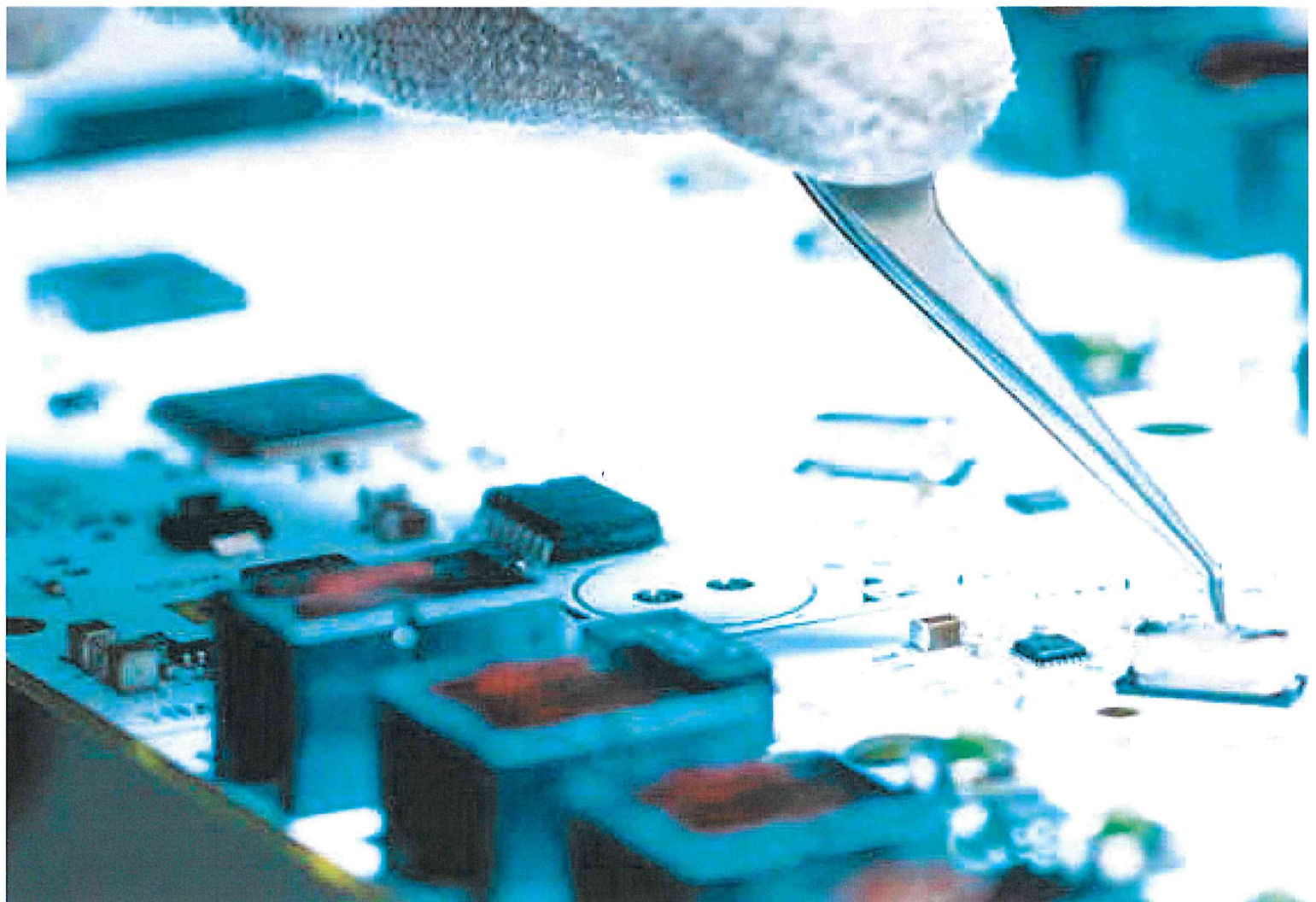


KATEK

Lead the category

Communication on Progress (COP) - 2020



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1 Statement of continued support by the Executive Board

UN Global Compact – Communication on Progress Report 2020

Sustainable business is future-proof business. It is an important matter for the innovative and future-oriented KATEK Group to present its first COP report (Communication on Progress) in accordance with the framework of the United Nations Global Compact (UNGC).

The United Nations Global Compact is the world's largest and most important initiative for responsible corporate governance. Based on 10 universal principles and the Sustainable Development Goals, it pursues the vision of an inclusive and sustainable global economy for the benefit of all people, communities and markets, today and in the future. More than 15,000 companies and organisations from civil society, politics and science in more than 160 countries have already signed the contract and thereby show a strong commitment to realising the vision of a sustainable transformation.

The internationally active KATEK Group is one of the leading electronics service providers in Europe. With the help of about 2,600 employees in Germany and Eastern Europe, KATEK Group achieves an annual turnover of more than 400 million euros. The range of services covers the entire life cycle of electronic assemblies and devices: Beginning with engineering and rapid prototyping over mass production and final assembly till after sales services.

We focus on future markets which are driven by megatrends. Examples for these markets are Connectivity, Industry 4.0, E-Mobility, Healthcare and Energy. Numerous "smart" products of everyday life testify to our know-how in this area. KATEK stands for technological leadership for more than 35 years. We enable electronics solutions for all of our customers, particularly when speed, flexibility and quality are required.

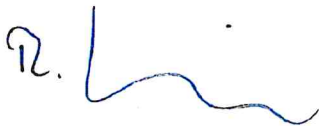
KATEK is part of the PRIMEPULSE Group, a technology-oriented holding company based in Munich, which actively supports the growth ambitions of its group companies.

In all our business activities, innovation and the environment play a vital role. It is hence important to us to act in a particularly sustainable manner. We take our responsibility as an innovation leader seriously and contribute to environmental protection with specific and effective measures. We know that there is still a lot of potential for our innovative group to become even more sustainable and we are looking forward to successively tackling this challenge.

As a signatory of the UN Global Compact, we hereby underline our commitment to the 10 principles and the annual presentation of our progress in the area of sustainability.

KATEK Group is proud to be part of the UNGC initiative and to contribute to a sustainable future for all its stakeholders with its business activities.

Sincerely yours



Rainer Koppitz, CEO KATEK SE



Dr. Johannes Fues, CFO KATEK SE

2 Employees / Labor standards

As a global technology leader, we take our social responsibility in the KATEK Group very seriously. According to the motto "Think Global, Act Local", we do what is within our sphere of influence to take social concerns into account as much as possible. For us, this includes above all employee development and retention, investments in future-oriented technologies, as well as controlled production and organisational processes.

Our training for all production employees is carried out according to recognised and certified procedures. We ensure that minimum wage standards are met and that employment-related decisions are based on relevant and objective criteria. Our training and further education create and consolidate the basis for the opportunities of each and every individual in our group of companies.



We are particularly pleased with our 100% trainee retention rate. This allows us to bring many young people into a permanent employment relationship with high development potential and fair pay. With our annual investments in future-oriented technologies, we increase economic productivity.

KATEK Group stands for high participation and appreciation of all employees. The result of this and all our efforts is a fluctuation rate of less than 3%.

Occupational health and safety is as important to KATEK as economic efficiency, quality, environmental and energy management.

Our employees are crucial to KATEK's success. Their safety, health and motivation are of great importance to the company.

Managers and supervisors act in accordance with these convictions.

The occupational health and safety policy of KATEK Group is based on the Occupational Health and Safety Act as well as the relevant occupational health and safety regulations. We make an effort to constantly improve the working environment to ensure the safety and health of all employees. All superiors, but also every employee, are responsible for occupational health and safety.



All employees and all other persons on the company premises are obliged to comply with the relevant state and trade association regulations, internal rules, guidelines and instructions. Thereby we strive to ensure the well-being of each individual, to avoid mutual endangerment and enhance operational safety.

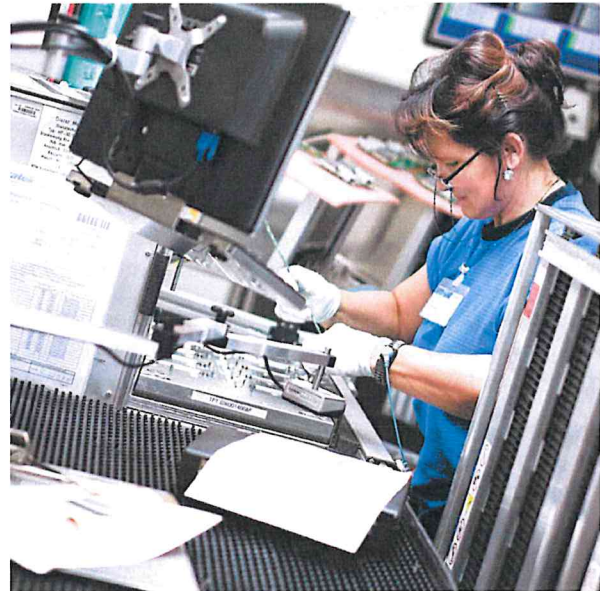
This includes, among other things, the use of provided personal protective equipment and body protection, when necessary. Furthermore, order and cleanliness are important prerequisites for safety at the workplace.

The prevention of accidents, the avoidance/minimisation of hazards, prevention and the humane design of work will preserve the health of employees in the long term.

Specific goals are derived from the occupational health and safety policy and measures are defined to achieve these goals. These measures apply in accordance with the obligation of §3 ArbSchG for the company management to strive for an "improvement of safety and health protection of employees". The necessary resources for this are being provided by the management.

Our occupational health and safety policy is characterised by the following core principles:

1. In all our decisions we take into account our responsibility for our own health and the health of others, even beyond legal requirements, and constantly pursue measures for improvements in occupational safety and health.
2. We motivate all employees to act in a safety-conscious manner, both inside and outside the company, and involve employees in occupational health and safety issues.
3. We are open to communication with our business partners, employees and responsible persons on all issues of occupational health and safety.
4. We want to use our activities in occupational health and safety as an element of employer branding and to realise the potentials for cost reduction.



3 Anti-Corruption

KATEK Group employees must comply with all relevant laws and government regulations in their work environment, as well as mandatory internal instructions.

Employees are obliged to behave honestly and fairly and to avoid any conflict between private interests and the business interests of KATEK or the interests of our customers. The awarding of contracts to relatives, life partners or other related persons of employees must be reported to Management and Compliance if they are known. This also applies to transactions with companies in which relatives are directly or indirectly involved.

All employees are explicitly requested to contact the Compliance Officer or their supervisor if they have determined that the conduct of an employee does not comply with the rules.



No employee who reports with honest intentions needs to fear sanctions, even if the reported issue will not be pursued further. Reports can also be made anonymously. Executives have a role model function. They are responsible for their own conduct and that of the employees in their area of responsibility as well as for the proper compliance with all prescribed processes to avoid reputational and legal risks.

Gifts, business meals and events

Gifts, business meals and events for informational, representational or entertainment purposes may be a legitimate means of building and supporting business relationships. However, they must never serve the purpose of gaining unethical business advantages and must not be of nature or extent that could call into question the professional independence and judgement of those involved.

In order to provide guidance to the employees of the KATEK Group and to protect itself from misunderstandings, KATEK provides clear rules. For example, KATEK's Code of Conduct states which amenities they may accept without hesitation and at which points they may violate the guidelines.

Accordingly, employees do not have to worry about direct business-related hospitality and invitations to meals to a reasonable extent. Employees do not have to worry about accepting promotional items, so-called "give-aways" or socially acceptable gifts and invitations in accordance with the applicable guidelines for the acceptance of gifts and invitations.

However, these gifts shall not be accepted immediately before the conclusion of contracts or negotiations, if they are sent to the private address of employees or if they are handed over in another non-transparent way.

The acceptance of cash or other consideration such as cheques, vouchers or similar is prohibited.

Invitations for representation purposes or with predominantly or partially entertaining components are also not accepted.

Exceptions may be made after special consideration of the question if invitations are in line with normal business practices, especially if the invitations include life partners or spouses. Subsequent approval by the management is required.

Exceptions may also be possible if different representatives of the host are present, attendance is exceptional and not regular and travel expenses are not covered by the inviting business partner.

In cases of doubt, KATEK Group employees are to consult Compliance department.

Donations and sponsoring

The management decides on donations and sponsoring. These may not be used to gain unfair advantages over business partners.

Zero tolerance of corruption, special caution for public office holders

Our success in the market is based on performance, flexibility and service availability and must not be achieved through unethical performance. Our business partners trust in the professional judgement of our employees.

KATEK therefore does not tolerate any form of bribery or corruption and neither accepts nor grants advantages. To ensure this, KATEK communicates the following details to its employees in the Code of Conduct.

Anyone who violates the regulations on gifts and invitations (above) runs the risk of being prosecuted for corruption offences. Promising or demanding unfair advantages can also be punishable.

In the case of invitations and benefits to public officials, the internal regulations for gifts and invitations must be observed. The granting of advantages to public officials may be punishable. Granting advantages to public officials is punishable as acceptance of an advantage or bribery because they were granted with regard to the office.

It is not even necessary that the person that has been unfairly influenced is a public official. Anyone appointed for the purpose of performing official duties can be viewed as a public official. No distinction is made between salaried or voluntary work, even editors of public broadcasters are considered as public officials according to the German Federal Supreme Court (BGH).

4 Environment

We take our ethical responsibility for the environment and for future generations very seriously. For this reason, the management declares increased and systematic environmental protection to be an standalone corporate goal. In such way, each individual employee can make an important contribution to all decisions of his or her daily actions and contributes to the achievement of this goal.

The following guidelines serve as a basis for our environmental policy:

- We take our responsibility for the environment into account in all our decisions, even beyond the scope of legal requirements, and constantly take actions to improve environmental protection.
- We motivate all employees to act in an environmentally conscious manner, both on and off the job.
- We are open to communication with our business partners and employees on all issues of environmental protection.
- We use material and energy resources responsibly and ensure that production is as resource-saving as possible by using the latest manufacturing technologies. This also applies to the packaging of supplier parts and goods for sale.
- We want to keep the pollution of air and water as well as the emission of noise and residual substances in our production processes as low as possible. Additionally, we are using measures such as energy generation through photovoltaic systems, the purchase of electricity from sustainable sources, the recycling of electronic products and returnable packaging at our locations.
- We strive to assess the environmental impact of our actions as early as possible in order to avoid environmental pollution. To this end, we exploit all organisational and technical possibilities that are economically justifiable.

In the Code of Conduct of the KATEK Group, our employees are required to conserve natural resources. In their work, employees shall strive to minimize KATEK's business activities' negative impact on the environment through material savings, energy-efficient planning and waste avoidance and recycling. In addition to economic aspects, each employee should also take ecological and social criteria into account when selecting suppliers, advertising materials or other external services.

Our constant efforts to act responsibly and in an environmentally conscious manner are also attested to by the ISO 14001 certification that we have received for most of our production sites.



4.1 Energy

Environment – Energy

In line with our responsibility towards people and the environment, we have set ourselves the goal of achieving sustainable production by continuously improving our energy performance.

To achieve that we use machines that correspond to the current state of science and technology. All phases of product development are carefully planned.

We observe and carefully check standards, regulations, customer specifications and legal requirements.

Following our energy management guiding principle, we manufacture products in a way that meet or exceed the requirements and expectations of energy-efficient production in every aspect. We hereby commit to a long-term reduction of energy consumption as well as the increase of energy efficiency in a continuous improvement process. We also strive to support the purchase of energy-efficient products and services.

KATEK is the world's only manufacturer active in all three market segments of solar technology: KATEK Memmingen develops products for feeding the public grid (PV grid connected), for stand-alone systems (PV off grid) and to provide hot water (solar thermal). KATEK develops these under the Steca brand.

Steca hereby is the global market leader in the field of photovoltaics off-grid, and the second in solar thermal energy. KATEK also develops and sells Steca battery charging systems that exploit the maximum potential of energy storage systems.

Complete management systems for bus depots serve to avoid environmental pollution by reducing cold-running phases. One million litres of diesel are saved annually as a result.



4.2 Innovation & Sustainable design

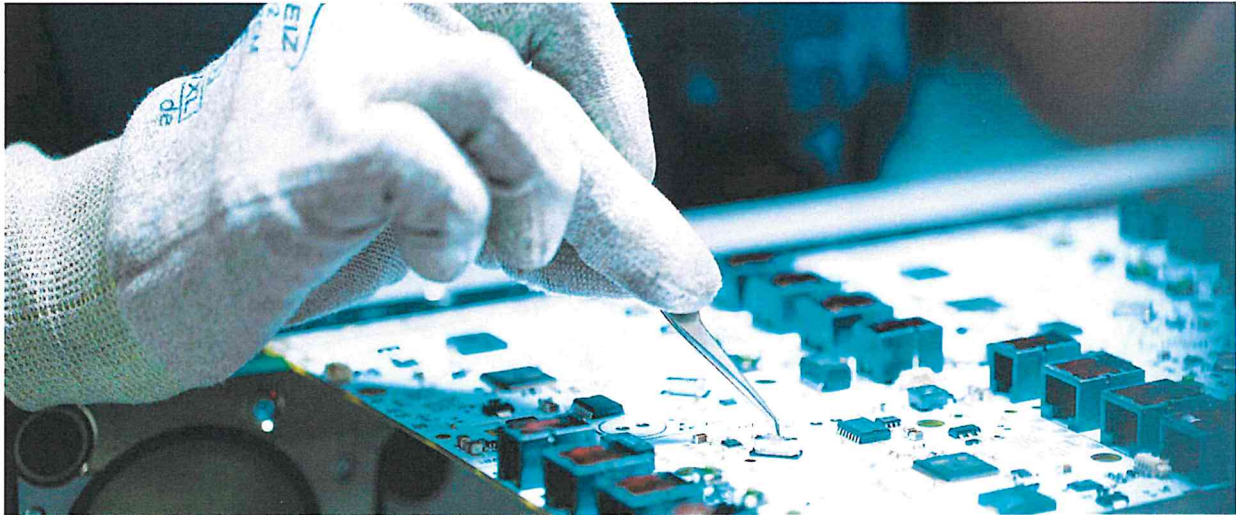
Environment – Innovation

The KATEK Group takes its responsibility as an innovation leader in various infrastructure-relevant areas seriously. KATEK's efforts contribute to socially and ecologically significant pillars such as solar electronics, electromobility (intelligent charging of electric vehicles as part of smart homes and smart grids), measurement technology and medicine.

In this way, as well as with the business areas of prototyping and small series development, KATEK also strongly contributes to the innovative capacity of its customers.

High-performance logistics ensure the necessary transparency in the entire process, from the arrival of goods until dispatch and even beyond. We owe the constant, resource-saving improvement of our service portfolio to KATEK employees' solution-oriented approach and creativity. Our zero-defect philosophy and our focus on the highest quality ensure the KATEK Group's top position in the EMS market.

We encourage creative ideas that help to improve efficiency, quality and work processes. Only in this way can we continue to develop and remain internationally competitive. This is evidenced by the fact that we continue to grow into new markets.



5 Supplier relations

The relationships with our suppliers as well as the continuous dialogue with them are very important to us. We can only ensure first-class quality with the help of reliable business relationships.

We attach particular importance to compliance with our binding standards, which are intended to ensure that our suppliers also fulfill the social and ecological responsibility we demand. It is therefore mandatory for every supplier to commit to and comply with the following standards.

Standards for suppliers:

Laws and regulations

Suppliers must comply with the applicable laws and regulations of the countries in which they do business.

Corruption and bribery

Any form of corruption or bribery is prohibited, this applies to both active and passive bribery.

Forced labour

Forced labour in any form is prohibited. This includes forced labour in prisons, bonded labour, forced labour in general or similar.

Child labour

Child labour in any form is prohibited. Unless a higher age limit is prescribed by local law, children of school age or persons under 15 years of age (except as provided in ILO Convention No. 138) shall not be employed. Workers under 18 years of age must not perform hazardous work and must be exempted from night work.

Harassment

The personal dignity, privacy and personal rights of each individual must be respected. Employees must not be physically punished or physically, sexually, psychologically or verbally harassed.

Remuneration

Wages, including overtime or bonuses, shall be at or above the level required by applicable laws and regulations in supplier factories.

Working hours

Unless national regulations prescribe a lower maximum working time and unless there are exceptional business circumstances, employees of the supplier shall not be required to work a standard working week of more than 48 hours per week or a total working week of more than 60 hours (including overtime) on a regular basis.

Employees shall be granted at least one day off in each seven-day period, except in exceptional business circumstances.

Anti-discrimination

All supplier employees, regardless of colour, race, nationality, social origin, disability, sexual orientation, political or religious beliefs, gender or age, will be treated strictly according to their abilities and qualifications in all employment decisions. This applies to all employment decisions including, but not limited to, hiring, promotion, compensation, benefits, training, dismissal and termination.

Health and Safety

The Supplier is required to provide a safe and healthy working environment to prevent accidents and injuries

and, where applicable, provide safe and healthy living facilities that comply at a minimum with applicable local law.

An OHSAS 18001 or equivalent occupational health and safety management system must be implemented.

Freedom of association and collective bargaining

The supplier is obliged to respect the legal right of employees to freedom of association and collective bargaining.

Substances in products

The supplier shall comply with all applicable national laws and regulations as well as customer specifications regarding the prohibition or restriction of certain substances. This includes labelling requirements for recycling and disposal.

Environment

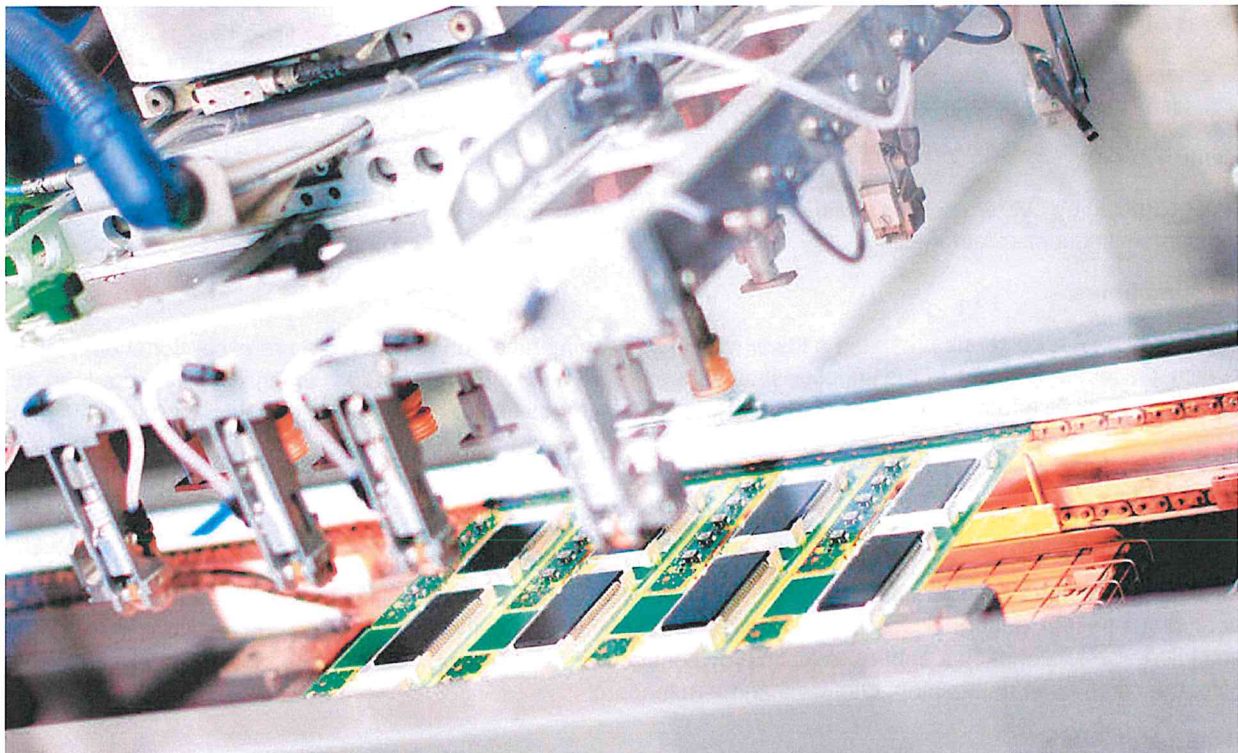
The supplier shall comply with the environmental regulations and standards applicable to its operations strive to ensure environmentally friendly practices at all sites where it operates.

Environmental impacts shall be minimised, and environmental protection shall be continuously improved.

An environmental management system in accordance with ISO 14001 or equivalent shall be implemented.

Supply chain

The supplier shall require all its sub-suppliers to recognise and respect the requirements of KATEKs Code of Conduct. Suppliers further confirm to ensure compliance with these principles also by their suppliers and service providers.



6 Communities

Think Global, Act Local

The KATEK Group is deeply rooted and has a long history at many of its locations. While we are internationally successful, it is also very important to have a positive influence on the local community. This is why we support social initiatives and public institutions in the region.

Due to the pandemic and the special threat and challenge to health facilities and their staff, we have tried to provide direct help in 2020.

Stronger Together - Donations of FFP2 masks to regional health facilities

In the spring of 2020, when FFP2 masks were still scarce in health facilities, the KATEK Group has donated their local stocks to different facilities to show our appreciation and gratitude to the people in the health sector with this gesture.

The FFP2 masks, which were mainly purchased for the protection of KATEK employees but were desperately needed in the daily clinic and nursing routine, were therefore made available to those who needed them more urgently. We ourselves protected our staff with fabric masks.

KATEK Memmingen GmbH, for example, donated 500 protective masks to a regional care facility for ventilated children, the SpitzMichl children's intensive care unit in Bad Grönenbach.

Additionally, we donated another 1,200 FFP2 masks to the Memmingen Clinic, and 6,000 FFP2 masks to the Münchenstift.

In this situation, it was our priority to make a small contribution to the big struggle against the pandemic to keep people healthy in our region.



Mask donation pediatric intensive care SpitzMichl



Mask Donation Hospital Münchenstift

7 Measurement of the results

Labor standards

We measure the relationship to our employees, and the labor standards behind, with the fluctuation rate, which is less than 3% at the moment. Our NPS (Net Promoter Score) as an Employer also measures Employee Satisfaction. This indicator increased by around 10 points from 2019 to 2020, to -33.9.

We strive to keep our trainee takeover rate at 100%.

As an indicator of the health of all our employees, we measure the sickness rate, which was 6.8% in 2020.

Occupational health and safety according to OHSAS 18001

To ensure the best possible occupational health and safety at all times, we are OHSAS 18001 certified. The standard helps us to identify risks from accidents or overexposure early and to implement effective measures to protect our employees.

The OHSAS 18001 standard is **recognized worldwide**.

Environmental management according to ISO 14001

We are ISO 14001 certified. ISO 14001 has been a globally recognized framework for environmental management systems since 1996 and covers all aspects for continuous improvement of environmental performance. It defines and certifies the establishment, implementation, maintenance and continuous improvement of our environmental management system.

Energy management according to ISO 50001

We are ISO 50001 certified. The **continuous improvement of our company's energy-related performance** is the goal of this certification. It certifies that we have met the requirements for our company to implement, operate and continuously optimize an energy management system. This enables us to improve our energy-related performance, increase our energy efficiency and at the same time optimize our energy use.

Goals:

Further development of a sustainability management system with actions and key performance indicators.

8 Imprint

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