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# Non-Financial Report R&S Group

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Art. 964a et seqq. Swiss Code  
of Obligations



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# 1. Statement by the Chair of the Board of Directors



Environmental, social and governance (“ESG”) matters were a major theme and catalyst for change in 2023 at R&S Group. We focused on implementing the new requirements of Art. 964a et seqq. of the Swiss Code of Obligations (“SCO”). We also contributed to the mitigation of environmental risk, in particular greenhouse gas emissions by producing our transformers with a demonstrable sustainable impact. In addition, we already manufacture our cast resin transformers according to the circular economy principle. 80% of the end product consists of metals, the majority of which are recyclable.

In 2023, we carried out a CO<sub>2</sub> assessment. The results thereof will be used to set reduction targets for the following years. Our goal is to achieve a reduction of operational greenhouse gas emissions (GHG) by 33 % by 2033.

Regarding our operational, environmental and social goals, we follow ISO standard 9001 and 14001 and conduct a survey of customer satisfaction every two years. We report these insights to our Group Executive Committee, as well as the Board. The results are shared with managers in each region to take the appropriate decisions and actions to improve employee and stakeholder satisfaction. As of 2024 we will conduct yearly customer satisfaction surveys.

When it comes to social matters, our approximately 600 highly-trained employees work at production sites in five countries, providing economic benefits in the communities in which we operate. This is augmented through the build-up of local supply chains. We employ people from 15 different nationalities at our sites. Our aim is to provide all employees with a safe working environment. We have implemented programs to promote health and safety at all sites. One result is that we reported fewer accidents in 2023 than in the previous year.

We are also dedicated to a diverse, inclusive and fair working environment. We employ people of 15 nationalities at our sites. At the end of 2023, the proportion of women was 20 per cent, compared to 18 per cent in the previous year, and we aim to increase this number.

Finally, we also remain committed to high standards of governance as reflected in our Code of Conduct, to contribute to the protection of the environment and human rights. This includes our commitment to the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, and the UN Sustainable Development Goals. Our Codes of Conduct for employees as well as agents and suppliers provide the framework for doing business in an ethical and responsible way. We are also implementing new ESG reporting requirements for 2023 as set out in the Swiss Code of Obligations.

R&S Group is on a journey to incorporate ESG principles throughout the company for long-term value creation. We took further steps in 2023 to embed them into our operational processes, corporate purpose and business strategy, and ESG will remain a management priority in the years ahead.

A handwritten signature in blue ink, which appears to read 'H. Kundert'.

**Heinz Kundert, Chair of the Board of Directors**



## 2. Introduction

This non-financial report (“Report”) has been established in accordance with Art. 964a et seqq. of the SCO. It focuses on R&S Group’ environmental, social, labour, human rights and anti-bribery performance, and considers key performance indicators (KPIs) that measure our sustainability performance. The structure and content of the report are based on the legal requirements set out by the SCO. For each non-financial matter, the report aims to set out the policy and due diligence applied, the measures taken and their effectiveness, the material risks and risk treatment, and the main KPIs, where applicable.

The Report is based on the currently applicable laws of Switzerland. However, the legal landscape of ESG regulation is changing rapidly nationally and internationally. R&S Group is closely monitoring the legislative developments to continually adapt its governance control system and its business processes.

The Report covers R&S Group and its controlled group companies Rauscher & Stoecklin AG, Tesar S.r.l., Tesar Polska Sp. z.o.o., Tesar Gulf and ZREW Transformatory S.A., as listed in the annual report and on our website ([www.the-rsgroup.com](http://www.the-rsgroup.com)).

The Report begins with a description of the business model, business activities and results and the state of R&S Group, as well as the effects of our activities on non-

financial matters. Where appropriate, the Report refers to the Annual Report 2023, which includes a summary of this Report.

The Report is structured along environmental considerations, in particular our environmental goals and performance, social matters, labour and employee-related matters, and our observance of human rights, as well as our efforts to combat corruption. For each non-financial matter, the Report aims to set out the policy and due diligence applied, the measures taken and their effectiveness, the material risks and risk treatment, and the main performance indicators (KPIs), where applicable.

03/  
Report on  
the Business



### 3.1 Our Business Model, Performance and Results

Our mission is to guarantee energy supply by offering our customers a highly reliable product portfolio, our employees an attractive working environment and our shareholders growing earnings.

R&S Group is a leading provider of electrical infrastructure products such as transformers, switches and connectors in key markets around the globe. With manufacturing facilities in Europe and offices in South America and the Middle East, and strong channels to market through a global network of distributors, system integrators and EPC partners, we can provide our customers with fast and flexible solutions. We have the technology expertise to develop tailor-made products and solutions for customers across a wide range of industries, from power generation to data centers and transportation infrastructure.

In particular, many of our products are mission-critical for the successful

transition to renewable sources of electric power generation, such as solar and wind. This creates significant challenges for power grids everywhere, as they move from a few large, centrally-located power plants to decentralized grids capable of integrating many smaller and widely-distributed renewable power sources.

Furthermore, many power grids in Europe and elsewhere require modernization, not only to keep up with changing grid demands but also to replace aging equipment.

The strategic capabilities we have focused on in 2023 include: Defining optimal ways to develop our resources, optimizing the use of our human and financial capital, building and maintaining mutually beneficial stakeholder relationships, and acquiring the right assets and asset options.

In 2023, we increased our focus on impact measurement and management,

in particular regarding measurement of energy consumption and efficiency, use of metals and water for production, CO<sub>2</sub> emissions and waste treatment.

R&S Group reported strong financial results in 2023. Favorable demand in our main markets, driven by the ongoing shift to renewable energies, plus capacity expansions and targeted efforts to expand in new markets – especially Germany, and the Nordic and Baltic countries – resulted in a 40% increase in net sales in 2023 versus the year before, to reach CHF 216 million.

We also achieved a record EBITDA<sup>1</sup> and strong cash flow from operations.

These results reflect the health of our company and our strong position in an attractive long-term growth market. Against this background, we are making transformative changes towards increased sustainability.

Our operational and financial results allow us to invest in more energy-efficient supply and production processes, new and more sustainable product designs, training and people development, delivering more value to our customers faster, and providing an attractive return to shareholders over the long term.

**[616]**

number of employees (end 2023)



<sup>1</sup> Earnings before interest, taxes, depreciation and amortization, adjusted to exclude the CHF 9.6 million of depreciation on goodwill resulting from the disposal of ZERW in 2023. Please refer to the R&S Group annual report for further details.



THERE MAY BE ADVERSE IMPACTS CAUSED BY OUR ACTIVITIES AND PRODUCTS THAT WE ARE NOT ALWAYS ABLE TO AVOID, BUT WE CARE AND ACT.

Markus Laesser, CEO

### 3.2 Effects of Activities on Non-Financial Matters

The production and use of our products naturally have impacts on society and the environment that are not measured in our financial results. These include our use of raw materials, the emission of greenhouse gases (GHG), and effects on our employees. We are committed to transparent reporting on such impacts, and to evaluating and mitigating them in a responsible way. Our activities and products have an effect on non-financial matters in the following ways:



#### Environmental Matters

Our operational activities rely on the use of electricity, fossil energy, freshwater and land. Our activities therefore have effects on greenhouse gas emissions, water and land use.



#### Social Matters

Our activities have effects on our stakeholders, e.g. our customers, business partners and local communities and associations to which we belong.



#### Employee-Related Issues

Our activities can have effects on the health of employees, as they may be exposed to physically challenging work. This includes elevated work (at height), lifting of heavy loads, exposure to vapors during welding or painting or operating the various production systems and working with high voltage.



#### Observance Of Human Rights

Our activities can affect human rights, particularly at our production sites and in our supply chains (for instance labour rights and the right to a safe and healthy workplace).



#### Combatting Corruption

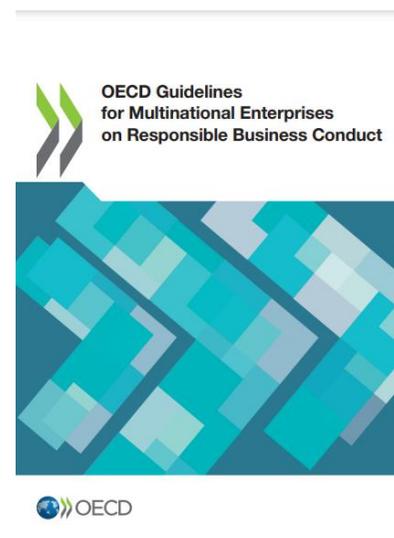
The risk of corruption can vary, depending on the markets in which we operate.

## 04/ Applied Regulations and Standards

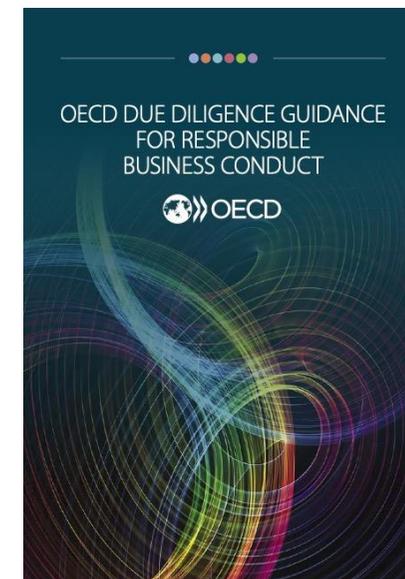


The present Report and our activities are guided by:

- The UN Guiding Principles on Business and Human Rights, which require enterprises to comply with all applicable laws and to respect human rights and further specify the need for rights and obligations to be matched to appropriate and effective remedies when breached. They also provide that enterprises should avoid causing or contributing to adverse human rights impacts within the context of their own activities and seek ways to prevent or mitigate adverse human rights impacts linked directly to their business operations;
- The OECD Due Diligence Guidance for Responsible Business Conduct, which provides guidance to companies regarding the practical implementation of the OECD Guidelines for Multinational Enterprises, among others, regarding the observation of human rights, employment, environment and the fight against corruption;
- The 17 UN Sustainable Development Goals, which are as follows:
  - No poverty;
  - Zero hunger;
  - Good health and well-being;
  - Quality education;
  - Gender equality;
  - Clean water and sanitation;
  - Affordable and clean energy;
  - Decent work and economic growth;
  - Industry, innovation and infrastructure;
  - Reduced inequalities;
  - Sustainable cities and communities;
  - Responsible consumption and production;
  - Climate action;
  - Life below water;
  - Life on land;
  - Peace, justice and strong institutions;
  - Partnerships for the goals.




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05/  
Report on Non-  
Financial Matters





WE ARE GUIDED BY THE SWISS GOVERNMENT'S LONG-TERM CLIMATE STRATEGY AND BEYOND.

Matthias Weibel, CFO

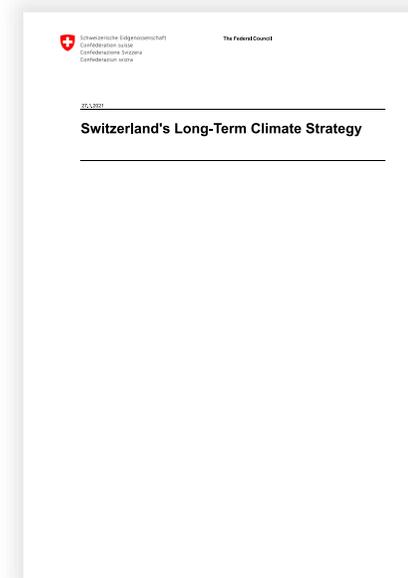
## 5.1 Environment



### Our Objectives

We recognise the environmental footprint of our operations and seek to avoid, minimise and mitigate our adverse environmental impact, regarding greenhouse gas (GHG) emissions, the use of water, electricity, natural resources and soil pollution. Our objective is to reduce GHG emissions by 33 per cent in the next ten years compared to 2023. We commit to the protection of the environment through various suitable measures.

We commit contributing to Switzerland's Long-Term Climate Strategy and adhere to the Swiss Climate and Innovation Act. The Swiss Climate and Innovation Act stipulates the aim for Switzerland to become climate neutral by 2050. This legislative instrument specifically states that enterprises must achieve net-zero emissions by 2050; it further aims to support enterprises that invest in climate friendly technologies. R&S Group is already in the process of pursuing these important environmental goals.



download the guide



OUR GOAL IS TO CUT  
OPERATIONAL GREENHOUSE GAS  
EMISSIONS BY 33% BY 2033  
COMPARED WITH TODAY'S LEVEL.

Ulrich Voss, CSO

## 5.1 Environment

### Policy, Due Diligence Process

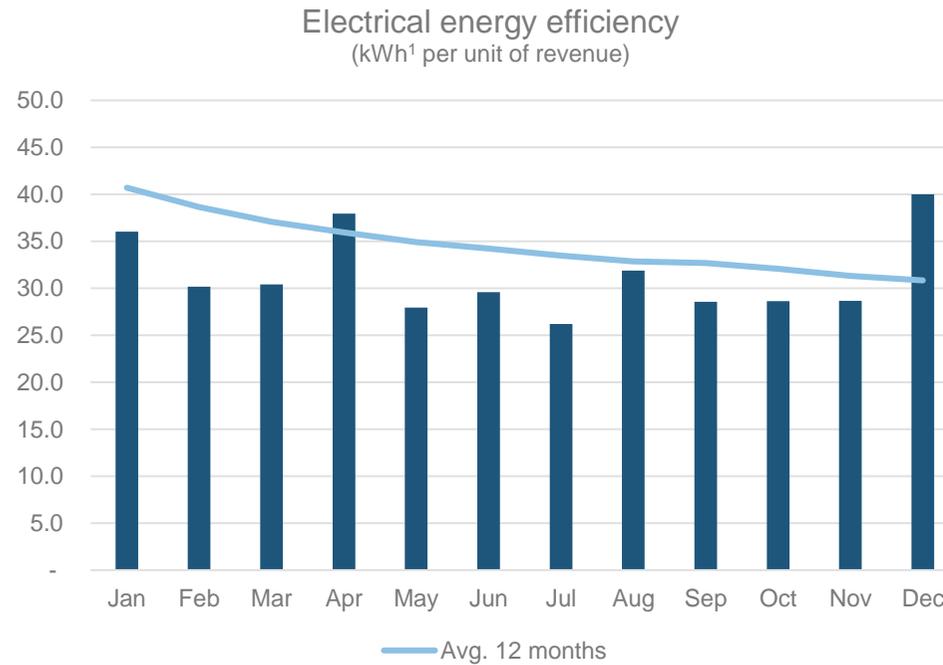
- We have set a target to reduce operational greenhouse gas (GHG) emissions by 2033 by 33 per cent compared to 2023.
- We are committed to introducing and continually improving the principles of ISO 14001 environmental management systems in all our operations. We strive to support adherence to these standards through employee trainings on rules and measures related to the protection of the environment, energy and water conservation, proper waste disposal, soil impact, and waste reduction in the production process and recycling.
- We consider special procedures, such as monitoring and documentation of environmental compliance and performance, implementing our Codes of Conduct, and reporting cases of non-compliance, as important ways to achieve our ESG goals.
- In 2023, Rauscher & Stoecklin AG was certified again by the Energy Agency for Industry for its active reduction of carbon emissions and improved energy efficiency. In addition, all factories comply with ISO 9001 & 14001 standards, Rauscher & Stoecklin AG and Tesar S.r.l. are certified according to ISO 45001 and Tesar S.r.l. is additionally certified according to ISO 50001:2018 - Energy Management Systems.
- R&S Group's operational greenhouse gas emissions are measured at regular intervals by the local Health-Safety-Environment Managers and reviewed against our targets with the support of local specialists based on a market-based control method.
- We continue to consider ways to understand different metrics for measuring Scope 1, 2 and 3<sup>1</sup> GHG emissions and tracking our impact on decarbonisation. To this end, in 2023 we conducted a life cycle assessment of two transformer types (aluminium, respectively copper) based on the ISO Standard 14044/14040 – environmental management – life cycle management.
- Further, we calculated the electrical energy efficiency and recorded relevant KPI's for electricity, fuel and water consumption. We also measured and evaluated our CO<sub>2</sub> emissions.
- We also recognise the importance of supporting efforts to reduce emissions in our supply and subcontractor chain and have set out our commitment to environmental protection in the Sales Agent Code of Conduct and Supplier Code of Conduct. According to our Code of Conduct, our agents and suppliers shall ensure that their goods are free of environmentally hazardous or carcinogenic substances and are in full compliance with the applicable laws.

<sup>1</sup> Scope 1 = all direct emissions generated from sources directly owned or controlled by a company; Scope 2 = all indirect emissions from the generation of electricity purchased and used by a company; Scope 3 = all indirect emissions that occur in a company's value chain – activities they do not own or control.

## 5.1 Environment

### Performance Indicators

Since 2018, R&S Group has monitored ESG KPI's on a regular basis. In 2019, R&S Group introduced the monthly reporting of five ESG KPI's and the quarterly monitoring of three additional KPI's. The company now possesses a robust of data points to analyze and compare against a base value and target (e.g., electrical efficiency per unit of revenue – see chart).



<sup>1</sup> kilowatt-hour = energy delivered by one kilowatt of power for one hour

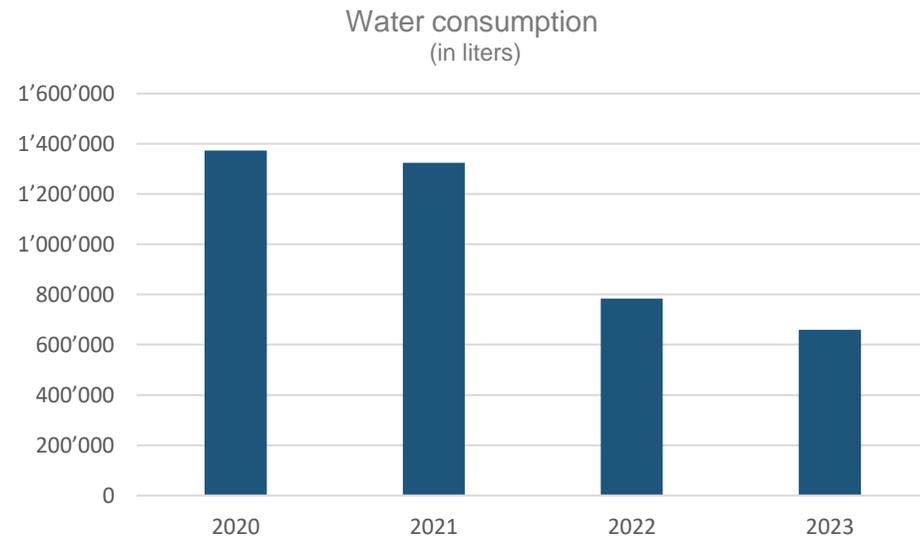
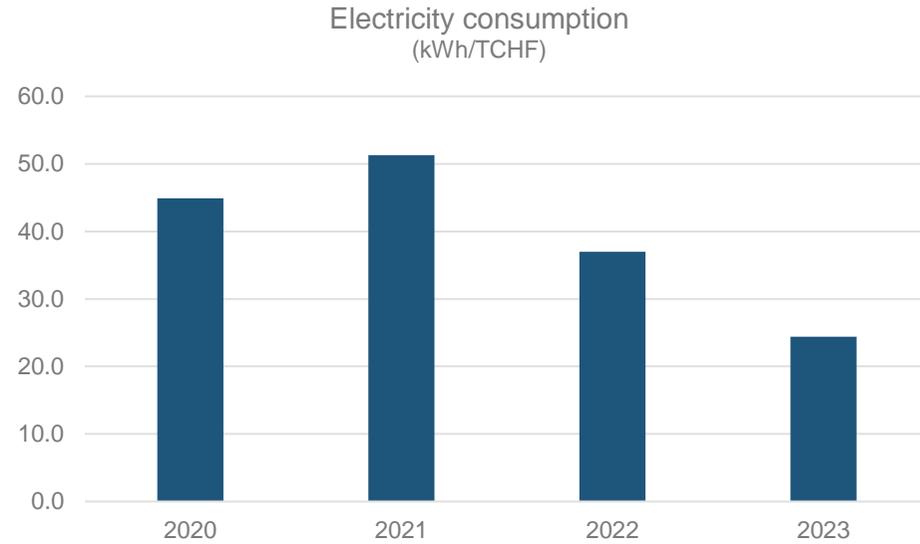
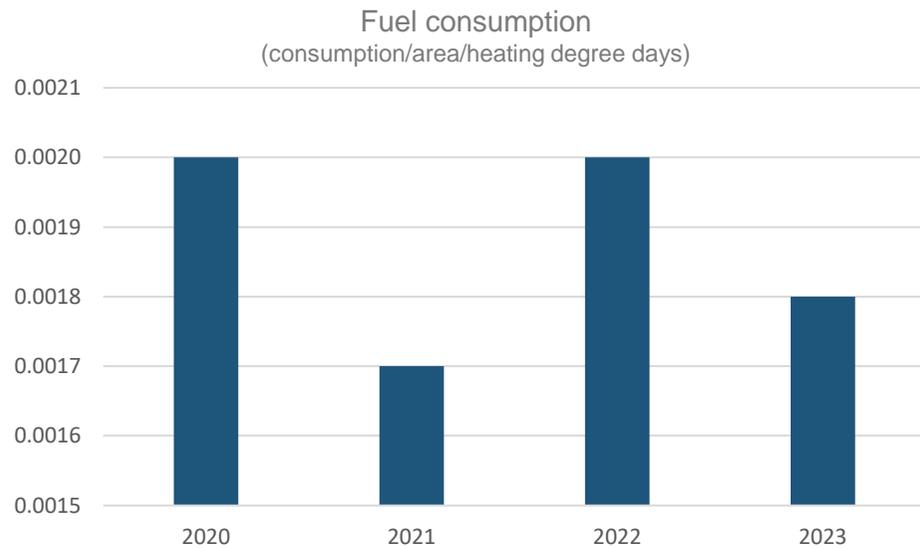
## 5.1 Environment

### Performance Indicators

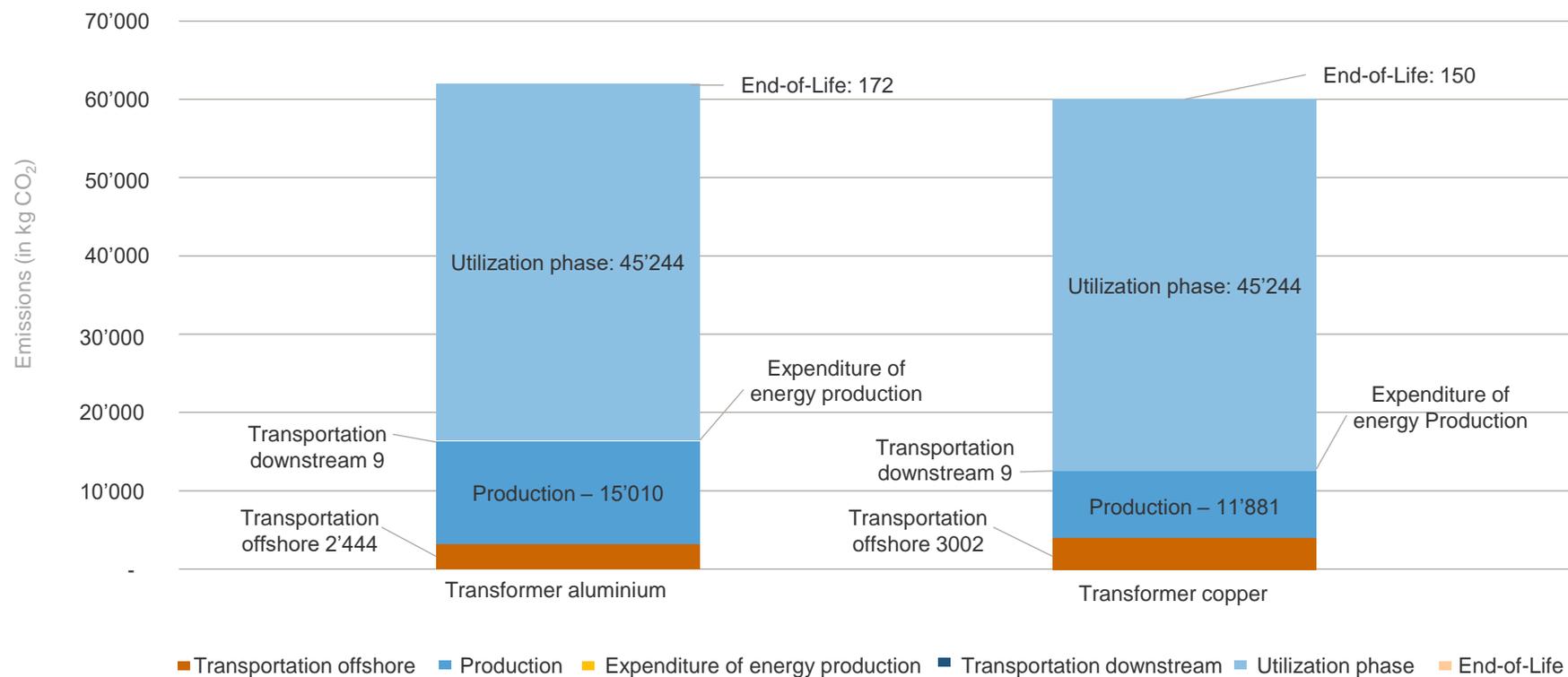
We further included the numbers of our electricity, fuel and water consumption from 2020-2023.

We further calculated the carbon footprint of two of our transformers (composed of aluminium and copper) in accordance with the GHG Protocol and ISO 14044/14040.

(see next slide).



Transformer CO<sub>2</sub> emissions per lifecycle step (kg)



Transformer type	Unit	Transportation offshore	Production	Expenditure of energy production	Transportation downstream	Utility phase	End-of-Life	Total
Transformer aluminium	kg CO <sub>2</sub> /FU <sup>1</sup>	4%	24%	0.001%	0.010%	72%	0.3%	100%
Transformer copper	kg CO <sub>2</sub> /FU	5%	20%	0.001%	0.010%	75%	0.2%	100%

<sup>1</sup> FU = Functional Unit, a measure used in Life Cycle Analysis to measure the function or service that a product or system provides.



EFFECTIVE RISK ASSESSMENT IS KEY TO ENSURING THAT WE FOCUS ON THE MOST IMPORTANT ISSUES FOR ALL OUR STAKEHOLDERS.

Rolf Fluri, CTO

## 5.1 Environment

### Material Risk and Risk treatment

Every year, we identify the most important sustainability risks arising from our business activities. We use the assessment to optimize our data management for our sustainability strategies and ensure that the sustainability disclosures in our annual report contain the topics that are of greatest interest to our stakeholders. As of 2025 at the latest, our risk assessment process will be based on the ISO 31000 risk management standard.

At ZREW Transformatory S.A., we identified contamination of soil with transformer oil as an environmental risk. However, as the oil systems are periodically tested for potential leakages, we do not consider this as a material risk. Moreover, no contamination or pollution was identified by authorities and internal audits.

At Tesar S.r.l., we identified waste separation as a risk. As a measure, we organized an additional training course for the responsible employees and prepared a training report.

We have not identified any specific risks related to our supply chain and subcontractor chain and aim to refine our risk assessment in the following years. We are in regular contact with our partners in the supply and subcontractor chain and we have set out expectations in the Code of Conduct for Agents and Suppliers regarding environmental standards in the supply chain.

### Measures, Effectiveness

Group management oversees R&S Group's management of environmental risks. The Board also reviews our approach to managing environmental risks through the discussion and approval of our Code of Conduct for employees, agents and suppliers and the regular audits on the implementation of the Code.

We focus on selecting and qualifying suppliers, that can provide materials with high quality, lower impact on carbon emissions during their manufacturing and preferably use recycled materials. The selection process for suppliers also takes into consideration the GHG emissions during manufacturing.

Continued optimization of transformer design leads to a reduction in raw material consumptions. The new series of EcoPlus2030 transformers has been designed and tested to provide lower carbon emissions than existing models using steel with an allocated low CO<sub>2</sub> intensity.

We have reduced our consumption of electricity, heating oil and water and thus also our CO<sub>2</sub> emissions in relation to our production volume in 2023 compared to previous years.

We have installed solar photovoltaic panels at some of our facilities to reduce consumption of electricity from fossil-fuel power stations. Most plants have replaced fluorescent lighting with LED. This led to a decrease in electricity consumption by 10 per cent at ZREW Transformatory S.A. compared to 2021. We have also taken a series of measures to improve waste treatment (e.g., sorting and storing waste in specialized containers that are collected by authorized companies).

We conduct, both by ourselves and through independent auditors, regular on-site visits to interview selected in order to assess the reporting process at Group, business, asset and site level, including management's processes to identify R&S Group's material risks.

## 5.2 Social Matters



### Our Objectives

We aim to play an active role in creating opportunities and value for our customers, our employees, our suppliers, and the communities in which we operate.

### Policy, Due Diligence Process

We continue to strive to improve the value to and the experience of our stakeholders. We adhere to the ISO 9001 standard and from 2024 onwards, we gather feedback from our customers globally on an annual basis to understand their needs.

We aim to extend our measurements of our social performance in a standardized way and to roll-out the tools needed to achieve this in the next few years. We also plan to benchmark R&S Group against best practice in the industry.

Engaging with stakeholders serves a dual purpose: Sharing the company's policies and commitment with them and gathering valuable information about their expectations.

Our technical experts and senior managers meet regularly with members of local associations, committees, trade unions and others to discuss important topics of common interest.

Their feedback is shared with Group Management and other relevant employees and used to guide the development and implementation of ESG policies and targets.

## 5.2 Social Matters

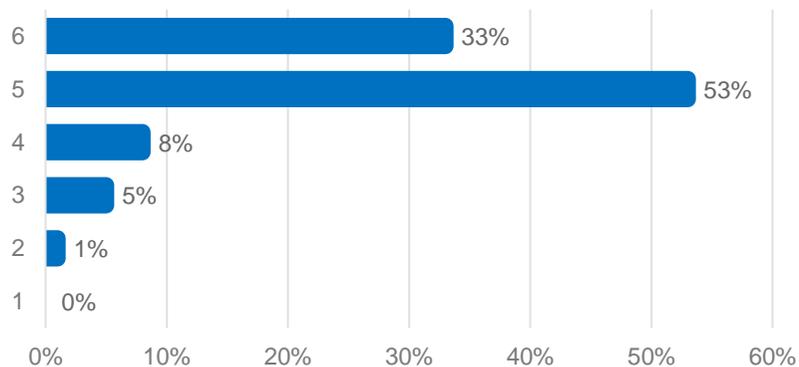
### Performance indicators

In 2023, Tesar S.r.l. conducted a customer satisfaction survey which is being used to improve customer service.

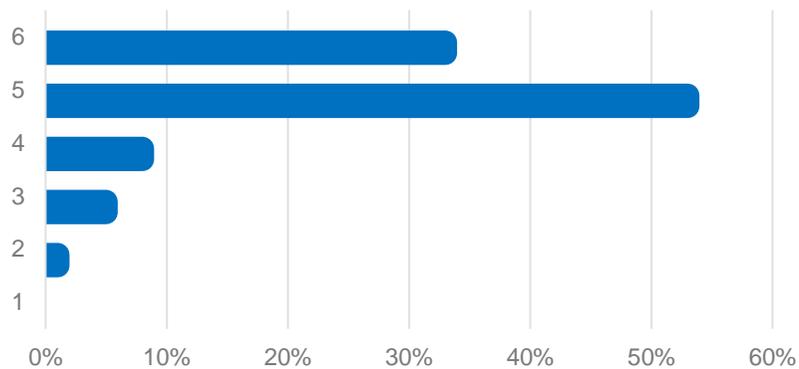
We also assessed customer satisfaction with our transformers in the Swiss market (see charts to the right).

We aim to conduct annual customer surveys for all Group companies starting 2024.

Customer satisfaction survey 2022 – How customers rate the quality of our products (6 = excellent / 1 = poor)



Customer satisfaction – How customers rate our service and support (6 = excellent / 1 = poor)



## 5.2 Social Matters

### Material Risk and Risk Treatment

In 2023, we have not identified material social matters related to R&S Group' activities or to our supply chain and subcontractor chain as we consider the risks to be low. We intend to carry out an in-depth social assessment as early as this year.

### Measures, Effectiveness

Our suppliers and agents commit to adhere to the applicable laws. They ensure to embrace our values and adhere to our Code of Conduct, which includes social responsibility. R&S Group suppliers and agents are requested to keep a record of all relevant documentation to evidence compliance. R&S Group reserves the right to inspect and audit operations and facilities of its suppliers and agents. In 2024, we will be conducting compliance audits and on-site visits to both our own production sites and to various suppliers in our network.

## 5.3 Employee-Related and Labour Matters



### Our Objectives

Respect, trust and fairness are fundamental to employee commitment and performance. R&S Group aims to provide a diverse, inclusive and fair working environment that promotes respect for all our employees, customers and business partners.

### Policy, Due Diligence process

We aim to provide a safe work environment for all our employees. We develop and implement health and safety promotion programmes at all sites and train our employees accordingly. The principles and strategy for the health and safety of our employees are defined by local law, ISO Standards 45001 – occupational health and safety management systems, and by specific regulations of our industry.

We value employee diversity and strive to build an environment that reflects their varied backgrounds.

We are committed to attracting, developing and retaining diverse talent by fostering a culture that is inclusive.

The benchmark for our employee related initiatives are the ILO<sup>3</sup> Conventions and Recommendations.

3. The eleven International Labor Organization (ILO) fundamental conventions are: the Forced Labour Convention (No. 29) and its 2014 Protocol, the Freedom of Association and Protection of the Right to Organise Convention (No. 87), the Right to Organise and Collective Bargaining Convention (No. 98), the Equal Remuneration Convention (No. 100), the Abolition of Forced Labour Convention (No. 105), the Discrimination (Employment and Occupation) Convention (No. 111), the Minimum Age Convention (No. 138), the Occupational Safety and Health Convention (No. 155), the Worst Forms of Child Labour Convention (No. 182) and the Promotional Framework for Occupational Safety and Health Convention (No. 187).

### 5.3 Employee-Related and Labour Matters

#### Performance Indicators

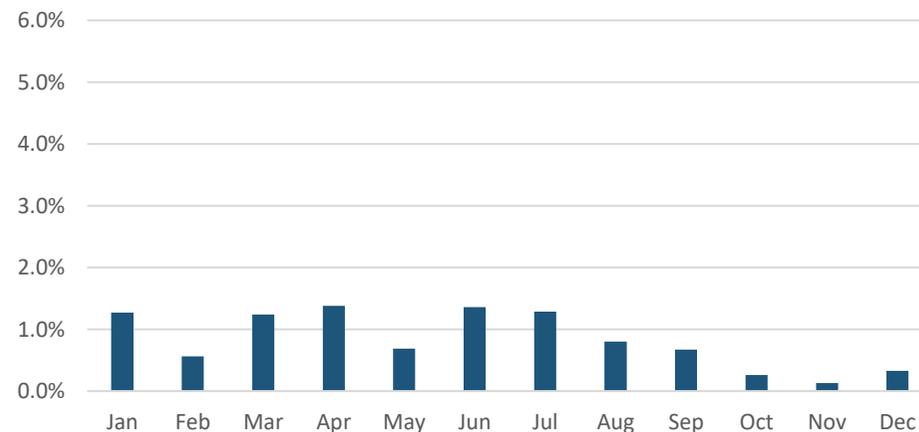
In 2023, we have (inter alia) assessed KPIs regarding staff turnover and lost time due to injuries.

Monthly staff turnover is still low and mainly driven by our strategic extension of production capacity in Poland.

Lost time due to injuries reflects mainly the lost working hours of two long term absent workers.

As of 2024, we aim to record further KPIs, especially in relation to safety at the workplace, injuries and employee satisfaction.

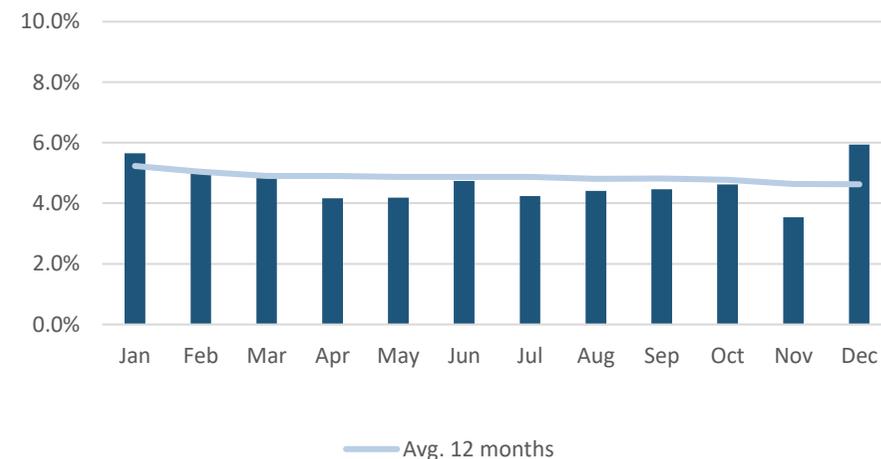
Staff turnover (%)



Lost time due to injuries (working hours)



Absentee rate (%)



### 5.3 Employee-Related and Labour Matters

#### Material Risk and Risk Treatment

In 2023, we identified several employee-related risks. Of those, the following risks were identified as the most material: Incidents and injuries, including potentially fatal accidents, due to elevated work (at height), work with high voltage and handling heavy materials.

We have not identified any risk related to our supply chain and subcontractor chain and will continue to assess these risks in increasing detail in the following years.

#### Measures, Effectiveness

Within R&S Group, the following measures have been implemented relating to work safety:

- Initial and mandatory periodic trainings (including health and safety trainings).
- Initial and periodic medical examinations are carried out at each plant.
- Periodic inspections of machinery and equipment, personal protective equipment and slings. Employees are provided with certified working clothes and footwear, as well as personal protection equipment.
- Continuous evaluation (including on-site inspections) and amendments to our safety instructions.
- Modification production processes to avoid hazards.
- Consultation of employees concerning the improvement of working conditions.

#### Health and Safety

We strive to achieve a zero-accident policy at all our plants, We record and analyze all incidents throughout the Group and initiate the necessary corrective measures to prevent further incidents. To support our efforts in this regard, we plan to implement higher safety standards in 2024 by way of ISO 50001 certification.

All above mentioned measures led to the reduction of accidents in 2023, and we did not receive any negative results of inspection done by national labour authorities or during customer audits. Our performance is monitored by the quality officer and the management. Tesar S.r.l. also has an external person responsible for the prevention and protection of health and safety in the workplace.

#### Diversity and Inclusion

R&S Group values employee diversity as a source of creativity and innovation that also provides the company with greater insights into different markets, improves team performance and leads to better decisions.

Starting in 2025 at the latest, we aim to collect diversity to enhance our understanding of employee satisfaction across diverse groups. The data will be used by the Group Executive Committee to develop policies that encourage diversity.

Employees are encouraged to report all concerns regarding or Code of Conduct, also relating to mobbing, sexual harassment, discrimination etc. to the competent superior or the HR department. There were no incidents reported in 2023.

## 5.4 Respect for Human Rights



### Our Objectives

We are committed to respecting and protecting human rights wherever we do business. Our employees, agents and suppliers ensure to strictly avoid the following practices:

- Exploiting children, including child labour
- Corporal punishment
- Gender-based violence
- Illegal discrimination
- Forced labour
- Illegal policies regarding extra work (overtime) and payment.

### Policy, Due Diligence Process

We respect the UN Guiding Principles on Business and Human Rights, which aim to protect everyone from adverse human rights impacts that may result from business activities and address such impacts when they occur.

Our commitments are implemented through our Code of Conduct and our Sales Agent Code of Conduct and Supplier Code of Conduct

We further strive to meet our commitments through leadership training and the promotion of the values and business culture described in our Codes of Conduct. The company also develops and implements policies and processes to protect human rights; training and monitoring of activities that may have a human rights impact; and through due diligence activities which include inspection and audit operations.

## 5.4 Respect for Human Rights

### Material Risk and Risk Treatment

In 2023, we did not assess and identify any material human rights issues in connection with our Group activities or our supply and subcontractor chain. We intend to carry out an in-depth assessment of human rights risks as early as this year.

### Performance Indicators

Even though we have not yet established any KPIs for the protection of human rights, upholding human rights, respect for the individual and respectful treatment are one of our top priorities in the group.

We will therefore introduce corresponding indicators for our future reports..

### Measures, Effectiveness

In 2019, we adopted a Human Rights Policy Statement and integrated our human rights commitments into our Code of Conduct for our employees, sales agents and suppliers. We expect our employees, sales agents and suppliers to comply with our human right standards.

We encourage employees to report violations of our policy can be reported to the employee's superior or the competent HR department. In 2023, no incidents were reported.

R&S Group' suppliers and agents are requested to accept and demonstrate compliance with our standards. R&S Group reserves the right to inspect and audit operations and facilities of its suppliers and agents. In case of violations suppliers and agents are requested to take necessary corrective actions. In case of failure R&S Group will have to take further action such as suspending or terminating contracts.

## 5.5 Combatting Corruption



### Our Objectives

We are determined to play our important role in the global fight against corruption and to contribute to sustainable, just and healthy civil societies.

Our management has adopted a zero-tolerance policy on bribery and corruption: We strictly prohibit any offering, giving, allowing or accepting of bribes or inducements in any form.

We comply with national and international anti-corruption laws worldwide and enforce these laws amongst all employees.

We continually strive to improve our compliance management performance and prevent any instances of non-compliance.

### Policy, Due Diligence Process

Our Codes of Conduct for employees, agents and suppliers provide the framework for our compliance management system. Our anti-bribery management was further developed in 2023 and has been independently reviewed and assessed.

We have adopted an anti-bribery compliance concept, which is based on the concept of ISO 37001 – Anti-bribery management systems. ISO 37001 specifies the role of leadership, the importance of values and culture as well as the implementation of policies, procedures and controls regarding bribery risk.

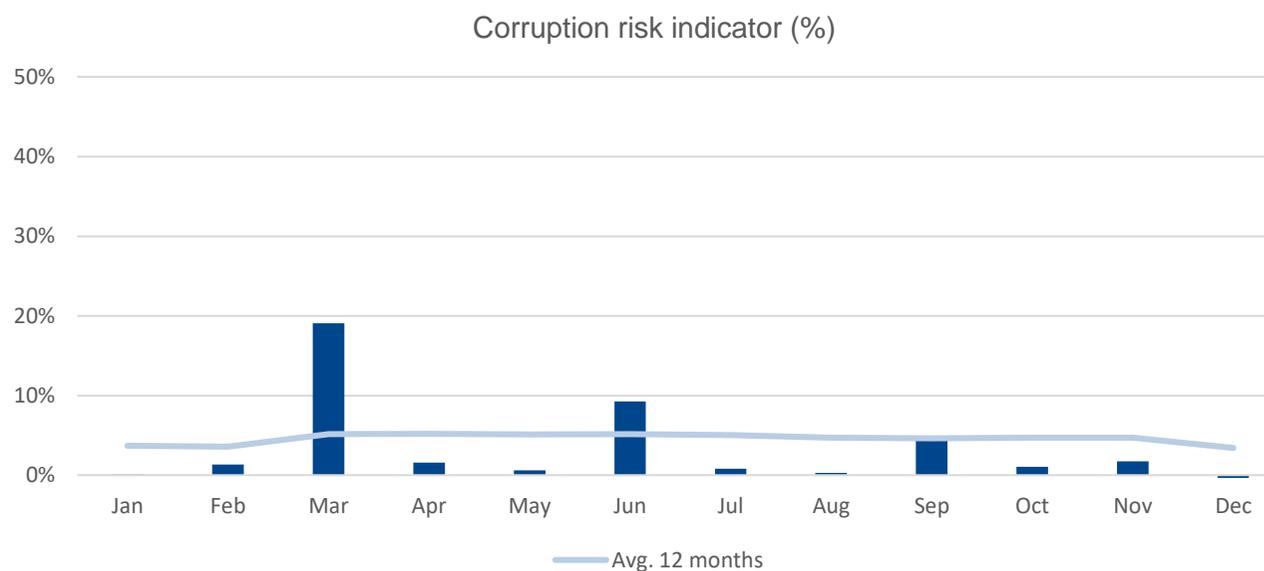
We regularly review our anti-corruption compliance management system to ensure it meets the requirements of the ISO standard and the principles set out in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

## 5.5 Combatting Corruption

### Performance Indicators

As we have adopted a zero-tolerance policy on bribery and corruption. We monitor potential corruption risks in our sales markets and report them on a monthly basis.

The corruption risk indicator (see chart) is calculated as the ratio between the total revenues in countries with a high corruption risk according to the TI Corruption Perception Index 2022 and the total Group revenues.



## 5.5 Combatting Corruption

### Material Risk and Risk Treatment

In 2023, we assessed the risk of violations of the Code of Conduct (incl. corruption) within the Group and concluded that the corruption risks are generally low. The corruption risk is mainly associated with certain countries, according to the corruption risk indicator outlined above.

We aim to identify specific material bribery risks to make our fight against corruption even more effective. To this end, a working group will be formed to define the necessary measures so that first results can be shown next year at the latest.

### Measures, Effectiveness

Our internal audit department (this function is currently still performed by an external auditor) performs certain compliance tasks as required. The new position of an internal ethics and compliance function is to be filled by next year at the latest.

R&S Group has not identified material bribery risks and none of our companies have been involved in any cases of corruption in the last year. However, we are taking the following measures to train our employees and mitigate any compliance risks:

Any attempts to encourage employees of the R&S Group to make unfair payments or provide unfair services in the course of their business dealings must be reported immediately to R&S Group Management so that appropriate steps can be taken to address such risks. Employees are encouraged to report any violation of our anti-corruption and bribery policy to their supervisor or relevant Human Resources department. Consequences for non-compliance range from a warning to termination of employment, depending on the severity. No incidents were reported in 2023.

Compliance awareness programs are in place at all levels of the organization. Employees are regularly reminded of and trained in the applicable regulations (Code of Conduct). In 2023, there was also special training for employees at two of the plants, which was conducted by a legal advisor and supported by local management. We also regularly train our sales representatives and suppliers in this respect.

R&S Group suppliers and agents are required to retain all relevant documentation to evidence compliance with our anti-corruption and bribery policy. R&S Group reserves the right to inspect and audit the operations and facilities of its suppliers and agents. In 2024, we will conduct compliance audits and on-site visits to our own production sites and various suppliers.

The Board of Directors of R&S Group Holding AG approved the non-financial report for 2023.

A handwritten signature in blue ink, appearing to read 'H. Kundert', written in a cursive style.

**Heinz Kundert, Chair of the Board of Directors**

A handwritten signature in blue ink, appearing to read 'M. Weibel', written in a cursive style.

**Matthias Weibel, CFO**

06/  
Annexes



## 6.1 Child Labour Due Diligence



### Assessment regarding Reasonable Grounds to Suspect Child Labour

We pursue a zero-tolerance policy with regard to child labour within the Group and also demand the same from our suppliers and sub-suppliers.

Our Group does not fall under the exceptions of Art. 6 and 7 or 9 of the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour. We considered the risk of child labour in our supply chain and reached the following conclusion:

Based on our annual on-site inspections at our production facilities in Switzerland, Italy and Poland and our supply chain policy and on-site audits of our suppliers, we have come to the conclusion that there is no reasonable suspicion of child labour in our supply chain. In addition, our production facilities are located in countries where there is no increased risk of child labour. There is only one sales office at the site in Argentina, while we have an administration and a production team at the site in the UAE. We have determined that there are no significant risks of child labour within the administrative work sector. The production team in the UAE does the final assembly of semi-finished goods and includes work with cranes to move equipment weighing multiple tons. This effectively rules out the possibility of children being used for this work. We are also on site on a regular basis to check this.

Overall, we believe that we are exempt from the duty of care for child labour and the duty to report.

## 6.2 Conflict Minerals Due Diligence



### Exemption

Our Group does not import or process an annual quantity of tin, tantalum, tungsten or gold exceeding the quantities set out in Annex 1 of the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour. We are thus exempt from due diligence and reporting obligations in relation to conflict minerals and metals.

