



The
SUSTAINABILITY
Code

Declaration of conformity 2019

ETO MAGNETIC GmbH

Indicator set

GRI SRS

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Indicator set

The declaration was drawn up in accordance with the following reporting standards:

GRI SRS

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Date: 2019, source: company data.
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General

General Information

Describe your business model (including type of company, products / services)

The ETO MAGNETIC GmbH, located in Stockach, develops and produces electromagnetic valves, actuators and sensors for customers all over the world. These components are the most essential part of many vehicles and systems where high-dynamic processes take place and high standards are required in the areas of security, efficiency and environmental sustainability. Examples include electronic braking systems with an ABS and ESP function, systems for camshaft valve control or automatic transmissions.

CRITERIA 1–10: SUSTAINABILITY POLICY

Criteria 1–4 concerning STRATEGY

1. Strategic Analysis and Action

The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.

As an innovation-driven foundation company with a focus on sustainability, our employees and the regions in which our locations are located, we evaluate our actions according to economic, ecological and social criteria. Therefore, our sustainability strategy is based on the three pillars of sustainability.

All activities related to the development, production, distribution and operation of our products have a direct and indirect impact on the environment, safety, energy consumption and the health of our employees and others. Quality, environmental and health protection, occupational health and safety as well as ensuring high-energy efficiency are therefore among the most important tasks of our company. Our vision, our mission, our values and our sustainable actions guarantee success and a high level of customer satisfaction.

Our sustainability strategy is lived out as an interdisciplinary management task throughout the entire company and leads us to take a holistic view of our processes and to continuously optimize them. As a result, we were able to reduce our scrap and rework in 2019 and cut energy consumption per component produced by 13.67 %. This not only leads to savings, but also protects our environment. From 2020, we will also only use pure green electricity in order to meet our ecological responsibility in this area as well.

In addition to our company pension scheme, which has been awarded the German Occupational Pensions Prize and which we have been offering in this form since 2014, a superregional company fitness program has been offered since the beginning of 2020. In addition, an ETO value system was developed together with the employees, which is essential for valuable cooperation and for the success of the company. The ETO team spirit, the

competence and passion of our employees, the trust in our employees as well as in our customers are our main focus. This commitment is demonstrated by a positive employer vote. In 2018, we were awarded as TOP employer. In 2019, we received the TOP 100 Innovator seal of approval for the third time.

By social sustainability, we understand not only the protection of the interests of our employees, but also the promotion of the region around our company headquarters. Our shareholder, the Christa and Hermann Laur Foundation, supports a wide range of regional projects, such as youth welfare, welfare and homeland care, training and science, which benefit people directly, unbureaucratically and in an uncomplicated manner. However, as a company, we also support social projects and educational institutions in the regions of our locations.

Of course, the certification of our management systems with regard to quality, energy and the environment is just as much a matter for us as the constant, independent further development of ourselves and our processes. In addition, we naturally adhere to applicable compliance rules and demand the same from our customers and suppliers. Our corporate goals and principles can only be achieved through the commitment of our employees. We prepare the sustainability report according to DNK voluntarily, as this topic is particularly close to our heart.

2. Materiality

The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.

Our business activities have an impact on sustainability aspects mainly due to the special importance of economic, ecological and social aspects. Our actions are guided by these priorities. The sustainability aspects described below result from our corporate philosophy, which is defined by the ETO GRUPPE and the Christa and Hermann Laur Foundation.

In addition to a solid economic situation with a sustainable medium-term increase in sales figures, we consider globalization and the exploitation of synergies through various worldwide locations to be the most important economic aspects. Technical issues such as innovations, patents, technological leaps, digitalization, cooperation with universities and research institutes such as the Fraunhofer Institute play an important role in this

context. Our market leadership in our products and our proximity to customers and suppliers support this. We support our market positioning through a sustainable and future-oriented corporate strategy and consistent market observation, which takes current and future risks and opportunities into account and proactively incorporates them into our corporate processes.

The ecological aspects include sustainable environmental protection, consistent energy saving, foresighted occupational safety and a great deal of consideration for our neighbors and the region. This aspect is regularly reviewed and further developed through certification according to DIN EN ISO 14001 and DIN EN ISO 50001. With the certification according to DIN EN ISO 45001 planned for 2021 and the upcoming CO₂ balancing, we want to use the opportunity to optimize our processes and procedures further and to establish them sustainably for the future.

The social aspects are primarily concerned with our employees and their diversity of skills and experience. To protect them, health protection is a top priority. This is supported by a company pension scheme and a bonus system. Social sustainability is complemented by our works council, compliance with the UN Global Compact throughout the whole supply chain and active support for the region. In addition, we take advantage of opportunities for employee development and the training of new specialists to actively prevent a potential shortage of skilled workers. For this reason, we have been very successfully training employees in our own large teaching workshop on our company premises for many years. In addition, our structure as a foundation corporation ensures a high degree of stability, so that we are well equipped to deal with economic, ecological or social crises. To keep employee satisfaction high, annual value, Quality First and joint workshops are held.

3. Objectives

The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.

The internal corporate management process ensures the implementation of the sustainability strategy. The management defines concrete corporate goals, which are systematically derived at divisional and departmental levels and economic, as well as, ecological and social aspects are considered. In our divisions, targets are monitored, for example, based on smart indicators, through monthly location meetings with the management, medium-term planning or the annual management review.

Our corporate strategy pursues the following goals:

Average growth across all business units and locations	5 – 8 % p. a.
Profitability measured in EBIT	7 %
Equity ratio	> 40 %
Share of turnover for each business unit	> 20 %
We will consistently pursue a strategy of 0 mistakes	0 ppm
Ensuring accident-free work	0 lost days
Reducing the negative impact on nature and environment through sustainable management and products to reduce emissions, energy consumption and improve the safety of plants and machinery	

The general corporate strategy is supported by the following sustainability objectives:

- Reduction of number of occupational accidents with ≥ 1 lost days
 - Objective 25 %
 - Vision 100 %
- Reduction of the amount of waste per produced piece [kg/piece] due to scrap
 - Objective 2 %
 - Vision 3 %
- Reduction of electricity consumption per produced piece [Wh] in relation to the previous year
 - Objective 2 %
 - Vision 4 %
- Reduction of special trips
 - Objective ≤ 5
 - Vision ≤ 1
- Reduction of rework
 - Objective ≤ 2 %
 - Vision ≤ 1 %

The sustainability objectives mentioned here are pursued with equal priority throughout the entire company. The Sustainable Developments Goals of the United Nations have no direct influence on the setting of our objectives, even though we respect and adhere to some of these goals. In order to bring the issue of sustainability even more into the focus of corporate development, we would like to analyze the relevant aspects of this topic in greater detail in the future and use the Sustainability Report for this purpose.

4. Depth of the Value Chain

The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.

Our products pass through various stages in the value added chain, from the purchase of individual raw materials, such as plastic granules and copper wire, through the production of components, such as turned parts, and the production of individual assemblies, such as coils, armatures, plastic injection molding, to final assembly and the end product. The subject of sustainability is put into practice, among other things, through the systematic recording and optimization of energy consumption, the use of compressor waste heat, the installation of photovoltaics, the separation of waste with a high recycling rate and the reuse of copper in the value added chain.

Due to the use of a wide variety of material groups in the value added chain, there are different priorities in the selection of internal and external suppliers. For example, the most important material groups for semi-finished products are primarily sourced from the EU internal market, the only exception being rare earth magnets, which have to be sourced in Asia due to the monopolistic market situation. In addition, we pursue a sustainable supplier strategy based on partnership, which enables us to implement ecological and social goals throughout the entire value chain. Potential suppliers are evaluated, qualified and audited according to strict criteria. Suppliers are blocked if they do not commit to and implement the values of the UN Global Compact. We have implemented this requirement in all supply contracts with our suppliers since 2015.

In addition, we regularly check whether conflict minerals are sourced from risk regions in our value chain based on the requirements of the "Dodd Frank Act Conflict Minerals".

In addition, we pursue a localization strategy to ensure the availability of our purchased parts. Through this strategy, we improve logistics and reduce the environmental impact of short transport distances. The qualification of international suppliers follows the same processes and guidelines as the approval of local suppliers. Here we use the synergy effects of our international locations on the respective continents to reduce travel and protect the environment.

In addition to the relevant quality management standards, we also require our suppliers to be certified according to an environmental and energy management system. A rejection of the demand leads to a negative evaluation and has an influence on future new business.

Criteria 5–10 concerning PROCESS MANAGEMENT

5. Responsibility

Accountability within the company's management with regard to sustainability is disclosed.

Responsibility for sustainability is anchored at various levels. The general responsibility for all issues relating to economic, ecological and social sustainability lies with the management. This is the only way to ensure that the topic is systematically transported to all areas of the company and that the realization of the sustainability concept is implemented throughout the company for the benefit of our employees, customers, suppliers, environment and the region. The Management is supported in the strategic implementation by the company officers for environmental management, energy management, waste and occupational safety. In addition, the Sustainability Working Group, which consists of representatives from various corporate divisions, meets twice a year to review the integration of the topic in all corporate divisions and decide on new projects to further promote the sustainability concept. All corporate divisions are involved in the operational implementation, as the individual goals are broken down to these and monitored by means of key figures. This ensures that we constantly improve our sustainability and achieve our corporate vision. The project team consisting of the Assistant General Management and the Group Management System Manager is responsible for all aspects of the Sustainability Report.

6. Rules and Processes

The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

Our corporate strategy is implemented successfully and sustainably through target definitions in all areas, smart key figures, action management, various projects, internal guidelines such as corporate culture and leadership, the code of conduct and our process management system. The integrated management system, certified according to IATF 16949, DIN EN ISO 14001, DIN EN ISO 50001 and in the future DIN ISO 45001, ensures that the internal processes, guidelines, responsibilities and role descriptions are documented for each employee, are available and continuously adapted to

current company conditions. The code of conduct and the corporate culture and leadership directive establish binding principles of conduct for all employees and thus ensure that our goals, processes and legal principles are adhered to. This also ensures that conflicts of interest are avoided and that confidentiality and data protection, sustainability, occupational safety, health and environmental protection, social responsibility, the ETO value system, communication rules and the management culture are observed. Our integrated management system is checked not only by the annual certification audits, but also by a wide variety of customer audits. The most important principles of the code of conduct with regard to interested parties are presented on our homepage.

7. Control

The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.

We are convinced that we can increase our sustainability through our actions and clear objectives. Where we are not yet satisfied, we constantly set ourselves new objectives in order to implement our corporate strategy in the best possible way.

Therefore, we use our proven systematic management approach to measure the achievement of objectives. We measure our sustainability performance continuously and consistently. All goals are linked to concrete target values and periods. The regular review of the degree of target achievement ensures a continuous development and improvement process. The most important sustainability indicators for us are presented in this report. These indicators include, for example, the reduction of accidents at work, the number of hours of training and further training, and the reduction of electricity consumption per component produced as a company-wide indicator. As area-specific sustainability indicators in the division Operations, for example, the reduction of rework and the checking of all suppliers for 100 % compliance with the UN Basic Principles can be mentioned.

Together with our employees, we have developed and ETO house of values, a code of conduct and various guidelines explaining our values, guidelines and standards.

Key Performance Indicators to criteria 5 to 7

Key Performance Indicator GRI SRS-102-16: Values

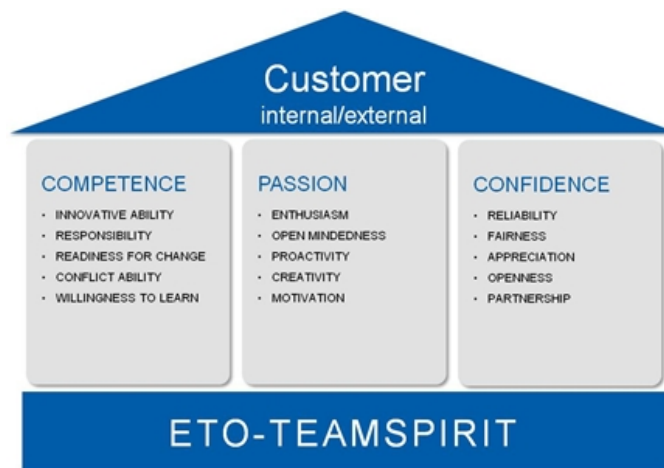
The reporting organization shall report the following information:

a. A description of the organization's values, principles, standards, and norms of behavior.

We have published our vision and values for all interested parties on our website at

<https://www.etogruppe.com/unternehmen/vision-und-werte.html>.

Enclosed our jointly developed house of values in detail:



8. Incentive Systems

The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).

Our corporate objective is to ensure long-term sustainable growth in independence for the benefit of our employees and the regions in which our locations are located. Accordingly, sustainability and long-term creation of value are of central importance to us and are expressed in our vision and mission:

- We excite customers with innovative actuators and sensors.
- In top quality.

- We move and measure towards common success.
- Sustainably.
- We create solutions for more safety, efficiency and ecology
- By conviction.

Within the framework of the objective agreement process for non-pay-scale employees, superiors are required to align the definition of objectives with the corporate objectives, vision and mission in accordance with the Corporate Culture and Leadership Guideline. The derivation of individual objectives from the corporate strategy thus has the effect that each individual objective contributes to the achievement of the greater objective, mission and vision. The sustainability objectives are a component of the target agreements for non-pay-scale employees. Here, employees must decide on at least one sustainability target in their personal objectives. The achievement of these objectives is monitored and evaluated by the respective Group Directors and ultimately by the management.

In addition, the supervisory board evaluates the sustainability objectives and their achievement every six months.

In the scope of the employee suggestion system, employees can submit suggestions for improvement in terms of sustainability, environmental protection, work safety and health protection. Employees also share the success of the company via the ETO annual bonus.

Balanced catering for our employees is provided in our own company canteen, which makes sure that regional suppliers are used in procurement.

We remunerate our employees according to their performance and above the general pay scale. Employees also participate in the success of the company via the bonus system. In addition, we provide a company pension scheme and promote health through a Jobfit program as part of our company health management. We will be considering a more detailed disclosure of the key figures on the subject of remuneration in the context of the Sustainability Code for the future.

Key Performance Indicators to criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:

- i.** Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;
- ii.** Sign-on bonuses or recruitment incentive payments;
- iii.** Termination payments;
- iv.** Clawbacks;
- v.** Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.

b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

Our highest controlling body of the ETO GRUPPE is the advisory board, which represents the interests of the shareholder of the foundation. We are managed by the supervisory board, which pursues the interests and objectives of the Christa and Hermann Laur Foundation.

However, the members of the supervisory board do not receive any remuneration in form of a basic salary or variable compensation, but merely receive an expense allowance for attending meetings. The remuneration policy for executives consist of a fixed salary and an annually determined variable remuneration in form of bonuses, which are based on annual and medium-term targets as well as special effects in the financial year. We do not wish to publish any other topics for reasons of protection of fair competition.

Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

Our total annual remuneration is reviewed every two years by the advisory board based on the international Kienbaum study to ensure that it is

proportionate, with consistently positive results.

Nevertheless, we do not wish to publish the ratio of the total annual remuneration for reasons of protection of fair competition.

9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

The wishes and expectations of our interested parties are of great importance to us. Regular exchanges with internal stakeholders, dialogues with suppliers as well as constructive exchanges with customers, experts, banks and specialist committees ensure an active dialogue and offer an opportunity to gain valuable insights, which, for example, have a positive impact on internal programs such as ETO value workshops and ETO Quality First.

Internal stakeholders include employees, the advisory board, the ETO GRUPPE, the Christa and Hermann Laur Foundation and the works council. At the regularly held employees' meetings, the management provides information on planning, activities, further developments, successes and current topics. The internal employee newspaper MAGNETONEWS has been published three times a year since 2016. The editorial team consisting of employees continuously collects information on topics of operational and personal interest and lives from the active participation of all employees.

External stakeholders include not only customers, suppliers, authorities, banks, insurers, neighbors, social and educational institutions, but also the various associations such as the VDA, VDMA, wvib, the German Economic Council and various committees of the Chamber of Industry and Commerce, for example the committee on foreign trade as well as environmental and energy. Through participation in the various boards and committees, there is a regular exchange of expertise on the various topics. In addition, current, specialist publications, papers or interviews are communicated to the relevant managers and representatives.

We identified our internal and external parties a few years ago in a work group as part of our management systems. We regularly update these to reflect current circumstances.

Key Performance Indicators to criteria 9

Key Performance Indicator GRI SRS-102-44: Key topics and concerns

The reporting organization shall report the following information:

- a.** Key topics and concerns that have been raised through stakeholder engagement, including:
 - i.** how the organization has responded to those key topics and concerns, including through its reporting;
 - ii.** the stakeholder groups that raised each of the key topics and concerns.

By participating in the various boards and committees of the trade associations, topics are brought into the company and if they are applicable to us, they are analyzed, processed and implemented. Due to the large number of topics, we only give a few examples below. These include aspects such as occupational health and safety, CO2 accounting and energy transition. On the subject of energy transition, we have formed the hydrogen technology work group, for example.

All topics of the foundation's advisory board are implemented 100% within the company.

10. Innovation and Product Management

The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

We use our technological lead for improvements, optimizations and to implement further technological change with the usual ETO quality standards. We reduce our innovation cycles in order to maintain our position in the dynamic market environment. We support the innovation processes by making them more flexible and creating our own innovation rooms. In addition, we observe megatrends that affect our society and have a significant impact on our areas of life and the economy in order to identify market trends early on. Innovations and thus the safeguarding of our future are promoted even more strongly and supported by new processes. Freedom

of design, budgets and capacities are provided and actively promoted. In addition to the budget for customer-driven projects, capital is also made available for diversification of the product portfolio and free innovation.

In order to keep up with the pace of technological change, we are building an ecosystem for innovative products, thereby utilizing our expertise and skills in the field of new technologies. This ecosystem, together with the internal innovation process, allows us to reduce innovation cycles and develop products faster.

Our products are characterized by their quality, safety and durability. Thus, we avoid early replacement of our products and the associated waste and additionally reduce the energy resources for production.

We make an active contribution to sustainability by developing products that make an ecological contribution. The function of these products reduces fuel, emissions and energy. For us, the development of products that serve sustainability will continue to be our focus in the future, which is why we regularly offer customers sustainable product improvements.

In accordance with our values, product responsibility begins with the procurement of production materials, as described in more detail in Chapter 12 Resource Management. Development guidelines for our products, which are designed to reduce weight and thus automatically to use materials sparingly, make a significant contribution to the efficient use of resources. Products and waste that cannot be avoided due to the manufacturing processes are fed into the recycling process via the sustainably designed disposal management. Our wide-ranging hazardous materials management ensures that, in addition to the primary goal of protecting our employees, the environment is also protected. Transport services are provided according to strict criteria and reflect specific strategies, such as a so-called milk run. Our shipping partner itself attaches great importance to climate protection and is constantly improving further.

Criteria for assessing the potential impact of our products cover the entire life cycle of our products and are reviewed regularly. All potential environmental and social impacts are considered, from design to production and recycling. The extent to which our innovation management can be supported by indicators will be examined in the coming years.

Key Performance Indicators to criteria 10

Key Performance Indicator G4-FS11

(report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening.

[Link \(Page 38\)](#) (Note: the indicator should also be reported when reporting to GRI SRS)

This indicator will be reviewed for the future as part of the sustainability report.

Criteria 11–20: Sustainability Aspects

Criteria 11–13 concerning ENVIRONMENTAL MATTERS

11. Usage of Natural Resources

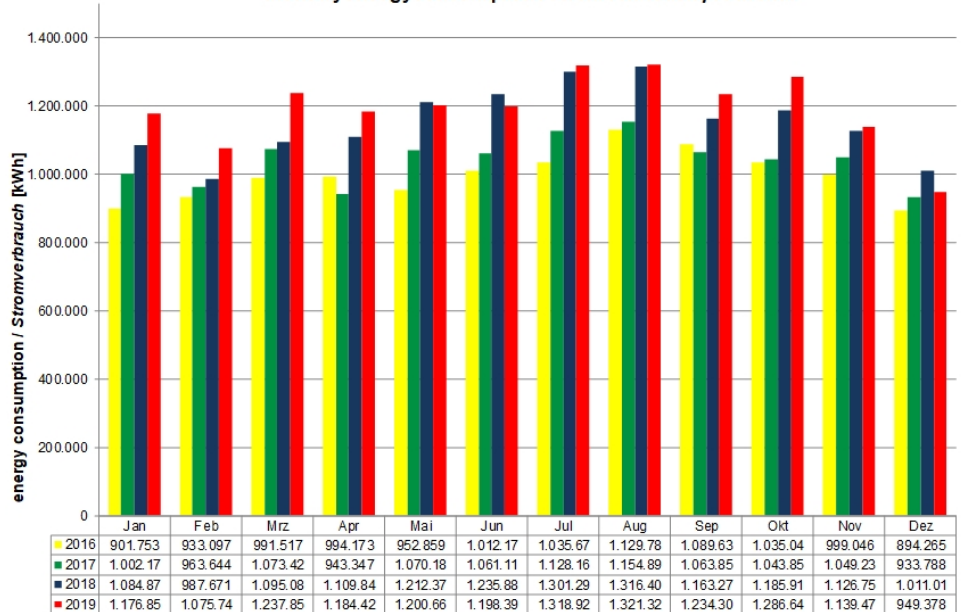
The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.

The company objective is:

- Ensuring long-term sustainable growth for the benefit of our employees and the regions in which our locations are located
- Reducing negative impacts on nature and environment by a sustainable management
- Usage of sustainable products for decreasing emissions and energy consumption as well as for increasing safety of machinery

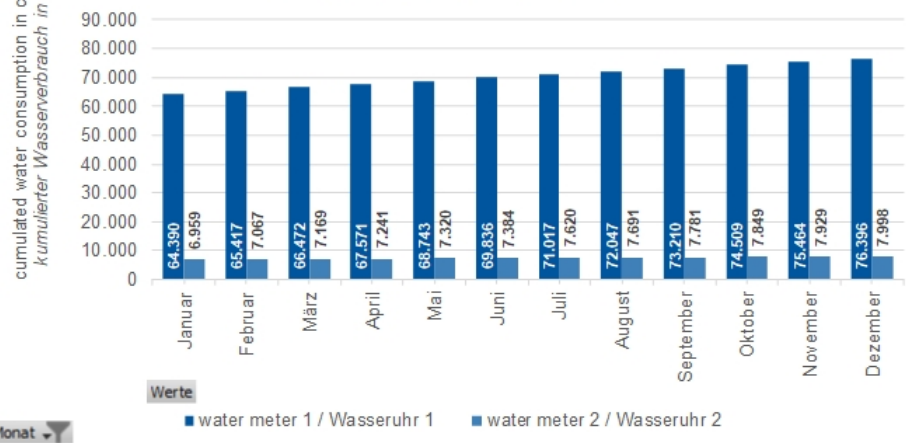
For the manufacturing of our products, which provide more efficiency, safety and ecology we use raw materials, semi-finished products and chemicals as well as energy and gases. Electricity is needed to operate the production machinery. Particular processes need gases and the water is mainly used in the in-house electroplating shop. This results in emissions and substances that can no longer be used in the further production process.

monthly energy consumption / Stromverbrauch pro Monat

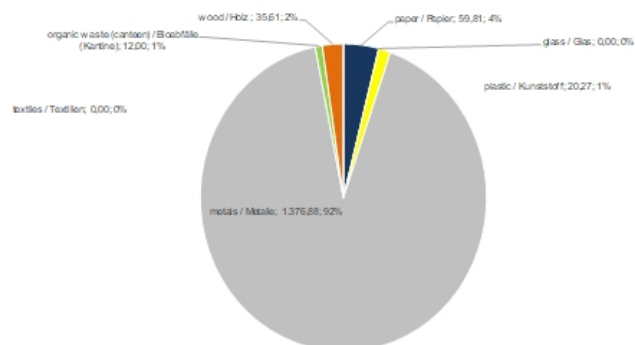


water meter 1 / Wasseruhr 1 water meter 2 / Wasseruhr 2

cumulated water consumption 2019 / kumulierter Wasserverbrauch 2019



Waste categories / Übersicht der Abfallarten [t]



We are aware that this is associated with a burden on our environment. We take this responsibility and therefore work continuously to minimize our ecological footprint by using 100 % green electricity. Energy efficiency has therefore become top priority and part of our company policy, which is why a clear guideline has been established for the entire organization. Production processes are formed under ecological and economical aspects so that fewer and fewer resources are needed. The implemented management systems for environment and energy as well as the improvement suggestion system contribute to a sustainable and continuous improvement of the resource usage.

12. Resource Management

The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.

The strategic corporate objectives for environment, energy and occupational safety form the basis for setting divisional, segmental and departmental targets throughout the company. In the form of annual targets, different fields of action for sustainability are mapped out each year within this framework. Improving the resource efficiency and environmental performance of our operations are the most important levels. Our continuous improvement and further development process ensures that the degree to which our corporate goals have been achieved is discussed regularly. To this end, all targets are monitored and reviewed using specified tools and by predetermined working groups. In 2019, all agreed corporate goals were met 100% and new target potentials for 2020 were developed. Out of conviction, we are working to increase our sustainability. To this end, for example, we have set a clear target for the preparation of a climate balance sheet. We are working towards this goal with high priority and plan to have implemented a complete climate balance sheet for our operations by 2022.

We increase the quality of life of people and the success of our customers. To this end, we develop and produce sustainable products and services. Our innovations contribute to improving the user-friendliness, safety, efficiency and environmental compatibility of vehicles and machines. As an industrial company, we are dependent on the reliable availability of various raw materials. In view of the fact that most resources are finite, we regard increasing resource efficiency as an important milestone.

An important raw material for use in our end products is copper. Based on our internal risk assessment, we procure the copper via a trading company in Germany. The trading company in turn procures the copper from various global copper mines, including Chile. The procurement from the copper mines in Chile has been reduced to less than 50 % in recent years. The rest of the copper demand is now sourced from the European Economic Area. We make sure that the copper demand in the value chain is sourced from certified copper mines. Furthermore, we assess whether the copper mines are located in a country that recognizes the relevant social standards, e.g. through membership of recognized institutions such as Chile as a member state of the OECD.

Electrical energy is increasingly used in the processing of our materials. Efficient use of energy is ensured by installed energy monitoring. Water is fed into the systems to ensure the required cooling capacity. To collect rainwater and to support the cooling systems, rainwater is collected in an underground cistern.

Key Performance Indicators to criteria 11 to 12

Key Performance Indicator GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:

- i.** non-renewable materials used;
- ii.** renewable materials used.

Steel, copper and polymers are the most important materials for our production and the most important resources for the manufacture of components.

In 2019, over one million kilograms of copper were processed in our plant. These materials are procured under clear purchasing strategies. Accompanied by continuous volume savings potentials from product and process development, an ongoing contribution is made to resource conservation.

Fresh water, as the renewable material used in our plant, has a high priority for us in terms of sustainable use.

The main water consumption is caused by our internal electroplating. The connection to a monitoring system enables us to analyze the water consumption in this process in detail and to identify and optimize potential savings.

The process water from the electroplating shop is not reused, but is treated

and discharged into the sewerage system as clean wastewater.

In contrast, our internal washing processes represent a closed cycle in which fresh water is cleaned by an osmosis plant after use and is fed back into the washing process . Part of this treated water is made available to production, so that the proportion of fresh water used to concentrate cooling lubricants can be significantly reduced.

To maintain our green open spaces, rainwater fed into a cistern is used several times a year instead of fresh water. With a volume of 70,000 liters, depending of course on rainy days, this cistern can be filled several times a year and used exclusively for watering green areas.

Key Performance Indicator GRI SRS-302-1: Energy consumption
The reporting organization shall report the following information:

a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.

b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.

c. In joules, watt-hours or multiples, the total:

- i.** electricity consumption
- ii.** heating consumption
- iii.** cooling consumption
- iv.** steam consumption

d. In joules, watt-hours or multiples, the total:

- i.** electricity sold
- ii.** heating sold
- iii.** cooling sold
- iv.** steam sold

e. Total energy consumption within the organization, in joules or multiples.

f. Standards, methodologies, assumptions, and/or calculation tools used.

g. Source of the conversion factors used.

The use of fuels, especially diesel and petrol, is exclusively for the internal vehicle fleet. This consists of company vehicles or equipment for maintenance of the company premises.

Fuel is consumed depending on the number of kilometers driven. Our

employees come from different areas, which are unfortunately not always optimally accessible by public transport. However, we have noticed a significant change in the mobility of our colleagues. The bicycle is very often chosen and used by our employees as a year-round means of transport.

The use of company vehicles has caused the following fuel consumption in 2019:

Diesel: 109,391.71 liters

Petrol: 2,585.05 liters

We need electrical energy to supply our production processes with sufficient energy and to operate the necessary cooling systems. It is also used to generate compressed air.

In 2019, we consumed a total of 14,323,986 kWh of electrical energy at the site, 183,604 kWh of which was used for cooling.

Despite construction measures to expand the site, numerous energy efficiency projects have enabled us to reduce electricity consumption in relation to the number of units produced.

In 2019, exactly 11,092 kWh of gas was consumed for heating, which is controlled extremely efficiently based on the outside temperature by an automatic mode. Thanks to integrated control elements, it was possible to save a full 15.8 % of gas in 2018 compared to 2017. In 2019, we were confronted with a slight increase in gas consumption for heating purposes, which is due to structural expansion of our plant. In part, this increase was generated by the renovation of production facilities and the relocation of product joint processes to other production plants of our GRUPPE, as less mechanical waste heat was produced.

In the 2019 reporting year, total consumption of electrical energy and heating gas amounted to 51,606,280,800 kJ.

Conversion from kWh to kJ was carried out using <https://www.volker-quaschnig.de/datserv/faktoren/index.php>

We monitor energy consumption by means of the éVisor software, spreadsheet calculations and continuous energy evaluation, which was developed with the introduction of the energy management system according to DIN ISO 50001. The effectiveness of our indicators is confirmed by statistical methods.

Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption

The reporting organization shall report the following information:

- a.** Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
- b.** Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.
- c.** Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.
- d.** Standards, methodologies, assumptions, and/or calculation tools used.

Basis 2015: 540 kJ/part Target 2020: 459 kJ/part Is 2018: 462.5 kJ/part Is 2019: 399.1 kJ/part

Zielerreichung 2018 - 2019



Erneute deutliche Unterschreitung des strategischen 5-Jahresziels als Unternehmensziel

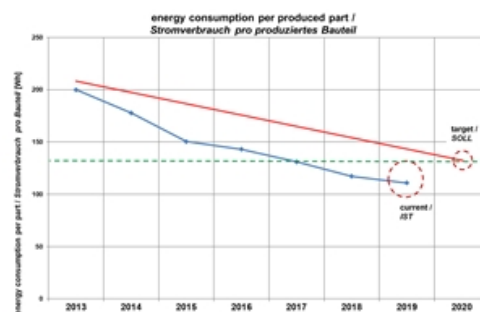
The strategic target „reduce the expended energy per produced part by 20 % until 2020“ is the basis to determine operative targets for energy management.

1.) strategic 5-years target
 basis: 2015 - 150,00 Wh/pc.
 target: 2020 - 127,50 Wh/pc.

2.) Company Goal 2018/2019
 The energy consumption reduction per produced part by 2 % related to the previous year

initial value 2018: 128,48 Wh/pc.
 target value 2019: 125,91 Wh/pc.
 achieved 2019: 110,92 Wh/pc.
 This is a reduction of 13,67 %.

Conclusion
 The strategic 5-years target once again fall below the limit.



Note: Definition der Kennzahl: Komplett aufgewendete Strommenge des Standorts, bezogen ins Verhältnis zu den produzierten Bauteilen im Jahr 2017
 Quelle: Managementbericht und -bewertung für Umwelt und Energiemanagement / kirk
 Prot: 6/16/2020

Electricity, i.e. electrical energy, is the main energy supplier for our production and can be put in relation to the quantities produced. With the energy management system introduced in 2015, the base year for energy savings was established. The base year 2015 also forms the basis for our strategic goal of electricity consumption per component produced.

Key Performance Indicator GRI SRS-303-3: Water withdrawal
The reporting organization shall report the following information:

- a.** Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i.** Surface water;
 - ii.** Groundwater;
 - iii.** Seawater;
 - iv.** Produced water;
 - v.** Third-party water.

- b.** Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i.** Surface water;
 - ii.** Groundwater;
 - iii.** Seawater;
 - iv.** Produced water;
 - v.** Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.

- c.** A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
 - i.** Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids);
 - ii.** Other water ($> 1,000$ mg/L Total Dissolved Solids).

- d.** Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

Water consumption cooling 2019: 10,634 cbm

Water consumption electroplating 2019: 833 cbm

Water consumption other areas 2019: 13,045 cbm

Key Performance Indicator GRI SRS-306-2: Waste

The reporting organization shall report the following information:

a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:

- i.** Reuse
- ii.** Recycling
- iii.** Composting
- iv.** Recovery, including energy recovery
- v.** Incineration (mass burn)
- vi.** Deep well injection
- vii.** Landfill
- viii.** On-site storage
- ix.** Other (to be specified by the organization)

b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:

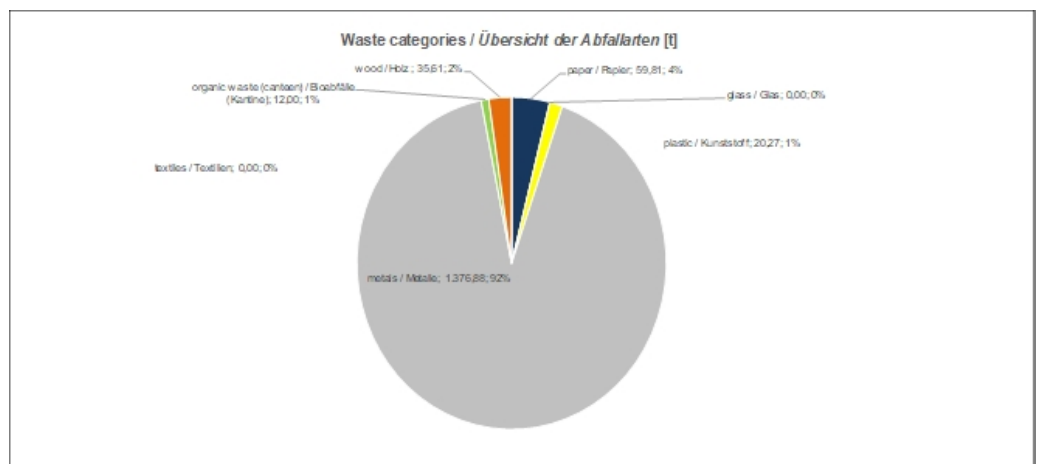
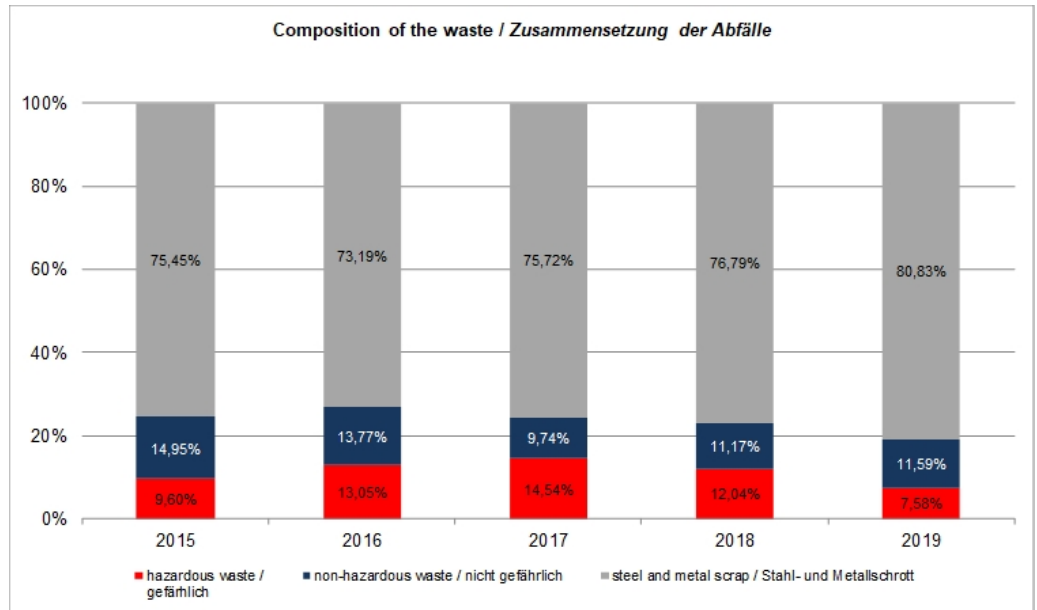
- i.** Reuse
- ii.** Recycling
- iii.** Composting
- iv.** Recovery, including energy recovery
- v.** Incineration (mass burn)
- vi.** Deep well injection
- vii.** Landfill
- viii.** On-site storage
- ix.** Other (to be specified by the organization)

c. How the waste disposal method has been determined:

- i.** Disposed of directly by the organization, or otherwise directly confirmed
- ii.** Information provided by the waste disposal contractor
- iii.** Organizational defaults of the waste disposal contractor

Total weight of hazardous waste in the reporting year: 129.07 metric tons
In 2019, 121.75 metric tons of this amount were recycled, i.e. the hazardous waste was used for energy recovery or sent to a recycling process.

Total weight of non-hazardous waste in the year under review (including ferrous and non-ferrous metals): 1,574.37 metric tons
In 2019, 1,573.12 metric tons of this was recycled.
The ferrous and non-ferrous metal portion of 1,376.88 metric tons was completely fed into the recycling process.



All waste is stored at the location until the minimum quantities are reached, so that emission-optimized transport can be guaranteed.

None of the waste generated by our operations is deposited in landfills, composted or used for saline wastewater injection.

The waste disposal methods selected in our company have been and will continue to be determined by our organization in consultation with the specialist waste disposal company whenever changes are made.

Confirmation of the waste disposal method carried out is verified by the waste disposal service provider.

Regular controls of the waste disposal methods by our organization ensure that contractual agreements are adhered to.

13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

The majority of our climate-relevant emissions are caused by the consumption of electricity, which accounts for approximately 80%. The remaining percentages are made up of the consumption of natural gas at approximately 11% and the consumption of fuel for company vehicles at approximately 9%.

Since 2020, we have been using 100% green electricity via the local energy supplier. We are working on reducing emission in particularly energy-intensive processes. For example, improvements to efficiency in production plants are reducing the time of use. Furthermore, we use the lost heat from production plants to heat the building in order to minimize gas consumption. Energy-efficient air compressors are used. For the reporting year 2020, the optimization of the compressed air network with a booster concept is planned and at the same time eliminate compressed air leaks through the systematic use of energy scouts. The results will be quantified for reduction and evaluated promptly using our online tool. Actions for continuous improvement are derived from the results and implemented.

The reduction of energy consumption per unit produced, combined with the development of smaller and lighter components, leads to a reduction in emission and is an integral part of the objectives of the corporation. The reduction of CO₂ is of elementary importance in this context. In order to be able to document and optimize this more effectively, the structure and contents of a CO₂ balance are currently being revised with the aim of preparing it by the end of 2020 for internal processes and procedures (scope 1) and extending it to upstream and downstream aspects (scope 2 and 3) by the end of 2021.

Based on this balance, concrete CO₂ performance indicators will be developed and determined from 2021 onwards.

Key Performance Indicators to criteria 13

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

- a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.
- b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ or all.
- c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.
- d. Base year for the calculation, if applicable, including:
 - i. the rationale for choosing it;
 - ii. emissions in the base year;
 - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f. Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

The development of a complete data basis for an accurate CO₂ balance of our environmental impact is a challenge that we are facing in 2020.

The use of electrical energy amounting to 14,323,986 kWh in 2019 caused 4,683,943 t CO₂.

From 2020 onwards, we will compensate for previously unavoidable emissions generated within our production by purchasing climate-neutral electrical energy.

Our logistics partners, which we use for the delivery of materials, are among the companies that have developed their own interest in a more climate-neutral mode of transport.

Key Performance Indicator GRI SRS-305-2: Energy indirect
(Scope 2) GHG emissions

The reporting organization shall report the following information:

- a.** Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- b.** If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- c.** If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- d.** Base year for the calculation, if applicable, including:
 - i.** the rationale for choosing it;
 - ii.** emissions in the base year;
 - iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

The development of a complete data basis for an accurate CO₂ balance of our environmental impact is a challenge that we are facing in 2020. For this reason, it is not yet possible at this stage to report energy-related indirect GHG emissions.

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions

The reporting organization shall report the following information:

a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.

b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.

c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.

d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.

e. Base year for the calculation, if applicable, including:

i. the rationale for choosing it;

ii. emissions in the base year;

iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.

f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

g. Standards, methodologies, assumptions, and/or calculation tools used.

The development of a complete data basis for an accurate CO₂ balance of our environmental impact is a challenge that we are facing in 2020. For this reason, no other indirect GHG emissions can be reported at this time.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions

The reporting organization shall report the following information:

- a.** GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.
- b.** Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- c.** Base year or baseline, including the rationale for choosing it.
- d.** Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e.** Standards, methodologies, assumptions, and/or calculation tools used.

The development of a complete data basis for an accurate CO₂ balance of our environmental impact is a challenge that we are facing in 2020, therefore we cannot report any reductions in GHG emissions at this stage.

Criteria 14–20 concerning SOCIETY

Criteria 14–16 concerning EMPLOYEE-RELATED MATTERS

14. Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

The most important goal of both the management and the Christa and Hermann Laur Foundation is to ensure the long-term, independent survival of the company for the benefit of our employees and our environment. Accordingly, it is a matter of course for us to respect employees' rights, to implement them 100 % and to act in the interests of our employees. We observe all nationally applicable employee rights and supplement these with uniform Group standards, the code of conduct and the ETO values, management and conduct guidelines laid down in the corporate culture and leadership policy. We respect the right of all employees to form and join unions and employee representatives on a democratic basis. In addition to their actual activities, the works councils are also involved in the important CSR management bodies, such as occupational safety committees and Living and Working at ETO. Employees are also involved in the exchange and further development of CSR topics through regular training courses, events and workshops in line with the ETO values house. Measures generated from the workshops are pursued by the management and executives. We make sure that our employees are paid in line with their performance and above the general pay scale and that they participate in the company's success via the bonus system. We also offer a company pension scheme and promote health through the Jobfit program as part of our company health management. We are not aware of any significant risks and negative effects of our business activities on employee rights.

ETO MAGNETIC GmbH is a German company that operates internationally exclusively through the ETO GRUPPE. The German standards are implemented at the ETO subsidiaries in all countries, provided that national laws do not conflict with them.

In addition, we check annually that our set targets are fully achieved at the

location. In the past, we have always achieved them.

15. Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

Equal opportunities, equal rights, appreciation of employees, fairness and tolerance characterize our corporate culture. The guidelines for equal opportunities and equal rights are set out in the code of conduct and apply to all locations of the ETO GRUPPE and thus also to ETO MAGNETIC GmbH. Appreciation of our employees, fairness and partnership are elementary components of the ETO value house and are anchored in the guidelines for corporate culture and leadership. These ETO values are reviewed and sustainably developed in the annual ETO value workshops. We and the entire ETO GRUPPE reject any form of discrimination. Vacancies are advertised and filled in accordance with the General Equal Treatment Act. There is an General Equal Treatment Act Complaints Office that reports directly to the management to clarify any complaints of discrimination. In addition, there is an integration management to ensure that people with disabilities or handicaps have equal career prospects with us.

In addition, we annually review the full achievement of our set goals at the location. In the past, we have always achieved them.

16. Qualifications

The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.

We see it as our responsibility to provide our employees with professional and interdisciplinary qualifications throughout their professional lives. According to our guidelines on corporate culture and leadership, a positive environment must be created in which continuous change, improvement, innovation and personal development are efficiently possible and encouraged. Since "competence" is one of our ETO values and this is supported and desired by all employees, we set ourselves the goal of maintaining the high standard of

education of our employees. This value has been described in more detail by our employees with, among other things, willingness to change, ability to deal with conflicts and willingness to learn. Further goals are to implement the training courses according to the requirements planning and to discuss the corresponding effectiveness assessment with the management. Our training platform also ensures transparency at all levels. It enables efficient and timely implementation of catalog training needs as well as external training.

Professional and interdisciplinary competence development is carried out systematically via our own ETO Academy and external personnel development measures, taking into account the globally applicable ETO roles and the individual training plan. The company bears the costs of these qualification measures. The ETO training portal gives all employees the opportunity to find out about and apply for supplementary qualification measures.

At our location we maintain a training workshop and, as one of the largest regional training companies, we train young apprentices in commercial and technical professions. In addition, we maintain close contacts with regional and national universities and offer support programs for employees to complete a university degree.

We support the health of our employees through numerous, varied programs. In the working group Living and Working at ETO, measures are developed in cooperation with employee representatives to promote health and reconcile work and career. For example, the ETO GROUP in Germany offers participation in external fitness programs. Anniversary celebrations, Christmas parties and cross-location football tournaments are offered nationally and even internationally. We also design workplaces in accordance with modern ergonomic, safety, occupational health and environmental standards.

In order to combine family and career, the ETO GROUP offers part-time models, home office arrangements and flexible working hours without core time.

As part of the future certification for DIN ISO 45001 management systems for safety and health at work in 2021, we will be establishing various occupational safety indicators.

We see major risks in the rapid technological change and the resulting need for training in the area of technical skills and soft skills as well as in the rapid market development. Both internal and external e-learning offerings are particularly affected. To counteract this risk, our personnel development department regularly analyses new media, evaluates external providers and informs the management.

Key Performance Indicators to criteria 14 to 16

Key Performance Indicator GRI SRS-403-9: Work-related injuries
The reporting organization shall report the following information:

a. For all employees:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.

Key Performance Indicator GRI SRS-403-10: Work-related ill health

The reporting organization shall report the following information:

a. For all employees:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

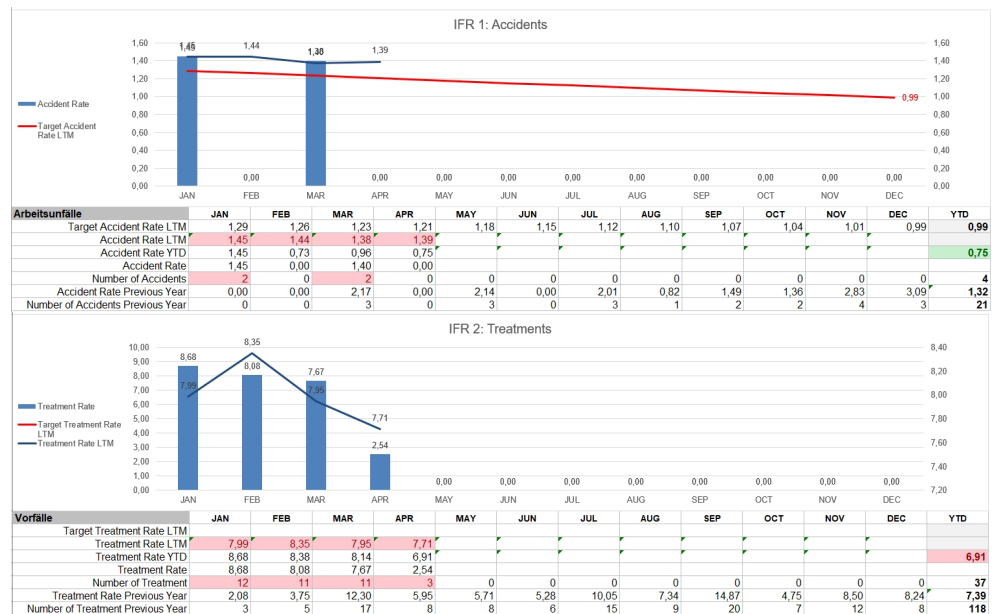
b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.

We only have one indicator of work-related injuries among our employees and staff, as all other indicators that are requested do not apply to us.

In terms of work-related accidents, we are slightly above the target value at the time of reporting, but the number of treatments and injuries is falling steadily.



Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety

The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:

a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.

b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

In addition to our works council, which registers a high level of participation in issues such as occupational safety and health protection, we maintain a company suggestion scheme. This is currently being revised in order to better reflect the current needs of the employees and the company and to

achieve a greater variety of suggestions, including on sustainability issues. In addition, various special projects on employee participation are still underway and, under the "2+1+x" project, all managers must define and implement suggestions for improvement in their area and at interfaces.

In the course of the certification to DIN ISO 45001, we will consider a possible key figure for this point.

Key Performance Indicator GRI SRS-404-1: Average hours of training

The reporting organization shall report the following information:

a. Average hours of training that the organization's employees have undertaken during the reporting period, by:

- i.** gender;
- ii.** employee category.

In 2019, 26,947.5 hours were spent on the training and further education of all employees

Key Performance Indicator GRI SRS-405-1: Diversity

The reporting organization shall report the following information:

a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

b. Percentage of employees per employee category in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

For us, diversity is not just a key figure, but has been lived in the minds of our employees for years.

For more details on the individual diversity aspects of corporate management, please refer to our website:

<https://www.etogruppe.com/unternehmen/eto-weltweit/stockach-deutschland/frauen-bei-eto.html>.

The composition of the purely German Advisory Board consists of 67 % men

and 33 % women, 33 % of the age groups can be assigned to the 30-50 age group and 67 % to the group over 50. Our employees are divided into the categories apprentices, industrial workers and salaried employees:

age group	apprentices		industrial worker		salaried employees		total	
	m	f	m	f	m	f	m	f
under 30 years	5%	1%	7%	2%	4%	2%	16%	21%
under 40 years	0	0	6%	4%	10%	3%	15%	22%
under 50 years	0	0	5%	5%	7%	2%	12%	18%
under 60 years	0	0	8%	10%	8%	3%	17%	29%
from 60 years	0	0	3%	5%	1%	1%	5%	10%
total	5%	1%	29%	25%	30%	9%	0%	100%

The length of service of our employees:

under 5 years	43%
under 10 years	14%
under 15 years	10%
under 20 years	11%
from 20 years	23%
total	100%

Key Performance Indicator GRI SRS-406-1: Incidents of discrimination

The reporting organization shall report the following information:

- a.** Total number of incidents of discrimination during the reporting period.
- b.** Status of the incidents and actions taken with reference to the following:
 - i.** Incident reviewed by the organization;
 - ii.** Remediation plans being implemented;
 - iii.** Remediation plans that have been implemented, with results reviewed through routine internal management review processes;
 - iv.** Incident no longer subject to action.

Our General Equal Treatment Officers report that no incidents have occurred in 2019 and up to the reporting date of 2020.

Criterion 17 concerning RESPECT FOR HUMAN RIGHTS

17. Human Rights

The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.

We respect human rights and support their worldwide observance. In accordance with our code of conduct, we are therefore guided by the basic principles of the UN Global Compact in the areas of human rights, labor standards, environmental protection and anti-corruption. We have set ourselves the goal of 100 % compliance, which we achieve annually.

We require our suppliers to respect human rights and the relevant labour standards. When selecting new suppliers, we carry out on-site audits to check whether these requirements are accepted and adhered to, as a mere supplier self-disclosure is not sufficient for us. Suppliers who do not contractually commit themselves to the recognition and implementation of human rights, the relevant labor standards, anti-corruption or environmental protection will be blocked by us for the entire group of companies. In addition, we check each time a new product is awarded, whether the contractual obligation has been signed by the supplier. We have been consistently implementing this requirement in all supply contracts with suppliers since 2015.

We only see risks in the observance of human rights in our supply chain. Particularly in the case of copper as a raw material, we try to minimize the risk by carefully selecting our suppliers. In copper procurement, for example, only certified copper mines are permitted in connection with our supplier contracts. Further details can be found under point 12 Resource Management.

Key Performance Indicators to criteria 17

Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings

The reporting organization shall report the following information:

- a.** Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.
- b.** The definition used for ‘significant investment agreements’.

All investment agreements over €1 million are reviewed for human rights aspects.

Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews

The reporting organization shall report the following information:

- a.** Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

We have checked 100 % of all business locations for compliance with human rights and have successfully approved them.

Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening

The reporting organization shall report the following information:

- a.** Percentage of new suppliers that were screened using social criteria.

As stated in the sustainability report, 100 % of our suppliers are audited for compliance with the basic principles of the UN Global Compact.

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain

The reporting organization shall report the following information:

- a. Number of suppliers assessed for social impacts.
- b. Number of suppliers identified as having significant actual and potential negative social impacts.
- c. Significant actual and potential negative social impacts identified in the supply chain.
- d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.
- e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

This indicator is examined in more detail in the Sustainability Report.

Criterion 18 concerning SOCIAL MATTERS

18. Corporate Citizenship

The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

Out of conviction and in accordance with the purpose of our foundation, we are strongly committed to the region and support the community in many ways. We focus on the support and funding of:

- social and charitable instructions
- science and education
- regional cultural events
- regional sporting events

In order to maintain and further promote the diversity of species in our industrial area, we place a high value on the preservation of our green areas. A fishpond with its landscaped resting places offers an oasis of peace, especially for our employees. In addition, green areas are taken into account within the framework of construction measures.

Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed

The reporting organization shall report the following information:

a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

- i.** Direct economic value generated: revenues;
- ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
- iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed'.

b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

Due to the purpose of our foundation, no key figure is planned here.

Criteria 19–20 concerning ANTI-CORRUPTION AND BRIBERY MATTERS

19. Political Influence

All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.

We do not engage in active lobbying and only donate to individual members of parliament or political groups on request and special occasions, up to a maximum annual donation of EUR 10,000. We only exert influence on politics and legislation through our membership in various professional associations

such as VDA, VDMA, wvib, Wirtschaftsrat Deutschland and the various committees of the Chamber of Industry and Commerce, for example the Committee on Foreign Trade and the Committee on Environment and Energy.

Key Performance Indicators to criteria 19

Key Performance Indicator GRI SRS-415-1: Political contributions
The reporting organization shall report the following information:

- a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.
- b. If applicable, how the monetary value of in-kind contributions was estimated.

This KPI does not apply to us, as we only influence politics, society and the legislature through our membership and participation in professional associations.

20. Conduct that Complies with the Law and Policy

The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

Our code of conduct comprehensively regulates the prevention of corruption, compliance with antitrust and competition laws, handling of company assets, confidentiality, data protection, social responsibility and sustainability. The code of conduct provides all employees with clear guidelines for conduct that complies with the guidelines both internally and vis-à-vis external stakeholders.

A strict dual control principle applies to the acceptance of orders, the provision of services and the execution of orders, which is monitored by Controlling. The acceptance of gifts is also prohibited for all employees. With the exception of donations to charitable organizations, all gifts are entered into the annual Christmas raffle.

The flow of goods is monitored by the Finance Manager and the relevant group directors.

External experts are called in to clarify any suspicious cases. Proven violations lead directly to personnel-related measures. In addition, we are audited annually by recognized auditing companies. In addition, special audits on individual topics are carried out by these companies.

Responsibility for compliance lies with the CEO and CFO as well as the Works Council, Advisory Board and Supervisory Board. We raise the awareness of managers, for example, by working through global examples in joint meetings such as the Extended Executive Board. Our managers are responsible for training their employees both on specific incidents and on the code of conduct.

We have been able to achieve our goals well in recent years. In the last 3 years there have been no serious violations with personnel-related consequences. Only in 2019 was a minor violation discovered and punished accordingly. In addition, a breach at a subcontractor was discovered in 2019.

We see the main risks of our business activities in a latently increased risk of non-compliance with laws and regulations in the Asian and South American markets. We try to minimize this risk by means of planned and unplanned internal and external special audits.

Key Performance Indicators to criteria 20

Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption

The reporting organization shall report the following information:

- a.** Total number and percentage of operations assessed for risks related to corruption.
- b.** Significant risks related to corruption identified through the risk assessment.

All of our operating facilities have been audited for their risk of corruption. In 2019, a significant risk was identified, which could be eliminated immediately.

Key Performance Indicator GRI SRS-205-3: Incidents of corruption

Die berichtende Organisation muss über folgende Informationen berichten:

- a.** Total number and nature of confirmed incidents of corruption.
- b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c.** Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

There are no confirmed cases of corruption.

Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

The reporting organization shall report the following information:

- a.** Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:
 - i.** total monetary value of significant fines;
 - ii.** total number of non-monetary sanctions;
 - iii.** cases brought through dispute resolution mechanisms.
- b.** If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.
- c.** The context against which significant fines and non-monetary sanctions were incurred.

There is no non-compliance with laws and regulations.

Overview of the GRI indicators in the Sustainable Code declaration

In this Sustainable Code declaration, we have reported according to the "comply or explain" principle on the GRI indicators listed below. This document refers to the GRI Standards 2018 for GRI SRS 303 and 403 and to the GRI Standards 2016 for all other GRI Standards applied.

Areas	Sustainable Code criteria	GRI SRS indicators
STRATEGY	1. Strategic Analysis and Action	
	2. Materiality	
	3. Objectives	
	4. Depth of the Value Chain	
PROCESS MANAGEMENT	5. Responsibility	GRI SRS 102-16
	6. Rules and Processes	
	7. Control	
	8. Incentive Systems	GRI SRS 102-35 GRI SRS 102-38
	9. Stakeholder Engagement	GRI SRS 102-44
	10. Innovation and Product Management	G4-FS11
ENVIRONMENT	11. Usage of Natural Resources	GRI SRS 301-1
	12. Resource-Management	GRI SRS 302-1 GRI SRS 302-4 GRI SRS 303-3 GRI SRS 306-2
	13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
SOCIETY	14. Employment Rights	GRI SRS 403-4
	15. Equal-Opportunities	GRI SRS 403-9
	16. Qualifications	GRI SRS 403-10 GRI SRS 404-1 GRI SRS 405-1 GRI SRS 406-1
	17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
	18. Corporate-Citizenship	GRI SRS 201-1
	19. Political Influence	GRI SRS 415-1
	20. Conduct that Complies with the Law and Policy	GRI SRS 205-1 GRI SRS 205-3 GRI SRS 419-1