

Sustainability strategy

At HUBER+SUHNER, our proactive approach to sustainability allows us to detect risks and opportunities early and helps improve the company’s resilience in a changing world. Sustainability is an integral part of our business; it supports financial performance, especially in the medium and long term. We want to be a company that positively contributes to global issues – including with our solutions and products.

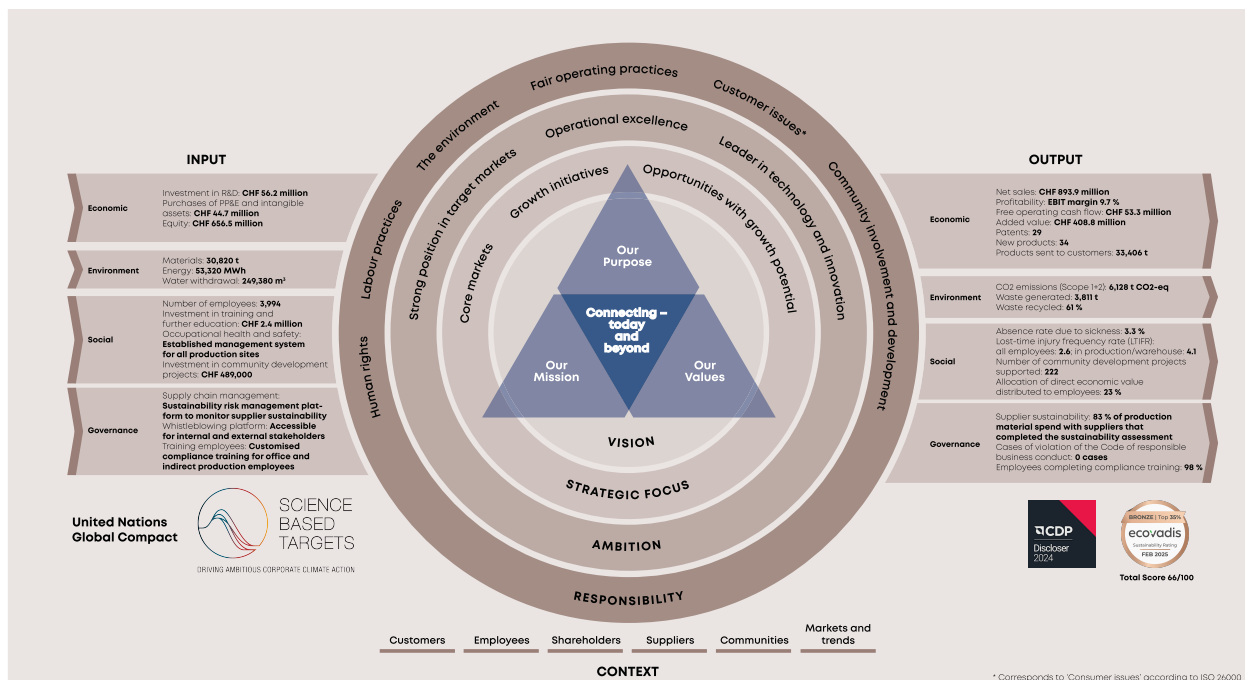
Our value chain: How we create and distribute value

HUBER+SUHNER creates value in multiple dimensions. Our value chain model below shows how we transform economic as well as environmental, social and governance inputs into valuable outputs and outcomes for our five key stakeholder groups – customers, employees, shareholders, suppliers, and communities – over time, concretely over the twelve months of the reporting period.

HUBER+SUHNER aims to strengthen its leadership in technology and innovation while securing strong positions in target markets. This is achieved through ongoing collaboration between external markets, internal resources and society. The Group focuses on creating and sustaining value in the short, medium, and long term across all its business activities.

In 2024, 23 % of the direct economic value distributed and retained directly or indirectly benefited employees, and 1 % the public sector in the form of income taxes. Additionally, a proportion of dividends and management salaries flows back to the public through income taxes. Shareholders received 3 % of the direct economic value, while 70 % were operating costs. The economic value retained (3 %) remained in the company in the form of amortisation, depreciation, and retained earnings. A portion of the retained earnings is reinvested in innovation to better serve our customers.

Figure 1: How we create and distribute value

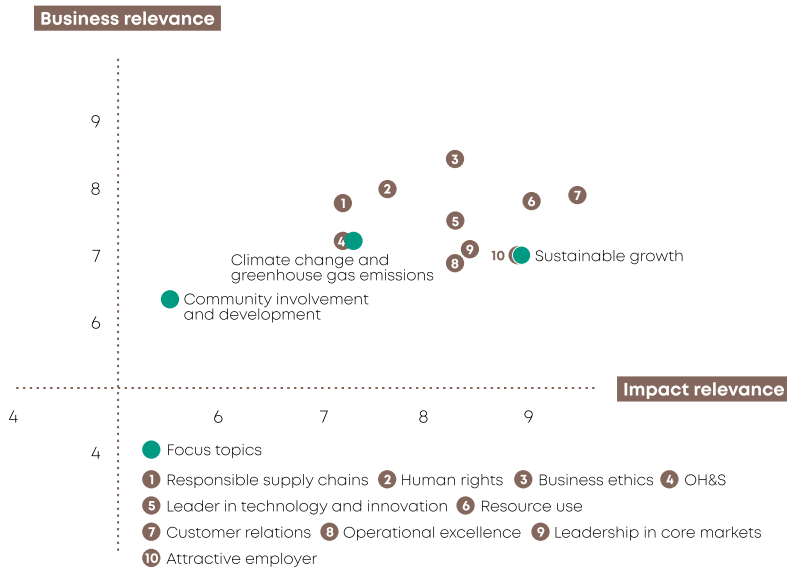


* Corresponds to 'Consumer issues' according to ISO 26000

Material issues

In 2024, we collaborated with internal and external stakeholders to conduct a double materiality assessment (DMA). The DMA assesses both financial impact (single materiality) and how a company’s actions affect society and the environment. This assessment identified seven key sustainability topics for our company. The DMA was approved by the Executive Group Management in the fourth quarter of 2024. We will align our sustainability strategy in 2025 in accordance with the outcome of the DMA assessment. For the current reporting period, we remain aligned with our sustainability strategy, which is based on the 2022 DMA. The materiality matrix below illustrates the 13 sustainability topics we have been actively managing as part of our sustainability strategy.

Figure 2: Material issues assessed for their business and impact relevance



The graph displays only the upper right quadrant of the assessment matrix, with a rating scale from 0 to 10, to highlight small differences. Focus topics, defined in 2021, are marked in green. Although their materiality declined in 2022, these areas remain actively managed as key parts of a multi-year strategy.

Within these 13 topics, we selected three focus topics:

Sustainable growth is essential for investments that benefit the environment and society, both of which are crucial for overall sustainability. In 2024, 31 % of our net sales came from growth initiatives.

Climate change and greenhouse gas emissions is a top priority within our environmental efforts, as climate change poses significant risks to both the economy and society at large. In 2024, we reduced our Scope 1+2 emissions by 21 %.

Community involvement and development is important to all Group sites. The company is allocating funds to support and initiate 222 projects, with CHF 489,000 provided by both the operating business and the HUBER+SUHNER Foundation.

Integration of sustainability issues into our strategy

In 2024, we conducted our inaugural climate scenario analysis to gain a deeper understanding of medium- to long-term risks and opportunities. Our business strategy has proven largely resilient to climate-related risks. For more details, please refer to the [environment](#) and [risk management](#) chapters. We will continue to actively monitor both physical and transition risks related to climate change.

Within our business strategy, we continuously strive to seize opportunities and mitigate transition-related risks, as well as negative sustainability impacts. Promoting sustainability at both corporate and product levels was one of our top five initiatives in 2024. This commitment is reflected in our business plan and financial planning, where sustainability is a strategic focus.

Sustainability governance

HUBER+SUHNER has embedded sustainability within its organisation. A well-defined governance structure with clearly assigned responsibilities enables effective monitoring of the progress in implementing the Group's sustainability strategy.

Approving and overseeing the implementation of our sustainability strategy

The Board of Directors (BoD) convenes at least five times annually. During at least two of these meetings, the Executive Group Management (EGM) or Head of Global Sustainability reports on relevant sustainability-related matters. The BoD approves and oversees the implementation of the company's sustainability strategy and targets, as well as the company's Non-financial Report.

Defining our sustainability strategy

The CEO is responsible for defining and overseeing the implementation of the company's sustainability strategy. The Head of Global Sustainability reports to the members of the extended EGM including the CEO on the progress in implementing the company's strategic targets. Sustainability-related objectives are a component of the extended EGM's variable compensation package.

Implementing the sustainability strategy in our organisation

The Head of Global Sustainability is responsible for proposing and implementing the company's sustainability strategy. In this role, the Head of Global Sustainability directs a global network of local environmental and sustainability managers who are responsible for coordinating and implementing the sustainability strategy at the company's various sites. Together with this network, the Head of Global Sustainability also monitors relevant sustainability compliance obligations and assesses sustainability-related risks as well as the implementation of the respective risk response strategy and measures.

Ensuring material compliance

The Global Product Compliance team at HUBER+SUHNER ensures products meet all relevant regulations and directives. They update internal processes, maintain a current material compliance database, and provide training and support for compliance-related queries from global stakeholders and customers.

Promoting sustainable procurement practices

The Global Sourcing team is responsible for engaging with suppliers on sustainability-related matters. The Group's due diligence policy complies with the requirements set forth in the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO).

Advancing sustainable operations

The Head of Global Operations directs a global network of local operation managers. In collaboration with the Head of Global Sustainability, they oversee the development and implementation of a comprehensive global climate transition plan. Additionally, the Head of Global Operations guides the assessment of physical climate-related risks and their integration into local business continuity plans.

Ensuring compliance across the organisation

The Group Compliance Officer, supported by the General Counsel, is responsible for continuously improving the compliance programme. The Group Compliance Officer can veto any business transactions that threaten the Group's reputation due to violations of the Code of responsible business conduct, but the final execution decision rests with the CEO. Twice a year, the Group Compliance Officer meets with area compliance officers, who ensure compliance across the Group. These officers work with country managing directors and line managers to effectively implement control measures, which are integrated into the HUBER+SUHNER management system.

Monitoring and enforcing responsible business conduct

To address cases of misconduct, HUBER+SUHNER provides employees and external stakeholders with a [grievance mechanism](#). Reports are handled by the Whistleblowing Steering Committee, comprised of two area compliance officers (legal compliance and human rights/labour) and a dedicated professional in the Corporate Communications team. The committee is the liaison to the independent operator of the platform as well as the person who filed the report and internal stakeholders. The number of reports filed as well as the number of substantiated violations of the Code of responsible business conduct are reported to the BoD annually.