

Sustainability Report

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Energy and emissions

Meaningful progress

In 2024, the SFS Group reduced its Scope 1 and 2 greenhouse gas emissions by –38.8%. Compared to the 2020 reference year, this equates to a reduction of –74.6% in tons of CO₂ equivalents per value-added franc. This means that SFS has made significant progress toward achieving its target of reducing direct emissions by at least 90% by 2030. Scope 3 emissions were recorded in full for the first time and were reduced slightly on a like-for-like basis versus the previous year. The share of renewable electricity rose considerably and now stands at 75.2%. This means that SFS has already exceeded its target of drawing half of its power requirements from renewable sources by 2025.

In the area of sustainability, climate and environmental protection is a top priority for SFS. We use renewable energies, reduce our air emissions, develop sustainable solutions and optimize our supply chain management. In the last materiality analysis in 2022, the following four topics from “Environment” were identified as material:

- Emissions
- Energy
- [Sustainable solutions](#)
- [Procurement](#)

We outline our position on other relevant topics, such as water resources and biodiversity, in our sustainability guidelines. These topics are important to us, but were not identified by our stakeholders as material and will therefore not be covered in this report.

While the topic of “Emissions” has already been classified as material in 2019, SFS included “Energy” on its list of material topics for the first time in 2022. As a manufacturing company, we have high energy requirements and electricity consumption accounts for around two-thirds of our total energy consumption, which means that it is understandable that stakeholders attach the highest priority to this topic. Stakeholders believe that the SFS Group has the greatest environmental impact in the area of energy and emissions. Conversely, energy costs and the availability of energy have a high impact on SFS’s business activities. We are therefore striving to continually improve energy efficiency and increase the share of self-produced renewable energy.

We commit to the following undertaking in our sustainability guidelines: “We strive to use energy sustainably and are taking measures to reduce our energy consumption. We are looking for ways to obtain energy from sources that protect the environment. We have defined targets and taken measures to reduce greenhouse gas emissions and maintain air quality in accordance with the respective statutory and local regulations.”

The basic principles of our environmental management are enshrined in the guideline on “Quality, Environment, Occupational Health and Safety, and Information Security” and in the sustainability guidelines. SFS undertakes to manufacture and offer all products and services in compliance with statutory and official environmental protection and health and safety requirements.

Certification of the production sites in accordance with ISO 14001 is part of our environmental management system that aims to reduce our environmental impact. In the year under review, 2 (PY 12) additional locations were certified, with 3 further certifications planned.

The Group EHS Manager presents the emissions management approaches and measures to the Group Executive Board once a year. The targets are then reviewed and adjusted if necessary.

Scope 1 emissions further reduced

In the year under review, SFS once again reduced its direct emissions further and lowered its Scope 1 emissions on a like-for-like basis by –2.5% (PY –4.6%). Standing at –38.6%, emissions were mainly reduced in the “Operating fluid” category. This was largely achieved through a reduction in refrigerants.

GRI 305-1 Direct (Scope 1) GHG emissions

| in metric tons of CO ₂ eq | 2024 | % | +/-% | 2023 | 2022 |
|--------------------------------------|-----------------|------|-------------|-----------------|-----------------|
| ecoinvent | v3.11 | | | v3.10 | v3.9.1 |
| Car fuels/Fuels | 7,533.9 | 28.2 | 5.1 | 7,171.1 | 6,738.2 |
| Oil/Gas | 17,943.5 | 67.1 | -1.4 | 18,202.3 | 19,257.2 |
| Operating fluid | 1,271.7 | 4.8 | -38.6 | 2,070.0 | 1,170.1 |
| Total Scope 1 | 26,749.1 | | -2.5 | 27,443.3 | 27,166.0 |
| Total Scope 1 “like-for-like” | 26,749.1 | | -2.5 | | |

The following overview shows the substances that have a significant impact on air quality and their share of Scope 1 emissions. Nitrogen oxides from combustion-related activities make up 71.2% of our Scope 1 emissions and thus have the largest negative impact on air quality. All in all, a slight increase was recorded in all of the categories, which can be mainly attributed to the increased consumption of process gases.

GRI 305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions

| Scope 1 in kg | 2024 | % | +/-% | 2023 |
|--|----------|------|------|----------|
| Nitrogen oxides (NO _x) | 39,460.9 | 71.2 | 5.7 | 37,324.4 |
| Sulfur oxides (SO _x) | 1,146.4 | 0.8 | 10.1 | 1,041.4 |
| Fine particulate matter, 2.5 µm (PM2.5) | 2,539.0 | 22.2 | 24.2 | 2,045.0 |
| Coarse particulate matter, 10 µm (PM10) | 432.7 | 3.8 | 1.3 | 427.3 |
| Non-methane volatile organic compounds (NMVOC) | 1,820.8 | 1.2 | 26.7 | 1,437.5 |

Scope 2 emissions cut in half

In 2024, we cut Scope 2 emissions by –55.3%. Adjusted for the new emissions factors in the ecoinvent dataset (a switch from the ecoinvent v3.10 database to the v3.11 database), this resulted in a total like-for-like reduction of –54.9% (PY –10.4%). The main driver of this huge improvement is the higher share of renewable energies used in the Engineered Components segment and mainly concerns our locations in China and the US. The further expansion of our photovoltaic systems and the switch to 100% renewable electricity at the location in Czech Republic have also contributed to this improvement.

GRI 305-2 Energy indirect (Scope 2) GHG emissions

| in metric tons of CO ₂ eq | 2024 | % | +/-% | 2023 | 2022 |
|--------------------------------------|-----------------|-------|--------------|----------|----------|
| ecoinvent | v3.11 | | | v3.10 | v3.9.1 |
| Electricity | 26,950.2 | 100.0 | -55.4 | 60,361.8 | 67,828.0 |
| District heating | 5.0 | 0.0 | -2.4 | 5.1 | 5.9 |
| Total Scope 2 | 26,955.1 | | -55.3 | 60,366.9 | 67,834.0 |
| Total Scope 2 "like-for-like" | 27,224.2 | | -54.9 | | |

Taken together, absolute CO₂ emissions in Scope 1 and 2 declined by –38.8% (PY –7.6%) in the year under review. Adjusted for the new emissions factors in the ecoinvent dataset (a switch from the ecoinvent v3.10 database to the v3.11 database), this resulted in a total like-for-like reduction of –38.5% (PY –8.7%).

Direct and indirect GHG emissions

| in metric tons of CO ₂ eq | 2024 | +/-% | 2023 | 2022 |
|--|-----------------|--------------|----------|----------|
| ecoinvent | v3.11 | | v3.10 | v3.9.1 |
| Total Scope 1 and 2 | 53,704.0 | -38.8 | 87,810.0 | 95,000.0 |
| Update emission factors (ecoinvent) | 269.0 | 0.0 | | |
| Total Scope 1 and 2 "like-for-like" | 53,973.0 | -38.5 | | |

On track to achieve our targets

Compared to the previous year, SFS was able to reduce the intensity of greenhouse gas emissions measured in tons of CO₂ equivalents per value-added franc by –38.8% (PY –19.6%). The SFS Group has set itself the target of reducing this figure by at least 90% by 2030 compared to the 2020 reference year. With a total reduction of –74.6% over the past five years, SFS is certainly on the right track, but will have to take further measures in the future in order to further reduce its emissions consistently. The major progress made on the greenhouse gas emissions intensity ratio can be mainly attributed to the –48.8% reduction in absolute emissions as well as to the increase in value creation.

GRI 305-4 GHG emissions intensity

| in metric tons of CO ₂ eq | 2024 | 2023 | 2022 | 2021 | +/-% 2020 |
|--|-------------|----------|----------|-----------|-----------|
| ecoinvent | v3.11 | v3.10 | v3.9.1 | v3.7.1 | |
| Scope 1 and 2 | 53,704.0 | 87,810.0 | 95,000.0 | 116,880.9 | -48.8 |
| Value-added francs in million (VA–CHF million) | 1,910.8 | 1,913.7 | 1,666.0 | 1,106.8 | 101.6 |
| Scope 1 and 2/VA–CHF million | 28.1 | 45.9 | 57.0 | 105.6 | -74.6 |

Data basis for Scope 3 completed

In the year under review, SFS was able for the first time to map a complete data basis for Scope 3 emissions, which make up over 90% of the total emissions. The greenhouse gas inventory was expanded to include the categories "Use of sold products" and "End-of-life treatment of sold products" and was amended retroactively for 2023. In total, Scope 3 emissions declined by –2.4% on a like-for-like basis in comparison with the previous year. Our target is to reduce Scope 3 emissions per value-added-franc by at least 90% by 2040, with 2023 being used as the reference year.

The largest change was in the "Capital goods" category (–56.2%), which can be attributed to completed expansion projects in Nantong (China) and Heerbrugg (Switzerland).

We were also able to significantly lower emissions in the categories "Fuel- and energy-related activities" (–37.6%) and "Downstream transport and distribution" (–34.9%). This development can be ascribed to the increasing use of renewable energy sources as well as to the progress being made in the electrification of transportation.

GRI 305-3 Other indirect (Scope 3) GHG emissions

| in metric tons of CO ₂ eq | 2024 | +/-% | 2023 | 2022 |
|---|--------------------|-------------|--------------------|------------------|
| ecoinvent | v3.11 | | v3.10 | v3.9.1 |
| Purchased goods and services | 836,243.7 | –4.9 | 879,137.7 | 509,987.9 |
| Capital goods | 23,442.8 | –56.2 | 53,509.3 | 2,458.2 |
| Fuel and energy-related activities (not included in Scope 1 or 2) | 20,044.2 | –37.6 | 32,145.8 | 30,012.8 |
| Upstream transport and distribution | 52,087.7 | 63.0 | 31,955.8 | 827.3 |
| Waste generated in operations | 8,083.4 | –0.4 | 8,119.9 | 21,248.7 |
| Business travel | 1,831.5 | 24.9 | 1,466.8 | 1,335.3 |
| Employee commuting | 24,021.1 | 10.7 | 21,691.3 | 20,809.8 |
| Downstream transport and distribution | 13,175.4 | –34.9 | 20,249.8 | 33,046.8 |
| Use of sold products* | 45,000.0 | 36.4 | 33,000.0 | 0.0 |
| End-of-life treatment of sold products* | 5,300.0 | 17.8 | 4,500.0 | 0.0 |
| Other (upstream) | 531.5 | –0.6 | 534.9 | 458.0 |
| Total Scope 3 | 1,029,761.4 | –5.2 | 1,086,312.2 | 620,184.8 |
| Total Scope 3 "like-for-like" | 1,060,337.7 | –2.4 | | |

*This category was assessed for the first time this year and represents an approximation based on available data.

Interim target achieved in the area of renewable electricity

In the year under review, we increased the share of renewable energies to a total of 50.6%. We achieved our target of using at least 50% renewable electricity on a Group-wide basis by 2025 a year earlier, with the figure totaling 75.2%. We aim to draw 90% of our power consumption from renewable energy sources by 2030.

GRI 302-1 Energy consumption within the organization

| Scope 1 and 2 in MWh | 2024 | +/- pp | 2023 | 2022 |
|------------------------------------|------------------|--------|-----------|-----------|
| ecoinvent | v3.11 | | v3.10 | v3.9.1 |
| Purchased electricity | 210,186.7 | | 202,563.0 | 209,216.4 |
| thereof renewable in % | 73.5 | 37.3 | 36.2 | 47.4 |
| Self-generated electricity | 14,488.6 | | 12,443.5 | 9,807.4 |
| thereof renewable in % | 99.3 | 0.1 | 99.3 | 99.8 |
| Total electricity | 224,675.3 | | 215,006.5 | 219,023.8 |
| thereof renewable in % | 75.2 | 35.3 | 39.8 | 49.7 |
| Purchased heat | 343.8 | | 352.4 | 351.6 |
| thereof renewable in % | 100.0 | 0.0 | 100.0 | 100.0 |
| Natural gas | 80,809.2 | | 83,114.9 | 85,479.1 |
| Heating oil | 1,308.4 | | 1,700.1 | 2,823.8 |
| Methanol | 4,117.0 | | 3,822.7 | 5,011.8 |
| Propane | 4,141.1 | | 4,150.4 | 1,559.9 |
| Diesel | 21,586.2 | | 22,091.8 | 20,527.3 |
| Petrol | 5,596.6 | | 3,745.6 | 3,761.3 |
| Total fuel and combustibles | 117,558.5 | | 118,625.5 | 119,163.1 |
| thereof renewable in % | 3.5 | -0.4 | 3.9 | 1.5 |
| Total energy | 342,577.6 | | 333,984.4 | 338,538.6 |
| thereof renewable in % | 50.6 | 23.5 | 27.1 | 32.8 |

Share of self-produced renewable energy expanded

SFS is aware that purchasing renewable energy alone will not be enough to sufficiently limit negative impacts on the climate. By expanding our own electricity production, we are taking responsibility for the environment and society and strengthening our autonomy. In the year under review, we increased the share of self-generated electricity by installing two new photovoltaic systems and expanding two existing ones. At the Wyomissing location (US), the new system covers approximately one-third of the electricity requirements, while the new system in Campia Turzi (Romania) covers around 22%. Thanks to the expanded photovoltaic systems in Heerbrugg and Schramberg (Germany), these systems now provide 12% and 7% of the electricity required in their respective locations. In total, SFS increased the amount of self-generated electric energy by 16.4% compared with the previous year. Our success story [“Environmental impact reduced, employee health promoted”](#) outlines the highlights realized in this area in the year under review.

Project for a wind power plant on company premises canceled

To supplement the large-scale photovoltaic installation, the SFS Group had, in recent years, planned to build a wind turbine on its premises in Heerbrugg. The aim was to produce 5 GWh of electricity per year and increase the share of self-generated electricity in Switzerland by approximately 10%. With this project, SFS wanted to fulfill its responsibility toward the environment and society and contribute to regional energy security and autonomy. After promising preliminary investigations into technical feasibility, the project's compatibility with nearby settlements, the environment, and cost-effectiveness, we spent a year taking wind measurements and carrying out environmental studies, which went well. In the year under review, SFS published the extensive feasibility study for the project, which comprised twelve individual reports from independent experts. The results confirmed the findings from the preliminary study and demonstrated that the turbine would be cost-effective and environmentally friendly. A municipal petition for a referendum in the local community of Au-Heerbrugg proposed a minimum distance between wind turbines and residential buildings. On February 9, 2025, the initiative was passed with 50.1% of votes in its favor. As we would not be able to comply with the prescribed minimum distance of 500 m at the location where the turbine was planned to be built, the project was suspended. SFS will remain strongly committed to promoting climate protection and the expansion of renewable energies. The self-imposed target of producing 30% of the electricity consumed in Switzerland ourselves will be hugely challenging without the planned wind power plant.

Energy intensity further reduced

Compared to the reference year, we reduced energy intensity, i.e. absolute energy consumption in relation to value added, by –37.3%. This pleasing development can be mainly attributed to the acquisition of Hoffmann. The sustained efforts to make sparing and efficient use of energy also contributed to this positive performance.

GRI 302-3 Energy intensity

| Scope 1 and 2 in MWh | 2024 | 2023 | 2022 | 2021 | +/-% 2020 |
|--|------------------|------------------|------------------|------------------|--------------|
| ecoinvent | v3.11 | v3.10 | v3.9.1 | v3.7.1 | |
| Electricity | 224,675.3 | 215,006.5 | 219,024.0 | 203,381.1 | 26.8 |
| Purchased heat | 343.8 | 352.4 | 351.6 | 383.5 | -17.0 |
| Fuel | 117,558.5 | 118,625.5 | 119,163.1 | 112,790.6 | 25.9 |
| Total fuel and combustibles | 342,577.6 | 333,984.4 | 338,538.8 | 316,555.2 | 26.4 |
| Value-added francs in million (VA–CHF million) | 1,910.8 | 1,913.7 | 1,666.0 | 1,106.8 | 101.6 |
| Total energy/VA–CHF million | 179.3 | 174.5 | 203.2 | 286.0 | -37.3 |

Data on energy consumption in Scope 3 completed

At approximately 3 TWh, the “Purchased goods and services” category accounts for more than 80% of energy consumption in Scope 3, which illustrates the considerable impact of the supply chain. Fortunately, energy consumption in this category declined by –3.0% and the total indirect energy consumption likewise fell by –7.2%.

Owing to the completion of investment projects, such as the expansions in Nantong and Heerbrugg, the SFS Group significantly reduced energy consumption in the “Capital goods” category in comparison with the previous year. The higher share of renewable energy sources also has a positive impact in the area of embodied energy and has contributed to the massive reduction of –64.9% in the “Fuel- and energy-related activities” category.

In the year under review, we analyzed energy consumption in the categories “Use of sold products” and “End-of-life treatment of sold products” and roughly calculated the carbon footprint for the first time. Following this analysis, the energy consumption of our products in both categories was classified as insignificant and thus does not have a value.

GRI 302-2 Energy consumption outside of the organization

| Scope 3 in MWh | 2024 | +/-% | 2023 |
|---|--------------------|-------------|--------------------|
| ecoinvent | v3.11 | | v3.10 |
| Purchased goods and services | 2,983,870.3 | -3.0 | 3,074,771.0 |
| Capital goods | 72,160.5 | -52.8 | 152,957.0 |
| Fuel and energy-related activities (not included in Scope 1 or 2) | 119,804.2 | -64.9 | 341,421.0 |
| Upstream transport and distribution | 197,449.9 | 216.7 | 62,349.0 |
| Waste generated in operations | 7,987.5 | 1.0 | 7,905.0 |
| Business travel | 6,701.7 | 24.9 | 5,366.0 |
| Employee commuting | 87,781.9 | 12.1 | 78,302.0 |
| Downstream transport and distribution | 49,829.9 | -34.0 | 75,459.0 |
| Use of sold products | | | |
| End-of-life treatment of sold products | | | |
| Other (upstream) | 3,179.2 | 0.4 | 3,166.0 |
| Total Scope 3 | 3,528,765.1 | -7.2 | 3,801,696.0 |

Sustainable solutions

Innovative added value

SFS's value engineering approach helps develop sustainable solutions for our stakeholders that create economic, environmental and social added value. The focus of this approach is on the conscious use of raw materials, the increased use of recycled materials, and product innovations that promote sustainable development. One such innovation realized in the year under review was a machining tool that is made from 99% recycled raw materials. Another new product is the innovative fastening solution for solar modules on building facades.

All stakeholders involved in the double materiality analysis back in 2022 identified the topic of "Sustainable solutions" as material. Customers, in particular, assigned a high rating to the impact of sustainable solutions on people and the environment. Their focus was on the materials used, recyclability and energy consumption during use.

We strive to develop products and services that have economic, environmental and social utility factored in throughout their entire life cycle and create sustainable added value for all stakeholder groups. To this end, we are committed to the following guidelines:

- **Efficient use of raw materials**

We are aware of the value of raw materials and minimize our consumption of those materials through optimized product and process design. Using the cold forming process – one of our core technologies – helps us to achieve significant material savings compared to other technologies.

- **Focused waste management and recycling**

We avoid waste and ensure its proper disposal. Wherever possible, we use recycled materials and integrate used materials back into a circular economy system.

- **Energy-efficient design**

Our products are developed with a focus on energy-efficient use. This includes the consumption of resources and the optimized design of the components.

- **Use of renewable energies**

We develop solutions that support the use of renewable energies.

Percentage of renewable materials increased

In order to optimally implement these principles for new and existing solutions, SFS rolled out additional data collection processes in 2023. The aim is to improve transparency regarding the use and efficiency of materials as well as the type and amount of waste generated and to increase the proportion of recycled materials.

The GRI standard “Materials” was used for the report on the topic of “Sustainable solutions” (see Table GRI 301-1: Materials used by weight or volume). While the GRI Standard “Waste”, which was also allocated to this topic, was classified by stakeholders as important, they did not classify it as a priority. As a result, the current report does not elaborate on this GRI Standard in any great detail.

GRI 301-1 Materials used by weight or volume

| in tons | 2024 | +/- in pp | 2023 |
|---|------------------|-----------|------------------|
| Raw materials (e.g. ores, minerals, wood) | 78,447.9 | | 71,737.0 |
| thereof renewable in % | 0.5 | 0.2 | 0.3 |
| Associated process materials (e.g. lubricants) | 3,756.6 | | 3,907.5 |
| thereof renewable in % | 0.0 | 0.0 | 0.0 |
| Semi-manufactured goods or parts | 19,408.5 | | 15,822.4 |
| thereof renewable in % | 0.0 | -0.3 | 0.3 |
| Packaging materials (e.g. paper, cardboard, plastics) | 12,679.2 | | 8,642.1 |
| thereof renewable in % | 92.2 | -2.6 | 94.7 |
| Trading goods | 54,761.5 | | 62,095.4 |
| thereof renewable in % | 2.3 | 0.7 | 1.6 |
| Total material | 169,053.7 | | 162,204.4 |
| thereof renewable in % | 7.9 | 2.1 | 5.8 |

Around 80% of the materials used at SFS come from the categories of raw materials (predominantly steel) and trading goods. Due to the large volumes used, we would like to systematically increase the percentage of recycled materials in these two categories. We succeeded in doing so in both product categories this financial year. In total, SFS increased the percentage of renewable materials to 7.9% (PY 5.8%). In addition to the use of renewable materials, the local-for-local strategy in the acquisition of raw materials was also expanded with the aim of reducing transport routes and CO₂ emissions.

Creating sustainable added value for stakeholders

Our value engineering approach focuses on product design, the optimization of manufacturing processes and the utilization of potential for digitalization. This results in the creation of tailored products and innovative solutions that boost our customers’ competitiveness. They also help to achieve greater differentiation and strengthen collaborative partnerships. In the year under review, the SFS Group developed the following sustainable solutions:

- **Machining tool made from recycled carbide metal**

The GARANT GreenPlus series in the D&L segment enables greater sustainability in the work carried out in workshops and production facilities while ensuring the highest level of safety, quality and performance. The new machining tools are made from over 99% recycled raw materials. The carbide metal substrate used has the same mechanical properties as conventional carbide metal. During the manufacturing process, we only use electricity generated from renewable energy sources, which results in significant reductions in the carbon footprint of the machining tools. In addition, the high-quality tools can be reprocessed multiple times, which means that the product life cycle can be extended considerably.

- **Rapid and tool-free installation of solar modules on building facades**

The innovative RGrip fastening solution allows for simple and rapid installation of solar modules directly on new or existing building facades. Thanks to the ability to adjust the degree to which the modules tilt, the system guarantees that the solar modules can be optimally arranged to collect solar radiation and utilize the available surface areas in the best possible manner. With the help of RGrip, renewable energy can be produced efficiently. Only minimal work needs to be carried out on the facade thanks to the slim joint opening measuring just 11 mm. The fastening solution not only impresses with its aesthetic benefits, but also with its weather-resistant durability.

Procurement

Increase in transparency

The SFS Group made vital progress in supply chain management in the year under review. Of the total number of 12,173 suppliers, some 51.2% (PY 33.7%) are registered on the online assessment platform. The number of suppliers that have been assessed on the basis of environmental and social criteria has risen by approximately 74%. In 2024, the new Supplier Code of Conduct was rolled out on a mandatory basis. This will also be included in our Terms and Conditions of Purchase as of 2025.

The topic of "Procurement" is very important to SFS for multiple reasons: On the one hand, we need to meet the increasing regulatory requirements for sustainable supply chain management; on the other hand, the supplier assessments help us to quantify Scope 3 emissions, which account for over 90% of SFS's emissions. The decisions we make with respect to procurement have major impacts – from both a social and an environmental perspective. Conversely, suppliers and their activities also impact SFS's environmental footprint and ethical integrity. In the materiality analysis carried out in 2022, this topic was therefore classified as one of the most important issues. It includes the two GRI Standards: "Supplier Environmental Assessment" and "Supplier Social Assessment". The standard "Procurement Practices" also falls under the topic, but stakeholders did not classify it as material.

Clear guidelines promote sustainable procurement practices

With our procurement practices we reduce negative and increase positive impacts in the supply chain. This includes compliance with human rights, the ban on child labor and the responsible procurement of minerals and metals from conflict areas. We expect our suppliers to conduct themselves in line with our principles and the Supplier Code of Conduct and ensure that their business partners and suppliers adhere to these principles as well.

Local-for-local: Our procurement strategy

Within the framework of our local-for-local strategy, SFS is steadily expanding its global development and production platform. This provides our stakeholders with superior supply reliability thanks to short, robust, environmentally sustainable and traceable supply chains.

The (raw) materials purchased are broken down by SFS into the following main product groups:

- FC (finished components): 67.6% (PY 70.1%)
- ME (machines and equipment): 4.4% (PY 4.4%)
- OCE (oil, chemistry, energy): 2.5% (PY 1.6%)
- PACK (packing materials): 1.3% (PY 1.2%)
- SP (service providers): 6.7% (PY 7.0%)
- Tools: 3.0% (PY 1.9%)
- WOM (wire and other materials): 14.5% (PY 13.8%)

Global procurement amounted to approximately CHF 1.5 billion (PY >CHF 1.5 billion) in the year under review, with the procured goods coming from the following three regions:

- Asia 16.0% (PY 14.7%)
- Europe 70.9% (PY 77.9%)
- North America 13.1% (PY 7.4%)

Systematic supply chain management

In order to manage our supply chains as effectively as possible and continuously increase transparency along the entire value chain, we have implemented systematic supplier assessments. These help us to:

- Carry out risk assessments by means of abstract analyses before establishing a supplier relationship.
- Obtain a real-time overview of the sustainability status.
- Evaluate suppliers based on country- and sector-specific risks as well as critical news.
- Identify critical suppliers as well as potential opportunities and risks.
- Implement, monitor and document preventive and corrective measures.
- Share information with suppliers and ensure regular communication.
- Measure key figures related to supply chain management.

The supplier assessment is supplemented by the following instruments:

- Anonymous whistleblowing system for internal and external stakeholders
- Application of recognized standards and certification systems (e.g. ISO 14001 and ISO 45001)
- Cooperation with authorities, international organizations and business partners
- Regular consultation of experts
- Regular on-site supplier audits (carried out by SFS or an independent partner company)

These instruments help SFS to systematically manage supply chains and, at a higher level, to implement its sustainability strategy and goals in the area of procurement. They complement our risk management approach and help us to fulfill our due diligence obligations.

Content of the supplier assessments

Our supplier assessment takes social and environmental criteria into consideration and is carried out using standardized questionnaires based on the principle of self-declaration. In the year under review, the assessment covered the following key topics:

- Anti-corruption and anti-bribery
- Carbon footprint (new as of 2024)
- Conflict minerals
- Cybersecurity
- Environmental protection
- Human and labor rights
- Occupational safety
- REACH (new as of 2024)
- Responsibility in the supply chain
- RoHS (new as of 2024)
- Supplier Code of Conduct (new as of 2024)

Increase in number of assessed suppliers

In the year under review, the SFS supplier network comprised 12,173 contacts (PY 11,700), 51.2% of which (PY 33.7%) are registered on the online assessment platform and monitored in an abstract or concrete risk analysis. The abstract analysis offers a risk assessment based on country- and sector-specific codes as well as publicly accessible ESG key figures.

In 2024, we monitored 3,924 suppliers (PY 3,821) by means of a concrete risk analysis. In the concrete risk analysis, suppliers are invited to take part in a supplier assessment that addresses specific topics (see “Content of the supplier assessments”). At the end of the reporting period, the response rate for the concrete risk analysis was 81 % (PY 55%).

The sustainability monitoring also revealed that 98.6% (PY 96%) of the registered suppliers did not have any critical news.

Results of the concrete risk analysis

The results of the concrete risk analysis with reference to environmental and social topics can be summarized as follows:

| in % | 2024 | +/- pp | 2023 |
|---|------|--------|------|
| Share of new suppliers screened based on ecological and social criteria | 44 | 5 | 39 |

| Quantity suppliers | 2024 | +/-% | 2023 |
|---|---------|------|---------|
| Suppliers investigated for negative environmental impacts in the supply chain | 3,243.0 | 73.1 | 1,873.0 |
| thereof non-hazardous | 2,624.0 | 93.4 | 1,357.0 |
| thereof potentially hazardous | 619.0 | 20.0 | 516.0 |
| Suppliers assessed for social impacts in the supply chain | 3,144.0 | 74.2 | 1,805.0 |
| thereof non-hazardous | 2,542.0 | 79.0 | 1,420.0 |
| thereof potentially hazardous | 602.0 | 56.4 | 385.0 |
| Critical suppliers blocked for future orders due to insufficient evaluations | 10.0 | | 0.0 |

Supplier Code of Conduct rolled out on mandatory basis

The Supplier Code of Conduct was rolled out primarily according to a risk-based approach and was sent to both existing and new suppliers. In 2024, 1,551 suppliers that are responsible for 90% of our purchasing volume were subject to an ESG-based risk analysis. At the end of the year under review, 427 of these identified suppliers and 2,227 suppliers in total acknowledged the Supplier Code of Conduct. To speed up the roll out, the Supplier Code of Conduct will also be integrated into our Terms and Conditions of Purchase in 2025.

Outlook

SFS launched the supply chain monitoring initiative in 2023 and is currently in the consolidation phase. At the end of the year under review, we had monitored approximately 81% of our strategic suppliers. In 2025, we will continue work on expanding the supplier assessments so that we can achieve our goal of monitoring 85% of all strategic direct suppliers.

Strategic suppliers have an enormous impact on SFS's performance contribution and account for around 80% of the procurement volume. They are frequently characterized by materials with unique selling points as well as highly integrated and automated business processes.

In addition to the intention to increase transparency in our supply chains, we also consider it our duty of due diligence to investigate all suspected cases of potentially negative environmental or social impacts that were identified in 2024. If necessary, we will come to an agreement with our suppliers on appropriate measures to make improvements by the end of 2025.

The SFS Group is making initial progress with the identification of upstream Scope 3 emissions. As of 2024, we have been able to request emission data from our suppliers and trace upstream emissions via our assessment platform. In the year under review, we were in contact on this matter with the first suppliers. The majority of these business partners are willing to work together with us to increase transparency with respect to upstream Scope 3 emissions and to improve the dataset on the carbon footprint of our products. SFS will also continue to press ahead with this project in 2025.

Employee promotion and engagement

Talents promoted

In the year under review, SFS increased the percentage of permanent employees enrolled in dual education and training programs worldwide to 6.3% (PY 5.1%). With an 11.2% year-on-year increase in part-time employees, we also made improvements in the area of working time flexibility. The SFS Group also successfully expanded the retirement support programs in 2024.

In the materiality analysis carried out in 2022, "Training and education" was classified as the most important social topic and was combined with "Diversity and equal opportunity" to form the focus topic of "Employee promotion and engagement".

Continuous dialog with employees

Well-trained, motivated and satisfied employees achieve the best results and create added value. Open communication, the regular engagement of employees and good working conditions are therefore of central importance to us. We make a commitment to these principles in our [sustainability guidelines](#): "We encourage discussions and dialog with employees and employee representatives. We grant employees the right to freedom of association in accordance with the laws and regulations of the individual countries and regions."

Continued focus on "Diversity and equal opportunity"

SFS is a company whose diversity is already reflected in its international corporate structure. Diversity contributes to a positive overall environment and strengthens our business performance. Diversity relates to gender, ethnicity, age and disability, as well as religion, personal lifestyle and sexual orientation. The promotion of diversity and equal treatment is part of our sustainability guidelines and the Code of Conduct: "We promote a working environment in which the diversity of our employees plays an active role. We are aware that our employees are important stakeholders and strive to treat everyone fairly and equally."

Targets defined for gender diversity at management level

Greater diversity helps SFS to counteract the shortage of skilled labor and increase team performance. At present, gender diversity at management level is still not as pronounced as desired (see GRI 405-1). The SFS Group is working on the target of having women make up at least 30% of the Board of Directors by 2026 and at least 20% of the Group Executive Board by 2031. Future recruitment activities will focus more on team composition, with women with similar qualifications being preferred to their male counterparts. Candidates aged 50 and above will also be employed in increasing numbers to promote age diversity. We are increasingly factoring diversity into new and existing projects, particularly in the composition of project teams.

GRI 405-1 Diversity of governance bodies and employees

| in headcount | 2024 | % | +/- in pp |
|--------------------------------|--------------|-------|-----------|
| Board of Directors | 8.0 | | |
| thereof internally hired | 1.0 | 12.5 | -1.8 |
| thereof male | 6.0 | 75.0 | -10.7 |
| thereof female | 2.0 | 25.0 | 10.7 |
| thereof age <30 | 0.0 | 0.0 | 0.0 |
| thereof age 30–50 | 2.0 | 25.0 | -3.6 |
| thereof age >51 | 6.0 | 75.0 | 3.6 |
| Group Executive Board | 9.0 | | |
| thereof internally hired | 8.0 | 88.9 | -1.1 |
| thereof male | 9.0 | 100.0 | 0.0 |
| thereof female | 0.0 | 0.0 | 0.0 |
| thereof age <30 | 0.0 | 0.0 | 0.0 |
| thereof age 30–50 | 3.0 | 33.3 | -6.7 |
| thereof age >51 | 6.0 | 66.7 | 6.7 |
| Division Management | 50.0 | | |
| thereof internally hired | 35.0 | 70.0 | -2.2 |
| thereof male | 44.0 | 88.0 | 2.8 |
| thereof female | 6.0 | 12.0 | -2.8 |
| thereof age <30 | 0.0 | 0.0 | 0.0 |
| thereof age 30–50 | 18.0 | 36.0 | 8.2 |
| thereof age >51 | 32.0 | 64.0 | -8.2 |
| Middle Management | 283.0 | | |
| thereof internally hired | 191.0 | 67.5 | -3.8 |
| thereof male | 233.0 | 82.3 | -0.1 |
| thereof female | 50.0 | 17.7 | 0.1 |
| thereof age <30 | 5.0 | 1.8 | -1.2 |
| thereof age 30–50 | 161.0 | 56.9 | -0.2 |
| thereof age >51 | 117.0 | 41.3 | 1.4 |
| Total governance bodies | 350.0 | | |

Flexibility of working hours increased

The tables “GRI 2-7/GRI 2-8 Employee figures by employment relationship and by region” provide an overview of the current personnel structure at SFS. In order to further improve the work-life balance, we are advocates of flexible working-time models: In the year under review, this offering was taken up by 428 female (PY 392) and 361 male (PY 318) employees (figures quoted in FTE). SFS thus recorded an 11.2% increase in the number of part-time employees in 2024 in comparison to the previous year.

GRI 2-7/GRI 2-8 Employee figures by employment relationship

| in FTE | Total | Male | Female |
|--|-----------------|----------------|----------------|
| Employment relationship indefinite | 11,682.0 | 8,484.5 | 3,197.5 |
| +/-% | 2.0 | 1.7 | 3.0 |
| Employment relationship definite | 313.3 | 196.2 | 117.1 |
| +/-% | -9.1 | -13.9 | 0.5 |
| Employment relationship definite – external | 1,082.8 | 701.4 | 381.4 |
| +/-% | 24.3 | 17.9 | 38.1 |
| Employment relationship full time | 11,206.3 | 8,319.9 | 2,886.4 |
| +/-% | 1.1 | 0.8 | 2.1 |
| Employment relationship full time – external | 1,063.1 | 693.4 | 369.7 |
| +/-% | 23.2 | 17.3 | 36.1 |
| Employment relationship part time | 789.0 | 360.8 | 428.2 |
| +/-% | 11.2 | 13.6 | 9.3 |
| Employment relationship part time – external | 19.7 | 8.0 | 11.7 |
| +/-% | 137.3 | 110.5 | 160.0 |
| Total number of employees¹ | 13,078.1 | 9,382.1 | 3,696.0 |
| +/-% | 3.3 | 2.3 | 5.7 |

¹The data base for the sustainability reporting comprises 54 sites. This corresponds to a coverage level of 95% in FTE.

GRI 2-7/GRI 2-8 Employee figures by region

| in FTE | Total | Asia | Europe | North America | Switzerland |
|------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| Employment relationship indefinite | 11,682.0 | 3,333.1 | 4,257.5 | 1,714.2 | 2,377.2 |
| +/-% | 2.0 | 6.3 | 0.3 | -0.7 | 1.3 |
| Employment relationship definite | 1,396.1 | 843.1 | 395.2 | 60.7 | 97.1 |
| +/-% | 14.8 | 21.5 | -10.0 | 2.7 | 309.7 |
| Employment relationship full time | 12,269.4 | 4,160.7 | 4,195.1 | 1,759.4 | 2,154.2 |
| +/-% | 2.7 | 8.8 | -1.4 | 0.9 | 1.3 |
| Employment relationship part time | 808.7 | 15.5 | 457.6 | 15.5 | 320.1 |
| +/-% | 12.7 | 181.8 | 7.1 | -62.1 | 31.1 |
| Total number of employees | 13,078.1 | 4,176.2 | 4,652.7 | 1,774.9 | 2,474.3 |
| +/-% | 3.3 | 9.1 | -0.6 | -0.6 | 4.4 |

Employee development programs expanded

SFS is convinced of the enormous importance of the dual-track system of education and training as well as its impact on the economy and society. We attach great importance to professional development and future planning for our employees. The SFS Group also supports its employees with relevant programs when they decide to retire from gainful employment. During the year under review, the following changes were implemented in various areas:

- In the Netherlands and the UK, a joint career and future planning offering was provided with individual development goals.
- A special training course for management was held at the locations in Italy, the US and Switzerland with a focus on improving the participants' soft skills.
- Based on the annual assessment process, we created a monthly training calendar in India to ensure that regular training sessions are held.
- The Advanced Leadership Development Program (ALDP) was also launched in India. The regional training course for experienced team and project leads, which has already been successfully implemented in other parts of Asia, Europe and North America, also promotes establishing an international network.
- In the reporting period, we also focused on taking measures to ensure we are seen as an attractive employer by young talented individuals. These measures included our employer branding campaign in Switzerland, participation in various vocational training events at our locations in Europe as well as the international exchange of apprentices.
- In the US and Asia, we established cooperation programs with students and universities to connect young talents with the company at an early stage. In Switzerland, the number of

trainee positions for students was expanded to make it easier for them to enter the world of work.

- One particular highlight was the expansion of the “Gurukul” training center in India. Following the launch of the center with 17 apprentices in summer 2023, two year groups and a total of 42 apprentices successfully completed the dual program in 2024.
- With an increase of 54% in comparison with the previous year, SFS significantly expanded the retirement support programs (see table GRI 402-2). The growth in demand can mainly be attributed to the large number of people born in the “baby boomer generation”, who are now gradually reaching retirement age.

GRI 404-2 Programs for upgrading employee skills and transition assistance programs

| in headcount | 2024 | +/-% | 2023 |
|--|--------------|-------------|--------------|
| Pre-retirement planning for intended retirees | 28.0 | -26.3 | 38.0 |
| Retraining for those employees intending to continue working | 0.0 | -100.0 | 3.0 |
| Job placement services | 19.0 | -32.1 | 28.0 |
| Assistance on transitioning to a non-working life | 167.0 | 138.6 | 70.0 |
| Total | 214.0 | 54.0 | 139.0 |

Objectives in the area of dual education and training successfully met

The high priority given to the dual-track system of education and training by SFS is evident, among other things, in the enshrining of the topic in the corporate strategy and long-term objectives. The SFS Group aspires to ensure that 5–7% of its permanent employees worldwide are enrolled in dual education and training programs. In the year under review, we were once again able to confirm the achievement of this target with 6.3% (PY 5.1%) enrolled in such programs.

GRI 404-1 Average hours of training per year per employee

| | 2024 | +/-% | Ø per employee | % of employees |
|-------------------------|------------------|-------------|----------------|----------------|
| in headcount | 800.0 | 27.6 | | 6.3 |
| Training hours internal | 188,089.0 | -7.1 | 14.8 | |
| Training hours external | 105,914.0 | 11.1 | 8.3 | |
| Total hours | 294,003.0 | -1.3 | 23.1 | |

In-house succession arrangements ensure knowledge transfer

SFS implements suitable training measures to promote employees at all levels and to enlarge the talent pool for internal appointments. The aim is to fill 70% of upper management positions with internal candidates. In the year under review, we filled 67.1% (PY 70.8%) of the key functions with internal candidates and thus just fell short of our target (see table GRI 405-1). Divisional and segment management as well as the HR team are responsible for filling these positions, while the Structured Employee Development Process (SEDP) ensures the promotion of talented individuals. The CEO and HR officers review whether targets have been achieved and inform the Nomination and Compensation Committee (NCC) and the Group Executive Board of the degree of target achievement.

Feedback from the employee survey offers valuable starting points for improvement

Only satisfied and committed employees can deliver extraordinary performances. This is something that was confirmed by our employees, the value creators, not only through their creative and innovative solutions but also their responses in surveys. SFS conducts this Group-wide survey every two years. The results of the employee survey in 2023 were analyzed in great detail and further clarified by means of workshops. In so doing, we developed suitable measures to boost the attractiveness of SFS as an employer and further improve working conditions. The measures focus primarily on the following topics:

- Employer branding (attractiveness as an employer)
- Employee development (incl. training and education)
- Employee engagement
- Health protection
- Work-life balance

Engagement promoted through dialog and leadership tools

In addition to the survey, SFS employs other dialog and leadership tools in order to make ongoing improvements to working conditions and promote open, two-way communication. Such tools include:

- After-work, sporting and themed events such as the Sustainability Day
- CEO town hall meetings: Our CEO informs managers from all around the world about current business performance twice a year
- Information events where employees can hold in-person discussions (such as quarterly information or shop floor meetings)
- “Internes”, the magazine published by employees for employees
- Regular performance reviews (management by objectives, see GRI 404-3)
- Targeted internal employee development programs
- The “mySFS” employee app, which serves as a digital communications platform and intranet

Slight decrease in the number of employees with a performance review

SFS has established a globally valid process for regular employee performance reviews, which pursues the following objectives:

- Achievement of the overarching corporate targets
- Employees’ degree of identification with the corporate targets
- Employee promotion and engagement
- Identification of training needs and verification of the effectiveness of training programs
- Review of employees’ performance and conduct

In the year under review, the percentage of employees with a performance review stood at 72.6%, which was slightly down year-on-year. Our aim is to increase the performance review rate. In addition to performance reviews, the global process is also used to determine training needs, as part of which managers work together with employees to define the relevant training measures.

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

| Employees in % | 2024 | +/- in pp | 2023 |
|----------------|-------------|-------------|-------------|
| Male | 72.7 | -0.8 | 73.5 |
| Female | 72.5 | -2.4 | 74.9 |
| Total | 72.6 | -1.3 | 73.9 |

| Employees in FTE | 2024 | +/- % | 2023 |
|------------------|----------------|------------|----------------|
| Male | 6,816.7 | 1.2 | 6,737.0 |
| Female | 2,680.6 | 2.3 | 2,620.3 |
| Total | 9,497.3 | 1.5 | 9,357.3 |

Occupational health and safety

Slight increase in the accident rate

In the year under review, the accident rate rose slightly to 4.1 accidents per million working hours (PY 4.0). With the “Vision Zero” initiative launched in 2024, we are making great efforts to reduce the accident rate and achieve the ambitious target of zero accidents by 2030. Based on an accident rate of 4.7 in 2020, the target for 2025 is 2.35 accidents per million working hours.

“Occupational health and safety” was no longer classified as a material topic in the materiality analysis in 2022. Together with our stakeholders, we decided to classify it as a standard topic, much like the topics of “Human rights” and “Socioeconomic compliance”. These define the framework for our business activity and we will continue to report on these topics on an ongoing basis, but not in the same scope as for material topics.

A focus on occupational health and safety

The company’s employees are crucial to the success of the SFS Group, which makes creating a healthy and safe working environment a major concern at SFS. This holds particularly true at our production sites, where the work poses health and safety risks for employees. SFS minimizes these risks by implementing numerous measures. “The quality, environmental and safety policy that we are implementing is aimed at ensuring the health and safety of our employees when carrying out their work, as well as preventing accidents at work and promoting mental and physical health.” – this is a commitment we made in our [sustainability guidelines](#).

Measures to reduce the accident rate

In order to reduce potential risks and negative consequences for employees’ health at the workplace and lower the accident rate, we are implementing the following measures:

- Identifying and assessing hazards, burdens and risks on a regular basis to continuously improve safety precautions
- Preventive measures such as communicating the “10 SFS Safety Rules” to prevent accidents
- Engaging in a constant dialog with relevant stakeholders to improve working conditions (see “[Compliance and due diligence](#)”)
- Encouraging employees to take personal responsibility for their own health by identifying hazards preventively and carrying out risk assessments at their own workplaces
- Obligation to report unsafe circumstances to managers and supervisors (opportunity to submit anonymous reports)

Employees are encouraged to put forward ideas and suggestions for improvement via various channels, such as the “mySFS app”, an ideas box, shop floor meetings and personal meetings. There will be no negative consequences for employees who report any noticeable problems or violations. To support the measures already in place and to gradually move closer to achieving our goal of zero occupational accidents by 2030, the SFS Group launched the “Vision Zero” initiative in the year under review. Under this initiative, the accident rate is to be integrated into employees’ performance reviews, an annual safety day is to be held, regular awareness campaigns are to be organized and unannounced walkthroughs of the production facilities are to be carried out to identify any safety hazards, to name but a few of the measures to be introduced.

Difference in the accident rate between the segments

At the end of 2024, the SFS Group employed 13,689 employees (PY 13,198, figures in FTE). The reporting entities comprise 13,078 FTE (PY 12,666). The number of accidents per million working hours stood at 4.1, representing a slight increase on the previous year. However, this trend differed from one segment to the next. While the number of accidents in the Engineered Components segment remained stable overall, the accident rate in the D&L segment rose once again. In contrast, the Fastening Systems segment made good progress in reducing the accident rate, which can be mainly attributed to the introduction of the “Vision Zero” initiative. In order to reduce the number of occupational accidents in the long term, the measures planned as part of this initiative will also be implemented on a wide scale in the two other segments in the coming year. SFS has set itself the target of halving the occupational accident rate by 2025. To achieve this ambitious target, the accident rate of 4.7 recorded in the 2020 reference year must be reduced to 2.35 accidents per million working hours in 2025.

Zero accidents with serious consequences

Although the number of work-related accidents has risen slightly to 107 (PY 103), we made vital progress in reducing the number of working days lost: During the year under review, the number of working days lost fell by 32.9% year-on-year to 1,262 days (PY 1,880). No work-related injuries with serious consequences were recorded. This pleasing trend can be attributed to the increased focus on creating a safe and healthy working environment and is evidence of the first successes of the “Vision Zero” initiative.

ISO 45001 certification expanded

The prevention of all accidents, regardless of their severity, remains the top priority. In addition to the blanket roll out of the Vision Zero measures, we remain focused on expanding ISO 45001 certification. This standard has proven itself to be an efficient instrument for promoting occupational health and safety, and is therefore an integral part of our management approach. The SFS Group certified 2 locations (PY 5) in accordance with ISO 45001 during the year under review. This now makes 27 locations that have been validated accordingly, with 13 more locations set to follow in the coming years.

GRI 403-9 Work-related injuries

| | Unit | 2024 | +/-% | 2023 | 2022 |
|--|----------------------------|--------------|--------|--------------|--------------|
| Employees ¹ | FTE | 13,078.1 | 3.3 | 12,665.5 | 12,616.9 |
| Total hours worked | Hours | 25,816,775.0 | 1.2 | 25,504,900.0 | 25,233,800.0 |
| thereof permanent employees | | 23,710,025.0 | 0.3 | 23,628,550.0 | 23,650,800.0 |
| thereof temporary employees | | 2,106,750.0 | 12.3 | 1,876,350.0 | 1,583,000.0 |
| Occupational accidents >=1 day ² | Quantity | 107.0 | 3.9 | 103.0 | 102.0 |
| thereof permanent employees | | 106.0 | 3.9 | 102.0 | 92.0 |
| thereof temporary employees | | 1.0 | 0.0 | 1.0 | 10.0 |
| Accident rate >=1 day ² | Quantity/ million hours | 4.1 | 2.6 | 4.0 | 4.0 |
| thereof permanent employees | | 4.5 | 3.6 | 4.3 | 3.9 |
| thereof temporary employees | | 0.5 | -10.9 | 0.5 | 6.3 |
| Occupational accidents >3 days | Quantity | 83.0 | 23.9 | 67.0 | 69.0 |
| thereof permanent employees | | 83.0 | 25.8 | 66.0 | 66.0 |
| thereof temporary employees | | 0.0 | -100.0 | 1.0 | 3.0 |
| Accident rate >3 days | Quantity/ million hours | 3.2 | 22.4 | 2.6 | 2.7 |
| thereof permanent employees | | 3.5 | 25.3 | 2.8 | 2.8 |
| thereof temporary employees | | 0.0 | -100.0 | 0.5 | 1.9 |
| Work-related injuries with serious consequences ³ | Quantity | 0.0 | -100.0 | 2.0 | 3.0 |
| thereof permanent employees | | 0.0 | -100.0 | 2.0 | 3.0 |
| thereof temporary employees | | 0.0 | 0.0 | 0.0 | 0.0 |
| Accident rate with serious consequences | Quantity/ million hours | 0.0 | -100.0 | 0.1 | 0.1 |
| thereof permanent employees | | 0.0 | -100.0 | 0.1 | 0.1 |
| thereof temporary employees | | 0.0 | 0.0 | 0.0 | 0.0 |
| Work-related injuries resulting in fatalities | Quantity | 0.0 | 0.0 | 0.0 | 0.0 |
| thereof permanent employees | | 0.0 | 0.0 | 0.0 | 0.0 |
| thereof temporary employees | | 0.0 | 0.0 | 0.0 | 0.0 |
| Rate of deaths | Quantity/ million hours | 0.0% | 0.0 | 0.0 | 0.0 |
| thereof permanent employees | | 0.0% | 0.0 | 0.0 | 0.0 |
| thereof temporary employees | | 0.0% | 0.0 | 0.0 | 0.0 |
| Total absence days (absolute) | Quantity | 1,262 | -32.9 | 1,880 | 2,217 |
| Absence days (relative) | Days/1.000 FTE | 96 | -35.0 | 148 | 176 |
| Occupational accidents (relative) | Quantity/ 1.000 FTE | 8.2 | 0.6 | 8.1 | 8.1 |
| Absence days due to work-related illnesses | Quantity of days | 0.0 | -100.0 | 45.0 | 268.0 |
| Absence rate due to work-related illnesses | Days/1.000 FTE | 0.0 | -100.0 | 3.6 | 21.2 |

¹Number of employees in the entities currently reporting

²Occupational accidents are based on the number of work-related injuries resulting in an absence of at least one working day

³Work-related injuries with serious consequences resulting in a recovery period of at least 6 months (not including fatalities)

The quantity refers to the absolute number of incidents in each case

Compliance and due diligence

Responsibility embraced

There were once again no compliance violations at SFS during the year under review that resulted in fines or legal proceedings. Furthermore, we have no knowledge of any human rights violations that were committed within the company's sphere of influence in 2024. That also includes the topic of child labor. The Code of Conduct, which applies to all employees, was updated during the year under review and efforts continued to roll out the Supplier Code of Conduct, which has been mandatory since 2024. The results of the compliance audit conducted revealed shortcomings that have been remedied.

SFS is committed to sustainable and responsible business practices in accordance with the OECD Guidelines. To uphold these principles, we take great care to respect the interests of our company, our employees, society and the environment. Of course, this also implies compliance with applicable laws and regulations. We respect cultural, social, political and legal diversity and expect our business partners and suppliers to do the same.

Our guidelines are set out in the updated SFS Code of Conduct, our Corporate Principles and the Supplier Code of Conduct. They include, among other things, the protection of human rights and the ban on child and forced labor as defined by the International Labour Organization (ILO). SFS does not tolerate child labor and does not cooperate with partners that accept child labor. Our commitment to this is also set forth in our [sustainability guidelines](#).

Responsibility embraced, due diligence obligations fulfilled

By fulfilling our due diligence obligations, we protect our employees, create attractive jobs, meet our responsibilities toward society and safeguard our competitive edge for the long term. As a signatory of the UN Global Compact, SFS is committed to the United Nations Declaration of Human Rights. The risk of human rights violations must be prevented and reduced to the greatest extent possible, both at the company's own locations and within its entire supply chain. We are therefore increasingly incorporating human diligence into our business processes and have been working with our suppliers since 2023 to conduct regular assessments that include both social and ecological criteria (see [Procurement, risk analysis](#)).

Code of Conduct updated

The SFS Group revised and updated its Code of Conduct during the year under review. The new version supersedes the previous version from 2015. The Code is aimed at all management bodies and employees and is a key part of sustainable, positive corporate development. Our Corporate Principles describe the cornerstones of our corporate culture: partnership, commitment, community, success and change. Both documents – which have been translated into more than ten languages – are available to all employees. They lay the basis for SFS's values and provide specific guidance for our value creators.

Effective compliance system implemented

To ensure compliance with the requirements of the Code of Conduct, SFS has established an effective compliance system. In practice, the system comprises various elements such as guidelines, regular training, new employee onboarding, e-learning campaigns, periodic newsletters, integration of compliance-related issues into internal audits, annual reporting on the Code of Conduct to the Board of Directors and an anonymous, external [whistleblowing system](#) for employees and external partners. This system exists alongside other reporting channels and is accessible both internally and to the public. The compliance system focuses on the following eight topics:

- Anti-corruption
- Antitrust law
- Data protection
- Foreign trade compliance
- Human rights
- Information security
- Insider trading
- Protection of personal integrity

The e-learning course entitled “Protection of personal integrity” was revised and relaunched during the year under review. This course aims to convey to employees of the SFS Group the importance of treating others with respect and give them some specific rules of conduct. This mandatory training ensures that everybody throughout the company has a common understanding of what it means to protect personal integrity.

Supplier Code of Conduct mandatory since 2024

By introducing the Supplier Code of Conduct at the end of 2023, SFS underscored the importance of compliance with regulations and social standards along the entire supply chain. We expect our suppliers to conduct themselves in line with the principles of this Code, which is based on the principles of the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. The Supplier Code of Conduct also meets the requirements of the various supply chain due diligence acts that have been enacted in the EU and Switzerland. Corresponding provisions were also added to contracts with our distribution partners.

Compliance reports examined carefully

During the year under review, 16 compliance reports (PY 36) were submitted to the Group Compliance Officer and the local Compliance Officers. Following careful examination, 14 of those reports (PY 19) were confirmed as being compliance violations and appropriate corrective measures were taken. The violations reported related mainly to unethical conduct and other violations of the Code. None of the violations resulted in a need for provisions, fines or court proceedings. All except two pending cases were investigated locally or with the support of the Group Compliance Officer and appropriate steps were taken. The consequences ranged from warnings under labor law to dismissals, depending on the severity of the violation. Decisions regarding sanctions were made by the local Compliance Officer in consultation with the specialist units or the Group Compliance Officer. There were no reports received through the new anonymous [whistleblowing system](#) during the year under review. Other internal reporting channels were used to submit the reports received.

Compliance audit conducted revealed shortcomings

SFS conducted an internal compliance audit at a location in Romania during the year under review. The audit focused on the Code of Conduct and the reporting channels in place for compliance violations. It revealed a few isolated shortcomings: Some employees were not sufficiently knowledgeable about the Code and implementation of the process for reporting conflicts of interest was inadequate. The local management made a note of the recommendations for improvement and implemented appropriate measures. Internal compliance audits are used as an effective tool for identifying opportunities and risks. Further compliance audits will be conducted in other countries again in 2025 as part of the financial audits. The results are included in the annual compliance report submitted to the Board of Directors and are used to develop the compliance system.

No cases of corruption again in the year under review

We have had an anti-corruption policy in force since 2016 and imparted this policy to staff in high-risk positions, in particular, via mandatory e-learning courses. This policy was additionally communicated to new managers and employees in the sales, procurement and finance units during the year under review. We take a clear stand on this topic in our sustainability guidelines as well: "We are not corruptible and do not demand or accept gifts or payments. We do not engage in any unfair action that could influence the decisions of customers, suppliers, competitors or authorities." Anonymized reports appear in the quarterly compliance newsletter in order to raise employees' awareness of actual incidents on a regular basis. As in the previous year, there were no confirmed cases of corruption in the reporting year.

ESG risk analysis updated

SFS updated its ESG risk analysis in 2024 based on findings from the TCFD report and the double materiality analysis. Our risk assessment looks at the likelihood of occurrence and the amount of the loss and then classifies these based on predefined threshold values. Substantial strategic or financial risks are avoided or mitigated through proactive risk management. We also actively seize opportunities that align with our strategic objectives and introduce corresponding measures. ESG risks and opportunities with strategic impacts – such as the development of energy and commodity prices, natural disasters, non-achievement of sustainability targets and the increase in regulatory requirements – were incorporated into the business risk analysis. The [Management Report](#) summarizes the business risks for the current reporting year.

Dialog with stakeholder groups continued

"We encourage discussions and dialog" – this is a commitment we make in our sustainability guidelines. To ensure that we consider more than merely the internal perspective when assessing both critical issues as well as potential opportunities and risks, we get our external stakeholder groups involved on a regular basis. We offer our stakeholders different platforms for expressing concerns and discussing them with us. That includes regular discussions and events for customers, suppliers, investors and analysts. We also invite media representatives to our conferences and respond to their inquiries in a timely manner. The summary below shows the most important topics addressed in this context in 2024 and how we dealt with them:

Stakeholders: Inclusion in double materiality analysis

SFS performed a double materiality analysis in 2024 in accordance with the requirements of the ESRS. To that end, 131 representatives of relevant stakeholder groups were invited to participate in a survey. 76 stakeholders participated and rated the potentially relevant topics. To identify the new material topics for SFS, the results of the survey were then further analyzed and refined during three internal workshops attended by a total of 30 participants. Inclusion of all relevant stakeholder groups ensures that these topics reflect both the internal company perspective as well as the expectations of our external stakeholders. The detailed results of this analysis will be presented in the 2025 Sustainability Report.

Media: Challenges in the automotive industry

The European automotive industry faced major challenges during the year under review and this had repercussions for Swiss industrial companies as well. Various media outlets reported on the matter and asked SFS for a statement. The reports portrayed us as a company that is capable of responding to fluctuations in individual sectors due to the fact that we serve several different business areas. Some reports also reiterated the measures introduced at the end of October 2023 in order to improve the profitability of the Automotive division in Switzerland. SFS strives to create transparency and win public trust by cooperating with media representatives.

Population and the media: Planned wind turbine in Heerbrugg (Switzerland)

SFS organized a public information event in 2024 to report on the status of the "RhintWind" project and present the results of the feasibility study. The results of the study confirmed the cost-effectiveness and environmental friendliness of the planned wind turbine and were published in connection with the second participation procedure carried out by the Canton of St. Gallen. The public interest group "IG Gegenwind Au-Heerbrugg" submitted a municipal initiative in August 2024 that proposes a minimum distance between wind turbines and residential buildings. On February 9, 2025, the initiative was passed with 50.1% of votes in its favor. As we would not be able to comply with the prescribed minimum distance of 500 m at the location where the turbine was planned to be built, the project was canceled.

Investors: Negative corporate governance rating from ISS

SFS received nine of ten points in the “Governance Quality Score”, an ESG rating issued by Institutional Shareholder Services (ISS). This result corresponds to a high level of governance risk. Areas where SFS performed poorly related in particular to its independence, the diversity of its Board of Directors as well as the transparency and structure of its compensation system. SFS has analyzed the ISS rating and duly noted the concerns raised. Corporate governance assessments based exclusively on standards defined by rating agencies are not necessarily expedient for all shareholder structures. We conducted individual discussions with investors and addressed the issues highlighted in a transparent way. We are convinced that we have an independent Board of Directors and an appropriate compensation system. The company is working on making ongoing improvements to the level of diversity found in the Board of Directors and Group Executive Board.

Focus on key external ratings

In 2024, SFS was assessed within the scope of the following external ratings or participated in the following assessments:

| Rating/questionnaire | 2024 rating | 2023 rating | 2022 rating | Scale |
|------------------------------|-----------------------------|---------------------------------|-------------------------------|-----------------------------------|
| CDP (climate questionnaire) | B | B | – | A to F |
| EcoVadis (ESG questionnaire) | Bronze (64/100) | Silver (63/100) | Bronze (54/100) | Platinum to Bronze |
| Ethos | B+ | A- (51/100) | A- (60/100) | A+ to C- |
| Inrate, zRating | 66/100 | 69/100 | 67/100 | 100 to 0 |
| ISS | C- | D+ | D+ | A+ to D- |
| MSCI | A | AA | AA | AAA to CCC |
| SAQ 5.0 | B88 | B86 (location in Heerbrugg, CH) | | A to D, 100 to 0 |
| Sustainalytics | ESG risk status: high, 30.2 | ESG risk status: medium, 26.3 | ESG risk status: medium, 25.0 | Negligible to severe |
| UN Global Compact | Active | Active | Active | Active – inactive – not reporting |

GRI content index

GRI 1

Foundation 2021

| Statement | GRI 1 applied | Applicable GRI sector standard(s) |
|---|------------------------|---|
| SFS prepared this report for the period from December 2023 to November 2024 in compliance with the GRI Standards. | GRI 1: Foundation 2021 | No applicable sector standard is available yet. |

GRI 2

General Disclosures 2021

| Disclosure | Place | Omission |
|--|---|----------|
| 2-1 Organizational details | SFS Group AG, Rosenbergsaustrasse 8, 9435 Heerbrugg, Switzerland Corporate Governance, Group structure & shareholders Financial Report, Group structure | |
| 2-2 Entities included in the organization's sustainability reporting | Scope: Entities in which SFS holds a stake of ≥50% are included in the scope of consolidation. For this, sustainability data is collected for locations with production activities as well as for locations without production activities with ≥50 employees. This was the case for 54 entities in the year under review (PY: 54 entities). | |
| 2-3 Reporting period, frequency and contact point | About the Sustainability Report | |
| 2-4 Restatements of information | About the Sustainability Report | |
| 2-5 External assurance | About the Sustainability Report | |
| 2-6 Activities, value chain and other business relationships | Financial Report, Segment information SFS in brief, page 4 Procurement | |
| 2-7 Employees | Employees by employment relationship Employee figures by region | |
| 2-8 Workers who are not employees | Employees by employment relationship Employee figures by region | |
| 2-9 Governance structure and composition | Corporate Governance, Board of Directors and Group Executive Board | |
| 2-10 Nomination and selection of the highest governance body | Corporate Governance, Board of Directors Organizational regulations Articles of Association of SFS Group AG | |
| 2-11 Chair of the highest governance body | Corporate Governance, Members of the Board of Directors | |
| 2-12 Role of the highest governance body in overseeing the management of impacts | Strategy, Clearly defined responsibilities | |
| 2-13 Delegation of responsibility for managing impacts | Strategy, Clearly defined responsibilities | |
| 2-14 Role of the highest governance body in sustainability reporting | The 2024 Sustainability Report was approved by the Board of Directors as an integral part of the 2024 Annual Report. The report will also be presented to shareholders at the 2025 Annual General Meeting for approval. | |
| 2-15 Conflicts of interest | Code of Conduct Explanatory document on the Code of Conduct | |

| | | |
|---|---|--|
| 2-16 Communication of critical concerns | Corporate Governance, Shareholders' participation Corporate Governance, Information policy Compliance and due diligence | |
| 2-17 Collective knowledge of the highest governance body | All members of the Board of Directors have taken various steps during the year under review to expand their knowledge on the topic of sustainability. These efforts included workshops/ training, regular exchanges of information with audit firms, communication with peers and the reading of specialized literature. | |
| 2-18 Evaluation of the performance of the highest governance body | Corporate Governance: Members of the Board of Directors Compensation, shareholdings and loans | |
| 2-19 Remuneration policies | Compensation Report, Fundamental principles of the compensation system | |
| 2-20 Process to determine remuneration | Compensation Report, Fundamental principles of the compensation system | |
| 2-21 Annual total compensation ratio | | SFS does not currently have a centralized system in place at the international level for managing salary payments; the information requested cannot be calculated due to the insufficient dataset. |
| 2-22 Statement on sustainable development strategy | Management Report Strategy | |
| 2-23 Policy commitments | Code of Conduct Explanatory document on the Code of Conduct Supplier Code of Conduct Sustainability guidelines | |
| 2-24 Embedding policy commitments | Code of Conduct Explanatory document on the Code of Conduct | |
| 2-25 Processes to remediate negative impacts | Compliance@SFS, incl. anonymous complaint process | |
| 2-26 Mechanisms for seeking advice and raising concerns | Corporate Governance, Information policy Compliance and due diligence | |
| 2-27 Compliance with laws and regulations | During the year under review, SFS was not impacted by any material violation and there were no compliance incidents at SFS that resulted in fines or legal proceedings. | |
| 2-28 Membership associations | Arbeitgeberverband Rheintal (Rhine Valley Employers, Association) Hans Huber Stiftung (Hans Huber Foundation) Hoffmann Group Foundation Saint Gallen-Appenzell Chamber of Commerce and Industry Landesverband Gross- und Aussenhandel Bayern (LGAD; Bavarian Wholesale and Export Association) Stiftung FH SCHWEIZ – zur Förderung des dualen Bildungswegs (Foundation of the University of Applied Sciences Switzerland – for the promotion of the dual education system) Swissavant Swissmem | |
| 2-29 Approach to stakeholder engagement | Strategy, Stakeholder dialog as the basis for reporting | |
| 2-30 Collective bargaining agreements | At the end of the year under review, 31.5% (PY: 32.3%) of all employees were covered by collective bargaining agreements. | |

GRI 3

Material Topics 2021

| Disclosure | Place | Omission |
|--|---|----------|
| 3-1 Process to determine material topics | Strategy, Stakeholder dialog as the basis for reporting | |
| 3-2 List of material topics | Strategy, List of material topics | |

GRI 301

Materials 2016

| Disclosure | Place | Omission |
|--|---------------------------------------|---|
| 3-3 Management of material topics | Sustainable solutions | |
| 301-1 Materials used by weight or volume | Sustainable solutions | |
| 301-2 Recycled input materials used | | The information on recycled raw materials used is currently not available or incomplete. From 2025, the sustainability report will be adapted to the requirements of the European Sustainability Reporting Standards (ESRS) and the materiality analysis carried out in 2024. As part of this, we will review which data will be collected and published in future. |
| 301-3 Reclaimed products and their packaging materials | | Currently not applicable: Once the products (primarily high-precision components and fastening solutions) have been installed in a customer's product, SFS does not have any opportunity to require or recycle them. |

GRI 302

Energy 2016

| Disclosure | Place | Omission |
|--|--------------------------------------|--|
| 3-3 Management of material topics | Energy and emissions | |
| 302-1 Energy consumption within the organization | Energy and emissions | |
| 302-2 Energy consumption outside of the organization | Energy and emissions | |
| 302-3 Energy intensity | Energy and emissions | |
| 302-4 Reduction of energy consumption | | The information on reducing energy consumption is currently incomplete. From 2025, the sustainability report will be adapted to the requirements of the European Sustainability Reporting Standards (ESRS) and the materiality analysis carried out in 2024. As part of this, we will review which data will be collected and published in future. |
| 302-5 Reductions in energy requirements of products and services | | Not material: In 2024, the screening of energy consumption was carried out and a CO ₂ footprint was calculated accordingly. The energy consumption of our products was classified as insignificant. |

GRI 305

Emissions 2016

| Disclosure | Place | Omission |
|-----------------------------------|--------------------------------------|----------|
| 3-3 Management of material topics | Energy and emissions | |

| | | |
|---|--------------------------------------|--|
| 305-1 Direct (Scope 1) GHG emissions | Energy and emissions | |
| 305-2 Energy indirect GHG emissions (Scope 2) | Energy and emissions | |
| 305-3 Other indirect (Scope 3) GHG emissions | Energy and emissions | |
| 305-4 GHG emissions intensity | Energy and emissions | |
| 305-5 Reduction of GHG emissions | | The information regarding the reduction of greenhouse gas emissions is currently not available or incomplete. From 2025, the sustainability report will be adapted to the requirements of the European Sustainability Reporting Standards (ESRS) and the materiality analysis carried out in 2024. As part of this, we will review which data will be collected and published in future. |
| 305-6 Emissions of ozone-depleting substances (ODS) | | Not applicable: According to our in-house life cycle assessment, the emissions of ozone-depleting substances amounts to 0.01 %. |
| 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Energy and emissions | |

GRI 308

Supplier Environmental Assessment 2016

| Disclosure | Place | Omission |
|--|-----------------------------|----------|
| 3-3 Management of material topics | Procurement | |
| 308-1 New suppliers that were screened using environmental criteria | Procurement | |
| 308-2 Negative environmental impacts in the supply chain and actions taken | Procurement | |

GRI 404

Training and Education 2016

| Disclosure | Place | Omission |
|--|--|--|
| 3-3 Management of material topics | <u>Employee promotion and engagement</u> | |
| 404-1 Average hours of training per year per employee | <u>Employee promotion and engagement</u> | Information regarding the average hours of training per year per employee is not currently available or not available in full. The process for collecting the required information will be expanded in the next few reporting years. |
| 404-2 Programs for upgrading employee skills and transition assistance programs | <u>Employee promotion and engagement</u> | |
| 404-3 Percentage of employees receiving regular performance and career development reviews | <u>Employee promotion and engagement</u> | Any presentation/breakdown by employee category that is still missing will be added in the reporting years to come. |

GRI 405

Diversity and Equal Opportunity 2016

| Disclosure | Place | Omission |
|--|--|--|
| 3-3 Management of material topics | <u>Employee promotion and engagement</u> | |
| 405-1 Diversity of governance bodies and employees | <u>Employee promotion and engagement</u> | Data regarding additional categories of diversity will be added in the reporting years to come. |
| 405-2 Ratio of basic salary and remuneration of women to men | | Information regarding the ratio of basic salary and remuneration of women to men is not currently available or not available in full. The process for collecting the required data is expected to be implemented on a Group-wide basis in the next two to three years. |

GRI 414

Supplier Social Assessment 2016

| Disclosure | Place | Omission |
|---|--------------------|----------|
| 3-3 Management of material topics | <u>Procurement</u> | |
| 414-1 New suppliers that were screened using social criteria | <u>Procurement</u> | |
| 414-2 Negative social impacts in the supply chain and actions taken | <u>Procurement</u> | |

CO content index

Index used for reporting on non-financial matters pursuant to the Swiss Code of Obligations (CO) Art. 964 and the Responsible Business Initiative (RBI) on due diligence and transparency regarding minerals and metals from conflict-affected areas and child labor.

| Topic | Link | Explanation | Compliance with GRI |
|--------------------------|--|-------------|--|
| Business model | SFS in brief, page 4 | | GRI 2-1, 2-6 |
| | Corporate Governance, Group structure and shareholders | | |
| Environmental concerns | Energy and emissions | | GRI 302, 305 |
| | Sustainable solutions | | GRI 301 |
| | Supplier environmental assessment | | GRI 308 |
| | Procurement | | GRI 308 |
| | Sustainability guidelines | | |
| Social concerns | Corporate Governance, Information policy | | GRI 2-16, 2-23, 2-24, 2-25, 2-26, 2-27 |
| | Compliance and due diligence | | |
| | Supplier social assessment | | GRI 414 |
| | Sustainability guidelines | | |
| Employee concerns | Attractiveness as an employer | | |
| | Training and education | | GRI 404 |
| | Diversity and equal opportunity | | GRI 405 |
| | Occupational health and safety | | GRI 309 |
| | Remuneration system and policies | | GRI 2-19, 2-20 |
| | SFS Code of Conduct | | |
| Respect for human rights | Procurement | | GRI 414 |
| | Compliance and due diligence | | GRI 1 Foundation |
| | Sustainability guidelines | | |
| | SFS Code of Conduct | | |
| | Supplier Code of Conduct | | |
| Combating corruption | Compliance and due diligence | | GRI 2-27 |
| | Sustainability guidelines | | |
| | SFS Code of Conduct | | |

Due diligence obligations regarding conflict minerals and child labor

[Sustainability guidelines](#)
[Supplier Code of Conduct](#)

Conflict minerals: (CO 964j-I and VSoTR 3-4)
 SFS screens for minerals and metals from conflict and high-risk areas once per year. The import and processing quantities as defined under Swiss law were not exceeded during the year under review, which means that no reporting obligation applies.

Suspicion of child labor: (CO 964j-I and VSoTR 5 and 11):
 SFS uses questionnaires to screen for suspected child labor at its suppliers. There were no substantiated suspicions in the reporting year. 81% of strategic suppliers were monitored in the reporting year. Procurement practices are governed by the Supplier Code of Conduct, which has been mandatory for all suppliers since 2024. Violations can be submitted anonymously via the public reporting system.

GRI 1 Foundation

Risks identified

In 2024, the SFS Group carried out a climate-based scenario analysis for the first time. The findings gained from this analysis are helping to expand our established approach for assessing climate-related risks. The additional evaluation of transition and physical risks in particular provided valuable information that supports our strategic focus.

Governance

This report meets the requirements laid down in the Swiss Federal Council's ordinance on mandatory climate disclosures and follows the requirements set out by the Task Force on Climate-related Financial Disclosures (TCFD). It explains how the impacts of climate change are integrated and factored into our corporate governance. The structures necessary for this are described in the [Corporate Governance Report](#).

Scenario analysis provides important findings

The Board of Directors continuously monitors the achievement of climate targets, reviews the progress made with the help of the ESG KPI and approves additional optimization measures where necessary.

It uses the findings from the scenario analysis, which was introduced in 2024 and is based on the results of the double materiality analysis, in order to incorporate the impacts of climate change into ESG risk management. The Board of Directors oversees financial decisions such as acquisitions and capital expenditure with the aim of ensuring that such financial expenditure is compatible with our climate targets.

Involvement of all stakeholders

The Group Executive Board is responsible for the implementation of the climate strategies and the quarterly reporting to the Board of Directors. Involving the relevant stakeholders (see ["Compliance and due diligence" section: Dialog with stakeholder groups continued](#)) ensures that the decision-making framework meets changing expectations and takes into consideration both short-term and long-term climate impacts.

Strategy

Management of climate-related opportunities and risks

SFS carries out climate scenario analyses and double materiality analyses in order to identify potential climate risks and the resulting business opportunities as well as to prioritize their potential financial influence. Qualitative and quantitative methods guarantee an in-depth decision-making process and alignment with strategic objectives.

Time frames and strategic measures

| Time horizon | Strategic measure |
|---------------------------|---|
| Short-term (0–2 years) | Focus on immediate risks such as raw material availability and energy price volatility, which are part of ongoing business operations. |
| Mid-term (2–5 years) | Implementation of energy efficiency measures and increased use of renewable energy to achieve 2030 targets. Commitment to reducing direct emissions (Scope 1 and 2), measured in tons of CO ₂ equivalents per value-added Swiss franc, by at least 90% by 2030 compared to 2020. |
| Long-term (>5 years–2050) | Scope 3 emissions should be reduced by $\geq 90\%$ by 2040, measured in tons of CO ₂ equivalents per value-added Swiss franc. |

An overview of the types of risks and opportunities

Transition risks

- Market risks: Changing consumer behavior and increasing demand for sustainable solutions
- Regulatory risks: Rising carbon prices, stricter emissions standards, regulatory costs and climate-related damage
- Technological risks: Challenges in the launch of low-emission technologies

Reputational risks

Changes in consumer preferences as well as negative stakeholder feedback due to growing ESG expectations represent reputational risks for SFS. Reputational risk has been assessed in qualitative terms within the double materiality analysis and is not part of the scenario-based risk analysis.

Physical risks

- Acute weather events: Sudden events such as floods and storms
- Chronic weather events: Long-term changes, such as changes in the precipitation pattern

Opportunities

- Operational efficiency through energy and resource optimization: Improving resource efficiency will reduce energy requirements and costs, and will also improve environmental performance
- Resilience: Reduced exposure to climate-related damage under ambitious climate protection scenarios (e.g. 1.5 °C Paris Agreement)
- Changing customer demand: Expansion of the market for sustainable solutions and products

Climate-related risks are gradually being integrated into our financial planning through the introduction of additional KPIs. This enables the assessment of sustainable capital expenditure and ESG-oriented sales to be refined. At present, the scenario analysis assesses the transition and physical risks with a focus on financially significant risks and regulatory trends. Opportunities such as investments in energy efficiency and low-carbon products are prioritized according to their benefits and their strategic relevance.

Scenario analysis for transition risks

In 2024, the SFS Group carried out a scenario analysis to assess the impacts of transition risks on the company. Within this analysis, several scientifically substantiated climate scenarios were used that are summarized in internationally recognized scenarios. These were not developed by us, but are based on globally established models. The underlying data was obtained from a tool developed by the World Business Council for Sustainable Development (WBCSD). The SFS Group analyzed the financial and operational impacts on the company on the basis on the following general scenarios:

| Scenario 1: (BAU) operations are conducted as before. Business-As-Usual (BAU)/SSP¹ 5-8.5 (4.3°C) | Szenario 2: (WB2C) operations are adapted in order to minimize global warming to considerably lower than 2 °C. Well Below 2°C (WB2C)/SSP¹ 1-2.6 (1.6°C) | Szenario 3: (NZE) operations are adapted in order to produce net-zero emissions. Net Zero Emissions (NZE)/SSP¹ 1-1.9 (1.5°C) |
|--|---|---|
| This scenario assumes minimal climate protection measures and reflects current regulatory actions. No significant demand for lower-carbon products is expected. Regulatory measures to support renewable energy, circular economy initiatives, improved energy efficiency standards for electric motors, and mandatory energy audits are not implemented across all regions. | This scenario represents moderate climate protection efforts with increasing demand for lower-carbon products and gradual political progress in energy transition technologies. | This ambitious scenario depicts rapid decarbonization through globally aggressive climate protection measures. Regulatory actions include strong support for carbon capture, transport, and utilization, as well as hydrogen, circular economy initiatives, and strict energy efficiency standards. |

¹Shared Socioeconomic Pathways: Scenarios that specifically consider socioeconomic factors.

Data sources and methodology

| Internal Data | External Data |
|---|---|
| Data on our greenhouse gas emissions and financial data from 2023 were used to assess the potential impacts of climate-related opportunities and risks. | External data from publicly available research projects (e.g., World Business Council for Sustainable Development) were used to evaluate opportunities and transition risks, while data from our insurance provider were used to assess physical risks. |

This comprehensive method allowed us to identify transition opportunities and risks in various regions and in so doing factor in medium- and long-term developments under different climate scenarios. During the scenario analysis, we made the following observations:

Findings from the scenario analysis

| Risks | BAU | WB2C | NZE |
|--|--|--|--|
| <p>Impact of Carbon Pricing</p> <p>The findings from the different scenarios, except for the BAU scenario, underline the necessity of ramping up the transition to energy-efficient, low-carbon operation. Through proactive management, such as investments in renewable energy, electrification, and carbon off-setting, SFS can mitigate the financial impact of rising carbon prices and contribute to decarbonization.</p> | <p>There is no or a negligible carbon price and only minimal incentives for decarbonization. This also means that there are no risks that need to be considered in this context.</p> | <p>Rising carbon prices with noticeable impacts on business performance. Initial incentives for lower-carbon solutions emerge.</p> | <p>The highest projected carbon costs lead to significant capital expenditures and strong impacts on operating profit (EBIT). The greatest incentives for low-carbon solutions arise.</p> |
| <p>Climate Damage and Regulatory Costs</p> <p>Climate damage and regulatory costs were analyzed in relation to SFS's CO₂ footprint, providing a framework for assessing potential business impacts. Regions with higher emission profiles were identified as particularly high-risk.</p> | <p>Low to no climate protection efforts lead to permanent and irreversible damage, with long-term high cost projections.</p> | <p>Increasing climate protection efforts significantly reduce the costs of climate-related damages.</p> | <p>Initial regulatory costs are higher than in other scenarios but decrease in the medium term, making them the lowest in the long run. Highlights the benefits of ambitious climate targets and offers the greatest potential to minimize climate damage.</p> |

| Opportunities | BAU | WB2C | NZE |
|--|--|---|--|
| <p>Sustainable Solutions Demand</p> <p>The demand forecasts for sustainable solutions provide key insights into changing market interests, allowing us to align our strategy accordingly. To assess the impact on SFS, we analyzed the projected demand increase in various regions in relation to market presence and revenue share. This helped identify regions with the highest growth potential for sustainable products and solutions.</p> | <p>Demand for sustainable solutions remains consistently low.</p> | <p>Significantly increased demand for sustainable solutions leads to corresponding market growth.</p> | <p>This scenario also focuses on energy efficiency, decarbonization through renewable energy, and systemic solutions like carbon capture and storage. This broader approach results in slightly lower demand for sustainable products than in the WB2C scenario but allows for a more versatile and potentially accelerated implementation of climate goals.</p> |
| <p>Cost Savings through Energy Efficiency and Renewable Energy (Upstream)</p> <p>To support SFS's goal of increasing self-generated energy, an analysis was conducted on renewable energy capacity and final energy demand. This assessment evaluated projected growth in key regions relative to our energy consumption, providing valuable insights for achieving our energy targets. The analysis also highlights cost-saving potential, as energy is a critical input for SFS's production.</p> | <p>Since the BAU scenario includes no explicit policy- or market-driven incentives for energy efficiency and renewable energy, no reliable modeling could be conducted. Based on current developments, efficiency gains and the expansion of renewable energy are expected to continue only to a limited extent.</p> | <p>The highest availability of renewable energy and energy efficiency measures at the level of the NZE scenario lead to significant cost savings and aggressive decarbonization of the energy supply. However, overall energy demand is slightly higher than in the NZE scenario.</p> | <p>In addition to renewable energy, this scenario focuses on efficiency improvements and technologies for achieving a negative emissions balance. These measures reduce overall energy demand, allowing ambitious climate targets to be met with a lower share of renewable energy than in the WB2C scenario.</p> |

Physical risk analysis

The SFS Group carried out a risk analysis within the BAU scenario in order to assess how extreme climate change would impact operations. All of the regions with production facilities were analyzed with respect to risks such as precipitation, weather conditions that facilitate fires, drought, cold stress and heat stress. Each region was assessed using a seven-point scale ranging from “very low” to “extreme”. Risks were considered as relevant if 50% of the locations were assessed as “medium” or above. The time frames for physical risks were adjusted to the transition risks in order to ensure a consistent climate risk assessment.

The physical risks vary according to the time period. In the medium term, precipitation is a moderate risk, which could negatively impact water availability and infrastructure. Weather conditions that facilitate fires is considered a very low long-term risk, with drought likewise constituting a minor problem in the long term. Cold stress is deemed to be a moderate risk in the medium term, potentially causing business disruptions and increased heating requirements. In the long term, heat stress represents a moderate risk that could impact energy consumption and productivity.

The findings illustrate the potential challenges in different regions and support the development of a climate strategy and the prioritization of mitigation measures. Although the identified physical risks are relevant for the company, they are considered manageable at this moment in time. Continuous monitoring will enable the SFS Group to respond to new and changing risks.

Sensitivity analysis of climate risk

| Climate change-related risks and opportunities | Risk Onset | Impact Severity BAU | Impact Severity WB2C | Impact Severity NZE |
|--|-------------|---------------------|----------------------|---------------------|
| Transition Risks | | | | |
| Carbon Price | Short-Term | | High | High |
| Climate Damages/Policy Cost | Long-term | High | High | Low |
| Climate change-related opportunities | | | | |
| Changed consumer behavior | Long-term | Low | High | High |
| Cost savings through energy efficiency and renewable energy (Upstream) | Long-term | Low | High | High |
| Physical Risks | | | | |
| Precipitation | Medium-term | Medium | | |
| Fire Weather | Long-term | Very Low | | |
| Drought | Long-term | Low | | |
| Cold-Stress | Medium-term | Medium | | |
| Heat Stress | Long-term | Medium | | |

Mapping of the supply chain and significant locations

As part of the mapping of the supply chain, the significant regions were identified based on emissions intensity, physical risks and transition risks. This approach enables us to focus our efforts on the regions that have the greatest potential to mitigate climate-related risks and make use of sustainable opportunities for growth. Heavily affected regions such as China, the EU and the UK are given preference here for climate protection measures and investments.

Tools and methods used

SFS uses a variety of instruments such as CDP, IntegrityNext, EcoVadis, ISO 14001 and the WWF Water Risk Filter as well as external advisors and involves its stakeholders in order to guarantee holistic environmental risk assessments. The findings from these assessments are incorporated into our risk management process to improve decision-making.

Risk management

Management and mitigation of climate-related risks

SFS manages climate-related risks by means of four main measures:

- Decarbonization efforts: Promoting energy efficiency and the use of renewable energies
- Diversifying the supply chain: Reducing reliance on climate-sensitive regions, based on the local-for-local strategy
- Insurance coverage: Taking out appropriate insurance policies to protect against catastrophic losses caused by severe physical risks
- Operational resilience: Strengthening the resilience of our facilities and processes, especially in heavily impacted regions where SFS has a high presence or business activity, such as China, the EU and the UK

Based on the results of the scenario analyses and the double materiality analysis, identified risks are prioritized according to their financial materiality.

Integration into the strategic planning process

Climate-related risks are integrated into our strategic planning and decision-making processes in order to ensure that they are consistent with our corporate and sustainability targets. This integration is supported by the following measures:

- Cross-functional and cross-departmental collaboration
- Monitoring by the Board of Directors
- The measurement of key performance indicators (KPIs)

Measures for continuous improvement

We strive to continuously optimize our risk management in the following ways:

- Regularly updating the decision-making framework
- Using insights from the past and exchanges with partners
- Using the latest information digitalization technologies

Key figures and targets

Managing climate-related key figures is of enormous importance to SFS. In accordance with international frameworks such as the TCFD, these key figures support the implementation of our decarbonization strategy. The key figures and targets serve as the basis for measuring our progress, assessing risks and opportunities, and ensuring accountability in the achievement of our sustainability targets.

Gauging climate-related risks and opportunities

In order to comprehensively assess and manage climate-related risks and opportunities, we compile and measure the following key figures:

- Measurement of greenhouse gas emissions (GHG): Scope 1, 2 and 3 (see [About this report](#))
- Corresponding targets (see [Energy and emissions](#)) These are intensity-based targets that will be supplemented by short- and long-term science-based targets and validated by the SBTi by the end of 2025.

- Measurement of energy consumption as well as corresponding targets (see [Energy and emissions](#))

Progress and accountability

Detailed information about our climate targets, the progress made in the financial year, and climate-related measures is provided in the [Energy and emissions section](#).

Conclusion and outlook

The listed key figures and targets have been integrated into the main strategic objectives of the SFS Group in order to ensure that sustainability initiatives promote long-term growth and resilience. These efforts are supported by our commitment to transparency and are reflected in the regular disclosures to our stakeholders as well as compliance with TCFD recommendations. As of financial year 2025, SFS will report in accordance with the European Sustainability Reporting Standards (ESRS).

About the Sustainability Report

Reporting period

Annual reporting, December 1, 2023 to November 30, 2024. The Sustainability Report 2024 was published together with the Annual Report on March 7, 2025, as a combined report.

System limitations

The management system as it relates to sustainability as well as all data specified is currently limited to 54 locations. This corresponds to a coverage level of 95% expressed in FTE terms. The greenhouse gas emissions (GHG emissions) of the locations not covered are considerably lower than 5% of the total emissions. Consolidation is carried out in accordance with the "financial control approach" of the GHG Protocol.

Method for calculating greenhouse gas emissions

The calculation of greenhouse gas emissions (Scope 1, Scope 2 and Scope 3) is based on the WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). The GWP (Global Warming Potential) factors were adopted from the 6th IPCC Assessment Report (AR6). The GHG emissions were calculated with the help of the REGIS expert system and version 3.11 of the ecoinvent dataset (secondary data).

Scope 1

Scope 1 emissions were generated by the burning of natural gas, heating oil, propane, methanol, direct emissions from privately owned vehicles and operating materials (e.g. refrigerant losses).

Scope 2

Scope 2 emissions from electricity and district heating were calculated based on the market. In so doing, the purchase of certificates of origin, "Energy Attribute Certificates" (EACs) as well as any contract documents with energy suppliers regarding the energy mix purchased for each location were taken into consideration. In the event that certificates of origin were not available for the purchased energy, an appropriate country-specific residual mix or, if this was not available, the market mix was used in each instance. In addition, the location-related Scope 2 emissions were also calculated.

Scope 3

Scope 3 emissions were calculated in all categories using the secondary data in the ecoinvent dataset (average data method).

• Category 1 – Purchased goods and services

Emissions in this category were calculated based on purchased raw materials, trading goods, packaging and outsourced services.

• Category 2 – Capital goods

The annual expenditure in the various categories of property, plant and equipment was used to calculate these emissions. Every category of property, plant and equipment is linked to a defined activity basket and takes regional aspects into consideration.

• Category 3 – Fuel and energy-related activities (not included in Scope 1 or 2)

This category is based on energy-related data that has already been collected for Scope 1 and 2 emissions.

• Category 4 – Upstream transportation and distribution

The emissions were calculated based on distance. In so doing, data on the transported weight, the distance and the means of transport for the upstream transportation was collected. In the event of incomplete data, the available data was extrapolated at a number of locations.

• Category 5 – Waste generated in operations

The calculation of the emissions in this category factored in the weight and type of all waste, including hazardous and non-hazardous waste, as well as various waste disposal methods such as recycling, incineration with and without energy recovery, and landfilling.

• Category 6 – Business travel

The emissions in this category were calculated based on distance. In so doing, both the distance and the means of transport used for business travel were taken into consideration.

- **Category 7 – Employee commuting**

The emissions were calculated based on distance in this category too. The distances covered by employees were extrapolated based on random samples and the number of FTEs.

- **Category 8 – Upstream leased assets**

The emissions in this category are already taken into consideration in Scope 1 and 2 emissions.

- **Category 9 – Downstream transportation and distribution**

The emissions in this category were calculated in the same way as in category 4.

- **Category 10 – Processing of sold products**

Sold products are not processed further at the customer’s location. This category is not material.

- **Category 11 – Use of sold products**

Although most sold products do not require any energy during their use, the remaining products were analyzed to determine the lifespan of their rechargeable batteries/batteries and also their energy consumption during their service life with the customer. The calculated emissions were rounded due to modeling uncertainties.

- **Category 12 – End-of-life treatment of sold products**

Most of the products sold by the SFS Group can be recycled. Nevertheless, the emissions for this category were calculated based on the weight of the products, the materials contained in the products and the waste disposal methods, such as “waste-to-energy” for the respective end market. The calculated emissions were rounded due to modeling uncertainties.

- **Category 13 – Downstream leased assets**

This category is not material for SFS.

- **Category 14 – Franchises**

Not applicable, as the SFS Group does not have any franchises.

- **Category 15 – Investments**

Not applicable, as the SFS Group does not hold any substantial investments outside of the scope of consolidation.

- **Other Scope 3 emissions**

The road infrastructure was taken into consideration in this category. No separate data was collected for this purpose, as it was available in the secondary data used.

Restatements

In the current year under review, the following material restatements or changes were made compared to the 2023 reporting year:

- Transparency on non-financial matters (Art. 964a-c of the Swiss Code of Obligations): A separate section on climate reporting in accordance with the requirements set out by the Task Force on Climate-related Financial Disclosures (TCFD)
- Switch from using secondary data from ecoinvent’s v3.10 dataset to the v3.11 dataset
- The data used to calculate Scope 3 emissions in categories 11 and 12 was only collected for the first time after the publication of the Annual Report 2023. The prior-year figures were added to this report

External assurance

No external assurance has been obtained for the Sustainability Report. The Compensation Report and Financial Report were audited by PricewaterhouseCoopers AG as external auditors.

See the [Compensation Report](#), [Auditor’s Report](#) and [Financial Report](#), [Auditor’s Report](#).

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