

Sustainability Report 2021



KATEK

Lead the category

KATEK Group Sustainability Report 2021

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1. Statement of the management

In the second year of our participation in the United Nations Global Compact (UNGC), we continue to stand by this as a global technology leader: **Sustainability is future viability. Sustainable corporate management is future-proof corporate management.**

We therefore continued to strengthen the focus on the guidelines of the UNGC and defined and implemented further measures of the KATEK Group (hereinafter "KATEK") to promote the ten principles within our sphere of influence.

In 2021, an internal analysis was also carried out from an environmental, social and governance perspective to identify the right starting point for the Group with regard to the different sustainability work areas and across the Group. Responsibilities were assigned in a matrix organization, i. e. not only centrally but also in the sites to actively involve and support them in the process. As a starting point, data collection processes were defined with the aim of working with high-quality information that enables us to measure our performance and ultimately set targets for improvement.

This report presents the first results, aware that we are at the beginning of a dynamic journey with the clear goal of steadily pushing forward our sustainability strategy.

As important projects we had our newly created supplier code of conduct and the calculation of the CO₂ footprint of the KATEK Group according to Scope 1 and 2, which we were able to achieve in the area of environment and on which we can now build our further commitment in this area. The promotion of diversity in the company, safety of our employees and suppliers, and environmentally friendly packaging will also be of particular concern to us in 2022.

However, this is still a long way from satisfying our expectations. We are still in the middle of our journey to becoming a more sustainable company.

Therefore, we would like to take this opportunity to once again and from a deep conviction make clear the support of the United Nations Global Compact by the entire KATEK Group.

We are proud to be a part of the UNGC initiative and - within our capabilities- being able to contribute to a sustainable future for all.

Rainer Koppitz, CEO KATEK SE

Dr. Johannes Fues, CFO KATEK SE

2. Sustainability Strategy

2.1 Sustainable corporate governance at KATEK

KATEK firmly believes that corporate responsibility for the environment and society and sustainable growth are not mutually exclusive. On the contrary: In KATEK's view, bearing social responsibility is indispensable for sustainable growth. Thus, sustainable, qualitative growth is part of the KATEK vision. All members of the company management feel committed to the responsibility of sustainable action.

Sustainable business is business that is fit for the future. Innovation and the environment play a decisive role in all our business activities. It is therefore important for us to act in a particularly sustainable manner. We take our responsibility as an innovation leader seriously and contribute to environmental protection with targeted and effective measures.

The Management Board of KATEK SE manages the company and the KATEK Group with the aim of creating sustainable value. In doing so, the members bear joint responsibility for the management of the company. The members of the Management Board work together as colleagues, exchange information and keep each other informed on an ongoing basis about important measures and processes in their business areas. This includes issues relating to sustainability and corporate governance or compliance. In addition, one member of the Management Board is responsible for ESG (Environment Social Governance).

The Management Board and Supervisory Board work closely together in the interests of the company. The intensive and continuous dialog between the two bodies forms the basis for efficient corporate management at KATEK. The Management Board informs the Supervisory Board regularly, promptly and comprehensively about all aspects of business development, significant business transactions, planning and the risk situation, risk

management and compliance that are important for the KATEK Group. The Management Board and Supervisory Board discuss the strategic orientation of the company and the status of strategy implementation at regular intervals. The Supervisory Board advises the Executive Board on the management of the Company and monitors its activities.

As a listed company, KATEK already regularly publishes various information on the subject of responsible corporate management (corporate governance). KATEK sees this non-financial Group report as a supplement to the reporting obligations already fulfilled elsewhere. We therefore refer in particular to the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB), which will be published on our website in the course of the year.

2.2 Business model

The KATEK Group is a leading European electronics company offering hardware and software development, prototyping and manufacturing, and related services in the market for high-end electronics or electronics services. The KATEK Group currently employs over 2,800 people in Germany and Eastern Europe. CEO is Rainer Koppitz and CFO is Dr. Johannes Fues.

Through its well-diversified customer base, the KATEK Group serves attractive electronics end markets. The focus is on future industries such as IoT solutions, eMobility, Renewables/Solar and Healthcare. This customer and industry portfolio was built up through selective M&A activities as well as targeted organic growth initiatives.

As an electronics company, KATEK is mainly involved in offering end-to-end services along the entire electronic value chain. These include the development of electronic technology solutions, rapid prototyping services, material procurement, production of assembled printed circuit boards, measurement and testing, and box build. Occasionally, KATEK also covers other parts of the value chain, such as logistics or after-sales services. At the same time, KATEK also offers a range of products that are sold directly to end customers. An important part of this offering is Clean Energy Solutions sold under the *Steca* brand, for example hybrid inverters for solar energy together with the associated cloud software. Another important and fast-growing product family is the intelligent charging solutions for electric vehicles under the *eSystems* brand, which are sold directly to original equipment manufacturers (OEMs). However, KATEK also develops and produces its own *TeleAlarm-branded* products, which allow elderly people to continue living a self-determined life by being able to call for help easily and safely in an emergency.

In this context, a large number of KATEK's services make a positive contribution to a low-emission and sustainable economy and society. Further information on the business environment, the markets in which KATEK operates, and the most important trends and factors that could influence the future development of the KATEK Group can be found in the Combined Group Management Report of the Annual Report 2021. You can find the Annual Report on the company website in the Investor Relations section.

2.3 Framework

KATEK has been a signatory of the United Nations Global Compact (UNGC) since April 2021. In this way, we, as the KATEK Group, underline our commitment to the ten principles and create annual transparency about our progress in the area of sustainability. In terms of content, we are guided by the topics of human rights & labor standards, environment & climate, corruption prevention, reporting and the UN Sustainable Development Goals (SDGs). In the long term, all activities are aimed at triggering change processes in the company and strategically anchoring sustainability along the entire value and supply chain.

KATEK presents the progress made with regard to the principles defined by the UNGC (Communication on Progress) in the Sustainability Report.

In 2021, we formulated our sustainability strategy in more detail, identified our stakeholders, defined responsibilities and committed to a clear common understanding of how we want to deal with the environment, society and corporate governance. As a framework, we not only used the principles of the UNGC, but also conducted a materiality analysis to identify our material issues and made a corresponding selection of six UN Sustainable Goals (SDGs) on which we can better influence - both through our processes and our products.

The aim of our sustainability strategy is to strive for sustainable business development at KATEK and to take ESG aspects into account throughout the supply chain.

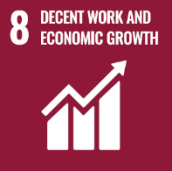


We achieve this by offering the best products on the market (quality) that make a positive contribution (impact) and are manufactured using the most responsible processes and materials (resources).

KATEK's sustainability strategy is based on three pillars: environmental, social and governance:

1) Environment: Promotion of climate protection through environmentally friendly products and measures, such as the environmental and energy management certifications according to ISO 14001 and ISO 50001 or solar plants for in-house power generation in Mauerstetten and Memmingen.

			<p style="text-align: center;">SDGs Targets:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Through processes: 13.1, 7.2.</td> <td style="width: 50%;">Through products: 13.1, 7.2.(Steca) 11.2 (eSystems)</td> </tr> </table>	Through processes: 13.1, 7.2.	Through products: 13.1, 7.2.(Steca) 11.2 (eSystems)
Through processes: 13.1, 7.2.	Through products: 13.1, 7.2.(Steca) 11.2 (eSystems)				

2) Social: Encouraging the commitment of our motivated employees by providing an inspiring, attractive, fair and safe workplace. Certification of occupational safety management to ISO 45001 (formerly OSHAS 18001) and regular employee satisfaction surveys are examples of this.

			<p style="text-align: center;">SDGs Targets:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Through processes: 10.3., 8.5., 8.8</td> <td style="width: 50%;">Through products: 9.1.(TeleAlarm, beflex)</td> </tr> </table>	Through processes: 10.3., 8.5., 8.8	Through products: 9.1.(TeleAlarm, beflex)
Through processes: 10.3., 8.5., 8.8	Through products: 9.1.(TeleAlarm, beflex)				

3) Governance: Adherence to business ethics and compliance in all company processes and across all levels, including active dialog and transparency, via e.g. our Code of Conduct not only for employees but also for suppliers.

		<p style="text-align: center;">SDGs Targets:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Through processes: 8.7., 8.8.</td> <td style="width: 50%;">Through products: 9.4.(Steca, eSystems)</td> </tr> </table>	Through processes: 8.7., 8.8.	Through products: 9.4.(Steca, eSystems)
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2.4 Stakeholder

We understand KATEK's success as the result of a collaborative effort and trusting cooperation with our stakeholders. It follows the principle of openness and transparency and is characterized by our corporate culture. We live the values of responsibility, performance and trust. They are an integral part of our identity.

During the course of the preparations for the 2021 Sustainability Report, the most important stakeholder groups and topics were determined in a materiality analysis.

Important stakeholder groups for KATEK are:

- Customers
- Investors/Shareholders
- Employees
- Suppliers/Partners
- Public/Society

The following table provides an overview of the most important sustainability issues for our stakeholders:

Stakeholder Group	Expectations of KATEK/the essential topics
Customers	Information security and data protection/confidentiality Highest quality standards Long-term availability of high-quality products Responsibility in the supply chain CO ₂ transparency

Investors/Shareholders	Profitable growth ESG performance and transparency
Employees	Occupational safety and health protection Corporate, value and communication culture Diversity and equal opportunities
Suppliers/Partners	Information security and data protection/confidentiality Responsibility in the supply chain Fair competition Profitable growth
Public/Society	Social responsibility Stable and future-proof jobs Climate and environmental protection

The annual and sustainability reports and regular quarterly publications play an important role in our stakeholder communications. In these, we describe our economic, social and ecological performance and impacts on the basis of qualitative and quantitative performance indicators.

We take a very high priority on open and transparent communication with our stakeholders. This means that a regular exchange with the local public and interest groups plays a very important role to us. We are also active in industry associations and attend or organize relevant events such as trade fairs, trade congresses or events for customers and partners, such as the Festival of Electronics by KATEK. Furthermore, there were numerous discussion contacts with professional capital market participants at virtual roadshows, investor conferences, individual virtual appointments, and conference calls in 2021.

As part of our public relations work and our communication channels, we inform the media, potential applicants and the interested public.

Upcoming regulatory requirements

The EU is promoting an improvement process for companies to act more responsibly and sustainably with the CSR reporting obligation and the Sustainable Finance Strategy as part of the Green Deal. It ensures greater transparency in business processes, as the CSR Directive and Disclosure Regulations standardize different procedures across Europe. The Corporate Sustainability Reporting Directive (CSRD) and the EU taxonomy create a uniform methodology and disclosure practice.

The KATEK Group is preparing to implement the new reporting requirements on environmental, social, labor, human rights and anti-corruption issues.

2.5 Responsibilities

The sustainability strategy is integrally embedded in the business strategy by the top decision maker of the organization, the CEO & Co-Founder. The CFO leads the implementation of the strategy together with the ESG team established in 2021. In addition, environmental, social and governance experts have been nominated in 18 locations to ensure proper implementation of the sustainability strategy across the organization. The entire process is carried out together with expert advice from VERSO (sustainability) and ConClimate (CO₂ accounting).



2.6 Materiality

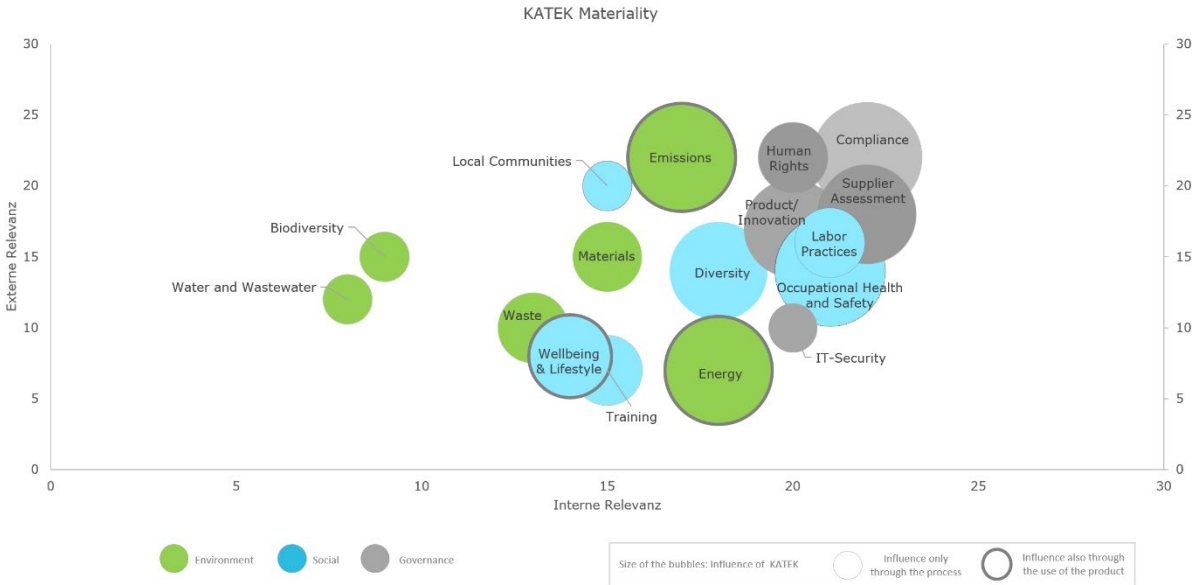
In order to determine our impact and, within this framework, the materiality of individual business activities, we have already made an initial assessment from an inside-out perspective in 2021 and interviewed experts for this purpose.

Based on experiences, surveys, questionnaires, interviews and published information from stakeholders and experts, an investigation was conducted using both direct and indirect methods. The topics were then removed, grouped or reformulated according to internal relevance, external relevance and impact.

Topics	Examples
Compliance	Regulations, international and national laws (disclosure, anti-corruption), Code of conduct, Whistleblower system
Emissions	Climate protection, CO2 footprint, influence through portfolio 's product (e-car charger, solar inverter)
Supplier assessment	Customer requirements; Code of suppliers; Conflict Minerals, Supply Chain Law
Occupational health and safety	Employee's protection, OSHAS/ISO 45001, Hygiene concept
Product/ Innovation	Zero-Defect, Labeling, Price, Quality, Service, ISO9001
Diversity	Equal opportunities, diversity in terms of gender, age structure and nationalities of employees
Human Rights	Responsibility in the supply chain (e.g. no child or forced labor), Code of Conduct and Code of Suppliers
Labor practices	Working and parental leave, working models
Energy	Solar panels, ISO50001, impact through portfolio 's product (E-Auto Charger, Solar Inverter)
Materials	Packaging, raw materials (conflict minerals see Supplier Assessment)
Wellbeing & Lifestyle	Work-life Balance, employee satisfaction, open corporate culture
Local community	Local Sponsorships, Partnerships with NGO
Waste	Reuse of packaging, raw materials (nitrogen, solder paste, etc.)
Training	E-learning, training and education, career development, employability
IT-Security	Responsible use of technology, data protection, information security, digital responsibility
Biodiversity	Low impact on biodiversity
Water and wastewater	Low water consumption in production processes

● Environment
 ● Social
 ● Governance

We intend to supplement the outside-in perspective in 2022, among other things with a stakeholder survey. This should ensure that we are addressing the right issues with our sustainability strategy, strengthening the positive impacts of our business activities and reducing or eliminating negative impacts.



3. Governance, ethics and compliance

3.1. Compliance Management System of the KATEK Group

Integrity and compliance are essential for KATEK. Therefore, we must apply organized measures to ensure integrity and legal compliance in the conduct of our business. The aim is to support employees in complying with or conforming to requirements in the form of laws, regulations, industry standards, official approval requirements, directives, and in enforcing internal company behavioral guidelines or process flows such as the Code of Conduct. All measures that support these objectives as standard processes are summarized under the heading "Compliance Management System (CMS)". A systematic compliance management system includes measures for prevention (Prevent) and mechanisms for early detection (Detect) and punishment (Respond) of violations. It also includes the documentation of incidents, reporting to supervisory bodies and employee training as part of the preventive measures. The compliance management system should therefore cover all measures, structures and processes that support sustainable corporate compliance. The aim here is to take into account laws, rules and standards at national and international level and thus minimize liability risks.

The early identification of compliance risks is of fundamental importance in preventing compliance violations. Compliance risks specific to KATEK are systematically identified, analyzed and updated in an ongoing process at Group level. This is accompanied by a regular review of the compliance management system, in particular by the responsible bodies or persons acting as follows:

- The Compliance Board is the body in the KATEK Group that deals with compliance issues. It is composed of the management, the legal department and the executives of some central Group functional areas. Management and executives in particular have a role model function ("tone from the top"). They bear responsibility for their own conduct and the conduct of employees in their area of responsibility, as well as for proper compliance with all procedures provided there to avoid reputational and legal risks.
- The (Group) Compliance Officer operates at central Group level. He receives reports of possible compliance violations and investigates them. His duties also include the compliance training program.
- Each KATEK company has a local compliance contact who performs local tasks as part of the compliance management system.

All employees are expressly encouraged to approach the compliance contact or their supervisor if they notice that someone is not behaving in accordance with the rules. No employee who makes a report in good faith need fear any disadvantages - even if the report turns out to be unfounded. Notifications can also be made anonymously.

Code of Conduct

Since 2020, we have provided a general framework in our Code of Conduct for the behavior we expect our employees to observe towards KATEK SE, the employees of the individual companies of the KATEK Group and third parties. The Code reflects the management's commitment to establishing fundamental ethical standards across the Group and creating a work environment based on integrity, respect and fair dealing. The management is convinced that compliance with the law and principles as well as socially responsible behaviour best serves the long-term interests of KATEK SE and the companies of the KATEK-Group.

The aim is to prevent situations that could call into question the probity of our conduct and the trust in our actions. We can continue to achieve these goals only if all stakeholders cooperate in this regard. Therefore, the Code of Conduct formulates recommended behaviors, unless required by law, for employees of KATEK SE and in the KATEK Group.

The Code of Conduct is and shall become part of the employment contract and will be directly accessible via the corresponding e-learning module in the future.

Compliance Management Manual

The compliance management system and the associated processes are set out in a compliance management manual. The manual also covers selected Group policies. The manual serves as a guide in particular for board members, managing directors, executives, employees and authorized representatives of KATEK worldwide alike to act in accordingly. The contents of the manual were last revised in 2021.

Compliance Training

Awareness trainings make a vital contribution to avoiding compliance violations. These are offered using interactive e-learning modules, which are currently being rolled out, through presence trainings, and additional information on the intranet (if available).

In cooperation with the Haufe Academy, a group-wide e-learning is to be implemented in 2022 to train employees and management on selected compliance topics. Where possible, the training courses are to be conducted online for all employees of the group and are to be mandatory. These courses are intended to convey legal principles and standards of conduct in a practical and easy-to-understand way. Using various cases from business practice, employees learn about typical stumbling blocks, how to avoid them, and how to behave in a legally secure manner in critical situations in the future. With the help of corresponding instructional videos, they can also deepen their acquired knowledge. At the end of each e-learning module, there is a short test on the training content. The certificate of completion serves in particular as documentation vis-à-vis customers and supervisory authorities and proves that employees can apply the training content they have learned.

To begin with, the following e-learning courses will be offered: Code of Conduct, data privacy and information security. Further training content will be adapted in the future to the area of responsibility of the respective employee and manager.

KATEK Group whistleblower system

Timely notification of compliance incidents can minimize risks and avert damage. In this way, KATEK can take the appropriate measures to limit damages in good time, learn from rule violations and optimize internal corporate processes and structures. Reports within the KATEK Group can be made through various channels - anonymously if desired - (telephone, letter, e-mail, in person, and in the future via the IT-supported whistleblowing system).

The subject of a report may be a violation of regulatory requirements, laws or our internal guidelines (e. g. the Code of Conduct). The system is specifically designed for reports of potential compliance violations and not for general complaints (e. g. customer satisfaction, quality problems).

3.2. Anti-corruption measures

A key focus of our compliance management system is the active prevention of corruption and conflicts of interest.

Our success in the market is based on performance, flexibility and a willingness to provide service, and must not be cheated by unfair inducements. Our business partners trust in the professional judgment of our employees.

KATEK therefore does not tolerate any form of bribery or corruption, acceptance of benefits or granting of advantages. To ensure this, KATEK communicates the rules to its employees in its Code of Conduct.

Anyone who does not observe the rules for gifts and invitations runs the risk of becoming liable to prosecution for corruption offenses. Even the promise or demand of unfair advantages can be punishable.

In the case of invitations and benefits to public officials, their internal rules for gifts and invitations must always be observed. The granting of advantages to public officials may be punishable as the acceptance or granting of an advantage simply because it is made in view of the official position. It is not necessary that the performance of official duties be influenced in an unfair manner. Anyone entrusted with the performance of public duties may be a public official. No distinction is made between full-time and honorary activities; editors of public broadcasting corporations are also public officials according to the Federal Court of Justice.

Our employees must comply with all relevant laws and official regulations in their work environment, as well as with internal instructions and guidelines, insofar as these are mandatory. Employees are required to behave honestly and fairly in their work environment and to avoid any conflict between private and business interests of KATEK or the interests of our customers.

Gifts, business meals and events

Gifts, business meals and events for informational, representational or entertainment purposes may be a legitimate means of establishing and supporting business relationships. However, they must never be used to gain unfair business advantage and must be given to an extent or in a manner that is likely to compromise the professional independence and judgment of those involved. KATEK has established guidelines to protect our employees from misunderstandings:

Our employees do not need to be concerned about hospitality and meal invitations of a reasonable scope that are directly business-related. Likewise, they do not need to be concerned about so-called giveaways and socially appropriate gifts and invitations in accordance with the currently valid guideline for the acceptance of gifts and invitations. However, these gifts may not be accepted if they are made shortly before the conclusion of a contract or negotiation, are sent to a private address or are handed over in any other non-transparent manner.

Acceptance of cash or money substitutes, such as checks, gift certificates or the like, is not permitted.

Likewise, invitations for representation purposes or with a predominant or partial entertainment component will not be accepted. Exceptions are possible after special examination of business custom and appropriateness, in particular also in the case of co-invitations to partners and approval by the management. Further exceptions are possible if representatives of the host are present, the participation is not repeated, and the travel expenses are not borne by the inviting business partner.

In case of doubt, employees of the KATEK Group must consult compliance .

Donations and sponsoring

Only the management decides on donations and sponsoring. They may not be used to indirectly obtain unfair advantages from business partners.

3.3. Group-wide compliance reporting

KATEK has a monthly compliance reporting . This is intended to provide information, for example, on the number and type of inquiries to the compliance department. It also provides information on the status of the CMS in the respective subsidiary.

3.4. Risks in connection with non-financial matters

The principles of value-oriented and responsible corporate management include the exploitation of entrepreneurial opportunities while at the same time managing the associated risks with foresight. Continuous risk management with efficient early risk identification and monitoring is an integral part of strategy and business development as well as internal management and control systems in the KATEK-Group. The company's internal risk management system is described in the section "Report on risks and opportunity" in the Annual Report. There you will also find detailed explanations of individual material risks that are related to the KATEK Group's own business activities or business relationships and also concern non-financial issues.

Sustainability risks within the meaning of this non-financial report are environmental, social or corporate governance events or conditions, the occurrence of which could have an actual or potential negative impact on KATEK's net assets, financial position, results of operations or reputation.

As part of its risk management, KATEK has identified the following non-financial risks:

- Personnel risks (risk from shortage of skilled workers and loss of key personnel)
- IT risks
- Compliance risks, regulatory risks and risks in the area of data protection

3.5. Quality of products and processes

KATEK develops and manufactures electronic products according to customer specifications. In these specifications, the customer also prescribes specific markings (e. g. label with serial number, origin, warnings). Likewise, KATEK must comply with relevant regulations when purchasing the materials required for production (e. g. REACH, RoHS, Conflict Minerals). KATEK's production facilities must comply with the highest standards, which are attested by industry-specific certificates (e. g. ISO 9001). Furthermore, it must be ensured that the products function according to their specification and that they do not pose any danger. For this reason, all products are tested according to a strict test specification before shipment, and this is fully documented in a test report. We pursue a zero-defect strategy here: only flawless products leave the factory.

We are just as strict with our own KATEK products. In the development and design of these products, we also ensure that they are recyclable in order to reduce electronic waste. (Lifetime of our products, solar inverters > 15 years).

Example medical technology

The KATEK Group manufactures various electronic components for a range of medical technology products at its factories. In this way, KATEK supports the manufacture and availability of high-quality medical devices.

In addition, on several occasions during the Corona pandemic, KATEK produced electronics at short notice that medical technology manufacturers could no longer obtain from their Chinese manufacturing partners. Through KATEK's involvement, these manufacturers were then able to produce urgently needed respiratory equipment.

3.6. Supplier Relations

KATEK is aware of its responsibility as a company that increasingly acts globally and of the social responsibility this entails. In order to create a stable basis for its entrepreneurial cooperation, the KATEK Supplier Code ("Code of Supplier") was implemented in 2021 and distributed to suppliers for signature.

The aim of the Supplier Code is to communicate the basic principles of cooperation uniformly to all business partners and to regulate them in a binding manner. This strengthens the common understanding of how these principles are implemented in everyday business.

With regard to human rights, suppliers commit to upholding human and labor rights. This essentially means: No form of illegal employment, no form of slavery and human trafficking, no form of child labor and special protection for young employees, no exceeding of legally prescribed working hours, granting of compensation and social benefits, freedom of association, no discrimination and no harassment, occupational health and safety, and fair and healthy working and living conditions.

Suppliers must establish a process to continuously reduce occupational health hazards and improve occupational health and fire safety, preferably through recognized management systems in accordance with OHSAS 18001 or equivalent.

Monitoring of the Code of Conduct for Suppliers:

All business relationships between the KATEK Group and our suppliers must be based on honesty, trust and cooperation.

Suppliers must ensure compliance with applicable laws, regulations and customer requirements, demonstrate compliance with this Code, and identify and mitigate related operational risks.

To this end, the supplier should implement at least the following elements: Policy Statement, Management Accountability and Responsibility, Legal and Customer Requirements, Risk Assessment and Management, Training, Communication, Documentation and Records, Audits and Assessments.

Failure to comply with the Supplier's Code of Conduct may result in termination of the business relationship with the Supplier, depending on the severity of the violation and special circumstances.

Good practice at the Grassau site

Since 2017, KATEK Grassau has implemented a Supplier Code, which includes the following in extracts: Corruption and bribery, forced labor, child labor, harassment, compensation, working hours, non-discrimination, health and safety, freedom of association and collective bargaining, regarding substances in products, environment and supply chain. To date, 63% of the relevant suppliers (=suppliers with at least 20 deliveries per year) have signed the Supplier Code.

3.7. Information security and data protection

Information security and data protection are of considerable relevance to KATEK, especially due to the current dangers and threats. While **data protection** aims to protect personal data, **information security** is about maintaining the protection of information, data and systems. Therefore, KATEK is committed to high data protection and information security standards. Our approach aims to comply with legal requirements (for example, regarding data protection) and to prevent security incidents or minimize their damage as far as is within our power. The Security Operations Center (SOC) monitors the entire IT environment of all KATEK units 24/7. Our information security management system is certified with the ISO 27001 standard at the Leipzig site in Germany. Awareness campaigns in all KATEK units are used to sensitize users to phishing attacks. Through training courses as part of the above-mentioned compliance training, users will in future via the e-learning system learn the most important measures for data protection and information security.

4. Human rights, employees and labor standards

As a leading global technology company, we take our social responsibility very seriously in the KATEK Group. Following the motto "Think Global, Act Local", we do what is within our sphere of influence to take social concerns into account as far as possible. For us, this includes above all the development and retention of employees, investments in forward-looking technologies, and controlled production and organizational processes.

Our training for all employees in production is carried out in accordance with recognized and certified procedures. We ensure that minimum wage standards are met and that employment-related decisions are based on relevant and objective criteria. With our training and further education, we create and consolidate the basis for opportunities for each individual in our group of companies.

The KATEK Group stands for high participation and appreciation of all employees.

Furthermore, as we believe that what cannot be measured cannot be improved, and in order to better understand the social structure of the KATEK Group, in 2021 we created a dashboard with data related to social issues, with KPIs provided by the following sites: Memmingen, Bulgaria, Düsseldorf, Grassau, Hungary, Czech Republic, Mauerstetten, eSystems, beflex, Leipzig, Lithuania, TeleAlarm Europe and TeleAlarm SA. The next step is to define suitable measures to promote a positive development of the core figures.

4.1. Human and labor rights

We are clearly committed to respecting human rights and therefore do not tolerate any form of illegal employment, slavery, human trafficking or child labor.

We are clearly committed to legally mandated working hours, compensation as well as benefits.

The principle of non-discrimination is a central component of the KATEK Code of Conduct. All employees and managers of the KATEK Group commit and acknowledge this with their signature.

In the course of business in 2021, no knowledge of human rights violations by employees, suppliers or partners has reached the KATEK Group.

Information about human rights violations can be submitted via the aforementioned whistleblower system of the KATEK Group.

We also take the issue of human rights very seriously in the supply chain. For example, the Code of Conduct for Suppliers also includes a monitoring system process. You can find more information on this in the chapter "Supplier Relations".

4.2. Protection of employees

Our employees are our most important asset and the basis of our corporate success. Therefore, their safety, health and motivation enjoy the highest priority. Our occupational health and safety policy at KATEK has the same, high priority as profitability, quality, environmental and energy management.

Our Guidelines for the protection of employees

1. In all entrepreneurial decisions, we are aware of our responsibility for our own health and the health of others. Our occupational health and safety measures extend beyond the legal requirements - we seek to continuously improve our occupational health and safety through targeted measures.
2. Through the personal responsibility of all employees, we help to prevent accidents - both inside and outside the company. We motivate all employees to act in a safety-conscious manner and actively involve the workforce in occupational health and safety issues.
3. We communicate openly, transparently and honestly about all occupational health and safety issues. We increase our awareness of these issues through discussions with business partners, employees and those in positions of responsibility.
4. Effective, sustainable occupational health and safety represents real added value for companies and employees. For this reason, we consciously use our activities in this area as an element of HR marketing.

We derive specific measures and targets from our occupational health and safety policy. In accordance with §3 of the German Occupational Health and Safety Act (ArbSchG), our management undertakes to strive for an "improvement in the safety and health protection of employees". The resources required for this are made available by the management.

As an indicator of the health of all employees, we measure the sickness rate, which was 7.1% in 2021. We attribute the slight increase compared to the previous year (6.8% in 2020) to the ongoing additional physical and mental stresses affecting all of us during the COVID 19 pandemic.

Occupational health and safety according to ISO 45001

To ensure the best possible occupational health and safety at all times, we are certified to ISO 45001 (former OHSAS 18001) at our Grassau site. The standard helps us to identify risks from accidents or overexposure at an early stage and to implement effective measures to protect our employees. The ISO 45001 standard is recognized worldwide.

4.3. Labor standards

We measure the relationship with our employees and the work standards behind it with the fluctuation rate, which is currently 7.0%. In 2020, it was 3.6%. The increase is due to external stress on employees.

In terms of length of service, 12% of employees have been with the KATEK Group for less than one year, 49% between one and ten years, and 39% for more than ten years.

Our NPS (Net Promoter Score) as an employer also measures employee satisfaction. In 2020 was -33.9, 10 points more than the previous year. The indicator will be surveyed again in the first half of 2022. The retention rate of our apprentices is 83% in 2021 versus 94% in 2020, meaning 15 out of 18 apprentices in 2021 versus 16 out of 17 in 2020.

In order to maintain our working standards at a high level and to continuously improve them, we make various offers to our employees, depending on the location. Some examples of these can be found below.

Medical care

A company medical service is available to all employees (including part-time employees, temporary employees and temporary workers).

Once a month, our company doctor has consultation hours, whereby various examinations are carried out, depending on the workplace, for preventive or compulsory care. Employees also have the option of making an appointment with the company doctor without a "G examination" (medical examinations based on the principles of the German Social Accident Insurance DGUV).

Together through the pandemic

KATEK employees were given the opportunity to have initial, secondary and booster vaccinations carried out on site by a mobile vaccination team.

Parental leave

Employees are entitled to parental leave of up to three years. Depending on the area of deployment, it is possible to work part-time or on a mini-job basis during parental leave.

Retirement benefits

Employees receive a subsidy of 26,59 euros for the company pension plan when they take out a contract with MetallRente (KATEK group contract).

Work-life balance

The KATEK Group grants its employees flexibility to best support their life model. This includes mobile-work opportunities, flexible working hours with an overtime account, and vacation and Christmas bonuses. In the year, nearly 18,000 mobile-work hours were transacted, representing 7.88% of total working hours.

Work healthy and benefit from advantages

A weekly fruit/vegetable day and co-payments for weekly massage services are some of the measures KATEK undertakes in some of the locations to support the healthy lifestyle and work habits of its employees. In addition, KATEK employees benefit from the Corporate Benefits portal and the KATEK Card (discounts at regional suppliers/service providers).

Active health promotion through actions

Through the company-wide "Cycle to Work" campaign, employees were encouraged to cycle to work and motivate each other to do so. Prizes were raffled off among the successful participants in the campaign.

Communication and development of health-promoting and other measures

Employees are informed by their respective supervisor as well as by the company's own intranet and notices on the info boards.

A health committee (team for health) has been formed within the works council, which acts with a focus on the health of employees. In the case of employees who are considered to be on long-term sick leave, the chairman of the works council makes contact by telephone to ensure support from the employer side during a demanding period for the employee.

Training on occupational health and safety is provided by the respective supervisors.

4.4. Compliant with the law and regulations

The occupational health and safety policy of the KATEK Group is based on the Occupational Health and Safety Act and the relevant occupational health and safety regulations. In our daily work, we always strive to continuously improve the safety and health of our employees. This can only be achieved with the complete workforce - from the management to the production employees. All persons on the company premises are obliged to comply with legal regulations, internal rules, guidelines and directives at all times.

More safety through protective equipment, cleanliness and tidiness

Through high-quality personal protective equipment, professional equipment in good condition, and order and cleanliness, we succeed in ensuring safety in the workplace. In order to sustainably maintain the health of our employees, we avoid hazards, prevent accidents and ensure a health-promoting and ergonomic way of working. KATEK is committed to providing employees with appropriate protective equipment.

Risk assessments are carried out by the supervisors with the involvement of the employees. If necessary, the occupational safety specialist and/or company physician will assist in the preparation. Evaluations of the first-aid book and accident analyses are carried out by the occupational safety specialist.

4.5. Labor norms

Labor norms are actively addressed with high priority. In addition to compliance with legal and essential labor standards, the topics of working and parental leave and mobile working also play a major role here. As a matter of principle, we ensure compliance with labor standards both in our operations and with our suppliers. We do not tolerate any form of forced or child labor and do not tolerate discrimination. This naturally also includes that gender, origin, skin color or religion have no effect on the wage for the same work. We recognize the freedom of association and the right to collective bargaining.

4.6. Build competence - enable development

Thanks to our high trainee retention rate (83%), we are able to place many young people in permanent employment with high development potential and fair pay. And even after their training, our employees are constantly supported in their further development. For example, there is an internal catalog of training courses conducted by our production trainer and other internal instructors. In addition, trainings via e-learning are currently being setup. Internal training requirements are determined in the first quarter of each year, as will be the case in 2021. External training courses take place as required and may be proposed and organized by the employees themselves in consultation with the respective manager.

In addition, KATEK offers its employees company integration management (BEM) if they have been unable to work for more than six weeks in the last twelve months. In this, measures are jointly identified to restore the employee's ability to work in the long term and to enable him/her to work as comfortably as possible.

With our annual investments in forward-looking technologies, we increase economic productivity.

4.7. Diversity

Diversity stands as a success factor for the KATEK Group, as different perspectives lead to the best results. KATEK has 48 different nationalities among its employees, 52% of whom are from Germany. Among them, 1,312 employees are male (53%) and 1,187 are female (47%) as of December 2021. The proportion of male managers is 85.5%, while the proportion of female managers is 14.5%. 90 employees are people with severe disabilities.

We are particularly keen to promote diversity in the company, which is why we will be taking an even more focused approach to this in 2022. There is currently a big difference between the proportion of women in management positions and the proportion of women in the company as a whole: 14% vs. 50%. The aim is to reduce this difference in the future. The next step is to define concrete measures and target indicators for achieving the goal.

The age structure in the KATEK Group is distributed as follows as of the survey date of December 31, 2021: 17% of employees are under 30 years old, 49% are between 30 and 50, and 35% are over 50.

4.8. Local communities

Contribution to the "Gift with Heart" campaign of Humedica e.V. at the Mauerstetten site (December 2021)

The aim of the campaign by the international non-governmental organization Humedica is to enable as many children in the world as possible to have a wonderful Christmas with a Christmas gift. In total, Humedica has collected more than 97,000 packages and sent them to children in need. 85,871 of them came from Bavaria. With around 70 packages, KATEK employees were able to make a small contribution to the annual Humedica e.V. campaign. Either the employees brought already packed parcels with them or they gave monetary donations, which KATEK trainees then used to pack the gifts.

In addition, four KATEK employees from the HR department, the incoming goods department and trainees were on site as helpers at Humedica to check the packages.

"Humedica is regional and known for its projects. The "Gift with Heart" campaign is supported by very many companies here. We would also like to cooperate even more with Humedica in the long term," says HR from Mauerstetten.

5. Environment

The KATEK Group takes its ethical responsibility for the environment and future generations very seriously. The management therefore declares increased and systematic environmental protection to be a corporate goal in its own right. Together with our employees, we want to make an active contribution to sustainability, climate protection and resource conservation for a future worth living. The environmental policy affects all sites, taking into account country-specific environmental legislation.

The following guidelines serve as the basis for our environmental policy:

1 Assume responsibility! We take our responsibility for the environment into account in all decisions, even beyond the legal requirements, and constantly take measures to improve environmental protection.

2 Joining forces! We motivate all employees to act in an environmentally conscious manner, even outside the workplace.

3 Transparency, openness and communication! We communicate with our business partners and employees on all environmental protection issues. In our environmental thinking, we consider the entire logistics value chain and include suppliers, service providers and customers as well as the transport system. We publish our sustainability data via an online profile that will be accessible to all employees and interested parties.

4 Produce efficiently, conserve resources! We use material and energy resources responsibly and ensure that production is as resource-efficient as possible through the use of state-of-the-art manufacturing technologies. This also applies to the packaging of vendor parts and sales goods.

5 Use renewable energies! We want to keep the impact on air and water as well as the emission of noise and residual substances in our production processes as low as possible. To this end, we generate energy through photovoltaic systems, obtain electricity from sustainable sources, and recycle electronic products and reusable packaging at our sites.

6 Avoid environmental impact! We strive to assess the environmental impact of our actions as early as possible in order to avoid environmental pollution. To this end, we exhaust all organizational and technical possibilities that are economically justifiable.

In its Code of Conduct, the KATEK Group obligates all employees to conserve natural resources. In their work, our employees should work to minimize the negative impact of KATEK's business activities on the environment through material conservation, energy-efficient planning, waste avoidance and recycling. In addition to economic aspects, every employee should also take ecological and social criteria into account when selecting suppliers, advertising materials or other external services.

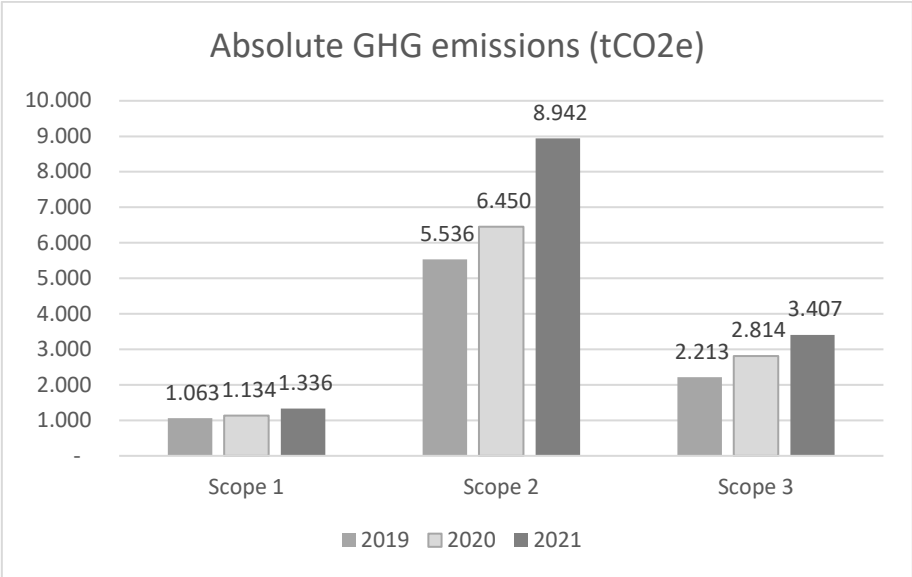
Our constant efforts to act responsibly and in an environmentally conscious manner are also confirmed by ISO 14001 certification at the KATEK SE, Grassau, Hungary, Memmingen, Düsseldorf, Mauerstetten and Leipzig sites, which we received at a matrix level in 2021.

As with social issues, and with the aim of measuring the understanding of the KATEK Group's environmental performance and thus being able to improve it, we have created an environmental dashboard whose KPIs are supplied by the sites.

In 2022, we will try to improve not only the quality of the data we collect, but especially our performance.

5.1. Emissions

Due to the strong growth as well as the integration of further companies, the CO₂ emissions of the KATEK Group have increased in recent years:



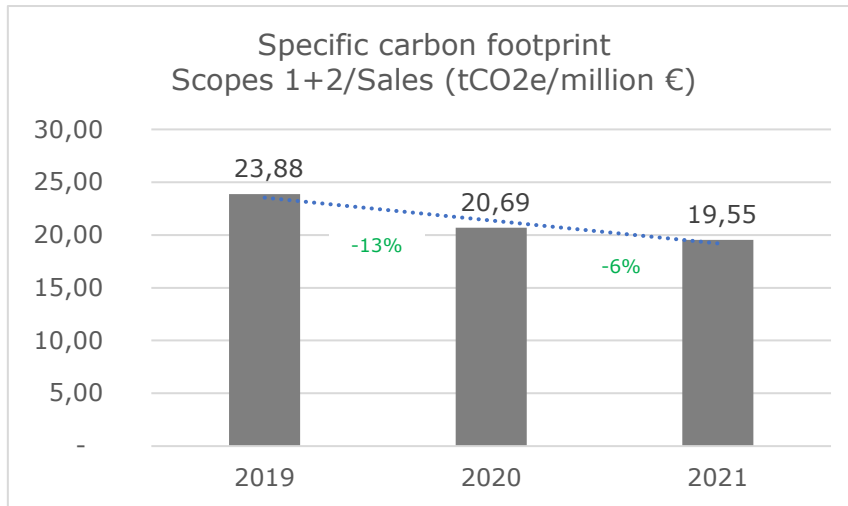
The KATEK Group continues to step up efforts to reduce its emissions.

Measures to reduce emissions

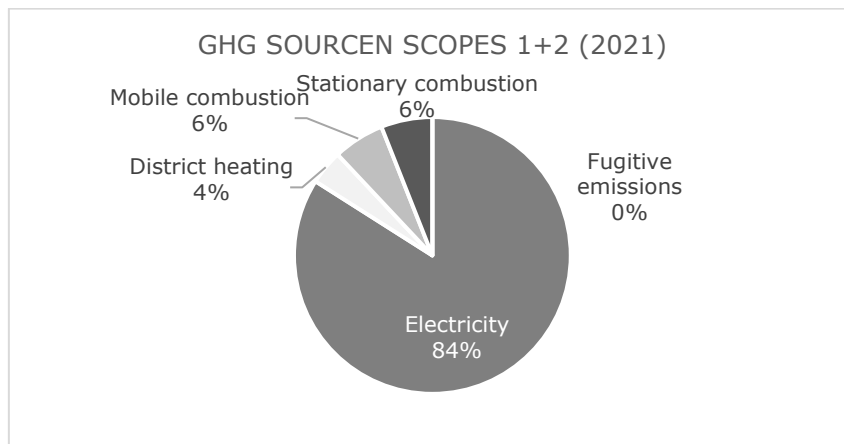
As a first step to reduce greenhouse gas emissions, in 2021 the carbon footprint of the KATEK Group for 2019, 2020 and 2021 was calculated according to the Greenhouse Gas Protocol, the most recognized standard for CO₂ calculations, which includes not only CO₂, but also other gases responsible for climate change such as CH₄, N₂O, HFC, PFC and SF₆. This calculation was performed by VERSO and ConClimate as consultants. For the years 2019, 2020 and 2021, emissions from Scope 1 and 2 and partially 3 were measured, coming from the following sources:

- Scope 1 includes all emissions from self-generated energy or processes: self-generated electricity, self-generated heat, refrigerants, process emissions, electromobility with self-generated electricity, vehicle fleet.
- Scope 2 includes all emissions from purchased energy: purchased electricity, district heating, district cooling, purchased compressed air, purchased steam.
- Scope 3 is only partially calculated with some of the purchased goods and services, and fuel and energy-related emissions. Our aim is to gradually include more emission sources in the balance sheet.

Our corporate carbon footprint for Scopes 1 and 2 was approximately 6,599 in 2019, 7,584 in 2020 and 10,278 tCO₂ -e in 2021. Thus, KATEK avoids and reduces its CO₂ emissions per million euros of sales (2019: 23.88 tCO₂ /million € sales, 2020: 20.69 tCO₂ /million € sales, 2021: 19.55 tCO₂ /million € sales). Between 2019 and 2021, greenhouse gas emissions per sales were reduced by 18%.



Emissions for purchased electrical energy represented the largest source of emissions in 2021 at approximately 84 percent.



Our goal is to reduce the specific emissions already identified through measures that focus strongly on electricity consumption.

In 2022, the quality of the data will be further improved not only by including the newly acquired companies, but also by determining the emissions from Scope 3 using additional sources, which will enable us to calculate the carbon footprint of the KATEK Group even more accurately.

5.2. Energy

The KATEK Group is aware of its responsibility for people and nature! Based on this, we have set ourselves the goal of achieving sustainable production by continuously improving our energy performance. For this purpose, we use machines that correspond to the current state of science and technology. All phases of product development are carefully planned. We carefully observe and check standards, regulations, customer specifications and legal requirements.

We manufacture products to meet or exceed the requirements and expectations of energy-efficient production in every respect. We are committed to reducing energy consumption over the long term and increasing our energy efficiency in a continuous improvement process. In addition, we are also committed to supporting the purchase of energy-efficient products and services.

KATEK Memmingen develops and produces electronics for an ecological future. It contributes worldwide to using energy efficiently and reducing electricity consumption. The solar technology division also supports the use of clean, regenerative energies and thus CO₂ reduction. We are the only manufacturer in the world that is active in

all three market segments of solar technology: KATEK Memmingen develops products for feeding into the public grid (PV grid connected), for off-grid systems (PV off grid) and for water heating (solar thermal). KATEK develops these under the Steca brand, which is the world market leader in off-grid photovoltaics and second in solar thermal. We also develop and distribute *Steca battery charging systems*, which exploit the maximum potential of energy storage systems.

In addition, KATEK Memmingen itself sets a good example - by using environmentally friendly production processes and by actively participating in research projects on efficient energy use and climate protection. The German government has therefore listed KATEK Memmingen as an authority on energy production in the environmental technology atlas "Green Tech made in Germany".

As an electronics service provider, KATEK Memmingen makes a significant contribution to ensuring that energy is used effectively and economically. The company achieves the energy savings in millions of electronics for devices of energy efficiency class A+++. These save twelve million kilowatt hours of electricity a year - comparable to the energy consumption of 3,500 households. Minimal consumption of electricity and raw materials with maximum performance is also the focus of electronics that KATEK Memmingen develops and produces for motion detectors and mains disconnectors, for devices for water and weather measurement technology, and for analysis procedures in medicine and control systems for industry. Other examples include photovoltaic controllers in automotive applications that improve the energy balance of automobiles.

Our energy management is certified according to ISO 50001 at the sites in Grassau, Memmingen, Düsseldorf, Bulgaria and Leipzig. The aim of the certification is to continuously improve KATEK's energy-related performance. It certifies that we have met the requirements for our company to introduce, operate and continuously optimize an energy management system. At the same time, it enables us to improve our energy-related performance and increase our energy efficiency while optimizing our energy consumption.

Renewable energies

To contribute to environmental protection, we produce renewable energy at some of our sites. KATEK Mauerstetten has already had a solar plant in operation since 2010. Since then, electricity production has more than doubled to 190,700 kWh in 2020. This means that we cover 13% of our electricity consumption at this location. Since the plant has been in operation, more than 750 tons of CO₂ have thus been saved.

At our site in Memmingen, the solar plant, which was commissioned in 2011, covers 3% of electricity consumption. Due to the nature of the building, the maximum solar area and energy to be generated from it has been reached here. Also since 2011, district heating from geothermal energy has also been used there, which means we no longer have to rely on heating oil.

At the Grassau site, we obtain district heating from biomass from a municipal company in the region. This climate-friendly energy source means that hazardous materials no longer need to be stored in the flood zone. Since 2020, we have also been using the waste heat from our air compressors and can thus save energy.

At TeleAlarm SA's site in La Chaux De Fonds (Switzerland), we already purchase 100% green electricity from hydropower and solar energy.

Initiatives to reduce energy consumption

Energy-efficient manufacturing has already become a significant competitive factor today. By investing in energy-efficient machines as well as restructuring the production site, a manufacturing company can significantly reduce its energy consumption.

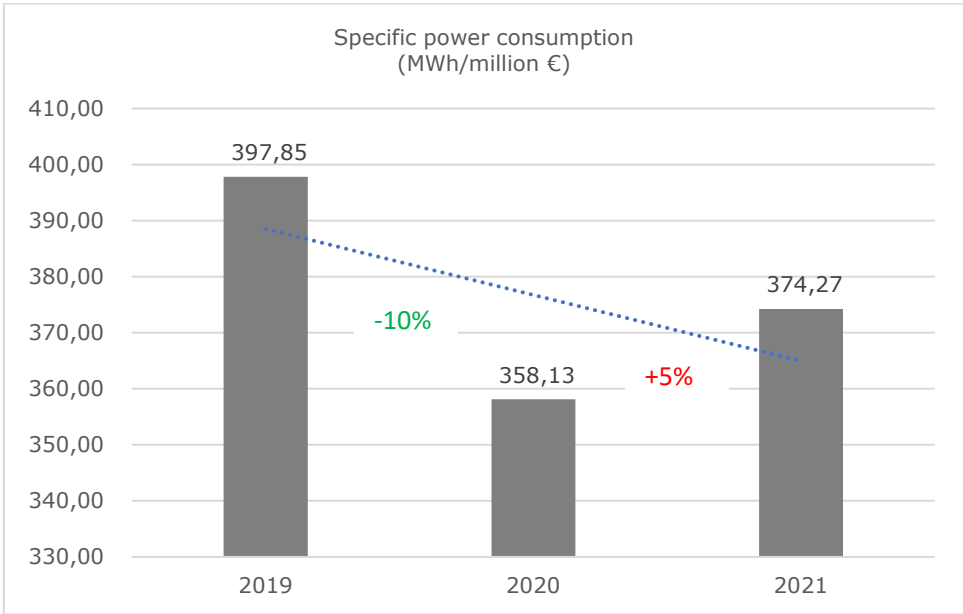
In SMT (Surface Mounted Technology) production, around 70 % of the energy used must be spent on soldering. For this reason, a 12-zone reflow oven has been in use at KATEK Leipzig since 2019. This allows us to reduce energy consumption as well as meet current and future customer requirements. The efficiency of the plant's heat transfer also leads to a significant reduction in the load on the hall air conditioning system.

At its site in Düsseldorf, the KATEK Group has converted all the lighting in a production hall to environmentally friendly LEDs, thereby reducing energy consumption. After less than half a year, the acquisition costs have been amortized. In the second hall and the offices, a conversion is not possible for the time being.

Energy consumption and efficiency

Due to the strong growth as well as the integration of further companies, the electricity consumption of the KATEK Group has continuously increased in the past years, however, under-proportionally compared to the achieved sales. Compared to 2019, the specific electricity consumption (MWh/million € sales) has decreased by 6% in

2021, although between 2020 and 2021 the electricity consumption has increased due to some of the new locations.



While consumption was still around 10.99 million kWh in 2019, it climbed to 13.13 million kWh just one year later and to 19.68 million kWh in 2021. During the same period, however, we were able to significantly increase the share of green electricity. While it still accounted for 33.1% of total electricity consumption in 2019, it was already 35.3% in 2020 and 35.4% in 2021.

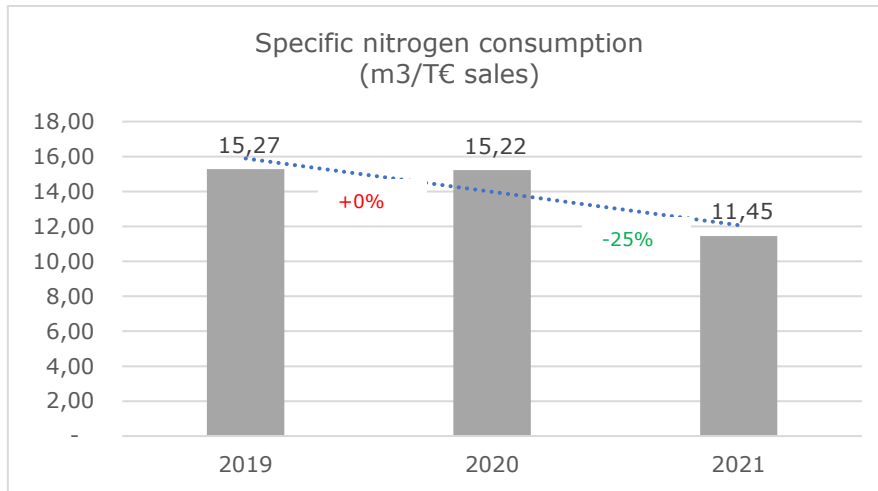
5.3. Materials

Material consumption and efficiency

The technology that KATEK uses for PCB assembly has always evolved with the components over the past decades. When it comes to the requirements for high-quality PCB assembly, the trend is towards ever smaller designs and ever greater packing densities. To ensure this, precise, highly efficient production equipment, a great deal of know-how and responsible handling of materials are required. The most important thing in PCB assembly is to produce visually and technically flawless solder joints while handling the components as gently as possible and subjecting them to as little thermal and mechanical stress as possible.

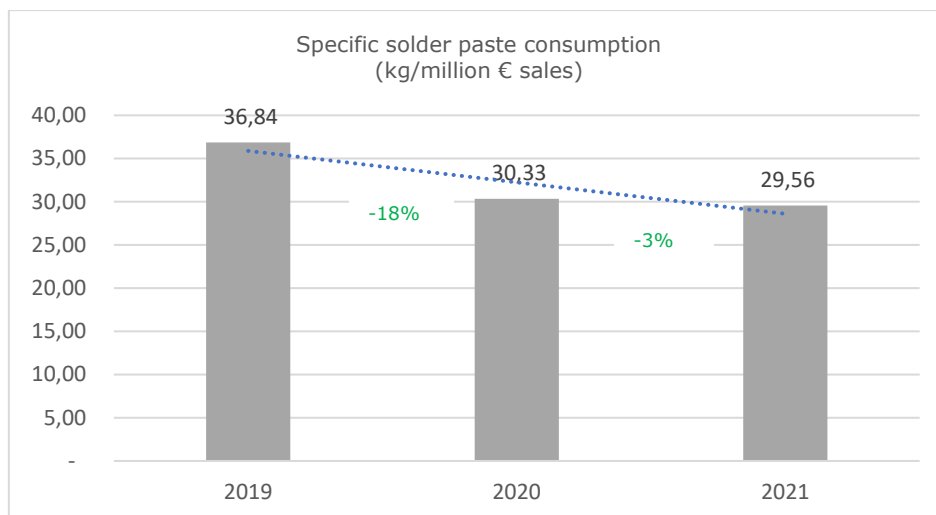
Nitrogen consumption

One of the raw materials used in the brazing process is nitrogen to ensure the quality of the product. In 2019, 4 million m3 of nitrogen were consumed, 5.3 million the following year and 5.9 in 2021. Despite this increase, the specific indicator (per sales) decreased by 25% between 2019 and 2021.



Solder paste consumption

The solder used in this process is a metal alloy that fills the space between the soldering partners, creating both an electrical and mechanical connection. Compared with 2019, specific solder paste consumption (kg/million € sales) has fallen by 20% in 2021.



We use lead-free solder paste in our own products and where our customers' specifications allow. As a result, we now work lead-free to the greatest possible extent.

Our goal is to increase the consumption of lead-free solder paste from 99.3% to up to 100%. To achieve this, we also actively support our customers in making the switch.

In electronic components, the so-called conflict minerals (3TG minerals: tantalum, tin, gold, tungsten) are also used. The KATEK Group does not source these minerals from conflict-affected and high-risk areas throughout its supply chain. Our suppliers commit to disclose the use or origin of "conflict minerals" upon request in accordance with the regulations required by Dodd-Frank Act Sec. 1502 and EU Regulation 2017/821.

Initiatives to reduce material

For flawless solder joints, responsible handling of the minerals is essential. But we also try to reduce the use of materials in other places. In the KATEK Group, **shuttle boxes** are used as often as possible to transport materials and products in the supply chain without using new packaging. To make this process possible, not only KATEK,

but also suppliers and customers must participate in the reuse of these shuttle boxes. In this way, they not only save costs, but also reduce new packaging and waste, which benefits the environment.

We share a high-quality standard with our global suppliers and manufacturers: traceability in the supply chain, ESD and MSD handling are important quality specifications for material procurement.

All suppliers are selected according to strict quality standards and regularly subjected to detailed assessments and audits.

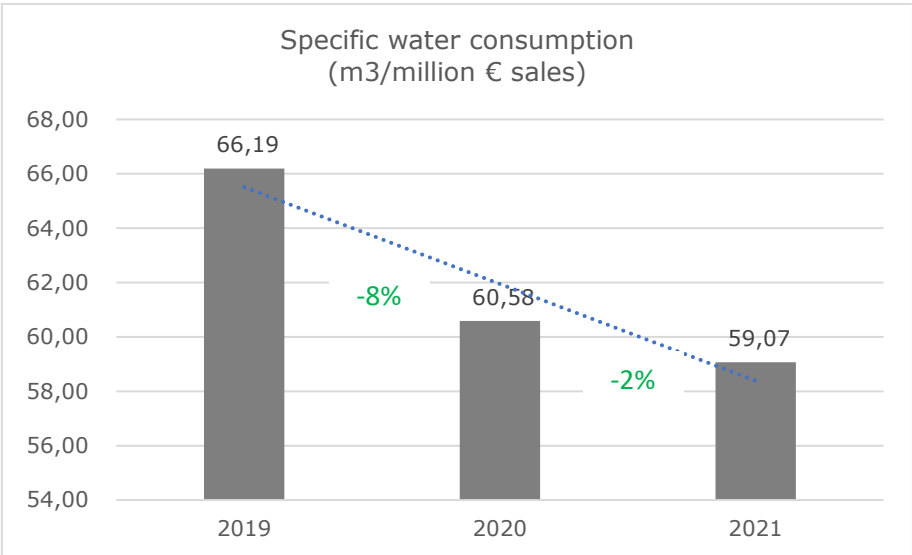
Due to a wide variety of factors, components/materials are sometimes replaced after just a few months by successors that are not always compatible. If components of a product or system are no longer available, this is referred to as obsolescence. This contradicts the idea of circular economy and longevity of products, which is why KATEK also supports its customers in obsolescence management.

KATEK is a member of COGD e.V. (Component Obsolescence Group Deutschland e. V.), which, in addition to being a kind of think tank on the subject of obsolescence management, also offers an exchange of experience with other companies and support in the development of strategies, methods and procedures for proactive obsolescence management.

5.4. Water

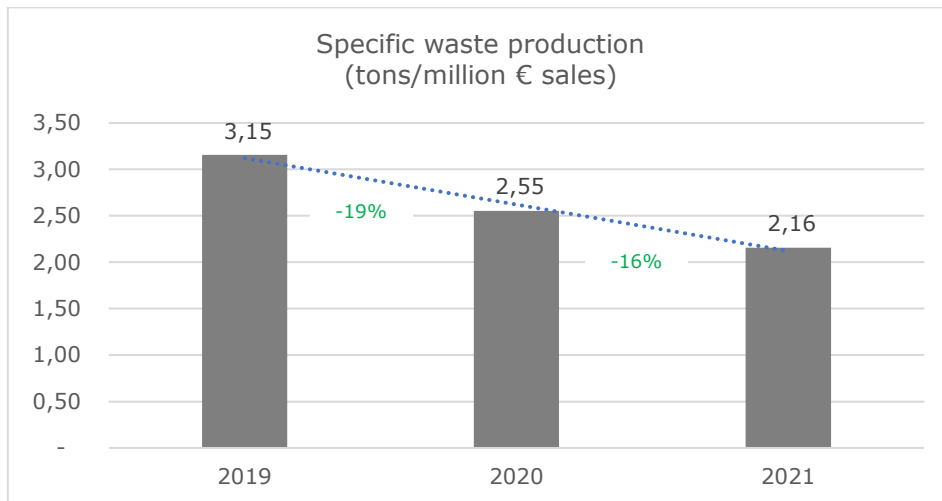
Water consumption within the KATEK Group is not intensive. It is limited to hygienic and sanitary purposes. In addition, there are no KATEK facilities in areas with severe water stress. Nevertheless, employees are encouraged to use this resource responsibly.

The KATEK Group's water consumption has increased in recent years: from 17.4 Tm³ in 2019 to 27.2 Tm³ in 2021. Nevertheless, consumption has decreased in relation to the company's growth (measured in terms of sales) compared to 2020 (measured in cubic meters). Whereas in 2019 consumption was 66.19 Tm³, in 2020 it was 60.58 Tm³ and in 2021 59.07 Tm³. This means a reduction of 11% from 2019 to 2021.

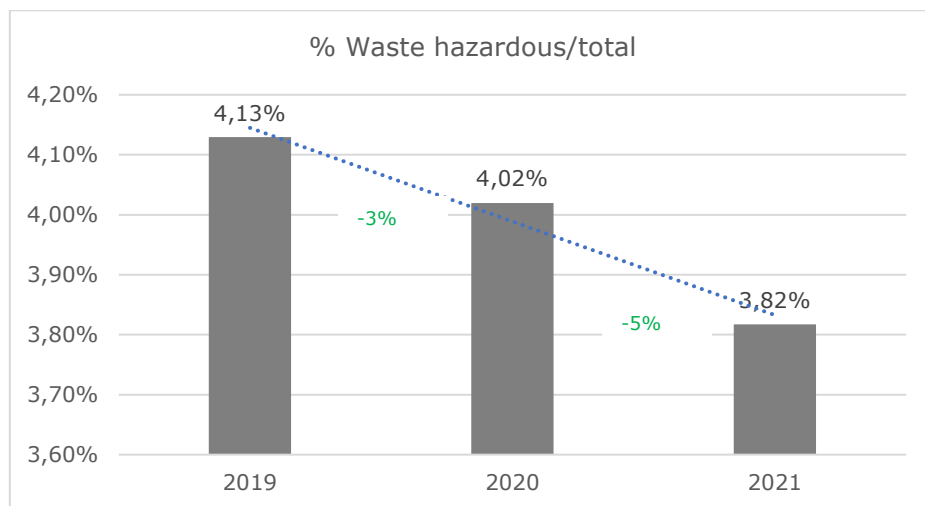


5.5. Waste reduction initiatives

Due to the strong growth as well as the incorporation of additional companies, the amount of waste generated by the KATEK Group in previous years has also increased from 809 tons in 2019 to 1,104 tons in 2021, but this waste growth was lower than the increase in sales. Thus, KATEK reduces 32% waste in relation to sales growth from 2019 to 2021 (2019: 3.15 tons/ton, 2020: 2.55 tons/ton, 2021: 2.16 tons/ton).



The amount of hazardous waste also decreased by 8% compared to the total waste generated between 2019 and 2021.



As a company, we strive to further reduce the amount of waste generated and motivate our employees to act in the same way.

Waste in the KATEK Group is treated according to the following principles:

- Avoidance: Waste should be avoided in the first place. For example, by only buying food that is eaten or using reusable instead of disposable bottles.
- Preparation for reuse: If waste cannot be avoided, it should be reused. For example, by repairing and then reusing defective equipment that has been dropped off at the recycling center.
- Recycling: If waste can neither be avoided nor reused, it must be recycled. Examples include handkerchiefs and printer paper made from recycled paper, glass containers made from recycled glass, and new plastic returnable bottles made from plastic returnable bottles that can no longer be used.
- Other recovery, for example energy recovery: If waste cannot be avoided, reused or recycled, it may make sense to incinerate it in order to use the thermal energy released in the process, for example to produce district heating.
- Disposal: Only if the waste cannot be avoided, reused or recycled may it be disposed of - for example, by storing it in a landfill. This is then known as residual waste.

We also pay attention to waste segregation at our sites. In 2021, KATEK Düsseldorf generated 136 tons of waste, 93% of which was sorted. The disposal of 56% of the waste (including e-waste or dross produced during the smelting of metals) generated revenue instead of costs. This motivates better separation in the production plant and guarantees correct recycling.

5.6. Biodiversity

None of the environmental impact assessments conducted as part of the ISO 14001 certifications identified KATEK processes or activities as significant risk factors for biodiversity. Nevertheless, we are in the process of further developing KPIs related to biodiversity in order to be able to report on suitable parameters in the future.

6. About this report

With this sustainability report, we inform customers, business partners, employees, shareholders, and the interested public about our sustainability data and activities. The KATEK Sustainability Report 2021 also contains the non-financial group declaration of KATEK SE in accordance with Section 315b of the German Commercial Code (HGB). KATEK thus complies with the statutory obligation to disclose non-financial information in accordance with the CSR Directive Implementation Act - CSR-RUG (German Act to Strengthen Non-Financial Reporting) of Companies in their Management and Group Management Reports).

KATEK has supported the UN Global Compact since 2021. This initiative, launched by the United Nations with the aim of promoting sustainable and responsible corporate governance, is based on ten universal principles. As a signatory of the UN Global Compact, KATEK undertakes to actively support these ten principles in the areas of human rights, labor standards, environmental protection and anti-corruption and to promote them within its sphere of influence. This also includes that KATEK consistently pursues the anchoring of these principles in its corporate strategy, its corporate culture as well as in its daily business and reports annually on the progress achieved. The publication is simultaneously provided as KATEK SE's progress report in the context of signing the UN Global Compact.

The ten principles of the UN Global Compact, including human rights, labor standards, environmental protection and anti-corruption, comprise significant parts of the reporting topics required in the non-financial consolidated statement pursuant to HGB 298c (2) and (3). KATEK therefore originally oriented itself to the structure of the format proposed by the United Nations for annual reporting in accordance with the UN Global Compact as a framework, although in the present declaration an approximation to the guidelines of the Global Reporting Initiative (GRI) was intended and is fully planned for the future. The declaration and its contents were supplemented with additional disclosures where this appeared necessary from KATEK's perspective to fully comply with the requirements of the German Commercial Code (HGB).

This report covers the period from January 01, 2021 to December 31, 2021. The key figures were recorded by the respective departments and business areas and apply to the entire KATEK Group unless otherwise noted.

It is supplemented by information from periods before and after the stated date up to the editorial deadline of January 31, 2022. This information is named accordingly. Measures and key figures relating to individual parts and locations of the KATEK Group are also identified accordingly.

This KATEK Sustainability Report 2021 is published at the same time as the KATEK Annual Report 2021, to which we refer for further background information on the company's financial targets and business development. The last KATEK progress report in accordance with the United Nations Global Compact (UNGC) framework was published in April 2021.

Within the report, KATEK takes care to use gender-appropriate wording when referring to persons. To improve the flow of reading, we do not use notations such as gender star, indented I or underscore. In some parts of the

report, for example, people are referred to in the generic masculine. We would like to expressly point out that we also address all genders equally without restriction in these places.

The KATEK Sustainability Report is available online in German and English. We do not publish printed versions.

7. Imprint

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8. KPI table

8.1. Governance KPI

	2021	Explanation
Fines and non-monetary sanctions imposed on KATEK for non-compliance with laws and/or regulations in the social, economic or environmental spheres (Nr)	0	-
Confirmed corruption or compliance violations (No)	0	-
Employees who have received anti-corruption training (no and %)	N/A	Training is planned in 2022.
Suppliers who either have a compliance process according to international standards and/or have signed KATEK's Code of Suppliers (Nr and %)	148	12% from Grassau site. The rollout to the suppliers of the entire Group will take place in 2022.

8.2. Social KPI

see next page

(31 December 2021)

8.3. Environment KPI

Employees	RTD	2665,1	
	Head	2786	
	inactive	116	
Employees	male	1386	49,7%
	female	1400	50,3%
	various	0	0
Employees	with severe disability	90	3,5%
Leadership position	male	130	85,5%
	female	22	14,5%
	diverse	0	0,0%
Age structure	Under 30	447	16,7%
	30 to 50	1299	48,7%
	Over 50	923	34,6%
Length of service	Under 1 year	329	12,4%
	1 to 10 years	1294	48,9%
	Over 10 years	1022	38,6%
Jobs	Admissions	22	
	Number of vacancies	86	
	Departures	36	

Hours	Sick hours	15210,31	4,1%
	Mobile-Working-Hours	17894,62	7,9%

These indicators have been collected since 2020:

	2020	2021	Diff	Explanation
Trainees Accepted (No)	16	15	-6%	-
Quote	0,94	0,83	-12%	-

Fluctuation rate	3,6%	7,0%	94%	-
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Employee satisfaction NPS	(+) 3,14	NA	NA	NPS will be surveyed in 2022
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Sickness rate	6,80%	7,10%	4%	
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Locations: beflex (Frickenhausen, Munich, Hamburg and Witten), Düsseldorf, Grassau, Czech Republic, Saedinie (Bulgaria), Memmingen, Győr (Hungary), Leipzig, Lithuania, eSystems, Mauerstetten, TeleAlarm EU, TeleAlarm SA.

GHG emissions - GRI 305			
tCO ₂ e	2019	2020	2021
Scope 1	1.063	1.134	1.336
Scope 2	5.536	6.450	8.942
Scope 3	2.213	2.814	3.407
Absolute tCO ₂ e	8.811	10.398	13.685
Specific KPI 1+2/Sales (tCO ₂ e / million €)	23,88	20,69	19,55
Diff Year-1	-	-13%	-6%
Diff 21-19	-	-	-18%

The number of companies included in the calculations has increased in recent years in line with the KATEK Group's strong M&A strategy:

Sites included in the greenhouse gas emissions balance:

- **2019:** beflex (Frickenhausen*, Munich* and Witten*), Grassau, Czech Republic, Saedinie (Bulgaria), Memmingen, Mauerstetten, Győr (Hungary), eSystems*, Mauerstetten, KATEK SE*.
- **2020:** beflex (Frickenhausen, Munich, Hamburg and Witten*), Düsseldorf, Grassau, Czech Republic, Saedinie (Bulgaria), Memmingen, Mauerstetten, Győr (Hungary), eSystems, KATEK SE.
- **2021:** beflex (Frickenhausen*, Munich*, Hamburg and Witten*), Düsseldorf, Grassau, Czech Republic, Saedinie, Memmingen, Győr (Hungary), Leipzig, eSystems, Mauerstetten, Aisler (NL*, DE*, USA*), KATEK SE*, TeleAlarm EU*, TeleAlarm SA.

(*) Partially estimated

Electricity consumption - GRI 302			
	2019	2020	2021
Absolute (MWh)	109.944	131.301	196.819
Green electricity (%)	33,1%	35,3%	35,4%
Diff Year-1	-	7%	0%
Diff 21-19	-	-	7%
Specific (MWh/million €)	397,85	358,13	374,27
Diff Year-1	-	-10%	+5%
Diff 21-19	-	-	-6%

The number of participants in this project has increased in recent years in line with the strong M&A strategy of the KATEK Group:

Locations in electricity consumption calculation:

- **2019:** beflex (Frickenhausen*, Munich* and Witten*), Grassau, Czech Republic, Saedinie (Bulgaria), Memmingen, Mauerstetten, Győr (Hungary), eSystems*, Mauerstetten, KATEK SE*.
- **2020:** beflex (Frickenhausen, Munich, Hamburg and Witten*), Düsseldorf, Grassau, Czech Republic, Saedinie (Bulgaria), Memmingen, Mauerstetten, Győr (Hungary), eSystems, KATEK SE.
- **2021:** beflex (Frickenhausen*, Munich*, Hamburg and Witten*), Düsseldorf, Grassau, Czech Republic,

Saedinenie (Bulgaria), Memmingen, Györ (Hungary), Leipzig, eSystems, Mauerstetten, Aisler (NL*, DE*, USA*), KATEK SE*, TeleAlarm EU*, TeleAlarm SA.

- **2021:** Düsseldorf, Grassau, Czech Republic, Saedinenie, Memmingen, Györ (Hungary), Leipzig, eSystems*, Mauerstetten, TeleAlarm EU*, TeleAlarm SA.

Water consumption - GRI 303			
	2019	2020	2021
Absolute (m ³)	17.363	21.352	27.229
Specific (m ³ /m €)	66,19	60,58	59,07
Diff Year-1	-	-8%	-2%
Diff 21-19	-	-	-11%

Materials - GRI 301			
Nitrogen consumption			
	2019	2020	2021
Absolute (m ³)	4.005.860	5.362.994	5.875.378
Specific (m ³ /T€)	15,27	15,22	8,48
Diff Year-1	-	0%	-25%
Diff 21-19	-	-	-25%

Solder paste consumption			
	2019	2020	2021
Absolute (kg)	9.665	10.689	15.165
Specific (kg/million €)	36,84	30,33	29,59
Diff Year-1	-	-18%	-3%
Diff 21-19	-	-	-20%

Waste production - GRI 306			
	2019	2020	2021
Dangerous (T)	33,41	36,17	42,15
Not dangerous (T)	775,61	863,66	1.062,18
Absolute (T)	809,02	899,83	1.104,33
% Hazardous / Total waste production	4,13%	4,02%	3,82%
Diff Year-1	-	-3%	-5%
Diff 21-19	-	-	-8%
Specific (€ thousand/million)	3,15	2,55	2,16
Diff Year-1	-	-19%	-16%
Diff 21-19	-	-	-32%

The number of participants in this project has increased in recent years in line with the strong M&A strategy of the KATEK Group.

Sites included in the calculations for water consumption, materials consumption and waste production by year:

- **2019:** Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Mauerstetten, Györ (Hungary), eSystems*, Mauerstetten.
- **2020:** Düsseldorf, Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Mauerstetten, Ungarien, eSystems*.

(*) Partially estimated

Biodiversity - GRI 304			
	2019	2020	2021
KPI*	N/A	N/A	N/A

*We are in the process of further developing the biodiversity-related KPIs in order to be able to report suitable parameters in the future.

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The sustainability report of KATEK SE is available in German and English language.
The German version is legally binding.