



German Engineering

# Sustainability Report 2021/2022

SATA GmbH & Co. KG





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# Foreword of the management



**Dear readers,**

At SATA, sustainability is firmly anchored in the DNA of the company. We therefore take responsibility in all **three sustainability dimensions – economy, environment and social issues**. We understand sustainability as a necessary and reasonable imperative. In all our considerations and measures, we strive to ensure the continued existence of the company.

It was - entirely in the spirit of sustainability - my endeavour to hand over this company to a successor in the best possible condition and to professionally prepare the handover to the new management. With Florian Kaiser, this step has been taken. It is planned that he will be supported by a colleague in the management in the coming months.

In a time period of 25 years, there are two to four management changes in most companies. At SATA, we had a great continuity with me as managing director. This will be continued with Florian Kaiser.

When I officially leave in summer 2022, I will have to find words of farewell. But one thing in advance: I will be able to say how much of a privilege it has been for me to have been able to lead such a fantastic company as SATA for so many years and to have been able to help shape our company and our industry - the painting industry - together with so many committed, competent and nice people.

**We hope you enjoy the read!**

A handwritten signature in black ink, appearing to read 'Albrecht Kruse'.

Albrecht Kruse  
Managing director

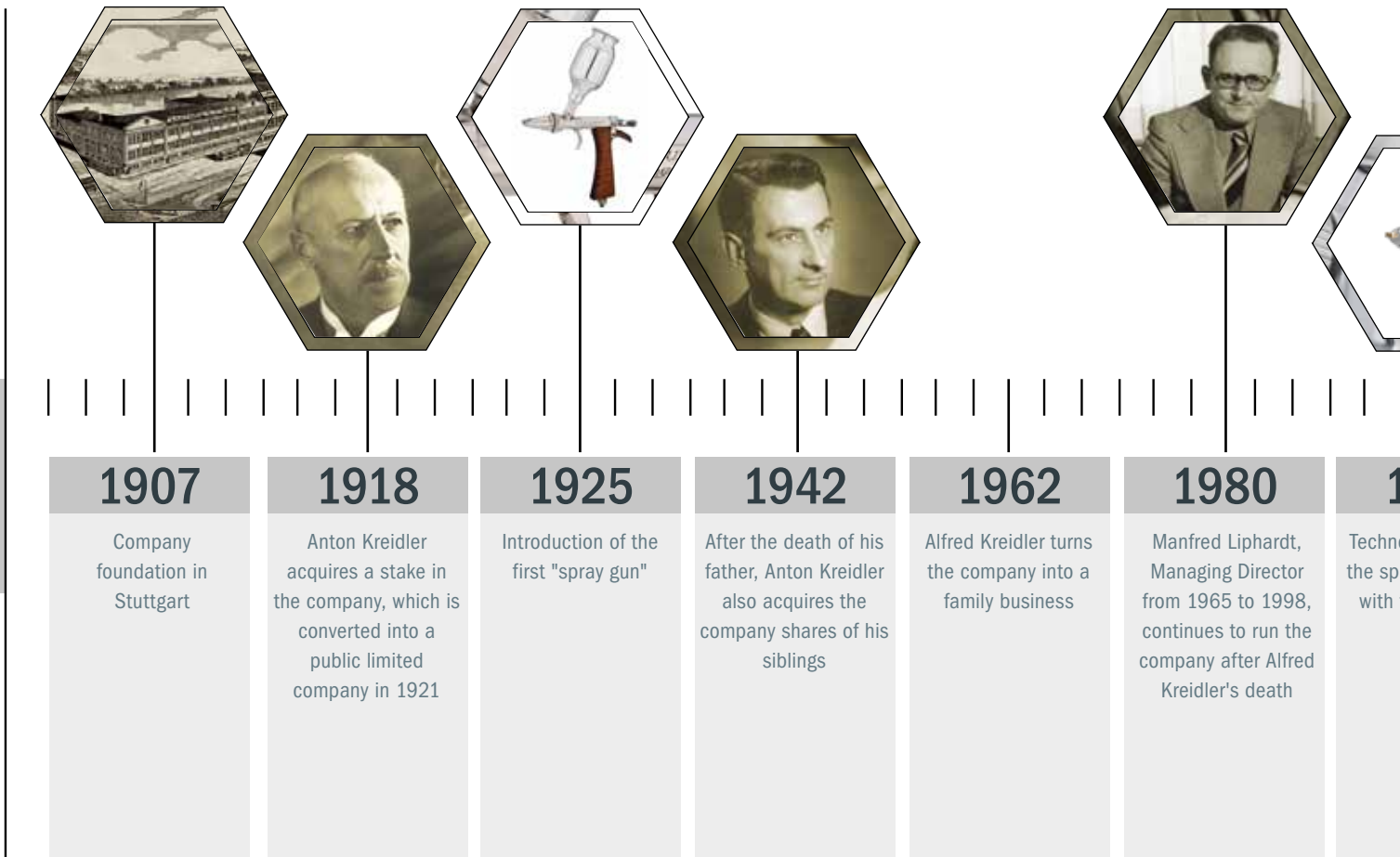


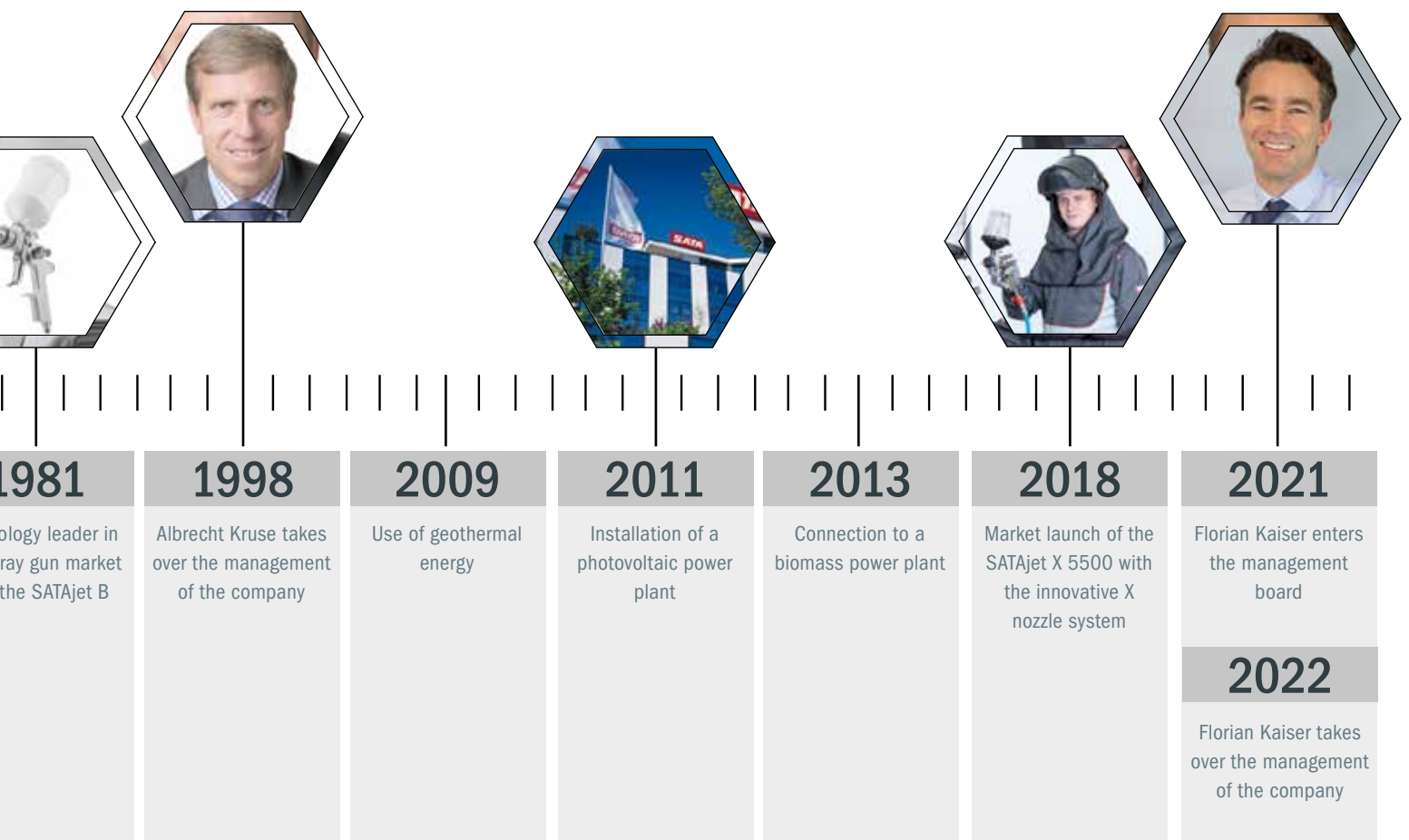




# SATA Saga

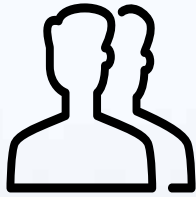
## - Excerpt -





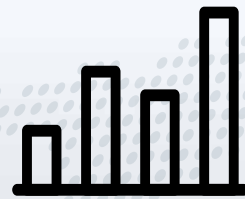
# SATA at a glance

Status 2021



**274**

employees



**87 million €**

Turnover



**13** years and **3** months

average length of employment



**Kornwestheim**

Company headquarter



**>100,000 €**

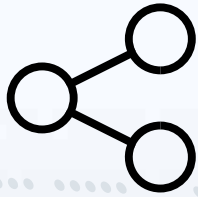
for donations, sponsoring &  
cultural promotion



**100 %**

green energy





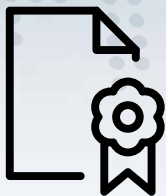
Export share:

**69 %**



**100**

Markets

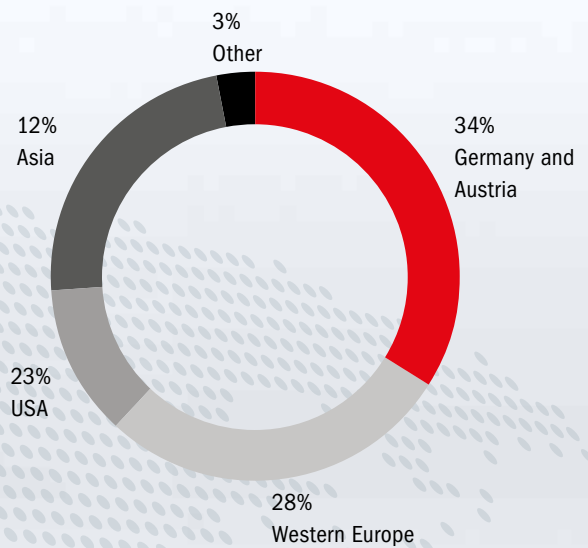


**approx. 400**

patents & utility models

### SATA

Turnover share by countries



**up to 1,000**

spray guns produced per day



**>61,000**  
likes



**>50,800**  
followers

# SATA's understanding of sustainability

What sustainability means to us at SATA: Taking responsibility in all three dimensions: **economy**, **environment** and **social issues**.

## Economy

Quality and precision are the hallmarks of the SATA brand and also 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**.

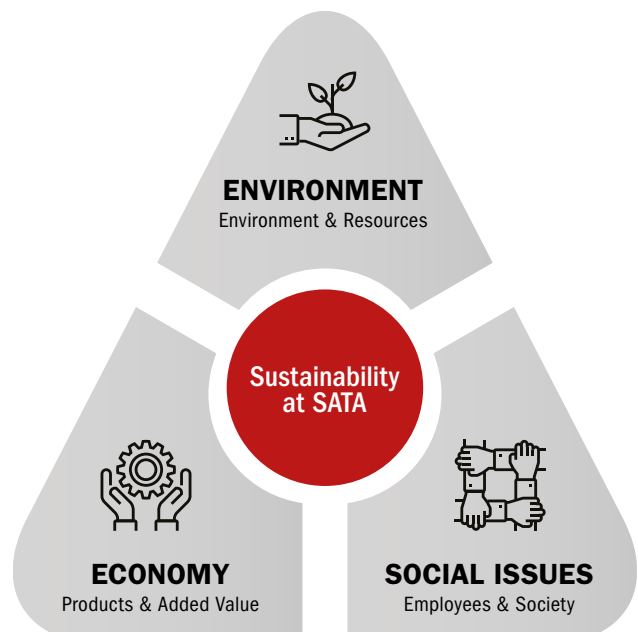
Economic success is a basic requirement for creating and maintaining jobs as well as for investments. At the same time, we are convinced that all three dimensions of sustainability are interdependent in the long run and must be kept in harmony with one another.

## Environment

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 – the so-called carbon footprint – as a manufacturing company as low as possible.

## Social issues

Our success is also based on our **employees**, for whom we aim to be a reliable employer providing fair compensation and an attractive working environment. 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.



*„Our earth has limited resources in many respects. With our increased quality standards, we are contributing to a reduction of waste of resources.“*

David Neumann (Deputy Head of Quality Assurance)



# Products & Added Value

When it comes to our products and added value, our focus lies on the high **quality**, which makes the SATA brand so special. **Customer satisfaction** – preferably as **customer enthusiasm** – is of great importance to us at SATA. This and the quality of our products are the basis for our economic success.

## Continuous improvement in the production and assembly

At SATA, we always focus on the continuous improvement of our processes. Even through small and step-by-step optimisations, we can achieve a constant improvement in quality and we can increase the efficiency of our processes. In addition to reducing costs and shortening throughput times, an ergonomic workplace is also of great importance for us.

### The quality control process of the nozzle sets as an example of continuous improvement

Every year, we sell several hundred thousand nozzle sets worldwide. To ensure that our customers receive products of the best possible quality, every single one of these nozzle sets is getting controlled by mounting the paint needle, fluid tip and air cap in a spray gun and testing the spray pattern. Due to the large number of variants, it can happen that up to 13 different nozzle sets are tested at one workplace.

For this reason, the testing equipment had to be reset several times within a shift. Thanks to the ideas for improvement initiated by the employees, the set-up times were significantly reduced in several steps and the working conditions were made much more ergonomic.

The implementation of a quick-change system eliminates the time-consuming set-up work that was necessary for adjusting the spraying distance, spraying width and spraying angle after each spray gun change. This has reduced the set-up time by more than 50%.

In addition, this system also helps to reduce the strain on the employees' wrists.

Projected over a year, this eliminates hundreds of thousands of turning movements. In addition, a height adjustment system has been installed that allows our employees to adjust the working heights to their personal needs.



*„With my work, I contribute significantly to the image of SATA as a premium brand.“*

Karina Lukic (Production employee)

In order to **work** as **efficiently** as possible, the departments are arranged in competence centres in line with the work process. This ensures personal contact and minimum distances 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 (i.e. 8 µm) too large does not suffice. Products with such aberrations are excluded from delivery; there are no second-choice products going into the market.

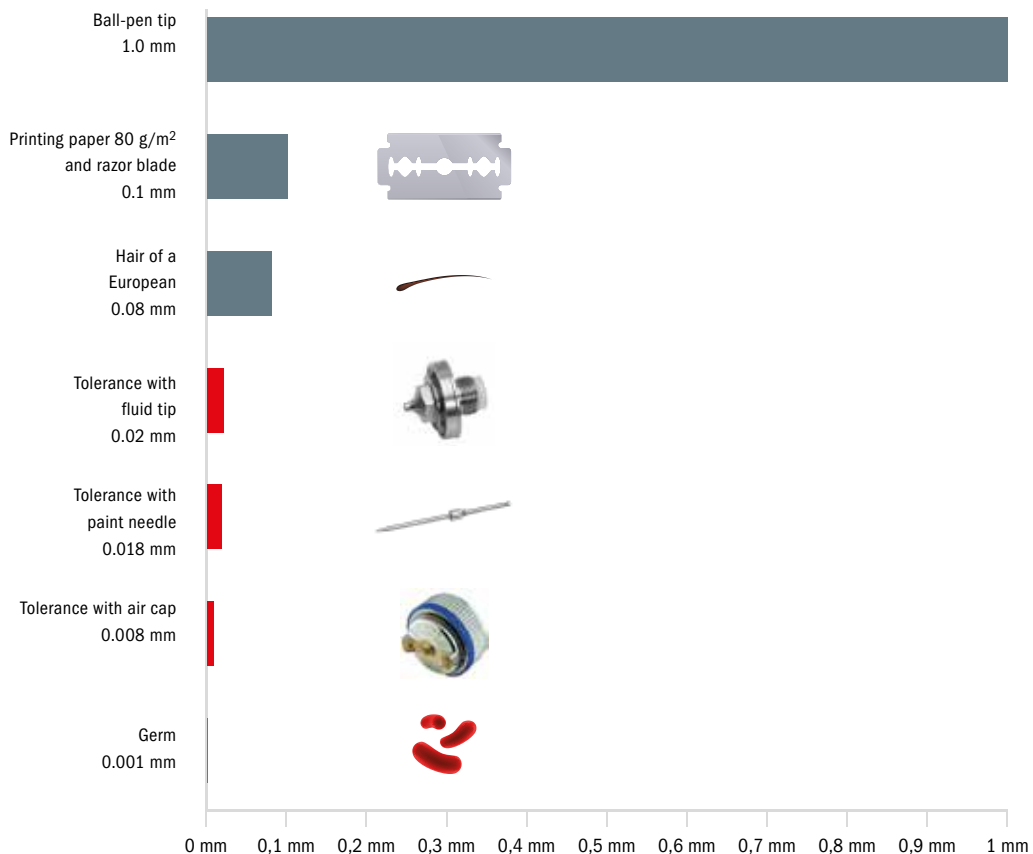
Our products are produced and assembled in so-called "work

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 internal and 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.

**Permitted deviation from nominal dimensions compared to common object dimensions**





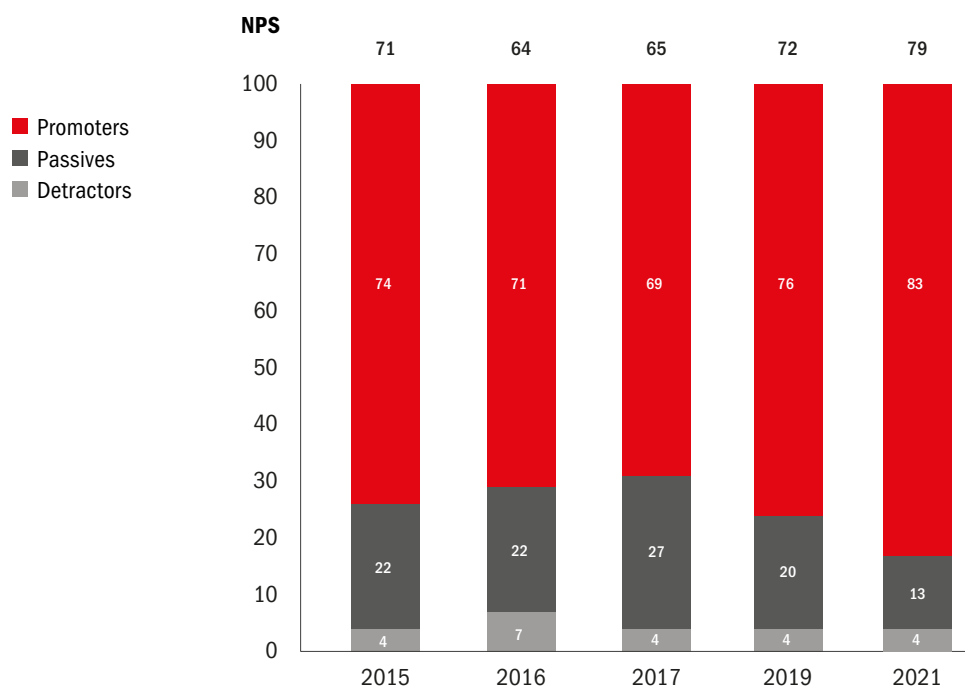
## Customer satisfaction

The long-term maintenance of customer relations and customer satisfaction is 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 2021, SATA achieved an NPS of 79 (by comparison, BMW achieved 40, Apple 54).

This even shows an increase compared to the 2019 results and proves that we do not rest on our laurels.

### 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 the future.

SATA attaches particular importance to maintaining personal contact and exchange with customers through all channels – especially trade fairs –. SATA and our motivated distribution partners are always available for our customers worldwide.

SATA's excellent service is also second to none in the industry. Both our back office and our sales representatives support our distribution partners abroad, dealers and customers, i.e. end users competently, honestly and solution-oriented – on-site and digitally.

With our products and services, we are always a reliable partner for our distribution partners.

This also includes communicating innovations and new developments in the best possible way.

With our seminar programme we want to achieve exactly this: giving our customers the best possible support when it comes to the application of our products. We do this through **practical training**, **target group-specific seminar content** and an **open exchange of experiences**.

The seminars cover all content from the automotive and wood finishing sector as well as industrial application on basic, advanced and professional levels. Through this close contact with our partners in the market, we gain valuable insights into the needs of our customers.



Of course, we use the knowledge we gain here also for the development of new products – our goal is to achieve the **greatest possible customer benefit**.



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

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.



*„When developing our products, we always have the needs of our customers in mind. This makes us a reliable partner for painters all over the world.“*



# Environment & Resources

As a manufacturing company, SATA feels particularly committed to **environmental** responsibility, the creation of the natural basis of life and the conservation of **resources**. By integrating these contents into the corporate objectives, these topics are firmly anchored in everyday life at SATA. The compliance with legal regulations and official requirements is a matter of course for us. From this, we derive our key priorities that affect both the product requirements as well as our **energy and waste management**.

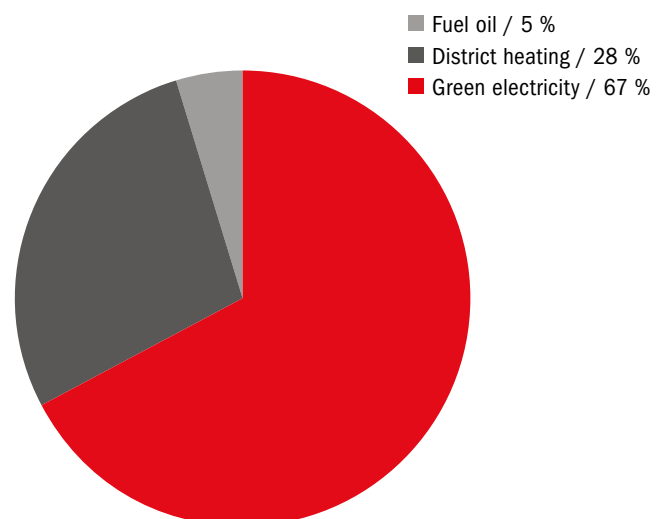
## Energy Management

Sustainability means not restricting the ability of future generations to develop through current actions, but ideally supporting them in the long term. Therefore, for example, we pursue the constant reduction of energy demand in the company and reduce the use of fossil energy sources successively. The energy sources for SATA's business activities are green electricity, district heating and heating oil. SATA strives for an energy supply that is as environment-friendly as possible. Therefore, numerous measures have been taken in Kornwestheim in recent years. The main energy source is electricity. For the past 10 years, SATA has been using 100 % green electricity from renewable sources, primarily to reduce the share of fossil energy sources and thus CO2 emissions.

Since 2009, a heat pump and **geothermal energy** have been used to heat some of the buildings. In addition, the **photovoltaic system** installed in 2011 supplies electricity to the power grid. Three years later, we switched from heating oil to district heating from a nearby **biomass power plant**, which we use to cover the base load.

## Energy Sources

SATA primarily makes use of environmentally friendly energy sources



*„We are constantly developing ourselves and our processes in the production. This also reduces the reject rate and waste during the production process.“*

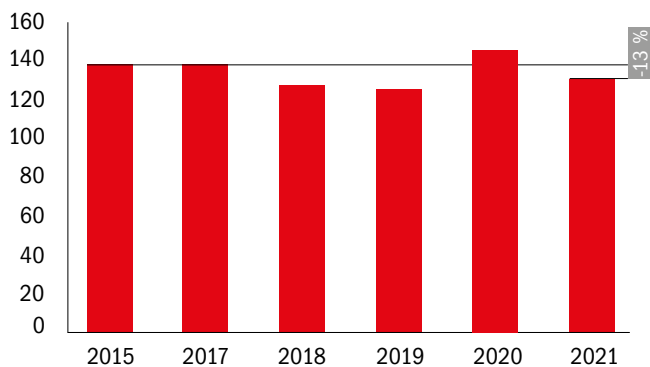
Ljiljana Lehecka (Production employee)

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.

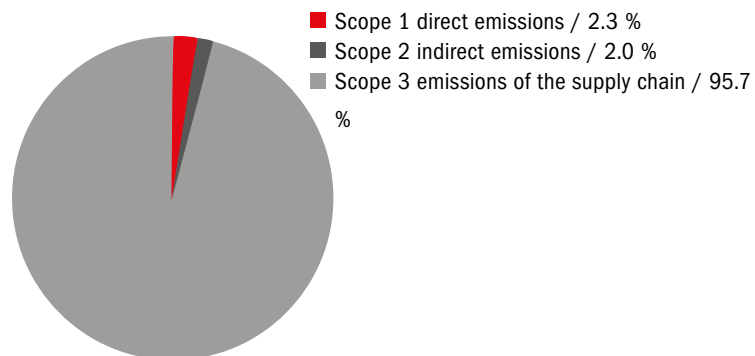
### CO2 emissions

The measures in the energy management have led to a significant reduction of CO2 emissions. Specific CO2 emissions in Scope 1 and 2 have been reduced by over 13% since 2017.

t CO2/ million euros turnover (Scope 1 and 2)



In order to be able to monitor the CO2 emissions, SATA prepares a carbon footprint report every year, which is based on the specifications of the "Greenhouse Gas Protocols". The template for this report was already created in 2011 and is now used by more than 90 % of the 500 companies with the highest turnover in the United States. It was developed with the participation of several NGOs supported by scientists. The emissions are divided into 3 areas: Scope 1, 2 and 3.



**Scope 1** includes the direct emissions resulting from SATA's activities. These emission sources are, for example, heating, cooling and steam generation, company-owned vehicles and the operation of air conditioning systems.

**Scope 2** includes indirect emissions from electricity, heat and steam purchased by SATA from energy suppliers.

**Scope 3** includes other indirect emissions along the supply chain: i.e. all emissions that are a consequence of our activities but originate from independent external sources. These CO2 emissions are generated along the value chain by transporting the preliminary products to us and the goods to the customer – i.e. both upstream at suppliers and downstream at distribution partners, dealers and the users of our products.

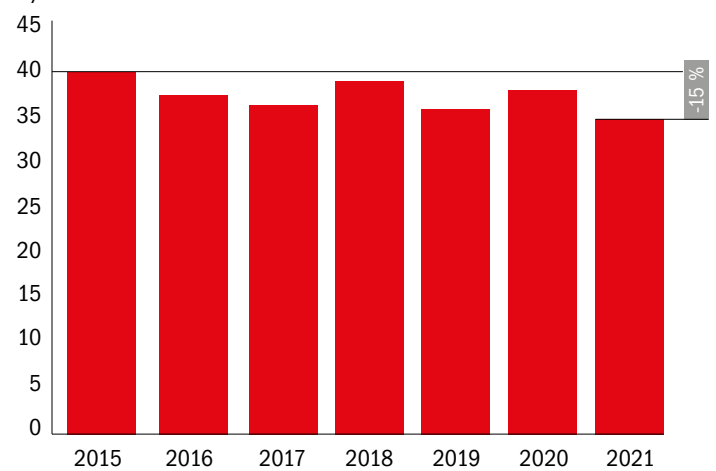
Scope 3 accounts for the largest share of CO2 emissions at SATA, for example, due to the energy required for atomisation (compressed air) generated by the compressors. By constantly optimising the atomisation quality, we also contribute to the conservation of resources. We work closely with our partners in the market and also focus on energy efficiency in the development of new products in order to reduce the CO2 emissions.



### Water consumption

The trend towards reducing water consumption in recent years continued in 2020 and 2021. Since 2015, the specific water consumption per million euros turnover has been reduced by more than 15 %. The recycling of emulsion liquids is an important measure in this regard.

m<sup>3</sup>/ million euros turnover



### Waste Management

As a result of the reduction in incoming orders, the volume of waste naturally decreased in the crisis year 2020. In 2021, the higher demand and thus the increased production activity lead to slightly increased waste volume.

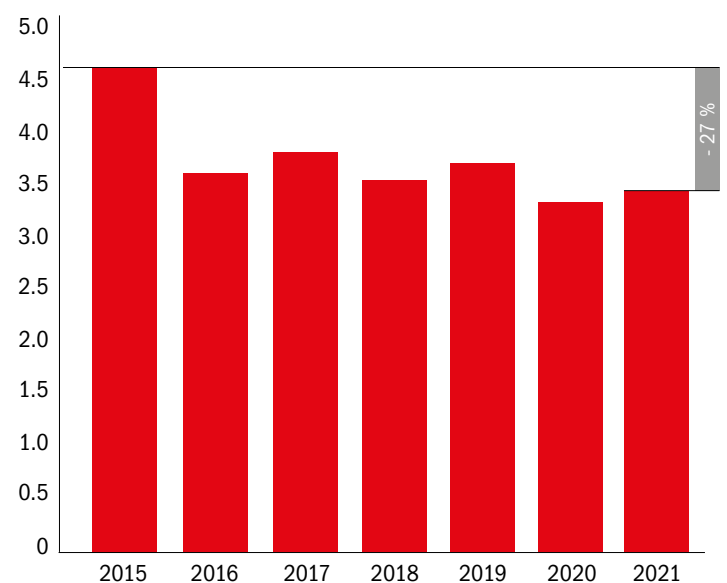
Nevertheless, the waste volume has been reduced by -43 % in absolute terms since 2015. In relative terms, the reduction was -27 %. As SATA uses metal-cutting technologies and requires lubricants and cooling fluids to operate the corresponding machines, the largest amount of waste is generated in these two areas.

Specifically in these areas, methods are being developed to further reduce the volume of metal and liquid waste.

### Waste Volume

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

t/ million euros turnover



# Compliance at SATA

SATA ensures – in order to guarantee **sustainable corporate success** - that all **legal** and **internal company regulations** are fulfilled. Legal violations can lead to sanctions and liability not only for the responsible employees, executives and management, but also for the company itself. Damage to the company's reputation associated with legal violations may have a lasting impact on the image of SATA with business partners and customers and may even deepen economic damage. The principle of legality applies at SATA.

The management is obliged to ensure that legal requirements are adhered to in the company by implementing preventive measures to avoid potential legal violations and liability risks, the so-called **compliance measures**. These are intended to effectively permeate the company, especially the departments with higher risk of compliance violations and thus efficiently enable business success.

In addition, we implemented a **compliance management system** with the goal of creating a comprehensive set of rules to guide the managers and employees, to detect non-compliant behaviour and to prevent it. In the event of a claim, possible liability consequences for the company and the responsible persons are to be reduced or, if possible, averted. The basic features of a compliance management system include a **compliance risk analysis** and measures derived from it, such as **compliance commitments, compliance organisation, compliance guidelines, training and advisory measures** and **monitoring systems**.

With this in mind, our compliance department conducted a

compliance risk analysis in 2021 after evaluating the status quo. The measures derived from this analysis will be implemented in a structured manner in 2022.

One of the compliance measures already established is the Code of Conduct, which was rolled out at SATA together with the Compliance Guideline at the end of 2021. While the Code of Conduct serves as a kind of "corporate constitution" of SATA and provides a general overview of the legal areas relevant to SATA, the Compliance Guideline also explains to SATA's stakeholders the essential legal obligations applicable to their field of activity.

The Compliance Guideline, on the other hand, is supplemented and specified by further guidelines in areas that are particularly relevant to SATA: for example, by the Data Protection Guideline, IT Guidelines and other internal company guidelines and behavioural instructions, as well as the guideline for handling of confidential information – published in 2021, or the Antitrust Guideline – published in 2022.

In order to ensure that legal violations at SATA are detected and remedied at an early stage and to implement the EU Whistleblower Directive, a **whistleblower system** was implemented at the beginning of 2022.

However, sustainability is not only relevant to ensure long-term corporate success, but it also plays a major role in socio-political terms nowadays.

There are a number of legislative efforts at national, European and international level that could impose further obligations on SATA in



*„In projects to secure the future of our production in Germany (e.g. the construction of a fire extinguishing system), I contribute to SATA's sustainability strategy. On a different note, sustainable structured data is of huge importance to be well equipped for the future.“*

Steffen Rothert (Project and Data Manager, Digital Strategy)

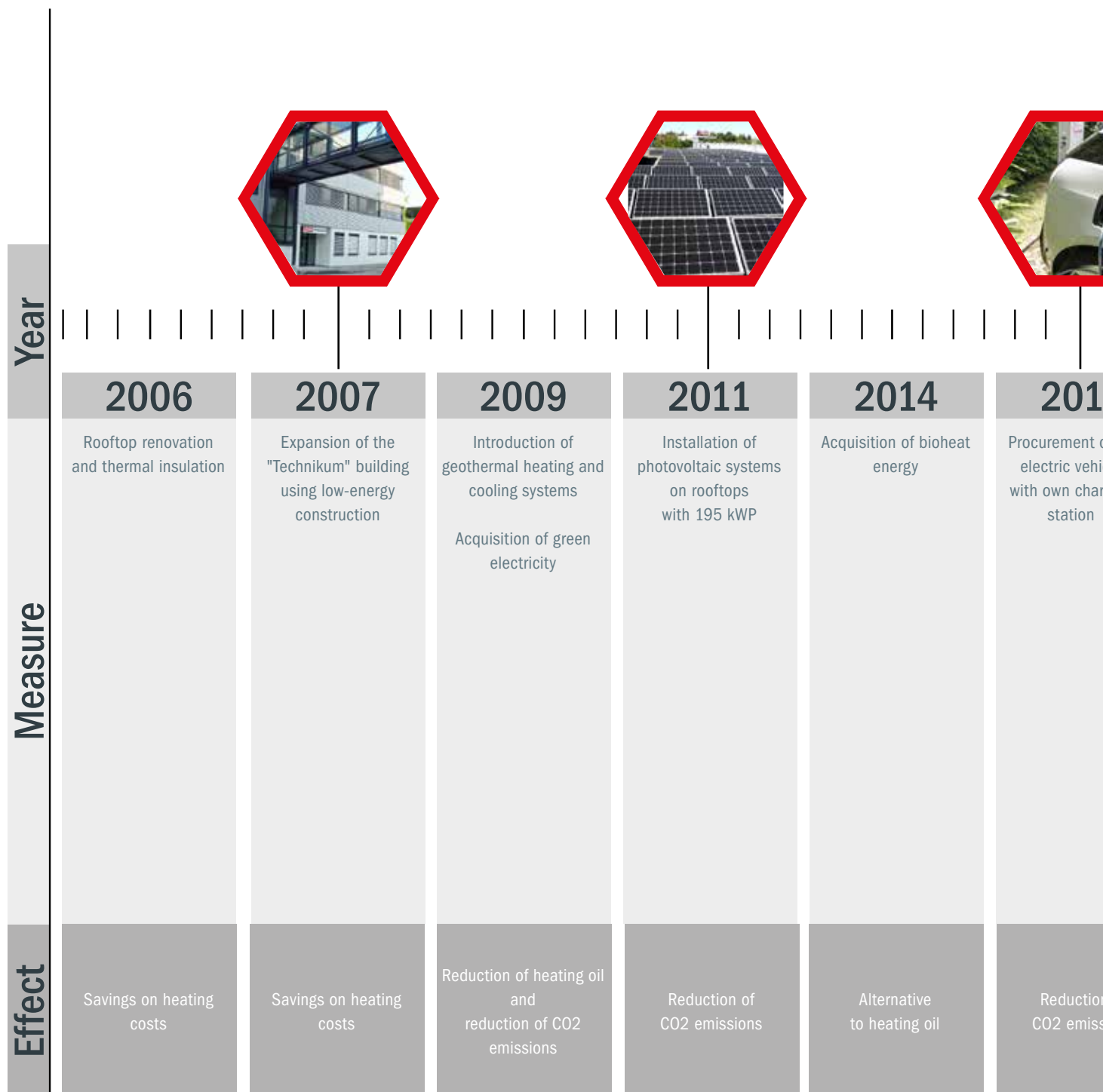


the future. Particularly relevant at national level is the act on corporate due diligence in supply chains (Supply Chain Due Diligence Act - LkSG), which was passed at the end of June 2021.

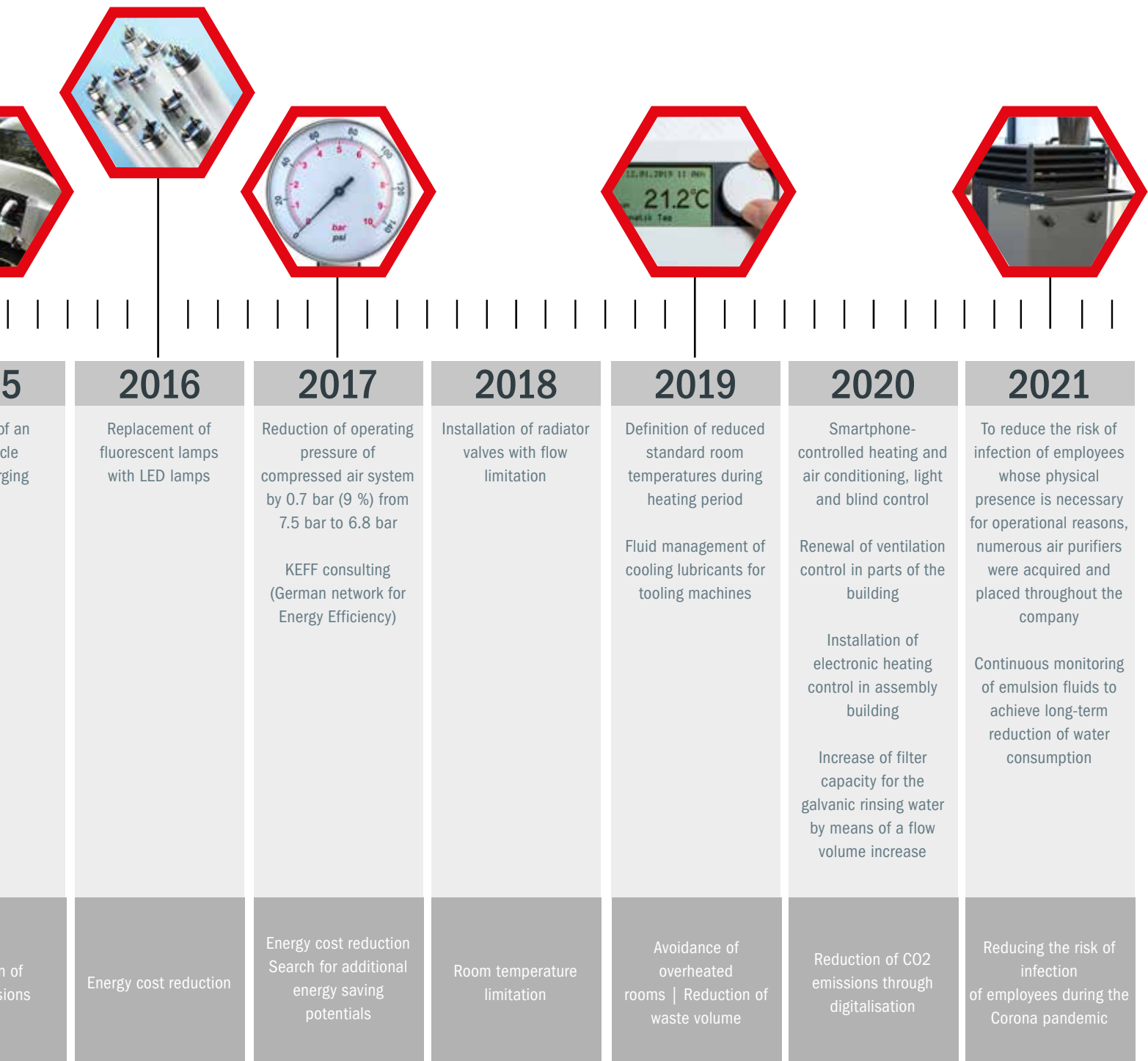
According to this act companies with a headquarter in Germany with more than 3,000 employees will be obliged from January 2023 and companies with more than 1,000 employees from 2024 to observe certain **human rights** and **environmental due diligence obligations** in their supply chains. The aim of the act is to prevent or minimise the violation human rights or environmental risks or to end the violation of these rights. Small and medium-sized companies are also subject to the Supply Chain Due Diligence Act if they are part of a supply chain: The law in fact provides for the due diligence to be passed on contractually to the suppliers.

Accordingly, SATA also has to fulfil these due diligence obligations regardless of its size. To be able to do so, a corresponding risk analysis is to be implemented for the first time in 2022. On this basis, preventive measures are to be anchored in the company and towards direct suppliers.

# Examples of Measures in the Environmental Dimension of Sustainability









# Employees & Society

**Corporate values** are desirable moral or ethical principles that form the basis of the cooperation in an organisation. They find their expression through the employees' behaviour and character and shape their way of thinking. By defining and actively living these corporate values, the trust of all employees and managers increases in the actions of others and also in the decisions made because it can be assumed that all decisions reflect these values.

## Corporate values

In August 2019, a project was initiated to identify SATA's specific corporate values. Every employee had the opportunity to become part of the **value management team**. When selecting the team, it was important to have all SATA departments and stakeholders represented.

### As a result, the four values of the SATA were determined:

- Commitment
- Precision
- Appreciation
- Fun at work

SATA's definition of **commitment** is characterised by always delivering premium quality if it comes to our business activities, our products or any information we pass on, regardless of whether this information is sent to internal or external customers. It also means to take the initiative, work with passion and take responsibility for one's own actions.

At SATA, **precision** means being reliable and working in a structured and disciplined way.



*„The versatile apprenticeship at SATA gives me the opportunity to develop my skills by working on many different tasks.“*

Haris Kaya (apprentice industrial mechanics)

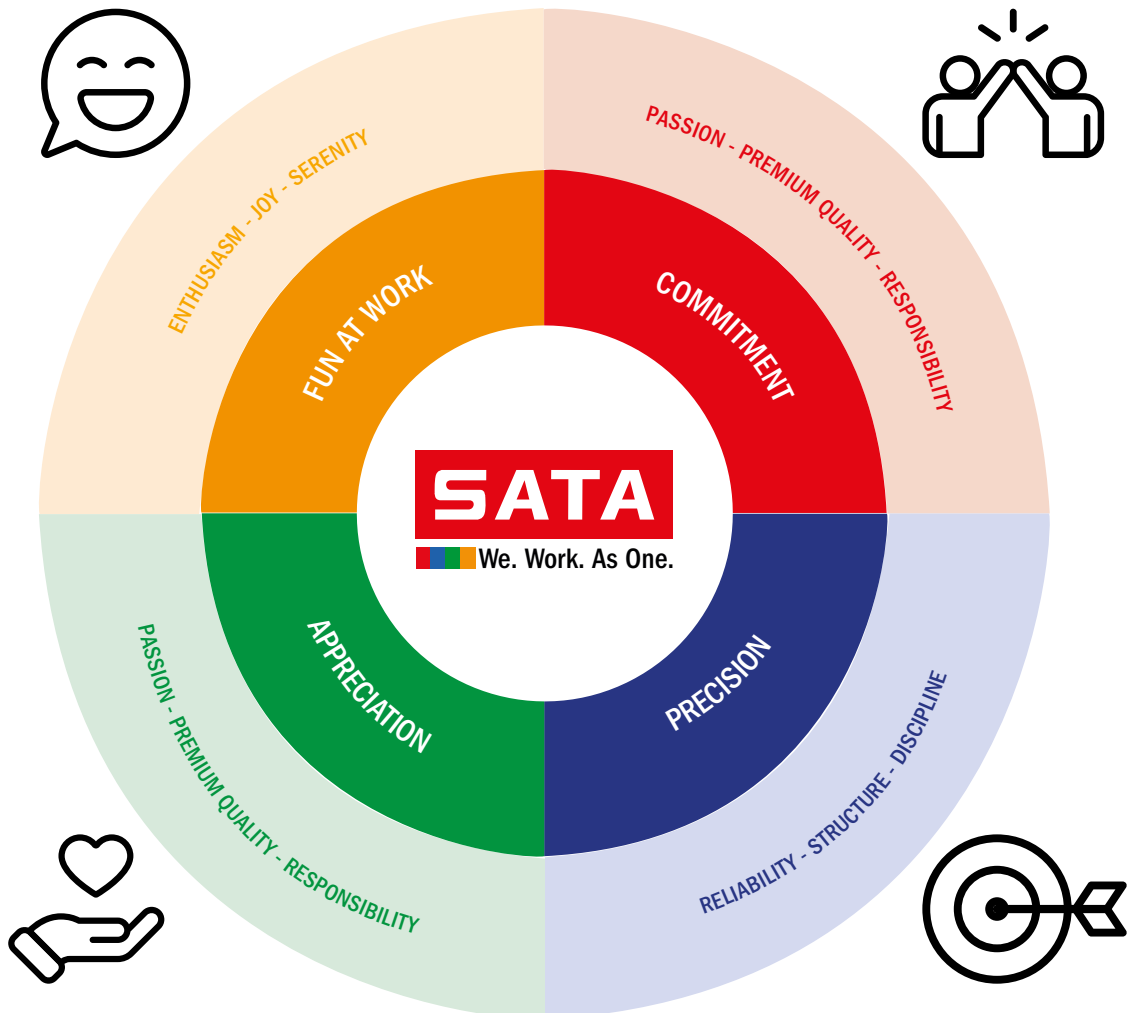
We express **appreciation** towards colleagues, managers and business partners by treating each other with respect, goodwill, friendliness, interest and attentiveness. It is reflected in solidarity and loyalty to each other as well as customer orientation towards colleagues and external partners.

By **fun** we mean first and foremost enjoying our work and working together with our colleagues. We are enthusiastic about our tasks and we work not only with commitment and passion but also with pleasure and composure. When defining our values, the framework conditions had to be very clear. On the other hand, within this framework, they should also allow everyone

to define their own interpretation of the values – in the company's sense.

How exactly the values are being lived in daily life may be different for everyone, and that is quite right.

What is important is the basic direction. This provides the basis for trust in each other and in SATA and a positive development in the future.



## Social Commitment

For more than 20 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 are used to support one regional and one international aid project.

As with our commercial activities, **continuity** is also important to us if it comes to social engagement.

As a reliable partner, we have therefore decided to allocate the donations in 2021 to the same aid projects as in the previous year.

These are the **KIDsmiling football project** in Germany and the **Austin Hatcher Foundation** abroad.

### KIDsmiling

Since 2018 – and for the last time in 2022 – we have been supporting the **KIDsmiling association** from Cologne. This organisation supports existing and new local and regional cultural and sport projects.

The projects are intended to provide a counterbalance to the problems of child neglect and poverty and the associated escalating propensity to violence among young people. Thanks to the support of SATA, it was possible to open a further location in Ludwigsburg on 28.06.2021, in addition to the already existing locations in Stuttgart – Bad Cannstatt and Stuttgart – Zuffenhausen.



A **free weekly football training** is now also offered on a football pitch there. The project is meant for girls and boys who do not find their place in clubs or other institutions due to their origin, physical condition or resources. The training sessions are led by two experienced and pedagogically qualified trainers who can deal sensitively and professionally with the needs of these children and young people. In addition, the project aims to encourage the social **integration** and **physical activity** of the participants as well as to teach them **rule awareness**.



KIDsmiling Wintercup 2019 in Cologne



### **Austin Hatcher Foundation**

As in 2020, the international donation in 2021 went to the Austin Hatcher Foundation. This organization is dedicated to supporting children and young people diagnosed with cancer, the survivors and their families to reach their full potential through education as well as a balanced and healthy lifestyle. Working together on handicraft projects – e.g. restoration of vintage cars – can help to achieve this.

SATA funded a Factory Five Daytona Coupe, which was customised by patients and their families in collaboration with the artist Ron Fleenor. The car was then shown at the 2021 SEMA Show in Las Vegas, Nevada, before being auctioned off. With the project, we could arouse the interest of the children for our industry and distract them in a fun way. The money raised goes directly back to the Austin Hatcher Foundation to support further measures and projects financially. At this point, the entire team of the Austin Hatcher Foundation deserves a big thank you for their daily efforts. The foundation does a great job and it makes us proud to be able to contribute to that.



***„I am proud to work for a company that supports regional sports projects, is committed to the integration of people with an immigration background and uses sustainable energy sources“***

Marlon Albrecht (Deputy Head of Spray Gun Assembly Centre)



# 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

## 2021

**KIDsmiling e.V.**  
Opening a facility in Ludwigsburg

**Austin Hatcher Foundation For Pediatric Cancer | USA**  
Support in designing an individual Factory Five Daytona Coupé



SATA GmbH & Co. KG  
Domertalstr. 20  
70806 Kornwestheim  
Germany  
Tel. +49 7154 811-200  
Fax +49 7154 811-194  
[www.sata.com](http://www.sata.com)