

# 2023 **SUSTAINABILITY REPORT**

RAFI GROUP



SUSTAINABILITY REPORT

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## 2023

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Lothar Arnold (l.) and Dr. Lothar Seybold have formed the RAFI management team since 2019

## Dear readers,

RAFI has grown to become an international high-tech company with more than 100 years of history. Naturally, we have our founder Ernst Bucher to thank for this, but also all the people who have made a valuable contribution since 1900 in Berg and all our other locations. Through our joint work, we have developed many innovations that have significantly advanced our company and the industry itself. Whether key switches, complex HMI systems, or EMS solutions – again and again RAFI has succeeded in defining new benchmarks while living up to its responsibility for our own products and projects as well as for the environment and society.

Sustainability has always been an essential component of our corporate culture at RAFI. A high degree of in-house production, an extraordinarily broad industry diversification of our customer portfolio, and the high level of commitment exhibited by our employees have helped to ensure that our employees have secure and reliable jobs and that our customers can depend on us to deliver, even in the midst of the current crises.

Our sustainability activities are firmly anchored in our organizational and management systems.

In 2021, we launched our “Responsibility” initiative, which defines our commitment to sustainability in the RAFI Group. What we mean by responsibility is that our corporate activities have a positive impact not only on our business, but also on our ecological and social environment.

We ensure conscientious use of resources, environmental and climate protection, good working conditions, occupational health and safety, and respect for human rights along the entire value chain.

That’s why we are delighted to have received the silver medal award from Ecovadis for our efforts in this area.

In this report we want to inform you about the development of our sustainability initiatives in the RAFI Group, which follow the spirit and letter of the United Nation’s 17 Sustainable Development Goals (SDGs).

We hope you are inspired by its contents to join with us in making the world more sustainable! We look forward to receiving your feedback.



Dr. Lothar Seybold  
CEO



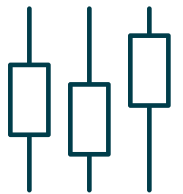
Lothar Arnold  
CFO





# CORPORATE AND REPORT PROFILE

[GRI 102-32, -50, -52→] Our second sustainability report, which looks at the year 2022, presents the RAFI Group in all its variety. The group consists of seven locations in six countries on three continents, and with different value systems. The locations also differ in their size and business focus. Despite this diversity, the entire RAFI Group is united under the slogan “ONE RAFI,” with identical principles of customer benefit, employee wellbeing, and future-orientation. This dedication to the future comprises not only financial and business success, but also our sustainability goals for preservation of a liveable planet. First, this report provides an overview of our company and the entire RAFI Group. Below you will also find an explanation of the principles and criteria of our reporting, how these principles relate to the United Nation’s Sustainable Development Goals (SDGs), and how we evaluate the measures we have implemented and intend to implement in the future.



**ÜBERLINGEN**



**BERG**



**BAD WALDSEE**



**MEZÖTÚR**



**RAFI**

**SHANGHAI**



**CAMBIAGO**



**SEATTLE**



**ZIELONA GÓRA**

## 1.1 RAFI at a glance

[GRI 102-1 – 102-9→] Headquartered in Berg near Ravensburg, Germany, RAFI GmbH & Co. KG is a medium-sized enterprise with approx. 2,200 employees and seven subsidiaries in Germany, Europe, China, and the United States. The RAFI Group includes RAFI Eltec GmbH (Überlingen, Germany), RAFI Systec GmbH & Co. KG (Bad Waldsee, Germany), RAFI Hungaria Kft. (Mezőtúr, Hungary), RAFI Italia S.r.l. (Cambiago, Italy), RAFI Poland sp. z o.o. (Zielona Góra, Poland), RAFI Electronics Ltd (Shanghai, China), and RAFI USA Inc. (Lynnwood, USA).

## The RAFI headquarters in Berg near Ravensburg, Germany

### History

Over the course of its almost 125-year history, RAFI has developed into a leading manufacturer of electro-mechanical components and operating systems for industrial applications. It has set new standards with a wide range of innovations in control components and HMI technology as well as engineering and manufacturing services (E2MS). In 1900, Ernst Bucher founded the company in Ravensburg under the name “Optisches, mechanisches & elektrotechnisches Institut.” Electrical engineer Raimund Finsterhölzl took over the company in 1908. At the time it specialized in the manufacture of switches and light signaling systems. Finsterhölzl renamed the enterprise Rafi in 1912, combining the first two letters of his first and last name. RAFI belonged to the Hoesch Group from 1987 until 1994 and was then taken over by private shareholders. Since 2020, it has been owned by U.S. investment company Oaktree Capital Management L.P.

### Industries, suppliers, and clientele

[GRI 201, 202→] The RAFI Group generated sales of €498 million in fiscal year 2022, with €316 million generated at the Berg location alone. Our primary business areas and customers come from the manufacture of machinery and equipment, robotics and automation, telecommunications, medical technology, and commercial vehicle manufacturing. Our wide array of products and services primarily consists of modular platform solutions for custom systems, standard components such as tactile switches or control and signaling components, digital solutions for easy process optimization, and E2MS services. We have established a scoring system for the evaluation and ranking of our suppliers. The assessment is carried out by a dedicated supplier management team. Regular audits also ex-

amine quality requirements, ISO 14001 certification, and existing compliance guidelines and regulations on conflict materials.

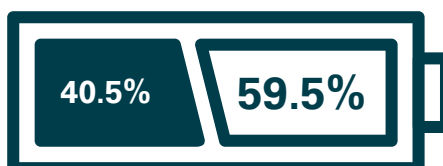
### Environmental management and resource conservation

[GRI 302, 305→] At all our locations we operate a quality management system certified according to DIN EN ISO guidelines. What’s more, the larger locations with production operations apply an environmental management system according to ISO 14001. All our locations actively and continuously take a range of measures to achieve more sustainable supplies of electricity, heat, cooling, and water and to ensure responsible waste disposal. Our Berg facility has long operated a cogeneration plant to produce heat, power, and cooling for much more efficient use of resources. We also use photovoltaic systems to generate our own electricity in Berg and Überlingen. This is how we contribute significantly to climate protection and responsible use of resources. The share of electricity generated in-house across the entire group was 40.5% in 2022. Since 2019, we have been procuring the rest of our electricity requirements at our German locations entirely from renewable sources. And since 2022, we have been investing an amount in the tens of millions of euros in order to implement energy-efficiency renovations of the buildings at the Berg location.



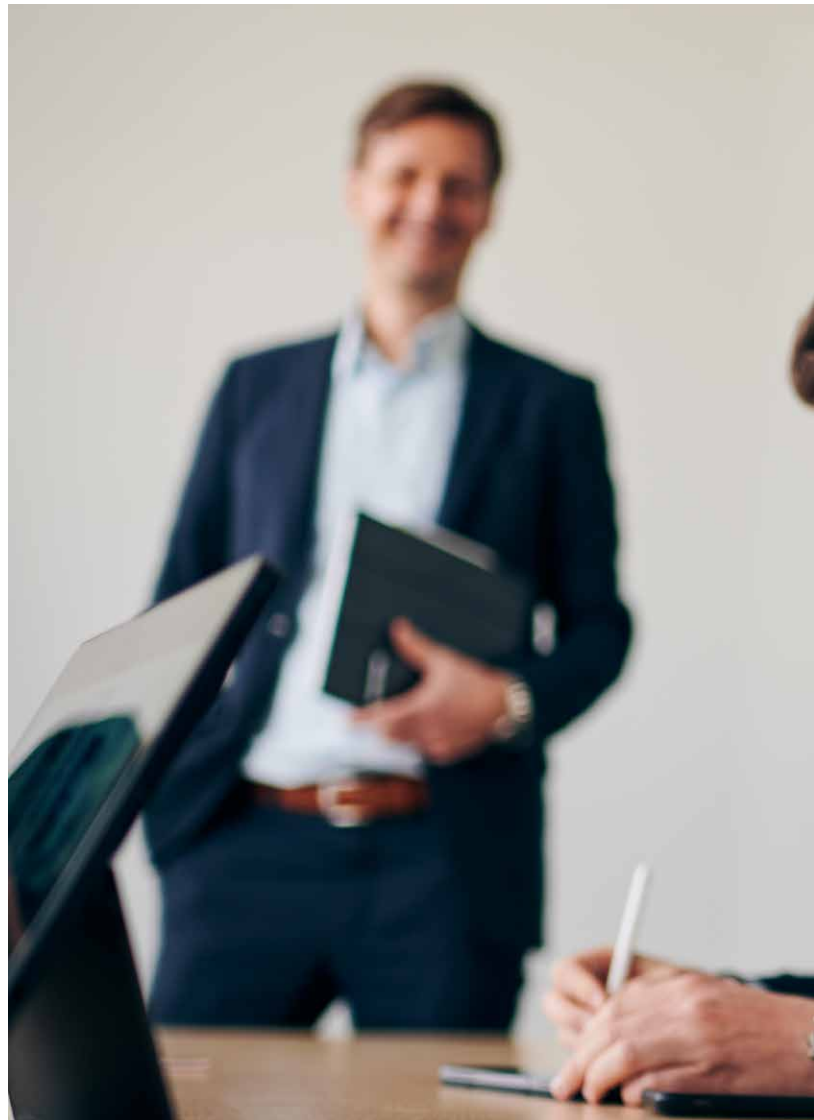
#### Certificates Quality management

DIN EN ISO 9001:2015  
IATF 16949:2016  
DIN EN ISO 13485:2016  
DIN EN ISO 14001:2015  
DIN EN ISO 16247  
DIN EN ISO 27001



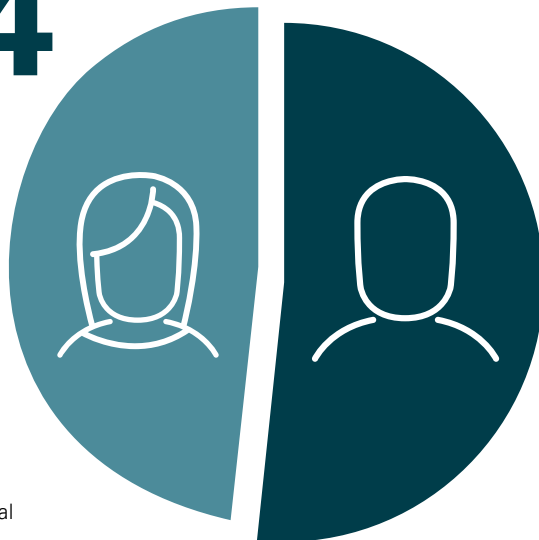
**Employment culture and personnel development**

[GRI 401→] RAFI offers its employees a wide variety of training and further training geared toward future needs while also providing attractive social security benefits, a modern working environment, and flexible working hours. In more than 4,000 qualification activities per year, our employees can keep themselves up to date with the latest knowledge. Our RIMA model for in-house professional training won the German Bildungspreis (education award). This program offers our skilled employees further on-the-job training. Our screening process for leadership potential of young employees allows us to provide our staff with the best opportunities for career advancement. In our entire corporate group, there are currently around 67 trainees, retrainees, and cooperative study students undergoing training and obtaining qualifications for various occupational fields. In Germany, we work with the Baden-Württemberg Cooperative State University (DHBW) in the implementation of cooperative courses of study and enable students to gain practical experience as work students. We also enable students at our German locations to gain practical experience as work students or interns. Students can write their final papers with our support. In our in-house training center in Weingarten, training courses tailored to today's electronics production requirements are organized in cooperation with the Electronics Soldering Technology Training Association (AVLE).



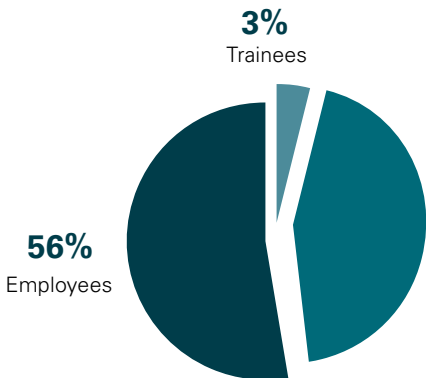
**1,054**

Female employees



**1,137**

Male employees



2,000 qualification activities per year



**67**

Trainees, retrainees, and cooperative study participants in training programs





## 1.2 Our contribution to sustainable development

[GRI 101, 102-20, -29, 103-] We see sustainability as one of the key tasks of a forward-looking corporate policy that addresses the social and ecological challenges of our time. As a global manufacturer and technology leader for innovative HMI solutions, we are committed to growth that is sustainable, conserves our planet's resources, respects the climate, and is consistent with our corporate social responsibility. We base our goals and actions, as well as the related documentation, on the Sustainable Development Goals (SDGs) of the United Nations and the reporting standards of the Global Reporting Initiative (GRI).



### Goal determination and methodology

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development by unanimous decision of all member states. In this agenda, the global community defines 17 goals for social, economic, and environmentally sustainable development. The SDGs serve as a guideline for sustainable action by the government as well as the private sector, while also highlighting opportunities for future business fields. A growing number of companies and other or-

ganizations are documenting their strategies, concepts, and measures for achieving the SDGs and making this documentation available to the relevant stakeholders and the public in the form of sustainability reports. To make it possible to compare and verify these reports, the Global Reporting Initiative (GRI) has compiled a framework of 36 standard modules with more than 120 indicators.

### Reporting

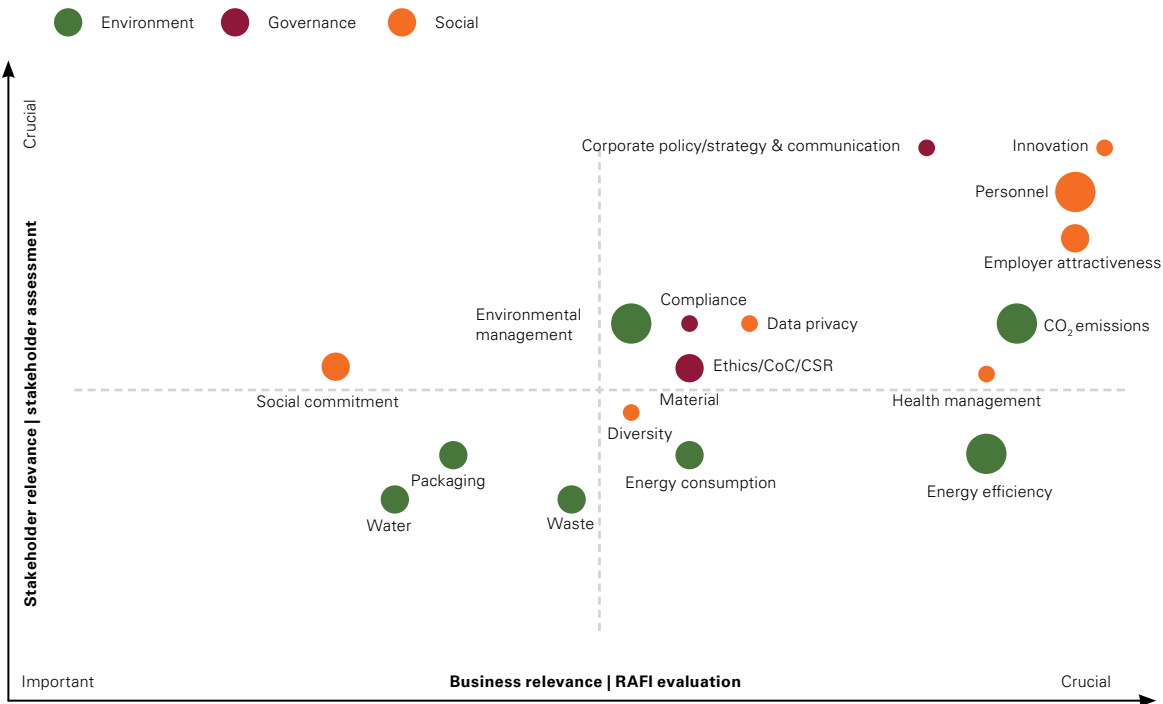
[GRI 102-46, -54→] In accordance with the SDGs and the standards of the “Core” option of the Global Reporting Initiative, we have now published the first Sustainability Report for the entire RAFI Group for the financial year 2022. We have formulated our report largely in gender-appropriate or gender-neutral language. Deviations from this are not meant to cause offense and are made solely for the sake of readability. On the following pages, we provide transparency to all stakeholders in regard to our current accomplishments in the area of sustainable business development in economic, ecological, and social terms, and we present our projects and objectives for the years to come. Sustainability for us is a holistic process of bringing to life a set of corporate values. We are committed to continuously developing and firmly embedding these values in our corporate culture, with the key areas

of our business activities serving as a starting point. To this end, we have established an employee committee consisting of staff from various departments that is responsible for determining, implementing, and documenting our goals.

### Materiality analysis and stakeholders

[GRI 102-42, -43, 203→] During a workshop, we applied the GRI standards to evaluate RAFI’s most important indicators and their impact on key stakeholders. The selection and prioritization are presented in our materiality matrix and determine the structure of our Sustainability Report. The size and positioning of the individual items reflect both the degree of their impact on the environment and society and their relevance to our business execution and stakeholders. We have identified our key stakeholders as investors, customers, and employees as well as the general public.

## Materiality matrix



### 1.3 Our focuses

Considering the various ways in which the RAFI Group can effectively exert influence, we filtered out four key topics from the broad spectrum of SDGs. These topics are important for the sustainable development of our company with the involvement of stakeholders from business, society, and the environment.

#### SDG 9: Industry, innovation, and infrastructure

[GRI 102-46→] Innovation and a pioneering spirit are integral components of RAFI's DNA and have always driven our company's success in the realms of both business and corporate social responsibility. With our innovative, customized HMI solutions, we enable particularly user-friendly interaction between machine and operator.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



The shorter response and adjustment times resulting from this make it easier to use our products in energy-efficient operation. Together with our customers, we work on efficiency-optimized electronic assemblies for electro-mobility. We are also currently examining alternative materials for housing manufacturing and continuing to work on our goal of replacing petroleum-based synthetic materials with recycled raw materials while achieving the same or even better product properties. (2.2.3→) As a member of the Component Obsolescence Group Germany (COGD), we are committed to sustainable obsolescence management. This means increasing the longevity of electronic products through improved component and material availability and making product development more resource-efficient overall.

#### SDG 13: Climate protection measures

Systematic replacement and upgrading of our existing production equipment and buildings are leading to a significant reduction in the primary energy we use. At our headquarters in Berg, we have been using the cogeneration of heat, power, and cooling as a resource-conserving source of heat and energy since 2013. Our photovoltaic systems at various locations also generate around 330 MWh of renewable electricity each year. We are continually modernizing our facilities in line with our carbon reduction strategy. This also involves increasing solar energy generation. In 2019, we switched to 100% green electricity from hydropower for the rest of our energy supply at our German locations. All our product development and manufacturing is focused on responsible, efficient use of energy and materials.

13 CLIMATE ACTION



#### SDG 8: Decent work and economic growth

Decent work and economic growth form the universal foundation for social progress. This is why RAFI ensures compliance with applicable labor law and fair compensation for

all employees at all locations. With our sustainable growth strategy focused on the future viability of the company, we are committed to providing training and qualifications to junior staff and to ensuring that employees are able to reconcile the responsibilities of their family with those of their career. We also offer additional social and health benefits to all RAFI employees. Beyond our internal structures, we also look at our upstream suppliers. We use a systematic supplier management system to evaluate suppliers according to aspects such as integrity, environmental sustainability, and adherence to social standards. Right now we are designing the structures and processes necessary to ensure that our group complies with the German law on corporate responsibility for the prevention of human rights violations in supply chains by 2024. Included here will be a system for monitoring our direct suppliers, which can be extended to indirect suppliers if necessary.

8 DECENT WORK AND ECONOMIC GROWTH



#### SDG 3: Health and well-being

A clean environment, healthy lifestyle, and good medical care have a crucial influence on human well-being. As a manufacturer and supplier of quality solutions for medical technology, we are directly involved in product development. We are well positioned particularly in the area of medical imaging for ultrasound, X-ray, computer tomography, and magnetic resonance systems. Technologies from RAFI also operate and control ventilators, high-frequency surgical devices, and operating tables. In partnership with customers and users, we constantly work to accelerate the technological development of our medical technology products. During critical phases of the Covid-19 pandemic, we helped to address acute supply shortages by increasing production capacity for ventilators.

3 GOOD HEALTH AND WELL-BEING





## GOVERNANCE

[GRI 103→] As a regionally based yet globally operating group, RAFI Group is characterized by uniform management standards and proactive operations. The management team demonstrates a focus on results and business success, translating this approach into effective action. Our employees communicate these values to our partners. At all times, we take account of targets, budget, and quality. At RAFI, we feel part of a bigger whole and strive to achieve success both personally and for the company itself. This basic identification as a tightknit community is reflected in our corporate policy, flat hierarchies, many options for worker participation in decision-making, and corporate ethics. The values and guidelines formulated in our Mission Statement also shape our relationship with business partners as well as our commitment to corporate social responsibility in our local communities.



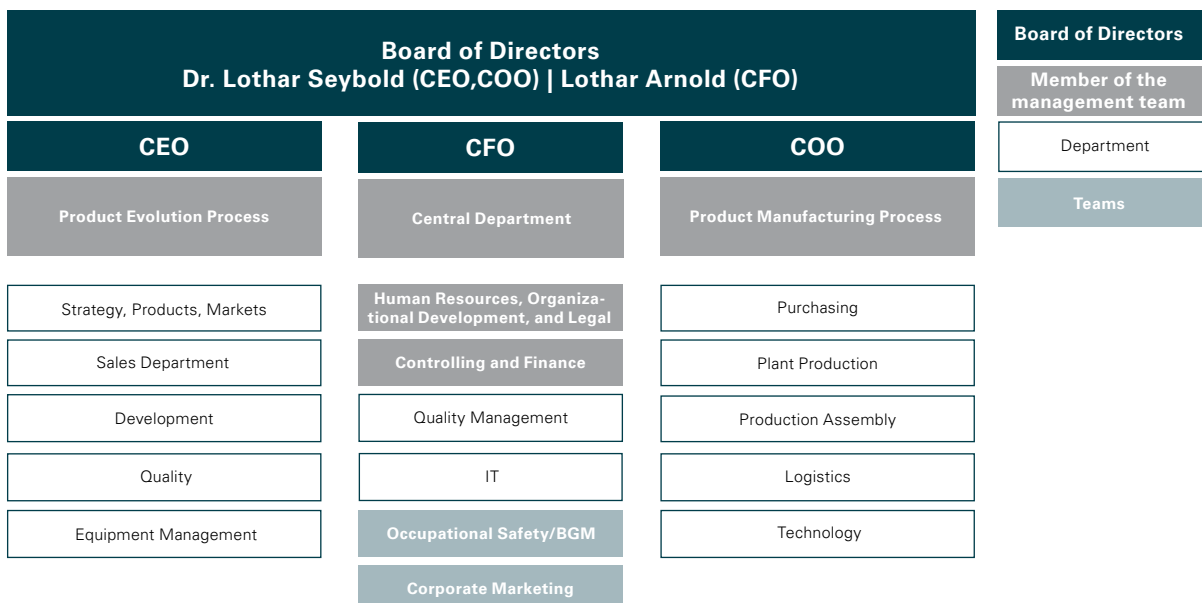


## 2.1 Organization and corporate responsibility

We take responsibility – for our employees and for society. Our customers can depend on the quality and reliability of our products. The responsible, sustainable use of resources is a fundamental principle of our company. A key aim is to continue the organizational integration of all RAFI Group companies into a common Group strategy. Within our ONE RAFI initiative, we are standardizing structures and processes across locations in order to consolidate strengths and take advantage of synergies. According to our corporate culture based on transparency, trust, and personal initiative, we encourage our employees to actively participate in the process. To quickly and efficiently end any improper practices or policy violations, control procedures and instances established at the Berg headquarters are implemented on a binding basis throughout the entire Group.

### 2.1.1 Management structure and communication

[GRI 102-18, -19, -20, -22, -23, -24, -26, -28→] RAFI attaches great importance to achieving a flat hierarchy with a transparent structure. This is the focus of our ONE RAFI strategy. At all production locations, we have implemented a uniform organization model based on the three pillars Central Department, Product Evolution Process (PEP), and Product Manufacturing Process (PMP). The only exception is our location in Poland, which does not include production. Managing Directors Dr. Lothar Seybold and Lothar Arnold have led the RAFI Group since 2019. The management team in Berg makes all decisions that apply throughout the group. The highest decision-making body consists of the two Managing Directors and four officers with signing authority of RAFI GmbH & Co. KG. Employee suggestions can be addressed to team and department leaders or directly to the management team. CEO Dr. Lothar Seybold and CFO Lothar Arnold report



to the Supervisory Board at regular intervals. The Supervisory Board is the highest governance body and includes two representatives of the owner, US investment company Oaktree Capital Management L.P., as well as two other industry experts.

The Board of Directors maintains regular contact with employees and uses videos and other media to inform them about strategic decisions and prospects for the future. Other important communication channels are the RAFI Group Intranet and the staff magazine "RAFI News," which is published three times per year. To ensure the Board of Management's requirements and goals are firmly anchored at all levels, all managers in the RAFI Group receive systematic further training in their own areas of expertise and in personnel management.



### 2.1.2 Corporate policy and strategy

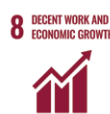
[GRI 102-26, -27→] The innovative capacity and economic success of our company are based on the commitment of our employees. [GRI 102-16→] To achieve optimal results, we strive for and encourage personal initiative, creativity, and a dedicated quest for quality. We collaborate with our employees to establish individual target agreements. These agreements are evaluated in employee appraisals held at least once a year as part of a program that identifies opportunities for optimizing the working environment. Across all hierarchical levels, our corporate culture is characterized by personal commitment as well as openness, straightforwardness, and honesty in our dealings with one another. The relevance of these values is reflected in the consistency of our Mission Statement, which has remained virtually unchanged since it was created in 2007 (→ Appendix 8.1).

[GRI 102-15→] Our Board of Directors launched the ONE RAFI initiative in 2019 to embed our corporate culture even more deeply at all locations. By making our organizational structure homogenous, standardizing our processes, and intensifying cooperation with our corporate subsidiaries in this way, we aim to consolidate our strengths and exploit newly identified synergy effects. Closer integration of all companies in the RAFI Group creates a growing need for a common Group strategy. This strategy has to meet the needs of the individual business units for independence and flexibility while allowing us to present ourselves as a unified corporate group. [GRI 102-19→]

That is why we drafted an overall concept and set the course for our local strategies in 2021.

Our new Corporate Strategy 2026 defines our first group strategy as well as a new strategy for RAFI GmbH & Co. KG. A key principle behind it is that all RAFI employees can actively take part and see their own interests represented. Only if it is fully embraced in practice can a strategy be successful. We decided on the agile Objectives and Key Results (OKR) method and adapted it to fit RAFI perfectly.

For every cycle, we set new goals that are challenging but achievable. The combination of measurable results, demanding goals, and short implementation cycles ensures that all RAFI employees act in line with our strategic orientation. Our goals are based on the measures defined in the Strategy 2026 for RAFI GmbH & Co. KG. These measures guarantee continuous implementation, taking into account external factors.



### 2.1.3 Business ethics

[GRI 102-16, -17, 205, 206→] We have defined our business ethics standards in codes of conduct that are applicable throughout the group (→ see 8.2). These ethical guidelines govern our work together within the Group as well as our relationships with suppliers, customers, and competitors. [GRI 205-2→] In the event of any ambiguity regarding validity and application or to report any potential violations, all RAFI employees are encouraged to contact their direct supervisors or trusted third parties. In serious



cases, they should directly contact the Compliance Manager (CM) responsible for their location. Our whistleblowing policy also makes it possible to anonymously report serious misconduct to an internal or external body. Sanctions will be imposed in the case of violations of the business ethics guidelines.

[SDG 8; GRI 102-16, 207, 407, 408, 409, 410→] Compliance with all laws that apply at the specific business location is the foundation of our company's ethical orientation. Because our company has its headquarters in Germany, German legal standards form the basis of our internal guidelines. In all corporate activities, companies in the RAFI Group comply with all local and international legal standards. In our business relationships, we pay attention to the integrity, effective governance, and transparency of our partners. We also communicate these values by basing all external relationships on our comprehensive Code of Conduct. As an employer, we expressly reject child labor, forced labor, physical and psychological disciplinary measures, and discrimination of any kind. We also take preventive measures to ensure occupational safety, and we regularly review these measures to ensure that they continue to be up to date and effective. RAFI fully recognizes the principles of the International Convention on Human Rights, including the UN Declaration on Human Rights, and respects the right of all employees to form or join trade unions, provided that such action is within the framework of local laws and regulations.

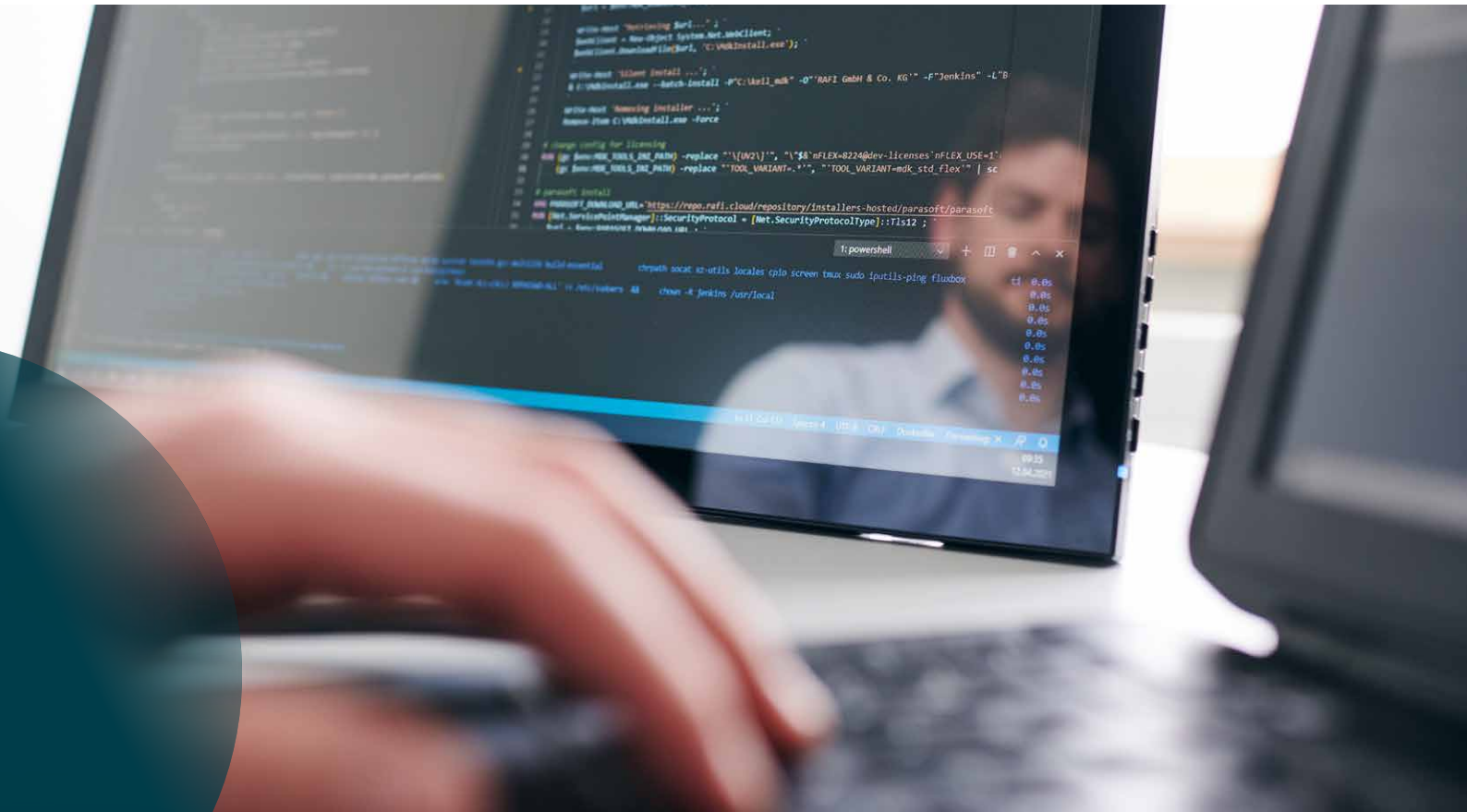
[GRI 413-1, 419→] As a global company, RAFI also

fulfills its financial, social, and environmental obligations in its relations with the outside world. We are committed to supporting the positive development of local communities and showing respect for local cultural characteristics, customs, and traditions. (→ see 2.3).

#### **2.1.4 Compliance**

[GRI 205, 207, 307, 410, 412, 419→] RAFI operates a structured compliance management system that includes defined rules, measures, and control instances for preventive and active compliance with applicable laws and regulations. In recent years, we have established a comprehensive role structure to better organize and monitor compliance tasks. All laws and regulations affecting any German RAFI Group locations were consolidated in an index of legal provisions so that appropriate roles within the company could be assigned. We regularly update this index and consider whether it can be extended to other locations. Experts who regularly source information on legal changes and their consequences for our corporate group fill these roles. These colleagues receive further training in their area of law at least every three years. All parties responsible for the compliance organization of the entire Group meet at least once a year to discuss rights and obligations and to seek legal advice if required.

A Compliance Manager (CM) is responsible for ensuring compliance with applicable laws and regula-



tions at each company location. To assess the completeness and effectiveness of the local compliance organization and to derive appropriate measures for improvement, we introduced annual risk assessments in each RAFI Group site in 2021. The implemented measures and their final evaluation have demonstrated the comprehensive effectiveness of the compliance structures throughout the Group. [GRI 102-30, -34→] RAFI is audited in the form of an external legal audit every two years. Major customers also audit us at irregular intervals. The consistently positive results of these audits confirm the effectiveness of our compliance management.

[GRI 102-33, 205-2, 206→] In addition to legal compliance, prevention is another key compliance task. To raise awareness in the workforce, we conduct appropriate mandatory training courses on our in-house e-learning platform, including basic compliance training and courses on topics such as antitrust and competition law, anti-corruption, and our whistleblower guideline (→ see 5.2.6).

### 2.1.5 Data privacy and information security

[GRI 418→] Only companies that handle their business and customer data in a trustworthy and responsible manner can be considered attractive employers and reliable business partners over the long term. RAFI has therefore taken a variety of actions to protect the data of employees, customers, and suppliers in recent years, and there were no reportable incidents in reporting year 2022. In 2021, our company headquarters gained ISO 27001 certification. This was followed in 2022 by the certification of RAFI Eltec.

The actions in detail:

- Rollout of the EU General Data Protection Regulation (GDPR) for all EU locations of the RAFI Group
- Targeted training of data protection coordinators on how to advise employees
- Appointment of an external data protection officer
- DIN ISO 27001 certification of RAFI Eltec GmbH in 2022
- Rollout of the EU General Data Protection Regulation (GDPR) for all EU locations of the RAFI Group
- Targeted training of data protection coordinators on how to advise employees
- Appointment of an external data protection officer
- ISO 27001 certification of the company headquarters in Berg in 2021
- Rollout of an information security management system (ISMS)
- Annual data protection report provided to the management team by the data protection officer
- Annual information security report provided to the management team by the ISMS officer
- Basic training on data privacy and data security provided to all employees on a regular basis on the company's in-house e-learning platform
- Intensive training on data protection and data security provided to selected departments on a regular basis

### 2.1.6 Outlook and objectives

By intensifying the integration and strategic alignment of the entire Group, we are strengthening our future-proof positioning within the market. As from 2024, RAFI will be subject to the German law on corporate obligations to prevent human rights viola-



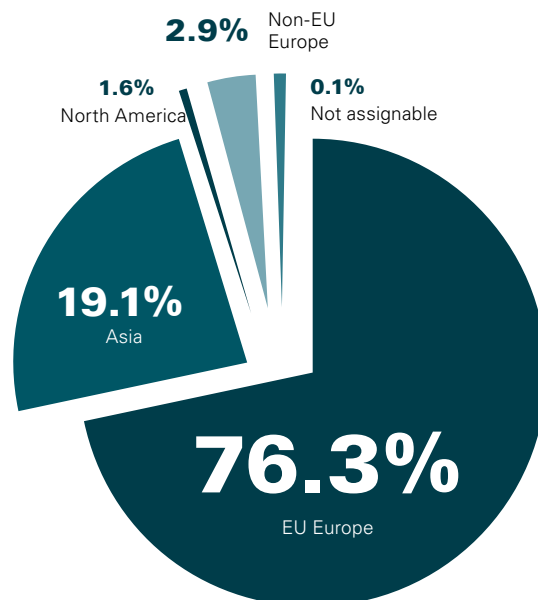
tions in supply chains. Therefore we have started evaluating our regular suppliers with a risk assessment process designed for this purpose. In future, we will advise all suppliers we consider critical about suitable preventive measures and precautions (→see 2.2.2). In addition, we are preparing for the new EU-wide reporting standards that will apply to us from 2025. We also continuously revise our goals and actions in the area of sustainable development. At our headquarters in Berg as well as at RAFI Eltec, we are working intensively to achieve initial certification of our systematic energy management. We want to achieve ISO 50001 certification for the first time in mid-2023. In 2023, we plan to achieve further certifications according to the ISO 27001 information security standard at our locations in Poland and Hungary.

## 2.2 Procurement, supply chain, and obsolescence management

[GRI 102-9, -10, -43, 204, 308→] Procurement plays a key role in the business activities of our company. With a volume of €376 million, procurement accounts for roughly two thirds of the annual sales of the RAFI Group. Purchasing and procurement are structured globally and include both direct procurement from producers and distribution, particularly in the major segment of electronic components. As an internationally operating company that is primarily engaged in B2B activities, we bear responsibility within the supply chain for both the environment and society. We successfully discharge this responsibility through active supplier management based on long-term cooperation with reputable, reliable partners who know what we expect and, if possible, also what our customers demand and expect. We operate a proactive obsolescence management system to ensure the long-term availability of our products despite ever-shorter product lifecycles, especially for electronic components. As a member of the Component Obsolescence Group Germany (COGD), we have also had a seat on the COGD Board since 2019.

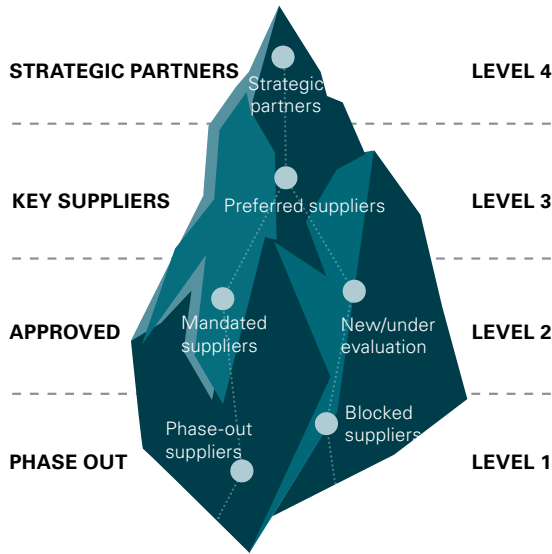
### 2.2.1 Procurement

[GRI 104, 308, 414→] The RAFI Group currently has business relationships with a large number of suppliers. In terms of the geographical origin of our sources of supply, more than 75% of our order volume is generated within the EU, with just under 3% coming from European countries outside the EU. Around 20% of our group's suppliers are in Asia, and around 1.6% are in North America. There is a clear trend toward increasing procurement of materials from Asia. Measured in terms of the origin of commodities, materials, and components, the distribution is as follows:



We strive for lasting supplier relationships characterized by trust and based on the applicable standards. These relationships are also based on contractual provisions from our supply and quality assurance agreements as well as additional contractual agreements such as tooling contracts and non-disclosure agreements. We require our suppliers to provide evidence of certified quality and environmental management in accordance with ISO 9001, IATF 16949, DIN EN ISO 13485, or DIN ISO 14001. In future, we will also require our suppliers to comply with the obligations resulting from the planned initial certification according to DIN EN ISO 50001 at our Berg headquarters. We also require our suppliers to comply with our Code of Conduct. Our contract partners must complete standardized forms stating the origin of conflict minerals. The manufacturers and suppliers we commission pledge to comply with the RoHS and REACH criteria, and we conduct audits on a random basis to ensure this. We initiate an audit if there are indications that the above principles have been violated; if we find deficiencies, we then agree adequate corrective actions with the supplier. RAFI excludes from the supply chain any suppliers who fail to implement the agreed corrective actions in a timely manner. We document the RoHS and REACH conformity of individual components supplied in our component database and carry out substitution tests to replace environmentally harmful materials. We rely on certified materials and environmentally friendly procedures in our manufacturing processes, including our numerous soldering processes. As far as technically possible and with approval by the customer, we have switched to ecological, water-based fluxes here. We also use fairly traded solder and soft solders for almost all such processes. Sustainability aspects play a crucial role when utility value analysis is used to make a decision regarding the awarding of contracts for machinery and capital goods. In our terms and conditions for awarding contracts for work on RAFI premises, we focus on high-quality and environmentally compatible service and construction work and require contractors to comply with our CSR guidelines.

**2.2.2 Supplier audits and evaluation**



[GRI 308, 414→] To evaluate business relationships, RAFI operates an active supplier management system that classifies suppliers into four categories. New or standard suppliers, preferred suppliers, and strategic partners are assigned to levels 2 to 4. Business relationships assigned to level 1 are not continued. Responsibility for supplier selection lies with Strategic Purchasing, which uses our requirements profile to evaluate suitability in coordination with Development, Quality Management, and Logistics. In order to objectively evaluate our supplier relationships, we have implemented a scoring system and a risk analysis process in line with the statutory duty of care in the supply chain. We also query quality requirements, reliability and other economic factors, valid certification in accordance with DIN ISO 14001, existing compliance guidelines, and policies on conflict materials. Verification is carried out by our independent supplier management team, which conducts supplier assessments and on-site audits throughout the world at regular intervals. We store the results of these evaluations in our ERP system along with the certification information. Due to GDPR regulations, this data is only partly accessible across locations. RAFI Electronics largely applies its own approach to the assessment and qualification of its suppliers.

**2.2.3 Life cycle and obsolescence management**

[GRI 301→] As a leading manufacturer of electronic products, RAFI is confronted with ever-shorter product lifecycles for electronic components and assemblies. Rapid discontinuation of older components increases the effort required to supply identical systems

and provide them with compatible spare parts over an extended period of time. In the case of products subject to approval in the automotive industry or medical technology, component changes must be reported to customers or approval bodies and may require extensive, costly validation procedures right up to complete re-approval. Due to more restrictive material approvals, additional restrictions on availability are emerging. After RoHS and REACH, the EU has further tightened the requirements with its SCIP regulation. Manufacturers will be required to report the use of substances of very high concern in a Europe-wide database. This concerns not only electronic components but also synthetic materials, metals, paints, and much more. Finally, production outages related to the pandemic have severely affected traditional supply chains, leading to ongoing supply shortages that further limit component availability in a procurement market that was already fragile.



To proactively counter such obsolescence risks and ensure that our products remain highly available, we joined the Component Obsolescence Group Germany



(COGD) in 2017. Since 2019, we are represented on the COGD Board by our Life Cycle Manager. Within the COGD, which unites over 160 industrial companies, component manufacturers, and distributors, we develop coordinated procedures for proactive obsolescence management. This will enable us to adapt products and production processes at an early stage and to make alternatives available when components are discontinued. Our focus is on sustainable solutions that counteract the accelerated discontinuation of components and materials. This involves anticipatory selection of materials and components that are as durable and permanently available as possible. That allows us to shape the conditions and structures for sustainable obsolescence management in association with other economic players. We can also make product development as a whole more environmentally friendly and resource-efficient.

#### 2.2.4 Outlook and objectives

Purchasing was previously organized independently by the individual RAFI companies. In accordance with the ONE RAFI strategy, we will in the future manage purchasing centrally from the Berg location to improve coordination. We plan to revise our general Purchasing Guidelines by mid-2023 so that it reflects the requirements of the new law on due dili-

gence in the supply chain. This includes expanding our supplier classification to include additional criteria for environmental management, energy management, and human rights. We will be incorporating these criteria into the standard audits for our key suppliers and strategic partners. We are committed to supporting our suppliers in their development of sustainable value creation. We also want to drive improvements in this area. To further anchor awareness of these goals in our group, we have appointed a team at our Berg headquarters to be responsible for sustainability in Purchasing. The team will coordinate actions in Berg before a planned rollout at our other locations. We will meet the requirements of the new Supply Chain Act ahead of schedule by mid-2023 (→ see 2.1.6). We are currently developing recycling and reuse concepts to sustainably reduce packaging waste along the entire supply chain (→ see 4.2).

#### 2.3 Social, local commitment in the region

GRI 413-1, 419→] As a company with a rich tradition and deep roots in the region, we are committed to social activities that go beyond our business operations. That is why we above all make donations and engage in sponsorships at our locations to support a variety of different regional projects, initiatives, and associations in the spirit of corporate social re-



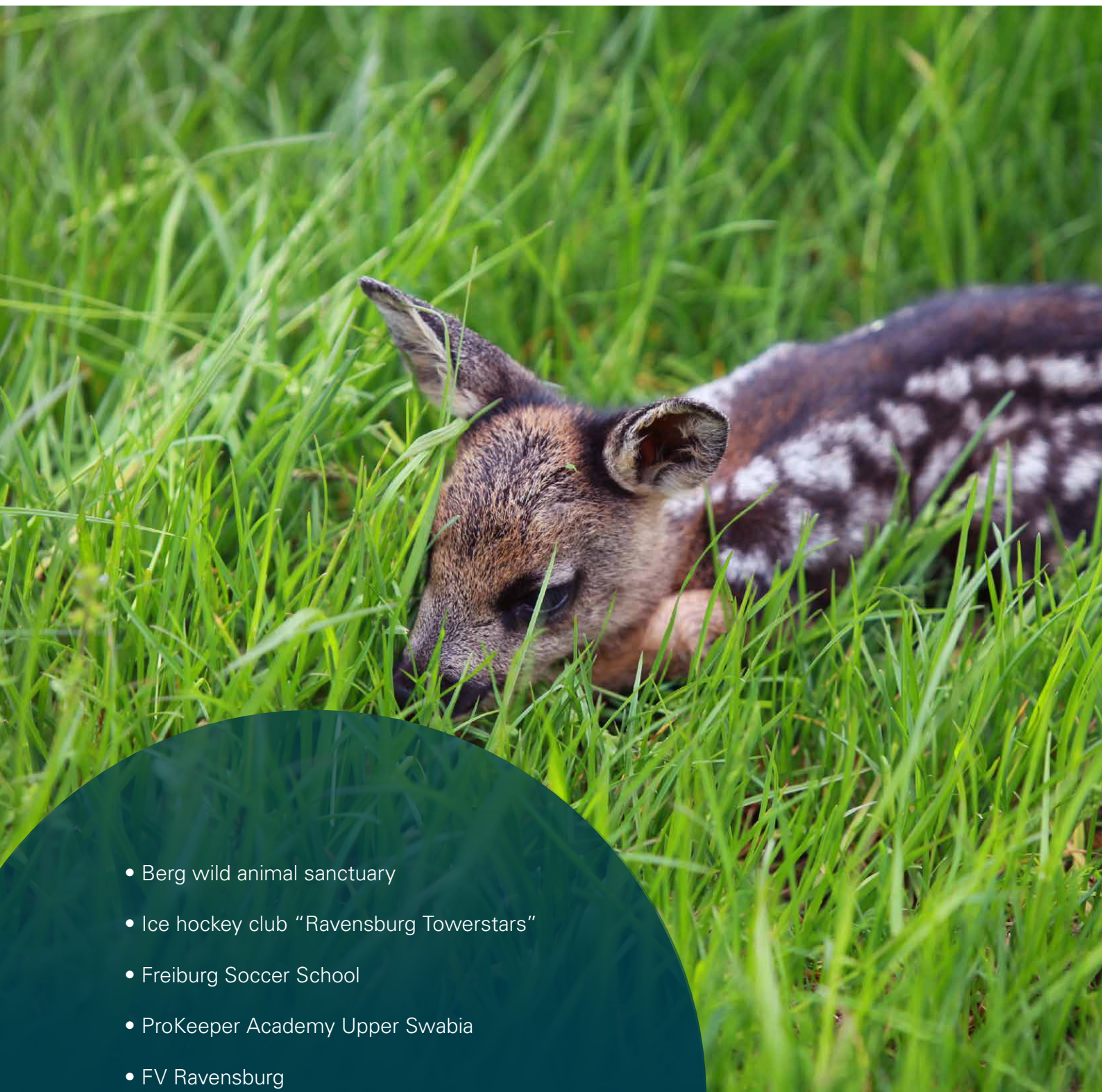
sponsibility. The RAFI factory fire department in Berg also participates in firefighting and disaster prevention, even beyond the factory boundaries (→ see 6.2.2).

### **2.3.1 Supporting sports, culture, and traditions**

Our social commitment also includes support for sports. RAFI is a sponsor of the soccer clubs VfB Stuttgart, SC Freiburg, and the Freiburg Soccer School. Furthermore, we make annual donations to local clubs such as SV Deggenhausertal. We are also a sponsoring partner of the ProKeeper Academy Upper Swabia (ProKA), which trains young goalkeepers and goalkeeper coaches. We sponsor the ice hockey club Ravensburg Towerstars and the FV Ravensburg soccer club, and we are the naming rights sponsor of the RAFI Stadium venue of TSV Berg. Child welfare and youth work are particularly important to us, so we support the activities of various kindergartens as well as the organization "Help for Children." Internally, we also give financial aid to RAFI employees whose families in their home country are affected by disasters – most recently, the earthquake in Syria and Turkey. Another area close to our heart is supporting regional culture and customs by subsidizing local music and carnival associations. Our commitment includes involvement in the organization of the annual Ravensburg Rod Festival, which we support with a monetary donation as well as by manufacturing large quantities of the traditional Rod Festival souvenir favors. On application, we also directly supply funds to individual initiatives and activities with a focus on the region and youth development programs. A third core concern of ours is the promotion of young talent and career guidance in the education and training sector (→ see 5.1).

### **2.3.2 Outlook and objectives**

In the coming years, we intend to broaden our corporate social responsibility activities based on a newly developed corporate strategy for donations and sponsorship. This is how we intend to raise public awareness of RAFI as a partner for social commitment that goes beyond our existing programs for sports clubs. To do this, we will intensify our efforts to nurture the next generation and provide greater support for social projects run by our employees and for animal welfare.



- Berg wild animal sanctuary
- Ice hockey club "Ravensburg Towerstars"
- Freiburg Soccer School
- ProKeeper Academy Upper Swabia
- FV Ravensburg
- TSV Berg
- Local sports, music, and carnival clubs
- Ravensburg Rod Festival



# 3.



# ENVIRONMENTAL MANAGEMENT AND CLIMATE PROTECTION



[GRI 103→] The management is acutely conscious of its responsibility to effectively and sustainably reduce the environmental impact from the business activities of the RAFI Group. This awareness spurred the company management to implement an environmental management system according to ISO 14001 some 10 years ago. RAFI undergoes regular certification processes, from which it derives its short and medium-term environmental goals. When making any investments and when operating our plants, we pay close attention to systematic improvement of energy efficiency and use regular reviews to evaluate our actions. In this context, we are in 2023 introducing an energy management system certified according to ISO 50001 at our European locations. We are committed to the climate protection goals and are taking effective initiatives to reduce the greenhouse gases we emit on a lasting basis. A strategic near-term goal is the establishment of a realistic roadmap to carbon neutrality. To ensure that information is exchanged with the Board of Directors, overall responsibility for environmental protection as well as occupational health and safety lies with the central department under direct management of the Chief Financial Officer (CFO).

## 3.1 Criteria and measures

13 CLIMATE ACTION



[SDG 13, GRI 307→] Protecting the environment and preventing environmental pollution play an essential role for RAFI.

For this reason, environmental responsibility, sustainable management, and continuous reduction of the consumption of resources are key criteria in our corporate decision-making. To embed these guiding principles in our daily business activities and to make them measurable and verifiable, we have implemented an environmental management system in accordance with ISO 14001 at our locations worldwide. Within this framework, we define the environmental targets for materials and assign them to the relevant departments annually (→ see 3.2). For the systematic documentation and more efficient use of energy flows, we are introducing an energy management system certified according to ISO 50001 at our European production locations in 2023. Environmental aspects are taken into account and investigated in the development of both RAFI products and custom products. We use recycled or recyclable materials in production wherever possible (→ see 4.1). In consultation with our stakeholders, we seek to leverage additional savings po-

tential in transport and packaging. To do this, we involve our suppliers and customers wherever possible in setting up transport and packaging systems that conserve resources (→ see 4.2).

To evaluate the defined environmental targets, RAFI collects data on the generation and consumption of energy, heating, and cooling, as well as the recycling rate and the amount of waste generated (→ see 3.2 and 4.1.1). The data is determined on a site-specific basis using calibrated measuring systems of the supply and disposal companies. We also use on-site measuring systems for detailed data collection and precise, local evaluation. [GRI 302-4 →] To improve the energy balance of our buildings and production sites, we ensure all new buildings are designed according to today's energy standards. We also equip existing buildings with solutions that reduce consumption – such as by converting lighting systems to energy-saving LED technology. In the selection and qualification of our numerous suppliers, we take guidance from verifiable requirements such as the ESG standards for sustainable corporate governance (→ see 2.2.2).



### 3.2 Energy efficiency and reducing consumption

[SDG 13, GRI 302-4→] For the introduction of an energy management system that complies with ISO 50001, we will upgrade our entire energy measuring



technology. This will ensure even more detailed and valid data collection. To improve internal energy efficiency, we are putting our in-house manufacturing processes to the test and evaluating energy requirements as a key procurement criterion for newly installed machinery and equipment. The medium-term goal is to record every energy-intensive production stage and to allocate the stages to individual products. This will indicate the carbon footprint and product-specific energy costs. [GRI 302-1→] We already operate a 99-kWp PV system in Berg. This year we are adding another PV system with an output of 79.6 kWp. In 2022, the PV systems in our group fed a total of 335 MWh of electricity into our own low-voltage grid. Our combined heat and power plant continues to cover the basic energy supply of our factory in Berg.

### 3.2.1 Regenerative production of energy and external procurement

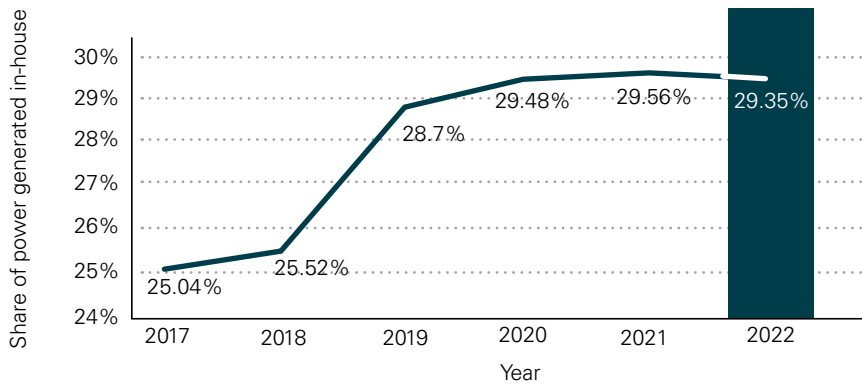
[GRI 302-1, -4→] In 2022, around 40.5% of the electricity used in the entire RAFI Group was generated in-house. If the amount of power generated in-house at any time exceeds the factory's own requirements, we feed the surplus into the public grid. Since 2019, the external power required to cover the total electricity demand in all German factories has come entirely from renewable sources, with the CO<sub>2</sub> emissions from power falling to zero. Since 2021, 100% of the power supplied has come from Austrian hydroelectric power.

An absorption chiller generates cooling using the excess heat generated by the combined heat and power plant in Berg. A buffer tank with a capacity of 100 m<sup>3</sup> is used to temporarily store additional surplus heat, which is then used for heating or cooling purposes as needed. The remaining cooling requirements are covered using an electricity-driven, magnetically mounted turbo compressor.

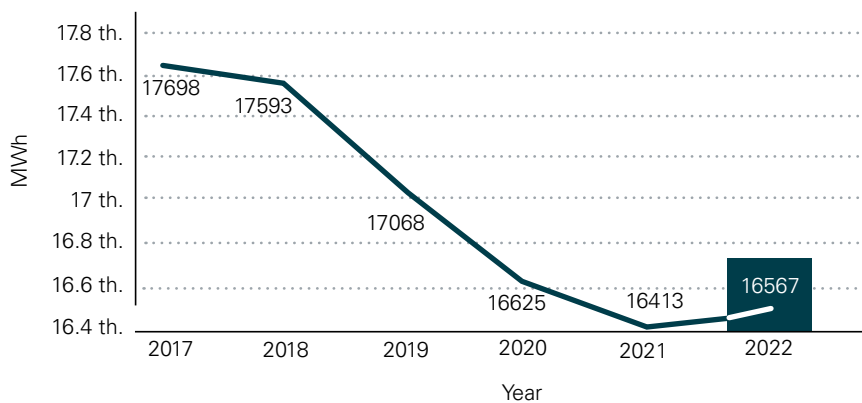




GRI 302-1b): Share of power generated in-house per year



GRI 302-1a): Total power consumption (external procurement) per year



### 3.2.2 Resource mix, energy intensity, and reducing consumption

[GRI 302-1→] As the figures show, the RAFI Group covers almost all its energy needs with natural gas and electricity. Substituting natural gas with renewables is one of the key aims of the climate-neutrality

strategy we are currently developing.

[GRI 302-3→] The energy intensity of the RAFI Group comprises the total energy consumption

Year	Gas consumption (MWh)	Oil consumption (MWh)	Power consumption from external procurement (MWh)	PV power consumption (MWh)	CHP power sales (MWh)	Total energy consumption (MWh)
2017	13,639		13,266	342	-125	27,122
2018	13,928		13,104	350	-124	27,258
2019	15,367		12,170	344	-175	27,706
2020	15,577		11,724	340	-212	27,429
2021	15,755		11,560	316	-126	27,505
2022	14,964		11,786	335	-92	26,993



shown, which is made up of gas consumption, externally purchased electricity, and the use of photovoltaic power from in-house generation. The energy intensity ratio is calculated using the formula of total energy consumption/organization-specific parameters.<sup>1</sup> Due to the large number of different products and frequent changes of products, we selected the organization-specific parameter Sales as a uniform basis of calculation. The energy intensity ratio is thus determined using the measurement unit **MWh/t €**.<sup>2</sup>

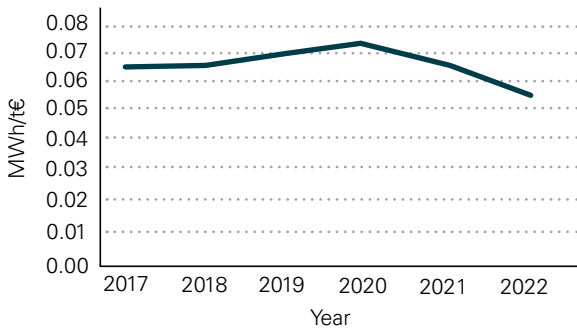
[GRI 302-4 →] Only measures concerning the energy types electric power, heating, and cooling are includ-

ed in the calculation of energy consumption. As RAFI in Germany has been purchasing certified green power since 2019, power-saving activities would no longer have a reducing effect because the CO2 factor for these sources is 0 g/kWh. For this reason, we calculated the power savings achieved since 2019 according to the dual reporting method of the Greenhouse Gas Protocol (GHG) using the values of the CO2 emission factor electricity mix [g/kWh] defined by the Federal Environment Agency.

- <sup>1</sup> Organization-specific parameters include:
- Product units
  - Production volume (tons, liters, MWh)
  - Size (such as footprint in m<sup>2</sup>)
  - Number of full-time employees
  - Monetary units (such as revenue or sales)

<sup>2</sup> The sales figures are ad-hoc data generated from the ERP system and may differ from the financial statements prepared in accordance with commercial law.

GRI 302-3: Energy intensity ratio



GRI 302-4: Reduction in energy consumption (MWh)

Assignment	Effective year	Energy savings (MWh)
Space reduction	2020	88
LED illumination	2017	31
LED illumination	2019	28
LED illumination	2020	56
Optimization of compressed air generation	2020	328
Optimization of compressed air generation	2021	5
Optimization of compressed air generation	2021	240
LED illumination Eltec	2021	140
Optimization of IT hardware	2020	40
Optimization of process cooling	2020	30
Renovation of Building A	2022	350

Year	Sales (t €)	Total energy consumption (MWh)	Energy intensity ratio (MWh / t €)
2017	411,192	27,122	0.066
2018	408,482	27,258	0.067
2019	396,261	27,706	0.070
2020	373,975	27,429	0.073
2021	418,929	27,505	0.066
2022	498,675	26,993	0.054

### 3.3 Emissions generation and reduction



[SDG 13→] An important concern for us is the continuous reduction of emissions that have a detrimental effect on the climate. Our climate protection initiatives contribute significantly to RAFI’s economic success and can give us a competitive advantage due to our comprehensive data collection and continuous improvement of our carbon footprint. The majority of the CO<sub>2</sub> emissions caused by RAFI and reported in “scopes” in accordance with the Greenhouse Gas Protocol come from business and production operations. The first scope includes direct emissions from sources that are owned or controlled by the company, while the second scope comprises indirect emissions from the generation of purchased power and steam as well as externally sourced heating and cooling. The third scope lists all other indirect emissions generated along the company’s value chain over the entire life cycle of its products. This report records Scope 1 and 2 emissions in the entire RAFI Group using the standards and methods defined by the German Federal Environment Agency for determining the CO<sub>2</sub> emission factors of the power mix, natural gas, and light heating oil.<sup>3</sup> No reliable data was available in 2022 for reporting and recording the emissions from upstream suppliers according to Scope 3.

### 3.3.1 Recorded greenhouse gas emissions

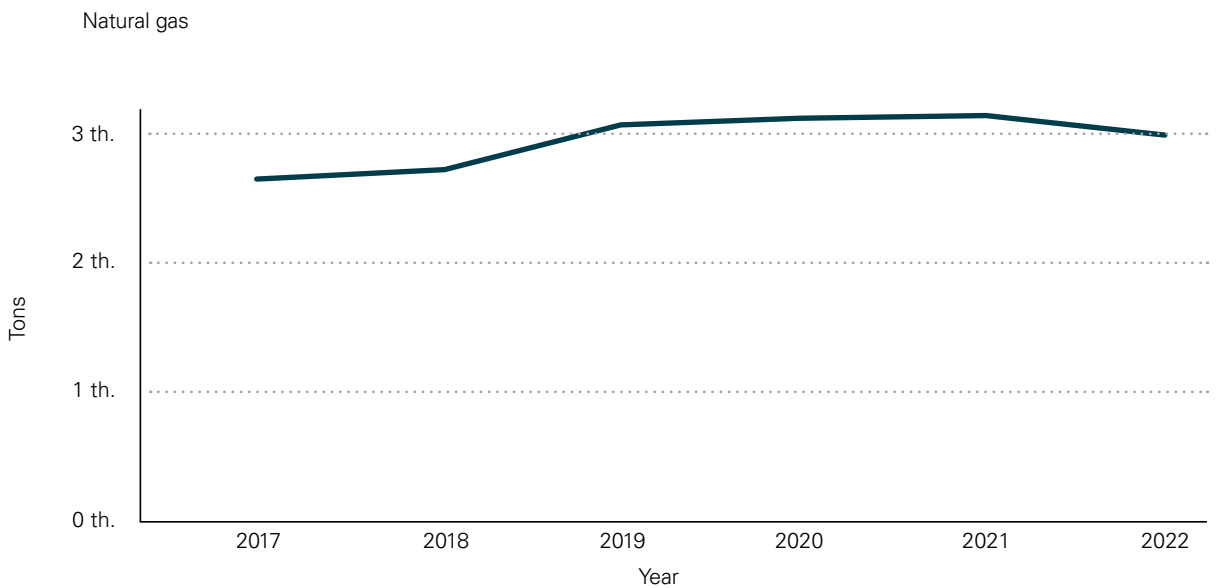
[GRI 305-1→] The direct emissions relevant to Scope 1 within the RAFI Group are the greenhouse gas emissions generated from fossil-fuel combustion in the gas boilers for the generation of heat and the natural-gas-fired combined heat and power plant for the generation of both power and heat. Any surplus heat is used to generate cooling using an absorption chiller. We are considering including emissions from our in-house vehicle fleet and other travel activities in our next sustainability report.

[GRI 305-2→] Indirect emissions in Scope 2 are the CO<sub>2</sub> emissions generated for the production of power purchased at the specific location. The CO<sub>2</sub> emission factors used for this calculation were taken from

GRI 305-1: Direct GHG emissions (Scope 1) in metric tons of CO<sub>2</sub>

Year	Medium	Total Scope 1 CO <sub>2</sub> emissions
2017	Natural gas	2,742
2018	Natural gas	2,800
2019	Natural gas	3,089
2020	Natural gas	3,131
2021	Natural gas	3,167
2022	Natural gas	3,008

GRI 305-1: Direct GHG emissions (Scope 1, tons per medium)



<sup>3</sup> Looking at the bottom line for the 10-year period, the reduction in the emission intensity ratio at the Berg location resulting from the use of green electricity is clear

the International Energy Agency (IEA). RAFI in Germany has been purchasing exclusively certified green power since 2019 and power exclusively from 100% Austrian hydroelectric generation since 2021. Therefore the CO<sub>2</sub> emissions calculated for externally sourced electricity are quantified as zero for this period.

[GRI 305-3→] We do not yet have any valid values for the other indirect emissions in Scope 3, which relate e.g. to the end use of RAFI products. Robust data generated from product-related cradle-to-gate calculations are not available due to our procurement of intensively processed supplier products.

### 3.3.2 Emission intensity and reduction

[GRI 305-4→] As for the determination of the energy intensity ratio (→ see 3.2.2), we also use sales as an organization-specific parameter for calculation of the emission intensity ratio. The total greenhouse gas emissions from Scopes 1 and 2 are divided by this parameter, so the emission intensity ratio is determined in the unit tons per thousand € sales (t/t €).

[GRI 305-5→] In addition to cutting energy consumption, switching energy procurement to lower-emission or completely climate-neutral sources also helps reduce greenhouse gas emissions. Because we have been purchasing our electricity completely from emission-free sources since 2019 (→ see 3.2.2), further reduction measures would have no positive impact on our carbon footprint in this area. With our combined approach, we nevertheless attach great importance to sustainability and reducing consumption in all new procurement and modernization measures. With a focus on the reduction in emissions from the change in power procurement (Scope 2), this results in a CO<sub>2</sub> reduction of 39.2% in relation to the base year of 2017.<sup>4</sup> Lower CO<sub>2</sub> savings in 2022 are the result of the relocation of RAFI Electronics in China to a new industrial building with double the footprint.

GRI 305-2: Indirect energy-related GHG emissions (Scope 2) in metric tons of CO<sub>2</sub>

Year	Medium	Total Scope 2 CO <sub>2</sub> emissions
2017	Power	5,533
2018	Power	5,325
2019	Power	1,608
2020	Power	1,581
2021	Power	1,485
2022	Power	2,038

Year	Sales (t €)	Emission intensity ratio (t/t €)	Total CO <sub>2</sub> emissions (t)
2017	411,192	0.020	8,257
2018	408,482	0.020	8,125
2019	396,261	0.012	4,697
2020	373,975	0.013	4,712
2021	418,929	0.011	4,652
2022	498,675	0.010	5,046

GRI 305-5: Reduction of GHG emissions

Year	CO <sub>2</sub> reduction compared to 2017 (t)	Total CO <sub>2</sub> emissions (t)	CO <sub>2</sub> reduction %
2017	0	8,275	0.00%
2018	150	8,125	1.81%
2019	3,578	4,697	43.24%
2020	3,563	4,712	43.06%
2021	3,623	4,652	43.78%
2022	3,229	5,046	39.02%

<sup>4</sup> As previously, the CO<sub>2</sub> emission factors of the German Federal Environment Agency were used to calculate GHG emissions for the German power mix.

### 3.3.3 Emissions of other pollutants

[GRI 305-7→] Other environmentally harmful emissions at the Berg location result from operation of the CHP. The exhaust gases produced during the combustion process are regularly checked by an independent measuring body. This ensures compliance with the statutory limit values for the air pollutants carbon monoxide (CO), nitrogen oxide (NO<sub>2</sub>), formaldehyde (CH<sub>2</sub>O), and sulfur oxide (SO<sub>2</sub>). We have also installed an NO<sub>x</sub> sensor that monitors the nitrogen oxide emissions in the exhaust gas and continuously registers them as a daily average.

Pollutant	Unit	Limit value	Measured value
Carbon monoxide (CO)	g/m <sup>3</sup>	0.30	0.023
Nitrogen oxides (NO <sub>2</sub> )	g/m <sup>3</sup>	0.50	0.403
Formaldehyde (CH <sub>2</sub> O)	mg/m <sup>3</sup>	30.0	22.6
Sulfur oxides (SO <sub>2</sub> )	g/m <sup>3</sup>	0.0089	0.0038

Measured values of the commissioned independent measuring station from August 2022

All measurements to date have confirmed compliance with applicable limit values, with the measurements finding values significantly below the limits in some cases. Every four years, we also submit an emissions declaration in accordance with Section 27 of the Federal Pollution Control Act. For the declaration, we use the online tool of the State Institute for the Environment, Measurements, and Nature Conservation of Baden-Württemberg. We enter the emissions from the annual operating time of the CHP into this online tool along with the volume flow determined during the measurement and the measured values for the air pollutants. These figures are then converted into annual loads. For the most recent reporting year of 2020, the annual loads were as follows:

Pollutant	Measured value
Carbon monoxide (CO)	313 kg/a
Nitrogen oxides (NO <sub>2</sub> )	7,733 kg/a
Formaldehyde (CH <sub>2</sub> O)	254 kg/a
Sulfur oxides (SO <sub>2</sub> )	21.29 kg/a

Annual loads in kg per year calculated on the basis of the measured values for 2020

### 3.3.4 Outlook and objectives

For 2022, we set for ourselves the strategic goal of compiling a realistic roadmap for achieving CO<sub>2</sub> neutrality at the Berg location in the medium term.

Based on this, the RAFI Group has formulated the goal of achieving climate neutrality in Scopes 1 and 2 by 2030, with compensation possible for unavoidable residual amounts of greenhouse gases. For 2045, the company aims to achieve complete climate-neutrality in all three scopes. Within the framework, we are first focusing on emissions that can be directly influenced by RAFI. They include Scope-1 emissions that are caused by the company itself as well as Scope-2 greenhouse gas emissions related to our energy purchases. In further stages, emissions from the upstream supply chain that fall under Scope 3 will be recorded. We first need to create a valid calculation and data basis in cooperation with our suppliers. The final step will be the Scope-3 emissions from the further product life-cycle management of the products we manufacture.

We also took a major step forward in the reduction of CO<sub>2</sub> emissions with the energy upgrade of the RAFI campus in Berg in spring 2022. The overall project comprises several construction phases over a period of three years. Building A was renovated in the first construction phase in 2022. This involved adding new exterior insulation and a ventilated metal façade made of certified recycled aluminum. Currently, the upgrade project is continuing with Building F. From an energy standpoint, all components are designed for maximum reduction in CO<sub>2</sub> emissions. Improving the thermal insulation of the building envelope to make it sustainable also increases the quality of the workplace. Initial projections of the physical effects suggest energy savings of up to 45% and a significant reduction in CO<sub>2</sub> emissions of around 340 tons per year.

At the beginning of May 2023, we started another construction project in the form of a new factory in Bad Waldsee. It features building infrastructure that is both energy-efficient and low in consumption. The new facility, which is scheduled for completion in 2025, is a combined, state-of-the-art administration and production building with a training center. It will house the operating equipment for synthetic materials and automatic machine production, metal processing, tool and die making, and tool and die development.





# 4.



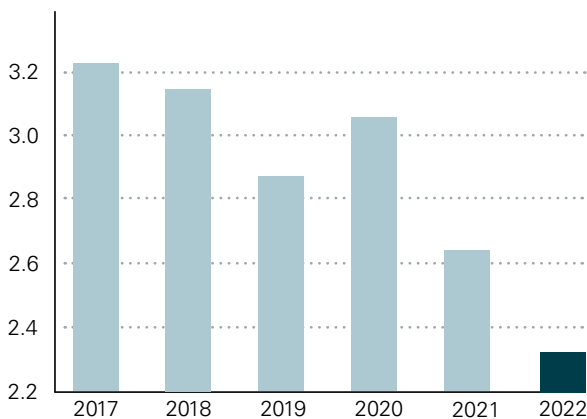
## 4. DISPOSAL, REUSE, AND RECYCLING



[GRI 103→] RAFI attaches great importance to recycling and proper disposal of waste, with our primary goal being waste prevention. In this context, we are working with customers and suppliers on concepts that reduce the volume of waste by dispensing with packaging materials and using returnable or reusable packaging. As early as in the development stage, we consider ways to reduce waste generated by new products. For example, we ensure that the production panels in printed circuit board manufacturing are optimally utilized in terms of space. We also minimize plastic waste in injection molding, and we take care to avoid hazardous substances when selecting materials. The exact planning of film cutting ensures ultra-efficient material use and reduces waste in film production.

### 4.1 Waste and hazardous materials management

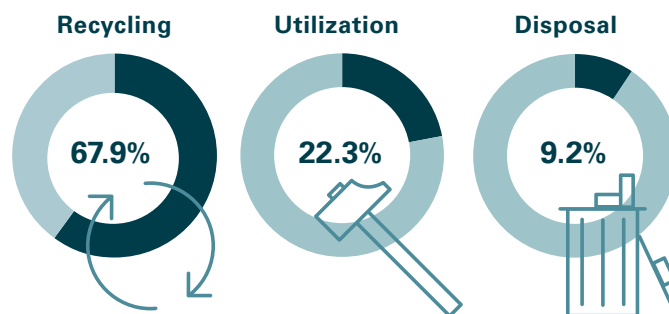
[GRI 306→] Through our initiatives to prevent waste and increase recycling, we reduced waste generation in the RAFI Group to approx. 2.3 metric tons per €1 million in sales in 2022. The remaining waste is disposed of as far as possible by recycling or material recovery. Thermal recovery or disposal are only the last resort if no other option is possible.



Waste generated in metric tons per €1 million in sales

### 4.1.1 Recycling, recovery, and disposal

[GRI 301-2, 306-5→] In 2022, the recycling rate in terms of material quantity was 67.9%. The percentage of material recovery was 22.3%. Only 9.2% of the material quantity went into waste disposal. In the area of waste sorting, we have consistently exceeded the requirements of the Commercial Waste Ordinance since 2020. In 2022 we achieved a separation rate of over 97%. Of the total volume of waste generated by RAFI, 6% is classified as hazardous waste.



Evaluation of recovery and disposal processes at the RAFI Berg location

It therefore requires special disposal procedures to ensure safe and environmentally sound disposal of the pollutants contained in it. When carrying out such procedures, our company strictly follows the requirements of the EU Directive on the Restriction of Hazardous Substances (RoHS) in electrical and electronic equipment and the EU regulation on the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH). To verify RoHS and REACH compliance, we have set up a component database that enables corresponding status queries for each individual component.

#### 4.1.2 Handling chemicals and critical substances

[SDG 3, GRI 416-3] Due to RAFI's high degree of in-house production, hazardous substances are primarily used in our production areas. However, we strive to reduce the use of hazardous substances as far as possible in order to lessen the harm to both people and the environment. Starting in the product development stage, we do everything possible to avoid critical substances. Here, we take into account the criteria set out in the EU regulation on the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) and the EU Directive on the Restriction of Hazardous Substances (RoHS) in electrical and electronic equipment. We have also established our own guidelines that go beyond the REACH and RoHS requirements. These guidelines prevent the use of critical substances as far as possible, both in manufacturing and in the products themselves. In consultation with the responsible specialist areas, our Hazardous Substance Management monitors all substances used and regularly checks whether alternatives are available. As a result, we have been able to reduce the number of hazardous substances by some 12% over the past three years. This is despite an increase in the number of substances previously considered harmless which are now classed as hazardous. Before introducing new hazardous substances, we carry out substitution tests to develop alternative solutions at an early stage.

	2017	2018	2019	2020	2021	2022
Separation rate	81.8%	81.54%	81.15%	92.88%	91.38%	92.11%

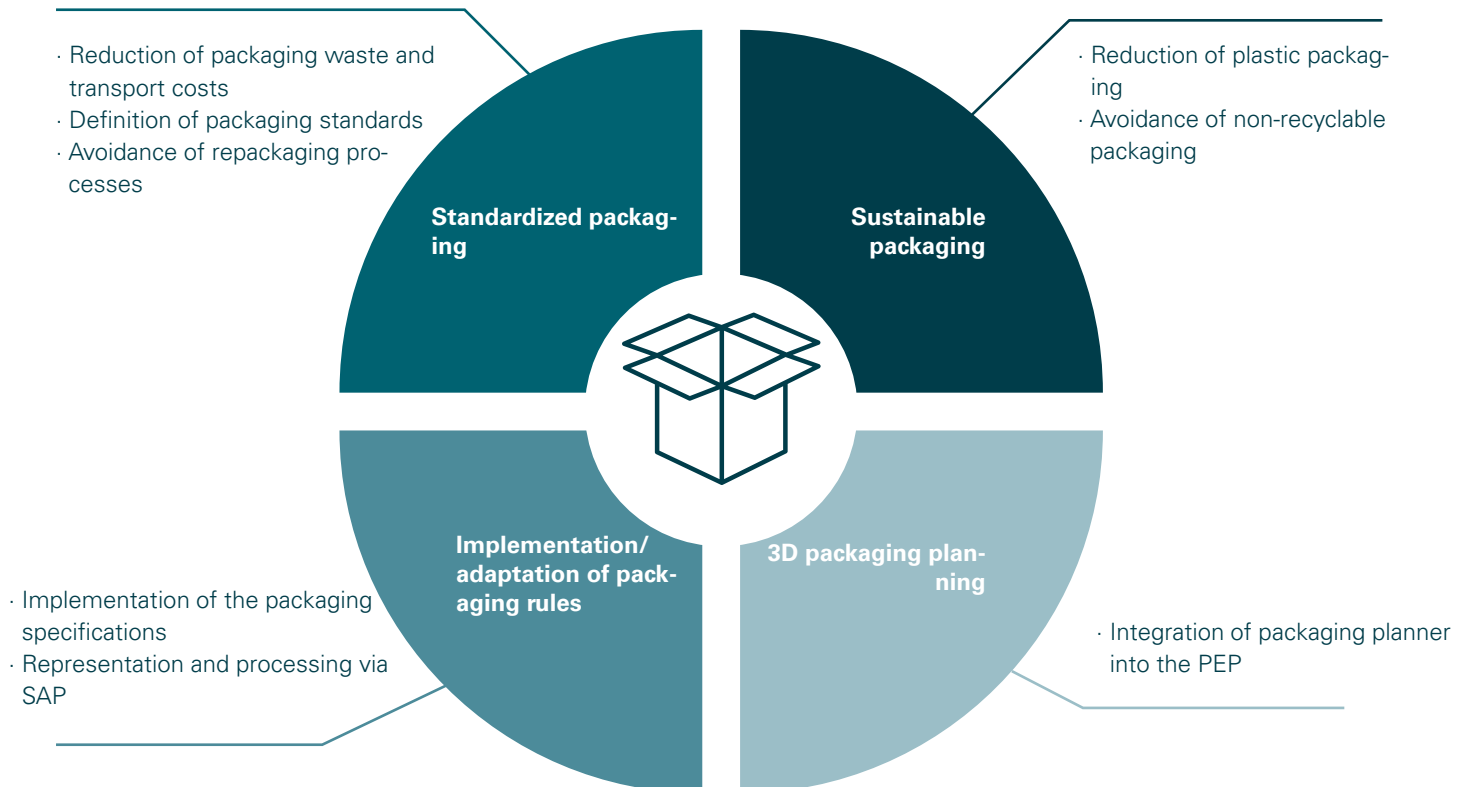
	2017	2018	2019	2020	2021	2022
<b>Total waste</b>	1,326.88	1,291.95	1,144.41	1,138.91	1,108.62	1,157.38
· Dangerous	69.27	75.20	72.26	73.99	74.99	73.66
· Not dangerous	1,257.60	1,221.94	1,072.17	1,064.91	1,033.87	1,083.93
· Dangerous proportion	5.5%	6.2%	6.7%	6.9%	7.2%	6.8%
<b>Waste for recycling</b>	1,021.40	968.50	850.82	785.14	724.39	785.35
· Dangerous	8.50	13.02	14.19	13.55	19.86	13.59
· Not dangerous	1,021.91	948.65	836.49	771.56	704.52	779.47
<b>Waste for recovery</b>	212.64	247.07	218.64	276.52	290.24	258.23
· Dangerous	43.09	41.41	37.71	37.49	35.86	37.92
· Not dangerous	173.64	205.65	180.92	239.02	254.38	220.51
<b>Waste for disposal</b>	88.73	88.40	75.12	77.24	93.69	106.09
· Dangerous	17.68	20.77	20.36	22.95	18.72	22.15
· Not dangerous	71.05	67.64	54.76	54.30	74.97	83.94

Shares of hazardous waste broken down by recovery method in tons

#### 4.2 Sustainability in packaging

[GRI 301-3→] The products manufactured and sold by RAFI are predominantly complex mechatronic control units for human-machine interaction and consist of a large number of components. Suitable packaging is required both for delivery of the individual parts and for transport of the finished products. This packaging must ensure the protection of the transported goods and safe, easy handling. Our goal is to further reduce the consumption of packaging materials in proportion to sales trends in all supply streams. To do this, we have taken measures to reduce the volume of packaging, to reuse returnable packaging, and to use an increased proportion of recycled materials. We are successively expanding the concepts

we have rolled out for using packaging multiple times, for goods carriers, and for filling and padding materials. Wherever technically possible and economically viable, we use recycled materials in packaging. We have also launched an initiative to replace cardboard packaging with solutions that are more environmentally friendly.



#### 4.2.1 Packaging generation and recycling

The packaging generation at RAFI can be broken down into the following three commodity flows:

- Material deliveries to RAFI
- Material deliveries within the company and its locations
- Material and product deliveries from RAFI to its customers

[GRI 301-2→] As separate processes, unpacking incoming goods and packing outgoing goods generate a large volume of material. In addition to the outer packaging, this also includes the filling and padding material to protect sensitive parts. By dovetailing these material flows, we have been able to significantly improve the sustainability of our packaging. To do this, we implemented a new recycling model in the second quarter of 2020. We now make the disposable pallets used for goods delivery and the filling and padding material produced during unpacking available for reuse in goods dispatch.

Year	Number of rolls of filling material paper in ST	Costs in th. €	Sales in th. €	Consumption as a percentage of sales	Filling material reduction
2019	996	40.28	264,259	0.015%	100%
2020	958	38.75	253,799	0.015%	4%
2021	780	31.55	285,826	0.011%	22%
2022	768	31.55	316,400	0.010%	20%



#### 4.2.2 Returnable packaging in goods transport

[GRI 301-3⇒] A second factor in ensuring the sustainability of our material logistics processes is the changeover to returnable packaging in goods transport. We now use returnable packaging for almost all internal material deliveries between our locations. We also use standard lattice boxes for packaging in intra-European goods transport on regular transport routes, especially when mechanical components are involved. However, this is not a suitable solution for the electronic components that we purchase from manufacturers and distributors all over the world. This is because the comparatively high weight of the returnable packaging in relation to the usable contents has a negative impact on the energy footprint of the goods transport.

#### 4.2.3 Outlook and objectives

Beyond material delivery and internal goods transport, we also want to win over customers in the future with updated concepts for increased use of returnable packaging. The crucial criteria for this are the regularity of deliveries, the weight and dimensions of the products, and the transport routes and destinations. When selecting suitable transport packaging, it is also necessary to take into account special requirements such as impact and drop resistance, tightness, and EMC protection, along with special customer requests regarding the packaging design.





# 5.

# 5. TRAINING AND FURTHER TRAINING



[GRI 103→] Nurturing young talent, helping employees gain new skills, and increasing innovative capacity are extremely important for ensuring that RAFI continues to develop sustainably and in a manner that is geared toward the challenges of the future. To acquire new skilled workers, we seek to achieve an annual training rate of between 5 and 10% at our European locations. This is also how we meet our obligation to society to train young people and pave their way toward a successful entry into working life. As an innovative technology company, we consider our employees to be our greatest asset. That is why we not only select and recruit the best new employees. We also carry out human resource development activities in all strategic areas, including structured personnel management, targeted training and development, and staff retention beyond the working phase. We also use innovation management to encourage creativity and the generation of new ideas by our employees.

## 5.1 Training and fostering young talent

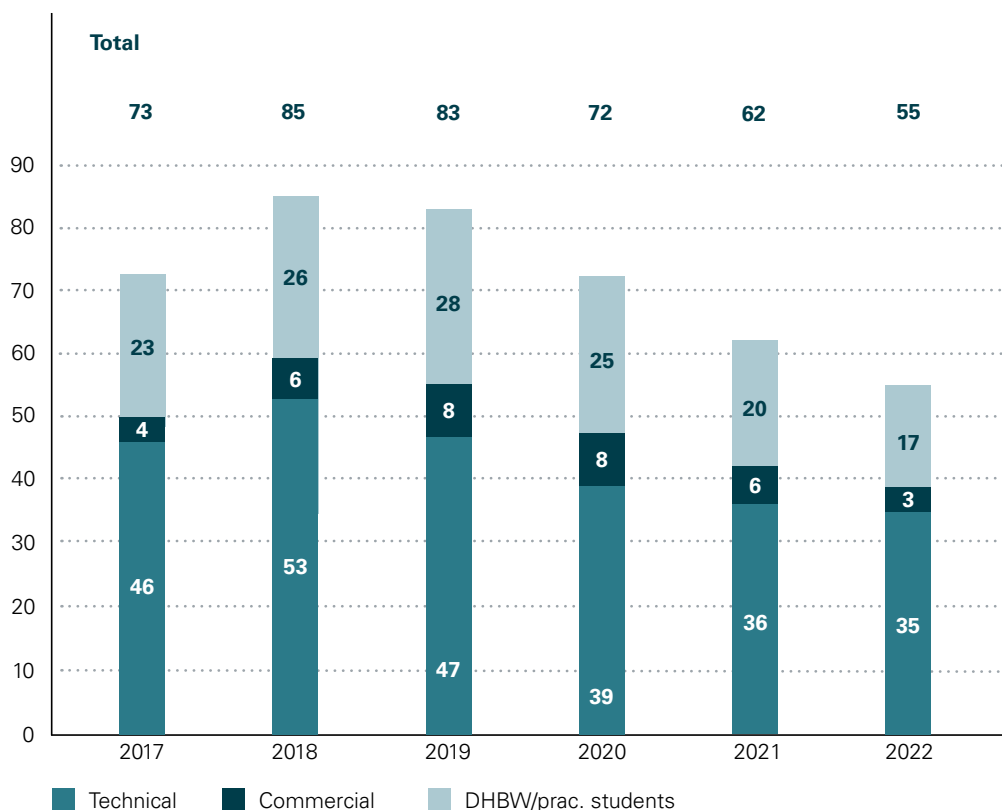
[GRI 102-8, 404→] Needs-based training is a key aspect of our sustainable human resources planning. This means that the number and occupational fields of the traineeships on offer vary depending on foreseeable retirement, projected employee turnover, and strategic positioning of the company. In Germany, RAFI currently offers training opportunities in 14 professions that require on-the-job vocational training. A total of 7 cooperative study programs are also available at the Berg and Überlingen locations. The RAFI location in Berg won the independent award "Top Ausbildung 2022" (Top Training Program 2022). The prize is awarded exclusively to the top 1% of training companies. It confirms the excellent quality of training at RAFI. On 12-31-2022, the two locations

were providing vocational training to 24 on-the-job trainees, six retrainees, 15 cooperative-study students, and two student interns. After a number of years with high trainee intakes at RAFI Hungaria, five trainees and two cooperative-study students are currently employed there. In accordance with our collective agreement, all candidates who successfully complete a training program at our headquarters in Berg are offered a fixed-term employment contract lasting at least twelve months. Members of the youth and trainee representation body are awarded permanent employment contracts.



### 5.1.1 Structure and evaluation of the training

Training at RAFI is structured in a decentralized manner. A responsible instructor is entrusted with the





technical training for each profession on offer. Trainees also have training officers at their disposal who serve as points of contact in each department they pass through. This means that at the Berg location alone a total of around 75 employees are involved in training tasks, including 2 full-time training managers. We ensure the top-notch quality of our training programs through regular internal and external further training courses. We also schedule regular feedback and assessment meetings between trainees and students and their trainers as well as the training managers.

### **5.1.2 Activities and projects during the training period**

We want to ensure trainees and students develop a high level of satisfaction and loyalty to the company through a variety of campaigns and projects throughout the training period. At the start of training, a “get-acquainted” day helps break the ice, making it easier to establish contacts and reinforcing the team structure. Annual excursions, team events, and barbecues bolster cohesion and help in the development of social skills. To improve methodological expertise, training programs also include various projects carried out in a wide array of team constellations. Trainees and students work together in the annual trainee project in Berg – from brainstorming to cost determination through to feasibility studies and production – in order to make a promotional item that is offered at school fairs and marketing events. Spe-

cific projects are designed and implemented in a project management seminar held in Berg during the second year of training. The task in the 2022 project was the procurement and integration of a 3D printer for our metalwork training center. Now our trainees can gain additional qualifications in additive manufacturing that will give them valuable skills for the future. In 2023, the project group will tackle the planning and execution of a half-day event for all trainees and students at the headquarters in Berg. The focus will be sustainability. Within the context of ONE RAFI, trainees and students from RAFI Berg and RAFI Eltec visited each other’s locations in 2022. This gave them the opportunity to get to know the two production facilities. The program also included a joint team event designed to boost cooperation between the groups even during their training period. A new team-building project was launched in 2022 in the form of regular meet-ups outside of work, with activities such as laser-tag or bowling partly funded by RAFI.

### **5.1.3 Partnerships and initiatives for career orientation**

Our company provides extensive vocational training in the region, so we take our responsibility to actively support young people in choosing a career very seriously. For this purpose, we work together with regional schools, universities, educational institutions, and the employment office. After the end of the pandemic, we were able to ramp up these activities



again. At the Berg location, we took on a total of 72 school interns. We also exhibited at twelve trade shows, visited five schools, and invited four school classes to a guided tour of our factory. In 2022 we were again able to hold a Girls' Day in Berg. During our Training Day, we demonstrated to future job-starters that RAFI is an attractive training company.

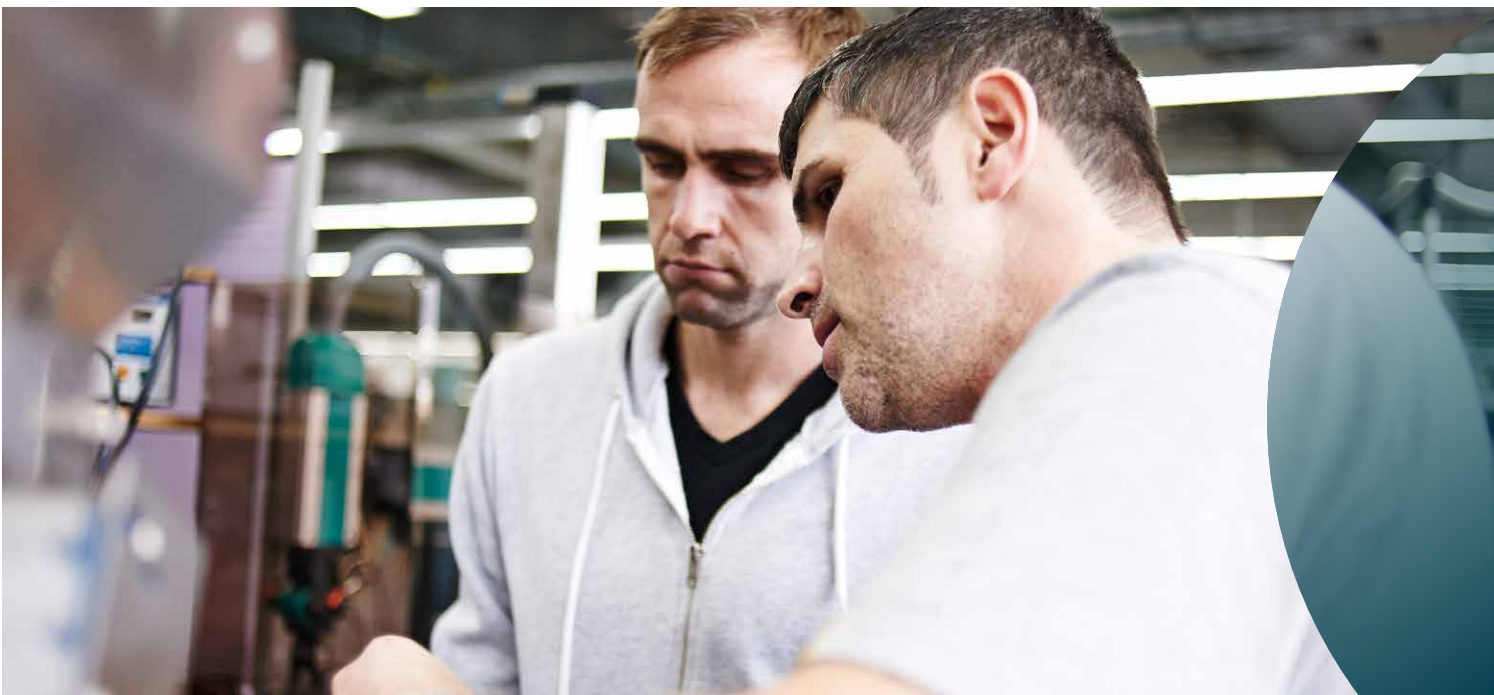
#### 5.1.4 Outlook and objectives

We aim to increase our training rate and modernize the training program as a whole in order to maintain our quality standards and remain competitive on the market for the best young talent. This is particularly important in the face of demographic change. In 2022, a major topic in our training programs was digital transformation. This focused attention on digital opportunities, such as for conserving resources and for knowledge transfer. We will also further expand our commitment as a major vocational training company in the Upper Swabia region by intensifying our cooperation with local schools and educational institutions and increasing our involvement in social projects.

Furthermore, in 2023 we plan to boost international exchanges in our training programs by offering internships at our subsidiary in the USA.

#### 5.2 Further training, qualification, and retraining

[GRI 102-8, 401, 402, 404→] The goal of our human resources work is to attract motivated, qualified, and satisfied employees and to retain them permanently at RAFI. With regard to market dynamics such as globalization, digital transformation, and technological change, our human resources development is in line with our Mission Statement and overall corporate strategy. As an innovative technology leader with the highest quality standards, we conduct more than 4,000 qualification measures per year and continuously train our employees according to the latest state of knowledge. With special career planning and development programs for each individual, we secure the potential offered by our future managers as well as our distinctive innovative capacity. To support agile personnel development, annual human resource meetings are held with the division and departmental heads. We systematically implement the initiatives derived from these meetings in personnel deployment, planning, and recruitment. HR Controlling as well as employee surveys regularly evaluate the success of the HR strategy. We have already received several awards for our training programs, which we are continuously expanding.





**5.2.1 Development of skills and increasing flexibility**

[GRI 404-2→] In the RAFII competency model developed in 2020, we defined the capabilities relevant to our company for the systematic development of our employees’ skills. As an additional tool, we provide our managers with a training matrix to help them identify the right qualification measures for the skills required. This makes it easier to select measures that can fill specific competency gaps or boost skills. It also facilitates individual adaptation to existing needs.

[GRI 404-1→] Due to the wide variety of requirements and high level of order fluctuation in the industries RAFII supplies, flexibility in personnel deployment and personnel planning is crucial. Our internal

and external qualification measures ensure that our employees have a broad range of expertise. This means they can be deployed both internally at different workplaces and for related tasks in other departments. Our internal training program includes over 300 courses on a wide variety of topics. The company’s own experts plus external trainers conduct the training courses. The range also includes training courses that are booked and held at specialized service providers. To compensate for the training courses canceled due to the coronavirus pandemic in 2020 and 2021, we set up numerous online courses to provide our employees with appropriate qualifications. After the pandemic, we built on these foundations, and now offer blended learning and e-learning courses, for example. (→ see 5.2.6).

Training – in-house and external

<sup>5</sup> The total costs include only expenses for external trainers and qualification-related travel expenses. They do not take into account hourly rates of employees and internal trainers, maintenance and personnel costs of the training center, and expenses for vocational training.

Year	2020	2021	2022
Number of training sessions	3,033	3,175	4,474
Number of hours	11,529	16,476	16,800
Number of hours/employee	4.6	7.2	7.7
ACTUAL total costs	€305,369.06	€332,593.57	€636,075.71

Scope and cost of training measures per year<sup>5</sup>

**5.2.2 Further training programs: Upskilling, reskilling, cross-skilling**

One of the essential components of the RAFI competency model is systematic development of managers in order to fill vacant management positions preferably from within the company’s own ranks. The RIMA model we developed in-house for RAFI Berg offers another option for human resources development. The “RAFI in-house modular training and further training” program, a winner of the Chamber of Industry and Commerce Education Award, is dedicated to targeted development of our workforce on all performance levels. At some locations, we also offer “PEP me up,” a program consisting of three modules for developing and strengthening human resources. This program is open to employees in the form of workshops held several times a year. In our training center for electrical engineering, we offer courses for external manufacturers and government authorities in addition to the training we provide for our own staff. With the LEARNIE digital learning platform set up in 2020, we expanded our training program in Berg, Überlingen, and Hungary to include new formats, including e-learning, online training, webinars, and blended learning.

**5.2.3 Leadership development using potential assessments**

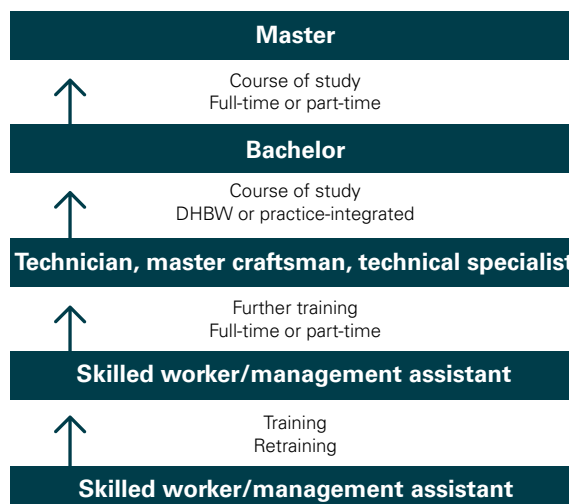
At RAFI, more than 80% of specialist and management positions are filled internally. At our locations in Berg and Überlingen, we carry out annual potential assessments to identify potential managers at an Assessment Center. Candidates are then acquainted with future management tasks through individual development plans, making it possible for RAFI to conduct succession planning in a systematic and sustainable manner. For those who are already in management positions, we offer special annual training courses that are in line with RAFI strategy. These courses address current topics and trends such as “Leadership in the VUCA world” and “Results-oriented leadership in a culture of respect and performance.” We continuously update our management tools and adapt them to the needs of employees.

We have issued a guide summarizing the RAFI leadership principles and tools for our leaders.

**5.2.4 Step-by-step development of employee qualifications with RIMA**

The RIMA model we apply at RAFI Berg helps us to advance our employees from trainee to master’s degree level so they can become experts in their respective fields. The process of training to become an expert is geared toward the needs and existing potential of the individual. In the qualification process, targeted and individually tailored training, vocational education programs, and courses can be carried out in addition to the annual qualification measures. The training programs are in line with our corporate strategy as well as the needs of our customers. Since 2012, RIMA has supported 100 employees in obtaining individual qualifications. We offer up to six RIMA places per year for internal retraining measures. These allow employees with a qualification from another area or without any vocational training to remain employable by gaining the qualifications required for a profession that is certified by the Chamber of Commerce and Industry. In 2022 we expanded RIMA to RAFI Eltec in Überlingen. For the first time at this location, we offered one retraining place each for the professions of industrial manager and production engineer. Participants in the retraining programs benefit from a training period that is one-third shorter than usual while continuing to be paid their previous salary.

The funding options associated with RIMA also include pausing of the employment contract, reductions in working hours, granting of educational leave, and a financial contribution covering two-thirds of further training costs up to a maximum of €5,000. The flexibility of the RIMA model enables further training on a full-time or part-time basis or with on-the-job arrangements. For part-time further training, the RIMA subsidy amount in 2022 was more than €18,000, with an average subsidy of around €2,300 per person.





RIMA total funding

	2018	2019	2020	2021	2022
Bachelor study	4	9	1	5	3
Master study	1	2	7	3	5
Master craftsman		2	1	3	
Technician	1	1	1		
Partial qualification	6	9	4	5	4
Practice-int. Course of study	2	1	1	2	2
Retraining	6	4	3	2	3
Thereof full-time	9	6	4	5	6
Thereof part-time	11	22	14	15	11

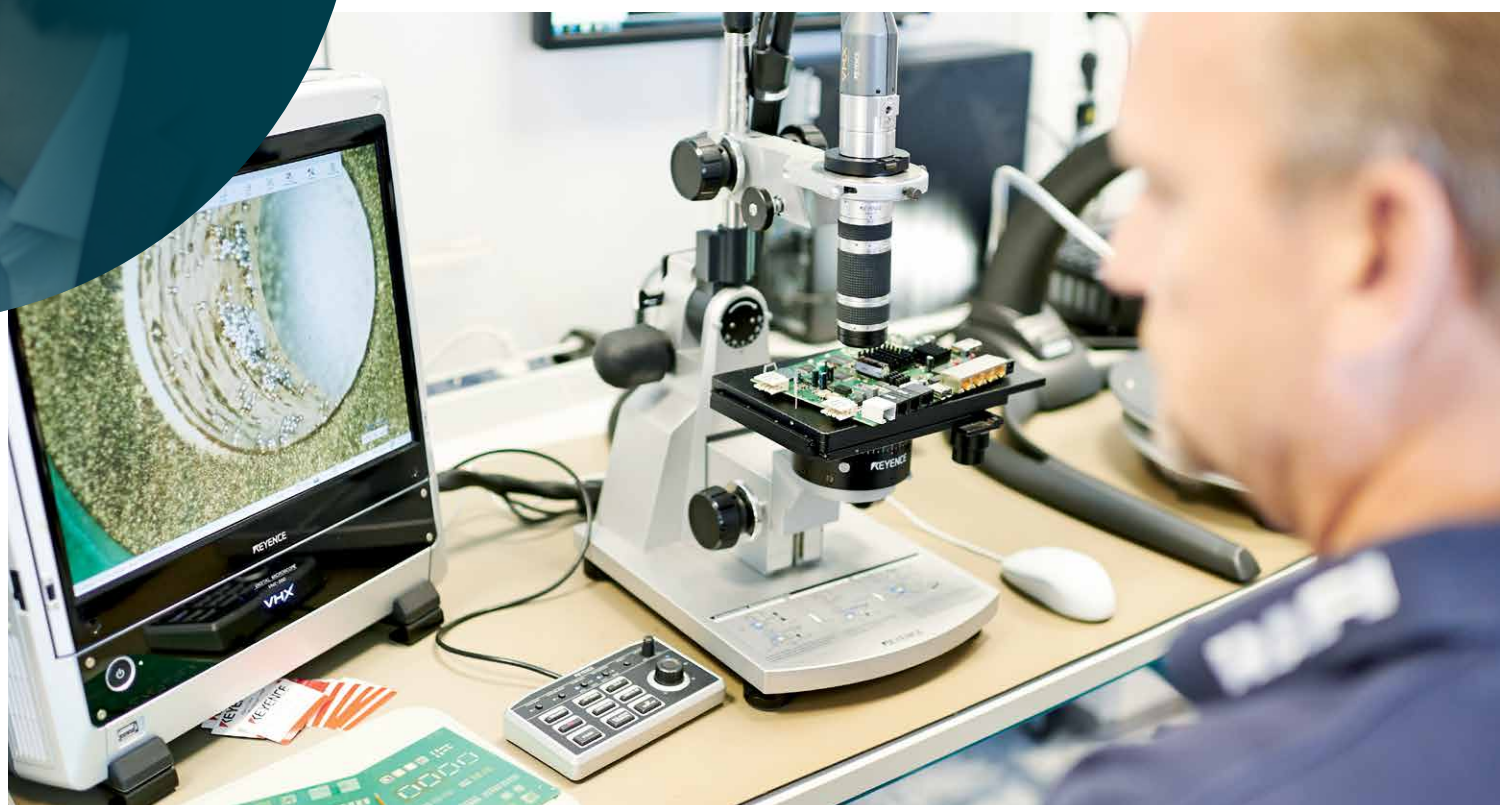
### 5.2.5 Personality development with “PEP”

RAFI attaches great importance to the personal, individual development of its employees. With our “PEP me up” program, we have been offering modular workshops in our German subsidiaries to improve personal skills and identification with the company multiple times a year since 2017. The training courses, which are open to all employees, follow the “Of RAFI for RAFI” slogan and are designed and implemented by an internal project team. The goal of the

workshops is to increase personal development potential through self-management and increasing readiness for change. The results are a closer identification with RAFI as a company, and an increased sense of belonging bolstered by material that covers topics such as cooperation and communication.

### 5.2.6 Digital training platform

Since 2020, a new online training resource has been available to our employees in the form of the LEARNIE digital learning platform. The formats provided on the platform range from e-learning and online training to webinars and blended learning. Participants can access and digitally manage the courses whenever and wherever it suits them. A total of 20 employees were trained as authors, enabling them to prepare topics and content for e-learning courses with special relevance for RAFI. We also procure e-learning training on general topics from external providers – including mandatory courses such as occupational health and safety or IT security and wide-ranging offers for voluntary training, such as courses on common soft-



ware applications. A total of 306 courses can currently be booked or accessed through LEARNIE. These include 209 online courses and webinars, 81 in-house classroom training courses, and five courses in a blended learning format. The courses on the platform, which has also been available at RAFI Eltec in Überlingen and RAFI Hungaria since 2022, will be rolled out in phases to other subsidiaries. This will establish LEARNIE as a standardized learning portal across all locations and countries.

### 5.2.7 Training center for electronic engineering qualifications

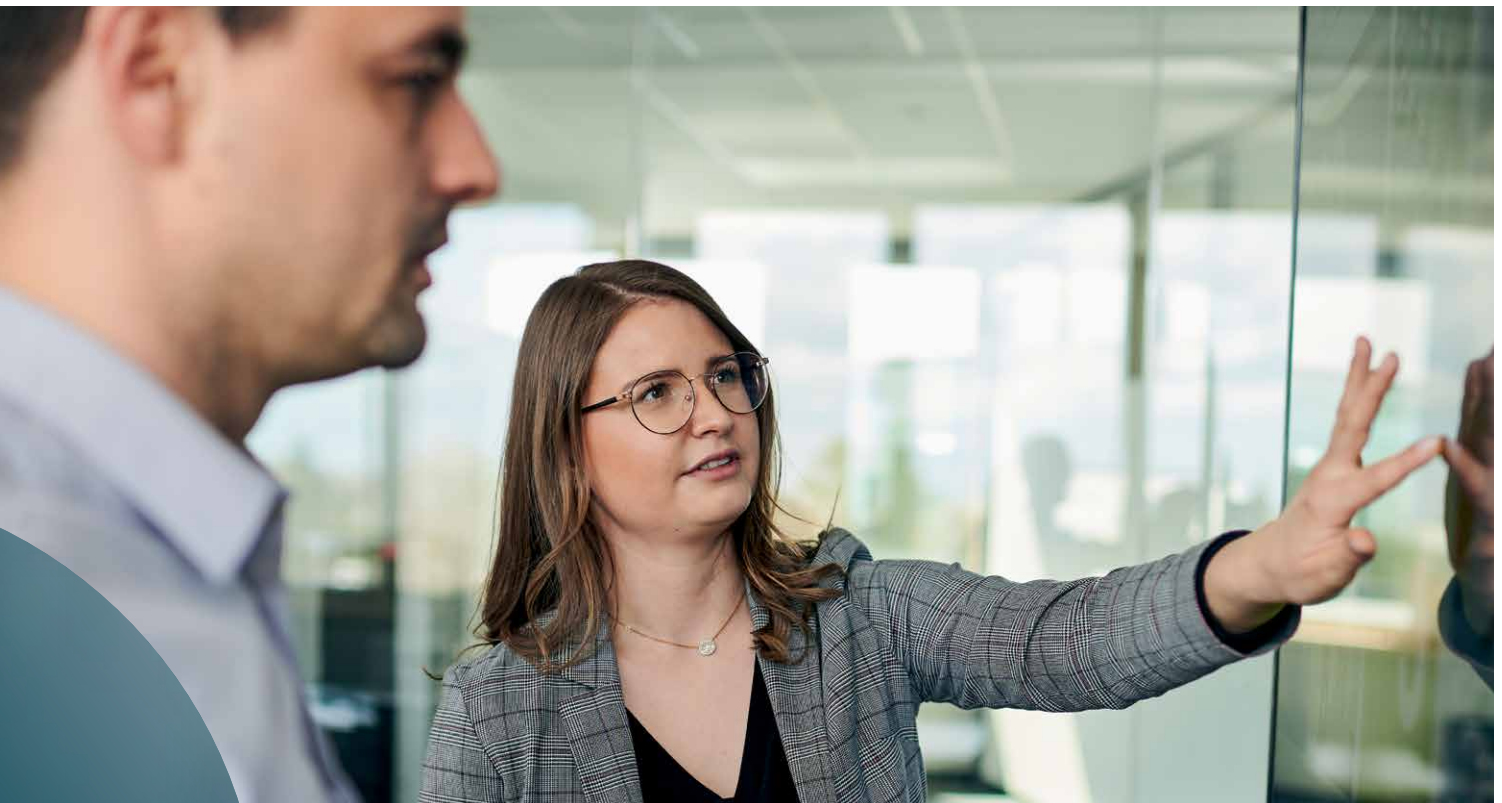
As a manufacturing company in the electrical industry, ensuring our employees obtain new qualifications in the field of electronics is essential. For this reason, we organize training courses tailored to the current requirements and developments in electronics production. These courses are implemented in our in-house training center in Weingarten together with the Soldering Technology Electronics Training Association (AVLE). In addition to AVLE soldering training, the course program also includes SMT process train-

ing and fire safety assistant training. Our courses are taken not only by our own employees but also by participants from leading electronics groups, small and medium-sized contract manufacturers, and state and federal offices from the entire DACH region. Upon request, we can also conduct needs-specific training at customer sites. Our training center is equipped with the latest technology in accordance with AVLE 1505, 1510, and 1511 guidelines, making it a European leader in this area. Our sponsors replace the technical equipment every three years so that it remains state-of-the-art at all times. We have the most modern soldering equipment available from a wide array of manufacturers. Our instructor is certified according to IPC-A-610 and IPC-7711/7721 as well as AVLE 1515 and AVLE 1516. That makes us the only provider in Europe authorized to conduct soldering training for the police.

As one of the largest employers in the region, RAFI also contributes its training expertise in educational settings and offers soldering courses for international students in cooperation with Ravensburg-Weingarten University (RWU). The training center

Training – in-house and external

	2018	2019	2020	2021	2022
Number of training sessions	561	304	193	226	601
Trained units	11,028	5,830	3,222	4,166	10,328
Number of participants	514	236	158	308	631
Satisfaction very good	94%	97%	98%	98%	99%
Total costs in €	€226,761.81	€201,240.00	€200,740.00	€200,740.00	€548,099.16
Saved teaching costs in €	€290,790.00	€169,243.95	€187,760.00	€115,705.00	€55,554.24



also sponsors the University's Formula Racing Team, providing monetary contributions totaling €4,500 annually. In cooperation with schools in the region, RAFI also organizes free soldering courses for schoolchildren. Soldering equipment that is no longer state-of-the-art is given away at little cost to cooperating schools and universities.

**5.2.8 Outlook and objectives**

Our objectives in further training include expansion of the LEARNIE digital learning platform to include more areas of expertise. In addition to successive expansion of the range of digital courses, we connected two of our subsidiaries (in Überlingen and Hungary) to the learning portal in 2022. A second focus is coordinating the development of our young managerial talent throughout the Group. With more intensive application of our guideline in this area, we are seeking to ensure uniform principles for human resources management at all locations.

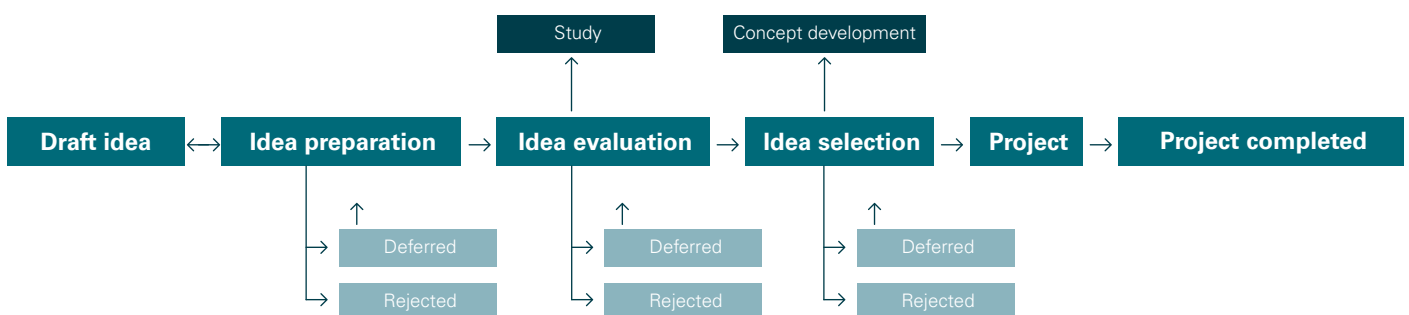


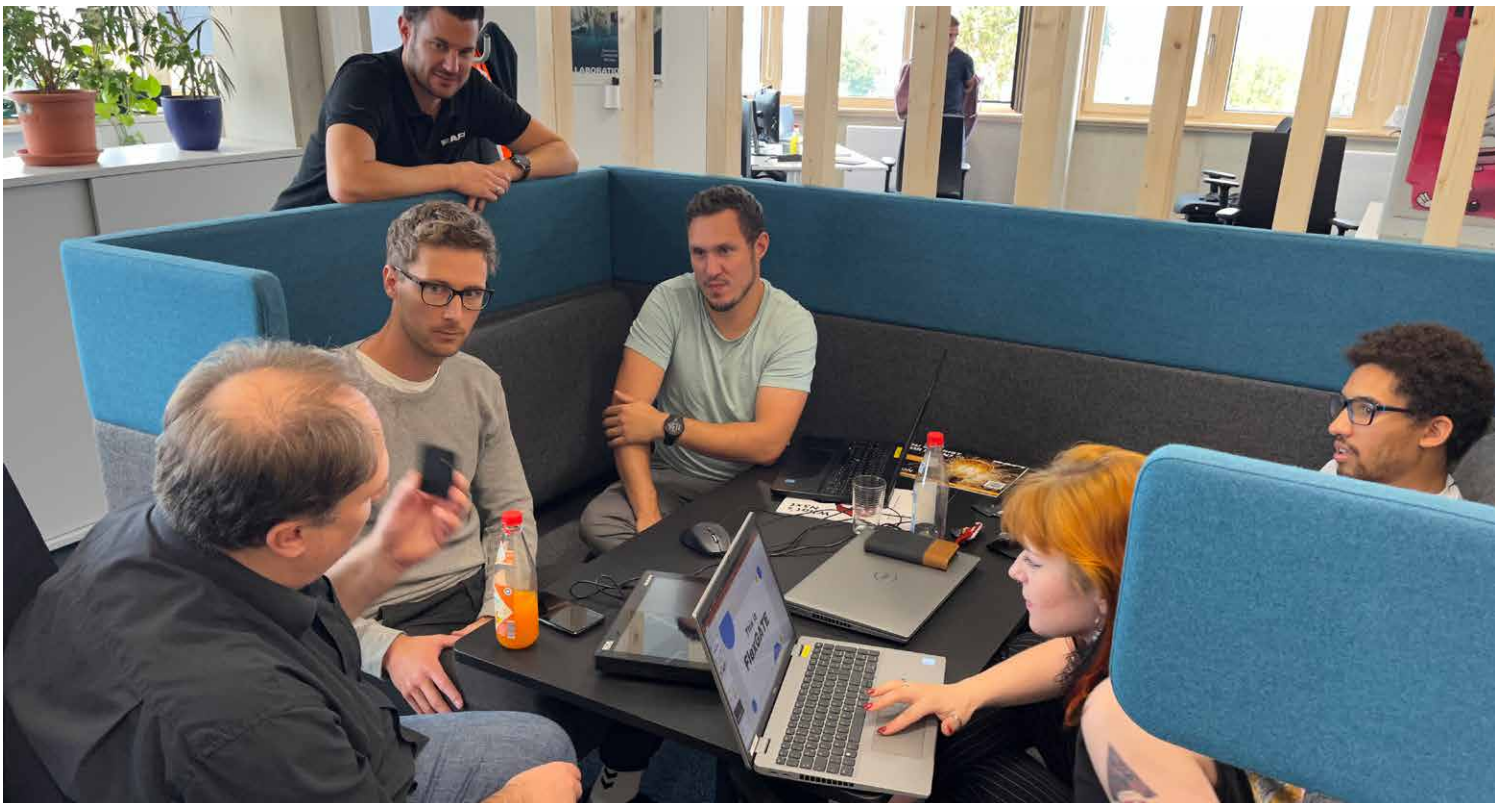
**5.3. Innovative capacity and fostering innovation**

[SDG 9 →] We have firmly integrated the fostering of innovation into our organization as a key success criterion and guiding principle of our business activities. We strive to continuously improve the structural conditions for an innovation-oriented corporate culture. This will keep us fit for the future so we maintain our competitive edge through new ideas, processes, and developments. Here we rely on the wealth of ideas of our employees and expressly motivate them to participate creatively. Our structurally embedded innovation process invites all employees to develop their own suggestions and ideas and enter them into our "INVISION" innovation database.

**5.3.1 Internal innovation competition**

As part of our annual innovation competition in Berg, our employees submit between 20 and 40 new ideas each year. A team of experts performs initial screening





and evaluation of these ideas. In the second step, the submitters present their proposals to an interdisciplinary body and put them up for discussion. The Board of Directors confers the title of TOP Innovator of the Year in special recognition of the best idea. The winner receives a trophy and symbolic prize of €2,000, which RAFI then donates to a good cause of the prizewinner's choice. The three award-winners in 2022 received this honor for the development of a new input system for commercial vehicles adapted to very harsh environmental conditions.

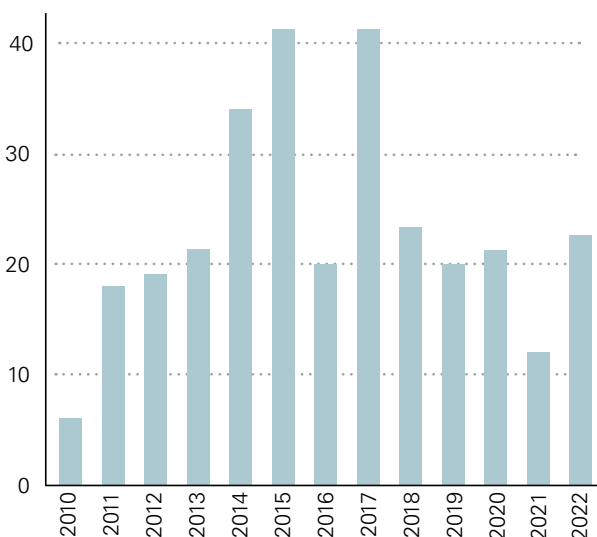
**5.3.2 Innovation workshop i24**

In addition to the innovation process, our i24 initiative offers selected employees the opportunity to devote one day per year to the broad topic of innovation. Each i24 day has a specific slogan. The participants, who are selected from a wide range of disciplines, then work in small groups to develop innovative ideas

related to the slogan. The creativity of those involved is reflected in the broad spectrum of proposals and ideas generated. Some of these ideas can be immediately implemented, while projects of greater complexity require more time and development.

**5.3.3 Hackathon**

Since 2022, RAFI has been organizing an annual hackathon (hack + marathon). Participants aim to develop a prototype from a concept within just two days. Apart from the implementation of new ideas, another purpose of the hackathon is to promote team building. This is because all employees at the respective RAFI location can participate in teams of up to six people and work on realizing innovative ideas. The projects are examined by a RAFI expert jury, which chooses the winning team. Their innovation is then further developed in the company and also included in our INVISION innovation database of particularly promising ideas.





6.





## 6. EMPLOYER ATTRACTIVENESS

[GRI 103→] The headquarters of the RAFI Group in Berg is situated in the flourishing business region of Upper Swabia. Here, we are confronted with strong competition for the best qualified staff. We also need to develop awareness of RAFI and our reputation as an attractive employer at our other locations. Our management is striving to achieve above-average employer attractiveness in order to engender employee loyalty and safeguard the high quality of our workforce over the long term. In addition to the numerous ways in which we make daily work easier, we ensure a family-friendly work environment and show appreciation for the voluntary activities of our employees. We actively promote work-life balance and offer numerous benefits and prevention programs for promoting work safety as well as the health and well-being of our employees. At the headquarters in Berg, we operate a comprehensive occupational health management system. We aim to extend this system in stages to our other facilities in the future.

### 6.1 Employment models and fringe benefits

[GRI 401-2→] RAFI Berg offers its employees an attractive package of fringe benefits, bonuses, and discounts that go beyond the collective agreement. We create the framework for high employee satisfaction through a wide range of benefits: flexible working time models, a variety of time bank options, sabbaticals, a company-sponsored pension plan, partial retirement models, and allowances for local transport, cafeteria meals, childcare, organization of excursions and events, and support for volunteer work. Fringe benefits at the individual RAFI Group locations are calculated to reflect the standards in the specific country and the business importance of the subsidiaries. However, employee safety and high satisfaction are primary concerns at all our locations. We do everything we can to match working conditions everywhere to the standards at our headquarters.

#### 6.1.1 Remuneration, allowances, and bonuses

[GRI 102-41, 407→] RAFI GmbH & Co. KG in Berg is bound by collective agreements and recognizes the regional collective agreements of the metal and electrical industry. [GRI 404-3→] In addition to attractive basic salaries, individual performance

bonuses are determined in annual performance reviews. Our company pays vacation and Christmas bonuses as well as an annual profit-sharing bonus based on the company's results for the previous fiscal year. We also offer our employees many other bonuses and fringe benefits, such as subsidies for local public transport, cafeteria meals, childcare, and special childcare provided during school and daycare center holidays. At our foreign locations, we pay above-average salaries and encourage a feeling of community as defined in our ONE RAFI initiative. Throughout the group, we subsidize works canteens with an average amount of €5.40 per meal. This is how we ensure our employees can choose from a fresh and varied range of food and beverages. And over 25% of the dishes are classed as organically farmed vegetarian or vegan food. Additionally, RAFI promotes company and private pension insurance for our employees. At our headquarters we have implemented a three-pillar model for income in retirement, which received the German bAV Prize in 2016. At all our locations we also facilitate individual contributions

to retirement plans and offer private accident and occupational disability insurance.

### 6.1.2 Employee-employer relationship

[GRI 402→] A sense of “US” as a company is at the center of all our business activities. As a globally operating industrial company with regional ties, we attach great importance to being down-to-earth and creating a friendly environment. We express our appreciation for our employees with a variety of campaigns and events. We should first mention the annual company Christmas party, which includes a supporting program and extensive buffet. We invite everyone to celebrate the end of the year together at this event. Staff at the individual locations also organize further company celebrations. What’s more, RAFI offers financial and organizational support for events that promote a feeling of community among employees. The Berg location is home to 15 company sports clubs, the RAFI Big Band, and the RAFI factory fire department. They offer our employees a variety of opportunities to get together. These activities are conducive to health and encourage social and cultural involvement that extends beyond the working day. We have also established a program of sporting activities in Überlingen and Poland. At the beginning of 2023, we launched the “EGYM-Wellpass.” It gives employees at the German locations free access to a number of cooperating sports clubs and leisure centers.

### 6.1.3 Support for charitable and volunteer activities

[GRI 413-1→] The individual RAFI Group locations actively play their part as companies embedded in their local communities (→see 2.3). In addition to supporting sports, cultural, and social institutions, our commitment extends to a number of other cooperative ventures and initiatives. Depending on the location, these activities vary in type and intensity. For example, RAFI Berg and Eltec focus in particular on sporting activities, while RAFI Systec supports financially disadvantaged families in the region with material and cash donations. Together with the Kinderschutzbund child welfare organization, RAFI Systec also promotes equal opportunity in education. Looking at the group as a whole, concepts for sponsoring projects are still in the initial stages and will be developed independently at each location.

RAFI Berg is a cooperation and education partner of more than 10 schools and universities in the region. We make a crucial contribution to education and help young people with their first career steps. We present ourselves to the public as a modern industrial company at events such as Trainee Day, Open Day, or guided tours of our plant throughout the year. We also support our employees in their volunteer work by giving them paid time off for volunteer activities or training that takes place during working hours.

### 6.1.4 Working time models, time banks, mobile working

RAFI sees working time flexibility as helping to secure jobs over the long term. With our location-specific working time models that are as flexible as possible, we offer our employees ways to achieve work-life balance. This requires a culture of mutual trust, candor, and honesty between management and employees. We strive to keep the volume of overtime low and continuously adjust our recruitment processes to the current order backlog. In Berg, the weekly working time stipulated by the RAFI collective agreement is 38 hours. Trainees and DHBW students have a working week of 35 hours. RAFI sees working time flexibility as helping to secure jobs over the long term. With our location-specific working time models that are as flexible as possible, we offer our employees ways to achieve work-life balance. This requires a culture of mutual trust, candor, and honesty between management and employees. We strive to keep the volume of overtime low and continuously adjust our recruitment processes to the current order backlog.

At the German RAFI locations, we maintain a flexible working time model without core working hours as far as possible. To keep the capacity utilization of our machines as efficient as possible, various production areas work in shifts. Some 40% of employees at our foreign locations benefit from flexible working time models. Depending on the location, overtime hours are either collected in a personal flexitime bank, which each employee can use as they wish, or paid out. The average time credit in 2022 was 22.19 hours. Employees also have a company working time bank as well as a long-term account. Accumulation of hours in these time banks also allows for extended absences – such as to care for family members, go on sabbaticals, take early retirement, or participate in individual continuing education and training opportunities. This model has become established above all at the German locations.

Depending on the nature of their work, our employees have the option of mobile working. In 2019, RAFI Berg specified the regulations for this in a company agreement drawn up in cooperation with the Works Council. By offering individual work arrangements that are variable in both time and location, we help employees balance the demands of career and family and meet the needs of many employees for increased flexibility. Mobile work eliminated a total of some 160,000 km of vehicle miles traveled in 2022, so this variable working model has a positive impact not only on employee satisfaction but also on the environment.



### 6.1.5 Employee satisfaction

Long-term employment relationships, which safeguard our in-house expertise and the quality of our services, are very important to us. We reward lasting service to the company and keep staff turnover low. To do this, we determine the level of employee satisfaction and examine the potential for optimization at regular intervals. Because our success as a company is built on satisfied and motivated employees, our management in Berg works closely with the Works Council and other employee associations. As the members of these bodies come from a wide range of business areas, the decisions they make are widely accepted by the entire workforce. Under the ONE RAFI initiative, measures resolved in Berg are often implemented at other RAFI locations. This means they also benefit from the local co-determination and participation rights defined in the German Works Constitution Act.

[GRI 401-1→] The satisfaction of our employees is reflected in particular in the length of service and low level of sick leave at RAFI. Unfortunately, we recorded an increase in the turnover rate of 10.2% last year. However, compared with other industries, this is still a relatively low rate. We conduct talks with employees who hand in their notice to find out their reasons for leaving. Based on their answers, we derive targeted measures to keep employee satisfaction at a high level. In addition, we involve the Works Council in surveying employee satisfaction on a reg-

ular basis. We also ask our foreign subsidiaries to regularly survey their employees and to include them in decision-making processes. We also study public employer ratings for Germany on platforms such as Kununu, Glasdoor, and ausbildung.de. RAFI achieves recommendation rates of 97% (Kununu) and 100% (ausbildung.de) as well as top values in employee satisfaction.



### 6.1.6 Outlook and objectives

Our new employer branding strategy is being rolled out in 2023. We want to use it to further raise awareness of RAFI as an attractive employer and boost the quality and quantity of applications. The long-established training courses for RAFI employees in Berg focusing on respectful and attentive interpersonal behavior (PEP me up) are being expanded to the other German locations. This will lead to a streamlined corporate culture with joint values and rules. Similarly, the agreed leadership principles and processes conveyed in manager training courses will be rolled out across the group. We started this drive in 2023 in the form of local manager training courses as well as development programs for all locations. With our manager development activities, we aim to establish a modern, results-based leadership style within a culture of respect and performance throughout the group. An assessment of potentials will also take place at all locations, starting in 2023. Within the assessment, young skilled employees and leadership talents will receive a personal development plan that RAFI will support with tailored assistance. With coordinated training and support programs for leaders and employees, we will consolidate the spirit of respectful cooperation in the corporate culture at all our locations and hierarchy levels. This will establish an attitude that can be clearly discerned throughout the company.

## 6.2. Occupational health and safety

[GRI 403-3] Our top priority is the health and safety of our employees. According to our responsibility as an employer, we ensure workplace safety, protect our workforce from hazards, and take preventive measures to ensure a good working environment. Our occupational health management (OHM) supports the well-being of our employees so that they can happily and efficiently meet the many demands of modern working life. For this reason, we plan to extend our OHM, which is primarily established in Berg, to our subsidiaries.

### 6.2.1 Occupational safety

[GRI 403-1, -2] The primary objective of workplace safety is to prevent accidents and injury to the health of our employees. Our Occupational Health and Safety Committee is responsible for determining and reviewing protective measures in accordance with the Occupational Health and Safety Act. Relevant hazards and stresses are systematically identified and evaluated in risk assessments to determine the necessary protective measures for health and safety in the workplace. We conduct regular inspections of workplaces, and a separate safety officer is assigned to each department.

[GRI 403-4, -5] In workplace-specific instruction sessions, supervisors make all employees aware of



the specific hazards and risks and provide them with the protective equipment they need. We also ensure that workplaces are ergonomically designed.

[GRI 403-3→] Our qualified company physicians are responsible for medical matters and also help employees arrange general as well as occupational medical check-ups. For first aid and treatment of minor injuries, several easily accessible first-aid boards are installed in each building.

### 6.2.2 Accident management and fire safety

[GRI 403-9→] Several years ago, we established accident management and fire safety systems at our German locations. In the future, we plan to introduce similar systems at our foreign RAFI locations. We are pleased to report that the frequency of accidents has decreased significantly over the last five years. In our statistical record keeping, we differentiate between reportable and non-reportable incidents, which are then broken down into accidents relating to travel or commuting, occupational accidents, and sports accidents. We collect these figures annually and discuss the trends on a quarterly basis. Each accident event is investigated to determine the actual circumstances so that additional preventive measures can be taken. To fight fires at the Berg location, RAFI maintains its own factory fire department with 20 firefighters who also support the neighboring community. All employees can join the factory fire department as long as

they are suitable for firefighting service. Every firefighter has opportunities for advancement and access to all training. The entire team elects the fire commanders. The equipment, which always complies with the latest regulations, ensures maximum safety during use. When procuring new equipment, we also consider sustainability and energy efficiency. Firefighting exercises are carried out as resource-efficiently as possible so as not to waste water or energy. Instruction is provided on proper disposal of waste and hazardous substances on a regular basis.

### 6.2.3 Promoting health and reintegration

[GRI 403-6→] We offer our employees a wide range of preventive activities to help them maintain their vitality and health. Employees are invited to actively participate in 15 different company sports groups, including soccer, running, walking, fitness, skiing, squash, badminton, tennis, swimming, bowling, cycling, archery, bouldering, chess, and creative design.



# 7.



## 7. EQUALITY OF OPPORTUNITY AND DIVERSITY



[GRI 103→] RAFI's management is actively committed to increasing the proportion of female employees in the company and is intensifying its measures to advance the careers of women so they can assume management positions. We also support families and working mothers at our German locations by providing allowances for childcare services. As an important factor that contributes to the success of the company, diversity is firmly embedded in our corporate culture and also plays a major role in the selection of personnel. We reject any form of discrimination and are uncompromising in our demand for respectful interaction between all employees. At our Berg location we offer employees from the age of 54 special benefits, age-appropriate workplaces, and a wide range of employment options based on flexible working time models. We are also committed to the inclusion of people with disabilities both within the company and in partnerships with sheltered workshops.

### 7.1 Gender structure and advancement of women

[GRI 405→] As an engineering and manufacturing company, we have a gender structure that is typical for the industry. Our commitment to collective bargaining and the collective wage agreement (CWA) ensures that men and women are paid equally in ev-

ery position. The group-wide unadjusted wage difference is 18%. The proportion of female employees in the entire RAFI Group was around 19% in 2022, with women predominantly employed in commercial departments or in production. 2% of management positions in the group are occupied by women.

Gender structure in the locations in 2022

	Total		Berg		Hungaria		Eltec			
	absolute	percent-age	absolute	percent-age	absolute	percent-age	absolute	percent-age	absolute	percent-age
Total	2,191	100%	1,069	48.79%	511	23.32%	345	15.75%		
Male	1,137	52%	670	63%	152	30%	184	53%		
Female	1,054	48%	399	37%	359	70%	161	47%		

	Electronics		Italia		Systec		USA		Poland	
	absolute	percent-age	absolute	percent-age	absolute	percent-age	absolute	percent-age	absolute	percent-age
Total	142	6.48%	64	2.92%	33	1.51%	18	0.82%	9	0.41%
Male	69	49%	34	53%	11	33%	8	44%	9	100%
Female	73	51%	30	47%	24	73%	10	56%	0	0%

**7.1.1 Advancement and career development of women**

To increase the proportion of female employees, particularly in technical jobs, we participate in initiatives such as the Girls’ Day Academy and the German Girls’ Day. This offers young female school students the opportunity to get to know our technical vocational training as well as our professions that require university degrees. Promoting women in technical areas and in management positions is part of our HR strategy. We currently have no women in senior management positions. To change this, we plan to intensify our commitment to the career development of women and initiate additional measures to improve the proportion of women in the company.

**7.1.2 Parental leave, integration, and help with the provision of care**

[GRI 401-3→] Our flexible working time models and mobile working options are a great help for reintegrating employees after parental leave. In 2022, 6 male employees took parental leave. The average duration of leave was 4.5 months. In the female workforce, 42 employees applied for parental leave. The average duration of leave for women was 9.3 months. As part of our activities to help employees balance family and career, we are making particular efforts to support working mothers. Offers at our Berg location such as our childcare allowance and special childcare provided during school and daycare center holidays in cooperation with Ravensburger Spieleland are generally fully utilized. In response, we are continually expanding these offers.

**7.2 Diversity and equality of opportunity**

[GRI 405→] As an internationally active company, we know how important the diversity of our workforce is for our daily success. New ideas, experiences, and

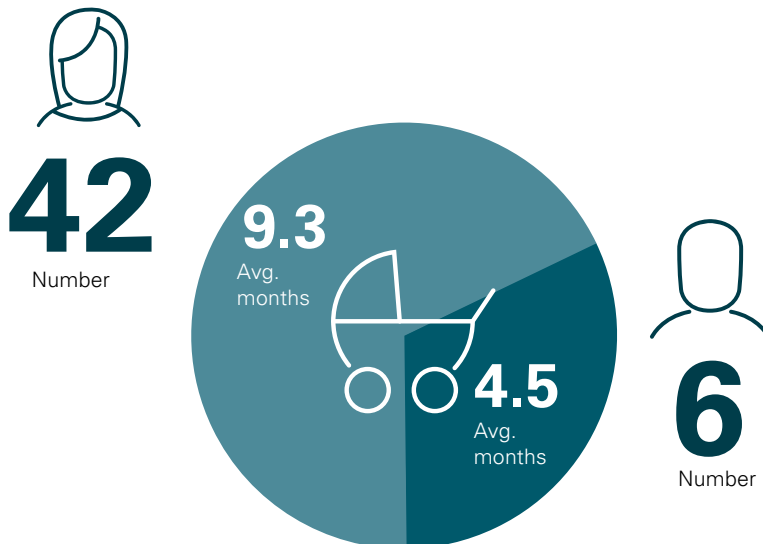
points of view make our lives richer, broaden our perspective, increase our flexibility, and improve our ability to innovate. We have therefore enshrined this principle in our corporate strategy and in our Code of Conduct. RAFI embodies diversity and promotes respectful coexistence regardless of gender and age, social or national origin, sexual identity, professional experience, restricted ability, or chosen life model. In the strategic context of ONE RAFI, we want to grow even closer to our national and international subsidiaries in the coming years in order to make better use of our common potential.

**7.2.1 Internationality and non-discrimination**

In 2022, the workforce in the entire RAFI Group consisted of people from more than 30 nations. At the German locations, just under 85% of employees hold German nationality. To encourage international exchange, we work closely with our foreign subsidiaries. In 2023, after a suspension due to the pandemic, we resumed our exchange programs for trainees at the Berg location. We sent a student for two months and a trainee for three weeks to RAFI USA. Our comprehensive onboarding program also includes temporary assignments for new employees at our foreign subsidiaries and for employees of foreign subsidiaries at our headquarters in Berg.

[GRI 406→] We are resolute in our commitment to non-discrimination and sanction any violations in accordance with the law. In addition to the Works Council, an official General Equal Treatment Act representative is also available to employees as a point of contact. Two cases of discrimination were reported in 2021. In both cases, RAFI sent a clear signal and terminated the employment of the reported employees in consultation with the Works Council.

Parental leave – Berg 2022





Group overview at the German locations

Year	2018		2019		2020		2021		2022	
	Number	Av. duration in months	Number	Av. duration in months	Number	Av. duration in months	Number	Av. duration in months	Number	Av. duration in months
Male	14	1.5	19	2	21	2	25	2	6	2
Female	3	9	9	16	8	24	14	17	19	16

### 7.2.2 Age structure and measures for enhancing financial security in old age

[GRI 401-2→] The average age of all employees in the RAFI Group was 41 years in 2022. A good third of the employees belong to the 51-to-67 age group. RAFI strives to make the workday easier for older colleagues and to provide them with the best possible support through age-appropriate benefits and workplace design. With our company retirement plan, partial retirement, and working time models that include working time banks,

we offer employees at our German locations attractive conditions for retiring before the statutory retirement age if they wish to do so (→ see 6.1.4). Starting from the age of 53, employees enjoy increased protection against dismissal, and from the age of 54 additional earnings protection. Ongoing needs-oriented succession planning ensures that older employees pass on their expertise before retirement. We are also currently developing digital solutions for knowledge transfer.

Age structure – active employees in the group 2022

Year	16-20	21-30	31-40	41-50	51-60	61-67
Total	61	432	565	551	501	132
Male	40	262	328	273	216	58
Female	21	170	237	278	285	74

Average age according to location 2022

Berg	Hungaria	Eltec	Electronics	Italia	Systec	USA	Poland
42 years	42 years	41 years	36 years	48 years	45 years	42 years	Approx. 28

### 7.2.3 In-house and cooperative inclusion services

RAFI is committed to the inclusion of people with disabilities. As of 2022, we had 59 employees with disabilities on the payroll of the RAFI Group. They are supported by an officially appointed representative for severely disabled employees. This representative also monitors compliance with specific legal provisions such as increased protection against dismissal and a higher number of vacation days. We address the special needs of our employees with disabilities in cooperation with the company physician and the occupational health management established in Berg. We are also able to offer individual measures in addition to ergonomic equipment and auxiliary devices in the workplace (→ see 6.2.3). Our occupational health management also organizes information events and campaigns on the subject of health on a regular basis. RAFI attaches great importance to inclusion, both inside and out-

side the organization. For this reason, we have been partnering with workshops and educational institutions for people with disabilities for years, engaging people for tasks such as maintenance of our green spaces and assembly work.

### 7.2.4 Outlook and objectives

To underscore the opportunities and possibilities of the diversity we embrace both inside and outside the company, we seek to make a clear statement in its favor. For example, we intend to develop measures to increase the proportion of female employees, particularly in technical areas, and to advance the careers of women so they can assume managerial positions. In the context of ONE RAFI, we are promoting greater internationalization throughout the Group, starting with management development. In 2023, we were also able to resume the exchange programs between employees at different sites that were suspended due to the coronavirus pandemic.

# 8.





## 8. APPENDIX



### 8.1 Mission Statement

#### What sets us apart.

**RAFI** – Sets the global benchmark as an innovative designer of human-machine communication. Is characterized by independent action, healthy growth, and earning power. Offers unrivaled service to its customers around the world.

**WE** – Have a feel for future trends, make room for new ideas, and innovate wherever possible. Systematically pursue our goals and fully complete the associated tasks. Adhere to our rules and agreements. Take responsibility for what we do. Foster a sense of mutual trust and are open and honest with each other. Openly address and resolve conflicts. Actively use praise and criticism.

**I** – Agree on clear, coordinated, and transparent goals and personally commit myself to achieving them. Know my customer's needs and expectations, take them seriously, create the best solution, and actively seek feedback. Complete assigned tasks and am responsible for achieving lasting results. Report bottlenecks as well as how to eliminate them at an early stage. Actively participate in training according to my needs. Provide information in a targeted manner and obtain all information necessary to complete my tasks.



## 8.2 RAFI COC

### Corporate Responsibility Policy/Code of Conduct for the RAFI Group and for Suppliers and Business Partners

The purpose of this Code of Conduct is to define the principles and requirements that apply to our employees, suppliers, and business partners in the course of business, based on the corporate policy of the RAFI Group. This Code of Conduct applies to all of RAFI's business activities globally. All RAFI employees and business partners are responsible for implementing this Code of Conduct with regard to their responsibility for people and the environment.

#### Ethics and law

At all its operational locations, RAFI complies with the applicable local legislation. As the company is domiciled in Germany, this Code of Conduct is based on German legislation. For certain regions, countries, or functions, stricter guidelines or more detailed instructions may apply, but these must comply with this Code of Conduct. Should any provision in this Code of Conduct be in conflict with local legislation, the provisions of the local legislation shall take precedence.

#### Suppliers and business partners

RAFI suppliers and RAFI-affiliated subsidiaries must commit to the principles of this Code of Conduct. They must also always exercise due care in the selection of their suppliers and sub-suppliers on the basis of objective, factual criteria and in accordance with the principles of this Code of Conduct. Furthermore, they must communicate and ensure compliance with these principles.

We expect our other business partners to share the values we describe in this Code of Conduct and to also commit to adhering to them.

### 1. Social responsibility

At RAFI, social responsibility means the commitment to compliance with all applicable laws and to responsible treatment of society and the environment. This means that all RAFI employees are obliged to uphold applicable law and to act only within its boundaries in the course of their business activities.

RAFI recognizes its financial, social, and environmental responsibilities as a global company and strives to promote positive development in communities where the company operates, while respecting local cultures and customs. We conduct business with a high level of integrity.

#### 1.1 Respect for universal human rights

RAFI respects, protects, and furthers applicable and internationally recognized law and regulations for the protection of human rights and the rights of children in all areas over which it can exert influence. We ensure that all forms of child labor, forced labor, and compulsory labor are ruled out and that we are not complicit in the violation of human rights. The

same applies to matters such as human trafficking, all forms of (modern) slavery, involuntary prison labor, bonded labor, and other forms of forced labor. In addition, we guarantee the standards on the legal minimum age for employment of children defined in International Labour Organization (ILO) Conventions 138 and 182.

#### 1.2 Equality of opportunity and freedom from discrimination

Anti-discrimination by ensuring equal opportunities and equal treatment is key to ensuring we deal with people in a manner that is fair, open, and free of prejudice. RAFI fosters diversity and ensures a working environment characterized by respect and tolerance. At RAFI, we believe that the highest level of innovation, competitiveness, creativity, productivity, and efficiency can be achieved through diversity as well as conduct towards the people in the company that is respectful and free of prejudice. We are therefore committed to neutrality and impartiality with regard to gender, sexual orientation, religious beliefs, political convictions – provided such convictions are based on tolerance towards those who think differently as well as the principles of democracy and freedom – ideology, ethnic or social origin, skin color, age, and disability or illness.

#### 1.3 Environmental protection

Innovation leadership and the highest standards of environmental consciousness go hand in hand. Every business organization bears responsibility for the environmental compatibility and sustainability of the products and services it offers, as appropriate for its portfolio of products and services. RAFI systematically pursues its self-imposed goals for environmental protection based on the RAFI Environmental Strategy. We are committed to always utilizing state-of-the-art and environmentally compatible materials and technologies in order to avoid and minimize environmental impact on a lasting basis. This includes in particular the resource-saving use of natural resources. We comply with environmental protection laws and recognized environmental regulations while using natural resources sparingly and in an environmentally friendly manner in order to permanently reduce energy consumption, waste, carbon emissions, and water consumption, as well as to preserve water quality. To make this possible, RAFI operates a systematic and effective environmental management system according to ISO 14001 and an energy management system according to ISO 50001.

#### 1.4 Product conformity and safety

RAFI and its products are represented on all markets relating to human-machine interaction,

with a large number of people all over the world coming into contact with our products every day. As far as possible, we avoid risks, disadvantages, and hazards to the health and safety of our customers and end users as well as to the environment resulting from the use of our products. We comply with the standards and legal and regulatory requirements applicable to all our products and services, for example the requirements of REACH, RoHS, and the Dodd-Frank Act, as well as product safety standards, labeling requirements, and packaging guidelines. We also implement responsible and effective management of chemicals.

### **1.5 Occupational health and safety and working hours**

RAFI is committed to compliance with all applicable regulations for the occupational health and safety of its employees. We ensure that personal protective equipment is used as intended, that safety is guaranteed in the handling of machinery, that ergonomic principles are applied in the workplace, and that fire safety requirements are complied with and implemented. We continually nurture and maintain the health, performance, and associated personal satisfaction of our employees by improving working conditions and processes as well as by implementing a wide range of health and safety initiatives. In regard to working hours, we comply with all applicable national statutory regulations and provisions agreed in collective bargaining.

### **1.6 Minimum wage**

Employee remuneration should ensure a standard of living that is customary in the specific location. We ensure such appropriate pay for our employees. Their remuneration must never be below the minimum required by law.

## **2. Corporate responsibility**

Corporate responsibility in the daily actions of a company's employees arises from the obligation to comply with legal requirements and to behave responsibly in regard to the environment and society. The principles we follow are based in particular on honesty, integrity, transparency, fairness, and respect.

### **2.1 Conflicts of interest**

Conflicts of interest arise when private interests are at odds with the interests of the company. In this context, it is detrimental to the company if personal interests are placed above those of a company with which RAFI conducts a contractual relationship. To the greatest possible extent, RAFI avoids any conflicts between personal and business interests. Our employees are therefore obliged to make decisions exclusively on the basis of objective criteria and without

any influence from personal interests and relationships.

### **2.2 Anti-corruption**

Corruption is defined as the misuse of decision-making authority or influence entrusted to an individual in the public or private sector so that the individual gains a (private) advantage or benefit. Corruption is always a serious offense, as it can in particular lead to decisions made on improper grounds that are contrary to the company's interests. Our employees are strictly prohibited from engaging in corruption in any form. Employees may neither grant nor accept bribes, kickbacks, improper donations, or other improper payments or benefits to or from customers, public officials, or other third parties. The company does not tolerate contributions or benefits to or from third parties outside the legally established limits.

### **2.3 Gifts, hospitality, and entertainment**

To exclude conflicts of interest, RAFI employees are not permitted to directly or indirectly accept benefits that are outside a reasonable scope appropriate to the situation and/or legal framework. Our suppliers and business partners therefore refrain from giving our employees gifts, hospitality, and/or invitations to events. Our employees must internally report offers of inappropriate benefits from suppliers and/or business partners.

### **2.4 Relations with public institutions**

RAFI strictly complies with all applicable legal requirements in regard to any relationships with government representatives, authorities, and public institutions. For public tenders, the applicable legal requirements and the rules of free and fair competition must be observed without fail. If a (potential) business partner is excluded from public tenders, this must be reported to RAFI before a contract is awarded.

### **2.5 Business partners that act as intermediaries or representatives**

We must be informed in advance if external consultants, particularly those that act as intermediaries or representatives, are engaged by RAFI business partners for the purpose of initiating or handling a business relationship. The applicable statutory provisions must be observed without fail in all cases. Our business partners must ensure in particular that any remuneration paid to consultants is not misused as a means of corruption and that such remuneration is paid exclusively for consulting and mediation services that have been actually and demonstrably rendered. A key characteristic indicating this is an appropriate relationship between the remuneration to be paid and the service or work to be performed.

## **2.6 Money laundering and financing of terrorist organizations**

Money laundering occurs when illegally acquired funds or other unlawfully obtained assets are fed back into the legal economic cycle with the origin of the funds concealed. Financing of terrorism occurs when financial or other resources are expended or provided for the support of terrorist organizations, associations, or criminal activity.

RAFI posts incoming and outgoing payments directly to the corresponding products or services supplied. We also ensure that no applicable legal provisions against money laundering or terrorist financing are violated and that no business relationships with such companies are maintained.

## **2.7 Customs, taxes and export control**

As a global operator with cross-border supply and business relationships, RAFI recognizes that cross-border trade in particular is subject to certain restrictions, licensing requirements, prohibitions, and other surveillance measures imposed by means of export controls. Therefore we comply with all applicable regulations for the import and export of our goods, services, and information, as well as with all laws relating to customs, foreign trade, and taxes.

## **2.8 Free and fair competition**

RAFI fully respects the globally applicable competition laws and antitrust laws that protect free and fair competition. We are aware that cartels and other distortions of competition can harm RAFI as well as its competitors, suppliers, and customers, and can in particular harm end consumers. For the benefit of all market participants, we do not enter into any anti-competitive agreements, neither verbally nor in writing. We also do not consult with competitors, suppliers, or customers regarding information that is relevant to competition.

## **2.9 Insider trading and business information**

RAFI is committed to the prevention of insider trading. This means that internal and not normally public company information is treated confidentially. Such information is also neither used nor disclosed to others for the purpose of acquisition or sale of shares, other securities, or financial instruments.

Therefore we always treat (insider) information that is relevant to the exchange price of stocks in a manner that complies with capital market regulations. Business information such as data and reports on business activities and the like are always made public in a truthful manner and in accordance with applicable laws.

## **2.10 Company assets**

RAFI always respects the tangible and intangible assets of other companies. Our employees who deal with the business assets of third parties as part of the business relationship must treat these assets with care and not misuse them or use them for private gain.

## **2.11 Information security and protection of intellectual property**

RAFI respects the patents, trade secrets, and proprietary knowledge of its business partners. RAFI does not publish or disclose such information to third parties unless the business partner expressly provides written consent in advance. RAFI uses an effective process to identify pirated and counterfeit materials in order to prevent their use. Counterfeit and pirated materials discovered are not further processed, and RAFI notifies the original equipment manufacturer (OEM) or the appropriate law enforcement authorities. RAFI complies with all national laws on the sale of its products to non-OEM customers while contractually ensuring that they are used in compliance with the law.

## **2.12 Data protection**

To protect privacy, special legal regulations for the handling of personal data and information regarding employees, customers, suppliers, and other data subjects exist both nationally and internationally. RAFI complies with the applicable data protection laws in force in each jurisdiction. In addition, personal information is processed exclusively for the intended purpose, in accordance with the principles of data avoidance and data economy, and in compliance with the statutory provisions.

## **2.13 Supply chain security**

RAFI strives to ensure that all operating and processing locations where products destined for RAFI are manufactured, processed, handled, stored, and/or shipped, or where services are

provided to RAFI, are protected from unauthorized access by third parties within a reliable and secure supply chain characterized by integrity. This applies in particular with regard to IT and data security standards.

**2.14 Employee representation**

We are publically committed to working together with trade unions and employee representatives in a manner characterized by trust, shared interests, and transparency. We respect the fundamental right of all employees to participate in and form such associations. If this right is restricted by local laws, we support legal alternatives of employee representation.

**2.15 Freedom of association and collective bargaining**

Within the framework of local laws and regulations, RAFI is committed to providing employees with the right to freedom of association, to join labor unions, and to participate in collective bargaining.

**2.16 Information security and protection of intellectual property**

RAFI respects the patents, trade secrets, and proprietary knowledge of its business partners. RAFI does not publish or disclose such information to third parties unless the business partner expressly provides written consent in advance. RAFI uses an effective process to identify pirated and counterfeit materials in order to prevent their use. Counterfeit and pirated materials discovered are not further processed, and RAFI notifies the original equipment manufacturer (OEM) or the appropriate law enforcement authorities. RAFI complies with all national laws on the sale of its products to non-OEM customers while contractually ensuring that they are used in compliance with the law.

**Training, reservation of control and the right to make changes**

We provide our employees with continuous training in a verifiable manner in order to ensure implementation of our basic principles and compliance with this Code of Conduct.

RAFI reserves the right to have experts and/or RAFI representatives verify compliance with the basic principles of this Code of Conduct at the premises of

business partners. During such a review, representatives of the business partner may be present at any time. Also, any such review must take place only upon prior notice, during regular operating hours, and in compliance with applicable law, in particular in accordance with trade secrecy and data security laws.

RAFI reserves the right to require business partners to fill out a self-assessment form (compiled by RAFI or a contracted third party) on compliance with the basic principles of this Code of Conduct and/or to request confirmation of compliance from the business partner.

References to the applicability of statutory provisions are for clarification purposes only. Unless the statutory provisions are directly amended or expressly excluded in this Code of Conduct, these provisions shall apply even without such clarification.

RAFI is entitled to amend this Code of Conduct at any time without stating any reasons. Business partners will be informed of future changes directly and/or by electronic means on a case-by-case basis.

**Consequences of violations of the RAFI Code of Conduct**

In cases of serious violations, the Compliance Officer, local Human Resources management, or the Occupational Safety Officer will conduct appropriate investigations.

Any acts inconsistent with this policy will be immediately corrected. Disciplinary actions can be taken which can lead to consequences up to termination of employment. There are no adverse work-related-consequences as a result of an employee reporting violations of this policy. A corresponding whistleblowing policy has been implemented.

RAFI is also obligated to its business partners to comply with the same basic principles set forth in this RAFI Code of Conduct, to pass them on within the supply chain, and to ensure compliance with them.

If a business partner violates any of the above principles, RAFI has sole discretion on whether to terminate a business or supply relationship with the business partner. Nevertheless, RAFI reserves the right to take alternative measures if and to the extent to which the business partner concerned can plausibly demonstrate that, to avoid the aforementioned consequences, it has promptly remedied the violation and implemented suitable countermeasures to prevent future violations.

Berg, June 22, 2022



Dr. Lothar Seybold  
CEO



Lothar Arnold  
CFO

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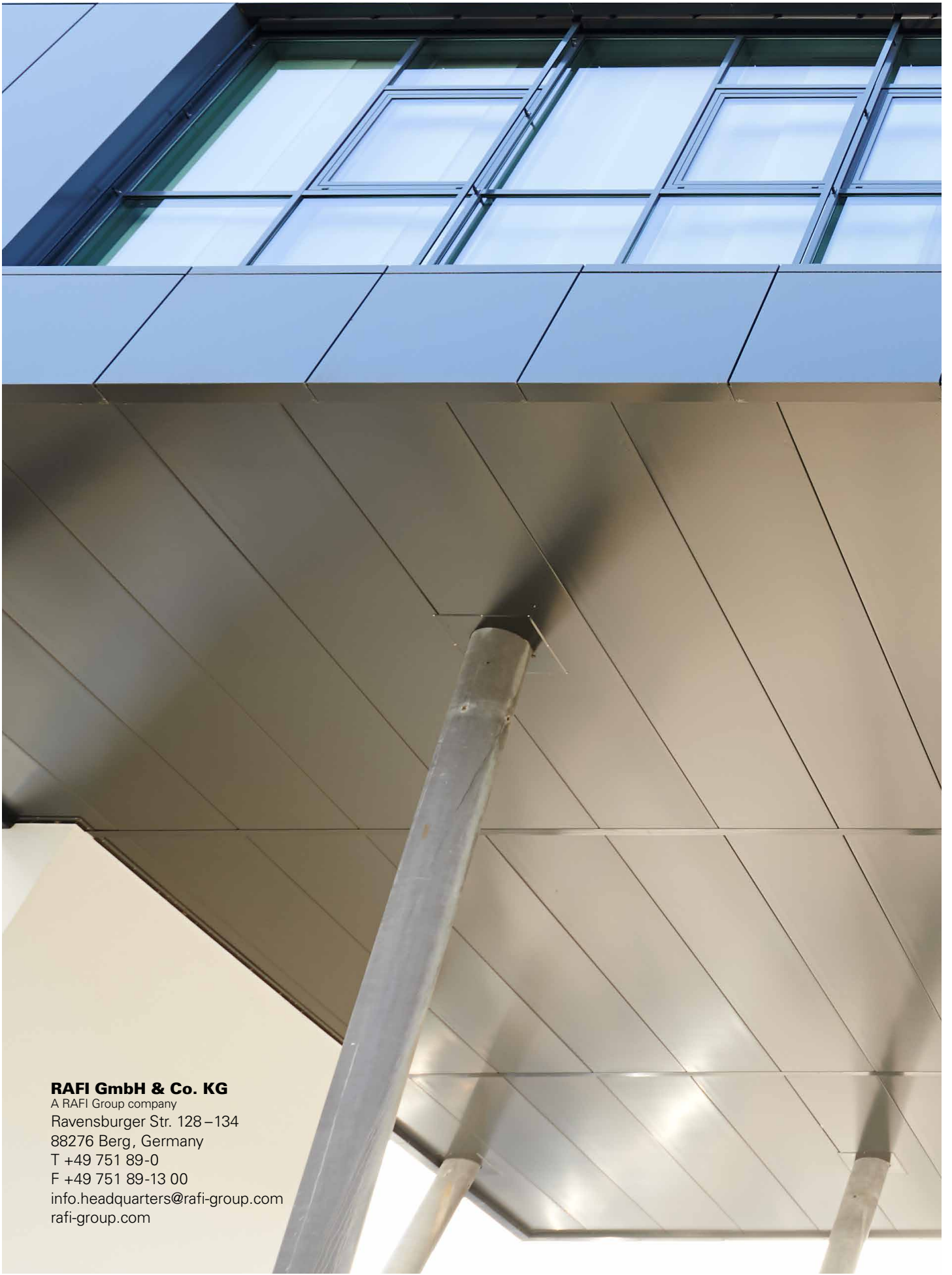
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