

SUSTAINABILITY REPORT 2021

Datwyler IT Infra



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Datwyler IT Infra

Datwyler IT Infra (formerly Datwyler Cabling Solutions) is an international company with headquarters in Switzerland and affiliates in Europe, the Middle East and Asia. Datwyler enables organisations around the world to run their IT infrastructures seamlessly and scale their business with ease. The well-established company operates on the market as a provider of innovative system solutions, products and services for data centres, fibre networks and intelligent buildings, as well as acting as a subcontractor or general contractor covering the entire value-added chain. This is founded on Datwyler's substantial expertise in the development and manufacture of the requisite products and solutions, the company's project experience, global presence and internationally established partner network. Datwyler IT Infra was founded in 1915, employs a workforce of around 950 around the world, and generates an annual turnover of more than 250 million euros.

www.lTinfra.datwyler.com

Carbon neutrality by 2030

As a responsible company and a reliable partner to our stakeholders, we want to make our contribution to achieving the UN Sustainable Development Goals. Thus, we aim to achieve climate neutrality for our own activities (Scope 1 and 2) at all our sites worldwide by 2030.

More than 100 years of innovation for the benefit of our customers, employees, shareholders and the community – that is the hallmark of Datwyler IT Infra. Over this period, we have evolved from a family-owned Swiss business into an international company. Building on our strong roots, we have developed our own style with high standards and unique values:

We are entrepreneurs.

We bring value to our customers.

We excel in what we do.

We have respect for others.

These values guide the way we run our business over the long term. We strive to deliver sustainable profitable growth for the benefit of our stakeholders as the foundation for adding long-term value and preserving the corporate independence of Datwyler IT Infra. Since end of 2012, Datwyler IT Infra belongs to the Pema Holding Inc. with its headquarters in Altdorf, Switzerland. Pema Holding has been the majority shareholder of the stock quoted Dätwyler Holding Inc. for many years.

We voluntarily adopted the standards of the Global Reporting Initiative (GRI)* for the sustainability section of our 2008 Annual Report (as part of the Datwyler Group), and in 2009 we joined the UN Global Compact (as part of the Datwyler Group). This is an initiative launched by the United Nations which espouses ten principles in the areas of human rights, labour, the environment and combating corruption. In 2013, Datwyler IT Infra joined the UN Global Compact as an independent company and obligated itself to follow the ten principles. This endeavour is based on the values and the Code of Conduct that lay down globally binding rules for all Datwyler IT Infra employees. As far as our suppliers are concerned, we have set out our requirements in a dedicated code of conduct since the beginning of 2014. Regular surveys of customers and employees provide the basis for our processes of continuous improvement.

Johannes Müller, CEO

Sustainability as a strategic direction

Sustainability is about balancing economic, social and environmental responsibility. Within Datwyler IT Infra, sustainability is an important strategic objective, embedded in all we do from product development, customer support, human resources management and production to social engagement. Our aim is to communicate these efforts transparently in this Sustainability Report and, for that reason, we have adopted the voluntary Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI)*version G3, Application Level C. The GRI Content Index can be found on the website of Datwyler IT Infra under the following link: www.itinfra.datwyler.com/en/company/about-us/high-standards.html

Datwyler IT Infra places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations. These include, first and foremost, customers, the environment, employees, suppliers and the communities in which the Datwyler IT Infra companies have often been long established and promote regional development as reliable employers and partners. The following pages are dedicated to these stakeholders by disclosing a number of performance indicators based on the requirements of the GRI Guidelines, while clearly illustrating the long-term approach fundamental to responsible corporate citizenship.

^{*}The Global Reporting Initiative (GRI) based in Amsterdam has set itself the objective of improving the transparency and comparability of corporate reporting worldwide. The GRI Guidelines are the world's leading standard for sustainability reporting.

Quality for customers

Policy of high quality and reliability

Datwyler IT Infra stands for more than its products alone. In all parts of our business, we focus on continuously improving the underlying processes, passing on the ever-growing pool of expertise to our customers. High quality standards and reliability are key factors that customers value in their working relationship with Datwyler.

Standardised processes assure quality

Datwyler IT Infra invest continuously in even better materials and process engineering, production facilities and testing methods. Each product is measured against stringent quality standards several times before it reaches the customer. Business processes are based on the internationally recognised ISO certifications for quality management (ISO 9001), environment management (ISO 14001) and occupational health and safety (ISO 45001). Additionally there's a high commitment to innovation, which is also reflected in collaboration with universities, international standards bodies and independent testing laboratories. Regular supplier audits are also carried out as part of the quality assurance systems. At the start of 2014, Datwyler IT Infra introduced a standard code of conduct for suppliers which is binding for all locations.

Throughout development, certification and production, we also devote special attention to an analysis of the impact of all our products on users' health and safety. For this, we apply standardised processes and accepted industry standards when purchasing new substances and materials. A specific example are the fire safety standards applicable across Europe to safety cables. During the reporting year 2021, Datwyler IT Infra again recorded no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services on users.

Regulatory information requirements as minimum standards

Almost all of Datwyler IT Infra's products are subject to information requirements in the countries where they are used. Particularly relevant are the chemicals legislation in Switzerland and the EU as well as the EU REACH and RoHS regulations concerning the material composition of products. While requiring transparency about material composition, the laws and standards also ban the use of certain substances. REACH (EU Regulation No. 1907/2006) governs the registration, evaluation and authorisation of chemicals in the European Union. RoHS (EC Directive 2011/65/EU) bans the use of certain substances in the manufacture and processing of electrical and electronic equipment. By using standardised processes in the selection of raw materials and with safety data sheets for all products, Datwyler IT Infra meets the relevant regulatory requirements and standards for material composition and transparency in the countries in which they operate. For components of third parties Datwyler IT Infra takes the responsibility for ensuring that imported products comply with national legislation and standards. We assume this responsibility by providing specifications to suppliers and by monitoring the products according to safety data sheets amongst others.



With underground edge computing, Datwyler offers a space- and cost-efficient, secure and resource-efficient alternative for the data centres of the future.

Focus on delivering customer value

Through decentralised management, Datwyler IT Infra fosters an entrepreneurial culture with short response times and decision-making authority close to the market. Besides the products themselves, the complete solutions offered by Datwyler also encompass consulting, logistics and training services. Also in 2021, Datwyler IT Infra passed on its knowledge to more than 2'000 customer representatives through classroom trainings, webinars and an e-learning platform, and in so doing strengthened customer loyalty. To facilitate relations with customers, Datwyler IT Infra has established a clearly positioned and well-managed company brand as the foundation for a consistent corporate identity in the marketplace. The framework for this is provided by centrally coordinated worldwide trademark protection and a clear Corporate Design Manual.

In the important German market, Datwyler IT Infra made it onto the podium twice in LANline's online readers' poll for "Supplier of the Year 2021". In the copper data cabling category, Datwyler achieved second place, and in the fibre optic cabling division, third place. In addition, the readers of the insider portals of the German Voqel Verlag awarded Datwyler IT Infra 2021 the Silver Award in the

category "Data Centre Cabling". In China, Datwyler IT Infra in 2021 was again awarded "Top Brand" status in the cabling and network industry. Among other awards, Datwyler received recognition from the Qianjia Brand Lab as a "Brand Recommendation Award for Data Center Industry" for the second time. "Airport Construction Magazine" and "China Airport Construction Network" again awarded Datwyler the prestigious prize as ""China's Preferred Brand for Integrated Cabling in Airport Construction" and named the company "Highest Market Share Brand in the Airport Industry".

Regular customer surveys

Datwyler IT Infra regularly conducts a uniform standardised customer survey. The survey results provide valuable inputs for developing and implementing improvements. These form part of the systematic management process, helping us to continuously enhance our performance for our customers.



Datwyler IT Infra is regularly present at trade fairs worldwide and thus maintains direct contact with customers.

Environment

Summary of ressource consumption (1)

Energy consumption	Unit	2017	2018	2019	2020	2021
Total energy	MWh	20'655	20'235	22'200	21'511	23'429
– of which renewable sources	MWh	11'902	12'246	12'504	12'315	13'671
– Proportion of renewable sources	%	57.6%	60.5%	56.3%	57.2%	58.4%
Total energy per revenue	MWh/million CHF	90.0	82.7	96.4	101.3	92.6
Heating fuels	MWh	4'069	2'951	4'019	3'688	4'017
Heating fuels per revenue	MWh/million CHF	17.7	12.1	17.5	17.4	15.9
Energy generated externally	MWh	16'586	17'284	18'181	17'823	19'412
Of which electricity	MWh	16'586	16′727	16′346	16′304	17'624
– of which renewable sources	MWh	11'902	11'689	10'669	10'796	11'883
– Proportion of renewable sources	%	71.8%	69.9%	65.3%	66.2%	67.4%
Electricity per revenue	MWh/million CHF	72.3	68.4	71.0	76.8	69.7
Of which district heating	MWh	0	557	1'835	1'519	1'788
– of which renewable sources	MWh	0	557	1'835	1'519	1'788
– Proportion of renewable sources	%	0.0%	100.0%	100.0%	100.0%	100.0%
Greenhouse gas emissions (CO ₂) (2)						
Total emissions	tonnes	3'922	3'849	4'262	3'964	4'243
– of which Scope 1	tonnes	1'035	740	858	779	849
– of which Scope 2	tonnes	2'888	3'109	3'404	3'185	3'394
Total emissions per revenue	tonnes/million CHF	17.1	15.7	18.5	18.7	16.8
Water consumption						
Drinking/industrial water	m³	674'169	797'878	744'009	602'863	591'074
Water per revenue	m³/million CHF	2'937.6	3'262.0	3'230.6	2'838.3	2'336.3
Waste						
Total waste	tonnes	1'931	2'134	2'220	2'151	2'123
– of which regular waste	tonnes	1'885	2'070	2'177	2'098	2'072
– of which special waste	tonnes	46	64	44	53	51
Proportion of wast sent for recycling	%	54.9%	65.2%	66.6%	68.2%	64.6%
Total waste per net revenue	tonnes/million CHF	8.4	8.7	9.6	10.1	8.4
Revenue	million CHF	229.5	244.6	230.3	212.4	253.0

⁽¹⁾ The focus is on the four main locations in Switzerland, Germany, Czech Republic and China. This enables Datwyler IT Infra to cover 99% of resource consumption and waste and 94% of the workforce.

The CO₂ emissions are reported as direct (Scope 1) emissions, resulting from the combustion of fossil fuels at the Group's own facilities, and indirect (Scope 2) emissions, caused for example by the consumption of electricity and district heating. The CO₂ emissions from electricity consumption have been calculated using the so-called market-based approach. This value is also similar to those generated using a location-based approach. The emission factors used to calculate CO₂ emissions from electricity consumption come from the International Energy Agency.

Carbon neutrality by 2030

Datwyler IT Infra has committed to the responsible use of natural resources in its values and code of conduct. As a responsible company and a reliable partner to its stakeholders, the company wants to make its contribution to achieving the UN Sustainable Development Goals. Thus, Datwyler IT Infra aims to achieve climate neutrality for its own activities (Scope 1 and 2) at all its locations worldwide by 2030. At the same time Datwyler wants to reduce the consumption of resources such as heating energy, electricity and water per revenue unit. The same applies to the volume of waste generated in the plants. To this end, Datwyler IT Infra has set itself ambitious objectives, which are to be achieved in relation to revenue per year: -6% of fuel consumption (MWh/million CHF) and -3% of electricity consumption (MWh/million CHF), water consumption (m³/million CHF) and volume of waste (tonnes/million CHF). With these objectives and the associated measures, Datwyler IT Infra is adopting a targeted approach to reducing its environmental impact.

CO₂-neutral cable production in Switzerland

The basis for optimising resource consumption is the certified and integrated environmental management system ISO 14001. Datwyler IT Infra continuously invests in the maintenance and modernisation of its production plants. The effects on resource consumption and the environment are also taken into account. In Switzerland, the Datwyler IT Infra plant has been a member of the Swiss Private Sector Energy Agency since 2003 and entered into voluntary agreements to reduce CO₂ emissions. Since 2012, the electricity has come exclusively from naturemade-basic-certified hydroelectric power plants operated by the local power station. The resulting savings in CO₂ emissions amount to some 1'500 tonnes per year. Since 2018, the Swiss plant has been sourcing process and heating energy from a nearby wood-fired heating plant. This CO₂-neutral district heating system enables Datwyler IT Infra to save some 380'000 litres of heating oil per calendar year and reduce CO₂ emissions by some 1'000 tonnes. As a result, Datwyler IT Infra now produces completely CO₂-neutral in its Swiss plant and saves a total of some 2'500 tons of CO₂ emissions per year.

Chinese plant with photovoltaic system

The plant in China commissioned a photovoltaic system on the roof of the production hall towards the end of 2020. With an annual output of some 900 MWh, this system covers some 20% of the plant's electricity requirements and reduces CO_2 emissions by some 550 tons per year.

More than two thirds of electricity consumption from renewable energy sources

Absolute energy consumption increased by 8.9% to 23'429 MWh in the 2021 reporting year. Electricity consumption accounted for some three quarter of this, or 17'624 MWh. Despite a 19.1% increase in turnover, electricity consumption only increased by 8.1%. Accordingly, the relative electricity consumption per unit of turnover decreased by 9.2% in the reporting year and thus clearly exceeded the reduction target. In 2021, the central European warehouse site in Germany also procured electricity from renewable sources for the first time. In the meantime, 67.4% of global electricity consumption already comes from renewable energy sources.

Just under one quarter of energy consumption is accounted for by process and heating energy. In the reporting year, the consumption of fuels increased by 8.9% due to the harsh winter. Thanks to the increase in turnover, fuel consumption per turnover nevertheless fell by 8.6%. As a result of the higher capacity utilisation and fuel consumption, absolute greenhouse gas emissions increased by 7.0% to 4,243 tonnes. Relative to turnover, however, greenhouse gas emissions decreased by 10.2%.

Decrease in absolute and relative water consumption

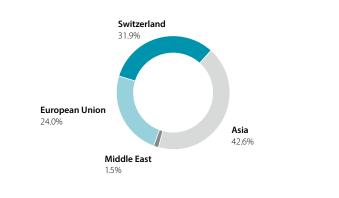
At the Swiss production site, the water requirement of some 560'000 m³ (over 95% of the total water consumption of all sites) is completely covered by service water. In this way, Datwyler contributes to ensuring that as little high-quality drinking water as possible is consumed. At the Chinese site, where the use of service water is not possible, Datwyler IT Infra has a closed water circuit with cooling unit, thus saving valuable drinking water. The high water demand reflects the specific requirements of the production process for the cooling of the cables after they have been coated with plastic. Thanks to the implemented measures, water consumption decreased in the reporting year despite higher capacity utilisation, by 2% in absolute terms and by 17.7% relative to revenue, which means that the reduction target was clearly exceeded.

Decrease in absolute and relative waste volume

In terms of waste, Datwyler IT Infra recorded a slight decrease in absolute volume of 1.3% to 2'123 tonnes. In relation to revenue, this resulted in a significant decrease of 16.8%, which means that the reduction target was clearly exceeded. At 64.6%, the recycling rate in the reporting year was slightly lower than in previous years. Datwyler IT Infra strives to continuously increase the share of recycling. However, the development also depends on the product mix produced and the corresponding demand for the waste materials.

Our people

Employees by region (number of persons, end of year)



Clear core values and processes

Qualified and committed employees are particularly critical to the Datwyler IT Infra future success in international industrial markets. For this reason, the company attaches special importance to fair and safe working conditions, thorough training and development, and a corporate culture with a high level of identification. A decentralised structure promotes personal responsibility and close contact with customers.

Workforce demographics

In 2021, Datwyler IT Infra employed per end of year 945 people – including staff on fixed-term employment contracts – in eight countries. This is equal to 909 full-time equivalents. The number of employees has increased by 25 or 2.7%. Based on an average head-count of 917 FTEs, revenue per full-time equivalent in 2021 increased significantly to CHF 275'900 (prior year: CHF 232'385).

The turnover rate for Datwyler IT Infra in the year under review was 11.5%. Turnover is calculated by dividing the number of voluntary employee departures by the average headcount for the year (excluding fixed-term contracts). The percentage of employees with fixed-term employment contracts was 6.1%, which equates to 58 people. The proportion of women in the total workforce was 30.6%. The proportion of women in management positions was 24.1%. Unless otherwise stated, the indicators on staff are based on annual averages.

Fair employment conditions

Datwyler IT Infra ensures equal opportunities, equal treatment and fair employment conditions, pay fair wages and salaries, and offer employee benefits in line with national and industry standards. Employee costs, including social security and pension costs, amounted to CHF 56.7 million in the reporting year. In business reorganisation programmes, we consider the needs of the employees, engaging in a constructive dialogue with company employee representatives. By continuously raising awareness and supporting managers, Datwyler IT Infra helps to promote equality of men and women generally in the work process.

Training promotes competence and safety

Datwyler IT Infra is committed to ensuring a safe and healthy working environment. This applies both to technical planning of workplaces, equipment and processes and to safety management and personal behaviour in everyday working life. In the year under review, there were 335 days of absences due to workplace accidents. Expressed per full-time employee, this figure equates to 0.37 days of absence for the year as a whole. This figure is slightly above Datwyler's target of 0.25, which is considered "Good practice" by the Swiss Accident Insurance Fund (SUVA). Due to illness, the total days of absence at all sites amounted to 5'328 days. Per full-time employee, this figure equates to 5.81 absence days due to illness for the whole year. This value is still above the medium-term Datwyler target of four days of absence due to illness a year per full-time equivalent. Lengthy individual periods of absence tend to distort the average. The data covers all Datwyler IT Infra employees at all sites, including temporary staff.

The markets in which Datwyler IT Infra operates call for highly trained employees undergoing continuous development

and improvement. Some of our initiatives to train young people are reflected in regular top rankings of our apprentices in national competitions. We support and encourage training and retraining programmes to develop the technical and social skills of employees at all levels in the hierarchy.

Regular employee satisfaction survey

Datwyler IT Infra holds a standardised employee satisfaction survey regularly at each location. The survey consisting of a written questionnaire in local languages is conducted with the help of an external specialist. This guarantees anonymity for employees. The survey is designed around the concept of benchmarking. The external specialist's experience enables Datwyler IT Infra results to be compared with a pool of some 20'000 Swiss employees. Most of the facilities of Datwyler IT Infra score about the same as the external benchmarks. The survey results provide valuable inputs for developing and implementing improvements. The measures to increase the commitment of employees are part of the systematic management process.



With regular in-house training, Datwyler IT Infra fosters quality awareness among employees at all locations and at all levels.

Community

Fair and responsible partner

Datwyler IT Infra is committed to sharing responsibility for general community affairs. In mid-2008, Datwyler IT Infra put in place a Code of Conduct that is binding for all locations and also sets out rules for proper interaction with business partners and competitors. Collusion, bribery and corruption are accordingly strictly forbidden. The Code of Conduct is reiterated to employees regularly during internal training sessions. Once again, no legal actions for anticompetitive behaviour, anti-trust or monopoly practices were brought against Datwyler IT Infra during 2021. Nor were any significant fines or non-monetary sanctions imposed on Datwyler IT Infra for non-compliance with laws and regulations during the reporting year. In accordance with the Code of Conduct, Datwyler IT Infra does not provide financial support to political parties, organisations or office holders.

Important contribution to regional development

The Swiss production facility operated by Datwyler IT Infra has been located at Altdorf in the canton of Uri since the company was founded more than 100 years ago, giving it strong local ties. This is reflected, among other things, in local suppliers being accorded preference in purchasing where possible, as long as their price-performance ratio is competitive. With the exception of basic production feedstock, such as copper (which cannot be purchased locally), the facility in Uri sources about a fifth of its purchases locally. Datwyler IT Infra has had its roots in the Swiss canton of Uri ever since its inception and employs some 300 of the some 950 employees worldwide at the procution site in Altdorf. Datwyler IT Infra intends to preserve industrial jobs in this peripheral region where economically viable and practical.

Social responsibility

The Datwyler Foundation is a charitable foundation based in Altdorf and was founded in 1990 by the brothers Peter and Max Dätwyler. It supports projects and institutions throughout Switzerland that have a geographical, thematic or personal connection to the canton of Uri. It has no influence on the management of Dätwyler IT Infra AG or Dätwyler Holding AG. Since its inception, the foundation has been able to support projects with over CHF 21 million. Of this amount, some 90% of the total, went to applicants from the canton of Uri. In 2021, a record amount of CHF 3.5 million was awarded in total.

DATWYLER IT INFRA

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