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Phase One

ESG Report 2021

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CEO Letter

Founded in 1993, Phase One is a pioneer of digital imaging. We have developed core imaging technologies and a range of digital cameras, imaging modules and systems. We are well known for our highest image quality, but also for building long lasting relationships with our partners and with our customers, making sure that we offer extraordinary experience with Phase One.

Though we are a relatively small company, we are truly global in the way that we do business. From the places where we source materials and components, to the communities where our products are made and assembled, to the countries where our cameras and systems are sold, Phase One is making an impact on the world today. Operating across borders and in many different countries means that it is crucial for each of us to work in a responsible way.

At Phase One, we are taking action to embed sustainability throughout our organization and in our decision making. We stand by the Ten Principles of the United Nations Global Compact and carefully consider how what we do impacts people and the planet. The challenges of today will have consequences tomorrow, so we are determined to make a positive and lasting impact that will inspire future generations.

Like many other organizations, we are stepping up our efforts to embed sustainability more deeply into our operations. We have continuously improved our focus on our sustainability approach and the topic is receiving increasing management attention. A lot still remains to be done, but it is work in progress, which I believe is of particular importance.

In our work, we have taken inspiration from the important international efforts made by the UN Sustainable Development Goals. In this context, we have identified few key areas, to which we have dedicated special focus and intend to continue in the years ahead: product quality, material management, supply chain management and employee engagement and safety.

We support efforts to increase the transparency of sustainability impacts, and our efforts rest on our continued commitment to the UN Global Compact.



Henrik O. Håkonsson
Chief Executive Officer



Company Profile

Digital pioneer

Founded in 1993, we are a pioneer of digital imaging. We have developed core imaging technologies and a range of digital cameras and imaging modules. Phase One provides the world's highest image quality in terms of resolution, dynamic range, color fidelity and geometric accuracy. As such, we have grown to become the leading provider of high-end imaging technology across many business segments. This includes both hardware and software for aerial mapping, industrial inspection and cultural heritage digitization, as well as serving the world's most demanding photographers.

Aim for perfection

At Phase One we are true experts. We know all there is to know about the best specialty imaging solutions. Because we invent them. We are the absolute forefront of technology and drive the category. We are also true partners – to both customers and our business partners. We have a history of building long lasting relationships with our customers making sure they continuously get the best products, upgrades, service and support. We want to deliver non less than the best solutions for our customers. When we develop, we won't stop at good. Or very good. We aim for perfection. We want our customer to have an extraordinary experience with Phase One.

Sustainable products

We design our products to be sustainable from the very beginning. The modular design of our cameras and systems gives our customers the opportunity of replacing or upgrading a single part rather than complete system, thus minimizing waste and material use. Furthermore, we are promoting responsible consumption and circular economy by refurbishing old equipment and bringing it back to life again. In addition, we stand by our products and our customers, and offer repair service for our products up to 20 year old.

Global footprint

Based in Copenhagen, Denmark, and with regional offices in New York, Denver, Cologne, Tel Aviv, Tokyo, Beijing, Shanghai and Hong Kong. We nurture long-term relationships with customers, technology partners and our global network of distributors. We often play the role of digital imaging partner to customers with special requirements. It is with this passion for service that we continually exceed expectations and drive the imaging industry forward.



Phase One x Axcel: A Responsible Partnership

Phase One is partly owned by the private equity firm Axcel, a leading Nordic private equity investor. Axcel has a long-standing commitment to sustainability and responsible investment practices. Axcel believes that companies need to act responsibly to maintain their license to operate and mitigate risks, and also, that effective ESG management enables companies to capture new opportunities and secure competitive advantage. Axcel works together with its companies to improve their impact on society and the environment, and thereby build more resilient businesses.

AXCEL

PHASEONE
IMAGING BEYOND IMAGINATION

2021 Progress Report

Phase One is proud to be part of the UN Global Compact, which we joined in 2019. We are committed to the Global Compact's Ten Principles for responsible business operations within human rights, labor, environment and anti-corruption.

Oversight of our work with ESG (Environmental, Social, and Governance) is anchored in our Board. CEO Office together with the rest of Management team is responsible for developing and ensuring the ESG strategy is implemented. Over the past year, our internal ESG working group has taken several important steps towards creating a foundation for our ESG strategy and clarifying our goals for the future.

These highlights include:

1. Anchoring ESG Strategy and initiatives within CEO Office and involving all global sites and affiliates. In addition to our internal team, Phase One consults and works in close cooperation with Axcel's in-house Head of Sustainability.
2. The Board of Directors has recently approved our updated ESG strategy that addresses the findings from our first ESG impact assessment conducted according to the UN Guiding Principles for Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines) as well as an assessment of ESG driven risks and opportunities.
3. Together with Axcel, Phase One has evaluated its climate-related risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD) methodology. Risks and opportunities have been assessed in two climate change scenarios. Very limited and minor risks have been identified with no further actions planned.
4. Creation and implementation of an expanded, company-wide Code of Conduct which covers areas such as Employee Rights, Health & Safety, Anti-corruption, Processing of Information.
5. Establishing Whistleblower Protection Scheme with a 3rd party solution to ensure full anonymity and legal compliance.

This year's report is structured by topic – Environment, Social, Governance.

Phase One ESG Framework

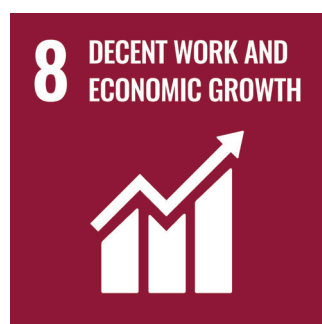
Framework for Phase One's ESG Strategy is based on:

- Documenting our CSR initiatives by committing to the UN Global Compact and issuing an annual COP (Communication on Progress) report.
- Supporting The Ten Principles of the UN Global Compact.
- Integrating these principles in our own business through Phase One Code of Conduct.
- Following ISO14001 environmental management standards in our Production area.
- Insisting that our suppliers and business partners also conduct business in a responsible way by complying to Green Procurement Standards, CSR Procurement Standards and Business Partner Code of Conduct.
- Continuous monitoring and reporting of selected KPIs.
- Compliance with all laws and regulations.

All these are used as inspiration and guiding principles of our ESG strategy.

UN Sustainable Development Goals

The two UN Sustainable Development Goals that are at the core of our ESG strategy are #8 (Decent Work and Economic Growth) and #12 (Responsible Consumption and Production).



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We strive to make Phase One a great place to work. We put strong emphasis on employee engagement and rolled out Peakon feedback tool this year. In addition, we are continuously improving our Governance & Compliance; we have published Phase One Code of Conduct and launched Whistleblower Protection Scheme.



Goal 12: Ensure sustainable consumption and production patterns

We follow ISO14001 environmental management standards in our Production area. This year we have changed our operations in Japan, and as of March 2021 we do not have any waste water generated. In addition, we continue to strongly support our Certified Pre-Owned programme for Professional Photographers which further extends the use and lifetime of our products with minimal material footprint.

Phase One ESG Framework

The Ten Principles of UN Global Compact

Human Rights

1. We support and respect the protection of internationally proclaimed human rights.
2. We ensure that they are not complicit in human rights abuses.

Labour

3. We respect the freedom of association and the effective recognition of the right to collective bargaining.
4. We support the elimination of all forms of forced and compulsory labor.
5. We support the effective abolition of child labor.
6. We support the elimination of discrimination in respect of employment and occupation.

Environment

7. We support a precautionary approach to environmental challenges.
8. We undertake initiatives to promote greater environmental responsibility.
9. We encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. We work against corruption in all its forms, including extortion and bribery.



Environment Report

Current ways of working

Phase One is dedicated in protecting environment. It all starts from the initial modular product design all the way to our ways of manufacturing them.

We follow ISO14001 environmental management system in our Production environment, as well as request our suppliers to comply with our CSR & Green Procurement Standards.

Environmental ambitions for next year

Material management and Waste management has been identified as one of the priority areas in our ESG strategy.

Over the next year, we plan to review, update and consolidate CSR & Green Procurement Standards into Phase One Supplier Code of Conduct and start implementing it across our global supplier base.

In addition, we will review our hazardous waste management practices in our global sites (Japan and Israel). Aim is to ensure that our current setup (as well as waste handling suppliers) are following the latest best practices.



Social Report

Current ways of working

At Phase One we are committed in making it a great place to work. We are an equal opportunity workplace, and we strive for inclusion, diversity and mutual trust and respect.

Our Code of Conduct addresses all these aspects, and we continuously work to ensure that every employee adopts this way of working.

Further focus on employee engagement and wellbeing is placed through our feedback tool. We collect feedback, comments and rating of various elements on a bi-weekly basis and address it regularly in the Management team as well as regular Townhall meetings with all employees. In 2021, we have started to address our employee needs in terms of space and quality of office and facilities at all sites. Over the last year, with increased focus on health & safety we have also ensured full support in flexible working models for all colleagues that do not require to be physically present in the office. From a mental health and wellbeing perspective, social activities were arranged (both in the office and remotely - based on availability).

Full action plan for 2022, corresponding to input collected is being developed at the time of submitting this COP 2021 report.

Finally, to strengthen our compliance and provide a secure and anonymous way to report any misconduct, we have launched Whistleblower Protection Scheme which is accessible by both our employees as well as external stakeholders.

Social ambitions for next year

Employee engagement and wellbeing continues to be a top priority for the next year.

We will put further emphasis on employee development. More regular and formalized feedback will be promoted alongside individual development plans.

To ensure that all global sites live up to Code of Conduct, we will review local adoption.

KPI	2021	Unit of mesure
Full-Time Workforce	208	Full Time Equivalents
Gender Diversity	26%	Percentage
Gender Diversity Management	18%	Percentage
Sickness Absence Days per FTE	0.7	Days per FTE
Rate of recordable work-related injuries	0	Number
Employee Engagement Score	7.7/32	Average (on a scale 0 to 10)/eNPS
Employee Engagement Participation	94%	Percentage

Governance Report

Current ways of working

Compliance with all laws and regulations is a starting point and mandatory prerequisite in all activities that we perform.

Previously mentioned Phase One Code of Conduct and Whistleblower Protection Scheme forms an integral part in ensuring business ethics, transparency and compliance.

We are also regularly reviewing our IT Data Protection policy to make sure it is up to date. Last year we have started (still ongoing) an upgrade of our CRM as well as Marketing Communication Platform that will further strengthen our data management practices and limit GDPR compliance risks.

Governance ambitions for next year

Data stewardship has been identified as a potential risk area. Over the coming months, we will review, update and further develop data retention policies and procedures.

Once CRM and Marketing Communication Platform project is over, we will review our IT landscape and identify IT system gaps and required updates to both, data protection compliance as well as IT security.

KPI	2021	Unit of mesure
Number of incidents reported in the whistleblowing scheme	0	Number
Gender Diversity, Board	0%	Percentage



ESG Report 2021

September 2021