SUSTAINABILITY REPORT 2022

Datwyler IT Infra

DATWYLER

CONTENTS

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 IT Infra enables organizations around the world to successfully expand their core business thanks to future-proof and intelligent IT and OT infrastructures. 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 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 some 950 around the world, and generates an annual turnover of more than 250 million euros.

www.ITinfra.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.

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.

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[*] 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 2022, 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.

Sustainable packaging

Since 2022, Datwyler IT Infra has no longer packed its RJ45 connection components for information technology building cabling in plastic bags, but in space-saving and environmentally friendly cardboard boxes. The new module packaging is an example of how Datwyler IT Infra breaks down its global sustainability strategy to the level of individual products. Based on the order volume of recent years, the new cartons save almost 3.5 tons of plastic waste annually. Transported on pallets, the cartons also take up only about half the space of the previous packaging. This reduces CO_2 emissions by some one ton per year.

With the new cardboard packaging for its RJ45 connection components, Datwyler IT Infra saves almost 3.5 tons of plastic waste per year.

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 2022, 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, the readers of the insider portals of the German Vogel Verlag awarded Datwyler IT Infra 2022 the Silver Award in the category "Intelligent Facility Components". In China, Datwyler IT Infra was again awarded "Top Brand" status in the cabling and network industry during the year under review.

Among others, Datwyler IT Infra ranked third among the "Leading Ten Brands" for cabling systems in QJ Smartech's selection. Furthermore, QJ Smartech awarded Datwyler IT Infra the "Best Practices Prize" in the Data Centre field. The local Chamber of Commerce of the Chinese region of Suzhou recognized Datwyler IT Infra as "Functional Organization of a Multinational Company in Suzhou".

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	2018	2019	2020	2021	2022
Total energy	MWh	20'235	22'200	21'511	23'519	22'421
– of which renewable sources	MWh	12'246	12'504	12'315	14'789	14'573
– Proportion of renewable sources	%	60.5%	56.3%	57.2%	62.9%	65.0%
Total energy per revenue	MWh / million CHF	82.7	96.4	101.3	93.0	88.8
Heating fuels	MWh	2'951	4'019	3'688	4'017	3'730
Heating fuels per revenue	MWh / million CHF	12.1	17.5	17.4	15.9	14.8
Energy generated externally	MWh	17'284	18'181	17'823	19'502	18'691
Of which electricity	MWh	16'727	16'346	16'304	17'714	17'327
– of which renewable sources	MWh	11'689	10'669	10'796	13'001	13'226
– Proportion of renewable sources	%	69.9%	65.3%	66.2%	73.4%	76.3%
Electricity per revenue	MWh / million CHF	68.4	71.0	76.8	70.0	68.6
Of which district heating	MWh	557	1'835	1'519	1'788	1'347
– of which renewable sources	MWh	557	1'835	1'519	1'788	1'347
– Proportion of renewable sources	%	100.0%	100.0%	100.0%	100.0%	100%
Greenhouse gas emissions (CO$_2$) [2]						
Total emissions	tonnes	3'849	4'262	3'964	3'610	3'171
– of which Scope 1	tonnes	740	858	779	849	821
– of which Scope 2	tonnes	3'109	3'404	3'185	2'760	2'350
Total emissions per revenue	tonnes / million CHF	15.7	18.5	18.7	14.3	12.6
Water consumption						
Drinking/industrial water	m³	797'878	744'009	602'863	591'074	789'070
Water per revenue	m³ / million CHF	3'262.0	3'230.6	2'838.3	2'336.3	3'125.0
Waste						
Total waste	tonnes	2'134	2'220	2'151	2'123	1'914
– of which regular waste	tonnes	2'070	2'177	2'098	2'072	1'912
– of which special waste	tonnes	64	44	53	51	1
Proportion of wast sent for recycling	%	65.2%	66.6%	68.2%	64.6%	67.3%
Total waste per net revenue	tonnes / million CHF	8.7	9.6	10.1	8.4	7.6
Revenue	million CHF	244.6	230.3	212.4	253.0	252.5

[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.

[2]   The CO$_2$ 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 CO$_2$ 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 CO$_2$ 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.

CO_2-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 CO_2 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 CO_2 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 CO_2-neutral district heating system enables Datwyler IT Infra to save some 380'000 litres of heating oil per calendar year and reduce CO_2 emissions by some 1'000 tonnes. As a result, Datwyler IT Infra now produces completely CO_2-neutral in its Swiss plant and saves a total of some 2'500 tons of CO_2 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 1'100 MWh, this system covers some 25% of the plant's electricity requirements and reduces CO_2 emissions by some 730 tons per year.

More than three fourth of electricity consumption from renewable energy sources

Despite nearly unchanged revenues, absolute energy consumption decreased by 4.7% to 22'421 MWh in the reporting year 2022. Of this, around three quarters or 17'327 MWh is accounted for by electricity consumption. Absolute and relative electricity consumption thus decreased by some 2%. The reduction target of -3% for electricity consumption per unit of sales was thus missed. On the other hand, the share of electricity from renewable sources increased further to 76.3%. Since 2021, the European central warehouse site in Germany has also been using green electricity.

Just under a quarter of energy consumption is accounted for by process and heating energy. In the reporting year, fuel consumption decreased by 7.1% due to the milder winter. With a decrease in fuel consumption per revenue of 6.9%, the reduction target was achieved. Thanks to the lower energy consumption and the higher share from renewable sources, absolute greenhouse gas emissions decreased by 12.2% to 3'171 tons. In relation to revenue, greenhouse gas emissions decreased by 11.9%.

Increase in absolute and relative water consumption
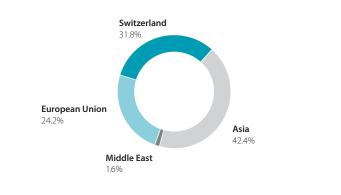
At the Swiss production site, the water requirement is completely covered by service water. In this way, Datwyler contributes to ensuring that as little high-quality drinking water as possible is consumed. At the Chinese site, where the use of service water is not possible, Datwyler IT Infra has a closed water circuit with cooling unit, thus saving valuable drinking water. The relatively high water demand reflects the specific requirements of the production process for the cooling of the cables after they have been coated with plastic. After declines in the two pandemic years, water consumption increased again in the year under review to 789'070 m³.

Decrease in absolute and relative waste volume

In terms of waste, Datwyler IT Infra recorded a decrease in absolute volume of almost 10% to 1'914 tonnes. In relation to revenue, this resulted in a decrease of 9.5%, which clearly exceeded the reduction target. At 67.3%, the recycling rate in the year under review was in line with 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 2022, Datwyler IT Infra employed per end of year 965 people – including staff on fixed-term employment contracts – in eight countries. This is equal to 928 full-time equivalents. The number of employees has increased by 20 or 2.1%. Due to the increase in the average number of full-time equivalents (FTE) to 940 (previous year: 917 FTE), revenue per FTE declined slightly to CHF 268'600 (previous year: CHF 275'900).

The turnover rate for Datwyler IT Infra in the year under review was 6.1% (previous year: 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 6.3%, which equates to 62 people. The proportion of women in the total workforce was 31.9%. The proportion of women in management positions was 32.3%. 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 56.0 million in the reporting year. In business re-organisation 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 210 days of absences due to workplace accidents (previous year: 335 days). Expressed per full-time employee, this figure equates to 0.22 days of absence for the year as a whole (previous year: 0.37 days per FTE). This figure is 40% below the previous year's value but slightly above the Datwyler's target of 0.2. The Swiss Accident Insurance Fund (SUVA) considers 0.25 days of absence due to occupational accidents per FTE to be good practice. Due to illness, the total days of absence at all sites amounted to 6'407 days (previous year: 5'328 days). Per full-time employee, this figure equates to 6.82 absence days due to illness for the whole year (previous year: 5.81). This value has increased by 17.4% and 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 is conducted in local languages 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 anti-competitive 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 pro-duction feedstock, such as copper (which cannot be purchased locally), the facility in Uri sources about a third 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 pre-serve industrial jobs in this peripheral region where econo-mically 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, thema-tic 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 25.2 milli-on. Of this amount, some 85% of the total, went to appli-cants from the canton of Uri. In 2022, an amount of CHF 3.5 million was awarded in total.

The Swiss plant of Datwyler IT Infra has been in Altdorf since the company was founded more than 100 years ago.

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