

Management Report

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Key Facts at a glance

Order intake



Net sales

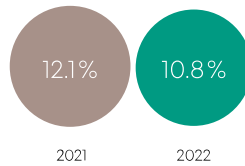


In CHF million

Organic growth in net sales by 12.9 % to new record level – order intake slightly exceeding net sales

Growth in net sales across all three market segments and all three main regions

EBIT margin



At 10.8 %, EBIT margin remains in upper half of medium-term target range

EV automotive, rail communications and data center growth initiatives provide above-average contribution to growth

Net income

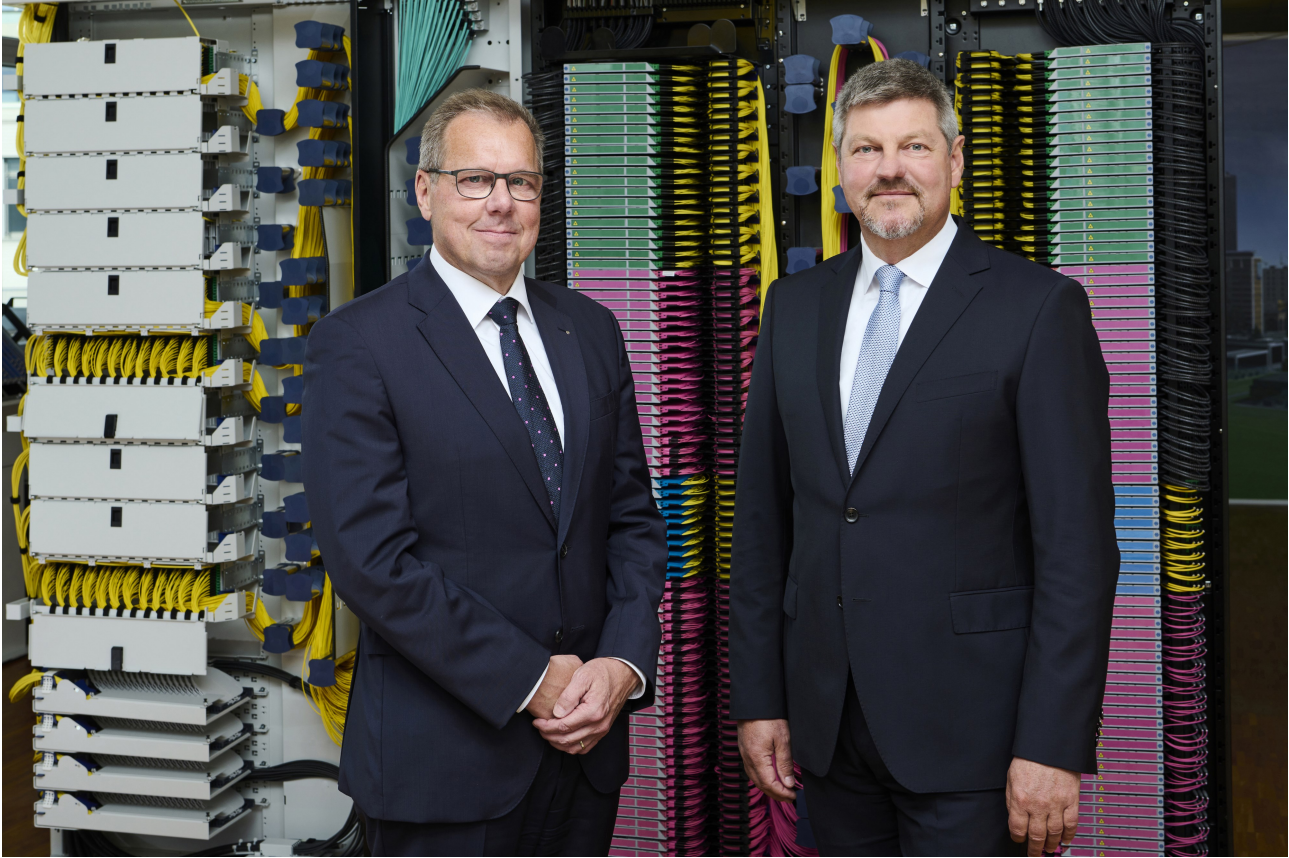


In CHF million

Net income at the previous year's level – dividend increase to CHF 2.10

Acquisition of Phoenix Dynamics Ltd. strengthens the range of services in aerospace and defense

HUBER+SUHNER: impressive growth with double-digit EBIT margin



Urs Kaufmann (Chairman) and Urs Ryffel (CEO)

HUBER+SUHNER can again look back on a good financial year. Despite a challenging environment, the company succeeded in significantly increasing net sales and in confirming an operating margin in the double-digit percentage range.

The order intake of CHF 975.4 million in 2022 was 2.0 % below the very high figure recorded in the previous year (CHF 995.6 million) and exceeded net sales by 2.2 %, corresponding to a book-to-bill rate of 1.02 (PY 1.15). The high order backlog of the previous year could thus be maintained at a high level of CHF 320.0 million, despite the adjustment required for orders already booked from the Russian business.

The net sales of CHF 954.6 million achieved in 2022 were 10.6 % above the previous year's value (CHF 862.9 million). Once again, all three market segments contributed to growth. Adjusted for currency, copper price and portfolio effects – British company Phoenix Dynamics Ltd. was acquired at the end of October – growth in net sales amounted to 12.9 %. The change in net sales share by region remained marginal, with 51 % in EMEA (PY 54 %), followed by the Americas with 26 % (PY 25 %) and APAC with 23 % (PY 21 %).

At CHF 103.2 million, operating profit (EBIT) almost reached the record value of the previous year (CHF 104.6 million). This corresponds to an EBIT margin of 10.8 % (PY 12.1 %). Owing to an again low tax rate, net income of CHF 85.2 million was at almost the same level as in the previous year (CHF 87.3 million).

With regard to gross margin, the company experienced a decline of 2.5 percentage points, primarily due to a weaker margin in the Communication segment. Expenses in research and development saw a further increase of 5.9 % to

CHF 59.2 million. This was largely attributable to the rail communications and advanced driver assistance system growth initiatives, which were both launched a year ago, as well as other promising technologies. Heading in the right direction were administrative costs, which fell slightly. In contrast, the need to catch up on customer visits and resume trade fair attendance following the relaxation of pandemic-related restrictions resulted in higher sales expenses. Overall, administrative and selling expenses increased by 6.2 %. The number of employees worldwide declined over the reporting year to 4469 (PY 4588). In Switzerland, the number of employees rose slightly to 1190 (PY 1162).

A multitude of challenges after the global pandemic

2022 saw the lifting of restrictions related to the coronavirus pandemic in most markets around the world, most recently also in China. Nevertheless, the impact continued to be felt strongly throughout the reporting year in the form of material shortages, disrupted supply chains and limited transport capacities.

Following the onset of the Russian war of aggression against Ukraine, the company made the decision to withdraw from the Russian market, which it had been developing successfully for decades. Moreover, this war provoked an energy crisis and a massive increase in energy costs in an already inflationary environment. The company actively responded to the latter by making broad adjustments to its prices in the market, which took some time to take effect.

Industry market segment grows again with high profitability

With an increase in order intake of 4.7 % to CHF 310.5 million (PY CHF 296.6 million) and in net sales by 8.2 % to CHF 298.0 million (PY CHF 275.4 million), the Industry market segment continued to grow following the particularly dynamic previous year. The aerospace and defense subsegment declined after strong growth in the two previous years. By contrast, the three other subsegments test and measurement, general industrial and energy increased significantly. The latter benefited from a particularly strong demand for high-power charging. Thanks to a dynamic second half of the year, the EBIT margin of 21.3 % in this segment even exceeded the previous year's figure (21.2 %).

Growth in net sales in Communication market segment, but lower EBIT margin

Following the large jump in the previous year, the Communication market segment recorded a decline in order intake of 9.4 % to CHF 380.6 million (PY CHF 420.0 million). Net sales experienced a double-digit increase of 13.1 % to CHF 385.9 million (PY CHF 341.1 million). The two subsegments data center and mobile network developed particularly strongly, the latter as a result of the significant investments made in 5G infrastructure. Business volume with communication equipment manufacturers continued the downward trend of previous years. The decline in the EBIT margin to 8.9 % (PY 12.2 %) was mainly attributable to a change in the business mix with major customers within the mobile network subsegment.

Net sales growth in Transportation market segment, profitability remaining below expectations

The order intake of CHF 284.4 million in the Transportation market segment was 1.9 % above the previous year (CHF 279.0 million). Net sales grew by 9.8 % to CHF 270.6 million (PY CHF 246.4 million). Almost all of the growth was attributable to the automotive subsegment and driven by the ongoing trend toward electric vehicles. Business with radar antennas for advanced driver assistance systems still accounted for a small share of sales.

In the railway subsegment, the total volume of business reached the previous year's level. High growth rates were achieved for applications relating to the rail communications growth initiative. Thanks to a significant improvement in the second half of the reporting year, the EBIT margin in this market segment again reached 5.1 % (PY 5.1 %).

Sustainability as an integral component of business strategy

Connectivity solutions from HUBER+SUHNER meet the needs of society – for communication, environmentally friendly mobility, and safety – both now and in the future. The company is also committed to sustainability and has made this an important part of its business strategy. This includes taking sustainability aspects into account when developing innovative solutions and the goal of reducing both scope 1 and 2 CO₂ emissions to net zero by 2030. The efforts taken by HUBER+SUHNER were rewarded in the reporting year by an improvement to "A minus" (PY B) in the rating scheme operated by CDP (formerly Carbon Disclosure Project), the leading non-profit organisation for assessing companies' environmental footprints. All sustainability reporting by HUBER+SUHNER for 2022 is now integrated in the Annual Report and can be found at <https://reports.hubersuhner.com/2022/ar/>.

Risk management

At its meeting on 7 December 2022, the Board of Directors assessed the business risks as part of its ongoing risk management and approved the 2022 risk report including the defined measures.

Share buyback programme

As part of the programme launched at the end of October 2021 to buy back up to 5 % of the share capital over a maximum of three years, 928 084 shares or 4.6 % of registered shares were bought back by the end of the reporting year.

Dividend

The Board of Directors proposes to the Annual General Meeting a payout of CHF 2.10 (PY CHF 2.00) per share, resulting in a pay-out ratio of 47 %.

Elections to the Board of Directors

At the Annual General Meeting, the Board of Directors proposes the election of Marina Bill and Kerstin Günther as Members of the Board. Both are proven leaders in strategically important markets for HUBER+SUHNER. Marina Bill has more than 25 years of experience in management, sales and marketing positions in the industrial sector, Kerstin Günther looks back on more than 30 years of management experience in the telecommunications and information technology sectors.

Outlook

With the good result in the 2022 financial year, HUBER+SUHNER succeeded in mastering the numerous challenges in the business environment and confirmed its growth course with a double-digit operating profit margin. Thanks to its focus on attractive target markets, the dynamic development of growth initiatives and balanced diversification, the company has the resilience required to successfully counter the upcoming inflationary and recessionary trends. Although the company continues to perform well in many important applications, visibility in individual markets is currently limited.

Due to these uncertainties, the company is not issuing a sales forecast for 2023 at present. HUBER+SUHNER will specify the outlook for the full year at the latest on the occasion of the publication of its half-year figures.

The medium-term target range of 9–12% for the EBIT margin remains unchanged and is also the target for the current financial year. To achieve the EBIT guidance, it is important that key influence factors – such as a possible recession in the company's main sales markets, inflation, exchange rates and the availability of material and transport capacities – do not have an unduly adverse effect on the course of business.

Thank you

On behalf of the Board of Directors and Executive Group Management, we would like to thank our employees worldwide for their extraordinary commitment in challenging times. Through great dedication and agility, coupled with a strong focus on customer needs, they have made a decisive contribution to the success of the past financial year. We would also like to express special thanks to our shareholders, customers and suppliers for their valued cooperation and continued trust in our company, often over a period of many years.



Urs Kaufmann

Chairman of the Board of Directors



Urs Ryffel

Chief Executive Officer

Key Figures and Financial Calendar

Group

in CHF million	2022	2021	Change
Order intake	975.4	995.6	(2.0%)
Order backlog as of 31.12.	320.0	323.4	(1.1%)
Net sales	954.6	862.9	10.6%
Gross margin	35.7%	38.2%	
EBITDA	135.3	137.6	(1.7%)
as % of net sales	14.2%	16.0%	
EBIT	103.2	104.6	(1.3%)
as % of net sales	10.8%	12.1%	
Financial result	(1.8)	(2.3)	n/m
Net income	85.2	87.3	(2.4%)
as % of net sales	8.9%	10.1%	
Purchases of PP&E and intangible assets	45.3	50.7	(10.8%)
Cash flow from operating activities	87.3	101.7	(14.1%)
Free operating cash flow	37.7	56.6	(33.4%)
Net liquidity as of 31.12.	151.1	219.8	(31.3%)
Return on invested capital (ROIC) in %	20.9%	23.2%	
Equity as of 31.12.	606.7	643.8	(5.8%)
as % of balance sheet total	74.4%	77.2%	
Employees as of 31.12.	4 469	4 588	(2.6%)
Market capitalisation as of 31.12.	1 600.4	1 679.7	(4.7%)

n/m = not meaningful

Data per share

in CHF	2022	2021	Change
Stock market price as of 31.12.	86.30	87.00	(0.8%)
Net income	4.47	4.45	0.5%
Dividend	2.10 ¹⁾	2.00	5.0%

¹⁾ Proposed dividend

Alternative Performance Measures (APM) are key figures not defined by Swiss GAAP FER. HUBER+SUHNER uses APM as guidance parameters for both internal and external reporting to stakeholders. For the definition of APM please visit the website under www.hubersuhner.com/en/company/investors/publications

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Financial calendar

Annual General Meeting (Pfäffikon ZH)	29.03.2023
Half-year report	15.08.2023
Media and analysts' conference (webcast)	15.08.2023
Sales and order intake (9 months)	24.10.2023

The management report in English and German is also available in the [Download Center](#) and on the website at www.hubersuhner.com/en/company/investors/publications. The German version is binding.

Industry market segment grows again with high profitability

With an increase in order intake of 4.7 % to CHF 310.5 million (PY CHF 296.6 million) and in net sales by 8.2 % to CHF 298.0 million (PY CHF 275.4 million), the Industry market segment continued to grow following the particularly dynamic previous year. The aerospace and defense subsegment declined after strong growth in the two previous years. By contrast, the three other subsegments test and measurement, general industrial and energy increased significantly. The latter benefited from a particularly strong demand for high-power charging systems. Thanks to a dynamic second half of the year, the EBIT margin of 21.3 % in this segment even exceeded the previous year's figure (21.2 %).



"In a favourable market environment, our differentiated and reliable solutions once again enabled us to grow significantly in the Industry segment. This was based upon the development of the infrastructure needed to support high-power charging for electric vehicles, coupled with the increased demand for communication solutions in industrial applications.

We successfully countered inflation-related cost increases and were able to maintain the high profitability of the previous year.

With regard to the medium- to long-term development of our aerospace and defense business, we expect the increase in defense budgets necessitated by increased geopolitical tensions to encourage further investment in military equipment."

Reto Bolt, COO Industry segment

Profitability maintained at a high level – acquisition strengthens competence in diverse submarkets

The test and measurement core market and the two subsegments general industrial and energy all grew at double-digit rates. The latter saw a more than fifty percent increase in net sales of high-power charging systems owing to the accelerated expansion of the high-power charging infrastructure. A growing number of vehicle manufacturers are also launching models that can accept higher charging currents, which requires a corresponding upgrade at the charging points.

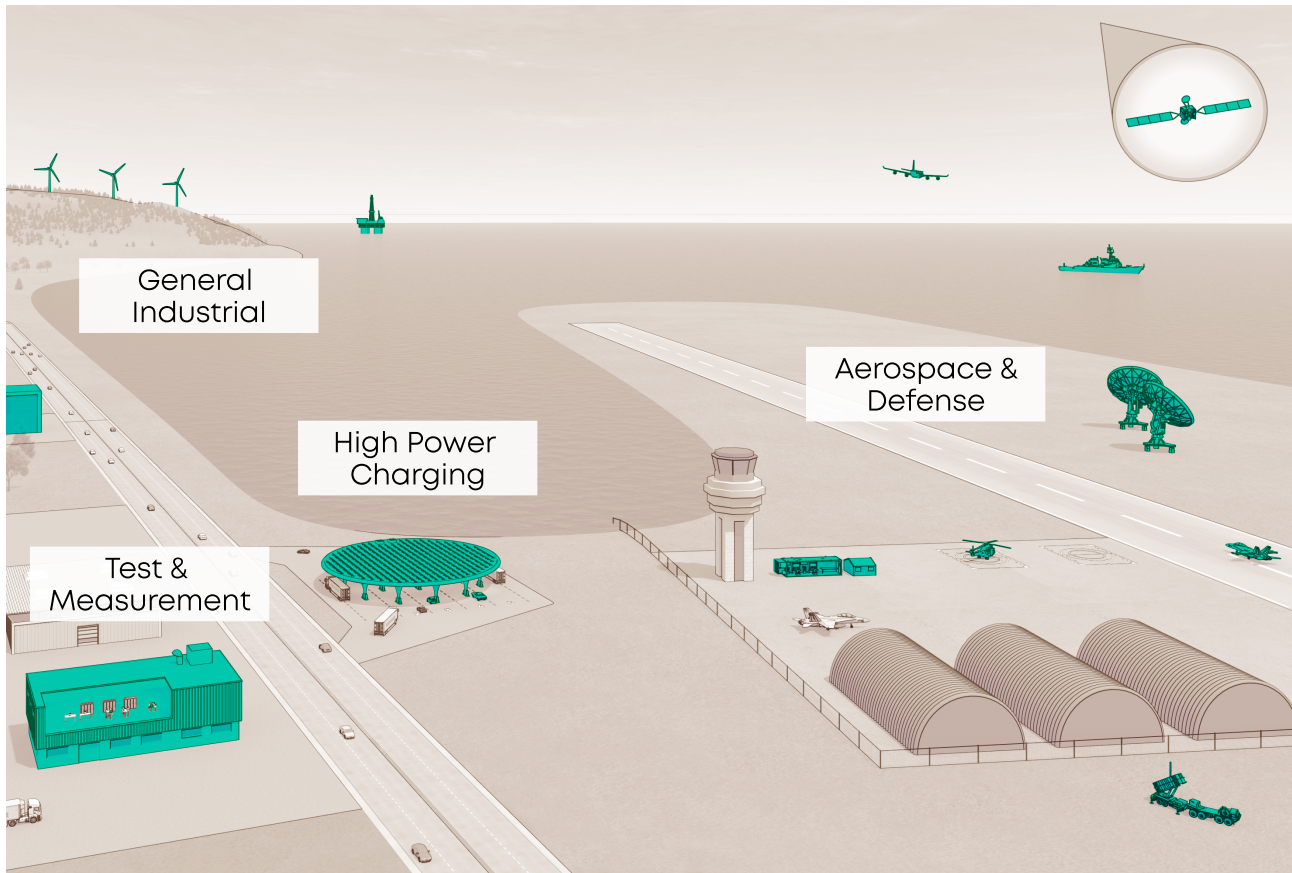
The acquisition of Phoenix Dynamics Ltd. (UK) further expanded the product range for customer-specific solutions, such as harnesses and electromechanical assemblies for demanding applications, especially in the aerospace and defense growth initiative.

The very good margins in the Industry segment can be attributed to the fact that, although connectivity is a critical function for most applications, customers often do not focus on the skills required in this area. As a result, HUBER+SUHNER can bring its full spectrum of expertise to bear in its relationship with the customer.

Key figures

		2022	2021	%
Order intake	CHF million	310.5	296.6	4.7
Net sales	CHF million	298.0	275.4	8.2
Operating profit (EBIT)	CHF million	63.4	58.4	8.5
EBIT margin	%	21.3	21.2	

Our solutions for the Industry market



Growth in net sales in Communication market segment, but lower EBIT margin

Following the large jump in the previous year, the Communication market segment recorded a decline in order intake of 9.4 % to CHF 380.6 million (PY CHF 420.0 million). Net sales experienced a double-digit increase of 13.1 % to CHF 385.9 million (PY CHF 341.1 million). The two subsegments data center and mobile network developed particularly strongly, the latter as a result of the significant investments made in 5G infrastructure. Business volume with communication equipment manufacturers continued the downward trend of previous years. The decline in the EBIT margin to 8.9 % (PY 12.2 %) was mainly attributable to a change in the business mix with major customers within the mobile network subsegment.



"In 2022, we again achieved double-digit growth in net sales. This development was once again driven by the exponential growth in data traffic, which required significant investments in communication networks and data centers.

In the future, communication network operators will turn their focus to the flexibility and cost efficiency of their infrastructures. Our innovative solutions for optical connection, transport and circuit technologies support our customers in building a future-proof communication infrastructure that ultimately forms the backbone for a fully functional society."

Jürgen Walter, COO Communication segment

Expansion of mobile infrastructure drives growth in net sales – North American market flattens out

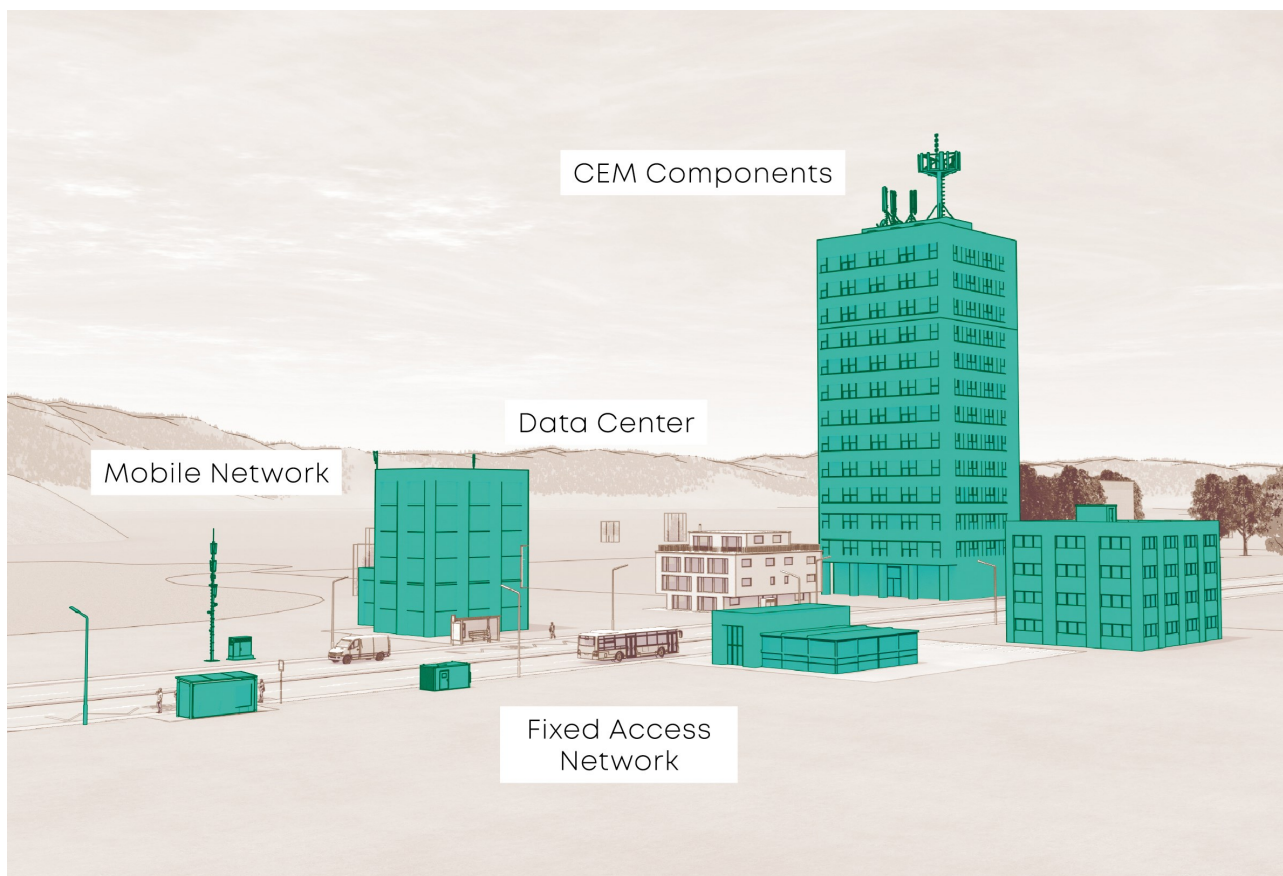
The high order backlog from the previous year, coupled with the expansion of the 5G mobile infrastructure in North America, enabled a significant increase in net sales in the reporting year. However, the momentum in this region slowed in the second half of the year as expected. This was offset by a fresh impetus from the 5G market in Asia.

The data center growth initiative showed a significant overall increase, despite isolated project delays due to the uncertain power supply situation in Europe. The further expansion of the fixed network infrastructure and the associated need for additional transmission capacities in the fiber optic network also offered opportunities. HUBER+SUHNER provides solutions that address the lack of bandwidth in the fiber optic network either through the use of additional optical fibers or wavelength multiplexer products for existing fibers.

Key figures

		2022	2021	%
Order intake	CHF million	380.6	420.0	(9.4)
Net sales	CHF million	385.9	341.1	13.1
Operating profit (EBIT)	CHF million	34.2	41.5	(17.6)
EBIT margin	%	8.9	12.2	

Our solutions for the Communication market



Net sales growth in Transportation market segment, profitability remaining below expectations

The order intake of CHF 284.4 million in the Transportation market segment was 1.9 % above the previous year (CHF 279.0 million). Net sales grew by 9.8 % to CHF 270.6 million (PY CHF 246.4 million). Almost all of the growth was attributable to the automotive subsegment and driven by the ongoing trend toward electric vehicles. Business with radar antennas for advanced driver assistance systems still accounted for a small share of sales.

In the railway subsegment, the total volume of business reached the previous year's level. High growth rates were achieved for applications relating to the rail communications growth initiative. Thanks to a significant improvement in the second half of the reporting year, the EBIT margin in this market segment again reached 5.1 % (PY 5.1 %).



"In the automotive market, the transition to electric vehicles powered by batteries or fuel cells has accelerated. This development has also had an impact in the commercial vehicle market, where our focus lies. The product advantages offered by our RADOX® technology base have enabled us to increase both our net sales and market share. Changes to the legal framework for road traffic and the need for increased safety and comfort when driving are underpinning the demand for the next generation of advanced driver assistance systems. Over the past financial year, we were able to consolidate our position as the market leader for waveguide antennas in these applications thanks to further appointments by major tier 1 automotive manufacturers. 2022 saw an improvement in the railway market in Europe, while the impacts of the coronavirus pandemic were still being felt in the Asian market. The withdrawal from Russia also reduced our market potential. Over the medium term, we expect investment in the railway market to increase again at the global level."

Drew Nixon, COO Transportation segment

Growth initiatives developing positively – automated driving and electromobility as technology drivers

The two subsegments railway and automotive continued to experience differences in momentum in the reporting year. In the railway market, there remained minimal new rolling stock entering circulation, whereas there was a significant upturn in the rail communications business.

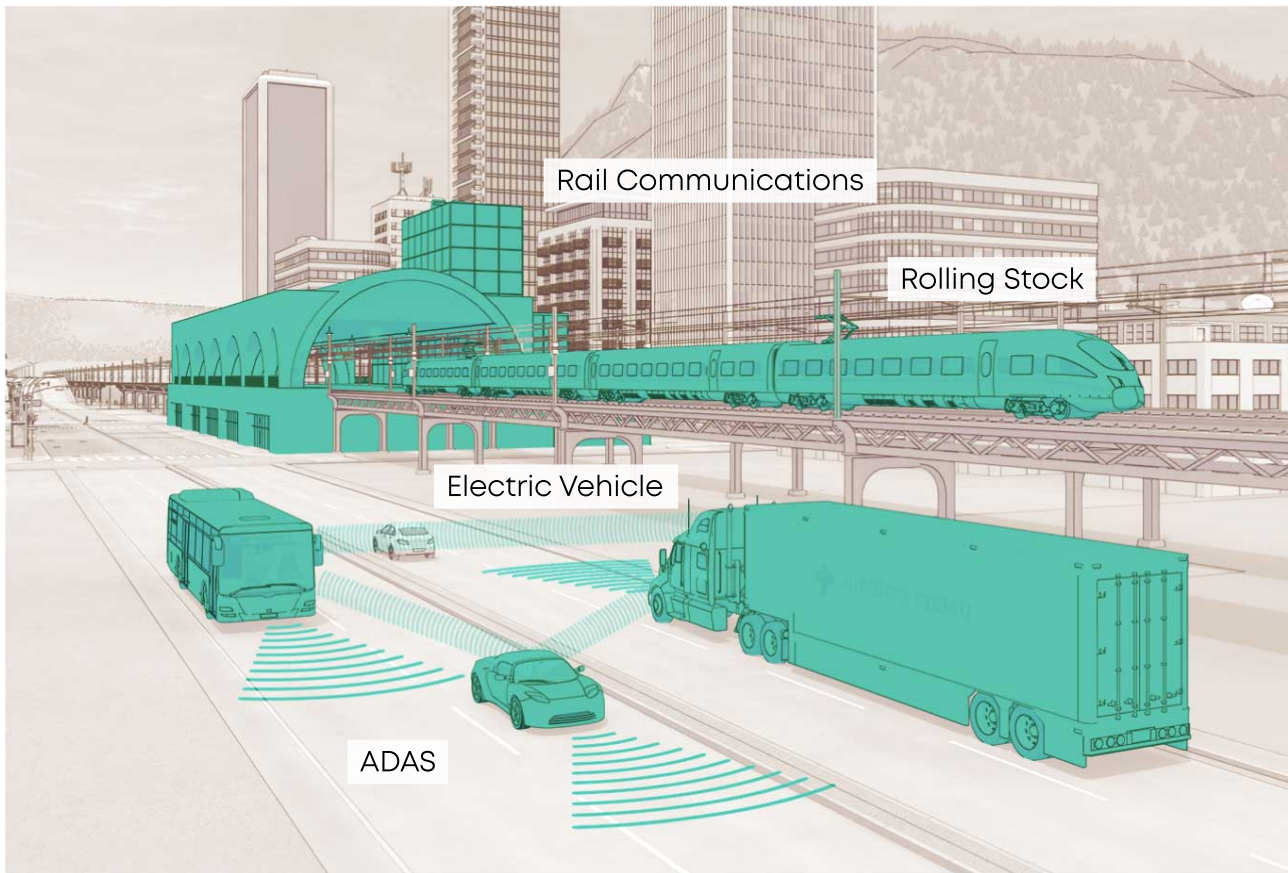
In the automotive subsegment, the reporting year again saw contracts signed with world-leading automotive suppliers and manufacturers for the development and production of distance radar antennas. This underscores the company's competitiveness in the advanced driver assistance system (ADAS) growth initiative, thanks to differentiated technology solutions tailored to customer needs.

The company recorded high growth rates in the electric vehicle growth initiative, where the strategic focus is on commercial vehicles. The high requirements for cost effectiveness and service life in the commercial vehicle business align well with the expertise offered by HUBER+SUHNER. The company can draw upon its strengths in this promising market, based on its long-standing experience in the development of solutions for use in even the most challenging environmental conditions.

Key figures

		2022	2021	%
Order intake	CHF million	284.4	279.0	1.9
Net sales	CHF million	270.6	246.4	9.8
Operating profit (EBIT)	CHF million	13.7	12.5	8.9
EBIT margin	%	5.1	5.1	

Our solutions for the Transportation market



Financial performance from the CFO's perspective



Raising the financial profile over the past years

Substantial investments in innovation, proximity to customers, and operational excellence are the pillars on which HUNER+SUHNER generates long-term value. The solid financing based on a strong balance sheet and the steady cash flow generation provided the grounds for an improved set of financial numbers over the last few years. We achieved strong figures in 2022 in a challenging environment. Net sales grew by 10.6 % with an operating profit (EBIT) margin of 10.8 %. Net liquidity amounted to CHF 151 million as of 31 December 2022, a prerequisite for the company's resilience. With return on invested capital (ROIC), we have added an additional key figure as part of the full-year 2022 financial reporting. Active supply chain management as well as long-standing relationships with key suppliers resulted in an excellent contribution from our Global Sourcing team. They were able to ensure the availability of materials throughout the year which formed the basis of a high delivery reliability for our customers despite the ongoing challenges due to geo-political tension and lockdowns.

Sustainable dividend policy

The solid financing lays the foundation for a sustainable profit-oriented dividend policy with a targeted pay-out ratio of 40–50 % of the Group's net income attributable to shareholders of HUBER+SUHNER AG. The proposed dividend per share for the reporting year 2022 amounts to CHF 2.10, a further increase of 5 % corresponding to a pay-out ratio of 47 %.

Share buyback programme almost completed

HUBER+SUHNER had started a share buyback programme in October 2021. The goal is to buy back up to 5 % of the share capital over a period of maximum three years. By the end of 2022, the company has repurchased over 90 % of the envisaged programme. This provided a positive contribution for the compression of earnings per share.

First Capital Market Day

In September 2022, HUBER+SUHNER held its first Capital Market Day, providing a more in-depth view of our business strategy and a look behind the curtain of the strategic growth initiatives from the three market segments Industry, Communication, and Transportation. Further information can be found on our [website](#).

People and culture from the CHRO's perspective



Make an impact

In 2022, HUBER+SUHNER introduced its new worldwide employer branding initiative. The roll-out of all related activities in spring resonated very well among our Human Resources (HR) business partners from around the world as the fight for talent is of global relevance. Our employees are part of a strong global network that values entrepreneurial spirit and rewards success. Our sustainable approach and genuine respect when interacting with each other are fundamental for the company's growth and long-term success. We look for passionate people who strive to make an impact in diversified teams in order to further develop our connectivity solutions and drive innovation to help connect people – today and beyond.

Employee survey

Our employees' passion and ambition was also reflected in the 2022 employee survey conducted in October at all sites worldwide. The participation rate was remarkably high with 85 % and more than 3600 employees took the chance to voice their opinions. Compared to the last global survey in 2019, results improved across all five dimensions covered. The five dimensions cluster 29 different aspects such as structures and procedures, customer orientation, workplace and job content. None of the 29 aspects scored lower than in 2019, while in 23 aspects employees scored the company's performance better than in the previous survey.

Four new questions about agility, commitment, diversity and digitalisation were added and therefore have no reference scores yet. In the two aspects of customer orientation (score 83 out of 100) and knowledge about company strategy (score 75 out of 100), our score remained unchanged.

Significant improvements were recorded in the categories "employer attractiveness" (score 73 out of 100) and "commitment" (score 84 out of 100) which both increased by six points. Our people are highly motivated as we received a score of 89 out of 100 for "I always strive to perform better", one new aspect from the commitment dimension. In this aspect HUBER+SUHNER scores better than 85 % of the reference group, i.e. Swiss machinery industry and 76 % better than the international reference group for industrial companies. The most significant improvement is the score for "My work allows me to make use of my knowledge and skills", where we gained eight points (score 78 out of 100).

New hires

Across all locations worldwide, we welcomed around 950 new employees in 2022 to HUBER+SUHNER, with the most newcomers in Tunisia, followed by Switzerland, Poland and China. As a purpose-driven company, we aim to create a candidate and employee journey that is fundamentally influenced by attractive employment conditions, our values, our leadership principles, and by acting responsibly when doing business.

Risk management

Management report – Risk Management

Managing financial and non-financial business risks is a continuous and iterative process. At HUBER+SUHNER, we assess actual and identify potential risks, their likelihood and impact on operations. Taking all types of risks into account has become crucial, including non-financial risks associated with business activities or our business relationships, products, and services. Nowadays, risks related to e.g. climate change, have to be considered as they could entail significant financial implications.

Eight top risks

The eight top risks are the following (in alphabetical order): cybercrime, disaster, energy supply shortage and interruptions, exposure to currency fluctuation, exposure to geopolitical conflicts, non-compliance with internal and external standards, serial defects, worldwide pandemic.

Risks are classified and mapped according to their significance with regards to the financial impact they could possibly have on the company, and according to their probability of occurrence.

Governance and risk assessment process

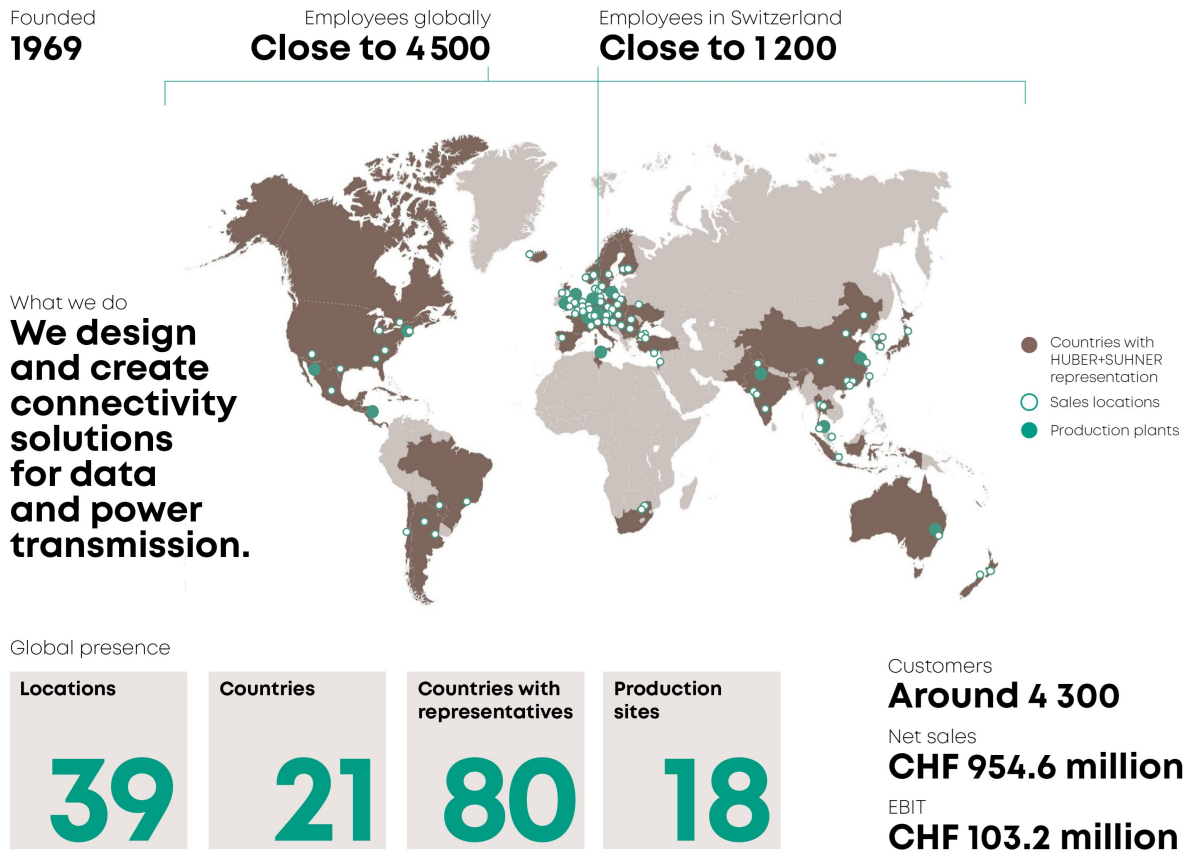
For each identified risk topic, a “sponsor” is assigned from the extended Executive Group Management or other members of senior management. Each sponsor is analysing the risk in her/his responsibility by:

- identifying the relevant risk drivers
- developing a set of conclusions from a Group perspective with regards to the respective risk
- proposing a set of high-level actions to hedge the risk
- further detailing on each of the actions including a timeline and the assignment of the relevant people within the organisation

Each year, the risks are being reviewed for their topicality. Based on the latest assessment the classification is amended if need be. Risks no longer relevant as such are removed from the risk map, whereas risks that have newly emerged are being assessed and, if material, added to the risk map. The designated sponsor is in charge of identifying risk drivers, drawing conclusions and proposing mitigating actions for the respective risk.

The risk report including the defined measures is thereafter submitted to the Board of Directors for review and approval, and made available to the extended EGM including the General Legal Counsel, Area Compliance Officers and the Global Process Owner “Order Fulfilment” for further implementation of measures.

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 Ausserrhoden) and Pfäffikon (Zurich). The company designs and creates connections for data and power transmission. We are specialised in electrical and optical connectivity components and system solutions 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 customers bring people closer together and address global megatrends such as security, safety, connectivity, and mobility – today and beyond.

Every day, close to 4500 employees work in 21 countries and 39 locations to fulfil the HUBER+SUHNER purpose. The global production network includes 18 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 live up to the five company

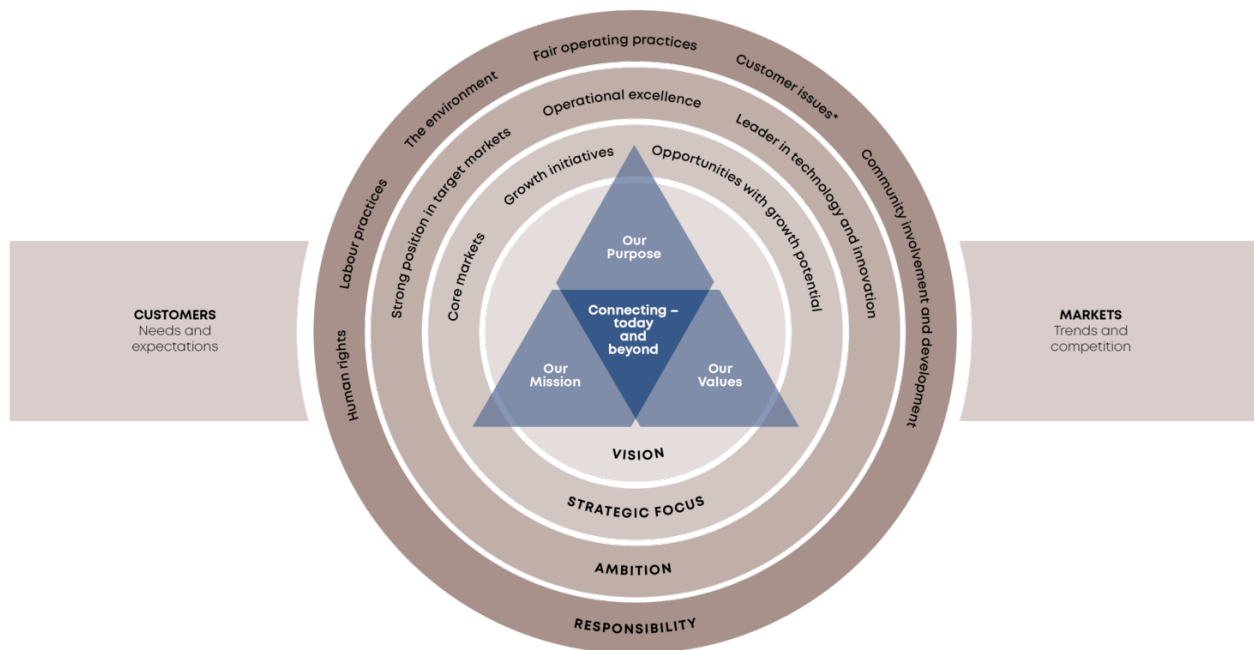
values, namely trust, care, passion, transparency, and accountability which promote the entrepreneurial spirit and are based on respect for people.

Since 2021, HUBER+SUHNER has oriented itself towards three market segments: Industry (31 % of net sales), Communication (41 %) and Transportation (28 %). These three dimensions of our business are addressed with applications from the three technologies of radio frequency, fiber optics, and low frequency. Currently, HUBER+SUHNER serves over 4300 buying customers in Europe, Middle East and Africa (EMEA) with 51 % of net sales, the Americas with 26 %, and Asia-Pacific (APAC) with 23 %.

HUBER+SUHNER is listed on the SIX Swiss Exchange and has around 6100 shareholders (as per 31 December 2022) of which four major shareholders are above the reporting threshold of 3 %. In 2022, net sales amounted to CHF 954.6 million and operating profit (earnings before interest and taxes [EBIT]) was CHF 103.2 million.

Our fundamentals

“Connecting – today and beyond” stands at the basis of everything we do. Our aspiration is to satisfy important basic human needs such as the ability to communicate, to be mobile, to feel safe, and to act sustainably. As a company, we interact with our employees, customers, shareholders, suppliers, authorities, the financial community and others. Each stakeholder group has its own respective requirements or expectations of our organisation. With “Connecting – today and beyond”, we have articulated a vision that addresses precisely this.



* Corresponds to 'Consumer issues' according to ISO 26000

Our purpose

With our purpose “We help customers bring people closer together” we express how HUBER+SUHNER positively contributes to global issues with often-invisible products that, despite their small size, ensure highest precision and connectivity. Considering the social and environmental impacts, we fully embrace the approach to go far beyond purely selling products or solutions. We strive to create a workplace where employees can make an impact and experience how meaningful their contributions are. HUBER+SUHNER constantly monitors trends and competition in the market and drives innovative connectivity solutions that meet these needs and expectations by contributing to reliable communication, ecological mobility, dependable security and responsible business conduct.

Our five values

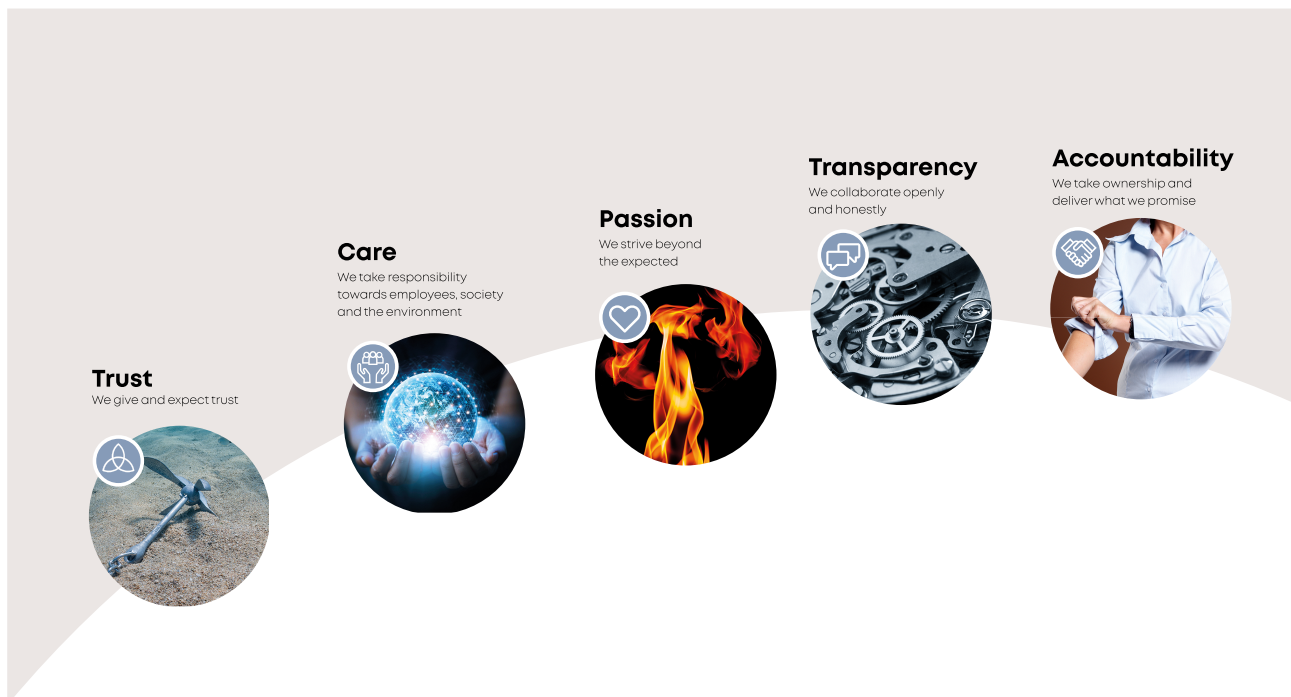
At HUBER+SUHNER, respect for people and cultivating an entrepreneurial spirit as well as nurturing talents at every level are integral parts of the company's commitment to being a hub of innovation. Our values reflect our business and support our employees in the way they interact with each other and towards stakeholders.

- 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 five 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.



Our five leadership principles

A leader's main role in today's work environment is to feel the pulse of people, to know how to allocate and to leverage the hard and soft skills of team members, to create energy and momentum, especially in a challenging environment. The five HUBER+SUHNER leadership principles serve as a basic guideline to all employees. People in leadership positions are expected to fulfil two roles – navigators and coaches – in order to give direction to teams and people so they can explore their full potential. We expect everyone to take leadership initiative when the situation requires it and to be able to:

- inspire people
- get the big picture
- foster psychological safety
- empower teams
- enable people

With our products, applications and solutions, everyone at HUBER+SUHNER contributes to innovating and improving connections between humans, places and systems which are essential to a functioning society and which contribute to a more sustainable world. This is only possible when we all feel responsible and empowered to lead in our spheres of influence, striving to succeed in a continuously evolving business environment.

Our purpose, mission and values are built around our core and describe the mission. They give us direction and guide our actions every day with our shareholders and multiple stakeholders.

Our mission

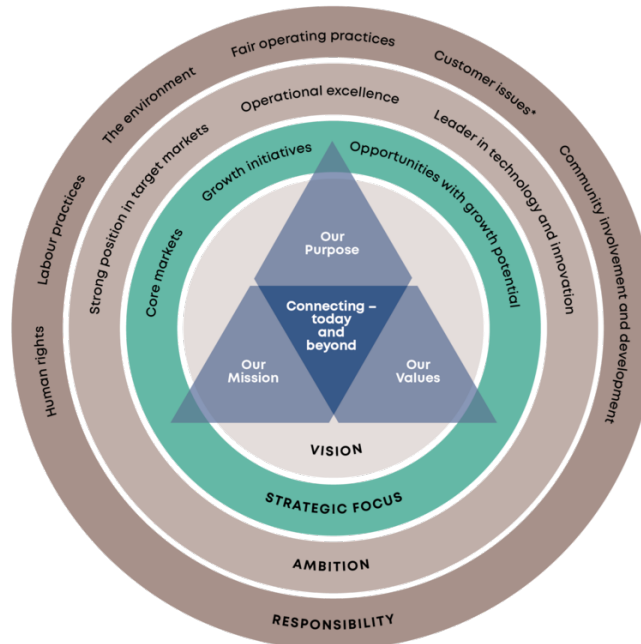
We are striving every day to achieve our vision, "Connecting – today and beyond." Our mission is set forth according to nine goals:

1. With a three-dimensional approach, we consistently focus on the three main markets industry, communication, and transportation with the three technologies radio frequency, fiber optics and low frequency. Our reach includes three main regions: Europe, Middle East and Africa (EMEA), the Americas, and Asia-Pacific (APAC).
2. The company is permanently adapting to relevant trends.
3. We create sustainable added value with a long-term focus for stakeholders.
4. With a strong position in target markets, we are close to our customers.
5. As a leader in innovation, we master key technologies and present differentiated, convincing solutions.
6. We create value for our customers, enabling them to perform.
7. A powerful supply chain helps us to continuously improve processes and services.
8. Thanks to our company culture, our people share common values and are enabled to live their full professional potential.
9. High ambitions drive us to surpass set goals.



The vision of HUBER+SUHNER is therefore composed of all above elements, and sets the direction of where we want to go, how we want to work and stay on track in order to achieve our goals. The vision further helps to guide business decisions, inspire employees and establish customer loyalty.

Strategic focus



* Corresponds to 'Consumer issues' according to ISO 26000

The long-term financial health and commercial success of HUBER+SUHNER are the result of our value creation through a clear strategic focus and strong relationships with our employees, customers, investors, local communities, and other stakeholders.

HUBER+SUHNER builds its sustainable growth on a diversified but focussed business approach with market verticals that together form a highly attractive portfolio and which can be grouped in three different states of maturity: core markets and focused market verticals, growth initiatives, opportunities with growth potential. In 2022, 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 maintain 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 and measurement (Industry segment)
- Mobile network (Communication segment)
- Communication equipment manufacturer (CEM) components (Communication segment)
- Fixed access network (Communication segment)
- Rolling stock (Transportation segment)

The category of focused market verticals includes a range of highly attractive niche applications in smaller-sized markets such as:

- Energy (Industry segment)
- Medical device (Industry segment)
- High power charging (Industry segment)

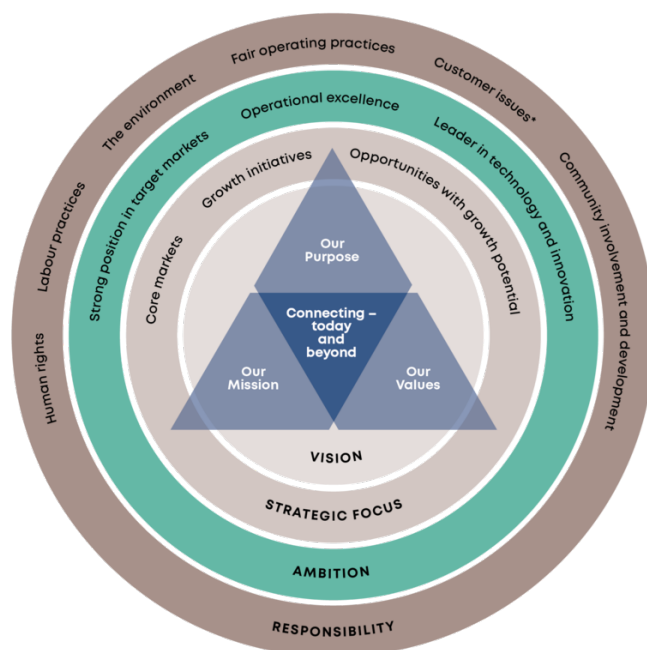
Growth initiatives have been identified based on their potential for significant sales, profitable growth, and their strategic fit:

- Aerospace and defense (Industry segment)
- Data center (Communication segment)
- Rail communications (Transportation segment)
- Electric vehicle (Transportation segment)
- Advanced driver Assistant system (ADAS) (Transportation segment).

To succeed, HUBER+SUHNER ensures a dedicated approach, pre-investments in resources and the formation of highly committed teams. Growth 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 growth initiatives or interesting niche businesses, or they are not pursued further if the opportunity is not sustainable. Therefore, the company strives to always have a broad range of such opportunities in the pipeline.

Ambition



* Corresponds to 'Consumer issues' according to ISO 26000

Three strengths form our ambition:

1. 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: exploring new technologies and business fields, developing new product generations and applications, and improving existing products in terms of cost and performance.

We are customer-focused and specific because 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 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 the ambition to be a technology leader. The research and development teams are another essential building block: they combine theory, practice and creativity, both in 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, we ensure technological progress beyond existing boundaries that does not focus exclusively on immediate economic benefit.

2. 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 and entire supply chain, the company ensures a superior end-to-end customer experience, which is essential to establish long term partnerships with customers.

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, reduction of scrap, and energy-optimised buildings which at the same time ensure a good indoor climate for employees in their workplaces.

Transport also plays an important role in operational excellence. Optimised logistics ensure shorter delivery times and reduce the associated environmental impact. Proximity of suppliers of raw materials and piece parts are located close to the production sites whenever possible. In addition, greater vertical integration at one location is pursued in case this setup is more environmentally friendly than spreading production steps over many sites.

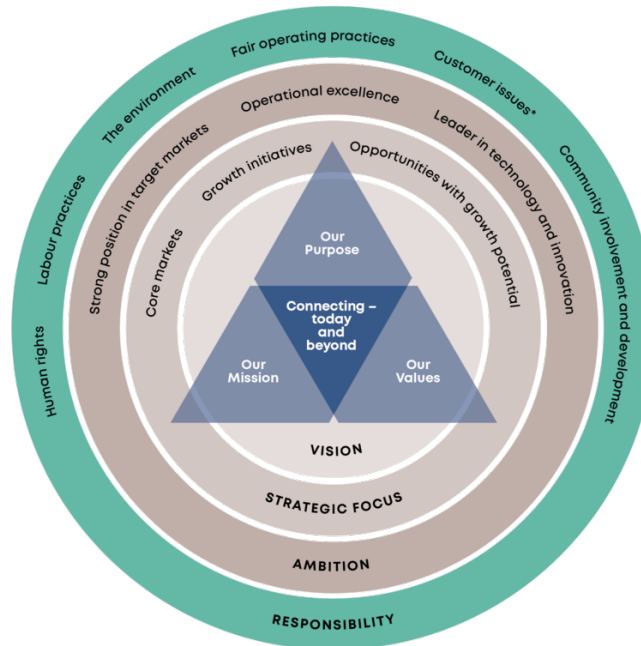
Finally, the production sites' geographical proximity to key customers is better for the environment due to the shorter transport distances in outbound logistics and at the same time is a competitive advantage.

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.

3. Strong position in target markets

HUBER+SUHNER uses its strong position, long lasting relationships, and solid reputation in existing market verticals to tap into new, related markets. Having entered a new market with its products and solutions, the company fortifies its position by establishing and intensifying partnerships with customers. In doing so, we capitalise on our innovative strength to offer customers added value and support them to become relevant market players. In justified cases, we take the decision to step out of a market vertical.

Responsibility



* Corresponds to 'Consumer issues' according to ISO 26000

Whatever we do and plan to advance our strategy and performance is linked to our commitment of conducting business responsibly with regard to our material environment, social, and governance (ESG) topics:

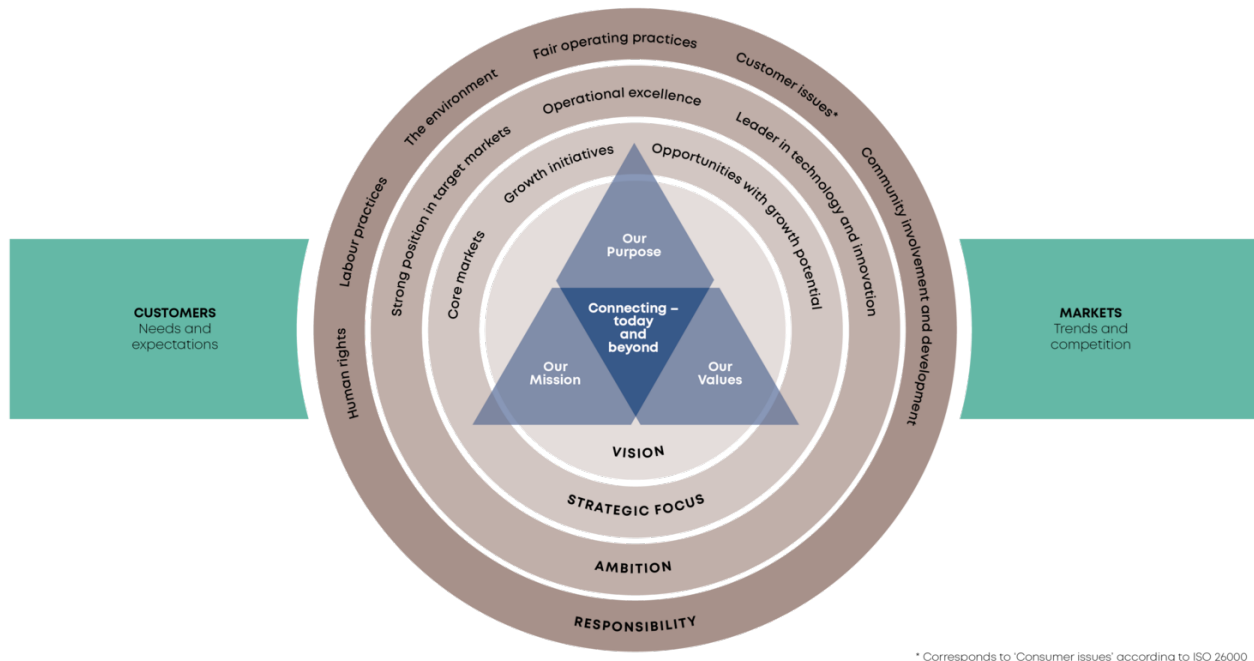
- Human rights
- Labour practices
- The environment
- Fair operating practices
- Customer issues
- Community involvement and development

Our continuous journey and commitments are to improve our economic performance and to analyse and transform existing business and production processes. This is a prerequisite to address the challenges which society is confronted with: humanitarian crises and conflicts, social and gender equality as well as climate change. HUBER+SUHNER sees its involvement to improve the state of the world as an indispensable part of how we drive business and our corporate responsibility going forward.

We understand that change and constant innovation require time, energy, and focus. HUBER+SUHNER is not a company that opts for the easy route. Our core business keeps teaching us to investigate meticulously and to work relentlessly to provide the best products and solutions that our customers and society need.

We remain committed to the United Nations Global Compact and its ten principles and to the Science Based Target initiative. With pride, we share our improved score in CDP's Climate Change Report, going up from B to A-. We have set ambitious goals which are based on our sustainable business model and we regularly measure our performance. The journey is the destination. This means that only by further embedding and connecting our ambitious corporate responsibility and business goals on management level and with every single employee, we can work towards becoming a truly sustainable business.

Customers and markets



Through our global sales teams we are constantly at the pulse of our customers. This enables us to get profound insights on what our customers need in order to provide them with excellent end-to-end experiences. Thanks to our value assurance process, we are able to allocate competencies and resources as needed. That is how our three market segments are able to define customer-focused business cases for innovation projects. The internal HUBER+SUHNER "Future lab" ensures a constant flow of innovation opportunities and ideas for technology acquisitions.

Through our consulting and support-oriented, agile account management, and the "can-do" mentality of our people, we know clearly what our customers are looking for. Additionally, the engineered solutions of HUBER+SUHNER exhibit the high degree of differentiation that customers often need, such as:

- deep understanding of their needs
- strong position in essential markets
- superior product and technology expertise and leadership
- operational excellence to meet and exceed their expectations

With our more than 400 sales resources worldwide, HUBER+SUHNER has global yet local representation which again contributes to our high understanding of and proximity to our customers.

How we create and distribute value

Human existence today is based on connections – connections between humans, places and systems. They are essential for the functioning of our society.

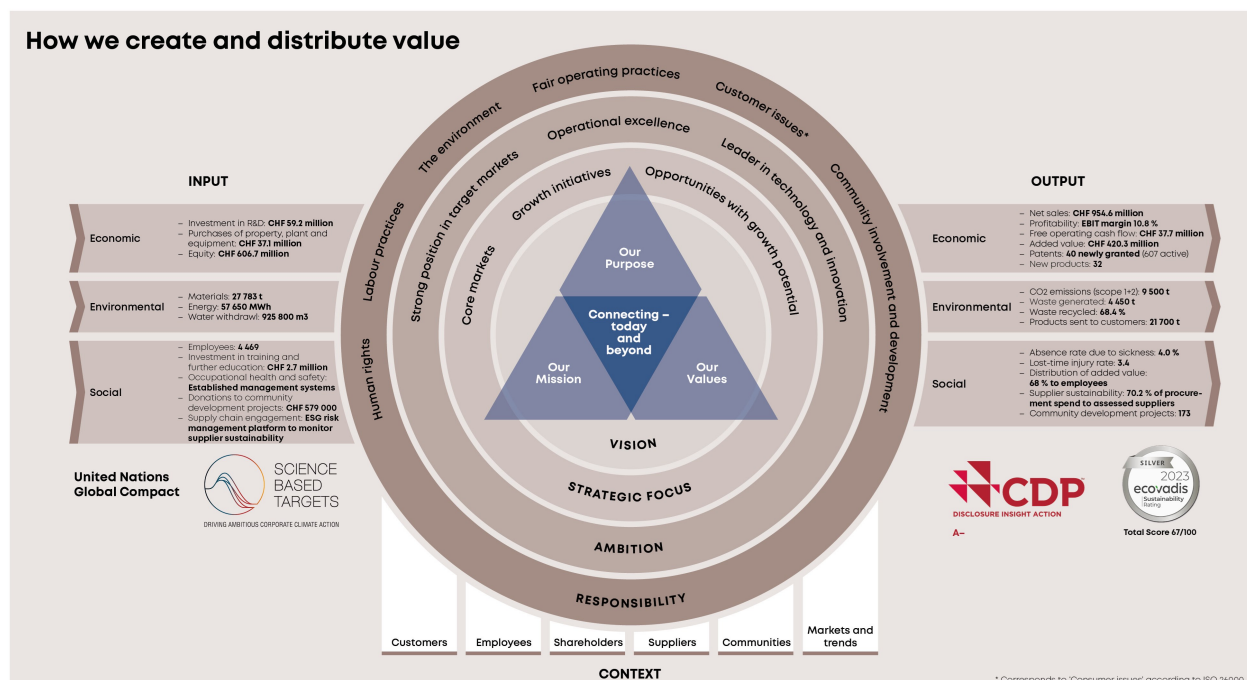
Our customers make these connections happen by building networks and means of transport that carry people, data and energy. This enables humans everywhere to stay in touch, be mobile and safe, and contribute to a more sustainable world.

To continuously maintain and secure these networks, our customers need a reliable partner who offers stable and suitable connectivity solutions. At HUBER+SUHNER, we develop and produce the often-unseen but crucial parts that keep networks running.

The HUBER+SUHNER sustainable 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 out-comes 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, namely employees, customers, shareholders, suppliers, and communities (which neighbour the company's sites). A surrounding circle is embracing 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 term.



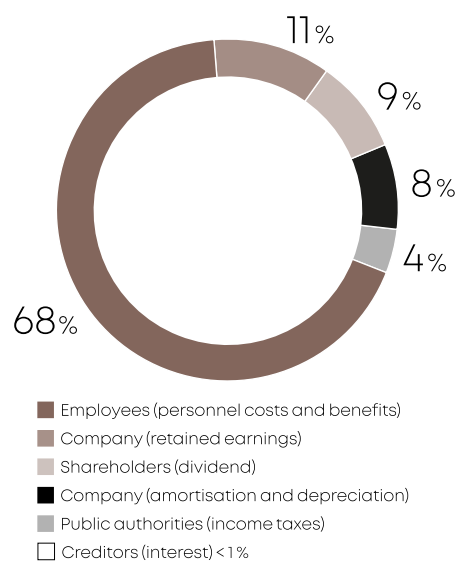
Value distribution

The added value indicates how much value HUBER+SUHNER created. 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 2022, the added value amounted to CHF 420.3 million (+1 % compared to 2021).

68%
of added value
distributed to employees

In 2022, 68 % of the global added value (PY 67 %) directly or indirectly benefitted employees, and 4 % (PY 4 %) the public sector in the form of income taxes. Shareholders received 9 % (PY 9 %) of the added value, while 19 % (PY 20 %) remained in the company in the form of amortisation, depreciation, and retained earnings.

Distribution of added value 2022



Corporate Responsibility and our material topics

During the initial phase of its corporate responsibility initiative, the HUBER+SUHNER Group brought together diverse perspectives from different locations and cultures within the organisation and compiled a selection of 13 material topics and grouped them into three areas: business, relationships, and the environment.

The Executive Group Management (EGM) selected three of the material topics to be taken into special focus: sustainable growth, greenhouse gas emissions and climate change, and community involvement and development. For these focus topics, the EGM defined clear targets for the coming years.

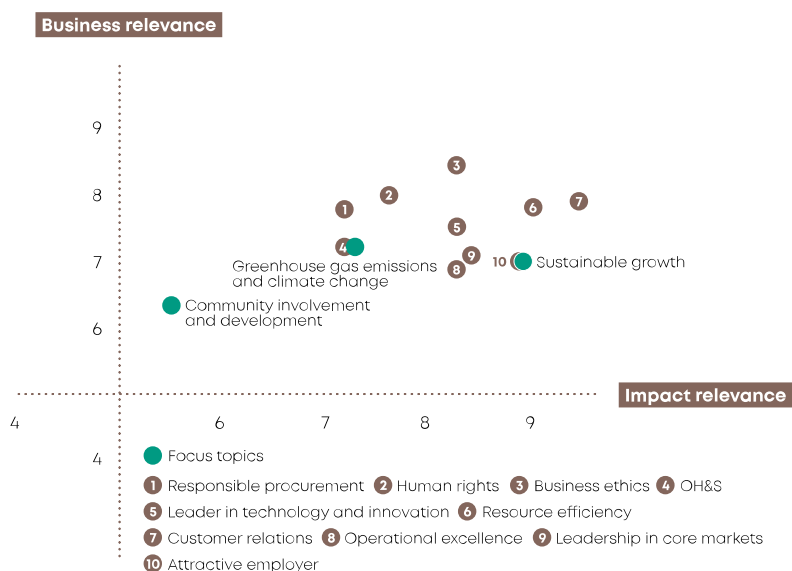
In their annual review of the material topics, the EGM reassessed the business relevance (outside-in perspective) as well as the impact relevance (inside-out perspective) of all 13 material topics. The result is shown in the graph below. The reassessment revealed that the differences between the topics are rather small, which confirms that all topics are indeed essential. To make the small differences more visible, the graph only shows the upper right quadrant of the assessment matrix. The rating scales actually range from 0-10. Based on the result of the reassessment, the EGM saw no need to change the focus topics.

Sustainable growth is a prerequisite for investments in favour of the environment and society, which in turn are an indispensable part of corporate responsibility.

Greenhouse gas emissions and climate change is a top priority in the environmental area since climate change poses substantial risks to a functioning economy and the human society.

Community involvement and development is important to all sites of the HUBER+SUHNER Group striving to be good “corporate citizens.”

Material topics assessed for their business and impact relevance



Focus topics: performance and targets

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, shareholders, suppliers, local communities, and other stakeholders. Financial strength and economic success are prerequisites for investing in the interests of the environment and society, which in turn is an indispensable part of corporate responsibility.

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.

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 and 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, high power charging, medical device, and process industries.

Growth initiatives have been identified based on their potential for significant sales, profitable growth, and their strategic fit: aerospace and defense, data center, and rail communications, electric vehicle, and advanced driver assistance system (ADAS). To succeed, HUBER+SUHNER ensures a dedicated approach, pre-investments in resources and the formation of highly committed teams. Growth initiatives are expected to grow faster than the company and the markets. They have the potential in size and attractiveness to become core markets of the future.

26%
of net sales from
growth initiatives

In 2022, net sales share from growth initiatives was 26.0 % (minus 1.8 percentage points y-o-y including the new growth initiatives ADAS and rail communications). The reason for this slight decrease is the lower net sales in the largest growth initiative aerospace and defense as well as the strong performance of some of the core markets. The goal of reaching 33 % of net sales from growth initiatives in 2023 remains unchanged. This objective will, however, be difficult to achieve as long as the core markets continue to grow at the same pace as in 2022.

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 growth initiatives or interesting niche businesses or they are not pursued further if the opportunity is not sustainable. Therefore, the company strives to always have a broad range of such opportunities in the pipeline.

Greenhouse gas emissions and climate change

The Executive Group Management decided to make greenhouse gas (GHG) emissions and climate change a focus topic because it considers this topic as one of, if not the greatest challenge of mankind presently. In 2017, the company had two greenhouse gas emissions reduction targets approved by the Science Based Targets initiative (SBTi). CEO Urs Ryffel officially signed the net-zero commitment at SBTi. In 2023, the company plans to have new interim targets approved by SBTi, one of which is to reach net-zero GHG emissions in scope 1+2 by 2030. In 2022, HUBER+SUHNER managed to further reduce its scope 1+2 GHG emission by 17 % (year-on-year) to 9500 t.

Community involvement and development

Community involvement and development became a focus topic because it 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 in the catchment area of our sites. Open, honest, and fair dealings with local and regional administrative authorities are also part of this complex topic. In 2022, HUBER+SUHNER supported 173 community development projects with a total CHF 579 000 in the form of cash or contributions in kind as well as in paid leave hours of employees engaging in such projects.

Score card

Focus topic	2022	Target	Time horizon
Sustainable growth	26 % of net sales from growth initiatives	> 33 % of net sales from growth initiatives	2023
Greenhouse gas emissions and climate change	9 500 t CO ₂ -eq (scope 1+2)	8 400 t CO ₂ -eq (scope 1+2)* Net zero CO ₂ -eq emissions (scope 1+2)	2025 2030
Community involvement and development	CHF 579 000 spent on 173 community development projects	The company sets aside and spends at least 0.5 % of the budgeted EBIT or CHF 500 000**, whichever is higher, for community development projects as a matter of principle	Annual target

* This SBTi approved target will be replaced by new science-based targets in the course of 2023, reflecting the company's official commitment to net zero in July 2022.

** The funds will be provided from the operating business as well as from the Swiss-based Huber + Suhner Foundation (see chapter [Community involvement and development](#)).

Relationships

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Relationships

This section describes the company's relationships with its important stakeholders. Supported by facts and figures, it aims to show how HUBER+SUHNER interacts with these stakeholders and how we address the related material topics.

Providing a helping hand for Ukrainian refugees and people who stayed back in the country was close to the heart of employees of HUBER+SUHNER in Europe, the United States of America and Costa Rica. **Involve**, **Welcome** and **Integrate** was our defined joint action plan.



Andrzej Milewski from our Tczew site pictured in Iwano-Frankivsk, Ukraine together with the director of a children's hospital.

"I will always remember the moment when we arrived at a local clinic in the city of Iwano-Frank to hand over our goods. They asked us to wait and came back with presents such as local food. I was surprised that they were so kind and friendly being in this dire situation with almost nothing left."

Andrzej Milewski, Product Lifecycle Management operations specialist IT, Tczew, Poland

RELATIONSHIPS PERFORMANCE 2022 AT A GLANCE



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 conduct^[1]. The Code lays out important principles on how we conduct our business in a responsible manner and is the guiding document for every employee of the HUBER+SUHNER Group as well as for all stakeholders which enter into a relationship with our organisation. For certain matters, specific guidelines with more detailed information and instruction have been issued. According to the Code's principles and obligations, HUBER+SUHNER has established a groupwide 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 overall responsibility for the implementation of the corporate compliance programme has been assigned by the Board of Directors to the CFO, who in this function vests the position of Group Compliance Officer.

The Group Compliance Officer with the support of the General Counsel is tasked to continuously improve the compliance programme through a set of measurements such as:

- Oversee the global compliance reporting
- Compliance risk identification and mitigation
- Issuance of group-wide compliance rules and guidelines
- Execution of annual compliance risk assessment and adaptation of compliance map
- Compliance reporting to the Board of Directors
- Definition of the annual Group compliance focus and subsequent actions including trainings
- Empowered to mandate or conduct internal and/or external audits regarding actual or suspected violations

The Group Compliance Officer has the power to veto business transactions that may put the Group's reputation at risk as a result of threatened or existing infringements of the Code of responsible business conduct. The final decision about execution however lies with the CEO.

Area Compliance Officers and country managing directors

Twice per year, the Group Compliance Officer meets with the eight Area Compliance Officers who are responsible to ensure compliance within the Group, as well as with the Global Head of Corporate Responsibility to discuss about the following overarching topics:

- Human rights and labour standards
- Product compliance
- Quality
- The environment and Occupational Health and Safety (OH&S)
- IT
- Trade compliance
- Legal compliance
- Financial compliance

The Area Compliance Officers make sure that a top down implementation of control measures is guaranteed by Country Managing Directors and line managers, and is reflected in the HUBER+SUHNER management system. On country level, compliance functions may be established, however, the country managing director is responsible for compliance matters towards local authorities.

The Country Managing Director and line managers have to inform Area Compliance Officers about any suspected or actual non-compliance or emerging topics for assessment and subsequent actions. Through close cooperation with the Global Head of Procurement, it is ensured that the supply chain is equally adhering to our standards. In 2022, HUBER+SUHNER launched a [Supplier Code of Conduct](#) in six languages which needs to be signed by every HUBER+SUHNER supplier.

Annual compliance report

An annual compliance report, which is part of the risk report, is being submitted to the Group Compliance Officer for presentation to the Board of Directors in December. The report includes the bottom-up information provided by the Area Compliance Officers, the findings of the other reporting tools such as the Trustline, management reviews, internal quality audit reports and an annual summary on customer audit findings.

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 online compliance training – developed specifically for HUBER+SUHNER – is available in seven languages and all employees working in an office environment are requested to complete the interactive online course within the first 90 days of their employment with the company as part of their orientation training programme. Employees working at 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.

96.9%

of office and indirect production
employees globally completed the
online compliance training

On a yearly basis, one compliance topic is defined according to its relevance and timeliness. For office employees topics like anti-bribery, conflict of interest and non-competition are regularly addressed in intervals. In 2022, all our office staff as well as employees from production with access to desktop/laptops underwent a thorough training on data protection, making sure everyone understands what it means to keep personal data of employees, customers and suppliers safe. Data protection is an important aspect of our compliance policy, 96.9 % of our office and indirect production employees completed the training successfully.

Uncovering ethical disparities with our whistle-blowing platform Trustline

In 2021, HUBER+SUHNER implemented Trustline, an independent and secure whistle-blowing platform, provided by a third party. 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.

To address reported issues, HUBER+SUHNER has a SpeakUp Steering Committee, composed of two Area Compliance Officers (Legal compliance, Human rights and labour) and the Head of Global Corporate Responsibility. It is responsible to handle any complaints that are reported via the HUBER+SUHNER Trustline. The Committee is the body towards the independent operator of the platform as well as the person who filed the complaint.

Reported issues in 2022

In 2022, no violations 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).

0

cases of violation
of the Code of responsible
business conduct

Product compliance

The purpose of the product compliance team is to ensure that HUBER+SUHNER operates in compliance with all relevant legislation and regulations related to materials used in our products. Establishing a global HUBER+SUHNER product compliance culture is critical to achieve this goal, and we foster this culture through a variety of means.

One key aspect of our material compliance efforts is the creation of a dedicated product compliance team. Its responsibilities include coordinating and overseeing all material-compliance activities at HUBER+SUHNER, including:

- Establishment of a company product compliance guideline
- Creation of an up-to-date material-compliance database and reporting system
- Provision of training, information, and support to ensure involvement and consultation of all employees and business partners.

We plan to work closely with our suppliers and other stakeholders to ensure that all materials used in our products meet the highest compliance standards. This involves regular assessments of our supply chain, the implementation of processes to monitor and track compliance, as well as to work with external experts to ensure that we are always up to date on the latest material-compliance developments.

Overall, our vision for the product compliance team is to create a strong, proactive, and globally focused organisation that is dedicated to ensuring that HUBER+SUHNER is at all times in compliance with relevant material-compliance regulations and standards. By working together and leveraging all stakeholders' expertise, we will be able to achieve this vision and create a culture of compliance that will benefit our company and our customers for today and in the future.

Managing product compliance

At HUBER+SUHNER, we take material compliance seriously and have implemented a number of initiatives to ensure that our products meet all applicable regulations and standards. This includes a robust system to manage compliance with registration, evaluation, authorization, and restriction of chemicals (REACH), restriction of hazardous substances (RoHS), and waste electrical and electronic equipment (WEEE) regulations.

To comply with REACH, we closely monitor the substances used in our products and conduct regular assessments to ensure that they are safe and do not pose any risks to human health or the environment. We also maintain detailed documentation on the materials used in our products and their potential impacts, and we work closely with our suppliers to meet REACH requirements.

In terms of RoHS compliance, we are committed to reducing the use of hazardous substances in our products and have implemented a number of initiatives such as replacing hazardous substances with safer alternatives whenever possible and conducting regular assessments of our products. We also maintain a database of all materials used in our products and their RoHS compliance status, and cooperate with our suppliers to ensure that all materials meet these standards.

With regard to WEEE compliance, we have implemented a number of measures to ensure that our products are properly recycled and disposed of at the end of their life cycles. These measures include working with certified recycling partners, providing clear and accurate labelling on our products to facilitate their proper disposal, and establishing internal processes to track and monitor our compliance with WEEE regulations.

HUBER+SUHNER is committed to upholding the highest standards of material compliance and meeting all applicable regulations and standards.

A global team looking after product compliance

HUBER+SUHNER has had a product compliance officer since 2022, and has established a dedicated, global, cross-functional team. Further, we have a team of material compliance master data specialists in India who are specialised in the topic.

Special substances of very high concern

The company adheres to requirements for substances as outlined in REACH Article 33: Duty to communicate information on substances in articles, including the need to disclose the presence of substances of very high concern (SVHC) above 0.1 % weight by weight (w/w). We are committed to transparency and disclose materials and substances used in our products upon customer requests.

HUBER+SUHNER declares that all of our products are compliant with the substance restrictions of EU Directive 2011/65/EU for RoHS, including the amendment under Commission Delegate Directive (EU) 2015/863. This declaration is based on the best of our current knowledge and on the current law at the date of issue.

Working towards lead-free products

Last year, our company launched an internal development project with the aim of building the necessary engineering and manufacturing skills for lead-free products in response to potential changes in EU RoHS legislation. The directive imposes restrictions on the use of certain hazardous substances, including lead, in the electronic and electrical equipment manufacturing process. While the directive currently allows for some exemptions, there is a possibility that lead will be completely banned in the future. In anticipation of this possibility, we have allocated resources to investigate whether the transition to lead-free radio frequency products is possible and economically viable.

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

Human rights and labour practices

In our [Code of responsible business conduct](#), HUBER+SUHNER has committed to fully respecting 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, we 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 potential breaches is available in addition to the options of directly reaching out to superiors, Country Managing Directors, the General Counsel, or local Human Resources business partners.

The company constantly monitors to ensure that no form of child labour^[1] or forced labour^[2], according to the International Labour Organization (ILO) definition, is occurring at any of its sites of operation. Since June 2020, the company has been a signatory to the United Nations (UN) Global Compact adhering to its ten principles^[3] 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.)

HUBER+SUHNER employees have the right to join a trade union of their choice within the framework of the applicable laws. Our Group companies have the choice to join collective bargaining in countries where this is common practice^[4].

[1] <https://www.ilo.org/ipecc/facts/lang--en/index.htm>

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

[3] <https://www.unglobalcompact.org/what-is-gc/mission/principles>

[4] See [Code of responsible business conduct](#), p. 5 (E. Trade unions and collective bargaining)

Attractive employer

HUBER+SUHNER continuously strives to be a great place to work, where people feel inspired and safe and can develop to unlock their potential. Our goal is to attract new employees and retain our talents. This includes an enticing employer value proposition (EVP). The company offers a strong purpose, regular training and learning opportunities, and a truly diverse, inclusive, international, agile and safe work environment. Strengthening the EVP is part of a global employer branding programme that was rolled out across all sites early 2022. The results are the following four brand personas representing the company's key employee audiences according to various criteria such as gender, age, education, cultural background, aspirations, and needs.



Through the EVP, we also defined five differentiating factors, namely innovation, growth, collaboration, a global network with diversified teams, and entrepreneurial spirit. In the scope of employer branding, we are constantly optimising the candidate and the employee journey across all touchpoints. Besides creating content like testimonial videos which help potential candidates understand what we do at HUBER+SUHNER, we created onboarding material with the HUBER+SUHNER corporate values and leadership principles, enhanced transparency on employee benefits, and launched a CEO welcome video to show appreciation to every new colleague.

Investing in and expanding our work environment

For many years, HUBER+SUHNER has offered employees with jobs in an office environment the opportunity to work remotely. This has 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 office, thus combining the advantages of in-office and remote work for the benefit of the company and its employees. HUBER+SUHNER 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.

In Costa Rica, HUBER+SUHNER celebrated the opening of their new and expanded location in November 2022, with a ribbon-cutting ceremony. The new site provides a substantial increase of 2.5 times the previous capacity to support current business levels and strategic initiatives. In Pfäffikon, Switzerland, at our Witzberg site, HUBER+SUHNER celebrated the completion of a brand-new building that is located next to the existing production premises. The total volume of the building amounts to 58 000 cubic meters which equals 68 individual family homes. The surface measures 9600 square meters and will host 50 different production lines. The transition of all production lines will be completed in May 2023.



Outside view of the new production site at Witzberg in Pfäffikon, Switzerland

Celebrating successes together

At HUBER+SUHNER, we think it is important for our team spirit that we celebrate success. In Tczew, Poland, HUBER+SUHNER celebrated its 20th anniversary of the company's activities. More than 500 employees enjoyed an exclusive gala dinner as a sign of appreciation. In the same month, HUBER+SUHNER BKtel had its 25th anniversary in Germany. The HUBER+SUHNER BKtel site celebrated its birthday with a party for all employees and their families.

After two years of Covid-19 measures and in response to the desire of many employees to spend time together, HUBER+SUHNER India planned a family day event for 250 employees and their relatives to show appreciation and to reconnect as a team. The entire day was packed with enjoyable activities, dancing, music and captivating performances by our employees.



250 HUBER+SUHNER employees in India during the family day

Programmes to attract and retain employees

The Human Resources department in Switzerland proposes programmes which can be adopted and adapted as needed by the various sites around the globe in response to country-specific demand. The apprenticeship and trainee programmes are important offerings that attract the next generation of employees. At HUBER+SUHNER Switzerland, we offer 11 different types of apprenticeships to help young people learn essential skills for their chosen vocations through practical and classroom learning. In 2022, we welcomed 20 new apprentices who work across our Swiss sites; 83 apprentices were trained in Switzerland in 2022 in total (87 in 2021). Other sites, including HUBER+SUHNER in the United Kingdom, Germany, India and Malaysia, have initiated apprenticeships or internships for young people and graduates.

83

apprentices worked in
Switzerland



One of our 83 apprentices in Switzerland who are employed across our two sites

To engage the youngest generation about career opportunities with the company, each year HUBER+SUHNER in Switzerland participates in the [National Future Day](#), opening office and production site doors for girls and boys who want to get their first taste of working life. A total of 50 children took the opportunity to look behind the scenes in 2022. Girls and boys aged between 10 and 15 were given practical insights into professions and fields of work. The programme included a half-day at a parent's or accompanying person's workplace as well as a half-day in the apprenticeship workshop, where the children were allowed to get hands-on and build something on their own. For us, National Future Day provides a good platform for raising awareness and sparking interest as a possible future employer. HUBER+SUHNER China has a similar offering with "Take Our Kids to Work Day", which took place at our sites in Shanghai and Changzhou. A one-day agenda with several activities was arranged for the kids, which included visiting their parents' office, the production plant, the research and development (R&D) lab, games, and participating in a talent show. Take Our Kids to Work Day empowers families, kids and companies to learn and grow together.



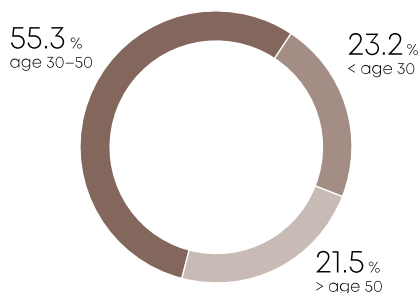
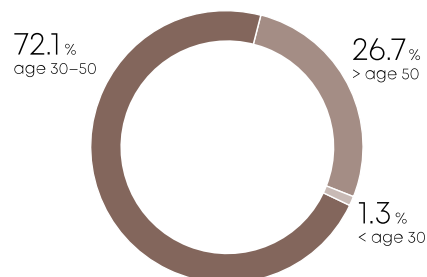
Happy kids at HUBER+SUHNER in China during the "Take Our Kids to Work Day"

For many years, HUBER+SUHNER has also had a strong presence at recruitment fairs and universities in Switzerland, Tunisia and Poland. In addition, the company maintains close partnerships with start-ups as well as universities of applied sciences and universities such as the two renowned Swiss institutes ETH Zurich and EPF Lausanne, for general research and development collaboration and academic theses. These strong links with educational institutions and start-ups drive innovative projects, add to HUBER+SUHNER teams' work satisfaction, and help build strong relationships with potential future employees.

HUBER+SUHNER is also an attractive company for employees above the age of 50, as we value both their work and life experience. The company is part of the founding group of the association [Focus 50 Plus](#), 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. 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 mature employees. These measures help them stay professionally up to date and acquire new skills while preparing for retirement. Moreover, HUBER+SUHNER aims to be an attractive employer for all generations. Therefore, we organised events such as a leadership dialogue where leaders and experts together discussed the needs and aspirations of Generations Y and Z and what they expect from employers and the work environment.

Ernst & Young Ltd performed a limited assurance engagement on selected figures marked with a ✓ for 2022.

Distribution of age groups ✓

Distribution of age groups ✓
in managerial* positions

* Managerial positions are roles in which a person oversees the job functions of another person or a group of people. Managers might also oversee the operation of a specific function within a company. For example, an accounting manager might lead a team of six accountants, whereas a production manager might oversee otherwise unattended automated assembly lines.

Information about the age of the HUBER+SUHNER [Board of Directors](#), and the [Executive Committee](#) can be found in the Corporate Governance section of this report.

The category "Distribution of age groups" correspond to GRI disclosure 405-1.

In Switzerland, where around 1200 of our employees are based, HUBER+SUHNER offers many benefits that exceed legal requirements. These include continued salary payments in case of illness or accident 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 nearby day-care centers, which are supported by the HUBER+SUHNER Foundation.

Employee turnover

Again, we registered significantly different turnover rates across our regions due to cultural aspects and the given local framework. Therefore, we designed local target ranges for a stable yet agile workforce. The defined target ranges for countries like Germany or Switzerland are between 8 % and 12 %, whereas China can range between 35 % and 45 %. In total 1160 positions were filled in 2022, 946 of them with new hires. In countries where the value is above the target range, the situation is analysed and subsequent measures to improve the retention are being defined.

Employee turnover rate by country*

Country	2022	Target range
China	27.8 %	35–45 %
Germany	13.7 %	8– 12 %
India	8.2 %	10–20 %
Malaysia	7.3 %	10–20 %
Poland	20.8 %	10–20 %
Switzerland	8.3 %	8– 12 %
Tunisia	51.9 %	20–30 %
UK	19.8 %	10–20 %
USA	18.4 %	20–30 %

* Target setting and reporting for countries with more than 100 HUBER+SUHNER employees only

Training and continuous education

HUBER+SUHNER invests in individual training opportunities for its employees to ensure professional development. In 2022, our training time for employees summed up 73 257 hours (PY 65 216). This equals 15.6 (PY 14.2) hours of training per employee across all functions. This brings us close to our target figure of 16 hours per employee which we defined as a target for 2023. The training costs (external cost plus cost of hours not worked due to training) rose from CHF 1.7 million to CHF 2.7 million and the average training cost per employee rose from CHF 380 in 2021 to CHF 597 in 2022.

In an environment where change has become a constant, leaders must ensure that everyone is enabled to contribute to overcome challenges and look for opportunities together. The HUBER+SUHNER leadership principles are a common guideline for all our employees and 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.

In Tczew, Poland, Human Resources designed the “Academy of the Successful Leader”, a programme to further develop and support leaders. The roles of manager, supervisor and project lead require constant development and keeping pace with trends. HUBER+SUHNER Poland decided to run the academy in order to support leaders in times of volatility, uncertainty, complexity, and ambiguity (VUCA) and to implement the leadership principles that were introduced in 2021. HUBER+SUHNER also participates in the Advance mentoring programme that connects women from different companies in mentor and 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.



Development of employees is key. In Tczew, Poland the “Academy of the Successful Leader” was designed for leadership teams

The human resources team at HUBER+SUHNER Tunisia was awarded for best training policy, specifically for their approach of introducing and continuously training newly hired and existing employees in 2022. The award ceremony was held by the ARFORGHE organisation and the Konrad Adenauer-Stiftung. Our Managing Director for HUBER+SUHNER Tunisia received the award onstage from the Tunisian Minister of Employment.



The award ceremony where HUBER+SUHNER Tunisia received recognition for the “Best training policy” in the presence of the Tunisian Minister of Employment

In China, 366 of our colleagues participated in the sixth Skills Star Competition, demonstrating the national culture of craftsmanship. The programme was launched in 2017 to improve competitiveness, to find out about the professional skills and talents of our factory workers, and to spark interest in further skills development. Out of all participating colleagues, 302 passed the theoretical exam to compete in the practical part. Finally, 75 employees won the 2022 Skills Star Competition title, and four colleagues were awarded multiple times for excelling in various skills.

26.1%

women in
managerial positions

Ernst & Young Ltd performed a limited assurance engagement on selected figures marked with a ✓ for 2022.

Gender distribution ✓

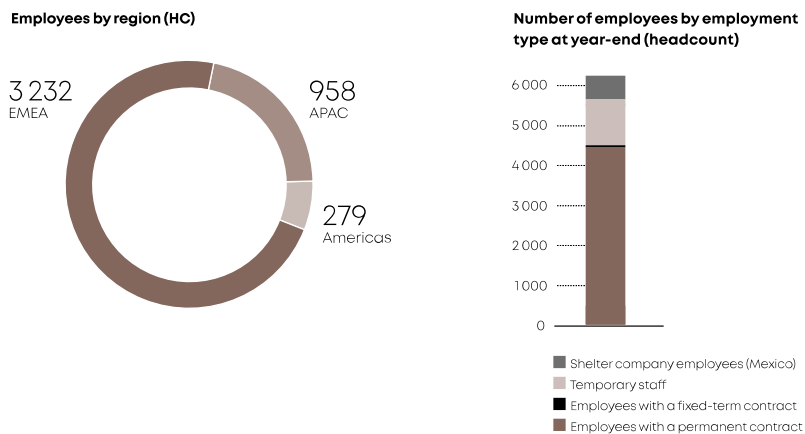
Year	Total workforce		Managerial* positions		Executive Group Management		Board of Directors	
	Female [%]	Male [%]	Female [%]	Male [%]	Female [%]	Male [%]	Female [%]	Male [%]
2020	44.7	55.3	21.7	78.3	12.5	87.5	16.7	83.3
2021	48.0	52.0	26.4**	73.6**	16.7	83.3	16.7	83.3
2022	45.1	54.9	26.1	73.9	16.7	83.3	16.7	83.3

* Managerial positions are roles where a person oversees the job functions of another person or a group of people. Managers also might oversee the operation of a specific function within a company. For example, an accounting manager might lead a team of six accountants, whereas a production manager might oversee otherwise unattended automated assembly lines.

** These figures have been restated due to a change in the geographical scope and data collection process. The figures published in the Sustainability Report 2021 were 23.4% and 76.6% respectively.

HUBER+SUHNER is convinced that diversity is a key success factor and that different perspectives are an enriching and creative source. This helps to develop innovative products and better solutions for customers. As an attractive employer, HUBER+SUHNER promotes diversity, consistently advocates equal opportunities, and offers attractive and flexible workplaces for different work and life models. The figures on gender distribution correspond to GRI disclosure 405-1.

Also in 2022, HUBER+SUHNER was a proud supporter of St. Gallen Diversity & Inclusion week. We recognise the importance of an inclusive workplace and therefore support students with impairments at Pudong Special Education School in Shanghai, China. Each year, HUBER+SUHNER employees are invited to celebrate Children's Day, donating food and drinks for the occasion. Together with employees, HUBER+SUHNER established the Schooling Donation Project in 2017 through which funds from the company, as well as employees support, flow to various organisations that provide further education for less privileged youth.



At the end of 2022, the company had close to 4500 employees globally. Out of the total workforce, 45.1 % were women. The share of women in managerial roles slightly decreased to 26.1 % in 2022 (down 0.3 percentage points y-o-y). Our goal is for women to hold over 30 % of managerial positions by 2030. HUBER+SUHNER strives to promote women in general and particularly into management positions. We committed to raising quotas for upcoming years and submitting data for gender reports. For many years, HUBER+SUHNER has actively promoted equal pay for women and men at its Swiss sites with [Landolt & Mächler Consultants](#). The company continues to be reviewed on a regular basis.

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. We have a [global Health and Safety Policy](#) and apply the principles established by the International Labour Organization (ILO). HUBER+SUHNER strives proactively to prevent its employees from having accidents at work and leisure, as well as from developing occupational diseases and their consequences.

4%

absence rate due
to sickness

We monitor our performance according to three key figures: the absence rate due to sickness, the lost-time injury rate, and the lost-time injury severity rate. In 2022, the absence rate due to sickness^[1] was 4.0 % (PY 3.7 %). For comparison: in the Swiss manufacturing sector, the absence rate was 3.3 % in 2021 (most recent available statistics*).

* Source: Swiss Federal Statistical Office (FSO) – Work Volume Statistics (WV)

4.1

lost-time injury
frequency
rate[✓] in production

The lost-time injury rate^[2] (according to GRI disclosure 403-9) decreased from 5.0 in 2021 to 4.1 in 2022, with nine sites reporting zero lost-time injuries. The lost-time injury severity rate^[3] was recorded for the second time. It showed 16.8 lost working days per lost-time injury. As of 2023, we aim to achieve a lost-time injury rate of 3.0 or fewer per 1 million hours worked. No work-related fatalities were recorded during the reporting period. Data and targets related to lost-time injuries are published only for direct and indirect production employees, as lost-time injuries among office employees are very rare and would skew the published figures.

Year	Lost-time injuries	Number of hours worked in production	Lost-time injury rate [✓]
2020	25	6 127 312	4.1
2021	28	5 582 078	5.0
2022	24	5 908 505	4.1

Ernst & Young Ltd performed a limited assurance engagement on selected figures marked with a [✓] for 2022.

Occupational health and safety management

HUBER+SUHNER ensures OH&S through strict adherence 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, we are able to identify hazards and assess workplace risks and seize opportunities early on in order to eliminate hazards before they become incidents.

Safe and legally compliant handling of hazardous material

To protect our employees as well as the environment when handling hazardous materials such as chemicals, we comply with all applicable laws and regulations in the respective countries. We ensure that manufacturers and importers of hazardous materials provide information and instructions for safe handling. These include the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) hazard pictogrammes, hazard statements and precautionary statements. We request the safety data sheet from the supplier, preferably in the local language. The site's environmental health and safety (EHS) specialist must ensure that Safety Data Sheets (SDS)^[4] for all chemicals used are filed in such a way that they are easily accessible to all affected employees.

To constantly minimise risks associated with the handling of hazardous materials, we adhere to the following principles:

- If possible, replace hazardous materials with non-hazardous ones
- Keep stock of hazardous materials as low as possible
- Strictly observe manufacturers' instructions on packaging and SDS, ensure translations into local languages, and train operators
- Organise warehouses in a legally compliant manner (containers, infrastructures, separated storage, stock list, etc.)
- Provide workers with personal protective equipment and ensure it is worn correctly
- For new purchase orders, ensure the most recent SDS is provided/downloaded from the supplier's website
- Check SDS for updates/changes and inform relevant employees accordingly.

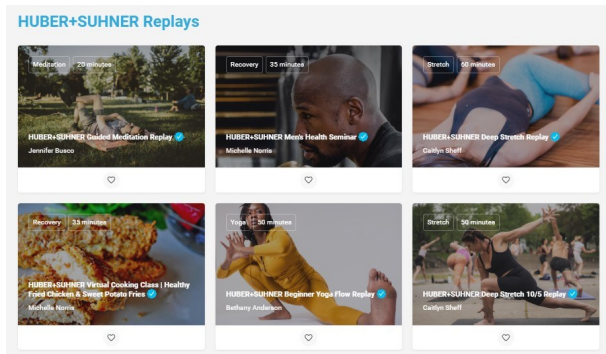
Country initiatives

Since 2018, HUBER+SUHNER India shop floors have started their days with a yoga session and celebrated International Yoga Day by doing yoga with all employees in the years 2018, 2019, 2021, and 2022. In 2022, we also organised our first 21-day yoga challenge to keep staff members physically and mentally well in order to further strengthen the health and wellness goal, which had created the foundation for subsequent physical activities. As a result, our Indian team started a 55-day walking challenge to encourage people to move more with a target of 10 000 steps each day. The challenge's brilliance was that it had a deadline, encouraging all participants to exert a little more effort. Everyone involved experienced the gratifying effects of consistent walking at the end of the 55-day period.



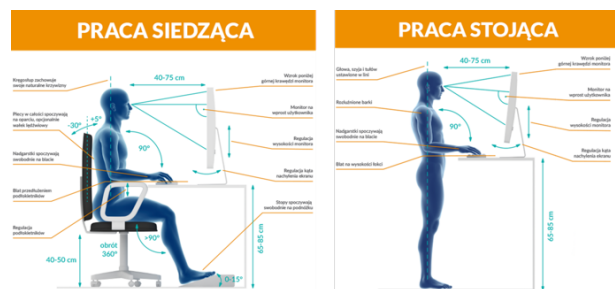
"The 10 000-step challenge and the daily yoga from HUBER+SUHNER are great initiatives. I tried being an active part of these programmes and observed good results for myself – both physically and mentally – which is very essential for a happy life. I have been able to reduce my weight by a couple of kilograms and hope to lose more weight to keep healthy. Previously I have tried being physically active but I couldn't follow through. Now, thanks to the programmes, I took it as a personal challenge and really enjoyed it. Even my family got motivated and started following my routine. I hope we will continue with such events that increase awareness and keep people healthy and happy."

**Sriharsha Kanigolla, Software Developer,
HUBER+SUHNER, Bangalore**



In Charlotte, United States, our colleagues joined forces with [SweatNET](#) Corporate Wellness to offer employees a comprehensive wellness programme designed around feedback from a wellness survey conducted in 2022. The programme includes a variety of live virtual fitness classes, live virtual guided meditations, live virtual cooking classes, company-wide challenges and a wellness platform with over 350 streamable fitness classes, 50-plus guided meditations, 250-plus healthy recipes, and more. The goal is to improve the overall well-being of employees, leading everyone to a healthier lifestyle that positively impacts company culture and productivity.

At our site in Nawojowa Gora, Poland, all employees have received information and were given suggestions for exercises to help improve their fitness levels despite spending eight hours at their office desks. Additionally, fresh fruits are provided for everyone on a weekly basis.



In China, safety month took place in June under the motto "Comply with the safe production law, take ownership to act safely", our colleagues undertook a safe production law training and test, they trained employees in first aid, firefighting and safety knowledge, and new safety posters were issued. Trainings were concluded with knowledge competitions and a management-level safety inspection.

At our site in Tczew, Poland, the team conducted an emergency drill, including first aid for a wounded employee, with the city's fire brigade. Additionally during the year, employees received a set of practical health and safety trainings including the use of fire extinguishers and the automated external defibrillator (AED) as well as practical first aid training to save lives in case of an emergency.



At our site in Cambridge, United Kingdom, the team updated their evacuation policy. This includes a newly established evacuation process for people with impairments. They also introduced an onsite duty assignment to indicate which fire marshals and first aid personnel were available. One colleague joined the fire marshals and four people became new members of the first-aid team. Various sweep zones were created. The fire marshalls are assigned to a building zone which needs to be physically checked in the event of an emergency. Since 2022, a new role was created with the nomination of a chief fire marshall who coordinates the fire marshalls and first-aid teams. Our employees established contacts with other businesses in the shared building for an improved emergency collaboration. Additionally, refresher trainings for the use of the defibrillator unit were held.

A global action plan and process board

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 must establish and maintain an OH&S management system that fulfils the requirements of ISO 45001. Internal auditors are reviewing these management systems. So far, the production sites in Changzhou and Shanghai, China, are TÜV SÜD-certified according to ISO 45001. Following the 2022 surveillance audit by TÜV SÜD, these two sites had six nonconformities identified, all of which minor. Corrective actions were immediately taken and the nonconformities were resolved accordingly.

In 2022, a global OH&S process board was established and regular meetings were held throughout the year. Its aim is to unite the OH&S community and exchange ideas and best practices among the global team. Going forward, all sites with production and logistics activity will set up an annual OH&S target, including an action plan that is implemented and verified through planned audits. The Plan-Do-Check-Act cycle (PDCA) can be further promoted globally. Our goal is for all major production sites to be certified according to ISO 45001 by 2025.

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

[2] 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.

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

[4] Also called Material Safety Data Sheet (MSDS) or Product Safety Data Sheet (PSDS)

Anti-corruption

Anti-corruption is an important part of the HUBER+SUHNER interactive online compliance training that all employees must complete within the first 90 days of their employment with the company as part of their orientation training programme. The [Code of responsible business conduct](#) addresses the topic under the chapter titled "Fair operating practices": all employees are requested to never directly or indirectly offer, promise or grant public officials, private parties, or contractual business partners any bribe or improper advantage; nor should they receive, tolerate, knowingly benefit from, or accept such bribery or improper advantage. Employees may not accept or provide gifts or favours that could be considered as improper influence. If the exchange of gifts is customary in a cultural area, they may only be of a symbolic nature.

The company does not support money laundering in any way. We maintain business relationships with recognised business partners who conduct legitimate business and whose funds come from legitimate sources.

Whenever personal interests or family or other ties conflict with the interests of our employees, they are obliged to ensure that the interests of HUBER+SUHNER are not affected by their own direct or indirect personal interests. Potential or existing interests must be duly reported to the respective superiors so that HUBER+SUHNER can resolve the matter in a fair and transparent manner.

The Executive Group Management approved a detailed anti-corruption guideline in September 2017. The guideline sets minimum standards within the HUBER+SUHNER Group with respect to anti-corruption, anti-bribery and conflicts of interest. The guideline applies to all HUBER+SUHNER divisions, regions, affiliates and branches.

Employees who find themselves in a conflict of interest or who 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. The Trustline 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 2022.

Responsible procurement

Working with a complex supplier network

In 2022, HUBER+SUHNER purchased more than 22 000 different items from roughly 1600 active production material suppliers located in 46 sourcing countries. Production materials represent approximately 70 % of the total purchasing volume, with two-thirds being components or semi-finished 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.

Region	Share of purchasing expenditure with regional* suppliers
AMERICAS	96%
APAC	96%
EMEA	86%

* Suppliers who are in the same region as the receiving site of HUBER+SUHNER

Focus on responsible procurement

At HUBER+SUHNER, over 50 % of turnover is used for Procurement. Therefore, the company aims to make certain that production materials are sourced only from qualified suppliers, ensuring high environmental and social standards throughout our operations to minimise adverse effects on the environment and society. There is increasing governmental pressure, including the German Supply Chain Due Diligence Act which came into force on 1 January 2023, and the [Ordinance on Due Diligence and Transparency in Relation to Minerals and Metall from Conflict-Affected Areas and Child Labour \(DDTrO\)](#) entered into force on 1 January 2022.

In Switzerland through the DDTrO, and in Europe with the EU Supply Chain Law, companies are now legally required to know their supply chain footprints and assess their suppliers with regard to environmental, social and governance (ESG) risks. As of 1 January 2023, companies must introduce comprehensive due diligence measures and report any risks with regards to:

- Human rights and labour practices
- Occupational health and safety
- Responsible sourcing of minerals
- Environmental protection and climate change mitigation
- Fair operating practices.

Stepping up 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 Covid-19 pandemic. We aim to procure according to the "regional for regional" model to strengthen local supplier relationships and ensure short supply chain routes whenever possible.

The company requires its suppliers to acknowledge the [HUBER+SUHNER Code of responsible business conduct](#), which can be found on the company's website. Additionally, regular audits are done for strategic suppliers and since 2021, a set of sustainability-related questions were included.

In September 2022, HUBER+SUHNER introduced a specific [Supplier Code of Conduct](#) in English, Chinese, French, German, Polish, and Spanish. The Supplier Code of Conduct is an integral part of the agreement between a supplier and HUBER+SUHNER and applies to all critical production material suppliers worldwide. Furthermore, in 2022, we started

onboarding 150 suppliers to our ESG due diligence platform [IntegrityNext](#) with the objective of assessing 75 % of our production material spend through the platform by the end of 2023.

70%

spend done with suppliers
that completed the
sustainability assessment

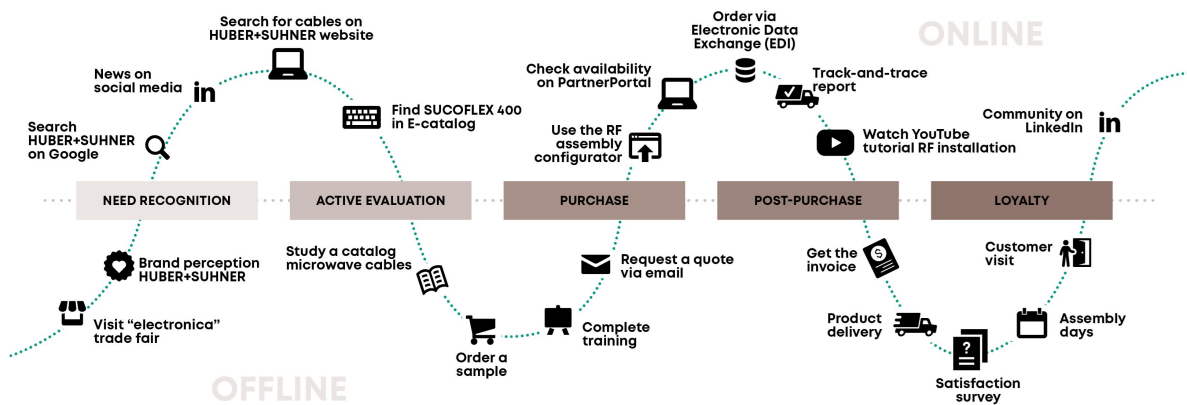
The Procurement team also updated its Procurement Policy, adding information with regard to corporate responsibility and material compliance, and defining what is expected from each supplier in those areas.

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 website.

Customer relations

The success of HUBER+SUHNER is directly linked to our ability to cultivate mutually beneficial and trusting relationships with our customers. In 2022, HUBER+SUHNER served a customer base of approximately 4300 buying customers. However, the major proportion of our 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 400 sales employees.



Driving a seamless customer experience

Offering a valuable customer experience is key for growth (see figure 1: Customer experience journey). Feeling the 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 our 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. Our 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 "mood survey" was done in the first quarter of 2022 to establish all the relevant key performance indicators (KPIs) and to define and implement the necessary improvements.

One of the indicators the company has been measuring is the average number of days until a customer complaint is closed. In 2022, this duration decreased by 3.7 % y-o-y. Focusing on the full customer experience will help HUBER+SUHNER to get a holistic view of the customer experience beyond pure customer satisfaction.

-3.7%
average time to closure of
customer complaint (y-o-y)

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 Program”, 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 (B2B) company, HUBER+SUHNER mainly faces compliance with regulatory and legal requirements. Therefore, we must be able to anticipate any developments at an early stage in order to develop our 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).

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

Additionally, we disclose environmental information to investors and customers annually on the CDP platform.

Community involvement and development

Community involvement and development

In assessing the material issues, the Executive Group Management has made community involvement and development one of three focus topics. 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, and sports, and for disadvantaged groups can take the form of donations in cash or in kind, as well as vocational training positions or support for employees in their engagement through voluntary work within the community.

579 000 CHF
spent for community involvement
and development projects

At the end of 2021, HUBER+SUHNER published its globally binding [guidelines](#) on the topic of community involvement and development. As of the 2022 financial year, 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.

173
projects supported for
community involvement
and development

In 2022, a total of 67 % of Group companies sponsored or initiated a total of 173 community involvement and development projects, spending around CHF 579 000. With the easing of the Covid-19 pandemic related measures in 2022, HUBER+SUHNER community development activities picked-up again. Another accelerator was the war in the Ukraine which created a sense of urgency to take collective action.

Year	Investment in CHF	Number of projects	Proportion of country organisations
2020	333 000	118	56%
2021	459 000	104	53%
2022	579 000	173	67%



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. Depending on the size and nature of the projects, the contributions can range from a few hundred to tens of thousands of Swiss francs.

After a couple of years where the global Covid-19 pandemic had halted or postponed some projects which were funded in 2020 already, the number of 2021 applications was also impacted.

Year	Number of projects
2020	105
2021	86
2022	142

In 2022, the HUBER+SUHNER Foundation, founded in 1947, celebrated its 75-year anniversary. On this occasion, two projects were launched for all employees in Switzerland to celebrate this important milestone.

Getting ready: In May, employees were offered a branded, high-quality soft-shell jacket, the perfect apparel for leisure and sports activities.

Be active and do good: Under this motto, the Foundation emphasized its Corporate Responsibility in the communities where HUBER+SUHNER Switzerland has its premises. During the month of September, all employees were encouraged to take part in a step-counting challenge via [Step Coach](#), an application that let users count steps and sports activities during team challenges. Employees could choose one of the seven selected organisations in the Pfäffikon ZH and Herisau catchment areas, forming seven online teams which had the goal of virtually walking from Pfäffikon to Herisau. All collected steps per team were translated into a financial donation for each of the chosen non-profit organisations.

The seven organisations supported included:

- [Winterhilfe Zürcher Oberland](#)
- [Winterhilfe Appenzell Ausser rhoden](#)
- [PluSport insieme Zürcher Oberland](#)
- [PluSport Appenzeller Hinterland](#)

- [Stiftung zur Palme Pfäffikon](#)
- [Dreischübe Herisau](#)
- [Naturzentrum Pfäffikersee](#)

Six of these organisations are dedicated to and support people with an impairment or from economically disadvantaged backgrounds of various age groups with integration into society via housing, employment, sports or financial support. The last one is dedicated to nature conservation and to sensitise people about the importance of the lake of Pfäffikon and its surrounding areas.

190 colleagues signed up for the challenge and collected steps by walking, running or playing other sports which through the app were converted into addable steps. Step-Coach allowed for everyone to see in real time, how many steps each team had collected and which individual was leading the pack in terms of steps, which gave an extra push to all participants.



Members of the team "PluSport Appenzeller Hinterland" during a physical hike.

At the end of September, HUBER+SUHNER employees collected a total of 58.2 million steps which translates into around 40 700 kilometres, a distance equal to walking once around the globe. Six teams completed and exceeded the virtual route from Pfäffikon to Herisau resulting in CHF 150 000 donated. The allocation of the donation amount was based on the performance of each team during the step-counting challenge.

Organisation	Donation in CHF
PluSport Zurich	25 000
Naturzentrum Pfäffikon	24 000
Winterhilfe Appenzell Ausserrhoden	23 000
PluSport Appenzeller Hinterland	21 000
Stiftung zur Palme Pfäffikon	20 000
Dreischilbe Herisau	19 000
Winterhilfe Zürcher Oberland	18 000
Total	150 000

The organisations expressed their gratitude by sending in thank you notes and even a video to the HUBER+SUHNER Foundation and all employees who got engaged.



Thank you notes and photos from the organisations supported through the 2022 step-counting challenge, commemorating the 75-year anniversary of the HUBER+SUHNER Foundation

Coordinated actions from various countries for the Ukrainian people



Following the onset of the war in Ukraine, HUBER+SUHNER wanted to understand how we can support the Ukrainian people on-site or as they were fleeing the country. Our global and corporate responsibility teams from various departments (such as Human Resources, Procurement, and Corporate Communications) in most affected countries (Poland, Germany, Switzerland and the United Kingdom) defined a three-phase action plan which was approved by Executive Group Management. Colleagues from our locations in the United States and Costa Rica also joined in to offer their support.

The three-phase action plan consisted of:

- **Involve** employees by offering additional paid vacation days to be used for a range of volunteering activities
- **Welcome** refugees by offering accommodation
- **Integrate** refugees by creating or offering existing job opportunities

Involve employees: The Executive Group Management decided to turn 1000 working days into 1000 days of volunteering activities for Ukrainian refugees. The 1000 days were allocated proportionally, taking into account the refugee-to-inhabitant ratio and the number of HUBER+SUHNER employees per country in Poland, Germany and Switzerland. These countries were in scope due to their geographical proximity and the subsequent increasing influx of refugees. Volunteering days could be used to help the people in need, by for example, renovating space to accommodate refugees; work at a humanitarian organisation focusing on Ukrainian refugees; supporting refugees with translation, paperwork or job applications; or by providing or transporting goods.

Involve employees: Our teams in Poland, Germany, Switzerland and the United States got in touch with local organisations to understand how they could support refugees. Very quickly, HUBER+SUHNER took actions as needs were expressed with regard to clothing, furniture and household goods, food, and hygiene and medical supplies, as well as school materials and toys. Other activities included the collection of money and storing goods for organisations in our office buildings.

Colleagues at our two locations in Poland and in Germany organised the transportation of collected materials and food by truck to the boarder of Ukraine to support people in the war zone. In Poland, medical supplies were prepared in agreement with hospitals in Ukraine to supply the most needed items. The supplies were delivered to a local charitable organisation and then transported to Ukraine. Additionally, Polish employees were providing language lessons to refugees to support a fast integration.

In our two United States locations Warren and Charlotte, also supported by HUBER+SUHNER Costa Rica, funds were raised by employees for the Ukrainian American Relief Committee Inc., and matched by the company. Additionally, an in-kind donation to support essential needs of refugees back in Ukraine was organised.

At our Bicester site in the United Kingdom, employee cell phones were upgraded. The old handsets were handed in to the provider or employees could buy them. The money collected from selling the old handsets to the provider or employees was then used to make a donation to an organisation which supported Ukrainian refugees.



In-kind donations collected by teams in Poland, Germany and the United States (from top to bottom)



The support campaign for Ukraine, created by our employees in Mainz, Germany

Welcome refugees: In Poland, Germany and Switzerland, teams inquired about possibilities to accommodate refugees as governments were calling on the population to offer their homes or living spaces to host arriving refugees, mostly women and children.

HUBER+SUHNER looked into options to provide office space, to rent accommodation at our cost, or to allow the refugees the use of company owned employee apartments for free, while hosting our colleagues in hotel rooms. All of

this was done in close cooperation with local authorities. In Pfäffikon, accommodation was not the issue thanks to four available buildings, but internet access had to be provided. Therefore HUBER+SUHNER helped with the infrastructure by donating hotspots and SIM cards so people could get online to communicate with their families, to complete administrative tasks and start their job searches.

Some of our employees opened their own homes to refugees for an indefinite period.



A studio living space rented by our colleagues in Hückelhoven, Germany and access to the internet in Pfäffikon, Switzerland thanks to donated hotspots and SIM cards.

Integrate refugees: In many countries, regulations were eased to quickly offer employment to refugees. In Switzerland, thanks to the newly introduced status “S”, Ukrainians were allowed to work very quickly and children were welcomed into the public education system. Offering employment opportunities via job centers was therefore another way for HUBER+SUHNER to get involved. In several countries, we employed Ukrainian refugees or helped by establishing connections for people to find employment. We also supported childcare, thanks to facilities already used by our own employees. In Poland, a one-week summer camp was offered with the financial support of our Tczew office to 39 Ukrainian and Polish children in order to help them relax and enjoy some normality.



Impressions from the summer camp sponsored by our Tczew site in Poland

Table overview of contributions for Ukraine

Country	In kind donation	Financial donation
Americas (United States and Costa Rica)		
HUBER+SUHNER Inc. (Charlotte)	<ul style="list-style-type: none">Essential needs donation to "United Ukrainian American Relief Committee Inc." [1] from both locations	<ul style="list-style-type: none">Donated by employees and matched by both sites: HUBER+SUHNER Inc. and Astrolab to "United Ukrainian American Relief Committee Inc" [2]USD 18 000 (CHF 16 573) + USD 12 175 (CHF 2 233)
HUBER+SUHNER Astrolab (Warren and Costa Rica)		
Poland		
Krzeszowice	<ul style="list-style-type: none">Company food donation and distribution for surrounding locations (main railway station, library in Krzeszowice, monastery in Czerna and Krzeszowice) by the HUBER+SUHNER Polatis teamSupporting refugees to organise appointments with government, doctors etc.Donation of medical products and transport to crisis regions in the Ukraine	<ul style="list-style-type: none">Donation of food vouchers for refugees
Tczew	<ul style="list-style-type: none">Funding of a playground in Tczew for Ukrainian orphansTransport and donation of electronic equipment for employees from Ukraine who went to warContinuous employment for employees from Ukraine who went to warProviding Polish lessons for Ukrainian childrenGathering candles for the city of Kherson	<ul style="list-style-type: none">Donation to "Pan Wlodek" Social Assistance for Children Foundation [3] to purchase food for a convoy to UkraineDonation to "Co i To" Foundation for 120 school backpacks for Ukrainian refugee childrenDonation of PLN 30 000 (CHF 6 384) for a summer camp for Ukrainian and Polish childrenDonation of PLN 10 000 (CHF 2 129) to the Food BankDonation to "Co i To" of PLN 10 000 (CHF 2 129) for 1 000 lunches for immigrants
Switzerland		
Herisau	<ul style="list-style-type: none">Allocation of five HUBER+SUHNER business apartments for refugees since May 2022Goods drive in both locations	
Pfäffikon	<ul style="list-style-type: none">Acquisition/rental of 16 hotspots and SIM cards for five refugee sheltersStorage of donated goods (mattresses) for local community	
Germany		
Hückelhoven	<ul style="list-style-type: none">Rented a flat to host refugeesDonation and support with transport of goods to the Ukraine.	
Mainz	<ul style="list-style-type: none">Donation of food and medicine to Ukraine with the help of a Russian employeeDonation of food, household items to a charitable organisation in BonnTransport of donated furniture to apartments for refugees organised by an employee	<ul style="list-style-type: none">Donation from employees with internal fund-raising campaign of EUR 14 000 (CHF 13 924) to a "Eine Welt e.V. Leipzig" [4]
Taufkirchen	<ul style="list-style-type: none">Offering free office space to local Red Cross to welcome refugees	
United Kingdom		
Bicester	<ul style="list-style-type: none">Volunteer work offered to community	<ul style="list-style-type: none">Donation of money collected from old, traded-in company mobile phones and employees buying their old phones

[1] <https://www.uuarc.org/about-us/>

[2] <https://www.uuarc.org/about-us/>

[3] <http://www.fundacijapanwladek.pl/>

[4] <https://einewelt-leipzig.de/de/ukraine-wie-wir-weiter-helfen/>

Out of the 1000 volunteering days, less than 10 % were reported by employees via our HR system. However, looking at all the actions taken with some still ongoing, we understand that the HUBER+SUHNER team went above and beyond to alleviate the situation for so many Ukrainians over these past months.

Country initiatives

India

Giving a second life to clothes, toys and books



HUBER+SUHNER colleagues lighten up the day for people in need with clothes, toys and books during "Diwali"

Diwali, the festival of lights, is one of the most loved festivals in India. It symbolises victory of good over evil, light over darkness, and knowledge over ignorance. Our colleagues at HUBER+SUHNER India brought light, care and happiness to people in need and whose lives are a struggle during Diwali and every day as they work hard to feed their families. Our employees came together to bring light to people's faces by distributing clothes, toys and books to families in the vicinity of our offices. For HUBER+SUHNER employees, it was a great joy to know that they could help and support fellow citizens with goods they no longer used but which meant a lot to someone else.

China



Employees of HUBER+SUHNER China are providing donations for the two students, supported by the “Aiyi Sunshine Student Aid Association”

Supporting the education of young people in the community, HUBER+SUHNER in China has been contributing to the educational careers of two students since 2017 through the Aiyi Sunshine Student Aid Association, a non-profit organisation which focuses on poor students. Thanks to this financial support, the pupils will be able to complete their further studies and finish high school graduation. Our Chinese employees were asked to raise money and the company matched the donation. The amount of RMB 22 758 (around CHF 3091) was then transferred to Aiyi.

Poland

Running for people with a physical impairment



On 4 September, five employees from our HUBER+SUHNER site in Krzeszowice joined together to participate in the 11th edition of the [Poland Business Run 2022](#) in Krakow. More than 32 000 runners from over 1500 companies signed up to participate. The Fundacja Poland Business Run, held annually, is a 5x4 kilometre relay race. Next to the physical participation, teams could also run virtually using a smartphone application. Not only the pandemic demanded for a hybrid event but the increasing amount of runners asked for it, too. Each participating company will help some 100 people from all over Poland who have a physical impairment or had to undergo a mastectomy.



Four of our five colleagues from our Krzeszowice site who participated in the charitable "Poland Business Run 2022"

Every year in December, organisations, institutions, and individuals are awarded prizes at the Tczew County Volunteering Gala for their community involvement efforts and support for social initiatives. Volunteers, enterprises and organisations are nominated in four different categories, one of them being "Community-friendly company". The team from our site in Tczew earned the award in this category in 2022 due to their proactive attitude, the commitment to the local community, and good cooperation with regional organisations. Amongst their 2022 involvements were the financing of sporting events in the Powiat and Pomeranian region, participation in sporting events, and through the founding of a new award for young musicians.



The award received for our community involvement and development efforts in Tczew, Poland

Americas

HUBER+SUHNER, Charlotte

Bringing joy to families with the Virtual Angel Tree Program during the holidays The Salvation Army, with which HUBER+SUHNER Inc. as had a decades-long relationship, offers underprivileged children gifts for the holiday season. The Virtual Angel Tree Program is an opportunity for companies and employees to spread joy by providing toys and clothing to children of less fortunate families. On the Salvation Army's community websites, wish lists of children named "Angels" are published. Our colleagues selected the wish lists of two children and shared them with employees so that volunteers could buy the desired items. These items were then delivered to the Salvation Army for distribution. The parents of the two youngsters were provided with the toys and clothes so they could wrap them and surprise their angels with the longed-for presents.

HUBER+SUHNER, Warren

Contributing to the "Giving Garden Project"

The [Wagner Farm Arboretum Foundation](#) seeks to enrich, educate and inspire the community by increasing environmental awareness and recreational opportunities. At the same time, the farm produces vegetables dedicated to feed families, individuals, and elderly who do not have the resources to acquire nutritional, healthy, and fresh meals. The "Giving Garden Project" (GGP) is a service and educational programme operated entirely by volunteers. The Foundation's vegetable beds are maintained throughout the growing season by volunteers who perform specific tasks under the direction of seasoned lead gardeners. There is always need for small groups to come once a season to help tend several beds. This is what some of our employees in Warren did by braving the elements to spread mulch and turnover soil on over 50 vegetable beds in order to prepare them for the winter.

Corporate Social Responsibility (CSR)
Give-back Opportunity

HUBER+SUHNER

Are you interested in Giving Back to the Community with H+S?
Preparing Garden Beds for the Winter Season

Join us!

- Friday, November 11th from 12:00 to 3:30 pm
- Glove, tools and drinking water provided
- Participants need to dress for the weather

Interested?
Please discuss the opportunity with your supervisor: if staffing permits and qualifications are met, your supervisor will submit your name to Rosana Orrego before 5p on Monday October 24th. If more than 10 employee names are received, a random selection will be held with participants announced on Monday, October 31st.

WAGNER ARBORETUM FOUNDATION
197 Mountain Ave.
Warren, NJ 07059

Qualifications: Must be an employee for a minimum of six months and be in good standing (no disciplinary action within the past 6 months).




HUBER+SUHNER Astrolab employees, turning over the soil of 50 vegetable beds at the Wagner Arboretum Foundation

Financial and in-kind donations to several charitable organisations

Also this year, HUBER+SUHNER Astrolab provided financial and in-kind support to various organisations in their vicinity: On World Hunger Day in June, the team organised a food drive, collecting 155 kilograms of edible items. The [Habitat for Humanity of South-Central New Jersey](#) received a financial donation for giving Tuesday. Through the ["Toys for Tots"](#) of the US Marine Corp's employees participated in a charitable toy drive for children in need during the holidays.

Environment

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Environment

This section zooms in on the company's responsibility towards the environment in which we operate. Supported by facts and figures, it aims to show how HUBER+SUHNER works to keep its environmental impact as low as possible. This includes ambitious reduction targets for our greenhouse gas emissions.

Bhagyashree Tajan, our colleague from India, created this drawing inspired by her father's teachings as well as a quote from Ernest Hemingway: "The earth is a fine place and worth fighting for."



"My father taught me when I was child 'Vasudhaiva Kutumbaka.' In Sanskrit, 'Vasudha' means earth, 'iva' means emphasize and 'Kutumbakam' means family. The message is that the entire world is my family," she said. "And just like we protect and nurture our family, we need to extend the same gratitude to our habitat. In my drawing, I want to show how we have to care for the whole ecosystem. As a conscious human being, we have the power to make the world beautiful or to destroy it."

Bhagyashree Tajan, Technical Product Coordinator, GBSS, HUBER+SUHNER India

ENVIRONMENTAL PERFORMANCE 2022 AT A GLANCE



Environmental management

HUBER+SUHNER considers care for the environment an important and vital aspect of its corporate responsibility. As stated in our environmental policy, we strive to continuously improve our 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 HUBER+SUHNER priority for many years, we have intensified our 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 another three production sites: Warren in New Jersey, United States, Cambridge, United Kingdom, and Krzeszowice, Poland. The certification of the site Mainz, Germany, has been postponed to 2024.

Since 2009, HUBER+SUHNER has used 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 company's environmental management processes. It is based on the LCA phases according to ISO 14040.

In 2022, for the first time, all sites under the full operational control of HUBER+SUHNER AG (head office) provided at least data on energy consumption and employee commuting. The data on raw materials and commercial goods, transport of goods within the Group and to customers as well as business travel were taken from central systems. Based on the number of production employees and the manufacturing activities carried out, it is estimated that more than 95 % of the company's environmental impact has therefore 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 life cycle impact assessment (LCIA) was conducted using an internationally recognised LCIA method which allows a fully aggregated assessment (single score indicator) to simplify communication and interpretation.

Scope and methodology

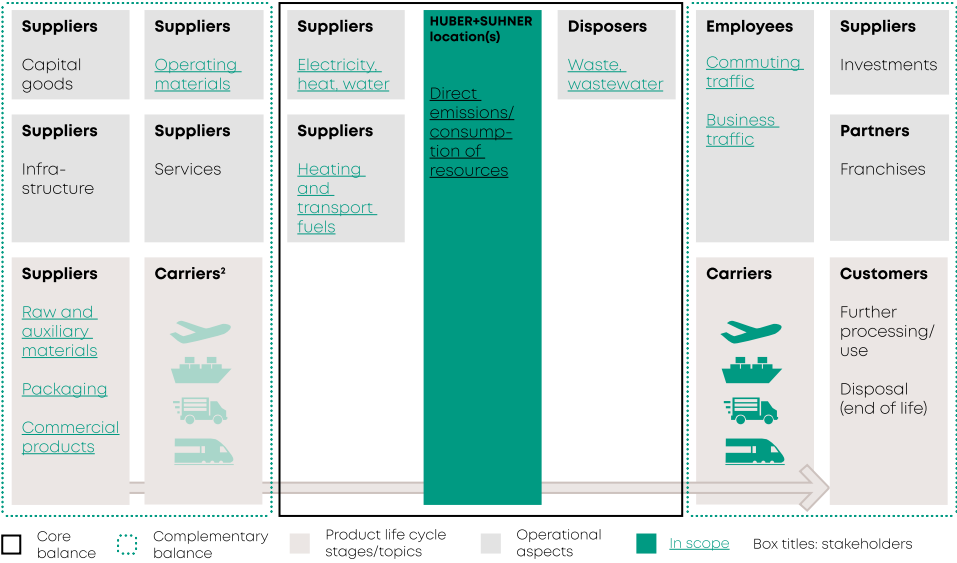
The geographical scope is described in the third paragraph of the [preceding section](#). Direct emissions and the consumption of resources as well as electricity, heat, water, heating and transport fuels, and waste and wastewater (core balance) are in scope of the LCA as are raw, auxiliary, operating and packaging materials as well as commercial goods^[1], commuting and business traffic, and the transport of materials and products (complementary balance) as shown in figure 1 (see also footnote 2 in the chapter "[Greenhouse gas emissions and climate change](#)"). Materials and commercial goods are sourced from external suppliers, with the exception of plastic compounds, which are manufactured at the Pfäffikon compounding facility and processed at the Changzhou, Pfäffikon, and Herisau plants. The quantities processed or consumed were taken from the ERP system (purchasing data).

The use phase of our products has not been in scope since most of our products are passive components only. The disposal of our products has also not been in scope. With lifetimes ranging from 20 to 30 years it is difficult to predict the impact of the products' end-of-life treatment.

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 conducted according to ISO 14040. The LCIA method for the environmental footprint is the Ecological Scarcity^[2]. 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). Global warming potential factors aligned with the Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change have been used, as recommended by the Greenhouse Gas (GHG) Protocol and CDP; GHGs accounted for were carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃) as listed in the amended Annex A to the Kyoto Protocol. The footprints were calculated by using expert system REGIS and ecoinvent database version 3.9.1. Performance data shown in the [environmental performance indicator \(EPI\) table](#) follow GRI standards 301, 302, 303, 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 2018–2022 is displayed at the bottom of the [environmental performance indicators \(EPI\) table](#).

The underlying data were collected for the calendar year 2022. In cases of expected disproportionate delays in the evaluation, the data were collected for the period 1 December 2021 to 30 November 2022. HUBER+SUHNER estimates the deviation from the calendar year period to be less than $\pm 5\%$.

Figure 1: Scope of the LCA



Ernst & Young Ltd performed a limited assurance engagement on selected EPIs for 2022 (see [Addendum 3: Independent assurance report](#)).

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

[2] 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 40 % and commercial goods for 37 % of the company's total environmental impact. Other significant environmental aspects were the remaining raw, auxiliary, and process materials^[1] (11 %), product transports to customers and between HUBER+SUHNER sites (6 %), paper and packaging material (2 %), electricity (1.4 %), and commuting (1.3 %).

Figure 2
Environmental impact 2022
(total balance)

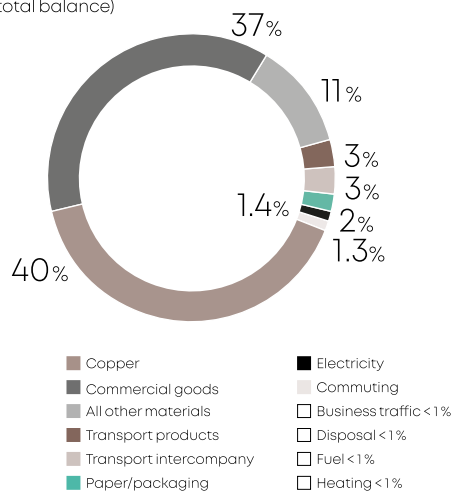
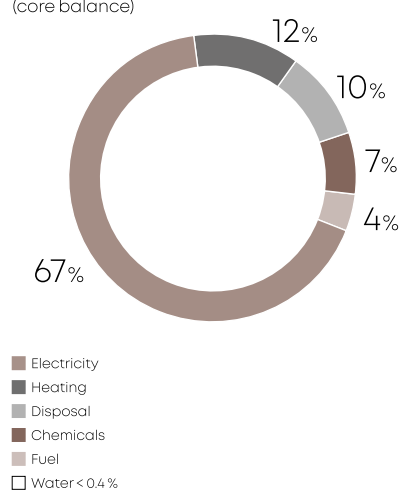


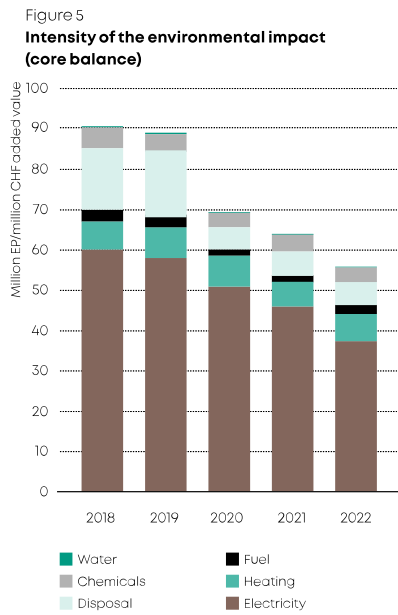
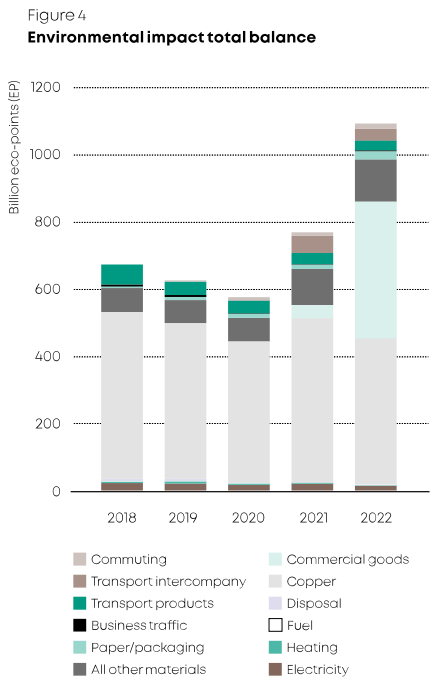
Figure 3
Environmental impact 2022
(core balance)



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 (67 %), heating (12 %), and waste disposal (10 %), followed by direct emissions of chemicals^[2] (7 %) and fuel (4 %). Consequently, most environmental targets of our production sites 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 (< 0.4 %). Therefore HUBER+SUHNER publishes its water withdrawal but not its water footprint.

The year 2022 saw a significant increase in the total environmental impact (+42 % year-on-year, Figure 4). This increase is mainly attributable to the expansion of the scope (inclusion of purchased commercial goods at all production sites as far as reliable data were available; data on refrigerants, energy consumption, and employee commuting at office locations).



Encouragingly, the downward trend in the intensity of the environmental impact (core balance) continued. It decreased by a further 12 % compared to the previous year (Figure 5).

- [1] Glass fiber, plastics, metals other than copper, refrigerants, sulphur hexafluoride, dry ice, and volatile organic compounds (VOC)
- [2] Losses of volatile organic compounds, sulphur hexafluoride, dry ice, and refrigerants

Resource efficiency

Resource efficiency is one of the material topics in the corporate responsibility of HUBER+SUHNER. It has monetary and ecological aspects. As part of the company's environmental management, the production sites have targets to improve their material efficiency. The implementation of ideas, for example in injection moulding, to feed waste material directly back into the production process usually fails because of the quality requirements placed on the end product by customers.

Copper consumption decreased by 6 % compared to the previous year. Plastic consumption has decreased by 11 % in the same period. On the one hand, these figures show that the new data collection method (use of centralised data) provides realistic values. On the other hand, these figures also show that the previous decentralised collection already had a sufficiently high data quality.

The effectiveness of various measures to improve resource efficiency is also reflected in the decrease in water withdrawal (–5 % y-o-y) and waste generation (–16 % y-o-y). (See the success story "[Reducing waste and saving tap water](#)")

During 2022, we introduced three new global targets to monitor resource efficiency as part of our environmental management. We chose the added value as described in the Management Report ([How we generate and distribute value](#)) as the intensity denominator.

Key performance indicator (KPI)	Target	To be reached by
Intensity of total energy consumption	15 % reduction from 2021 base year	2030
Intensity of waste not sent for recycling	25 % reduction from 2021 base year	2030
Intensity of total water withdrawal	20 % reduction from 2021 base year	2030

KPI	2021	2022	Δ %
Intensity of energy consumption [kWh/million CHF]	131	136	4
Intensity of waste not sent for recycling [kg/million CHF]	3 632	3 346	(8)
Intensity of total water withdrawal [m3/million CHF]	2 349	2 203	(6)

Energy

Between 2016 (base year) and 2021 HUBER+SUHNER reduced the intensity of its total energy consumption by 12 % and now aims to reduce it by another 15 % between 2021 and 2030. Energy management, including a close monitoring of the electricity and the fossil fuel consumption and initiatives to save energy, is a fundamental component of environmental management at HUBER+SUHNER. For this reason, HUBER+SUHNER has decided against seeking energy management certification at all production sites. In countries where such certification is incentivised by the government (i.e. Germany), sites are free to become certified.

The intensity of total energy consumption increased by 4 % year-on-year despite several energy saving initiatives. This increase is mainly due to the wider geographical scope and the expansion of the production capacity for radar antennas to be used in advanced driver assistance systems. The share of purchased electricity from renewable sources was just under 40 %. The share of consumed electricity from renewable sources was 42 % due to the expansion of self-produced electricity with photovoltaic systems. We plan to increase the overall share from renewable sources to at least 70 % in 2025. See detailed data on our energy consumption in the [environmental performance indicators table](#).

Waste

Between 2016 and 2021, HUBER+SUHNER was able to reduce the intensity of waste not sent for recycling by 10 %. The company has now set for itself the goal of reducing this figure by a further 25 % between 2021 and 2030. The focus on waste that is not sent for recycling is justified by the fact that these materials are diverted from a circular economy. In 2022, we succeeded to already reduce the intensity of this waste category by 8 % compared with the base year 2021.

Hazardous waste is another focus area. The goal here is to generate as little as possible. Compared to the previous year, the amount of hazardous waste was reduced by 10 %. HUBER+SUHNER works exclusively with licensed waste handlers to ensure that hazardous waste is treated with state-of-the-art technology and that recyclable material is directed into the right channels. See detailed data on the generated waste types in the [environmental performance indicators table](#).

Water

At HUBER+SUHNER, water is mainly used for cooling purposes in the production facilities. The cooling water is kept in closed circuits at all locations. The plating facility in Herisau, Switzerland is the only one using process water in higher quantities. The resulting wastewater is treated with state-of-the-art technology before it is routed to the municipal water treatment plant. At all sites, uncontaminated wastewater is directed into rivers or lakes, while contaminated wastewater is fed into treatment plants. With the exception of evaporation, HUBER+SUHNER only consumes negligible amounts of water.

Between 2016 and 2021 the company reduced the intensity of its water withdrawal by 24 %. It aims to reduce this figure by another 30 % by 2030 compared with the 2021 base year. 2022 saw an encouraging 6 % reduction of the water withdrawal intensity (y-o-y). See detailed data on our water withdrawal in the [environmental performance indicators table](#).

Greenhouse gas emissions and climate change

Greenhouse gas (GHG) emissions and climate change are among the three focus topics of the company's corporate responsibility, with the clear target to reach net-zero GHG emissions in scopes 1+2 by 2030. HUBER+SUHNER for many years has determined its carbon footprint in all three scopes. Since 2017, the company has had reduction targets approved by the Science Based Targets initiative (SBTi). In the reporting year, HUBER+SUHNER Group has committed to set near- and long-term company-wide emission reductions in line with science-based net-zero with the SBTi. In 2023, the company plans to submit its near- and long-term targets to the SBTi for approval. These new targets will replace the existing emission reduction targets that the SBTi approved back in 2017.

The scope 2 emission data in this report as well as related targets are market-based. Location-based data do not play a role in our present GHG emissions reduction strategy. They have been and will be published on the CDP platform.

As a first step on this journey, we drafted our Net-zero Roadmap 2030 that outlines which actions we have to take at which site to minimize our GHG emissions in scopes 1 and 2 by 2030. The year 2023 will see a refinement of the draft roadmap including a green electricity purchasing strategy.

The greenhouse gas (GHG) emissions in scope 1+2^[1] decreased to 9500 t in 2022 (–17 % year-on-year) despite the expansion of the geographical boundaries. GHG emissions in scope 3^[2] sharply increased by 50 % year-on-year mainly due to the changed data collection method and the inclusion of purchased commercial goods, which is an important step on the way to reliable and realistic Scope 3 data. Figure 6 shows the development of total GHG emissions during the past five years and reflects the consistent expansion of the system boundaries and improvement of data quality in scope 3 as well as the reduction of scope 1+2 emissions.

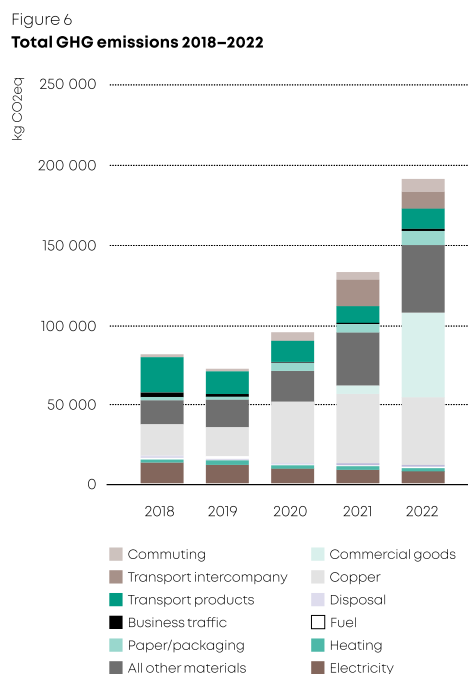


Figure 7 shows that copper, commercial goods, and all other materials (including packaging), product transports to customers and between sites account for 89 % of our carbon footprint. Business traffic, which played an important role before the pandemic, increased again year-on-year in 2022, but only amounted to about 45 % of its 2019 GHG emissions.

Figure 7

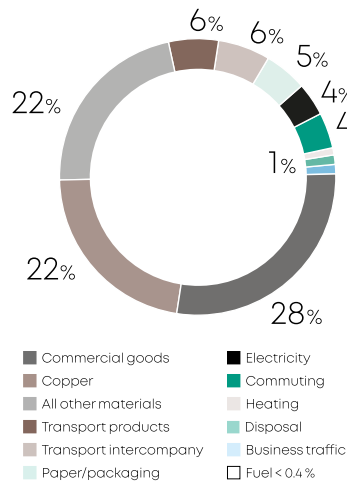
Carbon footprint 2022

Figure 8

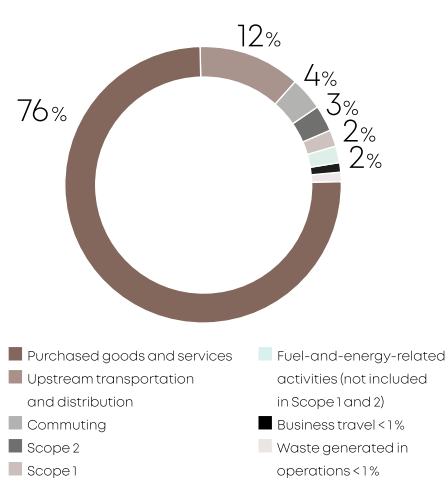
Carbon footprint (Scope 3 categories according to GHG protocol)

Figure 8 shows that direct emissions (scope 1) and emissions from purchased energy (scope 2) account for only 5 % of our carbon footprint. The main contributors are purchased goods and services accounting for three quarters of our carbon footprint.

To reduce its GHG emissions in scope 1+2, HUBER+SUHNER has further increased the share of electrical energy consumed worldwide from renewable sources (hydro, wind, and solar power plants) from around 12 % in 2019 to 42 % in 2022 as planned. Presently, 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 energy attribute certificates, 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 GHG 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.

Present science-based targets

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 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." In the base year 2015, the scope 1+2 greenhouse gas emissions amounted to 16 700 t, in scope 3 to 47 900 t. The added value generated was CHF 296.5 million.

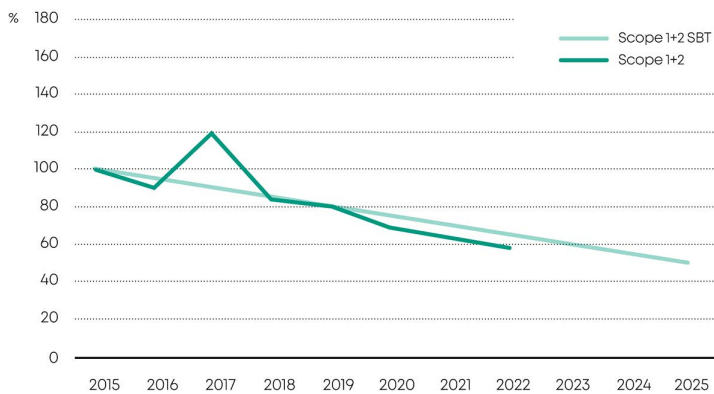
The graph shows that the company is still fully on track regarding its target in scope 1+2. Due to the availability of considerably more scope 3-related data, the comparison with the base year 2015 is no longer meaningful. In 2015, the intensity of Scope 3 emissions was 166 percent of the base year value.

As already described above, HUBER+SUHNER is planning to replace these targets by new near- and long-term company-wide emission reduction targets, in line with science-based net-zero as defined by the SBTi.

Figure 9:

Science-based target in scope 1+2 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.)



[1] 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.

[2] 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 goods (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.

The copper dilemma in mobile communication

Today's mobile communication systems use remote radios that exchange data with the base station via fiber-optic cables and are supplied with 48-volt direct-current (VDC) via copper cables. Copper is an industrial metal with a comparatively high environmental footprint and price. Therefore, operators tend to use smaller copper cable diameters to keep investment costs under control. However, the physical properties of copper do not support this practice: The longer and thinner a copper cable is, the higher its electrical resistance and the associated energy losses, leading to higher operating costs.



With the MASTERLINE Ultimate Hybrid High Voltage Cable, HUBER+SUHNER offers both a way out of this cost dilemma and a way to avoid energy losses. The energy losses along the power cable are significantly lower due to a much higher operating voltage. However, the industry has not adopted this solution because high-voltage installations require certified installers.

These are hard to find compared to non-certified installers. In August 2022, under the heading "Environmental Engineering", the European Telecommunications Standards Institute (ETSI) proposed a "progressive migration of information and communication technology (ICT) site to 400 VDC sources and distribution." Other players in the market are working on fault managed power systems (FMPS). This new technology is being developed to ensure that non-certified installers and operators can safely handle 400 VDC installations.

Reducing waste and saving tap water

In rare cases, one measure can reduce environmental impact in two ways. The management team at the HUBER+SUHNER plant in Changzhou, China, recognised such an opportunity and installed an emulsion concentration system.

In the production of copper cables, the surface of the cables is treated with polyethylene wax to prevent adhesion. The spray equipment has a built-in automatic self-cleaning system for the nozzles and the spray tank. Each year, the cleaning process produces almost 100 tonnes of waste emulsion, which consists of water and polyethylene wax. This waste emulsion must be collected by a qualified disposal service provider for further treatment.

The concentration system installed in 2022 extracts water from the emulsion using low-temperature evaporation technology and condenses it. The amount of waste emulsion can thus be reduced to less than 10 tonnes per year. The condensed water is filtered and can then be used as cooling water, saving around 80 cubic metres of tap water annually.



The emulsion concentration system recovers 80 cubic metres of water that can be used for cooling purposes.

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

Performance Scope 1+2. Declaration of performance in accordance with CDP Reporting (Questions C7.9, C7.9ab).

Emissions performance calculations were market-based. Compared to the previous reporting year (calculated using ecoinvent database v38) the Scope 1+2 emissions of the HUBER+SUHNER Group decreased 17.5 % corresponding to 2013 t CO₂eq.

Reason	Change in emissions [t CO ₂ eq]	Direction of change	Emissions value [%]	Comments
Change in renewable energy consumption	2 173	Decreased	18.9	Purchase of renewable energy: CH: 12.4 GWh (hydro power, 2021: 9.3 GWh) CH: 0.34 GWh (biogas) CN: 3.0 GWh (solar power, 2021: 2.25 GWh) IN: 0.68 GWh (wind power, 2021: 0.51 GWh) PL: 0.52 GWh (wind power, 2021: 0.39 GWh) DE: 0.52 GWh (hydro power) Self-generated electricity: CN: 1.43 GWh (solar power) CH: 0.35 GWh (solar power, 2021: 0.07 GWh).
Other emissions reduction activities	104	Decreased	0.9	Various energy efficiency initiatives have been undertaken and are ongoing at all H+S sites, as replacement fluorescent lamps with LED lights, optimization 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	843	Increased	7.3	Increase of net sales by 11%. Only production related emissions (electricity, fuel) were considered.
Change in methodology	1 291	Decreased	11.2	Change from ecoinvent database version v38 to version v39i for the background processes. Change of LCIA-Indicator from IPCC2013 to IPCC2021 (e.g. SF ₆ per kg from 23'500 kg CO ₂ eq to 25'200 kg CO ₂ eq).
Change in boundary	1 296	Increased	11.3	New sites Frenchs Forest, Charlotte, Heredia, Krzeszowice and Hückelhoven. Increase in production space at the Warren and Tczew sites.
Change in physical operating conditions	291	Decreased	2.5	The number of heating degree-days has decreased in Switzerland and in heating energy demand across most of the international sites.
Unidentified	0	No change	0	No unidentified changes.
Other	293	Decreased	2.5	The management of SF ₆ emissions in Switzerland and China by monitoring and adapting measures is ongoing. 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 lower CO ₂ emission factor. Additionally the changes of the cooling agents releases into air are included.

ADDENDUM 2: DETAILED ENVIRONMENTAL PERFORMANCE INDICATORS (2018–2022)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2022. Ernst & Young Ltd also performed a limited assurance engagement on the same set of KPIs (except water) for 2021 and 2020. On all EPIs related to previous years except for the greenhouse gas emissions no external assurance was obtained.

EPIs		2018	2019	2020	2021	2022	Difference 2021/2022	Difference 2018/2022	GRI
Energy ✓									302-1
Total Energy	MWh	53 186	53 376	48 180	54 540	57 296	+5%	+8%	
renewable	%	30%	13%	21%	26%	38%	+12	+8	
Purchased electricity	MWh	41 008	40 676	37 186	42 296	43 264	+2%	+5%	
renewable	%	39%	12%	24%	29%	40%	+10	+1	
Purchased heat	MWh	3 117	3 334	2 831	3 324	3 211	(3%)	+3%	
Self-generated electricity	MWh	77	76	78	66	1 780	+2 596%	+2 210%	
renewable	%	100%	100%	100%	100%	100%	+0	+0	
Total fuel	MWh	8 983	9 290	8 084	8 854	9 042	+2%	+1%	
renewable	%	0.2%	2%	3%	2%	6%	+4	+6	
Natural gas	MWh	4 996	5 805	5 236	5 564	5 471	(2%)	+10%	
Biogas	%					6%			
Heating oil	MWh	1 536	1 181	1 327	1 637	1 847	+13%	+20%	
Diesel	MWh	1 882	1 520	972	1 022	1 368	+34%	(27%)	
Petrol	MWh	548	558	332	455	177	(61%)	(68%)	
Ethanol	MWh	21	18						
Wood	MWh		208	217	177	178	+1%		
Water ✓									303-3
Total water	m ³	1 098 132	1 127 378	915 933	979 079	925 796	(5%)	(16%)	
Tap water	m ³	96 201	81 521	64 299	70 498	72 420	+3%	(25%)	
Groundwater (PL, CH)	m ³	102 423	104 269	87 654	99 614	64 786	(35%)	(37%)	
Surface water (lake CH)	m ³	899 508	941 588	763 980	808 967	788 590	(3%)	(12%)	
Materials* ✓									301-1
Total materials	t	17 894	17 517	17 374	21 544	27 783	+29%	+55%	
renewable (cardboard and wood)	%	9%	13%	18%	16%	11%	(5)	+1	
VOC	kg	20 828	14 542	15 563	13 846	17 056	+23%	(18%)	
SF6	kg	51	36	27	46	14	(70%)	(72%)	
Cooling agent (losses)	kg	213	334	264	305	611	+101%	+186%	
Copper	t	8 961	8 360	7 569	8 715	8 159	(6%)	(9%)	
Plastics	t	5 741	5 134	4 860	6 179	5 489	(11%)	(4%)	
Glass fiber**	t	35	37	23	239	223	(7%)	+544%	
Packaging	t	1 819	3 266	4 200	4 377	5 157	+18%	+183%	
renewable (cardboard and wood)	%	91%	72%	76%	77%	57%	(20)	(34)	

EPIs		2018	2019	2020	2021	2022	Difference 2021/2022	Difference 2018/2022	GRI
Waste ✓									306-5
Total	t	4 729	4 604	3 941	5 285	4 449	(16%)	(6%)	
Municipal waste (incineration)	t	226	205	175	198	156	(21%)	(31%)	
Municipal waste (landfill)	t	225	234	170	189	194	+2%	(14%)	
Inert waste (landfill CH)	t	132	11	2	5	0.3	(93%)	(100%)	
Hazardous waste	t	422	487	450	474	424	(10%)	+1%	
Waste (energy recovery)	t	678	665	576	648	632	(2%)	(7%)	
Recycling	t	3 046	3 001	2 568	3 772	3 043	(19%)	(0%)	
Business travel									
Total***	Mio. km	17	16	1.8	2.0	9.0	+352%	(48%)	
Car (expenses, rented)	%	11%	10%	33%	23%	3%	(19)	(7)	
Aircraft	%	89%	90%	67%	77%	96%	+18	+6	
Product transport****									
Total	Mio. tkm	109	90	76	94	101	+8%	(7%)	
Trucks	%	32%	32%	30%	31%	35%	+4	+3	
Sea freight	%	52%	57%	56%	27%	41%	+14	(11)	
Air freight	%	14%	11%	13%	32%	21%	(11)	+7	
Rail freight	%	1%		1%	11%	3%	(8)	+2	
GHG emissions (CO₂eq) ✓									305-1 305-2 305-3
Scope 1 ‡	tCO ₂ eq	3 663	3 523	2 802	3 692	3 572	(3%)	(2%)	
Scope 2	tCO ₂ eq	14 113	10 735	8 401	7 824	5 931	(24%)	(58%)	
Scope 3	tCO ₂ eq	63 786	58 635	84 296	121 878	182 454	+50%	+186%	
Environmental impact									
Core balance	Mio. EP	34 971	34 456	24 484	26 710	23 598	(12%)	(33%)	
Total balance	Mio. EP	673 815	625 576	576 288	769 979	1 094 431	+42%	+62%	
References									
Added value	Mio. CHF	386	386	352	417	420	+1%	+9%	

* Breakdown only shows production-relevant raw material plus packaging material and does not add up to 100 %.

** Glass fiber plus aramid yarn, 2020 excluding Brazil

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

**** Since 2021 including Transport (intercompany)

‡ Biogenic carbon dioxide (CO₂) emissions were 140 t in 2022.

Environmental impact: all figures 2018–2021 calculated using ecoinvent database version v38, 2022 v391

GHG emissions: values according to published GHG Inventories. Used ecoinvent database versions: 2018 v35, 2019 v36, 2020 v371, 2021 v38, 2022 v391; based on IPCC2013 (2018 –2021) and IPCC2021 for 2022.

Scope 1

2019: Too low a value for Pfäffikon heating oil. Detected during data collection 2020 but not adjusted. Difference: +440 MWh resp. +120 t CO₂eq

Scope 2

Data are market-based. Location-based emission data have been and will be published on the CDP platform.

Scope 3

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

2020: Adjustments (as shown below) led to significant increase in Scope 3 (2020) compared to 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).

As part of the expansion of Scope 3, 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.

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. In 2022, raw material and commercial goods data were taken from a new central data source, enabling an extended modelling and a further improved data granularity and quality.

GHG emissions included were from purchased goods and services, fuel- and energy-related activities (not included in scope 1 and 2), waste generated in operations, business travel, upstream transportation and distribution, and commuting (see Figure 8 in chapter "Greenhouse gas emissions and climate change").



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To the management of
HUBER+SUHNER AG, Herisau

Zurich, 1 March 2023

Independent assurance report

We have been engaged to perform a limited assurance engagement on the metrics marked with a "✓" (hereafter «the KPIs») in the Annual Report 2022 of HUBER+SUHNER AG for the reporting period from 1 January 2022 to 31 December 2022:

- ▶ Table in Addendum 2 on detailed environmental performance indicators on pages 173-175
- ▶ Social performance indicators in the chapter «Relationships» on pages 130, 132 and 134

Our engagement was limited to the KPIs listed above. We have not assessed the following KPIs, or information disclosed in the Annual Report 2022:

- ▶ Information other than the KPIs indicated above
- ▶ KPIs related to previous reporting periods
- ▶ Qualitative statements



Applicable criteria

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

- ▶ Selected GRI 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 the management of HUBER+SUHNER AG

The management of HUBER+SUHNER AG is responsible for the selection of the applicable criteria and for the preparation and presentation of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the KPIs 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.



Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs 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 KPIs in the Annual 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 KPIs 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 Annual Report 2022 regarding plausibility and consistency with the KPIs

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 performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd



Partner

Mark Vesper
(Qualified
Signature)



Manager

Claude-Aline
Dubi (Qualified
Signature)