

2020 Sustainability report

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1 Introduction

The HUBER+SUHNER Group in brief

The globally active Swiss company HUBER+SUHNER develops and produces components and system solutions for electrical and optical connectivity. The company serves the three main markets – industry, communication and transportation – with applications from the three technologies of radio frequency, fiber optics and low frequency. HUBER+SUHNER products excel in performance, quality, reliability and long service lives – even under the most demanding conditions. Through a global production network, combined with subsidiaries and representatives in over 80 countries, the company is close to its customers worldwide.

HUBER+SUHNER is organised in three market segments: Industry, Communication, and Transportation focusing on the respective main markets. The Industry segment serves the test and measurement, aerospace and defense, and other sub-markets, including wind energy, power transmission and distribution, and high power charging. The Industry segment is responsible for the development and manufacture of radio frequency products. The Communication segment covers the mobile communication, fixed

network, and data centre sub-markets. It is in charge of the development and manufacture of fibre optic products. The Transportation segment serves the rail and automotive sub-markets and is responsible for the development and manufacture of low-frequency products. The segments are divided into the areas of Sales, Strategy and Business Development, and Technology and Operations.

Sales people are in close contact with customers, know their needs and understand how their business is developing. This market know-how is aggregated in global sales teams, matching the global customer presence. This means that a global customer is being served by the same organisational unit anywhere in the world. Sales employees are the local representatives within the global sales teams and are responsible for a number of customers in a geographical area within a market segment, market sub-segment, or market vertical.

Strategy and Business Development acts as a hinge between customer-oriented and market-oriented Sales on the one hand and Technology and Operations on the other. In addition to marketing and portfolio management, this area bundles cross-technology

expertise covering the entire HUBER+SUHNER product ranges to create solutions with maximum market focus and benefit for the customer.

Technology and Operations is responsible for research and development, product management, and the entire supply chain from planning and operational procurement to manufacturing and logistics.

The three segments are supported by a lean staff organisation comprising the functions Human Resources, Finance, Legal, Global Sourcing, Information Technology, Process and Quality Management, Corporate Development, and Corporate Communications and Global Sustainability.

Our journey to a more sustainable future

About three years ago, the Executive Group Management decided that HUBER+SUHNER should no longer only simply comply with legal requirements and maintain functioning quality and environmental management systems in the countries in which the company operates, but should instead start a journey to a more sustainable future. Consequently, we commissioned a project team to develop structures that allow us to systematically assume and manage our corporate social responsibility and make it part of our daily decision-making and business strategy.

We ultimately identified thirteen areas of action (topics) that are material to our stakeholders and to the company itself. We have attributed key performance indicators to these material topics for better management. We will focus on three topics in particular over the next few years: sustainable growth, greenhouse gas emissions and climate change, and community engagement and development.

At first glance, the topic of sustainable growth may appear to be a purely economic one. However, only business success provides us with the room for manoeuvre and the necessary resources to make a difference on non-economic topics.

In 2020, we held roll-out workshops at almost all sites and collected key figures on non-financial topics for the first time on a larger scale. We signed the United Nations Global Compact and thoroughly revised our previous Business and Ethics Code, renaming it the "Code of responsible business conduct". In this Sustainability Report, we report more extensively than before on our performance in assuming our corporate responsibility as well as on our goals for the coming years.

At HUBER+SUHNER, we have embarked on an exciting journey that will lead us and our stakeholders to a sustainable future. Guided by our ongoing commitment to the United Nations Global Compact and its ten principles, this journey will take us forward step by step. However, we will never reach the point where we are satisfied, because we will commit ourselves to continuously setting new and more ambitious goals. All employees will have to do their best in their areas of responsibility if we want to make our journey successful.

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



Urs Ryffel, Chief Executive Officer



Performance highlights 2020

Scope 1+2 greenhouse
gas emissions

year-on-year **-21%**

Electricity from
renewable resources

24%

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

0

Average time to
closure of a customer
complaint

year-on-year **-15%**

Absence rate
due to sickness

3.1%

Lost-time injuries
per one million hours
worked

4

**CHF
333 000**

spent on 118 community
involvement and development
projects

Sustainable value creation

At the heart of the business of HUBER+SUHNER lies the aspiration to satisfy the basic human needs for communication, mobility, and security. With its innovative connectivity solutions, HUBER+SUHNER helps meet these needs by contributing to reliable communication, sustainable mobility, and responsible security. With its products, the Group improves the effectiveness and efficiency of the overall value chain and supports innovations that contribute to a more sustainable development.

Company values

At HUBER+SUHNER, respect for people and cultivating an entrepreneurial spirit at every level are integral parts of the company's commitment to being a hub of innovation and nurturing talent. A set of guiding values complements the company's business and supports its employees. The five values are trust, care, passion, transparency, and accountability.

Customer-centricity

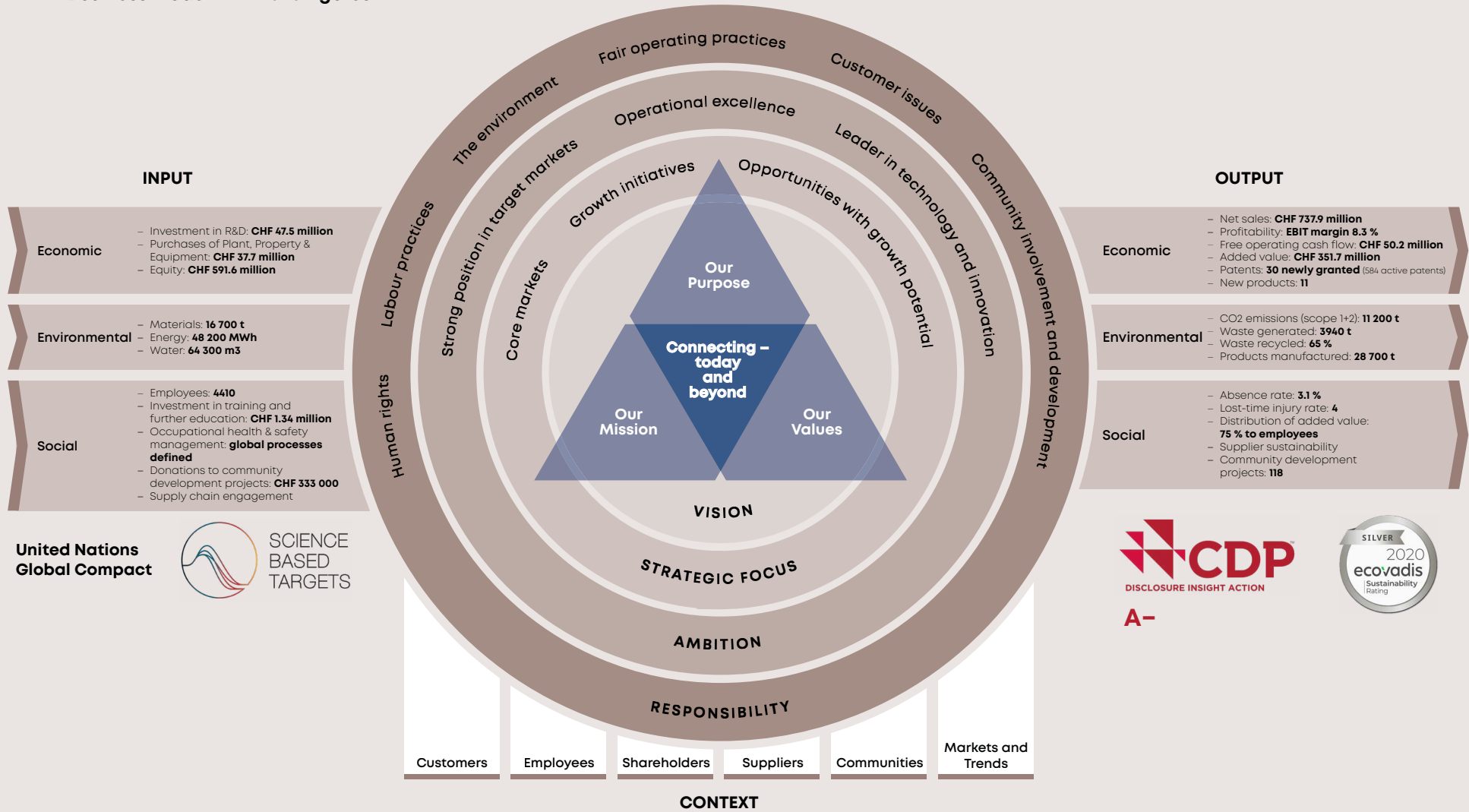
To maximise benefit for its customers, HUBER+SUHNER strives to understand customer requirements better than its competitors. The company must detect and align with market trends early and focus on selected growth initiatives to ensure the sustainable development of the Group. With efficient and durable products tailored to customers' requirements, HUBER+SUHNER benefits its customers by building efficient systems that keep longevity and total cost of ownership in mind.

The HUBER+SUHNER business model

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

HUBER+SUHNER endeavours to maintain its technology and innovation leadership and acquire strong positions in target markets through operational excellence. In all business activities, the Group acts as a good corporate citizen, especially in the core subject areas of corporate responsibility stated above.

The HUBER+SUHNER Business model with 2020 figures



Strategic pillars of sustainability

For HUBER+SUHNER, there are two core aspects of sustainability. First, the company believes that when sustainability is an integral part of business, it drives financial performance, especially in the long term. With a proactive approach, long-term risks can be reduced, and the company's resilience increased. Second, the importance of evaluating the company's impacts on the environment and other stakeholders has risen in recent years. HUBER+SUHNER expects this trend to continue and aims to provide a comprehensive overview of its impacts, including an articulation of its stringent and holistic approach toward corporate responsibility.

Increasing expectations

For corporate actors, sustainability engagement has evolved from a nice-to-have to a must-have criterion. As new mandates and regulations emerge, the tempo increases. While in the past laws and regulations dictated a company's license to operate, demands today are more public and complex, as different stakeholders ranging from investors to non-governmental organisations to staff have different expectations regarding the company's values and actions. Reporting requirements and social media have also increased the need for transparency. Finally, delivering a solid sustainability performance is a form of differentiation, also for companies such as HUBER+SUHNER that mainly serve other businesses and not end-consumers.

A tool for risk management

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

HUBER+SUHNER is proactive, exceeding minimum standards to go beyond simply satisfying upcoming regulations. For the company, sustainability and innovation demonstrate

its mindset: both want to take a step forward and challenge the status quo. HUBER+SUHNER embraces sustainability not only to increase profitability and comply with legal requirements, but also to provide a good example to others and take direct responsibility for its actions.

Sustainability roadmap

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

Material topics

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

The Executive Group Management selected three of the material topics to be taken into special focus. For these focus topics, the scorecard below shows performance and achievements in 2020 as well as the targets for the coming years.

Business

• Sustainable growth

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

■ Focus topics

Relationships

• Community involvement and development

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

The environment

• Greenhouse gas emissions and climate change

- Resource efficiency

Score card

Focus topic	2020	Target	Time horizon
Sustainable growth	20 % of net sales from growth initiatives	> 33 % of net sales from growth initiatives	2023
Greenhouse gas emissions and climate change	11 200 t CO ₂ -eq (scope 1+2)	8 400 t CO ₂ -eq (scope 1+2) ¹ 0 t CO ₂ -eq (scope 1+2) ²	2025 2030
Community involvement and development	CHF 333 000 donated to 118 community involvement and development projects	Develop and implement a clear community involvement and development policy and strategy	2021
		The company sets aside at least 0.5 % of the budgeted EBIT or 500 000 CHF ³ , whichever is higher, for community development projects as a matter of principle	2022

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

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

³ The funds will be provided from the operating business as well as from the Huber + Suhner Foundation (see p. 29).

2 Business



Sustainable growth

The financial health and commercial success of HUBER+SUHNER are the result of its sustainable, multi-dimensional value creation, long-term and customer-focused innovation, and strong relationships with its workforce, customers, investors, local communities, and other stakeholders. The business strategy includes four components that synergistically influence and strengthen each other: the entry into new markets, the development of innovative products, the aspiration to leading positions in core markets, and the ability to sustain these positions through operational excellence.

HUBER+SUHNER builds its sustainable growth on diversified markets in three different states of maturity: core markets, growth initiatives, and opportunities with growth potential.

Core markets are the basis for sustainable growth. 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 leading 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, cell site, communications equipment manufacturers, WAN/access networks, and railway.

20%

of net sales
from growth
initiatives

Growth initiatives have been identified based on their potential for future profitable growth and their strategic fit: aerospace and defense, data center, and electric vehicles. To succeed, HUBER+SUHNER ensures a dedicated approach, pre-investments in resources and the formation of highly committed teams. Today's growth initiatives should become core markets of the future.

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

In the second half of 2020 HUBER+SUHNER developed a new organisational setup along the three segments of Industry, Communication, and Transportation, switching from a technology- to a market-driven organisation, enhancing customer centricity. The new organisation came into force on 1 January 2021.

Leadership in core markets

After entering a new market with its products and solutions, HUBER+SUHNER fortifies its position by increasing partnerships with customers to capitalise on its own innovation efforts and become a relevant market participant. This approach enhances the company's problem-solving capabilities while also reinforcing its market position.

Leader in technology and innovation

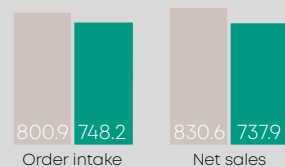
To enter new markets, being an innovation leader is paramount. Innovation at HUBER+SUHNER targets three different fields to ensure the high degree of differentiation of the company's solutions: improving existing products in terms of cost and performance, developing new product generations and applications, and exploring new technologies and business fields.

Operational excellence

Through operational excellence spanning production processes as well as logistics and the supply chain, HUBER+SUHNER sustains and extends its market positions. By continuously optimising its operations, the company ensures a smooth supply chain, which is essential when customers are deciding whether the products of HUBER+SUHNER are good value. Being average is simply not good enough — the company must provide excellent end-to-end service to set itself apart from competitors.

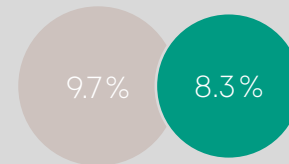
Business performance 2020

Order intake and net sales below previous year due to the pandemic



Further progress in growth initiatives and investments in the future at a record high

EBIT margin of 8.3 % within medium-term target range despite lower net sales



Stringent cost management, structural measures and agility in supply chain were major factors for solid result

New alignment by market segments strengthens market orientation and reduces complexity – matrix structure abolished

Significantly improved profitability in the second half-year due to increased share of higher-margin business

■ 2019 ■ 2020 in CHF million

See the HUBER+SUHNER Annual Report 2020 for more details:
<http://reports.hubersuhner.com/en>

Driving electric vehicle innovation

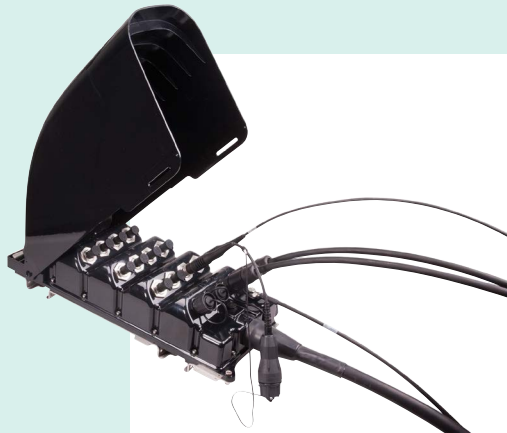
Over the past years, there has been a transition from conventional, fossil-fuel powered cars to electric vehicles (EV), as technological advancements, as well as government policies and targets, lead the way to a greener future. The adoption of EVs globally is growing significantly and despite the Covid-19 pandemic, global sales of electric cars have accelerated over the past year, rising by 43 %. This shift towards EVs is important in the worldwide bid to reduce emissions and drive a green recovery, but it is creating a real challenge for the automotive industry to deliver on a mass scale high-performing vehicles that meet the growing customer demand. To do this successfully, resilient, robust and efficient in-vehicle connectivity solutions are essential.

As a leading supplier of in-vehicle connectivity solutions, HUBER+SUHNER offers end-to-end interconnected systems that include a modular High Voltage Distribution Unit (mHVDU), high voltage cables and the RADOX® EV-C cable system enabling stronger resilience and enhancing vehicle safety by effectively distributing high voltage through all components. The mHVDU manages up to 800 volts DC, making it the leading modular solution in the EV industry and the most effective in terms of quality and performance.



Another challenge is the still-limited range of electric vehicles combined with the need to recharge the batteries on the road. Drivers want to continue their journey as effortlessly and quickly as possible. HUBER+SUHNER developed the RADOX® High Power Charging (HPC) systems with active cable cooling. These HPC systems are used worldwide and allow for safe performance with charging currents of up to 500 A at 1000 volts while being lightweight and easy to handle. Thus, vehicles that are built for high-power charging can be recharged within times well under 30 minutes.

Saving up to 80 % electric energy and reducing carbon footprint



The development of new technologies, such as the internet of things and 5G, are enabling a society where everything around us is connected. The 5G technology has already become a widely used mobile communication standard in many parts of the world, but the success of the leap from LTE (4G) to 5G comes at a price, not only in terms of investment, but also in terms of higher operating cost since 5G radio heads need several times more power than 3G or 4G equipment.

To address and solve the increasing power needs and expansion challenges that customers are facing as 5G roll-outs progress, HUBER+SUHNER has developed a fiber/power hybrid cable system (HTTA) that allows for 230 volts AC or higher instead of the common 48 volts DC to the remote radio heads (RRH). This reduces the power loss along the cable substantially.

Ensuring success for the customer

Facilitating the ever-increasing power and connectivity demands faced by operators worldwide, HUBER+SUHNER needed to create a solution that could deliver power directly to the RRH, whilst reducing the power dissipation along the cable.

The MASTERLINE Ultimate Hybrid High Voltage (MLUH HV) is a hybrid cable system for RRH installation. By offering the capability to deliver 230 volts AC up the mast, the system allows for much longer cabling with significant

cost savings on cables and a more efficient power transfer. The 230 volts AC cable developed by HUBER+SUHNER is a one-to-one replacement of the 48 volts DC cable in terms of functioning but provides the customer with a solution that reduces power loss along the cable and can be more than 50 % lighter in weight.

With many services and applications in demand, 5G will need a higher power consumption of up to 1500 W per RRH. This is a large increase in comparison to the third and fourth generations, which typically needed around 300–500 W. Cable power dissipation from the line was recorded up to around 18 % for the 48 volts DC cable, whereas around 4 % of power was lost when testing the 230 volts AC solution. This saves the customer operating cost and avoids unnecessary CO₂ emissions.

Avoiding CO₂ emissions

With a cell site of six remote radio heads with 1200 W power consumption each, a cable length of 60 m and cross-sections of 10 mm² per copper wire, the maximum energy loss of a 48 volts DC installation is 11.17 MWh per year, compared to a maximum loss of 2.23 MWh of a 230 volts AC installation. Avoiding of 8.94 MWh corresponds to some 5 tons less CO₂ per year.

Data center sustainability



As network volumes increase, with TechJury¹ predicting that more than 460 exabytes of data will be generated every day by 2025, it is clear data centers have a big role to play when it comes to the world we live in today and for the future. Accounting for around 1%² of the world's energy usage and consuming more power than the entire United Kingdom³, power demands for data centers will continue to grow as service providers and operators look to facilitate this proliferation of network traffic.

There are now huge efforts within the data center industry to become accountable and make sustainability a top priority. Many operators from hyperscale to colocation facilities have already started to adopt more sustainable approaches, with a recent survey by 451 Research⁴ finding that 97 % of customers are now demanding contractual sustainability commitments. However, more still needs to be done. Pushing for real change will require sustainability to be embedded from the very core,

with operators and infrastructure manufacturers working together to make sustainability targets a reality.

Data centers refresh their systems almost every one to three years⁵, which contributes large amounts of e-waste and a high total cost to the environment. Therefore, it is important that data center operators have access to solutions that are more sustainable. As a responsible supplier in the data center sector, HUBER+SUHNER is playing its part to assist with global sustainability efforts. The company is a member of the Consortium of Onboard Optics⁶ (COBO), where its experts provide knowledge to optimise the power consumption of electro-optical connections and increase their efficiency.

The development of solutions and operational practices that truly make a difference is the result of regular and intense collaboration between HUBER+SUHNER and customers. The range of physical layer fiber optic solutions and other data center innovations are specifically developed to be easily adaptable, scalable, and future-ready to address specific business requirements. By negating the need for constant fiber optic cabling system infrastructure upgrades, as well as the disposal of related out-of-date equipment for newer products, data center operators are instantly more efficient.

The scalable, future-focused approach of HUBER+SUHNER provides modularity and flexibility to fiber management systems and other passive optical infrastructure which enables efficiency and sustainability benefits including power and space saving.

When it comes to reducing power consumption

for customers, HUBER+SUHNER has decreased cable diameters to ensure optimal airflow within data centers, which can have a significant impact on internal climate control needs. Additionally, utilising the company's all-optical switching technology, versus other optical switches which rely on optical-electrical signal conversion, also reduces power consumption.

The products are engineered to make the most out of available space and infrastructure. For example, the high-density fiber optic cabling and management systems save valuable white space which can be used in other ways or eliminated altogether. Furthermore, the bandwidth expansion solutions allow much wider capacity and transmission reach. A small-sized but highly impactful solution allows data centers to utilise their existing fiber optic network infrastructure, without the need of having to dig up ground or open up other structures to install more fiber optic cables.

Maintaining a sustainable mindset results in HUBER+SUHNER customers making smarter investments that not only fulfil their needs today but also leave space and opportunities to meet future business and environmental requirements.

¹<https://techjury.net/blog/how-much-data-is-created-every-day/#gref>

²www.techerati.com/features-hub/opinions/2021-the-year-of-the-sustainable-data-centre/

³www.supermicro.com/wekeepitgreen/Data_Centers_and_the_Environment_Dec2018_Final.pdf

⁴www.datacenterdynamics.com/en/opinions/sustainability-imperative-data-centers/

⁵www.supermicro.com/wekeepitgreen/Data_Centers_and_the_Environment_Dec2018_Final.pdf

⁶<https://www.onboardoptics.org/members>

3 Relationships

The section “Relationships” deals with the company’s responsibility towards its most important stakeholders. With facts and figures, it aims to provide an overview of how HUBER+SUHNER relates to and engages with these groups.

Compliance and business ethics

Compliance is a fundamental prerequisite for value-driven and ethical business conduct. At an early stage, HUBER+SUHNER began to establish a comprehensive compliance program. It ensures that all legal requirements and international standards are adhered to throughout the Group. The key instrument that governs ethics and compliance at HUBER+SUHNER is the Code of responsible business conduct, which applies to the entire Group.

The program requires thorough assessments of compliance risks. It is led by the Group Compliance Officer who is supported by a team of area compliance officers covering the topics finance, trade, legal, human rights/labour, information technology, and quality/environment/health/safety. This compliance team meets twice a year to evaluate potential issues and to follow up on defined measures.

Compliance training for employees

Continuous training is an important lever to ensure compliance at HUBER+SUHNER. Compliance training (e-learning where possible) is therefore mandatory for all employees. The training focuses on varying topics of the Code of responsible business conduct each year. Predesigned and defined training modules are developed by external providers and reviewed by HUBER+SUHNER. Employees are invited by e-mail to complete their training and are required to achieve a minimum score for successful completion. In 2020, 1949 employees¹ were invited to participate in the online compliance training and 91.6 % of the participants (1 785) completed and passed it in time. The remaining 8.4 % completed it at a later date.

Uncovering ethical disparities through a new whistleblowing platform

HUBER+SUHNER is implementing a whistleblowing platform in the second quarter of 2021 to offer all employees worldwide an additional reporting channel with a low entry barrier for alleged violations of the Code of responsible business conduct. The platform is operated by an independent service provider and thus guarantees anonymity for complaints, which can be submitted online or by phone. To ensure accessibility for all employees, the platform is available in multiple languages. The anonymised information is provided to a HUBER+SUHNER steering committee, which initiates appropriate

actions. If required, the platform serves as an intermediary for the exchange of messages.

High compliance achieved in 2020

In 2020, no breaches of the Code of responsible business conduct were reported through the existing reporting lines (immediate or next line manager, human resources manager, local compliance officer, local external service provider, internal compliance hotline). It remains to be seen if the introduction of the whistleblowing platform in the first half of 2021 will affect the number of reports in the future.

There were two patent infringement claims filed against HUBER+SUHNER. No fines or other penalties were imposed on the company.

¹ No compliance training took place for direct production employees without access to a company computer.

Added value distribution

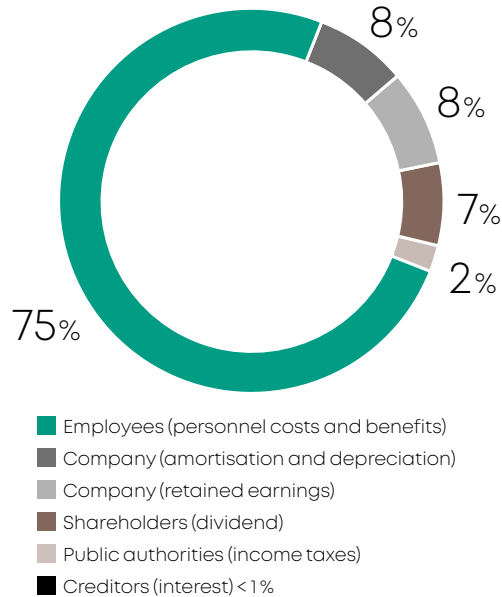
The added value is an indicator of a company's economic performance. It is calculated from profit before tax and depreciation plus personnel costs minus other financial results. The following chart reveals the extent to which the added value flows to the various stakeholders or is retained within the company. In 2020, the added value amounted to CHF 351.7 million (–9 % compared to 2019).

75%

of the added value flowed directly or indirectly to employees

In 2020 75 % of the global added value (previous year 72 %) flowed directly or indirectly to employees, and 2 % (PY 4 %) to the public sector in the form of income taxes. Shareholders received 7 % (PY 8 %) of the added value, while 16 % (PY 16 %) remained in the company in the form of depreciation and retained earnings.

Distribution of added value 2020



Human rights

HUBER+SUHNER fully respects human rights within its sphere of influence. The company does not tolerate any form of child or forced labour and is committed to equal and non-discriminatory treatment of employees and their protection from harassment in the workplace.

Overall, HUBER+SUHNER is not exposed to high risks of human rights violations. The company ensures no form of child or forced labour, according to the International Labour Organization (ILO) definition, at any of its sites.

Attractive employer

HUBER+SUHNER strives to be recognised as an attractive employer globally. This includes offering favourable employment conditions, social protection, continuous training and learning possibilities, a truly international work environment, and promoting diversity as well as inclusion. Strengthening the employer value proposition is part of a new global programme to be implemented over the next two years. As requirements of job applicants in different countries vary greatly, the HUBER+SUHNER country organisations can select those measures of the programme with which they can best enhance their attractiveness as an employer.

Working from home

Even before the outbreak of the Covid-19 pandemic, HUBER+SUHNER had created the possibility for employees in the office areas to work from home. This enabled the company to smoothly implement the officially mandated home office obligation at the different sites during the pandemic.

Programmes to attract and retain employees in Switzerland

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

One important offering that attracts new employees is the apprenticeship training. More than 80 apprentices have been trained in 2020, and these apprenticeships are often the start of careers within the company. HUBER+SUHNER also has a strong presence at recruitment fairs and universities. Furthermore, internship opportunities, university-based projects, and the option to partner with HUBER+SUHNER for academic theses have enabled students to connect with the company.

It not only attracts young employees, however. Employees aged 50+ are a target group for HUBER+SUHNER due to both their work and life experience. In fact, the company developed a programme that enables them to gain further experience at different HUBER+SUHNER locations if desired. Further offerings, such as free

medical check-ups, partial and early retirement, and further training opportunities in business and private matters are highly valued by older employees. The company also offers individual trainings – covering, amongst other topics, mental vitality as well as financial and personal security – that help employees prepare for retirement.

Favourable employment conditions

HUBER+SUHNER offers many benefits that go beyond the legal requirements. These include continued salary payments in case of sickness and generous pension fund contributions. In addition, HUBER+SUHNER offers discounted on-site lunches and discounts for cultural activities. Employees with young children can choose certain day-care centres near the sites, which are supported by the Huber + Suhner Foundation. Financial support up to CHF 6 000 per employee and year for childcare can be granted.

80+

apprentices
trained
at Swiss sites

Employee turnover

In 2020, the average number of employees was 4 509; 935 employees left the company, which corresponds to a turnover rate of 20.7 %. This is only a slight increase compared to the previous year (20.2 %) despite the Covid-19 pandemic. The highest turnover rates were recorded at the production sites in Costa Rica, China, and Tunisia.

21.7%

of managerial
positions staffed
with women

Training and continuous education

HUBER+SUHNER invests in individual training opportunities for its employees to ensure professional development. In 2020, 5 344 training days were conducted, which equals

1.1 training days per employee across all functions. The training costs (external cost plus cost of hours not worked due to training) were CHF 1 343 000, the average training costs per employee CHF 242 in 2020.

Diversity, gender equality, and equal pay

HUBER+SUHNER also promotes diversity based on its belief that diverse teams with different perspectives are more balanced, make collaboration more valuable and generate new ideas, supporting business success. At the end of 2020, the company had 4 410 employees globally with 1 916 (43.4 %) women. The share of women in managerial roles was 21.7 % (132 of 607). 10 out of 16 Group companies in the scope of the 2020 data collection conduct regular salary benchmarks. Almost 100 % met the benchmark in 2020. Equal pay for women and men was mostly achieved.

Promoting gender equality and equal pay in Switzerland

HUBER+SUHNER strives to promote women in general and particularly into management positions. The company has committed to raising quotas for upcoming years and is submitting data to the "Gender Report" of schillingreport³, a study that surveys data of leading Swiss companies annually.

Since 2014, HUBER+SUHNER has been actively promoting equal pay for women and men at its Swiss sites. An initial salary assessment showed that the existing pay gap was less than 5 %. In the meantime, equal pay has been fully achieved and continues to be reviewed on a regular basis.

HUBER+SUHNER also participates in the Advance⁴ mentoring programme that connects women from different companies in a mentor or mentee role. HUBER+SUHNER nominates both mentors and mentees, thus helping to 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.

² The plant closure in Brazil is not included in these figures.

³ <https://www.schillingreport.ch/en>

⁴ <https://weadvance.ch>

Occupational health and safety

As a manufacturing company, ensuring occupational health and safety of its employees is a priority for HUBER+SUHNER. The company monitors its performance with two key figures, the absence rate due to sickness⁵ and the lost-time injury rate⁶. In 2020 the absence rate due to sickness was 3.1% and lost-time injury rate 4, with ten

4

lost-time injuries per one million hours worked in production

sites reporting zero lost-time injuries. As these key figures were collected worldwide for the first time in 2020, no comparison with the previous year was possible.

Occupational health and safety management

Occupational health and safety (OH&S) are ensured through strict adherence by HUBER+SUHNER to local laws and regulations and a global process on the safe handling of hazardous materials. 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.

Beyond that, the company has developed an action plan to ensure globally aligned OH&S management. As a first step, three global OH&S processes in line with the ISO 45001 standard have been defined. By the end of 2023 all sites with production and/or warehousing activities have to establish and maintain an OH&S management system that fulfils the requirements of ISO 45001. Internal auditors are reviewing these management systems. So far only the production site in Changzhou, China, is certified according to ISO 45001. As stated in the action plan, all other production sites shall be certification-ready by the end of 2023.

Anti-corruption

Anti-corruption is an important part of the compliance program of HUBER+SUHNER. In addition, the Executive Group Management approved a detailed anti-corruption guideline in September 2017. This Guideline sets minimum standards within the HUBER+SUHNER Group with respect to anti-corruption, anti-bribery and conflicts of interest. Although there is a high risk of corruption in some countries with HUBER+SUHNER subsidiaries, no cases of corruption have been detected at HUBER+SUHNER sites in 2020.

0

cases of corruption reported

⁵ Number of absence hours due to sickness divided by the planned working time (in hours)

⁶ 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.

Responsible procurement

At HUBER+SUHNER, over 50 % of turnover is used for procurement. This creates enormous leverage regarding profitability. With a purchasing volume of some CHF 400 million in 2020, the company aims to ensure materials and services are sourced from qualified suppliers only, ensuring high environmental and social standards throughout their operations to minimise adverse effects on the environment and society.

Counting on a complex supplier network

In 2020, the company purchased more than 30 000 different items from roughly 2 000 active production material suppliers. Production materials represent approximately 70 % of the total purchasing volume, with two-thirds components or semifinished goods and one-third raw materials. The most important sourcing regions in terms of purchasing volumes are Western and Central Europe and Northern Asia.

Importance of responsible procurement

HUBER+SUHNER sees long-standing stable supplier relationships as key to its business success. The company aims to procure according to the principle of "regional for regional" to strengthen local supplier relationships and ensure short supply chain routes wherever possible. HUBER+SUHNER requires its suppliers to acknowledge the Code of responsible business conduct, which can be found on the company's website. This commitment allows

HUBER+SUHNER to move toward fully responsible supply chains, in line with the expectations of stakeholder groups such as investors, customers, and employees.

Auditing suppliers of strategic relevance is an important instrument to achieve this goal. Strategic suppliers were identified based on a combination of supplier/material criticality and importance and were rated and audited if necessary. HUBER+SUHNER developed a set of sustainability-related questions (for example regarding child and compulsory labour) which are being included in supplier audits from 2021 onwards.

Supplier sustainability assessment platform

In the coming years, HUBER+SUHNER plans to enhance its responsible procurement practices in light of stricter sustainability requirements by identifying critical suppliers, onboarding them on a supplier assessment platform and collaborating with them in order to continuously improve their performance based on sustainability assessments and audit results.

Conflict minerals

In its production, HUBER+SUHNER processes the conflict minerals tin and gold. 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 its ability to cultivate mutually beneficial and trusting relationships with its customers. In 2020, HUBER+SUHNER served a customer base of approximately 5 000 buying clients. However, the majority of its sales are 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. Approximately 460 employees in sales and distribution mainly serve other businesses (B2B) rather than end consumers (B2C).

Values for a seamless customer experience

Trust is the core value underpinning the customer relations of HUBER+SUHNER. In order to succeed, the company has to be a competent partner in engineering, logistics, and supply chains, in addition to being an innovative solution provider. To uphold confidence, the company must also be able to provide its expertise on short notice via physical meetings, as well as through digital channels.

Personal interactions remain paramount

Personal contact is crucial to build and maintain close relationships with customers. They typically interact with the same HUBER+SUHNER representative, even when ordering products

from different segments. Their representative involves additional team members as required to make sure the customer's needs are met. With the "Godfather Programme", key clients are assigned a representative from executive management to give them the opportunity to be heard by senior management, further strengthening mutual trust.

Regulatory and sustainability requirements

HUBER+SUHNER primarily serves corporations whose expectations and demands differ from those of consumers. In business-to-business (B2B) markets, regulatory requirements and compliance with laws dominate. Therefore, the Group must be able to anticipate developments in regulatory requirements (for example, material compliance) in order to develop its products to meet market needs and customer expectations for many years to come. By taking on social responsibility and enhancing its sustainability performance, HUBER+SUHNER contributes to the sustainability efforts of its customers and thus positions itself as a reliable partner beyond technical expertise and product quality.

Product information and labelling

Transparent product information and labelling are important to HUBER+SUHNER to effectively communicate with customers, as well as to satisfy regulatory requirements. The company puts a lot of effort into ensuring compliance with standards and regulations such as REACH and RoHS.

Impacts due to Covid-19 pandemic

The pandemic has greatly impacted direct customer relationships, impeding the majority of networking and face-to-face interactions. Most sales meetings had to be conducted via phone or video calls in 2020, almost eliminating non-business topics that are important to maintain close relationships. Access to new business and customers has also been hampered and establishing new relationships was a challenge. On the other hand, in markets where HUBER+SUHNER has already been well represented, relationships could be easily maintained or even strengthened.

Measuring customer satisfaction

HUBER+SUHNER already collects multiple data points to measure customer satisfaction. However, the company aims at developing a data collection and evaluation process to obtain customer feedback directly at the point of contact when the experience is most recent and relevant. Launched in 2021, the "Customer Experience" project evaluates client touchpoints to define and measure suitable key performance indicators to track customer satisfaction, enabling continuous improvement. The company already measures the average number of days until a customer complaint is closed. In 2020, this duration decreased by 15 % compared to 2019.

-15%

average time to closure of a customer complaint

Community involvement and development

In assessing the material issues, the Executive Group Management has made community involvement and development a priority topic. This is no coincidence. After all, this topic is more multi-faceted than almost any other. It involves the promotion of education, culture, and sports, as well as the targeted support of disadvantaged groups. Open, honest, and fair dealings with local and regional administrative authorities are also part of this complex of topics. Support for education, culture, sports, or 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 voluntary work within the community.

A total of 56 % of Group companies sponsored or initiated a total of 118 community involvement and development projects in 2020, spending around 333 000 Swiss francs. Project numbers and spending were lower than in previous years due to the impact of the Covid-19 pandemic. Thirty young people were given the opportunity to start apprenticeships in ten different professions at Swiss sites. At the end of the reporting year, a total of 87 apprentices were working at Swiss sites.

For 2021, HUBER+SUHNER has targeted developing globally binding guidelines on the topic of community involvement and development. From the 2022 financial year onwards, the Group will have a total of 0.5 % of budgeted 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.

333 000 CHF
spent for community
involvement and
development projects



Malaysia

Raising awareness about Covid-19 and the global pandemic was at the heart of an art competition for young family members of employees at the HUBER+SUHNER Malaysia site in May and June 2020.

During Malaysia's Covid-19 "Movement Control Order" lockdown, participants ranging in age from four to 12 years old created a total of 16 artworks executed in various media – watercolour, crayons, and coloured pencil, for example – for the competition. Their family members working at HUBER+SUHNER delivered their entries for judging.

Prizes were awarded in three age categories (four to six years old, seven to nine years old, and ten to twelve years old), with first-prize winners receiving a gift voucher. Every participant was a winner and received a 36-count box of coloured pencils. Organisers said the competition's objectives of raising awareness about COVID-19 and the pandemic were achieved, and competitors' artworks remain on-site in Malaysia.

China

HUBER+SUHNER (China) was honoured in December 2020 for providing expert advice in operation and process management and outsourcing of back-office work to the Inclusion Factory, a China-based provider of in-depth inclusion concepts for people with intellectual disabilities. The China site earned the Inclusion Factory's Outstanding Contribution Award 2020.

Founded in 2014, the Inclusion Factory has rolled out its concepts to an array of multinational companies as well as small and medium-sized enterprises, helping them source, hire, quality, and retain people with disabilities and supporting companies in becoming truly inclusive workplaces.

Additionally, the Inclusion Factory has been recognised by China's Central People's Government as well as organisations such as the United Nations and the International Labour Organisation.

In China, HUBER+SUHNER's Inclusion Factory advice focused on digitalisation of its paper archive. Engagement with the Inclusion Factory has sharpened the corporate social responsibility mindset of the HUBER+SUHNER team in China.

United States

With sponsorship from HUBER+SUHNER in Warren, New Jersey, 120 golfers hit the links to play golf for a good cause in October 2020, raising more than \$60 000 for Habitat for Humanity of Burlington and Mercer Counties (HFHBMC) in New Jersey.

Among the golfers taking part in the 18-hole Straight Outta Lockdown Golf Outing 2020 were five HUBER+SUHNER employees, including the General Manager, the directors of Human Resources, Finance, and Operations, and the site's Engineering Manager.

Proceeds from the organisation's annual charity event support the HFHBMC's mission of partnering with families in need and volunteers to transform lives through decent and affordable housing. HFHMMC serves with thousands of people each year with opportunities to volunteer and give back to their community and helps families build and improve places to call home. Over the past 30 years, the organisation has built more than 250 homes in Burlington and Mercer counties.

Poland

Raising funds to offset a child's medical expenses topped the HUBER+SUHNER 2020 corporate social responsibility activities in Poland.

In July, the company took part in a competition to collect donations for a little girl named Tosia, whose spinal muscular atrophy (SMA) necessitates special treatment and expensive gene therapy. SMA, a group of hereditary diseases, progressively destroys nerve cells in the brain stem and spinal cord that control activities such as speaking, walking, breathing, and swallowing. While there is no complete cure for SMA, treatments are available to manage symptoms and prevent complications. Gene therapy targets the patient's motor neurons to improve muscle movement and function and improves survival.

Employees were encouraged to perform ten push-ups or squats and, for each participating employee, the local organisation donated PLN 5 (CHF 1.20). The event raised a total of PLN 2 000 for Tosia's gene therapy.



Switzerland

In Switzerland, the Huber + Suhner Foundation benefits the company's employees in accordance with its foundation objective. It also supports social, cultural, and sports-related projects in the geographical catchment area of the Swiss HUBER+SUHNER sites in Herisau and Pfäffikon. Due to the Covid-19 pandemic, the number of projects (105) supported in 2020 was 35 % lower than in the previous year. On the one hand, this was because there were fewer applications for support. On the other hand, some of the already-approved projects were postponed. Consequently, the projects in 2020 were unevenly distributed among the three areas: 43 % social, 28 % cultural, and 29 % sports-related projects. As in previous years, the focus of project selection was on supporting young people. Depending on the size and nature of the projects, the contributions ranged from a few hundred to several tens of thousands of Swiss francs.

Dreischliibe Laundry

One of the larger projects supported in 2020 was the relocation of the Dreischliibe (Swiss German for turntable) laundry. This is a social enterprise based in Herisau that creates new perspectives for people with a mental impairment by offering jobs, training places, and day structure services. The laundry offers private and corporate customers full service in textile care. Before the move, the laundry and ironing operations were spread over two locations in Herisau. With the consolidation at the main Dreischliibe location, the laundry operations were able to modernise and optimise infrastructure and processes.

Lake Pfäffikon Nature Center

A project with great public impact near the Pfäffikon site was the construction of the Lake Pfäffikon Nature Center. The nature center opened in April 2019 and is located directly at the lake and at the edge of a unique nature and landscape conservation area. The lake and the surrounding wetlands provide habitat for many rare and endangered plant and animal species. At the nature center, visitors can learn about the fascinating flora and fauna of the protected area and its origins.

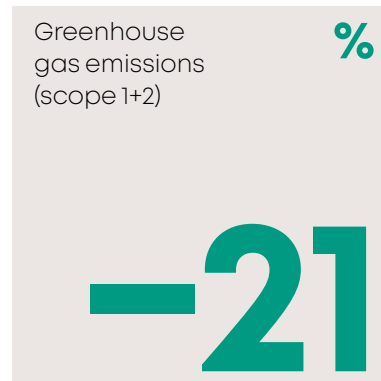
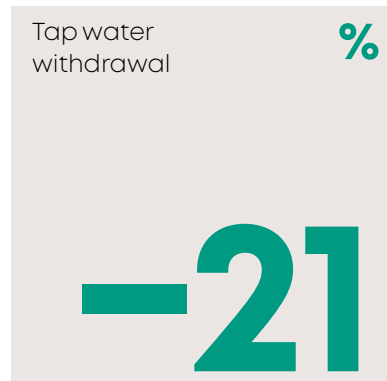
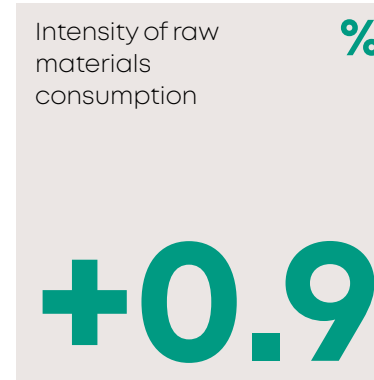
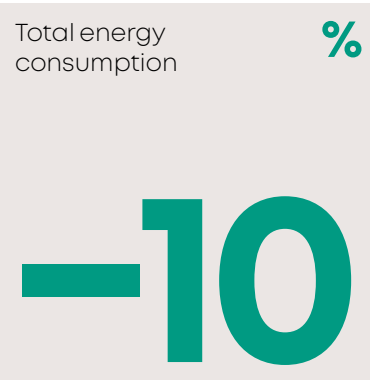


In addition to the permanent exhibition, the nature center offers public events as well as guided tours for school classes and private groups. During closures in spring and fall due to the pandemic, the staff of the center used the opportunity to revise and expand the programme offer for school classes.

4 Environment

A large, leafy tree stands on the left side of a paved road that curves into the distance. The road is flanked by green grass. In the background, a thick layer of mist or fog covers the landscape, with a few distant trees and a small building visible on the horizon. The sky is a pale blue with a few wispy clouds. The overall atmosphere is peaceful and serene.

Environmental performance 2020 at a glance (year-on-year)



Environmental management

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

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

Since 2009, HUBER+SUHNER has been using life cycle analysis (LCA) to determine its environmental performance annually on a quantitative basis and, since 2019, also the significant

environmental aspects as required by the ISO 14001 standard. The procedure has been described in one of the environmental management processes of the company. It has been based on the LCA phases according to ISO 14040. In total, 76 % of all production sites under operational control of HUBER+SUHNER AG¹ have provided data for the LCA. Estimated on the basis of the number of production employees and the manufacturing activities carried out, more than 95 % of the company's environmental impact has thus been recorded.

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

¹ Production sites in scope since 2019: Empalme (MX), Warren, NJ (US), Bicester (UK), Mainz (DE), Taufkirchen (DE), Tczew and Swarozyn (PL), Herisau and Pfäffikon (CH), Sousse (TN), Gurgaon Haryana (IN), Changzhou (CN), and Petaling Jaya (MY)

Scope and methodology

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

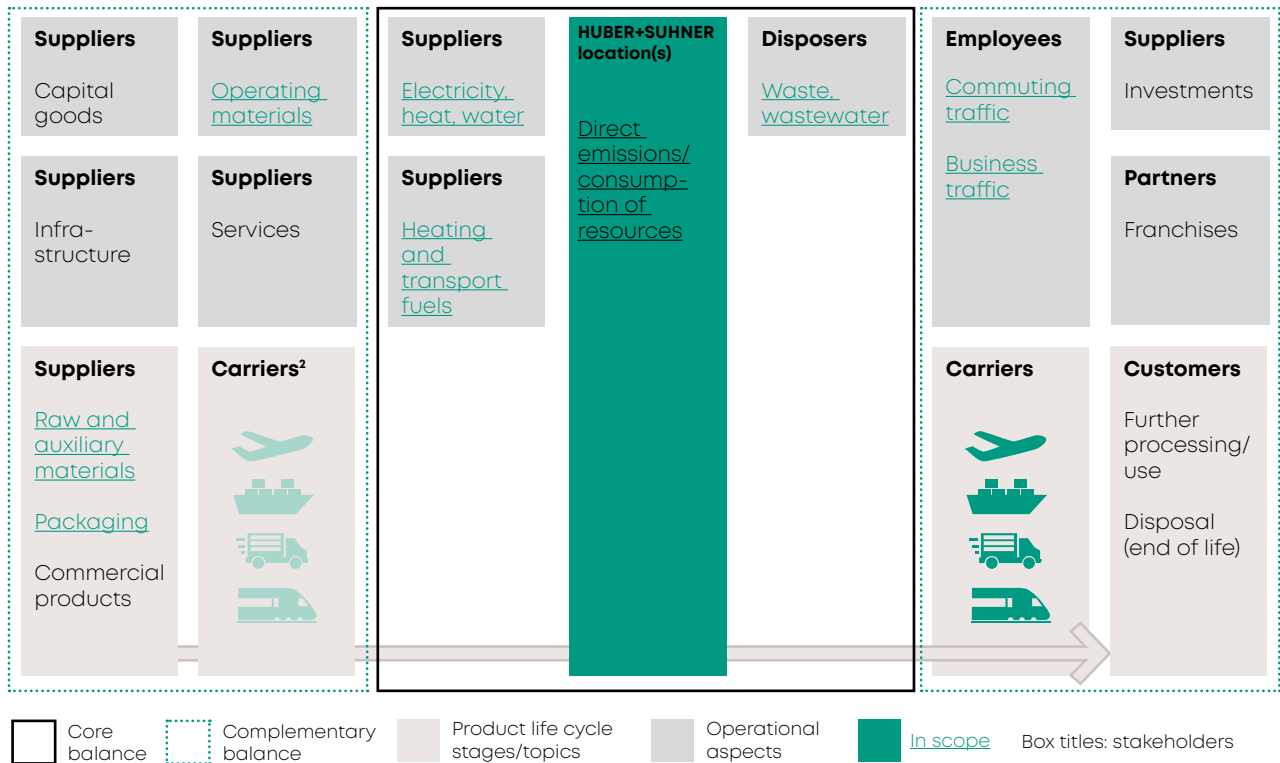
For 2021, HUBER+SUHNER plans to expand the scope to commercial products and further improve the quality of the collected data.

HUBER+SUHNER has delivered all relevant data to sinum AG (St. Gallen, Switzerland), which is responsible for calculating the environmental and carbon footprint. The environmental footprint evaluation is done according to ISO 14040. The LCIA method for the environmental footprint is the Ecoscarcity 2013³. The carbon footprint evaluation complies with the WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). Since 2015, global warming potential factors aligned with the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change have been used, as recommended by the GHG Protocol and CDP. The footprints were calculated by using expert system REGIS and ecoinvent database version 3.71.

Performance data shown in the environmental performance indicator (EPI) table (addendum 2) follow the GRI standards 301, 302, 305 and 306. Intensity data always refer to the added value generated as a performance measure. 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 2016–2020 is displayed at the bottom of the EPI table (addendum 2).

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs for 2020 (see addendums 2 and 3 at the end of this report).

Figure 1: Scope of the LCA



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

³ Swiss Eco-Factors 2013 according to the Ecological Scarcity Method. Methodological fundamentals and their application in Switzerland. Environmental studies no. 1330. Federal Office for the Environment, Bern, 2014.

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 70 % of the company's total environmental impact. In order to be able to see more precisely how the environmental impact of all other influencing factors has developed in recent years, copper is excluded from the five-year comparison (figures 4 and 5). Other significant environmental

aspects were the remaining raw and auxiliary materials, product transports, electricity, paper and packaging material, and commuting traffic. In 2020, commuting traffic was systematically recorded at all locations in scope for the first time.

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, waste disposal and heating followed by direct emissions of chemicals⁴ and fuel. Consequently, the majority

of environmental targets relate to the top three environmental aspects of the core balance.

Even in the core balance, the environmental impact of the company's water withdrawal has a very low share (< 0.5 %). This is why HUBER+SUHNER publishes its water withdrawal but no water footprint.

Figure 2

Environmental impact 2020 (total balance)

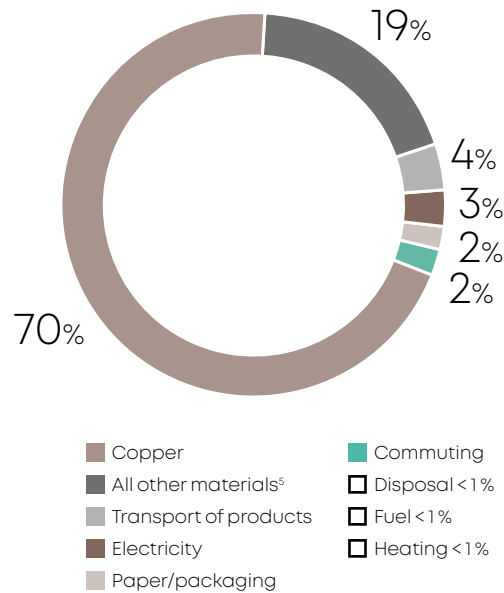
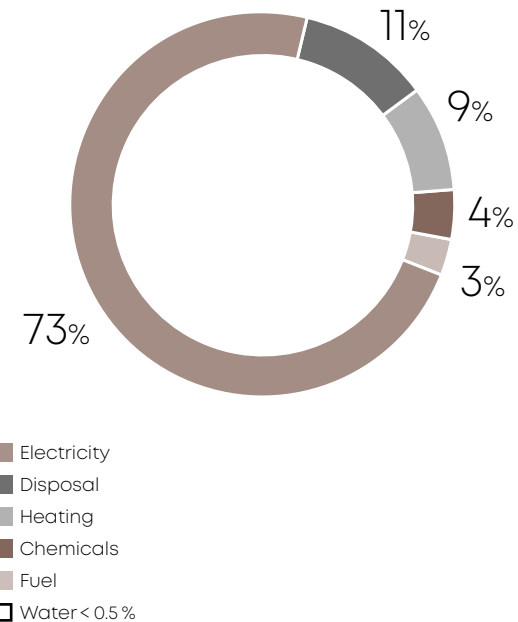


Figure 3

Environmental impact 2020 (core balance)



⁴ Losses of volatile organic compounds, sulphur hexafluoride, and refrigerants

⁵ Glass fiber, plastics, metals other than copper, refrigerants, sulphur hexafluoride, and volatile organic compounds

Despite the expansion of the scope and the improvement of the data quality, the total environmental impact (excluding copper) declined between 2018 and 2020 (figure 4). However, looking at the intensity of the environmental impact, 2020 saw an increase (figure 5), which is mainly attributable to the inclusion of commuting traffic at all sites and the improvement of the data quality in the

materials sector, like a different approach to collecting the paper/packaging material or the polymer consumption data in Switzerland.

The development of the environmental impact intensity in the core balance is very encouraging. It has declined by 17 % over the past five years (figure 6).

Figure 4

Environmental impact total balance (excluding copper)

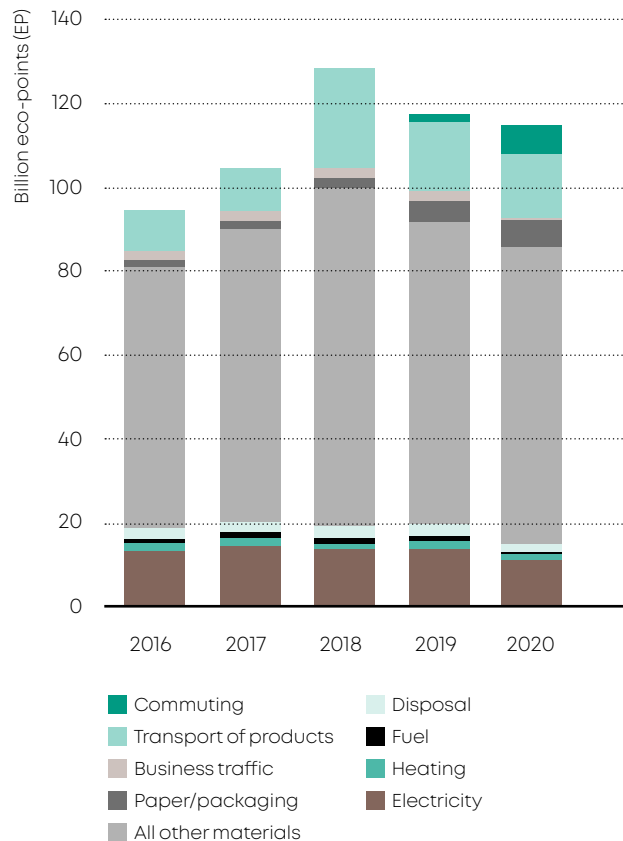


Figure 5

Intensity of the environmental impact (total balance excluding copper)

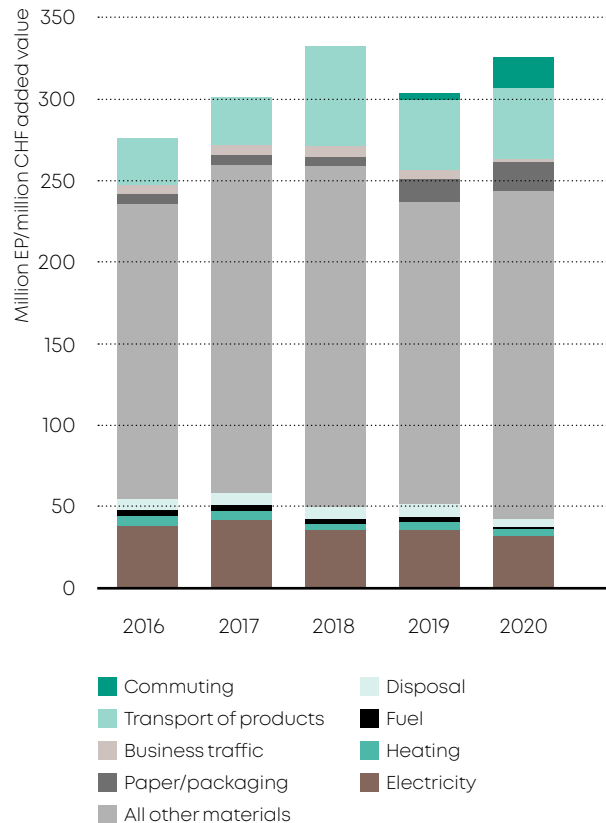
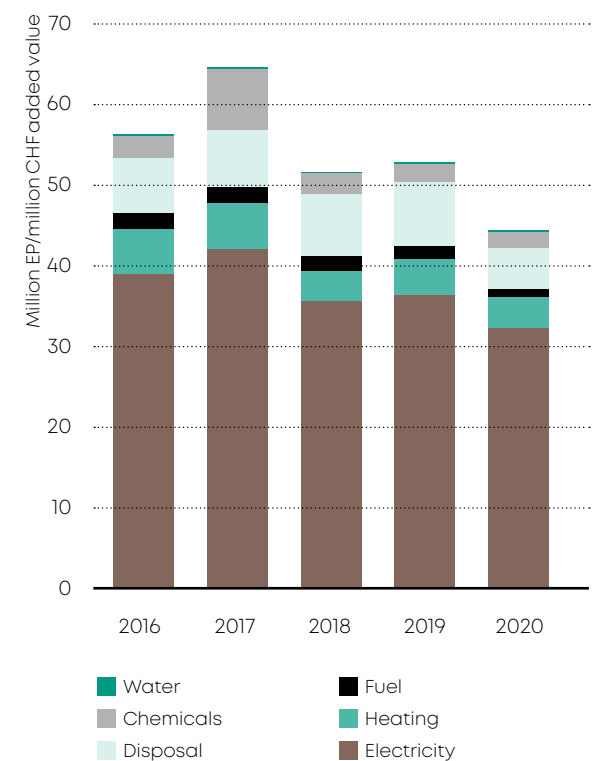


Figure 6

Intensity of the environmental impact (core balance)



Resource efficiency

Resource efficiency has both an economic and an environmental effect. This is why it has always been an important part of environmental management at HUBER+SUHNER. Compared to the previous year, the consumption of all significant resources declined in 2020 as did waste generation (energy -10 %, copper -9 %, plastics -5 %, water -19 %, and waste generation 14%). In light of lower economic performance (added value 9 % year-on-year) this is not a significant improvement in overall resource efficiency.

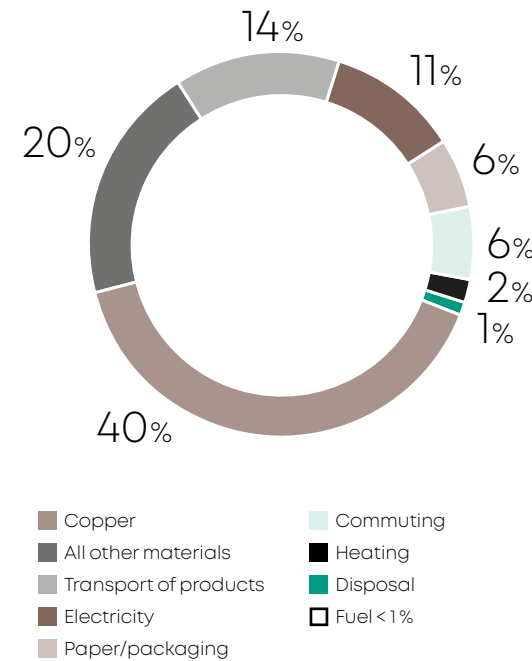
Greenhouse gas emissions and climate change

The greenhouse gas (GHG) emissions in scope 1+2⁶ decreased to 11 200 t in 2020 (-21 % year-on-year). GHG emissions in scope 3⁷ sharply increased by 44 % (year-on-year) mainly due to a methodological change in the calculation. Compared to the restated 2019 scope 3 GHG emissions the 2020 GHG emissions, remained stable despite an expansion of the boundaries.

Figure 7 shows that copper, all other materials, transport of products, and electricity account for 85 % of the carbon footprint of HUBER+SUHNER. Business traffic, a significant driver in previous years, played no role in 2020 due to the Covid-19 pandemic.

Figure 7

Carbon footprint 2020



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

Another contribution to the reduction of GHG emissions was made through projects at the operational level, such as the close monitoring of the electron beam cross-linking facilities, which contain the greenhouse gas SF₆⁸. Various energy efficiency initiatives have been undertaken and are ongoing at all HUBER+SUHNER sites, such as replacement of fluorescent lamps with LED lights, optimisation of control/steering mechanism, closed-loop cooling system, heat recovery, and building insulation.

To reduce its GHG emissions in scope 1+2, HUBER+SUHNER has increased the share of electrical energy consumed worldwide from renewable sources (hydro, wind and solar power plants) from around 12 % in 2019 to 24 % in 2020 as planned. By 2025, the share is to increase to around 70 %. In doing so, the company is

⁶ 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.

⁷ Scope 3 emissions are emissions caused by the company's activities but not under its control, for example from suppliers or service providers.

⁸ SF₆ or sulphur hexafluoride is the strongest known greenhouse gas (one kilogram of SF₆ corresponds to 23.5 tonnes of CO₂).

Science-based target

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

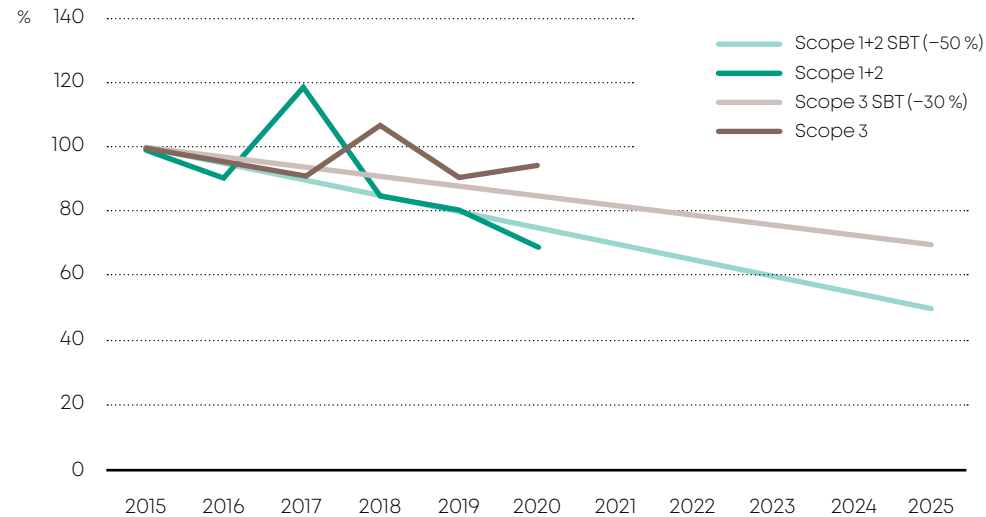
As can be seen in figure 8, the company is fully on track in scope 1+2 thanks to the increased share of renewable electricity and other improvements. In scope 3, major efforts are required to reach the target. The deviation from the target path in 2020 is mainly due to the consideration of commuting traffic as already explained.

Zero GHG emissions by 2030

In setting its targets for the next five years, the HUBER+SUHNER Group has decided to further reduce its GHG emissions in scope 1+2 to zero by 2030, after the science-based target will be reached in 2025.

Figure 8:

Science-based targets in scope 1+2 and scope 3 and actual performance (indexed graph: Changes in the year-on-year comparison due to methodological changes were excluded, for example, changes due to altered background data).



An essential contribution to the green energy future

Wind energy plays a key role in the generation of energy from renewable sources. Global cumulative wind power capacity increased to 743 GW⁹ (+14 % year-on-year). Wind turbines are unbeatable compared to other types of power plants when it comes to energy payback time. This is the time a power plant needs to generate as much energy as was or will be consumed for its production, construction and operation over its lifetime. Depending on its size, a wind turbine only requires four to eight months to generate this amount of electricity.

For a wind turbine to operate at its optimum working point for maximum energy yield, numerous data must be continuously recorded and transmitted. This includes wind speed, wind direction, rotor speed, and pitch as well as various operating parameters of the gearbox and generator, including all control signals. In addition, sophisticated sensors capture the deformation of rotor blades, tower and temperature distributions. Over 350 sensors are installed in a typical wind turbine. Fiber optic cables are the medium of choice for data transfer within, through, and between wind

turbines and act as a central nervous system for control and monitoring. Fiber optic leads are insensitive to the strong magnetic fields that occur in the vicinity of power generators and are immune to the severe electromagnetic fields created by frequently occurring lightning strikes. Moreover, fiber optic cables transmit data over the distances associated with wind turbines virtually lossless.

HUBER+SUHNER has been offering a broad portfolio of solutions for fiber optic cabling of wind turbines for many years and has achieved a market-leading position in this segment,

thus making an indispensable contribution to the green energy transition. The solutions are characterised by a high level of robustness and durability. Their modularity facilitates installation and maintenance work. The solution portfolio is rounded off with antennas for wireless signal transmission. Fiber optic cables from HUBER+SUHNER are also used to control power converters in high-voltage direct current transmission, which has become an important building block for integration of renewables into the grid.



⁹Global Wind Energy Council: Global Wind Report 2021, downloaded on 2 June 2021

The production site in Poland is reducing its carbon footprint in a direct way

The most direct way to reduce CO₂ emissions is to save fossil fuels. In 2019, the management of the HUBER+SUHNER production site in Tczew, Poland, launched a project with the aim of significantly reducing the consumption of heating oil in the over 10 000-square-metre factory building 26.

As a first step, the project team used a thermographic camera to investigate where the building was losing particularly large amounts of heat. This analysis suggested a total of five measures:

1. insulation of 3 000 square metres of facade area,
2. replacement of the heating oil stove with a new one in a higher energy efficiency class,
3. replacement of 42 windows,
4. installing special ceiling fans (air destratifiers) to move warm air from the hall ceiling to the floor or to keep it there in order to increase the temperature on the ground and at the same time reduce heat loss through the roof, and
5. installation of a heat pump to supply the building with hot water outside the heating season.

The costs associated with these measures were entered in the investment budget and implemented gradually in 2019 and 2020 without affecting ongoing operations. The heat pump only started operating after the end of the 2020–2021 winter heating period.

Although the measures had not yet been realised in the months of January to April 2020, heating oil consumption was reduced by 20 % compared to the previous year, which corresponds to CO₂ emissions of about 100 tonnes. This is around 5 % of the global CO₂ footprint caused by HUBER+SUHNER through heating energy.



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

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 the scope 1+2 emissions⁹ of the HUBER+SUHNER Group decreased 21 % corresponding to 3 056 t CO₂-eq¹⁰.

Reason	Change in emissions (t CO ₂ -eq)	Direction of change	Emissions value (%)	Comments
Change in renewable energy consumption	1 255	Decreased	8.8	Purchase of green electricity (expansion of strategic purchasing of relevant production sites) CH: 6.2 GWh (hydro power, 2019: 3.1 GWh) CN: 1.5 GWh (solar power, 2019: 0.75 GWh) IN: 0.34 GWh (wind power, 2019: 0.17 GWh) PL: 0.26 GWh (wind power, 2019: 0.13 GWh)
Other emissions reduction activities	462	Decreased	3.2	Various energy efficiency initiatives have been undertaken and are ongoing at all HUBER+SUHNER sites, as replacement of fluorescent lamps with LED lights, optimisation of control/steering mechanism, closed-loop cooling system, heat recovery, and building isolation.
Divestment	261	Decreased	1.8	Closing of Brazilian site
Acquisitions	0	No change	0	No acquisitions
Mergers	0	No change	0	No mergers
Change in output	1 162	Decreased	8.1	Decrease of net sales by 11 %. Only emissions of electricity were considered.
Change in methodology	196	Increased	1.4	Change from ecoinvent database version v36 to version v371 for the background processes
Change in boundary	0		0	No change in boundary
Change in physical operating conditions	38	Decreased	0.3	The number of heating degree days has decreased in Switzerland, while there has been a slight rise in heating energy demand across the international sites.
Unidentified	0	No change	0	No unidentified changes
Other	74	Decreased	0.5	The management of SF ₆ emissions in Switzerland by monitoring and adapting measures is ongoing and the measures for early detection of leaks implemented in 2019 led to a further reduction. 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 (further reduction compared to last year).

⁹ Difference to value 2019 ecoinvent database version v36

¹⁰ The following greenhouse gases were considered: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆). Operational control methods as outlined in the GHG Protocol Corporate Standard were used for consolidating scope 1 and scope 2 GHG emissions.

Addendum 2: detailed environmental performance indicators (2016–2020)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2020. All EPIs related to the years 2016 to 2019 were not in scope of the engagement.

EPIs		2016	2017	2018	2019	2020	Difference 2019/2020	Difference 2016/2020	GRI
Energy* ✓									302-1
Total Energy	MWh	50 974	52 973	53 186	53 376	48 180	–10 %	–5 %	
renewable		0.1 %	0.2 %	30 %	13 %	21 %	+8	+20.9	
Purchased electricity	MWh	35 886	37 915	41 008	40 676	37 186	–9 %	+4 %	
renewable				39 %	12 %	24 %	+12	+24	
Purchased heat	MWh	4 810	4 920	3 117	3 334	2 831	–15 %	–41 %	
Self-generated electricity	MWh	71	73	77	76	78	+3 %	+9 %	
renewable		100 %	100 %	100 %	100 %	100 %	+0	+0	
Total fuel	MWh	10 206	10 065	8 983	9 290	8 084	–13 %	–21 %	
renewable			1 %	0.2 %	2 %	3 %	+1	+3	
Natural gas	MWh	5 779	6 070	4 996	5 805	5 236	–10 %	–9 %	
Heating oil	MWh	1 885	1 338	1 536	1 181	1 327	+12 %	–30 %	
Diesel	MWh	1 728	1 743	1 882	1 520	972	–36 %	–44 %	
Petrol	MWh	814	862	548	558	332	–41 %	–59 %	
Ethanol	MWh		53	21	18		–100 %		
Wood	MWh				208	217	+4 %		
Water									
Total water	m³	1 054 503	1 070 095	1 098 132	1 127 378	915 933	–19 %	–13 %	
Tap water	m³	79 745	76 248	96 201	81 521	64 299	–21 %	–19 %	
other water (PL, CH)	m³	179 206	94 746	102 423	104 269	87 654	–16 %	–51 %	
lake water (CH)	m³	795 552	899 101	899 508	941 588	763 980	–19 %	–4 %	
Materials ✓									301-1
VOC	kg	17 396	11 968	20 828	14 542	15 563	+7 %	–11 %	
SF6	kg	43	228	51	36	27	–25 %	–37 %	
Refrigerants (losses)	kg	229	241	213	334	264	–21 %	+15 %	
Copper	t	8 103	8 002	8 961	8 360	7 569	–9 %	–7 %	
Plastics	t	3 891	3 963	5 741	5 134	4 860	–5 %	+25 %	
Glass fiber**	kg	21 400	29 817	34 620	37 202	22 755	–39 %	+6 %	
Packaging	t	1 445	1 537	1 819	3 266	4 200	+29 %	+191 %	
renewable (cardboard and wood)		90 %	87 %	91 %	72 %	76 %	+4	–14	

Addendum 2: detailed environmental performance indicators (2016–2020)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2020. All EPIs related to the years 2016 to 2019 were not in scope of the engagement.

EPIs		2016	2017	2018	2019	2020	Difference 2019/2020	Difference 2016/2020	GRI
Waste ✓									306-3
Total	t	4 037	3 987	4 729	4 604	3 941	–14 %	–2 %	
Municipal waste (incineration)	t	236	243	226	205	175	–15 %	–26 %	
Municipal waste (landfill)	t	132	184	225	234	170	–27 %	+29 %	
Inert waste (landfill CH)	t	7	8	132	11	2	–83 %	–73 %	
Hazardous waste	t	447	386	422	487	450	–8 %	+1 %	
Waste (energy recovery)	t	559	646	678	665	576	–13 %	+3 %	
Recycling	t	2 655	2 519	3 046	3 001	2 568	–14 %	–3 %	
Business travel									
Total***	Mio. km	16	15	17	16	1.8	–88 %	–88 %	
Car (expenses, rented)		5 %	12 %	11 %	10 %	33 %	+23	+28	
Aircraft		95 %	88 %	89 %	90 %	67 %	–23	–28	
Product transport									
Total	Mio. tkm	84	98	109	90	76	–15 %	–9 %	
Trucks		29 %	31 %	32 %	32 %	30 %	–2	+1	
Sea freight		57 %	58 %	52 %	57 %	56 %	–1	–1	
Air freight		15 %	9 %	14 %	11 %	13 %	+2	–2	
Rail freight			1 %	1 %		1 %	+1	+1	
GHG emissions (CO2-eq) ✓									
Scope 1	tCO2-eq	3 789	8 078	3 663	3 523	2 802	–20 %	–26 %	305-1
Scope 2	tCO2-eq	13 803	15 957	14 113	10 735	8 401	–22 %	–39 %	305-2
Scope 3	tCO2-eq	52 307	50 131	63 786	58 635	84 296	+44 %	+61 %	305-3

Addendum 2: detailed environmental performance indicators (2016–2020)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2020. All EPIs related to the years 2016 to 2019 were not in scope of the engagement.

EPIs		2016	2017	2018	2019	2020	Difference 2019/2020	Difference 2016/2020	GRI
Environmental impact									
Core balance	Mio. EP	19 161	22 320	19 788	20 355	15 469	–24 %	–19 %	
Total balance	Mio. EP	382 122	387 304	445 282	413 406	382 952	–7 %	+0 %	
References									
Added value	Mio. CHF	343	347	386	386	352	–9 %	+3 %	

* The energy conversion factors were retrieved from ecoinvent database version 3.71.

** Glass fiber plus aramid yarn, 2020 excluding Brazil

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

All figures calculated using ecoinvent v371

GHG emissions: values according to published GHG Inventories. Used ecoinvent database versions 2016: v33, 2017: v34, 2018: v35, 2019: v36, 2020: v371

Scope 1

Heating oil consumption and scope 1 CO₂-eq emissions in 2019 are shown as published in the GHG inventory 2019. When collecting the data for 2020, it was discovered that the heating oil consumption was 440 MWh higher (recording error at the Pfäffikon site), resulting in 120 t higher scope 1 CO₂-eq emissions.

Scope 3

Raw, auxiliary, operating and packaging materials, material transports (indirect), waste, wastewater, business and commuting traffic, product transports.

The 2019 scope 3 CO₂-eq emissions are shown as reported in the 2019 GHG inventory. Redetermination of the 2019 packaging material data in Switzerland showed that the scope 3 CO₂-eq emissions were actually 2 000 t higher.

Adjustments (as shown below) lead to significant increase in scope 3 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 remodelled 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 end of life of products (EoL) will be included in the company model in the medium term. Furthermore, the existing data collection/quality will be continuously improved wherever possible.

Addendum 3: Independent assurance report



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To the management of
Huber+Suhner AG, Herisau

Zurich, 14 June 2021

Independent assurance report

We have undertaken a **limited assurance** engagement of the following quantitative performance measures marked with a „☒“ disclosed in the Huber+Suhner AG Sustainability Report 2020 in the Addendum 2 relating to the chapter „The Environment“ for the reporting period from 1 January 2020 to 31 December 2020:

- ▶ Table on detailed environmental performance indicators (EPis) on pages 41-43 of the Sustainability Report

Our engagement was limited to the performance measures listed above. We have not assessed the following performance measures or information disclosed in the report:

- ▶ Information other than the sustainability performance measures indicated above
- ▶ Performance measures related to previous reporting periods
- ▶ Qualitative statements



Responsibility of Huber+Suhner AG's management

The management of Huber+Suhner AG is responsible for the preparation of the disclosed performance measures marked with a „☒“ in the chapter „The Environment“ in the Sustainability Report 2020 in accordance with the applicable criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of performance measures that are free from material misstatement, whether due to fraud or error.



Applicable criteria

Huber+Suhner AG defined as applicable criteria (hereafter „applicable criteria“):

- ▶ Selected GRI Sustainability Reporting Standards.

A summary of the standards is presented on the GRI homepage (online at <https://www.globalreporting.org/standards/download-the-standards/>). We believe that these criteria are a suitable basis for our review.

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



Independence and Quality Control

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

The 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.



2



Our responsibility

Our responsibility is to express a limited assurance conclusion on the above-mentioned performance measures based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) „Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised)“, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the performance measures marked with a „☒“ in the report are free from material misstatement.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent 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. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatements in the report with regard to the applicable criteria.

The procedures we performed included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.



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 at selected locations responsible for collecting, consolidating and calculating the performance measures marked with a „☒“ 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 quantitative data
- ▶ Critical review of the report regarding plausibility and consistency with the information marked with a „☒“ in the report

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent 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. Accordingly, we do not express a reasonable assurance opinion about whether Huber+Suhner AG's performance measures marked with a „☒“ have been prepared, in all material respects, in accordance with the applicable criteria.



Our conclusion

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

Ernst & Young Ltd



Partner

Roger Müller
(Qualified
Signature)



Senior Manager

Mark Vesper
(Qualified
Signature)

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

The ten principles of the UN Global Compact	Related company policies	Report reference
Human Rights		
<u>Principle 1</u> : Businesses should support and respect the protection of internationally proclaimed human rights; and <u>Principle 2</u> : make sure that they are not complicit in human rights abuses.	Code of responsible business conduct	Page 20
Labour		
<u>Principle 3</u> : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; <u>Principle 4</u> : the elimination of all forms of forced and compulsory labour; <u>Principle 5</u> : the effective abolition of child labour; and <u>Principle 6</u> : the elimination of discrimination in respect of employment and occupation.	Code of responsible business conduct Health and safety policy Social and human resource policy	Pages 20–23
Environment		
<u>Principle 7</u> : Businesses should support a precautionary approach to environmental challenges; <u>Principle 8</u> : undertake initiatives to promote greater environmental responsibility; and <u>Principle 9</u> : encourage the development and diffusion of environmentally friendly technologies.	Code of responsible business conduct Environmental policy	Pages 31–43
Anti-corruption		
<u>Principle 10</u> : Businesses should work against corruption in all its forms, including extortion and bribery.	Code of responsible business conduct Anti-corruption guideline	Pages 19 and 23



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

We welcome feedback on its contents.

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