

# Sustainability

Sustainable practices are a high priority for the Schaffner Group. Its corporate culture is marked by a holistic approach, based on honesty, respect, fairness and a sense of social responsibility as a global company. With innovative spirit and engineering excellence, Schaffner helps to ensure the efficient and reliable use of electrical energy. Systematic quality, health and environmental management ensure that international standards are met or exceeded.

As an active member of the UN Global Compact, the corporate sustainability initiative that has been joined by a total of more than 12,000 companies and other organizations from over 160 countries, Schaffner is committed to honoring the ten principles of the Compact, which address human rights, labor, the environment and anti-corruption. These principles form an integral part of all employment contracts. Schaffner expects its employees to be accountable for their actions, to treat people, society and the environment respectfully and to act with integrity. Schaffner's manufacturing and logistics centers apply an environmental management system that meets the international ISO 14001 standard. The operating facilities also fulfil the requirements of ISO 45001. This international standard for health and safety management systems allows the systematic improvement of workplace safety and serves the enhanced protection of employees' health. The latest relevant report (Communication on Progress) of Schaffner Holding AG is available at:  
[www.unglobalcompact.org/participation/report/cop/create-and-submit/active/417024](http://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/417024)

In addition, the Schaffner Group has adopted the Code of Conduct of the Responsible Business Alliance (RBA), the leading industry coalition of its kind. This Code is a set of social, environmental and ethical industry standards for implementing sustainable processes in supply chains. Schaffner is committed to ensuring safe working conditions, respectful and dignified treatment of employees and sustainable manufacturing processes, in the entire value chain. The RBA Code of Conduct can be viewed at:  
[www.responsiblebusiness.org/standards/code-of-conduct](http://www.responsiblebusiness.org/standards/code-of-conduct)

Schaffner also supports the Conflict Minerals Act for the protection of human rights in the mining industry, particularly in the extraction of ore to produce tin, tantalum, tungsten and gold in conflict regions. More information can be found at:  
[www.business-humanrights.org/en/big-issues/natural-resources/conflict-minerals/](http://www.business-humanrights.org/en/big-issues/natural-resources/conflict-minerals/)

On the basis of the Schaffner Anti-Corruption Policy, Schaffner maintains a Business Ethics Committee. Internal tips about anti-corruption and compliance violations can be submitted to it. These reports are reviewed and processed by an impartial team consisting of the Head of Global Human Resources and two members of the Executive Committee, currently the Chief Financial Officer and the Head of Global Quality. No such tips were received in fiscal year 2019/2020. The notification office for whistleblower tips can be reached at:  
[ethics@schaffner.com](mailto:ethics@schaffner.com)

## **Sustainability commitment of the Executive Committee**

The Executive Committee of the Schaffner Group actively supports the efforts to improve sustainability. The relevant key performance indicators are regularly reported to the Executive Committee. It discusses the results and takes corresponding action as part of a continuous process of improvement.

## Social performance

### Personnel policy

People make the difference: In its role as an employer, the Group pursues a socially responsible and progressive personnel policy. Schaffner promotes the diversity of employees in its international organization and supports them in the intercultural collaboration at work. With production centers on three continents, cross-cultural cooperation is practiced as a day-to-day reality at Schaffner. At the Swiss headquarters in Luterbach alone, people from 13 different nations work together and bring their unique perspectives to the work process. Language courses in German and English foster employee integration and facilitate cohesive work across international borders.

Schaffner is also engaged in furthering cooperation between generations and brings together employees of all age groups. Young learners with their high digital affinity introduce new perspectives in this collaboration, while older colleagues are able to share their comprehensive knowledge and experience.

As a forward-looking and fair employer, Schaffner supports the compatibility of career and family life through family-friendly working conditions. Schaffner accommodates the social trend of a changing division of responsibilities within the family through a range of programs for female and male employees, including offering paternity leave and flexible part-time schedules. This enables fathers to participate equally in family care.

Employers in Switzerland are obligated to ensure pay equity. Under the Swiss constitution, women and men are entitled to equal pay for work of equal value. To assure that this principle is followed, the relevant data are reviewed by an independent entity as part of a pay equity analysis. This external analysis has confirmed that Schaffner adheres to the principle of equal pay for work of equal value.

### Employee development

Schaffner pursues active employee development, and expects employees to engage in their personal development and do their part to keep pace with the Group's dynamic evolution. In turn, the Group is committed to supporting employees in their professional growth. Amid the digital transformation of business, the need to ensure continued employability is gaining in importance. Individual training and development goals are set together with the employees, who are supported in these objectives with funding, time, or both.

### Employee health and workplace safety

Schaffner conscientiously promotes employee health and workplace safety. Regular compliance checks are carried out at the Group sites. The results are analyzed and, as part of the continual advancement of workplace safety and employee health, the findings are used in setting the health and safety objectives both for the Group and the individual sites. Schaffner maintains an occupational health management system, for which a focus topic is chosen each year. The injury rate at the plants was further reduced in fiscal year 2020/21 compared with the year-earlier period. Continuous training and investment in safety measures thus brought the expected improvements.

The ways of global collaboration in the Group continued to be shaped by the COVID-19 pandemic. Of particular significance was the elimination of most international travel to the worldwide Schaffner sites and to meetings. During this time, a new understanding of global digital collaboration has gained prominence. Even before the pandemic, Schaffner had additionally equipped most office employees with a notebook computer. This made it technically straightforward for staff to switch to working from their home office. As well, the first of the Group's sites were migrated to the Microsoft Teams platform, which supported and strengthened employee interaction. A regular schedule of online meetings was consciously instituted in order to maintain and enhance personal contact between employees.

At all Group locations an infection prevention protocol was implemented that included physical distancing rules and hygiene measures, temperature checks before and after shifts, as well as working from home. Great emphasis was placed on raising staff awareness for and providing training in hygiene precautions and general behavior both at and outside the workplace. At no time were the Group's operations adversely affected by COVID infections.

### Sharing of value generated

Schaffner employees receive a significant share of the value generated by the Group. In fiscal year 2020/21, Schaffner's value generation amounted to CHF 78 million. Of this total, 73% was directly or indirectly paid to employees and 5% went to the public sector in the form of corporate income tax. Seven percent is available for distribution to shareholders (subject to their approval at the Annual General Meeting) and 14% remain in the company as depreciation, amortization and retained earnings.

### Environmental performance

#### Energy consumption and CO<sub>2</sub> emissions

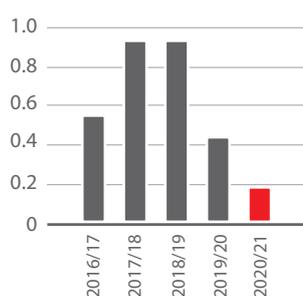
Schaffner is progressively making the operating business along its whole value chain more effective and efficient. A particular focus of these efforts is on reducing energy consumption in and CO<sub>2</sub> emissions from its business

activities. In this way, Schaffner contributes to the reduction of climate-harming greenhouse gas emissions. Overall, the Schaffner Group's energy costs amount to less than 1% of its sales.

In the development of new products, the use of materials and processes responsible for the production of greenhouse gases is avoided to the extent possible. For example, in the EMC and Automotive divisions, filters have been marked with labels instead of ink, thus reducing the use of solvents to a minimum.

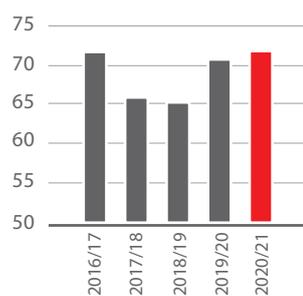
In Luterbach, the staff had moved into the new head office premises at the end of August 2019. The new building is heated primarily with energy from groundwater, using an electrically powered heat pump. The geothermal probes required for this can also be used to cool the technical facilities as needed. Some of the electricity for the operation of the building is supplied by an efficient solar power system. The total electricity consumption in the new building, including the energy for heating, is closely in line with the amount of purchased electricity that was required for the old building. Thanks to the highly sophisticated energy system and good insulation, the new building operates without any fossil heating energy.

**Work-related lost time accident rate**  
LTA/250,000h<sup>2</sup>



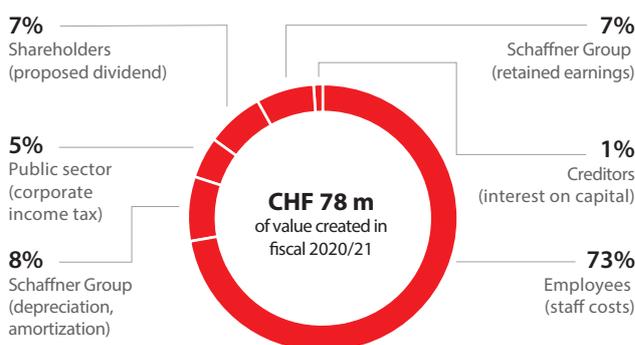
<sup>2</sup> For the fiscal year from October to September.

**Energy consumption**  
KWh per CHF '000 of sales<sup>1</sup>



<sup>1</sup> July to June.

**Sharing of value generated in 2020/21**



The Group's global energy consumption in the past measurement year<sup>1</sup> was in line with the previous year's level. Consumption relative to sales was accordingly stable.

The global presence of the Schaffner Group, with development, production service and application centers in Europe, Asia and the USA, substantially reduces transport costs.

During the COVID crisis, almost all scheduled flights were cancelled; however, demand picked up again strongly at the beginning of 2020. As a consequence, globally, demand for freight capacity exceeded supply both in ocean shipping and rail transport. Due to COVID cases at the transfer points, the remaining supply lines were frequently disrupted, causing more use of air freight. This raised the share of air cargo again, leading to an increase in greenhouse gas emissions.

Nonetheless, Schaffner does its utmost to reduce the share of air freight in its transport needs, and this will allow a further decrease in CO<sub>2</sub> emissions (per unit of weight and distance).

Until the summer of 2021, air freight from China to Europe was gradually replaced with rail transport. Capacity bottlenecks, however, regularly lead to a switch to air freight. The amount of CO<sub>2</sub> emitted in connection with business travel continued to fall sharply in fiscal 2020/21. With one exception, no intercontinental travel was undertaken.

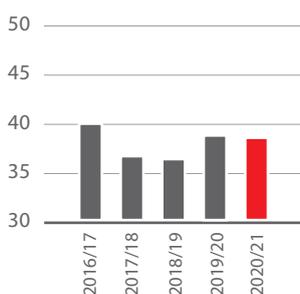
### Water consumption and waste

The demand for drinking water at the plants declined further, both in absolute terms and relative to sales.

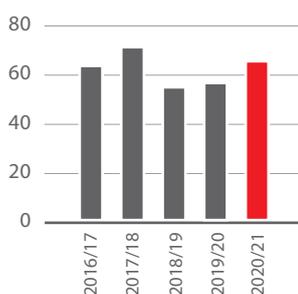
The amount of waste generated in the plants was reduced by about one-quarter in the year under review compared to one year earlier. The proportion of hazardous waste rose slightly. A large part of it can be recycled. Such recyclable, so-called secondary materials were returned to the material cycle.

<sup>1</sup> The environmental data were collected over the period (measurement year) from July 2020 to June 2021. The data thus do not yet reflect the sale of the Power Magnetics division. In the next annual report (representing the 2021/22 measurement year), all Power Magnetics effects will be eliminated. The data will therefore no longer be comparable with past periods.

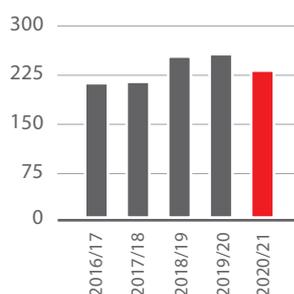
**CO<sub>2</sub> emissions from production**  
Kg per CHF '000 of sales<sup>1</sup>



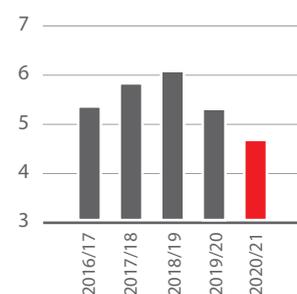
**CO<sub>2</sub> emissions from transport**  
Kg per CHF '000 of sales<sup>1</sup>



**Water consumption**  
L per CHF '000 of sales<sup>1</sup>



**Waste generation**  
Kg per CHF '000 of sales<sup>1</sup>



<sup>1</sup> July to June.