

ESG Short Report 2023

# GROWING TOGETHER



**komax**

# **SUSTAINABLE, SOCIAL, AND RESPONSIBLE**

**Environmentally sustainable business practices along with socially-oriented and responsible company management are core elements of the Komax Group's corporate strategy. They are incorporated not only into the Group's long-term targets, but also into its operating activities. The Komax Group is determined to develop its competencies in questions of sustainability on an ongoing basis. In the new Strategy 2028, Environmental, Social, and Governance (ESG) has become an even more important strategic component, with specific targets which are presented in this Short Report.**

# ESG KEY FIGURES 2022

7.91

tCO<sub>2</sub>e

emissions per CHF 1 million revenues  
(Scope 1 and Scope 2, location-based).

22%

of electricity is generated from  
renewable energy sources.

67%

of material processed  
is renewable.

53%

of all waste generated  
is recyclable.

20

training professions  
are offered.

8.2%

is the employee turnover rate.

## DEAR READER

The world has changed in many different ways over recent years. We have experienced an unprecedented pandemic and are now witness to a war in Europe. We are also increasingly feeling the effects of global warming, with at times massive disruption to our lives and thus the business activities of many companies. The events have shown once again how important it is to adopt a responsible approach in dealing with each other and the available resources.

As a company that is active all around the globe, one of our responsibilities is to do what we can to ensure quality of life for the generations that will come after us. This is why the Komax Group seeks to create value on a long-term, sustainable basis. We reject any notion of making profits at the cost of the environment and society. Our products are long-lasting, energy-efficient, and of high quality. We attach considerable value to environment-friendly production and the prudent use of resources. This is because we want to help our customers shrink their environmental footprint. We are a fair and reliable partner for our stakeholders at all times. We offer employees an appreciation-based working atmosphere, as confirmed by the results of our most recent employee surveys. These values are not new for us: we have “lived” them for decades. Doing business responsibly and in alignment with ESG is part of our DNA. Nevertheless, there is still a lot we can do, and we are delighted to now be taking a further step forward.

In 2021/2022, the Komax Group established processes for compiling relevant environmental data, such as CO<sub>2</sub> emissions, at all its companies. This year we extended these processes to the Schleuniger Group companies, which means that for the first time we can now present data for the entire Komax Group. And that’s not all, because ESG is an integral component of the Komax Group’s new Strategy 2028. To that end, the Komax Group carried out an in-depth materiality analysis on behalf of the Board of Directors, so as to identify the key themes. Taking this analysis as a basis, we have developed long-term targets that will bring us closer – step by step – to our vision of a fair, responsible, and climate-neutral organization. In step with this, we have broken our ESG targets down into three core elements: Fairness, Responsibility, and Climate Protection. Our focus will be on the areas where we can have the biggest impact.

To provide the framework for the Group-wide, strategic implementation of ESG, sustainability was incorporated into the Articles of Association at the 2023 Annual General Meeting following a proposal from the Board of Directors. In addition, the Board of Directors appointed a Sustainability and Innovation Committee in April 2023, which will support both the Board of Directors and the Executive Committee in sustainable corporate development, strengthen our innovative capacity, and oversee sustainability reporting. Operational implementation led by CEO Matijas Meyer is already underway.

This ESG Short Report will provide you with information on our strategy and targets, as well as on various sets of data relating to environmental and social issues. I look forward to presenting you with regular detailed updates on the progress we are making in the form of a full ESG Report (based on GRI Standards) in the future. The first of these reports will be published in March 2024 together with the Annual Report for 2023.

Yours sincerely,



**Dr. Beat Kälin**

Chairman of the Board of Directors

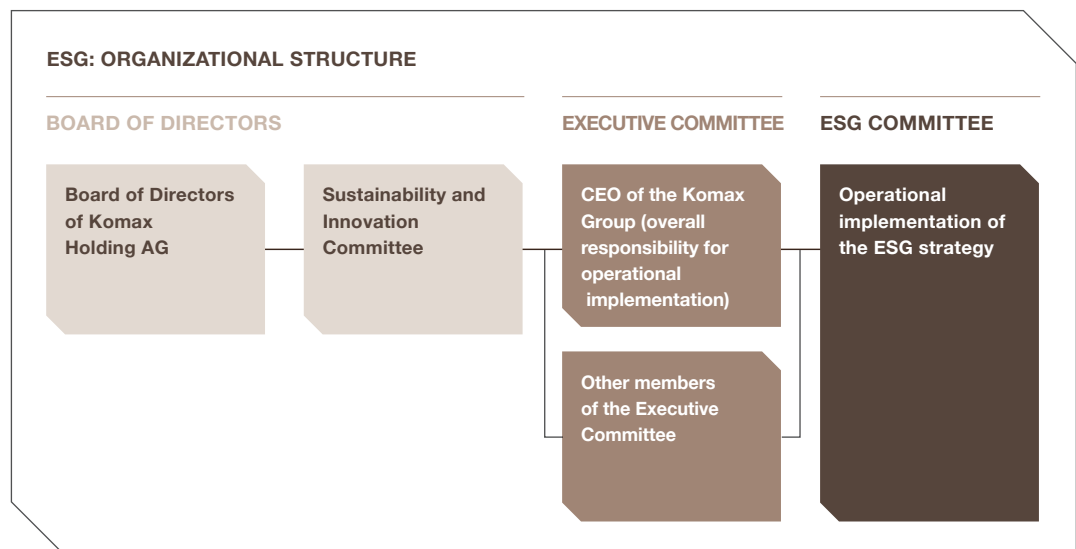
28 September 2023

# ESG AT THE KOMAX GROUP

## Embedding ESG in the company

The development of Strategy 2028 firmly anchors ESG in the Komax Group. Part of this involved the comprehensive revision of the Articles of Association at the Annual General Meeting on 12 April, 2023, including the introduction of Article 2a. “Sustainability”, which underscores the principle of sustainability already being followed by the Komax Group. The new Articles of Association also take account of current best practice in corporate governance.

Following the Annual General Meeting 2023, the Board of Directors also set up a Sustainability and Innovation Committee. This assists the Board of Directors with sustainable company development and is expected to strengthen the Komax Group’s leadership in terms of innovation. The Committee’s tasks include expanding the themes of technology, innovation, and sustainability, and supporting and advising the Executive Committee on the strategic development of these themes. It defines the targets and KPIs for measuring innovation and sustainability performance, while also monitoring the sustainability principles and sustainability reporting of the Komax Group. The CEO has overall responsibility for the operational execution of the ESG strategy. He is currently driving this forward with the Vice President Investor Relations / Corporate Communications, who steers and supervises its implementation into the business processes centrally. In the reporting year, an ESG Committee consisting of persons responsible for various functions, such as Legal, Human Resources, Procurement, etc. will be set up to support the implementation at operational level and progress the different projects as planned.



## Scope of this Short Report

Data and qualitative statements in this ESG Short Report cover the reporting period from 1 January to 31 December, 2022, and relate to the entire Komax Group as shown in the overview of equity participations on pages 133–134 of the Annual Report 2022, unless explicitly described otherwise. To enable meaningful comparison over the next few years, the Schleuniger Group’s data for the full calendar year 2022 has also been taken into account. This has been done even though the consolidation of Schleuniger did not take place until the beginning of September 2022.

## PURPOSE AND CORE VALUES

### The Komax Group's corporate purpose – what drives us forward

For decades now, the Komax Group has been known for its innovative products and leading market position. But it wants more. It also wants to contribute to the sustainable development of society. One of several elements is its contribution to the automotive industry's transition to e-mobility. In three years' time, over 30% of new cars around the world are expected to be powered by electricity. Serial production of large quantities of the high-voltage cables required calls for great precision and efficiency, which can be achieved by automating processes. With solutions for processing and testing high-voltage cables for electric vehicles, the Komax Group covers the entire value chain and makes an important contribution to the transformation of motorized mobility. Then there are smart city solutions that support the optimum usage of this mobility spectrum, e.g. through traffic guidance systems or intelligent electricity usage, distribution, and storage systems. All these solutions need wiring, be it for transmitting power or transferring data. The Komax Group helps produce these using high-quality, resource-conserving, automated processes.

The overarching purpose of the Komax Group can be summarized in just a few words:

**As a driver of innovation and market leader in automated wire processing, we develop and produce intelligent, reliable, and optimally cost-effective wiring solutions for smart mobility and smart city applications. We work closely with our customers to make life simpler, more convenient, and safer.**

### Five core values

Five core values that are defined in the Code of Conduct are also essential components of the company's identity. They form the basis for environmentally sustainable business development as well as socially-oriented and responsible corporate governance. Details of the core values can be found on page 56 of the Annual Report 2022.

#### THE FIVE CORE VALUES

##### Innovation



##### Quality



##### Customer Focus



##### Responsibility



##### Success



# MATERIALITY ANALYSIS

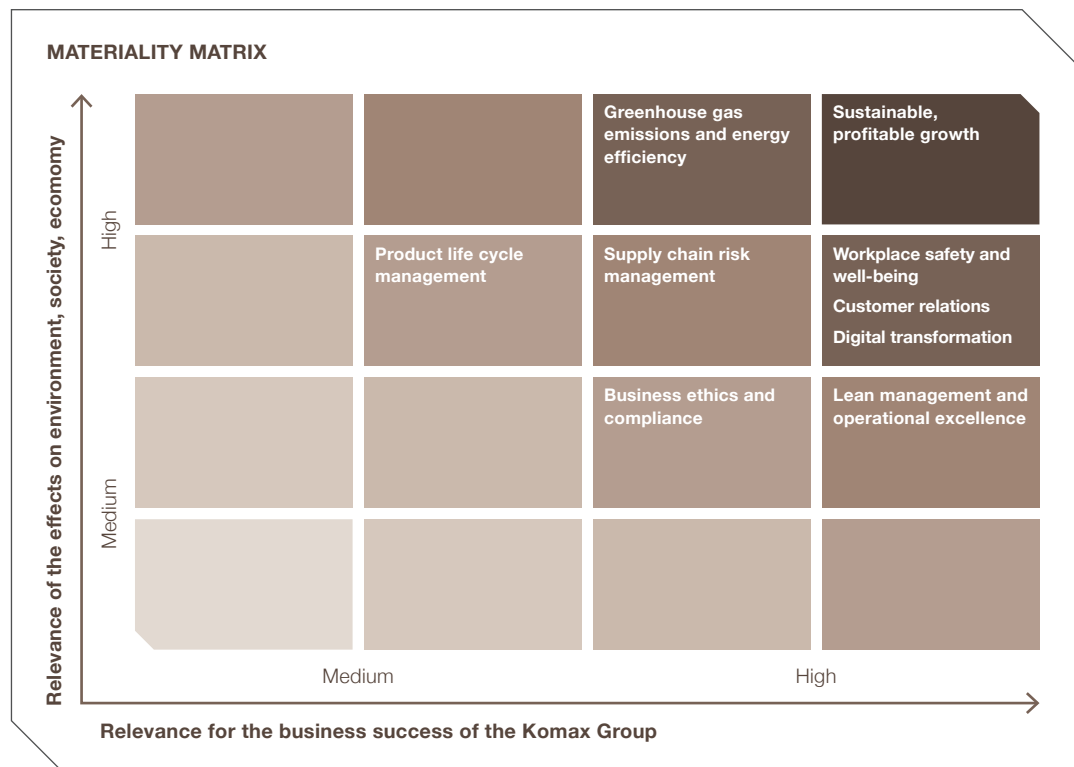
## Interactions between the Komax Group and its environment

The Komax Group's business model focuses on the development and production of machines and services for automated wire processing. In doing so, it is influenced by trends, risks, and opportunities in the key markets of Automotive, Aerospace & Railway, and Industrial & Infrastructure. In order to identify the most important factors for the company that have a strong impact on the environment, economy, and society on the one hand and influence long-term business success on the other, the Komax Group carried out a comprehensive materiality analysis in 2022. This forms the basis for the ESG strategy.

The materiality analysis is based on:

- Internal analyses in all relevant topic areas
- Semi-structured interviews with customers, analysts, investors, proxy advisors, and representatives from peer companies
- Semi-structured interviews with representatives from the Executive Committee and the Board of Directors, and intensive discussions with both bodies
- Results of an internal online survey on the topic of ESG, in which more than 25% of all Komax Group employees participated
- Feedback from external sustainability experts

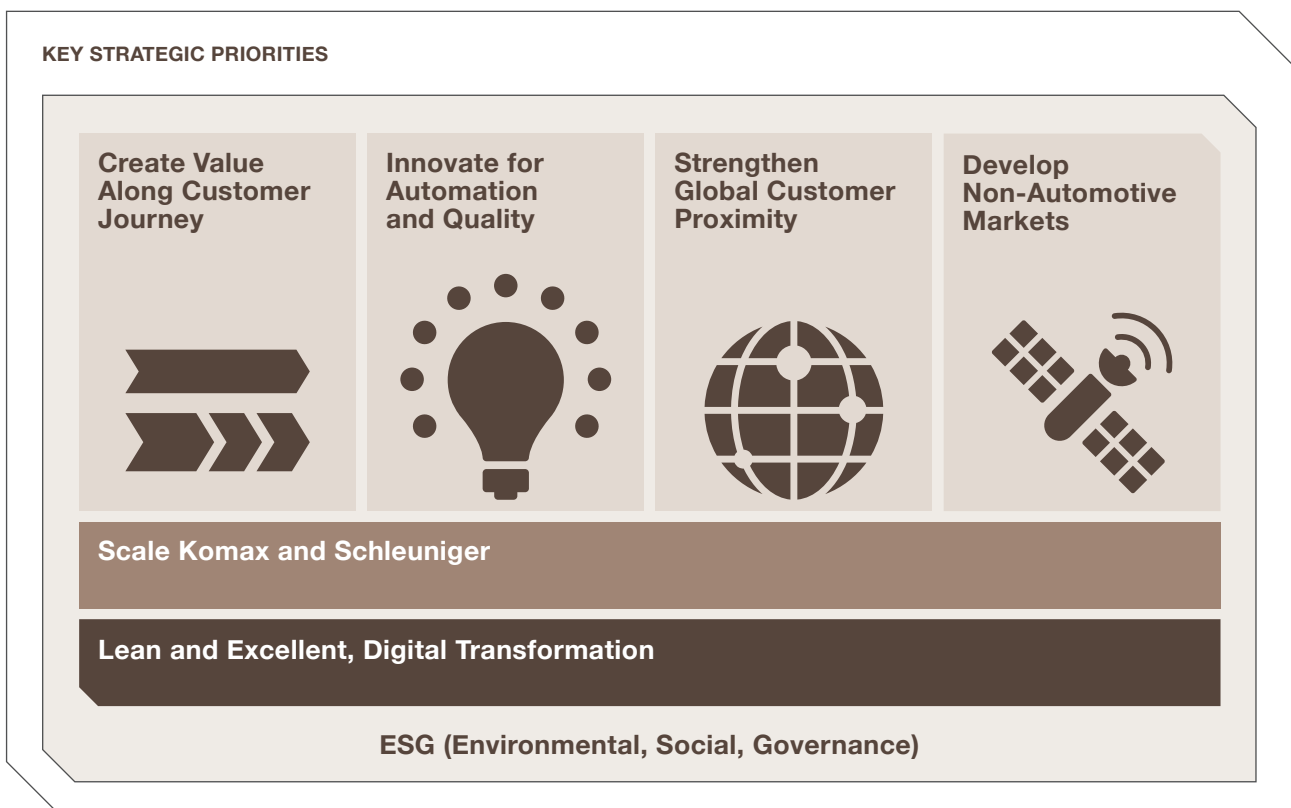
The findings of this extensive analysis produced nine themes which are material to the Komax Group and which the Executive Committee and the Board of Directors then evaluated. These are set out in the following materiality matrix in such a way as to demonstrate the relevance of the impact (of business activities) on the environment, the society, and the economy, as well as the relevance for the business success of the Komax Group.



# ESG STRATEGY

## ESG – an integral component of Strategy 2028

Following the combination with the Schleuniger Group at the end of August 2022, the Komax Group carried out a detailed analysis of the new situation and has further developed the existing strategy for the period 2024 to 2028. The revised strategy is based around four market-oriented strategic priorities – Create Value Along Customer Journey, Innovate for Automation and Quality, Strengthen Global Customer Proximity, and Develop Non-automotive Markets. In addition, there are two other strategic initiatives that address themes that are important for achieving profitability targets and financing growth – Scale Komax and Schleuniger, and Lean and Excellent, Digital Transformation. The overall picture is complemented by the ESG strategic initiative, which forms a framework and foundation for sustainable action by the Komax Group.



## Core elements and targets of the ESG Strategy

With the new Strategy 2028 the Komax Group is embedding ESG topics even more consistently in its business processes. As part of this, it has defined three focus areas – Fairness, Responsibility, and Climate Protection – with which it intends to concentrate in particular on its customers, employees, suppliers, and the planet. The Komax Group has a long-term ambition for each of these focus areas, and has defined a number of targets for the next five years based on the materiality analysis. In total, there are currently twelve overarching targets that can be broken down evenly over the three focus areas. By the time the ESG Report 2023 is published, these will be joined by a CO<sub>2</sub> reduction target that has not yet been conclusively defined (see page 10 for more details). The basis for the targets will be the 2023 financial year.



## CORE ELEMENTS OF THE ESG STRATEGY

### Fairness

The Komax Group acts fairly towards its customers, suppliers, employees, and other stakeholder groups at all times, and ensures that legal requirements are complied with. Key elements here are integrity, respect, tolerance, reliability, equal opportunities, diversity, and transparency.



### Climate Protection

The Komax Group takes care of the environment and strives to reduce its CO<sub>2</sub> footprint on an ongoing basis, as well as to lower its own energy consumption and that of its products. In addition, greater attention will be paid to the concept of the circular economy.

### Responsibility

The Komax Group takes responsibility for society and its employees, offering them a working environment that is safe and inspiring. It seeks to satisfy or even go beyond its obligations towards customers and other stakeholder groups at all times.

## ESG TARGETS 2024–2028

Climate Protection	Greenhouse gas emissions and energy efficiency	Reduction of energy consumption by 2% per year (in relation to revenues).
		50% of electricity consumption from renewable energy sources by 2028.
Climate Protection	Product life cycle management	Eco-design check for all new products developed from 2025 onwards.
		Implementing the concept of circular economy by enabling recycling opportunities – from 2028 recycling possible for all products.
Responsibility	Workplace safety and well-being	Pursuing the vision of zero occupational accidents – halving accident rate by 2028.
		Above-average employee motivation compared with other industrial companies at all sites.
	Customer relations	Above-average customer satisfaction in industry comparison.
Achievement of on-time delivery for over 90% of all orders as of 2025 and over 95% as of 2028.		
Fairness	Business ethics and compliance	Implementation of guidelines on human rights, corruption, and bribery by 2024.
		Code of Conduct training at least every two years completed and passed by 100% of employees.
	Supply chain risk management	Code of Conduct signed by 80% of suppliers (by purchasing volume) by 2025 and by more than 95% of suppliers by 2028.
Annual auditing of existing suppliers and/or potential new suppliers based on risk matrix approach.		

# CARING FOR THE ENVIRONMENT

The key elements of the Komax Group's ESG strategy include reducing its carbon footprint while also cutting its own energy consumption and that of its products. It also intends to implement the circular economy concept, thereby making its products recyclable.

Since the 2021 financial year, the Komax Group has been systematically collecting direct and indirect emissions data from all its companies in order to calculate its Scope 1 and Scope 2. Regularly reviewing the status quo is the first step towards climate neutrality, which is the Komax Group's long-term aim. The Komax Group will publish a specific CO<sub>2</sub> reduction target when the ESG Report 2023 is issued in March 2024. Since the combination with the Schleuniger Group delayed the collection of the data for 2022, it has not been possible to approve a binding CO<sub>2</sub> reduction target yet, or include it in this Short Report.

## CO<sub>2</sub> emissions and energy consumption 2022

Scope	Source	Unit	Sum	Unit	Sum
<b>Scope 1</b>		<b>tCO<sub>2</sub>e</b>	<b>2 866</b>	<b>MWh</b>	<b>12 588</b>
	Heating oil	tCO <sub>2</sub> e	92	MWh	338
	Natural gas	tCO <sub>2</sub> e	1 127	MWh	5 562
	Diesel	tCO <sub>2</sub> e	1 030	MWh	4 053
	Gasoline	tCO <sub>2</sub> e	617	MWh	2 635
<b>Scope 2</b>		<b>tCO<sub>2</sub>e</b>	<b>3 238</b>	<b>MWh</b>	<b>13 401</b>
	Electricity <sup>1</sup>	tCO <sub>2</sub> e	3 065	MWh	12 437
	District heating	tCO <sub>2</sub> e	173	MWh	964

<sup>1</sup> Electricity mix: solar power, hydro power, wind power, nuclear power, coal, natural gas.

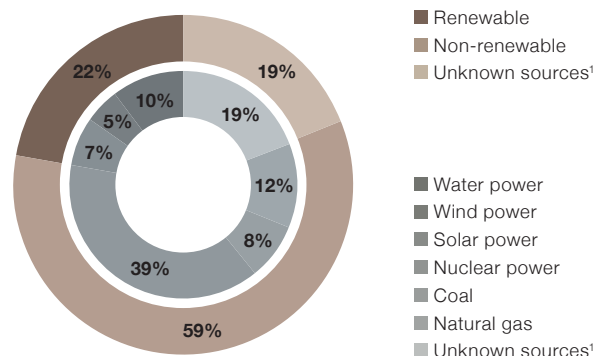
## Emissions per revenue unit and employee 2022

Ratios 2022	Unit	Location-based
<b>Emissions per revenue unit</b>		
Scope 1	tCO <sub>2</sub> e/CHF 1 million	3.71
Scope 2	tCO <sub>2</sub> e/CHF 1 million	4.20
Scope 1 + 2	tCO <sub>2</sub> e/CHF 1 million	7.91
<b>Emissions per employee<sup>1</sup></b>		
Scope 1	tCO <sub>2</sub> e/FTE	0.88
Scope 2	tCO <sub>2</sub> e/FTE	0.99
Scope 1 + 2	tCO <sub>2</sub> e/FTE	1.87

<sup>1</sup> Full-time equivalents.

The Komax Group is striving to make more use of renewable energies such as solar or hydro power at its sites. In 2022, some 22% of the electricity used was from renewable energy sources.

## Energy mix 2022



<sup>1</sup> Information about the power mix is not yet available for some locations.

**The Komax Group has set a target for 50% of its total electricity consumption to come from renewable energy sources by 2028.**

At the Swiss production locations, the company draws electricity from its own photovoltaic systems, from “blue” electricity (which is derived 100% from hydropower), and from natural power obtained through Central Switzerland’s RegioMix scheme. At present, four Komax Group sites have their own photovoltaic systems, which produced about 220 MWh of solar energy in 2022. This equates to approximately 2% of the Komax Group’s total electricity consumption.

The Komax Group not only focuses on switching to renewable energies, but also seeks to keep on reducing its energy consumption. In order to do so, it is carrying out actions such as raising its employees’ awareness of energy themes and optimizing energy efficiency in its buildings’ infrastructure. In 2022, the Komax Group consumed a total of 25 989 MWh of energy. This is expected to trend downwards.

**The Komax Group has set a target of reducing its energy consumption in relation to revenues by 2% per year.**

The Komax Group uses district heating in Dierikon. The heating for the newbuild, the building acquired in 2021, and the company's existing structures thus has a small carbon footprint.

The mobility bonus introduced at the Swiss Dierikon and Rotkreuz sites in 2017 also helps reduce CO<sub>2</sub> emissions. It is available to more than 700 employees at these locations. Employees who forgo motorized private transport on their journey to and from work receive monthly bonuses of CHF 100.

**Long-lasting, safe products that will be recyclable in future**

The machines developed by the Komax Group stand out on account of their exceptionally high quality and longevity. The Komax Group's own global service network and its collaboration with partners ensures that these machines are professionally maintained. This has a positive impact on their performance, value retention, and lifespan, as well as saving resources. Numerous products are in use for decades at customers' premises. When a machine supplied by the company comes to the end of its operating life, the Komax Group has not been involved up to now. This needs to change.

**The Komax Group has set itself the target of taking the concept of the circular economy into account, and enabling the recycling of all products as of 2028.**

The products sold meet the internationally applicable guidelines for product safety. By applying internationally harmonized standards, the Komax Group achieves CE conformity for its products. It employs a team of CE specialists for this purpose.

**Lower resource consumption for new developments**

Over the longer term the Komax Group aims not only to run its own business in a climate-neutral way, but also to help its customers reduce their carbon footprints.

The Komax Group's business model has a role to play here. This is because automating processes can help to save resources – such as in the taping area, where customers of the Komax Group use up to 25% less adhesive tape than they would with manual processing.

Since they operate over long periods, the machines have an impact on the environment. With over 40 000 installed machines globally, there is long-term potential to help reduce CO<sub>2</sub>. When developing new machines, the Komax Group therefore pays attention to steadily reducing the consumption of resources, both in the production process and during the operating life of the machines at customers' premises.

**The Komax Group has set itself the target of putting all newly developed products through an eco-design check from 2025 onwards.**

Using this sustainable approach, the Komax Group seeks to ensure that the ecological impacts of its products are minimized and kept as low as possible throughout their life cycle.

### Sustainability in production

The majority of the Komax Group's production locations are ISO 9001 certified. Some sites are also ISO 14001 and ISO 45001 certified. All have integrated management systems that encompass company processes, the environment, health protection, and workplace safety. All the ISO certifications are listed on page 58 of the Annual Report 2022.

The most up-to-date, highly automated production facilities are used at the Komax Group. These are based on lean management concepts, and are designed to avoid errors and minimize waste. Energy efficiency and environmental friendliness are key decision-making criteria, alongside investment volumes, when it comes to procuring new facilities.

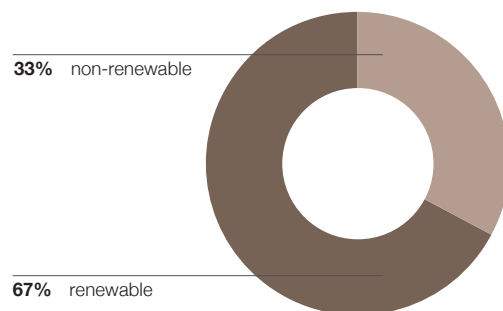
The careful and efficient use of resources has top priority. Wherever possible, waste materials and wastewater are recycled or disposed of appropriately. What's more, optimization programs are designed to ensure that waste volumes are reduced on an ongoing basis.

### Materials usage 2022

Resource	Unit	Consumption	Share in %
<b>Renewable<sup>1</sup></b>	<b>metric ton</b>	<b>1 468</b>	<b>67</b>
Wood	metric ton	1 359	62
Cardboard	metric ton	109	5
<b>Non-renewable</b>	<b>metric ton</b>	<b>735</b>	<b>33</b>
Steel	metric ton	321	15
Aluminum	metric ton	243	11
Copper	metric ton	157	6
Filling (plastic, expanded polystyrene/EPS, etc.)	metric ton	14	1

<sup>1</sup> Including packaging materials.

### Materials used



## Water usage

	Unit	Consumption
Global water usage	m <sup>3</sup>	42 677

## Waste materials 2022

Source	Unit	Waste	Waste diverted from disposal	Recycling rate in %
<b>Non-hazardous waste</b>	<b>metric ton</b>	<b>1 690</b>	<b>915</b>	<b>54</b>
Scrap metal	metric ton	477	291	61
Paper and cardboard	metric ton	474	445	94
Mixed industrial waste <sup>1</sup>	metric ton	739	179	24
<b>Hazardous waste</b>	<b>metric ton</b>	<b>82</b>	<b>22</b>	<b>27</b>
Waste oil, solvent, ink, coolant, sludge, etc.	metric ton	82	22	27
<b>Total waste</b>	<b>metric ton</b>	<b>1 772</b>	<b>937</b>	<b>53</b>

<sup>1</sup> All other non-hazardous waste, incl. PET, glass, batteries, etc.

## Sustainable supply chains

A significant proportion of the value creation delivered by the Komax Group lies in engineering services. The majority of components are manufactured and supplied by third parties, which means that a large proportion of actual production in the Komax Group consists of assembling components. Its direct and indirect GHG emissions (Scope 1 and Scope 2) are therefore lower than those of many other industrial companies.

For that reason, sustainability in the supply chain is particularly important to the Komax Group. The company relies on long-term partnerships with suppliers who have sustainable business processes in place and whose products meet rigorous environmental criteria. This is reviewed on a regular basis through audits. New and existing partners are evaluated or audited according to the same criteria. These include the integration status of sustainable business processes, quality, price, procurement chain, and deadline reliability, as well as production processes and applied technologies. In order to evaluate the sustainability of its supply chain more efficiently and take appropriate measures, the Komax Group has been working with EcoVadis since 2021 and has set itself a target in relation to auditing its suppliers (see page 22, “Code of Conduct for Suppliers”).

The next step consists of gradually building up a detailed record of emissions data in the supply chains (Scope 3).

# TAKING RESPONSIBILITY FOR PEOPLE

**As the global market leader, the Komax Group is part of many local communities. It bears a particular responsibility not only towards its around 3 400 employees, their families, and the environment in which they live, but also towards customers.**

All the companies in the Komax Group strive to be attractive employers that offer a healthy, safe working environment, promote diversity and tolerance, and contribute to the general good. Employees should also be given room for maneuver at work and in their personal development.

At the end of 2022, the Komax Group employed 3 390 staff worldwide (2021: 2 121 employees). The combination with Schleuniger resulted in 1 070 new employees joining the Group. The majority of employees have permanent, full-time employment contracts. Total personnel expenses at the Komax Group came to CHF 209.3 million in 2022, up 32.4% on the previous year (2021: CHF 158.0 million).

Women made up 20.0% of the Komax Group's employees in 2022 (2021: 18.5%), which is a good level for a technology company. The main reasons for the relatively low proportion of women are the significant number of technical jobs and the increasing shortage of skilled staff since the Covid-19 epidemic, particularly in the technical and digital occupations in which the Komax Group sees most growth. The company also strives to ensure that the Board of Directors and the Executive Committee are diverse in terms of age, sex, career background, skills, etc., and pays particular attention to these factors when filling vacancies.

## Social key figures

	Unit	2022
<b>Employees as at 31 December<sup>1</sup></b>	<b>HC</b>	<b>3 390</b>
of which male	HC	2 713
of which female	HC	677
Proportion of women	%	20.0
Full-time employees	HC	2 977
of which male	HC	2 491
of which female	HC	486
Part-time employees	HC	413
of which male	HC	222
of which female	HC	191
Permanent employees	HC	3 187
of which male	HC	2 546
of which female	HC	641
Temporary employees	HC	138
of which male	HC	113
of which female	HC	25
Contractors	HC	65
of which male	HC	54
of which female	HC	11
Apprentices, trainees	HC	154
of which male	HC	125
of which female	HC	29
Turnover rate <sup>2</sup>	%	8.2
Personnel expenses	in CHF million	209.3
<b>Training</b>		
Training professions	number	20

<sup>1</sup> Headcount (HC) of all employees directly employed by the Komax Group and external employees on their own account, with the exception of apprentices, trainees, and cleaning staff.

<sup>2</sup> Changes initiated by employees.



## Employees by area and region

2022	Switzerland <sup>1</sup>	Europe <sup>1</sup>	America <sup>1</sup>	Asia <sup>1</sup>	Africa <sup>1</sup>	Total
Production	397	512	122	136	102	<b>1 269</b>
Research and development	224	94	19	23	0	<b>360</b>
Engineering	75	190	39	35	14	<b>353</b>
Marketing and sales	180	199	105	90	20	<b>594</b>
Service	46	113	106	85	21	<b>371</b>
Administration <sup>2</sup>	148	160	63	59	13	<b>443</b>
<b>Total headcount as at 31 December 2022</b>	<b>1 070</b>	<b>1 268</b>	<b>454</b>	<b>428</b>	<b>170</b>	<b>3 390</b>

<sup>1</sup> The individual companies and their locations are listed on pages 133/134 of the Annual Report 2022.

<sup>2</sup> Including management and IT.

The Komax Group's employee turnover rate has remained at a pleasingly low level for many years, and shows that employees enjoy their work at the company. In 2022 it stood at 8.2% (2021: 10.3%). Viewed over the longer term, this is nonetheless a high figure for the Komax Group and is connected with the volatile market environment and the growth of the Komax Group.

### An attractive employer

The Komax Group offers its employees an appreciation-based working atmosphere and numerous opportunities to work in an international environment. Equality of opportunity, equal treatment, attractive jobs, and a healthy work-life balance are important.

The company pays salaries in line with market rates, and offers social benefits typical for the sector and the relevant country. Independently reviewed and certified pay comparison analyses at the Swiss locations have confirmed that the Komax Group pays women and men equal salaries for work of equal value.

### Highly motivated employees

Every three years the Komax Group conducts employee satisfaction surveys at more than 50 company locations across the globe. The surveys are implemented on a staggered basis. In 2022, 130 employees working for seven predominantly smaller companies took part. Of these respondents, 68% stated that they viewed themselves as ambassadors for the Komax Group and felt an exceptionally strong tie with both the company and their work. They also scored 78 points out of 100 for motivation – a very high score compared with other internationally active industrial companies.

**The Komax Group's target is to achieve above-average employee motivation at all its sites compared with other industrial companies.**

### Extensive training and professional development opportunities

As part of its active staff development policy, the Komax Group supports individual training and development for its employees, both on the job and financially. These opportunities range from management seminars, advanced training events on site, webinars, and free-to-use LinkedIn Learning accounts, through to financial support for external training and development. The company channels around 1% of all personnel expenses into these activities each year.

To ensure that the Komax Group remains the global market and technology leader, the Group is committed to supporting young people at the start of their careers. In 2022, 82 apprentices (2021: 55 apprentices) were undergoing training at the Group's Swiss sites, and there were 51 apprentices (2021: 46 apprentices) in Germany. This sizable increase was caused by the combination with the Schleuniger Group. Even without this development, the Komax Group has significantly increased the number of training positions for apprentices in the past five years, from 79 to 91. The Komax Group provides apprentices with high-quality training. In Switzerland Komax was nominated for the ICT Education & Training Award 2023 as best training center for Information and Communication Technology (ICT).

### **Health and safety**

The health and safety of its employees are fundamental factors for the Komax Group in its quest for operational excellence. It satisfies the legal requirements governing working conditions in the countries in which it operates. Internal processes are regularly scrutinized for health and safety risks, and employees at the individual production sites are systematically made aware of potential workplace risks. The low number of occupational accidents over a period of many years is testament to the success of these efforts. The Komax Group is pursuing its vision of achieving accident-free operations.

**The Komax Group has set itself the target of halving the number of occupational accidents<sup>1</sup> by 2028.**

<sup>1</sup> Lost time injury rate = number of lost time accidents per 1 million working hours.

### **High customer satisfaction for long-term business success**

Customer proximity along with short reaction and lead times are crucial to the success of the Komax Group. That is why the Komax Group has been applying the motto "global local" for many years now – global production with a unique local distribution, engineering, and service network across all continents. It has 26 engineering and production sites worldwide and employs around 370 service staff. With this strong presence in the most important market regions of the world, the Komax Group meets the expectations of its global customers, for whom proximity to their suppliers is important. Another decisive factor for customer satisfaction is the ability to rely on the Komax Group and know that it will honor its agreements.

**The Komax Group has set itself the target of delivering over 90% of all orders on time from 2025, rising to over 95% from 2028.**

Customer needs and expectations have changed in all sorts of areas. Customers want to be able to call up product information, submit a service inquiry, or initiate an order rapidly, easily, and digitally. The Komax Group has therefore launched the Komax Unified Digital Experience – or Kudex for short. With Kudex, the Komax Group is creating the technical and organizational prerequisites for achieving even greater customer proximity with its digital offerings, too. Find out more on page 32 of the Annual Report 2022.

Each year, the Komax Group devotes around 8–9% of revenue to research and development, in order to roll out innovations on an ongoing basis and thereby enable its customers to gain genuine competitive advantages. In 2022, it invested a total of CHF 59.0 million or 9.7% (2021: 9.8%) of revenues in developing new products and optimizing existing ones. Implementing the SMART FACTORY by KOMAX vision is currently a key focus in this area. With this initiative, the Komax Group is optimizing and revolutionizing wire harness manufacturing, thus offering its customers a whole raft of new opportunities. Find out more in the Annual Report 2022, starting on page 42.

All these measures are intended to help achieve another target:

**The Komax Group aims to achieve above-average levels of customer satisfaction in an industry comparison.**

**Support for local projects at the different locations**

The Komax Group is interested in the wellbeing of more than just its employees. In keeping with its corporate purpose, the company is keen to make a contribution to society, and to make life simpler, safer, and more convenient. It achieves this not only through its business strategy, but also by actively supporting a whole range of projects. Find out more in the Annual Report 2022, starting on page 63.

# ACTING FAIRLY AND ETHICALLY

**Ensuring good corporate governance is a top priority for the Komax Group. Its goals are to ensure sustainable value creation over the long term, in the interests of customers, employees, shareholders, lenders, suppliers, and the public, as well as transparent and timely communication with stakeholders.**

The Komax Group complies with both global and local regulatory requirements in the countries in which it operates. This is a basic precondition for acting fairly and ethically. In order to ensure it can continue to do so, departments such as Global Human Resources and Group Legal regularly review current developments and incorporate them into guidelines and regulations, as well as providing training on the Code of Conduct, for example.

## **Responsible risk management**

Comprehensive risk management is a key element of good corporate governance. The risks associated with the Komax Group's commercial activities are systematically identified, analyzed, monitored, and managed every year through an institutionalized risk management function. These risks are amalgamated into groups according to their nature. They include general external risks, business risks, financial risks, risks arising in connection with corporate governance and trade compliance, as well as IT risks. These risks are presented in a risk matrix (heat map). Climate-related risks are also addressed. However, the latter will need to be analyzed more thoroughly in future, so that the potential consequences for the Komax Group can be evaluated in detail.

The Executive Committee is responsible for the operational side of risk management, whereby specially appointed process owners are assigned responsibility for the management of key individual risks. These process owners take specific measures and monitor their implementation. Every year, the Executive Committee informs the Board of Directors' Audit Committee of the risks identified and the measures taken as part of risk management activities.

### **Code of Conduct**

The Komax Group takes its responsibilities towards its stakeholder groups very seriously and therefore implemented a Code of Conduct many years ago. This Code of Conduct is binding on all employees worldwide. It is built on the ethical principles that the Komax Group has been applying for decades. The code defines key rules of conduct for dealing with confidential information and living up to essential core values such as reliability, credibility, integrity, equality of opportunity, health and safety, and sustainability. The Code of Conduct is available in 16 languages and is reviewed at regular intervals ([www.komaxgroup.com/organization](http://www.komaxgroup.com/organization)).

All new employees receive training on the Code of Conduct to make them aware of these rules of behavior, and all employees have to repeat the training on a regular basis.

**The Komax Group aims to ensure that in future all employees will attend Code of Conduct training at least once every two years, and that 100% of the participants will complete it successfully.**

Violations of this code are not tolerated, and will have corresponding consequences for the employees concerned. Anyone becoming aware of a violation may report this to their line manager, to the Human Resources department, or to the independent external whistleblowing service.

In its commercial relationships, the Komax Group sets great store by respect, decency, social responsibility, and consistent adherence to international guidelines and laws. For this reason, the Komax Group has drawn up special codes of conduct for both suppliers and business partners, and where possible makes compliance with these codes a contractual obligation. Key elements here include compliance with all local and international laws, a ban on corruption and bribery, fair competition, and the respecting of human rights. Violations of the Code of Conduct are consistently admonished and may result in immediate termination of a contract.

**In order to provide detailed instructions concerning individual topics covered by the Code of Conduct, the Komax Group has set itself the target of implementing guidelines on the themes of human rights, corruption, and bribery throughout the Group by 2024.**

### **Code of Conduct for Suppliers**

The Komax Group has drawn up a Code of Conduct for suppliers requiring them to comply with the law and act in an environmentally friendly and ethical manner.

**The Komax Group aims to ensure that 80% of its suppliers (measured by purchasing volume) will have signed the Code of Conduct by 2025. At least 95% of suppliers (by purchasing volume) should have signed the Code of Conduct by 2028.**

Risk management also includes regular audits to check the Komax Group's suppliers.

**The aim of the Komax Group is to select existing and/or potential new suppliers each year for auditing based on a risk matrix approach.**

You can find further information on governance at the Komax Group in the Corporate Governance section on pages 67 to 84 of the Annual Report 2022.

## **OUTLOOK**

By anchoring ESG in its new strategy and defining and publishing the first-ever non-financial targets, the Komax Group is clearly expressing the importance it attaches to ensuring a sustainable, social, and responsible approach. It has been doing business in this way for decades. Nevertheless, the Komax Group is aware that much more will need to be done over the coming years if it is to satisfy the various demands placed on it by both its stakeholders and by itself, as well as meet its ESG targets.

By formulating an ESG strategy and integrating it into its overall strategy, the Komax Group has taken the first important step on this path. Over the coming months and years, many different ESG initiatives will be implemented, and the focus will be on the even more intensive involvement of employees and further stakeholder groups in ESG topics.

As a consequence of the rigorous anchoring of ESG at strategy level, from 2024 the members of the Executive Committee will be assigned individual ESG targets, the achievement of which will play a role in the amount of variable compensation awarded. The Komax Group will also continue to broaden and optimize reporting on its ESG activities on an ongoing basis. The focus here will be on data quality. In addition, the next ESG Report, which will be published in March 2024 together with the Annual Report 2023, will incorporate both the GRI Standards as well as the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

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