
SUSTAINABILITY

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SUSTAINABILITY AT SCHWEITER TECHNOLOGIES

As an internationally active company, Schweiter Technologies creates sustainable value for its customers, employees and shareholders. At the same time, Schweiter Technologies is a reliable partner for suppliers and for the public. This commitment is evident in all aspects of the company's business activity. A responsible, dedicated approach is firmly rooted in its corporate culture.

Schweiter Technologies has been working towards a sustainable future for some time. The lightweight construction of its products helps to reduce the amount of energy they consume during operation and to cut CO₂ emissions. Products from Schweiter Technologies are primarily used in the fields of visual communication (display), architecture, construction, wind energy and the automotive, rail vehicle and marine engineering industries.

The report on sustainability has been considerably expanded for the 2021 Annual Report and meets the GRI Standards of the Global Reporting Initiative for the first time.

APPROACH TO SUSTAINABILITY

At Schweiter Technologies, sustainability means keeping a watchful eye not only on commercial factors but also on the ecological, social and governance-related aspects of its business activity.

Along with its commitment to sustainable and profitable growth, Schweiter Technologies also sets great store by the innovation of eco-friendly products as a growth driver. The ecological aspect of the company's business involves reducing its environmental footprint through the careful and efficient use of resources and by minimizing risks for people and the environment. Social sustainability at Schweiter Technologies means accepting social responsibility for employees and those living in the vicinity of production sites, as well as for partners in the supply chain. It also entails supporting social partnership projects. This is all accomplished on the basis of good governance and fair business practices.

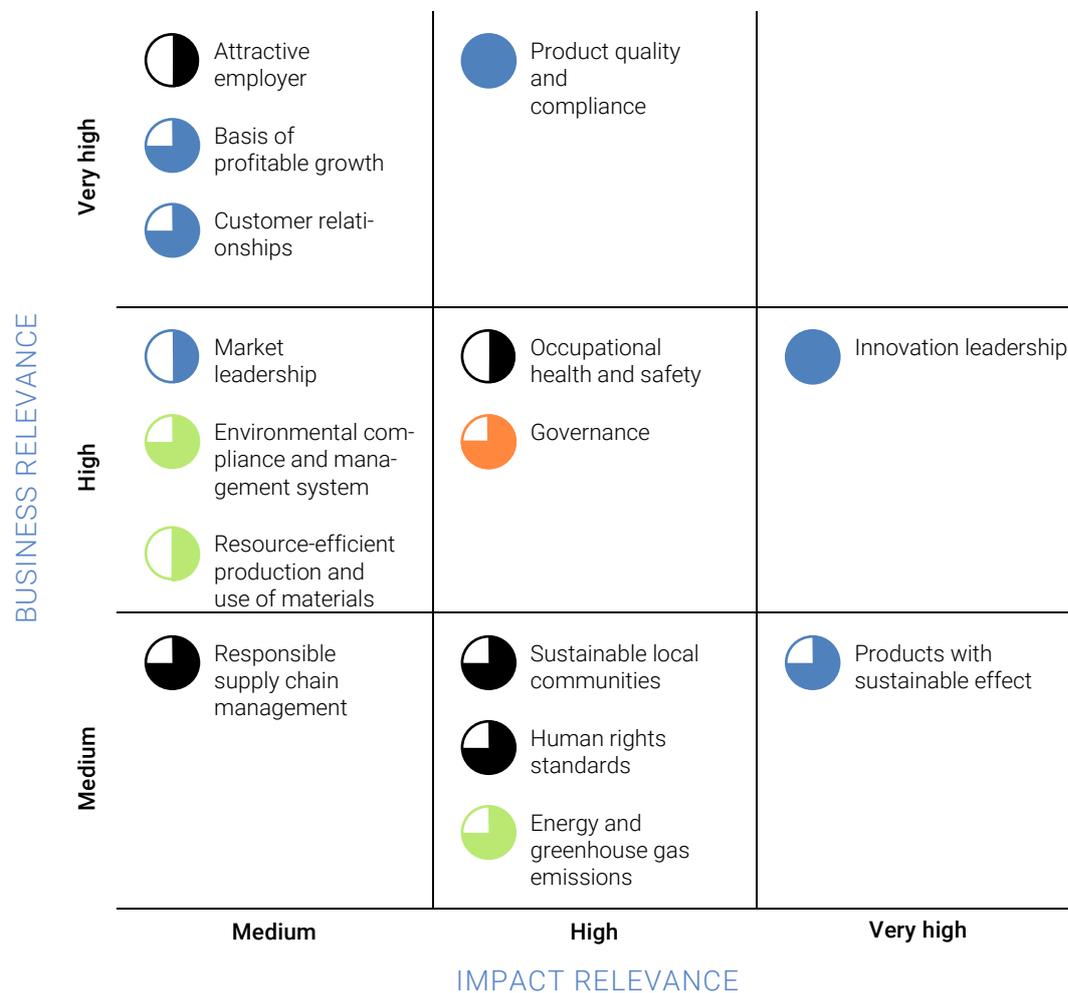
The approach to sustainability practiced by Schweiter Technologies is guided by the 17 United Nations Sustainable Development Goals (UN SDGs). Of these, the focus is on the five SDGs the company can implement most effectively:

- SDG 8 Decent work and economic growth
- SDG 9 Industry, innovation and infrastructure
- SDG 12 Responsible consumption and production
- SDG 13 Climate action
- SDG 15 Life on land

Material topics

In order to identify the most important sustainability issues, a materiality analysis was conducted in 2021 (GRI 102-46). The starting point for this was a wide-ranging list covering topics from an analysis of comparable companies, internal sources (documents, guidelines, directives), sustainability standards and industry-specific information. The topics were then evaluated in a management team workshop. They were assessed according to their relevance to the business success of Schweiter Technologies, their relevance to stakeholders and their relevance in terms of impacts on sustainable development. The process was supported by an external specialist and the result presented in a matrix.

MATERIALITY MATRIX



Stakeholder relevance



Categories



The materiality matrix presents the fifteen topics which are most relevant to Schweiter Technologies (GRI 102-47). These material topics are systematically explained in the following report. The structure of the report is based around these

topics. The material topics “Customer relations” and “Products with sustainable effect” do not have a chapter of their own as they are incorporated in other texts.

Stakeholder management

The establishment and maintenance of good relationships with all stakeholders is a key factor in sustainable business activity. The most important stakeholders include customers, employees, suppliers and shareholders (GRI 102-40). Stakeholders are identified and prioritized within the business segments through management reviews, SWOT analyses and/or specific stakeholder analyses carried out in the course of certification processes (GRI 102-42).

Schweiter Technologies conducts regular exchanges with all stakeholders in order to understand the individual needs of each interest group and identify new developments and market requirements at an early stage. This contact occurs in various ways and at different levels, depending on the group. Day-to-day communication is considered to be the most important form of interaction. Regular contact with customers and suppliers and in-person discussions with employees are essential for assessing satisfaction and well-being – and can uncover issues of relevance to the business (GRI 102-43).

Schweiter Technologies' customers demand materials and products for their applications that are reliable yet lightweight. Renewable raw materials and recycled materials that have the minimum environmental impact are of key importance here (GRI 102-44). Schweiter Technologies is committed to meeting the customer's needs with regard to sustainability and environmental compatibility – with trail-blazing technologies that enable the manufacture of high-quality products.

COMMERCIAL PRINCIPLES

A basis of profitable growth

Lasting and reliable partnerships with long-standing customers form the basis for Schweiter Technologies' business success. Innovative, environmentally friendly products, strong brands and production sites in close proximity to the main sales markets increase competitiveness and make an important contribution to the success of Schweiter Technologies' customers. Thanks to sustainable commercial practices, Schweiter Technologies has been expanding profitably for years: the company has a solid balance sheet with a high equity ratio and a strong liquidity position. As a global industrial company, Schweiter Technologies targets continued above-average growth,

with sights set on EBITDA margins in double-digit figures.

Market leadership

The individual business segments of Schweiter Technologies focus on applications in which innovative composite material solutions replace traditional materials. With a consistent focus on the end customer and excellent service availability, the business segments have acquired a detailed understanding of the requirements of the market. Once developed, new materials and composites are introduced on the global market and continual-

Balsa wood in wind turbine blades

The products of the Core Materials segment include balsa wood and PET foam for manufacturing hybrid wind turbine blades. Rotor blades for wind turbines are getting longer in the quest to absorb more energy and transfer greater torque to the hub. To reduce net weight, the blades must be as light as possible. Balsa wood is much lighter than any other type of wood or any high-density foam with similar characteristics. By using balsa wood from certified sources, Schweiter Technologies can provide its customers with the assurance that they are not contributing to the destruction of biodiversity or supporting any illegal forestry practices.

ly refined. Products are sold mainly through distribution partners. Thanks to its well-established brands and broad product range, Schweiter Technologies has access to the leading distribution channels.

In addition to specialization by the segments, synergies in the use of raw materials and manufacturing processes also occur between them, resulting in clear cost advantages over competitors who concentrate on a narrow product offering for specific markets. To achieve strategic added value, Schweiter Technologies is committed to an approach of forward or backward integration as appropriate. Good examples of this include offering selected functionally integrated systems and whole components made of composite materials in order to promote the acceptance of sandwich solutions in mobility applications, or controlling the entire balsa supply from seedling to saleable semifinished product.

Innovation leadership

For Schweiter Technologies, innovation is more than a growth driver. Innovation is the basis of the development of sustainable products with the stated aim of further reducing environmental impact. Schweiter Technologies can look back on a successful history as an innovation leader in improving resource efficiency. The products of the AIREX®, BALTEK®, ALUCOBOND®, DIBOND®, FOREX®, SMART-X® and KAPA® lines are essentially based on an intelligent combination of materials (foams and composite materials). Efficient amalgamation of the individual raw and other materials yields optimized product characteristics despite the reduced use of resources.

The research and development departments at Schweiter Technologies work continuously to improve technologies. Innovation does more than enable new markets to be tapped and better products to be developed: replacing materials which are less sustainable also reduces demand for resources. Furthermore, innovations make it possible to achieve better profit margins and provide opportunities for differentiation in an intensely competitive field. They also create attractive job openings and career development opportunities for highly qualified employees.

In the Transport & Industry segment, innovation leadership is assured by several teams of developers and engineers. They ensure a structured development process with specific stages of approval in the decision-making procedure. The segment is committed to innovative designs using environmentally friendly materials. The aim is to offer lightweight solutions which can make a major contribution to energy saving. In addition, by using recycled materials and recyclable components, they can offer sustainable alternatives.

In the Core Materials segment, im@c (Innovation Management At Composites) is a clearly defined innovation management process which covers every step from scouting through to development and series production. As pioneers of solutions based on PET and balsa wood, the segment continually strives to achieve the next level of optimization, for the benefit of customers and the environment. For example, during the year under review the segment managed to surpass its own record on resin absorption in its AIREX® product line thanks to the introduction of SealX technology.

The quality of development processes is monitored through the management assessment pro-

gram and with the help of KPIs. In the Display segment, targets for innovation are checked by monitoring regrinding rates, production costs, thickness reports and customer satisfaction.

Schweiter Technologies provided evidence of its innovation leadership with a large number of new and enhanced products during the year under review. Apart from SealX, examples include the

ALUCOBOND® façades

ALUCOBOND® façades consist of an extremely durable material with high levels of resistance to weather and dirt. They offer architects a maximum of design freedom with guaranteed functional reliability. The façades have a lifespan of 50+ years whilst being virtually maintenance-free – factors which have made the brand the undisputed leader in this market. The front-mounted, rear-ventilated façade design reduces heat transfer coefficients (U values) by around 45%, leading to better heat protection in the summer and improved thermal output in the winter. The core and aluminum panels of an ALUCOBOND® façade can be recycled in full at the end of their useful life. This is particularly sustainable, as melting down aluminum saves 95% of the energy that would be used in the initial extraction process for the material.

further development of ALUCOBOND® with its outstanding fire protection characteristics for use in building construction, ContourKore, the adaptive finishing option for balsa wood, the replacement of FRP interior fittings with recyclable components, a new flooring concept for the COMFLOOR® family with environmentally friendly materials, and the optimization of the use of resources in various product lines.

Product quality and compliance

The highest quality standards and associated certification are of key importance at Schweiter Technologies – not least because in some areas only qualified materials may be supplied. The objective of quality assurance is to ensure compliance with all required standards. This is primarily a question of acquiring certification for materials such as architectural products or foams. The relevant processes for standardization are the responsibility of the product management team or local research and development departments. The approach to quality management is handled separately by the various production sites – except for the FSC certification process, which is set out for the whole of the Core Materials segment. By methodically interlinking management systems for quality (ISO 9001), environmental protection (ISO 14001) and occupational safety (ISO 45001), Schweiter Technologies can integrate environmental tasks smoothly into its operating processes. These industry norms are incorporated into a

company-wide management system for safety, health and environmental protection which is applied at all Group locations. The management

Bus roofs using XBODY® sandwich technology

Despite being low in weight, structural foam in the XBODY® sandwich technology has good insulating characteristics, leading to reduced auxiliary energy consumption in mobility applications. A bus roof using XBODY® sandwich technology has the optimum ratio of weight to rigidity. It is around 160 kg lighter than a steel roof and helps to reduce the amount of transport energy required per passenger. In the course of its service life, the roof can cut CO₂ emissions by up to 40 tonnes per vehicle. At the end of its lifespan, most of the aluminum in it can be recycled. The foam core consists of PET and PS and is also recyclable.

system established by Schweiter Technologies also provides a framework for promoting responsible activity by all employees.

Quality certification

Type of certification	Number of sites ¹
FSC Forest Management (FSC-CO19065), FSC Forest Management (FSC-C125018), FSC-STD-40-004 (Version 3.0)	4
DIN EN ISO 9001 – Quality management	22
DIN EN ISO 14001 – Environmental management	14
DIN EN ISO 45001 – Occupational health and safety ²	12
DIN EN ISO 50001 – Energy management	4
ISO TS 16949 – Automotive quality management	1
IRIS ISO/TS 22163 – Railway applications quality management	2

¹ Some sites are certified to several standards

² Previously OHSAS 18001

ENVIRONMENTAL PROTECTION AND RESOURCE EFFICIENCY

Environmental compliance and management system

More and more stakeholders are taking an interest in the environmental performance of Schweiter Technologies' products – and of the company itself. A prime example of this is the wind energy segment, which is essentially driven by political decision-making. Expectations of suppliers such as Schweiter Technologies regarding environmental protection, resource efficiency and sustainability are correspondingly high. Overall, Schweiter Technologies primarily operates in sectors in which environmental management systems are expected or even prescribed by customers. In the mobility industry, the standards relating to this are a basic condition for even being accepted into the circle of approved providers. In the European local public transport sector, development, supply chains and manufacturing all have to meet international railway industry standards (IRIS/ISO TS 22163) and/or the specific requirements of bus manufacturers. In 2010, the Core Materials segment was the first global producer to be certified by the Forest Stewardship Council (FSC). Since then, the certification for both balsa wood plantations in Ecuador and Papua New Guinea has been maintained without interruption.

In the emerging economies too, compliance with environment laws and relevant requirements is strictly adhered to. Thanks to its company-wide environmental management system, Schweiter Technologies is in possession of the data required by local authorities, including those in China and India.

Schweiter Technologies targets continual improvement in areas such as environmental impact, energy consumption, waste management, production, productivity, operating costs and customer image. In the Core Materials segment, the environment program is managed primarily by staff at the local production sites. The aim is to certify the sites to ISO 14001 by the end of 2022. In the Transport & Industry segment, this has already been achieved, with the exception of the site in Poland. The same applies to the Architecture segment in China (Changzou and Shanghai) and all sites in the Display segment.

Key figures for areas of environmental concern including water and energy consumption, waste,

production efficiency and emissions of volatile substances, etc., are recorded and monitored at Schweiter Technologies within the framework of ISO 14001. The respective impacts are assessed in an annual management report. Appropriate measures for rectification and improvement are

COMFLOOR® heated floor systems

The COMFLOOR® design combines lightweight sandwich technology with integrated functionality. The panel's integrated foam core insulates the heating system from other elements capable of transferring heat, while an aluminum layer on top optimizes thermal distribution to the passenger area. COMFLOOR® combines superior thermal comfort with a minimum of energy consumption. Metal cover sheets on both sides ensure optimal protection against moisture, scratches and other mechanical damage. Use of the COMFLOOR® system enables a reduction in vehicle weight of up to 750 kg per carriage. The lower weight of each unit saves energy and significantly reduces wear on vehicle wheels, axles and brakes. Strong, durable construction provides reliable, maintenance-free operation for periods of up to 30 years. The floor modules are made of eco-friendly, recyclable materials.

identified through ISO audits or on the basis of feedback from the authorities.

The discussion surrounding hazardous materials has intensified in recent years and has become a significant factor in customers' decision-making. The gradual introduction of the REACH regulation (governing the registration and authorization of chemicals) has brought about a far-ranging restructuring of European chemicals policy, with the main aim being to protect human health and the environment. Schweiter Technologies sees its top priority as the elimination of all hazardous processes and materials – substrates are only manufactured from raw materials that do not pose any risk to humans or the environment. In addition, the Core Materials segment has further increased its efforts as part of Operation Clean Sweep (OCS): the campaign issues guidelines aimed at helping plant managers at production sites in the plastics industry to reduce the leakage of pellets into the environment. Schweiter Technologies prevents the release of plastic particles and powder at its production sites through the installation of sophisticated filters.

Resource-efficient production and use of materials

At Schweiter Technologies, a particular focus is placed on the systematic and sustainable protection of natural resources. Because resource efficiency has always been equated with cost efficiency, this is a subject that has already attracted a great deal of attention in the past. A general reduction in consumption – for example by systematically reducing and recycling waste metal – can lower production costs considerably. At the production sites there are several initiatives for continually improving waste reduction and re-using materials in the production processes with the aim of reducing Schweiter Technologies' environmental footprint. In the business segments, resource efficiency is increasingly being seen as an essential component in the effective and sustainable manufacture of a quality product.

Schweiter Technologies is committed to reducing the use of raw materials while maintaining product performance. In addition, manufacturing processes are consistently being optimized to reduce waste and re-use waste materials or convert them into other products. The business segments set specific targets for each production site and each product. These are monitored regularly and form the basis for decisions on the implementation of measures for improvement. It is a key concern of Schweiter Technologies to make all stages in the production process as environmentally friendly and efficient as possible. The main focus here is on the targeted prevention of wastefulness. The recycling of raw materials in the manufacturing process and the recovery of production waste have been standard practice in the individual business segments for years. A further target is to eliminate hazardous substances as far as possible in all manufacturing processes. Research into potential substitutes for the remaining critical components is ongoing.

In the year under review, the Transport & Industry segment was able to substantially reduce the amount of single-use packaging materials along the entire supply chain, in consultation with suppliers and customers. The market launch of a floor system based on recycled material has been considered a major success.

In China, the Architecture segment succeeded in testing ALUCOBOND® A2 manufacture using recycled core material and transferring it into production. A whole series of products in China

now enjoy certification with the maximum three green stars from the quality control body China Green Building Materials. The award is given to energy-saving, practical and recyclable products and guarantees that the use of resources and the environmental impact of the product over its full life cycle are kept to a minimum. Schweiter Technologies is one of the first companies ever to receive this certification.

Environmentally friendly balsa wood plantations

With 11,000 hectares under cultivation in Ecuador and around 3,000 in Papua New Guinea, Core Materials segment is one of the world's biggest balsa wood producers. The segment controls the whole balsa value chain, covering planting, cultivation using the best forestry practices, harvesting, and the production processes of the Forest Management Units (FMUs), which are all FSC-certified. Supplementing global sustainability concepts and guided by the objectives of the sustainability strategy, the segment has developed a policy on environmental monitoring and resource optimization for the forestry plantations in Ecuador and Papua New Guinea that concords with the United Nations SDGs and the aspirations of the FSC. The aims are sustainable management of the plantations, protection and preservation of the forests, improvement of forestry practices and the protection of land and water resources and biodiversity. Both locations invest annually in reforestation and genetic programs to increase the biomass per hectare. External and internal studies have confirmed that the balsa wood plantations in Ecuador and Papua New Guinea have an extremely positive impact on the environment.

In the Display segment, key improvements in the areas of waste reduction and the consumption of resources were made at every production site. Several products (e.g. ALUCOBOND® and SINTRA®) are fully recyclable: the respective resources can be fed back into the production cycle at the end of the lifecycle without difficulty. In the USA, new ways are being explored of increasing the proportion of recycled material used in product manufacture.

In the Core Materials segment, research and development teams are working continuously to optimize combinations of quality and properties to make PET and balsa wood products even more lightweight, greener and more sustainable. The PET foams have been developed to absorb substantially less resin when processed into composite material components by the customer, thus

preventing excessive consumption of materials. During the reporting year, further work on developing products with reduced raw materials (BALTEK® SealX, BALTEK® Zero) was carried out and is now in its final phase.

Each site uses the performance of the previous year as a benchmark and attempts to raise employees' awareness of resource efficiency. At the appropriately certified sites, figures on the consumption of materials are recorded in line with

the requirements of ISO 14001. By comparing performance against production-related targets and guidelines, progress can be accurately monitored. For example, in the Core Materials segment it was possible to reduce the amount of waste in the 2020 reporting year by 8%, despite achieving a considerable increase in production. At the High Point site, the production volume was increased by 44% – with water consumption 16% below the level of 2019.

Key figures: waste management¹

	2020
Waste (total) in t	19 285
Commercial waste²	18 322
Incineration	6 646
Landfill	5 455
Recycling	6 221
Hazardous waste	963
Incineration	579
Landfill	34
Recycling	349

¹ The figures for commercial and hazardous waste include all manufacturing companies in the Schweiter Technologies Group. Distribution companies and the headquarters in Steinhausen are not included.

² Not all manufacturing companies recorded commercial and hazardous waste separately. 1 562 t of a total 18 322 t of commercial waste therefore contains small quantities of hazardous waste.

Energy and greenhouse gas emissions

Schweiter Technologies' customers increasingly now expect products to have the minimum possible carbon footprint. One focus at Schweiter Technologies is therefore on reducing operational greenhouse gas emissions (scope 1 and 2). To check the effectiveness of measures to reduce energy consumption and greenhouse gas emis-

sions, Schweiter Technologies constantly monitors the relevant key figures at production-site level and compares them against results from previous years. In the year under review, the environmental indicators were recorded and collated consistently across all production sites and the results presented for the Group as a whole for the first time.

Key figures: environment¹

2020

ENERGY	
Energy consumption (total) in MWh	415 056
Of which renewable	65 243
Electricity	175 862
Total renewable electricity	47 117
Heating	212 505
Natural gas	196 666
Oil	647
District heating	15 192
Fuels	26 688
Diesel	24 367
Petrol and LPG	2 322
GREENHOUSE GAS EMISSIONS²	
Greenhouse gas emissions (total) in tCO₂e	110 645
Scope 1	47 556
Natural gas	40 310
Heating oil	173
Diesel	6 515
Petrol and LPG	558
Scope 2	63 089
Electricity	59 716
District heating	3 373

¹ The environment figures are for all manufacturing companies in the Schweiter Technologies Group. Distribution companies and the headquarters in Steinhausen are not included because of their relatively low environmental impact.

² The greenhouse gas inventory was calculated in line with WRI/WBCSD Greenhouse Gas Protocol guidelines. Scope 1: emissions from the companies' own heating systems. Scope 2: emissions arising from the production of electricity and district heating purchased by the companies. Emissions factors used: current versions of IEA and DEFRA.

Projects to reduce energy consumption and greenhouse gas emissions are being implemented at most locations. For example, some of the lighting in the production halls at a number of sites has been replaced with energy-saving intelligently controlled LED systems. In Switzerland, a new vacuum pump regulator with a selective control system and a new panel saw with a nesting program for reducing foam waste were successfully put into operation. In the Architecture segment's sites in China, the recycling of core materials continued to be a priority during the reporting year. In India, an extensive overhaul and improvement of existing production lines was carried out, result-

ing in a reduction of energy consumption. At some plants in the Display segment, a decrease in energy consumption was achieved despite increased production.

In Switzerland, 100% of the electricity required already comes from hydropower. At other locations, the use of renewable energy sources is being vigorously pursued on an ongoing basis. The balsa wood operation in Ecuador can be carried out sustainably thanks to the ready availability of hydroelectric power. Both in Ecuador and in Papua New Guinea, wood-drying processes are fueled by burning biomass.

For all manufacturing processes at Schweiter Technologies, energy consumption is also a significant cost factor. Energy costs have seen a sharp increase worldwide – especially during the year under review. Reducing the consumption of electricity and gas not only leads to a fall in CO₂ emissions but also helps keep production costs under control. As CO₂ emissions are increasingly subject to taxation in many countries, reducing greenhouse gas emissions as a direct result of lower energy consumption offers further possible cost reductions.

The CO₂ footprint of the products is not only generated by operational emissions, of course. As a company that processes a lot of material – including large quantities of plastic and aluminum – another priority at Schweiter Technologies is the optimization of the use of materials in its products. Success has also been achieved in this area during the reporting year.

For example, Schweiter Technologies achieved a high level of market acceptance for its CO₂-free product DISPA® and its sustainable ALUCOBOND® façade panels. A focus is also being placed on the development of new products which use reduced quantities of raw materials or CO₂-free raw materials, and on manufacturing that uses the maximum amount of recycled material. The segments are also working to adapt existing raw materials to achieve CO₂-neutrality and to develop the opportunities to systematically recycle products at the end of their service life.

SOCIAL RESPONSIBILITY

Occupational health and safety

One of Schweiter Technologies' fundamental values is to uphold the highest standards of health and safety. Schweiter Technologies provides its employees with a safe and healthy working environment in order to protect their health and well-being. Complex manufacturing processes and working with large, sophisticated production plants requires a constant focus on safety measures and relevant training courses. The most important aims of Schweiter Technologies are simple and clear: the target is a safe and healthy working environment with a zero-accident policy and the lowest possible number of absences.

Schweiter Technologies has developed a number of guidelines, protocols, procedures and programs designed to increase awareness of the company's mission and objectives, minimize

accidents and raise employee awareness of health and safety issues at work, at home and during leisure time. The programs for compliance with safety regulations are led and coordinated by an EHS manager at the individual production sites. Employees are heavily involved in the creation and implementation of the health and safety system.

Using Ocean PET for a camper van that runs on solar power

The Core Materials and Transport & Industry segments are official technical partners in the "Solar Butterfly" project. This involves constructing a camper van that runs on self-generated solar energy, with the aim of increasing public awareness of solar power and environmental protection. Ocean PET, a raw material made from plastic waste recovered from the ocean, was used to manufacture a high-quality AIREX® foam, which is going to be incorporated in the lightweight sandwich panels of the camper van. The business segments are making an important contribution to the success of the project in this way.

Examples include risk analyses, investigation of accidents and incidents, definition of standard operating procedures (SOP), EHS courses and inclusion in safety committees. Depending on the location, potential risks are identified, mechanisms for prevention and control formulated, regular safety inspections conducted, and safety training and emergency drills carried out in line with an occupational safety management system that meets the requirements of ISO 45001. An external audit of the occupational safety management system is carried out every year at locations which have the relevant certification.

Depending on the segment and location, various courses and training sessions are held for employees – as well as for suppliers and visitors. In the year under review, most of the courses and training sessions took place online due to the Covid pandemic.

The following topics are covered:

- First aid
- Ear protection
- Fall prevention
- Working with electricity
- Cutting and hot work
- Fire prevention
- Working with hazardous materials
- Working with forklifts and cranes
- Personal protective equipment
- Weather emergencies

Employees are obliged to report all near-accidents, first-aid incidents and accidents involving injuries, as well as any environmental incidents. In addition to talking to a line manager or a safety or HR manager, employees can also make use of the hotline provided. This reporting procedure forms part of the company's safety culture.

The key figures regularly recorded at the locations include the number of incidents, near-accidents and accidents (Recordable Case Rate; RCR) or absenteeism (Lost Time Injury and Illness Rate; LTIIR). The reports, including cause analysis and preventive measures, are forwarded to the locations in order to prevent similar incidents from occurring. In addition to this, an annual EHS management inspection takes place at the production sites.

Schweiter Technologies employees also have access to a range of occupational health services, including health promotion programs. These also vary depending on the segment and location, and cover topics such as:

- Health check-up at the workplace
- Free vaccinations (flu, Covid)
- Covid prevention program
- Health advice
- Financial incentives for sporting activities
- Financial support for private medical care
- Access to company doctors or telemedicine services

Schweiter Technologies recorded a number of advances in the area of health and safety at work in 2021. For example, in the Transport & Industry and Display segments, not one accident involving serious injury was reported during the year. Several locations recorded no accidents at all, so no accident-related absences were registered. The 5-S method is used as an instrument to ensure workplaces and their surroundings are kept safe, clear and clean. This is the basis for continually improving work processes. At the locations in Switzerland, the accident rate remained at the consistently low level of previous years: there were no serious injuries and only a small number of work-related absences. SUVA, the compulsory accident insurance fund, consequently gave the production companies a lower risk rating, which in turn meant a reduction in insurance premiums. The Statesville production site in the Display segment was rated as a leader in safety by the North Carolina Department of Labor and received a "Gold Award". The Benton site won the "Governor's Award" in recognition of 500,000 working hours with no accident-related absences. In the Core Materials segment, too, the number of accidents in the reporting year continued to fall thanks to increased awareness.

Key figures: occupational safety¹

	2020
Number of employees covered by a management system for occupational safety and health	4 214
Number of occupational accidents	28
Absences due to occupational accidents (days)	736.5

¹ The figures for occupational safety include employees at all manufacturing companies in the Schweiter Technologies Group. Distribution companies and the headquarters in Steinhausen are not included.

Attractive employer

Only by being an attractive employer is it possible to attract, retain and develop employees in the various regions around the world. Good employer branding has a positive impact on staff recruitment and loyalty. Important requirements include creating a good working environment, improving the quality and efficiency of work and maintaining a strong team spirit. Every employee wants to work in a company that not only offers appropriate payment but also respectful interaction, a friendly environment and transparent communications.

One of the fundamental principles of Schweiter Technologies is that employees of all levels and at all locations should be paid fairly and in line with the market. The good image of the company is further reinforced through established brands or locations named after the product manufactured there (Airex in Switzerland, Alucobond in China, Plantabal in Ecuador).

The basis for employer branding is the Schweiter Technologies Code of Conduct. During the reporting year, an initiative was launched to optimize employer branding. It includes online job portals, an online tool for the application process and a digital employee survey. The segment in Asia has launched a plan in China to encourage the continued employment of staff in key positions. In India, flexible working arrangements were promoted, with greater consideration given to work-life balance.

To meet recruitment and retention targets, the relevant figures are monitored in an HR cockpit.

For example, staff turnover is monitored on a quarterly basis at all locations and compared with the figures for the market concerned. Schweiter Technologies uses a wide range of processes to record and assess the attractiveness of the working environment, from annual staff interviews with line managers to discussions about professional development, absences and leaving, to employee satisfaction surveys. During the reporting year, employee satisfaction was at a high level compared with other industrial companies. The best scores were achieved for strategy, vision and culture, targets and performance, and for relationships with colleagues; the lowest-scoring area was health, undoubtedly overshadowed by the Covid situation at the time. A great majority of employees would recommend Schweiter Technologies to a friend or acquaintance.

In the wake of the Covid pandemic, various locations in the USA and in parts of Europe and Asia found themselves confronted with serious staff shortages during the reporting year. Short-time working at some sites and the demand for overtime at others required intelligent solutions. The company was able to cope with the situation thanks to the willingness of some employees to move to other locations, even in other countries, where legal constraints permitted. Schweiter Technologies aims to meet similar challenges in the future by continuing to promote greater flexibility of personnel resources – for example by optimizing the ratio of short-term and permanent contracts and through personnel leasing.

Key figures: employees, including trainees and limited contracts

	2021		2020	
	Salaried employees	Waged employees	Salaried employees	Waged employees
Number of employees	1 209	3 273	1 212	3 187
male	733	3 012	727	2 932
female	476	261	485	255
New appointments (total)	183	745	137	773
internal	51	76	21	53
external	132	669	116	720
Departures (total)¹	139	706	144	594
Turnover (total)²	6.9%	7.7%	5.5%	5.3%
Average age	43.2	39.0	42.9	39.0
Average length of service	10.9	8.3	11.2	8.6

¹ All employees leaving the Group, including retirements, resignations and dismissals

² Turnover defined as "unintended", i.e. exclusively resignations

Investment in initial training and further development

Because Schweiter Technologies operates in an extremely dynamic environment, initial training and further professional development of employees is a significant factor in our success. Qualified staff with up-to-date specialist knowledge are the basis for quality, productivity and efficiency, and they are also an explicit requirement of audits and customers alike.

Professional training ensures continuity and guarantees that the Group always has the next generation of qualified employees at its disposal. Wherever possible, staff are offered dual training or an alternative adapted to the local situation. Continuing training helps to maintain a high level of quality and a common culture within the organization and ensures that skills and knowledge are preserved and enhanced. Schweiter Technologies offers specific training to ensure that all employees are equipped with the skills required to pursue the company's strategies, both today and in the future. Staff must also be given the motivation to increase their own levels of expertise and further their own careers.

Schweiter Technologies works with a large number of training tools, covering all business segments with annual training plans and matrices. Effective initial and further training is guaranteed by programs including:

- Employee induction
- Initial training at the workplace
- Ongoing professional training
- EHS training
- Training on compliance with regulations
- Leadership development

Schweiter Technologies gives periodic presentations at schools and universities to attract young talent. A special trainee program ensures that talented employees are given particular encouragement – for example, through high-potential workshops, in projects, or with job rotation opportunities. The "Talk to the CEO" program gives talented young employees worldwide a chance to communicate directly with top management.

HR managers at the various locations are responsible for identifying training needs. They also carry out qualification programs and assess how well knowledge is being transferred and applied in day-to-day business activities. The training and qualification matrix is updated every year. Assessment of training quality and the relevant outcomes is completed as part of the annual employee interviews and surveys.

Human rights standards

Schweiter Technologies respects human rights. The rights and dignity of all workers are recognized in the conduct of business throughout the world and in all segments. Furthermore, Schweiter Technologies ensures that this also applies to the activities of business partners (see "Responsible supply chain management").

Respect for human rights and consistent compliance with all related legislation is set out in the Schweiter Technologies Code of Conduct: "We treat all people equally and with dignity. We respect, protect and promote human rights without differentiation on the grounds of race, color, gender, language or religion." Supplementing the Code of Conduct and locally applicable legislation, there are guidelines and handbooks as well as specific regulations at each location.

In the year under review, the plant in India set up a POSH (Prevention of Sexual Harassment Act) committee. No cases have been reported to date. No other Schweiter Technologies location reported any cases of discrimination during the reporting year either. Internal measures taken to safeguard the dignity and rights of employees are monitored at Schweiter Technologies through regular audits and checks and management visits to the locations of the various segments. Specific disciplinary procedures are available to deal with any misconduct.

Responsible supply chain management

Schweiter Technologies has business relationships with over 5 000 suppliers in total, and in the year under review paid out a total of CHF 678.3 million on materials. The company operates in numerous countries worldwide, where local laws, rules and regulations must naturally be strictly adhered to. In addition, the company has introduced a Group-wide Code of Conduct that also applies to all external suppliers and consultants.

In order to ensure responsible management of the supply chain, Schweiter Technologies supports local procurement wherever possible. The collaboration with known partners allows short response times in time-critical projects. Risks such as supply delays, currency fluctuations or stock shortages are reduced with a local procurement policy. Favoring local suppliers also helps reduce CO₂ emissions and is an important social and economic factor in the communities around the respective company location. Pro-

curement by local purchasers is monitored by the relevant business segments concerned.

The selection of suppliers and products is sometimes limited due technological constraints or various stipulations. In the Transport & Industry segment, for example, all goods, production processes and supply chain management must meet international rail industry standards or the specific

Schweiter Technologies Worldwide Code of Conduct

<https://www.schweiter.ch/s1a203/corporategovernance/code-of-conduct.html>

requirements of bus manufacturers based on ISO 9001, 14001 and 45001. The Transport & Industry segment procures raw materials for the product lines manufactured in Switzerland and Poland from European suppliers. In the Core Materials segment, a global coordination system covers key elements. In Architecture, aluminum sheet materials are of particular importance – followed by plastic resins; the Display segment is mainly concerned with plastic resins and paper materials. A proportion of the raw materials used by both segments consists of recycled material. The selection of suppliers involves the application of company-wide criteria regardless of the segment and location. All procurement categories are governed by a comprehensive package of measures containing procedures for tenders, quotes and quality control. The performance of all Schweiter Technologies' suppliers is continuously assessed through regular audits and/or by means of key figures.



BALTEK® is the only structural core material made from a natural, renewable raw material: balsa wood. Schweiter Technologies is committed to sustainable forestry management – from the selection of the balsa seed to raising the seedlings (see photo) and growing the trees in Ecuador and Papua New Guinea with CoC (Chain of Custody) certificates.

With disruption to some international supply chains experienced in 2021, the advantage of local procurement at Schweiter Technologies was evident through its extremely stable supply of materials. In view of the supply bottlenecks caused by the Covid pandemic, maintaining stable and secure supplies can be chalked up as a major success in the reporting year. In Switzerland, the Transport & Industry segment also succeeded in acquiring a major local supplier for time- and cost-critical extruded products, thus effecting a reduction in costs. In the Display segment, the qualification process for a local aluminum sheet plant was completed.

Schweiter Technologies can only achieve its own sustainability targets if all suppliers play their part. Procurement follows a principle of “we source responsibly”, and Schweiter Technologies is actively committed to partnerships with suppliers for whom sustainability is important. All Schweiter Technologies’ suppliers are obliged to monitor their supplier management system and inform Schweiter Technologies of any challenges

affecting their plants and supply chain. This ensures that customers of Schweiter Technologies are guaranteed premium quality products manufactured to the highest standards. Furthermore, sustainability and traceability throughout the entire supply chain reinforce the competitiveness of the company. For example, the Transport & Industry and Display segments in Europe are targeting a reduction in CO₂ emissions in the production processes of their suppliers. This involves systematically recording and analyzing emissions figures per product and supplier. They also chart whether the use of recycled materials contributes to a further reduction in the CO₂ emissions. All suppliers are encouraged to invest in their production processes to further reduce any emissions.

Suppliers are not only selected and assessed on the basis of economic criteria at Schweiter Technologies’ business segments: ensuring that all partners comply with regulations, guidelines and procedures and operate with integrity, openness and professionalism is also a major priority. In addition to the Code of Conduct, information on

the behavior expected of suppliers can also be found in their framework agreements and detailed contracts, which always refer to ecological and social responsibility. Infringements of the Schweiter Technologies Code of Conduct or any additional contractual agreements have consequences. For example, in the Architecture segment in China, a cooperation with an at-fault supplier was discontinued during the reporting year. And at the European locations in the Transport & Industry and Display segments, far greater emphasis was placed on assessing the social and environmental credentials of suppliers, further increasing awareness among the employees responsible for carrying it out.

Sustainable local communities

In all countries in which the company operates, Schweiter Technologies is not only committed to preserving the natural environment, but also to promoting local communities and preserving their cultural heritage. Positive effects are achieved through the provision of local jobs as well as a large number of commercial, social and cultural projects and direct support for communities in the area.

In Europe, interaction with local communities encompasses close collaboration with schools and universities as well as support for numerous local organizations and social, cultural and sports projects. In Ecuador, Core Materials helps fund a number of vaccination and immunization programs. The decision to employ more local smallholders improved relationships in the communities and helped contribute to social equality. The same applies to a variety of infrastructure works (road building, bus stops) given active support by the segment. In Papua New Guinea, the segment is working to improve living standards in the surrounding communities: securing water, food and housing for employees, suppliers and partners is a permanent area of focus in the segment's business activity. To monitor the success of this commitment, employees are regularly asked to

provide feedback about local living conditions. In China, the construction of a road for a care home with over 600 elderly residents was financed during the reporting year. The new stretch of road, the full length of which has a pavement suitable for wheelchair use, was named 3A Composites Avenue in recognition of the contribution. In the Display segment, every plant is engaged in charitable projects in the local community, such as toy and food banks, fund-raising campaigns and volunteer work at community events.

GOVERNANCE

One of the basic prerequisites for sustainable governance at Schweiter Technologies is its ethical conduct with regard to people and nature. Naturally the company meets the legal requirements in all countries without question. In addition, Schweiter Technologies has a Group-wide Code of Conduct which applies not only to the Board of Directors, Group management and employees but also to the consultants and suppliers of Schweiter Technologies and all its subsidiaries. Compliance with regulations is monitored both within the company and in the supply chain – fair business practices are essential, particularly in dealings with major customers and public authorities.

The Code of Conduct (CoC) is handed to all employees, usually as part of their induction program, and is a component of all procurement contracts. To ensure that activities are guided by the Code of Conduct, there is a process at Schweiter Technologies to make certain that all employees are familiar with it.

During the reporting year, no cases of corruption, no legal violations and no cases of anti-competitive conduct were recorded. There were also no known infringements of environmental regulations during the reporting year.

GRI REPORTING

ABOUT THE REPORT

This report was compiled in accordance with GRI Standards: core option. The report covers the period from 1 January 2021 to 31 December 2021. The figures on the environment and occupational health and safety are for 2020. Reporting takes place on an annual basis, and the latest report was published on March 5, 2021. Around 37% of employees are covered by collective bargaining agreements (GRI 102-41). Entities included in the consolidated financial statements (GRI 102-45) are shown on page 91. This is the first report to be compiled according to GRI Standards; there are therefore no restatements of information (GRI 102-48) and no changes in reporting (GRI 102-49). No external assurance of the sustainability report was carried out. Memberships are regulated locally by Group companies.

GRI CONTENT INDEX



For the materiality disclosures service, GRI Services checked that the GRI content index is presented clearly and the references in disclosures 102-40 to 102-49 concord with the corresponding content in the report. The GRI Materiality Disclosures Service was conducted on the German version of the report.

UNIVERSAL STANDARDS

GRI 101:2016 FOUNDATION

GRI 102:2016 GENERAL DISCLOSURES

GRI standard	Title	Further information*
1. Organizational profile		
102-1	Name of the organization	last page
102-2	Activities, brands, products and services	4, 27
102-3	Location of headquarters	46
102-4	Location of operations	93
102-5	Ownership and legal form	46
102-6	Markets served	4
102-7	Scale of the organization	first inside pages
102-8	Information on employees and other workers	36
102-9	Supply chain	37
102-10	Significant changes to the organization and its supply chain	92
102-11	Precautionary principle or approach	28
102-12	External initiatives	24, 29
102-13	Membership of associations	40
2. Strategy		
102-14	Statement from senior decision-maker	2
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	39
4. Governance		
102-18	Governance structure	53
5. Stakeholder engagement		
102-40	List of stakeholder groups	26
102-41	Collective bargaining agreements	40
102-42	Identifying and selecting stakeholders	26
102-43	Approach to stakeholder engagement	26
102-44	Key topics and concerns raised	26

GRI standard	Title	Further information*
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	40
102-46	Defining report content and topic boundaries	24
102-47	List of material topics	25
102-48	Restatements of information	40
102-49	Changes in reporting	40
102-50	Reporting period	40
102-51	Date of most recent report	40
102-52	Reporting cycle	40
102-53	Contact point for questions regarding the report	149
102-54	Claims of reporting in accordance with the GRI Standards	40
102-55	GRI content index	40
102-56	External assurance	40

TOPIC-SPECIFIC STANDARDS

GRI 200 ECONOMIC

Reference	Disclosure	Further information*	Reason for omission
GRI 201:2016	Economic Performance		
GRI 103:2016 103-1/103-2/103-3	Management approach	26	
201-1	Direct economic value generated and distributed	84, 85	
GRI 204:2016	Procurement Practices		
GRI 103:2016 103-1/103-2/103-3	Management approach	37	
204-1	Proportion of spending on local suppliers	37	
GRI 205:2016	Anti-corruption		
GRI 103:2016 103-1/103-2/103-3	Management approach	39	
205-2	Communication and training about anti-corruption policies and procedures	39	
GRI 206:2016	Anti-competitive Behavior		
GRI 103:2016 103-1/103-2/103-3	Management approach	39	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	39	

GRI 300 ECOLOGICAL

Reference	Disclosure	Further information*	Reason for omission
GRI 302:2016	Energy		
GRI 103:2016 103-1/103-2/103-3	Management approach	31	
302-1	Energy consumption within the organization	32	
302-4	Reduction of energy consumption	32	
GRI 305:2016	Emissions		
GRI 103:2016 103-1/103-2/103-3	Management approach	31	
305-1	Direct (Scope 1) GHG emissions	32	
305-2	Energy indirect (Scope 2) GHG emissions	32	
305-5	Reduction of GHG emissions	32	

Reference	Disclosure	Further information*	Reason for omission
GRI 306:2020	Waste		
GRI 103:2016 103-1/103-2/103-3	Management approach	29	
306-1	Waste generation and significant waste-related impacts	29	
306-2	Management of significant waste-related impacts	29	
306-3	Waste generated	31	
GRI 307:2016	Environmental Compliance		
GRI 103:2016 103-1/103-2/103-3	Management approach	28	
307-1	Non-compliance with environmental laws and regulations	39	
GRI 308:2016	Supplier Environmental Assessment		
GRI 103:2016 103-1/103-2/103-3	Management approach	37	
308-1	New suppliers that were screened using environmental criteria	37	

GRI 400 SOCIAL

Reference	Disclosure	Further information*	Reason for omission
GRI 401:2016	Employment		
GRI 103:2016 103-1/103-2/103-3	Management approach	34	
401-1	New employee hires and employee turnover	36	
GRI 403:2018	Occupational Health and Safety		
GRI 103:2016 103-1/103-2/103-3	Management approach	33	
403-1	Occupational health and safety management system	33	
403-2	Hazard identification, risk assessment, and incident investigation	33	
403-3	Occupational health services	33	
403-4	Worker participation, consultation, and communication on occupational health and safety	33	
403-5	Worker training on occupational health and safety	33	
403-6	Promotion of worker health	33	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33	
403-9	Work-related injuries	34	
GRI 404:2016	Training and Education		
GRI 103:2016 103-1/103-2/103-3	Management approach	36	
404-2	Programs for upgrading employee skills and transition assistance programs	36	
404-3	Percentage of employees receiving regular performance and career development reviews	36	
GRI 406:2016	Non-discrimination		
GRI 103:2016 103-1/103-2/103-3	Management approach	37	
406-1	Incidents of discrimination and corrective actions taken	37	
GRI 412:2016	Human Rights Assessment		
GRI 103:2016 103-1/103-2/103-3	Management approach	37	
412-2	Employee training on human rights policies or procedures	37, 39	
GRI 413:2016	Local Communities		
GRI 103:2016 103-1/103-2/103-3	Management approach	37, 39	
413-1	Operations with local community engagement, impact assessments, and development programs	39	

Reference	Disclosure	Further information*	Reason for omission
GRI 414:2016	Supplier Social Assessment		
GRI 103:2016 103-1/103-2/103-3 414-1	Management approach New suppliers that were screened using social criteria	37 37	
GRI 419:2016	Socioeconomic Compliance		
GRI 103:2016 103-1/103-2/103-3 419-1	Management approach Non-compliance with laws and regulations in the social and economic area	39 39	

* Page numbers refer to the Annual Report 2021 of Schweiter Technologies AG