Sustainability

Schweiter Technologies, as a company that operates internationally, takes very seriously its responsibility to create sustainable value for customers, employees, and shareholders and to be a reliable partner for suppliers and the public.

Our commitment to sustainability has deep roots in all aspects of Schweiter Technologies' business operations. This commitment ranges from the development of sustainable products to protection of the environment and the cultural heritage of the communities where we work, and to the obligation to comply with local regulations and internal corporate directives. Responsible conduct is one of the core values of our corporate culture.

Protection of human health and the environment at all Schweiter sites

Sustainable and efficient use of resources across the entire production cycle

Protection of the cultural heritage of communities in the countries and regions in which the company operates

Compliance with local legislation, rules and regulations and the internal Schweiter provisions (Code of Conduct)

Based on the four pillars of its sustainability strategy, Schweiter Technologies aims to make a positive contribution in all three areas of sustainability:

Ecological sustainability:
- Reduction of its ecological footprint through the careful and efficient use of resources
- Minimizing of risks for people and the environment

Social sustainability:
- Social responsibility to employees and the communities where we work
- Support of social partnership projects

Economic sustainability:
- Sustainable and profitable corporate growth
- Innovation in eco-friendly products as growth drivers

Schweiter Technologies with its 3A Composites division develops, manufactures, and markets high-quality plastic sheets, foamboards as well as core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, construction, ship-building, and automotive.

The company has offices, distribution facilities and production sites at 40 locations in Europe, America, and the Asia/Pacific region, and employs some 4 300 people.

Ecological sustainability

Careful and efficient use of resources

Our customers look for robust, reliable and yet lightweight materials and products in the industries in which they operate. Renewable raw materials and

Sustainability

materials with the smallest possible environmental footprint that have been obtained from recycling are the ideal solution in such cases. In addition, the recycling of raw materials and delivery to the manufacturers should involve as little energy consumption and expense as possible. With our high-quality products and trail-blazing technologies, we strive to meet the demands of sustainability and eco-compatibility.

3A Composites has undertaken to support and apply the sustainable development targets of the United Nations. We are guided in our business activities in particular by the following United Nations Sustainable Development Goals (https://sdgs.un.org/goals).

- Gender equality (SDG no. 5)
- Decent work and economic growth (SDG no. 8)
- Industry, innovation and infrastructure (SDG no. 9)
- Responsible consumption and production (SDG no. 12)
- Climate action (SDG no. 13)
- Life on land (SDG no. 15)

Furthermore, we comply with the ten FSC® certification principles and rules (Forest Stewardship Council® https://fsc.org/en), which cover areas ranging from compliance with legislation to observance of the rights of indigenous peoples and the maintenance of certain environmental values, ecosystems and habitats.

Sustainability certification and clear guidelines for the reduction of our CO_2 footprint

In the 3A Composites Core Materials market segment, we are pioneers in sandwich technology with more than 75 years of experience. We are world leaders with the broadest portfolio of high-performance and sustainable core materials, with the focus on PET foams and balsa wood from the AIREX® and BALTEK® product families. From the start, our emphasis is on the development of strong, solid, and light-weight core materials that enable our customers to manufacture durable, sustainable, and energy-efficient end products. With our products,

The balsa plantations of 3A Composites in Ecuador and Papua New Guinea are FSC®-certified

we aim to have a lasting and positive impact on the future for today's and future generations, in accordance with our principle "The future is greener".

CO_2 footprint reduced in 2020

BALTEK® SBC
THE FIRST CARBON
NEUTRAL CORE MATERIAL
IN THE WORLD

The target we set for the period **2013 to 2020** in the Core Materials market segment was to significantly reduce our **CO_2 footprint.**

The calculations made by SCX-Bolsa de Clima de Santiago (Chile) and Factor CO_2 (Ecuador) show that BALTEK® SBC is the world's first CO_2-neutral core material.

BALTEK® SBC is an ideal core material consisting of renewable raw materials and comes from controlled cultivation on 3A Composites Core Materials plantations. All production steps for BALTEK® SBC are subject to strict monitoring. This guarantees the highest-quality balsa wood and the complete traceability of the end product back to the individual plantations.

We manage about 13 000 hectares of FSC®-certified plantations in Ecuador and Papua New Guinea, most of which are planted with balsa trees. The Forest Stewardship Council certification (FSC®) acts as a catalyst to improve standards in forestry. It delivers economic and social benefits for local employees and people, while promoting the ecological interplay of biodiversity and ecosystems.

The group companies of Schweiter Technologies AG enjoy a long tradition of quality certifications. In addition to the certification of the balsa wood plantations in Ecuador and Papua New Guinea under FSC®, a total of 18 companies had been certified by 2020 to DIN EN ISO 9001 (quality management), 15 to DIN EN ISO 14001 (environmental management), 13 to DIN EN ISO 45001 (occupational health and safety), and four to DIN EN ISO 50001 (energy management).

Quality certifications

Type of certification	Number of companies [1]	Year of initial certification
FSC® Forest Management (FSC-C019065), FSC® Forest Management (FSC-C125018) or FSC-STD-40-004 (Version 3.0)	2	2009
DIN EN ISO 9001 – Quality management	18	1993
DIN EN ISO 14001 – Environmental management	15	2002
DIN EN ISO 45001 – Occupational health and safety [2]	13	2002
DIN EN ISO 50001 – Energy management	4	2013
ISO TS 16949 – Automotive quality management	1	2011
IRIS ISO/TS 22163 – Quality management railway applications	2	2015

[1] some sites are certified to several standards
[2] previously OHSAS 18001

In the 3A Composites Architecture market segment, we have more than 50 years of experience with the aluminum composite ALUCOBOND® for façades and we are guided by the needs of architects, manufacturers and façade contractors. We feel an obligation to the environment and future generations – and we've done so for decades.

ALUCOBOND® composites do not release environmentally hazardous substances at any time in their life cycle. Back in the 1970s, we developed a recycling process – in which valuable raw materials are separated out and returned to the material cycle without any loss of value – that we have steadily improved and upgraded to the most recent stand-

Sustainability

ards. ALUCOBOND® has an environmental product declaration (EPD) in accordance with ISO standards that serves as proof when buildings are to receive sustainability certification. ALUCOBOND® is 100% recyclable, in other words, the core material and aluminum cover plates can be returned fully to the material cycle and used for the manufacture of new material.

We have spared no effort to reduce our CO_2 emissions in the production of ALUCOBOND®. The first step that we implemented was aimed at reducing CO_2 emissions generated in the delivery of the product itself. By switching transport from trucks to the railway, we were able to save 54% of the truck distance, resulting in a 17% reduction in CO_2 emissions for deliveries of ALUCOBOND®.

reduction in CO_2 emission for deliveries of ALUCOBOND® **about 17%**

Minimizing of risks for people and the environment

Protection of the environment and natural resources is a major concern for us. The environmental protection goals we have set therefore include various research projects, studies, and campaigns that mainly address environmental and social issues.

At 3A Composites Core Materials, we are supporting projects in **Ecuador** in which protective buffer zones are created to minimize the impact on conservation areas such as rivers and river mouths. We received the SACHA AWARD (SACHA Acknowledgements for Responsible Forest Management and Responsible Wood Innovations Award) for these projects in 2015 and 2016 and again in 2018 and 2020. We also support social studies and georeferencing for the communities located in the vicinity of the plantations we operate and sponsor surveys of important archeological sites. We apply the FSC® precautionary principle whenever extending forestry operations, with special attention being paid to high conservation value forests.

3A Composites relies on **sustainability** and **environmental protection**

The annual inspection of high conservation value forests (HCV) in the forests we manage in **Papua New Guinea** is another one of the projects we are closely involved in. The focus is on the observation of changes in the flora and fauna and in the ecosystems, including water resources, habitat trees, rare, threatened or endangered species, biodiversity indicators and sites of cultural importance. In addition, regular inspections are conducted so as to ensure compliance with safety and environmental regulations such as the wearing of protective clothing, adherence to buffer zones or the correct disposal of waste by employees of 3A Composites and sub-contractors with whom the company works.

Projects to protect the environment

	3A Composites sites	Achievements to date
Development of new products to increase energy efficiency and reduce CO_2 emissions	Sins (Aargau) / Switzerland (Core Materials)	Compared with 2018 total energy consumption was lowered by 10%, CO_2 emissions were cut by 26%, and waste was reduced by about 12%.
Increase in energy efficiency by means of a new LED lighting system Projects for waste-free production	High Point (NC) / USA (Core Materials)	Since 2019 annual power consumption has been reduced by about 78%. A new waste recycling program has been almost fully implemented: all cardboard, paperboard, metal waste and wood pallets are recycled

	3A Composites sites	Achievements to date
Increase in energy efficiency	Ecuador (Core Materials)	Electricity in Ecuador is supplied entirely from hydroelectric power.
	Papua New Guinea (PNG) (Core Materials)	The sawdust from production is used as fuel for the company's own drying ovens in both Ecuador and PNG.
Reduction in water consumption	Statesville (NC) / USA (Display)	Waste water treatment for reuse of the water in the production process; a 21% reduction in the consumption of fresh water in 2020 versus 2019.
Reduction in power consumption		Employment of a new LED lighting system; power consumption reduced by 4% in 2020 versus 2019.
Reduction in water consumption	Glasgow (KY) / USA (Display)	Installation of a filter press with a closed cycle for treatment and reuse of process water; an 8% reduction in water consumption in 2020 versus 2019.
Reduction in natural gas consumption		Replacement of boilers with more efficient solutions; a 17% reduction in natural gas consumption in 2020 versus the previous year.
Reduction in waste disposed in local landfill sites	Benton (KY) / USA (Architecture)	Worn pallets were recycled by a local pallet manufacturer and reused; a 24% reduction in the volume of landfilled waste in 2020 versus 2019.
	Glasgow (KY) / USA (Display)	Increase in paper recycling and reduction in shredded material; the volume of landfilled waste was reduced by about one quarter in 2020 versus the previous year.
	Statesville (NC) / USA (Display)	More efficient separation of waste; the volume of landfilled waste was reduced by about one third in 2020 versus the previous year.

Sustainability

Social sustainability

Social responsibility is part of our corporate culture

At 3A Composites we take our social responsibility in the local communities very seriously.

In Ecuador and Papua New Guinea, the impact of our activities in the Core Materials market segment on employees (in the plantations and in administration), joint venture partners, suppliers, farmers, and local authorities is analyzed every year. Through our cooperation with local small and medium-sized companies in our communities, we also strengthen sensitivity to and awareness of health and occupational safety, in this way contributing to improved conditions of life at the local level in the communities. We regularly conduct surveys of business partners locally and in the communities to gauge cooperation with us and the impact of our activities on living conditions in the local population; these surveys produce very positive results.

promotion of **equal opportunities** and **education** in Ecuador and Papua New Guinea

We are among the largest employers locally both in Ecuador, where we employ more than 600 people, and in Papua New Guinea, where we have more than 700 employees. We are committed to equal opportunity, and now about one quarter of the workforce are women. We support the children of our employees with educational programs at our site in Papua New Guinea. We are furthermore engaged in alphabetization drives for adults in order to improve the overall educational level. Our pilot project started in Papua New Guinea in 2019, and 34 adults already successfully completed the course in the first year.

Support of social partnership projects

We are engaged at the local level in creating stronger communities. An engagement of this kind reflects Schweiter's corporate values, while at the same time setting out clearly formulated goals to the achievement of which our employees contribute greatly on a daily basis.

At 3A Composites Core Materials, for instance, we participated along with the local authorities in repairing a 15 km stretch of an access road in Cotopaxi province in Ecuador. This project has enabled local farmers to transport their produce to the large markets in the vicinity, thereby ensuring an income for the welfare of their families.

Economic sustainability

Sustainable and profitable growth

Long-term and reliable partnerships with our customers form the foundation for the business success of Schweiter Technologies. Our innovative and environmentally friendly products, our strong brands, and our network of efficient manufacturing sites that are geared geographically to the core markets not only enable us to support our customers' success but also to increase our own competitiveness. Schweiter Technologies has been growing profitably for years and has a very solid balance sheet with a high equity ratio and a strong liquidity position.

Further information on the business performance of Schweiter Technologies can be found in the management report on pages 16 to 26 of this Annual Report.

Innovation in
eco-friendly products as growth drivers

Innovation is a key growth driver of our company and forms the basis for the development of sustainable products as part of our efforts to reduce environmental pollution.

Schweiter Technologies, with its 3A Composites division, can look back on a successful history as an innovation leader in improving resource efficiency. The success of the AIREX® and BALTEK®

products, as well as of the ALUCOBOND®, DIBOND®, FOREX®, SMART-X® and KAPA® brands, is founded essentially on the efficient use and intelligent combination of materials (foams and composites). The result is optimized product features combined with reduced consumption of resources. With our innovative and environmentally friendly products, we protect the environment and improve the quality of life of people, while at the same time strengthening our market position.

Governance principles

Ethical conduct towards people and the environment is an essential element of sustainable development at Schweiter Technologies. For us, it goes without saying that we comply with the local legislation in the countries where we operate. In addition, we adhere on a voluntary basis to the stipulations of the UN SDGs (United Nations Sustainable Development Goals) and of the FSC® (Forest Stewardship Council®) and comply with our group-wide code of conduct at all times. These stipulations are binding on the Board of Directors, management, and employees as well as on the consultants and suppliers that work together with Schweiter Technologies and its subsidiaries. The company's Global Code of Conduct can be accessed through the following link: www.schweiter.ch/s1a203/corporategovernance/code-of-conduct.html

Additional information on the "3A Composites Core Materials Quality Policy" and the "3A Composites Core Materials Public Forest Management Summary Ecuador" can be accessed through the following link: https://www.3accorematerials.com/en/sustainability
In addition, we refer to the information available on the links https://alucobond.com/case-studies/forms-elements/no-4-sustainability
and https://www.display.3acomposites.com/company/environment-sustainability.html

Balsa seedlings