

Non-financial report 2020
for Kromberg and Schubert GmbH and the Kromberg & Schubert Group

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1. Statement of the Board of Directors

1.1. Legal basis

With this non-financial report, the Kromberg & Schubert Group meets the obligation to disclose non-financial information in accordance with the CSR Directive Implementation Act. This non-financial group report has been prepared for Kromberg & Schubert GmbH and the Kromberg & Schubert Group (in the following referred to as Kromberg & Schubert) on an aggregated basis and in accordance with the statutory provisions of Sections 315b, 315c and 289c and 289e of the German Commercial Code (Handelsgesetzbuch, HGB) in compliance with Directive 2014/95/EU. In doing so, use was made of the option under §315b of the German Commercial Code (HGB) to prepare a separate non-financial group report outside of the group management report.

The report is made available to the public on the company's website.

In addition to the presentation of the business model and sustainability management, aspects relating to the environment, employees, social issues, human rights and anti-corruption measures are presented in particular.

The information relates to the Kromberg & Schubert Group and therefore also to the parent company.

1.2. The Kromberg & Schubert Group

The Kromberg & Schubert Group can now look back on a successful company history of more than 110 years.

Pioneering spirit and innovative entrepreneurship with flat hierarchies enabled steady expansion and internationalization. As of 31.12.2020, the Kromberg & Schubert Group is one of the world's leading suppliers of wiring systems, cables and plastics technology with over 47,000 employees (including joint ventures in China) at 50 locations.

The corporate culture is the key to success: enthusiasm and a willingness to perform for creative product solutions are the driving force behind the interdisciplinary teams, which are highly committed to identify market trends at an early stage and responding to customers' individual wishes even at short notice.

1.3. Materiality analysis

Sustainability is becoming increasingly important for all manufacturers of products and services. This is why the Kromberg & Schubert GmbH Group, as a supplier of wiring systems for German premium car manufacturers and as a manufacturing and trading company for cables and wires, too, is committed to the principles of sustainable action and has anchored this in its internal guidelines. In order to meet the continuous changes caused by the

requirements of our customers, we have implemented a permanent sustainability management, which is responsible for the continuous improvement of our compliance guidelines.

The Board of Directors of the Kromberg & Schubert Group manages and is responsible for the company's development with the aim of creating sustainable value. In addition, the management ensures compliance with internal goals and guidelines.

We align the content of our non-financial report with our business model, legal requirements and stakeholder interests. In order to cover further relevant topics, we have also conducted a benchmark with other companies in the automotive supply industry. In addition, external industry reports as well as examples of codified frameworks were used for guidance, with the purpose of identifying the impact of our activities on the non-financial aspects.

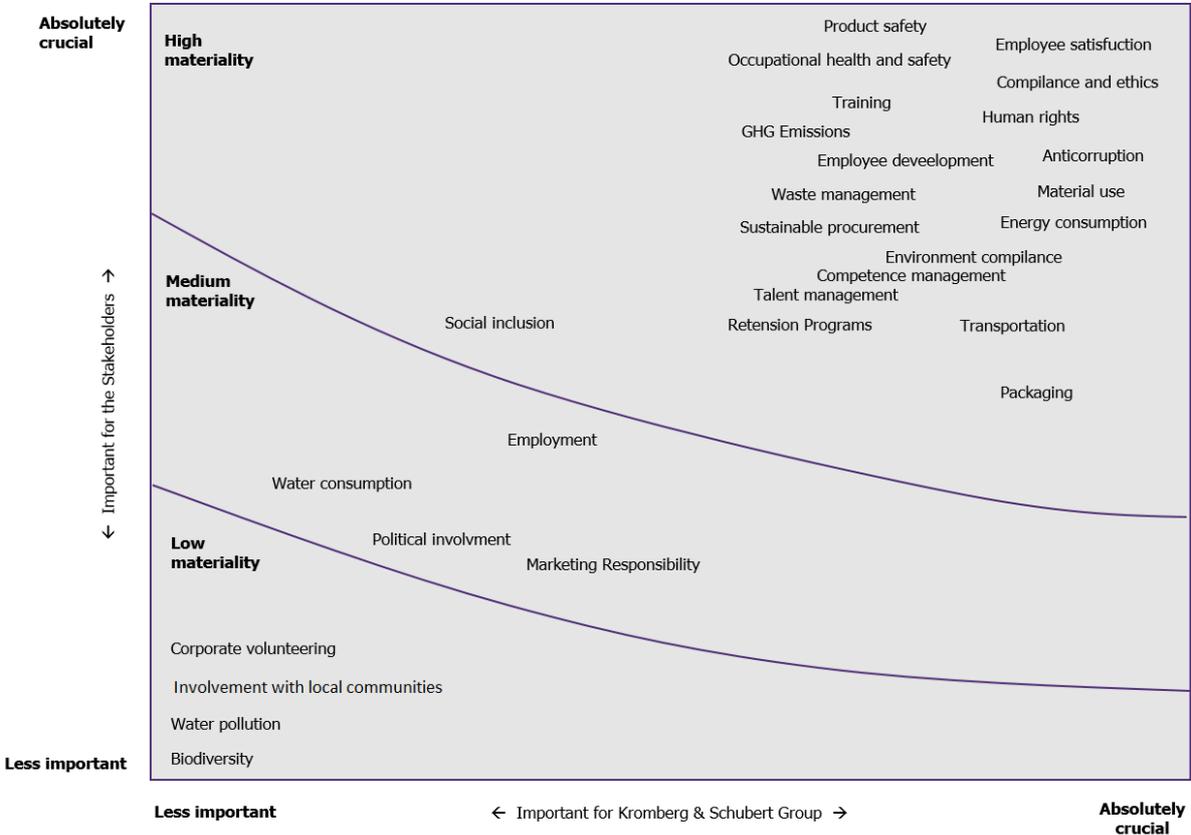


Figure 1: Materiality analysis of the non-financial aspects of the Kromberg & Schubert Group

1.4. Stakeholder

Our sustainability goals and guidelines are communicated to company owners, customers and investors as stakeholders of our group of companies. These are permanently adapted to new

challenges, because we are convinced that sustainable action combines long-term entrepreneurial success with added value for society, be it through employment (especially in emerging countries), returns for investors and the payment of public taxes.

Our customers, investors and other stakeholders expect our group of companies to be managed responsibly and in compliance with all applicable legal orders with solid compliance principles.

The newly published Governance Code for Family Businesses - Guidelines for the Responsible Management of Family Businesses and Entrepreneurial Families - provides entrepreneurs and their environment (stakeholders) with a reliable framework for assessing and optimizing their individual governance structures. Good governance is one of the components of contemporary and sustainably successful business management. Family businesses represent the majority of companies and employment relationships and thus have a special responsibility to society. Ownership rights therefore go hand in hand with a special responsibility for us to organize ourselves in a way that ensures contemporary and sustainably successful corporate governance.

2. The Kromberg & Schubert Group

2.1. Business units and regional presence

The business model of the Kromberg & Schubert Group consists of the following divisions:

- **Onboard wiring systems**

The Wiring Systems Division develops, manufactures and distributes assembled wires and wiring systems as well as plastic and electronic components for the automotive industry and represents about 90 % of the Group's sales volume. At the heart of this division are the production sites, which operate worldwide in a regional market-oriented structure. In addition, there are two joint ventures to serve the Chinese market. The overseas locations in South America and South Africa operate largely independently in their local markets. In Europe, business is increasingly conducted on the basis of a division of labor. The actual value-added process takes place in the European production network with the Austrian Kromberg & Schubert Austria GmbH & Co. KG, which coordinates and handles the European business. In addition to the plants in Eastern Europe, the European production network also includes the sites in Dubai, Tunisia and Morocco, as the products manufactured there are destined for this market. The European wiring system sector gather about 2/3 of the business volume.

Of the remaining third, about half is accounted by the strongly growing North American market (Mexico). The South African and South American markets again share the remainder roughly equally (10 % each). The Chinese joint ventures are consolidated at equity in the investment result. The turnover generated there would correspond to a partially consolidated share of about 10 %.

- **Cables and wires**

The Cables and Wires Business Area combines the development, manufacture and sale of insulated wires and cables mainly for special applications in the automotive and capital goods industries.

- **Plastics engineering**

The product groups in the plastics technology segment are plastic parts, over-moulding, add-on parts and elastomer parts. Our toolmaking and modern production facilities combined with an integrated testing laboratory enable a smooth process flow including efficient and reliable material testing.

- **Research and development**

The research and development department of the Kromberg & Schubert Group is significantly driving progress with a focus on integration with high customer benefit: solutions at system level such as the existing CAN (Controller Area Network) and MOST (Media Oriented Systems Transport) communication modules as well as different onboard wiring systems at different voltages ensure optimum connection of different control units.

2.2. Influences of the Corona Pandemic

The course of business in 2020 was naturally linked to the course of the Corona pandemic and the resulting development of the industry. In simplified terms, it can be divided into 4 phases:

- 1. Quarter (Pre-Covid)** from the beginning of the year until 23 March 2020, the start of the shutdown.
- 2. Quarter (Covid)** starting with the worldwide shutdown of all car plants and the inevitable analogue closure of our production plants, as well as the gradual restart of production by the end of June.
- 3. Quarter („Post-Covid“)** with the holiday period falling on the 3rd quarter between mid-July to mid-September, until the "New Normal" is reached.

4. Quarter („New Normal“) with the months of October to December 2020, which for the first time again showed the typical seasonal volume trend at the new market level without distortion.

3. Our aspirations for sustainability management

3.1. Responsibilities

The Kromberg & Schubert Group bears a high level of responsibility not only towards its customers, shareholders and employees, but also towards the people around them and the environment. In the spirit of sustainability, we have therefore committed ourselves in a code of conduct to working for:

- Conduct with legal compliance, integrity and ethics, i.e. above all compliance with legal obligations, internal guidelines and other certification requirements
- the conservation of resources and the environment,
- the people and society which are influenced by us as a company.

Business Secrets Act as per EU-Directive (2016/943)

According to the Business Secrets Act (GeschGehG), which has been in force since 26 April 2019, what is meant by a business secret is defined. Companies are obliged to take "reasonable confidentiality measures" to protect their secrets. In accordance with Art 30 of the General Data Protection Regulation (DSGVO), we have already determined the information in question in terms of data protection law and implemented appropriate measures. To this end, organizational, technical and legal measures have been initiated to protect all sensitive information in order to be able to enforce our claims in court in the event of potential legal violations.

Measures for the allocation of responsibilities and delegation

The central tasks of the company management are to ensure the integrity of the company as well as to fulfil the associated supervisory and due diligence duties. One of the major challenges for the company management and for executives is therefore to transform abstract legal regulations as well as duties into explicit tasks and to further delegate them to suitable employees horizontally and vertically. Due to the liability risks for management, executives and employees with control duties as well as for the company, we proceed with extreme care and diligence when delegating tasks.

3.2. Compliance-Management

The Board of Directors has developed an internal guideline with 12 leadership principles to provide managers at all hierarchical levels with an orientation framework for professional leadership behavior. This is, because correct and, above all, positive leadership behavior not only increases the satisfaction of employees and their performance, but also has a positive effect on the quality and efficiency of the entire company and therefore on customer satisfaction.

A transparent and for third parties comprehensible presentation of all transactions through appropriate documentation is therefore necessary.

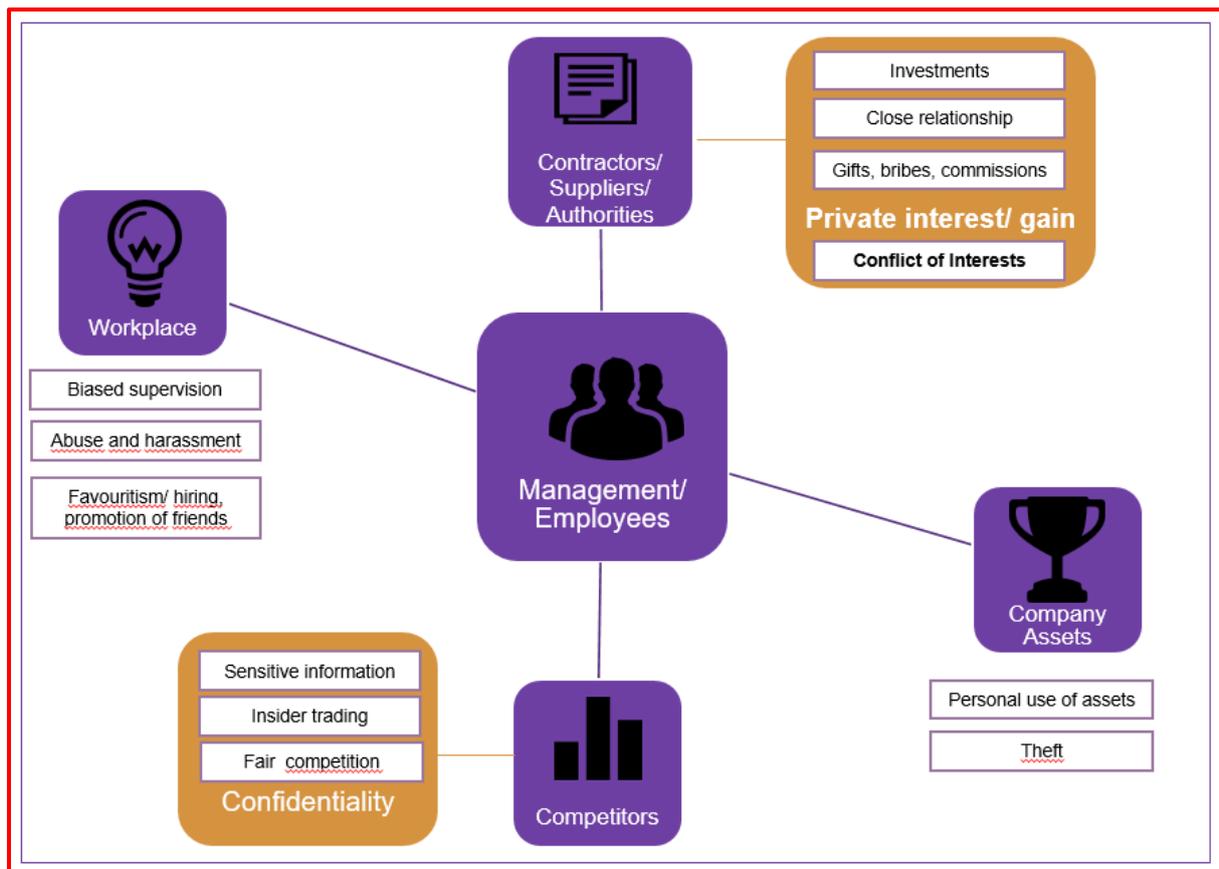
Compliance requirements are not static, but are subject to frequent changes (e.g. due to legal changes, the start of new activities or the expansion of activities into new regions). The compliance management system must therefore be regularly reviewed and improved in an ongoing process through due diligence activities.

The Board of Directors monitors the compliance management system and ensures that the compliance requirements can be met through the implemented processes.

Based on the reporting of the Compliance Officer, the Board of Directors assesses the continued suitability, adequacy and effectiveness of the compliance management system. In particular, measures are defined with regard to the following topics:

- improving the effectiveness of the compliance management system and its process,
- the resource requirements and
- covering the identified training needs on compliance-relevant topics

The status and effectiveness of corrective actions taken are permanently monitored by the Board of Directors.



The improper behavior of even one employee can cause significant damage to the company.

- Our business relationships must be fair, competitive and honest.
- Conflicts between the interests of the Kromberg & Schubert Group and the private interests of employees must be avoided.

4. Corporate Governance

4.1. Compliance and Ethics

The Kromberg & Schubert Group has therefore undertaken to comply with the legal regulations applicable to its business activities in the respective applicable legal systems.

The principles of conduct developed by the Kromberg & Schubert Group and laid down in a Code of Conduct are intended to help in making the right decisions in business life and to distinguish oneself as a business partner of integrity both in internal relations and in relations with customers, competitors and authorities.

The members of the Board of Directors and managers act as role models for all other employees and are thus also responsible for compliance with the Group's Code of Conduct.

Compliance is understood to mean adherence to all legal provisions and internal guidelines and instructions applicable to the Kromberg & Schubert Group. As a cross-cutting issue, compliance affects all areas and functions of the organization. Compliance measures do not take place in isolation, but must be integrated into the administrative and operational processes of the organization. In view of the importance of compliance and the possible negative consequences of violations of compliance requirements, we have decided to establish the compliance management system as an independent management system.

The purpose of the compliance management system is to encourage and support the company and its employees to conduct themselves in all respects in accordance with the compliance requirements. All employees are obliged to conduct themselves in accordance with the compliance requirements.

The Board of Directors is responsible for the development and implementation of the compliance management system and the continuous improvement of its effectiveness. For this purpose, a central compliance officer has been defined to independently:

- identify compliance requirements,
- conduct risk analyses,
- work to ensure that the processes required for the compliance management system are established, implemented and maintained,
- advise the workforce, managers and the executive board on compliance issues,
- report to management on the performance and effectiveness of the compliance management system and any need for improvement,
- ensure awareness and communication of compliance requirements within the Kromberg & Schubert Group and
- follow-up compliance-relevant events and to report them to the Board of Directors.

The Compliance Officer prepares an annual compliance report and presents it to the Board of Directors. In addition, local compliance officers are appointed to ensure that the Group's requirements are met on a decentralized basis.

4.2. Business partner compliance

The Kromberg & Schubert Group convinces through price, performance and quality of the products offered. We select our suppliers objectively according to the same criteria. The principles of non-discrimination must also be observed in the selection of suppliers and in our dealings with them. An indispensable component of a free market economy is fair and undistorted competition. Every employee is obliged to comply with the rules of competition and antitrust law.

We expect our business partners, especially suppliers, contractors and service providers, to observe the Kromberg & Schubert Compliance Guideline and to implement it in their area of responsibility. The management communicates the Compliance Guideline and this expectation to the business partners.

All customer questionnaires on the topics of compliance and sustainability must be approved by the Compliance Officer. All requests for information from customers on the topics of compliance and sustainability, in particular customer questionnaires, are forwarded centrally to the Compliance Officer. Responses, especially if these lead to obligations on the part of the Kromberg & Schubert Group, must be in accordance with the compliance obligations of the Kromberg & Schubert Group. In fundamental cases and in cases of doubt, the response must be agreed with the Compliance Officer.

The Board of Directors decides annually whether to conduct an (internal or external) audit to determine whether the compliance management system meets the compliance requirements.

5. Environment

5.1. Guiding principle

The Kromberg & Schubert GmbH Group operates over 30 production plants worldwide, including the joint venture companies in China. In accordance with the Kromberg & Schubert Group Compliance Code, the applicable legal standards must be observed with regard to environmental protection and environmental pollution must be minimized as far as possible.

5.2. Environment-Compliance

The Kromberg & Schubert Group has a certified environmental management system based on DIN EN ISO 14001 and thus demonstrates customer-oriented and environmentally compatible action. This enables us to achieve continuous improvement in operational environmental protection, internationally recognized proof of our responsible actions, greater public confidence through demonstrably sustainable business practices, better understanding of stakeholder requirements, systematic consideration of risks and opportunities, and increased legal certainty and reduction of environmental risks.

Supported by external consultants, the Kromberg & Schubert Group complies with all laws and other requirements in all plants worldwide. This is monitored annually through compliance audits as part of internal due diligence activities.

Emergency plans have been developed and tested in all plants for environmentally relevant incidents. Corrective, preventive and follow-up actions are continuously recorded and reported to management.

Environmentally oriented performance (electricity consumption, water consumption, waste volumes, copper surpluses) is recorded and analyzed at the plants. Management permanently monitors all plants - aggregation at central level is not carried out due to the different local conditions (plant size, product, local infrastructure and purchase prices as well as climatic conditions).

Environmental targets and environmental programs derived from them are derived from the local environmental requirements and the environmental policy of the Kromberg & Schubert Group. Monitoring is carried out at Group and site level by means of management reviews (plant environmental reviews) accompanied by internal audits.

Environmental training is provided for all employees. Special training, including compliance with legal standards, is given to all employees with corresponding areas of responsibility.

The Kromberg & Schubert production system aims to optimize the efficiency of all resources worldwide. The program defines standards, targets, continuous improvements and responsibilities for resource conservation, in particular to avoid overproduction, unnecessary transports, overstocks and faulty products.

The results of the environmental audits are reported locally in management meetings, where follow-up measures are also decided. Furthermore, environmental management is anchored and established in the business units, and resources (capacities and financial means) are available to the required extent.

5.3. Environment-Performance

5.3.1. Energy

Due to the limited degree of automation in our production, energy is mainly required for heat generation or air conditioning and for internal transport, depending on the location, although we also use renewable energies (solar panels) at some locations. An aggregation of our locations in the very different climatic regions (Western and Eastern Europe, North and South Africa, Central and South America, North and South China) combined with our current expansion strategy therefore currently only provides limited information about comparable energy efficiency over time.

Similarly, statements and aggregations on the water balance of our plants are only of secondary importance, as no water use is necessary on the production side.

5.3.2. CO₂-Emissions

As one of the most important types of air emissions, greenhouse gases have now been identified as a significant contributor to climate change.

In the context of sustainability, the Kromberg & Schubert Group is intensively interested in transparent reporting of global CO₂ emissions. By annually determining total CO₂ emissions on the basis of the globally recognized standards of the *Greenhouse Gas Protocol* within the framework of the *Carbon Disclosure Project* (CDP), we promote awareness of CO₂ emissions and create a measurable basis for the sustainable reduction of CO₂ emissions. Due to our constant growth, the absolute emission values have increased or remained stable in recent years, but in relation to the product groups we continue to focus on a constant reduction of our CO₂ emissions. One of the ways we achieve this is by firmly anchoring CO₂ emissions in the environmental goals of our locations. The achievement of these targets is continuously monitored and made traceable through measurements and documentation.

5.3.3. Material consumption

Our main product - the wiring system material - is very valuable because of the copper it contains. Residual cut quantities are therefore resold to further processing customers. Pallets and cable drums from suppliers as well as delivery boxes from customers are not in our possession and are permanently in circulation. We recycle 100% of the shortfalls from plastic production and cardboard packaging.

5.3.4. CO₂ emissions due to transport and packaging

Emissions from logistics activities are closely controlled by us through the following measures:

- On the one hand, we have set up three distribution centers in Western and Eastern Europe, which make the just-in-time deliveries agreed with customers considerably more efficient, prevent empty runs and optimize the transports of our logistics partners also from an emissions point of view.
- By means of focal point production, we also achieve a resource-saving combination of prefabrication steps. For this purpose, we have set up a production network that helps to reduce the emissions that would otherwise arise from separate full production through logistics activities by optimally linking our logistics partners.

5.3.5. CO₂-Footprint of the customized wire harness

In order to determine the current status with regard to greenhouse gas emissions and to create a transparent basis for reducing CO₂ emissions, an internal study was carried out.

The study looked at the product customized wiring harness.

The results of the study show where the greatest potential for reducing CO2 emissions lies. Among others, the ISO 14040, ISO 14060 series of standards, which define quantitative assessment methods for evaluating the environmental aspects of a product or service in its entire life cycle stages, served as the basis for the assessment.

5.4. Non-financial performance indicators

The most significant non-financial performance indicators in the area of environment are:

Certification according to DIN EN ISO 14001

Purpose	Target achievement level	Time frame
14001 Maintain certification of all production sites according to ISO 14001	100 %	continuously

Copper waste rate (in%):

Purpose	Target achievement level	Time frame
Reduction of the copper waste quota by 10% annually compared to the previous year	2020	continuously
	92 % reduction	

CO₂ emissions (tons) Scope 1 and Scope 2:

Year 2017	Year 2018	Year 2019	Year 2020
35.161	40.922	42.698	37.389

Scope 1: Emissions from Use of Energy from Fossile Fuels at Kromberg & Schubert

Scope 2: Emissions from Generation of Electrical Energy, purchased by Kromberg & Schubert

6. Product responsibility

Every single wire harness that leaves our company is 100 % tested. This zero-defect strategy is the principle of our understanding of quality. The basis for this is the close integration of production, logistics and engineering as well as the use of internal testing technology. The Kromberg & Schubert Group has new generations of test modules, camera systems and intelligent test tables.

6.1. Quality management

Our quality management is continuously monitoring through

- Certification audits
- Technical revision

- System audits
- Process audits
- Product audits and
- Layered Process Audits

compliance with and guarantee of the high quality standards.

The aim of the IATF standard (International Automotive Task Force as an association of North American and European car manufacturers) is to effectively improve system and process quality in order to increase customer satisfaction, to identify errors and risks in the production process and supply chain, to eliminate their causes and to check the effectiveness of corrective and preventive measures taken. All plants are certified according to IATF 16949 and are audited regularly. KPI (Key performance Indicator) reports and quality management reviews are used to regularly produce assessments, determine key figures for effectiveness and efficiency, and monitor and control the sustainability of corrective measures.

System audits are also carried out according to IATF and monitored by the central quality management.

All manufacturing processes in the plants are audited according to VDA 6.3. In addition, separate audits are carried out for special processes. All plants are continuously familiarized with the latest requirements through upgrade training.

Product audits are carried out at all plants in accordance with customer requirements. The sustainable continuous improvement of the quality of the product audits carried out is ensured by a worldwide training concept. The results are included in the calculation of the plants' quality performance.

In addition, feedback from customers, process performance and product conformity as well as the status of preventive and corrective measures are periodically reported in the quality management review and recommendations are made to the management.

7. Employees

7.1. Overview and parameters

The commitment and skills of our employees make a significant contribution to the corporate success of the Kromberg & Schubert Group. They are therefore our most important resource. We currently employ a total of 47,757 people worldwide (FTE).

Overview of the most important key figures:

Indicator	Unit	2020	2019
Total employees (FTE) *	Quantity	47.757	51.660
thereof abroad	Quantity	46.400	50.237

of which Share Western and Eastern Europe	Quantity	19.149	21.915
Africa		9.150	8.837
Latin America		11.013	11.780
Asia		2.292	2.324
China (incl. joint venture)		4.796	5.381
Women's rate	%	52,00	73,54
Part-time rate	%	0,33	0,45

* incl. Joint Ventures in China

7.2. Personalmarketing

The goal of our human resources strategy is and will be in the future to position the Kromberg & Schubert Group worldwide as an attractive employer in order to ensure the implementation of the company's goals.

Various employee retention programs are also an important part of personnel marketing. Various activities are organized at the locations, such as "open days", family days or sporting events, such as company runs.

Our company is a member of "*Karriere im Familienunternehmen*" in Germany.

7.3. Training, staff development and competence management

The Kromberg & Schubert Group has developed training and education concepts as well as development processes, starting with direct and indirect employees and extending to salaried employees and management.

In addition to imparting specialist knowledge in the specialist areas, the Global HR Training Organization takes on the training and induction of direct production employees. Much emphasis is also placed on regular re-qualification of employees and "refresh training" for managers. The basics of business processes and cross-disciplinary knowledge are collected, processed and made available to all employees by the Technical Know-How Management function, which was newly created in 2017. In addition to conventional methods such as the intranet, company Wikipedia, lectures, trainings, etc., a learning management system and e-learning as well as training films will also be used in the future. Furthermore, the Technical Know How Management supports the departments in preserving and multiplying the experience knowledge of the experts by developing and jointly applying various methods (e.g. mentoring, storytelling).

For the trends recognizable on the market - comfort electronics, autonomous driving, e-mobility, functional safety, weight reduction and platform strategy - we promote the training and further education of employees working on these topics.

Kromberg & Schubert has also participated in the FKS+ task force (Fachkräftesicherung - securing skilled labor force) organized by the VBW (Verband der Bayerischen Wirtschaft - Bavarian Business Association) to develop new training programs and trainings, and has also actively participated in communication and exchange with politicians and the public. Kromberg & Schubert employees also actively participate in the courses offered.

7.4. Talent management and succession planning

In order to cope with our upcoming growth, we have established a comprehensive competence and talent management system at the head office. Based on the core competences that are important for us, we select and develop talents with a view to taking on more advanced tasks. In this way, we create an internal talent pool that we can also draw on for the Group as a whole.

In addition, both the standardized succession planning and the deputy regulation within the Kromberg & Schubert Group lead to the sustainable securing of internal key positions and to the minimization of organizational risks. These measures strengthen internal promotions and highlight attractive career opportunities.

7.5. Health and safety at work

According to the Compliance Code of the Kromberg & Schubert Group, risks in the company must be contained and precautionary measures taken against accidents and occupational illnesses.

Even in the pandemic caused by SARS-CoV-2, Kromberg und Schubert maintained operations in exchange with the authorities and in consideration of the requirements of the Infection Protection Act (IfSG), as well as national legislation in the various countries.

All employees are expected to comply with safety regulations, to be aware of hazards and to be involved in all safety-related activities. Local management is responsible for ensuring compliance with local laws and regulations. Each supervisor is responsible for the protection of their employees and must instruct, train and supervise them accordingly. All team leaders worldwide are trained on their essential occupational health and safety tasks according to uniform minimum specifications and local legal and regulatory requirements, and pass these on to their employees in recurring workshops. We plan to introduce a certified occupational health and safety management system based on DIN EN ISO 45001, which will help us reduce exposure to occupational accidents and diseases by providing a framework to improve employee safety, reduce workplace risks and create better and safer working conditions worldwide.

7.6. Employee satisfaction

Since fluctuation turnover and absenteeism are of particular importance with regard to the efficiency of the production lines concerned, these key figures are therefore subject to special monitoring by the central human resources department as an indicator of the need for countermeasures that will lead to a reduction in these key figures and, at the same time, to an increase in employee satisfaction. These key figures are monitored on a site-specific basis. Country-specific actions tailored to the needs of the employees are organized at the locations. These actions aim to improve various collective as well as individual needs of our employees. In addition, we have been able to conclude employee social programs in many plants.

The Kromberg & Schubert Group operates company canteens in most plants, manages transport for employees to the plants, provides plant accommodation in some locations and promotes employee health care. We make great efforts to improve ergonomic working conditions in our plants.

7.7. Human rights

The company's reputation is essentially shaped by the appearance, actions and behavior of each individual employee. Inappropriate behavior by even one employee can already cause considerable damage to the company. For this reason, the Kromberg & Schubert Group has drawn up a Code of Conduct, which is available to employees on the intranet and is communicated to them through appropriate training. This explicitly states that equal opportunities and equal treatment of our employees must be observed, irrespective of their skin color, nationality, social origin, any disability, sexual orientation, political or religious conviction, age or gender. For example, the proportion of women in management is over 50% in some factories. The personal dignity, privacy and personal rights of each individual must be respected. No one may be employed or forced to work against their will. According to our Compliance Code, unacceptable treatment of workers, child labor or any coercive behavior will not be tolerated. Accordingly, fair and respectful working conditions must be ensured and all forms of discrimination must be avoided.

The legally defined national minimum wage must be guaranteed and other local social contributions must be paid. The maximum working hours stipulated by law in the respective country must be observed, as well as any break and rest regulations stipulated by law or collective agreement at the respective location. The minimum age for employment shall be observed in all countries. We also train our staff in the "Human Rights Due Diligence" training offered.

7.8. Non-financial performance indicators

The most significant non-financial performance indicators are:

Certified occupational safety management system

Purpose	Target achievement and time frame			
	2018	2019	2020	2021
Certification of all production sites according to ISO 45001	0 %	45 %	60 %	90 %

Absenteeism rate and fluctuation

Purpose	Target achievement	Time frame
Absence rate: under 2,0 %	85 %	2021
Fluctuation: under 2,5 %	85 %	2021

8. Cultural diversity

8.1. Social issues: contact with local stakeholders, public institutions, advocacy groups and associations.

The Kromberg & Schubert Group maintains contact with stakeholders and other interested groups in various forms at different levels.

With regard to the capital market, the Board of Directors is in periodic dialogue with capital providers and risk analysts, particularly in Germany, Austria and, beyond that, in selected countries with local financing interests. There is a permanent exchange with suppliers through the activities of Central Purchasing. In addition, the Board of Directors and selected specialists are active in a variety of public and private initiatives, forums and expert panels. Our expansion strategy is supported by dialogue with local political and regulatory decision-makers. The Research & Development division intensifies and promotes corporate, private and scientific discussion groups and forums. The customer centers guarantee our first priority: just-in-time and just-in-sequence delivery through permanent dialogue with customers. With regard to risks and opportunities from the business with our customers, which concern currency, raw materials, locations, financial, liquidity and interest rate risks, receivables as well as protectionism, we refer here to the risks and opportunities report of the management report.

8.2. Global social inclusion

Worldwide social inclusion is of great importance to the Kromberg & Schubert Group. Worldwide production sites, operating under the highest quality standards in an integrated production network, in conjunction with ever higher customer requirements, place the highest

demands on the Kromberg & Schubert Group in terms of the social and cultural integration of all those involved in the value chain.

The increasing internationalization resulting from the worldwide production locations is supported in the Kromberg & Schubert Group with employee development programs, regular know-how exchange in workshops and intercultural training as well as support from central functions. Shared service functions have been implemented at some locations to additionally promote internationalization. In our organization, local management is the link between the requirements of the Group and the interests of local stakeholders and authorities.

As a globally positioned group of companies, we have a strong interest in good understanding between the different nations, religions and mentalities. This promotes internal exchange, especially with regard to our worldwide production network. Social inclusion is also strengthened by an international training system and intercultural training, in which new employees or employees from new locations are trained at experienced locations in order to benefit from the wealth of experience there. Employees from 25 nations work at the central location in Abensberg.

Our success in the market confirms the effectiveness of our global concept.

The Board of Directors