



STIHL

SUSTAINABILITY REPORT 2021

ACTING FOR TOMORROW

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, Brazil, Switzerland, Austria, China, the U.S., 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.

5.06

BILLION EUROS IN REVENUE
worldwide in fiscal year 2021

20,094

EMPLOYEES Group-wide
as of late 2021

IN OVER
160

COUNTRIES
people can buy STIHL

ABOUT THIS REPORT

This publication is the first STIHL Sustainability Report. It outlines our sustainability strategy and our sustainability targets, as well as our sustainability activities in 2021. Unless stated otherwise, all figures relate to the German STIHL locations (the founding company 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 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/2021](https://sustainabilityreport.stihl.com/2021) in May 2022 and is available in German and English. It complies with the Sustainability Report Standards of the Global Reporting Initiative (GRI Standards). This report has been prepared in accordance with the GRI Standards: Core option. 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 2023.

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.

CONTENTS

STIHL GROUP AND STRATEGY

- 6 Foreword
- 8 STIHL AG Executive Board
- 12 From Waiblingen to the world
- 16 Sustainability as a strategy
- 23 Sustainability is a marathon 🗨️

PRODUCTS AND INNOVATION

- 26 German engineering as a driver of innovation
- 30 Time matters 🗨️
- 31 Promoting biodiversity
- 33 The many sides of biodiversity 🗨️

ENVIRONMENT

- 37 Committed to the environment
- 44 Efficiency hunters 🗨️
- 47 The power of forests
- 48 100 million trees for Borneo 🗨️

SUPPLY CHAIN

- 52 Taking responsibility
- 56 The long haul 🗨️

PEOPLE

- 59 Side by side and hand in hand
- 65 People at STIHL 🗨️
- 66 Mitigating risks

SOCIETY

- 70 Think globally, act locally

ADDITIONAL DISCLOSURES

- 73 GRI content index
- 78 Publishing information



NAVIGATION

Use the buttons in the top left of each page for easier navigation in the PDF:

- ☰ Contents
- 🔍 Search
- 🖨️ Print
- ↶ Back



READ ONLINE

The STIHL Sustainability Report 2021 is also available online.

LEARN MORE AT [SUSTAINABILITYREPORT.STIHL.COM/2021](https://sustainabilityreport.stihl.com/2021)



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



30

TIME MATTERS 🗨️

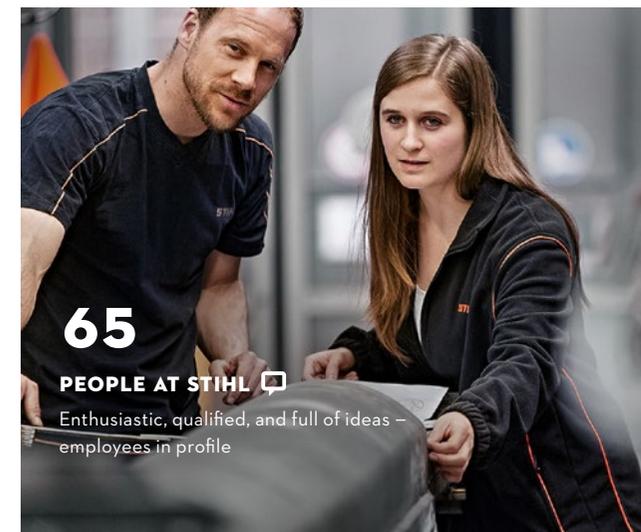
A look at tools and sustainability from the perspective of a horticulture and landscaping expert



48

100 MILLION TREES FOR BORNEO 🗨️

STIHL supports Fairventures in environmental projects in the rain forest



65

PEOPLE AT STIHL 🗨️

Enthusiastic, qualified, and full of ideas – employees in profile

STIHL GROUP AND STRATEGY



**STIHL GROUP
AND STRATEGY**

> **Foreword**

STIHL AG Executive Board
From Waiblingen to the world
Sustainability as a strategy
Sustainability is a marathon 🗨

**PRODUCTS AND
INNOVATION**

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

DEAR READERS,



Dr. Nikolas Stihl, Karen Tebar, Selina Stihl

With extreme weather events, supply chain bottlenecks, and the ongoing coronavirus pandemic, 2021 was characterized by a diverse range of challenges that also left their mark on the STIHL Group. The credit for our ability to master these challenges with relative aplomb, despite all the adversities, goes in no small part to the outstanding commitment and dedication of our people, who have earned our sincere thanks.

STIHL GROUP AND STRATEGY

> Foreword

STIHL AG Executive Board
 From Waiblingen to the world
 Sustainability as a strategy
 Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

The changes in the environment, along with their impact, drive home the fact that we need to alter the way we live and do business and make it more sustainable. Global policy decisions reflect this observation. Initiatives such as the UN’s Agenda 2030 and the European Union’s Green Deal define clear frameworks for sustainable development.

We need to think in the long term and in cycles if we want to leave the generations to come a livable future. “Acting for Tomorrow” – the title of our Sustainability Report – expresses the firm beliefs that guided the actions of our grandfather and company founder, Andreas Stihl. We intend to carry on this tradition by continuing to act and invest sustainably.

As a family-owned business, we have a direct responsibility toward our employees, customers, dealers, and suppliers. At the same time, we also want to actively do our part for the environment and society. Last year, STIHL developed a sustainability strategy with the aim of intensifying our commitment thus far and giving our current activities a strategic direction. In our three focal areas – ecosystems, circularity, and care – we have set ourselves ambitious targets for the time between now and 2030 that we are working hard to achieve. Our goal in doing so is to become carbon-neutral and resource-efficient while acting fairly, as we have done in the past, to continue making it easier for people to work in and with nature.



To add a layer of transparency to our sustainability activities, we are proud to present the first STIHL Sustainability Report. We thank you for your interest in STIHL and in our sustainable development, and we wish you an informative read.

DR. NIKOLAS STIHL
 Chairman of
 the Advisory Board

SELINA STIHL
 Deputy Chair of
 the Advisory Board

KAREN TEBAR
 Deputy Chair of
 the Advisory Board

**STIHL GROUP
AND STRATEGY**

Foreword

> STIHL AG Executive Board

From Waiblingen to the world

Sustainability as a strategy

Sustainability is a marathon

**PRODUCTS AND
INNOVATION****ENVIRONMENT****SUPPLY CHAIN****PEOPLE****SOCIETY****ADDITIONAL
DISCLOSURES**

STIHL AG EXECUTIVE BOARD

Dear Readers,

We want to keep the STIHL Group ready for the future. To continue making sure that this is the case, and to ensure that we do business sustainably throughout the value chain, we need to incorporate the corresponding sustainability criteria in all of our decision-making processes. Sustainability encompasses many aspects and must be reflected both in our products and processes, and in the organization as a whole. That makes it all the more important for us on the Executive Board to incorporate sustainable thinking into each of our areas of responsibility and to derive and implement specific targets from the sustainability strategy.

As the Executive Board, we see ourselves as the driving force behind this issue at STIHL. That commitment also extends to our corporate culture. We are the initiators and drivers of a shift toward increased sustainability awareness and are working to inspire the people of STIHL to get on board. After all, a shared understanding and the combined efforts of all involved throughout the STIHL Group are essential to our mission of living up to our responsibility and making a decisive contribution to sustainable long-term development.

DR. BERTRAM KANDZIORA
Chairman of the Executive Board
(until Jan. 31, 2022)

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

KARL ANGLER
Finance and
Information Technology

ANKE KLEINSCHMIT
Research and Development

NORBERT PICK
Marketing and Sales

DR. MICHAEL PROCHASKA
Human Resources and
Legal Affairs

MARTIN SCHWARZ
Manufacturing and
Materials

STIHL GROUP AND STRATEGY

- Foreword
- > **STIHL AG Executive Board**
 - From Waiblingen to the world
 - Sustainability as a strategy
 - Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

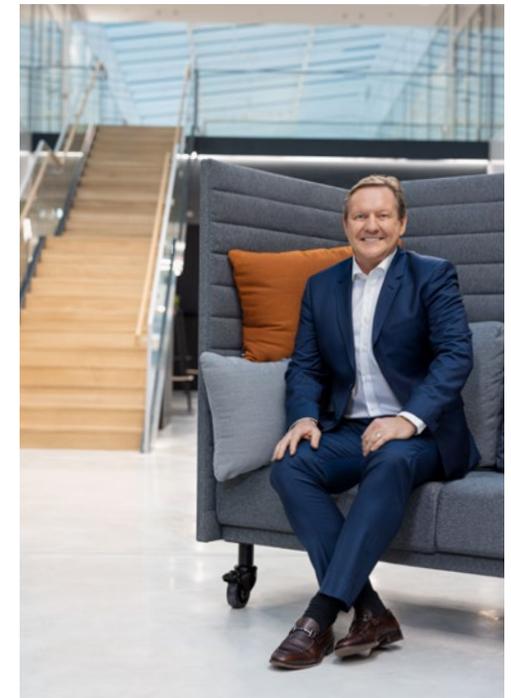


»As a globally operating family-owned business, we are aware of our function as a role model and are actively living up to it. For nearly 100 years now, STIHL has been taking responsibility and making an important contribution to the environment and society.«

DR. BERTRAM KANDZIORA
Chairman of the Executive Board
(until Jan. 31, 2022)

»Making a sustainable corporate culture a reality affects the entire business. By working together across departmental and divisional boundaries – from development, procurement, and production, to the sale and use of our products – we will master the transformation.«

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



STIHL GROUP AND STRATEGY

- Foreword
- > **STIHL AG Executive Board**
 - From Waiblingen to the world
 - Sustainability as a strategy
 - Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

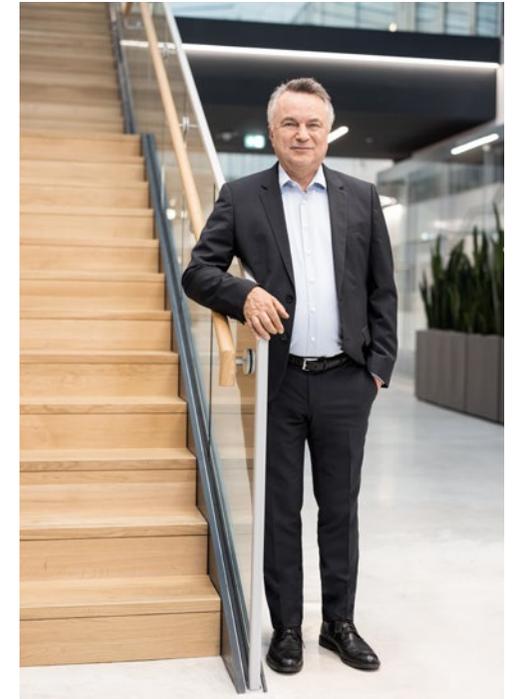


»We are conducting research on innovative technologies and are developing the products of tomorrow – for maximum performance and a positive environmental footprint. By doing so, we are claiming our spot at the top of the global competition.«

ANKE KLEINSCHMIT
Research and Development

»With our eyes on the overriding goal of climate neutrality, we are continually optimizing our processes to ensure energy-efficient value and supply chains that are socially fair and conserve resources.«

MARTIN SCHWARZ
Manufacturing and Materials



»The progress in digitalization offers a wide range of opportunities to ensure our competitiveness in global markets in the long term. We are investing globally in the future at STIHL and are seizing the opportunities of tomorrow.«

KARL ANGLER
Finance and Information Technology

STIHL GROUP AND STRATEGY

- Foreword
- > **STIHL AG Executive Board**
 - From Waiblingen to the world
 - Sustainability as a strategy
 - Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES



»Sustainable success as an organization is only possible with our people. That is why STIHL Group companies support employees in their professional development over the long term and offer attractive working conditions – with an eye toward the future as well.«

DR. MICHAEL PROCHASKA
Human Resources and Legal Affairs

»Acting sustainably is an essential part of the STIHL brand – it is what we stand for, and it is what drives us. We will continue inspiring our customers with innovative products going forward, and we will remain true to our proven premium quality.«

NORBERT PICK
Marketing and Sales



STIHL GROUP AND STRATEGY

Foreword

STIHL AG Executive Board

> From Waiblingen to the world

Sustainability as a strategy

Sustainability is a marathon

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

FROM WAIBLINGEN TO THE WORLD

The STIHL Group is an international, 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.

The STIHL Group is a globally leading manufacturer of chainsaws and outdoor power equipment. Innovation, expertise, and premium quality have formed the foundation on which our wide and constantly expanding range of products is built ever since our founding by Andreas Stihl. Since 1971, STIHL has been the world's top-selling chainsaw brand.

The STIHL Group is based in Waiblingen, in the German state of Baden-Württemberg. From there, we oversee activities around the globe in our international manufacturing and sales network. STIHL is active in over 160 countries through 42 sales and marketing companies, roughly 120 importers, and more than 55,000 authorized dealers. The STIHL production companies in our network manufacture a variety of components for other plants. Our international production network is made up of plants in seven countries (Germany, Brazil, Switzerland, Austria, China, the U.S., and the

Philippines), including a magnesium foundry in Germany's Eifel region, a saw chain plant in Switzerland, and the carburetor manufacturer ZAMA in Asia. This network allows us to achieve a vertically integrated depth of production of over 50 percent.

Business model

Our main area of expertise is the development, manufacturing, and sale of handheld power equipment for forestry, agriculture, landscape maintenance, construction, and private consumers. In addition to chainsaws, our line of products includes a wide range of other power equipment, such as brushcutters, hedge trimmers, blowers, mistblowers, cleaning systems, cut-off machines, earth augers, lawn mowers, and robotic mowers. Since 2009, STIHL has been increasingly focused on battery technology to complement its selection of gasoline and electric-powered equipment. In 2021, batteries and battery-operated tools accounted for roughly 19 percent of our overall sales. 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. STIHL Magnesium Diecasting (Weinsheim, Germany) and ZAMA are the only companies that serve customers outside our Group, in industries such as the automotive sector.

STIHL GROUP AND STRATEGY

Foreword
STIHL AG Executive Board
> **From Waiblingen to the world**
Sustainability as a strategy
Sustainability is a marathon

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

STIHL is also involved in developing sustainability-oriented business models. Through our corporate venture unit STIHL Digital GmbH, we invest in start-ups and enter into partnerships with companies such as Dryad and Fairown. Their innovations have the potential to support the development of forward-thinking solutions for our customers.

INVESTING IN INNOVATIVE START-UPS

DRYAD

DRYAD – A START-UP based in Eberswalde, Germany – is developing a system for the early detection of forest fires based on solar-powered sensors and wireless technology. The system is capable of covering expansive wooded areas beyond conventional mobile data networks.

Fairown

FAIROWN – A START-UP based in Tallinn, Estonia – makes software to support a sustainable circular economy. STIHL uses Fairown's product-as-a-service solution to provide all-inclusive offers for certain products online that allow customers to use tools for a monthly fee instead of buying them.

SUSTAINABLE BUSINESS

We are an independent, family-owned business with a long-term focus that acts with present and future generations in mind – in the interest of the company, our customers, our employees, 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.

The superior quality of our products and services is designed to both satisfy and excite our customers. Today, we generate the lion's share of our revenue (roughly 90 percent) outside Germany. Our capital structure is very solid, with an equity ratio of 70 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 secure jobs, even in times of crisis.

Fiscal year 2021

The sustained high demand for STIHL products, on the heels of strong growth in 2020, led to a significant rise in sales in both the gasoline-powered and battery-operated segments in 2021. Despite disruptions in supply chains around the world due to shortages of raw materials, production bottlenecks at suppliers, and limited transport capacities, STIHL was largely able to continue manufacturing across the Group. More than 20,000 employees Group-wide helped us achieve revenue of 5.06 billion euros (previous year: 4.58 billion euros), an increase of 10.4 percent year on year.

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

STIHL GROUP AND STRATEGY

- Foreword
- STIHL AG Executive Board
- > From Waiblingen to the world
- Sustainability as a strategy
- Sustainability is a marathon

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

Corporate structure and governance

Our culture is based on values such as a consistent customer focus, respect for people and the environment, and a strong innovative drive. Our approach to corporate governance is guided by responsibility and sustainability. All STIHL companies – including the German founding company and its eight plants, as well as all international production and sales 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 owners make strategic decisions through the Advisory Board of STIHL Holding AG & Co. KG and the Supervisory Board of STIHL AG.

The Advisory Board is made up of eight members. The Supervisory Board is made up of twelve members, six of whom represent employer interests, and six of whom represent employee interests. 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.

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.

Examples include climate change and IT security. The risk management process involves the use of globally standardized assessment principles and processes that are laid out in guidelines and directives. 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 and 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

Compliance with legal requirements in every country in which STIHL Group companies operate is a baseline requirement for our business. STIHL takes a clear stance against corruption and bribery. Our values are firmly rooted in our corporate culture. They offer employees guidance on how to act internally within the Group and in dealings with third parties outside the Group.

Every STIHL company has local guidelines for ensuring compliance with applicable law both internally and in their dealings with business partners. 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 constant monitoring and are in regular contact with outside experts. Employees receive regular training in line with their individual responsibilities. To minimize the risk of corruption, STIHL has rules on the separation of functions, approval processes, and the principle of dual control.

STIHL GROUP AND STRATEGY

- Foreword
- STIHL AG Executive Board
- > From Waiblingen to the world
- Sustainability as a strategy
- Sustainability is a marathon

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

All operative compliance issues are coordinated by a Corporate Compliance Officer. The Corporate Compliance Officer reports to the Executive Board member for Human Resources and Legal Affairs, is the first point of contact for employees if 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 our business operations with the law and our corporate values, we are constantly working to enhance our compliance management system, which consists of three core elements: avoidance, early detection, and response. With this goal in mind, for example, a compliance risk analysis was performed at the founding company in 2021. The initial findings have been translated into specific measures that are now being implemented. The entire STIHL Group is scheduled to undergo a compliance risk analysis in 2022. Compliance risk analyses will be performed regularly going forward.

One key component of our efforts to avoid compliance violations is a comprehensive code of conduct that was developed for employees across the Group in 2021 and introduced in 2022. The code of conduct sets out detailed rules related to compliance. The training concept – which focuses on anticorruption and anti-trust issues, as well as the new STIHL code of conduct – has undergone further enhancement as an additional preventive measure. The training program will be mandatory for all employees and will be expanded further for staff from divisions and departments that are exposed to particularly high risks. In Germany, a whistleblower system has also been introduced and is scheduled

for a Group-wide rollout in 2022. The whistleblower system allows employees, business partners, and third parties alike to report well-founded suspicions, even anonymously. During the reporting period, the STIHL Group has been cooperating with the Bundeskartellamt, the German market competition authority, in an information procedure. The matter relates to a clause used in the past in some contracts between the STIHL sales company responsible for the German market and STIHL dealers.

STIHL GROUP COMPANIES AND THEIR EMPLOYEES ARE INVOLVED IN A VARIETY OF ASSOCIATIONS AND INITIATIVES. BELOW ARE A FEW SELECTED EXAMPLES FROM GERMANY:

- EUROMOT – European Association of Internal Combustion Engine Manufacturers (Brussels, Belgium)
- DIHK – Association of German Chambers of Commerce and Industry (Berlin)
- CCI – Chamber of Commerce and Industry for the Stuttgart Region
- Südwestmetall – Metal and electrical industry employer association (Baden-Württemberg)
- UVSH – Unternehmerverband Südhessen (Darmstadt)
- VDMA – German Engineering Federation (Frankfurt am Main)
- vem.die arbeitgeber – Rhineland-Palatinate employers' association (Koblenz)

STIHL GROUP AND STRATEGY

Foreword
STIHL AG Executive Board
From Waiblingen to the world

> Sustainability as a strategy

Sustainability is a marathon

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

SUSTAINABILITY AS A STRATEGY

Over the past few years, serious issues such as climate change, extinction of plant and animal species, the proliferation of plastic waste, and immigration have been all over the headlines. Experts are also predicting an increase in zoonoses, infectious diseases like Covid-19 that jump from an animal to a human due to factors such as improper and irresponsible handling of endangered species.

Problems like these show that we cannot continue living and doing business as we have in the past. Left unresolved, these problems will eventually have an impact on people and may cause damage that is difficult or impossible to undo.

As a business with a deep connection to the natural world and whose business model depends on nature, these developments affect us deeply. That is why STIHL has decided to intensify our existing commitment to sustainability and give it an even more strategic focus. In 2021, a Sustainability Officer was appointed and a sustainability steering group was set up to help it achieve this goal (see “Sustainability management,” page 19). Since then, we have been dedicating our efforts to transforming the STIHL sustainability policy that has been in place since 2016 into a sustainability strategy that is relevant for society as a whole.

The strategy was developed over a period of several months 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.

Material topics

The aim of the strategy is to consolidate the many existing sustainability activities and provide them with significant additional impetus. 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.

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. To identify these areas, we analyzed our specific challenges and options for taking action in a dialogue lasting several months. At the same time, we aim to position ourselves in the public eye with strategically selected focal points. The identified measures will also help us meet new legal requirements, such as Germany’s

STIHL GROUP AND STRATEGY

Foreword
 STIHL AG Executive Board
 From Waiblingen to the world
 > Sustainability as a strategy
 Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

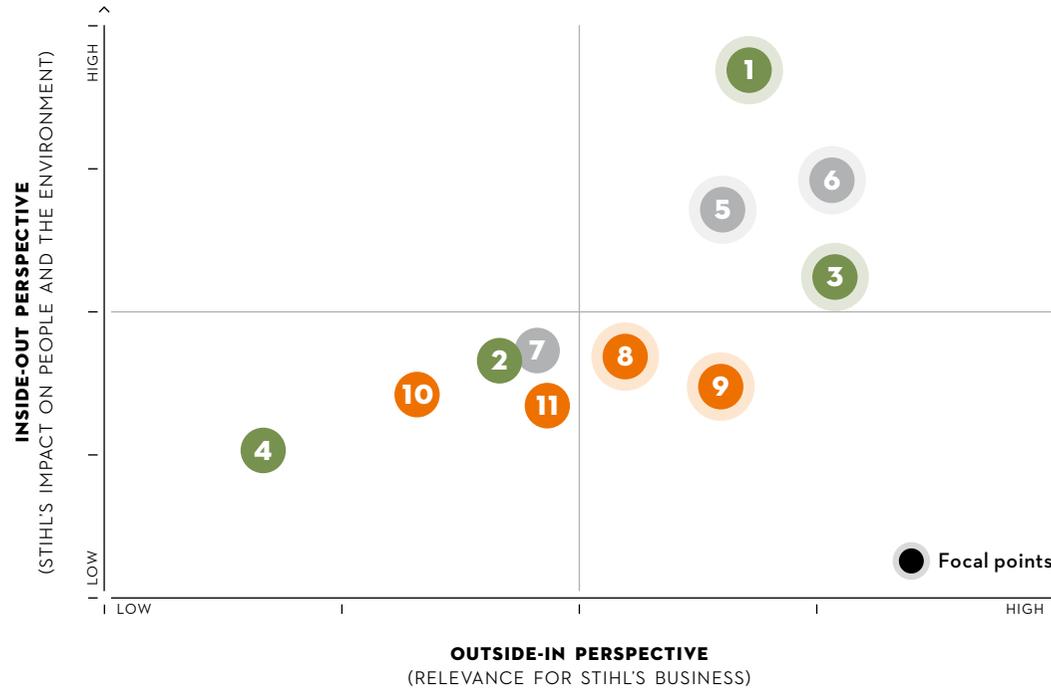
SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

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

Act on Corporate Due Diligence in Supply Chains and the European Commission's planned Corporate Sustainability Reporting Directive. It was important to us that the analyses lead to viable strategic approaches for the development of our business at STIHL. 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.

These internal objectives and external requirements combine to form the range of topics covered by the materiality analysis. As part of our discussions, we assessed our influence on these topics (inside-out perspective) and their materiality for our future business development (outside-in perspective). The inside-out perspective looked at our impact on selected sustainability topics. Among other things, interviews were conducted with some 20 business partners and external experts from a variety of fields, including

STIHL GROUP AND STRATEGY

Foreword
 STIHL AG Executive Board
 From Waiblingen to the world
 > Sustainability as a strategy
 Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

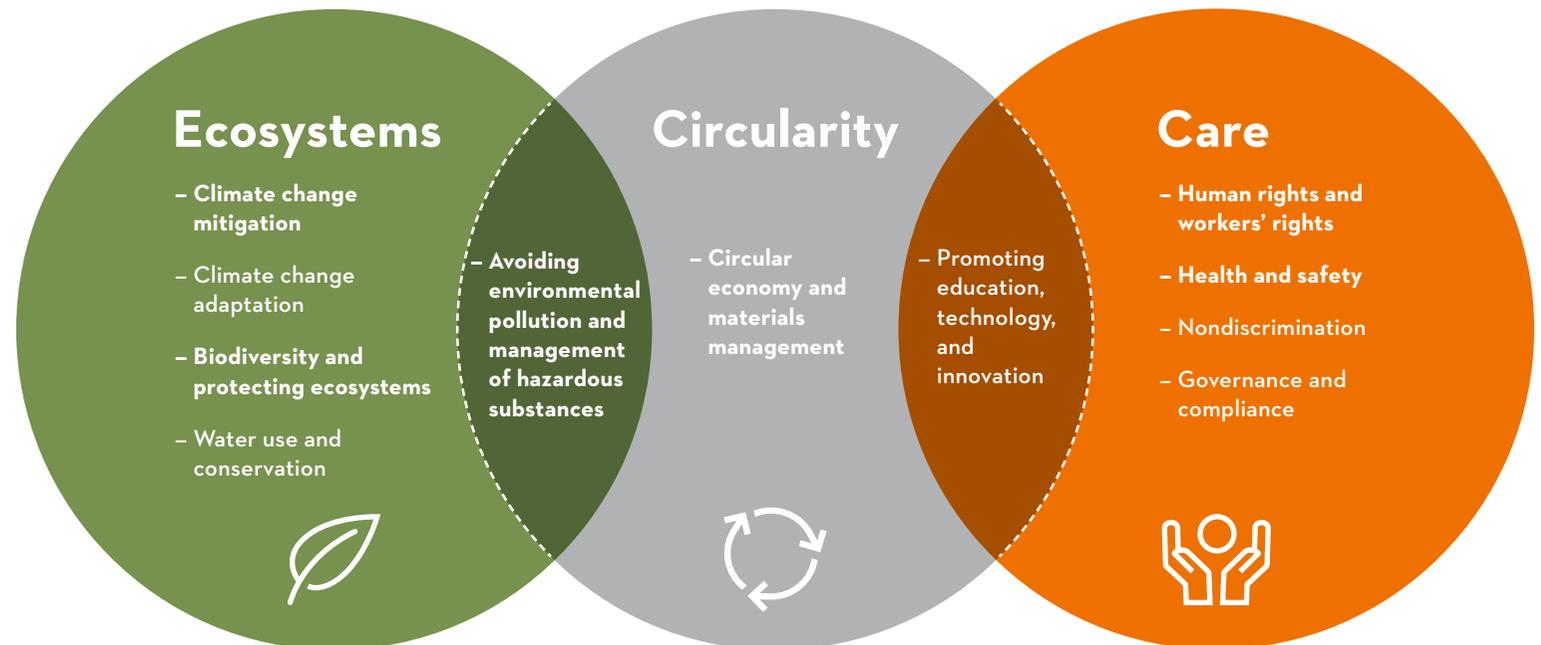
ADDITIONAL DISCLOSURES

research, public policy, and nongovernmental organizations. To support the outside-in assessment, we launched a customer survey in Germany, France, the U.S., and New Zealand that generated nearly 1,600 responses. We also set up an internal project team to examine opportunities and risks.

Our findings have revealed eleven material topics for STIHL. An in-depth evaluation process resulted in four environmental aspects that play a leading role: climate change mitigation, circular economy/materials management, avoiding environmental pollution, and protecting biodiversity (see materiality matrix, page 17).

We allocated the eleven topics (with overlaps) to three strategic focal areas, which we refer to as ecosystems, circularity, and care. They form the basis for the future implementation of the sustainability strategy as part of our sustainability management approach. Each of our 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).

STRATEGIC FOCAL AREAS



STIHL GROUP AND STRATEGY

Foreword
 STIHL AG Executive Board
 From Waiblingen to the world
 > **Sustainability as a strategy**
 Sustainability is a marathon 🗨️

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

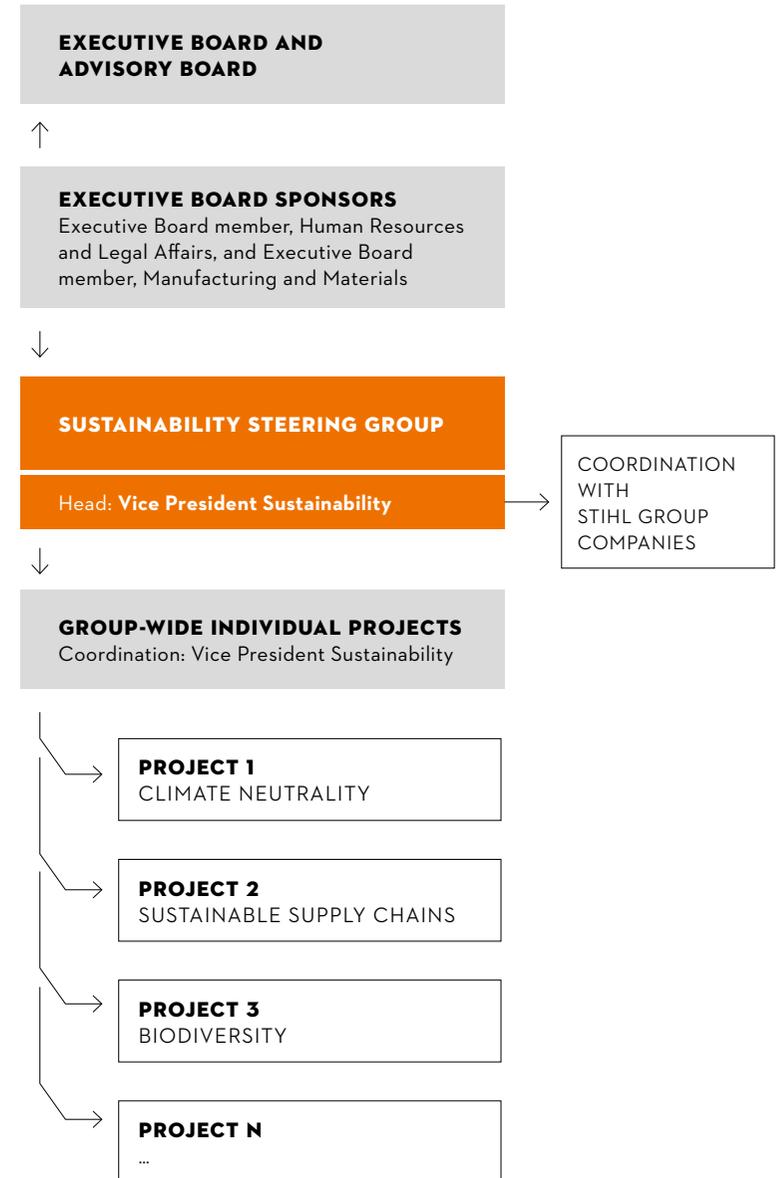
ADDITIONAL DISCLOSURES

Sustainability management

We have started defining specific targets in the three focal areas and will continue refining our definitions going forward. They will be linked to performance indicators that we intend to use to gauge our success in the future. We have set short and medium-term targets, as well as targets with a longer-term horizon. The sustainability management team – specifically, the Sustainability Officer and the sustainability steering group – is responsible for implementing the targets.

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. 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.

STIHL GROUP SUSTAINABILITY ORGANIZATION



STIHL GROUP AND STRATEGY

Foreword
 STIHL AG Executive Board
 From Waiblingen to the world
 > Sustainability as a strategy
 Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

Sustainability targets

The following targets were defined in the three focal areas – ecosystems, circularity, and care – over the course of 2021.

They are slated for further enhancement over the coming reporting period. The three targets are divided into short-term targets (one to two years) and long-term targets (three years or more).

 **Ecosystems**

- FROM 2022**
Scope 1 and 2 climate neutrality at all production companies
- IN 2022**
 - Defining reduction targets for Scope 3 emissions
 - Developing a biodiversity concept for specific customer groups
 - Defining a product carbon footprint (PCF)
- FROM 2023**
Scope 1 and 2 climate neutrality at all sales companies
- BY 2030**
Increasing energy efficiency by 40 percent compared to 2019

 **Circularity**

- IN 2022**
 - Recycling rate of over 85 percent for products in accordance with ISO 17314
 - Defining specific targets for avoiding plastic packaging
- BY 2022**
Potential analysis for increasing the percentage of secondary raw materials
- BY 2023**
Feasibility study for a product geared entirely to circularity
- BY 2024**
Developing a strategy for environmentally critical raw materials
- BY 2025**
Action plan for avoiding hazardous process chemicals

 **Care**

- IN 2022**
 - Reviewing potential to further reduce accident rate per 1 million hours worked
 - Defining measures and targets for transparency and strengthening diversity and inclusion in the workforce
- FROM 2022**
Supply chain management in compliance with new legislation and three annual in-depth risk analyses for high-risk supply chains
- BY 2023**
Developing derived sustainability targets for each STIHL company
- BY 2023**
Incorporating sustainability criteria into all key decision processes



**STIHL GROUP
AND STRATEGY**

Foreword
STIHL AG Executive Board
From Waiblingen to the world
> **Sustainability as a strategy**
Sustainability is a marathon

**PRODUCTS AND
INNOVATION**

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

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 reviews, 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.

STIHL GROUP AND STRATEGY

- Foreword
- STIHL AG Executive Board
- From Waiblingen to the world
- > **Sustainability as a strategy**
- Sustainability is a marathon 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

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.



STIHL GROUP AND STRATEGY

- Foreword
- STIHL AG Executive Board
- From Waiblingen to the world
- Sustainability as a strategy
- > **Sustainability is a marathon** 🗨

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES



SUSTAINABILITY IS A MARATHON

In an interview, Dr. Michael Prochaska, STIHL AG Executive Board member for Human Resources and Legal Affairs, and Martin Schwarz, STIHL AG Executive Board member for Manufacturing and Materials, discuss sustainability at STIHL and why persistence is essential to achieving real change.

STIHL recently appointed a Sustainability Officer to coordinate everything related to sustainability. What inspired this move?

DR. PROCHASKA Nature and the environment are two things STIHL is inexorably linked to. We have already done quite a lot at STIHL to advance sustainability, but the activities were not sufficiently coordinated within the STIHL Group and the Executive Board. So we wanted to tie up the loose ends and give everything a strategic direction. That also means deciding the areas we want to emphasize and specifying activities that we will no longer promote or encourage going forward.

SCHWARZ We, our customers, our employees, and society keep raising the bar – and rightfully so. The current pandemic has also demonstrated to us how important sustainable and resilient supply chains are in every aspect.

STIHL GROUP AND STRATEGY

Foreword
STIHL AG Executive Board
From Waiblingen to the world
Sustainability as a strategy

> Sustainability is a marathon

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

»Sustainability is a marathon, not a sprint. We must not rest on our laurels.«

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

What do you aim to achieve through the new sustainability strategy?

DR. PROCHASKA We have defined three strategic focal areas – eco-systems, circularity, and care – in which we have set ourselves ambitious targets for the time between now and 2030. Our goal in doing so is to become climate-neutral, more resource-efficient, and fairer. Through it all, we are focused on striking a balance between the three Ps: **P**eople, **P**lanet, and **P**rofit.

SCHWARZ We will continue to incorporate, evaluate, and prioritize new topics in addition to the projects already in place. The sustainability strategy is a source of orientation and guidance in this regard. This way, we will go beyond merely enhancing our products and processes, and help the whole of STIHL advance while strengthening our ability to compete.

What challenges do you see when it comes to implementing the sustainability strategy?

SCHWARZ Sustainability relates to all processes and products, as well as the organization as a whole. We want “real” sustainability. That means we will anchor sustainable criteria in all decision-making processes. We will incorporate sustainability aspects even more strongly into everything we do going forward, whether it’s buying new equipment, expanding buildings, awarding new contracts to suppliers, or developing new products. Doing so will cost money, of course, but it will pay off in the long term. Increasing

energy efficiency, for example, initially means an expense. But apart from just reducing carbon emissions, it also helps us save on energy-related costs in the long run.

DR. PROCHASKA We also want to kick off a cultural transformation within the Group and succeed in getting the people at STIHL excited about sustainability. To do so, we need role models. Those of us on the Executive Board need to embody a new spirit, as does everyone else in senior management. Sustainability is a marathon, not a sprint. We must not rest on our laurels. Instead, we need to keep learning as we go and keep setting ourselves new goals.

The strategy has been defined. What’s next?

SCHWARZ We will continue the consistent and systematic implementation of our current projects on climate neutrality, sustainable supply chains, and protecting biodiversity. By 2023, we plan to have specific targets for the international STIHL production and sales companies in place.

DR. PROCHASKA We are taking a step-by-step approach to implementation. Our sustainability strategy helps prevent us from getting bogged down in the process. The task for everyone is to be transparent and to communicate our sustainability targets, both inside and outside the STIHL Group. STIHL is a family-owned business that thinks in terms of generations rather than quarters. Sustainability is already in our DNA. That foresight and vision is what guides our actions.

»We want ‘real’ sustainability. That means we will anchor sustainable criteria in all decision-making processes.«

MARTIN SCHWARZ
Executive Board member for Manufacturing and Materials



PRODUCTS AND INNOVATION

**STIHL GROUP
AND STRATEGY****PRODUCTS AND
INNOVATION****> German engineering as a
driver of innovation**

Time matters

Promoting biodiversity

The many sides of
biodiversity **ENVIRONMENT****SUPPLY CHAIN****PEOPLE****SOCIETY****ADDITIONAL
DISCLOSURES**

GERMAN ENGINEERING AS A DRIVER OF INNOVATION



Our aim as a technology leader has always been to make it easier for people to work in and with nature – something STIHL has stood for as an organization and as a brand for almost 100 years. Thanks to proven STIHL quality, we are able to offer our customers a wide range of gasoline-powered, electric, and battery-operated power tools that embody sustainability from the drawing board on out.

Andreas Stihl attached great importance to both the constant advancement of the products made by STIHL and the expansion of the portfolio. 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 worked tirelessly to further enhance its chainsaws. From the antivibration system (first installed in the Contra in 1965) and the quick-stop chain brake to catalytic converters and technologies engineered to reduce emissions, STIHL's focus has always been on environmental protection, performance, repairability, comfort, and safety. Our most recent innovations include the STIHL MS 881, the world's most powerful production chainsaw and the only one in its class to meet the current EU emission standards, and the STIHL MSA 300, capable of reduced-noise, emission-free performance that also happens to be the most powerful battery-operated chainsaw on the

market today. In addition, we are committed to promoting the development of digitally connected products and digital services for consumers and professional users alike.

STIHL products have always been known for their particularly long service life, repairability, and high quality, which allows them to make a contribution to conserving resources. Our outdoor power tools are engineered to keep running, which is why it is not uncommon for them to be handed down from generation to generation. Our trained authorized dealers ensure proper maintenance and provide repairs – should they become necessary. Tools such as saw chains can be sharpened, helping them achieve excellent cutting performance over a long service life. With the patented Hexa cutting system, we recently started making it possible even for less experienced users to sharpen saw chains the easy way. Spare parts are available for at least ten years or longer after we stop making a particular series. Innovation keeps us a market leader. We have an impressive depth of development expertise in-house, which we aim to leverage fully in 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 lightweight engineering and durability, providing our customers with durable products that not only fulfill legal regulations and technical standards regarding fuel consumption, emissions, and noise, for example, but also incorporate best-in-class technology.

**STIHL GROUP
AND STRATEGY**

**PRODUCTS AND
INNOVATION**

> German engineering as a
driver of innovation

Time matters

Promoting biodiversity

The many sides of
biodiversity

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

Outstanding quality

Quality lies at the core of the STIHL brand. All STIHL products stand for durability, repairability, reliability, and safety. To help us live up to our premium standards, we employ a wide range of use-oriented testing techniques, many of which were developed in-house. These techniques allow us to examine the steel composition of various alloys while also performing vibration, noise, and other durability and quality tests, to name just a few examples. We also test our saw chains, simulate adverse events, and examine the contents and chemical composition of the fuels and lubricants we develop.

Research and development (R&D)

At our central development center – located at the founding company’s headquarters in Waiblingen, Germany – over 700 engineers and technicians from a variety of fields work to improve existing STIHL technologies and develop new ones. While the STIHL companies worldwide help keep us close to local markets and our production sites, the overall responsibility for R&D activities lies with the Executive Board member for Research and Development at the German founding company. Outside the main project development site in Germany, development engineers at the production centers around the world are connected to each other through shared systems and projects in order to promote industrialization and local development. What all of them have in common is that they must meet the strict guidelines of our STIHL product development process, which are defined in our internal directives.

In recent times, ever-stricter exhaust and emissions standards for internal combustion engines have been fueling a surge in innovation in the battery segment. Our products’ use phase offers tremendous potential for achieving the goal of making our entire value chain climate-neutral in the long term (see “Environment,” page 39). As a result, our R&D activities focus 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, to leverage further potential through technologies such as low-CO₂ fuels, and to continuously enhance our position in the field of battery-operated tools.

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, which aims to promote sustainable industrialization and foster innovation.

Digitalizing products and processes

For many years now, STIHL has been dedicating its efforts to exploring the opportunities associated with increased digitalization. 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 or electricity consumption. Operating data can also help improve the way products are engineered, thereby further increasing their quality and reliability. As a result, big data is capable of indirectly contributing to the durability of products and to the use of materials in a way that conserves resources.

**STIHL GROUP
AND STRATEGY**

**PRODUCTS AND
INNOVATION**

> German engineering as a
driver of innovation

Time matters

Promoting biodiversity

The many sides of
biodiversity

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

Electronics expertise

Alongside digitalization, we are focusing our efforts on the fields of robotics, sensors, and artificial intelligence. In 2016, we opened a state-of-the-art center of excellence for battery and electrical technology in Waiblingen, Germany. In 2021, we teamed up with the Elrad International Group to found ZE Electronic Manufacturing Services Ltd., a joint venture dedicated to the production of electronic assemblies that plays a key role in our battery strategy and enhances our electronics expertise. Our innovative power is also reflected in roughly 2,500 patents. To strengthen and expand our innovative power, we lead alliances with scientific institutions and development partners and carry out research in cooperation with colleges and universities.

Circular economy

Circularity plays a pivotal 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 through a variety of approaches. Durability and repairability, for example, help conserve resources. In general, the reuse and refurbishing of products also 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 (see “Business model,” page 12). 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. Authorized STIHL dealers may take back portable batteries depending on their obligation to do so.

100% RECYCLABLE

When it comes to conserving resources when using raw materials, the STIHL magnesium diecasting plant in Germany’s Eifel region is blazing new trails for our production network. The diecasting plant manufactures more than 600 different products made from magnesium. Every day, it processes several metric tons of magnesium, which is roughly one-third lighter than aluminum and is fully recyclable. The on-site resmelting unit is capable of melting down and preparing some 4,000 metric tons a year without any loss of quality compared to primary materials.

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 components that can be recycled. 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. In 2022, we plan to perform a potential analysis and derive concrete goals for increasing the percentage of secondary raw materials. We also intend to conduct a feasibility study on completely circular products (manufacture and use) by 2023.

**STIHL GROUP
AND STRATEGY**

**PRODUCTS AND
INNOVATION**

> German engineering as a
driver of innovation

Time matters

Promoting biodiversity

The many sides of
biodiversity

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

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. STIHL plays a leading role in defining global ISO and IEC safety standards, allowing it to systematically promote the advancement of safety requirements. 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 and shared beyond the company. 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. Back in 1964, for example, we became the first manufacturer to offer chainsaws with an antivibration handle. When it comes to keeping an eye on the safety of our products throughout the marketing and sales process, authorized dealers offer the opportunity for appropriate product instruction and safety training for users. The same applies when buyers purchase products in STIHL online shops.

Welcome to the world of sustainable product development

GREEN FUELS AND LUBRICANTS

STIHL is conducting research on innovative new fuels to improve the environmental footprint of its products during use. The goal is to reduce climate-damaging emissions during combustion by a significant margin (Scope 3 emissions, see "Environment," page 39). Our developers are working on synthetic fuels, or synfuels, where the original mineral oil-based fuel has been supplemented through synthetically produced or bio-based materials. STIHL MotoMix is a fuel developed in-house that we already offer today. Scheduled to hit the market in 2022, STIHL MotoMix ECO is a new generation of fuel that will make it possible to reduce CO₂ emissions by an additional 8 percent compared to the MotoMix blend available today. We are also developing fuels and lubricants in-house that are engineered specifically for our outdoor power equipment. STIHL Multioil Bioplus, a versatile lubricant with a variety of uses, is made of 90 percent renewable raw materials and is 90 percent biodegradable.

LOW-SPIN CUTTING TOOLS

To reduce flying debris during garden and landscape maintenance, STIHL has developed an innovative cutting system it calls the reciprocator. The low-spin cutting tool features two reciprocating blades. As a result, the system is ideally suited for trimming weeds and grass in urban settings and can help minimize the use of weed killers.

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

German engineering as a driver of innovation

> Time matters

Promoting biodiversity

The many sides of biodiversity

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

TIME MATTERS

Tools are important everyday helpers in horticulture and landscaping. Felix Blies, managing partner of GARTENconcept. GmbH in Stuttgart, Germany, talks about what he looks for in a tool and the aspects of sustainability that are important to him.

Felix, there are a lot of different sides to your day-to-day work as a horticulture and landscaping specialist, and you need a variety of tools. What do you always have with you?

It's not like there's one single tool that you always need. There are too many facets to my work for that. It's more likely that you're constantly going to need certain combinations of tools. If I'm going to trim a hedge, for example, I need a hedge trimmer and a leaf blower. For tree maintenance, on the other hand, pruning shears and a chainsaw are a good pairing.

What do you expect in general from the tools you work with, and what role does sustainability play for you?

I expect strong and consistent cutting performance from my tools, even after working with them for extended periods of time in day-to-day use. My goal is to use tools that don't have to be replaced after a short time, which I don't think is particularly sus-

tainable, by the way. That's why it's important for manufacturers to have a strong network of authorized dealers where you can get the equipment regularly serviced and repaired. I have to be able to rely on my tools – that's what it all comes down to. We've been using tools from STIHL for a long time now, and our experience with them has always been good.

Let's take a look into the future: How do you think outdoor power equipment needs to evolve going forward?

Since I have a clear preference for battery-operated tools because I find them easier to work with, I would like to see them get even lighter. A plug-in attachment system for hedge trimmers that would make it easy to flexibly change out guide bars would also be very useful. You need a different guide bar for basic pruning than for precise trimming and contouring. Being able to do both with just one tool would help conserve resources as well.



STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

German engineering as a driver of innovation

Time matters ☑

> Promoting biodiversity

The many sides of biodiversity ☑

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

PROMOTING BIODIVERSITY

As a family-owned business with roots in forestry, STIHL is indelibly linked with nature. Our products are made for working with and in nature. Protecting sensitive ecosystems is a matter of the utmost importance to us. That is why it plays a pivotal role in 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. To help the users of our products also keep an eye on biodiversity, we provide appropriate guidance on their use in our user manuals and in tips and recommendations available on our website and through authorized dealers. We plan to step up our efforts going forward and develop additional communication measures in 2022.

More focus on biodiversity-friendly products

We want to do an even better job of understanding how ecosystems are connected. To this end, we are working with universities and institutions, establishing partnerships, and seeking exchange with experts in this field. We are continuously incorporating insights from our efforts into product development and minor model updates, as well as into product and customer communication materials. In 2020, for example, we partnered with the University of Hohenheim to conduct a scientific study of how robotic lawn mowers influence the development of grass as a natural habitat. The findings of the study offer specific recommendations for garden owners that we have made available to the general public through active media relations work. We are also supporting research at the University of Oxford that explores technical solutions that may reduce the risk of injury to animals such as hedgehogs.

As part of our sustainability strategy, we are developing a biodiversity concept for specific customer groups. To this end, we initiated a project in 2021 that aims to investigate the challenges associated with biodiverse farming. One of the topics is the impact that the implementation of new legal regulations and the rollout of the European Union's biodiversity strategy will have on local governments and the forestry community. The project is a cooperative effort involving STIHL, the Institute for Applied Material Flow Management (IfaS), and the German cities of Losheim am See (Saarland), Pirmasens (Rhineland-Palatinate), and Waiblingen (Baden-Württemberg).



STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

German engineering as a driver of innovation

Time matters ☑

> **Promoting biodiversity**

The many sides of biodiversity ☑

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

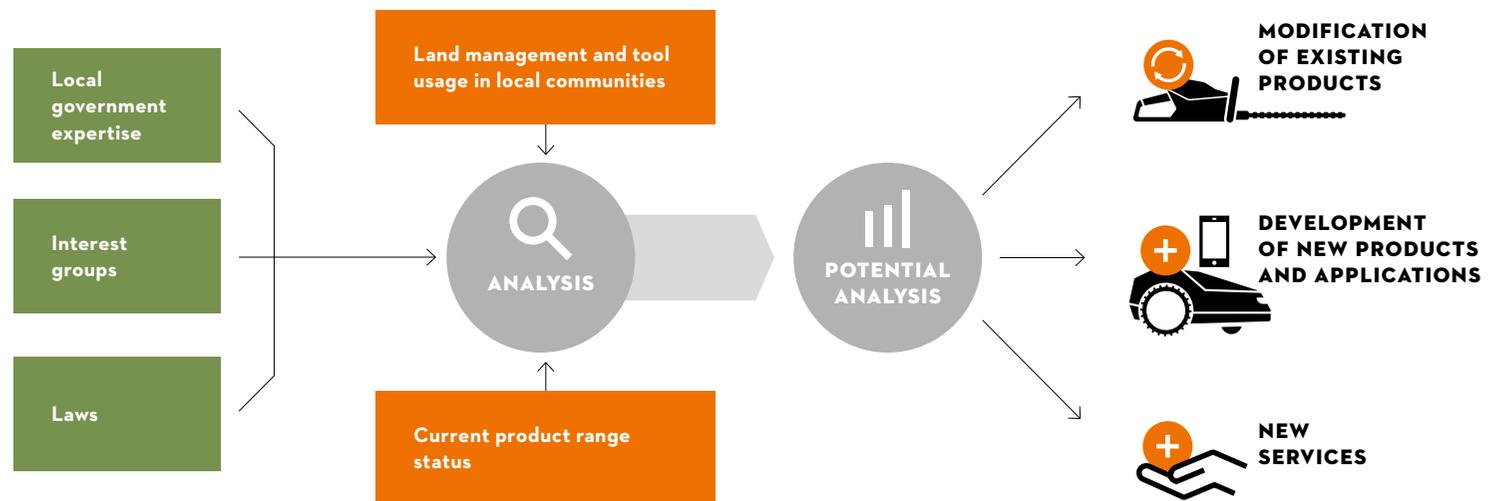
Together, our aim is to analyze the potential offered by biodiversity-optimized agriculture and the ways in which a business like STIHL can provide support through products and services. When selecting project partners, STIHL made a conscious decision to work with three cities that share the same requirements despite the differences in their economic and ecological circumstances. The cities play an important role in the project by delivering practical, real-life findings for the analysis and development of measures – along with valuable insights for the future biodiversity-focused development of the product range at STIHL. The first step in the project involves an analysis of our products and the creation of profiles for the most important product groups to provide information concerning their positive or negative effects on biodiversity in consultation with independent experts. Specialists and associations will contribute additional material aspects to this analysis. The project is set to last two years.

More biodiversity at STIHL facilities

Alongside our product range, we intend to set a good example and encourage biodiversity at STIHL Group facilities across the globe. To this end, we plan to launch a Group-wide biodiversity check in 2022 that can also be extended to our supply chain.

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

BIODIVERSITY AS A DRIVER OF INNOVATION





STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

German engineering as a driver of innovation

Time matters

Promoting biodiversity

> The many sides of biodiversity

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

THE MANY SIDES OF BIODIVERSITY

Biodiversity starts at home. Awareness of the issue is on the rise among cities and local governments, which face the challenge of managing a wide range of different habitats. They also have a tremendous opportunity to make such spaces more attractive for bees and other organisms. A look at three German cities and what they are doing.



LOSHEIM AM SEE
SAARLAND

Losheim am See is famed for its idyllic reservoir.

Measuring approximately 97 square kilometers, the municipality of Losheim am See lies nestled in the Saar-Hunsrück Nature Park. Its lake, various excellent hiking trails, and picturesque

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

German engineering as a driver of innovation

Time matters 🗨

Promoting biodiversity

> **The many sides of biodiversity** 🗨

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

setting in the Schwarzwälder Hochwald natural area – with vast mixed beech forests, idyllic valleys, and streams – make Losheim am See a popular tourist destination. The parks and green spaces team from the municipal facilities management office works hand in hand with the city’s department of environmental and municipal development to take care of the recreational areas, parks, and other green spaces along the lake, as well as curb strips, street trees, and cemeteries. The team also keeps Losheim am See’s network of hiking trails and bike paths in shape. Two forest rangers and a team of foresters are responsible for the city’s forests and wooded areas. Werner Ludwig, the head of the municipal department of environmental and municipal development, has a clear picture of his priorities regarding the maintenance and management of the wide range of natural habitats in the city: “As a city, we have to lead by example when it comes to preserving and fostering biodiversity in our municipal habitats. That is why the environmental management, forestry, and facilities management teams always work hand in hand to find practical, feasible solutions.”

»Our goal is to combine efficient management and care with protecting natural habitats.«

WERNER LUDWIG
Head of the municipal department of environmental and municipal development in Losheim am See



Sustainable park and open-space management has long been a passion for the people of Pirmasens, the southwestern German city on seven hills. This commitment has already earned it the Spar-Euro prize for money-saving solutions and the StadtGrün naturnah seal for eco-friendly open-space management. The city oversees more than 100 hectares of parks, playgrounds, and sports fields – and caring for those spaces costs money. To keep these costs to a minimum while ensuring an appealing natural environment, the city has taken a host of measures that have allowed it to save some 100,000 euros a year in staffing and energy expenses. As part of its own biodiversity strategy, Pirmasens is constantly breathing new life into its open-space and park management concept. Representatives from conservation and environmental organizations, schools and kindergartens, employees of the city’s parks and cemeteries department, local politicians, and active citizens have all come together to take part in a dedicated working group. Thomas Iraschko, head of the city’s business and services division, explains: “Transforming public spaces in line with nature-focused concepts is always associated with a new way of thinking in government, policy, and the general public. In Pirmasens, we have succeeded in putting together a ‘green package’ that allows us to encourage steps toward sustainability, thanks in no small part to the close cooperation between municipal institutions and citizens.”

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

German engineering as a driver of innovation

Time matters 🗨

Promoting biodiversity

> **The many sides of biodiversity** 🗨

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES



WAIBLINGEN
BADEN-WÜRTTEMBERG

The bee information center in Waiblingen is a place of learning.

Located deep in the south of Germany, Waiblingen is part of a vibrant metropolitan area and is an important hub of industry. Major traffic arteries such as the B 14 and B 29 national highways, along with public transit links, help keep the county seat of the Rems-Murr administrative district connected within the greater Stuttgart region. Surrounded by hillside vineyards, the city stretches along the Rems river. With once-pervasive native species such as partridges and lapwings now all but gone, the city of Waiblingen has developed its own biodiversity strategy to preserve the habitats of local animal and plant species in the interest of enhancing quality of life in the area. For years now, the municipal government has been working with local nature conservation organizations to foster biodiversity. Their campaigns range from setting aside open spaces for wildflowers and creating biotopes to handing out free seeds, restoring dry stone walls in hillside vineyards, and organizing the Naturnaher Garten competition to promote a more natural approach to gardening. In 2019, the Remstal-Gartenschau became Germany’s first multicity gardening exhibition to connect 16 towns and cities along the Rems river and raised public awareness of biodiversity in the process. Jörg Kist from Waiblingen’s department of parks and open spaces says: “Protecting habitats is a never-ending task. As a result, we continue to systematically pursue our biodiversity strategy through projects at schools and kindergartens, such as our week-long campaigns to let children experience nature hands-on and our efforts to set up school gardens. That way, we can raise awareness of nature among kids and encourage their interest.”

FOSTERING BIODIVERSITY

Forestry expert Professor Jörg Müller examines biodiversity, forest ecology, and natural conservation as part of his research work. Müller is the deputy director of the Bavarian Forest National Park, where he is in charge of the conservation and research department. He also heads the Department of Animal Ecology and Tropical Biology at the University of Würzburg.



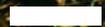
Professor Müller, your research examines topics such as protecting biodiversity in our forests. Why is biodiversity so important?

MÜLLER The diversity of ecosystems, species, and genes has been important to our existence since the dawn of humanity. Even the earliest human settlements were in regions with a wide variety of habitats such as pastures and rivers, which provided food and drinking water. To this day, at least half of the products in a grocery store, for example, are based on various mycological enzymes that account for the wide range of foods available to us. Or think of medicines – a particularly pertinent topic during our current pandemic. We deprive ourselves of the foundations of life when we lose certain things. You can quantify that too and calculate the pollination output of wild bees in euros, for example. But I’m not a fan of breaking everything down into monetary costs. ...

➤ YOU CAN READ THE COMPLETE INTERVIEW ON OUR **WEBSITE**



ENVIRONMENT



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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

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As a manufacturer of chainsaws and outdoor power equipment, STIHL maintains a special relationship with the environment. We remain true to our roots and are dedicated to protecting nature and the climate within our scope of influence. Our aim is to keep the environmental impact of our activities and products to a minimum while conserving resources.

As a business that manufactures and sells products globally, STIHL is subject to a host of environmental protection regulations. We are committed to complying with those statutory requirements, including the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the EU’s Restriction of Hazardous Substances Directive (RoHS). Our internal environmental and quality standards often go beyond the rules set by legislators. We keep the use of hazardous substances to an absolute minimum. Where their use is necessary, we act with tremendous care, comply with legal guidelines, and make every effort to minimize the impact on the environment.



In keeping with our mission to go above and beyond the applicable legal requirements, we plan to draw up an inventory of all critical process chemicals in 2022. By 2025, we will develop an action plan that aims to reduce the use of hazardous process chemicals such as biocides (which can be found in cooling oils and process water) in our own processes and in our supply chain. Doing so will enable us to make a contribution to the United Nations target of achieving environmentally sound management of chemicals (SDG 12).

All of our production companies worldwide have a certified environmental management system in line with ISO 14001, with all of our German locations having already undergone EMAS evaluation starting in the 1990s. Production companies are subject to ISO 14001 recertification every three years. External audits are conducted every year, and internal audits take place on a regular basis. The German locations were most recently recertified in 2021. Their current certification will remain valid until 2024. Every production plant has a local environmental officer who is responsible for compliance with legal requirements, standards, and guidelines.

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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

Water and effluents

Water is required in manufacturing for cleaning and cooling and for other processing stages. We make every effort to optimize the use of all resources. During some of our manufacturing processes, water is mixed with chemicals to act as a cleaning agent or to finish surfaces. The resulting effluents are treated in accordance with the latest regulatory requirements before being released into public wastewater collection systems. At the STIHL plant in São Leopoldo, Brazil, for example, industrial wastewater undergoes treatment in the facility's own chemical and physical wastewater treatment system. Installing the system has made it possible to significantly reduce the amount of chemicals needed to treat water. Effluents are collected and treated, allowing them to be reused several times within the process chain, thereby minimizing the total quantity of water required.

In 2021, production companies Group-wide extracted a total of around 630,000 cubic meters of water (previous year: 568,000 cubic meters).

We plan to further enhance our reporting of water-use data in the future.

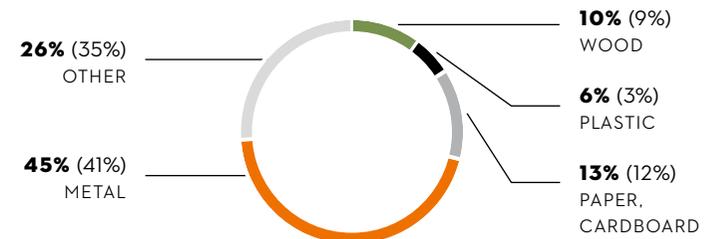
Waste

The main types of waste generated at STIHL are packaging, wood, metal, and plastics. Hazardous waste, such as used oil or slurry containing metals, is generated to a lesser extent. All hazardous waste is disposed of properly. The waste hierarchy under our waste management strategy consists of prevention, recycling, and disposal. Once generated, waste is sorted, reused or recycled (if possible), or properly disposed of. STIHL employees regularly receive information about waste through various channels and undergo awareness training. The founding company in Waiblingen, for example, introduced an improved waste-separation concept at its offices in 2021.

WASTE¹
IN METRIC TONS – VALUES ROUNDED

	2021	2020
Total waste volume	56,200	49,000
Of which hazardous waste	7,300	7,900

WASTE BY MATERIAL
(PREVIOUS YEAR IN PARENTHESES)



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

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PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

Energy and climate change mitigation

We intend to take an active approach to climate change mitigation and support the target defined in the Paris Agreement of limiting global warming to no more than 1.5 degrees Celsius. In 2020, we set the goal of becoming a climate-neutral business in the long term. That is why we have adapted our climate targets to match those stated in the Paris Agreement. Our climate change mitigation activities are our contribution to the United Nations Sustainable Development Goal “Climate action” (SDG 13).

Our initial focus is on reducing energy consumption within our value chain, which we can influence directly. This includes direct Scope 1 emissions under the Greenhouse Gas (GHG) Protocol. 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 also take indirect Scope 2 emissions (from electricity and district heating) into consideration (see “The path to climate neutrality,” page 40).

In Germany, our locations (the founding company and its eight plants, STIHL direct GmbH, STIHL Digital GmbH, SDP Digitale Produkte GmbH, STIHL International GmbH, and the distribution center in Dieburg) have been climate-neutral thanks to offsetting of Scope 1 and 2 emissions since January 2021. The international production companies are set to follow in 2022. From 2023 on, the international sales companies will also achieve climate neutrality through carbon offsetting (Scope 1 and 2). As a result, we will achieve our target well ahead of the original deadline of 2028.

FROM PLASTIC TO CARDBOARD – RETHINKING PACKAGING

In 2021, we launched a project to take a critical look at our packaging. The packaging used for brushcutter mowing heads was converted from largely plastic to entirely cardboard in an initial pilot project, helping reduce the use of plastic, simplify transport, and make the overall process more resource-efficient. Our customers also benefit from packaging that is easier to open and close. We plan to continue exploring further options for environmentally friendly packaging in 2022 by setting concrete targets for reducing plastic packaging and the use of resources in existing packaging. Doing so will allow us to make a contribution toward substantially reducing waste generation, a target under the United Nations Sustainable Development Goal “Sustainable consumption and production” (SDG 12).

Emissions occurring in the upstream and downstream value chain (Scope 3) are not something we can influence alone. Here too, however, we are pursuing the lofty goal of bringing these emissions into line with the targets of the Paris Agreement and the national targets in Germany. Including both our suppliers and our products in our plans will be essential. We will also identify specific potential for reduction and define targets for Scope 3 emissions in 2022. The lion’s share of Scope 3 emissions is attributable to the use phase of our products. We have already calculated product carbon footprints (PCFs) for initial product groups to serve as an example. The calculation involves determining the environmental footprint in CO₂ equivalents in every life-cycle phase.

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PEOPLE

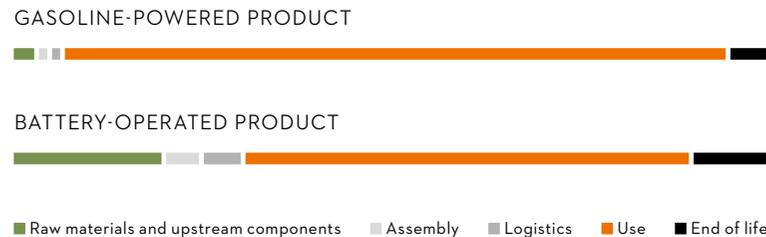
SOCIETY

ADDITIONAL DISCLOSURES

As in the transportation sector, the use phase accounts for an average of 60 to 90 percent of our product portfolio's emissions. Battery-operated products tend to lie on the lower end of that scale, depending on the local electricity mix. We will gradually build up our data set, with the findings to be included in a product development decision matrix going forward.

We plan to have our climate targets reviewed in 2022 as part of our efforts to join the Science Based Targets initiative (SBTi), which will give them a scientific foundation. In 2022, we also intend to analyze the impact of climate change on our business model and our Group member companies.

ILLUSTRATIVE CO₂E FOOTPRINT COMPARISON IN VARIOUS LIFE-CYCLE PHASES FOR GASOLINE-POWERED AND BATTERY-OPERATED PRODUCTS
INDEXED AT 100, NOT BRAND OR PRODUCT-SPECIFIC



THE PATH TO CLIMATE NEUTRALITY

We will focus on the following pillars in our mission to achieve climate neutrality (Scope 1 and 2):

1) Energy efficiency

We are committed to a 40 percent increase in energy efficiency by 2030, as compared to 2019. In 2019, our energy intensity per 1 million euros in revenue stood at 197.8 MWh. In 2021, that same figure stood at 188.0 MWh. We are currently putting together a catalog of measures to help us achieve our goal. Against this backdrop, detailed analyses were conducted at our plants in 2021, with efforts being made to identify appropriate potential for savings. These analyses are now being evaluated to draw up master plans for buildings and systems. Initial individual measures are being planned and taken at various plants on the basis of the insights gained during analysis. The focus is on rolling out new technologies, for instance one allowing optimized use and distribution of process heat.

2) Energy generation

STIHL will systematically expand the localized, in-house generation of energy from renewable sources through technologies such as solar arrays.

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PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

3) Renewable sources of electricity

In countries in which renewably sourced electricity is available through public power grids, we will purchase renewably generated electrical energy to power STIHL's operations. At our German locations, we have exclusively purchased ok-power-certified green electricity since January 2021, allowing us to cut our energy-related greenhouse gas emissions in Germany roughly in half. In 2022, production companies worldwide will also be making the switch to 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.

4) Carbon offsetting

In general, we believe in the principle that reducing emissions comes before offsetting them. Currently unavoidable emissions are offset 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). In 2021, we offset roughly 19,800 metric tons of CO₂ emissions, providing support to a climate protection project in the Rwandan district of Gatsibo (Africa). The project funds the building of drinking water wells, along with the introduction of efficient cooking stoves, and makes an important contribution to protecting the environment, improving the health of the local population, and maintaining biodiversity.

Going forward, we will promote the advancement of ways of storing CO₂ rather than offsetting it. To this end, we reviewed an initial project in 2021 that is scheduled to begin in 2022 in cooperation with Fairventures and will allow us to start gathering experience in this field.

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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

ENERGY CONSUMPTION AND EMISSIONS

Our production networks in Germany maintain an ISO 50001-certified energy management system. Today, efficiency measures are already helping us consistently save energy and costs.

The lion's share of our energy consumption and greenhouse gas emissions is attributable to electricity consumption (Scope 2 under the GHG Protocol), which is primarily needed for production processes. A significant proportion of energy consumption and emissions (Scope 1) originates in the use of natural gas to heat buildings. Of the total energy consumption (Scope 1 and 2) of roughly 514 GWh in 2021 (previous year: 456 GWh), approximately 65 percent was attributable to electricity, with around 32 percent relating to natural gas. The nearly 13 percent rise in energy consumption in the reporting year resulted from an increase in production volume. Energy intensity (per 1 million euros in revenue) increased by a significantly smaller margin in 2021 to stand at 188.0 MWh (previous year: 179.6 MWh).

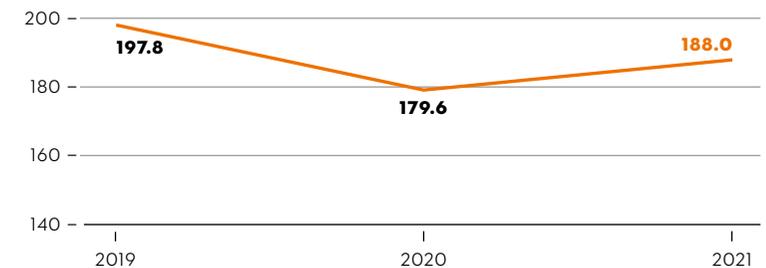
The switch to renewable sources of electricity in Germany raised the proportion of electricity from renewable sources as a percentage of total electricity needs to around 48 percent in 2021 (previous year: 23 percent). The STIHL companies in Austria and Brazil have been meeting their individual electricity needs from renewable sources for some time now. As a result, the CO₂ emissions from electricity consumption fell to 55,060 metric tons in 2021 (previous year: 66,450 metric tons), which made a substantial contribution to reducing overall CO₂ emissions by 6.8 percent.

➤ A SELECTION OF ENERGY-SAVING MEASURES CAN BE FOUND ON OUR [WEBSITE](#)

ENERGY CONSUMPTION¹
IN GWH – VALUES ROUNDED

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

ENERGY INTENSITY¹
IN MWH PER 1 MILLION EUROS IN REVENUE



¹ Including STIHL direct GmbH, STIHL Digital GmbH, SDP Digitale Produkte 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 Gasoline, diesel, and LPG for stationary and mobile applications.

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PEOPLE
SOCIETY
**ADDITIONAL
DISCLOSURES**

In line with energy consumption, emissions of CO₂ equivalents at German STIHL locations and at international production companies in 2021 stood at 93,840 metric tons in total (Scope 1 and 2 under the GHG Protocol, previous year: 100,740 metric tons). Of that amount, roughly 19,800 metric tons were offset.

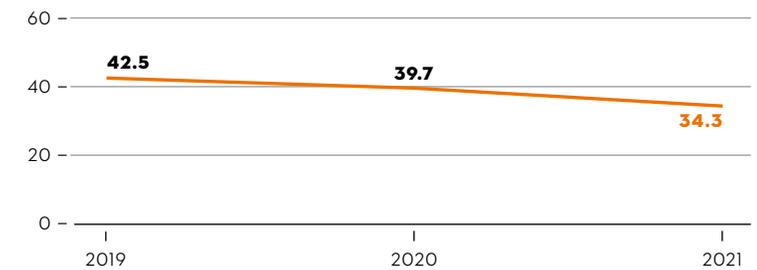
GREENHOUSE GAS EMISSIONS¹
 IN METRIC TONS OF CO₂E – VALUES ROUNDED

	2021	2020	2019
Natural gas emissions	32,570	28,680	27,210
Heating oil emissions	1,510	1,180	900
Fuel emissions	3,300	3,340	3,720
Coolant emissions	1,310	790	1,860
Total direct emissions (Scope 1)	38,690	34,170	33,690
Electricity emissions	55,060	66,450	58,690
District heating emissions	90	120	60
Total indirect emissions (Scope 2)	55,150	66,570	58,750
Total emissions (Scope 1 and 2)	93,840	100,740	92,840
Of which offset	19,800 ²	0	0

¹ Including STIHL direct GmbH, STIHL Digital GmbH, SDP Digitale Produkte 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 Digital GmbH, SDP Digitale Produkte 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.

EFFICIENCY HUNTERS

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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

Our goal for 2030? To cut energy consumption by at least 40 per cent compared to 2019. That is no easy task for overall project manager Uwe Boßmann. After all, the efficient use of materials, efforts to save energy, and a visionary approach to designing buildings and spaces are already par for the course at STIHL today. At the STIHL magnesium diecasting plant in Weinsheim, Germany – one of the largest and most modern of its kind in Europe – a 160-meter tunnel is just one of the elements helping the company come one step closer to this goal.

During a visit to Weinsheim, Uwe Boßmann finds himself standing in the mechanical room of the new, 6,000-square-meter production building, where he checks the pipes. “The heating system itself, though, isn’t actually located in the mechanical room,” says Boßmann. Jörg Marxen, who oversees energy efficiency projects for building infrastructure at the magnesium diecasting plant, explains why that is: “A separate heating system isn’t necessary here. That’s because our compressed-air system, which supplies the entire plant with compressed air, generates a lot of waste heat. Our entire production logistics zone can be fully heated through heat recovery using compressors. That allows us to save almost 400,000 kilowatt-hours of energy a year.” The greatest challenge? The compressed-air system is located at the other end of the plant. “While we were building the logistics space, we also dug out an underground tunnel through the center of the plant last year that would allow us to take the waste heat produced by the compressed-air system – over 1 million kilowatt-hours a year – and direct it to where it is needed,” Marxen adds.

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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

Project manager Uwe Boßmann (left) in the mechanical room of the production logistics facility at the Weinsheim plant. Jörg Marxen (right) inspects the pipes in the tunnel.



»That will let us boost our energy efficiency by a substantial margin in terms of building infrastructure.«

JÖRG MARXEN
Responsible for plant technology and infrastructure

Today, waste heat keeps the production logistics team warm and is used to heat water for the cafeteria and staff locker rooms, helping save an additional 130,000 kilowatt-hours a year. Project manager Marxen sees tremendous potential for the future: “At 2.3 by 2.5 meters, we made the tunnel a little more generously proportioned so that we could gradually create an entire network that would allow us to distribute and keep using the excess energy released during our production processes throughout the entire plant. That will let us boost our energy efficiency by a substantial margin in terms of building infrastructure.”

Efficient burners for melting magnesium

Besides heat for indoor spaces, the production of the various magnesium parts made by the plant also has an impact on the need for energy in Weinsheim. The manufacturing process is energy-intensive. That is because the magnesium alloys first have to be melted down at a temperature of around 630 degrees Celsius before they are cast into molds under tremendous pressure. During his tour of the plant, Boßmann has an opportunity to see for himself how enhancements to the furnace are helping increase energy

efficiency by roughly 50 percent. After stopping to inspect some of STIHL’s diecasting equipment, Thomas Jardin, who heads up the project, explains how it works: “Using a gas burner, the magnesium is heated in a crucible inside the furnace. The recuperators are the key to saving energy: They use the hot incoming exhaust to heat the freshly aspirated combustion air to 450 degrees Celsius before it makes its way into the furnace and to the burner. This recuperative preheating helps save a tremendous amount of fuel.”

In combination with improved, state-of-the-art furnace isolation and optimized furnace control technology, the approach makes it possible to save roughly 400,000 kilowatt-hours of energy in total every year, depending on the furnace system. The reduction in gas consumption prevents some 80 metric tons of CO₂ emissions a year for each furnace. “That saves a total of roughly 480 metric tons of CO₂ a year just on the older diecasting equipment that has already been retrofitted with recuperators,” Jardin says. “We will be equipping the remaining systems with recuperators this year and next, which will save another roughly 600 metric tons of CO₂ a year. They’re already standard in each new furnace. I could even imagine gradu-

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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

ally converting the burner systems from natural gas to hydrogen or alternative gases in the future to further improve our magnesium diecasting technology’s climate footprint.”

More energy efficiency throughout the STIHL Group

By partnering with external energy experts to conduct a potential analysis, the project team has identified further opportunities to make the entire STIHL Group more energy-efficient in Weinsheim and beyond – and to help us achieve our target of increasing energy efficiency by 40 percent between now and 2030. As Boßmann explains: “Our projects are more or less based on three pillars that feed into each other. First, we have our eyes on making production more efficient by optimizing our processes and machinery, just like we have here in Weinsheim with our magnesium diecasting equipment. We’re also focusing on the buildings and infrastructure surrounding the machinery. Sensible, better-coordinated building management with regard to heating and heat use, compressed air, cooling water, lighting, and ventilation offers a host of additional ways to increase efficiency.” The efficiency potential that Boßmann and his team have identified will help the company save money, even if implementing their recommendations requires significant investment at first. The projects save energy and all make financial sense in the long term.

Modernizing the ventilation system at the largest STIHL plant in Waiblingen, Germany, and adapting its control technology so that it operates according to current needs, for example, has the potential to save around 500,000 kilowatt-hours a year. In fact, the planned optimization of heating and cooling technology could even help save over 1 million kilowatt-hours of energy. By reducing gas consumption, that works out to 5,000 metric tons less of CO₂ every year.

Boßmann: “We also need to increase awareness of energy consumption overall, which is the third pillar of our project. By being energy-conscious, every single one of the 19,000 employees within the STIHL Group has the potential to be an efficiency hunter. Together, we can make a big difference.”



The magnesium diecasting system’s recuperators save around 80 metric tons of CO₂ a year. Thomas Jardin explains how it works.



40%

INCREASE in energy efficiency by 2030

ENERGY-SAVING POTENTIAL OF NEW EFFICIENCY PROJECTS AT THE FOUNDING COMPANY IN WAIBLINGEN (SELECTION):

- Roughly 500,000 kilowatt-hours a year: modernizing the ventilation system in production and incorporating control technology that lets it operate according to current needs
- Over 1 million kilowatt-hours a year: optimizing cooling and heating technology to save 5,000 metric tons of CO₂ a year through lower gas consumption

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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

THE POWER OF FORESTS

Tropical rain forests are home to the greatest biodiversity on earth. More species of trees can usually be found in one hectare of tropical rain forest than in the entire Northern Hemisphere. Around 50,000 of the roughly 60,000 species of trees known to us are native to the tropics, as are countless types of animals, fungi, and plants. Together, they form a unique and precious ecosystem that is in greater need of protection than ever before.

STIHL has its roots in forestry. That is why we feel a particular sense of obligation to the forests of this earth and are taking action. We condemn illegal tree felling, as well as large-scale forest clearances by fire or heavy equipment – and not only in tropical rain forests. We are 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 United Nations Sustainable Development Goal “Life on land” (SDG 15).



WORKING TOGETHER TO PROTECT RAIN FORESTS

By supporting reforestation and forest management projects on a global scale that focus on socially and environmentally responsible use, STIHL strives to help efforts to mitigate the damage already done to tropical rain forests. Among the initiatives we support are Instituto Floresta Tropical in Brazil and the National Greening Program in the Philippines.

Actively involving local populations is essential to providing long-term protection from further destruction. Some of the already degraded land has to be restored through selective and sustainable management in order to make the maintenance and reforestation of tropical rain forests a common interest.

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. The projects are rolled out and overseen in partnerships rooted in trust to ensure long-term success for all involved. We promote and encourage an approach to using resources that helps maintain the stability, natural regenerative capacity, and other key characteristics of forests. This combination is the key to preserving the ecological, economic, and social potential of tropical rain forests.

➤ READ MORE ABOUT BRAZIL:
INSTITUTO FLORESTA TROPICAL (IFT)

➤ READ MORE ABOUT THE PHILIPPINES:
REPUBLIC OF THE PHILIPPINES: NATIONAL GREENING PROGRAM



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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

100 MILLION TREES FOR BORNEO

In 2014, Fairventures set out to support small farmers in Indonesia by providing 1 million trees for Borneo. Their mission was a success – thanks to help from STIHL. But that milestone was just the start for the Stuttgart-based non-profit organization and is the inspiration behind a far more ambitious goal: providing 100 million trees for Borneo.

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PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES



The approach is as simple as it is brilliant: Fairventures helps small farmers in Borneo replant degraded, deforested areas with local, fast-growing trees while leaving space in between for them to cultivate crops such as coffee, fruits, or nuts. “We are linking agriculture and forestry to form one system,” says Johannes Schwegler, the Executive Director of Fairventures. “That’s why it’s called an ‘agroforestry approach.’ The major advantage is that it not only helps ensure food security for the people living there, but also allows them to tap into new sources of income – without destroying the rain forest or encouraging the further spread of monocultures such as palm oil plantations.” Reforestation relieves the pressure on the remaining forests still in existence, which play an essential role in protecting biodiversity and the habitats of the endangered orangutan. The gradual storage of nutrients also helps improve soil and water quality.

Trees to store CO₂

The trees capture CO₂ from the atmosphere as they grow and are already mature enough for harvesting after just seven years. Farmers are then able to sell the wood, helping relieve the pressure on the primary rain forest.



The seedlings of the fast-growing tree species are grown in nurseries. Johannes Schwegler (bottom right) during a visit to a tree nursery in Borneo.



»Lots of young people really like working with the STIHL tools. They make farming attractive and help mitigate rural flight.«

JOHANNES SCHWEGLER
Executive Director, Fairventures Worldwide

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ENVIRONMENT

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SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES

STIHL IS A LONG-STANDING PARTNER OF FAIRVENTURES

and has been supporting the projects in Borneo and Uganda since 2017 and 2018 by providing funding, expertise, and tools, from brushcutters and earth augers to chainsaws – always with the appropriate protective equipment and user training. Having the proper know-how and tools helps ensure efficient and sustainable land management.



“Sengon trees sprout buds along the stump immediately after felling, allowing their growth to begin anew,” Schwegler says.

The results so far are impressive: More than 3 million seedlings have been distributed to over 1,300 small farmers, helping to reforest more than 800 hectares of land. The seedlings are bred at tree nurseries, while farmer field schools teach small farmers the theoretical and practical basics. A specially developed smartphone app tracks their planting and growth. Schwegler: “We will expand the project to additional degraded land in the near future to speed up our efforts toward achieving the goal of 100 million trees. After all, climate change isn’t going to wait for us.”

Additional Fairventures project in Uganda

Inspired by the success of the approach in Borneo, Fairventures has set up an additional project region in the African country of Uganda. The initial goal is to plant 1 million trees. Since the start of the project, over 270,000 seedlings from a network of local tree nurseries have been distributed to some 2,300 small farmers who were won over by the concept.



Planting in Uganda: Through teamwork, hundreds of seedlings have been planted on degraded land near the capital city of Kampala.



➤ MORE ON **FAIRVENTURES**

▶ EXPLORE OUR PROJECT REGION IN BORNEO IN AN **INTERACTIVE, 360-DEGREE VIDEO**



SUPPLY CHAIN

STIHL GROUP
AND STRATEGY

PRODUCTS AND
INNOVATION

ENVIRONMENT

SUPPLY CHAIN

> Taking responsibility

The long haul

PEOPLE

SOCIETY

ADDITIONAL
DISCLOSURES

TAKING RESPONSIBILITY

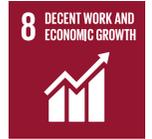
Our responsibility does not end at our plant gates. In our partnerships with over 10,000 suppliers worldwide, STIHL demands responsible labor and business practices in every respect, as well as environmental protection and transparency throughout the supply chain. Together with the companies that supply the companies of the STIHL Group, we are creating an optimum 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 interest of efficiently consolidating needs and ensuring the supply of commodities and raw materials, the STIHL founding company plays the leading role within the purchasing network and defines the purchasing strategy for the entire STIHL Group. Its duties are set out in internal guidelines and standards to ensure standardized processes and procurement principles. The director of purchasing reports directly to the STIHL AG Executive Board member for Manufacturing and Materials and works with the responsible senior managers to develop the global STIHL purchasing strategy. Procurement teams consisting of representatives from Purchasing, Quality Assurance, and Procurement Logistics work hand in hand across departmental boundaries to ensure the efficient Group-wide implementation of the strategy and the

procurement principles. Commodity managers oversee procurement and the activities for an entire product group. Leading buyers maintain contact with suppliers, work with the commodity manager to carefully 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 individual markets so as to incorporate specific local requirements and criteria into the product group procurement strategy.

As an international business with production companies across the globe, Group companies make purchases around the world to cover our needs. Within our production network, we strive to procure raw materials and upstream components for manufacturing on the continent where they are processed whenever possible to keep transport distances to a minimum.



STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

> **Taking responsibility**

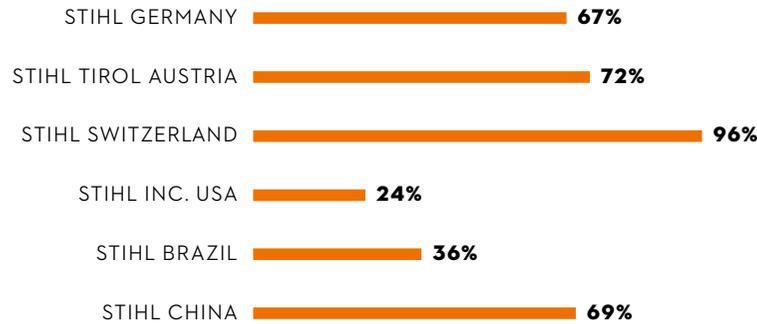
The long haul 🗨

PEOPLE

SOCIETY

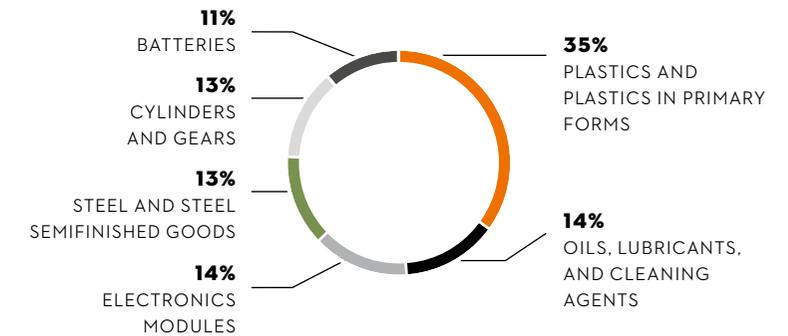
ADDITIONAL DISCLOSURES

LOCAL PURCHASING VOLUME¹ OF PRODUCTION MATERIALS (PRODUCTION COMPANIES ONLY)



¹ Purchasing volume on the continent on which the STIHL production 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

Because we make many key components of our products ourselves, a significant portion of our purchased materials is attributable to raw materials and upstream components such as steel, magnesium, plastic, or electronic modules. Our vertical integration in excess of 50 percent allows us to protect our expertise and manage the individual steps of the production process to ensure STIHL quality. The operation, maintenance, and repair of our equipment, IT services, and technical services account for the lion's share of our indirect purchasing needs.

Between now and 2024, we plan to develop a strategy for raw materials that are critical from an environmental perspective in order to ensure that our products are manufactured with the greatest possible conservation of resources in mind. The goal of the strategy is to make their procurement more sustainable or to find substitutes as soon as possible. In addition, we intend to draw up an action plan by 2025 that aims to reduce the use of hazardous chemicals in our own manufacturing processes and in our supply chain.

**STIHL GROUP
AND STRATEGY**

**PRODUCTS AND
INNOVATION**

ENVIRONMENT

SUPPLY CHAIN**> Taking responsibility**

The long haul

PEOPLE

SOCIETY

**ADDITIONAL
DISCLOSURES**

Fiscal year 2021 sees materials shortages and supply bottlenecks

The STIHL organization faced tremendous challenges in 2021. High demand for our products was paired with difficulties in obtaining important materials. Like other businesses, STIHL had to contend with significant restrictions on availability and supply bottlenecks, especially for components made of steel (such as punched and turned parts) and entire assemblies made out of steel, as well as electronics components and plastics. For quality and testing reasons, it is not always possible to switch to other materials on short notice. However, Manufacturing and Materials succeeded in keeping the impact on our production and on supplying our customers to an absolute minimum, thanks in part to our long-standing and trusting relationships with our suppliers.

Supplier management

We get to decide where we buy our materials, components, and services. We plan to expand our main purchasing criteria (price, quality, and logistics) to include sustainability-oriented aspects. To this end, Quality Assurance launched the Sustainable Supply Chains project in 2020. Its aim is to make sustainability an integral part of supplier management at STIHL. Sustainability already plays an important role when (pre)selecting and onboarding a

potential supplier. Our code of conduct for suppliers is an obligatory element of any supply contract. An international reporting system is in place to continuously monitor and audit existing suppliers. It also helps us support them in stepping up their commitment to sustainability if need be. Suppliers are required to take corrective measures if the annual risk analysis reveals noncompliance with stipulated sustainability aspects. As a last resort, the relationship with a supplier can be terminated if the measures do not produce satisfactory results. For greater transparency and sustainability throughout our supply chains, we started analyzing potentially critical supply chains in 2021. The first three pilot supply chains are magnesium, cobalt, and textiles. Going forward, we will conduct three in-depth investigations of high-risk supply chains every year to derive and implement appropriate improvement processes. To analyze our mineral procurement supply chains, we are working with the Responsible Minerals Initiative (RMI). We joined the initiative in 2021 in order to make the procurement of minerals for our products more sustainable. With over 400 company members, the RMI is a cross-sector organization that is dedicated to promoting responsible mining, handling, and purchasing of minerals around the world.

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

- STIHL GROUP AND STRATEGY**

- PRODUCTS AND INNOVATION**

- ENVIRONMENT**

- SUPPLY CHAIN**

 - > **Taking responsibility**

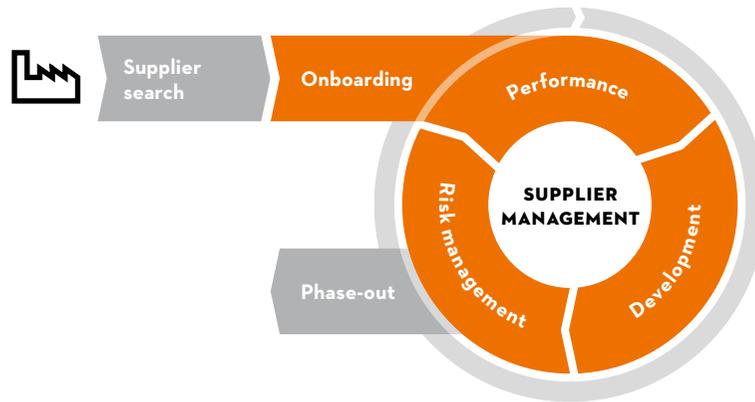
 - The long haul 🗨

- PEOPLE**

- SOCIETY**

- ADDITIONAL DISCLOSURES**

STIHL SUPPLY CHAIN MANAGEMENT



CODE OF CONDUCT FOR SUPPLIERS

The active support of our suppliers is essential to further enhancing sustainability in our supply chains. Back in 2015, we introduced a code of conduct for suppliers. In it, we describe our vision of sustainable and responsible business practices. We expect the companies that supply us to also act in accordance with our principles of corporate social responsibility. The code of conduct 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. The code of conduct has since been reworked with regard to social, environmental, and governance aspects. Now that it has been revised and expanded, it defines even clearer criteria that our partners have to meet.

In addition to full compliance with human rights standards while providing fair and safe working conditions for staff, STIHL now requires its suppliers to exhibit greater 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 aimed at systematically preventing discrimination and corruption as well as ensuring data protection. Forty-five percent¹ of our largest suppliers have already signed the STIHL 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 the global STIHL purchasing organization to receive training to this end. We plan to introduce appropriate control mechanisms such as disclosures and audits to check whether suppliers are complying with the code of conduct.

¹ Production companies only, not including ZAMA Group.

➤ **CODE OF CONDUCT FOR SUPPLIERS**

SUSTAINET

Ensuring sustainable supply chains can be difficult. We have teamed up with seven other companies that face a similarly wide range of challenges to form SustaiNet, a network designed to expedite and enhance the process of building sustainable supply chains through regular exchange among peers. In addition to amassing shared knowledge, members share experiences and discuss progress on a monthly basis. The insights gained through SustaiNet are used to help meet the requirements under the German Act on Corporate Due Diligence in Supply Chains and incorporate sustainability into the company's day-to-day business.



STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

Taking responsibility

> [The long haul](#)

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES



THE LONG HAUL

STIHL and its suppliers act in accordance with applicable human rights standards – as we have from the very start. Engineering management specialist Sarah Kruner and her project team make sure that social and environmental standards are respected throughout supply chains at STIHL, from compliance with human rights guidelines and fair working conditions all the way through to environmental protection.

Ms. Kruner, you are in charge of the Sustainable Supply Chains project. Why is this kind of project necessary, and what are the greatest challenges?

There are nonnegotiable minimum social standards, like the protection of human rights. But environmental aspects are important too. Only by working in tandem with the companies that supply us can we succeed in protecting the environment and using resources sparingly throughout our supply chain. Our project allows us to create the foundation for uniformly incorporating these aspects into our everyday purchasing processes and supplier management approach as deciding factors across the Group. Still, every supply chain comes with a particular set of challenges that can't be tackled using a one-size-fits-all approach.

How do you approach these challenges?

Right now, we're examining three very different pilot supply chains and taking note of our experiences with regard to transparency, risk, and scope of influence. The insights gathered here will enable us to select the right focal points for every facet of our product groups. SustaiNet, which was established by STIHL, helps us in the process. Regular exchange and consultation with other companies allows us to

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

Taking responsibility

> The long haul 🗨

PEOPLE

SOCIETY

ADDITIONAL DISCLOSURES



»Human rights are nonnegotiable minimum standards.«

SARAH KRUNER

Specialist for supply quality process development

find solutions together and create synergy effects while combining our abilities to influence things.

Where exactly do we currently stand in the project, and what steps are next?

Right now, we are in the middle of implementation. We introduced our new, updated code of conduct at the start of 2022. We are currently training our staff and business partners and setting up multipliers to make sustainable procurement a part of everyday life at STIHL. But with over 10,000 suppliers, that isn't going to happen overnight. We have to give the process a bit of time.

What role does the German Act on Corporate Due Diligence in Supply Chains play, which is set to become binding in 2023?

The Act on Corporate Due Diligence in Supply Chains gives us a legally binding framework that defines the requirements for responsible management of supply chains. Our project is

geared toward that, and the milestones are defined accordingly. Thanks to our longer-term focus on sustainable supply chains at STIHL, the law has not caught us off guard. On the contrary, we are very well prepared for its introduction, and we strive to go above and beyond the new requirements. In my opinion, the act helps to steer supply chains toward more sustainability and raise awareness in the public debate. Nevertheless, I think it's important to define a standard legal framework at both a European and global level.

▶ READ THE COMPLETE INTERVIEW ON OUR [WEBSITE](#)

THE GERMAN ACT ON CORPORATE DUE DILIGENCE IN SUPPLY CHAINS IN A NUTSHELL

- 1 THE GOAL**
To improve the protection of basic human rights and the environment while enforcing the ban on child labor in particular.
- 2 WHO IS SUBJECT TO THE ACT?**
From 2023 on: all companies in Germany with more than 3,000 employees.
- 3 WHAT ARE THE KEY ISSUES?**
Companies must take responsibility for their entire supply chain. The requirements are staggered according to internal operations, direct suppliers, and indirect suppliers.
- 4 HOW WILL THE ACT BE ENFORCED?**
Violations of the act may result in fines of up to 2 percent of a company's global revenue for the previous year. In the event of serious breaches, businesses may be excluded from public procurement contracts for up to three years.



PEOPLE

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

> Side by side and hand in hand

People at STIHL 🗨

Mitigating risks

SOCIETY

ADDITIONAL DISCLOSURES

SIDE BY SIDE AND HAND IN HAND

STIHL is a global market leader and a family-owned business. As an employer, we combine the best of both worlds. With our deep roots in a corporate culture built on partnership, benefits, and family-friendly working hours, we give employees the opportunity to grow.

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 staffing changes and the introduction of pension systems, contracts, and compensation rules.

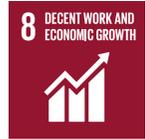
International human resources strategy

The world is changing, and so is STIHL. Human resources has a key role to play to this end. An international human resources strategy was defined in 2020 to make the human resources team a transformation partner that can help drive the company's evolu-

tion. The strategy aims to optimize existing structures, roles, and capabilities in human resources and enable it to meet new demands in the long term. The new direction in human resources also creates a foundation for preparing employees, managers, and executives for the future.

The new human resources strategy focuses on digitalizing processes in human resources (Digital HR) and creating a global HR community with common standards and processes (ONE HR). The Digital HR field of action aims to increase the efficiency of transactions while simplifying and strengthening global evaluation, analysis, and reporting measures. It will also enable employees and supervisors to access data and HR processes on their own. To this end, a project has been launched to coordinate the introduction of a global master data system using the SAP SuccessFactors software. The rollout throughout the STIHL Group is scheduled for completion by the end of 2024.

The ONE HR field of action focuses on combining the individual human resources departments to form a single global HR strategy that is effective on both a local and global level. The approach will be associated with standardized, global processes based on clear strategic guidelines and tools, such as staff development benchmarks, harmonized advanced training opportunities, and a common understanding of leadership. Part of the strategy includes the development of the global STIHL Leadership Principles, which have been gradually rolled out throughout the Group since the end of 2021 in the form of the new STIHL Leadership Academy.



STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

> Side by side and hand in hand

People at STIHL 🗨️

Mitigating risks

SOCIETY

ADDITIONAL DISCLOSURES

Employment within the STIHL Group

As of December 31, 2021, STIHL Group companies employed 20,094 people worldwide (previous year: 18,200). The figures given in this report take into account all German locations (including STIHL direct GmbH, STIHL Digital GmbH, SDP Digitale Produkte GmbH, and STIHL International GmbH), the Dieburg distribution center, and all production companies, including the ZAMA Group. The calculation results in a total headcount of 18,338 (previous year: 16,493), which forms the basis for the disclosure of further performance indicators.

During the reporting period, there were 4,694 new hires (previous year: 3,931), including employees with temporary contracts, apprentices, and students. Temporary agency workers are not included. 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 to 18,338 as of December 31, 2021, is attributable in particular to the positive business performance of the STIHL Group and the expansion of production and development activities in Brazil and China, and at the company's German locations. Roughly 83 percent of the Group's employees have permanent contracts (previous year: 82 percent). Generally, we aim to create safe and secure jobs. In doing so, we make a contribution within our means to achieving the target of full employment, as stated in the United Nations Sustainable Development Goal "Decent work and economic growth" (SDG 8).

EMPLOYMENT WITHIN THE STIHL GROUP AS OF DEC. 31

	2021	2020
Total headcount within the STIHL Group ¹	20,094	18,200
Total headcount within the scope of consolidation ¹	18,338	16,493
Of which apprentices and students	889	768
Average headcount ¹	17,469	15,602
Number of temporary agency workers	715	726

HEADCOUNT BY REGION¹

AS OF DEC. 31, 2021 (PREVIOUS YEAR IN PARENTHESES)



¹ Not including temporary agency workers.

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

> Side by side and hand in hand

People at STIHL 🗨️

Mitigating risks

SOCIETY

ADDITIONAL DISCLOSURES

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

FULL TIME: 15,221 (13,531)

WOMEN  **25%** (24%)

MEN  **75%** (76%)

PART TIME: 557 (565)

WOMEN  **72%** (68%)

MEN  **28%** (32%)

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

WORKERS' RIGHTS

Open and constructive exchange with employee representatives has traditionally been a top priority at STIHL. All STIHL plants in Germany have employee councils, which together form the General Employee Council for the founding company. Work agreements for staff are in place. Local employee representation bodies exist 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 55 percent (previous year: 54 percent) of all staff. By protecting workers' rights, we are making our contribution to achieving the United Nations Sustainable Development Goal "Decent work and economic growth" (SDG 8).

Attractive employer

Fair cooperation in a spirit of partnership with support from colleagues and open communication is a key element of our corporate culture. Long terms of service and low rates of voluntary resignation (excluding retirements) are the norm at nearly all of our locations. Turnover among permanent employees in indirect areas, which refers to staff not employed in production, stood at 3.7 percent for the underlying consolidated group. Due to the low rate, we do not keep records of voluntary resignation by region, gender, or age group.

To foster international cooperation within the overall STIHL Group, we offer employees the opportunity to work abroad. The valuable experience gained with international colleagues at STIHL Group companies in other countries has a positive effect on mutual understanding and collaboration. It also enriches the STIHL Group as a whole.

BENEFITS AND PERKS

STIHL has a tradition of granting voluntary social benefits that go far beyond what is agreed upon through collective bargaining. As an example, employees receive a bonus linked to financial performance at nearly all STIHL companies every year. Employees at the founding company also have the option of taking part in a company pension plan that is financed entirely by STIHL, as well as acquiring profit participation rights within the scope of a stock ownership plan. Depending on the company's success, those participation rights may offer yields as high as 10 percent, allowing staff members to benefit from their dedication and performance by adding to their savings. At STIHL, profit participation rights consist of an employee contribution (one-third) and an employer subsidy (two-thirds).

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

> Side by side and hand in hand

People at STIHL 🗨

Mitigating risks

SOCIETY

ADDITIONAL DISCLOSURES

In addition, a new employment and site-guarantee agreement through the end of 2025 was signed in late 2021. The agreement includes a four-year employment guarantee for core staff at ANDREAS STIHL AG & Co. KG. STIHL has also made a commitment to continue providing extensive vocational training and support to new employees just entering the workforce. The deal continues a successful tradition of significant employment and site-guarantee agreements stretching back more than 20 years.

WORK-LIFE BALANCE

We have taken a variety of steps to accommodate the needs of our employees and help them achieve a better balance between the working world and private life. At most locations, Group member companies work with employees to arrange flexible working models that take childcare, family care, and other personal circumstances into account. Our approach is complemented by local benefits, such as a company day-care center at the founding company and a lactation room for new mothers at our Swiss chain plant.

The coronavirus pandemic has made remote working more common and has highlighted the advantages these types of arrangements for employees and employers alike. Going forward, employees will continue to have the option of contractually agreed work-from-home periods and work-from-anywhere arrangements.

AWARDS

STIHL Brazil has repeatedly been honored with the Great Place to Work seal, which recognizes it as one of the country's best employers. The São Leopoldo company has received particularly high marks for its positive working environment.

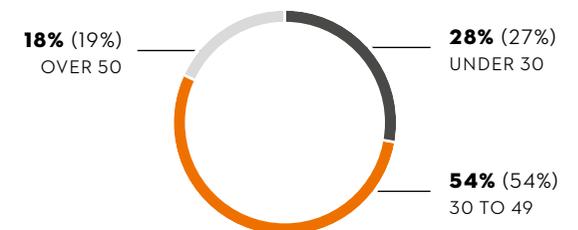
DIVERSITY AND EQUAL OPPORTUNITY

As a global family-owned business, STIHL stands for internationality, transparency, and diversity. We care deeply about empowering our employees to bring their unique 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. It is our aim to enhance transparency regarding nondiscrimination and equal opportunity throughout the Group. In 2022, we plan to define appropriate measures and targets to further foster diversity and inclusion in the workforce.

At the present time, women account for 29 percent of our total workforce within the STIHL Group (previous year: 28 percent). One STIHL AG Executive Board member is a woman. As a result, STIHL has met its own target of having at least one woman on the Executive Board. With three women and three men, the composition of the Executive Board will be equally balanced starting in 2023. Five of the twelve members of the STIHL Supervisory Board are women, exceeding the statutory requirement in Germany of at least 30 percent.

TOTAL HEADCOUNT BY AGE¹

AS OF DEC. 31, 2021 (PREVIOUS YEAR IN PARENTHESES)



¹ Not including temporary agency workers.

**STIHL GROUP
AND STRATEGY**

**PRODUCTS AND
INNOVATION**

ENVIRONMENT

SUPPLY CHAIN

PEOPLE**> Side by side and hand in hand**

People at STIHL

Mitigating risks

SOCIETY

**ADDITIONAL
DISCLOSURES**

Professional development and training

Technologies and markets are subject to constant transformation, necessitating changes in the way we work. Workers face the challenge of adapting to new situations while continuously growing and learning. Because lifelong learning and constant growth are an important part of our culture, we provide employees with a wide range of measures designed to support them.

THE COMPETENCY MODEL

All members of staff 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 these capabilities and tap into new potential. Based on findings from surveys and workshops involving employees and supervisors, the competency model forms the foundation for a common understanding of requirements. It consists of eight fields of competence that relate to specific expertise, as well as motives, attitudes, and values. The scope of these fields of competence ranges from entrepreneurial thought and action to partnership-based leadership and shaping change. The competency model will be phased in at all companies to ensure a consistent approach to talent development and succession planning throughout the STIHL Group.

STIHL LEARNING WORLD

To foster the expertise of our staff and develop new capabilities, we offer an extensive selection of seminars at nearly all STIHL locations. These seminars include internal and external classroom training sessions and a growing number of digital learning opportunities that focus on social and interpersonal skills, methods, project management, and dedicated technical training for employees who manufacture or assemble products. On average, each employee receives roughly twelve hours of professional development a year (previous year: eight). That figure is currently not broken down by gender or employee category in our reporting system. However, we plan to keep records of such data in the future.

The new internal learning management system STIHL HR Online-Training was launched in Germany in May 2020. Employees can use the system to find out about continuing education opportunities and book training activities directly. The system is scheduled for launch at additional STIHL Group companies in the future. STIHL Brazil will gain access to the learning management system in early 2022.

We also offer employees support in completing professional training measures, such as gaining master tradesperson certification or pursuing a degree program. STIHL offers engineers and mechanics who currently work in the gasoline-powered drive technology division training and qualification in the fields of electrical engineering and mechatronics as part of a college-level certification program. The program reflects our dedication to supporting members of staff throughout our transformation and to empowering them to take on new responsibilities at STIHL in areas such as electronics by acquiring knowledge.

**STIHL GROUP
AND STRATEGY**

**PRODUCTS AND
INNOVATION**

ENVIRONMENT

SUPPLY CHAIN

PEOPLE**> Side by side and hand in hand**

People at STIHL

Mitigating risks

SOCIETY

**ADDITIONAL
DISCLOSURES**

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 makes sure to support them with a program of qualifications. While newer managers at the founding company earn a Führungsführerschein, or “license to lead,” experienced managers have the opportunity to reflect on and enhance their current approach in dedicated sessions. Training is rounded out by a STIHL mentoring program that allows long-serving managers to pass on their experience to the leaders of tomorrow. The mentoring program usually lasts twelve months and ensures a long-term approach to fostering talent.

In 2021, STIHL partnered with SGMI 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. The Executive Board has nominated 16 participants for the first leg of the program in 2022.

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. The aim of the surveys is to gain insights into the leadership culture and identify starting 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. The goal is to provide optimal preparation for working in occupations requiring various qualifications and for a successful career at STIHL. We invest worldwide in state-of-the-art apprenticeships and comprehensive training programs. Larger STIHL companies provide “dual” training in the classroom and on the job. In recent years, established training concepts have also been rolled out 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 Chinese plant in Qingdao.

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

Side by side and hand in hand

> **People at STIHL** 🗄

Mitigating risks

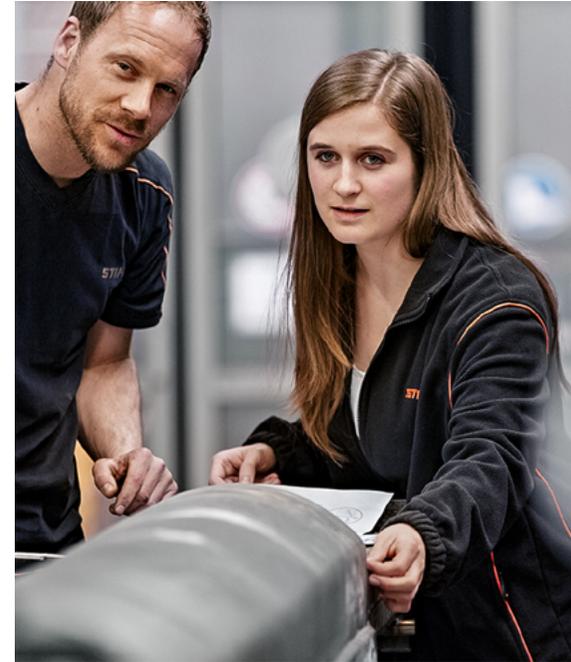
SOCIETY

ADDITIONAL DISCLOSURES

PEOPLE AT STIHL

Enthusiastic and qualified, full of ideas and vision – people who take action and have the courage to break new ground and surpass themselves. These are the people of STIHL.

▶ READ MORE AT WWW.CAREER.STIHL.COM



»At first, I didn't think I stood a chance in this male-dominated field. But the corporate culture embodied at STIHL came as a positive surprise to me.«

ALINE BAUR
Maintenance Planner

»Being part of a global transformation project, working toward a common goal, and blazing new trails is precisely what I'm about.«

ANJA HOLZWARTH
ONE STIHL Program Office



»After working somewhere else for two years, returning to STIHL was like coming home for me.«

RAPHAEL ROJAS
Windows Servers and Client Services Manager

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

Side by side and hand in hand

People at STIHL 🗨

> Mitigating risks

SOCIETY

ADDITIONAL DISCLOSURES

MITIGATING RISKS

As a responsible business, we believe it is our duty to protect and uphold the health of employees across the Group. That is why we care about preventing accidents and promoting occupational health and safety. Our efforts to this end play an essential role when it comes to ensuring the health and safety of all employees while keeping our operations up and running to the greatest extent possible – especially during the coronavirus pandemic.

Organization and responsibilities

All plants of the German founding company, as well as some of our international Group member companies, have an ISO 45001-certified occupational health and safety management system that covers more than 55 percent of the entire workforce. The management system at the founding company was most recently re-certified in 2019. The next recertification is scheduled for 2022. External audits are conducted every year. Processes and directives regarding occupational health and safety for the entire STIHL Group are defined in our internal STIHL guidelines and standards. Overall responsibility lies with the STIHL AG Executive Board

member for Human Resources and Legal Affairs. Executive departments for occupational safety with dedicated specialists who are responsible for compliance and the implementation of legal and external guidelines have been set up at our locations. Safety officers who, in addition to their regular responsibilities, monitor safety and support local executives, managers, and supervisors in implementing occupational safety measures have also been appointed and trained in the divisions.

Accident avoidance and preventive measures

A hazard analysis process for machines and manufacturing activities, including risk assessment, has been defined in our Group directives with the aim of systematically identifying and avoiding potential hazards. Hazard analysis is conducted at each facility by the appointed management and safety officers, who are guided, trained, and supported by occupational safety specialists. Findings from these assessments are incorporated into our targets and planning to further increase occupational safety.

To ensure the safety of visitors and outside companies that work with STIHL, all external individuals who enter one of our plants are briefed on potential hazards, safety measures, and safety rules. Outside companies that provide services at a plant receive specific instructions related to their duties that include local conditions



STIHL GROUP AND STRATEGY
PRODUCTS AND INNOVATION
ENVIRONMENT
SUPPLY CHAIN
PEOPLE

Side by side and hand in hand

People at STIHL

> [Mitigating risks](#)

SOCIETY
ADDITIONAL DISCLOSURES

and regulations as well as the coordination of all work to be carried out at the site. They are familiarized with the company rules and the site-specific safety information and are briefed by their contact at STIHL.

Accidents and incidents are reported to the local occupational health and safety department and investigated on a case-by-case basis in cooperation with the individuals affected. Whenever possible, the employee council is consulted. The investigation examines the hazard analysis, among other factors, and adapts the assessment if need be. Regular evaluation of incidents gives us a basis for identifying new fields of action.

TRAINING AND COMMUNICATION

Informing the workforce and raising their awareness are important tools for promoting occupational health and safety. As a result, all of our employees regularly receive comprehensive training and undergo a safety briefing at least once a year. We also provide a wide range of learning opportunities such as fire drills and seminars on hazardous materials and load restraint as part of our continuing education program. Where necessary, our employees receive special certification in professions such as forklift operator or crane operator. New managers and supervisors must undergo training on occupational safety. In addition, we raise awareness among the workforce through communication measures such as posters, written employee information, or regular contributions to the Executive Board report at company meetings, helping to reinforce the principles of our corporate culture. Our employees can submit their own improvement recommendations using the local idea management system.

WORKPLACE ACCIDENTS ARE RARE

We strive to keep the number of workplace accidents as low as possible. We record all known accidents at STIHL facilities involving STIHL employees, staff from third parties, and other visitors. In 2021, the rate of workplace accidents stood at 4.2 per 1 million hours worked and was therefore roughly on par with the previous year (4.4). As in previous years, we recorded no fatal workplace accidents. We will continue looking into supplementary measures to reduce the accident rate even further in 2022.

WORKPLACE ACCIDENTS

	2021	2020
Total workplace accidents	170	149
Of which employees of STIHL Group companies	144	132
Of which outside workers	22	11
Of which serious workplace accidents (more than 6 months' time lost)	4	6
Of which employees of STIHL Group companies	4	6
Of which outside workers	0	0

ACCIDENT RATE

(STIHL EMPLOYEES ONLY) PER 1 MILLION HOURS WORKED

	2021	2020
Total accident rate	4.2	4.4
Serious accident rate (more than 6 months' time lost)	0.1	0.2

**STIHL GROUP
AND STRATEGY**

**PRODUCTS AND
INNOVATION**

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

Side by side and hand in hand

People at STIHL

> **Mitigating risks**

SOCIETY

**ADDITIONAL
DISCLOSURES**

OCCUPATIONAL HEALTH

Having healthy and satisfied employees is important to us. Nearly all of our global production companies either have company doctors – as is the case at the founding company in Waiblingen, Germany, and at the plant in Brazil – or have agreements with external physicians and occupational health specialists, who look after the occupational health needs of our staff and provide personalized medical support. They also perform regular preventive, occupational health exams, and aptitude tests and provide vaccinations for all members of staff. Annual flu shots have been available free of charge at most of our locations for many years now, with Covid-19 vaccinations also being offered over the past year.

We help employees stay fit. Our occupational health management team provides a wide range of services and offerings depending on the company. We offer staff a variety of opportunities to get up and moving at our locations, from on-site exercise classes to partnerships with local sports clubs and gyms. A variety of consultation and training options on topics such as workplace ergonomics, nutrition, substance abuse, stress management, resilience, and mindfulness are also available, some of them in cooperation with accident insurance providers, health insurance companies, or other outside institutions. Due to the increased use of remote working arrangements during the coronavirus pandemic, STIHL focused on providing training on a healthy and safe approach to working from home.

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

PREVENTING INFECTION DURING THE PANDEMIC

The health of our employees is always our top priority, even during the coronavirus pandemic. As a result, our focus over the past two years has been on enforcing strict and comprehensive measures to prevent infection and promote hygiene. In 2021, we additionally turned our attention to our vaccination campaign, which allowed us to offer employees within the Group Covid-19 vaccinations.

FOR MORE ON OUR EFFORTS TO KEEP STAFF HEALTHY DURING THE PANDEMIC, PLEASE SEE OUR **ANNUAL REPORT**



SOCIETY

STIHL GROUP
AND STRATEGY

PRODUCTS AND
INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

> **Think globally, act locally**

ADDITIONAL
DISCLOSURES

THINK GLOBALLY, ACT LOCALLY

As a family-owned business, a commitment to society is deeply rooted in our corporate values. We stand by our responsibility to the communities where we operate. Through a wide range of alliances, partnerships, and donations, STIHL makes a contribution to positive social development – both globally and locally.

Our commitment focuses primarily on education, health, and society. Numerous STIHL companies around the world cooperate with local educational institutions such as schools and universities and are dedicated to promoting good vocational training and better educational opportunities. We act as a partner toward the communities in which we maintain a presence and support local projects within our means. In and around Waiblingen, Germany, where our founding company is based, we are involved in a variety of regional organizations and associations. For many years, we have worked closely with SOS-Kinderdorf Württemberg, our local SOS Children's Villages facility. Alongside regular monetary and equipment donations, our employees help out by providing volunteer gardening and landscaping services at the children's village. STIHL Tirol has also been supporting its local SOS Children's Village since 2004.

The following examples offer a glimpse into our commitment to society and our many activities around the world:

DEMONSTRATING SOLIDARITY

Since 2020, the coronavirus has been a challenge for the entire world. STIHL has also done its part to protect the health of its employees – and society at large. Starting in the first wave, several STIHL companies donated protective equipment such as safety glasses and face shields to local hospitals, nursing homes, and facilities for people with disabilities. What is more, nearly all STIHL production companies participated in offers to provide STIHL staff with vaccination options. The founding company also allowed the Rems-Murr administrative district's public health doctors to use its company health center to vaccinate people from the region. Our production company in Brazil, for example, found a creative solution to vaccinate employees and their family members against Covid-19 by setting up a drive-through vaccination clinic.

> 4,200 **VACCINE DOSES** were administered at the founding company alone in 2021

READY TO HELP

In mid-2021, several regions of Germany were hit by historic floods. The Weinsheim region, along with our local magnesium diecasting plant and its workforce, was heavily impacted. With a donation of 500,000 euros – the largest in our history – STIHL provided equal

STIHL GROUP AND STRATEGY

PRODUCTS AND INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

> Think globally, act locally

ADDITIONAL DISCLOSURES

financial support to both the Bitburg-Prüm district's local German Red Cross chapter and the German civil protection organization Technisches Hilfswerk. A drive within the founding company was also started to collect money for employees affected by the flooding. The company matched the total of 126,000 euros donated entirely by STIHL staff.

REAL-LIFE INCLUSION

In 2021, STIHL Qingdao (China) partnered with Ru Chang, an educational and vocational institution that brings businesses and people with disabilities together. STIHL China supported ten people with disabilities by providing wages and benefits, opening the doors to vocational training and health services for the recipients. The Chinese company also donated computers and furniture for the Ru Chang training and vocational center.

FOR PEOPLE AND THE ENVIRONMENT

In Brazil, STIHL supports Pró Florescer, a project that offers young people from financially disadvantaged backgrounds an opportunity to undergo prevocational training with a focus on landscape maintenance. STIHL Brazil has been supporting the project since 2015 and donated the equivalent of over 20,000 euros in 2021 alone. Since the partnership started, more than 3,000 young people have received training in gardening. In addition, STIHL has made regular donations of equipment to help ensure the maintenance of Rio de Janeiro's Jardim Botânico since 2008.

FOR THE COMMON GOOD

STIHL Inc. in the U.S. supports local associations and individuals who are committed to charitable causes with annual donations through its Charitable Donations Committee. In 2021, the company

provided the equivalent of roughly 93,000 euros in funding to community service organizations in the Hampton Roads area of southeast Virginia and northeast North Carolina. The funding is used for a wide range of purposes, especially food banks and stable housing. The latter includes donations to charities that provide resources and shelter for homeless families and individuals.

TALENT DEVELOPMENT

In China, ZAMA has been working with Dongguan Technician College and Huizhou Engineering Vocational College for several years. A dual training program has been initiated at local colleges and universities in southern China in cooperation with the German Chamber of Commerce. Ninety students have already benefitted from the project since its launch in 2015. In 2021, ZAMA also donated the equivalent of roughly 12,000 euros to a local school to improve classroom equipment and support the building of athletic facilities, including a soccer field.

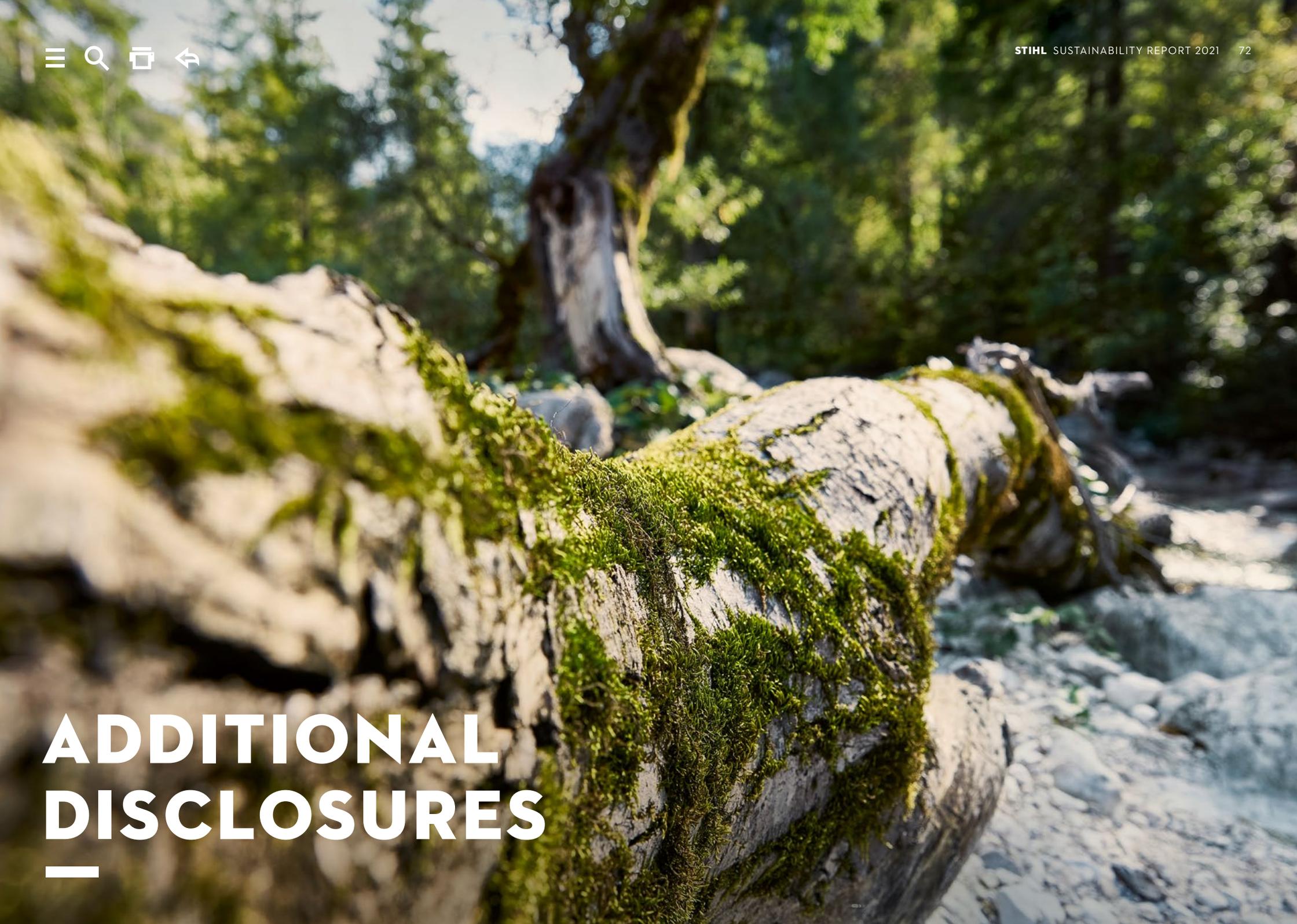
AID THROUGH EXPERIENCE

Our Swiss chain plant is committed to a variety of causes, including assistance for disadvantaged children. Since 2016, the plant has been partners with LIFT, an organization dedicated to helping young people with learning disabilities enter the working world by gaining practical work experience at businesses.

FOCUS ON EDUCATION

STIHL Tirol maintains partnerships with various educational institutions in the region. Since 2015, the company has worked closely with the University of Innsbruck on multiple research projects and as a sponsor. STIHL Tirol also helps support regional schools through joint projects.

ADDITIONAL DISCLOSURES



STIHL GROUP
AND STRATEGY

PRODUCTS AND
INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL
DISCLOSURES

> [GRI content index](#)

Publishing information

GRI CONTENT INDEX

GRI STANDARDS		PAGES	OMISSIONS/REMARKS
GENERAL DISCLOSURES			
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational profile			
GRI 102-1	Name of the organization		ANDREAS STIHL AG & Co. KG
GRI 102-2	Activities, brands, products, and services	2, 12	
GRI 102-3	Location of headquarters		Waiblingen, Germany
GRI 102-4	Location of operations	2, 12	
GRI 102-5	Ownership and legal form	2/3, 14	
GRI 102-6	Markets served	2, 12	
GRI 102-7	Scale of the organization	2, 12/13	
GRI 102-8	Information on employees and other workers	60/61	
GRI 102-9	Supply chain	52–54	
GRI 102-10	Significant changes to the organization and its supply chain		No significant changes
GRI 102-11	Precautionary Principle or approach	14/15	
GRI 102-12	External initiatives	16, 18, 31, 39, 54/55	
GRI 102-13	Membership of associations	15	
Strategy			
GRI 102-14	Statement from senior decision-maker	6–11, 23/24	
GRI 102-15	Key impacts, risks, and opportunities	16–18, 20, 23/24	
Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behavior	3, 15, 54/55	
GRI 102-17	Mechanisms for advice and concerns about ethics	15	
Governance			
GRI 102-18	Governance structure	14, 16, 19	

STIHL GROUP AND STRATEGY
PRODUCTS AND INNOVATION
ENVIRONMENT
SUPPLY CHAIN
PEOPLE
SOCIETY
ADDITIONAL DISCLOSURES
> GRI content index
Publishing information

GRI STANDARDS		PAGES	OMISSIONS/REMARKS
Stakeholder engagement			
GRI 102-40	List of stakeholder groups	22	
GRI 102-41	Collective bargaining agreements	61	
GRI 102-42	Identifying and selecting stakeholders	21	
GRI 102-43	Approach to stakeholder engagement	17/18, 21	
GRI 102-44	Key topics and concerns raised	17/18	
Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements	2	
GRI 102-46	Defining report content and topic Boundaries	16–18	
GRI 102-47	List of material topics	17, 74–77	
GRI 102-48	Restatements of information		None, first report
GRI 102-49	Changes in reporting		None, first report
GRI 102-50	Reporting period		January 1, 2021, to December 31, 2021
GRI 102-51	Date of most recent report		First report
GRI 102-52	Reporting cycle		Annual
GRI 102-53	Contact point for questions regarding the report	78	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	2	
GRI 102-55	GRI content index	73–77	
GRI 102-56	External assurance	2	

MATERIAL TOPICS

Economic topics

GRI 203	Indirect Economic Impacts 2016		
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	47, 49/50, 70/71	
GRI 203-1	Infrastructure investments and services supported	47, 49/50, 70/71	
GRI 204	Procurement Practices 2016		
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	52	
GRI 204-1	Proportion of spending on local suppliers	53	

**STIHL GROUP
AND STRATEGY**
**PRODUCTS AND
INNOVATION**
ENVIRONMENT
SUPPLY CHAIN
PEOPLE
SOCIETY
**ADDITIONAL
DISCLOSURES**

 > **GRI content index**

Publishing information

GRI STANDARDS		PAGES	OMISSIONS/REMARKS
GRI 205 Anti-Corruption 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	14/15, 18	
GRI 205-1	Operations assessed for risks related to corruption	15	
GRI 206 Anti-Competitive Behavior 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	14/15, 18	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	15	
Environmental topics			
GRI 302 Energy 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	20, 37, 39–42	
GRI 302-1	Energy consumption within the organization	41/42	
GRI 302-3	Energy intensity	40, 42	
GRI 302-4	Reduction of energy consumption	46	
GRI 303 Water and Effluents 2018			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 37/38	
GRI 303-1	Interactions with water as a shared resource	38	
GRI 303-2	Management of water discharge-related impacts	38	
GRI 303-3	Water withdrawal	38	
GRI 304 Biodiversity 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 20, 31/32, 37, 47	
GRI 304-2	Significant impact of activities, products, and services on biodiversity	31/32, 47	
GRI 305 Emissions 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 20, 26/27, 37, 39–42, 41	
GRI 305-1	Direct (Scope 1) GHG emissions	43	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	43	
GRI 305-4	GHG emissions intensity	43	
GRI 305-5	Reduction of GHG emissions	39, 42	

**STIHL GROUP
AND STRATEGY**
**PRODUCTS AND
INNOVATION**
ENVIRONMENT
SUPPLY CHAIN
PEOPLE
SOCIETY
**ADDITIONAL
DISCLOSURES**

 > **GRI content index**

Publishing information

GRI STANDARDS		PAGES	OMISSIONS/REMARKS
GRI 306 Waste 2020			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 20, 28, 37–39	
GRI 306-1	Waste generation and significant waste-related impacts	38	
GRI 306-2	Management of significant waste-related impacts	28, 38/39	
GRI 306-3	Waste generated	38	
GRI 308 Supplier Environmental Assessment 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	52–55	
GRI 308-1	New suppliers that were screened using environmental criteria	54	
Social topics			
GRI 401 Employment 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	59, 61/62	
GRI 401-1	New employee hires and employee turnover	60/61	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	61/62	
GRI 403 Occupational Health and Safety 2018			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 20, 66–68	
GRI 403-1	Occupational health and safety management system	66	
GRI 403-2	Hazard identification, risk assessment, and accident investigation	66/67	
GRI 403-3	Occupational health services	68	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	67	
GRI 403-5	Worker training on occupational health and safety	66/67	
GRI 403-6	Promotion of worker health	68	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29, 66	
GRI 403-9	Work-related injuries	67	
GRI 404 Training and Education 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	59, 63/64	
GRI 404-1	Average hours of training per year per employee	63	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	63/64	

STIHL GROUP AND STRATEGY
PRODUCTS AND INNOVATION
ENVIRONMENT
SUPPLY CHAIN
PEOPLE
SOCIETY
ADDITIONAL DISCLOSURES
> GRI content index
Publishing information

GRI STANDARDS		PAGES	OMISSIONS/REMARKS
GRI 405 Diversity and Equal Opportunity 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 54, 62	
GRI 405-1	Diversity of governance bodies and employees	62	
GRI 406 Non-Discrimination 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18	
GRI 406-1	Incidents of discrimination and corrective actions taken		No incidents of discrimination became known in the reporting year.
GRI 407 Freedom of Association and Collective Bargaining 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 54, 61	
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	54, 61	
GRI 408 Child Labor 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 54	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	54	
GRI 409 Forced or Compulsory Labor 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 54	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	54	
GRI 414 Supplier Social Assessment 2016			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 20, 52, 54	
GRI 414-1	New suppliers that were screened using social criteria	54	
GRI 416 Customer Health and Safety			
GRI 103	Management Approach 2016 (including 103-1, 103-2, 103-3)	18, 26/27, 29, 37, 53	
GRI 416-1	Assessment of the health and safety impacts of product and service categories	27, 29, 37, 53	

STIHL GROUP
AND STRATEGY

PRODUCTS AND
INNOVATION

ENVIRONMENT

SUPPLY CHAIN

PEOPLE

SOCIETY

ADDITIONAL
DISCLOSURES

GRI content index

> [Publishing information](#)

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