

Sustain ability

Sustainability guidelines

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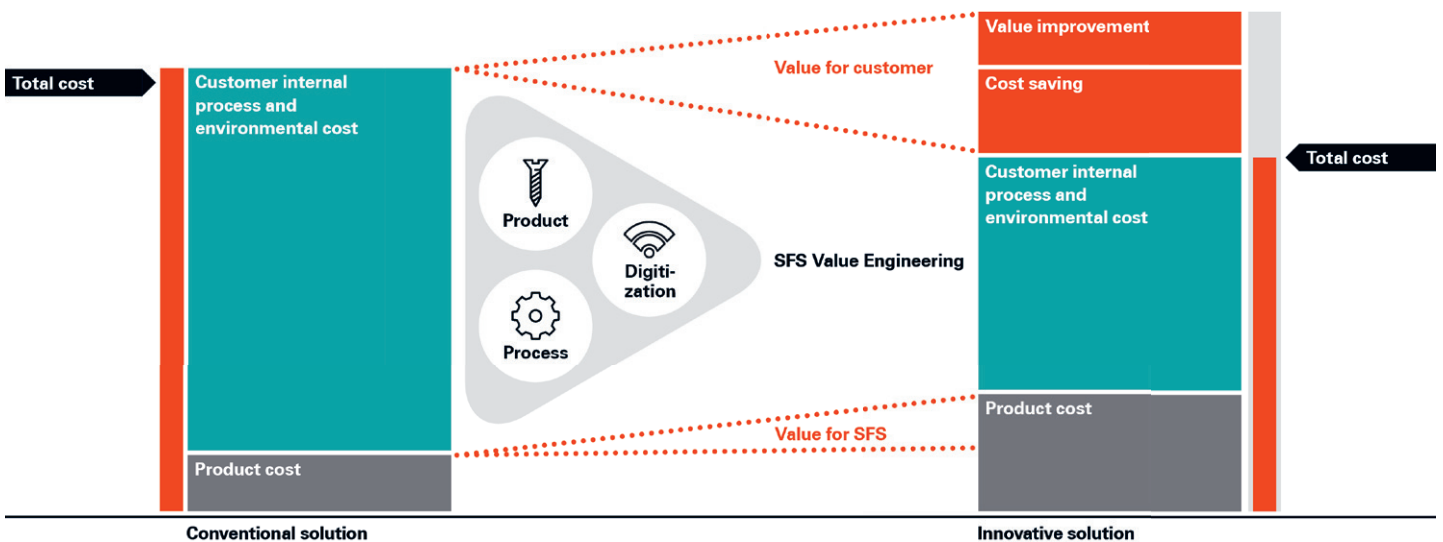
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Sustainability is part of our DNA

Sustainability is part of the DNA of the SFS Group, is enshrined in the Group’s corporate principles and Code of Conduct, and a natural element of our culture. It is an important driver for our value engineering and thus the services we provide to our customers on a daily basis. Only through the holistic integration of various ESG criteria (environmental, social, governance) into the product, process and digitalization dimensions can we generate sustainable added value for our stakeholders.

As a member of the UN Global Compact, SFS is committed to its principles and supports the achievement of the Sustainable Development Goals (SDGs). These Guidelines are based on these objectives and apply to all employees, suppliers and other

contractors with whom SFS conducts business. They are structured according to ecological, social and economic aspects and thus address the sustainability-related areas of responsibility of a company in accordance with ESG.



SFS components embedded into a customer’s product often account for less than 1% of the total product cost. But the process and environmental cost at the customer end arising from procurement, logistics, handling or waste management can be several times the actual cost of these components. That is why we are not primarily focusing on reducing our direct product costs and differentiating ourselves on price – there would be limited potential. Instead, our main goal is to optimize our customers’ overall pro-

duct-related costs. This approach generates significantly more cost-savings potential and allows us to create sustainable value for our customers. Our value engineering model focuses on product design, definition of manufacturing processes and on exploiting the power of digitalization. The result: custom-tailored sustainable products and intelligent solutions that increase the competitiveness of our customers. Hence, the SFS solutions lead to greater differentiation and stronger collaborative partnerships.

DNA

Integration of ESG criteria

ESG is the cornerstone of our sustainability guidelines. The fields of action shown here represent our areas of responsibility in relation to sustainability. We are active in the respective areas, hav-

ing launched various measures and initiatives. Together with our stakeholders, we are striving to achieve continuous improvement in this respect.

Environmental

reduce CO₂ emissions by 90% by 2030



Renewable energy
Purchase and own production



Lean & Green program
Efficient production, waste reduction



Mobility and transport
Sales, Logistics, Employees



Sustainable value chain
Supplier assessments

Social

generate added value for all stakeholder groups



Training and education
Vocational training, lifelong learning



Occupational health and safety
Minimize work-related accidents



Social engagement
Hoffmann Group Foundation supports disadvantaged children



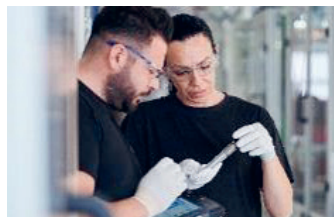
Promotion of dual-track education
Hans Huber Foundation

Governance

act responsibly and with integrity



Compliance
Fair Competition, Anti-Corruption



Ethics
Human Rights and Corporate Values



Transparency
Transparent and accurate reporting



Diversity
Promoting the value of diversity

Guideline

Ecological aspects

Environmental protection in general

We are committed to protecting the environment in the interests of current and future generations, and in our activities we respect the regulations that have been enacted to protect the environment. We support environmentally friendly solutions. Detailed information on our objectives and measures can be found in our Sustainability Report.

sustainability.sfs.com →

Energy consumption

We strive to use energy sustainably and are taking measures to reduce our energy consumption. We are looking for ways to obtain energy from sources that protect the environment.

Use of water resources

We strive to use water sustainably and are taking measures to reduce our water consumption.

Air emissions

We strive to use air sustainably. We have defined targets and taken measures to reduce greenhouse gas emissions and maintain air quality in accordance with the respective statutory and local regulations.

Waste management and recycling

We avoid waste and ensure proper disposal. Wherever possible, we use recycled materials or try to return materials that are no longer used to a recycling management system.

Handling chemicals and prohibited substances

We have implemented processes and procedures for the proper identification, management, handling, disposal and replacement of hazardous substances and prohibited materials.

Transport

We strive to produce close to our customers ("Local for Local" strategy →) and avoid unnecessary journeys.

Handling raw materials

We are aware of the value of raw materials and ensure that additional consumption is as low as possible when designing products and processes. By using the cold forming process – one of our core technologies – significant material savings can be achieved compared with machining.

Sustainable production sites

We are committed to designing existing and new sites sustainably and with state-of-the-art equipment in terms of environmental impact. All material production sites with more than 50 employees are already certified to ISO 14001 or will be by the end of 2025 (not including Hoffmann).

Biodiversity

In our business activities, we attach great importance to protecting and preserving biodiversity.



The site in Oberursel (Germany) has established a bee colony on its premises as a biodiversity project.

Guideline

Social aspects

Respect for human rights

The SFS Code of Conduct and corporate principles contain our guidelines on how human rights are safeguarded. We are constantly making improvements in the areas of data protection and compliance with international trade regulations. We are building on and reviewing the progress made in implementing the Group standards developed in accordance with statutory requirements in all Group companies.

It is important to us that the content of the two documents (Code of Conduct and corporate principles) is communicated to all new employees as soon as they join the company in the form of training courses or via e-learning modules. This content is fundamental for every SFS employee and intended to guide and shape them from the outset (see GRI 102-16).

We also require our suppliers to unconditionally observe and uphold human rights and check their compliance as part of the supplier selection process. The obligation to unconditionally comply with human rights is also set out in our general terms and conditions of purchase.

- In accordance with the explanatory document on the SFS Code of Conduct
- Definition of human rights according to the European Commission; guidelines for SMEs

Prohibition of child labor

We do not tolerate child labor in our companies and do not cooperate with partners that accept child labor. We do not allow the employment of children under the minimum age defined by the laws and regulations of the individual countries and regions.

- In accordance with the explanatory document on the SFS Code of Conduct
- Definition of child labor according to the EU Charter of Fundamental Rights



Guideline

Prohibition of forced labor

We do not tolerate forced labor in our companies and do not cooperate with partners that accept forced labor or the exploitation of people (e.g., human trafficking). We ensure that our employees are free to leave their workstations.

- Based on the explanatory document on the SFS Code of Conduct
- Definition of forced labor according to the International Trade Union Confederation

Conflict minerals

We strive to avoid the use of controversial minerals that could fund armed groups and to ensure the transparency of the supply chain of mineral raw materials used in materials and components.

Promoting diversity

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

Equal treatment

We act honestly and fairly, and respect people's rights and dignity. All employees and business partners are treated equally, regardless of their race, gender, age, religion, origin, nationality, sexual orientation, physical condition, trade union membership or political convictions.

- In accordance with the explanatory document on the SFS Code of Conduct
- Definition of discrimination according to the EU Charter of Fundamental Rights

Fair wages and social benefits

We adhere to the laws and regulations of the individual countries and regions with regard to working conditions, wages and working hours, and advocate attractive working conditions and fair wages.

Regulated working hours and overtime

The working time regulations of the companies of SFS correspond to the respective relevant national laws and the industry standards accepted by SFS.

Communication with employees

We encourage discussions and dialog with employees and employee representatives. We grant employees the right to freedom of association in accordance with the laws and regulations of the individual countries and regions.

A safe and comfortable workplace

The quality, environmental and safety policy that we are implementing is aimed at ensuring the health and safety of our employees when carrying out their work, as well as preventing accidents at work and promoting mental and physical health.

Implementation of sustainability training courses

Sustainable action is part of our DNA and enshrined in our corporate principles and Code of Conduct. We address aspects of sustainability as part of information events and employee training.

Cooperation with local communities

"We are actively committed to the community and the environment. We promote a liberal economic and democratic legal system. SFS's products and services, as well as its facilities and workstations, should be innovative and exemplary. They meet high standards in terms of safety, environmental protection and cost-effectiveness."

- Excerpt from the corporate principles

Guideline

Economic aspects

Fair competition

We respect and comply with the rules of fair competition. No information obtained illegally will be used and no discussions held with competitors about prices, conditions or capacity. We do not enter into non-competition agreements or agreements on the submission of sham bids for tenders or on the allocation of customers, territories or production programs. This also includes informal discussions, gentleman's agreements or other arrangements which have as their object or effect one of the aforementioned restrictions of competition.

→ In accordance with the explanatory document on the SFS Code of Conduct

Prevention of corruption and bribery

We are not corruptible and do not demand or accept gifts or payments. We do not bribe, promise or grant gifts or payments and do not offer such gifts or payments. Gifts include, but are not limited to, any kind of material assets, services, invitations, favors and discounts. Gifts are exempt if they comply with courtesy and country-specific customs and it can reasonably be assumed that they do not affect business transactions. We do not engage in any unfair action that could influence the decisions of customers, suppliers, competitors or authorities. This action includes, but is not limited to, handing over gifts as described above, collateral agreements in contracts, paying bribes and granting special privileges or price agreements. We fully document lawful, commercially justified commissions, premiums, discounts, refunds, etc. and process them openly in order to exclude involvement in money laundering and other unfair transactions.

→ In accordance with the explanatory document on the SFS Code of Conduct

Contributions and donations to political organizations are made in accordance with the laws and regulations of the individual countries and regions. We are committed to transparent and fair relations with governments and administrations.

Prevention of blackmail

We oppose all forms of blackmail against our company and stakeholders.

→ Definition of blackmail according to the OECD Guidelines for Multinational Enterprises

Prevention of money laundering

We want to prevent business relationships with SFS from being abused for money laundering or other illegal activities (e.g., terrorist financing). To this end, we have taken and implemented suitable measures and mechanisms such as continuous monitoring.

Consistent export controls

We adhere to national and international export control regulations and war material export laws. This applies in particular when goods or services are purchased, brokered, manufactured or placed on the market or when technologies are transferred or received. To this end, a check is carried out beforehand to determine whether official approval is required.

→ In accordance with the explanatory document on the SFS Code of Conduct

Protection of intellectual property and prevention of legal violations

We protect the intellectual property rights that belong to the company and respect the property rights of third parties.

Risk management system

We have implemented an internal control system to identify, analyze and assess risks that could have a significant impact on our business and to prevent them as far as possible by taking suitable measures. The risk management system also serves to minimize losses resulting from claims. As a company, we also adhere to these principles and communicate proactively and transparently. In this way, we create understanding and trust when working together with our stakeholders.

Guideline



The new photovoltaic system in Malaysia produces 1,720 MWh of renewable electricity per year.

Information security and protection of confidential information

We consider all information that is not publicly accessible or well known to be confidential and protect the private and confidential information of SFS and its business partners. This also applies after termination of the employment relationship with us. Confidential information includes price agreements, drawings, specifications, data on employees and business partners, patents, technical knowledge, inventions and other know-how, as well as financial information, regardless of its form (verbal, written or electronic). We are aware that data may only be collected, processed, stored and passed on in accordance with internal or statutory requirements.

→ In accordance with the explanatory document on the SFS Code of Conduct

Communication

We communicate actively, openly and honestly with employees and external persons. In doing so, we provide them with all information they need to fulfill their tasks and duties. Statements and documents issued by SFS are correct and truthful. We are aware that only the Executive Board and its employees are responsible for communicating with the media and shareholders.

→ Based on the explanatory document on the SFS Code of Conduct

Quality assurance

We strive to continuously improve our product quality and work processes directly and indirectly. We have aligned our quality policy with this in mind and have a suitable quality assurance system in place for this purpose.

Sustainability throughout the entire value chain

In order to promote sustainability initiatives across the entire value chain, we also require our business partners to comply with these guidelines. We also expect our partners to adhere to national and international sustainability standards in their actions.

Selection of suppliers

We offer open and fair access for all suppliers. The respective suppliers are then selected by means of fair evaluations based on various indicators such as price, quality, reliability and sustainability.

→ In accordance with the explanatory document on the SFS Code of Conduct

Whistleblowing and safeguarding against retaliation

We ensure that our stakeholders are able to report violations of applicable laws and regulations in accordance with our Code of Conduct. Employees reporting violations of the Code of Conduct will not be disadvantaged.

The SFS Group's compliance officers are named on the sfs.com website and the local compliance officers on mySFS (employee app). You may be contacted verbally or in writing (compliance@sfs.com), and the notification may be anonymous. The compliance officers are obliged to maintain confidentiality.

→ In accordance with the explanatory document on the SFS Code of Conduct



Sustainability website

