



# **Sustainability Report 2021**

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## FOREWORD BY THE EXECUTIVE BOARD

Dear Readers

At the Schaltbau Group, we view sustainability as more than just a trendy topic and this Sustainability Report is not just something we are obliged to publish.

Firstly, we are fully aware of the need for a sustainable strategy in order to achieve long-term success as a corporate entity. Secondly, with the products and solutions our subsidiaries Pintsch, Bode, SBRS and Schaltbau GmbH have to offer, we are making a relevant contribution to protecting the environment by supporting a sustainable transition in terms of transportation and energy.

For example, compared to driving, travelling by train to regional destinations reduces carbon emissions to just under one third – and as little as one fifth over long distances. Transporting freight by rail even reduces emissions per tonne and kilometre to less than one sixth compared to the use of trucks. Rail transport is therefore obviously making a key contribution to achieving sustainable, carbon-neutral personal mobility and logistics services. With their broad range of products and solutions, whether digital interlocking systems, level crossing technology, axle counters, point machines or door and boarding systems, Schaltbau Group companies work to promote the safety and availability of rail services on a worldwide basis.

Against the backdrop of climate change, energy production has also seen a substantial shift towards the increased use of renewables, as they generate 90 to 95% fewer carbon emissions than coal. With their state-of-the-art technologies, Schaltbau Group companies ensure the safety and availability of DC applications so that locally produced energy can be efficiently distributed, safely transported and reliably stored in battery systems. Applications for the Schaltbau Group's power electronics, contactors and connectors range from battery systems and charging infrastructure for electric vehicles to DC microgrids for industrial production scenarios.

In fact, our own NExT Factory in Velden will provide ample proof that the latter is a concept with great relevance for the future. Beginning in autumn 2022, the NExT Factory will produce our components on a completely carbon-free basis – in a leading-edge, digitalised environment that will also set new standards in terms of collaboration and occupational health and safety.

Apart from environmental protection, the other dimensions of sustainability, i.e. social responsibility and sustainable corporate governance, are also firmly embedded in our corporate values, structures and processes. We are convinced that practicing sustainability in these three dimensions not only contributes to a just and environmentally compatible economic order, but also mitigates corporate risks in a highly specific manner and cuts costs by consuming less energy and other resources.

At Schaltbau, sustainability therefore means taking responsibility for our supply chains, respect for human rights, the prohibition of child labour and the avoidance of conflict materials, but it also entails resource-saving product design, highly efficient, flexible production processes and striving for continuous improvement in other vital ESG key performance indicators, including occupational health and safety, energy consumption and carbon emissions.

Although continuing operations amid the ongoing impact of the COVID-19 pandemic and the entry of our new majority shareholder Voltage BidCo GmbH (a wholly owned subsidiary of funds advised by The Carlyle Group) took up a great deal of attention and management capacity in the fiscal year 2021, our sustainability initiatives have nevertheless continued to grow and evolve.

For example, despite higher energy consumption compared to the previous year, we were again able to reduce our carbon emissions. In terms of occupational health and safety, we succeeded in further reducing the already very low accident rate recorded the previous year. Although the number of working hours increased by almost 10% year on year, the number of registered occupational accidents still fell by 15%.

Carlyle fully supports our sustainability ambitions, which are in keeping with the Sustainable Development Goals of the UN Global Compact initiative. Firstly, because we believe that sustainable businesses are more valuable businesses that deliver better outcomes for all their stakeholders, and secondly because our efforts,

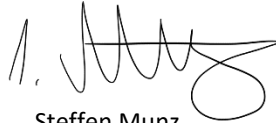
especially in terms of reducing carbon emissions, also contribute to the climate goals espoused by our main shareholder.

This Sustainability Report documents the progress we have made in the Schaltbau Group over the past fiscal year in terms of sustainable corporate development and describes the initiatives and the measures we have taken to ensure the continuous improvement of relevant ESG key performance indicators.

1 March 2022



Dr Jürgen Brandes  
Executive Board  
Chairman/CEO



Steffen Munz  
Chief Financial  
Officer/CFO

## ABOUT THIS REPORT

### Contents of the report

With this Sustainability Report, the Schaltbau Group wants to illustrate the progress it has made with regard to sustainability during the period under report. At the same time, Schaltbau is meeting its responsibility to draw up a separate non-financial Group report pursuant to sections 315b and 315c and in conjunction with sections 289c to 289e of the German Commercial Code (HGB). The non-financial Group report for 2021 is part of this Sustainability Report 2021, which the Schaltbau Group has again based on the principles of the German Sustainability Code (GSC). The report also takes account of the requirements of the Global Reporting Initiative (GRI Standards). It also serves as a progress update to underline the Schaltbau Group's commitment to the UN Global Compact. Detailed information on compliance with the principles of the UN Global Compact is provided on page 35.

### Scope of application and reporting period

The contents of the report relate to Schaltbau Holding AG and its fully consolidated subsidiaries. A list of consolidated entities is provided in the table on page 59 of the Schaltbau Holding AG Annual Report 2021 (German only). PINTSCH Wolber GmbH in Velbert, SBRS-Consulting GmbH in Dinslaken and Schaltbau Immobiliengesellschaft mbH in Velden are included for the first time this year. Changes in the group reporting entity can also result in differences to the previous year's figures in some cases.

The Sustainability Report 2021 relates to the fiscal year 2021 and covers the period from 1 January to 31 December 2021.

### Editorial note

The Sustainability Report 2021 is available in both German and English. Both versions are available on the Schaltbau Group's website at: [www.schaltbaugroup.de](http://www.schaltbaugroup.de).

## 1. COMPANY PROFILE

### 1.1. Business model, range of products and services

The Schaltbau Group operates in 14 countries with 27 (2020: 27) sales offices and manufacturing sites and has a global network of external sales partners.

The Schaltbau Group operates primarily in two different market sectors:

In the **Rail** sector, traditionally the core business of the enterprise, the Schaltbau Group has been among the market leaders for safety-related components and systems for many years. This applies both to the railway-specific components manufactured by Schaltbau GmbH and to the various systems and services provided by Bode, Pintsch and SBRS. The Group has successfully established itself on this market as an expert for rail infrastructure and electromechanics and its products and services are a guarantee of safety and availability in the world of railway transportation.

In the **DC Power** sector, the Schaltbau Group leverages its high level of technological expertise and know-how to protect direct current applications in the rail sector and enter dynamically growing markets in the New Energy/New Industry and E-Mobility sectors with innovative applications designed for use outside the rail sector. Moreover, with its electromechanical and power electronics components as well as smart solutions for energy management, the Schaltbau Group ensures a high level of safety and availability in these markets when using DC technology and battery systems.

#### **Pintsch: Manufactures safety-critical components and solutions for rail infrastructure applications**

Based in Dinslaken, PINTSCH GmbH has branches in the Netherlands and the USA and manufactures safety-related technical products for the rail infrastructure market. Its portfolio of solutions includes level crossing technology, signalling and safety technology, interlocking and shunting technology, axle counting systems, point machines and point heating systems. Pintsch also constructs new railway lines and maintains existing ones, focusing mainly on regional lines. Pintsch operates on a global basis, with the majority of its business activities in Germany and neighbouring European countries.

#### **Bode: Manufactures door and boarding systems for rolling stock, buses and road vehicles**

Bode – Die Tür GmbH has its headquarters in Kassel and branch offices as well as production sites in the UK, Poland, Turkey, the USA, China and South Korea. Bode specialises in manufacturing, maintaining and refurbishing fail-safe and intelligently connected vehicle door systems for trains, buses and commercial vehicles. The Bode Group also supplies windows for rolling stock, complete interior fittings and specially designed equipment such as train roofs via its Polish subsidiary RAWAG. Bode operates around the world, focusing its business primarily on European markets, where it is among the leading suppliers.

#### **SBRS: Refurbishes rolling stock and manufactures high-performance charging infrastructures for e-mobility applications**

Based in Dinslaken, SBRS GmbH is a technology and solutions provider that specialises in refurbishing and modernising trains – including on-board electrical systems, air-conditioning systems, toilet facilities, interior fittings, boarding systems and drivers' cabs. Founded in 2016, SBRS also develops and supplies complete charging infrastructure solutions for electric vehicles used in public transport systems, making it one of the leading providers of technology and solutions for high-performance charging infrastructures in Germany. The main focus of SBRS's business activities is in Germany.

## **Schaltbau: Manufactures electromechanical and power electronics components**

Schaltbau GmbH is based in Velden, has 12 foreign branches, and specialises in manufacturing safety-related components such as contactors, connectors and switching systems with its primary focus on DC technology. Schaltbau components are utilised in the railway industry, e.g. for signalling, protection and energy distribution, and increasingly for the protection and energy management of battery-supported industrial applications in the field of New Energy/New Industry as well as E-Mobility Automotive – including energy storage systems for renewably generated electricity, e-cars and electric charging stations. Schaltbau also supplies complete drivers' desks and components for drivers' cabs in the railway industry. Schaltbau operates on a global basis and is among the leading international manufacturers of DC components.

For further information on the business activities of Schaltbau Group companies, please see the Group Management Report in the Schaltbau Holding AG Annual Report 2021.

### **1.2. Organisational structure**

Pintsch, Bode, SBRS and Schaltbau with their respective subsidiaries simultaneously represent the four segments of the Schaltbau Group. Schaltbau Holding AG is the parent company of the four segments and responsible for strategy, implementation and the management of the Schaltbau Group as a whole. In regular review meetings with its managing directors and other selected key employees, Schaltbau Holding AG monitors the key financial and non-financial indicators, the progress of internal projects, and assesses the opportunities and risks for both current and future business operations.

Schaltbau Holding AG is also responsible for Group-wide duties such as financial reporting and controlling, cash management, legal affairs, investor relations, corporate communications, the provision of IT systems, and corporate governance functions such as compliance, auditing, risk management and Corporate Social Responsibility.

### **1.3. Value chain**

The Schaltbau Group covers the entire value chain, including research and development, manufacturing, sales and product maintenance. In both the Rail and the DC Power lines of business, Schaltbau products and solutions are deployed in safety-critical applications and required to meet stringent standards, which is why the Schaltbau Group invests highly in research and development. The Group's systems and components are largely developed and manufactured at its own sites within Germany and Europe. The high level of quality required ensures the durability of Schaltbau's products and solutions and therefore also helps conserve resources. In addition, Schaltbau Group companies strive to make their production and business processes as resource-friendly as possible.

The Schaltbau Group always endeavours to manufacture its products with the least possible environmental impact on water, air and soil. When selecting materials, Schaltbau essentially opts for substances that are RoHS- and REACH-compliant and do not contain any critical conflict materials. Fire protection requirements are also taken into account. In addition to rolled steel, stainless steel and cast iron, Schaltbau also uses the raw materials aluminium, nickel and silver in its production processes. Schaltbau GmbH purchases electronic components in which gold is used as an intermediate product. Gold in particular is exposed to risks with regard to its origin and is therefore required to undergo a series of internal control mechanisms to ensure that no conflict minerals are used to manufacture Schaltbau products. Schaltbau Group companies provide all their business partners with specific information and certificates regarding conflict minerals, raw materials and REACH compliance.

The Schaltbau Group largely refrains from the use of hazardous substances and utilises packaging made from recycled materials at many of its locations. It also ensures that environmentally friendly technologies are deployed in its manufacturing processes.

The principles set out in the Schaltbau Group's Code of Conduct apply throughout the entire organisation, both in Germany and abroad, and for all companies in which the Group has a majority shareholding, either directly or indirectly. The Code of Conduct also applies to the Schaltbau Group's dealings with external business partners, suppliers and third parties. The Schaltbau Group expects its business partners and suppliers to adopt similar principles and to ensure that their activities always comply with legal requirements. The Code of Conduct is published on the Schaltbau Group's website under "Responsibility".

Moreover, the Group offers its business partners assistance in the continued development of their own codes of conduct.

Within the Schaltbau Group, in addition to external audits on quality and environmental management, regular audits are conducted by customers, such as in the Rail line of business by DB Netz AG and various rolling stock manufacturers, and in the DC Power line of business by e-vehicle manufacturers and suppliers.



## 2. CSR STRATEGY AND MANAGEMENT

### 2.1. Results of the materiality analysis

External expectations regarding corporate sustainability, including those of Schaltbau, have undergone significant changes in recent years. For this reason, in the fiscal year 2020 Schaltbau thoroughly revised its previous materiality analysis from the year 2017. The revision was designed to address changes in external requirements and integrate them in the CSR strategy and reporting processes. In the course of the revision, the Group paid particular attention to the requirements of investors and customers, as well as to considering social and regulatory trends, such as the heightened emphasis on the issues of climate change and human rights.

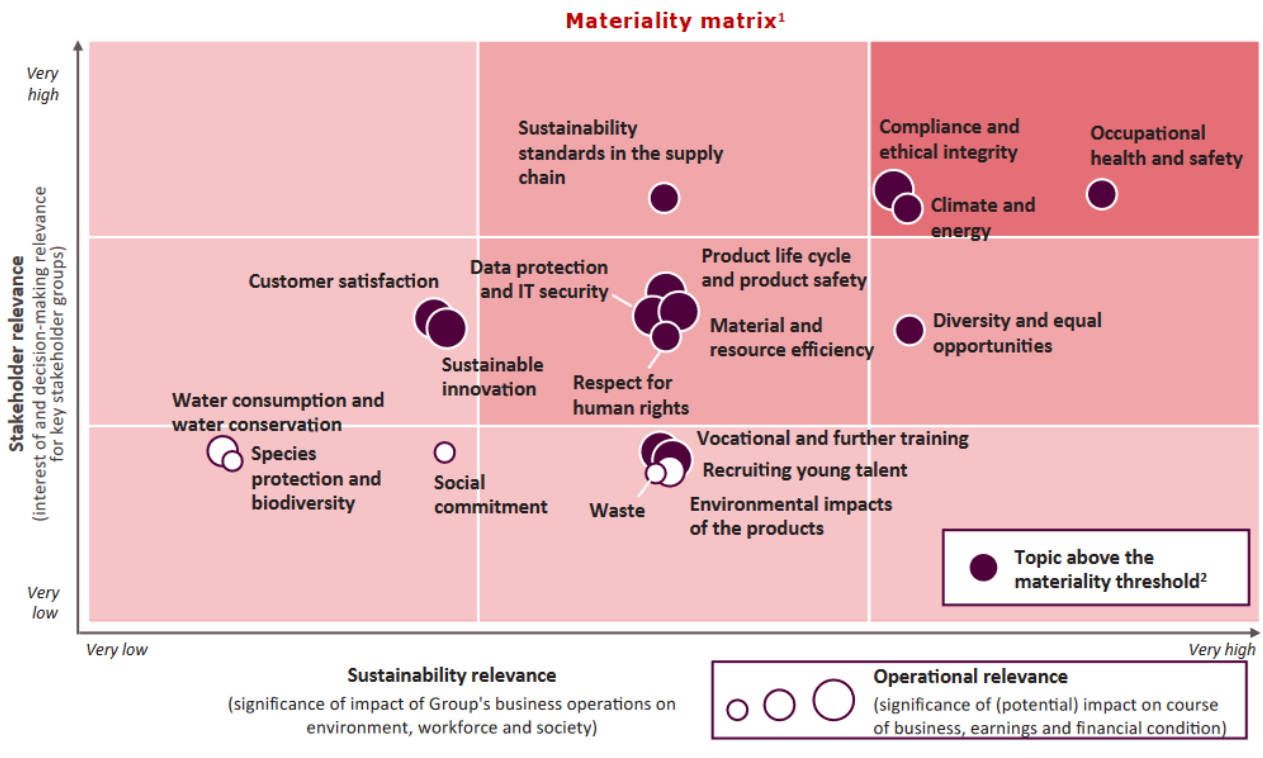
In an initial step, an environment analysis was conducted in order to make a detailed list of potentially relevant topics. The environment analysis took publications and enquiries from investors and political and regulatory trends into account as well as competitors' commitment to sustainability. Firstly, the topics on the list were sorted by content and condensed as deemed appropriate; individual topics that were obviously of little relevance to the Schaltbau Group's value chain were then removed.

Secondly, the remaining topics were prioritised and assessed according to three dimensions:

- Operational relevance (significance of the potential impact on business performance, earnings and financial condition)
- Sustainability relevance (significance of the impact of the Group's business operations on the environment, the workforce and society)
- Stakeholder relevance (the interests of and the decision-making relevance for major stakeholder groups)

Following these issue-related assessments, a materiality threshold was defined in order to focus on material issues. Issues considered material were those of high or very high relevance in at least one of the three dimensions, and/or very high relevance for at least one of the stakeholder groups.

The materiality analysis, the results of which are presented in the following matrix, therefore meets the legal requirements of CSR-RUG pursuant to section 289c (3) of the German Commercial Code (HGB) and, by taking the stakeholder perspective into account, the requirements of the GSC. Representatives of the management teams of the various Schaltbau companies, the Executive Board of the Schaltbau Group and external experts were involved in the assessment and validation process.



<sup>1</sup>The graphical representation of the topics in the matrix differs slightly from the numerical values in some places to ensure readability.

<sup>2</sup>A topic is above the defined materiality threshold if it 1) has a high or very high relevance in at least one of the three dimensions or 2) has a very high relevance for at least one of the stakeholder groups.

The materiality analysis identified compliance and ethical integrity, climate and energy, and occupational health and safety as particularly high-priority topics.

The CSR topics analysed and identified in the materiality analysis cover all the aspects required by CSR-RUG and are addressed in chapters 3 to 6 of this report, which also deal with the respective concepts, results, reportable risks and key performance indicators. The CSR-relevant risks discussed in the Management Report 2021, which have been classified as material in terms of probability of occurrence and consequences, must be reported. Risk reporting in the Management Report is based on the quarterly risk inventory at the level of Schaltbau Group subsidiaries. Schaltbau has not yet defined control-relevant, non-financial performance indicators.

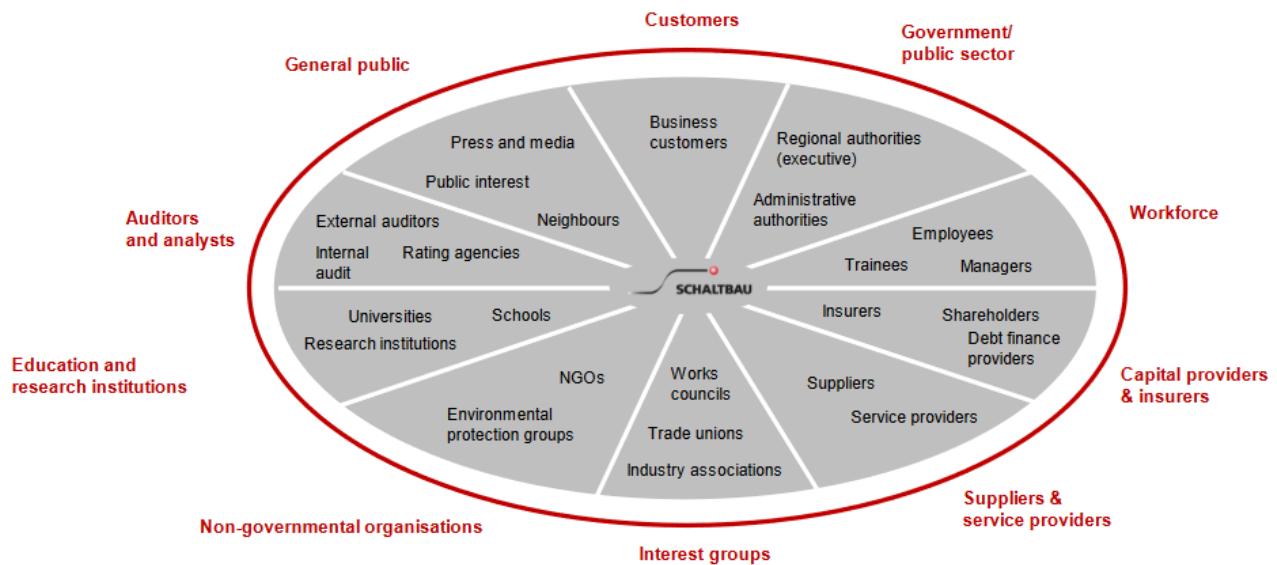
**Overview table: Allocation of the topics addressed in the report to the aspects in accordance with CSR-RUG**

<b>ASPECT PURSUANT TO CSR-RUG</b>	<b>TOPIC</b>	<b>CHAPTER</b>
Combatting corruption and bribery	Compliance and ethical integrity	6. Compliance
Employee issues	Occupational health and safety	5.3. Occupational health and safety
	Diversity and equal opportunities	5.2. Employee rights and equal opportunities
	Vocational and further training	5.4. Recruitment, vocational and further training
	Recruiting young talent	5.1. Employment trends 5.4. Recruitment, vocational and further training
Environmental issues	Climate and energy	4.1.2 Energy and environmental management 4.2. Climate-relevant emissions 4.1.3 Resource-efficient and eco-friendly products
	Material and resource efficiency	4.1.1 Conserving resources 4.1.3 Resource-efficient and eco-friendly products
	Sustainable innovation	4.1.3 Resource-efficient and eco-friendly products 3.2. Sustainable innovation
Human rights	Respect for human rights	5.5. Human rights and the supply chain
Human rights/environmental issues/ social issues	Sustainability standards in the supply chain	5.5. Human rights and the supply chain
Other	Product life cycle and product safety	4.1.3 Resource-efficient and eco-friendly products 3.1. Customer satisfaction, product life cycle and product safety
	Data protection and IT security	6.2. Data protection and IT security
	Customer satisfaction	3.1. Customer satisfaction, product life cycle and product safety

## 2.2. Stakeholder dialogue and ESG rating<sup>1</sup>

In addition to identifying and analysing material issues, the Schaltbau Group's management team also sees it as important to maintain an ongoing dialogue with its stakeholder groups. These include customers, ESG-oriented rating agencies, analysts and investors, employees, and representatives from the worlds of science, research, education and politics.

### Overview of Schaltbau's key stakeholder groups



The Schaltbau Group is in regular dialogue with its stakeholders. Examples of communication channels through which this dialogue takes place are:

- The corporate website, including a dedicated "Investor Relations" section
- The EcoVadis ESG rating
- The Sustainability Report
- Regular personal discussions with media representatives and capital market participants
- Employee surveys and informational events
- Various committee and association meetings
- Research cooperations with universities

Apart from these mechanisms, individual Group companies implement further initiatives. In addition to the materiality analysis, the insights gained from interaction with stakeholders are incorporated in the ongoing management of CSR. In most cases, the issues arising in dialogue with stakeholders are partial aspects of the focal points already identified in this analysis. These dialogues therefore contribute to a continual reappraisal of the understanding of key stakeholder expectations. They enable us to identify specific risks and opportunities in good time and adjust our business operations accordingly.

This approach is also reflected in the results of the EcoVadis ratings. EcoVadis is a rating platform that specialises in providing ESG ratings of suppliers to global supply chains. The methodology underlying the rating is based on internationally acknowledged CSR standards, including the Global Reporting Initiative (GRI), the Unit-

<sup>1</sup> ESG is short for Environment, Social and Governance.

ed Nations Global Compact (UNGC) and ISO 26000. As the first Group-wide rating was conducted by EcoVadis in the fiscal year 2017, the Schaltbau Group achieved Bronze status. In 2019, Schaltbau achieved Silver status for the first time, which has been affirmed every year since then with steadily improving scores. In 2022, a new rating process will be initiated with the aim of improving the Group's rating even further. Schaltbau Group subsidiaries are included in the EcoVadis rating and will provide their business partners with detailed information on the rating upon request. EcoVadis conducts its rating process at Group level among Schaltbau Holding AG subsidiaries.

### 2.3. CSR strategy and aims

As an active, responsible corporate citizen, the Schaltbau Group works continually to make its business activities and products sustainable, to use resources more efficiently, and to present itself on the market as an attractive employer. The Group's corporate activities are based on responsibility, trust, reliability and innovation.

Based on the results of the first materiality analyses and the legal requirements of CSR-RUG, in 2017 the first CSR strategy was developed, including a detailed package of measures, which comprises aims, measures, KPIs and responsibilities and has formed the basis for CSR activities in recent years.

Since then, the CSR strategy has continued to pursue the overarching aim of continuously improving the competitiveness of the Schaltbau Group in strict compliance with internationally acknowledged ethical and legal principles, taking market requirements duly into account.

The main focal points of the CSR strategy are:

- **Legal compliance:** The Schaltbau Group acts strictly in accordance with legal requirements and pursues a rigorous compliance management policy.
- **EcoVadis ESG rating:** The Schaltbau Group aspires to maintain the Silver status achieved in the most recent Group-wide EcoVadis CSR rating and continue improving its performance. The rating certifies that the Schaltbau Group's business activities comply with internationally acknowledged CSR standards.
- **Transparency:** The Schaltbau Group maintains an open dialogue with its stakeholders and reports regularly on CSR activities.
- **Measurability:** The Schaltbau Group works constantly to measure, manage and improve the sustainability of its operations. The management systems, some of which have already been implemented, provide the Group with information and data that enable it to specifically optimise its activities.

In order to achieve these strategic aims, in 2017 and 2018, CSR management concentrated on compiling quantitative environmental indicators and further professionalising its reporting processes. As of 2019, the focus was increasingly on CSR-related issues. In 2019, CSR management conducted an initial review of the two issues "sustainable supply chain and human rights" and "climate management". In 2020, the topic of climate management was further addressed and in 2021, a carbon footprint assessment was included in the Sustainability Report for the first time. Another topic of focus in 2020 was the complete revision of the materiality analysis described above. The updated materiality analysis for 2020 showed that the CSR priorities pursued to date continue to be valid, particularly the topic of occupational work and safety. Consequently, a new KPI was recorded during the year under report, i.e. in addition to accident frequency, accident severity is now also being reported for the first time. The report also covers employees paid according to collectively agreed pay scales for the first time.

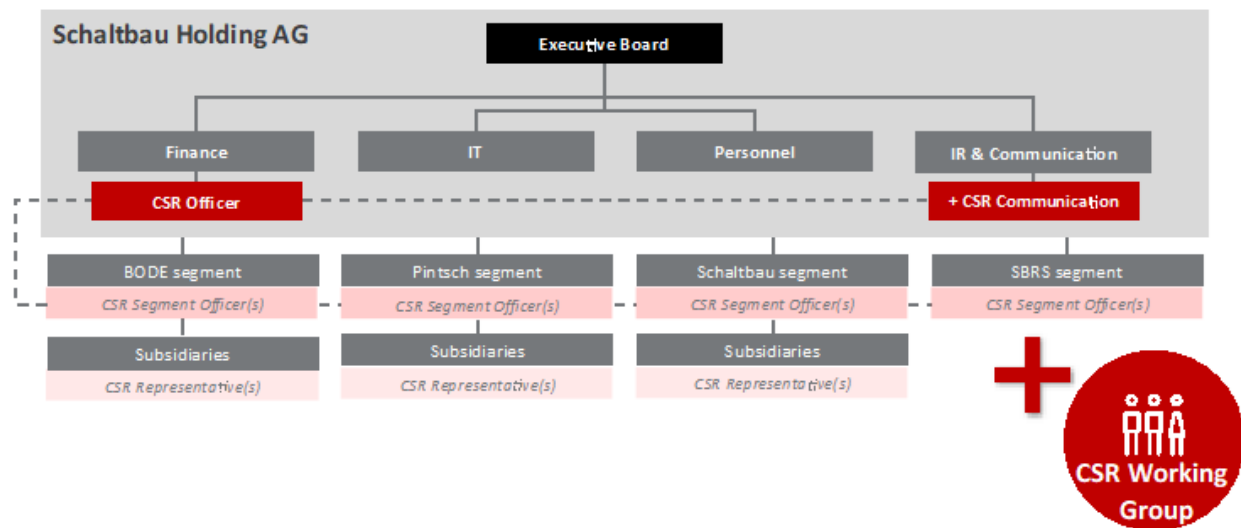
In addition to the strategic work undertaken to date, it should also be noted that Schaltbau has been a signatory to the United Nations Global Compact (UNGC) since 2019 and is therefore committed to ten internationally recognised principles of corporate responsibility. These principles fall into the categories of human rights, la-

bour standards, environment and climate, and corruption prevention, all of which have already been taken into account in the new materiality analysis. Since 2019, the Sustainability Report has also included a progress report in accordance with UNGC requirements (for further information, please see page 35).

## 2.4. CSR organisation and responsibility

The following chart shows the current CSR organisational structure, based on the CSR strategy and sustainability reporting requirements. In addition to the CSR Officer at holding company level, each subsidiary has a CSR representative and each segment a CSR segment officer. There is also a CSR working group, which works on further developing CSR management in regular meetings and discussions and consists of the CSR Officer and the CSR representatives.

### Overview of the CSR organisation within the Schaltbau Group



The CSR reporting process is structured hierarchically from the subsidiaries via the Group segments to Schaltbau Holding AG. Sustainability reporting at Schaltbau is based on a two-stage consolidation and validation process at segment and holding company level in order to ensure the high reliability, quality and consistency of the data. The Sustainability Report is prepared on the basis of the aggregated data.

The first steps towards CSR management at holding company level were taken in 2018 with the implementation of a Group-wide data compilation system for selected non-financial performance indicators. In the fiscal year 2019, these performance indicators were expanded to include the compilation of a carbon footprint assessment. A Group-wide CSR corporate policy was also introduced in 2019. In line with this policy, the Schaltbau Group's Code of Conduct, which was revised in 2020, defines its expectations regarding the lawful conduct and integrity of its employees. New employees receive training in this field. Violations of the Code of Conduct will not be tolerated and can result in disciplinary action.

## 2.5. Incentive systems

The remuneration system applied at Schaltbau Holding AG is based on the principles of performance and earnings and represents a corporate culture of reward for services rendered. The total remuneration of the Executive Board comprises both fixed and performance-related components.

Criteria for the appropriateness of remuneration include the particular tasks performed by each of the Executive Board members, their personal performance, the performance of the Executive Board as a whole, the economic situation, the success and the future prospects of the business, taking the market environment into due consideration, the customary amount of remuneration and the remuneration structure compared with the wage and salary structure, both within the Group itself and in other companies of comparable size and industry.

The contracts of service and the structure of the remuneration system for the members of the Executive Board are reviewed and determined by the full Supervisory Board, in accordance with statutory provisions.

Due to the delisting of Schaltbau, the remuneration of individual members of the Executive Board is not disclosed. As of 31 December 2021, the shares of Schaltbau Holding AG are no longer traded on the regulated market but on the Regulated Unofficial Market (Freiverkehr), which means it is no longer mandatory to disclose the remuneration of individual Executive Board members.

The remuneration system does not currently stipulate any explicit CSR targets. However, the structure of the target agreements for professional and executive staff allows for CSR targets to be implemented in the target agreements.

### 3. CUSTOMER INTERESTS AND PRODUCT MANAGEMENT

#### 3.1. Customer satisfaction, product life cycle and product safety

##### ORGANISATION, POLICIES AND PROCESSES | AIMS

The Schaltbau Group aims to ensure a high level of product safety, quality and durability. In order to protect the Group's reputation and the interests of its customers, potential production risks are limited by comprehensive regulations and the application of processes relating to quality management, product safety and occupational health and safety. The main companies of the Schaltbau Group are certified in accordance with ISO 9001 standards and also meet other industry-specific quality management standards. Therefore, 99% of the Schaltbau Group's employees work in accordance with certified quality standards. As part of the certification process, the Group's companies are required to provide information on their targets, including time frames and the level of target achievement.

The management teams of the Germany-based companies that operate production sites are formally involved in environmental, product and quality management and regularly informed by those responsible about product and development planning and the management of environmental impacts.

##### MEASURES

Extending the life cycle of products is part of the core business of SBRS GmbH, which specialises in maintaining and refurbishing trains. A longer life cycle ultimately leads to less waste and reduces the use of natural resources. SBRS GmbH is thus making a key contribution to optimising the total cost of ownership across the entire life cycle of products and at the same time helping customers to meet passengers' needs for greater convenience and functionality.

To ensure outstanding quality and high safety standards, the Group's products are subject to strict quality and defect management procedures. For this reason, customers are also sometimes involved in quality management when conducting audits. Quality management measures resulting from these internal or external audits are monitored by the quality department and checked for effectiveness.

##### RESULTS

Group-wide performance indicators in the fields of quality management and customer satisfaction are not currently being recorded. However, at the companies Schaltbau GmbH, SBRS GmbH, Schaltbau India Pvt. Ltd., Rawag Sp. z.o. and XI'AN Schaltbau Electric Co. a comprehensive range of performance indicators is already being implemented, including supplier and production quality, the product defect rate, failure costs, warranty costs and repair costs. Some of these companies have also set themselves specific quality targets.

##### RISKS

The principal risks that can arise in conjunction with customer interests and product management are warranty risks and customer-related project delays. These are described in detail in the Risk Report within the combined Management Report for Schaltbau Holding AG and the Group for 2021.



## 3.2. Sustainable innovation

### **ORGANISATION, POLICIES AND PROCESSES | AIMS**

The Schaltbau Group aims to ensure a high level of product safety and quality and continually supplements its range of products and services with innovative and digital solutions by investing in research and development. As an enterprise operating on a global scale, the Schaltbau Group has a great deal of responsibility for the sustainable development of products that take into account the interests of users and meet the requirements of occupational health and safety and environmental protection, creating sustainable added value for its customers at the same time.

As a rule, the R&D departments of the various Group subsidiaries are responsible for product development and innovation. Resource efficiency is already taken into account at this point: modular product designs make it easier to replace defective components during the use phase and thus extend the life cycle of the Group's products. The Schaltbau Group's sales companies are frequently in close contact with the R&D departments, providing customer feedback and information on market requirements.

The Schaltbau GmbH Group plans to expand its business to include the fields of New Energy/New Industry and E-Mobility based on DC technology. During the year under report, a major focus of further development was again on contactors for safety-related DC applications, a field in which Schaltbau concentrated on developing very low contact transition resistances with the aim of significantly reducing power losses when handling high-current loads. The development conserves valuable resources and enables the applications to be operated in a more economical and sustainable manner. Furthermore, the connectors Schaltbau has developed for high-current/high-voltage applications already make it possible to charge and operate industrial trucks on a daily commercial basis. In the foreseeable future, Schaltbau will be ready to launch a new type of connector system that is very small and suitable for connecting battery applications internally, making battery packs easier to maintain without increasing their size.

### **MEASURES | RESULTS**

Schaltbau Group companies are individually involved in a variety of innovation and product development projects.

The silicon carbide battery charger developed by SBRS GmbH in 2020, for which it won the TOP 100 Award for Germany's most innovative SMEs, is meanwhile in use at various locations. Together with all the other charging stations supplied by SBRS GmbH, over 7,000 tonnes of carbon emissions have already been avoided according to the SBRS GmbH climate counter (see also 4.1.3. Resource-efficient and eco-friendly products).

SBRS GmbH reviews customer tenders for e-mobility charging infrastructure and refurbishment projects with regard to their environmental sustainability, enabling it to prioritise projects and offers that are expected to have a particularly positive impact in terms of sustainability.

In 2019, Bode – Die Tür GmbH introduced the concept of condition-based maintenance (CBM) in an initial customer project. The procedure is designed to replace the previous interval-based system and maintenance and repair work are now carried out according to the degree of wear on the components, avoiding them being unnecessarily replaced prematurely, but optimally used until the end of their life cycle. The concept also increases the availability of boarding systems deployed in regular passenger services, as any deterioration in the quality of key components can now be detected before a failure occurs. Based on the positive feedback from the first customer project, the concept was additionally driven forward in 2020 and is now available as a generic platform for projects in both the Road and the Rail lines of business. Follow-up projects are currently ongoing with both OEMs and vehicle operators regarding the use of CBM algorithms and a two-year field test at a Swiss railway company was successfully completed in 2021. The results fully confirmed the suitability of the algorithms developed for this purpose.

Likewise at Bode – Die Tür GmbH, for several years now, various technologies and materials in the field of lightweight design have been researched as part of a collaborative project and lightweight doors are currently

being developed on this basis. The reduced door weight will also make it possible to simplify the design of the door drive units. Due to the improved heat insulation characteristics typical for lightweight materials, the use of lightweight doors can also potentially reduce the amount of energy required to heat railway carriages. The project was successfully concluded in 2020. The aim of the project, i.e. to develop more sustainable structural components for boarding systems in rolling stock applications, was fully achieved. The next step now is to develop a concept for manufacturing the doors in a semi-automated production line.

Pintsch GmbH uses highly efficient LEDs and state-of-the-art optical and electronic equipment in its signals, which not only considerably prolongs their service life, but also increases the efficiency of its products, significantly reducing maintenance and other costs for the customer. For this reason, in 2021, Dutch Railways decided to replace all the signals it currently deploys throughout the Netherlands with new products made by Pintsch GmbH. The first deliveries for this order are scheduled for 2022.

## **RISKS**

The main risks that can arise in conjunction with sustainable innovation are development and design risks, particularly those associated with the launch of new products, and warranty risks. These are described in detail in the Risk Report within the combined Management Report for Schaltbau Holding AG and the Group for 2021.

## 4. ENVIRONMENT

### 4.1. Resource-efficient management

#### 4.1.1. Conserving resources

##### ORGANISATION, POLICIES AND PROCESSES

The manufacturing of long-lasting, sustainable products and the efficient use of resources and raw materials are an integral part of the Schaltbau Group's corporate philosophy and for these reasons it places great emphasis on protecting the environment. The Group's resource management system is based on principles, policies and guidelines that are set out in the Code of Conduct and all employees are required to adhere to them.

At the operational level of the most important Schaltbau manufacturing companies in Germany, risk analyses are performed on an ongoing basis, for example to replace materials that are hazardous to health or to prevent groundwater contamination.

##### MEASURES | RESULTS

All Schaltbau Group companies have already implemented a variety of individual measures to conserve resources. For both environmental and cost reasons, energy and water consumption as well as waste are reduced to a minimum or ideally even avoided altogether during the production process. Moreover, Schaltbau companies take active steps to minimise emissions and protect the environment when developing their products, as described under 4.1.3. and 4.2.

Any wastes generated during production are either recycled or properly disposed of in an eco-friendly manner. For the Schaltbau Group's Germany-based companies, waste statistics have been collected on both recycling and disposal, making it possible to draw conclusions about the quantities of waste generated by the various Schaltbau companies and identify potential for improvement. Guidelines on waste prevention and regular information in newsletters are additional measures aimed at raising employees' awareness of the need to separate and recycle waste. Reusable packaging is always used to the extent possible. As a general rule, Schaltbau puts great emphasis on only placing orders with waste management and transport companies that are certified as waste disposal specialists. The Schaltbau Group's main manufacturing companies outside Germany also take various measures to improve waste recycling rates and minimise disposal.

Moreover, Schaltbau Group companies use raw materials in a resource-friendly, efficient manner in all their production processes. The Schaltbau Group is committed to using environmentally friendly technologies and invests continuously in research and development with the aim of making its manufacturing processes and products even more sustainable. The refurbishment activities of SBRS GmbH comprise the general overhauling and repair of intensively used rolling stock, again helping to conserve resources and raw materials and promote the efficient reuse of materials. The strategy not only benefits the customer, but also the environment and the Schaltbau Group itself.

##### TARGETS

There are currently no Group-wide targets in place regarding resource conservation, as this task is performed at subsidiary level. Schaltbau GmbH, for example, has set itself the target of improving its waste disposal concept during the coming year. SBRS GmbH was able to fully achieve its targets for maintaining reduced paper consumption and systematically separating its waste during the fiscal year 2021, despite business expansion.

#### 4.1.2. Energy and environmental management

##### ORGANISATION, POLICIES AND PROCESSES

Eight of the Schaltbau Group's 14 manufacturing companies have an environmental management system in place that is certified in accordance with ISO 14001 (equivalent to a coverage of 44% of employees), within which a corporate environmental policy, environmental goals and an environmental programme have been defined. These certifications are subject to regular reviews, thereby creating incentives for a continuous improvement process.

##### TARGETS | MEASURES

SBRS GmbH already defined specific targets back in the fiscal year 2017. These relate primarily to electricity consumption, the reduction targets of which were fully achieved in the fiscal year 2021. For example, electronic loads were obtained that enable energy to be fed back into the battery chargers during long-term tests, which was previously done using load resistors, generating unused waste heat. Returnable packaging is used to the extent possible, e.g. in collaboration with customers such as Stadler and Bombardier.

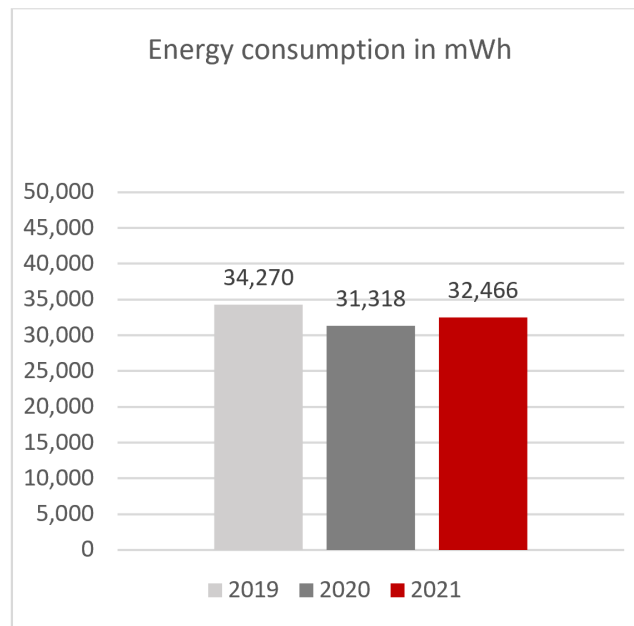
For several years now, Schaltbau GmbH has also regularly set itself reduction targets for its various production sites and office buildings. In 2022, for example, Schaltbau GmbH plans to replace its interior lighting systems.

Examples of measures taken to reduce energy consumption in office buildings and production facilities within the Schaltbau Group, both in the year under report and in the past, firstly include changes in everyday working life, such as switching off lights and PCs at the end of each working day. Secondly, the Group is successively replacing its existing IT equipment with more energy-efficient devices and conventional servers are making way for virtual versions. Other measures included the insulation and modernisation of production buildings, the successive renewal of machinery and the installation of energy-efficient LED lighting. Photovoltaic systems and combined heat and power plants are also being utilised.

For several years, both Schaltbau GmbH and Bode – Die Tür GmbH have had access to an environmental data collection system that covers the aspects of electricity, water, heating oil, natural gas and waste. Based on these best practices, in the fiscal year 2018 Group-wide KPIs were introduced via workshops. Moreover, in the fiscal year 2018, a Group-wide data collection system was established to record energy consumption. In 2019 and 2020, the data collection system was further expanded to enable the Group to assess its carbon footprint. Moreover, several of the Schaltbau Group's foreign companies actively monitor their electricity, gas and water consumption throughout the year.

##### RESULT

In the fiscal year under report, the Schaltbau Group consumed a total of 32,466 MWh of energy. At just under 40%, electricity consumption accounted for the largest share of total energy utilisation. The following overview provides information on energy consumption:



The slight rise in energy consumption is mainly due to an increase in the Group's total output. The previous year's sharp drop in fuel consumption due to COVID-19 remained more or less at the same level due to the continued reduction in travel and the use of company cars as well as the fact that many employees worked from home.

#### 4.1.3. Resource-efficient and eco-friendly products

##### ORGANISATION, POLICIES AND PROCESSES

The Schaltbau Group fosters long-term customer relationships and manufactures railway-related products that generally have a life cycle of at least 30 years. The R&D departments of the various Schaltbau Group companies are responsible for innovation and product development and also create modular product designs in the course of their work. Modular product designs make it easier to replace defective components during the use phase and thus extend the life cycle of the products, which helps to conserve resources.

For more information on sustainable product innovation, please see chapter 3.2.

##### MEASURES | RESULTS | TARGETS

In principle, increasing the volume of passengers and freight transported by rail helps reduce the amount of traffic on public roads and contributes towards lowering particulate matter, CO<sub>2</sub> and NO<sub>x</sub> emissions as well as overall noise pollution. By promoting the use of electrically powered railway and bus systems, the Schaltbau Group is making a significant contribution to decarbonising the atmosphere.

For instance, with its DC-based, high-performance, fast-charging stations SBRS GmbH is promoting the transition to e-bus fleets in environmentally aware cities, towns and municipalities. SBRS GmbH has installed a CO<sub>2</sub> counter on its website, which shows the number of tonnes of CO<sub>2</sub> that the charging stations installed by Schaltbau E-Mobility have saved compared to diesel-powered public buses (for further information, please go to: <http://www.schaltbau-refurbishment.de/>).

In the fiscal year 2021, the German Electrical and Electronic Manufacturers' Association (ZVEI) nominated the management team of SBRS GmbH for the German Environmental Award 2021 because of its innovative, eco-friendly products and the German Federal Environmental Foundation (DBU) included it in the selection process.

With the aim of conserving resources, SBRS GmbH also carried out a project on circular economy in close collaboration with Prosperkolleg in 2021 (<http://www.schaltbau-refurbishment.de/die-sbrs-erschliesst-potentiale-zur-zirkulaeren-wertschoepfung/>). SBRS GmbH also became a member of greentech.ruhr in December 2021.

There are currently no Group-wide targets in place regarding resource-efficient, eco-friendly products.

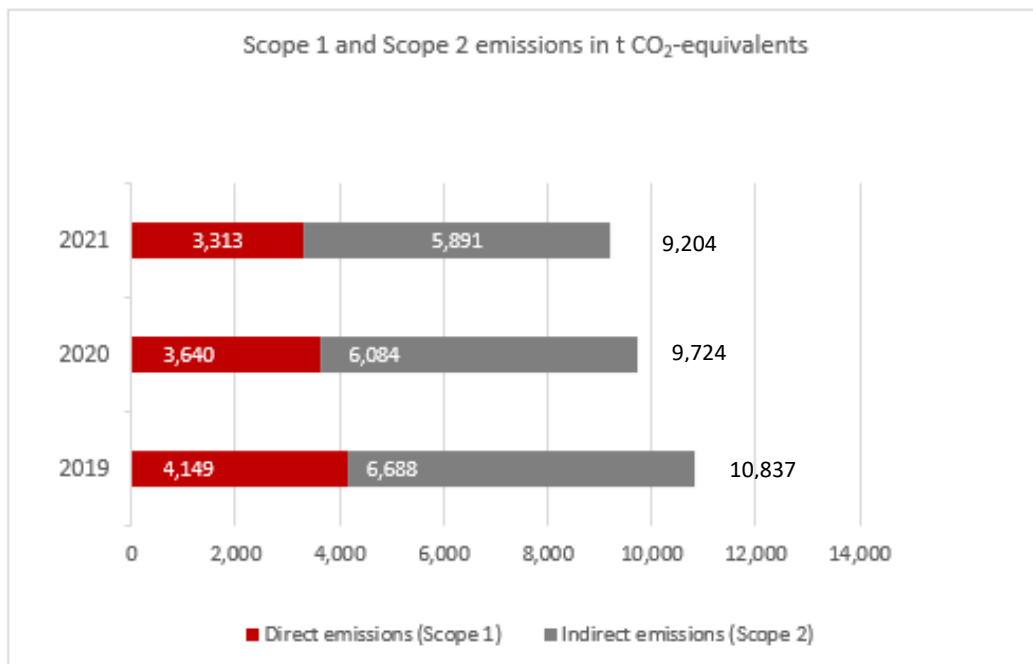
## 4.2. Climate-relevant emissions

### ORGANISATION, POLICIES AND PROCESSES

During the year under report, Schaltbau continued to build on the groundwork of previous years regarding climate management, including purchasing more of its energy from low-carbon or renewable sources, taking various operational measures to reduce energy consumption, increasing the proportion of electrified vehicles in its fleet and, for the first time, the voluntary compensation of carbon emissions generated by SBRS GmbH. Going forward, the Schaltbau Group will continue to decarbonise its own operations and neutralise its carbon emissions, but will also turn its attention to new aspects such as mitigating climate-induced risks along the value chain.

### MEASURES | TARGETS | RESULTS

During the year under report, the Schaltbau Group collected the data required to calculate its carbon footprint for the third successive time. This carbon footprint assessment covers the direct (Scope 1) and indirect (Scope 2) carbon emissions on a Group-wide basis. <sup>2</sup>



<sup>2</sup> Scope 1: Emissions directly generated by energy consumption in buildings, fuel consumption, inert gas consumption and refrigerant losses.

Scope 2: Emissions generated by the consumption of electricity, district heating and district cooling. Emissions generated by the use of bought-in electricity are calculated via the market-based method.

The carbon emissions data were collected in accordance with the Corporate Accounting and Reporting Standard of the Greenhouse Gas Protocol.

Total emissions according to the location-based method: 11,717 t CO<sub>2</sub>e (2020: 11,464 t CO<sub>2</sub>e).

Greenhouse gas emissions (Scope 1 and 2) amounted to 9,204 tonnes of carbon equivalents in the year under report (2020: 9,724 tonnes). The main sources of carbon emissions generated by the Schaltbau Group are electricity, natural gas and heating oil in stationary facilities. The majority of these emissions are generated by Group companies based in Germany and the Group's location in Poland.

The decrease in Scope 1 emissions is partially due to the modernisation of the heating system at Bode – Die Tür GmbH during the year under report, which has one of the highest energy consumption rates within the Schaltbau Group. The reasons for the slight reduction in Scope 2 emissions are primarily the increasing amount of electricity obtained from renewable energy sources and the switch to lower-emission tariffs for conventional electricity.

In 2021, SBRS GmbH became the first company in the Schaltbau Group to become climate-neutral by voluntarily offsetting its own Scope 1, Scope 2 and selected Scope 3 emissions by purchasing emissions reduction credits. The underlying carbon footprint assessment has been independently verified by the company innowise GmbH. The targets set for 2022 are to reduce greenhouse gas emissions through the company's own measures and efforts, as well as to achieve an audited life cycle assessment in accordance with DIN EN ISO 14040/14044 (further information available at: <http://www.schaltbau-refurbishment.de/die-sbrs-gmbh-ist-klimaneutral/>).

The Schaltbau Group revised its company vehicle policy during the fiscal year 2020 and is particularly supporting the selection of electrified vehicles for company use.

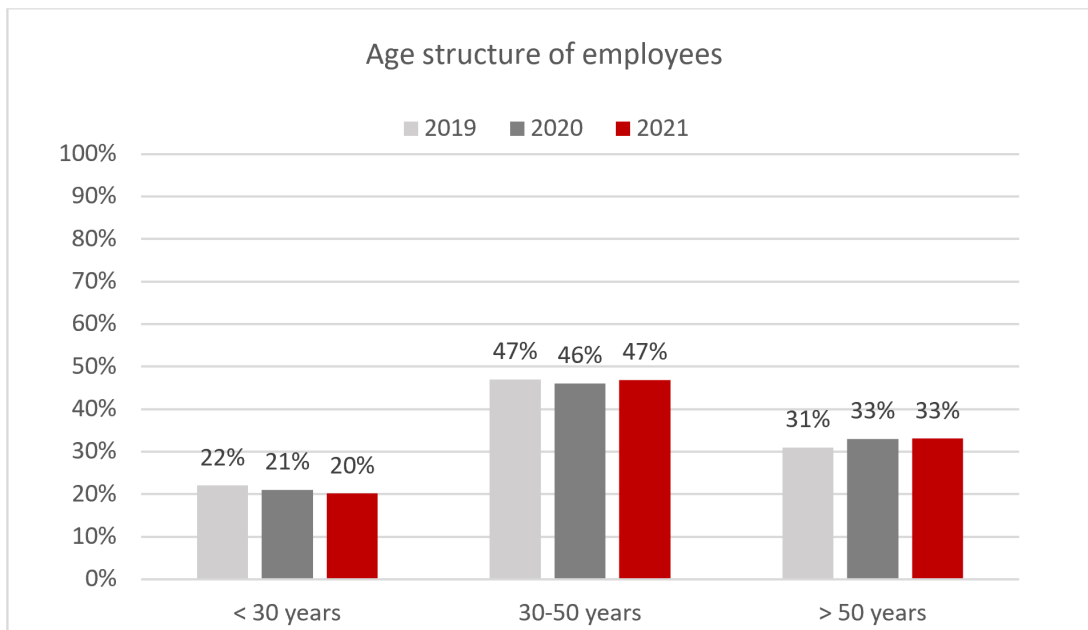
The exhaust emissions generated by the Group's vehicle fleet through business trips and other transportation are kept to a minimum by avoiding unladen trips and encouraging car sharing. When selecting its suppliers, Schaltbau France S.A.S. gives preference to locally based companies in order to minimise the emissions caused by goods transportation.

In collaboration with SBRS GmbH, Pintsch GmbH is planning to increase the number of charging stations already installed for electric vehicles on its staff parking area. Since October 2021, 14 additional charging stations have been installed, bringing the total number to 18. Electric and hybrid company vehicles are given preference for charging. Meanwhile, Pintsch GmbH has leased five hybrid vehicles and one all-electric model and additional vehicles are planned. The free charging stations can be used by employees. A charging station for electrified company vehicles has also been installed at Bode – Die Tür GmbH. A further six charging stations for company vehicles were scheduled for installation in 2021 and ten more for employees' vehicles are planned for the staff parking area. At Schaltbau GmbH, seven hybrid and three all-electric company vehicles are now in use. Schaltbau has invested in charging stations and suitable power points at its various locations to meet this requirement.

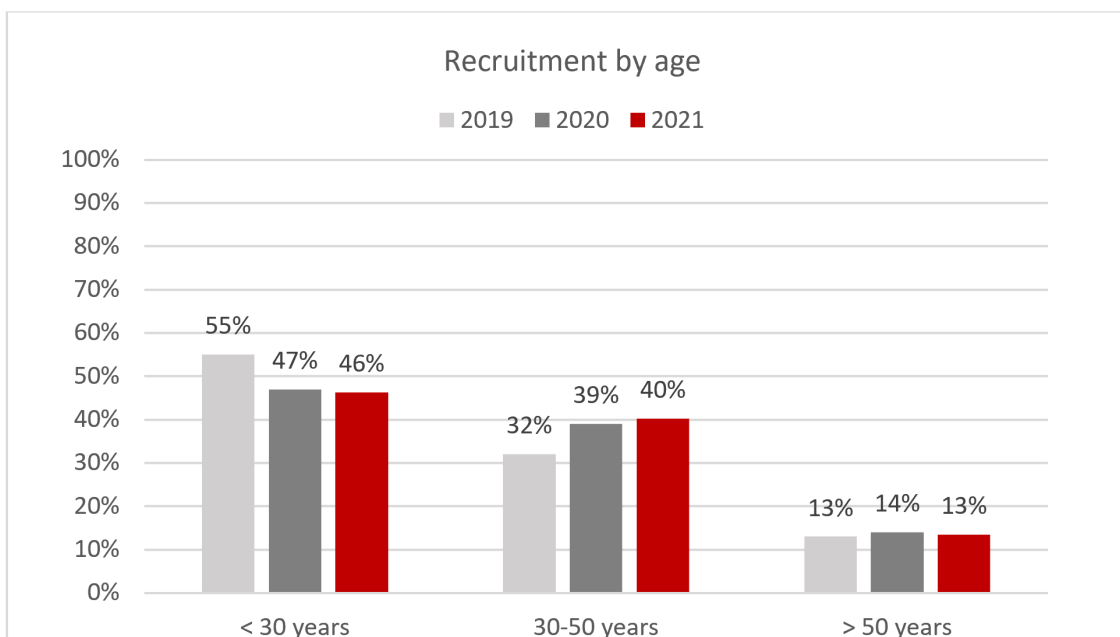
## 5. EMPLOYEES AND COMPANY

### 5.1. Employment trends

As of 31 December 2021, the Schaltbau Group employed 2,953 people, the majority of whom were between 30 and 50 years old. The main employee-related topics include the recruitment of junior staff, vocational training and further training opportunities, occupational health and safety, and equal opportunities.



In the year under report, the largest share of people recruited were under 30 years of age (46%), followed by 30-50 year olds (40%) and over 50 year olds (13%). The proportion of women among newly recruited staff rose slightly from 25% to 29%.







Employee fluctuation during the year under report was 12.3% and therefore almost 2% higher than the previous year's level. The figure also takes short-term, fixed-term employment contracts into account.

#### **RISKS FROM EMPLOYEE INTERESTS**

The Schaltbau Group attempts to mitigate risks relating to employee interests with a mixture of targeted recruitment measures, further training opportunities, needs-based vocational training and greater in-house co-operation. Detailed information on this topic is available in the Risk Report of the combined Management Report for Schaltbau Holding AG and the Group for 2021. Risks particularly relevant to CSR-RUG are the resignation of managers and employees in key positions.

## 5.2. Employee rights and equal opportunities

#### **ORGANISATION, POLICIES AND PROCESSES**

The Schaltbau Group's corporate philosophy is primarily based on compliance with the German General Equal Treatment Act (AGG). All employees are treated equally in terms of recruitment criteria, pay, and development opportunities, regardless of gender, origin or religion.

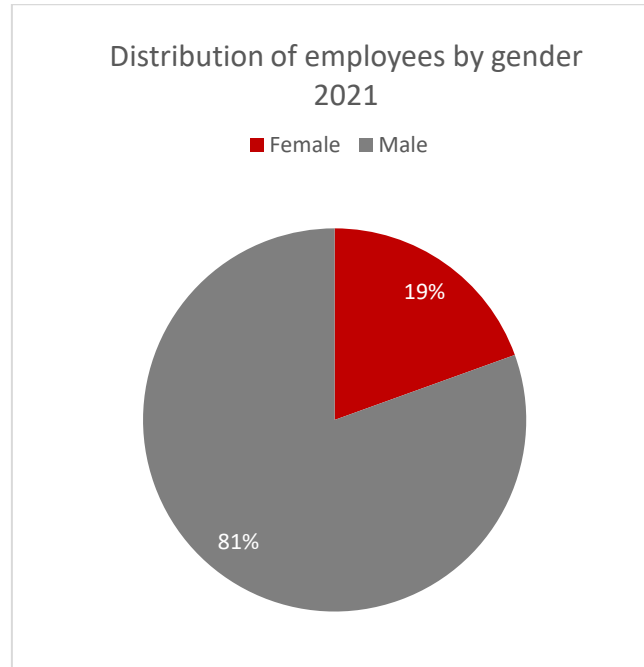
One incident of discrimination was notified during the year under report. The incident was taken up, investigated and addressed by the responsible Compliance Officer with the involvement of the Works Council. A consultation resulted in the situation being rectified from the point of view of the person concerned and the case was then closed.

The Schaltbau Group's remuneration system is performance-based and clearly structured, with the aim of being accountable and transparent for every employee. Employees are remunerated according to their skills, professional experience and individual performance and grouped by function. The Group's Germany-based companies participate in collectively agreed pay scales and 54% of all Schaltbau Group employees are paid accordingly.

The Schaltbau companies based in Germany have the necessary structures in place to ensure equal opportunities for all their employees and fully comply with the requirements set out in the German law governing the equal participation of men and women in management positions in the private sector and public service.

## MEASURES | RESULTS | TARGETS

As of 31 December 2021, the proportion of female employees increased slightly to 19% compared to the previous year. The low figure can be explained by the fact that the Schaltbau Group operates in a technical sector in which the proportion of women is generally still very low. By taking part in community initiatives, the Group is trying to get more women interested in taking up a technical profession.



Schaltbau GmbH, SBRS GmbH and Pintsch GmbH regularly hold open days for young women (Girls' Day) and men (Boys' Day) to give them an insight into our company and help break down typical gender bias when choosing a career path. In 2021, however, all activities relating to open days such as Girls' Day and Boys' Day had to be suspended for the time being due to the corona pandemic. These open days will be continued again as soon as the situation allows.

As of 31 December 2021, the Supervisory Board of Schaltbau Holding AG comprised five male members and one female member. The Schaltbau Group continues to target a sustained increase in the proportion of women on the Supervisory Board and the Executive Board as well as at lower levels of management. The Supervisory Board has set a target of 33.33% for the proportion of women on the Executive Board of Schaltbau Holding AG and 16.67% for the proportion of women on the Supervisory Board of Schaltbau Holding AG. These targets must be achieved by 30 June 2022. As of 31 December 2021, the proportion of women on the Supervisory Board was 16.67% and the Executive Board consisted entirely of men.

With regard to the proportion of women working in executive positions below board level, the Executive Board has set a target of 10% for managing director level and 10% for middle management. These targets must be achieved by 30 June 2022. It was not possible to survey the proportion of women at managing director level (9% in 2020) and in middle management (10% in 2020) for the year under report.

Dialogue with employees is sought in order to promote equal opportunities within the Group. A number of Schaltbau companies conduct employee surveys and hold meetings with staff to discuss their workplace situation, including the psychological workload and their general satisfaction. Schaltbau is also committed to the equal treatment of all employees at its German locations in its joint work with the Works Council and the representative for severely disabled employees.

## EMPLOYEE RIGHTS AND PARTICIPATION

In accordance with the Code of Conduct, the participation of employees in the company and its CSR management is being suitably promoted. For example, suggestions for improvements put forward by employees with regard to employee rights, equal opportunities and health are rewarded. All of the German and some of the foreign companies within the Schaltbau Group have an employee representative body (known as a works council in Germany) to represent employee interests. Strengthening the rights of its employees will make the Schaltbau Group an even more attractive employer for skilled workers.

At all Schaltbau Group companies based in Germany, employees can benefit from flexible working time models, holiday pay, a Christmas bonus, a food allowance and a company pension scheme. The Group's Germany-based companies also offer their employees a variety of health-promoting services.

A Group works agreement on remote working concluded in the course of calendar year 2019 for all companies and operations of Schaltbau Holding AG, which was originally intended to offer employees more flexible working opportunities, was given a broader interpretation in view of the corona pandemic with the aim of protecting the workforce to the greatest possible extent.

### 5.3. Occupational health and safety

#### ORGANISATION, POLICIES AND PROCESSES

The Schaltbau Group gives the health and safety of its employees the highest priority. For this reason, the Group complies with national and international regulations on occupational health and safety, takes all the necessary measures to ensure a safe working environment, and minimises risks to employees by optimising its work processes.

A coordination office for occupational health and safety has been established at the level of Schaltbau Holding AG, which centrally manages the duties and activities relating to occupational health and safety and coordinates them between the Group subsidiaries.

The heads of department in the Schaltbau Group's various subsidiaries are responsible for permanently monitoring compliance with the relevant internal and external regulations on the environment, occupational health and safety, and product safety. The management teams of Schaltbau Group companies based in Germany are responsible for providing sufficient resources to ensure occupational health and safety (such as personal protective equipment), for monitoring environmental impacts, for assessing risks arising from business operations and for drawing up contingency plans aimed at minimising the number of emergency events and ensuring suitable precautions if emergencies were to occur. The department heads are responsible for compliance with accident prevention regulations as well as for compliance with legal and official requirements concerning the environment, occupational health and safety and contingency planning.

Moreover, all of the Schaltbau Group's main manufacturing companies located outside Germany have defined responsibilities and structures in place to ensure occupational health and safety standards. Three of the Group's 14 manufacturing companies are certified in accordance with OHSAS 18001 / ISO 45001 or a comparable standard for occupational health and safety.<sup>3</sup>

#### MEASURES | TARGETS

All Schaltbau Group companies provide training on the topic of occupational work and safety at regular intervals. Nonetheless, should an accident occur at work, the workplace will be inspected and appropriate measures undertaken. In the event of a serious accident, the company management will be alerted.

The setting of specific targets and the monitoring of KPIs, such as the accident rate, are done at subsidiary level. For example, Bode – Die Tür GmbH developed a number of occupational health and safety measures during

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<sup>3</sup> These companies are defined as those employing 100 people or more.

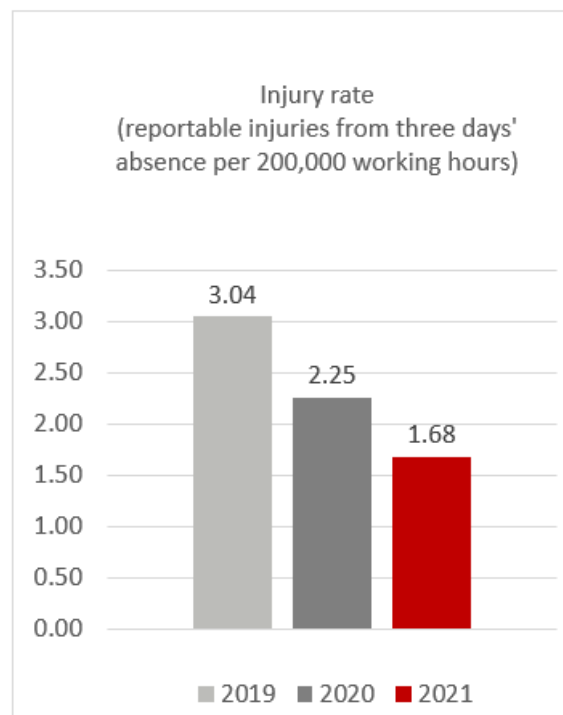
the fiscal year with the aim of reducing work-related accidents. Concrete measures included initiating prevention and information campaigns to raise awareness and educate employees, as well as rigorously investigating any accidents that occur and implementing the resulting protective measures to mitigate the risk of further accidents. As a result, the number of notifiable work-related accidents at Bode – Die Tür GmbH was reduced by 22% compared with 2020 and by as much as 52% compared with 2019. Further measures to achieve the goal of 0 accidents will be taken with the launch of the "Bode-Vision-Zero" campaign in 2022.

In view of the corona pandemic, in the fiscal year 2020 Schaltbau Holding AG issued a pandemic policy that applies to all majority-owned subsidiaries based in Germany. In a step-by-step plan, measures and conduct are specified with the aim of minimising any negative impacts on the health of employees. In 2021, Schaltbau Holding AG, Schaltbau GmbH and Bode – Die Tür GmbH offered their employees the opportunity to be vaccinated.

In the field of occupational health and safety management, the German subsidiaries cooperate with health insurance funds and other organisations to provide employees with the best possible service.

## RESULTS

The key figures on notifiable employee accidents were recorded on a Group-wide basis during the year under report. The accident rate (LTIFR: Lost Time Injury Frequency Rate) was 1.68 in the year under report, down from 2.25 one year earlier. Although the total number of hours worked increased by almost 10% year on year, the number of work-related accidents fell by 15%. Schaltbau Group companies work proactively to optimise their processes with the aim of further improving their occupational health and safety record. Moreover, the accident severity rate (LTI: Lost Time Injury Severity Rate) was surveyed for the first time in the year under report and stood at 60.2, which means, the average time lost per 200,000 working hours was 60 days.<sup>4</sup>



<sup>4</sup> Number of days of absence due to injuries multiplied by 200,000 in relation to the total number of hours worked

## 5.4. Recruitment, vocational and further training

### **ORGANISATION, POLICIES AND PROCESSES**

The expertise and the initiative of motivated employees are essential factors in maintaining the Schaltbau Group's level of competitiveness. It is therefore important for the Group to offer its employees not only a pleasant working atmosphere, but also extensive development and further training opportunities as well as options for improving their individual skills. We see offers of this nature as an important investment in the future of the enterprise.

In the year under report, Schaltbau GmbH decided to develop a standardised personnel development strategy for 2022, which will focus on identifying, developing and promoting talents.

### **MEASURES**

In addition to the further training of employees through a wide range of courses, most Group companies within Germany offer school leavers a variety of vocational training options and dual courses of study.

Students and school pupils are given the opportunity to get to know Schaltbau during their studies or their school education by taking up an internship or a practical semester, which is also possible in the context of student research projects or theses.

For example, Schaltbau GmbH promotes the expansion of working student activities and the supervision of master's theses and doctorates in order to help young, talented people join the Schaltbau Group and encourage innovative ideas at the same time. The vocational training catalogue was also updated and the number of different apprenticeships increased during the year under report. In order to provide apprentices with ideal vocational training conditions, Bode – Die Tür GmbH has its own training workshop, for which it has received a great deal of local recognition.

In order to gain first- and second-level managers for the Group, the recruitment process for the selection procedure has been improved to ensure that the right managers are selected in accordance with HR strategy. For example, a personality test is used for in-house assessment purposes.

To reduce staff fluctuation among skilled specialists and management staff, but also as part of the Group's cultural transition towards becoming a more forward-looking enterprise, an extensive personnel development programme was launched, starting with the "Schalt um" (i.e. switch) programme in 2019. The one-year coaching programme consists of five modules and specifically supports executives and their potentials in their technical and personal development.

### **AIMS | RESULTS**

In order to bolster employee loyalty, the corporate culture is also to be modernised as part of the digitalisation process. In future, employees will be able to use an app to submit applications and receive company information in a straightforward manner. In addition, travel expense accounting and working time recording will be streamlined with a view to reducing the administrative workload. Employees are to be involved in the workflows by being given a greater degree of personal responsibility and similarly, managers are to be empowered in their leadership responsibilities.

In order to achieve these aims, a "digital HR" agreement was concluded in December 2019. The "Loga All-In" software application selected for this purpose is a cloud-based solution that was partially rolled out in 2020 and the remaining modules are due to be launched by summer 2023.

A Group works agreement was concluded for "digital HR" in July 2020.

## 5.5. Human rights and the supply chain

### ORGANISATION, POLICIES AND PROCESSES

The Schaltbau Group is aware of its responsibility and fully committed to respecting human rights, such as avoiding the use of child labour and forced labour. This commitment is enshrined in the Code of Conduct and applies to all Group employees and business partners. Training courses are held for employees to better acquaint them with the rules set out in the Code of Conduct.

### MEASURES | TARGETS

With the aim of involving business partners more closely in the concept of responsible action, in 2018 Schaltbau GmbH developed a Code of Conduct for its suppliers. The Code essentially defines expectations with regard to environmental, social and employee issues as well as respect for human rights and the fight against corruption and bribery. Schaltbau's main suppliers have been prompted to comply with the Code. Bode – die Tür GmbH is also planning to draw up and implement a Code of Conduct for its suppliers.

As a general rule, if a supplier fails to comply with the requirements of the Code of Conduct, the Schaltbau Group reserves the right to terminate the business relationship. Beforehand, however, the Group would first seek a constructive dialogue with the supplier to jointly discuss the underlying causes and possibly agree on solutions to the shortcomings identified.

In order to comply with ethical principles regarding the procurement of raw materials, in addition to the Group-wide Code of Conduct, separate guidelines drawn up by individual Group subsidiaries define the handling of conflict minerals in purchasing, among other issues.

In the fiscal year 2020, Schaltbau GmbH implemented a new supply chain software system that makes it simpler to analyse conflict minerals and improves the management of RoHS and REACH compliance.

Some Group companies already take social and ecological criteria into account when selecting their suppliers. For example, the China-based company XI'AN Schaltbau Electric Co. Ltd. asks all its new suppliers whether they have a certified environmental and occupational work and safety management system in place.

At SBRS GmbH and Schaltbau GmbH, the verification of certified occupational health and safety and environmental management systems is an integral part of supplier audits and supplier self-assessments. Bode – Die Tür GmbH takes environmental and social criteria into account in its purchasing policies and plans to include environmental and social issues in future audits at supplier locations.

Bode North America, Inc. gives preference to suppliers certified in accordance with the Disadvantaged Business Enterprises (DBE) standard to the extent possible. The certification is issued by the US Department of Transport with the aim of levelling the playing field for smaller businesses owned by socially and economically disadvantaged individuals.

### RESULTS

In order to comply more rigorously with its human rights-related due diligence obligations, in 2019 the Schaltbau Group conducted an initial rough risk analysis of the supply chain in line with the German government's National Action Plan for Business and Human Rights. The potential risk of human rights violations was determined at over 50%<sup>5</sup> of the direct suppliers and initial risk-mitigating measures were defined.

In preparation for the upcoming Supply Chain Due Diligence Act, Schaltbau also plans to examine its human rights due diligence obligations more closely and review the results and methodology of the risk analysis to date, additionally adapting and expanding them if required.

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<sup>5</sup> Measured by purchasing volume in 2018

## 5.6. Social commitment

Again in the fiscal year 2021, no common targets or measures were defined at Group level with regard to social commitment. However, voluntary commitment is practised at subsidiary level on an individual basis. Apart from civil protection activities, our employees are involved, for example, in social institutions, internally organised fundraising campaigns and sponsorships abroad. SBRS GmbH and Pintsch GmbH purchase products and services (such as the maintenance of outdoor premises or the production of transport crates) via the Workshops for Disabled People (WfbM) in Dinslaken, which belong to Albert-Schweitzer-Einrichtungen für Behinderte GmbH (ASE).

## 6. COMPLIANCE

### 6.1. Compliance with laws and regulations

#### ORGANISATION, POLICIES AND PROCESSES

The Schaltbau Group's commercial success is based on trust, integrity, fair competition and lawful conduct, both within the Group and towards customers and business partners. These principles are enshrined in the Code of Conduct. Compliance with the Code is ensured by taking appropriate measures and clearly defining responsibilities at all Group levels.

In a selection process, compliance risks have been identified, assessed and presented as a matrix. The treatment of individual aspects is based on the topics prioritised in the selection process. The compliance risks identified include the fields of antitrust, corruption prevention, customs law and export control, sustainability (ESG), data protection and IT security.

The Schaltbau Group's Code of Conduct is designed to heighten awareness of compliance issues in particular. In addition to the Code, regulations are implemented regarding individual compliance fields via an introductory process coordinated with the Group's companies. The Schaltbau Group closely monitors regulatory developments and responds to legislative initiatives in a proactive manner. As a rule, regulations are stipulated at holding company level. Only in exceptional cases do additional local rules exist that take the specific circumstances of individual countries into account. Regulations for each compliance field are reviewed annually to take account of any changes in the law and updated every four years at the latest. Accordingly, three of the 48 regulations were updated during the year under report (2020: 22).

At holding company level, the Group Compliance Officer is responsible for managing the Group's compliance activities worldwide and reports directly to the Executive Board. The Bode and Schaltbau GmbH Group segments each have compliance officers and compliance representatives who are responsible for their local units and report directly to the Group Compliance Officer of the holding company. The Pintsch Group and SBRS GmbH are currently directly supervised by the Group Compliance Officer of Schaltbau Holding AG with respect to compliance issues. As of 1 February 2022, however, compliance officers are due to be appointed for both of these companies.

Any suspected violations of compliance regulations can be reported to the compliance officers of the relevant companies or anonymously via the whistle-blower system. Any reports received will be processed in a prompt manner. If compliance violations are identified, their causes and effects will be analysed and addressed and sanctions imposed on those responsible if deemed appropriate.

#### MEASURES

All Schaltbau employees are required to adhere to Group compliance regulations. With the introduction of new regulations or at regular intervals, employees are trained in compliance topics, either in face-to-face training sessions or via e-learning formats. Training in the fields of corruption prevention, antitrust and money laundering is provided for the employees concerned every three years on a worldwide basis.

Training also focused in particular on the topic of IT security in 2021. By the end of the year under report, 99% of the 894 employees who were asked to do so had completed this e-learning training course.

Furthermore, all Schaltbau Holding AG employees received an invitation to attend a general compliance training course during the year under report, with the aim of providing an overview of the Schaltbau Group's compliance regulations and teaching them how to apply them in a correct manner. The majority of employees have already completed the training course.

In 2021, the managers of the Pintsch Group and SBSR GmbH as well as employees of Schaltbau Holding AG were also trained in corruption prevention.



Audits performed by independent auditors are also used to supplement training measures with the aim of ensuring compliance with statutory regulations and in-house guidelines that are relevant for the Schaltbau Group's nationally and internationally based companies. As a rule, audits of the various compliance fields are repeated every four years. Accordingly, the internal auditors alternately focus their attention on Schaltbau locations in Germany, Europe, America and Asia each year. In the fiscal year 2021 they audited Group companies based in Asia and Europe. In addition, all German locations were audited to ensure the correct implementation of product liability regulations. A customs audit and audits of the general internal control system were conducted at one Schaltbau Group company in the USA. Due to the COVID-19 pandemic, however, some of the audits were conducted remotely using appropriate digital tools. All audits that required on-site presence were postponed until 2022. In 2022, apart from conducting audits that had to be postponed the previous year, a further focus will be placed on Germany-based Schaltbau Group companies to ensure compliance with customs regulations.

### **REVISING THE WHISTLE-BLOWER SYSTEM**

Based on EU Directive 2019/1937, Schaltbau Holding AG reformed the whistle-blower system used within the Group during the fiscal year 2021. Confidentiality requirements are respected, taking into account the provisions to protect potential whistle-blowers by means of secure reporting channels and a reliable point of contact. A systems provider that offers technical support for the web-based system on the basis of https-encrypted connections is employed for this purpose. The relevant data are kept in high-security data centres and it is not possible for unauthorised persons to view the reports. The reporting process is subject to a predefined process with fixed deadlines, enabling whistle-blowers to report both anonymously and confidentially. The system was activated in 2021 and is available to both internal and external stakeholders.

### **RESULTS | AIMS**

No internal cases of corruption were detected in the fiscal year 2021.

As in previous years, no investigations were conducted by state institutions against the Schaltbau Group during the year under report. No fines relating to compliance violations were imposed on Schaltbau companies during the fiscal year 2021. It remains Schaltbau's aim to prevent any cases of corruption.

## **6.2. Data protection and IT security**

### **ORGANISATION, POLICIES AND PROCESSES**

The IT departments of Schaltbau Holding AG and its four segment lead companies are generally responsible for data protection and IT security issues. The function of the Data Protection Officer is located outside the IT department, as he/she has a monitoring function with respect to the IT department and is accountable to Compliance (within the framework of the management's delegation of functions). The IT security strategy mainly involves developing security expertise and similar activities.

### **MEASURES | RESULTS | AIMS**

In order to take account of legal developments and technological progress, the Schaltbau Group is planning to revise a large number of its corporate policies. Employees will receive regular training on data protection and IT security, and these topics will also be integrated in general internal audits, as described in section 6.1. Specific objectives will be derived from the results of the general audit (Internal Audit) and the audit of the financial statements.

### 6.3. Political influence

Any political influence exerted by the Schaltbau Group is done exclusively via association activities, such as by attending association meetings (German Railway Industry Association, German Automotive Industry Association, German Electrical and Electronic Manufacturers' Association). Furthermore, Schaltbau GmbH, for example, is a member of the Bavarian metal and electrical industry, the German Institute for Standardization and the Association for Production and Logistics Management.

As a member of the industry working group "Legally compliant environmental management in the electronics industry", Schaltbau GmbH is committed to implementing RoHS, REACH, WEEE and other environmental requirements and prepares itself accordingly for the development and manufacturing of legally compliant products. In addition, Pintsch GmbH is a member of "Allianz pro Schiene", an organisation dedicated to promoting safe, eco-friendly railway transportation.

Bode – Die Tür GmbH is a member of associations that include the German Association for Quality (DGQ), the German Institute for Standardization (DIN e.V.) and the VDSI, an organisation dedicated to occupational health and safety and environmental protection.

Schaltbau Group subsidiaries also participate in numerous association activities in other countries, such as in Italy (ANIE – Federazione Nazionale Imprese Elettrotecniche ed Elettroniche, the national association of the electrical industry) and China (China Urban Rail Transit Association Modern Tram Branch) to name but two.

In accordance with its internal donations policy, the Schaltbau Group does not give any type of donations or election campaign support to political parties, similar organisations, or candidates for political positions.

## UN GLOBAL COMPACT INDEX

This Sustainability Report also serves as the Schaltbau Group's progress report within the framework of the UN Global Compact. The table refers to the text passages in which the Schaltbau Group provides information on its commitment to implementing the ten principles of the UN Global Compact.

Principle		Reference
<b>HUMAN RIGHTS</b>		
<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights.	Chapter 5.5.
<b>Principle 2</b>	Businesses should make sure that they are not complicit in human rights abuses.	Chapter 5.5.
<b>LABOUR STANDARDS</b>		
<b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Chapter 5.2.
<b>Principle 4</b>	Businesses should uphold the elimination of all forms of forced and compulsory labour.	Chapter 5.5.
<b>Principle 5</b>	Businesses should uphold the effective abolition of child labour.	Chapter 5.5.
<b>Principle 6</b>	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Chapter 5.2.
<b>ENVIRONMENT</b>		
<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges.	Chapter 4.
<b>Principle 8</b>	Businesses should undertake initiatives to promote greater environmental responsibility.	Chapter 4.
<b>Principle 9</b>	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Chapter 3. Chapter 4.
<b>ANTI-CORRUPTION</b>		
<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery.	Chapter 6.

**LEGAL NOTICE**

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