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# Phase One

ESG Report 2021-2022

**PHASEONE**  
IMAGING BEYOND IMAGINATION

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This report covers Phase One's work with sustainability and ESG from September 2021 to September 2022.

## CEO Letter

Founded in 1993, Phase One is a pioneer of digital imaging, and we are known for our high image quality. We have developed core imaging technologies and a range of digital camera, imaging solutions and systems, and we continue to challenge the possibilities within the imaging industry.

Though Phase One is a relatively small company, our business is truly global. As our suppliers, production sites, partners and customers are widely spread across the globe, Phase One is making an impact on the World. We take great pride in our global impact and our long-lasting relationships with everyone we work with, and it inspires us to take responsibility of our ways of working and to do better for people and our planet.

We continue to stand by the Ten Principles of the United Nations Global Compact. Our actions to implement sustainability continues to grow and get more attention throughout our management as well as our organization and operations. I recognize that Phase One can still do more to improve our corporate sustainability, but it is work in progress and during the coming year, we are dedicated to improving the sustainability within our key areas: product quality, material management, supply chain management, and employee engagement and safety.

As a member of the UN Global Compact, we support all efforts to increase the transparency of our sustainability impacts, and I trust that this report will give all readers some insight in Phase One's sustainability status. In the following pages, we have outlined the progress that has been made in Phase One during the last year and our aims for the coming year.



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 our 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, services, and support. We want to deliver non less than the best solutions for our customers. When we develop, we will not stop at good. Nor at very good. We aim for perfection. We want our customers 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-years-old.

## Global footprint

Phase One is based in Copenhagen, Denmark, and has 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.



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## 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.

During 2021, Axcel developed and implemented a 5-step approach to ESG management, which was introduced to all portfolio companies. The 5-step approach is based on international standards within sustainability including the UN Guiding Principles and Sustainable Development Goals, the Task Force on Climate-Related Financial Disclosures, and the UN Global Compact commitment. The next step in Axcel's sustainability journey is to work even closer with the portfolio companies to increase ambition levels, meet the rising expectations from stakeholders, and create value from their sustainability actions. Based on impact and materiality, four sustainability focus areas have been determined:

- Sustainable Value Creation
- Climate Change
- Diversity, Equity & Inclusion
- People & Culture

Phase One is reporting to Axcel on its ESG strategy and progress on a quarterly basis to make sure that selected KPIs within the focus areas are on track.

The Axcel logo consists of the word "AXCEL" in a bold, red, sans-serif font. A horizontal line is positioned above the "A" and "X", extending from the left edge of the "A" to the right edge of the "X".The Phase One logo features the words "PHASE ONE" in a blue, sans-serif font. The "O" in "ONE" is significantly larger and more prominent than the other letters. Below "PHASE ONE" is the tagline "IMAGING BEYOND IMAGINATION" in a smaller, blue, sans-serif font.

## 2021-2022 Progress Report

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

Our work with sustainability and ESG (Environment, Social, Governance) is anchored in our Board. Our CEO Office and Management Team is responsible for developing and implementing our ESG Strategy across the organization, as well as making sure that we continuously challenge and improve our sustainability actions. During 2021-2022, our internal ESG working group has been focusing on refining our existing ESG strategy and strengthening the foundation for our sustainability actions and goals. This is a few highlights from our past year:

- Initiating important actions to measure our global GHG emissions and set GHG emission reduction targets. Together with the Danish company, the Footprint Firm, we have determined our CO2 baseline based on numbers from 2021 and identified scopes and categories to improve.
- Reviewing our waste management processes in our production site in Israel which has ensured correct handling of hazardous waste.
- Signing up for WEEE Compliance Scheme (Waste from Electrical and Electronic Equipment) in Denmark and Germany.
- Implementing a Global HR System to increase transparency and communication with all employees across the globe.
- Implementing a Supplier Code of Conduct which has been signed by our main suppliers.

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

# 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 areas.
- 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.

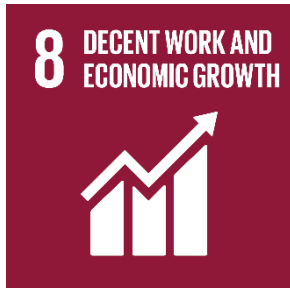
All these are used as inspiration and guiding principles of our ESG Strategy.





## 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 in 2021. In addition, we are continuously improving our Governance & Compliance; we have published Phase One Code of Conduct for employees, Supplier Code of Conduct for our main suppliers, and Whistleblower Protection Scheme for internal as well as external stakeholders in need of reporting issues or misconduct.



Goal 12: Ensure sustainable consumption and production patterns

We follow ISO14001 environmental management standards in our production areas. Since March 2021, we do not generate any wastewater on our operations in Japan. In addition, we continue to strongly support and develop our Certified Pre-Owned program for Professional Photographers which further extends the use and lifetime of our products with minimal material footprint.

# 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 labour.
5. We support the effective abolition of child labour.
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

## Current ways of working

Phase One is dedicated to protecting the environment, and we continue to challenge and improve our sustainability actions related to environment. This includes all steps in the process from the initial modular product design, our ways of manufacturing products, and all the way to delivering products to our customers.

Our sustainability actions include following ISO14001 Environmental Management Standards in all our production sites. We have reviewed our waste management processes in our production in Israel, which has resulted in an ensured correct handling of hazardous waste, and we have signed up for WEEE Compliance Scheme in Denmark and Germany to ensure correct handling of electrical and electronic waste. Furthermore, we have published a Supplier Code of Conduct which has been signed by our main suppliers, requesting them to comply with our CSR and Green Procurement Standards. Finally, we have cooperated with the Footprint Firm to establish a CO2 baseline model to identify which areas Phase One can improve and reduce our GHG emissions.

## Environmental ambitions for the coming year

Material management and waste management has been identified as some of our priority areas to improve in our ESG Strategy. We will therefore continue to implement our Supplier Code of Conduct even further across our global supplier base, and we will continuously review our waste management processes in our global sites. This includes production sites as well as our sales offices.

Following our cooperation with the Footprint Firm, we have identified several areas in our GHG emissions where we can improve. This involves our purchased goods and services (scope 3.1) and our upstream transportation (scope 3.4). In the coming year, we will set targets to improve these scopes and initiate the implementation. In addition, Phase One will sign up for Science Based Target Initiative (SBTi).

# Social

## Current ways of working

At Phase One, we are committed to creating a great work environment for all. It is our goal that all employees and business partners respect the Universal Declaration of Human Rights and environmental protection.

We are an equal opportunity company, and we strive for inclusion, diversity, and mutual trust and respect. This also includes the elimination of all kinds of discrimination within our workforce, current as well as newly hired employees. These values are addressed in Phase One Code of Conduct for employees to ensure that all employees honor and adopt this way of working.

We continue to review and follow up on our Whistleblower Protection Scheme (last updated in May 2022) which is anonymous and accessible for both employees and external stakeholders. If any issues or misconduct is reported, the necessary actions are taken to immediately stop the misconduct and ensure that human rights are upheld.

After 1,5 years of collecting feedback and comments through bi-weekly surveys in our employee engagement tool, Peakon, we have gotten a good understanding of which actions are needed in order to increase employee engagement and satisfaction levels. We have therefore decided to change the frequency of the survey from bi-weekly to every 3 months, which will give the Management Team more time to react and implement the prioritized actions.

## Social ambitions for the coming year

Employee engagement and wellbeing continue to be a strong focus at Phase One, and we will spend the coming year on taking actions towards creating an even better workplace. Furthermore, we will focus on implementing individual employee development plans to support each employee's wellbeing and growth at Phase One.

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

KPI	Q2 2022	Unit of measure
Full-time workforce	201	Full-time equivalents
Gender diversity	26%	Percentage
Gender diversity -Management	18%	Percentage
Sickness absence days per FTE	0,43	Days per FTE
Rate of recordable work-related injuries	0	Number
Employee engagement score	8.0/40	Average (scale 0-10)/eNPS
Employee engagement participation	89%	Percentage



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# Governance

## Current ways of working

Compliance with all laws and regulations is a starting point and mandatory prerequisite in all activities that Phase One performs. Our Phase One Code of Conduct, Whistleblower Protection Scheme, and Supplier Code of Conduct form an integral part in ensuring business transparency and ethics that comply with international regulations and standards.

We are regularly reviewing our IT Data Protection Policy to make sure that it is up to date. Identified as a potential risk area last year, our data stewardship has also been reviewed, and our updated retention policies and procedures will be implemented in September 2022 as this report is being published.

## Governance ambitions for the coming year

In the coming year, we will continue the process of upgrading our CRM System as well as Marketing Communication Platform to further strengthen our data management practices and minimize GDPR compliance risks. Furthermore, we will review our full IT landscape in order to identify IT system gaps and ensure data protection compliance as well as IT security.

KPI	Q2 2022	Unit of measure
Number of incidents reported in the Whistleblower Protection Scheme	0	Number
Gender diversity - Board	0%	Percentage



# Phase One

## ESG Report 2021-2022