

KATEK

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MEMBER OF PRIMEPULSE

Sustainability report 2022



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Fore- word

KATEK SE

Sustainability is future viability.
Sustainable corporate governance is
sustainable corporate governance



Dear Readers,

KATEK delivers high-value electronics to innovative growth industries for a safe, sustainable future - from electromobility to renewable energies to medical technology. We do this because it takes innovative ideas to shape our future and modern technologies to achieve it. Only companies that are fit for the future, economically sound and take responsibility for human resources and the environment can master sustainable change. We are convinced: „Sustainability is future viability. Sustainable corporate governance is the future of corporate governance.“

Thus, we have continued to work intensively on the guidelines of the UN Global Compact (UNGC) and have defined and implemented measures within the KATEK Group (hereinafter also „KATEK“) to promote the ten principles within our sphere of influence. We are guided by the global Sustainable Development Goals (SDGs) and see them as an opportunity to further develop our business. The focus is on the goals in which we can make the greatest possible contribution in the context of our international business activities.

The guardrails of the UNGC and the SDGs also support us in reporting our sustainability activities with regard to the regulatory requirements for disclosure under the EU Green Deal. In 2022, we at KATEK have intensively addressed the extended reporting requirements of the Corporate Sustainability Reporting Directive (CSRD) on environmental/climate, social and labor, human rights and governance/compliance, as well as EU climate taxonomy, and have made preparations for their implementation.

From today's perspective, our approach of centrally managing all sustainability-relevant topics through an interdisciplinary team, implementing them across the Group and actively involving the locations with clear responsibilities has proven successful. We will stick to this approach in order to further improve the quality of the results and data. For the reporting year 2022, we are showing initial progress in the awareness that we are on a dynamic journey with the clear goal of sustainably and steadily advancing our business development.

Selected projects in 2022 were the intensification of the stakeholder dialogue and the review of relevant sustainability aspects and further development of the materiality analysis. The focus was, for example, on promoting diversity in the company with accompanying campaigns. For 2023, we are planning further measures in the area of emissions, among other things. For example, we would like to determine the CO₂ footprint according to Scope 3 and set up a CO₂ roadmap for the KATEK Group.

However, this is not the end of our ambition. With every step we take, we want to get closer to sustainable transformation for KATEK and our stakeholders. Therefore, we would like to take this opportunity to reaffirm, clearly and with deep conviction, the support of the UNGC by the entire KATEK Group.

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

Rainer Koppitz
CEO KATEK SE

Dr. Johannes Fues
CFO KATEK SE

1. Sustainability Strategy

1.1 Sustainable corporate governance at KATEK

KATEK is firmly convinced that successful, sustainable growth and corporate responsibility for the environment and society are not mutually exclusive. On the contrary: in KATEK's view, economic success with the assumption of social responsibility is indispensable for sustainable growth and only possible with it in the first place. Sustainable growth is therefore part of the KATEK vision. All members of the company management are committed to the responsibility of sustainable action.

Sustainable business is business that is fit for the future. Innovation and sustainability play a decisive role in all our business activities. We take our responsibility as an innovation driver and enabler seriously and contribute to environmental/climate protection with targeted and effective measures.

The Executive Board of KATEK SE manages the entire group of companies with the goal of sustainable value creation. In doing so, the members bear joint responsibility for the management of the company. The members of the board work together as colleagues, exchange information and keep each other constantly informed about important measures and processes in their business areas. This includes topics from the area of sustainability and corporate governance or compliance. Although sustainability-related topics (ESG) are assigned to the area of responsibility of one member of the Executive Board (CFO), all Executive Board members individually as well as the Executive Board as a whole are responsible for the sustainable development of the company. Accordingly, non-financial performance criteria are also included in Executive Board remuneration. The current management board remuneration system was approved by the ordinary general meeting of KATEK SE on 16 May 2022. **Details on the remuneration of the Management Board can be found in the remuneration report in the annual report 2022 of KATEK SE.**

The Executive Board and Supervisory Board work closely together in the interests of the company. The intensive and continuous dialogue 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 as well as the risk analysis, risk management, and compliance that are important for the KATEK Group. The Management Board and the 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 SE already regularly publishes various information on the topic of responsible corporate governance. KATEK sees this non-financial group report as a supplement to the reporting obligations already fulfilled elsewhere.

1.2 Business model

The KATEK Group, headquartered in Munich, is one of the fastest growing electronics companies in Europe and aims to make a decisive contribution to the „electronification of the world“. KATEK sees itself as an end-to-end service provider for high-value electronics. The range of services covers the entire product life cycle, from the development of the software and hardware to the first prototypes of the electronic assemblies and the production to the subsequent support of the processes at the customer, including logistics, after-sales and services.

Employees at locations in Germany, Eastern Europe, North America and Asia produce the megatrends of the future. Through the local-to-local approach, KATEK creates proximity to the customer and at the same time paves the way to the global market. Market leaders from the fastest-growing industries, from electromobility to renewable energies to medical technology, rely on this strategy. CEO & Co-Founder is Rainer Koppitz and CFO is Dr Johannes Fues.

The KATEK Group serves targeted electronics end markets through its well-diversified customer base.

The focus is on the fastest-growing industries of the future, such as IoT solutions, eMobility, renewables/solar and healthcare. This customer and industry portfolio was built up through selective M&A activities and targeted organic growth initiatives.

As an electronics company, KATEK is primarily concerned with offering end-to-end services along the entire electronic value chain. These include the development of electronic technology solutions, rapid prototyping services, supply chain management, production of assembled PCBs (Printed Circuit Boards), measurement and testing, and box build. KATEK also covers other parts of the value chain, such as logistics or after-sales services.

The service portfolio under the beflex - A KATEK Brand specializes in sophisticated rapid prototyping and small series production with a view to later efficient large series production, often for the smallest assemblies such as diagnostic devices used in the medical sector.

At the same time, KATEK also offers a range of its own products. An important part of this range is Clean Energy Solutions, which are sold under the Steca brand, for example high-end power electronics for hybrid inverters to operate a solar system with electricity storage. Steca - A KATEK Brand is one of the pioneers of the renewable energy industry in Germany with a great deal of manufacturing and engineering expertise. The company has successfully expanded its product and development area for PV power electronics and, as an innovative OEM and ODM partner for its customers, is thus taking a further step towards future technology for residential buildings. In this context, it should be emphasized that KATEK is one of the few companies that penetrates the two worlds of eMobility and photovoltaics for residential and commercial in equal measure (keywords: sector coupling, maximizing self-consumption, charging with green electricity).

Another important and fast growing product family is the intelligent charging solutions for electric vehicles of the eSystems - A KATEK Brand, which are sold directly to original equipment manufacturers (OEMs). As an IATF16949 certified automotive supplier, KATEK develops intelligent AC wallboxes, ICCPDs (In Cable Control and Protective Devices) and adjacent control units that translate the language of modern electric vehicles (ISO 15118) into the language of modern „Smart Homes“ (EEBUS).

In the field of digitalisation of health care and nursing, KATEK with its TeleAlarm - A KATEK Brand is one of the market leaders for hardware and software solutions that help older people and people with physical impairments to lead a self-determined life in their familiar surroundings. Home emergency call devices offer the possibility of remaining in one's own home and being able to call for help easily and safely when needed. Radio motion detectors, fall sensors or radio smoke detectors provide more safety. Nurse call devices support relatives and caregivers in everyday life, cloud services simplify the work processes of caregivers.

Overall, a large number of KATEK's offerings 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, as well as 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 2022.**

Structure of the KATEK Group

As a management holding company, KATEK SE performs both management and service functions for the entire group. In addition to the strategic management and financing of the individual operating companies, its activities essentially extend to the provision of commercial services.

The activities of the operationally active Group companies are legally divided into subgroups. The Group companies are controlled by the Group Executive Board in the sense of a „speedboat approach“ (model of strategic functions and competence centers). Here, the managing directors of the subdivisions are granted as much autonomy as possible in the organization and implementation of the operational business, while selected functions in the value chain, such as the sales and procurement process, are integrated and managed centrally. The basis of this so-called „speedboat approach“ is to centralize strategic functions such as global sales and strategic sourcing to achieve economies of scale, while maintaining the independence, speed and market proximity of the individual subsidiaries to maximize the efficiency of the Group.

The KATEK Group is mainly active in the European market for electronics manufacturing. Its subsidia-

ries have locations in Germany, Hungary, Bulgaria, the Netherlands, the Czech Republic, Lithuania, Switzerland, Canada, USA, Singapore and Malaysia.

1.3 Economic performance

At KATEK, we strive for continuous economic growth. This striving is based on a solid, consciously and future-oriented planned foundation. Because our perspective is long-term. Our decisions are always aimed at increasing value, growth and a responsible orientation towards our values as well as the interests of our stakeholders. We are convinced that this is the right foundation for advancing the KATEK Group as a strong partner. This is our path to a successful, dynamic future.

The most important key figures of the KATEK Group are shown in the following table:

For further information, please refer to the KATEK Annual Report 2022.

Group key figures

EUR k	2022	2021	2020
Revenue	683.1	540.1	414.2
Gross profit	184.7	160.5	123.4
EBITDA	23.1	30.3	12.9
EBIT	0.8	9.1	-1.3
EBITDA adj.	32.1	31.9	20.8
Margin EBITDA (adj.)*	4.6%	5.9%	5.0%
Net profit of loss of the group	-7.1	8.2	1.6

EUR k	2022	2021	2020
Total assets	502.1	393.9	270.5
Equity	165.0	151.8	65.1
Equity ratio	32.9%	38.5%	24.1%

*In % of total operating performance

1.4 Most important areas of impact

How we create value for our stakeholders: selected focus topics for KATEK based on key impact areas in the 2022 financial year.

Strengthen economy

- Economic performance: 683 million euros turnover, active in over 10 countries

Develop competences

- Employment: Approx. 3,000 employees, around 71 new hires
- Training and further education: around 110 trainees and 12 students, 16 young professionals were taken on after their training
- Attractive jobs: 117 million Euros in personnel expenses for wages and salaries
- Diversity: share of women 51 %, 23 % of management positions held by women.

Protect the environment

- CO₂ footprint: 46 % CO₂ emission reductions Scope 1 and 2 achieved since FY 2019, 50 % of electricity consumption through green electricity.
- Waste reduction and recycling initiatives
- Steca brand Clean Energy Solutions

Promoting innovation and improving quality of life

- Health and safety: Reduction of staff sickness rate by 0,09 % compared to previous year; during the COVID 19 pandemic, action was taken quickly, effectively and adapted to the respective local situation to ensure staff health protection
- Flexible working models and commitment to KATEK's "Workplace of the Future"
- Health: Solutions in the area of digitalisation of health care and nursing of the TeleAlarm brand as well as services in the area of medical technology of the beflex brand
- Mobility: eMobility Solutions of the eSystems brand for intelligent charging solutions for electric vehicles
- Security: Maintaining business operations and compliance

Accompanying social change

- Human rights and supply chain: clear commitment to respect human and labor rights formulated in KATEK "Code of Conduct for Suppliers"
- Integrity: clear commitment to compliance with ethical standards, business practices with integrity and fair trade formulated in the KATEK "Code of Conduct"; group-wide, web-based training on the Business Conduct Guidelines introduced

The principles of value-oriented and responsible corporate management include exploiting entrepreneurial opportunities while at the same time managing the associated risks with foresight. Continuous risk management with efficient early risk detection 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 Risk and Opportunity Report section of the Annual Report 2022. 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 topics.**

For the non-financial report, KATEK considers risks that could have a significant negative impact on the concerns defined in the context of non-financial reporting (§ 315c HGB in conjunction with § 289c para. 3 nos. 3 and 4 HGB) in addition to the significant risks to business activity. Risks that meet the definition of § 315c HGB in conjunction with § 289c HGB and would therefore have to be reported in this non-financial consolidated report were not identified in the context of risk management.

Nevertheless, we are aware of future social challenges arising from climate change and its consequences. Against this background, we will continue to review at regular intervals whether new findings arise for opportunity and risk management in order to be able to recognise and take into account current developments and sustainability-relevant opportunities and risks at an early stage. With our intelligent and networked electronic services and products, we already see ourselves as an enabler for innovations that create added value for the economy, the environment and society.

1.5 Framework

KATEK is one of the signatories of the UN Global Compact of the United Nations. This underlines our commitment to the ten principles and creates annual transparency about our progress in the area of sustainability. The content of the principles is based on the topics of human rights, labor standards, environmental protection and anti-corruption, as well as the global Sustainable Development Goals (SDGs). In the long term, all activities aim to initiate change processes in the company and to strategically anchor sustainability along the entire value and supply chain. In addition, the UN Global Compact supports companies in driving innovative solutions to achieve the SDGs. KATEK publishes its progress in implementing the ten principles of the UN Global Compact annually in the Communication on Progress (CoP), which is available on the website of the UN Global Compact Network.



Our sustainability strategy as part of the overarching corporate strategy of the KATEK Group expresses our clear common understanding and commitment of how we want to act in the areas of environment, society and corporate governance.



Executive Board KATEK SE

In addition to the principles of the UNGC, we have used the material issues identified in the materiality analysis as a framework for orientation and derived from them those SDGs to which we can contribute either through our business processes or through our products.

The aim of our sustainability strategy is to strive for sustainable business development at KATEK and to consider sustainability aspects throughout the entire supply chain. We achieve this by offering the best products on the market (quality) that make a positive contribution (impact) and are made with the most responsible processes and materials (resources).

KATEK's sustainability strategy is based on three pillars. These describe the fields of action

1. Environment & Climate (Environment "E")
2. Employees & Society (Social "S") and
3. Integrity & Compliance (Governance "G").



“E”

Promoting climate protection through environmentally friendly measures and products, e.g. through environmental and energy management certifications according to ISO 14001 and ISO 50001, solar systems for in-house power generation at various company locations, in-house products of the Steca (Clean Energy Solutions) and eSystems (eMobility Solutions) brands.



SDG Targets	
by process	by products
7.2	7.2 (Steca)
13.1	13.1 (Steca)
	11.2 (eSystems)

“S”

Promote commitment of motivated employees by providing an inspiring, attractive, fair and safe workplace e.g. by certifying occupational safety management according to ISO 45001 (formerly OSHAS 18001), regular surveys among employees.



SDG Targets	
by process	by products
8.5	9.1 (TeleAlarm, beflex)
8.8	
10.3	

“G”

Support and protect innovation, e.g. through adherence to business ethics and compliance in all company processes and across all levels, both internally and externally (code of conduct for employees and suppliers), including active dialogue and transparency.



SDG Targets	
by process	by products
8.7	9.4 (Steca, eSystems)
8.8	

1.6 Stakeholder engagement

We see 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 shaped by our corporate culture. We live the values of responsibility, performance and trust. They are an integral part of our identity.

As part of sustainability management, the most important stakeholder groups and topics were determined in 2021. They were reviewed and readjusted during the preparation of this report.

Important stakeholder groups for KATEK are:

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

Each stakeholder group has its own interests, expectations of the company and goals, which may well be contradictory. KATEK compares these stakeholder attitudes with the company’s own interests and goals in order to identify possible positive and negative impacts on the business.

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
Shareholders/Investors	Profitable growth Good reputation ESG performance and transparency
Employees	Stable and future-proof jobs Occupational safety and health protection Corporate, values and communication culture Diversity and equal opportunities
Suppliers	Information security and data protection/ confidentiality Fair competition Profitable growth and long-term business relationship
Public/Society	Climate and environmental protection Social responsibility

The continuous exchange with our stakeholders is a cornerstone of our sustainability management and provides us with important inputs time and again. Internally, the dialogue with our employees is in the foreground, because their motivation and willingness to perform are decisive for our success as a company. KATEK’s corporate organization lives in the area of tension between a decentralized structure with independently managed companies and the overall group with its central processes. The distinctive team concept of “TeamBlue” overcomes this deliberate tension, it follows the motto #DiversityUnited, which describes the core of our brand positioning. The decentralized structure of the KATEK Group makes clear communication processes necessary. They are top-down, i.e. the managers regularly inform their teams and employees. The central competence center, Group Marketing & Communications, informs employees in the form of video messages or notices. Highly significant information and important company news are sent by e-mail to all or all affected employees.

In 2022, the new programme “KATEK OpenDoors” was launched, which offers employees the opportunity for confidential discussions with top manage-

ment and in turn provides them with insights into various areas of the company from an employee perspective.

Surveys are also a useful instrument for obtaining an overview of employee satisfaction, the working atmosphere and the mood in the individual companies, as well as ideas and suggestions for business processes or products. In 2020, a Group-wide employee survey was conducted for the first time, the content of which will be continued unchanged every two years. This allows for direct comparison and development (improvement/deterioration) over a long period of time. In 2021, it was decided that in the intermediate years, the possibility of an additional, lean and event-related survey will be undertaken. The thematic survey "Internal Communication" was conducted in September 2021.

An important function within our internal and external stakeholder communication is performed by the annual and sustainability report publications as well as the regular quarterly publications. In these, we describe our economic, social and ecological performance and impact on the basis of qualitative and quantitative performance indicators. The publications are usually accompanied by web presentations and video statements by the Executive Board.

We place a very high priority on open and transparent communication with our stakeholders. This means that we attach great importance to a regular exchange with the public and special interest groups. We are also active in industry associations and attend or organize relevant events such as trade fairs, trade congresses or events for customers and business partners. Furthermore, there were numerous contacts with private investors and professional capital market participants at roadshows, investor conferences, individual meetings and conference calls in 2022. In addition, the annual general meeting is an important event at which we enter into dialogue with KATEK shareholders. It met with lively interest last year. Over 80 per cent of the share capital participated in the voting. All items on the agenda were passed with a large majority.

As part of our press work and our communication channels, we inform the media, potential applicants and the interested public. Social media is particularly interesting for us as a dialogue platform.

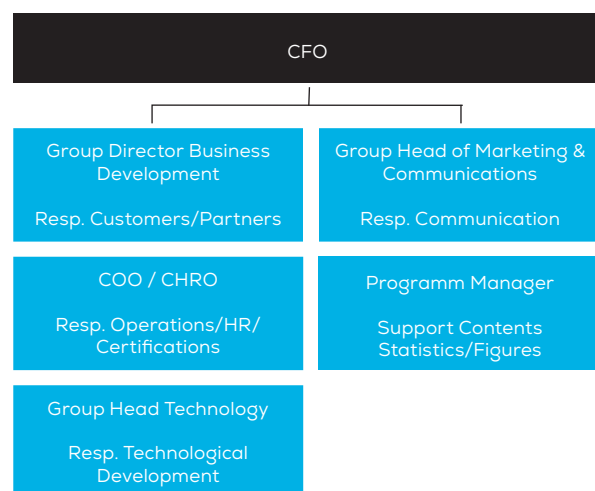
1.7 Responsibilities

The sustainability strategy is an integral part of KATEK SE's business strategy. Its implementation and management is led by the CFO together with the interdisciplinary ESG team.

In addition, experts on environmental, social and governance issues have been nominated at dedicated locations to ensure the efficient implementation of the sustainability strategy across the Group.

The KATEK ESG team is responsible for monitoring and reporting sustainability information. The information relates to measures or performance indicators that are identified or recorded in different divisions and departments of the company. The ESG team therefore works closely with Operations, Human Resources, Finance, Legal, Purchasing, Logistics, IT, Sales and Marketing in particular. The individual divisions and departments have set up their own management systems and processes for determining or recording the measures or performance indicators.

KATEK ESG Team



1.8 Materiality analysis

Our materiality analysis is based on external frameworks such as the UN Global Compact or the Sustainable Development Goals. The material issues in our report are structured according to ESG (Environment, Social and Governance) topics. Regular dialogue with external and internal stakeholders also plays a key role in the materiality process. In particular, we are in dialogue with customers, investors, shareholders, employees, suppliers, business associations and the media.

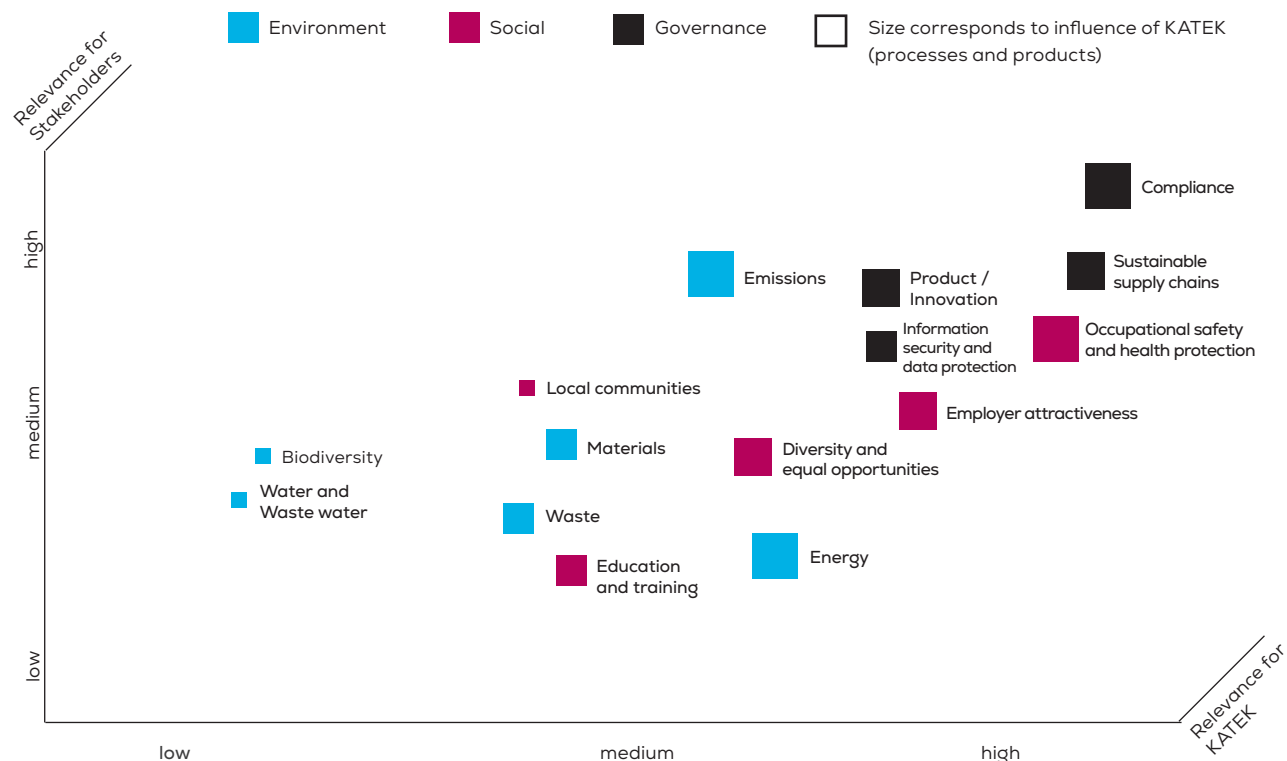
The preliminary work for the first KATEK sustainability report was carried out by the interdisciplinary ESG team founded in 2021. The key stakeholder groups were identified in a detailed analysis.

The identification of material issues was done step by step. Based on experiences, surveys, questionnaires, interviews and published information from stakeholders and experts, research was conducted using both direct and indirect methods. Further research on peers, ratings and rankings led to an extensive list of potentially relevant sustainability topics. The topics were then selected and grouped in the subsequent shortlisting according to internal relevance, external relevance and impact. The final

evaluation and weighting of the sustainability topics was carried out in expert workshops and by means of a scoring model. The perspectives of external and internal relevance as well as the impact of KATEK on the sustainability aspects were considered. The findings obtained in this way served as a starting point for the materiality determination of the first sustainability report 2021 of the KATEK Group.

In the reporting year 2022, we reviewed and updated the materiality analysis with a current view of the topics. The reported topics are based on the principle of materiality according to GRI 1 respectively GRI 3 as well as § 289c, para. 2 and 3 HGB.

The following matrix contains the topics considered essential for KATEK, of which those classified as "high" are prioritized according to their relevance and thus with regard to their internal processing.



The following table provides an overview of the main topics and the corresponding

GRI aspects assigned to the thematic areas of the CSR RUG. KATEK's material sustainability aspects are clearly linked to the SDGs and to the three pillars and form the basis of our sustainability strategy.

The report topics at a glance

Subject heading pursuant to § 289c (2) HGB	Essential topic NFE 2022	UNGC and SDGs	GRI Aspect
Compliance	Prevention of corruption and bribery	Principle 10: Fight against corruption 	GRI 205: Fight against corruption
Ethics and social issues	Social and environmental standards in the supply chain Information security and data protection	Principles 1-2: Human Rights  	GRI 414: Social assessment of suppliers GRI 308: Environmental assessment of suppliers GRI 418: Protection of customer data
Employees	Occupational safety and health protection Diversity and Equal opportunities Employer attractiveness Staff development	Principles 3-6: Labor standards   	GRI 403: Occupational health and safety GRI 405: Diversity and equal opportunities GRI 401: Employment GRI 404: Education and training
Environment	Emissions and energy consumption Logistics and Packaging	Principles 7-9: Environmental protection   	GRI 305: Emissions GRI 302: Energy GRI 301: Materials GRI 306: Waste water and waste

2. Governance, Ethics and Compliance

2.1 Compliance Management System of the KATEK Group

Honesty and compliance are essential for KATEK. Therefore, we must apply organized measures to ensure honesty 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 and processes such as the Code of Conduct. All measures that support these goals as standard processes are summarized under the keyword 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 the training of employees as part of the preventive measures. The compliance management system should therefore cover all measures, structures and processes that sustainably support 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 detection of compliance risks is of fundamental importance in the prevention of 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 committees and persons, who act as follows:

- The Compliance Board is the body within the KATEK Group that deals with compliance issues. It is made up of the management, the legal department and the executives of some of the Group's central 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 the proper observance of all procedures provided there to avoid reputational and legal risks.
- The (Group) Compliance Officer is active at the central Group level. They receive reports on possible compliance violations and investigate them. Their duties also include the compliance training programme
- Each KATEK company has a local compliance contact who performs local tasks within the framework of the compliance management system.

All employees are expressly encouraged to contact the compliance contact person 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 (www.sicher-melden.de/katek).

Code of Conduct

Since 2020, our Code of Conduct has provided a general framework 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 management's commitment to establishing fundamental ethical standards across the Group and to creating a working environment based on integrity, respect and fair dealing. The management is convinced that a business policy that is faithful to the law and principles as well as socially responsible serves the long-term interests of KATEK SE and the companies of the KATEK Group best.

The aim is to prevent situations that could call into question the honesty of our behavior and the trust in our actions. We can only continue to achieve these goals if everyone involved cooperates. Therefore, the Code of Conduct formulates recommended behavior, unless required by law, for employees of KATEK SE and in the KATEK Group.

The Code of Conduct, which is and shall become part of the employment contract, is available on the website and is trained via the Compliance e-Learning module.

KATEK is aware of its responsibility as a globally active company. In order to create a stable basis for business relationships, the Code of Conduct for Suppliers was implemented in 2021. Its aim 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. We therefore ask our suppliers to sign the code or to submit their own code. **For more information, see chapter 2.5 Sustainable supply chain management.**

Compliance Management Manual

The compliance management system and the associated processes are laid down in a compliance management manual. The manual also covers selected Group guidelines. The manual serves as a guideline in particular for board members, managing directors, executives, employees and authorized representatives of KATEK worldwide alike to behave properly. The content of the manual was last revised in 2021.

Compliance training

Awareness training makes a significant contribution to the avoidance of compliance violations. These are offered and carried out via an interactive e-learning system, which is still being set up, via classroom training and further information on the intranet (if available at the companies).

In cooperation with the Haufe Academy, Group-wide e-learning has been implemented in 2022 to train employees and managers on selected compliance topics. If 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 basics and standards of conduct in a

practical and easy-to-understand manner. Based on various cases from corporate practice, employees are to 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 clients and supervisory authorities and proves that employees can apply the training content they have learned.

Initially, the following e-learning courses will be offered: Code of Conduct, Data Protection and Information Security. Further training content will be adapted to the respective employee's and manager's area of responsibility in the future.

KATEK Group whistleblower system

Risks can be minimized and damage averted through timely notification of compliance incidents. In this way, KATEK can initiate measures to limit damage in good time, learn from breaches of the rules, and optimize internal company processes and structures. Information within the KATEK Group can be provided through various channels - anonymously if desired - (telephone, letter, e-mail, in person and via the IT-supported whistleblowing system).

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

2.2 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 service and must not be cheated by unfair benefits. 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, the KATEK Group communicates the rules to its employees in its Code of Conduct.

Those who do not observe the rules for gifts and invitations run the risk of being prosecuted 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 be observed in any case. The granting of advantages to public officials may be punishable as acceptance or granting of an advantage simply because it is made in view of the official position. It is not necessary that the exercise of office is to be influenced in an unfair manner. Anyone entrusted with the performance of public duties can be a public official. No distinction is made between full-time or honorary work; editors of public broadcasting corporations are also public officials according to the Federal Supreme Court.

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

Gifts, business lunches 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 on a scale 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 that are directly business-related and of an appropriate scope. Likewise, they do not need to be concerned about so-called give-aways and socially appropriate gifts and invitations according to 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, sent to a private address or given in any other non-transparent manner.

The acceptance of cash or money substitutes, such as cheques, gift vouchers or similar, 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 the business custom and appropriateness, in particular also in the case of co-invitations to partners, and approval by the KATEK management. Further exceptions are possible if representatives of the host are present, the participation is not repeated and the travel costs are not borne by the inviting business partner.

In case of doubt, the employees of the KATEK Group must consult the bodies or persons responsible for compliance.

Donations and sponsorship

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

2.3 Group-wide compliance reporting

KATEK has a monthly compliance reporting system. This is intended to provide information, for example, on the number and type of enquiries to the compliance department. It also provides information on the status of the Compliance Management System (CMS) in the respective subsidiary.

2.4 Quality of products and processes

KATEK develops and manufactures electronic products according to the respective customer specifications. In these specifications, the customer also prescribes specific markings (e.g. label with serial number, origin, warnings). KATEK also has to observe 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 reliably according to their specifications 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 documented in a test report without any gaps. We pursue a zero-defect strategy: only flawless products leave the production line.

We are just as strict with KATEK's own products. When developing and designing them, we also ensure that they are recyclable in order to reduce electronic waste. We also achieve the latter by attaching great importance to the service life of our products. For example, this is at least 15 years for Steca brand solar inverters.

Example medical technology

A very dynamic and promising market has developed in the field of medical and medical technology research and development. New medical products have to be extensively validated and certified, yet the time-to-market has to be shortened due to the dynamic market requirements. Due to a very close cooperation between the developers of the manufacturers and KATEK during the development process, even complex products are ready for the market in time. Under the beflex brand, KATEK offers both rapid prototyping and design know-how for the smallest and most complex electronic structures and assemblies (miniaturization), for example a printed

circuit board with 40 components for the three millimeter narrow head of an endoscope.

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

2.5 Sustainable design of the supply chain

As a globally active company, KATEK is aware of its social responsibility. In order to create a stable basis for business relationships, the Code of Conduct for Suppliers was implemented in 2021. Its aim 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. We therefore ask our suppliers to sign the code or to submit their own code.

On the customer side, interest in our activities in the area of environmental standards along the supply chain is increasing. Among other things, we are increasingly receiving enquiries about supplier assessments such as CDP or individual questionnaires. In particular, our customers from the automotive sector are demanding a more intensive examination of certain aspects of environmental and climate protection. For example, the German Supply Chain Act and the EU Supply Chain Directive anchor companies' due diligence obligations with regard to human rights and environmental aspects in the procurement process. The EU taxonomy also focuses on environmental and climate indicators. In order to meet customer demands and at the same time fulfill our responsibility as an electronics company, it is essential for us to work to protect the environment outside our direct sphere of influence. Up to now, we have considered environmental aspects in the supply chain within our direct sphere of influence, for example in the use of renewable energies at our locations, in the area of our vehicle fleet or with packaging materials. A holistic view of the value chain is our long-term goal.

The Code of Conduct for Suppliers was aligned with the Code of Conduct of the Responsible Business Alliance (RBA). It includes general principles of business ethics as well as social and environmental sustainability requirements.

Human rights in focus

As part of the Code, KATEK 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 labour and special protection of 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 as well as fair and healthy working and living conditions.

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

Code of Conduct for Suppliers

All business relationships between the KATEK Group and our suppliers must be based on honesty, trust and fair cooperation. We expect our suppliers to comply with applicable laws, to ensure regulations and customer requirements are met in accordance with the Code of Conduct, and to 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. Non-compliance with the Code of Conduct may lead to the termination of the business relationship with the supplier, depending on the severity of the violation and special circumstances.

2.6 Information security and data protection

For KATEK, information security and data protection are of considerable relevance, especially due to 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 avoid security incidents as far as we can or to minimize their damage. The Security Operations Centre (SOC) monitors the entire IT environ-

ment of all KATEK units 24/7. Our information security management system at the German site in Leipzig is certified according to the ISO 27001 standard. Awareness campaigns in all KATEK units sensitize users to phishing attacks. Furthermore, the security of our IT system is regularly tested through PEN tests. Training courses as part of the compliance training (see chapter 3.1.) are designed to teach users the most important data protection and information security measures in e-learning courses.

3. Human Rights, Employees and Labor Standards

As a globally active company with a local presence, KATEK takes its social responsibility very seriously. 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 according to recognised 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 the opportunities of each individual in our group of companies and on the labor market.

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, we have created a dashboard with data related to social issues in 2021, 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 appropriate measures to promote a positive development of the core figures.

3.1 Human and labor rights

We at KATEK make a clear commitment:

- To respect human rights, therefore we do not tolerate any form of illegal employment, slavery, human trafficking, forced or child labour.
- On statutory working hours, compensation and social benefits.

KATEK does not tolerate any form of discrimination. This naturally also includes that gender, origin, skin color or religion have no effect on the wage for equal work. We recognise the freedom of association and the right to collective bargaining.

The prohibition of discrimination is a central component of the Code of Conduct. All employees and managers of the KATEK Group commit to and acknowledge this with their signature. **For further information, please refer to chapter 2.1 Compliance Management System of the KATEK Group.**

We also take the issue of human and labor rights very seriously in the supply chain. The Code of Conduct for Suppliers contains a defined process. **For more information, see chapter 2.5 Sustainable supply chain management.**

In the course of its business activities in 2022, the KATEK Group has not become aware of any human rights violations by employees, suppliers or partners. Reports on human rights violations can be made through various channels - anonymously if desired - (telephone, letter, e-mail, in person and through the IT-based whistleblowing system). **For more information, see chapter 2.1 Compliance Management System of the KATEK Group”.**

3.2 Protection of employees

Our employees are our most important asset and the basis of our company's success. Their safety, health and motivation therefore enjoy the highest priority. At KATEK, occupational health and safety is just as important as economic efficiency, quality, environmental and energy management.

Our four guiding principles for the protection of employees:

1. Responsibility

In all our decisions, we take into account our responsibility for our own health and the health of others, even beyond legal requirements, and constantly take measures to improve occupational health and safety.

2. Employee engagement

We motivate all employees to act in a safety-conscious manner both inside and outside the company and involve employees in occupational health and safety issues.

3. Communication

We are open to communication with our business partners, employees and those in positions of responsibility on all occupational health and safety issues.

4. Efficiency

We want to make our occupational health and safety activities an element of the company is able to use this potential for personnel marketing and to realize potentials for cost reduction.

We derive concrete measures and goals from our occupational safety and health policy. According to § 3 ArbSchG, our management is committed to striving for an "improvement in the safety and health protection of employees". The necessary resources for this are provided by the management.

As an indicator of the health of all employees, we measure the sickness rate, which was 7.01 % in 2022. We attribute the slight improvement compared to

the previous year (7.1 % in 2021) to the slowly decreasing additional physical and mental stresses caused by the material crisis, which have persisted since the COVID 19 pandemic until today, also for electronic component shortages.

Occupational health and safety according to ISO 45001 (or OHSAS 18001)

To ensure the best possible occupational health and safety at all times, we are certified according to 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 OHSAS 18001 standard is recognised worldwide.

3.3 Motivating working environment

Information about the relationship with our employees and employer attractiveness is provided by the fluctuation rate, which is currently at 1,7 %. In 2021, it was 7.0%. This decline confirms us in our actions and in the way we treat our employees.

In terms of length of service, 18 % of employees have been with the KATEK Group for less than one year, 48 % between one and ten years and 34 % for more than ten years.

Our NPS (Net Promoter Score) as an employer also measures employee satisfaction. The indicator will be surveyed again in the first half of 2024.

The retention rate of our apprentices is 84 % in 2022 versus 83 % in 2021, meaning 16 out of 19 apprentices in 2022 versus 15 out of 18 in 2021.

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 are described below.

Medical care

A company medical service is available to all employees. Part-time employees, temporary employees and temporary workers can also take advantage of this service. During the monthly consultation, 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 medical

service without a "G examination" (medical examinations based on the principles of the German Social Accident Insurance DGUV).

Parental leave

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

Pension scheme

Employees receive a subsidy of 26.59 euros towards the company pension scheme when they take out a contract with MetallRente (KATEK group contract).

Flexible working models

The KATEK Group allows its employees flexibility to support their life model in the best possible way. This includes opportunities for flexible working hours with overtime accounts as well as mobile working. In 2022, almost 18,000 mobile working hours were transacted, which corresponds to 7.88 % of total working hours.

Work healthily and benefit from advantages

A weekly fruit/vegetable day and co-payments for weekly massages are some of the measures KATEK takes 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

The aim of the company-wide campaign "Cycle to Work" is to bring more exercise into everyday life and to inspire as many participants as possible for healthy cycling fun and fitness in the long term. Employees who motivated themselves and others could win prizes for successful participation.

Communication and development of health-promoting and other measures

Employees can obtain permanent information about health-promoting offers and measures from their superiors, on the company's intranet and on notice boards. Training on occupational safety and health

protection is provided by the respective supervisors. There is a health committee (health team) within the works council. In the case of employees who are considered long-term sick, the chairperson of the works council lobbies for support from the employer.

3.4 Legally compliant and in accordance with regulations

The occupational health and safety policy of the KATEK Group is based on the Occupational Health and Safety Act, the relevant occupational health and safety regulations and the continuous improvement of the safety and health of employees. In our daily work, we always strive to continuously improve the safety and health of employees. This can only be achieved if everyone pulls together - from the company management to each individual team member. All persons who are on the company premises or in our business 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, as well as 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 specialists and/or company doctors assist in the preparation. Evaluations of the first-aid book and accident analyses are carried out by the occupational safety specialists

3.5 Building competence - enabling development

Through our high rate of apprentices being taken on (83%), we make a significant contribution to bringing young people into 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, an e-learning programme is currently being implemented. The internal training needs are determined in the first quarter of each year, so also happened in 2022 .

External training takes place as needed and may be proposed and organized by the employees themselves in consultation with the respective manager.

With our investments in future-oriented technologies, we increase economic productivity and KATEK's attractiveness as an employer. Employees want interesting, challenging tasks and a working environment that offers them opportunities for development. The electronics industry is a supporting element of a smart future, because digitalisation and electronics go hand in hand. Electronics service providers must be flexible, fast and innovative, as well as work increasingly closely with players from a wide range of sectors and contribute their diversity of ideas. This offers great opportunities for the KATEK Group and its employees.

In addition, KATEK offers its employees company integration management (BEM) after a longer period of incapacity for work. This involves jointly identifying measures to restore their ability to work in the long term and to enable them to work as comfortably as possible.

3.6 Diversity

Diversity and fair cooperation are lived values at KATEK - internally and externally. At KATEK, we see diversity as a success factor, as different perspectives lead to the best results. We employ not only people of different nationalities, but also of all ages, diverse cultures and genders, people with different levels of education and with various disabilities.

As at 31 December, the employees are as follows:

	2022	2021
Male	1,578 (49 %)	1,312 (53 %)
Female	1,642 (51 %)	1,187 (47 %)

The share of male managers is 77 %, while the share of female managers is 23 %.

In 2022, diversity was one of the main topics in communication. We are particularly concerned with promoting diversity in the company. 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: 23 % vs. 51 %. The goal is to reduce this difference in the future. The next step is to define concrete measures and target figures for achieving the goal.

Targets for the proportion of women at management levels - Diversity concept for the Executive Board and Supervisory Board

Diversity is an essential topic for the KATEK Group as a technology company. The Management Board therefore places a clear focus on ensuring that diversity is taken into account when filling management positions at all management levels below the Management Board of KATEK SE and its affiliated companies throughout the group, both in Germany and abroad, and that appropriate consideration is given to women.

The diversity concept for the composition of the Management Board as well as for the composition of the Supervisory Board with regard to internationality, diversity of professional experience and knowledge, qualification and personality, educational background and age as well as gender composition is published on the website of KATEK SE as part of the corporate governance statement pursuant to § 289f and § 315d HGB.

Diversity Charter

By signing the Diversity Charter in April 2022, KATEK is sending a clear signal for diversity and tolerance in the working world. KATEK is thus joining a nationwide corporate initiative and the largest network for diversity management in Germany. The aim of the initiative is to promote the recognition, appreciation and inclusion of diversity in the world of work. The supporters of the Diversity Charter are committed to creating a working environment that is free of prejudice and in which all employees are valued - regardless of gender and gender identity, nationality, ethnic or social origin, religion or belief, age, sexual orientation or physical and mental abilities.



charta der vielfalt



The age structure in the KATEK Group is distributed as follows for the survey on the reporting date 31.12.2022:

Age of employees / share of total number of employees	2022	2021
< 30 years	18 %	17 %
30-50 years	48 %	49 %
> 50 years	34 %	35 %

81 employees are people with severe disabilities.

3.7 Local communities

Contribution to the „Gift with a Heart“ campaign by Humedica e.V. (December 2022)

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 parcel that comes from the heart. In total, Humedica collected over 82,228 parcels and sent them to children in need. 68,994 of them came from Bavaria.

With 115 parcels, KATEK employees were able to make a small contribution to the annual Humedica e.V. campaign. Either the employees brought already packed parcels or gave monetary donations, which KATEK trainees then used to pack the parcels.

4. 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 applies to all locations, taking into account country-specific environmental legislation.

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

1. Taking 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 way, also 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 by using the latest manufacturing technologies. This also applies to the packaging of vendor parts and sales goods.

5. Use renewable energies!

We want to keep the pollution of 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 obliges all employees to conserve natural resources. In their work, our employees should work towards minimizing the negative effects of KATEK's business activities on the environment through material savings, 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 commitment to responsible and environmentally conscious action is also confirmed by the ISO 14001 certification at the KATEK SE, Grassau, Hungary, Memmingen, Düsseldorf, Mauerstetten and Leipzig sites, which we received in 2021.

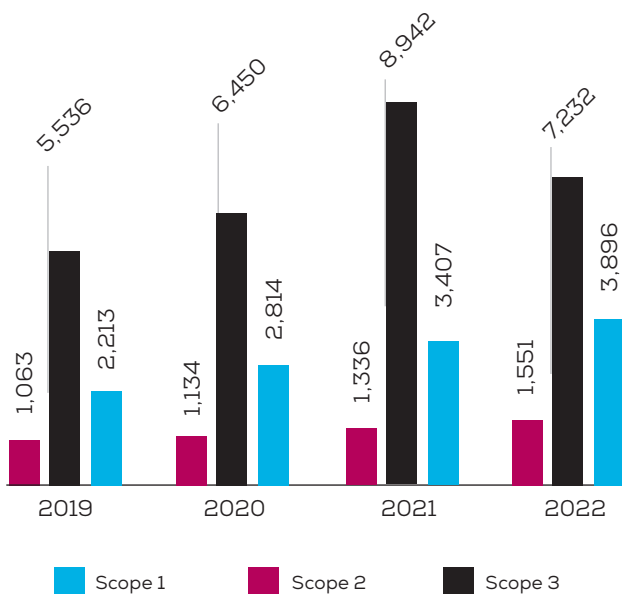
As with social issues, and with the aim of measuring the KATEK Group's understanding of environmental performance and thereby being able to improve it, we have created an environmental dashboard with KPIs supplied by the sites.

In 2023, we will try to improve not only the quality of the data we collect, but especially our performance.

4.1 Emissions

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

Absolute GHG emissions (tCO₂e)



The KATEK Group continues to increase its efforts to reduce its emissions.

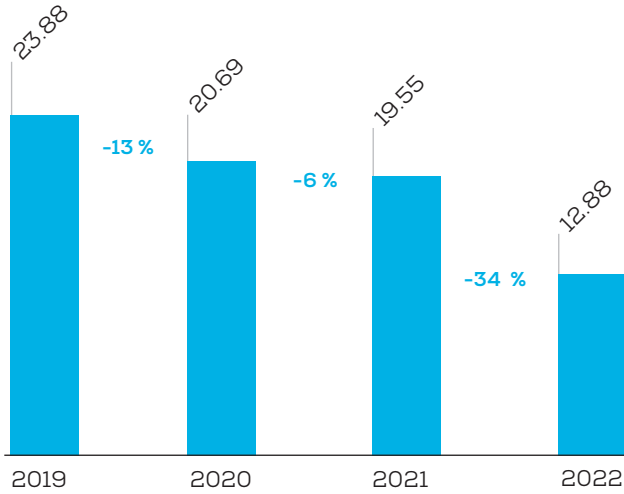
Measures to reduce emissions

As a first step towards reducing greenhouse gas emissions, the KATEK Group's carbon footprint for 2019 - 2022 was calculated in 2021 according to the Greenhouse Gas Protocol, the most recognised standard for CO₂ calculations, which includes not only CO₂, but also other gasses responsible for climate change such as CH₄, N₂O, HFC, PFC and SF₆. This calculation was carried out by VERSO and Con-Climate as consultants. For the years 2019- 2022, emissions from Scope 1 and 2 and partly Scope 3 were determined, which originate 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 goal is to include more and more emission sources in the balance.

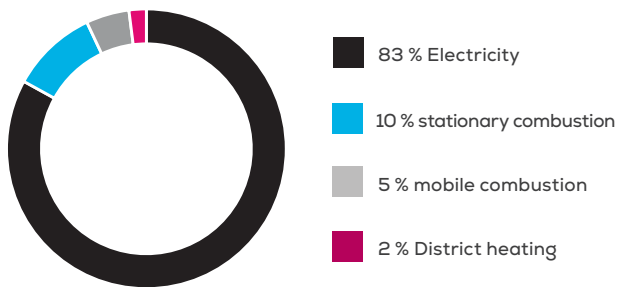
Our corporate carbon footprint for Scopes 1 and 2 was approximately 6,599 in 2019, 7,584 in 2020, 10,278 in 2021 and 8783 t CO₂-e in 2022. Thus, KATEK constantly avoids and reduces its CO₂ emissions per million euros of turnover (2019: 23.88 tCO₂/million € turnover, 2020: 20.69 tCO₂/million € turnover, 2021: 19.55 tCO₂/million € turnover, 2022 12.88 tCO₂/million € turnover). Thus, between 2019 and 2022, greenhouse gas emissions per turnover were reduced by 46%.

Specific CO₂ footprint Scope 1+2/turnover (tCO₂e/ million €)



Emissions caused by the purchase of electrical energy were the largest source of emissions in 2022, accounting for approximately 83 per cent.

GHG sources Scope 1+2 (2022)



Our goal is to reduce the specific emissions already identified through measures strongly focused on electricity consumption. In addition, the electricity supply contracts were switched to 100% electrical energy from renewable sources in 2022.

The KATEK Group will successively expand the calculation of Scope 3 using additional sources in order to achieve an even more accurate calculation of the carbon footprint.

4.2 Energy

The KATEK Group is aware of its responsibility for people and nature. Based on this, we have set ourselves the goal of achieving more sustainable production by continuously improving our energy efficiency. To achieve this, 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 in such a way that they meet or exceed the requirements and expectations of energy-efficient production in every respect. We are committed to reducing energy consumption in the long term and to 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 heating water (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 that 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 energy savings in millions of electronics for devices of energy efficiency

class A++. These save twelve million kilowatt hours of electricity annually - 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 as well as for analytical procedures in medicine and control systems for industry. Other examples are photovoltaic controllers in automotive applications that improve the energy balance of cars.

KATEK Memmingen is also making further efforts to make its production more CO₂ neutral. This includes measures such as changing the electricity tariff to 100% green electricity, switching from natural gas and liquid gas to CO₂ neutrality. For 2023, measures such as the changes in the vehicle fleet will lead to further CO₂ reductions.

Our energy management is certified according to ISO 50001 at the Grassau, Memmingen, Düsseldorf, Bulgaria and Leipzig sites. 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, increase our energy efficiency and optimize our energy consumption at the same time.

Renewable energies

To contribute to environmental protection, we produce renewable energy at some of our sites. KATEK Mauerstetten has had a solar plant in operation since 2010. The second plant went into operation in 2018. This more than doubled electricity production to 190,700 kWh in 2020. This means that we cover 13 % of the electricity consumption at this location. Since the plant has been in operation, over 800 tonnes of CO₂ have been saved.

At our location in Memmingen, the solar plant, which was put into operation in 2011, covers 3 % of the electricity consumption. Due to the nature of the building, the maximum amount of solar surface and energy that can be generated from it has been reached. Also since 2011, district heating from geothermal energy has been used, which means we no longer have to resort to 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 we no longer need to store hazardous materials. Since 2020, we have also been using the waste heat from our air compressors and can thus save energy.

At TeleAlarm SA in La Chaux De Fonds (Switzerland) and at KATEK Canada, we already obtain 100% green electricity from hydropower and solar energy.

Currently, further solar plants are being planned for the self-use of the electricity produced on site

Initiatives to reduce energy consumption

Energy-efficient manufacturing has already become a significant competitive factor. By investing in energy-efficient machines and restructuring its production facilities, a manufacturing company can significantly reduce its energy consumption.

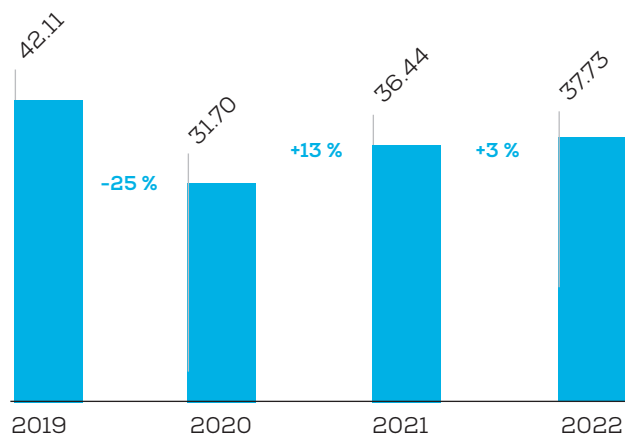
In SMT (Surface Mounted Technology) production, around 70 % of the energy used must be spent on soldering the components. In this process, solder paste, which has previously been printed on the PCB by means of screen printing and the components placed in the solder by using fully automated placement machines, is melted and cooled down after the soldering process. By using the latest reflow soldering technology, energy-efficient soldering can be carried out at all locations.

At the Düsseldorf, Mauerstetten and Horni Sucha sites, the KATEK Group has converted all the lighting in the production halls to environmentally friendly LEDs, thereby reducing energy consumption.

Energy consumption and efficiency

Due to the strong growth and the integration of additional companies, the electricity consumption of the KATEK Group has risen continuously in recent years, although roughly proportionally to the turnover achieved. Compared to 2019, specific electricity consumption (MWh/€ million turnover) has decreased by 6% in 2021, although between 2020 and 2021 electricity consumption has increased due to the new sites. In 2022, the specific electricity consumption increased only moderately, even with the integration of the Katek Canada site and the increase in turnover.

Specific electricity consumption (MWh/million €)



While consumption was still around 10.99 million kWh in 2019, it climbed to 13.13 million kWh just one year later, to 19.68 million kWh in 2021 and to 25.77 million kWh in 2022. In the same period, however, we were able to significantly increase the share of green electricity. The entire conversion of the electricity supply contracts to electrical energy from renewable sources for the German KATEK locations took place at the end of 2022. This measure will then have a full impact on our CO₂ footprint in 2023.

4.3 Materials

Material consumption and efficiency

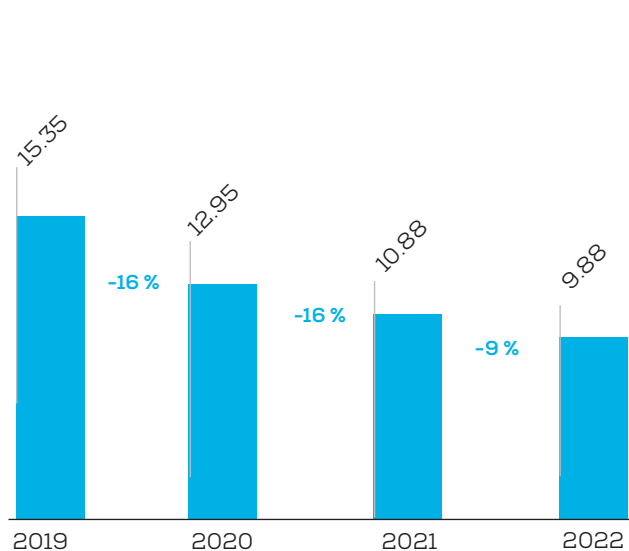
The technology that KATEK uses in production has evolved with the components over the past decades. When it comes to the requirements for high-quality PCB assembly, the trend is towards ever smaller designs and ever greater packing densities. To ensure this, precise,

highly efficient production equipment, a great deal of know-how and responsible handling of materials are necessary. The most important thing in the production of PCBA's (Printed Circuit Boards Assembly) is to create visually and technically flawless solder joints while handling the components as gently as possible and putting as little thermal and mechanical stress on them as possible.

Nitrogen consumption

One of the raw materials used in the brazing process is nitrogen to ensure the quality of the product. Compared to 2019, the specific indicator (per turnover) decreased by 36 % in 2022.

Specific nitrogen consumption (m³/T€ turnover)



Solder paste consumption

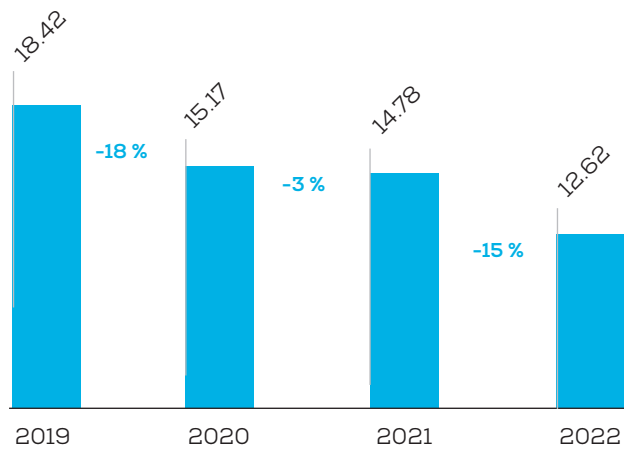
The solder used in this process is a metal alloy that fills the space between the soldering partners, creating both an electrical and mechanical connection. Compared to 2019, the specific solder paste consumption (kg/million € turnover) has decreased by 20 % in 2021.

We use lead-free solder paste in our own products and where our customers' specifications allow. Today, we work lead-free as much as possible.

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..

For 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 undertake 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.

Specific Solder paste consumption (kg/million €)



Initiatives to save material

Responsible handling of minerals is essential for flawless solder joints. 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 the materials and products in the supply chain without using new packaging. To make this process possible, not only KATEK, but also the suppliers and customers have to participate in the reuse of these pendulum 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 MSL 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 called obsolescence. This contradicts the idea of a circular economy and the longevity of products, which is why KATEK also actively and proactively supports its customers in obsolescence management and lifecycle management.

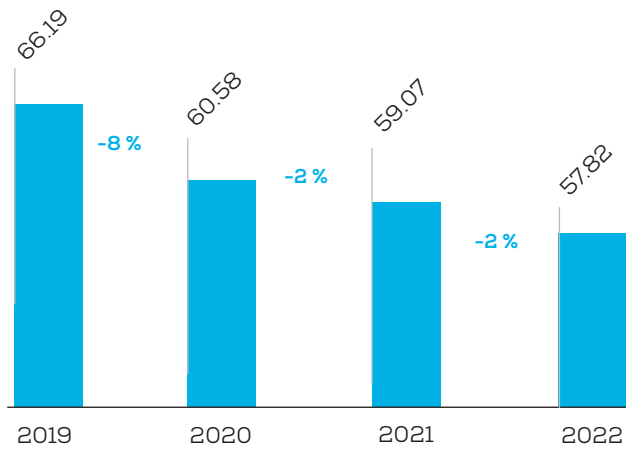
KATEK is a member of COGD e.V. (Component Obsolescence Group Deutschland e. V.), which, in addition to being a kind of think tank on the subject of obsolescence management, also offers an exchange of experience with other companies and support in the development of strategies, methods and procedures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

4.4 Water

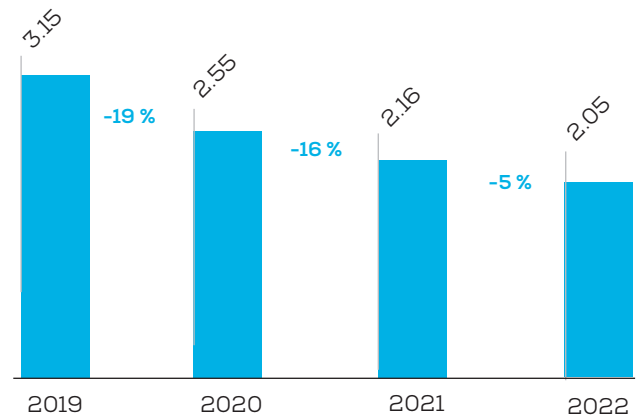
Water consumption within the KATEK Group is not intensive. It is limited to hygienic and sanitary purposes. Moreover, there are no KATEK facilities in areas with severe water stress. Nevertheless, employees are encouraged to use this resource responsibly.

The KATEK Group's water consumption has increased in recent years: from 17.4 Tm³ in 2019 to 39.5 Tm³ in 2022. Nevertheless, consumption has steadily decreased in relation to the company's growth (measured in terms of turnover) compared to 2020 (measured in cubic meters). Whereas in 2019 66.19 Tm³ were consumed, in 2020 it was 60.58 Tm³, in 2021 59.07 Tm³ and in 2022 57.92 Tm³. This represents a reduction of 12.5% from 2019 to 2022. The data for KATEK Canada could only be estimated, as the municipal water supply in Ontario only charges a flat water rate. Due to the Great Lakes and the St. Lawrence River, this region is blessed with abundant freshwater resources.

Specific water consumption (m³/T€ turnover)



Specific waste generation (Tonnes/million € turnover)

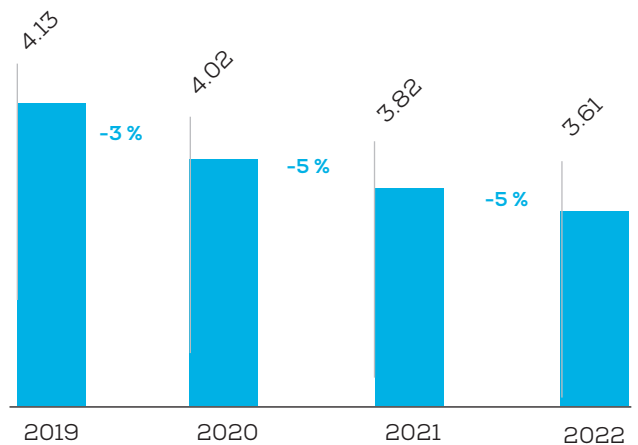


4.5 Waste reduction initiatives

Due to the strong growth as well as the integration of further companies, the amount of waste produced by the KATEK Group has also increased in recent years from 809 tonnes in 2019 to 1,104 tonnes in 2022, but this waste growth was significantly lower than the increase in turnover. Thus, KATEK is reducing 35% waste in relation to revenue growth from 2019 to 2022 (2019: 3.15t/tonne, 2020: 2.55t/tonne, 2021: 2.16t/tonne, 2022 2.05t/tonne)..

The amount of hazardous waste has also decreased by 13% compared to the total waste generation between 2019 and 2022.

Hazardous waste / total waste volume (%)



As a company, we strive to further reduce waste and motivate our employees to do the same.

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.
- **Recycling:** If waste can neither be avoided nor reused, it must be recycled. Examples include handkerchiefs and printer paper made from waste paper, glass containers made from waste glass and new plastic returnable bottles made from plastic returnable bottles that can no longer be used.
- **Other recovery, e.g. energy recovery:** If waste cannot be avoided, reused or recycled, it may make sense to recover it energetically, i.e. the energy released in the process can be used, for example, to produce electrical energy and district heating.

We pay attention to waste separation at our sites. In 2021, KATEK Düsseldorf generated 136 tonnes of waste, 93 % of which was sorted. The disposal of 56 % of the waste (including electronic scrap or dross, which is produced when metals are smelted) generated income instead of costs.

4.6 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 the KPIs related to biodiversity in order to be able to report on appropriate parameters in the future.

5. About this Report

With this sustainability report we inform customers, business partners, employees, shareholders and the interested public about our sustainability activities. KATEK publishes the separate non-financial Group report audited by the Supervisory Board in accordance with Section 315c in conjunction with Section 289b HGB. § Section 289b of the German Commercial Code (HGB) as the Sustainability Report 2022 on the company's website at <https://katek-group.de/ueber-katek/nachhaltigkeit> within a period of four months after the reporting date. KATEK thus complies with the legal obligation to disclose non-financial information in accordance with the "Act to strengthen non-financial reporting by companies in their management and group management reports (CSR Directive Implementation Act - CSR-RUG)".

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. Through its membership, 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 ten principles of the UN Global Compact, including human rights, labor standards, environmental protection and anti-corruption, comprise essential parts of the reporting topics required in the non-financial group declaration according to HGB 298c para. 2 and 3. KATEK therefore follows the structure of the UN Global Compact as a framework and supplements the report and its contents with additional disclosures where this appeared necessary from KATEK's point of view to fully comply with the requirements of the HGB. At the same time, the intention of this report was to strive for convergence with the guidelines of the Global Reporting Initiative (GRI) with regard to the European Sustainability Reporting Standards (ESRS) in accordance

with the requirements of the Corporate Sustainability Reporting Directive (CSRD). In this report, the KATEK Group also includes reporting on Regulation (EU) 2020/852. The so-called Taxonomy Regulation, with its requirements, is also an authoritative framework for reporting.

This report covers the period from 01 January 2022 to 31 December 2022. The key figures were recorded by the respective departments and divisions and apply to the entire KATEK Group unless otherwise stated.

It is supplemented by information from periods before and after the above-mentioned date up to the editorial deadline of 31 January 2023. This information is named accordingly. Measures and key figures relating to individual parts and locations of the KATEK Group are also marked accordingly.

This KATEK Sustainability Report 2022 is published at the same time as the KATEK Annual Report 2022, to which we refer for further background information on the company's financial targets and business development.

Within the report, KATEK takes care to use gender-appropriate wording when referring to persons. For the benefit of the reading flow, we refrain from using spellings 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 explicitly point out that we address all genders equally without restriction in these places as well.

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



6. Appendix

6.1 KPI Tables

6.1.1 Governance KPI

	2022	2021	Explanation
Fines and non-monetary sanctions imposed on KATEK for non-compliance with laws and/or regulations in the social, economic or environmental field (No)	0	0	
Confirmed corruption or compliance violations (No)	0	0	
Employees who have received anti-corruption training (No)	2,018	N/A	Part of CoC training; eLearning roll-out planned at production workstations
Suppliers who either have a compliance process according to international standards and/or have signed KATEK's Code of Suppliers (No)	162	148	Focus on relevant suppliers (=suppliers with at least 20 deliveries per year)

6.1.2 Social KPI

		2022		2021		Explanation
		Absolutly	Quote	Absolutly	Quote	
Employees	RTD	2,936,4		2,665,1		
	Head	3,060		2,786		
	inactive	160		116		
Employees	male	1,578	49.01 %	1,386	49.7 %	
	female	1,642	50.99 %	1,400	50.3 %	
	diverse	0	0	0	0 %	
Employees	with severe disability	81	2.50 %	90	3.5 %	
Leadership position	male	199	76.54 %	130	85.5 %	
	female	61	23.46 %	22	14.5 %	
	diverse	0	0	0	0 %	
Age structure	under 30 years	578	17.95 %	447	16.7 %	
	30-50 years	1,545	47.98 %	1,299	48.7 %	
	over 50 years	1,097	34.07 %	923	34.6 %	
Length of service	under 1 year	583	18.11 %	329	12.4 %	
	1-10 years	1,471	45.68 %	1,294	48.9 %	
	over 10 years	1,166	36.21 %	1,022	38.6 %	
Satisfaction	Fluctuation rate		1.70 %		7.0 %	
	Sickness rate		7.01 %		7.1 %	
Trainees	taken over into employment	16	84 %	15	83 %	
Jobs	Entries	71		22		
	Number of vacancies	175		86		
	Departures	48		36		
Hours	Sick hours	365,081.71	7.01 %	344,167.19	7.1 %	
	Mobile-work hours	179,092.93	3.44 %	17,894.62	7.9 %	2021: only December

Locations: beflex (Frickenhausen, München, Hamburg und Witten), Düsseldorf, Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Győr (Hungary), Leipzig, Litauen, eSystems, Mauerstetten, TeleAlarm EU, TeleAlarm SA.

6.1.3 Environmental KPI

GHG emissions - GRI 305

tCO ₂ e	2022	2021	2020	2019
Scope 1	1,551	1,336	1,134	1,063
Scope 2	7,232	8,942	6,450	5,536
Scope 3	3,896	3,407	2,814	2,213
Absolute tCO₂e	12,679	13,685	10,398	8,812
Specific KPI 1+2/turnover (tCO₂e/million €)	12.88	19.55	20.69	23.88
Diff Year-1	-34 %	-6 %	-13 %	-
Diff 22-19	-46 %	-	-	-

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, Saedinenie (Bulgaria), Memmingen, Mauerstetten, Győr (Hungary), eSystems*, Mauerstetten, KATEK SE*.

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

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

2022: beflex (Frickenhausen*, Munich*, Hamburg and Witten*), Düsseldorf, Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Győr (Hungary), Leipzig, eSystems, Mauerstetten, Aisler (NL*, DE*, USA*), KATEK SE*, TeleAlarm EU*, TeleAlarm SA, KATEK Canada.

* Partially estimated

Electricity Consumption - GRI 302

	2022	2021	2020	2019
Absolute (MWh)	25,771	19,681	13,130	10,944
Green electricity (%)	49.6 %	35.4 %	35.3 %	33.1 %
Diff Year-1	40 %	0 %	7 %	-
Diff 22-19	50 %	-	-	-
Specific KPI Absolute/turnover (MWh/million €)	37.73	36.44	31.70	42.11
Diff Year-1	+4 %	+15 %	-25 %	-
Diff 22-19	-10 %	-	-	-

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

Locations in electricity consumption calculation:

2019: beflex (Frickenhausen*, Munich* and Witten*), Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Mauerstetten, Győr (Hungary), eSystems*, Mauerstetten, KATEK SE*.

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

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

2022: beflex (Frickenhausen*, Munich*, Hamburg and Witten*), Düsseldorf, Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Győr (Hungary), Leipzig, eSystems, Mauerstetten, Aisler (NL*, DE*, USA*), KATEK SE*, TeleAlarm EU*, TeleAlarm SA, KATEK Canada.

* Partially estimated

Water Consumption - GRI 303

	2022	2021	2020	2019
Absolute (m³)	39,499	31,905	25,092	17,276
Specific KPI Absolute/turn- over (m³/million €)	57.82	59.07	60.58	66.19
Diff Year-1	-2 %	-2 %	-8 %	-
Diff 22-19	-13 %	-	-	-

Materials - GRI 301

Nitrogen Consumption	2022	2021	2020	2019
Absolute (m³)	6,752,121	5,875,378	5,362,994	4,005,860
Specific KPI Absolute/turn- over (m³/T€)	9.88	10.88	12.95	15.35
Diff Jahr-1	-9 %	-16 %	-16 %	-
Diff 22-19	-36 %	-	-	-

Solder paste Consumption	2022	2021	2020	2019
Absolute (kg)	7,967	7,983	6,281	4,808
Specific KPI Absolute/turn- over (kg/million €)	12.62	14.78	15.17	18.42
Diff Year-1	-15 %	-3 %	-18 %	-
Diff 22-19	-31 %	-	-	-

Waste production - GRI 306

	2022	2021	2020	2019
Hazardous (t)	50.41	42.15	36.17	33.41
Not hazardous (t)	1,396.26	1,062.18	863.66	775.61
Absolute (t)	1,446.66	1,104.33	899.63	809.02
% Hazardous/ Total waste production	3.61 %	3.82 %	4.02 %	4.13 %
Diff Year-1	-6 %	-5 %	-3 %	-
Diff 22-19	-13 %	-	-	-
Specific KPI Absolute/turn- over (t/million €)	2.05	2.16	2.55	3.15
Diff Year-1	-5 %	-16 %	-19 %	-
Diff 22-19	-35 %	-	-	-

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

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

2019: Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Mauerstetten, Győr (Hungary), eSystems*, Mauerstetten.

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

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

2022: beflex (Frickenhäuser*, Munich*, Hamburg and Witten*), Düsseldorf, Grassau, Czech Republic, Saedinenie (Bulgaria), Memmingen, Győr (Hungary), Leipzig, eSystems, Mauerstetten, Aisler (NL*, DE*, USA*), KATEK SE*, TeleAlarm EU*, TeleAlarm SA, KATEK Canada.

* Partially estimated

Biodiversity - GRI 304

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

6.2 Information on the EU taxonomy

General principles

In view of the effects of climate change, the European community of states has committed itself with the European Green Deal to measures to protect the global climate in order to achieve the goal of a climate-neutral continent by 2050. For this purpose, the EU Commission has set up a package of measures within the framework of its „Sustainable Finance“ action plan, which aims to channel capital flows into ecologically sustainable activities. For this reason, Regulation (EU) 2020/852 (EU Taxonomy Regulation) was adopted by the EU Parliament and the EU Council on 18 June 2020.

The EU taxonomy is a classification system for the EU economic area that defines which economic activities are classified as environmentally sustainable based on defined assessment criteria. The aim of the EU Taxonomy is to classify economic activities according to their contribution to the following six EU environmental objectives through EU-wide defined requirements:

1. Climate protection
2. Adaptation to climate change
3. Sustainable use of water and marine resources
4. Change to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The EU taxonomy distinguishes between (non) taxonomy-eligible and (non) taxonomy-compliant economic activities and thus introduces two levels of sustainability.

Taxonomy-compliant economic activities include those described in the Delegated Acts supplementing the Taxonomy Regulation, irrespective of the extent to which the technical criteria set out therein are met.

In contrast, an economic activity is compliant with the EU taxonomy if it additionally

1. makes a significant contribution to one of the environmental goals (“Substantial contribution”),
2. does not significantly affect the achievement of the five other EU environmental objectives (“Do no significant harm” or “DNSH”) and
3. complies with minimum protection requirements for occupational safety and human rights (“Minimum Safeguards”)

Accordingly, KATEK Group is required to disclose for the financial year 2022 the share of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) attributable to (non) tax-allowable or (non) tax-compliant economic activities.

The ratios are defined according to the EU taxonomy as follows:

Sales	The sales KPI corresponds to the share of net sales of goods or services associated with taxonomy-eligible or -compliant economic activities in total turnover within the meaning of Art. 2 No. 5 of the EU Accounting Directive (turnover according to IAS 1.82 (a))
CapEx	The CapEx KPI is the share of capital expenditure that relates to assets or processes associated with taxonomy-compliant economic activities, that is part of a plan to expand taxonomy-compliant economic activities or to transform taxonomy-compliant economic activities into taxonomy-compliant economic activities (CapEx plan), or that relates to the purchase of (service) outputs from taxonomy-compliant or taxonomy-compliant economic activities and individual measures that carry out target activities in a low-carbon manner or reduce greenhouse gas emissions within 18 months. (CapEx plan) or which relates to the purchase of (services) from taxonomy-compliant economic activities and to individual measures through which target activities are carried out in a low-carbon manner within 18 months or the emission of greenhouse gasses is reduced. Capital expenditure includes additions to property, plant and equipment and intangible assets during the financial year before depreciation and revaluations in accordance with IAS 16.73 (e) (i) and (iii), IAS 38.118 (e) (i), IAS 40.76 (a) and (b) and 40.79 (d) (i) and (ii), IAS 41.50 (b) and (e) and IFRS 16.53 (h), including additions from business combinations.
OpEx	The OpEx KPI represents the share of operating expenditure related to assets or processes associated with taxonomy-eligible or -compliant economic activities that is part of a CapEx plan or that relates to the purchase of (service) outputs from taxonomy-eligible or -compliant economic activities and to individual measures that carry out target activities in a low-carbon manner or reduce greenhouse gas emissions within 18 months. Building renovation measures are also included. Operating expenses include direct non-capitalised expenses related to research and development, building refurbishment, short-term leasing, maintenance and repair, in addition to all other direct expenses related to the day-to-day maintenance of property, plant and equipment by the company itself or third parties.

Process at the KATEK Group

In the 2022 financial year, KATEK Group implemented a project to implement the EU taxonomy requirements related to the EU environmental goals 1 "climate change mitigation" and 2 "adaptation to climate change".

In the first step of the indicator collection process, the economic activities of the KATEK Group were assigned to the corresponding taxonomy activities as part of an initial mapping. This was followed by

discussions with technical experts from the relevant business areas to analyze the activities in more detail and to check whether taxonomy activities exist (taxonomy capability) and whether they meet the defined criteria and minimum requirements (taxonomy conformity). The resulting assessments were documented including the corresponding supporting documents and evidence.

The analysis of taxonomy compliance was basically carried out as follows:

- Substantial Contribution test: The relevant criteria were examined individually for each taxonomy-eligible economic activity of the KATEK Group. For this purpose, experts from the respective areas were interviewed and the respective findings and assessments were documented.
- Verification that no other EU environmental objectives are significantly affected (DNSH): With regard to the DNSH criteria, reference is made to Chapter 5 (Environment) of the KATEK Group Sustainability Report. The relevant criteria and measures are described there.
- Review of the minimum protection requirements ("Minimum Safeguards"): A group-wide approach has been taken to ensure minimum safeguards are adequately and comprehensively followed.

The KATEK Group has dealt in detail with the taxonomy-related reporting requirements and is following the corresponding discussions in specialist bodies and literature.

Implementation at the KATEK Group

Within the scope of legal requirements for the 2022 financial year, the KATEK Group reports detailed information on taxonomy eligibility and compliance in relation to each individual economic activity. The following activities of the KATEK Group have been identified as taxonomy-eligible or -aligned:

Taxonomy-eligible activity (number / name)	Description	Conformity
3.1. Production of renewable energy technologies	Electronic components for photovoltaic and Solar systems	Yes
3.3. Production of low-CO ₂ transport technologies	Wallboxes, cables for e-cars, E-cars as company cars	Yes
3.17. Production of plastics in primary molds	Plastic production	No
4.9. Transmission and distribution of electricity	Smart Meter Gateways	No
5.1. Construction, expansion and operation of water collection, treatment and supply systems	Drinking water purifiers	Yes
6.4. Operation of personal mobility devices, cycling logistics	Bicycle and e-bike leasing	No
6.11. Passenger transport in maritime and coastal navigation	Electric boat drives	No

The activities all relate to the EU environmental objective 1 "Climate change mitigation". No economic activity was identified that is attributable to EU environmental objective 2 "Adaptation to climate change".

The core activities of the KATEK Group are in the areas of electronic components and assemblies (assembly), solar energy and e-mobility, which account for the majority of sales revenues.

However, since the pure electronics manufacturing or manufacturing services for electronic components (Electronic Manufacturing Services - EMS) is not covered by the EU taxonomy, however, this area is not included in the calculation of the KPIs.

The activities relevant under the EU taxonomy therefore represent only part of the core business of the KATEK Group. Taxonomy-relevant activities are mainly in the areas of solar energy and e-mobility.

EU taxonomy key figures of the KATEK Group

The reporting is based on the key figures defined in the Taxonomy Ordinance, i.e. taxonomy-compliant or taxonomy-eligible turnover, CapEx and OpEx.

The relevant values could be clearly determined through specific queries to the individual companies in which corresponding economic activities were identified, so that the risk of double counting was avoided

For the reporting year 2022, the following information on the taxonomy-eligible and taxonomy-aligned activities of the KATEK Group was determined:

	Total (in EUR k)	Share taxonomy-eligible activities	Share taxonomy-aligned activities
Turnover	683,100	20.53 %	19.49 %
CapEx	33,453	34.14 %	33.45 %
OpEx	17,667	26.71 %	25.86 %

The application practice of the EU Taxonomy has revealed a number of application issues and ambiguities. From KATEK Group's point of view, the reporting reflects the state of application practice and the interpretation of the EU Taxonomy Regulation at the time of the preparation of this report to the best of our knowledge and belief.

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The Sustainability Report of KATEK SE is available in German and English.

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