable employer. Beyond that, we also want to give back to society. Therefore, supporting social and cultural projects is especially important to us. Our activities in this regard focus on supporting children and adolescents.



"For us at SATA, sustainability is an integral part of our actions. We want to create lasting value: economically successful, environmentally aware and socially responsible."

Robert Fuhrmann (Head of Business Development)



Products & Added Value

With regard to products and added value, our focus on the one hand is on the quality of the products that distinguish the SATA brand. On the other hand, it is also set on customer satisfaction, which is extremely important for SATA, since it forms the basis for our economic success.

Quality of the Products

Although the coating of objects primarily serves to protect surfaces, it is also an expression of individuality and aesthetics. To create the perfect surface quality is one of the most challenging crafts one can imagine.

May it be materials for high-gloss or matt surfaces – absolute precision is necessary and even the smallest deviation in the process will immediately be spotted by an observer as a flaw in the paint finish.

The use of high-quality atomisation technology plays an extremely important part here, since this is the only way to attain perfect surfaces – with minimum use of energy and materials.

In order to be able to mass-produce these products, one needs not only a good idea, but each employee must be devoted to a love of premium products, cleanliness, precision and structured work every day, without compromise.

SATA's manufacturing takes place exclusively in Kornwestheim, the only production site worldwide, ensuring its high quality standards. This is where all the operational processes take place, from idea to implementation. All departments such as research and development, marketing, purchasing, production and quality assurance work closely together to offer the company's products to users all over the world. All processes are planned down to the finest detail and are implemented consistently by all employees. High-quality raw materials ensure top quality from the outset and are designed to ensure the long service life of the products.

This is SATA's greatest contribution to resource conservation. The products help to decorate surfaces, but above all, they make an important contribution to corrosion protection and thus help to improve the use of resources in other products or surfaces.



„SATA is like a special unit – extremely precise, focused, dynamic and agile. That's how we work in the company, and this is reflected in the quality of our products. Decisions are made quickly and implemented promptly, – which makes the daily work fly by while we make good progress.“

Mazin Mashalla (Head of Product Management and Application Engineering)



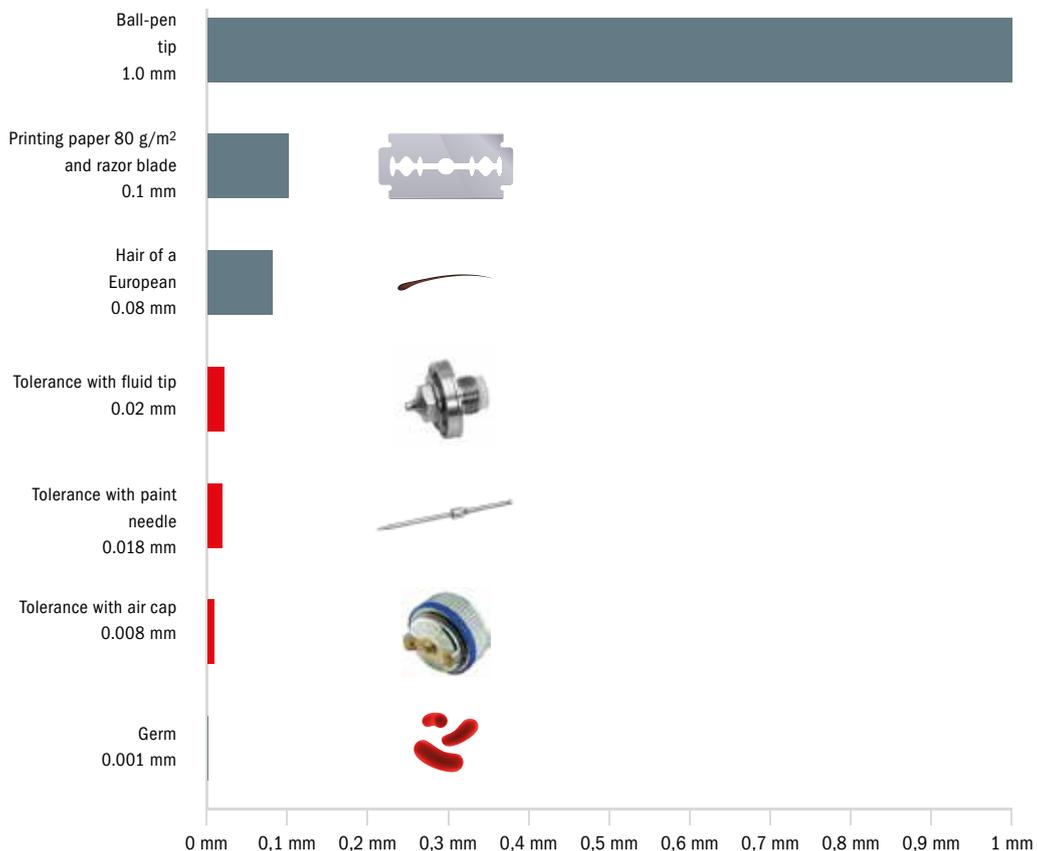
In order to work as efficiently as possible, the departments are arranged in competence centres in line with the work process. This ensures minimum distances and personal contact between the departments. SATA is of course certified in accordance with the ISO 9001:2015 quality management standard.

At SATA, one thing is key: Passion for Precision. At SATA, just being “precise” is not enough. It has to be “extremely precise”. During our manufacturing process, both the products and the set-up of machines as well as the required tools and equipment are consistently monitored and documented. There is no tolerance for dimensional deviations. For example, an air cap only 0.008 mm too large does not suffice. Products with such aberrations are excluded from delivery; there are no second-choice products going into the market.

The products are produced and assembled in so-called "work islands". In contrast to classic assembly line production, this means that one employee is responsible for all the assembly steps of the final product. This significantly improves quality awareness and raises the good-part quota.

In addition, there are weekly and even daily interdepartmental meetings, – so-called shop floor management meetings, – in which employees can exchange information about the status of their work as well as any unforeseen changes and important news.

At the end of the production chain, the products are inspected. For spray guns and nozzle sets, this means a quality control of 100% of the products. The products may only be packed and shipped to one of over 100 countries worldwide after they pass the strict quality control of the highly critical inspectors.



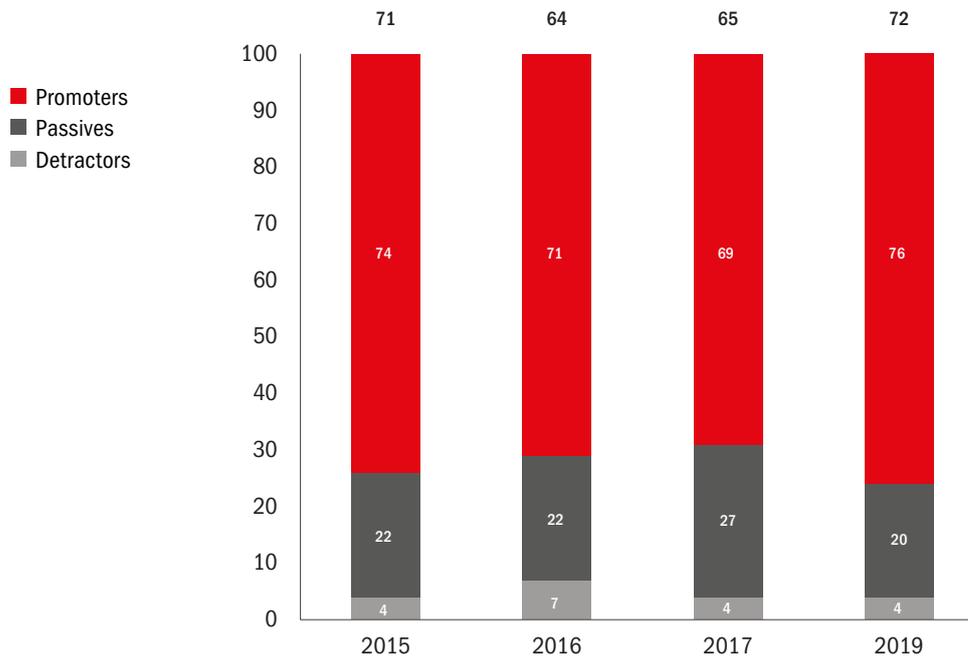
Customer satisfaction

The long-term maintenance of customer relations and customer satisfaction are of utmost importance to SATA.

That is why customer satisfaction surveys are carried out on a regular basis, using the recognised Net Promor Score (NPS) concept. The results of this survey indicate what customers

particularly appreciate about SATA. To customers, SATA does not just stand for pure quality. Customers see SATA as customer-friendly, likeable, innovative and performance-oriented. In 2019, SATA achieved a record NPS of 72 in Germany (by comparison, BMW achieved 40, Apple 47).

Customers are highly satisfied with SATA



SATA is very proud of this result. At the same time, it serves as an incentive for further development and future improvements. The employees know that this result is based on past achievements and that maximum effort is needed to achieve similarly high levels of customer satisfaction in future. SATA attaches particular importance to maintaining personal contact and exchange with customers. SATA is accessible to customers all over the world.

It is not just SATA's products but also its service that is of high

quality. SATA's field staff offers solution-oriented support to distribution partners and end users on the ground.

We want our products and services to make the work of our customers and users as uncomplicated as possible and to help them to achieve better work results more easily, so that they can satisfy their customers in turn.

SATA has a systematically developed virtual, face-to-face training concept. Different training courses and seminars are offered to both distribution partners and users according to their industry, job level and existing know-how.

SATA makes regular appearances at national and international exhibitions and trade fairs. Experience all SATA products and latest developments first hand and receive detailed information about new products and innovations.



In addition, our social media channels have been expanded to enhance personal interaction and a direct dialogue, providing followers worldwide with useful tips and news about SATA products.



“We get in touch with our customers worldwide through our social media channels on Facebook, Instagram and YouTube. We have set ourselves the goal of answering all messages that reach us via these channels within 24 hours to ensure that our well-known SATA quality is represented in social media as well.”

Natalie Dietrich (Social Media Manager)





Environment & Resources

As a manufacturing company, SATA is fully aware of its responsibilities with regard to the environment and the use of resources. Environmental protection and resource conservation are among the company's main objectives. Compliance with legal regulations and official directives is part of our standard operating procedure. SATA has also prioritised energy and waste management and closely monitors the effects of its own actions in those fields.

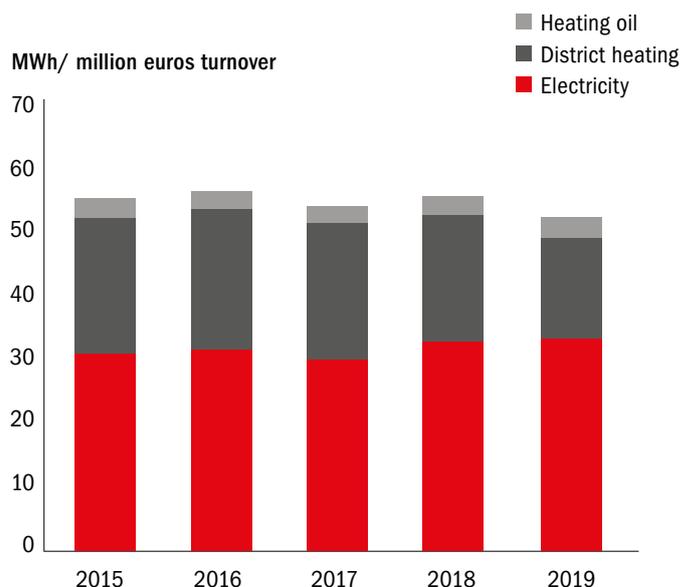
Energy Management

SATA wants to make a contribution to leaving an intact world to future generations. That is why we try to minimise the environmental impact of the energy supply we require. The focus hereby is on the conservation of resources, fossil fuels in particular. CO₂ emissions are also minimised systematically. The energy sources for SATA's activities are electricity, district heating and fuel oil. SATA strives to use an energy mix that is as environmentally friendly as possible – that is why various measures have been taken in Kornwestheim. Since electricity is our main energy source, SATA uses 100% green electricity from renewable sources to reduce the share of fossil and nuclear energy sources and to lower CO₂ emissions or equivalents.

Since 2009, SATA has been using a heat pump and geothermal energy to heat individual buildings. In 2011, a photovoltaic system feeding electricity into the grid was installed on the company building's rooftop. In 2014, the company switched from fuel oil to district heating from a nearby biomass power plant. Today, heating oil is only used as a back-up system in case of disruptions in the electricity or district heating supply.

Energy Sources

SATA primarily makes use of environmentally friendly energy sources



"In recent years, we have been proactively investing in environmentally friendly technologies, and today we have a sustainable energy supply at our Kornwestheim site. In future, we will focus even more strongly on reducing energy consumption."

Martin Mangold (Technical Director)

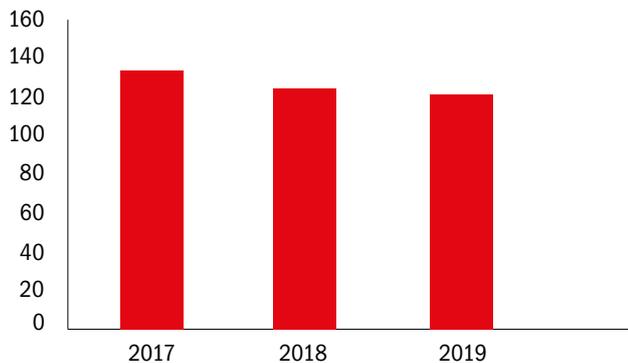
Our energy management measures have led to a significant reduction in CO2 emissions. In order to make CO2 emissions transparent, SATA has prepared an annual Carbon Footprint Report based on the requirements of the "Greenhouse Gas Protocol". Measures are taken for each subsequent year based on this report. The success we have achieved so far is due to technical measures implemented over the recent years. Additional reductions can be achieved by avoiding waste of energy. Therefore, in 2019, we focused on optimising our heating controls. Among other things, room temperatures as well as heating flow temperatures were lowered and thermostats and worn-out radiator valves were replaced.

In the past, significant investments were made in environmentally friendly technologies, and now SATA has a sustainable energy supply. SATA will continue to pay special attention to environmental aspects and resource efficiency in upcoming investments, new acquisitions and the modernisation of equipment and buildings, as well as in the selection of materials and suppliers.

CO2 emissions

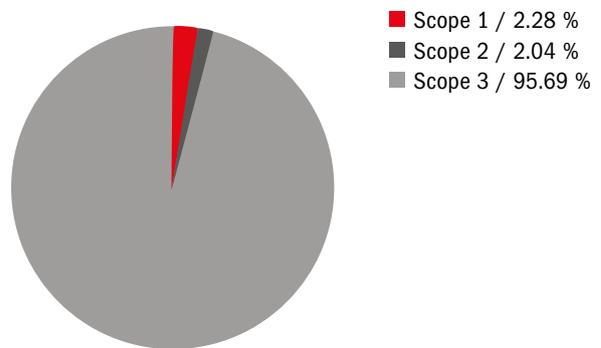
SATA's specific CO2 emissions per million euros in sales have been reduced by 10% over the last 3 years.

t / million euros turnover



Distribution of CO2 emissions 2019

The largest proportion of CO2 emissions is now generated in upstream and downstream processes

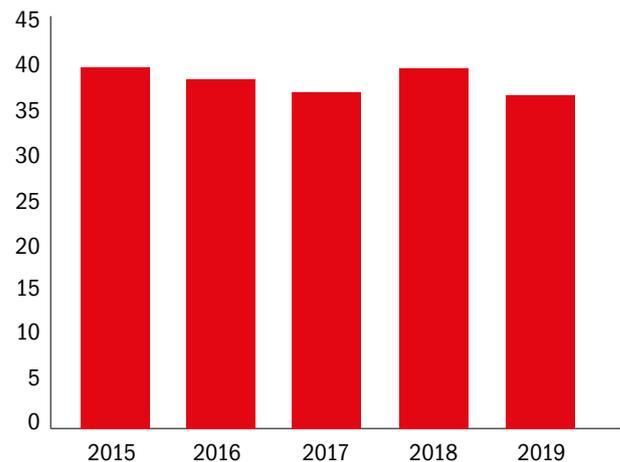


Total emissions are divided into SATA's direct emissions (Scope 1), indirect emissions, e.g those caused by acquired energy (Scope 2) and activities along the value chain with suppliers and logistics providers (Scope 3). The main share of SATA's carbon footprint is related to purchased products, services and raw materials. SATA is working on reducing CO2 emissions further in cooperation with suppliers and partners.

Water consumption

Despite an increase in production and in the number of employees, specific water consumption per million euros of sales has been reduced by 10% since 2015.

m³ / million euros turnover



Waste Management

SATA is aware that natural resources are not in infinite supply. Any form of waste represents a squander of natural resources. That is why SATA places great value on the conservation of resources. Hereby, the main focus is on waste prevention.

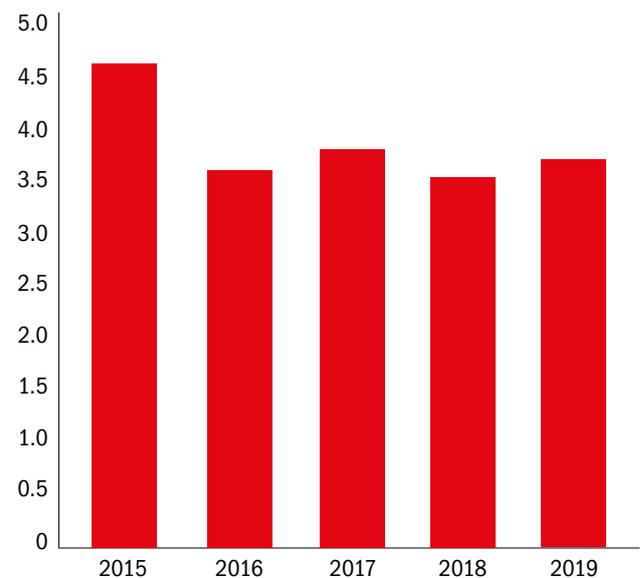
At SATA, waste is sorted into different waste fractions depending on its type. This facilitates waste recovery and, if applicable, recycling. SATA has appointed a waste management officer for the systematic management of waste prevention and recycling. To ensure that SATA's partners generate as little waste as possible, SATA makes sure that recyclable materials are used in its product packaging. For example, SATA participates in the dual system for recycling sales materials with the market leader "Grüner Punkt" ("Green Dot").

SATA also tries to avoid waste in other areas. One example would be IT and communication equipment, which is replaced on a regular basis. SATA works with the company AfB gGmbH. This non-profit company ensures that worn-out IT equipment is reprocessed and remarketed. By using this form of IT hardware recycling, SATA not only saves energy and CO2 equivalents, but also contributes to the creation of jobs for people with handicaps, supporting their integration into the job market.

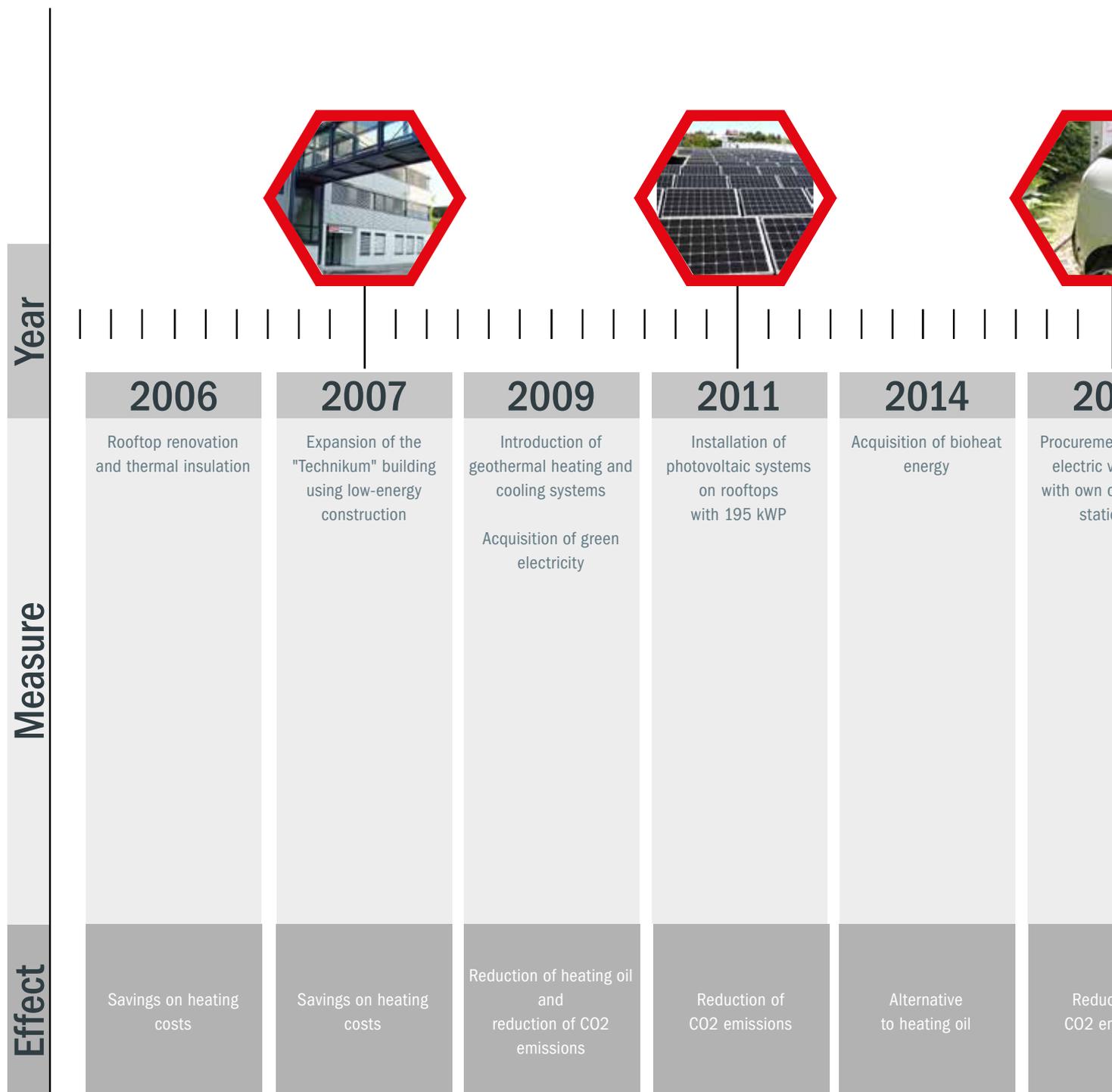
Waste Volume

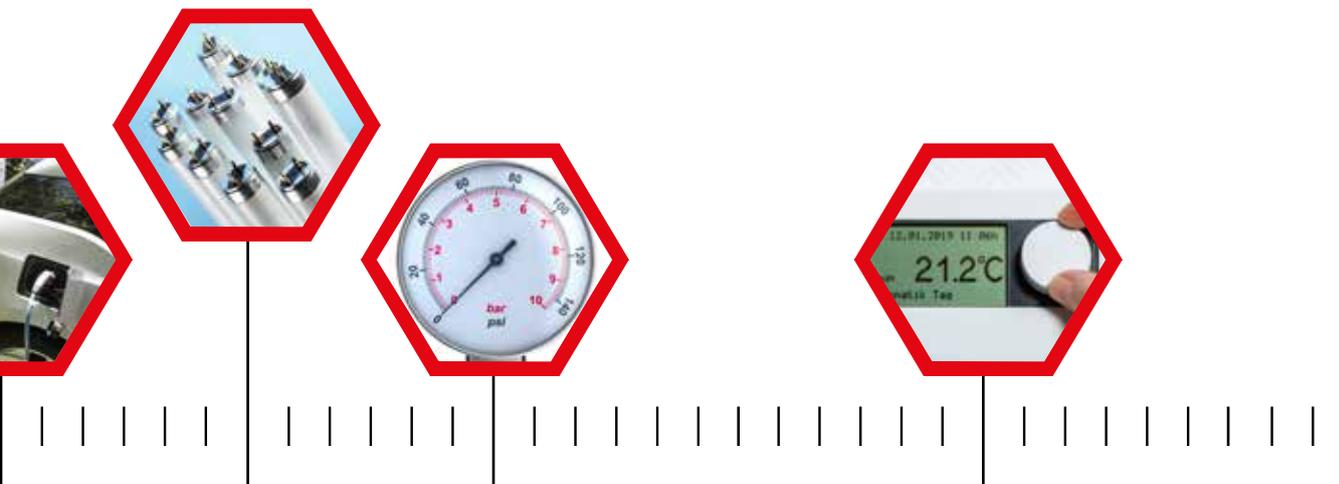
SATA's specific waste volume is to be reduced further in the future.

t/ million euros turnover



Examples of Measures in the Environmental Dimension of Sustainability





2015	2016	2017	2018	2019	2020
<p>Installation of an electric vehicle charging station</p>	<p>Replacement of fluorescent lamps with LED lamps</p>	<p>Reduction of operating pressure of compressed air system by 0.7 bar (9 %) from 7.5 bar to 6.8 bar</p> <p>KEFF consulting (German network for Energy Efficiency)</p>	<p>Installation of radiator valves with flow limitation</p>	<p>Definition of reduced standard room temperatures during heating period</p> <p>Fluid management of cooling lubricants for tooling machines</p>	<p>Smartphone-controlled heating and air conditioning, light and blind control</p> <p>Renewal of ventilation control in parts of the building</p> <p>Installation of electronic heating control in assembly building</p> <p>Increase of filter capacity for the galvanic rinsing water by means of a flow volume increase</p>
<p>Reduction of CO2 emissions</p>	<p>Energy cost reduction</p>	<p>Energy cost reduction</p> <p>Search for additional energy saving potentials</p>	<p>Limit on room temperature</p>	<p>Avoidance of overheated rooms Reduction of waste volume</p>	<p>Reduction of CO2 emissions using digitalisation</p>



Employees & Society

As a family-owned company, SATA is strongly embedded in the region and assumes social responsibility. SATA focuses on employer attractiveness and social commitment.

Employer Attractiveness

SATA's committed employees are the basis for its success. SATA has developed a diverse programme to be attractive to qualified employees.

SATA stands for a corporate culture with flat hierarchies. In our company, people usually know and greet each other by name. SATA's corporate values of motivation, appreciation, precision and fun are the cornerstones for attractive jobs and satisfied employees. SATA wants to offer secure jobs as a responsible, reliable employer. Naturally, great importance is attached to an appreciative corporate culture and respectful interaction.

With regular qualification and training opportunities, SATA creates a framework for the professional development of its employees. Creating additional perspectives improves motivation, including the motivation to perform well in the workplace. The same goes for SATA's trainees, who gain detailed insights into the company in the course of their training.



“SATA offers an intensive and versatile commercial apprenticeship, during which apprentices pass through all the company departments.”

Marvin Wagner (former apprentice, now in Digital Strategy Department)

The training of apprentices is taken very seriously at SATA and has a top reputation in the region.

For the apprentices, their annual visit to outstanding companies in the region represents a special highlight. Most apprentices are hired by SATA after their training is completed, and they often end up working for the company for many years.

24% of employees have completed their apprenticeship at SATA. Over the past few years, 90% of apprentices were subsequently hired. On average, SATA's employees have been with the company for 11.9 years – 10 % of employees have been with SATA for over 30 years.

Our employees' health is also an integral part of SATA's corporate culture. SATA is a performance-oriented company. SATA offers its employees a valuable addition to their daily work with fringe benefits. For example, employees can lease a job bike to start the working day in a healthy way. The in-house Milon Circle fitness centre also offers a good opportunity to stay fit and healthy. Additional elements include physiotherapy and social counselling.

To promote a healthy working atmosphere, it is important to SATA that employees have an opportunity to meet and get to know each other outside working hours. To this end, SATA regularly organises happy hours and invites employees and alumni to summer parties and seasonal holiday celebrations.



Social Commitment

For years, SATA has been committed to supporting numerous social and cultural projects as well as global organisations and aid projects. Every year, the majority of the donations is distributed to one regional and one international aid project. Our activities in this regard focus on supporting children and adolescents. This year, we present the Austin Hatcher Foundation and the KIDsmiling football project as examples.



Austin Hatcher Foundation:

This year's major international donation goes to the Austin Hatcher Foundation. This organisation's stated objective is to improve the quality of life for children with cancer. The children and their families are supported from the day they are diagnosed and throughout the entire treatment. The Foundation offers psychological counselling, leisure activities and the promotion of manual skills for the purpose of professional qualification, including in the automobile trade.



"Social commitment is extremely important to SATA, which is why we support various charity projects with a sponsorship every year. In particular, we want to improve the future prospects of children and adolescents."

Marie Zander (Business Development Department)

KIDsmiling

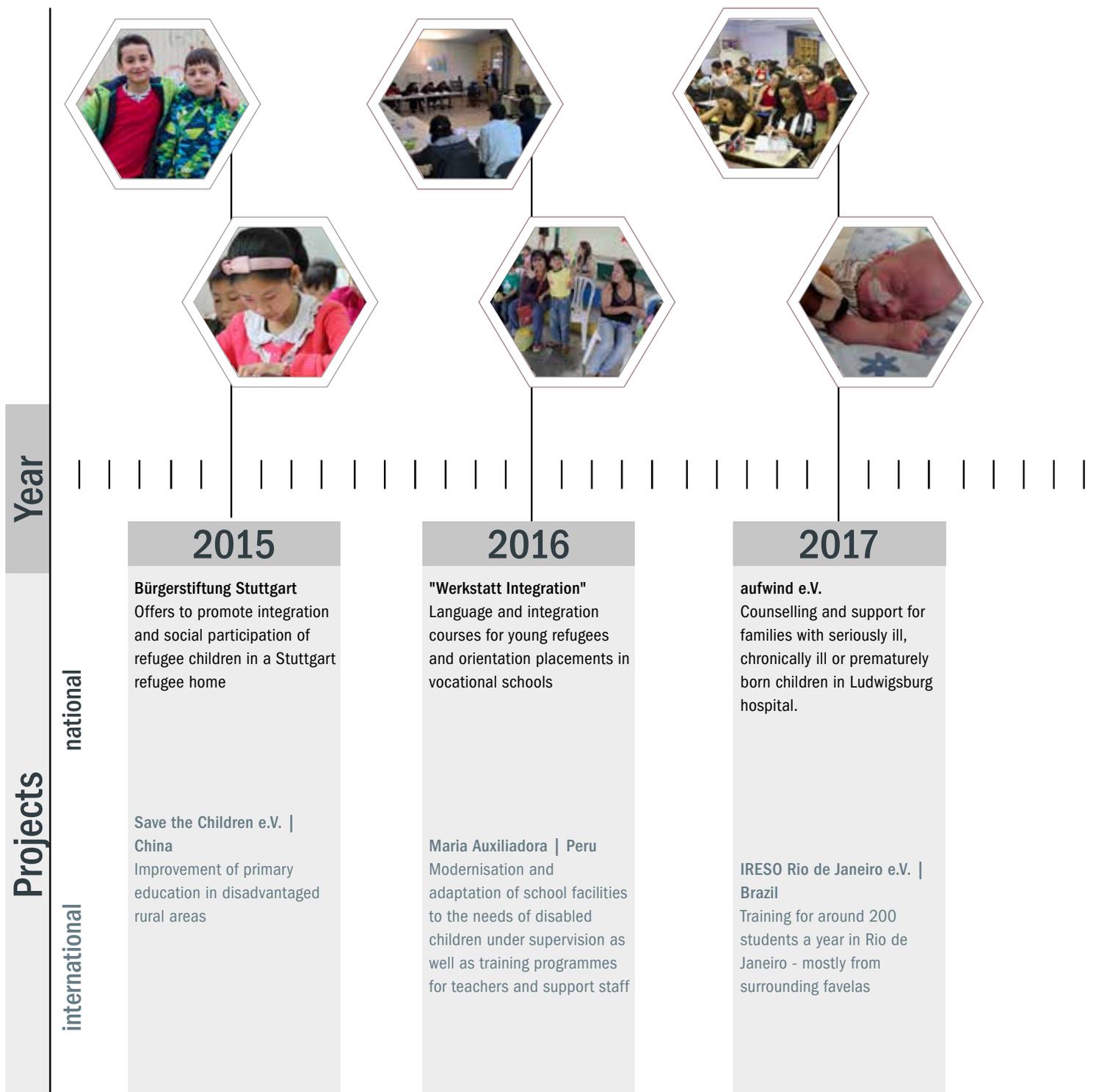
The largest donations in 2018 and 2019 went to a project that is especially close to SATA's heart. The KIDsmiling association provides free football training sessions for boys and girls aged six to 18, based predominantly in socially deprived residential areas. The project aims to provide low-threshold sports activities to boost the self-motivation of children and adolescents and to make them strong and fit for their future prospects. Playful togetherness and a sense of community experienced by the children and adolescents from different backgrounds promotes social behaviour and is the focal point of the training units and the participation in football tournaments.

In 2018, SATA supported this association in various cities across the federal state of North Rhine-Westphalia. In 2019, the donation was used to launch a similar pilot project in the Stuttgart area.

Regular training sessions are already being offered on football pitches in Stuttgart-Bad Cannstatt and Stuttgart-Zuffenhausen. As a next step, the project will be expanded to include a location in Ludwigsburg. SATA wants to contribute to inclusion and integration by supporting this project.



Donation recipients in recent years – some examples





2018

KIDsmiling e.V.
Offers free football training sessions on public football grounds to boost the self-motivation of children and adolescents and to make them strong and fit for their future prospects

PRO Namibia Children e.V. | Namibia
Supports a home with an attached primary school for orphans and street children in Omomas to expand care and support options

2019

KIDsmiling e.V.
Establishment of a pilot project in Stuttgart-Bad Cannstatt

Malteser International | Lebanon
Support of the Camps Chabrough project, which enables severely physically and mentally disabled people, especially young people, to go on holidays with 1:1 support

2020

KIDsmiling e.V.
Opening of locations in Stuttgart-Zuffenhausen, Ludwigsburg and Kornwestheim

Austin Hatcher Foundation For Pediatric Cancer | USA
Improves the quality of life for children with cancer through recreational activities and vocational training



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