

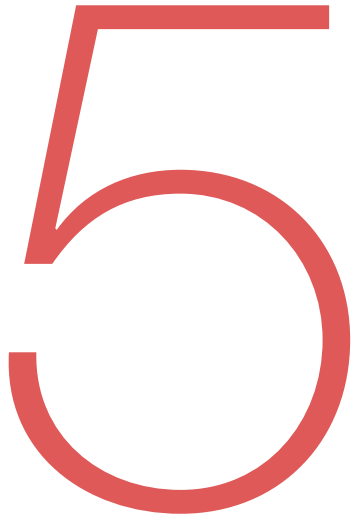
# SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Sustainability and social responsibility are core elements of Komax's corporate strategy. They are incorporated not only into the Group's long-term targets, but also into its operating activities. Komax is determined to develop its competencies in questions of sustainability and social responsibility on an ongoing basis – for the benefit of its stakeholders and the environment.

The way Komax is perceived by its customers, business partners, shareholders, and other stakeholders depends to a significant extent on the conduct of its employees. For this reason, Komax has a Code of Conduct that is binding for all employees of the Group and reviewed on a regular basis. In 2018, it was completely revised and published in 15 languages.

The Code of Conduct builds on the ethical principles Komax has been applying for many years. It defines general rules of conduct and addresses issues such as equality of opportunity, conflicts of interest, health and safety, and sustainability. In addition, it defines the five core values – innovation, customer focus, success, quality, and responsibility – that constitute a key component of the Komax Group's identity. All employees are given training on the Code of Conduct when they join the company. Violations of this code are not tolerated, and will have the corresponding consequences for the employees concerned. Anyone becoming aware of a violation may report this to their line manager, to the HR department, or to the independent external whistleblowing service ([codeofconduct@ssrlaw.ch](mailto:codeofconduct@ssrlaw.ch)).

In its commercial relationships, Komax sets great store by respect, decency, social responsibility, and consistent adherence to international guidelines. For this reason, Komax has drawn up codes of conduct for both suppliers and business partners, and where possible makes compliance with these codes a contractual obligation.



## CORE VALUES OF THE KOMAX GROUP



### INNOVATION

As a pioneering and visionary company, we ensure that our business activity has a long-term focus. We are always open to new ideas and regularly re-examine our approach. This includes looking beyond our immediate concerns. We are willing to take risks – on the basis of knowledge and understanding – in order to reinforce our leadership in terms of innovation. Following new paths can lead to mistakes. We realize and tolerate this because it gives us an opportunity to become even better. We are increasing our lead by continuing to press ahead with innovations proactively, quickly, and determinedly while remaining committed to our usual high quality standards.



### CUSTOMER FOCUS

The varying needs of our customers are at the center of our activities. We listen to them carefully and ask the right questions. Understanding their requirements enables us to keep on improving. We strive to ensure that our solutions offer our customers added value, so that they can increase their efficiency and productivity and thus gain a competitive advantage. We are close to our customers, communicate actively, and foster friendly, long-term relationships and partnerships based on respect and esteem.



### SUCCESS

We pursue ambitious targets and make an effort to achieve them every day. As a market and technology leader we make high demands of ourselves and strive to find the best solution for our customers. Our long history of success encourages us to continue the success story and create sustainable value. This benefits our customers, employees, and investors. We want all these stakeholders to share equally in our success. We nurture competent, committed employees who enable us to retain loyal, satisfied customers.



### QUALITY

Our day-to-day work is driven by quality and a willingness to examine what we do critically. We provide our customers with solutions that fully meet our quality requirements and supply what we have agreed. This commitment lies at the heart of our long-term, trusting customer relationships. Our efforts to keep on getting better include always delivering the agreed quality and actively asking customers how we can improve further. It is clear to us that this creates trust, which is of inestimable value.



### RESPONSIBILITY

We take our responsibility towards our customers, employees, and investors seriously and act as a reliable, trustworthy partner. Our integrity and ability to keep to our agreements and meet our deadlines make us stand out from the crowd. We keep our word and ensure that our partners and colleagues do so too. A strong sense of shared responsibility is important to us and we are careful to foster it. We take responsibility for our actions, make decisions, and carry them out. If we pass our responsibility on to others, we do so deliberately and ensure that they assume it in turn.

## Product sustainability

The machines developed by Komax are characterized by their exceptionally high quality and longevity. The Group's own global service network and its collaboration with partners ensure that these machines are professionally maintained. This has a positive impact on their performance, value retention, and life span, and it saves resources generally. Komax also ensures servicing and the availability of upgrades and replacement parts years beyond its contractual obligations. Thanks to their modular construction, the machines can usually be adapted to new technological developments or changing needs. As a result, numerous products have been used by customers for decades.

### Reduction in consumption of resources

When developing new machines, Komax goes to great lengths to ensure that the consumption of resources is continuously reduced – both in the production process and during the life cycles of the machines at the factories of its customers. For example, in the past few years, Komax has paid particular attention to electricity consumption in new machine models. Thanks to the optimization of specific elements, such as ventilation for cooling a control cabinet, Komax has been successful in reducing energy consumption of individual machine models. Extrapolated to the level of annual production of these models, this results in a saving of hundreds of megawatt hours of electricity each year.

### Declining consumption of fuel and materials

The wire processing solutions delivered by Komax do not contain any environmentally harmful components. In the automotive supply industry, these solutions are used to process wiring for new fuel-saving propulsion concepts such as electric and hybrid vehicles, among other things. Moreover, the innovative technologies mean that ever smaller wire cross-sections and innovative materials such as aluminum can be machine-processed, thereby contributing to a reduction in vehicle weight and, as a result, fuel consumption. In addition, the automated taping solutions, for example, help Komax's customers to use less adhesive tape than they would in the case of manual taping.

Komax commissions independent market research companies to carry out customer satisfaction analyses on a regular basis. These evaluate the degree of customer loyalty and the extent to which Komax meets customer expectations, for example. Komax sets particular store by customer feedback on improvement potential.

In 2011, Komax launched its "Oekomax" program in Switzerland with the aim of continually optimizing environmental protection. Ever since, a team comprising employees from various areas of the company has been looking at sustainability issues. The spectrum of themes ranges from campaigns that motivate employees to be sparing in the use of resources through to ideas as to how the energy efficiency of newly developed machinery can be increased.

10 %  
fewer occupational  
accidents since  
2016/2017

**5** %  
**reduction in  
consumption of  
electricity and  
drinking water by  
2021**

### Sustainability in procurement

The company believes in long-term partnerships, and selects suppliers which demonstrate an environmentally aware approach and whose products conform to sustainability criteria. This is ascertained with the assistance of a supplier evaluation questionnaire, which evaluates new as well as existing partners on the basis of uniform criteria. These criteria include the status that suppliers attach to sustainability, quality, price, supply chain, delivery reliability, and production technology. Furthermore, in a code of conduct drawn up specially for suppliers, Komax obliges its suppliers to comply with legislation and to act in an environmentally aware and ethical way. Compliance with agreed guidelines and indicators is reviewed in regular supplier audits. If violations are uncovered, a supplier partnership may be immediately terminated as a result.

In addition to the investment volume, key criteria when evaluating and selecting new production systems include energy efficiency, environmental friendliness, and the economical use of resources.

### Sustainability in production

A large proportion of Komax Group's value creation consists of engineering services. The majority of components are manufactured and supplied by third parties, which means that actual production at Komax primarily comprises the assembly of components. Accordingly, Komax generates relatively few emissions compared to other industrial companies.

#### Operational Excellence

Highly automated, state-of-the-art production systems are used for strategically important components that Komax manufactures in-house. These are based on lean management concepts, the aims of which include the avoidance of errors and minimization of rejects. The careful and efficient use of resources has top priority: wherever possible, waste materials and wastewater are recycled or disposed of appropriately, while the volume of waste is reduced continuously thanks to optimization programs. Wherever possible, Komax uses renewable energies such as solar or hydroelectric power. For example, in Switzerland – the country in which Komax has the highest production volume – the company obtains natural energy from Central Switzerland's RegioMix scheme, and has its own photovoltaic power plant on the roof of its production building in Rotkreuz.

A photovoltaic power plant was also installed at the new production and development building in Dierikon (see page 7). This plant is able to cover the electricity requirement of the new building for around one month. In order to save resources, Komax is sparing in its use of technical solutions, such as artificial ventilation, illumination, and motorized shading. The internal courtyard plays a key role here, as it brings plenty of light to the inner zone. In addition, as a vertical flue it dissipates warm air and thereby stimulates natural ventilation via the external facade. When it comes to the heating of the new building, Komax has opted for district heating. Komax will also heat the other existing buildings in Dierikon on a CO<sub>2</sub>-neutral basis in the future: the transition will be made from oil heating to district heating in the first quarter of 2020.

Key factors in Komax's pursuit of Operational Excellence include safety and the protection of its employees' health. Management attaches high priority to this issue, which is why internal processes are regularly reviewed for safety and health risks. Furthermore, employees are sensitized to possible risks in the workplace at the individual production sites in a targeted way. The low number of occupational accidents over a period of many years is testimony to the success of initiatives in this area. In 2019, the number of occupational accidents across the Komax Group as a whole increased somewhat, from 25 to 30. Komax has set itself the target of reducing occupational accidents by 10% (compared with the average for 2016 and 2017, namely 33 work-related accidents) by 2021. Although Komax has more production sites and 20% more employees than in 2016/2017, the number of occupational accidents has decreased by 10% in this time frame. Komax is keen to see this positive trend persist, and is looking to exceed the target it has set for 2021 thanks to the implementation of various measures.

#### Certification status and integrated management system

The key production locations of the Komax Group, namely in Brazil, China, Germany, France, Switzerland, Tunisia, Turkey, Hungary, and the US, are all ISO 9001-certified. In addition, Komax AG's sites in Dierikon, Rotkreuz, and Küssnacht am Rigi, as well as Komax SLE in Grafenau, TSK in Porta Westfalica, and SC Thonauer Automatic in Bucharest all have ISO 14001 certification. These six sites employ around 950 people. All have integrated management systems that encompass all company processes, the environment, health protection, and workplace safety.

Country	Company	Certification		
<b>Brazil</b>	TSK do Brasil Ltda.	ISO 9001		
<b>China</b>	Komax Shanghai Co. Ltd.	ISO 9001		
<b>Germany</b>	Komax SLE GmbH & Co. KG	ISO 9001	ISO 14001	DE AEOC 104360
	TSK Prüfsysteme GmbH	ISO 9001	ISO 14001	
<b>France</b>	Laselec SA	ISO 9001		
<b>Austria</b>	Thonauer Gesellschaft m.b.H.	ISO 9001		
<b>Romania</b>	SC Thonauer Automatic s.r.l.	ISO 9001	ISO 14001	OHSAS 18001
<b>Switzerland</b>	Komax AG	ISO 9001	ISO 14001	ISO 45001
<b>Czech Republic</b>	Thonauer spol. s.r.o.	ISO 9001		
<b>Tunisia</b>	TSK Tunisia s.a.l.	ISO 9001		
<b>Turkey</b>	TSK Test Sistemleri Ltd. Şti.	ISO 9001		
<b>Hungary</b>	Komax Thonauer Kft.	ISO 9001		
<b>USA</b>	Artos Engineering Company	ISO 9001		
	Komax Corporation	ISO 9001		
	TSK Innovations Co.	ISO 9001		

#### Resource and energy savings targets

In collaboration with the Energy Agency for the Economy (Energie-Agentur der Wirtschaft, EnAW), Komax has established resource and energy savings targets for the Swiss sites in Dierikon and Rotkreuz. For example, by the end of 2021, per head electricity consumption is to be reduced by 3% versus the 2018 level (2923 MWh or 4.7 MWh per employee). This follows on from a reduction in per head electricity consumption of approximately 20% between 2014 and 2018. Komax took its first step towards attaining its target in 2019. A total of 2870 MWh of electricity was consumed at both locations, corresponding to per head consumption of 4.5 MWh or a reduction of over 4% versus the prior year. Electricity consumption is expected to increase in 2020 as the new additional building in Dierikon is occupied, which means that the reduction target of 3% remains ambitious.

Even though it could result in a slight increase in electricity consumption, Komax is promoting e-mobility at its sites in Dierikon and Rotkreuz. Since February 2019, a total of six charging stations at the two locations are available for use by employees and customers for electric vehicles. The mobility bonus introduced in 2017 is helping to cut carbon emissions: all employees in Switzerland who forego motorized private transport on their journey to and from work will receive CHF 100 a month.

Komax is successively expanding its reporting on sustainability issues. To give just one example, Komax now reports electricity consumption figures for all its production sites – whereby these sites encompass the consumption of more than 80% of the Komax Group’s workforce. Up to 2017, only around half of the production sites were covered for reporting purposes. Komax has set itself the target of reducing electricity and drinking water consumption by 5% in each case compared to 2017. The Group’s per head electricity consumption has fallen significantly since 2017 – by 7.7% or 3.9 MWh to 3.6 MWh. Per head consumption of drinking water at the Swiss locations witnessed an even more substantial drop since 2017, down 18.4%, or from 7.6 m<sup>3</sup> to 6.2 m<sup>3</sup>.

<b>Sustainability: key figures</b>	2019	2018
Consumption/accidents <sup>1</sup>		
Electricity in MWh	<b>6 696</b>	6 088
Electricity per head in MWh	<b>3.6</b>	3.7
Number of occupational accidents	<b>30</b>	25
Number of occupational accidents for every 1 000 employees	<b>16.0</b>	15.1
Consumption/waste <sup>2</sup>		
Drinking water in m <sup>3</sup>	<b>4 233</b>	5 359
Drinking water per head in m <sup>3</sup>	<b>6.2</b>	8.0
Paper in kg	<b>5 655</b>	6 799
Paper per head in kg	<b>8.3</b>	10.2
Refuse in kg	<b>32 784</b>	46 889
Refuse per head in kg	<b>48.0</b>	70.0

<sup>1</sup> Covering all production sites of the Komax Group.

<sup>2</sup> Covering the production sites in Dierikon (CH), Rotkreuz (CH), Küssnacht am Rigi (CH).

## Contribution to regional development

Komax has been firmly rooted in the Canton of Lucerne, Switzerland, since 1975, where it is one of the region’s biggest employers. The Group is committed to Switzerland as a business location because it offers a good environment, facilitates very high productivity, and has a large pool of highly qualified labor. As well as being an important employer in the region, Komax is also committed to advancing young people in a number of different areas (including education, sport, the arts, and social involvement).

The production and distribution sites that the Group has established around the world since 1975 remain in their original locations, which generates a strong sense of identification with local areas. Among other things, this manifests itself in the fact that a large number of employees can be recruited regionally and preference can be given to local suppliers wherever this is feasible and makes commercial sense.



“As the driving force in the market, Komax gives its employees the opportunity to shape the industry and take control of their success.”



## Attractive employer

At the end of 2019, Komax employed 2 211 staff worldwide (2018: 2 006 staff). Average headcount in 2019 worked out at 2 125 employees (2018: 1 936 employees). This increase is essentially related to the acquisition of Artos Engineering and Exmore, plus an increased headcount in companies in North Africa, which have reported a marked growth in orders. Personnel expenses in the year under review amounted to CHF 161.0 million (2018: CHF 157.4 million).

### 2019

	CH <sup>1</sup>	Europe <sup>1</sup>	Americas <sup>1</sup>	Asia <sup>1</sup>	Africa <sup>1</sup>	Total
Production	224	336	95	76	75	<b>806</b>
Research and development	159	50	5	27	0	<b>241</b>
Engineering	26	121	23	17	16	<b>203</b>
Marketing and sales	191	135	63	54	19	<b>462</b>
Service	20	90	65	65	17	<b>257</b>
Administration <sup>2</sup>	63	90	46	32	11	<b>242</b>
<b>Total headcount as at 31 December 2019</b>	<b>683</b>	<b>822</b>	<b>297</b>	<b>271</b>	<b>138</b>	<b>2211</b>

### 2018

	CH	Europe	Americas	Asia	Africa	Total
Production	241	309	84	78	45	<b>757</b>
Research and development	149	38	0	30	0	<b>217</b>
Engineering	31	97	19	15	11	<b>173</b>
Marketing and sales	181	116	57	53	16	<b>423</b>
Service	24	80	54	61	17	<b>236</b>
Administration <sup>2</sup>	51	77	36	27	9	<b>200</b>
<b>Total headcount as at 31 December 2018</b>	<b>677</b>	<b>717</b>	<b>250</b>	<b>264</b>	<b>98</b>	<b>2006</b>

<sup>1</sup> The individual companies and their locations are listed on page 112.

<sup>2</sup> Including management and IT.

The companies of the Komax Group ensure that their employees enjoy equal opportunities, equal treatment, and fair employment conditions, receive pay that is in line with the market, and benefits that are in line with national and industry standards. Participation in the pay comparison survey conducted by industry association Swissmem showed that pay at the Swiss production sites is in line with market averages and that men and women receive equal pay. The proportion of women in the Group's global workforce was 20.2% in 2018 (2018: 20.4%). Komax is not alone within the industry in having a relatively low proportion of women in its workforce. The main reason for this phenomenon is the large number of technical positions within the company, for which the recruitment potential among women is limited.

The Group's staff turnover rate has been gratifyingly low for many years. In 2019, it amounted to 8.3% (2018: 6.9%).



### Active employee development

Komax has a very good reputation as an attractive employer, which is partly explained by its corporate culture. This is characterized by mutual respect, trust, and awareness of the paramount importance of quality. In addition, the needs of employees themselves are not neglected, despite ambitious targets. As part of an active staff development policy, Komax organizes regular management seminars and training for its employees, as well as providing financial support for individual training activities. Each year, Komax spends some 1% of its personnel budget on training. Moreover, Komax also encourages international exchanges to allow its staff to gain new experiences and expand their career perspectives.

As the world's leading company in automated wire processing, Komax gives its employees the opportunity to shape the industry and take control of their careers. Here Komax relies on three principles: the scope to create change, responsibility, and togetherness.



## Scope to create change

### Room for ideas

We give our employees the room to maneuver to pursue their tasks and develop as individuals. Everyone counts.

We facilitate development.

## Togetherness

### Inspiration through community

We maintain a valued working atmosphere with international character and sense of togetherness. Everyone is part of the whole.

We maintain an inspiring togetherness.

## Responsibility

### Commitment builds trust

Room to maneuver requires commitment and shared responsibility. We challenge our employees. Everyone takes responsibility.

We take and delegate responsibility, which forms commitment between us.

## YOUNG COMMUNITY

### Young Community @Komax

In order to better understand the needs of our younger employees (those under 30) and thereby provide them with more targeted support, Komax founded the Young Community in Switzerland in 2018. The Young Community is a network comprising some 60 young Komax employees, and is organized like an association. It offers its members a platform on which they can communicate their needs relating to their employer and working environment, and develop any necessary measures and solutions. Once a year, the Young Community's steering committee discusses with the CEO the themes that it has addressed; it is also responsible for maintaining a direct line of communication between younger employees and their employer throughout the year. A multifaceted program involving workshops, specialist talks, and events to strengthen the Community is spread across the year. A further core component is the promotion of knowledge exchange and an understanding of the different activities pursued at Komax. This is achieved, for example, by two members of the Young Community exchanging roles for half a day. Komax is convinced that it can continue to develop as an employer with the help of the Young Community, as well as making itself attractive to talented young employees.

### Major investment in tomorrow's workforce

Komax is committed to the training of tomorrow's professional specialists as a way of safeguarding its global market and technology leadership. In 2019, 51 apprentices (2018: 47) were undergoing training in 10 professions at the Group's Swiss sites, and 57 apprentices (2018: 43) were being trained in Germany (Grafenau, Porta Westfalica, and Burghaun). Komax has steadily increased the number of apprenticeships on offer since 2016 – from 74 to 108.

Komax offers its apprentices a wide-ranging training experience. The young professionals are right at the heart of the action, actively following every step of a machine's development from inception through to production readiness. During their training, they get an insight into the various departments' activities and thus gain an understanding of the numerous processes that take place in a company. Komax has state-of-the-art workstations as well as well-equipped mechanical workshops and assembly areas for the specific apprenticeship subjects. The budding professionals are supervised by a motivated team of trainers who not only possess strong technical and teaching skills, but also sensitivity to the social needs of the young people in their charge.

In addition to professional training, Komax also offers apprentices a number of interesting benefits such as language courses, cultural events, preventive health measures, and its own team building events. Once apprentices have completed their training, Komax helps them make the transition to full professional life, either at the site where they trained or at one of the company's locations abroad. Moreover, the company supports the people it has trained in their professional development and further vocational training.

### Satisfied and healthy employees

Employee satisfaction is systematically measured and evaluated in the course of annual performance review meetings. Komax uses the results of regular employee surveys as a valuable basis for developing and implementing improvement measures. The results of the surveys conducted in conjunction with external partners in recent years have for the most part been very positive, and in many places far above the industry average. No employee surveys were carried out in 2019. Employee surveys are planned at a number of companies in 2020.

It goes without saying that Komax satisfies all legal requirements with respect to working conditions in the countries it operates in. Furthermore, it actively promotes the health of its staff at the various locations by means of various measures. In Switzerland, for example, staff benefit from the occupational health management scheme fit@work. The focal points of the fit@work initiative are movement, nutrition, and relaxation. Komax helps its employees to improve their physical and mental fitness with a multi-faceted offering that encompasses free sports offers, fruit initiatives, workshops, and specialist talks. Another key element of fit@work is the employee health survey, which is conducted every three years.

As a further measure to promote the health of its workforce, Komax also takes part in the "bike to work" initiative that takes place in Switzerland every year. This involves Komax encouraging its employees to commute by bike as often as possible in the month of June. In 2019, 112 employees (2018: 100 employees) participated in this initiative, racking up more than 26 000 kilometers (2018: more than 30 000 kilometers) in the saddle.

fit@work