



2021 Sustainability Report

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1 Introduction

The HUBER+SUHNER Group in brief

Connecting – today and beyond

The Swiss company HUBER+SUHNER, founded through the merger of two Swiss companies, R. & E. HUBER and SUHNER & Co. AG in 1969, has its headquarters in Herisau (Appenzell Ausser-rhoden) and Pfäffikon (Zurich). The company is specialised in components and system solutions for electrical and optical connectivity that deliver high performance, quality, reliability, and a long service life – even under the toughest of conditions.

Being connected is a prerequisite for the functioning of our society. The desire to be connected is driven by fundamental human needs:

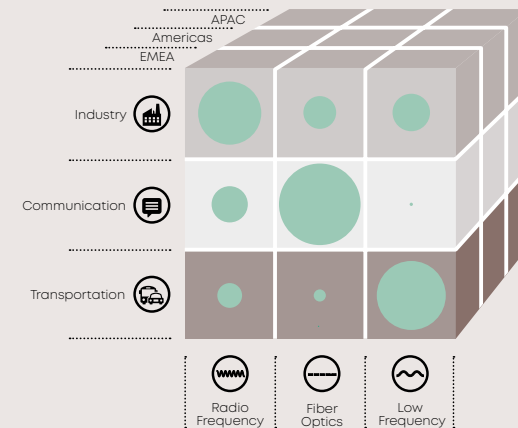
- To be able to communicate
- To feel safe
- To be mobile
- To act sustainably

With its connectivity solutions, HUBER+SUHNER helps its customers bring people closer together and address global megatrends such as: security, safety, connectivity, and mobility. Today and beyond.

Every day, more than 4500 employees world-wide work in 21 countries and 39 locations to fulfil the HUBER+SUHNER purpose. The global production network includes 14 sites. And through its own sales force complemented by agencies and distributors, HUBER+SUHNER is close to its customers in over 80 countries. Its employees work together, respecting the company's values of trust, care, passion, transparency and accountability.

In January 2021, HUBER+SUHNER changed its organisational structure and orients itself towards three market segments: Industry (32 % of net sales), Communication (39 %) and Transportation (29 %). The company's 3×3 strategy addresses three main market segments with applications from the three technologies of Radio Frequency, Fiber Optics and Low Frequency. Currently, HUBER+SUHNER serves over 5000 buying customers in Europe, Middle East and Africa (54 % of net sales), Asia-Pacific (21 %) and the Americas (25 %).

HUBER+SUHNER is listed on the SIX Swiss Exchange and has around 6800 shareholders with three major ones each holding above three percent of shares. In 2021, net sales amounted to CHF 862.9 million and operating profit (earnings before interest and taxes [EBIT]) was CHF 104.6 million.





We continue to challenge the status quo

Our continuous journey is to improve our economic performance and to analyse and transform existing business and production processes, societal involvement as well as our governance. We understand that change and constant innovation require time, energy, and focus. Doing things the same way year by year would be much easier. But HUBER+SUHNER is not a company that opts for an easy route. Our core business keeps teaching us to investigate meticulously and to work relentlessly for the best products and solutions that our customers need in industry, communication, and transportation. The vision of HUBER+SUHNER is to be a player that positively contributes to global issues with our often-invisible products that, despite their size, ensure highest precision and connectivity.

Our claim, "Connecting – today and beyond", guides our way of acting as a valued partner to our stakeholders. Looking back over the past years, I am satisfied with what we have achieved so far in terms of cultural change – the base to achieve our vision. Even though we are never satisfied, I am proud to say that Corporate Social Responsibility (CSR) is gaining traction in our organisation. We remain committed to the United Nations Global Compact and its ten principles. We have set ambitious goals which are based on our sustainable business

model and we are measuring our performance regularly. Now we need to further embed and connect our ambitious CSR and business goals and corresponding results with top management and with every single employee. Therefore, I have set my direct reports individual CSR-related targets going forward which are linked to the variable part of their compensation. With our clear road map we can jointly reach our goals while at the same time achieving even more transparency within our global organisation – an important feature to actively manage our business in every sphere of action. Therefore, we are aligning the publication of financial and nonfinancial key performance indicators (KPIs) going forward by publishing our Sustainability Report at the same time as our Annual Report on 8 March 2022. The journey will eventually continue with an integrated report in the coming years.

I am a strong believer in everyone's personal responsibility, be it in private life or in the workplace. Doing the right thing needs to be intrinsically motivated. Legal requirements such as the counterproposal of the Responsible Business Initiative in Switzerland should always be a last resort. We see demand from clients, and we also are imposing increased due diligence measures on our suppliers through an external platform assessing sustainability and compliance criteria. Furthermore, we have undertaken segmentation according to risk categories of our strategic suppliers and are aware of specific risks. Today, and in the future, organisations

must have the motivation to do as much as possible, not as much as needed.

With our products we deliver high performance, quality, reliability, and longevity – even under the toughest of conditions, and we contribute to breakthroughs. HUBER+SUHNER is well placed to play an active part in moving towards a more sustainable way of doing business. Based on our good customer and supplier relations we want to jointly innovate products and develop outside-the-box solutions. These codeveloped achievements will create strong partnerships putting everyone on a level playing field. This applies also when looking beyond our products and towards packaging. If customers want less packaging, we will need to develop solutions according to mutual expectations and requirements. Improved planning for deliveries would mean shifting logistics more from air to sea and land, reducing carbon dioxide (CO₂) emissions for both sides. Through close partnerships, and by constantly challenging the traditional ways of doing things, everyone will win: the planet, society, businesses and all of us as individuals.

On behalf of the Executive Group Management of HUBER+SUHNER,

Urs Ryffel, Chief Executive Officer

Performance highlights 2021

Intensity
of scope 1+2
greenhouse
gas emissions

-13%
year-on-year

Lost-time injuries
per 1 million
hours worked

5

Cases of corruption,
bribery, conflict of
interest reported or
detected

0

Average time to
closure of a customer
complaint

+4%
year-on-year

Electricity from
renewable
resources

29%

Absence rate
due to sickness

3.7%

**CHF
459 000**
spent on community
involvement and
development projects

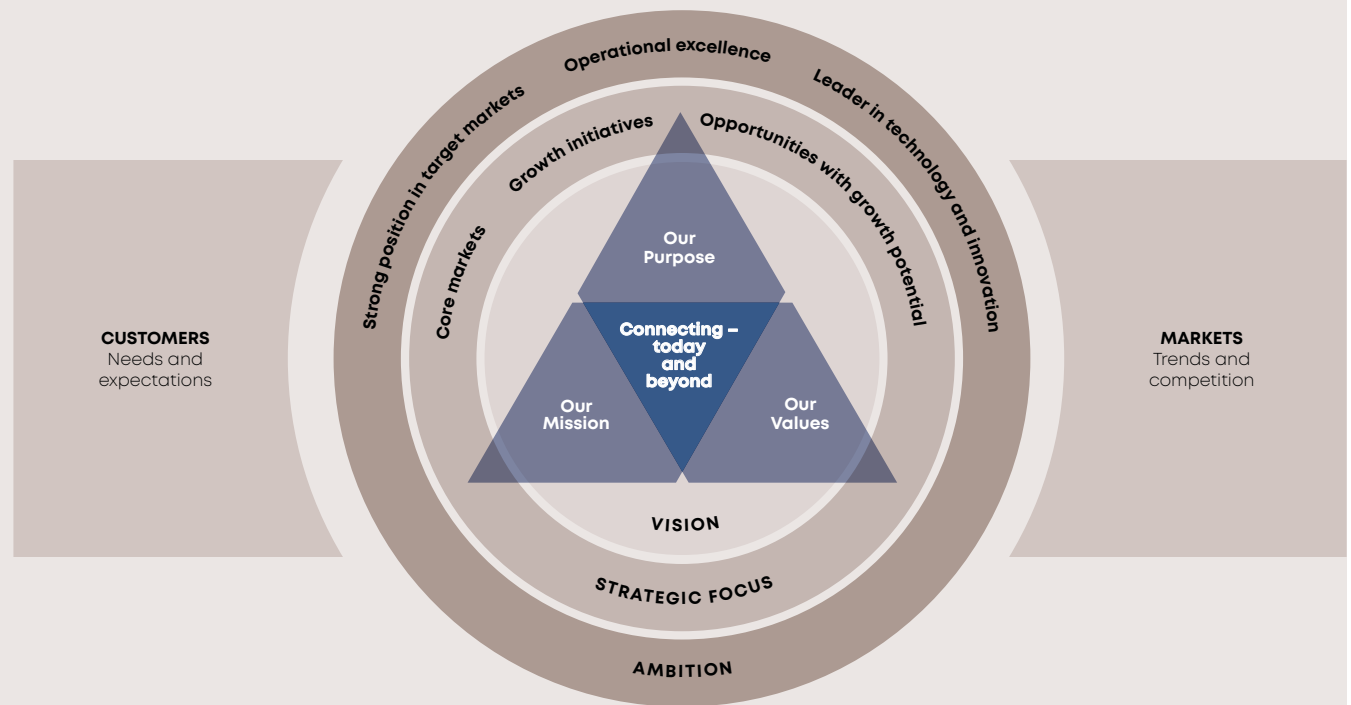
Sustainable value creation

At the heart of the business of HUBER+SUHNER lies the aspiration to satisfy some basic human needs such as the abilities to communicate, to be mobile, to feel safe, and to act sustainably. With its innovative connectivity solutions, HUBER+SUHNER helps meet these needs by contributing to reliable communication, ecological mobility, dependable security and responsible business conduct. With its products, the Group improves the effectiveness and efficiency of the overall value chain and supports innovations that contribute to a more sustainable future.

The goal of HUBER+SUHNER is to be a world leader in the development of connectivity solutions in order to serve its customers by understanding their requirements and needs. The company therefore must detect and align with market trends early and focus on selected markets and growth initiatives to ensure its sustainable development. The company operates alongside its fundamentals, including its purpose, its mission, and its corporate values.

The company's purpose and mission describe how the vision is achieved. This fundament gives direction and a framework for action to meet a broad spectrum of requirements and address a wide range of expectations.

HUBER+SUHNER Fundamentals



Purpose, mission and vision

Purpose

Being connected is a prerequisite for the functioning of our society. With our connectivity solutions, we help customers to bring people closer together. Today and beyond.



Values

At HUBER+SUHNER, respect for people and cultivating an entrepreneurial spirit at every level are integral parts of the company's commitment to being a hub of innovation and nurturing talent. A set of guiding values complements the company's business and supports its employees in the way they are expected to behave.

The five values are:

- Trust: We give and expect trust
- Care: We take responsibility towards employees, society, and the environment
- Passion: We strive beyond the expected
- Transparency: We collaborate openly and honestly
- Accountability: We take ownership and deliver what we promise

These values are also the basis of the company's leadership principles, a framework of actions that leaders can take to enable others to jointly work towards a common goal. They provide guidance on how to succeed in a continuously evolving business environment.

Leadership principles

The leadership principles serve as a basic guideline to all employees since everyone is asked to be a leader at some point. Leaders are expected to fulfil two roles – navigators and coaches – in order to give direction to teams according to the company's **five leadership principles**:

- Inspire people
- Get the big picture
- Foster psychological safety
- Empower teams
- Enable people

Trust

We give and expect trust



Care

We take responsibility towards employees, society and the environment



Passion

We strive beyond the expected



Transparency

We collaborate openly and honestly



Accountability

We take ownership and deliver what we promise

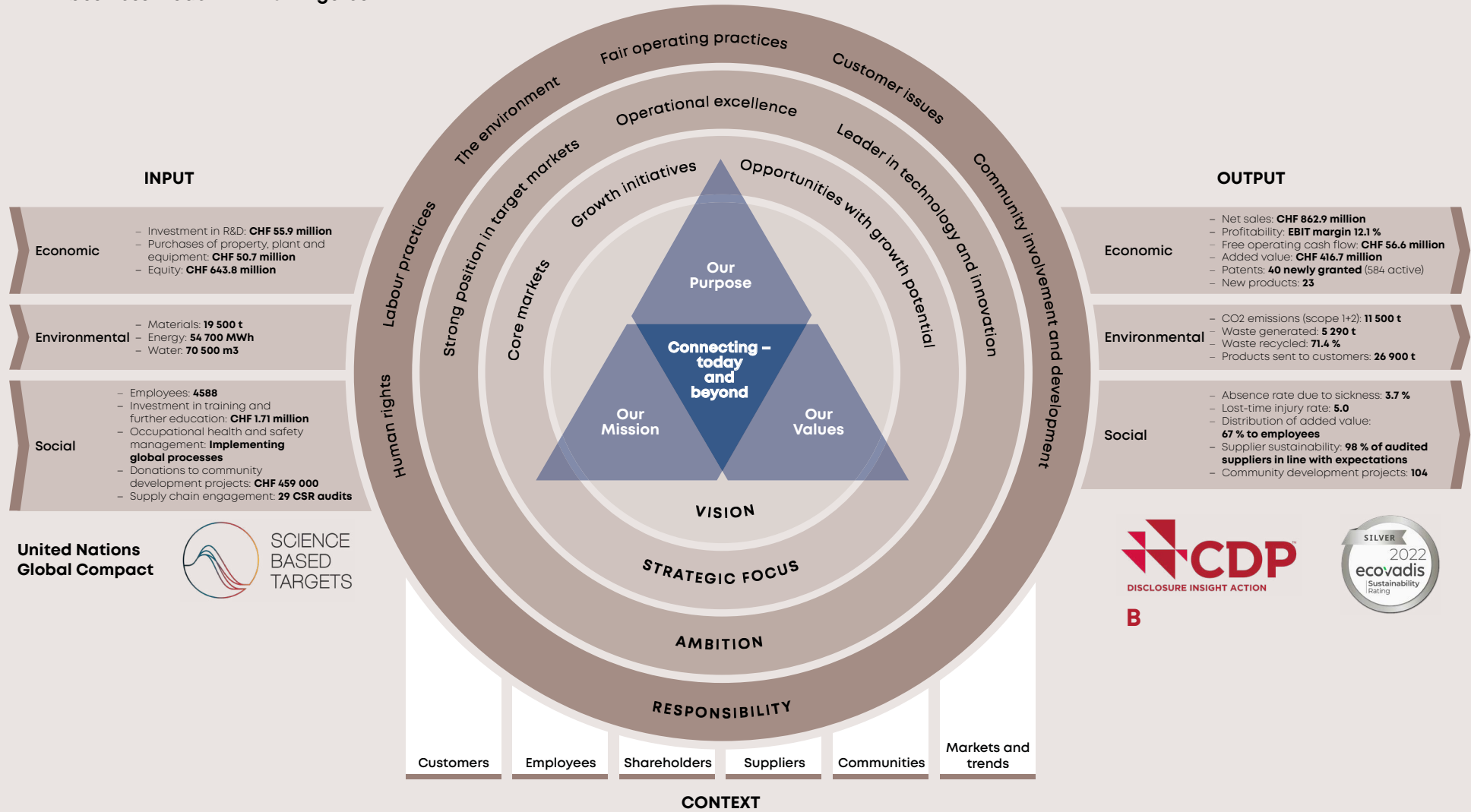


The HUBER+SUHNER business model

HUBER+SUHNER creates value in multiple dimensions. The business model shows how the company transforms investments, relationships and resources into valuable outputs and outcomes for its shareholders and other stakeholders over time. The model is centered around the company's fundamentals with the vision at its core: "Connecting – today and beyond." The model builds on markets, trends, and the five key stakeholder groups: employees, customers, shareholders, suppliers, and communities (which neighbour the company's sites). A fourth circle is wrapped around the three circles of the fundamentals representing the core subject areas of corporate responsibility: human rights, labour practices, the environment, fair operating practices, customer issues, and community involvement and development.

HUBER+SUHNER strives to maintain its technology and innovation leadership and achieve strong positions in target markets through the constant exchange between internal resources, external markets and society at large. In all business activities, the Group focuses on its ability to sustain and create value in the short, medium and long terms.

The HUBER+SUHNER business model with 2021 figures



Strategic pillars of sustainability

For HUBER+SUHNER, there are two core aspects of sustainability. First, the company believes that when sustainability is an integral part of business, it drives financial performance, especially in the medium and long terms. With a proactive approach, risks can be reduced, new opportunities may be detected, and the company's resilience will therefore increase. Second, the importance of evaluating the company's impacts on its stakeholders, including the environment, has risen in recent years. HUBER+SUHNER expects this trend to continue and strives to provide a comprehensive overview of its impacts, including a stringent and holistic approach towards its undertakings regarding corporate responsibility.

Increasing expectations

For corporate actors, corporate responsibility has evolved from a nice-to-have to a must-have culture. As new regulations and societal expectations emerge, the pace of compliance and pressure increases. While in the past only laws and regulations dictated a company's license to operate, demands today have moved into the public space and complexity is increasing, with various stakeholders ranging from investors to nongovernmental organisations and employees making their demands regarding the company's way of conducting business. Additional reporting requirements and the rise of social media have also increased the need for transparency. Finally, delivering a solid sustainability performance is a differentiator in today's business environment, and that includes companies such as HUBER+SUHNER that mainly serve other businesses and not end-consumers.

A tool for risk management

Acting responsibly and fostering a forward-looking mindset help mitigate risks. For HUBER+SUHNER, major risks related to unsustainable development include natural disasters impacting logistics and supply chains, as well as political disruptions due to famine, migration, and a lack of water. For HUBER+SUHNER, simply fulfilling regulations is merely compliance – a sustainability mindset must anticipate future developments.

HUBER+SUHNER is proactive, exceeding minimum standards to go beyond simply satisfying regulations. For the company, sustainability and innovation demonstrate its mindset: are a step forward and challenge the status quo. The company embraces sustainability not only to increase profitability and comply with legal requirements, but also to provide a good example to others and to take direct responsibility for its actions.

Sustainability road map

By building on achievements, HUBER+SUHNER is developing a systematic, strategic approach to sustainability, with this report as one tangible outcome. Across the Group, sustainability-related kickoff workshops took place at virtually all sites – even under difficult circumstances due to the pandemic – and suitable performance indicators were defined. The company has integrated sustainability-related targets into the annual target agreements on an individual level.

Material topics

As a result of the preparatory work on the CSR initiative and the kickoff workshops, the Group brought together diverse perspectives from different locations and cultures within the organisation and compiled a preliminary selection of 13 material topics, as shown in the columns to the right. All of these topics are covered in the following chapters.

The Executive Group Management (EGM) selected three of the material topics to be taken into special focus. For these focus topics, the scorecard on page 14 shows performance and achievements in 2021 as well as the targets for the coming years.

In their summer workshop, the EGM members assessed the business relevance (outside-in perspective) as well as the impact relevance (inside-out perspective) of all 13 material topics. The result is shown in the graph to the right. The assessment reveals that the differences in relevance are rather small, confirming that all topics are actually material.

Business

• Sustainable growth

- Leadership in core markets
- Leadership in technology and innovation
- Operational excellence

Relationships

• Community involvement and development

- Human rights
- Occupational health and safety
- Attractive employer
- Business ethics
- Responsible procurement
- Customer relations

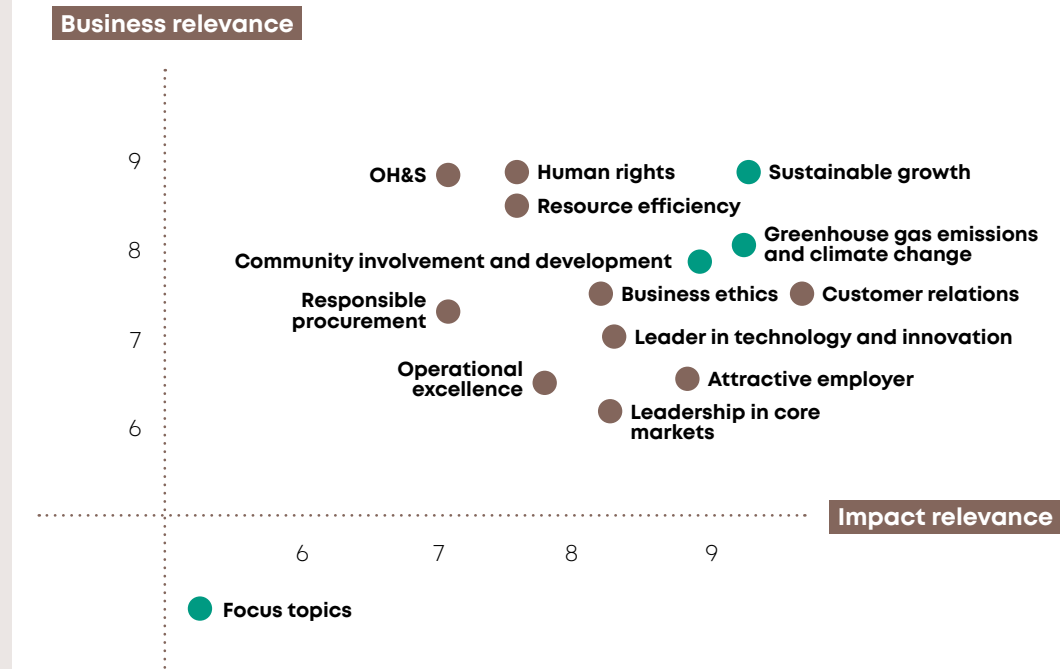
The environment

• Greenhouse gas emissions and climate change

- Resource efficiency

■ Focus topics

Material topics confirmed by assessing business and impact relevance



Score card

Focus topic	2021	Target	Time horizon
Sustainable growth	23 % of net sales from growth initiatives	> 33 % of net sales from growth initiatives	2023
Greenhouse gas emissions and climate change	11 500 t CO2-eq (scope 1+2)	8 400 t CO2-eq (scope 1+2) ¹ Net-zero CO2 emissions (scope 1+2) ²	2025 2030
Community involvement and development	Community involvement and development guidelines published in 2021 CHF 459 000 donated to 104 community involvement and development projects	Implement the community involvement and development guidelines The company sets aside and spends at least 0.5 % of the budgeted EBIT or 500 000 CHF ³ , whichever is higher, for community development projects as a matter of principle	2022

¹ Science-based target to support limiting global warming to 1.5 °C: 50 % reduction from 16 800 t CO2-eq in base year 2015

² After reaching the science-based target in 2025, HUBER+SUHNER aims to further reduce its greenhouse gas emissions in scope 1+2. The current ambition is to achieve net-zero emissions by 2030.

³ The funds will be provided from the operating business as well as from the Huber + Suhner Foundation (see p. 35).

2 Business

Sustainable growth

The financial health and commercial success of HUBER+SUHNER are the result of its value creation, long-term and customer-focused innovation, and strong relationships with its employees, customers, investors, local communities, and other stakeholders. The business strategy includes four components that synergistically influence and strengthen each other: the entry into new markets, the ambition to strong positions in target markets, the development of innovative products and technologies, and the ability to sustain these positions through operational excellence. HUBER+SUHNER builds its sustainable growth on diversified market verticals in three different states of maturity: core markets and focused market verticals, growth initiatives, and opportunities with growth potential. In 2021, some allocations of these market verticals were changed for strategic reasons.

Core markets and focused market verticals are the basis of today's business. Their turnover is crucial to secure the company in its current size and setup. The aim is to be in attractive core markets which allow the company to use all its strengths to take a strong position. Their contribution is essential to reach today's goals and fund the growth initiatives. The five core markets HUBER+SUHNER serves are test & measurement, mobile network, communication equipment manufacturer (CEM) components, fixed access network, and rolling stock. The category of focused market verticals includes a range of highly attractive niche applications in smaller sized markets such as energy, medical device, and high power charging.

Growth initiatives have been identified based on their potential for significant sales, profitable growth, and their strategic fit: aerospace and defense, data center, and electric vehicle. Two former "opportunities with growth potential" were upgraded to form part of the growth initiatives (i.e., rail communications and advanced driver assistance systems). To succeed, HUBER+SUHNER ensures a dedicated approach, pre-investments in resources and the formation of highly committed teams. Growth

23%

of net sales from growth initiatives

initiatives are expected to grow faster than the company and the markets. They should have the potential in size and attractiveness to become core markets of the future.

Opportunities with growth potential are attractive business ideas at an early stage. The company identifies these business ideas by following megatrends associated with basic human needs and then providing connectivity solutions that help satisfy those needs. The business ideas either develop into a growth initiative or an interesting niche business or they are not pursued further if the opportunity is not sustainable. Therefore, the company strives to always have a broad range of "opportunities" in the pipeline.

A new organisational setup came into force on 1 January 2021. This setup along the three segments of Industry, Communication, and Transportation, implementing a market-driven organisation with enhanced customer centrality and less complexity, proved to be a successful move.

Strong position in target markets

HUBER+SUHNER uses its strong position, resilient relationships, and good reputation in an existing market vertical to tap into new related markets. Having entered a new market with its products and solutions, HUBER+SUHNER fortifies its position by establishing and intensifying partnerships with customers. In doing so, it capitalises on its innovative strength to offer customers added value and strives to become a relevant market player. In justified cases, the company also has the courage to leave a market vertical.

Leader in technology and innovation

Mastery of the applicable technologies and the necessary innovative strength are essential to open new markets and defend existing markets. At HUBER+SUHNER, innovation takes place in three areas to ensure the high degree of differentiation of the company's solutions: improving existing products in terms of cost and performance, developing new product generations and applications, and exploring new technologies and business fields.

The starting point for innovation at HUBER+SUHNER is quite often a customer problem that needs to be solved. However, it can also be a technological trend that helps to improve an existing solution or even generate an

additional benefit. In this case, the company strives to be among the first to take advantage of a technological trend and set the standard.

Proximity to customers and markets is a basic prerequisite for HUBER+SUHNER to live up to this ambition. Another important building block are the research and development teams, whose members combine theory and practice and adhere to deadlines and creativity, in both product and process development. This enables the company to position itself as a reliable innovation partner for its customers.

HUBER+SUHNER also cooperates with public research institutes and universities. In this way, the company ensures technological progress that does not focus exclusively on economic benefit.

Operational excellence

Through operational excellence spanning production processes as well as logistics and the supply chain, HUBER+SUHNER sustains and extends its market positions. By continuously optimising its operations, the company ensures a smooth supply chain, which is essential when customers are deciding whether the products of HUBER+SUHNER are good value.

At HUBER+SUHNER, operational excellence goes beyond these fundamental issues. Sustainability issues are gaining importance. It starts with the production sites' carbon footprint, which depends mainly on electricity

consumption. The amount of waste and the consumption of heating energy also play an important role. That is why operational excellence is also about energy-efficient processes, the reduction of scrap, and energy-optimised buildings which at the same time ensure a good indoor climate for employees at their workplaces.

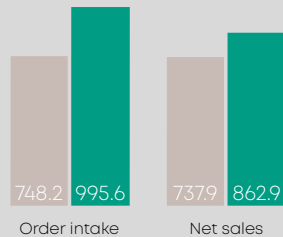
Goods transport also plays an important role in operational excellence. Shorter distances ensure shorter delivery times and reduce the associated environmental impact. This starts with suppliers of raw materials and piece parts

that are located close to the production sites. In addition, greater vertical integration at one location is more environmentally friendly than spreading production steps over many sites. Finally, the production sites' geographical proximity to key customers is better for the environment due to the shorter transport distances in outbound logistics and at the same time is a competitive advantage.

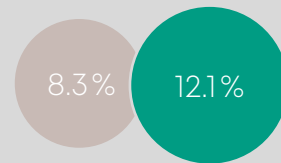
The topic of product and transport packaging is also part of operational excellence. Here, the focus of HUBER+SUHNER lies on reusable packaging and packaging materials with a low environmental and carbon footprint.

Business performance 2021

Order intake and net sales significantly above previous year



EBIT margin of 12.1% – the highest absolute operating profit in the company's history



Highest ever net income – up two thirds year-on-year



Double-digit percentage growth in order intake and net sales in all three market segments

Growth initiatives data center, electric vehicle as well as aerospace and defense make an above-average contribution to development compared with previous year

Target markets in robust shape – medium-term EBIT margin target range revised up to 9–12 %

■ 2020 ■ 2021 in CHF million

See the HUBER+SUHNER Annual Report 2021 for more details:
<https://reports.hubersuhner.com>

Energy transmission and distribution in times of energy transition: reliable fiber optic solutions as an enabling technology

While the transition towards renewable energies is firmly anchored in national policies in many industrialised countries, reliable and fast data connections are gaining importance as enabling technology. Decentralised power generation and power sources located far from urban centers require rethinking grid management. Grid stability in the face of fluctuating supply due to cyclical solar irradiation and irregular wind feed-in is a primary objective of utilities serving both residential and industrial customers.

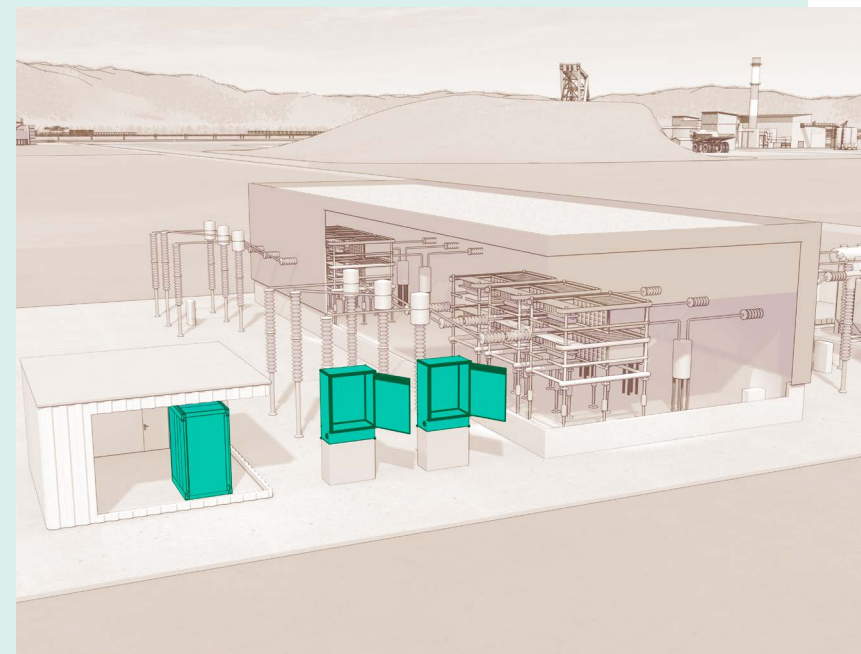
To meet this new reality, substations are being digitalised to ensure high availability and efficient use of assets across the grid. Fiber optic communication networks provide the necessary bandwidth and, equally important,

intrinsic immunity to electromagnetic interference. Without fiber optics, the sophistication and robustness of energy grids suitable for renewable energy cannot be achieved.

HUBER+SUHNER has been providing fiber optic solutions to the global power transmission and distribution market for many years, always focusing on current market needs. The company offers end-to-end solutions consisting of special cables, robust connectors, and intelligent fiber distribution hubs.

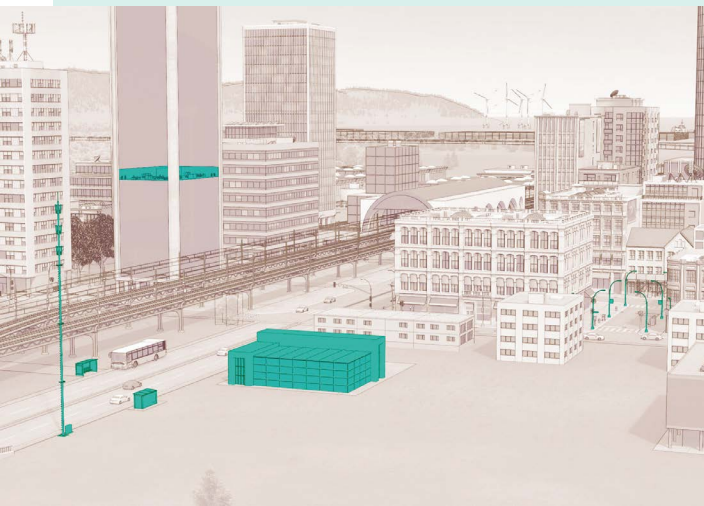
A recent example is the high-voltage, direct current (HVDC) link called Viking Link between Denmark and the United Kingdom. The link consists of a 767 km long DC power cable passing through the North Sea and two converter stations located in Lincolnshire on the United Kingdom coast, and southern Jutland on the Danish side.

Fiber optic assemblies and patch cables by HUBER+SUHNER will be installed in the converter stations to control the flow of electricity through the link. The Viking Link will permit a transfer of 1.4 GW of power and operate at



525 kV. It will augment the flexibility and integration of the European energy grid, vital for efficient injection and deployment of renewable energy. The Viking Link is scheduled to begin commercial operation at the end of 2023.

Sustainable bandwidth expansion without compromise



Undoubtedly, the Internet, its connections and data are growing exponentially: 127 new devices connect to the Internet every second¹. With increased connections and technological advancements, it is no wonder data networks accounted for around 1 % of global electricity use in 2019².

As the telecommunications industry adapts to meet ambitious sustainability goals, next-generation network performance, reliability and longevity must be factored in. A balance must be struck between sustainability and high-quality network performance to ensure that infrastructure is sustainably fit for purpose. Identifying network equipment that is adaptable and energy efficient will make a difference.

HUBER+SUHNER supports telecom equipment manufacturers and network operators by providing the smart solutions that help them meet their sustainability targets. Wavelength division multiplexing (WDM) solutions are just one example: By reusing existing fiber, capacity can be increased without the need to lay more cables, reducing the amount of cable that needs to be produced and the associated CO₂ emissions.

WDM transport networks can be realized as a so-called “active” or a “passive” WDM transport solution. In the classic “active” approach the equipment which generates the data (for example router, switch, radio head) is equipped with a “client transceiver.” This is only capable of bridging a few meters to the nearby active transport system, receiving the client signal and appropriately converting it for the transmission network. This approach requires additional transceivers, consuming additional electrical energy and producing additional heat which requires additional cooling.

The “passive” transport approach eliminates this additional media conversion and therefore reduces the total energy consumption per transported bit by some 80 %. Opting for a passive WDM over an active solution should be a key consideration in the journey towards meeting sustainability targets.

Europe’s Climate Neutral Data Centre Pact pledges to make data centers carbon neutral by 2030³ and highlights that performance and sustainability are achievable in parallel: Even in the face of predicted growth in data demand, sustainable action can be taken. Smart investments in connectivity components and devices that reduce energy consumption will allow for economical, ecological, and efficient bandwidth expansion.

¹ <https://techjury.net/blog/how-fast-is-technology-growing/#gref>

² <https://www.iea.org/reports/tracking-data-centres-and-data-transmission-networks-2020>

³ <https://www.climateneutraldatacentre.net>

Rejuvenating an old fleet to deliver a 21st century service

From a passenger's point of view, rail is by far the most sustainable way to get from point A to point B, especially if the train is powered by electricity from renewable sources. From a rail operator's point of view, it is much more economically and ecologically sustainable to refurbish the train fleet than to buy new rolling stock. Supporting the operator of an intrinsically sustainable transport system in overhauling its fleet is a rewarding task for a supplier of connectivity solutions like HUBER+SUHNER.

Northern Trains, a publicly owned train operating company in England, had the goal of updating an aging legacy fleet due to the introduction of a National Technical Specification Notice (NTSN) related to rail system accessibility to persons with disability or persons with reduced mobility (PRM). It also had compliance objectives of the franchise commitment (e.g., improving train security and train service information and a potential change to driver-only operation). Through a strong relationship with HUBER+SUHNER, Northern Trains requested

support at a very early stage in order to master a complex project requiring technical expertise and strong project management skills.

Meeting ever-demanding passenger and stakeholders needs

The Digital Train Project is the largest single project relating to legacy fleet upgrades within the United Kingdom, with eight major suppliers and numerous stakeholders involved including the United Kingdom Department for Transport and various rolling stock companies.

Thanks to the rolling stock solution portfolio from HUBER+SUHNER, it was possible to develop the best on-train design connectivity requirements for Wi-Fi, closed-circuit TV (CCTV) cameras and automatic passenger counting (APC) and passenger information systems through assemblies, inter-vehicle jumper systems, communication backbones, and in-carriage and rooftop antennas. HUBER+SUHNER also supplied design support throughout the project, resulting in the implementation of perfect connectivity solutions.

Safety-critical impact on connectivity

The dependency on reliable connectivity for safety-critical and security-focused technology cannot be underestimated. From the live-

feed CCTV for real-time incident footage to passenger information that delivers real-time and up-to-date on-train service information, the equipment is only as good as its connection and feed. APC allows for a better understanding of occupancy which in turn allows advance notification of customers about the carriage with available seating. Forward-facing, internal and external cameras give the operator a real-time overview of what is happening inside and outside the train to make passengers feel safe.



3 Relationships

The “Relationships” section zooms in on the company’s responsibility towards its most important stakeholders. Supported by facts and figures, it aims to show how HUBER+SUHNER relates to and engages with these groups.

Compliance and business ethics

Compliance is a fundamental prerequisite for value-driven and ethical business conduct. This applies to both the workplace and when doing business.

As a global player exposed to numerous potential risks, HUBER+SUHNER seeks to promote a visible culture of integrity, ethics and compliance which is built on the HUBER+SUHNER group-wide Code of responsible business conduct¹. According to its principles and obligations, HUBER+SUHNER has established a group-wide compliance programme, which specifies the organisation’s policies and guidelines, procedures, and actions within a defined process to help prevent risks and detect potential violations.

Governance of compliance within HUBER+SUHNER

The compliance organisation is headed by the group compliance officer who is also the Chief Financial Officer (CFO). The group-wide applicable principles and guidelines as well as processes are centrally managed. An annual risk assessment is performed and exposure to compliance risks and specific compliance areas (compliance area and compliance sub-areas) are defined in a compliance map. For each area, compliance officers at corporate and country levels are appointed and responsible for the day-to-day implementation and monitoring.

Compliance training for employees

Compliance at HUBER+SUHNER is about living the company’s values and speaking up when witnessing unethical behaviour or any non-compliance with the Code of responsible business conduct. An e-learning training called EyeComply – developed specifically for HUBER+SUHNER – is available in 7 languages and all employees working in an office environment have to complete the interactive online course within the first 30 days of their employment with the company. Employees working in HUBER+SUHNER manufacturing facilities have daily meetings with shift leaders where the topic of compliance in their sphere of influence is included on a regular basis.

Uncovering ethical disparities with Trustline

HUBER+SUHNER implemented Trustline, an independent and secure whistle-blowing platform, provided by an independent third party, in the second quarter of 2021. The platform offers all employees worldwide, including temporary staff, apprentices and trainees, an additional reporting channel to easily raise alleged violations or breaches of the Code of responsible business conduct by phone or in writing. Trustline can be accessed around the clock. It is available in several languages, and reports can be submitted anonymously. With Trustline, the company has developed guidelines for employees to encourage them to voice their concerns about suspected misconduct within HUBER+SUHNER or in connection with HUBER+SUHNER business relationships with respect to the principles set out in the Code of responsible business conduct.

High compliance achieved in 2021

In 2021, a total of 7 issues were reported related to the Code of responsible business conduct via the whistle-blowing platform or any other reporting channel or sources (immediate or next line manager, human resources manager, local compliance officer, or local external service provider). Six cases were settled in the reporting year, one is still being addressed.

¹ <https://www.hubersuhner.com/en/company/sustainability/related-documents>

Added value distribution

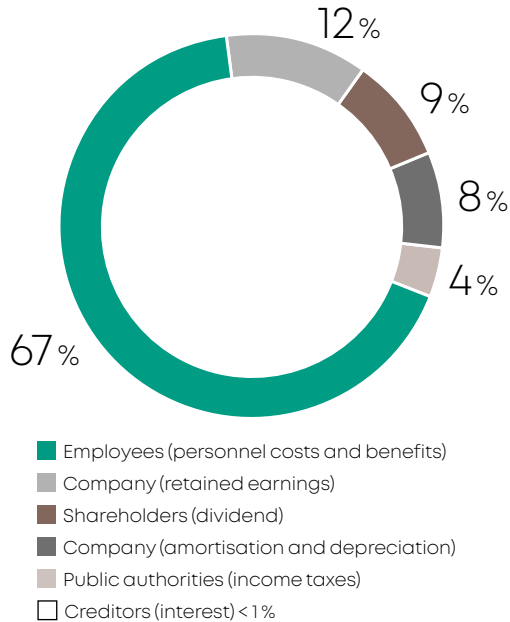
The added value is an indicator of a company's economic performance. It is calculated from profit before tax and depreciation plus personnel costs minus other financial results. The following chart discloses how the added value benefits the various stakeholders or is retained within the company. In 2021, the added value amounted to CHF 416.7 million (+18 % compared to 2020).

67%

of the added value flowed directly or indirectly to employees

In 2021, 67 % of the global added value (previous year: 75 %) directly or indirectly benefitted employees, and 4 % (previous year: 2 %) the public sector in the form of income taxes. Shareholders received 9 % (previous year: 7 %) of the added value, while 20 % (previous year: 16 %) remained in the company in the form of amortisation, depreciation, and retained earnings.

Distribution of added value 2021



Human rights and labour practices

In its Code of responsible business conduct, HUBER+SUHNER has committed to fully respect human rights within its sphere of influence. The company does not tolerate any form of child labour or forced labour and is committed to equal and non-discriminatory treatment of employees and their protection from harassment in the workplace. To increase the focus on compliance and the possibility for employees to speak up, HUBER+SUHNER implemented Trustline, a secure whistle-blowing platform, in 2021. The platform is accessible around the clock in all local languages of key HUBER+SUHNER countries. This anonymous way of reporting breaches is available in addition to the possibility to directly reach out to superiors, country managing directors, the corporate legal counsel, or local Human Resources business partners.

The company constantly monitors to ensure that no form of child labour² or forced labour³, according to the International Labour Organization (ILO) definition, is occurring at any of its sites of operation. Since June 2020, HUBER+SUHNER has been a signatory to the UN Global Compact adhering to its ten principles⁴ of which principles 1 through 6 are related to human rights and labour practices. (See "The Ten Principles of the UN Global Compact" on the last page of this report.)

² <https://www.ilo.org/ipec/facts/lang--en/index.htm>

³ <https://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm>

⁴ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

Attractive employer

HUBER+SUHNER strives to be a great and credible place to work in order to attract new employees and retain talents globally. This includes to position the brand with an enticing employer value proposition (EVP) offering a strong purpose, favourable employment conditions, continuous training and learning opportunities, a truly diverse, inclusive, international, agile and safe work environment. Strengthening the EVP is part of a global employer branding programme that will be rolled out in 2022. A project team from various departments, a Sounding Board and the Executive Group Management developed key components for the HUBER+SUHNER employer brand that were also assayed with employees globally. The outcome are four brand personas that represent the company's key employee audience according to criteria like age, education, cultural background, aspirations, and their needs. Through the EVP, the company also defined five differentiating factors, including: innovation, growth, collaboration, a global network and diversified teams, and entrepreneurial spirit.

The company also revised the employee journey according to the below shown eight touchpoints and measures:

Employees of HUBER+SUHNER are part of a strong global network that values entrepreneurial spirit and rewards success. The company's sustainable approach and genuine respect when interacting with each other are fundamental to growth and long-term success. The company looks for passionate people who wish to collaborate in diversified teams in order to drive connectivity solutions and innovation every day to connect people today and beyond.

Working remotely

Even before the outbreak of the Covid-19 pandemic, HUBER+SUHNER offered employees with jobs in an office environment the opportunity to work remotely. This enabled the company to efficiently implement officially mandated teleworking obligations at the different sites over the past couple of years. HUBER+SUHNER aims for a balanced mix between working from home and physical presence in the offices, thus combining the advantages of options for the benefit of the company and its employees. The company continues to invest in a work environment that inspires people, accommodates flexible and safe work requirements, and improves productivity and collaboration with internal and external stakeholders.



Programmes to attract and retain employees

The Human Resources department in Switzerland holds primary responsibility for all employee attraction initiatives. It proposes programmes which can then be adopted and adapted by the different sites around the globe in response to country-specific demands.

The apprenticeship and trainee programmes are important offerings that attract new employees. More than 87 apprentices were trained in Switzerland in 2021, but also other sites such as HUBER+SUHNER in the United Kingdom, Germany, India and Malaysia have initiated apprenticeships or internships for young graduates. These often are the start to longer careers with the company. HUBER+SUHNER also has a strong presence at recruitment fairs and universities. In addition, the company maintains close partnerships with start-ups as well as technical colleges and universities such as the two renowned Swiss institutes ETH Zurich and EPFL, for general research and development (R&D) collaboration and academic theses. These strong links with educational institutions and start-ups drive innovative projects, add HUBER+SUHNER teams' work satisfaction, and help build strong relationships with potential future employees.

HUBER+SUHNER is also an attractive company for senior employees older than 50, as the company values both their work and life experience. The company is part of the founding group of the association Focus 50 Plus⁵ as it is

very conscious of the demographic change and how it may result in workforce shortages. It is fundamental to keep employees healthy, motivated, and committed until they retire. That is why HUBER+SUHNER implemented various initiatives to keep this group of people on board and ensure the transfer of knowledge to the younger generations. Offers such as health and safety services, flexible working and retirement arrangements, and further training opportunities until the last day of work are highly valued by older employees. These measures help them stay professionally up to date or even acquire new skills while preparing for retirement.

87

apprentices
trained at Swiss
sites

Favourable employment conditions

In Switzerland, where close to 1 200 employees are based, HUBER+SUHNER offers many benefits that exceed legal requirements. These include continued salary payments

in case of illness and generous pension fund contributions. In addition, HUBER+SUHNER offers discounted lunches thanks to staff canteens, and special conditions for cultural activities. Employees with young children can choose certain day-care centers near the sites, which are supported by the HUBER+SUHNER Foundation. Financial support up to CHF 6000 per employee and year for childcare may be granted.

⁵ <https://www.50plus.ch>

Employee turnover

In 2021, the turnover rate was slightly higher than in the previous year. This is related to the reorganisation that took place in the reporting year. In Tunisia, HUBER+SUHNER moved into a new and bigger production facility reflecting the growth of the business. Over the past 5 years, the company has increased the number of employees from 200 to almost 800 on its production site in Sousse.

Training and continuous education

HUBER+SUHNER invests in individual training opportunities for its employees to ensure professional development. In 2021, 8152 training days were conducted, which equals 1.8 training days per employee across all functions. The training costs (external cost plus cost of hours not worked due to training) were CHF 1.7 million; the average training cost per employee was CHF 380 in 2021.

In Sousse, HUBER+SUHNER opened its first training academy, an essential step to train and up-skill young people in the region for the assembly of the company's fiber optic cables. The academy opened in October 2021 and had provided almost 50 people with additional qualifications so far. The academy is led by 2 female engineers and close to 70 % of the students and future employees of HUBER+SUHNER are women.



Students of the Academy and future employees of HUBER+SUHNER in Sousse

Average number of employees and turnover rates 2019–2021

Year	Average number of employees	Number of employees left	Turnover rate
2019	4823	974	20.2 %
2020 ⁶	4509	935	20.7 %
2021	4348	988	22.7 %



The new HUBER+SUHNER production site in Sousse, Tunisia

⁶ Excluding plant closure in Brazil

Diversity and equality

HUBER+SUHNER strongly promotes diversity as diverse teams with different backgrounds and perspectives are more innovative, generate better ideas, and positively influence motivation, therefore driving business success. In an environment where change has become a reliable variable, leaders must ensure that everyone is enabled to contribute to overcome challenges and look for opportunities together. The new leadership principles place a high priority on psychological safety and working in diverse teams. Learning from mistakes together and focusing on constructive feedback enables all employees to perform at their best.

At the end of 2021, the company had 4588 employees globally. Out of the total workforce, 48 % were women. The share of women in managerial roles increased to 23.4 % (112 of 479). Out of 16 country organisations, 10 regularly conduct salary benchmarks. Almost 100 % met the benchmark in 2021. Equal pay for women and men was mostly achieved.

Promoting gender equality and equal pay in Switzerland

HUBER+SUHNER strives to promote women in general and particularly into management positions. The company has committed to raising quotas for upcoming years and is submitting data to the Gender Report of schillingreport⁷, a study that surveys data of leading Swiss companies annually.

Since 2014, HUBER+SUHNER has been actively promoting equal pay for women and men at its Swiss sites with Landolt & Mächler Consultants. An initial salary assessment showed that the existing pay gap was less than 5 %. In the meantime, equal pay has been fully achieved and HUBER+SUHNER had been certified through a “legally proof salary equality analysis.” The company continues to be reviewed on a regular basis.

HUBER+SUHNER also participates in the Advance mentoring programme⁸ that connects women from different companies in mentor or mentee roles. The company nominates and connects mentors and mentees to help strengthen the position of women in business. Overall, feedback on the programme has been very positive, prompting HUBER+SUHNER to expand it for the coming years.

Gender distribution

Year	Total workforce (in %)		Managerial positions (in %)	
	Female	Male	Female	Male
2020	44.7	55.3	21.7	78.3
2021	48.0	52.0	23.4	76.6

Distribution of age groups 2021

Age groups	Total workforce (in %)	Managerial positions (in %)
< 30	27.2	1.0
30–50	54.3	73.5
> 50	18.5	25.5

⁷ <https://www.schillingreport.ch/en>

⁸ <https://weadvance.ch>

Occupational health and safety

As a manufacturing company, occupational health and safety (OH&S) of employees is a priority and material topic for HUBER+SUHNER. It has a global Health and Safety Policy and applies the principles established by the International Labour Organization (ILO). HUBER+SUHNER strives proactively to prevent its employees from accidents at work and leisure, as well as from any occupational diseases and their consequences.

5.0

Lost-time injuries per 1 million hours worked in production

The company monitors its performance with three key figures: the absence rate due to sickness, the lost-time injury rate, and the lost-time injury severity rate. In 2021, the absence rate due to sickness⁹ was 3.7 % (slightly higher than in 2020). For comparison: in the Swiss manufacturing sector,

the absence rate was 3.6 % in 2020 (most recent available statistics). The lost-time injury rate¹⁰ increased slightly from 4.1 in 2020 to 5.0 in 2021, with 5 sites reporting 0 lost-time injuries. The lost-time injury severity rate¹¹ was recorded for the first time. It showed 10 lost working days per lost-time injury.

Occupational health and safety management

Occupational health and safety (OH&S) are ensured through strict adherence by

HUBER+SUHNER to local laws and regulations and to three global processes that were introduced towards the end of 2020 and have been rolled out since then. Every plant has health and safety officers on duty to conduct training and walk-throughs which sensitise employees not only to work-related hazards but also to health-related topics in general. With the participation and consultation of workers, HUBER+SUHNER identifies hazards and assesses risks and opportunities at the workplace with the aim of eliminating those hazards in order to reduce risks, and to seize opportunities.

Country initiatives

In India, the company holds quarterly safety weeks including topics such as the environment, harassment, pollution, health, and safe equipment usage. During the pandemic the company provided masks, hand sanitisers, and free tests and vaccination for employees and their families. In 2021, HUBER+SUHNER India organised half-yearly yoga competitions to keep employees physically fit and mentally healthy. The exercises took place at the workplace to motivate people to participate and to enhance the team spirit.

At the site in Warren, New Jersey (United States), COVID-19 has prompted changes in the safety policy and procedures. Another focus was put on mental health. With the site relocation, a lactation room is now available and a facility for medical massages is planned.

In Australia, management completely separat-

ed the manufacturing site and main building to reduce business and health risks by minimising physical contact amongst employees to limit the spread of Covid-19. At the same time, vaccination was promoted. People who were able to work remotely were given the necessary information technology equipment. Teleworking also provided people with more flexibility to get their daily work done.



In Germany, employees were asked to organise sports activities by choosing their favourite sports and HUBER+SUHNER subsidised any cost. In October, there was an initiative for healthy muesli as well as after-work cooking sessions to encourage employees to prepare healthy food.

A global action plan

The company has developed a global action plan to ensure globally aligned OH&S management. By the end of 2023, all sites with production and/or warehousing activities have to establish and maintain an OH&S management system that fulfils the requirements of ISO 45001. Internal auditors are reviewing these management systems. So far, only the production sites in Changzhou and Shanghai, China, are certified according to ISO 45001 by TÜV SÜD. During the last audit in September 2021, only minor incidents of noncompliance were identified and resolved.

⁹ Number of absence hours due to sickness divided by the planned working time (in hours)

¹⁰ Lost-time injury: any injury sustained by an employee while on the job that prevents them from being able to perform their job for at least one day/shift; lost-time injury rate: the number of lost-time injuries that occurred during the reporting period per 1 million hours worked by production employees.

¹¹ The lost-time injury severity rate was calculated by dividing the number of lost working days by the number of lost-time injuries.

Anti-corruption

Anti-corruption is an important part of the e-learning training EyeComply, the compliance programme of HUBER+SUHNER that any employee within the first three months of joining the company has to complete. The Code of responsible business conduct¹² addresses the topic under the chapter "Fair operating practices" in which all employees are requested to never directly or indirectly offer, promise or grant public officials or private as well as contractual business partners any bribe or improper advantage, or to receive, tolerate, knowingly benefit from or accept such bribery or improper advantage.

In addition, the Executive Group Management approved a detailed anti-corruption guideline in September 2017. This guideline sets minimum standards within the HUBER+SUHNER Group with respect to anti-corruption, anti-bribery and conflicts of interest.

Employees who find themselves in a conflict of interest or acknowledge a breach of the Code of responsible business conduct are asked to speak up directly via their local compliance responsible or by phone or in writing via the Trustline which can be accessed around the clock. It is available in all company languages, and reports can be submitted anonymously.

Although there is a high risk of corruption, bribery, and conflict of interest in some countries with HUBER+SUHNER subsidiaries, no cases were detected in 2021.



cases of corruption, bribery, conflict of interest reported

¹² <https://www.hubersuhner.com/en/documents-repository/company/pdf/sustainability-and-environment/code-of-responsible-business-conduct.aspx>

Responsible procurement

At HUBER+SUHNER, over 50 % of turnover is used for procurement. This creates enormous leverage regarding profitability. With a purchasing volume of some CHF 460 million in 2021, the company aims to make certain that materials and services are sourced only from qualified suppliers, ensuring high environmental and social standards throughout their operations to minimise adverse effects on the environment and society. There is increasing governmental pressure, including the German Supply Chain Due Diligence Act which will come into force on 1 January 2023, and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour¹³ entered into force on 1 January 2022. This will lead to additional focus on reporting and due diligence for Switzerland-based multinational companies to ensure that their business activities respect and comply with human rights and other international standards.

Working with a complex supplier network

In 2021, HUBER+SUHNER purchased more than 24 000 different items from roughly 1850 active production material suppliers. Production materials represent approximately 70 % of the total purchasing volume, with two-thirds being components or semifinished goods and one-third raw materials such as copper or chemicals. The most important sourcing regions in terms of purchasing volumes are Western Europe, Central Europe, and Northern Asia.

Increased measures for responsible procurement

HUBER+SUHNER appreciates long-standing and stable supplier relationships as key to its business success. This has been further underlined by the global pandemic that the world has been facing over the past two years. The company aims to procure according to the principle of "regional for regional" to strengthen local supplier relationships and ensure short supply chain routes whenever possible. HUBER+SUHNER requires its suppliers to acknowledge the HUBER+SUHNER Code of responsible business conduct¹⁴, which can be found on the company's website. Regular audits are held for strategic suppliers; a set of sustainability-related questions was included in these audits as of 2021.

Supplier sustainability assessment platform

As a next measure in 2022, HUBER+SUHNER will implement a supplier sustainability assessment platform that enables the company to monitor its entire supply chain based on sustainability and compliance criteria in order to meet regulatory requirements and reduce risks. The objective is to onboard the most critical suppliers during the second half of 2022, with further rollout waves planned in 2023.

Conflict minerals

In its production, HUBER+SUHNER processes the conflict minerals tin and gold. In this regard, the company is mapping its supply chain using the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative. The most recent version of the CMRT is publicly available on the HUBER+SUHNER website¹⁵.

13%

of strategic suppliers were audited applying environmental and social criteria.

¹³ <https://fedlex.data.admin.ch/eli/cc/2021/847>

¹⁴ <https://www.hubersuhner.com/en/documents-repository/company/pdf/sustainability-and-environment/code-of-responsible-business-conduct.aspx>

¹⁵ <https://www.hubersuhner.com/en/documents-repository/company/pdf/certificates/6b333db0-5fca-4633-b586-5d987c1f7be5.aspx>

Customer relations

The success of HUBER+SUHNER is directly linked to its ability to cultivate mutually beneficial and trusting relationships with its customers. In 2021, HUBER+SUHNER served a customer base of approximately 5000 buying clients. However, the major proportion of its sales is linked to key customers with whom the Group has established long-term relationships. Customer relations at HUBER+SUHNER are structured along the company's three market segments: Industry, Communication, and Transportation, with dedicated sales teams in key countries and around 460 employees in Sales and Distribution.

Driving a seamless customer experience

Offering a valuable customer experience is key for growth (see figure 1: "Digital customer experience journey"). Feeling customers' pulse at decisive moments allows HUBER+SUHNER to consistently understand, follow, improve, and own all the touchpoints (e.g., during an online search, when receiving the company's response to a request, when using its products, or when interacting with the company in the event of a complaint).

HUBER+SUHNER must be a competent partner in engineering, logistics, and supply chain, constantly innovating and looking for highly customised solutions. The company's focus on data collection and the evaluation process for an outstanding customer experience has been further developed through a new way of measuring the pulse according to 12 monthly touchpoints. A pilot will be run in the first quarter of 2022

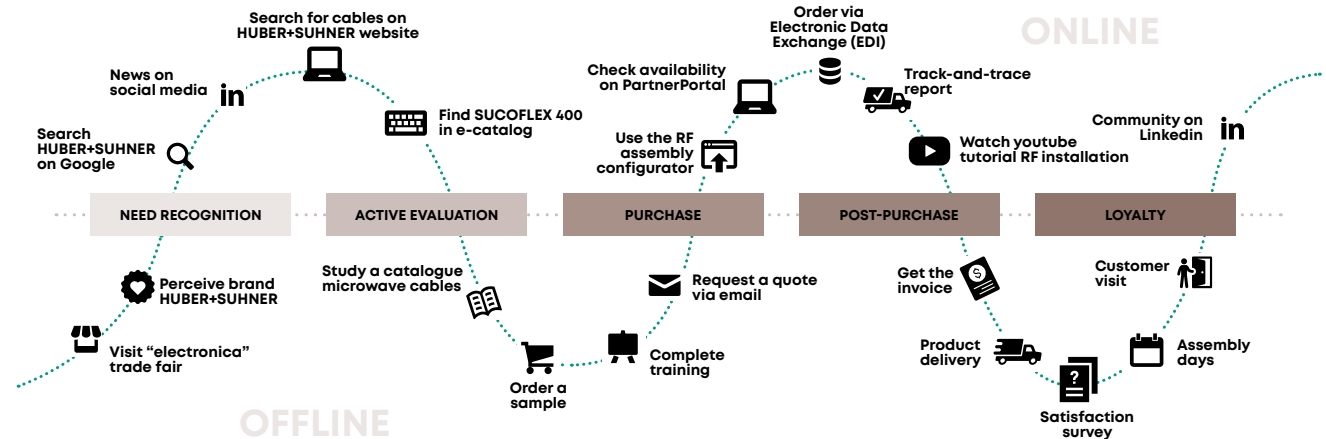


Figure 1:

The digital customer experience journey (Source: Valantic)

to establish all the relevant key performance indicators (KPIs). One of indicators the company has been measuring is the average number of days until a customer complaint is closed. In 2021, this duration increased by 4.3% compared to the previous year. Focusing on the full customer experience will help HUBER+SUHNER to get a holistic view on the customer experience beyond pure customer satisfaction.

Personal interactions remain paramount

Personal contact is crucial to build and maintain close relationships with customers. They typically are assigned a single point of contact at HUBER+SUHNER for all their needs. With the Godfather Programme, key clients will be assigned a representative from executive management to encourage exchange and mutual trust with top management.

Regulatory and sustainability requirements

As a business-to-business company (B2B), HUBER+SUHNER mainly faces compliance with regulatory and legal requirements. Therefore, the Group must be able to anticipate any developments at an early stage in order to develop its products accordingly. Detailed and transparent product information and labelling are therefore key to HUBER+SUHNER. The company also ensures compliance with standards and regulations such as Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS).

+4.3%
average time to closure of a customer complaint (year-on-year)

By actively managing its environmental, social and governance responsibility and by constantly working to enhance its performance, HUBER+SUHNER also contributes to the sustainability of its customers and thus positions itself as a valuable partner beyond technical expertise and product quality. In the past year, the company has seen an increasing number of customers requesting information about the CO2 footprint of their purchased products. Other customers ask HUBER+SUHNER to disclose its environmental, social and governance performance and targets via the EcoVadis, IntegrityNext, and Drive Sustainability platforms. Additionally, the company discloses environmental information to investors and customers annually on the CDP platform.

Impacts due to the Covid-19 pandemic

The pandemic has greatly impacted direct customer relationships in both 2020 and 2021, impeding many networking and face-to-face interactions. Again in 2021, many sales meetings had to be conducted via phone or video calls, reducing to a minimum non-business topics that are important to maintain close relationships. Access to new business and customers was therefore also hampered. On the other hand, in markets where HUBER+SUHNER already has a strong customer base, relationships could be strengthened as challenges also strengthen ties. Thanks to accelerated and increased digitalisation, HUBER+SUHNER remains well positioned to maintain strong and healthy relationships with its customers and to ensure a strong sales pipeline.

Community involvement and development

In assessing the material issues, the Executive Group Management has made community involvement and development a focus topic. Community involvement and development stands out due to its many aspects. It includes the promotion of education, culture, and sports, as well as support for groups at the edge of social and workplace exclusion. Open, honest, and fair dealings with local and regional administrative authorities are also part of this complex topic. The company's investments globally for projects in education, culture, sports, and for disadvantaged groups can be done in the form of donations in cash or in kind, as well as vocational training positions or supporting employees in their engagement through voluntary work within the community.

At the end of 2021, HUBER+SUHNER launched globally binding guidelines on the topic of community involvement and development. From the 2022 financial year onwards, HUBER+SUHNER will have a total of 0.5 % of budgeted earnings before interest and taxes (EBIT), or at least CHF 500 000, available for the support and initiation of projects. The funds will be provided from the operating business as well as from the HUBER+SUHNER Foundation (see page 35).

In 2021, a total of 53 % of Group companies sponsored or initiated a total of 104 community involvement and development projects, spending around CHF 459 000. The Covid-19 pandemic still impacted community development activities of HUBER+SUHNER, but to a lesser extent than in the previous year.

Overview of community involvement indicators

Year	Investment (in CHF)	Number of projects	Proportion of country organisations involved with own projects (in %)
2020	333 000	118	56
2021	459 000	104	53

459 000 CHF
spent for community involvement and development projects

Switzerland

HUBER+SUHNER Foundation

The HUBER+SUHNER Foundation provides benefits to the company's employees in accordance with the foundation's purpose. It also supports social, cultural, and sports-related projects in the geographical catchment area of the Swiss HUBER+SUHNER sites in Herisau and Pfäffikon.

The number of community projects funded (86) in 2021 decreased compared to the previous year (105) because of the lower number of applications. This was partially due to events that were planned for 2020 and whose funding had already been paid but which had to be postponed due to the Covid-19 pandemic. The organisers therefore did not have to reapply for funding in 2021. In addition, probably also due to the Covid-19 situation, fewer events in the cultural and sporting fields were planned in general. As in previous years, the focus of project selection was to support young people. Depending on the size and nature of the projects, the contributions ranged from a few hundred to several tens of thousands of Swiss francs.

Supporting the students of social enterprise iwaz

Next to providing HUBER+SUHNER employees with benefits in accordance with the HUBER+SUHNER Foundation's purpose, local projects at or nearby the company's two Swiss locations in Pfäffikon (Zurich) and Herisau and with a social, cultural or sports-related focus, are in scope to receive funds. One of this year's highlight projects was the donation to the social enterprise iwaz, located close to Pfäffikon. Founded in 1967, iwaz offers opportunities in the technical, logistics, gastronomy, and medical sectors to people with mental or physical impairment as well as young people looking for apprenticeships.

Spending a project week in the canton of Ticino with young apprentices has been a tradition for many years. However, due to the pandemic, the undertaking was at risk but also brought a new idea: for apprentices with and without an impairment to be challenged with new impulses and to experience some memorable moments together.

Finally, the programme for October 2021 was put together. It included three days in the forest, a day of discussion and exchange on



Students of iwaz enjoyed three days in the forest, among other activities, nurturing their team spirit and an inclusive and welcoming culture thanks to the financial support also of the HUBER+SUHNER Foundation.

the topics of money and addiction and a day of fox trail activity where teams had to break codes and find hidden messages en route in teams. Thanks to the HUBER+SUHNER Foundation, the 32 youngsters, along with with educators and coaches, enjoyed an adventurous five days that strengthened their inclusive and welcoming culture and created bonds and friendships across departments as well as lasting memories.

HUBER+SUHNER has supported various iwaz projects for more than 10 years. The focus has been on camps for young people in apprenticeship programmes as well as funding for a special annual company team event.

Germany

About honey lovers and
'swarm' funders

IMKER AG
— Die Volksvertreter —

It is no secret that insects – and bees in particular – have an important cultural and environmental role. It is also common knowledge that due to climate change, bees' existence is threatened due to habitat loss. But pollinators such as birds, bees, butterflies,

beetles, and other small animals are vital for the movement of pollen between plants and for their fertilisation and reproduction to sustain ecosystems and ensure plants' and flowers' continuity of the life. Over one-third of foods such as vegetables, fruits, grains and nuts depend directly or indirectly on the existence of pollinators.

This is why HUBER+SUHNER employees from the Cube Optics team in Mainz, Germany, started their own beehive with a first bee colony to support the reproduction of bees. The joint employees project, named IMKER AG, demonstrates the company values of care, trust, passion and accountability through this joint employee project. The team started off with a first beehive and a colony of bees at the beginning of 2021. During their employee summer party, the IMKER AG team informed all other employees about the hive's development and the fascinating lives of their "Cubo" bees.

A fundraiser – or "swarm raising" as they called it – was organised to generate funds for a second bee population to join the first "CuBees" colony. With close to EUR 400 raised by generous employee donors who also received a little gift in the form of self-branded, printed T-shirts and first honey harvests, and voted on the name of the second bee swarm; the name ZomBees was chosen. A total of 13.5 kg of honey was collected from the CuBees after the first season. This is very good result given Europe's heavy 2021 rainfall and the fact that the first year usually is not a very fruitful one. An interesting fact around this topic is that one bee produces about one tablespoon of honey during its life span of about 35 days. In order to help the bees safely pass the cold months, the team left some of the honey in the beehive and, in addition, provided sugar water over several weeks as a substitute for their pollen and nectar collection. The team also has to protect the beehive against the parasitic Varroa mite, one of bees' biggest enemies. During the spring and summer months, ten employees perform regular controls of the hive, including providing water. In late summer, they harvest the resulting honey and have a monthly meeting for further education, exchange of information, and review of outstanding tasks. This all shows that next to the delicious honey, the project created strong bonds beyond normal office work and is producing real experts around the fascinating world of bees and honey.



13.5 kg
of honey was
collected after
the first season

Self-branded, printed T-shirts and the first honey harvest presented during the employee summer event "swarm raising"

Do you want to know about HUBER+SUHNER Cube Optics and their social and environmental responsibility? Read more in their CSR activity report 2021¹⁶.

¹⁶ <https://www.cubeoptics.com/about-us#CSR>

China

On the path to a more inclusive workplace

HUBER+SUHNER has been involved in several initiatives around the inclusion of people with disabilities. The Pudong Special Education School accommodates students with mental or hearing impairments and with cerebral palsy. Every year, the school invites representatives to celebrate Children's Day. Several representatives from HUBER+SUHNER were invited to the event and the company donated food and drinks for the occasion.



The HUBER+SUHNER team during the Children's Day at Pudong Special Education School



Through the Schooling Donation Project, HUBER+SUHNER improves the lives of underprivileged children.

To support poor students, HUBER+SUHNER established the Schooling Donation Project in 2017, through which funds from the company as well as directly from employees flow to different organisations. In 2021, these funds went to Wujin Aiyi Student Aid Association, a nonprofit community organisation which continuously provides financial support for poor children in Longxi county, Gansu province, to study. This support offers these youngsters an opportunity to learn and prepare for professional careers.

Among employees, the company promotes an inclusive and diverse environment. This starts with the education of the HUBER+SUHNER workforce on what inclusion and diversity means according to the following topics:

- Promotion of inclusion and diversity on management level
- The required mindset
- Concept building
- System and infrastructure assessments and guidance
- Identification of tasks and roles and matching them with candidate profiles

A HUBER+SUHNER employee with an impairment just celebrated his 3-year company anniversary together with other colleagues in March 2021 in the presence of the managing director.



Three-year anniversary ceremony and celebration of a diverse and inclusive workforce

India

Fiberisation project to cover the 'last mile' for rural areas

In 2021, HUBER+SUHNER Electronics Pvt. Ltd in India decided to use its core business know-how to kick off a fiberisation project for rural areas. The goal was to create a small network to provide the "last mile" of connectivity to areas where the government's fiber network plan, Digital India, had not yet arrived. The objective of the Digital India initiative is to transform India into a digitally empowered society and knowledge economy by making every governmental service digitally available to all citizens. HUBER+SUHNER stepped in and a small network was created to provide the last mile for the Gram Panchayat's village community centers, offices, and schools by extending and connecting optical fiber from where it was left by the government to ensure access to the Internet for these sites. Multiple access nodes were provided to extend fiber connectivity to further places where Internet connectivity is required. In addition, last-mile Internet connectivity boxes were installed. The products of HUBER+SUHNER were installed with the help of a partner company M/s. Wiconnect Network Pvt. Ltd.

The fiberisation project serves as a catalyst to increase broadband penetration and fosters socio-economic development of rural areas to decrease inequalities. It will also help the population gain access to digital services such as e-medicine, e-banking, e-commerce, and e-agricultural services.



The fiberisation project supports Gram Panchayat's village to increase its broadband to schools, community centers and offices.

United States

Preserving a senior's home

A HUBER+SUHNER team got involved in a Home Preservation project with Habitat for Humanity of South-Central New Jersey, through a board position held by one of the employees working at the subsidiary in Warren, New Jersey (United States). The project is a part of Habitat for Humanity's Neighborhood Revitalization initiative, which provides home repairs and community improvement projects through the action of volunteers. In addition to these projects, Habitat for Humanity also builds new affordable homes for local low-income families in need and works to reduce waste by recycling and selling home goods and building materials at their 'ReStore' retail operations.

Astrolab senior management members rolled up their sleeves and volunteered for a full day renovating the home of a local senior woman. Her wish was to remain living safely and comfortably in her home which needed a little upgrade and care. The team took on a multitude of tasks including scraping the porch, the spindles, and the railings to prepare for the next volunteer group to apply a fresh coat of paint. The team was able to build comradery by working together on a meaningful project while also improving the wellbeing of another person through the restoration of her home.

In 2021, Astrolab employees also engaged in a food drive followed by a coat drive, filling three sport utility vehicles with items for a local food bank and charitable organization. Donations were distributed to people in need within the local community.



The Astrolab team fully engaged in preparing the porch for the next upgrade.

4 Environment



Environmental performance 2021 at a glance (year-on-year)

Intensity of total
energy consumption %

-4

Waste sent to
recycling %

+47

Intensity of total
material
consumption %

-1

Business
travel %

+8

Total water
withdrawal %

+7

Intensity of
greenhouse
gas emissions
(scope 1+2) %

-13

Intensity of
environmental
impact (total
balance) %

+13

Intensity of environmental
impact (core balance) %

-8

Environmental management

HUBER+SUHNER considers care for the environment an important and vital aspect of its corporate responsibility. As stated in the environmental policy, the company strives to continuously improve its environmental performance and make the most efficient use possible of raw and auxiliary materials, energy, and water. HUBER+SUHNER also aims to avoid air and water pollution as well as to minimise the use and disposal of toxic and hazardous chemicals.

Although environmental stewardship has been a priority for many years, the company has intensified its efforts to improve environmental performance over the past few years. As early as 1999, the company implemented an environmental management system according to ISO 14001 and obtained certification for its sites in Switzerland. Today, almost two-thirds of all production sites are certified, including the four largest: Pfäffikon and Herisau in Switzerland, Changzhou in China, and Tczew in Poland. ISO 14001 certification is planned in 2023 for 3 production sites: Warren in New Jersey, United States; Mainz in Germany, and Nawojowa Góra in Poland.

Since 2009, HUBER+SUHNER has been using life cycle analysis (LCA) to determine its environmental performance annually on a quantitative basis and, since 2019, the significant environmental aspects as required by the ISO 14001 standard. The procedure is described in one of the environmental management processes of the company. It is based on the LCA phases according to ISO 14040. In total, 75 % of all production sites of the HUBER+SUHNER Group¹ have provided data for the LCA. All of these sites are under operational control of HUBER+SUHNER AG (headquarters). Estimated based on the number of production employees and the manufacturing activities carried out, more than 95 % of the company's environmental impact has thus been recorded.

HUBER+SUHNER has applied an inventory analysis based on input-output models. Each production site is considered a unit into which energy and materials enter (input) and from which emissions, waste, wastewater, and products are generated (output). Where company-specific data are not available, data from established service providers have been used. The impact assessment has been done using an internationally recognised life cycle impact assessment (LCIA) method, which also allows a fully aggregated assessment (single score indicator) to simplify communication and interpretation.

¹ Production sites in scope since 2019: Empalme (Mexico), Warren, New Jersey (United States), Bicester (United Kingdom), Mainz (Germany), Taufkirchen (Germany), Tczew and Swarzędz (Poland), Herisau and Pfäffikon (Switzerland), Sousse (Tunisia), Gurgaon Haryana (India), Changzhou (China), and Petaling Jaya (Malaysia)

Scope and methodology

The geographical scope is described in the preceding section (third paragraph and footnote 1). Direct emissions and the consumption of resources as well as electricity, heat, water, heating and transport fuels, and waste and wastewater (core balance) are in scope of the LCA as are raw, auxiliary, operating and packaging materials², commuting and business traffic, and the transport of products (complementary balance) as shown in figure 1 (see also footnote 8 on page 46).

In 2021, the system boundaries were expanded to include, for the first time, part of the commercial products purchased. The quality and the granularity of the collected goods transport data (transport to customers and within the production network) have been significantly improved. The same applies to metal and polymer data.

HUBER+SUHNER has delivered all relevant data to sinum AG (St. Gallen, Switzerland), which is responsible for calculating the environmental and carbon footprint. The environmental footprint evaluation is done according to ISO 14040. The LCIA method for the environmental footprint is the Ecological Scarcity³. The carbon footprint evaluation complies with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). Since 2015, global warming potential factors aligned with the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change have been used, as recommend-

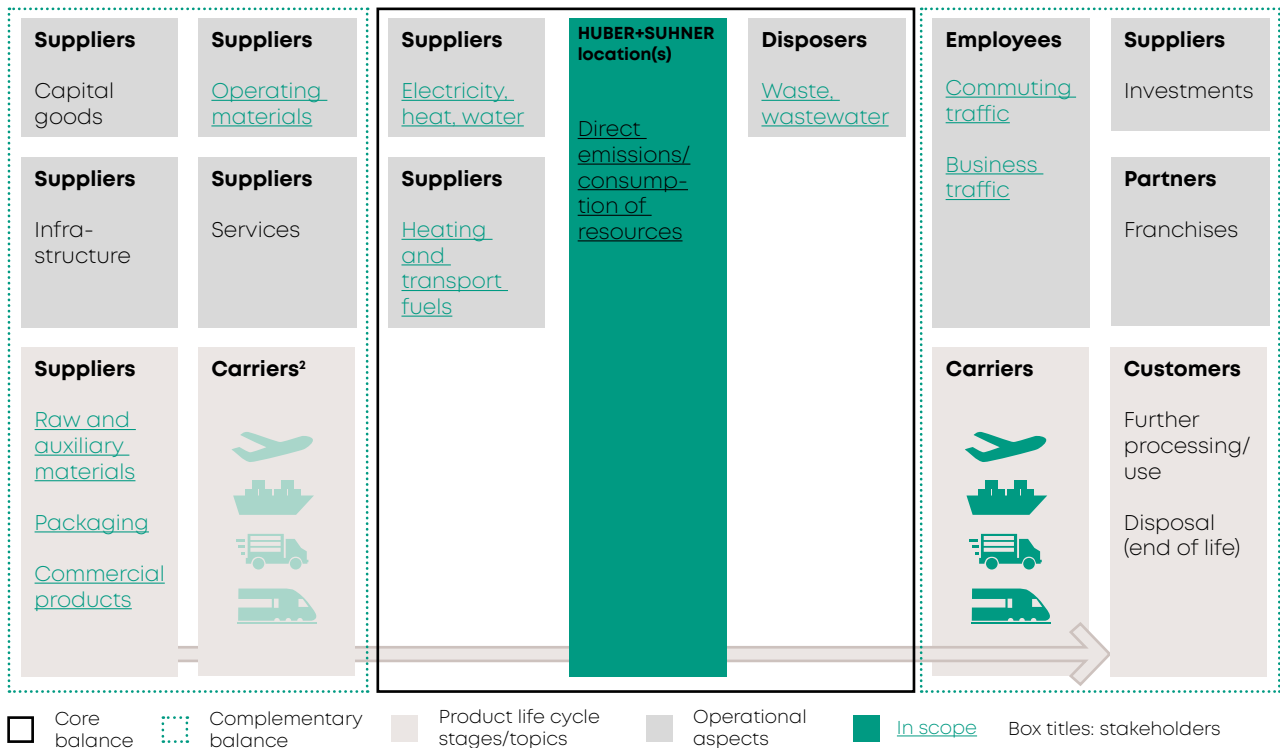
ed by the Greenhouse Gas (GHG) Protocol and CDP (GHGs accounted for were CO₂, CH₄, N₂O, SF₆, and HFCs). The footprints were calculated by using expert system REGIS and ecoinvent database version 3.8. Performance data shown in the environmental performance indicator (EPI) table (addendum 2) follow the GRI standards 301, 302, 305 and 306. Intensity data always refer to the added value generated as a measure of the economic performance. The added value has been calculated from profit before tax and depreciation plus personnel costs minus other financial results. The added

value for the years 2017–2021 is displayed at the bottom of the environmental performance indicators (EPI) table (addendum 2).

All underlying data was collected for the 12 months from 1 December 2020 to 30 November 2021. HUBER+SUHNER estimates the deviation from the calendar year period to be less than $\pm 5\%$.

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs for 2021 (see addendums 2 and 3 at the end of this report).

Figure 1: Scope of the LCA



² No supplier data were available for material transports, but they are mostly considered in secondary data (light green means of transport in figure 1).

³ Swiss Eco-Factors 2021 according to the Ecological Scarcity Method. Methodological fundamentals and their application in Switzerland. Environmental studies no. 2121, Bern, 2021.

Environmental footprint

Figure 2 shows how the various material and energy flows contribute to the total environmental impact of HUBER+SUHNER. Extraction, processing, and transport of the raw material copper accounted for 64 % of the company's total environmental impact. Other significant environmental aspects were the remaining raw, auxiliary and process materials⁴ (20 %), product transports⁵ to customers and between HUBER+SUHNER sites (11 %), and electricity (3 %).

The core balance includes those material and energy flows that the company can directly influence. As can be seen in figure 3, the significant environmental aspects were electricity (71 %), heating (11 %), and waste disposal (8 %), followed by direct emissions of chemicals⁶ (7 %) and fuel (3 %). Consequently, most environmental targets relate to the top three environmental aspects of the core balance.

Even in the core balance, the environmental impact of the company's water withdrawal has a very low share (< 0.3 %). Therefore HUBER+SUHNER publishes its water withdrawal but no water footprint.

Figure 2
Environmental impact 2021
(total balance)

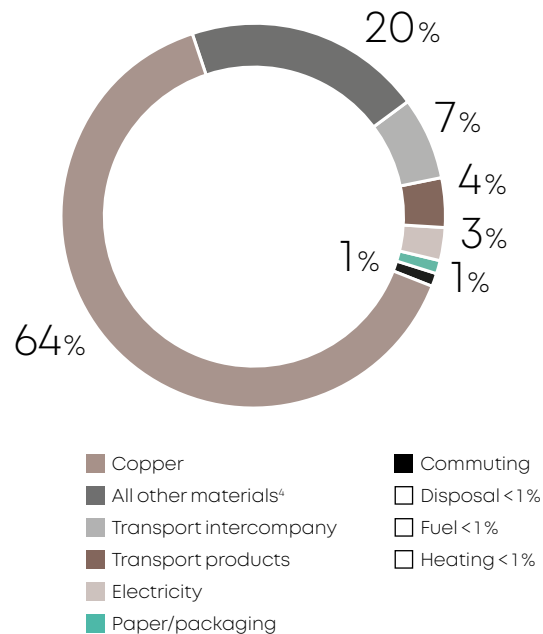
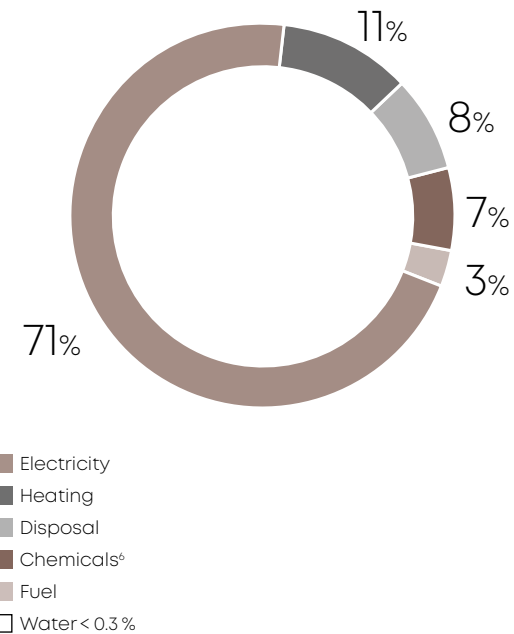


Figure 3
Environmental impact 2021
(core balance)



⁴ Glass fiber, plastics, metals other than copper, refrigerants, sulphur hexafluoride, dry ice, and volatile organic compounds (VOC)

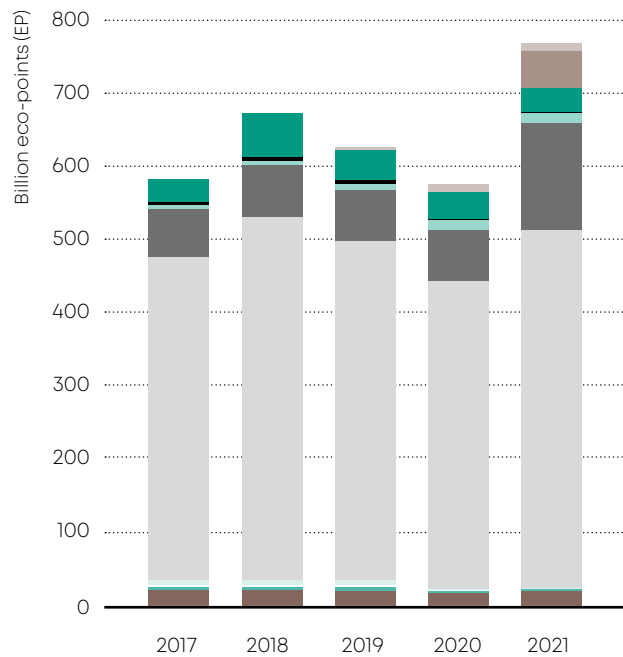
⁵ In the past, product transports covered transports to customers and a small portion of the transports between sites. HUBER+SUHNER is now able to cover all transports between its sites.

⁶ Losses of volatile organic compounds, sulphur hexafluoride, dry ice, and refrigerants

The year 2021 saw a significant increase in the total environmental impact (+34 % year-on-year). This increase is mainly attributable to the expansion of scope, improvement of the quality of transport and material data, and higher material consumption. The latter reason was confirmed by the lower increase of the total environmental impact's intensity (+13 % year-on-year).

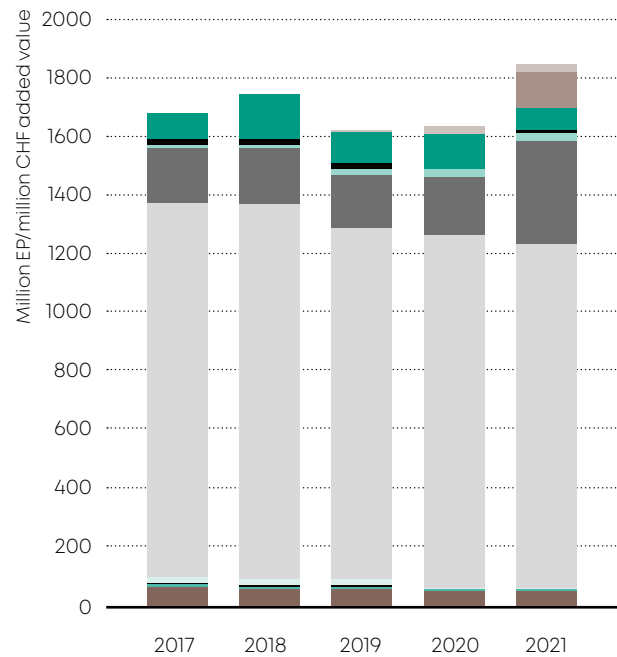
Encouragingly, the downward trend of the environmental impact intensity in the core balance was confirmed. It has declined by another 8 % year-on-year (figure 6).

Figure 4

Environmental impact total balance

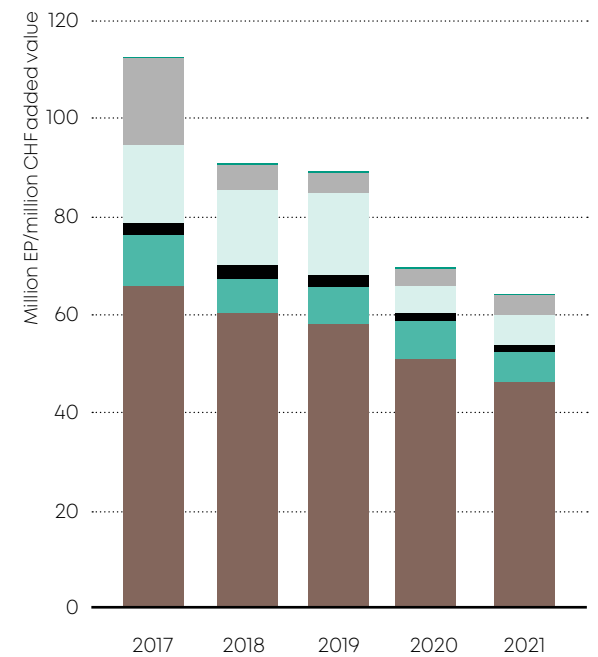
Commuting
Transport intercompany
Transport products
Business traffic
Paper/packaging
All other materials
Copper
Disposal
Fuel
Heating
Electricity

Figure 5

Intensity of the environmental impact

Commuting
Transport intercompany
Transport products
Business traffic
Paper/packaging
All other materials
Copper
Disposal
Fuel
Heating
Electricity

Figure 6

Intensity of the environmental impact (core balance)

Water
Fuel
Chemicals
Disposal
Electricity

Resource efficiency

Resource efficiency has both an economic and an environmental effect. Therefore, it has always been an important part of environmental management at HUBER+SUHNER. As can be expected with a significantly increased economic performance, resource consumption increased accordingly as well as the amount of waste (energy +13 %, copper +15 %, plastics +27 %, water +7 %, and waste generation +34 % year-on-year). The significantly increased plastic consumption can be explained by the improved data gathering. In terms of waste, the amount of recyclable waste in particular increased (+47 % year-on-year).

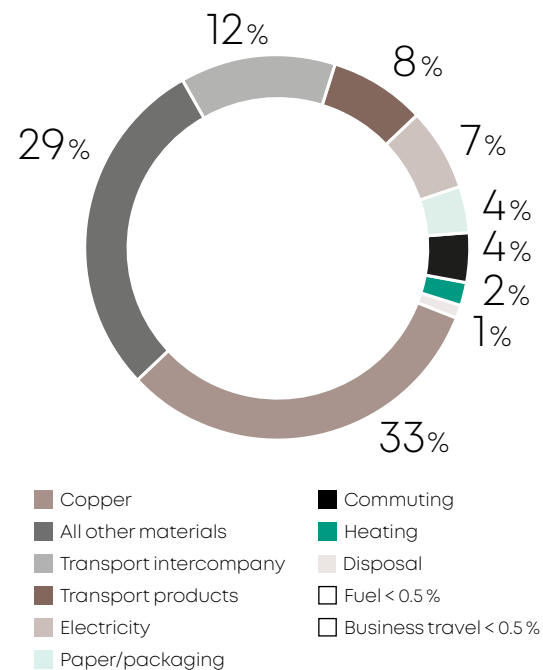
Greenhouse gas emissions and climate change

The greenhouse gas (GHG) emissions in scope 1+2⁷ slightly increased to 11 500 t in 2021 (+3 % year-on-year). GHG emissions in scope 3⁸ sharply increased by 45 % year-on-year mainly due to the expansion of the boundaries and the improvements of material and transport data quality.

Figure 7 shows that copper, all other materials, product transports to customers and between sites as well as electricity account for 89 % of the carbon footprint of HUBER+SUHNER. Business traffic, a significant driver before the pandemic, did not pick up again in 2021.

Figure 7

Carbon footprint 2021



To reduce its GHG emissions in scope 1+2, HUBER+SUHNER has increased the share of electrical energy consumed worldwide from renewable sources (hydro, wind, and solar power plants) from around 12 % in 2019 to 29 % in 2021 as planned. By 2025, the share is to increase to

around 70 %. In doing so, the company is focusing on the country with the highest electricity consumption (Switzerland) and the countries with the highest share of coal in electricity generation (Poland, India, and China). When it comes to certificates of origin, HUBER+SUHNER makes sure that they come from power plants in the country where the electricity is consumed.

HUBER+SUHNER sites also contribute to the reduction of greenhouse gas emissions through various energy efficiency initiatives: replacement of fluorescent lamps with LED lights, replacement of obsolete machinery, optimisation of control mechanisms, closed cooling systems, heat recovery, and building insulation.

⁷ Scope 1 emissions come from emission sources within the company, such as its heating systems or vehicles. Scope 2 emissions result from the generation of energy that is sourced from outside the company. These are mainly electricity and heat from energy services.

⁸ Scope 3 emissions are emissions caused by the company's activities but not under its control. The following greenhouse gas emission sources (including extraction, production and transport to the HUBER+SUHNER sites) were accounted for (cf. figure 1 on page 43): purchased goods and services: raw, auxiliary, operating and packaging materials, commercial products (as far as reliable data were available); water; fuel-and-energy-related activities (not included in Scope 1 and 2) like heating and transport fuels, and electricity production; waste generated in operations: waste, wastewater; business traffic; downstream transportation and distribution: transports between the sites and transports of finished products to customers; commuting traffic.

Science-based target

In 2016, HUBER+SUHNER committed to achieving a science based GHG reduction target in scope 1+2 by 2025. This target was validated by experts from the Science Based Targets Initiative (SBTi). It was initially designed to support limiting global warming to 2 °C. In 2019, the CO₂ reduction target was adapted to the more stringent criteria for limiting global warming to 1.5 °C. It reads: "HUBER+SUHNER Group commits to reduce scope 1 and 2 GHG emissions 50 % per added value by 2025 from a 2015 base year." In scope 3, HUBER+SUHNER has defined a voluntary, non-validated reduction target: "HUBER+SUHNER Group also commits to reduce scope 3 GHG emissions per added value 30 % by 2025 from a 2015 base year."

As can be seen in figure 8, the company is still fully on track in scope 1+2 thanks to the increased share of renewable electricity and other improvements. In scope 3, the deviation from the target path looks quite dramatic. However, it is mainly due to the improvements in data quality and the further expansion of the system boundaries.

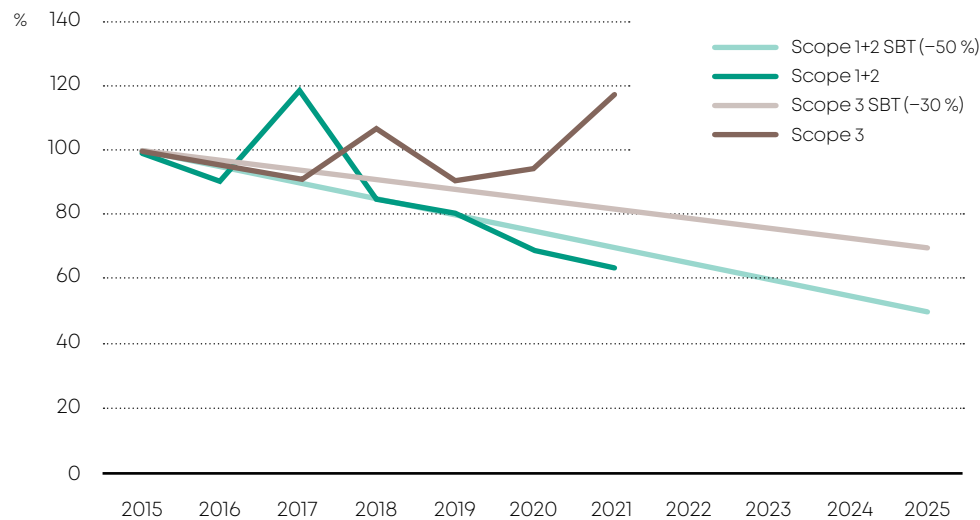
On the way to net zero

During the reporting period, the HUBER+SUHNER Group decided to further reduce its greenhouse gas emissions in scope 1+2, after the current scientifically based target will be reached in 2025. The current ambition is to achieve net zero CO₂ emissions in scope 1+2 by 2030. In 2022, the company will develop a detailed plan with the necessary measures and investments.

Figure 8:

Science-based targets in scope 1+2 and scope 3 and actual performance

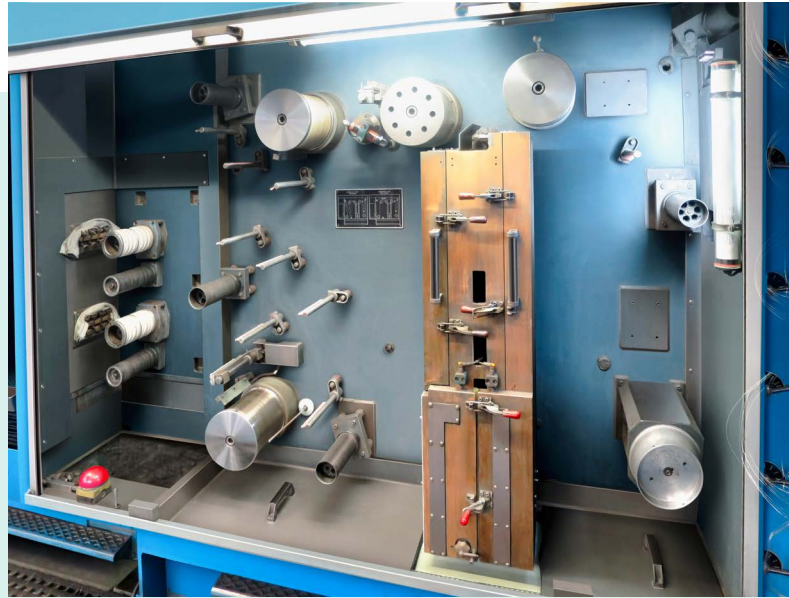
(indexed graph: Changes in the year-on-year comparison due to methodological changes were excluded, for example, changes due to altered background data.)



Nitrogen instead of steam: process conversion at the Pfäffikon site saves 90 000 kilowatt-hours of electricity per year

As a first step in wire and cable production, the 8 mm thick, less flexible copper wires must be drawn to length in the wire drawing machine until they are only a few tenths of a millimetre thick. This changes the crystal structure: the thin copper wires become brittle. Annealing restores the original crystal structure. At high temperatures though, copper reacts very easily with atmospheric oxygen, it oxidises. Therefore, a protective atmosphere is indispensable for annealing the thin wires.

Until January 2021, 2 electrically heated steam boilers produced steam at a temperature of over 110 °Celsius. The steam displaced the atmospheric air from the annealer. Today, nitrogen serves as the protective gas. It is



In this annealer, the steam was replaced by nitrogen as an inert gas.

produced from compressed air in a new generator. The nitrogen generator consumes only 1 % of the amount of electricity that the steam boilers used.

As a result, HUBER+SUHNER saves 90 000 kilowatt hours of electricity per year. That is as much as 22 families of 4 in Switzerland consume. At the same time, 11 t less CO₂ equivalents are released into the atmosphere year after year. This corresponds to the CO₂ emissions that an average passenger car emits when it drives 53 000 km.

Bring your recyclable waste: environmental protection beyond the factory boundaries

In the Petaling Jaya area, where the HUBER+SUHNER site in Malaysia is located, it is difficult for people to separate their private recyclable waste such as paper, plastic and metal. There are collection stations for these materials, but depending on where you live, they are very far away and difficult to reach.

The local management of the HUBER+SUHNER site launched an initiative in March 2021 to extend environmental protection beyond the boundaries of the site. Collection bins for paper, plastic and metal were set up on the site, and employees were called upon at a townhall meeting to bring their recyclable waste from home and collect it in these bins.

The employees showed a remarkable level of environmental awareness. Despite all the restrictions due to the coronavirus pandemic, employees brought more than 530 kg of recyclable waste from home.

HUBER+SUHNER added its own paper, cardboard, plastic, and metal waste and handed the material over to a recycling center in Old Town Petaling Jaya run by the charity Tzu Chi Malaysia. The proceeds from the sale of the recycled materials went directly to this humanitarian and non-governmental organisation. It is active in Malaysia in the areas of medical care, education, and environmental protection, among others.

HUBER+SUHNER will continue the initiative in 2022.



Country Managing Director Krishna Sivaswamy demonstrates the new recycling bins in a town hall meeting in March 2021.

Addendum 1: declaration of performance scope 1+2 CO₂-eq emissions

Declaration of performance in accordance with CDP reporting (Questions C7.9, C7.9a, and C7.9b). Emissions performance calculations were market-based. Compared to the previous reporting year the scope 1+2 emissions¹ of the HUBER+SUHNER Group increased 2.8 % corresponding to 314 t CO₂eq.

Reason	Change in emissions (t CO ₂ -eq)	Direction of change	Emissions value (%)	Comments
Change in renewable energy consumption	973	Decreased	8.7	Purchase of green electricity (expansion of strategic purchasing of relevant production sites): CH: 9.3 GWh (hydro power, 2020: 6.2 GWh) CN: 2.25 GWh (solar power, 2020: 1.5 GWh) IN: 0.51 GWh (wind power, 2020: 0.34 GWh) PL: 0.39 GWh (wind power, 2020: 0.26 GWh)
Other emissions reduction activities	96	Decreased	0.9	Various energy efficiency initiatives have been undertaken and are ongoing at all HUBER+SUHNER sites, as replacement fluorescent lamps with LED lights, optimisation of control/steering mechanism, closed-loop cooling system and heat recovery.
Divestment	0	No change	0	No divestments.
Acquisitions	0	No change	0	No acquisitions.
Mergers	0	No change	0	No mergers.
Change in output	1 436	Increased	12.8	Increase of net sales by 17 %. Only production-related emissions (electricity, fuel) were considered.
Change in methodology	979	Decreased	8.7	Change from ecoinvent database version v371 to version v38 for the background processes
Change in boundary	18	Increased	0.2	New data entry: dry ice consumption. Relocation site Warren.
Change in physical operating conditions	288	Increased	2.6	The number of heating degree days has increased in Switzerland and in heating energy demand across the international sites.
Unidentified	0	No change	0	No unidentified changes
Other	619	Increased	5.5	The management of SF ₆ emissions in Switzerland by monitoring and adapting measures is ongoing, even though an increase resulted in 2021. In addition, district heating (supplied by the municipal utilities with an annually changing share of energy sources) at the Pfäffikon site in Switzerland was again supplied with a slightly lower CO ₂ emission factor. Additionally, the changes of the cooling agents releases into air are included. In Pfäffikon there was an incident with the heat pump, which led to additional use of natural gas and heating oil.

¹ Difference to value 2020 ecoinvent database version v371.

Addendum 2: detailed environmental performance indicators (2017–2021)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2021. Ernst & Young Ltd performed a limited assurance engagement last year on the same set of EPIs for 2020. On all EPIs related to previous years except for the greenhouse gas emissions no external assurance was obtained.

EPIs		2017	2018	2019	2020	2021	Difference 2020/2021	Difference 2017/2021	GRI
Energy ✓									302–1
Total Energy	MWh	52 973	53 186	53 376	48 180	54 540	+13 %	+3 %	
renewable		0.2 %	30 %	13 %	21 %	26 %	+5		
Purchased electricity	MWh	37 915	41 008	40 676	37 186	42 296	+14 %	+12 %	
renewable			39 %	12 %	24 %	29 %	+5		
Purchased heat	MWh	4 920	3 117	3 334	2 831	3 324	+17 %	–32 %	
Self-generated electricity	MWh	73	77	76	78	66	–15 %	–9 %	
renewable		100 %	100 %	100 %	100 %	100 %	+0	+0	
Total fuel	MWh	10 065	8 983	9 290	8 084	8 854	+10 %	–12 %	
renewable		1 %	0.2 %	2 %	3 %	2 %	–1		
Natural gas	MWh	6 070	4 996	5 805	5 236	5 564	+6 %	–8 %	
Heating oil	MWh	1 338	1 536	1 181	1 327	1 637	+23 %	+22 %	
Diesel	MWh	1 743	1 882	1 520	972	1 022	+5 %	–41 %	
Petrol	MWh	862	548	558	332	455	+37 %	–47 %	
Ethanol	MWh	53	21	18					
Wood	MWh			208	217	177	–19 %		
Water									
Total water	m³	1 070 095	1 098 132	1 127 378	915 933	979 079	+7 %	–9 %	
Tap water	m³	76 248	96 201	81 521	64 299	70 498	+10 %	–8 %	
other water (PL, CH)	m³	94 746	102 423	104 269	87 654	99 614	+14 %	+5 %	
lake water (CH)	m³	899 101	899 508	941 588	763 980	808 967	+6 %	–10 %	
Materials ✓									301–1
VOC	kg	11 968	20 828	14 542	15 563	13 846	–11 %	+16 %	
SF6	kg	228	51	36	27	46	+71 %	–80 %	
Refrigerants (losses)	kg	241	213	334	264	305	+16 %	+26 %	
Copper	t	8 002	8 961	8 360	7 569	8 715	+15 %	+9 %	
Plastics	t	3 963	5 741	5 134	4 860	6 179	+27 %	+56 %	
Glass fiber*	t	30	35	37	23	239	+950 %	+702 %	
Packaging	t	1 537	1 819	3 266	4 200	4 377	+4 %	+185 %	
renewable (cardboard and wood)		87 %	91 %	72 %	76 %	77 %	+1	–10	

Addendum 2: detailed environmental performance indicators (2017–2021)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2021. Ernst & Young Ltd performed a limited assurance engagement last year on the same set of EPIs for 2020. On all EPIs related to previous years except for the greenhouse gas emissions no external assurance was obtained.

EPIs		2017	2018	2019	2020	2021	Difference 2020/2021	Difference 2017/2021	GRI
Waste** ✓									306-3
Total	t	3 987	4 729	4 604	3 941	5 285	+34 %	+33 %	
Municipal waste (incineration)	t	243	226	205	175	198	+13 %	–19 %	
Municipal waste (landfill)	t	184	225	234	170	189	+11 %	+3 %	
Inert waste (landfill CH)	t	8	132	11	2	5	+136 %	–44 %	
Hazardous waste	t	386	422	487	450	474	+5 %	+23 %	
Waste (energy recovery)	t	646	678	665	576	648	+12 %	+0 %	
Recycling	t	2 519	3 046	3 001	2 568	3 772	+47 %	+50 %	
Business travel									
Total***	Mio. km	15	17	16	1.8	2.0	+8 %	–87 %	
Car (expenses, rented)		12 %	11 %	10 %	33 %	23 %	–10	+11	
Aircraft		88 %	89 %	90 %	67 %	77 %	+10	–11	
Product transport****									
Total	Mio. tkm	98	109	90	76	94	+23 %	–4 %	
Trucks		31 %	32 %	32 %	30 %	31 %	+1	+0	
Sea freight		58 %	52 %	57 %	56 %	27 %	–29	–31	
Air freight		9 %	14 %	11 %	13 %	32 %	+19	+23	
Rail freight		1 %	1 %		1 %	11 %	+10	+10	
GHG emissions (CO2-eq) ✓									
Scope 1	tCO2-eq	8 078	3 663	3 523	2 802	3 692	+32 %	–54 %	305-1
Scope 2	tCO2-eq	15 957	14 113	10 735	8 401	7 824	–7 %	–51 %	305-2
Scope 3	tCO2-eq	50 131	63 786	58 635	84 296	121 878	+45 %	+143 %	305-3

Addendum 2: detailed environmental performance indicators (2017–2021)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2021. Ernst & Young Ltd performed a limited assurance engagement last year on the same set of EPIs for 2020. On all EPIs related to previous years except for the greenhouse gas emissions no external assurance was obtained.

EPIs		2017	2018	2019	2020	2021	Difference 2020/2021	Difference 2017/2021	GRI
Environmental impact*****									
Core balance	Mio. EP	39 042	34 971	34 456	24 484	26 710	+9 %	-32 %	
Total balance	Mio. EP	582 882	673 815	625 576	576 288	769 979	+34 %	+32 %	
References									
Added value	Mio. CHF	347	386	386	352	417	+18 %	+20 %	

* Glass fiber plus aramid yarn, 2020 excluding Brazil

** The waste data were sourced from own measurements and/or waste transfer notes. The data on disposal or recovery were sourced from the contracted, certified waste collectors. In rare cases where these data were not available, the worst-case national scenario was assumed (landfilling or incineration without energy recovery).

*** Excluding km own vehicles (included in fuels)

**** 2021 including transport (intercompany)

***** The environmental impact for the years 2017–2020 was recalculated using Swiss Eco-Factors 2021 (see footnote 3 on page 43). Therefore, the figures are not directly comparable with those in the Sustainability Report 2020.

Environmental impact: all figures calculated using ecoinvent database version v38

GHG emissions: values according to published GHG Inventories. Used ecoinvent database versions: 2017 v34, 2018 v35, 2019 v36, 2020 v371, 2021 v38

Scope 1

Too low a value for Pfäffikon heating oil. Detected during data collection 2020 but not adjusted. Difference: +440 MWh resp. +120 t CO₂eq

Scope 3

Packaging data CH: in 2020 also newly collected for 2019 but not adjusted. Difference: +2000 t CO₂eq

Adjustments (as shown below) lead to a significant increase in scope 3 compared to the previous year. However, the difference between the recalculated 2019 to 2020 total is < -1% despite the expansion of the corporate standard (see below).

– ecoinvent v371 remodeled the metal sector strongly increasing the CO₂ footprint of copper.

– Expansion of the corporate standard and data collection (i.e. commuting and packaging data).

In 2021, the system boundaries were expanded to include, for the first time, part of the commercial products purchased. The quality and the granularity of the collected goods transport data (transport to customers and within the production network) have been significantly improved. The same applies to metal and polymer data.

As part of the expansion of scope 3, additional data on commercial products, product use and EoL (end of life of products) will be included in the company model in the medium term. Furthermore, the existing data collection/quality will be continuously improved wherever possible.

Addendum 3: Independent assurance report



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To the management of
HUBER+SUHNER AG, Herisau

Zurich, 3 March 2022

Independent assurance report

We have been engaged to perform a limited assurance engagement on the quantitative performance measures marked with a "E" in the HUBER+SUHNER AG Sustainability Report 2021 in the Addendum 2 relating to the chapter "Environment" for the reporting period from 1 January 2021 to 31 December 2021:

- Table on detailed environmental performance indicators (EPs) on pages 51-53

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Sustainability Report 2021, and accordingly, we do not express a conclusion on this information.



Applicable criteria

HUBER+SUHNER AG defined as applicable criteria (hereafter "applicable criteria"):

- Selected GRI Sustainability Reporting Standards

A summary of the standards is presented on the GRI homepage. We believe that these criteria are a suitable basis for our limited assurance engagement.

The quantification of greenhouse gases (GHG) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.



Responsibility of HUBER+SUHNER AG's management

The management of HUBER+SUHNER AG is responsible for the selection of the applicable criteria and for the preparation and presentation of the disclosed performance measures marked with a "E" in the chapter "The Environment" in the Sustainability Report 2021 in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of performance measures that are free from material misstatement, whether due to fraud or error.



Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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Our responsibility

Our responsibility is to express an opinion on the above mentioned performance measures based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the performance measures marked with a "E" in the report are free from material misstatement, whether due to fraud or error.

In accordance with the engagement agreement, our duty of care for this engagement only extends to the management of HUBER+SUHNER AG.

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in above mentioned performance measures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.



Summary of work performed

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Inquiries of company's representatives responsible for collecting, consolidating and calculating the performance measures marked with a "E" in order to assess the process of preparing the data, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing such documentation on a sample basis
- Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the performance measures
- Analytical procedures of the Sustainability Report 2021 regarding plausibility and consistency with the performance measures

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.



Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the performance measures marked with a "E" have not prepared, in all material respects, in accordance with the applicable criteria.


Ernst & Young Ltd

EY
Roger Müller
(Qualified
Signature)
Partner

EY
Mark Vesper
(Qualified
Signature)
Director

Communication on progress relating to the ten principles of the UN Global Compact

The ten principles of the UN Global Compact	Related company policies	Report reference
Human rights <u>Principle 1</u> : Businesses should support and respect the protection of internationally proclaimed human rights; and <u>Principle 2</u> : make sure that they are not complicit in human rights abuses.	Code of responsible business conduct	Page 23–24
Labour <u>Principle 3</u> : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; <u>Principle 4</u> : the elimination of all forms of forced and compulsory labour; <u>Principle 5</u> : the effective abolition of child labour; and <u>Principle 6</u> : the elimination of discrimination in respect of employment and occupation.	Code of responsible business conduct Health and safety policy Social and human resource policy	Pages 25–29
Environment <u>Principle 7</u> : Businesses should support a precautionary approach to environmental challenges; <u>Principle 8</u> : undertake initiatives to promote greater environmental responsibility; and <u>Principle 9</u> : encourage the development and diffusion of environmentally friendly technologies.	Code of responsible business conduct Environmental policy	Pages 41–54
Anti-corruption <u>Principle 10</u> : Businesses should work against corruption in all its forms, including extortion and bribery.	Code of responsible business conduct Anti-corruption guideline	Pages 23 and 30



COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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