

# Sustainability Report

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## Energy and emissions

# Progress made

**In 2023, SFS Group reduced its Scope 1 and 2 emissions by –7.6% in absolute terms. Compared to the 2020 reference year, the tons of CO<sub>2</sub>equivalent per franc of value added has been reduced by –58.5%. That means SFS has moved another step closer to its target of reducing the intensity of direct greenhouse gas emissions by at least 90% by 2030. The Scope 3 emissions data were further completed. In order to reinforce its emissions reduction targets, SFS committed itself to the “Science Based Targets initiative” (SBTi) in the year under review. Due to the general energy situation, the electricity mix in Switzerland was supplemented with electricity from nuclear energy. As a result, the share of renewable energy fell to 40.0% (PY 49.7%).**

In the area of sustainability, climate and environmental protection is a top priority for SFS. We strive not only to use renewable energy and reduce air emissions as much as possible, but also to use and develop sustainable solutions and implement effective supply chain management. In the last materiality analysis in 2022, the following four topics from “Environment” were identified as material:

- Energy
- Emissions
- [Sustainable solutions](#)
- [Procurement](#)

We outline our position on other relevant topics from this field, such as use of water resources and the protection of biodiversity, in our [sustainability guidelines](#). These topics are important to us, but were not identified by our stakeholders as material. For that reason, we are not currently reporting on them in detail.

While “Emissions” has already been classified as material in 2019, SFS included the topic of “Energy” on its list of material topics for the first time in 2022. In the light of the fact that, as a manufacturing company, we have high energy requirements and electricity consumption accounts for around 70% of Scope 1 and 2 emissions, it is understandable that stakeholders attach the highest priority to this topic. They believe that SFS Group has the greatest environmental impact in these two topics, which together form the focus topic “Energy & emissions”. Conversely, energy costs and the availability of energy have a high impact on SFS’s business activities. Continuously increasing our energy efficiency, using energy with the lowest level of emissions possible and increasing the share of self-produced renewable energy are therefore also in our own interest.

To that end, we are committed to the following goal in our sustainability guidelines: “We endeavor 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. We have taken measures to reduce greenhouse gas emissions and maintain air quality in accordance with the respective statutory and local regulations.”

As a leading technology company, SFS is not only committed to making its own processes as energy efficient, environmentally friendly and resource conserving as possible, but also to offering solutions that offer our customers long-term benefits. SFS Group takes the entire supply chain into account, which also helps its customers achieve their own goals.

The overarching principles of environmental management are enshrined in the “Policy on Quality, Environment, Occupational Health and Safety” and in the sustainability guidelines. Among other things, SFS undertakes to manufacture and/or offer all products and services in compliance with statutory and official requirements regarding environmental protection, safety and health.

Certification of the production sites in accordance with ISO 14001 (environmental management system) is part of the management approach and the comprehensive environmental management system and is aimed at continuously reducing the company’s environmental impact. 12 additional locations were certified in accordance with ISO 14001 during the year under review. Overall, certification is currently being planned for another three locations.

The emissions management approaches and measures are presented annually to the Group Executive Board by the Group’s Environment, Health and Safety (EHS) manager, with the targets then being reviewed and, if necessary, adjusted. That includes reviewing environmental performance: Among the things ISO 14001-certified locations report on is their progress in reducing CO<sub>2</sub> emissions.



## **New ideas implemented in the realm of environment, health and safety**

Environment, health and safety (EHS) is a fundamental component of SFS's sustainability strategy. In addition to Group-wide measures, the locations and divisions implement many projects from this realm in an effort to reduce their environmental impact, make the workplace safer for employees and better protect their health.

[Link to success story](#)

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### **Commitment to the "Science Based Targets initiative"**

SFS is using scientifically sound targets that are consistent with the requirements of the Paris Agreement in an effort to reduce its direct and indirect emissions along the entire value chain. To this end, it joined the "Science Based Targets initiative" in the year under review. By following a clearly defined path towards reducing our emissions, we are helping to minimize the impact of climate change. In order to ensure this, the Paris Agreement stipulates that global warming is to be limited to below 2° or 1.5° Celsius. Now, SFS Group has two years in which to further develop its emissions reduction targets and bring them into line with the SBTi criteria.

We are currently pursuing the goal of reducing direct CO<sub>2</sub> emissions (Scope 1 and 2) by ≥90% by 2030. This reduction target is based on 2020. Emissions savings are calculated based on the tons of CO<sub>2</sub> equivalent per franc of value added. By 2040, SFS also wants to reduce CO<sub>2</sub> emissions across the entire value chain (Scope 3) by at least 90%. SFS will keep these targets in future, but supplement them with short and long-term climate targets within the framework of the SBTi and have them validated within two years.

### Direct emissions further reduced

Despite a marginal increase in absolute emissions in Scope 1 (1.0%), direct emissions were reduced by –4.6% on a like-for-like basis. The renewed increase in vehicle fuels can be attributed to the first-time consolidation of the Distribution & Logistics International division for a full year (PY: eight months): As a commercial enterprise with strong direct sales, Hoffmann has a large fleet of vehicles for its direct sales force. Consumption of heating oil and gas was reduced by –5.5% in the year under review through optimization of the company's performance and the associated efficiency gains, as well as the mild winter.

#### GRI 305-1 Direct (Scope 1) GHG emissions

In metric tons of CO <sub>2</sub> eq	2023	%	2022	2021	+/- %
ecoinvent	v3.1.0		v3.9.1	v3.8	–
<b>Scope 1</b>	<b>27,443</b>	–	<b>27,166</b>	<b>29,680</b>	<b>1.0%</b>
Scope 1 "like-for-like"	25,917	–	–	–	–4.6%
Car fuels/Fuels	7,171	26.1%	6,738	3,629	6.4%
Oil/Gas	18,202	66.3%	19,257	24,593	–5.5%
Operating fluid	2,070	7.5%	1,170	1,458	76.9%
<b>Scope 1</b>	<b>27,443</b>		<b>27,166</b>	<b>29,680</b>	<b>1.0%</b>

The following overview shows the substances that have a significant impact on air quality. With a share of 73.7%, nitrogen oxides from combustion-related activities had the greatest impact on air quality in our Scope 1 emissions.

#### GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

Scope 1 in kg	2023	%
Nitrogen Oxides (NOx)	37,324	73.7%
Sulfur Oxides (SOx)	1,041	0.7%
Fine Particulate Matter, 2.5 µm (PM2.5)	2,045	19.6%
Coarse Particulate Matter, 10 µm (PM10)	427	4.1%
Non-Methane Volatile Organic Compounds (NMVOC)	1,438	1.0%

We were able to further reduce Scope 2 emissions by –11.0% in 2023. Adjusted for the new emissions factors in the ecoinvent dataset (a switch from the ecoinvent v3.9.1 database to the v3.1.0 database) and taking into account the first-time consolidation of Hoffmann for a full year, the result is a total like-for-like reduction of –10.4%. The main driver of this improvement was the higher share of consumption taken by renewable energy in the Engineered Components and Fastening Systems segments. In China and Switzerland, SFS put new photovoltaic systems into operation and switched to 100% renewable electricity at its site in France.

#### GRI 305-2 Energy indirect (Scope 2) GHG emissions

In metric tons of CO <sub>2</sub> eq	2023	%	2022	2021	+/- %
ecoinvent	v3.1.0		v3.9.1	v3.8	–
<b>Scope 2</b>	<b>60,367</b>	–	<b>67,834</b>	<b>87,201</b>	<b>–11.0%</b>
Scope 2 "like-for-like"	60,805	–	–	–	–10.4%
Electricity	60,362	100.0%	67,828	87,195	–11.0%
District heating	5	0.0%	6	6	–14.1%
<b>Scope 2</b>	<b>60,367</b>		<b>67,834</b>	<b>87,201</b>	<b>–11.0%</b>

Taken together, absolute CO<sub>2</sub> emissions in Scope 1 and 2 declined by –7.6% in the year under review. Adjusted for the new emissions factors in the ecoinvent dataset (a switch from the ecoinvent v3.9.1 database to the v3.1.0 database) and taking into account the first-time consolidation of Hoffmann for a full year, the result is a total like-for-like reduction of –8.7%.

### Direct and indirect GHG emissions

In metric tons of CO <sub>2</sub> eq	2023	+/-%	2022	2021
ecoinvent	v3.1.0		v3.9.1	v3.8
Scope 1 and 2	87,810	-7.6%	95,000	116,881
Update emission factors (ecoinvent)	459	-	-	-
Adjustment scope of consolidation	-1,547	-	-	-
<b>Scope 1 and 2 "like-for-like"</b>	<b>86,723</b>	<b>-8.7%</b>	<b>-</b>	<b>-</b>

Compared to the previous year, we were able to reduce the intensity of greenhouse gas emissions measured in tons of CO<sub>2</sub> equivalents in relation to the value added francs generated by -19.6%. SFS Group has set itself the target of reducing this figure by at least 90% by 2030 compared to the 2020 reference year. With a reduction of -58.5% in total in the past four years, SFS is on the right track, but will have to take further measures in the future in order to further reduce its emissions consistently. The progress made on the greenhouse gas emissions intensity ratio can be attributed to the 16.2% reduction in absolute emissions on the one hand and the increase in value added due to the growth of the SFS Group on the other. Mix effects resulting from the consolidation of Hoffmann were also a factor.

### GRI 305-4 GHG emissions intensity

In metric tons of CO <sub>2</sub> eq	2023	2022	2021	2020	+/-% 2020
ecoinvent	v3.1.0	v3.9.1	v3.8	v3.7.1	
Scope 1 and 2	87,810	95,000	116,881	104,822	-16.2%
Value-added francs in million (VA-CHF million)	1,914	1,666	1,107	948	101.9%
<b>Scope 1 and 2/VA-CHF million</b>	<b>45.9</b>	<b>57.0</b>	<b>105.6</b>	<b>110.6</b>	<b>-58.5%</b>

### Data basis for Scope 3 further improved

With respect to Scope 3 emissions, which account for over 90% of total emissions, the data basis was improved further. The rise of 69.1% (PY 50.7%) was mainly a result of making the data basis more complete for the two categories "Purchased goods and services" and "Capital goods". As SFS is able to illustrate the Scope 3 categories "Use of sold products" and "End-of-life treatment of sold products" for the first time in 2024, we also expects another significant rise in Scope 3 emissions in the next reporting period. By 2040, we intend to reduce our CO<sub>2</sub> emissions across the entire value chain by at least 90%. SFS will define the reference year as soon as the data basis and quality offer sufficient planning certainty.

### GRI 305-3 Other indirect (Scope 3) GHG emissions

In metric tons of CO <sub>2</sub> eq	2023	+/-%	2022	2021
ecoinvent	v3.1.0		v3.9.1	v3.8
Purchased goods and services	879,138	72.4%	509,988	331,965
Capital goods	53,509	2,076.8%	2,458	1,098
Fuel and energy-related activities (not included in Scope 1 or 2)	32,146	7.1%	30,013	21,224
Upstream transport and distribution	31,956	3,762.7%	827	3,174
Waste generated in operations	8,120	-61.8%	21,249	9,516
Business travel	1,467	9.8%	1,335	100
Employee commuting	21,691	4.2%	20,810	37,524
Downstream transport and distribution	20,250	-38.7%	33,047	6,646
Use of sold products*	-	-	-	-
End-of-life treatment of sold products*	-	-	-	-
Other (upstream)	535	16.8%	458	171
<b>Scope 3</b>	<b>1,048,811</b>	<b>69.1%</b>	<b>620,185</b>	<b>411,417</b>

\*Data for this category is not available at this time. Future reporting periods will include emissions values for this category.

### Setback owing to change in energy mix

Developments in 2022, which brought enormous increases in energy prices in some regions and the threat of supply bottlenecks, have confirmed that SFS Group – with its focus on renewable energies as well as the expansion of its in-house power generation – is on the right track. This not only strengthens our independence from energy suppliers and increases operational reliability, but also reduces energy costs, which are repeatedly subject to high fluctuations. Because of the general energy situation, SFS decided in the year under review to temporarily adjust the energy mix in Switzerland and buy electricity from nuclear energy in addition to energy from renewable sources. As a result, we encountered a setback in respect of our target of obtaining at least 50% of our electricity from renewable energy sources by 2025. The CO<sub>2</sub> equivalents for Scope 1 and 2 are not affected by the adjustment of the energy mix, which is a top priority for us with regard to the most urgent challenge – reducing the effects of climate change. SFS will continue to focus on the topic of energy efficiency as well as the use of renewable or emission-neutral sources of energy, particularly at production-intensive sites, and is confident that it will be able to switch the energy mix in Switzerland back to 100% renewable electricity in the coming years.

### GRI 302-1 Energy consumption within the organization

Scope 1 and 2 in MWh	2023	+/- %	2022	2021
<b>Total Electricity</b>	<b>215,006</b>	<b>-1.8%</b>	<b>219,024</b>	<b>203,381</b>
renewable in %	40.0%	-9.7 pp	49.7%	37.7%
Purchased electricity	202,563	-3.2%	209,216	198,252
renewable in %	36.2%	-11.2 pp	47.4%	36.1%
Self-generated electricity	12,444	26.9%	9,807	5,129
renewable in %	99.3%	-0.5 pp	99.8%	100.0%
<b>Purchased heat</b>	<b>352</b>	<b>0.2%</b>	<b>352</b>	<b>383</b>
renewable in %	100.0%	0.0 pp	100.0%	100.0%
<b>Total fuel</b>	<b>118,626</b>	<b>-0.5%</b>	<b>119,163</b>	<b>112,791</b>
renewable in %	3.9%	2.4 pp	1.5%	0.1%
Natural gas	83,115	-2.8%	85,479	89,762
Heating oil	1,700	-39.8%	2,824	608
Methanol	3,823	-23.7%	5,012	5,201
Propane	4,150	166.1%	1,560	4,021
Diesel	22,092	7.6%	20,527	10,547
Petrol	3,746	-0.4%	3,761	2,653
<b>Total Energy</b>	<b>333,984</b>	<b>-1.3%</b>	<b>338,539</b>	<b>316,555</b>
renewable in %	27.1%	-5.7 pp	32.8%	24.4%

### Expansion of self-produced renewable energy

SFS is aware that purchasing renewable energy alone will not be enough to sufficiently limit negative impacts on the climate. By expanding our own electricity production, we want to fulfill our responsibility towards the environment and society and strengthen our autonomy. Again we increased the share of self-generated electricity in the year under review and installed two new photovoltaic systems. The new installation in Tianjin (China) had already been installed at the end of 2022 and went live at the beginning of 2023. It produces 1,300 MWh of renewable electricity per year, or around 10% of the site's electricity requirements. A new photovoltaic installation covering an area of 4,135 m<sup>2</sup> was also installed in Rebstein (Switzerland). This new installation went live in November 2023 and will enable the location to meet around 50% of its electricity requirements with an installed capacity of 800 MWh per year. In total, we increased the share of self-generated electricity groupwide by 26.9% compared with the previous year.



### Wind turbine being planned to supplement solar power

To supplement the existing large-scale photovoltaic installation in Heerbrugg (Switzerland), a wind turbine is to be built on SFS's premises. This turbine should generate 5 GWh of electricity per year, which is roughly equivalent to the consumption of 1,300 households. A wind measurement mast that supplied important information for the specification of the project during a one-year measurement campaign was dismantled in August 2023. Wind measurements and environmental studies have gone well so far. The dismantling of the mast brought the measurement campaign and the feasibility study as a whole to an end. The data collected was evaluated and the feasibility study subsequently submitted to the cantonal authorities. SFS expects to be able to erect the turbine in 2025 once the approval process has been completed. The project's original timeline will be delayed by around one year as a result. In March 2024, SFS will provide information to interested stakeholders at an event being held to report on how the project is going. Further information on the planned wind turbine can be found at [RhintWind.ch](https://RhintWind.ch) (website only in German).



Visualization of the planned wind turbine

### Energy intensity reduced considerably

Compared to the reference year, we were able to reduce energy intensity, i.e. absolute energy consumption in relation to value added, by –39.0%. This pleasing development can be attributed firstly to sustained efforts to make sparing, efficient use of energy. Secondly, the consolidation of the Hoffmann SE – which, as a commercial enterprise, has a lower energy intensity – for a full year also had a positive impact on this key indicator.

SFS's power consumption rose by 21.3% in this period. This is mainly attributable to the company's remarkable growth during this time. While the consumption of purchased heat was reduced by –14.9%, fuel consumption rose considerably. The increased consumption of fossil fuels over the reference year is partly attributable to a baseline effect, however, which was caused by pandemic-related restrictions in 2020 and led to figures that were lower than usual.

#### GRI 302-3 Energy intensity

Scope 1 and 2 in MWh	2023	2022	2021	2020	+/- % 2020
Electricity	215,006	219,024	203,381	177,200	21.3%
Purchased heat	352	352	383	414	–14.9%
Fuel	118,626	119,163	112,791	93,343	27.1%
<b>Energy total</b>	<b>333,984</b>	<b>338,539</b>	<b>316,555</b>	<b>270,957</b>	<b>23.3%</b>
Value-added francs in million (VA–CHF million)	1,914	1,666	1,107	948	101.9%
<b>Energy total/VA–CHF million</b>	<b>174.5</b>	<b>203.2</b>	<b>286.0</b>	<b>285.9</b>	<b>–39.0%</b>



### Supply chain has considerable impact on energy consumption

At 3.1 TWh, “Purchased goods and services” accounted for about 80% of energy consumption in Scope 3. This illustrates the supply chain’s considerable impact on overall energy consumption. The sharp rise in energy consumption in this category can chiefly be attributed to more precise calculation methods for finished goods from the D&L segment. This segment alone accounts for around 47% of total consumption.

The reason for the high energy consumption in the “Capital goods” category in comparison to the previous year is more comprehensive data collection: Whereas in 2022 we only used data regarding our fleet of vehicles, we were able to include all other goods in the year under review – for example machines, production equipment and buildings.

The category “Downstream transport and sales” was shown separately for the first time in the year under review. Some of the energy consumption previously shown in the category “Upstream transport and sales” has now been correctly assigned to the category “Downstream transport and sales”.

The reduction in energy consumption of –72.2% in the category “Waste generated in operations” can be put down to more accurate reporting, as well as a more efficient circular economy system. Waste utilized to recover energy is not included in this category.

### GRI 302-2 Energy consumption outside of the organization

Scope 3 in MWh	2023	+/-%	2022
Purchased goods and services	3,074,771	64.5%	1,869,381
Capital goods	152,957	1,775.2%	8,157
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	341,421	26.9%	269,041
Upstream transport and distribution	62,349	–52.4%	130,929
Waste generated in operations	7,905	–72.2%	28,389
Business travel	5,366	10.7%	4,846
Employee commuting	78,302	2.4%	76,483
Downstream transport and distribution	75,459	–	–
Use of sold products*	–	–	–
End-of-life treatment of sold products*	–	–	–
Other (upstream)	3,166	12.5%	2,815
<b>Total</b>	<b>3,801,696</b>	<b>59.1%</b>	<b>2,390,040</b>

\*Data for this category is not available at this time. Future reporting periods will include emissions values for this category.

## Sustainable solutions

# Create added value

**SFS's value engineering approach helps develop ideas and solutions that create sustainable added value for the stakeholder groups – in economic, ecological and social terms. With a focus on the conscious use of raw materials, conscientious waste management and recycling as well as energy-efficient product design, the following products and changes during the year under review were implemented: Recyclable fully stainless steel fasteners, biodegradable centering sleeves for fastening facade panels as well as the next generation of GAV blind riveters with increased energy efficiency.**

All stakeholders involved in the double materiality analysis identified the topic of "Sustainable solutions" as material. Customers, in particular, assigned a high rating to the impact of sustainable solutions on people and the environment. Their focus was mainly on the materials used, their recyclability and the products' energy consumption when used by customers.

SFS strives to provide products and services that have economic, environmental and social utility factored in throughout their entire life cycle – thereby creating added value for all stakeholder groups. To that end, we are committed to these [guidelines](#):

- **Conscious use of raw materials**

We are aware of the value of raw materials and ensure that we minimize our consumption of those materials when designing products and processes. Using the cold forming process – one of our core technologies – helps us to achieve significant material savings compared to machining.

- **Focused waste management and recycling**

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

- **Energy-efficient product design**

Ensuring that our products are energy-efficient in use takes top priority during the design phase. That applies both to machines' and devices' consumption of power and compressed air as well as to the application-optimized design of components.

### **Improved dataset for greater transparency**

SFS introduced additional processes for collecting relevant data in 2023 to enable the Group to implement these principles for new and existing solutions. These efforts were aimed at improving transparency regarding the use and efficiency of materials, the type and amount of waste generated and increasing the percentage of recycled materials.

The material topic of “Sustainable solutions” is presented and measured using the GRI Standard “Materials” (please refer to the table GRI 301-1 entitled “Materials used by weight or volume”). While the GRI Standard “Waste”, which was also allocated to this topic, was classified by stakeholders as important, they did not classify it as a priority. As a result, the current report does not elaborate on this GRI Standard in any great detail.

#### GRI 301-1 Materials used by weight or volume

In tons	2023	+/- in pp	2022
Raw Materials (e.g. ores, minerals, wood)	71,737		77,276
Renewable materials used in %	0.3%	–0.5 pp	0.8%
Associated Process Materials (e.g. lubricants)	3,908		4,412
Renewable materials used in %	0.0%	0.0 pp	0.0%
Semi-manufactured Goods or Parts	15,822		9,509
Renewable materials used in %	0.3%	–0.5 pp	0.8%
Packaging Materials (e.g. paper, cardboard, plastics)	8,642		8,251
Renewable materials used in %	91.9%	–1.9 pp	93.8%
Trading Goods	62,095		73,032
Renewable materials used in %	1.0%	1.0 pp	0.0%
<b>Total</b>	<b>162,205</b>		<b>172,480</b>
Renewable materials used in %	5.5%	0.6 pp	4.9%

Around 80% of the materials used at SFS come from the categories of raw materials (primarily steel) and finished goods. Due to the large volumes used, these are also the two categories where we would like to systematically increase the percentage of recycled materials.

#### Creating sustainable added value for stakeholder groups

SFS components embedded into a customer’s product or used in the production process often account for less than 1 % of the total product cost. However, the expenses that a customer incurs in connection with procurement, logistics and handling operations can be several times the actual cost of these products. As a result, our primary focus isn’t on reducing our direct product costs and differentiating ourselves through price, but on increasing the product’s total utility for our customers and stakeholders with respect to economic, ecological and social aspects.

This perspective taps considerably higher savings potential in terms of energy, the use of material and costs while also enabling us to create sustainable value added for all stakeholder groups. Our value engineering model focuses on product design, the definition of manufacturing processes and leveraging the power of digitalization. The result: tailored products and intelligent solutions that boost our customers’ competitiveness. SFS solutions result in greater differentiation as a result and strengthen collaborative partnerships. SFS implemented the following “Sustainable solutions” during the year under review:

#### Recyclable fully stainless steel fasteners with a smaller carbon footprint

Conserving resources and avoiding waste: Recyclability is a key factor in the circular economy and a dominant topic in the construction industry. What our customers want: Modern-day buildings – down to the tiniest detail – need to be deconstructable. Since material combinations throw a wrench into the recycling process, they should be avoided. SFS became the pioneer of rust-free fastening when it developed the first stainless steel drill screw in the late 1970s. The tip of the drill screw, however, was always made of carbon steel. After several years of development work, SFS has now succeeded in launching a fully stainless steel fastener for steel applications. This innovation represents the next technological leap forward. While the new solutions are on a par with their corresponding bi-metal fasteners, they offer one decisive advantage as mono-metal solutions: They are easier to recycle and also rust-free. This also reduces the resources required during the production process. Consequently, producing a new mono-metal fastener takes around four times less energy as in the past, which improves the product’s carbon footprint considerably.

### Biodegradable centering sleeves for fastening facade panels

The patented “Center Point System” is an all-in-one solution that simplifies panel installation on rear-ventilated curtain-wall facades. The system consists of a self-drilling screw and a special centering sleeve made of plastic that breaks apart during use, generating waste in the process. This fastening solution was refined during the year under review and adapted to meet customers’ need for greater sustainability: We can now manufacture the centering sleeve, which serves as an installation aid for perfectly positioning the fastener, using a 100% biodegradable material. This sustainable solution was developed with the goal of preventing the use of non-renewable resources and plastic waste. A challenge that SFS’s value creators mastered with the help of a material used for applications such as funerary urns.



The centering sleeve, which serves as an installation aid for perfectly positioning the fastener, is made of biodegradable material.

### New blind riveters featuring improved energy efficiency

Automated blind rivet processing is particularly suitable for industrial use in large-scale production. Here, the setting devices are adapted to meet customers’ individual requirements and can easily be integrated into robot applications or operated by employees if configured accordingly.

The experts at GESIPA® enhanced the existing technology during the past year to make better use of the compressed air required during the process. In the past, only around 15% of the electrical energy used was actually available as useful energy in the form of compressed air – which is normal for conventional compressed air systems. SFS made numerous modifications to the system and, in doing so, succeeded both in improving this figure and in making the application more sustainable. The new blind riveters use up to 24% less compressed air while still performing at the same high level. Greater flexibility is another advance: The tube package was extended from 5 m to up to 8 m to enable a larger working radius.

## Procurement

# Supply chain in focus

**SFS has sharpened its focus on supply chain management in order to comply with its due diligence more consistently: Through systematic supplier assessments on ecological and social criteria as well as the introduction of a separate Supplier Code of Conduct, SFS is striving to improve transparency and traceability in its supply chain. These efforts are aimed in part at enabling the Group to measure all upstream Scope 3 emissions more accurately going forward and reduce them in the long term.**

The focus topic “Procurement” is gaining importance for several reasons: Not only do increasing regulatory requirements call for systematic sustainability management along the entire supply chain, but this is also crucial for identifying and reducing Scope 3 emissions, which account for the largest share of emissions at SFS. The decisions we make with respect to procurement have major impacts – from both a social and an environmental perspective. Conversely, suppliers and their activities also impact SFS’s environmental footprint and ethical integrity. In the materiality analysis workshops, this topic was therefore classified as one of the most important issues. It includes two GRI Standards: “Supplier Environmental Assessment” and “Supplier Social Assessment”. The standard “Procurement Practices” also falls under the topic but stakeholders did not classify it as material.

### **Procurement practices in line with clear guidelines**

We use our procurement practices to reduce negative consequences in the supply chain and reinforce positive consequences. This includes compliance with and respect for human rights, the ban on child labor and the responsible procurement and processing of minerals and metals from areas of conflict. We also expect our suppliers to conduct themselves in accordance with both our principles and the [Supplier Code of Conduct](#). Moreover, suppliers – in all business activities within their own sphere of influence – are expected to work toward ensuring that their business partners and suppliers acknowledge these principles as well.

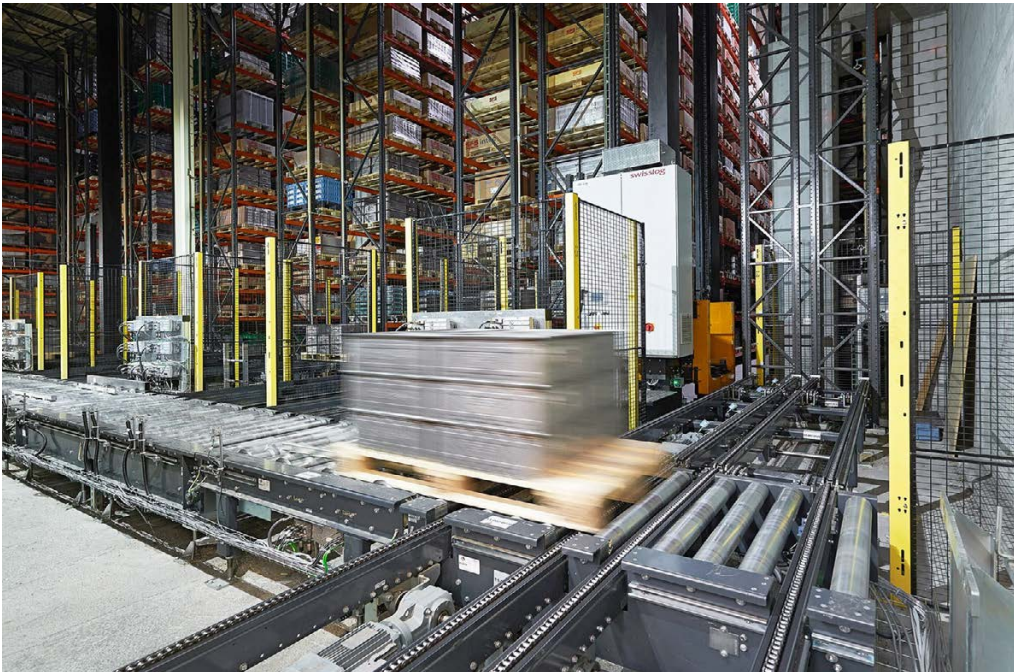


In this context, SFS has formulated the following principles, which will be binding for all suppliers and business partners from 2024 onward and form part of the Supplier Code of Conduct:

- “We expect our suppliers to comply with the principles of the Code of Conduct and refrain from committing or being involved in any human rights violations.”
- “We expect our suppliers to comply with the minimum age defined by the International Labour Organization (ILO) and heed the respective state permits for employment.”
- “Our suppliers shall make a reasonable effort to avoid the use of raw materials in any of their products that come from areas of conflict or risk and that could contribute to human rights violations, corruption, the financing of armed groups or other negative impacts of this nature.”

#### **Local-for-local: The implementation of our procurement practices**

In keeping with our “local-for-local” strategy, SFS is steadily expanding its global development and production platform. This helps stakeholder groups benefit from superior supply reliability thanks to short, robust, environmentally sustainable and traceable supply chains.



Our procurement practices follow clear guidelines.

SFS’s supplier network, including Hoffmann, currently comprises around 11,700 organizations (PY: 11,500) that are domiciled and have operations in North America, Europe and Asia. The (raw) materials purchased can be broken down into the following main product groups:

- WOM (wire and other materials): 13.8% (PY: 16.3%)
- FC (finished components): 70.1% (PY: 63.5%)
- OCE (oil, chemistry, energy): 1.6% (PY: 2.2%)
- Tools: 1.9% (PY: 2.8%)
- ME (machines and equipment): 4.4% (PY: 5.7%)
- PACK (packing material): 1.2% (PY: 1.2%)
- SP (service providers): 7.0% (PY: 8.3%)

Global procurement amounted to more than CHF 1.5 billion in the year under review (PY: more than CHF 1.4 billion), with the procured goods stemming from the following three regions:

- Europe 77.9% (PY: 66.1%)
- Asia 14.7% (PY: 23.4%)
- America 7.4% (PY: 10.5%)

The first shifts attributable to the first-time consolidation of Hoffmann for a full year were seen in 2023 in both the main product groups (shift from WOM to FC) as well as the global procurement volume (shift from Asia toward Europe).

### **Gradual improvement of systematic supply chain management**

New legal requirements entered into force in 2023 with the counterproposal to the Responsible Business Initiative (VSoTr) in Switzerland as well as the new Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) in Germany. We additionally decided to implement a software solution to comply with these and systematically enforce our procurement-related sustainability strategy and goals. This solution perfectly complements our current risk management and helps us fulfill our due diligence obligations with the following instruments:

- Anonymous reporting procedure with internal and external access
- On-site supplier audits, carried out by the Group and/or by an external audit firm, including corresponding documentation
- Application of recognized standards and certification systems such as ISO 14001 and ISO 45001, for example
- Regular consultation of experts and specialist literature
- Cooperation with authorities, international organizations, business partners and other stakeholder groups

The new software solution helps improve transparency in our supply chains and ensure the traceability of individual raw materials. Going forward, this solution combined with an online analytics platform will enable us to:

- evaluate the sustainability status of our supply chains based on country- and sector-specific risks as well as self-disclosures and the analysis of critical news
- identify critical suppliers and potential opportunities and risks in our supply chains
- organize and document preventive and corrective measures to improve our suppliers' performance with respect to sustainability
- share important information with our suppliers and ensure regular communication on topics such as our joint target agreement
- measure key figures and/or defined indicators related to supply chain management

### **Supplier assessment results**

Our supplier assessment takes social and ecological criteria into consideration and covered the following key topics during the year under review:

- Environmental protection
- Human and labor rights
- Occupational safety
- Responsibility in the supply chain
- Conflict minerals
- Cybersecurity
- Anti-corruption and anti-bribery



The assessment is based on the self-declaration principle and carried out by means of standardized questionnaires. During the year under review, SFS examined a total of 3,821 suppliers and invited them to participate in the sustainability assessment. The response rate was at around 55% at the end of the reporting period. An analysis of the sustainability monitoring revealed that 96% of the suppliers examined did not report any critical news during the year under review.

The results of the environmental and social assessment of suppliers can be summarized as follows:

- 39% (69/176) of the suppliers added to the list in the year under review were screened based on environmental and social criteria (GRI 308-1 and GRI 414-1).
- 1,873 suppliers were screened for negative environmental impacts. Of these, 1,357 suppliers were revealed as being compliant with the rules or safe in terms of their environmental impact in the supply chain.
- At the end of the year under review, 516 suppliers were suspected of having potentially negative environmental impacts (GRI 308-2).
- A total of 1,805 suppliers were assessed in terms of their social impacts in the supply chain. Of these, 1,420 suppliers were revealed as being non-critical in terms of their social impact in the supply chain.
- At the end of the year under review, 385 suppliers were suspected of having potentially negative social impacts (GRI 414-2).

### **Supplier management outlook**

SFS launched a supply chain monitoring initiative in 2023 and is currently still in the start-up phase of that initiative. Our goal is to survey around 85% of all strategic direct suppliers in 2024.

Strategic suppliers have an enormous impact on SFS's performance contribution and usually account for a significant percentage of the procurement volume (all in all, around 80% of the total procurement volume). They are frequently characterized by materials with unique selling points as well as highly integrated and automated business processes.

Additionally, all suspected cases of negative environmental or social impacts that were identified in 2023 are to be investigated and measures agreed to make corresponding improvements where necessary. The announced software expansion will let us access our suppliers' emission data in the future and trace the upstream emissions of purchased goods and services. This will take us one large step closer to reaching our goal of calculating our products' carbon footprints and ultimately working together with our suppliers to agree specific reduction targets for the upstream Scope 3 emissions. We expect some initial progress to be made on this front in 2024.

## Employee promotion and engagement

# Involvement strengthened

**SFS attaches great importance to both employee satisfaction and having an open line of communication to and with its leaders. This is also confirmed by regular employee surveys. For example, 74% of those surveyed rated the company as attractive again in 2023 and are satisfied with the SFS Group as an employer. SFS made further progress in the year under review, especially in the expansion of training and dual education programs. While the Group sought to improve the dataset related to “Diversity and Equal Opportunity” and plan related measures, progress made in this regard was limited for organizational reasons. In the current financial year, SFS is addressing this issue in a targeted manner.**

Only well-trained, highly motivated and satisfied employees will achieve the best results in their role as value creators and create added value. Through its active promotion of the dual-track system of vocational education and training, SFS not only invests in talent development but social and economic development as well. In the 2022 materiality analysis, stakeholders classified the topic of “Training and Education” as the most important topic in the social sphere and combined it with “Diversity and Equal Opportunity” to create the focus topic “Employee promotion and engagement”.

### **Regular dialog with employees**

SFS’s Corporate Principles are aligned with the values of “Partnership”, “Engagement”, “Success” and others. Achieving those values hinges on having employees with above-average qualifications, commitment and integrity – qualities that can only be facilitated through genuine appreciation, solidarity and fairness. That makes the satisfaction of its employees pivotally important to SFS.

Communication with employees, employee engagement and having the best-possible working conditions play a key role in this. We also made a commitment to these principles in our sustainability guidelines: “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”.

### Focus on “Diversity and Equal Opportunity”

SFS is a company whose diversity is already reflected in its international corporate structure. Diversity contributes to a positive overall environment and strengthens our business performance. Diversity relates to gender, ethnicity, age and disability, as well as religion, personal lifestyle and sexual orientation. The promotion of diversity and the equal treatment of all employees and business partners are important components of our [sustainability guidelines](#) and our [Code of Conduct](#). Our sustainability guidelines state: “We promote a working environment in which the diversity of our employees is respected and encouraged. We are aware that our employees are important stakeholders and are committed to ensuring that everybody is treated fairly and equally”.



Diversity contributes to a positive working atmosphere.

### Only some of the progress targeted has been made

SFS views greater diversity as an opportunity to counteract the shortage of skilled labor and increase the performance of its teams. Gender diversity is still not as pronounced as desired in the Board of Directors, the Group Executive Board and the divisional management teams (see table GRI 405-1 Diversity of governance bodies and employees). As a result, future recruitment activities will attach greater importance to this topic, particularly with respect to the composition of the various teams. That means, given equal qualifications, preference is more likely to be given to women. Additionally, SFS will also deliberately hire more candidates over the age of 50 in order to promote a diverse age structure as well. The topic of diversity will become increasingly important in both new and existing projects and it will be taken into consideration when putting together project teams, in particular. Tables GRI 2-7/GRI 2-8 Employee figures by employment relationship and by region provide a good overview of the current personnel structure.

## GRI 405-1 Diversity of governance bodies and employees

In headcount	2023	%
<b>Members of controlling bodies total*</b>	<b>339</b>	<b>100.0%</b>
Board of Directors	7	2.1%
Group Management	10	2.9%
Division Management	54	15.9%
Middle Management	268	79.1%
<b>thereof internally hired</b>	<b>240</b>	<b>70.8%</b>
Board of Directors	1	0.3%
Group Management	9	2.7%
Division Management	39	11.5%
Middle Management	191	56.3%
<b>thereof female</b>	<b>56</b>	<b>16.5%</b>
Board of Directors	1	0.3%
Group Management	–	0.0%
Division Management	8	2.4%
Middle Management	47	13.9%
<b>thereof male</b>	<b>283</b>	<b>83.5%</b>
Board of Directors	6	1.8%
Group Management	10	2.9%
Division Management	46	13.6%
Middle Management	221	65.2%
<b>thereof age &lt;30</b>	<b>8</b>	<b>2.4%</b>
Board of Directors	–	0.0%
Group Management	–	0.0%
Division Management	–	0.0%
Middle Management	8	2.4%
<b>thereof age 30–50</b>	<b>174</b>	<b>51.3%</b>
Board of Directors	2	0.6%
Group Management	4	1.2%
Division Management	15	4.4%
Middle Management	153	45.1%
<b>thereof age &gt;51</b>	<b>157</b>	<b>46.3%</b>
Board of Directors	5	1.5%
Group Management	6	1.8%
Division Management	39	11.5%
Middle Management	107	31.6%

\*The absence of a previous year's column is due to the initial disclosure of these figures in the current reporting period.

## GRI 2-7/GRI 2-8 Employee figures by employment relationship

In FTE	Female	Male	Total
<b>Employment relationship indefinite</b>	3,103.7	8,346.2	<b>11,449.9</b>
Prior-year figure	3,050.8	8,375.4	<b>11,426.2</b>
<b>Employment relationship definite</b>	116.5	228.0	<b>344.5</b>
Prior-year figure	100.3	249.8	<b>350.1</b>
<b>Employment relationship definite – external</b>	276.1	595.0	<b>871.1</b>
Prior-year figure	255.9	584.6	<b>840.5</b>
<b>Employment relationship full time</b>	2,828.3	8,256.7	<b>11,085.0</b>
Prior-year figure	2,439.1	7,195.8	<b>9,634.9</b>
<b>Employment relationship full time – external</b>	271.6	591.2	<b>862.8</b>
Prior-year figure	255.9	584.6	<b>840.5</b>
<b>Employment relationship part time</b>	391.9	317.5	<b>709.4</b>
Prior-year figure	712.0	1,429.4	<b>2,141.4</b>
<b>Employment relationship part time – external</b>	4.5	3.8	<b>8.3</b>
Prior-year figure	0.0	0.0	<b>0.0</b>
<b>Total number of employees</b>	3,496.3	9,169.2	<b>12,665.5</b>
Prior-year figure	3,407.1	9,209.8	<b>12,616.9</b>

## GRI 2-7/GRI 2-8 Employee figures by region

In FTE	Switzerland	America	Europe	Asia	Total
<b>Employment relationship indefinite</b>	2,346.5	1,725.7	4,243.2	3,134.5	<b>11,449.9</b>
Prior-year figure	2,293.5	1,562.9	4,773.4	2,796.5	<b>11,426.2</b>
<b>Employment relationship definite</b>	23.7	59.1	438.9	693.9	<b>1,215.6</b>
Prior-year figure	17.6	80.7	486.4	606.0	<b>1,190.7</b>
<b>Employment relationship full time</b>	2,126.0	1,743.9	4,255.0	3,822.9	<b>11,947.8</b>
Prior-year figure	2,103.5	1,631.3	3,338.1	3,402.4	<b>10,475.4</b>
<b>Employment relationship part time</b>	244.2	40.9	427.1	5.5	<b>717.7</b>
Prior-year figure	207.5	12.3	1,921.6	0.0	<b>2,141.4</b>
<b>Total number of employees</b>	2,370.2	1,784.8	4,682.1	3,828.4	<b>12,665.5</b>
Prior-year figure	2,311.0	1,643.6	5,259.9	3,402.4	<b>12,616.9</b>

Although SFS wanted to create a dataset on “Diversity and Equal Opportunity” that can be compared at the international level, due to organizational reasons, the year under review only saw the project’s initiation. We continue to focus on the topic of “Diversity and Equal Opportunity” and will prioritize it in 2024 with the intention of expanding the existing dataset and using that information together with the insights gained to define measures and targets.



## Promotion of diversity and equal opportunities

Our sustainability guideline states that “We promote a working environment in which the diversity of our employees plays an active role”. “Our top priority is ensuring that all employees are treated fairly and equitably.” But how are these principles embraced and implemented in day-to-day work? Asif Khan Shinwari and Cabdirisq Jamac Dahir will tell us a little more about that. These two originally come from Afghanistan and Somalia and are currently in an apprenticeship program at Stamm AG in Hallau (Switzerland), a company of the SFS Group.

[Link to success story](#)

### Expansion dual education and training measures

SFS is convinced of the enormous importance of the dual-track system of education and training and its impact on the economy and society. We are committed to strengthening the dual-track system and have a variety of measures in place to achieve that goal. These include the financial support of the Hans Huber Stiftung (Hans Huber Association), our partnership with the Stiftung FH Schweiz (Foundation of the University of Applied Sciences Switzerland), the presentation of the SFS Apprentice Award as well as the twelve apprenticeship programs that SFS offers in Switzerland. Entirely in keeping with our motto “from good to better”, we strengthened the area of dual education and training even further by making several different changes such as:

- **Talent coach:** This newly created position provides advice to apprentices and young professionals in Switzerland on the future of their career at SFS and points out in-house prospects and development opportunities.
- **Improved needs analysis:** Through more intense involvement on the part of our vocational trainers in Switzerland as well as the new format of the regional job fair, we were able to gain an even better understanding of the needs of both current and future apprentices and present SFS as a more modern, local and attractive employer.
- **Leadership@SFS:** This initiative covers three levels of leadership training aimed at the global harmonization and promotion of leadership skills across the various development levels (also see success story from 2022: [Employee development as a success criteria](#)). Also included in this are the Junior Leadership Development Program (JLDP), the Advanced Leadership Development Program (ALDP) and the Senior Leadership Development Program (SLDP). The ALDP was rolled out in the US in the year under review and continued in Europe. While the international focus of the SLDP meant that it had been put on hold since the COVID-19 pandemic, planning resumed in 2023 and the program is making its comeback this year.
- **New uniform collection of data on in-house training programs:** The standardized approach to collecting data about both skills enhancement programs and retirement support programs makes it easier to compare and harmonize the services provided internationally, identify needs at an early stage and share experiences with other locations (see table below: GRI 404-2 Programs for upgrading employee skills and transition assistance programs).

### GRI 404-2 Programs for upgrading employee skills and transition assistance programs

In headcount	2023
Pre-retirement planning for intended retirees	38
Retraining for those employees intending to continue working	3
Job placement services	28
Assistance on transitioning to a non-working life	70
<b>Total*</b>	<b>139</b>

\*The absence of a previous year's column is due to the initial disclosure of these figures in the current reporting period.

Our goal is to offer attractive dual-track education opportunities and promote cooperation with schools and parents not only in German-speaking countries of the EU, but also at our international locations.





## Traditional Indian teaching method meets Swiss education system

“We need dedicated employees. They’ve got integrity and have above-average qualifications.” That’s what it says in our Corporate Principles. SFS is heavily involved in activities related to training and education. We’re very interested in expanding the dual education system that’s so very successful in German-speaking countries to the international locations. The leadership team from the Pune (India) location had a chance to become acquainted with the dual education program during a visit in Switzerland and was impressed: Providing young people with training on both the practical and theoretical aspects of precision engineering was the solution they needed to make the planned capacity expansion at the location in India a reality.

[Link to success story](#)

### Objectives in the area of dual education and training reconfirmed

The high priority given to this topic by the company’s management is reflected in its anchoring in the corporate strategy and long-term objectives. SFS aims to ensure that 5–7% of its permanent employees worldwide are enrolled in dual education and training programs. This target was confirmed again in the reporting year with a share of 5.1% (PY 5.4%). The reporting relates to around 90% of the workforce.

#### GRI 404-1 Average hours of training per year per employee

	Quantity	Ø per employees	% of employees
Number of employees in dual education	627		5.1%
Training hours internal	202,430	16.3	–
Training hours external	95,361	7.7	–
<b>Total hours</b>	<b>297,791</b>	<b>24.0</b>	–

### Knowledge transfer thanks to in-house succession arrangements

SFS uses suitable training measures to achieve its goal of providing employees at all levels with targeted support. That will expand the pool of talented individuals that can be tapped to fill key positions or find replacements internally when the need arises. SFS not only plans to train internal managers – this is actually a clearly defined goal that the Group has been monitoring for years: 70% of upper management positions are to be filled with internal candidates. 70.8% of the key positions were filled by internal candidates during the period under review (PY: 100%; scope: members of divisional management and site managers). Divisional management is responsible for filling these key positions together with the HR team. Potential candidates are promoted through the Group-wide Structured Employee Development Process (SEDP). The



CEO and HR officers are responsible for reviewing individual target achievement, informing the Nomination and Compensation Committee (NCC) and the Group Executive Board of the degree of target achievement and drawing up proposals for measures.

### **Surveys confirm satisfaction and engagement**

Only satisfied and engaged employees can deliver extraordinary performance. That is something confirmed by our employees, our value creators, not only through their creative and innovative solutions but also their responses in surveys. SFS conducts this Group-wide survey every two years. Not included during the year under review were the Electronics and Distribution & Logistics International divisions, which used other formats for their employee surveys. 76% of the 7,003 employees invited to take part in the survey completed the questionnaire. Not only was the response rate above average, but it was particularly encouraging to see that SFS once again achieved extremely good results for the dimensions "Commitment", "Satisfaction" and "Attractiveness and willingness to recommend the employer" and that there were no notable negative variances from the last survey in 2021. This means in detail:

- Commitment: 83/100 (2021: 84/100)
- Satisfaction: 74/100 (2021: 75/100)
- Employer attractiveness: 74/100 (2021: 76/100)
- Willingness to recommend the employer: 79/100 (2021: 81/100)

Both the above-average response rate and especially the frequent use of the comment function bore testimony to the fact that the Group embraces a culture of feedback and has highly engaged employees. The concerns and key topics with the most potential for improvement come from the following topic areas:

- Compensation and benefits: Pay compared to other employers
- Compensation and benefits: Pay incl. fringe benefits
- Work-life balance: Energy for recreational activities after work
- Agility: Trying out new things
- Agility: Authority to make decisions
- Work-life balance: Workload

All feedback from the 2023 survey was compiled and evaluated to extrapolate measures aimed at boosting SFS's attractiveness as an employer and improving the working conditions.

### **Dialog and leadership tools that target employee promotion and engagement**

In addition to the survey, SFS employs other dialog and leadership tools in order to make ongoing improvements to working conditions and regularly seek out and incorporate employees' opinions. The tools for dialog include among others:

- Information events where employees can meet in person to discuss quarterly information or hold shop floor meetings, for example
- "mySFS" employee app as a digital communications platform and Intranet
- "Internes", the magazine published by employees for employees
- Sporting events and themed events like Sustainability Day

Other examples of leadership tools include regular performance reviews (management by objectives) and targeted internal training programs (see GRI 404-3 Percentage of employees receiving regular performance and career development reviews and GRI 404-2 Programs for upgrading employee skills and transition assistance programs).

### Number of employees with a performance review increased

For the regular employee performance review, SFS has set up a globally valid process with the following objectives:

- Implementation of overarching objectives (corporate targets)
- Review of employees' performance and conduct
- Employees' degree of identification with the corporate targets
- Employee engagement
- Identification of training needs and verification of the training program's effectiveness

In the year under review, the proportion of employees with a performance review rose to 74% (PY: 66%). SFS intends to maintain this encouraging trend in the future with the aim of maintaining or further increasing the performance review rate in the long term. In addition to the performance review, the Group-wide process will also be used for determining specific training requirements. For this, the manager works together with the employee to agree which training measures are to be implemented.

### GRI 404-3 Percentage of employees receiving regular performance and career development reviews

	Female	Male	Total
Percentage of employees with a performance review	75%	73%	74%
Prior-year figure	63%	67%	66%
Number of employees with a performance review in FTEs	2,620	6,737	9,357
Prior-year figure	2,133	6,199	8,332

## Occupational health and safety

# Accident rate unchanged

**At 4.0 accidents per million hours worked in the year under review, the accident rate remained at the same level as in 2022. A total of 103 occupational accidents were reported, one accident more than in the previous year. Fortunately, the SFS Group succeeded in reducing the number of accidents with serious consequences by –34.0% year-over-year and the number of lost days by –15.2%. SFS is making great efforts to reduce the accident rate in the coming year and to achieve the ambitious target by 2025. Based on an accident rate of 4.7 in 2020, the target for 2025 is 2.35 accidents per million working hours.**

“Occupational Health and Safety” was no longer classified as a material topic in the materiality analysis carried out in 2022. Instead, we and our stakeholders decided together to classify this as a standard topic, similar to the topics of “Human rights” and “Socioeconomic compliance”. Standard topics define the framework for every business activity engaged in by SFS and are therefore considered to be basic content that is reported on an ongoing basis. The scope of that reporting, however, is smaller than for material topics.

### **Great importance placed on occupational health and safety**

The company’s employees are crucial to the success of the SFS Group, which makes creating a healthy and safe working environment for all employees a major concern at SFS. This holds particularly true at our production sites, where the processes pose health and safety risks for employees and suitable steps must be taken to reduce those risks. These locations and the employees who work there are pivotal for evaluations and improvements in the area of occupational health and safety. “The quality, environmental and safety policy we’re implementing is aimed at ensuring the health and safety of our employees as they perform their work, as well as at preventing accidents at work and promoting mental and physical health.” Our commitment to this is set forth in our [sustainability guidelines](#).

### Prerequisites for creating a healthy and safe working environment

Several measures have been implemented to reduce potential risks and negative consequences for employees' health at the workplace – and ideally to avoid them altogether. Some of these include:

- We make ongoing improvements to safety measures by identifying and assessing hazards, burdens and risks on a regular basis.
- Preventive measures and programs such as the drafting and introduction of the “10 SFS Safety Rules” help prevent accidents.
- SFS maintains an ongoing dialog with stakeholders in order to further improve health and safety at work.
- We encourage employees to take personal responsibility for their own health: Preventive hazard identification and risk assessments at employees' own workplaces help adapt the working environment accordingly and prevent potential accidents.
- In this context, employees are also instructed to and required to set down their work if a potential risk arises and to only resume work again once the situation permits. This approach is also regularly communicated in training on the “10 SFS Safety Rules”.
- Employees are required to report to their supervisors any circumstances that could endanger employees' occupational health and safety. That also gives them an opportunity to suggest improvements or point out any deficiencies (opportunity to submit anonymous complaints).
- All employees are required to report ideas and noticeable problems immediately. They have several different communication channels and platforms available for this purpose. These include the “mySFS” employee app, the ideas box, shop floor meetings and regular meetings with managers. The compliance system integrated by SFS is accessible to all employees (anonymous complaints hotline).
- Employees who report violations will not be penalized as a result.



Creating a healthy and safe working environment is a top priority for us.

At the end of 2023, the SFS Group employed 13,198 employees (FTE, PY 13,282). The reporting entities comprise 12,666 FTE (PY 12,617). The number of accidents per million working hours remained at the same level as in the previous year at 4.0 (see table GRI 403-9 Work-related injuries), but showed a mixed trend in the individual segments: While the Engineered Components and Fastening Systems segments made good progress in terms of the accident rate, it increased in the D&L segment. In the current financial year, SFS will further intensify its efforts to reduce the accident rate and still achieve its ambitious target: Based on an accident rate of 4.7 in 2020, the target for 2025 is 2.35 accidents per million working hours.

Although the number of work-related accidents has risen marginally to 103 (PY: 102), we made vital progress in terms of both the severity of the work-related accidents and the number of days lost: During the year under review, SFS lowered its work-related injuries with serious consequences by –34.0% and reduced the number of days lost by –15.2% to 1,880 days compared to the previous year (see table GRI 403-9 Work-related injuries). Work-related injuries with serious consequences are deemed to be injuries resulting in a recovery period of at least six months.

Top priority in the current financial year is the prevention of all accidents – regardless of the number of days lost. In addition to regular trainings and corresponding prevention campaigns, the implementation of ISO Standard 45001 is an efficient means of promoting occupational health and safety. As a result, the certification of the production sites in accordance with ISO 45001 (Management System for Occupational Health and Safety) forms part of the management approach. Five additional locations were certified in accordance with ISO 45001 during the year under review. Certification is currently being planned for another 10 locations.

## GRI 403-9 Work-related injuries

	Unit	2023	+/-%	2022	2021
<b>Employee Metrics<sup>1</sup></b>	FTE	12,666	0.4%	12,617	9,455
Total hours worked	hours	25,504,900	1.1%	25,233,800	20,230,895
Permanent employees		23,628,550	-0.1%	23,650,800	17,494,478
Temporary employees		1,876,350	18.5%	1,583,000	2,736,417
<b>Occupational accidents &gt;=1 day<sup>2</sup></b>	#	103.0	1.0%	102.0	82.0
Permanent employees		102.0	10.9%	92.0	80.0
Temporary employees		1.0	-90.0%	10.0	2.0
<b>Accident rate &gt;=1 day<sup>2</sup></b>	#/million hours	4.0	-0.1%	4.0	4.1
Permanent employees		4.3	11.0%	3.9	4.6
Temporary employees		0.5	-91.6%	6.3	0.7
<b>Occupational accidents &gt;3 days</b>	#	67.0	-2.9%	69.0	63.0
Permanent employees		66.0	0.0%	66.0	62.0
Temporary employees		1.0	-66.7%	3.0	1.0
<b>Accident rate &gt;3 days</b>	#/million hours	2.6	-3.9%	2.7	3.1
Permanent employees		2.8	0.1%	2.8	3.5
Temporary employees		0.5	-71.9%	1.9	0.4
<b>Work-related injuries with serious consequences<sup>3</sup></b>	#	2.0	-33.3%	3.0	2.0
Permanent employees		2.0	-33.3%	3.0	1.0
Temporary employees		0.0	0.0%	0.0	1.0
<b>Accident rate with serious consequences</b>	#/million hours	0.1	-34.0%	0.1	0.1
Permanent employees		0.1	-33.3%	0.1	0.1
Temporary employees		0.0	0.0%	0.0	0.4
<b>Work-related injuries resulting in fatalities</b>	#	-	-	-	-
Permanent employees		-	-	-	-
Temporary employees		-	-	-	-
<b>Rate of deaths</b>	#/million hours	-	-	-	-
Permanent employees		-	-	-	-
Temporary employees		-	-	-	-
<b>Total number of days lost</b>		1,880	-15.2%	2,217	1,580
<b>Days lost</b>	day/1.000 FTE	148	-15.5%	176	167
<b>Occupational accidents</b>	#/1.000 FTE	8.1	0.6%	8.1	8.7
<b>Days lost due to work-related illnesses</b>	# days	45.0	-83.2%	268.0	0.0
<b>Days lost due to work-related illnesses</b>	days/1.000 FTE	3.6	-83.3%	21.2	0.0

<sup>1</sup>Number of employees in the entities currently reporting

<sup>2</sup>Occupational accidents are based on the number of work-related injuries resulting in an absence of at least one working day

<sup>3</sup>Work-related injuries with serious consequences resulting in a recovery period of at least 6 months (not including fatalities)

The number # refers to the absolute number of incidents in each case

## Compliance and due diligence

# High standards maintained

**There were no compliance incidents at SFS during the year under review that resulted in fines or legal proceedings. We additionally have no knowledge of any human rights violations within the company's sphere of influence that were committed in 2023. That also includes the topic of child labor. Two compliance audits were carried out; the results of both were positive and document the Code of Conduct's effective implementation. SFS expanded its social engagement even further during the year under review by launching new initiatives.**

In keeping with the OECD Guidelines on Responsible Business Conduct, SFS is committed to sustainable and responsible business practices – in the interests of the company, its employees, society and the environment. Compliance with the laws and regulations valid in the respective countries forms the basis of any cooperation. Furthermore, we respect societies' and nations' cultural, social, political and legal diversity. We additionally expect our business partners and suppliers to conduct themselves in accordance with our principles. The SFS [Code of Conduct](#) (including its [explanatory document](#)), our [Corporate Principles](#) as well as the [Supplier Code of Conduct](#) contain our guidelines defining amongst others how human rights are safeguarded and respected. Topics contained therein include child and forced labor as defined by the International Labour Organization (ILO). "SFS does not tolerate child labor and does 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." – that's what our [sustainability guideline](#) says.

### **Responsibility embraced, due diligence obligations fulfilled**

By fulfilling our due diligence obligations, we protect our employees, create attractive jobs, meet up to our responsibilities toward society and remain sustainably competitive over the long term. As a signatory of the UN Global Compact, SFS is committed to the United Nations Declaration of Human Rights. The risk of human rights violations must be prevented and reduced to the greatest extent possible, both at the company's own locations and within its entire supply chain. We are therefore increasingly incorporating human diligence into our business processes and have been working with our suppliers since 2023 to conduct regular assessments that include both social and ecological criteria, see [Supplier assessment results](#).



### **Effective compliance system implemented**

The SFS Code of Conduct is geared toward all management bodies and employees. It is a central element in efforts to promote SFS's sustainable, positive development in a continuously changing international environment. Our Corporate Principles, another core compliance element, contain a description of the cornerstones of the Group's corporate culture: partnership, commitment, community, success, change. Both documents have been translated into more than ten languages and their contents were communicated and made available to all employees. They lay the basis for SFS's values and simultaneously provide specific guidance for our value creators.

To ensure compliance with the requirements of the Code of Conduct, SFS has established an effective compliance system that focuses on the following eight topics:

- Human rights
- Anti-corruption
- Antitrust law
- Insider trading
- Data protection
- Foreign trade compliance
- Information security
- Personal integrity violations

In practice, the system comprises various elements such as guidelines, regular training, induction of new employees, e-learning campaigns, periodic newsletters, integration of compliance-related topics into internal audits, annual reporting on the Code of Conduct to the Board of Directors and a central reporting office for employees and external partners. By launching the new Supplier Code of Conduct and including compliance obligations and the requirements of the UN Global Compact in the General Terms and Conditions of Purchase, the SFS Standards are applied to our suppliers as well. Similarly, corresponding provisions are incorporated into contracts with sales partners.

### **Compliance reports examined with care**

Compliance with the requirements of the Code of Conduct for employees is monitored as part of annual reporting on the Code of Conduct for employees. All sites report relevant incidents to the Group Compliance Officer. The Group Compliance Officer and the local compliance officers received a total of 36 compliance-related reports in the year under review. Following careful examination, 19 of those reports were confirmed as being compliance violations and appropriate consequences initiated. The violations reported primarily related to failures to comply with labor regulations, incidents of unethical conduct and other violations of the Code of Conduct. The reports were investigated either locally or with the involvement of the Group Compliance Officer and closed with the exception of one case that is still pending. The consequences of the various cases ranged from warnings all the way to dismissals, depending on the severity of the violation. The question of which sanctions are to be imposed in the individual cases is decided at the discretion of the local Compliance Officer, who may coordinate this with the specialist units involved or the Group Compliance Officer where necessary.

**Compliance audits conducted make positive impression overall**

SFS conducted internal compliance audits at individual sites in Germany and the Czech Republic during the year under review. The audit contents primarily addressed the Code of Conduct as well as the internal and external reporting channels available to the employees in the event of violations related to compliance or any other type of violation. The results of the investigation were entirely positive: The Code of Conduct is effectively implemented at the sites audited and employees are aware of its content.

Overall, the introduction of the internal compliance audit was perceived as being a suitable tool for identifying opportunities and risks in this area. Further compliance audits will be conducted in other countries in 2024 as part of the financial audits. The results of reports and audits form the basis for the annual compliance report submitted to the Board of Directors and any further development of the compliance system.

**No cases of corruption in the year under review**

Despite the fact that “corruption and bribery” was not classified as a material topic in the most recent materiality analysis, it forms part of the basis of our business activities – much like the topic of “human rights”. The anti-corruption policy in force at SFS since 2016 and imparted to staff in high-risk positions via mandatory e-learning courses was again communicated to all new employees in management positions and in the sales, procurement and finance units during the year under review.

We also take a clear stand on this topic in our sustainability guidelines and are committed to complying with the following principles: “We are not corruptible and do not demand or accept gifts or payments. We do not engage in any unfair action that could influence the decisions of customers, suppliers, competitors or authorities.”

Corruption is a topic that is highlighted time and again in SFS’s day-to-day work. This may be in specific cases when assistance is requested with regard to accepting gifts or invitations or in internal communications such as the compliance newsletter, which is published four times a year. Anonymized reports about specific incidents are used to raise employees’ awareness of compliance-related topics.

As in the previous year, there were no confirmed cases of corruption in the reporting year.

**ESG topics integrated into risk analysis**

In addition to the business risk analysis carried out in the past, SFS conducted a separate ESG risk analysis during the year under review. Its focus was on potential risks and opportunities that arise in connection with the environment, social and corporate governance dimensions. The results of the ESG risk analysis are based on the findings of the materiality analysis, an in-house ESG risk workshop and an analysis conducted by an external third party. Our risk assessment considers the likelihood of occurrence and the amount of the loss that could occur as a result. The risks are classified based on predefined threshold values. In the case of risks with substantial strategic or financial repercussions, appropriate steps are taken with the highest priority in order to avoid or mitigate these as far as possible. The same also applies for opportunities identified: If they line up with our strategic objectives, we seize those opportunities proactively and take suitable steps or measures. Potential opportunities and risks with strategic impacts from within the realm of ESG such as the development of energy and commodity prices, possible natural disasters, the effects of not achieving sustainability targets and the increase in regulatory requirements in the area of supply chains and taxes were incorporated into the business risk analysis. [The Management Report](#) presents a summary of the business risks for the current reporting year.

### **Stakeholder opinions taken into consideration and dialog continued**

"We encourage discussions and dialog with all stakeholder groups" – we have made a commitment to this in our [sustainability guidelines](#). To ensure that we consider more than merely the internal perspective when assessing both critical issues as well as potential opportunities and risks for the company, we get our external stakeholder groups involved on a regular basis. We offer our stakeholders a variety of different platforms for expressing also critical concerns and discussing them with us. That includes regular discussions with customers and suppliers, investors and analysts as well as various in-house and external events (e.g. Sustainability Day, quarterly information, Annual General Meeting, etc.). We also receive valuable feedback through our cooperation with academic institutions, communication with the media and surveys conducted among employees. The summary below shows the five issues (PY five issues) addressed in this context in 2023 and how we dealt with them:

#### **Media: CEO mandate of Chair of the Board Thomas Oetterli**

During the year under review, Thomas Oetterli, Chair of the Board of Directors of SFS, took on a new position as CEO of Rieter, a manufacturer of textile machinery. Various media questioned whether he would have enough time with this new position to meet up to his responsibilities as Chair of the Board of Directors of SFS.

Having previously served as CEO of Schindler, Thomas Oetterli already has experience under his belt as the CEO of an international industrial group. At the same time, he also served as a member of the Board of Directors of SFS and as Chair of the Audit Committee. Experience has shown that – with prudent time management – this combination of responsibilities is feasible. Thomas Oetterli also worked hard in 2022 to become intimately familiar with SFS's business processes.

#### **Local communities/population: Expansion in Flawil (Switzerland)**

In order to expand its production capacity, SFS is planning on expanding its Flawil (Switzerland) location and acquired another plot of land in 2021 to that end. Due to its special location in the city center and because it is in the immediate vicinity of the train station, this construction project must satisfy more stringent architectural requirements. SFS has therefore collaborated with architects and urban planners as well as the communal and cantonal authorities to draft a special utilization plan. This plan also includes a traffic plan that aims to reduce truck traffic at the train station. SFS held an informational event where it presented the project to the general populace and invited them to participate in the communal participation procedure. As part of this participation procedure, local residents called for a noise barrier along the property line to SFS. The special utilization plan was also occasionally criticized by the public, specifically with regard to the height of the building and the setback reductions.

For SFS, the expansion of the plant in Flawil is a pivotal step towards achieving the desired growth in the area of deep-drawn and extrusion-molded components for the automotive industry. The expansion will create around 40 additional jobs and positions for trainees. To SFS, creating a high-quality building project that takes the special location at the center of town into account and blends in perfectly with the surroundings is important. The concerns expressed by people from the neighborhood as part of the participation procedure are to be taken into consideration as far as possible.

### **Population/media: Questions concerning the wind turbine planned in Heerbrugg (Switzerland)**

SFS sent a letter to residents and published a media release to update the public about the status of the “RhintlWind” project during the year under review. The project was also presented at several events organized by us and professional organizations. SFS dismantled the measurement mast in August that it had erected one year earlier, thereby bringing the measurement campaign to a close. Despite an unusually low level of wind activity seen nationwide in the fall and winter months, the results so far are in line with expectations. The estimated energy output for the year remains unchanged at around 5 GWh. Ideally, SFS plans to be able to erect the turbine in 2025 once the approval process has been completed. The project’s original timeline will be delayed by around one year as a result.

Reporting on the project was met with occasional criticism voiced by opponents of wind power, who are afraid that the wind turbine will have negative impacts such as (subsonic) noise, shadows or falling ice. SFS will invite all its neighbors to a meeting in March 2024, where it will provide information about the project’s current status and answer questions.

Answers to frequently asked questions can be found in the FAQs on the [RhintlWind website](#) (only in german). Additional questions can be submitted via the contact form.

### **Investors: Negative corporate governance rating from ISS**

SFS received nine of ten points in the “Quality Score”, an ESG rating issued by Institutional Shareholder Services (ISS). This result corresponds to a high level of governance risk. Areas where SFS performed poorly related in particular to its independence, the diversity of its Board of Directors as well as the transparency and structure of its compensation system.

SFS has analyzed the ISS rating and duly noted the concerns raised. Corporate governance assessments based exclusively on standards defined by rating agencies are not necessarily expedient for all shareholder structures. SFS conducted individual discussions with investors and addressed the issues highlighted in a transparent way. SFS is convinced that it has an independent Board of Directors and an appropriate compensation system. The company is working on making ongoing improvements to the level of diversity found in the Board of Directors and Group Executive Board.

### **Media: Measures being taken in the Automotive division in Switzerland**

Supply chain disruptions and inflation-related cost increases caused profitability in the Automotive division in Switzerland to decline sharply in the year under review. In an effort to counteract this trend, SFS rolled out a package of measures in late October that included a hiring freeze, more intense cost management and moderate job cuts. As a temporary measure, the weekly hours of Automotive division employees in Switzerland were increased by two hours from November 1 onward and annual leave was reduced by five days to 25 days as of January 2024. Salaries were cut by 10% for members of the Automotive division’s management who live in Switzerland and by 7% for the heads of the business units. The employees impacted could consent to the contractual amendment tacitly or reject the changes in writing within the space of one month. These measures were then criticized in reports published by numerous media outlets. They questioned whether the approach was permissible under labor laws and criticized that SFS was not adhering to the industry’s collective labor agreement. The fact that communication regarding the measures came with such short notice was another point of criticism.

SFS is not subject to the collective labor agreement. The measures are supported by the Employee Council. They will only be implemented swiftly if employees voluntarily consent to the measures; otherwise, the normal notice periods will apply. The measures are limited to a period of one year and are subject to review at the end of the first six months. These measures can also be reversed on short notice. SFS has already faced economically challenging times in the past. At those difficult times, it was able to count on the solidarity of its employees and secure jobs as a result. The current situation, too, has shown that the vast majority of employees support the measures – only about 1% of the approximately 950 workers impacted have not accepted the measures.

### Importance of external ratings on the rise

In 2023, SFS was assessed within the scope of the following external ratings or participated in the following assessments:

Rating/questionnaire	2023 rating	2022 rating	Scale	Remark
CDP (climate questionnaire)	B	–	A to F	
EcoVadis (ESG questionnaire)	Silver (63/100)	Bronze (54/100)	Platinum to Bronze	
Ethos	A- (51/100)	A- (60/100)	A+ to C-	
Inrate, zRating	69/100	67/100	100 to 0	
ISS	D+	D+	A+ to D-	
MSCI	AA	AA	AAA to CCC	
SAQ 5.0	B86 (location in Heerbrugg, CH)	–	A to D, 100 to 0	The SAQ 5.0 rating was newly introduced in 2023; the SAQ 4.0 questionnaire was in use prior to that.
Sustainalytics	ESG risk status medium 26.3	ESG risk status medium 25.0	Negligible to severe	
UN Global Compact	Active	Active	Active – inactive – not reporting	



### Social engagement expanded

At “ORANGE Social Days”, employees have a chance to get acquainted with a local social institution for children that is being supported by the Hoffmann Group Foundation. They can use the day to help out on-site during their working hours. The “Social Days” were also introduced at SFS during the year under review, initially as a pilot project at the site in Heerbrugg (Switzerland). Employees were given the opportunity to get involved in a social project that’s close to their heart on three workdays per year.

[Link to success story](#)

## GRI content index

### GRI 1

Foundation 2021

Statement	GRI 1 applied	Applicable GRI sector standard(s)
SFS prepared this report for the period from December 2022 to November 2023 in compliance with the GRI Standards.	GRI 1: Foundation 2021	No applicable sector standard is available yet.

### GRI 2

General Disclosures 2021

Disclosure	Place	Omission
2-1 Organizational details	SFS Group AG, Rosenbergsaustasse 8, 9435 Heerbrugg, Switzerland <a href="#">Corporate Governance, Group structure &amp; shareholders</a> <a href="#">Financial Report, Group structure</a>	
2-2 Entities included in the organization's sustainability reporting	Scope: Entities in which SFS holds a stake of ≥50% are included in the scope of consolidation. For this, sustainability data is collected for locations with production activities as well as for locations without production activities with ≥50 employees. This was the case for 54 entities in the year under review (PY: 53 entities).	
2-3 Reporting period, frequency and contact point	<a href="#">About the Sustainability Report</a>	
2-4 Restatements of information	<a href="#">About the Sustainability Report</a>	
2-5 External assurance	<a href="#">About the Sustainability Report</a>	
2-6 Activities, value chain and other business relationships	<a href="#">Financial Report, Segment information</a> SFS in brief, page 4 <a href="#">Procurement</a>	
2-7 Employees	<a href="#">Employees by employment relationship</a> <a href="#">Employee figures by region</a>	
2-8 Workers who are not employees	<a href="#">Employees by employment relationship</a> <a href="#">Employee figures by region</a>	
2-9 Governance structure and composition	<a href="#">Corporate Governance, Board of Directors and Group Executive Board</a>	
2-10 Nomination and selection of the highest governance body	<a href="#">Corporate Governance, Board of Directors</a> <a href="#">Organizational regulations</a> <a href="#">Articles of Association of SFS Group AG</a>	
2-11 Chair of the highest governance body	<a href="#">Corporate Governance, Members of the Board of Directors</a>	
2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Strategy, Clearly defined responsibilities</a>	
2-13 Delegation of responsibility for managing impacts	<a href="#">Strategy, Clearly defined responsibilities</a>	
2-14 Role of the highest governance body in sustainability reporting	The 2023 Sustainability Report was approved by the Board of Directors as an integral part of the 2023 Annual Report. The report will also be presented to shareholders at the 2024 Annual General Meeting for approval.	
2-15 Conflicts of interest	<a href="#">Code of Conduct</a> <a href="#">Explanatory document on the Code of Conduct</a>	



2-16 Communication of critical concerns	<a href="#">Corporate Governance, Shareholders' participation</a>	
	<a href="#">Corporate Governance, Information policy</a>	
	<a href="#">Compliance and due diligence</a>	
2-17 Collective knowledge of the highest governance body	All members of the Board of Directors have taken various steps during the year under review to expand their knowledge on the topic of sustainability. These efforts included workshops/ training, regular exchanges of information with audit firms, communication with peers and the reading of specialized literature.	
2-18 Evaluation of the performance of the highest governance body	<a href="#">Corporate Governance, Members of the Board of Directors</a>	
	<a href="#">Corporate Governance, Compensation, shareholdings and loans</a>	
2-19 Remuneration policies	<a href="#">Compensation Report, Fundamental principles of the compensation system</a>	
2-20 Process to determine remuneration	<a href="#">Compensation Report, Fundamental principles of the compensation system</a>	
2-21 Annual total compensation ratio		SFS does not currently have a centralized system in place at the international level for managing salary payments; the information requested cannot be calculated due to the insufficient dataset.
2-22 Statement on sustainable development strategy	<a href="#">Management Report</a>	
	<a href="#">Strategy</a>	
2-23 Policy commitments	<a href="#">Code of Conduct</a>	
	<a href="#">Explanatory document on the Code of Conduct</a>	
	<a href="#">Supplier Code of Conduct</a>	
	<a href="#">Sustainability guidelines</a>	
2-24 Embedding policy commitments	<a href="#">Code of Conduct</a>	
	<a href="#">Explanatory document on the Code of Conduct</a>	
2-25 Processes to remediate negative impacts	<a href="#">Compliance@SFS, incl. anonymous complaint process</a>	
2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Corporate Governance, Information policy</a>	
	<a href="#">Compliance and due diligence</a>	
2-27 Compliance with laws and regulations	During the year under review, SFS was not impacted by any material violation and there were no compliance incidents at SFS that resulted in fines or legal proceedings.	
2-28 Membership associations	Arbeitgeberverband Rheintal (Rheintal Employers, Association)	
	Hans-Huber Stiftung (Hans-Huber Foundation)	
	Saint Gallen Appenzell Chamber of Commerce and Industry	
	Landesverband Gross- und Aussenhandel Bayern (LGAD; Bavarian Wholesale and Export Association)	
	Stiftung FH SCHWEIZ – zur Förderung des dualen Bildungswegs (Foundation of the University of Applied Sciences Switzerland – for the promotion of the dual education system)	
	Swissavant	
	Swissmem	
	SFS is an active member of the associations and interest groups listed above and supports the organizations both financially and through the provision of personnel.	
2-29 Approach to stakeholder engagement	<a href="#">Strategy, Stakeholder dialog as the basis for reporting</a>	
2-30 Collective bargaining agreements	At the end of the year under review, 32.3% (PY: 27.4%, corrected figure) of all employees were covered by collective bargaining agreements.	



### GRI 3

#### Material Topics 2021

Disclosure	Place	Omission
3-1 Process to determine material topics	<a href="#">Strategy, Stakeholder dialog as the basis for reporting</a>	
3-2 List of material topics	<a href="#">Strategy, List of material topics</a>	

### GRI 301

#### Materials 2016

Disclosure	Place	Omission
3-3 Management of material topics	<a href="#">Sustainable solutions</a>	
301-1 Materials used by weight or volume	<a href="#">Sustainable solutions</a>	
301-2 Recycled input materials used		Information regarding recycled input materials used is not currently available or not available in full. The process for collecting the required data will be implemented in 2024. The data is expected to be analyzed for the first time in the coming reporting year and published in the 2024 Sustainability Report.
301-3 Reclaimed products and their packaging materials		Currently not applicable: Once the products (primarily high-precision components and fastening solutions) have been installed in a customer's product, SFS does not have any opportunity to require or recycle them.

### GRI 302

#### Energy 2016

Disclosure	Place	Omission
3-3 Management of material topics	<a href="#">Energy and emissions</a>	
302-1 Energy consumption within the organization	<a href="#">Energy and emissions</a>	
302-2 Energy consumption outside of the organization	<a href="#">Energy and emissions</a>	
302-3 Energy intensity	<a href="#">Energy and emissions</a>	
302-4 Reduction of energy consumption		The information on reducing energy consumption is currently unavailable or incomplete; the process for collecting the necessary data is currently being completed and information on this is expected to be published in the 2024 report.
302-5 Reductions in energy requirements of products and services		Not applicable: SFS currently assumes that only an insignificant proportion of our products consume energy themselves. SFS would like to carry out further investigations/clarifications in 2024.

### GRI 305

#### Emissions 2016

Disclosure	Place	Omission
3-3 Management of material topics	<a href="#">Energy and emissions</a>	
305-1 Direct (Scope 1) GHG emissions	<a href="#">Energy and emissions</a>	
305-2 Energy indirect GHG emissions (Scope 2)	<a href="#">Energy and emissions</a>	

305-3 Other indirect (Scope 3) GHG emissions	<a href="#">Energy and emissions</a>	
305-4 GHG emissions intensity	<a href="#">Energy and emissions</a>	
305-5 Reduction of GHG emissions		The information regarding the reduction of greenhouse gas emissions is currently not available or incomplete. The process for collecting the necessary data is currently being completed and information on this is expected to be published in the 2024 report.
305-6 Emissions of ozone-depleting substances (ODS)		Not applicable: According to our in-house life cycle assessment, the emissions of ozone-depleting substances amounts to 0.01%.
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<a href="#">Energy and emissions</a>	

### GRI 308

#### Supplier Environmental Assessment 2016

Disclosure	Place	Omission
3-3 Management of material topics	<a href="#">Procurement</a>	
308-1 New suppliers that were screened using environmental criteria	<a href="#">Procurement</a>	
308-2 Negative environmental impacts in the supply chain and actions taken	<a href="#">Procurement</a>	

#### GRI 404

##### Training and Education 2016

Disclosure	Place	Omission
3-3 Management of material topics	<a href="#">Employee promotion and engagement</a>	
404-1 Average hours of training per year per employee	<a href="#">Employee promotion and engagement</a>	Information regarding the average hours of training per year per employee is not currently available or not available in full. The process for collecting the required information will be expanded in the next few reporting years.
404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">Employee promotion and engagement</a>	
404-3 Percentage of employees receiving regular performance and career development reviews	<a href="#">Employee promotion and engagement</a>	Any presentation/breakdown by employee category that is still missing will be added in the reporting years to come.

#### GRI 405

##### Diversity and Equal Opportunity 2016

Disclosure	Place	Omission
3-3 Management of material topics	<a href="#">Employee promotion and engagement</a>	
405-1 Diversity of governance bodies and employees	<a href="#">Employee promotion and engagement</a>	Data regarding additional categories of diversity will be added in the reporting years to come.
405-2 Ratio of basic salary and remuneration of women to men		Information regarding the ratio of basic salary and remuneration of women to men is not currently available or not available in full. The process for collecting the required data is expected to be implemented on a Group-wide basis in the next two to three years.

#### GRI 414

##### Supplier Social Assessment 2016

Disclosure	Place	Omission
3-3 Management of material topics	<a href="#">Procurement</a>	
414-1 New suppliers that were screened using social criteria	<a href="#">Procurement</a>	
414-2 Negative social impacts in the supply chain and actions taken	<a href="#">Procurement</a>	

## CO content index

Index used for reporting on non-financial matters pursuant to the Swiss Code of Obligations (CO) Art. 964 and the Responsible Business Initiative (RBI) on due diligence and transparency regarding minerals and metals from conflict-affected areas and child labor.

Topic	Link	Explanation	Compliance with GRI
Business model	<a href="#">SFS in brief, page 4</a>		GRI 2-1, 2-6
	<a href="#">Corporate Governance, Group structure and shareholders</a>		
Environmental concerns	<a href="#">Energy and emissions</a>		GRI 302, 305
	<a href="#">Sustainable solutions</a>		GRI 301
	<a href="#">Supplier Environmental Assessment</a>		GRI 308
	<a href="#">Procurement</a>		GRI 308
	<a href="#">Sustainability guidelines</a>		
Social concerns	<a href="#">Corporate Governance, Information policy</a>		GRI 2-16, 2-23, 2-24, 2-25, 2-26, 2-27
	<a href="#">Compliance and due diligence</a>		
	<a href="#">Supplier Social Assessment</a>		GRI 414
	<a href="#">Sustainability guidelines</a>		
Employee concerns	<a href="#">Attractiveness as an employer</a>		
	<a href="#">Training and Education</a>		GRI 404
	<a href="#">Diversity and Equal Opportunity</a>		GRI 405
	<a href="#">Occupational Health and Safety</a>		GRI 309
	<a href="#">Remuneration system and policies</a>		GRI 2-19, 2-20
	<a href="#">SFS Code of Conduct</a>		
Respect for human rights	<a href="#">Procurement</a>		GRI 414
	<a href="#">Compliance and due diligence</a>		GRI 1 Foundation
	<a href="#">Sustainability guidelines</a>		
	<a href="#">SFS Code of Conduct</a>		
	<a href="#">Supplier Code of Conduct</a>		
Combating corruption	<a href="#">Compliance and due diligence</a>		GRI 2-27
	<a href="#">Sustainability guidelines</a>		
	<a href="#">SFS Code of Conduct</a>		
Due diligence obligations regarding conflict minerals and child labor	<a href="#">Sustainability guidelines</a>	Conflict minerals: (CO 964j-I and VSoTR 3-4) SFS screens for minerals and metals from conflict and high-risk areas once per year. The import and processing quantities as defined under Swiss law were not exceeded during the year under review, which means that no reporting obligation applies.	GRI 1 Foundation
	<a href="#">Supplier Code of Conduct</a>		
	<a href="#">Sustainability guidelines</a>	Suspicion of child labor: (CO 964j-I and VSoTR 5 and 11): SFS uses questionnaires to screen suppliers for any suspicion of child labor. There was no justified suspicion of child labor in the year under review. It should be noted, however, that the first supplier survey has not yet been concluded and not all suppliers are reflected in full. The	

Supplier Code of Conduct

procurement practices are set down in the Supplier Code of Conduct, which is obligatory for all SFS suppliers from 2024 onward. Any violations against these regulations committed by a supplier or upstream supplier can be reported anonymously at any time to the office specified in the Code.

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## About the Sustainability Report

### Reporting period

Annual reporting, December 1, 2022, to November 30, 2023, the 2023 Sustainability Report was published together with the Annual Report on March 7, 2024, as a combined report.

### System limitations

The management system as it relates to sustainability as well as all data specified is currently limited to 54 sites. This corresponds to a coverage level of 96% expressed in FTE terms.

### Restatements

In the current year under review, the following material restatements or changes were made compared to the 2022 reporting year:

- Complete integration of Hoffmann SE into all key sustainability indicators surveyed
- Switch from using ecoinvent's v3.9.1 dataset to the v3.1.0 dataset for measuring the material topics of Energy and Emissions
- The report will be approved by the Board of Directors and presented to shareholders at the Annual General Meeting for approval
- CO content index (index used for reporting on non-financial matters pursuant to the Swiss Code of Obligations OR (Art. 964) and the Responsible Business Initiative (VSoTr))

### External assurance

No external assurance has been obtained for SFS's Sustainability Report. The Compensation report and Financial report were audited by PricewaterhouseCoopers AG as external auditors.

See the [compensation report](#), [auditor's report](#) and financial report, auditor's report, page 157

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