

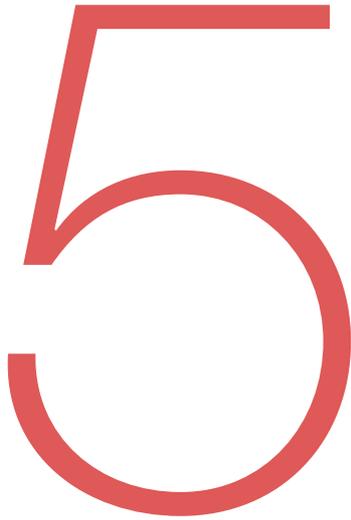
SUSTAINABILITY AND SOCIAL RESPONSIBILITY

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. It is available in 16 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. In order to sensitize staff to the Code of Conduct, various measures are implemented on a regular basis, including web-based training that employees worldwide are required to complete. Violations of this code are not tolerated, and will have corresponding consequences for the employees concerned. Anyone who becomes aware of a violation may report this to their line manager, to the HR department, or to the independent external whistleblowing service.

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 drives for various types of hybrid vehicle as well as for the fully electric car (see page 19). 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, 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.

36 %
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 that 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.

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.

Operational excellence

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 2020, the number of occupational accidents across the Komax Group as a whole decreased from 30 to 21. 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 more than 15% more employees than in 2016/2017, the number of occupational accidents has decreased by 35% in this time frame. The significant decline in occupational accidents in 2020 is attributable only in part to the intensive awareness-raising work carried out. Another significant factor was the challenging market situation, which led to a substantial decrease in hours of production at Komax. That said, Komax had already succeeded in reducing occupational accidents in the preceding years and is keen to see this positive trend persist so as to significantly exceed the target set for 2021 thanks to the implementation of a number of measures.

Operational excellence and lean management play a key role at Komax not only in terms of production, but also with regard to digital transformation. Thanks to very good project planning and a motivated team, Komax implemented the cloud-based ERP system SAP S/4HANA at its company in Japan in the space of just six months. In recognition of the high-quality, lean execution of this implementation project, Komax received the 2020 SAP Quality Award (Gold) in the Fast Delivery category.



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 USA, are all ISO 9001-certified. In addition, Komax AG's sites in Dierikon and Rotkreuz, as well as Komax SLE in Grafenau, TSK in Porta Westfalica, and SC Thonauer Automatic in Bucharest, all have ISO 14001 certification. These five sites employ around 940 people. All have integrated management systems that encompass all company processes, the environment, health protection, and workplace safety.

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

Ecologically sustainable

At its various sites, Komax uses renewable energies such as solar or hydroelectric power wherever possible. 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. Komax also operates its own photovoltaic power plant on the roof of its new building in Dierikon (see pages 8 and 9) and its production building in Rotkreuz. The plant in Dierikon will cover the electricity requirement of the new building for around one month. In order to save on resources, Komax opted for a climate-friendly low-tech approach that entails using technical solutions such as artificial ventilation, illumination, and motorized shading in the new building. 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. Komax uses district heating in Dierikon. Both the newbuild and the existing buildings have been heated in a CO₂-neutral way since 2020.

The move to the new production and development building in Dierikon allowed Komax to reduce its sites in Switzerland from three to two. This significantly cut the number of trips between the individual sites, which in turn not only simplified logistics, but also had a positive effect on the CO₂ footprint.

Resource and energy savings targets

In collaboration with the Energy Agency of the Swiss Private Sector (EnAW), Komax has established resource and energy savings targets for its two Swiss sites. For example, by the end of 2021, per capita electricity consumption is to be reduced by 3% versus the 2018 level (2923 MWh or 4.7 MWh per capita). This follows on from a reduction in per capita electricity consumption of approximately 20% between 2014 and 2018. In 2020 a total of 2787 MWh (2019: 2870 MWh) of electricity was consumed, corresponding to per capita consumption of 4.2 MWh or a reduction of over 10% versus 2018. Use of the new building in Dierikon led to increased electricity consumption in 2020. However, it was lower overall owing to the coronavirus pandemic and the associated marked falloff in production capacity utilization.

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 have been available for use by employees and customers for electric vehicles. Flexible working from home arrangements and the mobility bonus (introduced in 2017) contributed to a reduction in CO₂ emissions. All employees in Switzerland who forego motorized private transport on their journey to and from work receive CHF 100 a month.

Komax has set itself the target of a 5% reduction in both electricity and drinking water consumption by 2021 compared to 2017. The Group's per capita electricity consumption has fallen significantly since 2017 – by 10.3% or 3.9 MWh to 3.5 MWh. Per capita consumption of drinking water at the Swiss locations witnessed an even more substantial drop since 2017, down 43.4%, or from 7.6 m³ to 4.3 m³. This substantial decrease can be mainly explained by the fact that due to the coronavirus pandemic, a lot of short-time working was imposed and the majority of employees were working from home.

Sustainability: key figures	2020	2019
Consumption/accidents ¹		
Electricity in MWh	6 327	6 696
Electricity per capita in MWh	3.5	3.6
Number of occupational accidents	21	30
Number of occupational accidents for every 1 000 employees	11.4	16.0
Consumption/waste ²		
Drinking water in m ³	2 880	4 233
Drinking water per capita in m ³	4.3	6.2
Paper in kg	3 959	5 655
Paper per capita in kg	6.0	8.3
Refuse in kg	37 900	32 784
Refuse per capita in kg	57.0	48.0

¹ Covering all production sites of the Komax Group.

² Covering the production sites in Switzerland.

Over the next few years, Komax will successively expand its reporting on ESG topics. This includes compiling additional key figures and defining new targets in 2021.

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.



Attractive employer

At the end of 2020, Komax employed 2 095 staff worldwide (2019: 2 211 staff). In 2020, Komax adapted its structures at various companies and reduced the headcount according to the market situation. At the headquarters in Switzerland – by far the largest company in the Komax Group – it was announced in November that 70 positions were to be downsized, over 40% of which are being reduced through natural fluctuation and early retirement.

The following table contains approximately 80 employees who were either issued with redundancy notices or resigned in the last quarter of 2020 and who will not be leaving the Komax Group until during the first half of 2021.

Personnel expenses in the year under review amounted to CHF 131.0 million, corresponding to an 18.6% decrease versus 2019 (CHF 161.0 million). This significant reduction in costs is connected with the downsizing and, in particular, short-time working introduced at various companies.

2020

	CH ¹	Europe ¹	Americas ¹	Asia ¹	Africa ¹	Total
Production	212	303	70	71	78	734
Research and development	166	66	6	26	0	264
Engineering	26	107	15	15	15	178
Marketing and sales	170	135	56	53	18	432
Service	20	76	62	61	17	236
Administration ²	71	99	40	29	12	251
Total headcount as at 31 December 2020	665	786	249	255	140	2095

2019

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

¹ The individual companies and their locations are listed on page 116.

² 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. In 2020, Komax conducted a pay comparison analysis in Switzerland and had it reviewed and certified by an independent body. The analysis confirmed that Komax pays women and men an equal wage for equal work. It also corroborated that employees with equal functions are receiving the same pay. Fair pay is crucial to Komax, so it will continue to ensure that its pay system is underpinned by equality.

The proportion of women in the Group's global workforce was 18.7% in 2020 (2019: 20.2%). 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 2020, it amounted to 6.1% (2019: 8.3%).

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 2020, 58 apprentices (2019: 51) were undergoing training in 10 professions at the Group's Swiss sites, and 56 apprentices (2019: 57) were being trained in Germany, France, and Tunisia. Komax has steadily increased the number of apprenticeships on offer since 2016 – from 74 to 114.

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 teambuilding events. Once apprentices have completed their training, Komax helps them make the transition to full professional life, either at the site where they were 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.



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.

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 around 1% of its personnel budget on training. This figure was not matched in 2020: the coronavirus pandemic meant that a large number of internal and external training programs could not take place. 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.

Young Community@Komax: a platform for young employees

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. Organized in the same way as an association, the Young Community is a cross-functional, informal network comprising around 60 employees in the under-30s generation. 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 the valuable ideas and suggestions coming from the Young Community can help it to develop further as an employer and spark potential new approaches. This is vital, not least in terms of remaining attractive to young, talented employees in an increasingly digitalized work world.

Highly motivated employees

Komax systematically measures employee satisfaction in the course of annual performance review meetings. Staggered over three-year periods, it also carries out employee surveys at its over 30 locations across the globe. Since anonymity and discretion are the top priority with surveys, Komax commissions an independent, neutral firm to conduct them.

The survey was carried out at 16 companies in 2020. Over 1500 employees participated, corresponding to a response rate of more than 80%. A particularly positive takeaway from the findings is the degree of employee motivation. In the past three years, this indicator has continually improved at a high level to reach 73 out of 100 points. This is an encouraging figure, even when compared with other international companies. It is even more significant given the immense strain that Komax and its workforce were under with the coronavirus pandemic, short-time working, staff reductions, etc. during the survey period. Komax employees feel most motivated by the friendly and respectful interaction that they have with one another. Other key factors are the support given by line managers, as well as Komax's stand on behaving responsibly towards the environment and society. It is also very pleasing to note that 59% of employees see themselves as ambassadors for Komax and feel an exceptionally strong tie both with the company and their work.

The per-company results varied. They are to be discussed in workshops, and line managers and employees will work together to draw up measures for improvement to ensure that motivating factors continue to be encouraged and demotivating factors are eliminated. The survey will be carried out at the other companies in the course of the next two years, while it will be the turn of companies polled in 2020 again in three years' time. By then at the latest, it will be possible to see if the jointly defined measures are having an impact and whether employee satisfaction at Komax has witnessed a renewed increase.

Targeted health promotion

It goes without saying that Komax satisfies all legal requirements with respect to working conditions in the countries in which it operates. 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 multifaceted 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.

**YOUNG
COMMUNITY**

fit@work