

NON-FINANCIAL REPORT 2021



NON-FINANCIAL REPORT

1. INTRODUCTION

In recent years, the topic of sustainability has come even more publicly to the fore in our society. Disasters attributed to climate change or the coronavirus pandemic have highlighted the global social and economic impact of our actions. Around the world, politicians and business have responded to this development and formulated climate protection targets and regulations.

At SCHWEIZER, a family business in operation for more than 170 years, the principle of responsible and sustainable management as well as social responsibility has been the backbone of the company throughout its long history and spurred on the transformation processes that have taken place during this time.

SCHWEIZER is an individual manufacturer of printed circuit boards (PCBs) for every requirement in a wide variety of industries and markets. Our innovative PCB technologies are used in demanding applications in the automotive, aerospace, industrial and medical sectors as well as in communications and computing. Industry-leading companies worldwide rely on SCHWEIZER's innovative strength, decades of experience and the excellent product and service quality of its PCB and embedding solutions. In addition, SCHWEIZER's PCB technologies are characterised by energy-saving and environmentally-friendly properties. The Group has state-of-the-art production sites in Schramberg in the Black Forest (Germany) and in Jintan (China).

With this non-financial report, we comply with our obligation (Section 289 b (1) HGB (German Commercial Code) and Section 315 b HGB) to disclose the "non-financial information" specified in the CSR Guidelines Implementation Act. This publication was prepared on the basis of the standards of the Global Reporting Initiative (GRI) and the key figures identified as significant for SCHWEIZER. The specific content of the GRI standard applied can be found in the index information at the end of the non-financial report. In accordance with the EU Taxonomy Regulation and the supplementary delegated acts, we report on its application for the first time in this non-financial report. The EU Taxonomy Regulation comprises rules and disclosures for economic activities in relation to a total of six environmental objectives. At present, information on two environmental objectives is to be reported on – climate change mitigation and adaptation. Further details can be found in Section 7.

The key figures stated in Section 3 refer to Schweizer Electronic AG's production site in Schramberg. In 2020 and 2021, SCHWEIZER's second production site, Schweizer Electronic (Jiangsu) Co., Ltd., in Jintan (China), was not yet in regular operation on a continuing basis. Parts of the key figures identified as material would therefore not yet be meaningful or not very meaningful for this site. In order to ensure comprehensive reporting of the Group key figures, a uniform data collection system is currently being established.

SUSTAINABILITY

Sustainability is a broad field that can encompass a range of aspects. We set out our commitment to sustainable action and the resulting fields of activity in our SCHWEIZER Management Manual (first edition 1996), which aims to turn the complexity surrounding the issue into something we can concretely address and to consistently integrate sustainability into our activities. This manual is updated and expanded on an ongoing basis to meet the latest requirements. The last update was carried out in February 2020.

MATERIAL ASPECTS AND STAKEHOLDERS

The management manual defines sustainable development in terms of quality, environment, energy and occupational safety in combination with other corporate goals as issues for the company's management team to address, and sets out goals, measures, schedules and specifications for its implementation. The business processes and topics described in the manual – along with our organisational structure – result in the following relevant stakeholders and stakeholder groups for SCHWEIZER:

- Employees
- Customers
- Investors
- Suppliers
- Public authorities

The Management Manual contains a comprehensive analysis of stakeholders and fields of materiality.

The following section of the non-financial report focuses on environmental, employee and social issues, as well as measures for respecting human rights and combating corruption and bribery.

All the information required for an understanding of the business processes, business results, SCHWEIZER's present situation and the effects of its activities on the aforementioned aspects is already part of the summarised status report or the corporate governance statement and is therefore not referred to again in this section of the Annual Report. This information can be understood via the GRI Index starting on page 107.

2. MISSION STATEMENT

Our mission statement explains the reasoning behind our strategy and actions. It conveys the values and guiding themes that are the pillars of our success.

VISION

We are a global "best-in-class" technology company. Our products conserve resources to safeguard the future of our children. We are a leading manufacturer of high-quality printed circuit boards (PCBs) and recognised producer of energy-saving, environmentally-friendly products and services.

MISSION

Our mission is to ensure the success of our customers – and thus also that of our company! The goals of our customers, their faith in us and our pleasure in constantly pushing the boundaries of what is possible – these are the key drivers behind our success. We are able to achieve this based on our long-term experience, state-of-the-art technology, production methods and processes, and excellent knowledge of our target markets. We focus on attractive and promising business opportunities. Our activities as a family business with a longstanding tradition are geared towards long-term, sustainable success. Our employees form the basis for this success.

VALUES

The following values are important to us and guide our conduct: Quality, speed, creativity and openness. These values represent the foundation for our past, present and future.

AWARENESS OF QUALITY AND THE ENVIRONMENT

We are committed to reducing energy consumption, increasing energy efficiency, continuously improving our services and contributing to environmental protection. Our aim is to reduce environmental pollution, such as by recycling, and to thereby contribute to protecting our environment. Binding obligations arising from our activities are essential foundations for our actions as is compliance with relevant laws and regulations. We are therefore working openly with authorities and the public on environmental protection issues.

We stand for highest quality levels and operate with utmost care in all facets of our business. In addition, we have set ourselves a goal of zero-defects tolerance and continuously work on improving this even more. For this reason, we reduce rejects and are able to offer our customers the highest possible quality at the same time. This philosophy and approach ensure that we remain fit for the future and place us in the best possible position for any upcoming challenges.

The following guiding principles that determine our actions and are based on our values arise from our mission statement: We are customer-oriented, creative, globally coordinated, versatile, competent, cooperative, friendly, inviting, competitive and consciously responsible.

We have developed the Competency Framework for our employees. It sets out the guidelines for cooperation and management and is intended to help employees and managers orient themselves in their day-to-day work.

3. ENVIRONMENTAL ISSUES

Preventative quality assurance and environmental protection, supplemented with the careful use of energy, not only reduce product costs but also reduce pressure on the ecology. Our resolve to ensure continuous improvement as a significant building block of our approach contributes to this. When building the new plant in Jintan (China), a great deal of significance was placed on environmental issues. The most modern and reliable facilities and procedures are used and meet all the strict environmental conditions imposed by the Chinese authorities.

Careful planning, regular ongoing maintenance, audits and training prevent the environment from being damaged by unforeseen incidents. For instance, large retention areas are available for hazardous liquids that prevent liquid from uncontrollably emanating from the buildings or from non-secure areas in the buildings. As a preventative measure, the population in a large radius of the vicinity was informed of unforeseeable events and measures taken to prevent such.

CERTIFICATION AUDITS EM ISO 14001 / EM ISO 50001

As a values-driven company, it is important to us to ensure our high standards in environmental and energy management and to subject our actions to an external audit. The quality of our systems is reflected in the successful tests and certifications in accordance with DIN EN ISO 50001:2018 and ISO 14001:2015.

ENVIRONMENTAL ISSUES – CORE TOPICS AND INDICATORS

With respect to environmental issues, the following material core topics and performance indicators can be identified for SCHWEIZER's line of business:

- Energy consumption
- CO₂ footprint
- Water consumption
- Waste
- Use and consumption of resources (raw materials)

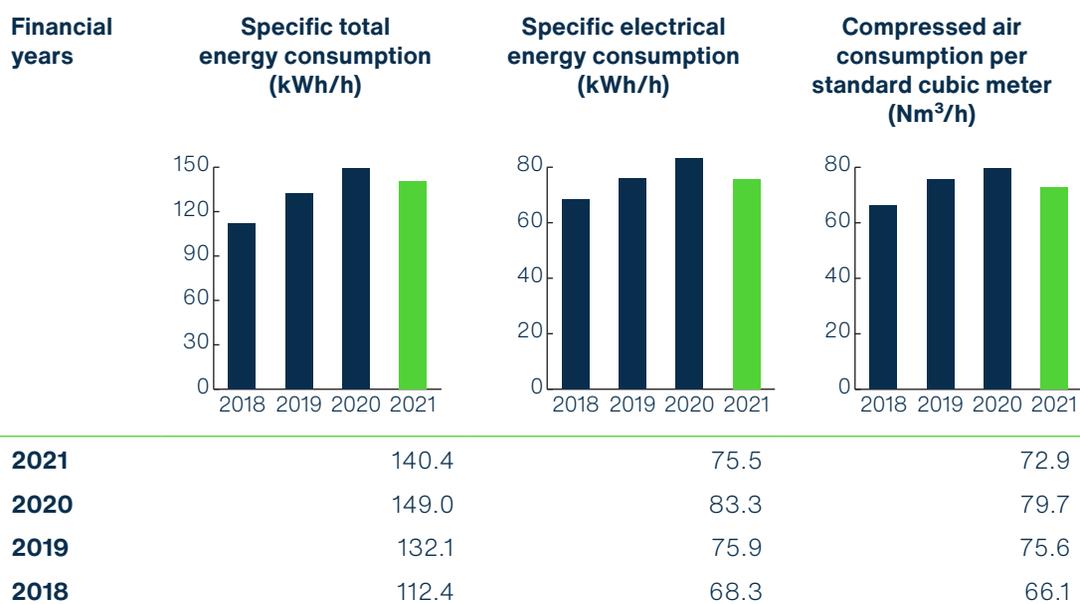
At SCHWEIZER, our employees are committed to environmental protection. This is particularly evident in energy management, the high level of readiness to sort waste, and the careful use of water. When measuring the relevant sustainability indicators, the company always refers to the production hour in each case in order to do justice to the increasing complexity of printed circuit boards.

ENERGY CONSUMPTION AND MEASURES TO REDUCE ENERGY CONSUMPTION

Energy efficiency is a key market driver of our PCB business. Our PCBs help our customers in the automotive sector to increase the fuel efficiency of their vehicles and reduce CO₂ emissions. It is therefore logical that energy management plays a significant role at SCHWEIZER, given the products and services we offer. For a company as energy-intensive as SCHWEIZER, energy efficiency is of particular importance not only in terms of conserving resources, but also with regard to cost management. For example, in 2021, the share of hybrid or electric vehicles in the overall fleet of company cars increased by 28.2 percent, after an increase of 18.9 percent in 2020. The issue of electromobility in the company's own fleet will also be the subject of targeted promotion in the future.

The specific electrical energy consumption is dependent on the company's production capacity utilisation. With shorter process times, the relatively high energy base loads of production facilities and air conditioning systems have a disproportionate effect on energy efficiency indicators. This effect was particularly evident in the lower production capacity utilisation at the Schramberg site in 2020. This is an effect that has improved again in the past financial year due to the improved capacity utilisation and/or increased process times and the efficiency measures implemented.

The key figures identified at Schweizer Electronic AG for reporting are the specific total energy consumption, the specific electrical energy consumption per production hour (kWh/h), and the compressed air consumption per standard cubic meter per production hour (Nm³/h).

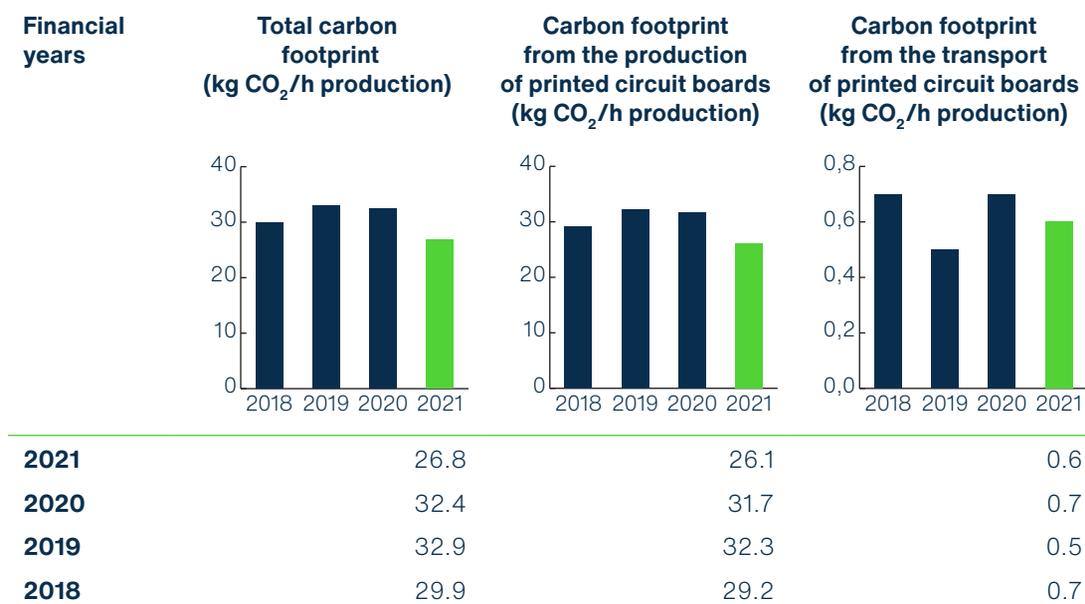


CARBON FOOTPRINT AND MEASURES TO REDUCE CO₂ EMISSIONS

The overall CO₂ footprint is calculated from the production CO₂ footprint and the transport CO₂ footprint. For production, the data from the supply plants for the Schramberg site are used. For transport, CO₂ consumption data from the Federal Environment Agency (UBA), which is recorded per tonne of goods and kilometres driven with the respective means of transport, is used. The CO₂ production footprint includes all indirect CO₂ emissions from electricity consumption and direct CO₂ emissions from gas combustion. The transport CO₂ footprint comprises the CO₂ emissions generated by transporting the finished printed circuit boards to customers.

As part of the ongoing energy-saving measures and the increasing production capacity utilisation, the CO₂ footprint for production per production hour has steadily dropped up to and including 2018. With the exception of 2019, this trend has continued. The reason for this is the higher share of renewable energies for purchased electricity. Since 2016, the company's combined heat and power plant (CHP) has been included in production CO₂ footprint calculations. In 2021, absolute CO₂ emissions were reduced by more than 500 tonnes compared to the previous year, which represents a reduction of just under 5 percent.

All figures shown for the CO₂ footprint refer to production and transport from the Schramberg plant. Sales of Schweizer Electronic AG directly realised with its partner companies WUS and Meiko amounted to around 26 percent of total revenue in 2021 (2020: approx. 30 percent) and are not included in the disclosure. Overall, the transport CO₂ footprint accounts for only about one to three percent of the total CO₂ footprint.

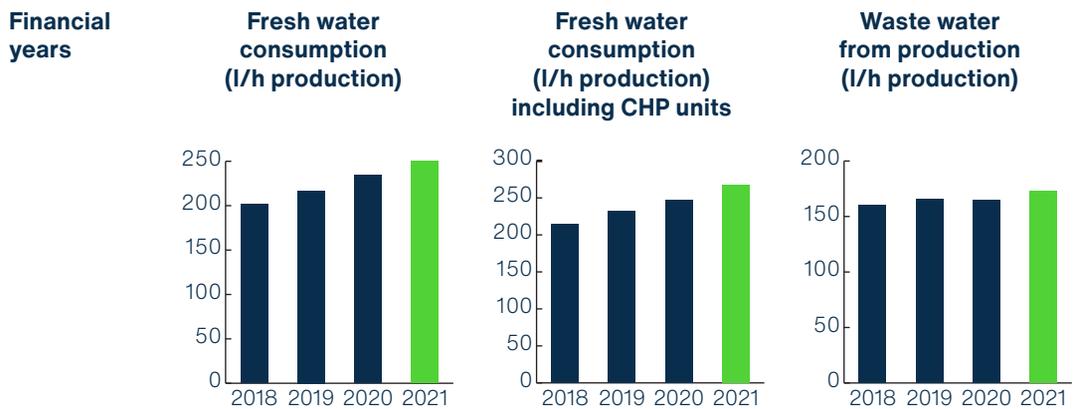


WATER

The production of a printed circuit board contains many water-intensive processes, meaning the consumption of fresh water and the generation of production-related effluents are important indicators for assessing SCHWEIZER's impact on the environment. Therefore, one of our most important tasks in the field of environmental protection is to continuously optimise fresh water consumption and effluents produced during production. For example, at the Schramberg site, excess water from the air-conditioning systems are recirculated to fresh water treatment and not fed to the sewage system. By using rainwater, the company saves between 10 and 15 thousand cubic metres of drinking water per year. In addition, the use of large rainwater storage tanks, which collect the drain water from the roof surfaces, relieves the drain system in the event of heavy rain. It is a given for us to consider environmentally friendly aspects when planning and purchasing new systems.

We have identified fresh water consumption (including consumption by the CHP unit) and waste water from production as relevant key figures for reporting on the Schramberg site, in each case in relation to hour of production. The target for 2021 was to fall below 180 l/h in terms of waste water from production at the site. Fresh water consumption consists of the water supplied by the city, rainwater and recirculated water from the air conditioning system.

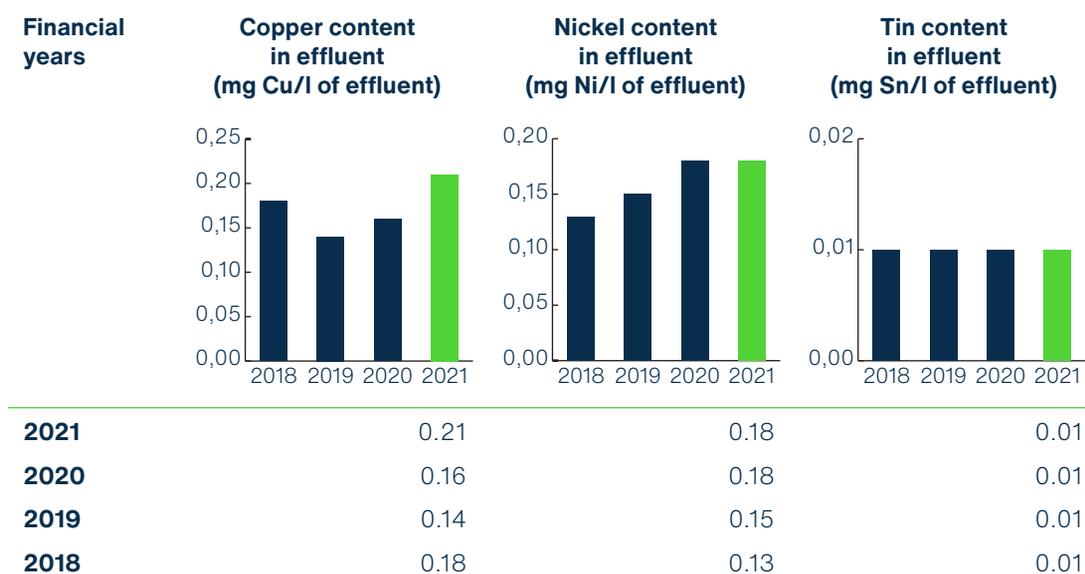
Analogous to the specific energy consumption, our fresh water consumption is not only dependent on the consumption due to production, but also on usage independent of the capacity utilisation. This consumption, which is independent of the process times, is caused, for example, by air conditioning systems or by maintenance work that is carried out independently of the capacity utilisation. In addition, there is the dismantling and commissioning of wet pipe systems carried out in 2021, which require water and generate waste water without goods being produced. Part of the increase in volume is due to this fact. Since operations have been partially suspended on weekends since 2020, the volume percentage that cannot be influenced has increased, particularly in the case of fresh water and waste water from production.



2021	250	267	173
2020	234	247	165
2019	217	232	166
2018	202	215	160

AMOUNT OF COPPER, NICKEL AND TIN IN WASTE WATER

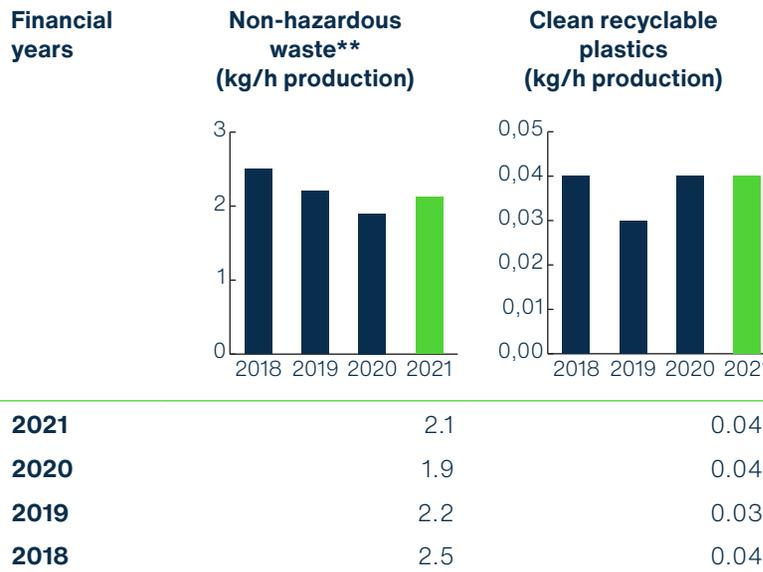
The relevant metal content in the water for the Schramberg site includes copper and nickel in particular. Both have a permissible limit value of 0.5 mg/l of effluent. For the sake of completeness, we also show the tin content. The limit value here is much higher at 2 mg/l of waste water.



WASTE

Since the first introduction of the environmental management system ISO 14001, the topics of waste and in particular the clean separation of waste is one of our focal points. The goal of consistent separation of the types of waste arising at the company, in addition to the correct disposal, is the way to achieve the best possible use of the waste. Our aim is to avoid waste wherever this is possible in terms of both quality and organisationally. This aim of high-quality disposal is evident from the fact that more than 80 percent of our overall waste at the Schramberg site is recycled (e.g. in the recovery of metals and, if necessary, acids or the production of preliminary products for new goods). The share of feed-in to energy recovery was increased to 9 percent (2020: just under 5 percent). The high share of hazardous waste (in 2021: around 60 percent of waste generated) is usual in the manufacture of printed circuit boards and is regarded as rather low in the past financial year due to the special effect of system disassemblies. This in particular had an impact on non-hazardous waste, less so on hazardous waste.

The increase in the share of specific hazardous waste in recent years can partly be explained by the fact that one waste category had to be removed from the non-hazardous waste classification and assigned to hazardous waste.



* in accordance with EU-wide official categorisation; increase in 2020: due to a change in the classification of waste previously not classified as hazardous now classified as hazardous waste.

** in accordance with EU-wide official categorisation; decrease in 2020: due to a change in the classification of waste previously classified as non-hazardous now classified as hazardous waste.

RESOURCES

The supply of resources is a rather uncertain factor in the long term: while global demand is increasing, the rising scarcity of resources is leading to restrictions in availability and price hikes. Our mission obliges us to use resources sparingly. Furthermore, the economic factor is relevant for us both in terms of availability to ensure production and cost optimisation in procurement.

We are constantly striving to optimise and redefine our processes technologically to reduce the consumption of raw materials.

For the purposes of this report, we primarily define resources as the materials used in production, from base material laminates, a synthetic resin-impregnated fibre mat, a wide range of metals for the production of conductor paths and the refinement of surfaces, to the chemicals used in wet processes.

The procurement of raw materials / auxiliary materials is carried out according to firmly defined processes.

We generally expect our suppliers to use a QM system based on DIN EN ISO 9000ff and pursue further development towards IATF 16949 as well as have an environmental management system according to ISO 14001 and an energy management system according to ISO 50001/EMAS.

In 2021, we accorded even greater importance to the topic of energy than in the past. New alternative procurement models for electricity and gas will in future help to ensure flexibility in procurement, optimal pricing and security of supply.

CONFLICT MATERIALS

As a company with a long history and a recognised manufacturer of energy and environmentally friendly products and services, Schweizer Electronic AG takes its corporate social responsibility very seriously. This is why we try to avoid procuring the conflict materials tin, tantalum, tungsten and gold (also known as 3TG) from conflict regions.

Conflict materials are mined and sold under poor conditions with the aim of supporting and financing armed conflict in the Democratic Republic of Congo and its neighbouring countries. In July 2010, the US government passed the Dodd-Frank Wall Street Reform and Consumer Protection Act to control and prevent the mining and trading of conflict materials. Section 1502 of the Dodd-Frank Act states that US listed companies must assess whether conflict materials are required for the manufacture or operation of their products.

Companies like SCHWEIZER, which supplies to US-listed companies, must also inform its customers when conflict materials are present in their products or supply chain.

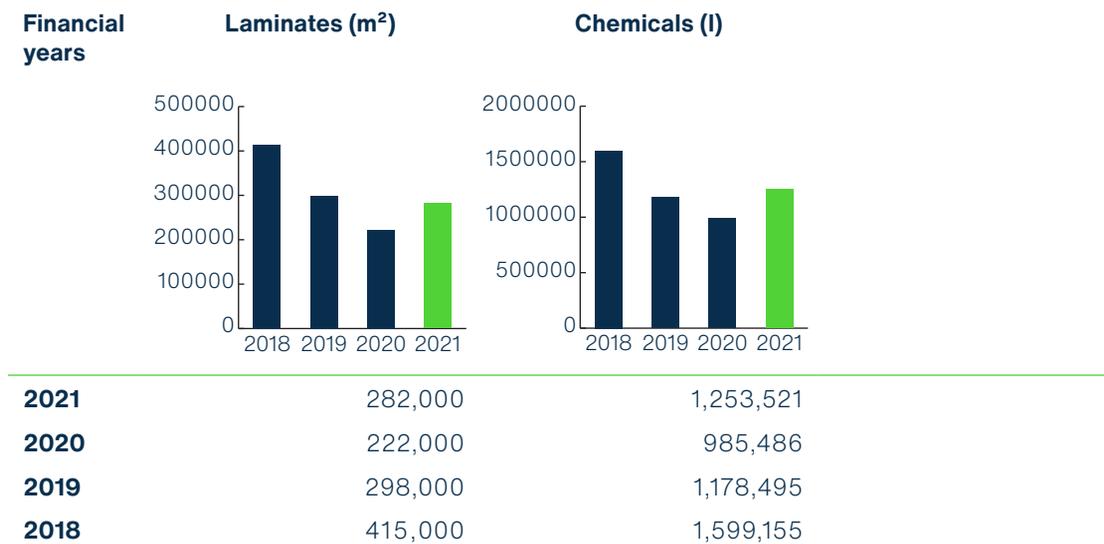
As SCHWEIZER shares the opinion of its customers, we do our best not to purchase raw materials from the Democratic Republic of Congo. This is why we work closely with our suppliers. We expect our suppliers to source their minerals from conflict-free smelters and check their own supply chain for conflict materials. To obtain all the due diligence information we need for our customers, we ask our suppliers to complete the Conflict Mineral Report Template (CMRT).

After the materials used declined sharply in 2020 in line with the production volume due to the coronavirus pandemic, there was a noticeable recovery in customer demand in 2021 and thus also very strong demand for materials from all product groups on the procurement side. Delivery times increased from month to month. In some product groups (e.g. semiconductors and selected copper products), the delivery time was more than one year. In some areas, orders had to be placed up to two years in advance in order to secure deliveries.

MATERIALS USED BY WEIGHT



* the quantities for copper refer to copper anodes; other copper products (foil or laminates and/or chemicals) are included in the laminates and are not listed separately.



4. EMPLOYEE ISSUES

At SCHWEIZER, the primary focus is on people. All employees act as one team and together form the foundation for our success, even during the coronavirus pandemic. Accordingly, in times of the global coronavirus pandemic, in addition to **employee satisfaction** and **education and training**, the focus has been particularly on the topic of **health and safety for our employees**.

In its Code of Ethics, SCHWEIZER undertakes to comply with all the relevant legal provisions to prevent discrimination. All employees benefit from equal opportunities and equal treatment, irrespective of origin, skin colour, gender, creed, sexual orientation, political opinion, social status or other differentiating factors. Employee involvement is a firm component of our corporate culture. The company's management places great value on transparency and the opinion of individuals and for this reason the door to the Executive Board and the HR management is, in principle, open to all employees. Anonymised employee surveys and the whistleblowing system are available as further feedback opportunities.

The number of employees in the SCHWEIZER Group amounted to 1,091 at the end of the year (of which 574 in Germany). The annual average staff turnover rate* in Germany was 3.23 percent (2020: 2.96 percent). More than 36 percent of our employees in Germany have been with us for more than 25 years. SCHWEIZER employed 516 people in Asia at the end of the year. The subsidiary, which was founded in the USA in 2021, is currently being set up and had one employee as of the reporting date. The share of temporary workers at the Chinese plant was 23 percent. This relatively high share of temporary workers has already been reduced compared to the previous year (25 percent) and is currently still due to the circumstance of the development phase. SCHWEIZER strives to continuously reduce the share of temporary employees. The staff turnover rate at the Chinese site was 25 percent in 2021 (2020: 22 percent), which is typical for the Chinese labour market.

* Staff turnover rate: resignations/average number of employees (excluding temporary workers).

Due to the ongoing coronavirus pandemic, it is important for SCHWEIZER to protect its employees. For this purpose, **occupational health and safety and protective measures** and zone concepts have been further developed by the in-house Corona Task Force in order to significantly reduce direct contact between employees and minimise the risk of infection. Employees have been continuously informed about the current regulations in the form of digital information and notices. Among other things, a rolling shift system in the area of office activities was implemented in particular for the pandemic in order to minimise contact between people and thus make a major contribution to fight the pandemic. In addition, vaccinations have been organised and carried out by SCHWEIZER with the involvement of the company doctor at the site. Similarly, Group-wide preventive measures against the coronavirus pandemic and vaccination offerings were also implemented through the corresponding medical/official contact points. It is important to SCHWEIZER to give its employees the best possible protection, also in order to fulfil its responsibility towards its employees' families and its customers.

SCHWEIZER has implemented an employee app (SWAPP) as an information and communication platform globally. The reason for this was that employees had asked for more timely information and communication. This medium has made an important contribution to the rapid dissemination of information on coronavirus updates, but also to the **promotion of employee satisfaction and the support of intercultural cooperation**, in particular with the plant in Jintan (China).

The app has provided greater transparency. Thanks to an automated translation function in the app, it has become easier to communicate with colleagues around the world. The SWAPP app can be used by any employee and contains important news and interviews in order to obtain information, but also to actively discuss ideas. This was another important step towards digitisation for the development of intercultural communication and the promotion of a sustainable, global culture within the company. In terms of e-mobility, SCHWEIZER has adopted the "green trend" and also gives employees the opportunity to use e-charging stations in the company. Moreover, the company offers a bicycle leasing model for e-bikes as well as normal bicycles. This programme met with a very positive response and is an important element of employer attractiveness as well as an offer to employees to take part in **company health management** campaigns. Through campaigns such as "CITY CYCLING – cycling for a good climate", SCHWEIZER intends to raise awareness of climate protection and create offers to promote the health of its employees. Company integration management, as an important component of company health management, has been actively continued. Despite the restrictions imposed by the pandemic, initiatives regarding the reintegration of employees were supported and assisted by occupational medicine with the support of the company doctor – even remotely, in some cases. In this context, SCHWEIZER also has the opportunity to offer the model of partial retirement to employees who are about to retire. With company health management, the objective is to improve employees' health in the long term, strengthen human resources and reduce health risks. In addition, the aim is to increase motivation through good working conditions, raise work satisfaction and improve the working environment. For the company, this means fewer sick days, higher productivity and performance as well as improvements in the quality of products and services.

At SCHWEIZER, **training** is an important component of succession planning, as well as ensuring that additional requirements for the future are covered. On average, there are 16 trainees in training per year. In 2021, SCHWEIZER decided to offer additional apprenticeships, as the demand for junior staff and skilled workers is increasing and plays a key role at SCHWEIZER. We train with the aim of deploying our trainees in the respective departments, employing them in the long term and developing them further within the company.

The training programme at Schweizer Electronic AG covers both commercial and technical professions. The company trains industrial administrators as well as specialists in warehouse logistics, mechatronics technicians and surface coaters. Depending on requirements, apprenticeships for electronics technicians, IT specialists and dual students in the fields of business administration, industry and business informatics are offered.

Schweizer Electronic AG stands for high-quality training. In addition to technical training in the departments and training workshops, our trainees and dual students take responsibility for various projects. These very much promote motivation and independence in their everyday professional life. In China, on the other hand, there is no known equivalent training as in Germany. SCHWEIZER has decided to offer a trainee programme for one year. Through "Training on the Job", the new trainees get to know various departments and subject areas and thus have the opportunity to develop themselves further. The trainee programme also includes an assignment at the German site in Schramberg, which could not be implemented due to the pandemic. It is aimed at specialists and young professionals from the Chinese subsidiary.

In addition to training for newcomers to the profession, the focus for experienced employees is on **internal and external further training**. Again limited by the pandemic, the focus was on mandatory training, management training and specific specialist training, including on the topic of digitisation and processes. At the Chinese site, management training and awareness-raising training regarding standardisations were offered.

PERFORMANCE REVIEWS AND BRIEFINGS ON OCCUPATIONAL SAFETY, ENVIRONMENTAL PROTECTION AND ENERGY MANAGEMENT

Employees' appraisals have been carried out using a new performance assessment system since 2018. The new system is an assessment instrument that is transparent and easy to understand for all employees. The performance appraised determines the annual performance bonus that is paid as a variable remuneration component in addition to the basic salary and is entrenched in an annual appraisal meeting.

A works agreement on line manager assessments has been in place since 2019. Using this assessment, SCHWEIZER makes it possible for employees to give targeted feedback to their line manager.

Recurring briefings on occupational safety, environmental protection and energy management are also held annually. For newly hired staff, briefings take place on the first working day. The aim of the briefings is to provide employees with knowledge of occupational safety, environmental protection and energy management, to inform them of key figures by means of regular, repeated briefing and to motivate them to act accordingly before they commence their work.

The relevant indicators with regard to employment, occupational safety and health protection include the total number of employees hired, staff turnover, accidents at work and the resulting days of absence.

NUMBER OF OCCUPATIONAL AND COMMUTING ACCIDENTS AND RESULTING ABSENCES AT THE SCHRAMBERG SITE

Financial year	Number of occupational and commuting accidents*	resulting days of absence
2021	8	97
2020	4	42
2019	7	243
2018	22	286

* These are accidents at work and on the way to and from work, which are subject to reporting requirements.

Of a total of eight occupational and commuting accidents in 2021, two were reportable commuting accidents. An analysis of the relatively high number of days of absence in 2019 revealed that the cause was primarily from accidents on the way to work and not from accidents at work.

Number of employees (31 December) in persons

		2021			2020		
		Men	Women	Total	Men	Women	Total
in Germany							
Category	Employees	146	58	204	143	62	205
	Blue collar	253	117	370	251	124	375
	Full-time	398	160	558	394	168	562
	Part-time	1	15	16	0	18	18
		399	175	574	394	186	580
in Jintan*							
Category	Employees	118	53	171	104	45	149
	Blue collar	229	117	346	154	62	216
	Full-time	347	170	517	258	105	365
	Part-time	0	0	0	0	0	0
		347	170	517	258	107	365
Group		746	345	1091	652	293	945

* including 2 Singapore employees, 1 US employee

**Diversity among employees
in percent**

Group		2021		2020	
		Employees	Blue collar	Employees	Blue collar
Gender	Women	29%	33%	30%	31%
	Men	71%	67%	70%	69%
Age group	< 30 years	12%	34%	15%	32%
	30–50 years	58%	37%	52%	33%
	> 50 years	30%	29%	33%	35%
of which in Germany					
Gender	Women	28%	32%	30%	33%
	Men	72%	68%	70%	67%
Age group	< 30 years	7%	11%	7%	11%
	30–50 years	40%	33%	39%	34%
	> 50 years	53%	56%	54%	55%
of which in Jintan*					
Gender	Women	30%	34%	29%	29%
	Men	70%	66%	71%	71%
Age group	< 30 years	17%	59%	27%	69%
	30–50 years	79%	41%	69%	31%
	> 50 years	4%	0%	4%	0%

* including 2 Singapore employees, 1 US employee

5. SOCIAL ISSUES

CORPORATE SOCIAL RESPONSIBILITY

For more than 170 years, we have been closely committed to the Schramberg site and are an important employer in the region. It is our concern to not only create and secure jobs, but to promote social, cultural and sporting activities in the city and surrounding region, and to ensure that the location is attractive and worth living in for present and future generations of employees and their families. Due to the coronavirus pandemic, the activities in respect of sport, art and culture, however, were very limited.

Nevertheless, SCHWEIZER wanted to support Forum Kunst in Rottweil by providing financial support as part of a "benefactor" agreement. Forum Kunst was established in 1970 as an art association with the aim of promoting engagement with contemporary art. Since its establishment, care has been taken to establish a forum (not only) for regional artists but also to bring national and international artists to the region and to promote exchange in this way. At the same time, this increases the region's attractiveness as a place to live for employees and their families.

6. RESPECT FOR HUMAN RIGHTS AND THE FIGHT AGAINST CORRUPTION AND BRIBERY

Respect for human rights is a central component of our corporate management and is set out in detail in our Code of Ethics, our CSR policy and our Conflict Minerals Policy, which is communicated to every employee and supplier. For verification purposes, we expect our suppliers to return the completed Conflict Mineral Report Template (CMRT) to us.

We likewise attach great importance to the fight against corruption. We reject all forms of corruption. We therefore expect our employees and authorised representatives to report all suspected cases of corruption to the Executive Board. We have set out all details for the prevention of corruption in an extra guideline and made it available to our employees.

WHISTLEBLOWING SYSTEM AT SCHWEIZER

As we have a keen interest in ensuring that violations against laws, regulations and internal rules are reported in order to detect unlawful conduct in the company and to be able to clarify same, we introduced a whistleblowing system at SCHWEIZER in 2018 and concluded a works agreement in this regard. Reports from employees, former colleagues, customers and third parties at an early stage can assist in developing a preventive strategy in order to avert tangible and intangible losses as well as legal consequences and reputational damage to the company and its employees.

The whistleblower system opens up a confidential communication channel in which employees and other persons have the opportunity to report legal violations or violations of internal guidelines in connection with the company electronically to a central administrator. Special care is taken to ensure that participants' personality rights, informal right of self-determination and data privacy are preserved.

7. EU TAXONOMY

Within the framework of the EU Action Plan on Sustainable Finance, the redirection of capital flows into sustainable investments is an essential objective. Against this background, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter referred to as the Taxonomy Regulation) which, as a uniform and legally binding classification system, establishes which economic activities in the EU are considered "ecologically sustainable". The results of this classification must be reported on an annual basis on a company-specific basis.

Article 9 of the Taxonomy Regulation states the following six environmental objectives:

- a) Climate change mitigation;
- b) Climate change adaptation;
- c) The sustainable use and protection of water and marine resources;
- d) The transition to a circular economy;
- e) Pollution prevention and control;
- f) The protection and restoration of biodiversity and ecosystems.

The EU has currently published guidelines on sustainable economic activities as defined in the EU taxonomy for two environmental objectives (climate change mitigation and climate change adaptation).

With regard to the classification of an economic activity as "ecologically sustainable" as defined in the EU taxonomy, a distinction must be made between taxonomy eligibility and taxonomy compliance. In the first step, it must be checked whether economic activity is described in the Delegated Act and whether it is therefore eligible under the taxonomy. Only taxonomy-eligible economic activities can be considered "ecologically sustainable" if certain criteria are met. Accordingly, in the second step it must be evaluated whether the mentioned technical screening criteria are fulfilled and whether the minimum social protection is complied with in order to be classified as taxonomy-compliant and therefore appropriately described as an enabling activity or a transitional activity.

For the 2021 reporting year, only the shares of taxonomy-eligible and non-taxonomy-eligible economic activities in revenue as well as capital expenditure (CapEx) and operating expenses (OpEx) must be disclosed.

The amounts used to calculate the revenue, CapEx and OpEx key figures are based on the figures reported in the consolidated financial statements. All fully consolidated and proportionately consolidated Group companies are included in this consideration.

Based on Section 289b (1) in conjunction with Section 315b HGB and Article 8 of the Taxonomy Regulation, SCHWEIZER is obliged to apply the provisions of the Taxonomy Regulation. In accordance with Section 315e (1) HGB, the consolidated financial statements of Schweizer Electronic AG were prepared in accordance with IFRS as at 31 December 2021. The IFRS consolidated financial statements thus serve as the basis for determining the following figures.

KEY FIGURES

Revenue key figure

The revenue key figure is calculated as the ratio of the sales revenue from taxonomy-eligible economic activities of a financial year to the total sales revenue of this financial year.

The total revenue of EUR 122.7 million for the 2021 financial year form the denominator of the revenue key figure and can be found in the Group's income statement (see p. 114).

Schweizer's revenue reported in the consolidated income statement is examined across all Group companies to determine whether it was generated from taxonomy-eligible economic activities in accordance with Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of Delegated Regulation 2021/2139 of the Taxonomy Regulation. A detailed analysis of the items included in revenue is used to allocate the respective revenue to the taxonomy-eligible economic activities. The total revenue of EUR 0 thousand* of taxonomy-eligible economic activities for the 2021 financial year is the numerator.

Revenue key figure	Absolute in EUR thousands
Taxonomy-eligible activities	0*
Non-taxonomy-eligible activities	122,657
Total	122,657
Share of taxonomy-eligible activities	0%

*For Schweizer, no relevant economic activities could be identified in the Delegated Acts in the current version of the Regulation. As a result, no taxonomy-eligible revenue was determined. Irrespective of the classification according to the specifications of the Delegated Acts, our products are used in the area of sustainable mobility, renewable energy and energy-efficient energy conversion and thus contribute to sustainable topic areas.

CapEx key figure

According to the Taxonomy Regulation Art. 8 Annex I 1.1.2.2, the CapEx key figure represents the share of capital expenditure that is either related to a taxonomy-eligible activity, linked to a credible plan to expand or achieve an ecologically sustainable economic activity, or is related to the purchase of products and services from a taxonomy-eligible economic activity.

Capital expenditure is based on additions to property, plant and equipment and intangible assets as well as rights of use under IFRS 16 before depreciation and amortisation and any revaluations for the financial year in question and without changes in fair value. The total capital expenditure in accordance with the Taxonomy Regulation Art. 8 Annex I 1.1.2.1 amounts to EUR 17,931 thousand (see the respective information on p. 144 of the consolidated statement of changes in fixed assets).

Based on the project description of the additions, an analysis is carried out with regard to taxonomy eligibility and a comparison is made with Annex I (Substantial contribution to climate

change mitigation) and Annex II (Substantial contribution to climate change adaptation) of Delegated Regulation 2021/2139 of the Taxonomy Regulation. The sum of the additions reflecting a taxonomy-eligible investment is the numerator of the CapEx key figure of EUR 214 thousand in connection with the purchase of taxonomy-eligible services and products in the areas of fleet and waste water management.

CapEx key figure	Absolute in EUR thousands
Taxonomy-eligible activities	214
Non-taxonomy-eligible activities	17,716
Total	17,930
Share of taxonomy-eligible activities	1%

OpEx key figure

The OpEx key figure indicates the share of operating expenses within the meaning of the EU Taxonomy associated with taxonomy-eligible economic activities, with a CapEx plan described above or with the purchase of products from taxonomy-eligible economic activities.

The basis for determining the key figure is the sum of the expenses for direct, non-capitalised research and development expenses, building renovation measures, short-term leasing as well as maintenance and repair. The total operating expenses pursuant to the Taxonomy Regulation Art. 8 Annex I 1.1.3.1 amounts to EUR 6,786 thousand.

The numerator of the OpEx key figure in accordance with the Taxonomy Regulation Art. 8 Annex I 1.1.3.2. is determined by analysing the assets related to the expenditure recorded on the above accounts for their taxonomy eligibility. Therefore, EUR 149 thousand is classified as taxonomy-eligible for energy efficiency measures.

OpEx key figure	Absolute in EUR thousands
Taxonomy-eligible activities	149
Non-taxonomy-eligible activities	6,637
Total	6,786
Share of taxonomy-eligible activities	2%

When determining the above-mentioned key figures, various review steps, including documenting the data generation and ensuring reconciliation with other financial information, avoids any double counting of economic activities.

From financial year 2022, further analyses will be necessary to meet certain criteria in relation to the identified economic activities. In addition to the screening with regard to the conformity criteria, these analyses will also include an assessment of whether the taxonomy-eligible economic activities make a significant contribution to an environmental objective defined by the

Taxonomy Regulation and whether no other environmental objective is significantly negatively affected. Furthermore, the fulfilment of minimum social standards must be ensured in accordance with the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, ILO Core Labour Standards and the International Bill of Human Rights.

8. GRI CONTENT INDEX

The non-financial statement contains standard disclosures from the GRI Sustainability Reporting Guidelines.

GENERAL STANDARD DISCLOSURES

General standard disclosures	Brief description for the respective disclosure	Reference to the pages of the Non-Financial Report in the Annual Report	Notes
<u>Organisational profile</u>			
102-1	Name of organisation	Annual Report 2021 p. 32ff	
102-2	Brands, products and services	Annual Report 2021 p. 33ff	
102-3	Company headquarters	Annual Report 2021 pp. 32, 120	
102-4	Overview of sites	Annual Report 2021 p. 32	
102-5	Ownership and legal form	Annual Report 2021 pp. 32, 120	
102-6	Markets	Annual Report 2021 p. 40ff	
102-7	Size of company	Annual Report 2021 p. 2, 44ff	
102-10	Significant changes within the organisation and its supply chains	Annual Report 2021 p. 32ff	
102-11	Precautionary principle or precautionary approach	Annual Report 2021 p. 66ff	
<u>Strategy</u>			
102-14	Statement by the highest decision-making body	Non-Financial report 2021 point 1 and 2	
102-15	Significant effects, risks and opportunities	Annual Report 2021 p. 66ff	
<u>Ethics and integrity</u>			
102-16	Values, principles, standards and code of conduct	Non-Financial report 2021 point 2.	
102-17	Procedures regarding advice and concerns relating to ethics	Non-Financial report 2021 point 6	
<u>Governance</u>			
102-18	Governance structure	Annual Report 2021 p. 170f, 194ff	
<u>Inclusion of stakeholders</u>			
102-40	List of stakeholders	Non-Financial report 2021 point 1	
102-42	Determination and selection of stakeholders	Non-Financial report 2021 point 1	
102-43	Approach for the inclusion of stakeholders	Non-Financial report 2021 point 1	
102-44	Important topics and concerns	Non-Financial report 2021 point 1	

General standard disclosures	Brief description for the respective disclosure	Reference to the pages of the Non-Financial Report in the Annual Report	Notes
<u>Reporting process</u>			
102-45	Companies in the consolidated financial statements	Annual Report 2021 pp. 33, 123, 180	
102-46	Procedure for determining the content of the report and topic limits	Non-Financial report 2021 point 1	
102-47	List of important topics	Non-Financial report 2021 point 1	
102-48	New presentation of information	None	
102-49	Change in reporting	None	
102-50	Reporting period	Annual Report 2021 (01/01 - 31/12/2021)	
102-51	Date of last report	Date published: 22/04/2021	
102-52	Reporting cycle	annual	
102-53	Contact for questions about the report	Elisabeth Trik (Investor Relations)	
102-54	Notes on reporting in accordance with GRI standards	The report was prepared on the basis of the GRI standard (2016)	
102-55	GRI content index	Based on the GRI standard (2016)	
102-56	Internal audit	This sustainability report was not audited externally. The quality of the data was reviewed by the Supervisory Board.	

SPECIFIC STANDARD DISCLOSURES

General standard disclosures	Brief description for the respective disclosure	Reference to the pages of the Non-Financial Report in the Annual Report	Notes
<u>Anti-corruption</u>			
205-2	Communication and training on anti-corruption guidelines and procedures	Non-Financial report 2021 point 6	
205-3	Confirmed cases of corruption and measures taken	None	
<u>Materials</u>			
301-1	Materials used by weight or volume	Non-Financial report 2021 point 3	This is a quantitative list of the most important production materials. Due to its complexity, it is currently not possible to break it down into renewable and non-renewable materials. Packing materials are not included.
<u>Energy</u>			
302-1	Energy consumption within the organisation	Non-Financial report 2021 point 3	
302-3	Energy intensity	Non-Financial report 2021 point 3	The total energy consumption includes electricity and gas. The hour of production serves as the organisation-specific parameter for measuring the intensity. The information for SCHWEIZER indicates specific energy consumption.
302-4	Decrease in energy consumption	Non-Financial report 2021 point 3	
<u>Water</u>			
303-1	Water withdrawal by source	Non-Financial report 2021 point 3	The information is not in absolute values but per production hour.
<u>Emissions</u>			
305-x	Emissions	Non-Financial report 2021 point 3	The diagram contains the total CO ₂ footprint, which includes both direct CO ₂ emissions (gas combustion) and indirect CO ₂ emissions from electricity purchased from utility companies. An additional distinction is made between the CO ₂ footprint resulting from production, which also consists of direct emissions, and the CO ₂ footprint caused by transporting our goods (direct emissions only). Gas, petrol and electricity consumption were used to determine CO ₂ . No oil was used. Since the consumption values of the utility companies (electricity) are not supplied until the autumn of the following year, the value is determined using the previous year's values as an estimate. Information is shown per production hour.

General standard disclosures	Brief description for the respective disclosure	Reference to the pages of the Non-Financial Report in the Annual Report	Notes
<u>Effluents and waste</u>			
306-1	Volume of waste water discharge by quality and place of discharge	Non-Financial report 2021 point 3	The information is not shown in absolute values but in volume per production hour. The quality of the effluents is indicated in mass per volume based on selected residual metal impurities.
306-2	Waste by type and disposal method	Non-Financial report 2021 point 3	The figure includes the total amount of waste and the breakdown into hazardous and non-hazardous waste and clean recyclable plastics per hour of production.
<u>Employees</u>			
401-1	Total number of newly hired employees and staff turnover	Non-Financial report 2021 point 4	The number of employees and the total number of newly hired employees are stated in absolute figures. The fluctuation rate is expressed as a percentage and is not separated by gender.
<u>Occupational health and safety</u>			
403-2	Occupational accidents, lost days, fatalities	Non-Financial report 2021 point 4	A list is provided of accidents subject to reporting requirements at the Schramberg site and the resulting days of absence. There were no fatalities.
<u>Training and education</u>			
404-2	Competence management and training programmes	Non-Financial report 2021 point 4	
<u>Diversity and equal opportunities</u>			
405-1	Diversity in controlling bodies and employees	Corporate governance statement 2021 p. 192ff Annual Report	
<u>Social evaluation of suppliers</u>			
414-2	Negative social effects in the supply chain and measures taken	Non-Financial report 2021 point 6	

NEW CUSTOMERS

32%

CUSTOMER DISTRIBUTION BY COUNTRY

34

INCREASE IN NEW PARTS

90%

SALES GROWTH

25%

The English version is for convenience only - should there be discrepancies between the German and English version of the report, the German version shall prevail.

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