

Sustainability report Schlatter Group 2023



Contents

For a secure connection: Sustainability highlights of the year 2023	3
CEO statement	4
Company profile	5
About this report	6
Environment (E)	9
Energy	9
Emissions	10
Resource management and circular economy	12
Social (S)	14
Employment	14
Diversity and equal opportunities	14
Occupational health and safety	16
Governance (G)	17
Compliance	17
Other topics	18
Product safety	18
Supply chain	19
GRI index	21

For a secure connection: Sustainability highlights of the year 2023

«The secure connection»: Schlatter's slogan «the secure connection» does not only provide orientation in the business context – it's also the guiding principle when it comes to our efforts towards sustainability. Following the example of our welding machines, which

create a reliable connection between two wires or rails,

we want to transfer the concept of the «secure connection» to the areas of environment, social aspects, and corporate governance.

With the image of the «secure connection» in mind, we have set ourselves the goal of enabling a continuous improvement in our impact on the environment, social aspects as well as corporate governance in the coming years. To this end, we intend to implement specific

measures each year and thus make gradual progress. Below you will find an overview of our progress in 2023.

Area	Meaning of the «secure connection»	Progress made during the reporting year 2023
E – Environment	For us, a secure connection to the environment means viewing it as a stakeholder. It is our aspiration to be aware of our impact on the environment every day and to continuously improve it.	<ul style="list-style-type: none"> • First voluntary sustainability report: With the publication of our first voluntary sustainability report, we have started to become aware of our impact on the environment and to quantify it. In this first step, we record and publish our scope 1 and scope 2 emissions, among other things. The inclusion of scope 3 emissions is planned for the coming years. • Schlieren (CH) energy-saving project: We have also succeeded in reducing electricity consumption at the Schlieren site by 17% compared to 2022 thanks to an energy-saving project. • Due Diligence Act: In response to the new Swiss Due Diligence Act, we have strengthened our measures to prevent child labor in our supply chain and introduced a monitoring process on the topic of conflict minerals. • Whistleblower system: In 2023, we introduced a whistleblower system that enables our employees and all stakeholders to report concerns and possible breaches of ethical standards or laws confidentially and anonymously.
S – Social	In the context of social responsibility, we understand a secure connection as continuously considering the needs of people and society in our business decisions. Our focus here is on our own employees, the workers in our supply chain, the customers who operate our plants and, ultimately, the people living near our sites.	
G – Governance	For us, a secure connection in terms of governance and company management means ensuring transparent decision-making processes that also meet ethical criteria, as well as implementing clear responsibilities and control mechanisms to maintain.	

CEO statement

GRI 2-22

Last year, the Schlatter Group laid the foundations for a stronger focus on sustainability. Although we are only at the beginning of this important journey, we have already recognized the urgency and relevance of the topic. For us, sustainability means not only environmental protection, but also social responsibility and economic stability. We are committed to continuously improving our business practices to reduce our emissions and have a positive impact on the communities in which we operate. By using resources efficiently and driving sustainable innovation, we aim to create long-term value for our stakeholders. This commitment is reflected in our efforts to consider not only current but also

future generations. Together, we want to further develop our corporate culture with an increased focus on sustainability.

In our first year on this sustainability journey, we have already achieved significant milestones. For example, the publication of our first voluntary sustainability report marks an important step towards transparency and accountability. Furthermore, we have strengthened the integration of sustainability within the organization by actively addressing it in forums such as Group Management and the Board of Directors. This strategic integration ensures that sustainability considerations form an integral part of our corporate decision-making processes.

Another landmark initiative is our voluntary commitment to annual improvement

measures. This commitment not only demonstrates our readiness for continuous development, but also our determination to achieve concrete and measurable progress.

Schlieren, March 28, 2024



Werner Schmidli
Chief Executive Officer



Company profile

GRI 2-1, 2-6

Leading global supplier of mesh welding machines and weaving machines

The Schlatter Group is one of the world's leading suppliers of machines for the production of reinforcing and industrial mesh (e.g. also shopping cart mesh or oven mesh), machines for welding railroad tracks and weaving machines for the production of technical fabrics for paper manufacturing. With many years of expertise in machine technology, innovative strength, and a reliable support service, we offer our customers high-performance, high-quality production machines.

The Schlatter Group is headquartered in Schlieren, Switzerland, and its parent company, Schlatter Industries AG,

is listed on the SIX Swiss Exchange.

Our production sites are in Switzerland, Germany, and Italy. In addition, our subsidiaries in France, the USA, Brazil, Malaysia, India, China, and Turkey expand our sales network and enable us to always be close to our global customers and present on the main international markets.

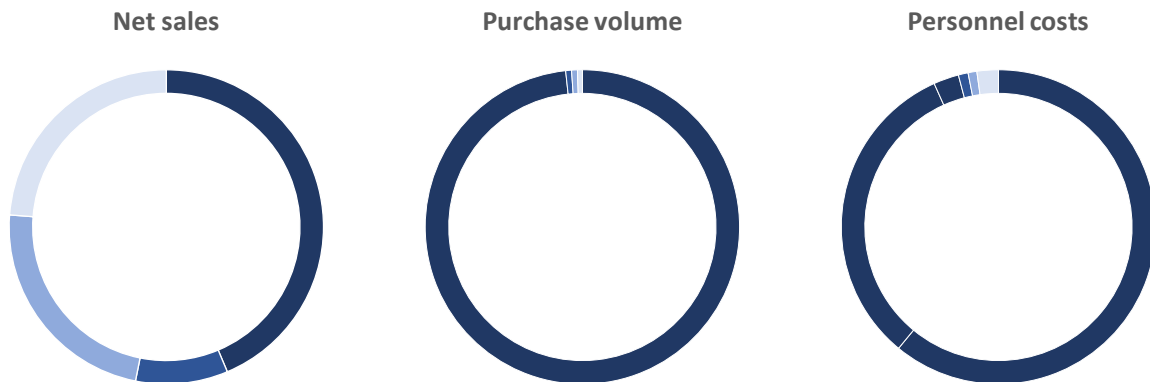
Global presence with roots in Europe

Most of our value creation takes place in Switzerland and Germany: The production of the core modules and the assembly of every Schlatter welding and weaving machine take place either in Schlieren, Switzerland or Münster, Germany. In the 2023 financial year, 92 % of our personnel costs were incurred exclusively in Switzerland and Germany

(previous year: 93 %). We purchase products almost exclusively from European suppliers.

Although our production and purchasing activities are mainly limited to Europe, our sales markets are global: in 2023, more than half of our sales (59 %) were generated outside Europe (previous year: 56 %).

Our high-quality standards and strong partnerships are the basis of our global success.



2023 (2022)	Net sales	Purchase volume	Personnel costs
Europe: Switzerland			60 % (61 %)
Europe: Germany	41 % (44 %)	99 % (98 %)	32 % (32 %)
Europe: Other countries			3 % (3 %)
Central and South America	12 % (9 %)	1 % (1 %)	1 % (1 %)
Middle East, Africa, Asia, Australia	27 % (23 %)	0 % (1 %)	1 % (1 %)
North America	20 % (24 %)	0 % (0 %)	3 % (2 %)

About this report

First-time voluntary publication GRI 2-2, 2-3

This text marks a significant milestone as the Schlatter Group's first annual sustainability report. It was prepared on a voluntary basis with reference to the GRI standards and covers all fully consolidated subsidiaries of the Schlatter Group. The reporting period covers the financial year of the Schlatter Group from January 1, 2023, to December 31, 2023, compared to the financial year 2022. This report was published on March 28, 2024. As this is the first sustainability report we have published, no adjustments have been made

for earlier periods. GRI 2-4 This report has been approved by the Board of Directors and Group Management and is not subject to external assurance. GRI 2-5

Engaging our stakeholders GRI 2-29

Our stakeholders play a decisive role in shaping our sustainable actions and are essential for identifying priorities, risks, opportunities, developments, and technologies in which we should invest.

Their expectations and concerns are valuable indicators of the trends that are relevant to us. We therefore maintain a constant and close exchange with our stakeholders via various communication channels

to gain an in-depth understanding of their interests in connection with our business activities.

As part of our commitment to sustainability, we attach great importance to considering the perspectives and needs of our stakeholders to continuously improve the way we work and meet the expectations of our stakeholder groups. Our most important stakeholders and their key interests are summarized below:

Most important stakeholders	Most important dialog channels	Main interests
Customers	<ul style="list-style-type: none"> • Conversations • Customer visits • Fairs • Other communication channels 	<ul style="list-style-type: none"> • Quality and safety of our products • Good advice and service • Reliability as business partners • Prices and conditions • ESG information and transparency
Suppliers	<ul style="list-style-type: none"> • Conversations • Supplier visits • Audits 	<ul style="list-style-type: none"> • Fair terms and conditions • High order volume • Long-term cooperation
Employees	<ul style="list-style-type: none"> • Spontaneous conversations • Performance reviews • Employee surveys • Employee information and events 	<ul style="list-style-type: none"> • Employee satisfaction • Salary & fringe benefits • Social security benefits • Flexibility • Education and training • Job security • Diversity and equal opportunities
Shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Investor Relations 	<ul style="list-style-type: none"> • Share price • Dividend • Sustainable profit • Information flow
Banks	<ul style="list-style-type: none"> • Conversations • Visits and events 	<ul style="list-style-type: none"> • Use of services offered by banks • Financial solvency • Compliance with regulations
Public authorities	<ul style="list-style-type: none"> • Conversations • Site visits • Audits 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Payment of taxes and fees

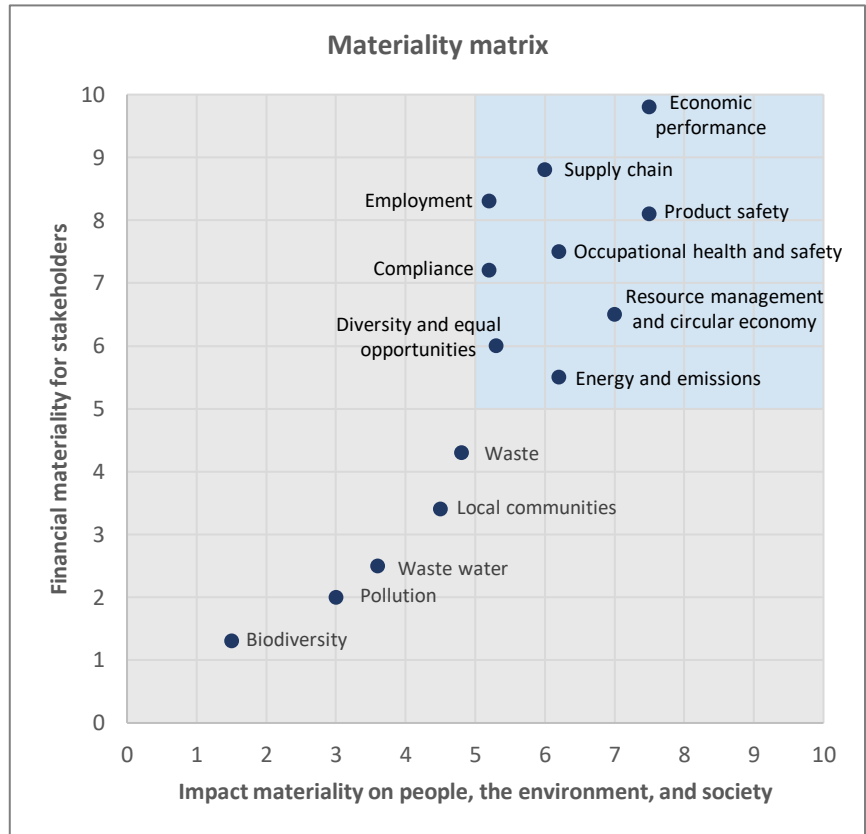
Identification of material sustainability topics GRI 3-1, 3-2

In 2023, we carried out our first materiality assessment. The aim was to identify sustainability topics where the Schlatter Group has a significant impact on people and/or the environment. In addition, the focus was on those issues that could have a material financial impact on the organization in the short, medium, and long term.

At the outset, we identified the broadest possible selection of environmental, social, economic and governance topics that are currently relevant or could prove to be material for the Schlatter Group in the medium to long term:

- Energy and emissions
- Resource management and circular economy
- Employment
- Diversity and equal opportunities
- Economic performance
- Occupational health and safety
- Compliance
- Product safety
- Supply chain
- Waste
- Waste water
- Pollution
- Biodiversity
- Local communities

Although all the topics mentioned are important, we focus our reporting on those that are most relevant to the Schlatter Group. To assess our impact in the material topic areas, we interviewed various internal stakeholders, including our CEO, CFO, and others, on sustainability topics. In addition, we used the previously described dialog channels with our stakeholders to understand their views and expectations



regarding sustainability topics and to find out how they rate these topics in terms of their respective importance.

Based on this information, we prioritized each sustainability topic in terms of its financial significance for our stakeholders (y-axis) and its impact on people, the environment and society (x-axis). We have prioritized the results according to the greatest relevance, as shown in the matrix above. The prioritization serves as a guideline for our strategy as well as future measures and action plans. The result of our assessment was that the following topics are material for us as the Schlatter Group:

- Energy and emissions
- Resource management and circular economy
- Employment

- Diversity and equal opportunities
- Economic performance
- Occupational health and safety
- Compliance
- Product safety
- Supply chain

For detailed information on economic performance, please refer to our separate annual report. GRI 201-1

The structure of the Schlatter Group's sustainability organization

GRI 2-12, 2-13, 2-14

The structure of the Schlatter Group's sustainability organization is designed to firmly embed sustainable practices in all areas of the company.

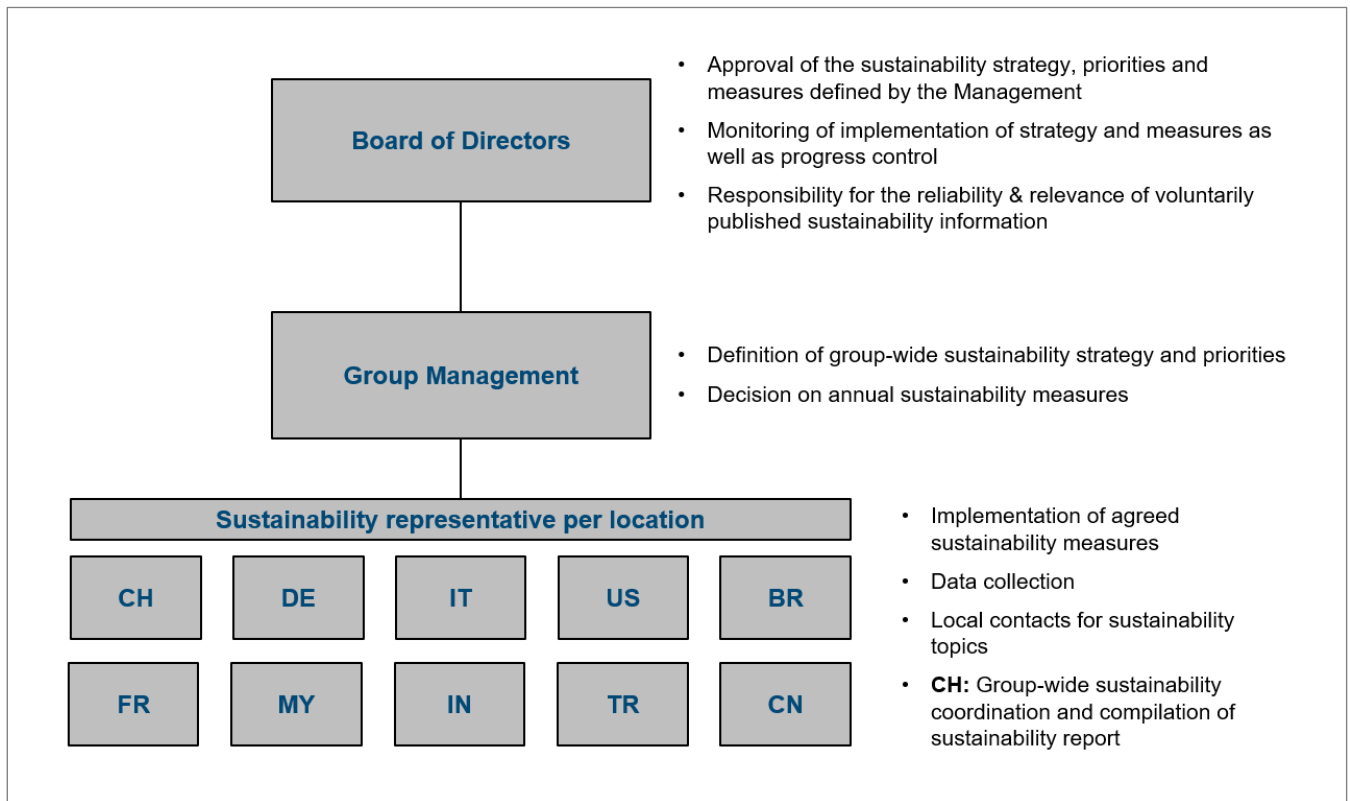
The Board of Directors has set clear directions here, deciding that the Schlatter Group should focus more strongly on the topic of sustainability and voluntarily address sustainability aspects. This decision aligns with the ultimate responsibility of the Board of Directors, including the approval of the sustainability strategy and the priorities and measures defined by Group Management. Sustainability is regularly on

the agenda of the meetings of the Board of Directors.

Meanwhile, the Group Management assumes the responsibility for defining the sustainability strategy and setting priorities for the entire group. It also decides which measures are to be implemented each year. This is essential to ensure that the group's sustainability efforts are coordinated at all levels.

Sustainability representatives are appointed at each location who not only coordinate the collection of sustainability data but are also responsible for implementing the decided measures. They also act as local contacts for sustainability-related topics and help to ensure that the sustainability goals are effectively implemented locally.

Through this clear and efficient organization, the Schlatter Group ensures that its sustainability efforts are not only managed, but also lead to continuous improvement – step by step towards a more sustainable future.



Environment (E)

The Schlatter Group and its products have an impact on the environment primarily through their energy consumption and emissions along the entire value chain. However, there are no significant amounts of toxic waste or wastewater generated. Also, there is no excessive water usage. The main environmental issues addressed are therefore energy, emissions and, in connection with this, resource management and circular economy.

Energy

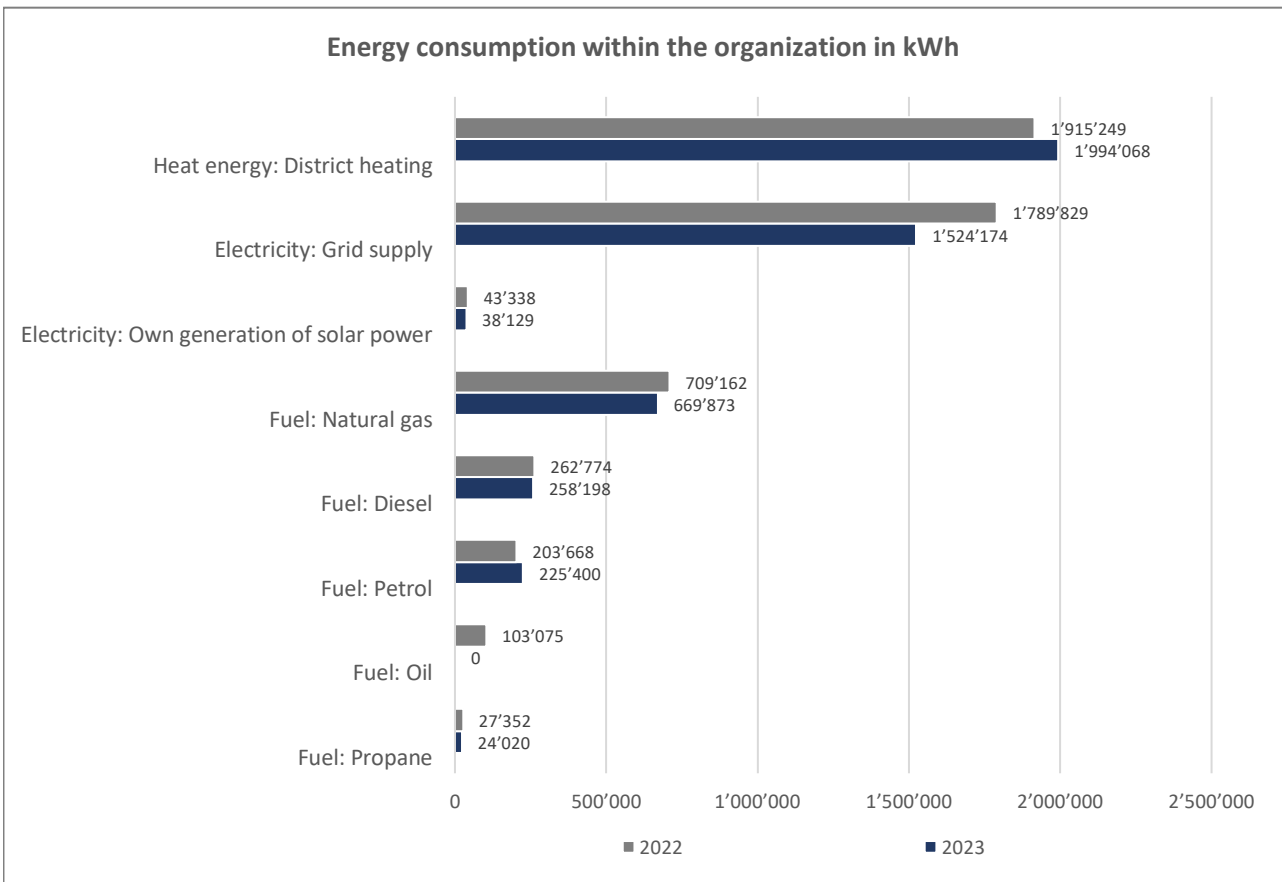
Transparency in the measurement of our energy consumption for continuous improvements GRI 302-1

We are aware of the global challenges in dealing with energy and therefore strive to make our contribution to a more sustainable future. As part of the Schlatter Group's sustainability approach, transparency and the measurement of our energy consumption are very important to us. Transparent presentation enables us to identify and continuously realize improvement potential in a

targeted manner - always with the aim of fully exploiting our energy efficiency potential.

In 2023, the Schlatter Group recorded a global energy consumption of 4'733'863 kWh of energy within the organization (previous year: 5'054'447 kWh).

The following chart shows the absolute energy consumption per energy source and year in detail.



The conversion factors of the Federal Office of Economics and Export Control (BAFA) 2021 were used to convert fuel consumption from litres and kilograms to kWh.

All fuels come from non-renewable sources.

In 2023, we sourced almost half of our global energy consumption, namely 47%, from renewable sources (previous year: 45%).

This high proportion of renewable energy is primarily due to the use of district heating to heat the main site in Schlieren.

The analysis of our energy consumption relative to revenue enables us to assess the efficiency of our energy-related activities in the context of our economic performance. In 2023, consolidated energy consumption per thousand CHF of consolidated revenue¹ amounted to 37 kWh (previous year: 46 kWh).

Successful reduction of electricity consumption in Schlieren GRI 302-4

Through a comprehensive energy-saving project at our headquarters in Schlieren, we were able to reduce our electricity consumption by 17% in 2023 compared to 2022. This positive development was made possible by targeted measures such as the gradual replacement of all conventional light sources with energy-efficient LED lighting and the adjustment of the operating times of our technical machines.

Own power generation through solar systems at the site in Münster, Germany

Since 2020, we have relied on environmentally friendly electricity generation at the Münster site through a rooftop solar system. In 2023, this solar system generated 6% of the Münster plant's total electricity consumption, which

corresponds to 38'129 kWh (previous year: 43'338 kWh, 5%).

Energy efficiency of our machines

In the development of our machines, energy efficiency is a high priority. This establishes the foundation for low-loss machines right from the concept phase. For example, Schlatter welding machines have a very low impedance, which minimizes the electrical losses in the welding circuit. As a result, welding transformers with high transformation ratios can be used, which minimize the amperage required to power the machines.

Schlatter also uses regenerative power supply units for the electric drives that also brake. This means that the braking energy is not converted into waste heat but is fed back into the electrical grid.

To substantiate our efforts in energy efficiency with verifiable results and to be able to provide our customers with indicative energy consumption values during the sales process, we will carry out and analyze measurements of the energy consumption of our machines in the coming years.

The energy efficiency of our machines is a technological goal, and we are determined to continuously intensify our efforts in this area and achieve verifiable results. The planned energy consumption measurements are a further step in this direction.

Emissions

Our plan to reduce our CO₂ emissions

The Schlatter Group recognizes that global warming caused by greenhouse gas (GHG) emissions is one of the greatest challenges we face as a society in this century. This sustainability report and the recording of our CO₂ emissions are an important step on our path to greater environmental responsibility. Through transparent reporting and the continuous improvement of our sustainability measures, we want to come ever closer to our goals for greater sustainability and drive positive change in our company and in society.

We adhere to the internationally recognized Greenhouse Gas Protocol (GHG Protocol) as a basis for calculating emissions.

Scope 1 and scope 2 emissions GRI 305-1, 305-2

In our first sustainability report, we are focusing on scopes 1 and 2. All fully consolidated subsidiaries of the Schlatter Group were considered when collecting the data, with the consolidation approach being based on the principle of operational control.

Scope 1 includes direct CO₂ emissions from sources located within our organization. This includes emissions from fossil fuels such as gas and diesel.

Scope 2, on the other hand, describes indirect CO₂ emissions that originate from the external energy supply and that we use for our operational

¹ Basis: Consolidated net revenue from sales and services

processes. This includes, for example, indirect emissions from purchased energy, such as electricity or district heating.

Main drivers for changes in emissions compared to the previous year

Scope 1 emissions were significantly reduced compared to the previous year by integrating a temporary oil heating system for a hall at the Schlieren site into the district heating network.

In addition, scope 2 emissions were also significantly reduced. This was achieved on the one hand through the aforementioned energy-saving project at the main site in Schlieren, and on the other hand through lower electricity consumption resulting from the

reduced use of energy-intensive production machinery.

Outlook: Measurement of scope 3 emissions

In this first sustainability report, we focus on recording and analyzing scope 1 and scope 2 emissions, as these are most directly linked to our business activities. However, we are aware of the importance of Scope 3 emissions, which relate to indirect emissions outside our direct sphere of influence, such as supply chains, transport, and the use of our products.

We are preparing to include scope 3 emissions in our report in the coming years. Measuring these emissions requires even more intensive collaboration with our partners and suppliers to ensure a

comprehensive and reliable database.

Emissions in tonnes of CO₂ equivalents

	2022	2023	Change
Scope 1 – Direct GHG emissions (tonnes CO ₂ e)	299	269	-10 %
Scope 2 – Indirect energy-related GHG emissions based on the market-based method (tonnes CO ₂ e)	255	211	-17 %
Scope 2 – Indirect energy-related GHG emissions based on the location-based method (tonnes CO ₂ e)	351	348	-1 %

Notes on the calculation of emissions:

Scope 1 emissions were calculated using emission factors based on the DEFRA 2023 database.

The market-based approach was used to determine scope 2 emissions if product- or supplier-specific emission factors were available; otherwise, emission factors from the location-based approach were used.

In the location-based approach, the emission factors for electricity were used in accordance with the IEA 2023 guidelines. With regard to district heating, the "Average CH" emission factor from a study conducted by treeze ("Greenhouse gas emissions of the electricity and district heating mixes in Switzerland according to the GHG Protocol") was used.

All relevant greenhouse gases were included in the calculation of scope 1 and scope 2 emissions, converted into CO₂ equivalents and reported accordingly.

Resource management and circular economy

Turning old into new - a contribution to the circular economy with retrofits and used machines

The Schlatter Group has around 2'500 machines installed for its customers worldwide, which have an average service life of around 20 to 25 years. We support our customers throughout the entire service life of the machines and are at their side with our service. We are always in close contact with our customers and are experienced when they wish to replace a machine. We often offer a cost-effective and at the same time resource-saving alternative to a new machine - the so-called retrofit.

A retrofit involves the renewal or expansion of an existing machine, whereby individual components are replaced with a minimum use of resources to extend the service life. Controls and drives are often replaced. As retrofits are typically carried out on site at the customer's premises, machine transport routes can also be saved.

In 2023, 46 % of the total number of projects sold were "circular" projects² and 54 % were new installation projects (previous year: 49 % and 51 %).

We also focus on the circular economy by regularly buying back equipment in good condition from our customers in the Welding segment, refurbishing it and reselling it as used equipment. Through targeted renewal or conversion work, a

Used Schlatter mesh welding machine before refurbishment:



machine that would otherwise have become obsolete can be returned to the cycle and utilized for a further life cycle.

Regular maintenance to extend the service life of our machines

As part of our commitment to sustainability, the regular maintenance of our machines and the timely replacement of spare parts play a decisive role. These factors contribute significantly to extending the service life of our machines.

Our approach aims to identify and rectify problems at an early stage, not only to ensure smooth operation of the machines, but also to actively contribute to sustainable maintenance. With our services, including inspection services, round-the-clock support and the option of upgrades and repairs, we ensure that our customers can always count on high-quality support and further development of their machines. With remote and

vision support options, we actively contribute to sustainability by avoiding additional customer visits and the associated travelling emissions.

We also have a user-friendly service portal with a web shop that contains the complete machine documentation as well as assembly drawings with hotspots and parts lists. In this way, our customers can easily and quickly identify and order the spare parts they need in the event of a breakdown or for maintenance work. Our online ordering system ensures the smooth and efficient processing of orders. In this way, we actively contribute to greater sustainability as we minimize the consumption of paper and other resources.

² Retrofit, conversion and used machine projects

Resource conservation through digitalization and efficient packaging

The Schlatter Group now works largely digitally. In 2022, for example, we changed the printer system at our headquarters in Schlieren. While each desk island used to have its own small printer, there is now one central printer per floor. This has enabled us to reduce the number of printed paper pages by around 25 %.

We also focus on sustainability in packaging. Over the last few years, Schlatter has placed a special focus on efficient packaging, both for transport to our customers and for shipments from suppliers. To save on superfluous packaging material, we provide our suppliers with clear packaging instructions which, for example, favor simple separating cartons over plastic-rich film packaging. This has not only enabled us to save a lot of packaging material, but also to minimize unpacking times and damage during unpacking.

We are continuously committed to developing new sustainable solutions as part of our business activities and to organizing our business activities in a responsible and resource-conserving manner. With our measures in the areas of retrofits, used equipment, digitalization, and efficient packaging, we are actively helping to reduce our ecological footprint and create a more sustainable future.

Used Schlatter mesh welding machine after refurbishment:



Social (S)

Employment

Employees as a decisive success factor in the B2B expert environment

Our employees play a central role in our complex welding and weaving machine business: their extensive knowledge and many years of experience are decisive factors in our success. The Schlatter Group therefore regards its employees as its most valuable resource in competition with our rivals.

We focus on competitive employment conditions and regular dialogue

We offer our employees competitive and modern employment conditions. This includes, for example, worldwide private accident insurance for occupational and non-occupational accidents. We also enable part-time employment, including in management positions. As a rule, 50% of further training is financed by us as an employer, and we attach great importance to internal development, as this leads to a win-win situation for everyone. Regular surveys and appraisal interviews with our employees also enable us to respond to their needs. In this way, we hope to retain our employees in our company for as long as possible.

In the reporting year, the employee turnover rate³ was 12.3 % (previous year: 10.1 %).



Our code of conduct forms a solid foundation for a pleasant and constructive working environment, and we pursue a zero-tolerance policy towards any kind of discrimination against our employees. In this context, we work hard to ensure that our employees are treated equally regardless of their age, ethnic origin, skin color, gender, or nationality. Our employees appreciate our corporate culture for its short decision-making processes and the open and cooperative interaction with colleagues, both within their own department and across the company.

Diversity and equal opportunities

When selecting our employees, we focus exclusively on their qualifications and personality. Gender, age, ethnicity, orientation, and other factors do not play a role because, as already described, we have a zero-tolerance policy towards

any kind of discrimination. Harassment also has no place in our organization, and we take every report received in this regard seriously.

The equal pay analysis required by law at the Swiss site in 2020/2021 revealed an unexplained pay gap between men and women of 5.7 %.

³ All types of employee departures were considered. Excluded were employees with fixed-term contracts, apprentices, and employees with on-call contracts.

Gender diversity among all groups of employees: GRI 2-7, 405-1

	31.12.2022	31.12.2023	Change
Total number of employees*	349 (100 %)	367 (100 %)	+18
• of which male	307 (88 %)	324 (88 %)	+17
• of which female	42 (12 %)	43 (12 %)	+1
Executive Group Management	5 (100 %)	5 (100 %)	none
• of which male	5 (100 %)	5 (100 %)	none
• of which female	0 (0 %)	0 (0 %)	none
Middle Management	80 (100 %)	90 (100 %)	+10
• of which male	70 (88 %)	79 (88 %)	+9
• of which female	10 (12 %)	11 (12 %)	+1
Employees without management function	264 (100 %)	272 (100 %)	+8
• of which male	232 (88 %)	240 (88 %)	+8
• of which female	32 (12 %)	32 (12 %)	none

Diversity of generations:

	31.12.2022	31.12.2023	Change
Total number of employees*	349 (100 %)	367 (100 %)	+18
• of which < 30 years old	40 (11 %)	45 (12 %)	+5
• of which between 30 and 49 years old	139 (40 %)	147 (40 %)	+8
• of which > 50 years old	170 (49 %)	175 (48 %)	+5

Geographic diversity:

	31.12.2022	31.12.2023	Change
Total number of employees*	349 (100 %)	367 (100 %)	+18
• of which in Switzerland	166 (48 %)	173 (47 %)	+7
• of which in Germany	129 (37 %)	140 (38 %)	+11
• of which in other European countries	16 (5 %)	15 (4 %)	-1
• of which in Central and South America	9 (2 %)	9 (3 %)	none
• of which in the Middle East, Africa, Asia, and Australia	19 (5 %)	20 (5 %)	+1
• of which in North America	10 (3 %)	10 (3 %)	none

* All figures excluding employees with fixed-term contracts, apprentices, and employees with on-call contracts

Occupational health and safety

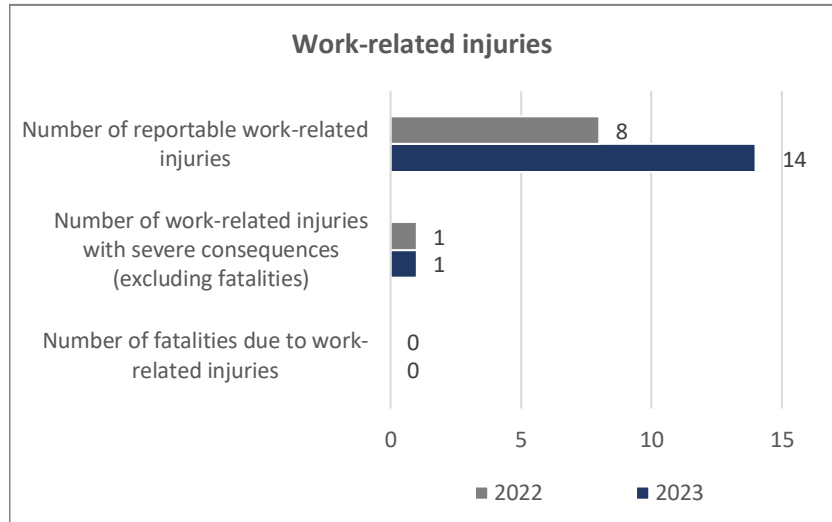
Occupational health and safety is of fundamental importance for safe production operations GRI 403-1

The Schlatter Group considers occupational safety to be a fundamental issue, as we produce at several locations around the world and are confronted with potential hazards from high voltage current, forces, chemicals, or mechanical processing. Our primary goal here is to protect our employees, particularly in the areas of production, assembly, and logistics. As compliance with legal regulations is a matter of course for us, we utilize considerable resources to ensure a safe working environment.

Examples of our occupational health and safety measures GRI 403-4

Dedicated safety officers: At each major production site, we have a dedicated safety officer who takes care of safety issues on site. In addition, we have an occupational safety group at our main sites in Schlieren and Münster, in which representatives from various areas meet regularly to discuss current issues and challenges around occupational safety. In this way, we ensure that our safety concepts not only exist on paper but are also effectively implemented in practice.

External security experts: At our main sites in Schlieren and Münster, we work closely with external security experts and consultants and carry out regular plant tours to identify and eliminate potential sources of danger at an early stage.



Comprehensive training: GRI 403-5 All new employees undergo safety training at the start to familiarize them with our safety organization. In addition, production employees in Switzerland, for example, undergo regular refresher training on occupational safety, which is tailored to their respective areas of responsibility and the associated risks.

Measurement of our efforts: GRI 403-9, 403-10 In order to fulfil our commitment to transparency, we attach great importance to publishing our key occupational safety figures. In the reporting period, we recorded 14 work-related injuries (previous year: 8) and no work-related illnesses (previous year: 1) across the entire group. We deeply regret the increase in injuries. As always, we have recorded and carefully investigated each individual case and discussed possible improvement measures in the occupational safety group. Possible causes for the increase could be carelessness and disregard of safety regulations by employees. To reduce the number of accidents in the long term, we are working

intensively on measures aimed at increasing the awareness of our employees and identifying and eliminating potential sources of danger.

For us at the Schlatter Group, occupational safety is a central component of any sustainability efforts. Accordingly, we will continue our commitment to the safety and well-being of our employees to ensure a safe and sustainable working environment.

Governance (G)

Compliance

The reputation of the Schlatter Group is based on decades of expertise, solid relationships with our business partners and the quality of our products and services. To live up to these high standards, every employee must act responsibly and competently in their dealings with colleagues, customers, business partners and the public.

Our stance on ethical conduct and integrity GRI 2-23, 2-26

We promote a corporate culture that is primarily based on the cornerstones of responsible behavior, mutual trust, and transparent practices. Our Code of Conduct, supplemented by the Anti-Corruption Guideline, forms the foundation of our endeavours around compliance. It sets out clear guidelines and standards of behavior, with a particular focus on integrity in relation to corruption, bribery, and other unfair behavior. In this way, we create the basis for ethical behavior and emphasize the central importance of trust in our business environment.

This code of conduct is an integral part of all employment contracts, which means that every new employee confirms their acknowledgement and agreement by signing it. We also conduct periodic training sessions on the Code of Conduct and obtain written confirmation of compliance with the anti-corruption guidelines from a defined group of employees who are potentially confronted with the issue of corruption due to their professional activities on an annual basis.

We act immediately in the event of reported compliance incidents. Each report is carefully reviewed, and we take appropriate action to address and remedy violations of the Code of Conduct.

We therefore regularly review our guidelines, our internal control system, and other procedures to ensure that they comply with current legal requirements, that they effectively address risks in our pro-

Compliance and corruption incidents:

	2022	2023
Compliance incidents <small>GRI 2-27</small>	0	1
of which incidents of corruption <small>GRI 205-3</small>	0	0

In 2023, a compliance incident occurred within the Schlatter Group. After learning of this, we immediately ensured that the person concerned could not commit any further offences. At the same time, we commissioned an external specialist to carry out a comprehensive investigation. All parties involved were carefully consulted and all information and evidence was thoroughly analyzed. This investigation led to a deeper understanding of the facts and the weaknesses in the process concerned. Building on this, we have further improved our internal control mechanisms to counteract future violations.

In 2023, we also introduced a whistleblower system that enables our employees and all stakeholders to report concerns and possible violations of ethical standards or laws confidentially and anonymously. This reporting system serves as an important point of contact for identifying and resolving issues relating to our business operations and corporate culture.

We are aware that the fight against corruption and misconduct is a continuous process.

cesses and that the defined controls and measures are also implemented.

Our aim is to create a corporate culture based on trust, respect, and integrity. Our efforts in this area will continue to be of the utmost importance to consolidate the trust of our stakeholders.

Other topics

Product safety

A central focus of the Schlatter Group as a plant manufacturer

As a leading plant manufacturer, we are aware of our responsibility to develop and manufacture high-quality and safe production machines that meet the highest safety standards.

The European Machinery Directive forms the basis for this and is of central importance to us, as it contains all the subordinate standards that we consider in our products. We ensure that every Schlatter machine is CE-compliant. Before affixing the CE label, we carry out a thorough risk assessment for each module and the entire machine to confirm conformity. Our CE conformity guidelines ensure the consistent implementation of all necessary safety measures in accordance with the applicable directives and standards.

The centerpiece of the product safety documentation, in addition to the operating instructions with all safety-related information for safe operation and technical documents, is the layout of each plant. In the layout, all components relevant to safety are detailed. During inspection and commissioning, it is verified whether all safety mechanisms function properly. An example of a safety mechanism is the automatic shut-down of drives in a safety zone when the corresponding safety door is opened.

The technical documentation, operating manuals, electrical schematics, and other relevant information are provided to

customers in various languages. Our machines are highly sophisticated technical systems that require specific expertise to operate optimally and safely. Therefore, it is important to us that our customers have access to comprehensive information and support services to fully exploit the performance of our machines and ensure their safety. By providing all relevant documents in the customer's native language, we facilitate the use and handling of our machines, thereby minimizing the risk of misuse. Our goal is to offer our customers a user-friendly and secure solution that meets their individual requirements and ensures smooth operation.

Our dedicated product safety team

To ensure that product safety is always up to date with the latest technology and meets current requirements, we have a dedicated safety team at our headquarters in Schlieren, which meets every two weeks. The team focuses on analyzing and implementing measures for new developments, customer complaints, or increased requirements. In case of incidents or potential accidents, the team is also ready to conduct a comprehensive investigation and take appropriate measures to improve safety.

For measurement and monitoring, we track the number of incidents related to the product safety of our machines. Our clear goal is to have no such incidents recorded.

In 2023, we did not register any incidents regarding the product safety of our machines or breaches of regulations or voluntary codes of conduct related to product

safety (Previous year: none).
GRI 416-2

In the event of incidents regarding product safety, we promptly take appropriate measures to identify the cause and initiate suitable corrective actions. Our safety team meticulously analyzes each incident and collaborates closely with our customers to clarify the situation and ensure that all necessary actions are taken. This is aimed at preventing similar incidents in the future.

In addition to immediate measures, we utilize the data to continuously improve our products and processes. The captured information serves as valuable feedback, assisting us in identifying potential weaknesses and making our machines even safer.

Supply chain

GRI 2-6

Sustainable procurement in plant engineering: Long-term partnerships for quality and continuity

In plant engineering, the selection of reliable and long-term suppliers is of great importance as they significantly influence the quality of our end products and services. By establishing stable partnerships, we not only rely on reliable delivery but also promote closer collaboration in implementing sustainable practices.

Long-term supplier relationships and a responsible procurement strategy are central to ensuring sustainable value creation and minimizing negative environmental impacts.

In our procurement strategy, we prioritize suppliers from Europe. This preference is based on a comprehensive evaluation of factors such as geographical proximity, flexibility, and capacities to enhance supply chain efficiency. Our preference for Europe is also reflected significantly in the numbers: In the fiscal year 2023, we sourced 99% of our procurement volume from Europe (previous year: 98%).

Furthermore, we ensure that all our suppliers adhere to ethical business practices. We maintain a zero-tolerance policy regarding corruption and human rights violations, such as child labor. Additionally, we conduct regular supplier visits to ensure compliance with our quality and sustainability standards.

Enhancing supply chain resilience through targeted measures

Supply chain resilience is a crucial factor in addressing the challenges of an ever-changing business environment. Unforeseen events such as natural disasters, political instability, or global pandemics can have significant impacts on supply chains. Therefore, we employ tailored measures to strengthen the resilience of our supply chain and ensure as continuous a supply as possible.

An example of agile implementation of measures occurred in 2022 when we faced partially disrupted supply chains and shortages of key components for our machinery and equipment. At that time, we promptly introduced a risk management process for our major suppliers. We systematically assessed the risks associated with our key suppliers, including analyzing location dependencies, financial risks, production capacities, and the possibility of shortages. Although we couldn't completely prevent the negative impacts through this measure, we were still able to mitigate the consequences of shortages and disruptions.

Another aspect of resilience is our focus on critical materials and parts: We identify the components in our supply chain that are crucial for our products and may be difficult to replace. For these critical materials, we seek alternative sources and develop contingency plans to ensure continuous supply, even in the event of disruptions with a major supplier. This minimizes the risk of production downtime.

Step by Step: Continuous improvement in our supply chain

We are committed to driving continuous improvements in our supply chain and contributing to a more responsible and sustainable future in plant engineering.

For instance, starting from January 1, 2023, we are implementing a new requirement where all suppliers newly added to our supply chain must sign our Supplier Code of Conduct. By signing this agreement, they explicitly confirm their commitment to strictly adhere to our sustainability standards. This code outlines our expectations regarding ethical business practices, environmental protection, and social responsibility.

Swiss legislation also reflects the ongoing focus on sustainable supply chains. Therefore, in the reporting year, we implemented additional legal due diligence requirements regarding conflict minerals and child labor:

Regarding conflict minerals, we conducted a comprehensive examination, where all purchased and withdrawn materials from inventory were examined based on the relevant tariff numbers defined in the law to determine whether they contain tin, tantalum, tungsten, or gold. This examination was conducted using the tariff numbers stored in the material master. Our results show that we do not reach the legally defined import and processing quantities for any of the listed minerals and metals. In fact, we are well below these quantity thresholds, exempting us from further legal (due diligence) obligations.

Concerning the prevention of child labor, we fulfilled our commitment to reviewing for substantiated suspicions. In the reporting year, we received no internal or external indications of child labor in our supply chain group wide. Also, during our supplier visits in the reporting year, no signs of child labor were found. Furthermore, we now conduct annual reviews of our suppliers' country locations and the origin of purchased materials. In 2023, we identified no suppliers or material origins from the high-risk areas for child labor defined by UNICEF and are not aware of any substantiated suspicions otherwise.

Our goal is to build a supply chain that not only provides high-quality products and services but also makes a positive contribution to society and the environment. Through clear guidelines, regular visits, and open communication with our suppliers, we continuously strive for a sustainable partnership.

Contact ^{GRI 2-3}

Schlatter Industries AG
Brandstrasse 24
8952 Schlieren
Switzerland
+41 44 732 71 11
info@schlattergroup.com

GRI index

Schlatter Industries AG has reported the information provided in this GRI Index for the period January 1, 2023, to December 31, 2023, referencing the GRI standards.

GRI standard	GRI disclosure	Page in the sustainability report	Page in the annual report
GRI 2	General Disclosures 2021		
2-1	Organizational details	p. 5	
2-2	Entities included in the organization's sustainability reporting	p. 6	
2-3	Reporting period, frequency and contact point	p. 6, p. 20	
2-4	Restatements of information	p. 6	
2-5	External assurance	p. 6	
2-6	Activities, value chain and other business relationships	p. 5, p. 19–20	
2-7	Employees	p. 15	
2-9	Governance structure and composition		p. 20
2-10	Nomination and selection of the highest governance body		p. 25–26
2-11	Chair of the highest governance body		p. 24–25
2-12	Role of the highest governance body in overseeing the management of impacts	p. 8	
2-13	Delegation of responsibility for managing impacts	p. 8	
2-14	Role of the highest governance body in sustainability reporting	p. 8	
2-19	Remuneration policies		p. 34 et seq.
2-22	Statement on sustainable development strategy	p. 4	
2-23	Policy commitments	p. 17	
2-26	Mechanisms for seeking advice and raising concerns	p. 17	
2-27	Compliance with laws and regulations	p. 17	
2-29	Approach to stakeholder engagement	p. 6	
GRI 3	Material Topics		
3-1	Process to determine material topics	p. 7	
3-2	List of material topics	p. 7	

3-3	Management of material topics	At the beginning of each material topic	
GRI 201	Economic Performance 2016		
201-1	Direct economic value generated and distributed	p. 7	p. 45 et seq.
GRI 205	Anti-corruption 2016		
205-3	Confirmed incidents of corruption and actions taken	p. 17	
GRI 302	Energy 2016		
302-1	Energy consumption within the organization	p. 9	
302-4	Reduction of energy consumption	p. 10	
GRI 305	Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	p. 10–11	
305-2	Energy indirect (Scope 2) GHG emissions	p. 10–11	
GRI 403	Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	p. 16	
403-4	Worker participation, consultation, and communication on occupational health and safety	p. 16	
403-5	Worker training on occupational health and safety	p. 16	
403-9	Work-related injuries	p. 16	
403-10	Work-related ill health	p. 16	
GRI 405	Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Employees: p. 15	Governance bodies: p. 24–25
GRI 416	Customer Health and Safety 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 18	