



CORPORATE RESPONSIBILITY REPORT 2020-2021

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Preface



Social responsibility starts with a strong and competitive company and is a critical component of our actions.

Dear Reader,

The global outbreak of Covid-19 led in the past two years to the biggest health crisis and deepest recession since the second world war. Zollner, too, as an international corporation, was impacted by the pandemic in myriad ways. Our locations across the globe were faced with the most widely varied challenges. Protecting the health of our employees and at the same time keeping business operations running were our top goals. Yet with all of the struggles, we did not forget to focus on the services we bring, on quality and on sustainability. Responsible economic management has always been very important to our family-led company and provides us with fundamental stability, especially during this time.

The Corporate Responsibility Report presented here for the Zollner Group of companies documents how we act with responsibility and defines long-term corporate success in a dynamically changing economic and social environment.

Under Corporate Responsibility, we understand the economic added value of our services as well as the way we work with our employees and business partners. Along our entire value-added chain, we pay attention to fair business conduct, good working conditions, adherence to human

rights, careful use of resources, environmental protection and health and safety at the workplace.

In this report we will not only show our activities from an economical viewpoint but also from the ecological and social aspects in order to make our goals and results clear and transparent. With that we turned to our internal and external stakeholders, especially our business partners, our employees and the people close to our locations. The report clearly shows how our company meets its legal obligations and contributes to sustainable development.

We hope this reading material will provide you with a comprehensive overview.

Zandt, May, 2022

Ludwig Zollner
Board Spokesman

About this report

Reporting Period

This report refers to the fiscal years of 2020 and 2021, whereby the fiscal year lasts from 01/01 to 12/31. Unless otherwise identified, the key indicators refer to the key date of December 31, 2021, and are depicted for the current reporting period as well as the two previous and two subsequent time periods (where figures/data and plan numbers/data exist).

2018 ← 2020-2021 → 2023

If statements are made for only a limited time period, that fact is clearly identified.

The Zollner Group of companies has selected a reporting cycle of two years. According to that, the next Corporate Responsibility Report will be published in 2024.

Report Content

This report was created to coincide with the GRI standard: "Core" option.

The information in the report refers to Zollner Elektronik AG and its subsidiaries (as listed in chapter 1.3 Locations) and thus covers that part of the Zollner corporation. If only individual companies or locations are addressed, this is identified accordingly.

1. THE ZOLLNER GROUP OF COMPANIES

1.1 Corporate profile

Complex mechatronic systems – from R&D all the way to after-sales service: as a partner to leading global organizations, as well as small and medium size companies, the Zollner Group of companies offers system solutions that cross sector divides along the entire product life cycle.

We are technical service providers for customer-specific products, from research & development and consultation, production and supply chain management all the way to after-sales service.

Zollner develops none of its own products and does not bring products onto the market.

At 20 locations worldwide we bank on quality, an optimal price-performance ratio, technological advantage and a “best-cost-country” strategy along the entire value-added chain. It is not important whether dealing with single parts, modules, devices or complex systems: you, the customer, determine the depth of the process.



100 %
of the AG is owned
by the family



11.900
employees
worldwide



∞
many individual
system solutions



No. 1
EMS provider
in Europe



20
locations
worldwide



> 1,8
billion Euros
revenue in 2021



9
sectors



No. 14
worldwide

Zollner at a glance: Figures, Data and Facts

1.2 History

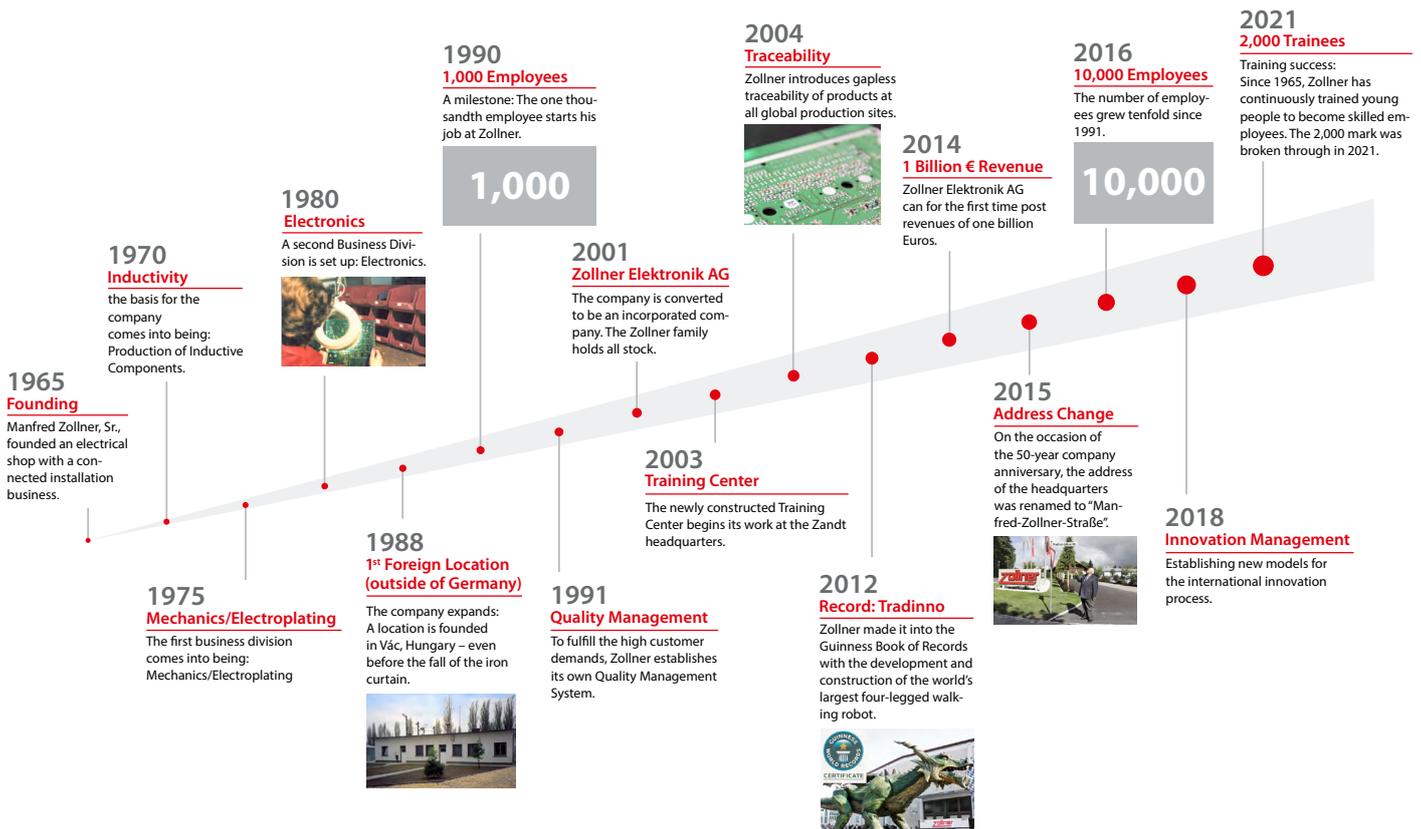
From a one-man-operation to Europe's market leading EMS provider:

More than 5 decades ago, in 1965, Manfred Zollner laid the foundation in Zandt, Bavaria, for today's Zollner Elektronik AG. Since that time, the company has developed into a

worldwide group of companies with more than 11,800 employees. Today, the company is an incorporated company, which is 100% family-owned. Through continuous organic growth, the Zollner Group of companies has established itself worldwide as one of the top 15 EMS service providers¹ as a mechatronics service provider.

Zollner is both a mechatronics service provider and flexible family-owned company.

A success story: milestones since 1965



¹ Electronics Manufacturing Services: EMS companies are complete service providers and offer end-to-end solutions for Original Equipment Manufacturers (OEMs). The spectrum of services in the Electronics Division spans from research & development and prototyping, through procurement and logistics and all the way to production and testing of PCBs, modules, devices and complete systems and also encompasses after-sales service.

1.3 Locations

We realize system solutions for our customer's products at a total of 20 locations. We can be found in Germany, Hungary, Romania China, Tunisia, the USA, Switzerland, Costa Rica and Hong Kong.

20 Years of Zollner Satu Mare

For 20 years, Zollner has been one of the most important local investors in Satu Mare, Romania, and also one of the largest employers in the rural district to which it belongs. The company, founded in September of 2000, grew step-by-step and has continued to further develop itself. Prior to 2020, ZES Zollner Electronic S.R.L. had reached over 2,300 employees and production space of 32,090 square meters. One of the success stories of the Zollner brand, which we hope to continue.

Milpitas: 10 successful Years in Silicon Valley

2021 marks the tenth birthday of Zollner Electronics Inc. in the technology mecca of Silicon Valley. Milpitas was an ideal location, on San Francisco Bay, near the city of San Jose. In

Europe, Zollner was then already a leading organization, but in Silicon Valley the name was hardly known. Word-of-mouth is our best advertisement. Zollner now enjoys a great reputation here when it comes to high quality. Zollner Milpitas is one of the most diverse subsidiaries of Zollner with people from over 25 countries. We are very proud of that!

Zollner triples its space in Taicang.

The Zollner location in China received a new warehouse in August of 2020. Zollner Elektronik AG has additionally decided to expand this site with a new production building. A cleanroom (1,000 square meters), two stories of production space for populating PCBs and device assembly (15,000 square meters), a large warehouse area, a large cafeteria and social and office areas will soon be able to be found in the new building on the Taicang premises. The ground-breaking ceremony for the new building was in June of 2021. Production start will be at the end of 2022.



Plant Development: Zollner bets on Globalization



1.4 Management structure, risk and opportunity management

The Zollner Group of companies is structured according to a division-based matrix organization with staff functions. The Managing Board at Zollner Elektronik AG is made up of five members – the Supervisory Board has four members. Subsidiaries abroad are managed by Managing Directors. There are 13 central divisions and four strategic business areas (SBA) in the whole organization. The first management levels in the central divisions are disciplinarily subordinate to Zollner Group of companies leadership.

Our Chairman of the Managing Board, Johann Weber, bid farewell at the end of 2020, after 43 years of service to Zollner Elektronik AG, and entered into his retirement. He continues to tend to the company in the Supervisory Board. With that he strengthens the organization's supervisory committee, the chairman of which is the founder of the company, Manfred Zollner, Sr. In the future there will no longer be a Chairman of the Managing Board. Instead, Ludwig Zollner assumed the role of Board Spokesman.

Company Leadership



From left to right:
 Thomas Schreiner
 Member of the Board

 Christian Zollner
 Member of the Board

 Manfred Zollner
 Chairman of the Supervisory Board

 Ludwig Zollner
 Member of the Board

 Markus Aschenbrenner
 Member of the Board

 Manfred Zollner, Jr.
 Member of the Board

Corporate Responsibility is a component part of our management process and closely tied to many of our strategic corporate goals. Thus the responsibility for decision making regarding economical, ecological and social topics lies with the Managing Board and the Managing Directors of respective subsidiaries.

Fulfilling its full responsibility, the Managing Board of Zollner Elektronik AG has created a framework for efficient risk management with corporate-wide specifications. Direct responsibility for timely recognition and communication

of significant risks lies with the Managers of the respective organizational units.

In order to be able to fulfill their monitoring and control responsibilities, the Managing Board of Zollner Elektronik AG and management of internal trading partners are routinely informed of the opportunities and risks in the organizational units within the framework of periodical risk reporting. Suddenly occurring risks or significant damages that have occurred are reported applicable to the situation and applicable measures/action items are then introduced.

1.5 Sectors

We are at home with many sectors for which we also possess the necessary certifications². Our customers take advantage of our expertise in the areas of Industrial Electronics, Rail Technology, Automotive Technology, Health-

care & Life Sciences, Aerospace and Defense, Measurement Technology, Data Processing Technology, miscellaneous Consumer Goods and Telecommunications.



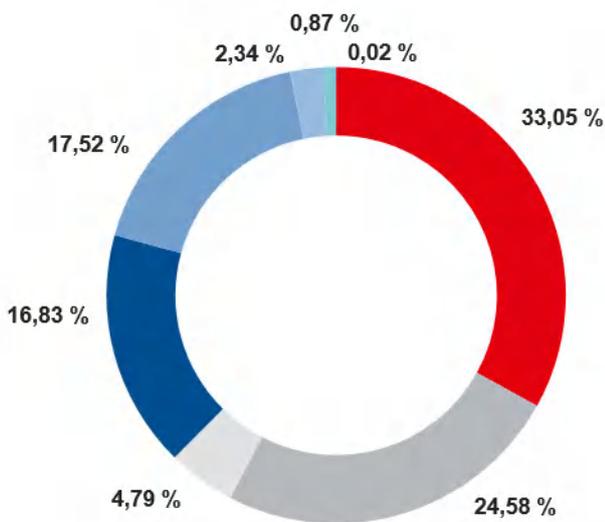
Broadly Positioned in Various Sectors

² <https://www.zollner-electronics.com/en/about-us/certificates-honors-and-awards>

Due to our broad array of sectors, we can react flexibly to market fluctuations. We have assembled almost all of the technologies necessary to us under one roof. Thus we can utilize the synergies from various areas. As an EMS service

provider without or own product, we provide a number of single electronic parts, modules, devices and systems with our technological know-how.

Sector distribution by customer revenue



- Industrial Electronics
 - (Rail Technology is 3.31% of this)
- Automotive
- Data Processing Technology
- Measurement Technology
- Healthcare and Life Sciences
- Aerospace and Defence
- Other Consumer Goods
- Telecommunications

Customer References

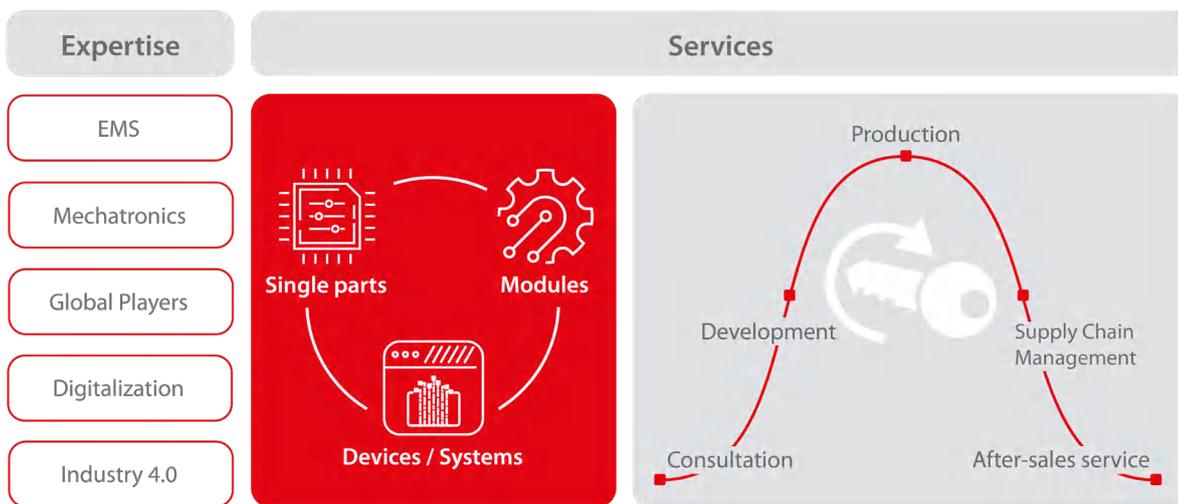


Brand names are protected for their respective owners. The logos shown here are each registered trade marks in Germany and/or other countries.

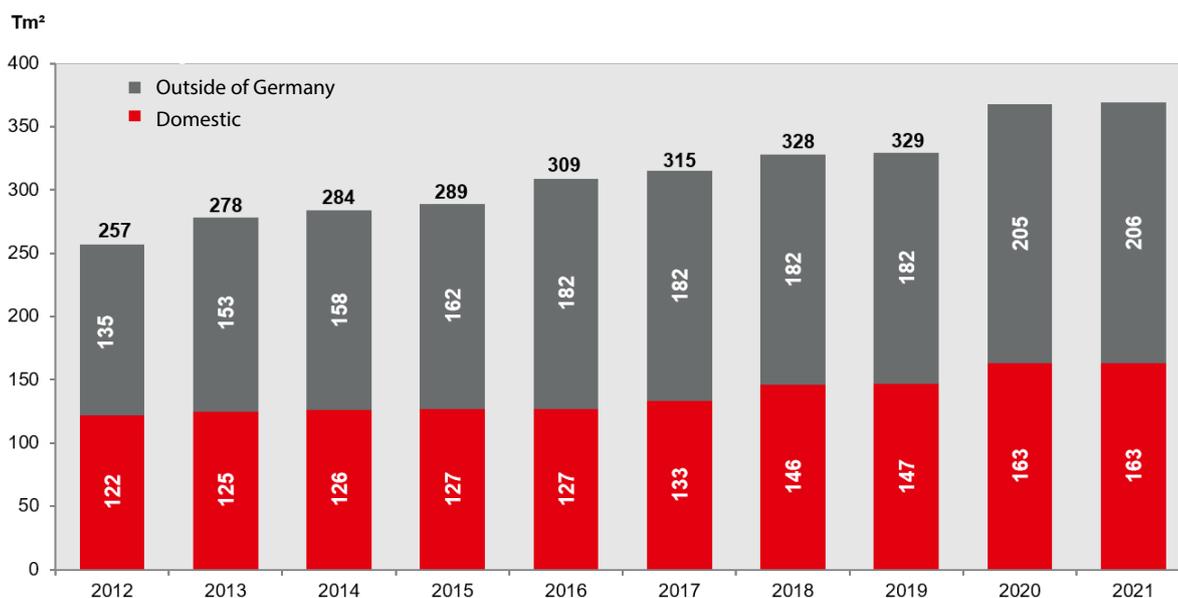
1.6 Services and Product Lifecycle Management

The Zollner Group of companies offers a broad, global pallet of services: research and development, NPI/engineering, materials management, obsolescence management, production, analysis and tool technology, global delivery, repair, refurbishment and after-sales support.

We work internationally with standardized processes. We not only have the same systems, machines and processes at all of our locations, but each site also offers the same high measure of quality, flexibility and security.



Production space development



Business Development

At all of our locations, we emerge as a company under the premise of economic viability and job security. In our economical decisions, we always take ecological and social aspects into consideration to secure long-term competitiveness for the company and with that the responsibility of a reliable employer. A high level of equity ratio of 48.3% in the 2021 fiscal year (2018: 47.9 %, 2019: 48.5 %, 2020: 51.9%) reflects the balanced capital structure and underscores the stability of the company. Continuous increase in revenues (corporate revenue development 2018: 1.67 billion €, 2019 1.64 billion €, 2020 1.68 billion €, 2021 2.33 billion €) makes investments in infrastructure and innovation possible. Because of the fact that Zollner pays taxes where the value creation happens, the company has direct influence on the future-oriented development of the regions and people there.

1.7 Supply chain

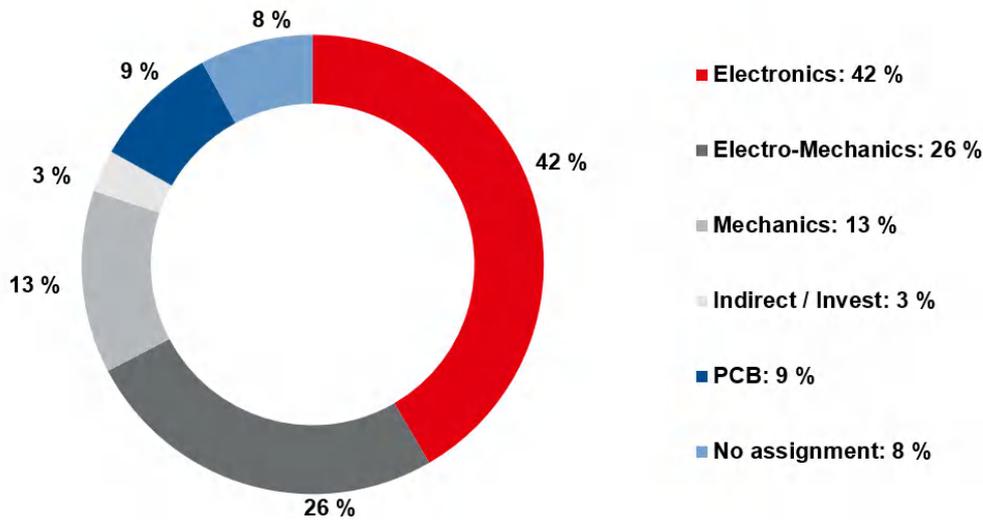
As a globally acting company, we know the various requirements of the markets and our customers. And it is for this reason that our Purchasing (Global Procurement) has been set up internationally and consolidates our regional strengths as well as market insights into one global organization. Global Procurement staff at our worldwide locations take care of the setup and development of vendor/supplier relationships and with that ensure availability, quality and economic viability. Our Global Procurement is oriented

The Zollner Group of companies will also diligently continue in the following years to follow the strategically oriented path it has thus far taken. In doing so, internationalization will be further expanded. Altogether, organic growth is front and center now as it was before. Supplemental to that, the technological spectrum will be enhanced as needed with smaller acquisitions or partnerships. The quality of our offered services and the focus on attractive customers continue to be the focal points of our efforts at Zollner. In partnerships based on mutual trust we offer our customers not only a high level of process depth relative to the entire product life cycle but also solutions in the stages of delivery, which reach from single parts to complete systems.

toward goods groups and divided into the following main areas, which are responsible for topics specific to procurement:

- Electronics,
- Electromechanics,
- Mechanics,
- PCBs,
- Indirects/Investment.

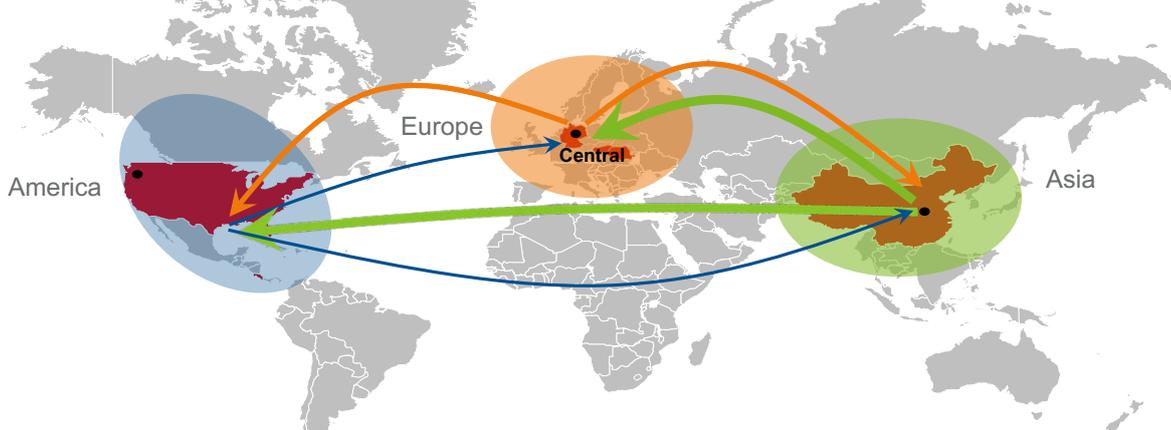
Overview of purchasing volume per cluster



Additionally, supporting areas have been established, which possess and continuously improve upon expert knowledge in regard to supplier quality, purchasing processes, logistics, contract management and cost analysis (value engineering). By consolidating our purchasing volume and using global procurement markets as well as sources, we strive for a significant reduction in material costs. Beyond that,

setting up long-term relationships with preferred vendors/suppliers, ensuring consistently high quality of purchased products and implementation of logistic models are all goals of Global Procurement. Last but not least, we ensure a decisive competitive advantage for our customers through the reduction of the Total Cost of Ownership (TCO).

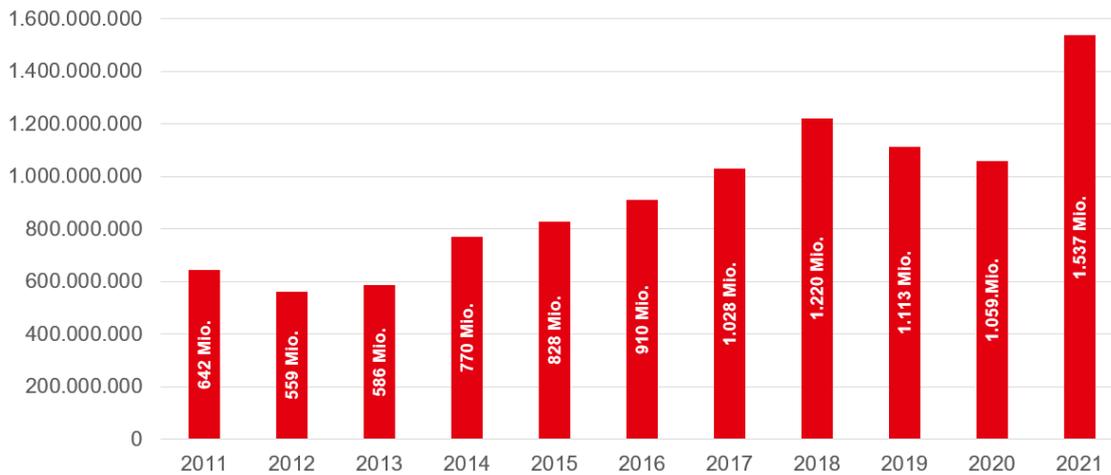
Sourcing in the best region for global business
Local for Global & Local for Local



Our local purchasing divisions obtain required materials and products from local vendors/suppliers defined by Global Procurement. Our supplier base encompasses more

than 7,400 vendors and suppliers from various countries. We obtain over 90% of our total purchasing volume from around 15% of those suppliers.

Purchasing Volume Development in €



We work closely with our worldwide supplier network to lessen negative impacts on our business transactions. In doing so, social aspects play an important role in the selection of and collaboration with vendors/suppliers. In order to be released as a qualified supplier for the Zollner Group of companies, recognition of the internationally recognized code of conduct, the Responsible Business Alliance (RBA), and the UN Global Compact or a comparable code of conduct are required. Adherence to the code of conduct is re-

viewed as needed in supplier audits. An applicable supplier development program will be started upon determination of significant deficiencies.

As an expansion of our social responsibility in the supply chain, the first preparations began already in 2021 to fulfill the requirements of the Act on Corporate Due Diligence Obligations in Supply Chains, starting on January 01, 2023.

1.8 Partner network

We utilize global synergies created by our international network of competence. Pioneering concepts, foresighted ideas and strategic thinking provide the basis for our business transactions. Brisk technological exchange of ideas takes place with universities and colleges. Collaboration with trade associations is also part of our daily business.

We also partner with global networks and platforms for innovation. In this way we combine innovative power with the highest production standards, thus creating added value for our customers and a framework for sustainable development.

Our Partners:



The application of Artificial Intelligence is a concrete component part of Zollner's digitalization strategy. In order to make advancements in this area, the company entered in 2021 into a close relationship with TI.KI, the Technological Institute for Applied Artificial Intelligence, in Weiden, Germany. Thanks to merger with Zollner Elektronik AG, TI.KI

gets the chance to work on additional, realistic cross-sector solutions. The Institute is well networked internationally in the area of AI research and maintains close contact with universities seeking practical relevance for their fundamental theoretical work.

2. Corporate Responsibility at Zollner (CR@ZOLLNER)

As a globally acting company, we affirm our holistic corporate social responsibility (Corporate Responsibility). This is a critical part of the Zollner corporate culture. Our activities

in the realms of Responsible Business, Ecological Sustainability and Social Responsibility are anchored in our integrated management system.

2.1 Definition of "CR@Zollner"

For us, Corporate Responsibility (CR) is a comprehensive/ holistic term:
we accept responsibility for the total impact our corporate activities has on society and the environment.

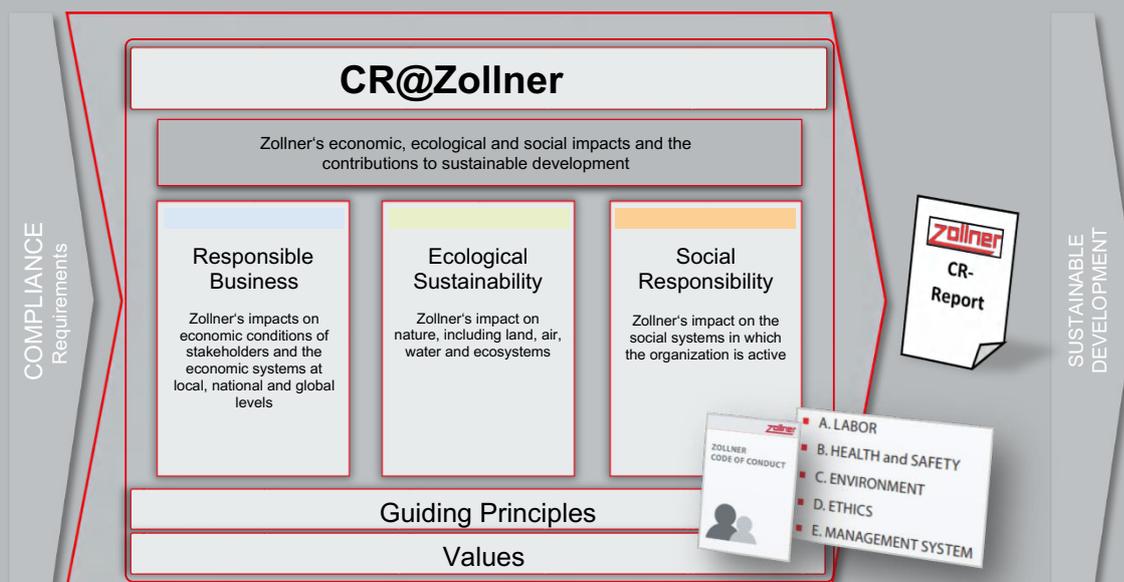
In a nutshell, to us this means:
acting holistically and sustainably as possible.

With that we mean not only social responsibility, but

Our Corporate Responsibility activities in regard to the economic, ecological and social aspects are divided into the following areas:

responsibility for society
(economic, ecological and social)
as a whole.

- **Responsible Business,**
- **Ecological Sustainability and**
- **Social Responsibility .**



We understand **Responsible Business** to be the manner in which we conduct business with our business partners (customers, suppliers) to generate adequate profit, remain independent and be able to continue to organically grow.

Among the things we take into consideration are: business integrity, transparent economic performance, fair procurement practices as well as fair competition, battling corruption, responsible local policies, our indirect economic impacts, appropriate investment policy (organic growth) and wage levels.

Belonging to **Ecological Sustainability**, among other things, are environmental and climate protection as well as responsible resource use (energy and water consumption), use of renewable energies, determination and minimization of greenhouse gas emissions and waste management (generation, handling and disposal of waste).

We understand **Social Responsibility** to be how we act

toward all of our employees, their working conditions, maintenance and promotion of their health and well-being with occupational health and protection measures and, last but not least, our social responsibility toward societies in the regions in which we are located.

Here we also take a look at our Corporate Citizenship activities, such as our donations, sponsoring and charitable activities as well as promoting volunteerism among our employees.

We want to promote creativity, the spirit of innovation and entrepreneurship in our employees and increase employee retention and the value of the company with our CR activities. Aside from that, Zollner CR also contributes to the fulfillment of compliance requirements from our stakeholders.

2.2 Ethics and integrity

Corporate Responsibility is a critical part of the Zollner corporate culture. The three pillars of our CR activities rest on our values and our guiding principles.

2.2.1 Our values

To which values do we as to all of our employees as well as leadership feel obligated?

Trust, respect and honesty	We can depend on each other and interact with mutual appreciation.
Holistic responsibility	We keep the corporation in mind as a whole and are proud of our collective achievements.
Professionalism	Our work is goal oriented, and we take advantage of our strengths and capabilities.
Adaptability	We embrace change, are innovative and possess the courage to face the unknown and continuously further develop ourselves.
Efficiency	We concentrate on what is most important, and we continuously improve our quality, time and cost.
Performance	We are implementation experts and place results for our customers and Zollner at the forefront.

2.2.2 Our guiding principles

What is the purpose of the company, and what are our convictions?

We are a professional mechatronics service provider and offer individual sector solutions along the entire value-added chain.
We deliver customer benefit and competitive advantages across the complete life cycle of products and services.
We bank on long-term, good faith partnerships.
We are continuously improving our innovative performance, quality and sustainability.
We continuously improve ourselves, which ensures productivity and process excellence.
We are fast, uncomplicated and utilize the synergies between our business areas and functions.
We count on qualified and motivated employees, on responsibility, initiative and team spirit.
We generate an adequately high profit to remain financially independent and be able to invest in the future.
As a family-owned company, our orientation is long-term, and we put our faith in organic, healthy growth while committing ourselves to our social responsibility.

2.2.3 Zollner Code of Conduct

Our Zollner Code of Conduct³ imparts the content of our compliance activities to relevant shareholders (employees and partners). It describes the basic critical legal and business policy principles to which we orient ourselves in our relationships with our business partners as well as in our internal collaboration. It defines standards to ensure that working conditions in the supply chain are safe, that employees are treated with respect and dignity and manufacturing processes show awareness for the environment and their responsibility.

The Zollner Group of companies is committed to the observance of the rules and regulations listed in the Zollner Code of Conduct. In all of our activities, we act in full compliance

with applicable laws, rules and regulations in the countries in which we are active. We expect adherence to these basic principles of conduct as the basis for our business relationships.

The Zollner Code of Conduct was created based on the principles of conduct of the Responsible Business Alliance (RBA), DIN ISO 26000 Guideline to social responsibility and the Global Compact of the United Nations.

The Board Spokesman is responsible for establishing, implementing, monitoring and reporting the Zollner Code of Conduct.

³ <https://www.zollner-electronics.com/en/about-us/zollner-code-of-conduct>

Zollner Code of Conduct contents (our standards)

A. Labor

- 1) Free choice of employment
- 2) Young workers
- 3) Working hours
- 4) Wages and benefits
- 5) Humane treatment
- 6) Non-discrimination policy
- 7) Freedom to associate
- 8) Diversity

C. Environment

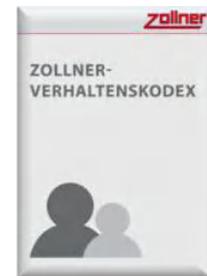
- 1) Environmental permits and reporting
- 2) Pollution protection and resource reduction
- 3) Hazardous substances
- 4) Solid waste and wastewater
- 5) Air emissions
- 6) Materials restrictions
- 7) Energy consumption and greenhouse gas emissions

D. Ethics

- 1) Business integrity
- 2) No improper advantage
- 3) Disclosure of information
- 4) Intellectual property
- 5) Fair business transaction, advertising and competition
- 6) Protection of identity and non-retaliation
- 7) Responsible sourcing of minerals
- 8) Privacy and data protection

B. Health and Safety

- 1) Occupational safety
- 2) Emergency preparedness
- 3) Occupational injury and illness
- 4) Industrial hygiene
- 5) Physically demanding work
- 6) Machine safeguarding
- 7) Sanitation, food and housing
- 8) Health and safety communication



E. Management System

- 1) Company commitment
- 2) Management accountability and responsibility
- 3) Legal provisions and customer requirements
- 4) Risk assessment and risk management
- 5) Improvement objectives
- 6) Training
- 7) Communication
- 8) Worker feedback and involvement
- 9) Audits and assessments
- 10) Corrective action process
- 11) Documentation and records
- 12) Supplier responsibility

2.3 Corporate Responsibility Program

Our CR Program encompasses three elements: communication, examination and reports. With that CR contributes significantly to responsible, holistic and sustainable economies in the company's business processes.

2.3.1 Communicating

We practice active "Tone from the top" communication. This encompasses a clear self-commitment by corporate leadership to value-oriented and sustainable corporate management. Additionally, our leadership assumes a key and role model function in the internal and external collaboration in all our CR activities. In order for them to be able to meet the challenges of this role, we conduct intensive, routine dialogs with them and orient their leadership work (leadership process) to a guideline (leadership guideline) that is oriented to sustainability.

Members of leadership are our ambassadors:

- exemplifying our company values,
- providing help for their employees in the interpretation of guidelines and
- independently and proactively implementing guidelines together with their teams.

We provide routine CR training courses for our employees with the following content:

- I. Company Responsibility/CR@ZOLLNER
- II. Corporate Policy
- III. Guideline for the Integrated Management System
- IV. Zollner Code of Conduct
- V. Dealing with Corruption/Anti-Corruption Policy
- VI. Leadership

2.3.2 Examining, optimizing

Within the framework of the annual audit program, in the name of corporate leadership and with their approval, the status of the management system is examined by external and internal auditors. This guarantees routine review of business activities.

Additionally, Zollner developed a process for employees to be able to raise any concerns without fear of retaliation; the process involves a suggestion box that is available in all locations and protected against misuse. Thus employees can report possible violations of laws or guidelines, either through direct contact with management as well as the Managing Board or anonymously using this channel.

2.3.3 Reporting

We have decided to officially report on our CR activities. With that we turned to our internal and external stakeholders, especially our business partners, our employees and the people close to our locations.

2.4 Stakeholder analysis

Stakeholders (interest groups) are groups of individuals who have a significant interest in our business activities and/or through these business activities could obtain significant influence on our organization. Based on this definition, we have created a stakeholder analysis and identified seven main actors by the degree of their influence and interests.

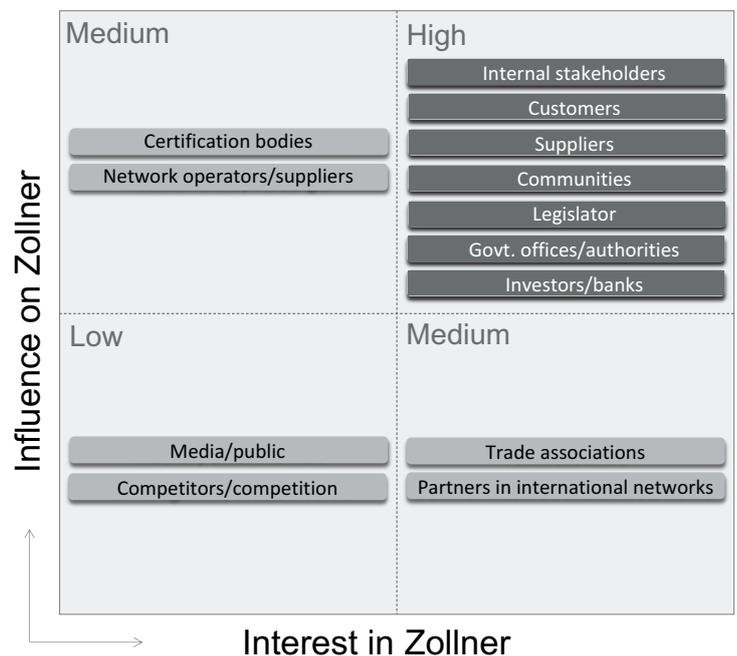
Our most important stakeholders are:

external stakeholders

- customers
- vendors/suppliers
- communities
- lawmakers
- government offices/authorities
- investors/banks

internal stakeholders

- employees
- leadership/management
- central departments
- supervisory board



2.5 Communication with stakeholders

We record the expectations of our most important stakeholders, review them and change them annually as needed within the framework of the Management Review. To do this, we collect recommendations from employees who are not only internal stakeholders themselves but also have direct contact during daily business with the most important external stakeholders (customers and suppliers). We also maintain brisk communication through our central departments with the other important interest groups (communities, lawmakers, government offices/authorities and investors/banks) to be able to systematically consolidate

their expectations. In the past few years, stakeholders, and in particular our customers and employees, demand ever more transparency regarding sustainability topics. Here is an important step toward intensifying communication, publishing of this Corporate Responsibility Report of the Zollner Group of companies.

In the following illustration, the different dialog formats with our stakeholders are listed: frequency is dependent upon the approach used and is defined as needed.

Stakeholder	Most important dialog formats
Internal stakeholders	Discussions with employees and management, leadership forums townhall meetings, internal media, employee surveys, idea boxes informational emails (infomails)
Customers	Customer visit, trade shows, customer surveys, customer audits, emails, telephone calls
Suppliers	Supplier visits, trade shows, supplier audits, emails, telephone calls
Communities	Press releases, personal discussions with community leaders
Lawmakers	Law ledger, press releases
Govt. offices/ Authorities	Government investigations, finances and billing, press releases
Investors/Banks	Discussions with investors, situation report, corporate report

2.6 Materiality matrix

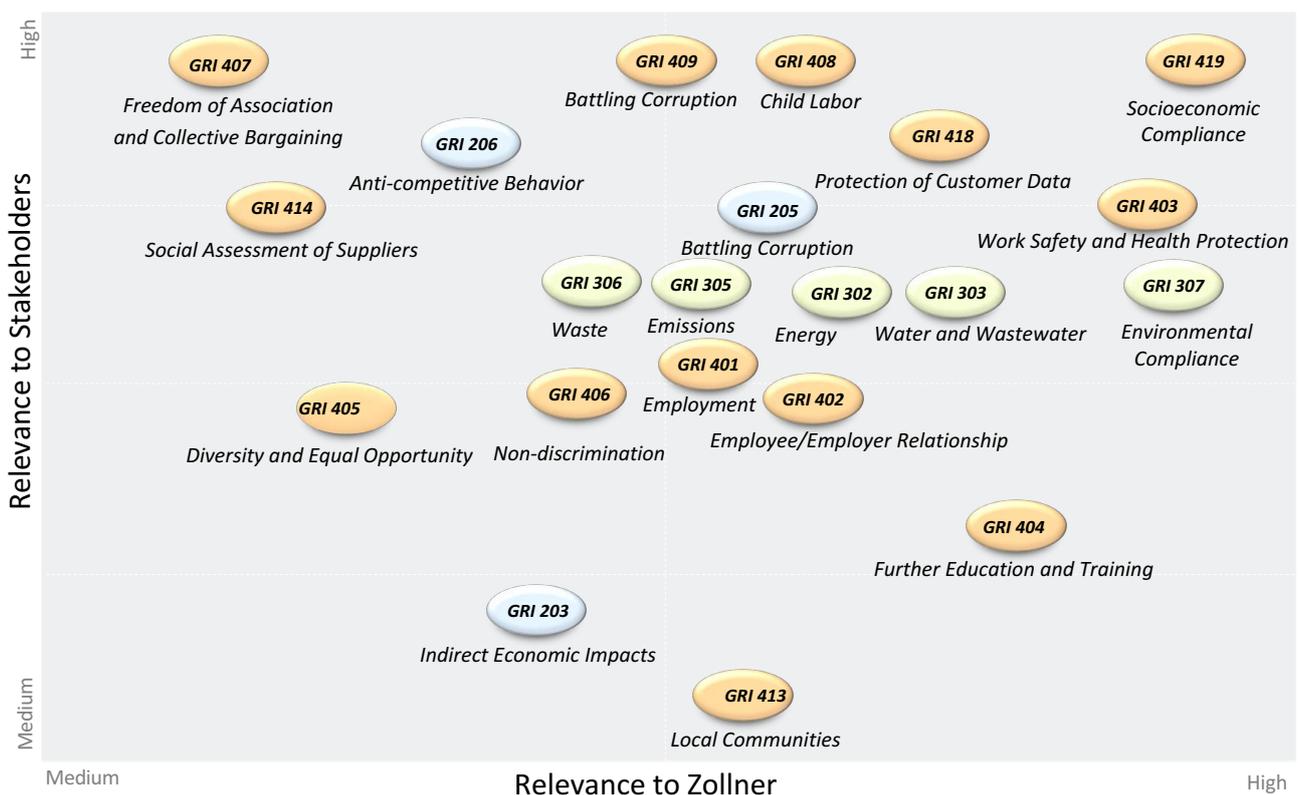
Within the framework of our significance analysis, we have recorded, evaluated and grouped the expectations of our most important stakeholders. The result of the evaluation was a ranking by middle and high level of relevance to stakeholders, which was oriented to the frequency of mentioning. Subsequently, prioritization of the expectations regarding relevance to Zollner was performed, which was oriented to the possible impacts the expectations have on

our business in **economic**, **economical** and **social** regard (leaning on our CR fields of activity). After that, a comparison was made in the GRI guidelines regarding fitting "topic-specific standards" (GRI 200 series, 300 series and 400 series) to be able to correctly create the CR Report according to the "Reporting Principles" (GRI 101). The materiality matrix at hand has been released by the entire Managing Board.

Stakeholder expectations (transitional list to the Materiality Matrix)

Stakeholder Relevance	Expectations (topic group)	Zollner CR Area	GRI Topic-specific Standards	Topic Delimitation
High Relevance	Fulfillment of legal and statutory stipulations (Fair employment, information security, transparent economic performance)	Social Responsibility	GRI 407 – Freedom of Association and Collective Bargaining GRI 408 – Child Labor GRI 409 – Forced or Compulsory Labor GRI 419 – Socioeconomic Compliance	at Zollner
	Fulfillment of normative and customer-specific responsibilities (Business integrity, battling corruption, fair procurement processes, fair competition)	Responsible Business	GRI 205 – Battling Corruption GRI 206 – Anti-competitive Behavior GRI 414 – Social Assessment of Suppliers	at Zollner, upstream and downstream
		Social Responsibility	GRI 418 – Protection of Customer Data	
	Preventative measures for preventing hazards (Work and health protection, environmental impacts, risk management)	Ecological Sustainability	GRI 302 – Energy GRI 303 – Water and Wastewater GRI 305 – Emissions	at Zollner, upstream and downstream
Social Responsibility		GRI 306 – Waste water and Waste GRI 307 – Environmental Compliance GRI 403 – Work Safety and Health Protection		
Medium Relevance	Communication (internal and external) and reporting (Transparent communication, complaint procedure, employee satisfaction)	Social Responsibility	GRI 401 – Employment GRI 402 – Employer/Employee Relationship GRI 405 – Diversity and Equal Opportunity GRI 406 – Non-discrimination	at Zollner and downstream
	Improving corporate performance (Employee qualification, process conformity, continuous improvement process)	Social Responsibility	GRI 404 – Further Education and Training	at Zollner
	Protection of citizens and the surroundings (Responsible local policy, Corporate Citizenship)	Responsible Business	GRI 203 – Indirect Economic Impacts GRI 413 – Local Communities	at Zollner, upstream and downstream
Social Responsibility				

Materiality Matrix



3 RESPONSIBLE BUSINESS



3.1 Contributions to economic development

With the stable development of the Zollner Group of companies and the expansion of our international activities, we are a significant economic factor in nearly all of our locations: we create new work and training positions, place orders with local businesses and contribute to the economic development of the regions. We invest in the newest technologies, systems and machines and place particular value on the continuous further education and training of our employees. We incorporate our employees and all of our production processes, services and business processes into our Continuous Improvement Process (CIP). We're growing in our target markets and rely on long-term **customer and supplier partnerships** in the process. To us, innovative capability and sustainability are of the utmost importance. This applies equally to social and ecological as well as in economic areas. Our innovative power has been recognized many times in the past years:

The Cham Rural District awards Zollner with the Innovation Prize.

Zollner Elektronik AG shined through a dozen other companies for the "Best Prospectives" prize, given for the seventh time by the Cham Rural District. With the award the jury honored the future-oriented development of inductive charging systems for electric vehicles.

Zollner Elektronik AG not only serial produces the world's first inductive charging systems for electrical vehicles in accordance with the applicable ISO 61980 product standard, in whose development Zollner was also definitively involved. In addition we have also been working within the framework of a project promoted by the Federal Ministry for the Environment, Conservation and Nuclear Safety on a bidirectional inductive charging system. This makes it possible for energy transmission to flow in both directions: so, it recharges the vehicle but can also transmit energy stored in the vehicle back into the power grid to balance out periods of maximum demand.



Future-oriented Jobs in the Region

Thanks go to our reliable employer in our Eastern Bavarian homeland for our future-oriented thinking. They offer us prospective. The visit by Cham Rural District politicians to our converted plant in Neukirchen beim Heiligen Blut gave proof of this. During their tour of the two new cleanrooms they gained an impression of how we keep pace with the constantly increasing requirements for technical cleanliness and how work stations look we are creating in Neukirchen.

Thanks to the reconstruction, Zollner Elektronik AG can now ship the most up-to-date, future technology from Neukirchen to the entire world. These are modules and systems for the semiconductor industry who then manufacture microchips. Requirements for technical cleanliness are steadily increasing across the entire production process due to the fact that microchips are becoming ever smaller, highly integrated and more powerful. That is why the two cleanrooms, 700 and 1,300 square meters in size, conform to the strict Class 7 of DIN EN ISO 14644.



Excellence Award for Zollner in Costa Rica

For the third time in a row now the Cost Rica Chamber of Industry awarded the Zollner plant in Cartago the National Excellence award. This time, our Continuous Improvement Process was recognized. This excellence award brought the most important companies in the country together from various sectors, like medical technology, electronics, services, mechanical engineering and others. We are happy about this distinction as recognition of our corporate culture and know-how. It mostly showed, though, that in our economic environment and on the job market we are being perceived in the way we desire. Once again, our efforts were recognized by the national economy. That helps us to posi-



tion ourselves as a reliable employer and business partner in the country.

Zollner provides children with heart illnesses the freedom of movement

Even when the smallest of us are dependent on a heart pump, they should still be able to explore their surroundings. This is a goal the medical technology specialists at Berlin Heart has met together with Zollner Elektronik AG. The leading role is played by a compact drive unit that was developed by the Research & Development Division at Zollner and is now being produced in the E2 Business Division in Zandt II.

The white and blue box weighs a mere 15 kilograms (33 pounds US) and is small as a piece of carry-on luggage. And it is this, precisely, that provides the big difference for children with cardiac insufficiency. It can be hung on the back of a stroller or pulled around everywhere like a luggage carrier. For these tiny patients this means mobility and independence because the box holds the compact drive unit for their essential cardiac support pumps.

Zollner Elektronik AG made a significant contribution to the development of the EXCOR® Active compact drive unit. The Research & Development Division conceived the complete mechatronic system with all of its complexity and brought it serial maturity. Zollner also performed all relevant accreditation testing and optimized the production processes for serial production.

The first little patients received the EXCOR® Active in February of 2020 after the new system was awarded a CE mark, which states that applicable European directives have been fulfilled.

This project was very important for Zollner Elektronik AG, as our Member of the Board of Management, Ludwig Zollner, illustrated: "A child's world should not be limited to a hospital room. That is why our Research and Development team worked tirelessly on a system that would allow better mobility. The team found innovative solutions to further perfect the drive unit together with the E2 Business Division and finally bring it to serial maturity. It pleases us that we could do our part to make the waiting time for a donor heart at least a bit more child-friendly."



Zero Emissions thanks to a Hydrogen Energy Storage System

Berlin's HPS Home Power Solutions GmbH has developed the world's first Solar Hydrogen Power Plant for the family home. Single family homes and duplexes can supply themselves entirely with photovoltaic energy free of CO². HPS entrusted mass production to Zollner Elektronik AG. Serial production started in 2021. Zollner uses one of these systems itself to partially supply the plant in Altenmarkt throughout the entire year with continuous sun power.



Zollner is involved in the production of a COVID-19 vaccine.

Bioreactors from Sartorius AG have the task of creating ideal growth conditions for microorganisms and cells from which immunization is acquired. Special devices are controlled and supplied with energy from units co-developed by Zollner Elektronik AG and transferred into serial production.



Zollner supplies the Control Tower for operation and control and the energy supply unit, named the Supply Box, for the Biostat STR[®] Generation 3 from Sartorius AG used for vaccine production.

On the way to becoming Life Science Specialists

In the shortest amount of time Zollner developed a precision device for genetic research. Over the past years Zollner Elektronik AG has continued to expand its strategic collaboration with biotech company QIAGEN and is strongly focused on offering our development services as a partner. Thus it happened that at the end of 2018 Zollner was permitted to start the first development project for QIAGEN.

QIAcuity, the instrument, allows for verification of the smallest concentrations of individual nucleic acids in a sample. These indicate genetic mutations or illnesses and are typically hard to find, like a needle in a haystack.

The internal cooperation as well as mutual support in the divisions made it possible to adhere to the target dates and technically realize QIAcuity. With that, after an impressive 18 months of development time, the first devices were presented for accreditation testing; as is typical for QIAGEN, by the Canadian Standards Association (CSA).



Zollner produces the world's smallest, wireless sensors

Zollner Elektronik AG manufactures a sensor for Disruptive Technologies with which the Norwegian startup wants to contribute to more effective networking in the Internet of Things (IoT). IoT-capable devices, the founder of Disruptive Technologies thought, were too expensive and hard to handle for comprehensive distribution. Therefore he developed a sensor in 2013 that was 19 x 19 x 2.5 mm small, just about as big as a keyboard key and as thick as a coin. The sensor can also be attached in difficult to reach places to measure temperature or relative humidity, for example. Its data is transmitted to a Cloud Connector, which is also manufactured by Zollner. This is a link station, which safely forwards encrypted data into the cloud. There they remain permanently available in real time and serve as a basis for optimal resource management.

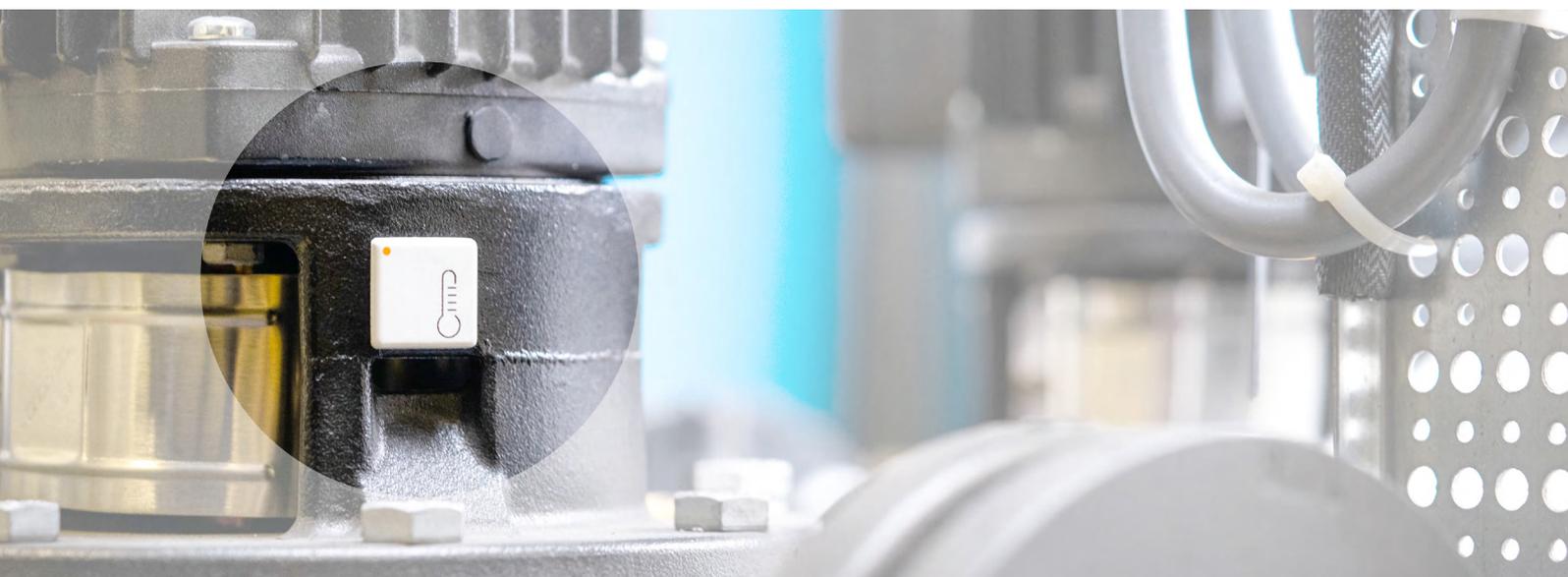
Among the manifold application options for this sensor solution are monitoring cooling chains that prevent the waste of food, monitoring transformer stations to increase supply security or monitoring temperatures in water pipes, which prevents the development of legionella bacteria, which is hazardous to health.

Zollner Elektronik AG created its own innovative production line for transferring the prototype into serial production. In the production line, we adapted existing and known technologies to the new requirements and applied new and novel technologies as well. This includes wire bonding, laser cutting, vacuum forming and resin casting. Massive robotization was added. The line is capable of producing millions of sensors per year.

Zollner Limited China Takes Off

During a conference on the development of the aerospace industry that took place on the 26th of April in Suzhou, the Commercial Aircraft Corporation of China (COMAC) elevated its partnership with Zollner Limited China to a new level. During a celebratory contract signing, the two sides sealed a cooperative agreement. We are now on the general supplier list as official suppliers to COMAC, the leading manufacturer of aircraft for civilian aviation in China.

Zollner Limited China is currently working together with COMAC Shanghai Aircraft Design and Research Institute on the "P-ACE" project. Specifically, we are involved in a component that will be used in the dual engine COMAC ARJ-21 regional jet. It collects data from the cockpit and sends commands to the control mechanism for the aircraft actuator balance. Zollner is responsible for PCB thickness as well as the production and mechanical assembly of the PCBAs.



3.2 Fair business practices

As defined in our Zollner Code of Conduct, we uphold the highest ethical standards in order to meet our corporate responsibilities and to achieve successful market positioning. Among these are our zero tolerance policy toward bribery, corruption, extortion and embezzlement in any form and the forbidding of impermissible acceptance of advantages. It is forbidden for all employees to offer or accept bribes or other means of achieving impermissible or inappropriate advantage either directly or indirectly through a third party. All business activities are based on the highest standards of integrity.

To emphasize this statement from our Zollner Code of Conduct and further affirm it, we rolled out an internal guideline, the Anti-Corruption Policy in 2017 and distributed it throughout the company. The guideline provides orientation for checking the permissibility and appropriateness of benefits and to prevent conflicts of interest and corruption. The guideline consists of general statements regarding permitted or forbidden conduct as well as clear specifications with which every employee can autonomously recognize and check whether and under what conditions benefits can be granted or accepted.

Within the framework of our CR training, our e-learning instruction, employees receive instruction regarding the Anti-Corruption Policy and other important corporate guidelines. Through internal and external audits, adherence to all guidelines is examined, and with that the company is checked for corruption. To mention just one precise example: since 2010, Zollner Vác has been audited by the Responsible Business Alliance (RBA) (routine) at the request of our customer, IBM, which belongs to the founding members of the association. In the validated Audit Program (VAP) from RBA, strict standards are examined or measured against audit criteria for the social, ethical, occupational health and safety-related performance of suppliers. The examination criteria are based on the RBA Code of Conduct, which represents the basis for the Zollner Code of Conduct.

During the reporting period, there were no legal procedures due to anti-competitive behavior, cartelization and formation of monopolies. The goal of the Zollner Group of companies is not to mark any violations in this report now or in the future.

Protection of customer data and data security

We ensure the availability, integrity and confidentiality of information from Zollner, including information entrusted to us by our business partners (customers, suppliers). Protection of valuable information is the responsibility of our employees. The applicable standards are monitored by our Information Security team. Our approach is targeted toward adhering to statutory provisions (like those regarding data privacy protection) and preventing security incidents, inasmuch as it lies within our power, or minimizing damages. Our Information Security Management System is recognized according to the ISO 27001 standard at our German, Hungarian and Romanian sites. Certification of the Zandt and Satu Mare II locations according to the TISAX standard, which has been defined for the Automobile sector, is planned for 2022.

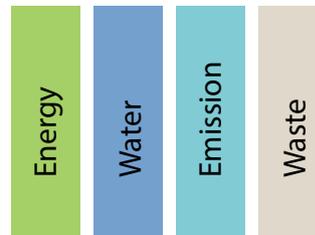
We have recorded the rules of conduct for handling information to increase availability, integrity and confidentiality in the Information Security Guideline, which applies corporate-wide. At our certified locations, new employees receive instruction on information security as e-learning directly after they are hired as part of the on-boarding process, and it is repeated every three years. Additionally, execution of an e-learning module on the topic of data privacy protection is mandatory directly after joining the company.

There were no substantiated complaints from the supervisory authorities or other parties regarding violation of our data protection obligations. During this time we have not determined any theft or loss of customer data or data from other business partners.

4 ECOLOGICAL SUSTAINABILITY



We acknowledge that responsible handling of the environment is an inherent part of our company. Negative impacts on the community, the environment and natural resources are continually minimized in manufacturing operations. Simultaneously, public health and safety are protected.



4.1 Responsible resource use

Environmental protection is at the focus of our activities for continuous increase in sustainability in the Zollner Group of companies. Environmental and Energy Management has been implemented to achieve the highest possible level of effectiveness and efficiency at all relevant locations. Over 90% of our energy consumption and employees are included in this. The management system is certified according to the ISO 14001 standard, and additionally certified to ISO 50001 at all European locations.

Studies have revealed that the environmental impacts of the Electronics sector and its entire value-added chain are often less than other sectors by comparison - absolutely and relative to revenue.

The Zollner Group of companies is an EMS provider - we do not develop our own products and bring no products to the market. We are a technical service provider for customer-specific products, from development and consultation through production. For this reason, environmental aspects can mostly be influenced within the scope of manufacturing.

Environmental protection has been allocated to Environment Health & Safety (EH&S) and includes the topics of energy, water, emissions and waste, among other things. Within the framework of a holistic approach, activities are planned in an overarching EH&S program, and their effectiveness is documented. Continuous modernization of our production systems, step-by-step changeover to LED lighting and the continuous, topic-specific sensitization of employees are examples of the cross-topical and management oriented approach to environmental protection.

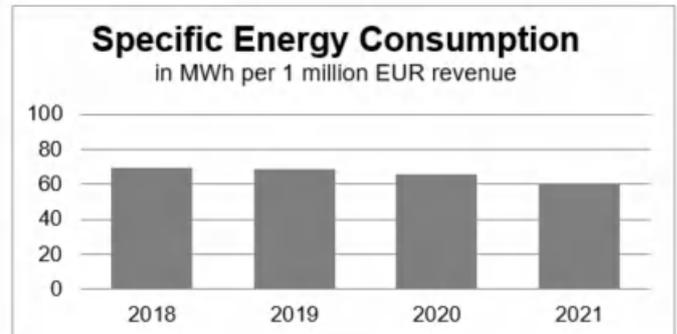
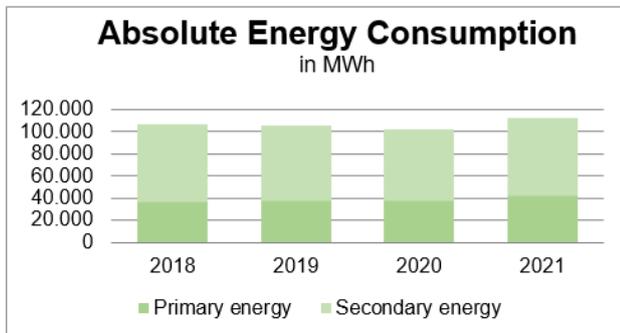
Ascertainment, assessment and reporting of relevant information and data and the derivation of specific and overarching goals are parts of our Corporate Responsibility and have been implemented in all relevant business processes.

Within the framework of sustainable resource protection, Zollner plans to participate in the CDP Climate Change Questionnaire and the associated determination of our Corporate Carbon Footprint, including Scope 3. This is also the basis for the planned sustainability or climate strategy.

4.1.1 Energy management

Within the scope of the Environmental Management System, increasing energy efficiency and the associated lowering of emissions is a central topic. The Zollner Group of companies takes energy efficiency and energy consumption into consideration within its available possibilities as an EMS provider. Along with the continuous optimization of processes, the focal point is on energy saving measures in the planning of production systems and supply facilities as well as buildings. Energy efficiency and other environmental aspects, like useful life, are taken into consideration within the scope of these activities. Thus, in spite of an increasing number of employees and growing revenues, we have essentially succeeded in keeping our energy consumption constant and even to significantly lower it in some locations. Energy savings are achieved during the reporting period with numerous individual projects at locations - for example, utilization of production systems was increased.

Energy Consumption



Energy Consumption (MWh)*	2018	2019	2020	2021
Primary Energy	36.858	37.886	38.178	42.690
Natural gas	24.780	27.149	28.246	32.897
Heating oil	1.632	1.778	1.998	2.356
Wood	2.617	1.688	2.257	1.394
Diesel	7.678	7.121	5.510	5.866
Gasoline	152	151	166	178
Secondary Energy	70.237	67.663	63.878	70.218
Electrical power	70.176	67.611	63.826	70.166
Self-produced electrical power	61	53	53	52
Total	107.096	105.550	102.057	112.908
Specific energy consumption in MWh per 1 million revenue	70	68	66	60

*Locations: Tunisia and Hong Kong excluded
liquified petroleum is not available

4.1.2 Water usage

Water is seen as a critical resource in the Zollner Group of companies and is mostly drawn from the public drinking water supply. Requirements in this subject area are defined by local water and wastewater laws, adherence to which is a matter of course.

We use water for cooling and moistening the air in electronics production, for cleaning processes in surface finishing and for sanitary reasons.

Restriction regarding this resource could affect productivity at our locations.

Process-related wastewater that accrues is monitored and, if necessary, purified in our own waste water treatment system and subsequently directed into the communal wastewater system. Some of it escapes via evaporative cooling systems or humidifiers into the atmosphere.

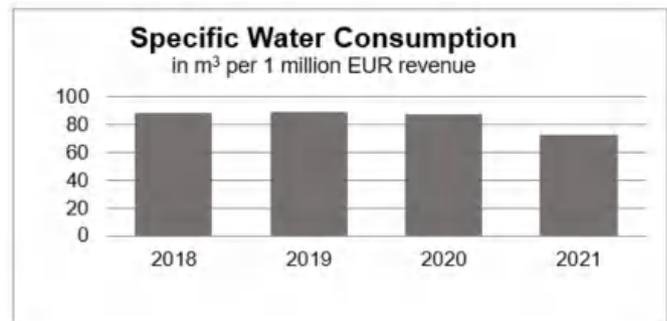
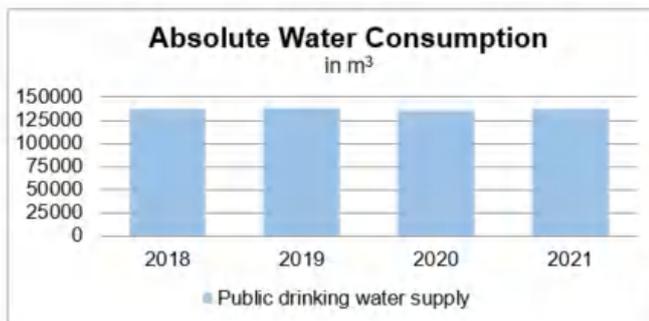
In order to minimize our impact, we are mindful as part of our Environmental Management at all locations to contribute to the conservation of water resources and to keep

water consumption and pollution to a minimum. We do not currently deem water availability to be critical at any of our locations.

The Zollner Group of companies adheres to the following basic principles in subject areas surrounding waterway protection:

- avoidance of unnecessary water consumption,
- avoidance/prevention of water pollution/contamination (such as with the frugal use of chemicals),
- periodic, routine maintenance/servicing of equipment with substances that are hazardous to water and the accrual of wastewater,
- adherence to national statutory provisions for the discharge of wastewater,
- reconditioning and recirculation.

Water Consumption



Water Consumption (m³)*	2018	2019	2020	2021
Public drinking water supply	136.227	138.265	135.343	136.710
Treated wastewater portion of that	10.978	11.216	18.835	11.850
Total	136.227	138.265	135.343	136.710
Specific water consumption in m³ per 1 million EUR revenue	89	89	88	73

*Tunisia and Hong Kong locations excluded

4.1.3 Emissions

Climate change for us is a central, global and societal challenge. For this reason, CO² and the emission of pollutants are monitored and lessened through reduction of energy consumption. Additionally, specific measures/action items will be implemented, like the continuous modernization of our fleet of vehicles and with that improvement in the emission classes, as well as reduction by lowering energy consumption.

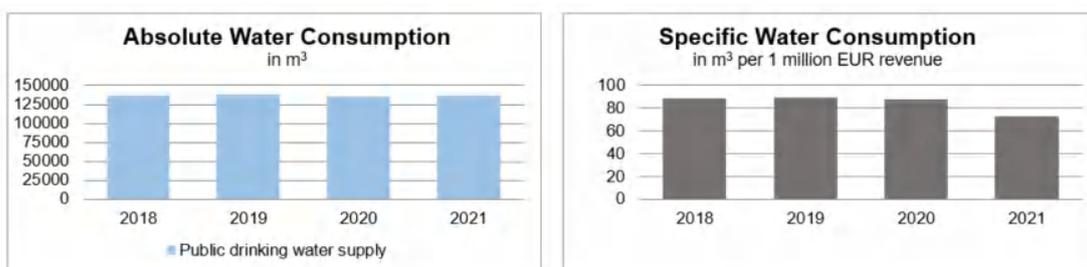
Based on the recognized Greenhouse Gas standard (GHG Protocol), company CO² emissions are recorded in accordance with Scope 1 and Scope 2. In the future, emissions, including Scope 3, will be determined at the level of a Corporate Carbon Footprint. This information will be published for our stakeholders in the CDP platform. The next sustainability report will also include this data.

Alongside CO² emissions at production sites, we also record further emissions, which are accrued, for example, from lacquer work or existing energy creation facilities.

The Zollner Group of companies adheres to the following basic principles in the subject area of emission control:

- avoidance of unnecessary emissions (demand-oriented use),
- knowledge of the location and type of emissions (sources),
- periodic, routine maintenance/servicing of systems,
- adherence to national, statutory parameters (thresholds),
- reuse/conditioning/recirculation,
- monitoring systems with harmful environmental impacts.

CO₂ Emissions



CO ₂ -emissions (tons)*	2018	2019	2020	2021
Scope-1-emissions	9.078	7.940	7.812	8.920
Natural gas	6.046	5.484	5.705	6.645
Heating oil	493	473	532	627
Wood	92	49	65	40
Diesel	2.403	1.894	1.456	1.560
Gasoline	44	40	44	47
Scope-2-emissions	40.421	36.307	32.232	28.207
Electrical power	40.421	36.307	32.232	28.207
Total	49.499	44.247	40.044	37.127
Specific CO₂-emissions in tons per 1 million EUR revenue	32	29	26	20

*Locations: Tunisia and Hong Kong exclusive Liquid gas and refrigerant values are not available. Conversion with uniform factor according to Institut Wohnen und Umwelt (IWU). The indicator of direct greenhouse gas emissions (Scope 1) consists of CO₂ emissions caused by fuel use at the locations and by fuel use. The indicator of indirect greenhouse gas emissions (Scope 2) consists of the CO₂ emissions released by the purchase of energy (e.g. electrical energy, district heating) from external power plants, combined heat and power plants and heating plants outside the sites.

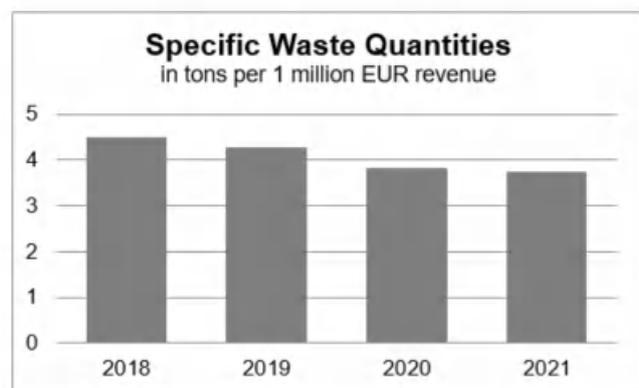
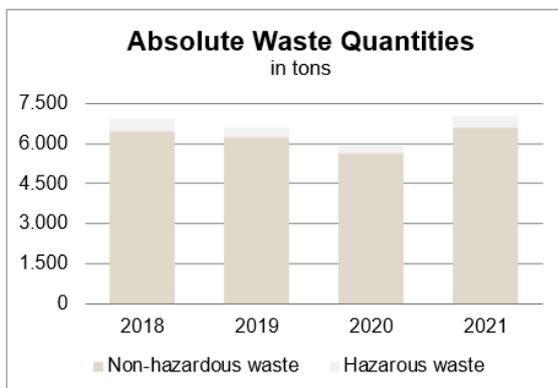
4.1.4 Waste management

Efficient use of available resources is essential to man and the environment. Therefore, inasmuch as is possible, the Zollner Group of companies closes material circulation: valuable raw materials are prepared for improvement for further use and fed back into material circulation or otherwise used, and with that negative impacts on the environment are lessened.

The principle of prevention is the basis of our waste management. This basic principle is to be observed during all

phases of the value-added chain susceptible to influence and all employees. Together with our partners and in our networks we continuously attempt to develop and implement possible solutions for the improvement of waste utilization. We show responsibility in the handling of our accrued waste. Thus only qualified service providers are assigned with disposal under consideration of local provisions. Adherence to our requirements is reviewed within the scope of random visits and through monitoring of the required documentation and qualification.

Waste Amounts



Waste Quantities (t)*	2018	2019	2020	2021
Non-hazardous waste	6.480	6.253	5.616	6.597
Hazardous waste	436	355	324	418
Total	6.916	6.608	5.939	7.015
Specific waste quantities in t per million EUR revenue	4,5	4,3	3,8	3,7

* Tunisia and Hong Kong locations excluded

4.2 Environmental compliance

Adherence to laws, requirements and binding standards is the basis for all business activities in the Zollner Group of companies and with that a component part of our corporate policy, EH&S guidelines and the Zollner Code of Conduct. We pass these requirements on to our suppliers and partners.

In the environmental area, relevant locations are routinely reviewed within the framework of matrix certification by an independent accredited certifying body according to

ISO 14001 and ISO 50001. In order to ensure implementation of EH&S Management within the area of application, the EH&S Divisions in the countries and the central EH&S Division perform annual, systematic, preventative and risk-based audits as well as other monitoring measures.

There were no cases of noncompliance with environmental protection laws or provisions and with that no fines were accrued. In addition, no official processes for violations of regulations occurred.

5 SOCIAL RESPONSIBILITY



Young and experienced employees of many nationalities profit from one another, and each and every one of them makes an important contribution toward the future of the Zollner Group of companies. Our employees give their best for us. We know how important this dedication and commitment are to us.

In accordance with our understanding of the international community, we have obligated ourselves to protect the human rights of our employees and to treat them with dignity and respect. And even more: in order to provide our employees with the best possible working environment, we pay special attention with our various activities and initiatives to safe, healthy and clean working conditions as well as the further education and training of our employees.

Last but not least, we are well aware of our social responsibility toward society in the regions of our locations. Therefore we, with our various Corporate Citizenship actions, make a contribution to society and encourage our employees and partners to act the same.

5.1 Interaction with our employees

In 2020 and 2021, the Zollner Group of companies was able to continue its growth course in spite of numerous challenges. In the end, we have the tremendous commitment from over 11,800 employees worldwide to thank for that. Since 1965, the company's attention has been focused on the creation and preservation of jobs. More than 5,200 women and men are working at our German locations, which makes us the largest employer in the Cham region (Bavaria). But the portion of staff abroad has also increased heavily in recent years. With that, we belong in the meantime among the largest employers in the regions of our locations in Hungary and Romania.

Employee Number Development



Employee Feedback

The more our employees feel they are integrated into the company, the more motivated they perform their work. In accordance with the three-year cycle, the Zollner Group of companies conducted a corporate-wide employee survey in the fall of 2020. The concept was further developed, and the online questionnaire was restructured to receive the most efficient results. With this survey we want to learn how Zollner is perceived as an employer by its employees and how the company can become more attractive as an employer in the long-term. Participation in the survey, of course, was voluntary. The 2020 Employee Survey came to an end with participation just over 65%. Detailed results at the division level were communicated by responsible division managers and leadership. If the values fall below the target values, the responsible division head defines suitable improvement measures. Afterwards the defined measures/action items will be announced in the division.

Our efforts to guarantee our employees a secure workplace in an ever changing world has been honored.

Zollner Elektronik AG is under the prize winners of the BAY-ERNS BEST 50 award. With this award, the Bavarian Ministry of Economic Affairs, State Development and Energy honors the medium-size companies with the most growth each

year. The reasoning behind the Ministry's decision was that Zollner Elektronik AG has increased its revenues and number of employees at above-average rates this past year. Prize winners were determined according to objective criteria from Baker Tilly GmbH & Co. KG, an auditing company acting as an independent juror.



Zollner also received a special prize for outstanding commitment to training within its own operations. The company has the absolute highest number of apprentices, says the Ministry. Since the company was founded in 1965, Zollner Elektronik AG has prepared over 2,000 young people for successful training qualification.

awarded every two years since 2017 to companies that fulfill the criteria in a catalog created by an expert jury for the working and living conditions of their employees.

Our locations outside of Germany have also been honored. Here is a current example from 2021:

The German-Hungarian Chamber of Industry and Commerce (DUIHK) awarded our Hungarian location the "2021/2022 Reliable Employer" title. We've received this award already two times from the DUIHK. It has been



With pride CEO Johann Weber (l.) and Member of the Managing Board Ludwig Zollner were presented the award for BAVARIA'S BEST 50, a Bavarian Lion. Because Zollner Elektronik AG also received a special award for training in the company, the two certificates were accompanied by the heraldic animal in porcelain.

5.1.1 Fair working conditions

The creation of fair working conditions and attention to human rights are a matter of course for the Zollner Group of companies as a globally active employer. We have defined our corporate-wide, valid working standard in the Zollner Code of Conduct. Belonging to this are the following principles/regulations:

- Free Choice of Employment

We do not use forced work, servitude, indentured labor, involuntary or exploitive prison labor, slavery or labor coming from human trafficking.

- Young Employees

Use of child labor is forbidden at every stage the manufacturing. Employees under 18 years of age (minor employees) are not permitted to perform dangerous work that could create a hazard to their health and safety.

- Working Hours

Attention is paid in all Zollner group of companies plants that weekly working hours do not exceed the applicable maximum hours regulated by law at each plant. Exceptions are emergencies or unusual situations. We grant our employees flexible work time models and the option of telecommuting to promote the compatibility of family and occupation. In 2019, 85% of the employees in Germany were working full-time and 15% part-time. 31% worked in shift operation. 48% of the staff took advantage of the flex-time time model. 17% of German staff regularly use their home office in various time models.

- Wages and Benefits

Compensation paid to our employees complies with all applicable wage laws, including those relative to minimum wages, overtime hours and legally defined benefits. Depending on the national situations, above and beyond statutory specifications, we voluntarily offer monetary and non-monetary benefits in the following categories (exemplary listing):

preventative medical care - company pension, global health insurance, cash benefits - voluntary vacation pay and Christmas bonus, transportation allowance, gratuity, anniversaries, payments in kind - company vehicle, work clothes. Other benefits - special leave for personal matters, cafeteria, event budget.

- Humane Treatment

Employees of the Zollner Group of companies will not be subjected to harsh and inhumane treatment, including sexual harassment, sexual abuse, physical punishment (corporal punishment) and mental, physical or verbal abuse.

- Non-Discrimination

We do not tolerate any harassment or illegal discrimination in our staff due to ethnic origin, skin color, gender, religion, political beliefs, national or social origin or other relevant forms of discrimination.

- Freedom of Association

We respect the employees' right to found unions or join the union of their choice, to conduct wage negotiations and to assemble peacefully. All employees and/or their representatives are able to openly communicate and share grievances with management regarding working conditions and management practices without fear of reprisal, intimidation or harassment and to talk about ideas and concerns related to working conditions and management practices.

- Diversity

We are committed to advocating for a proper balance of men and women in leadership positions. This applies to the Supervisory Board and for the Managing Board, but in particular for second tier management positions. The uppermost principle for filling the Supervisory Board and the Managing Board is furthermore the tradition to keep and maintain Zollner as a family company. In fiscal year 2021, the percentage of women was 7.1% (2019: 8.4%, 2020: 7.2%) relative to 336 (2019: 271, 2020: 332) members of management with disciplinary leadership responsibilities in Germany.

We inform our employees in a timely manner in the case of company-related changes. We use various cross-location and location-specific communication and means of passing knowledge, like the Zollner Information Portal (ZIP), Zollner_infomail, on-site info boards, management presentations and the HR newsletter. In restructuring we pay attention to an appropriate balance between the interests of employees and those of Zollner.

5.1.2 Employment numbers

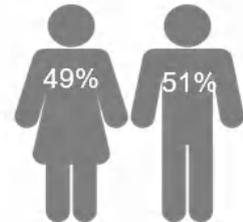
Worldwide 49% of women and 51% of men are working for us, who are an average of 38.3 years-old and can boast a health rating of 96.08%.

Due to the demographic transition and aging society, health management is becoming ever more important in the company.⁴

 96,41 % health rating



39,21 years old

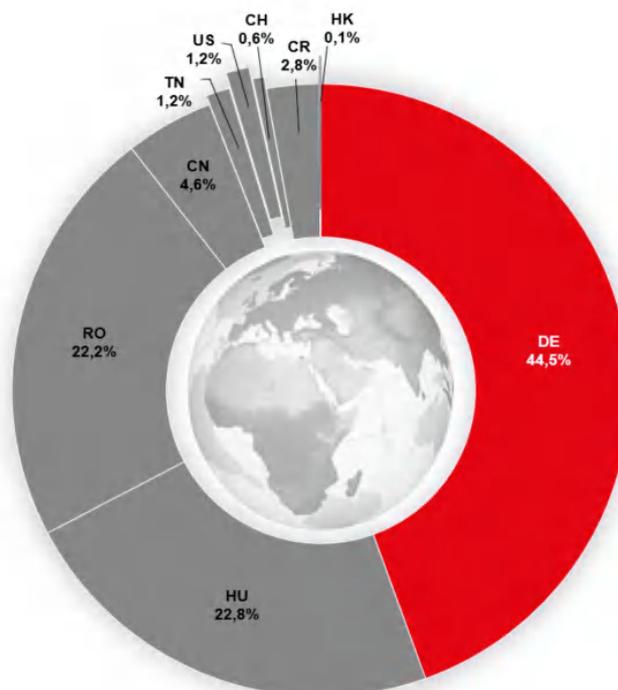


Attached are our most important employment indicators from fiscal years 2020 and 2021:

Head count per country*

DE	5.277
HU	2.704
RO	2.634
CN	549
TN	148
US	143
CH	71
CR	327
HK	8
TOTAL	11.861

*Permanent staff including maternity/parental leave, without temporary work

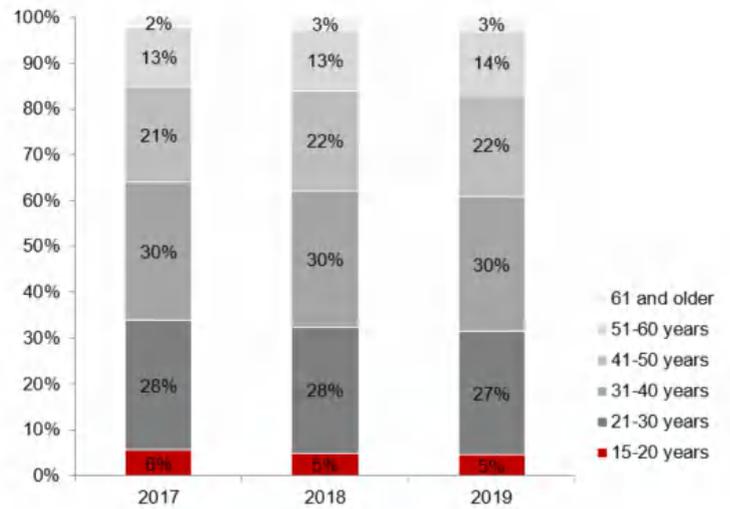


⁴ More on this in Chapter 5.2.1 Social and Health Management

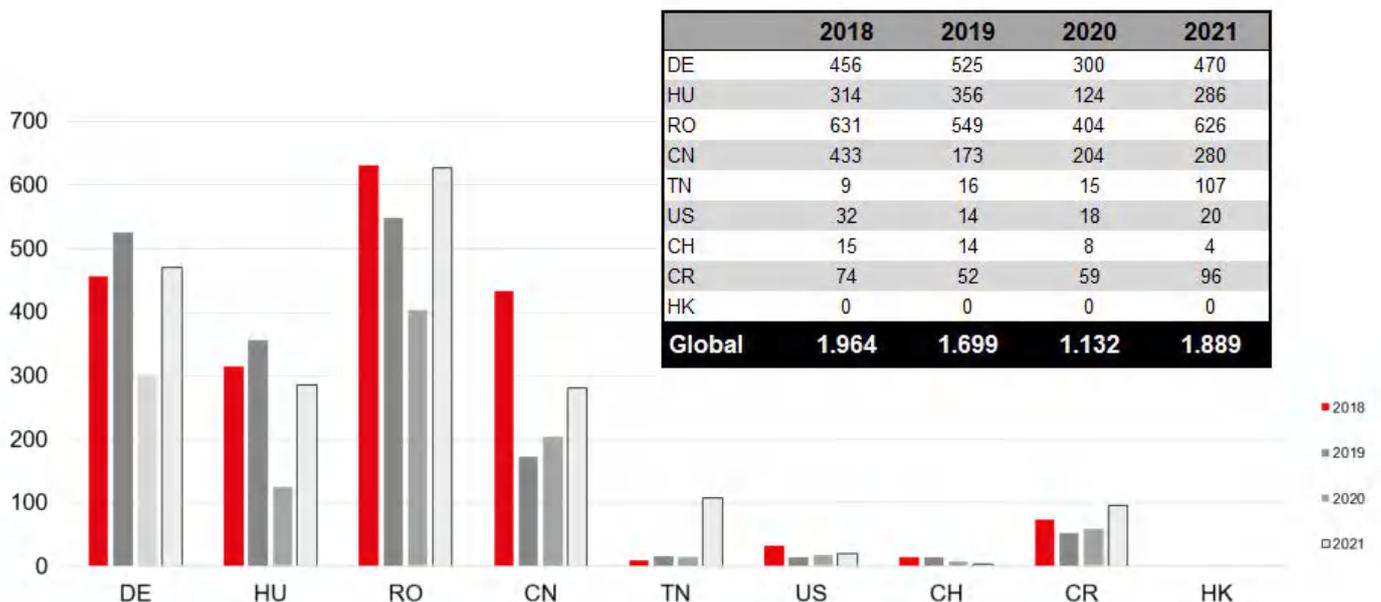
Average number of temporary staff

	2018	2019	2020	2021
DE	95	35	48	55
HU	265	185	0	0
RO	0	0	0	0
CN	0	0	0	0
TN	0	0	0	0
US	87	11	20	58
CH	1	0	0	1
CR	0	0	0	0
HK	0	0	0	0
Global	448	231	68	114

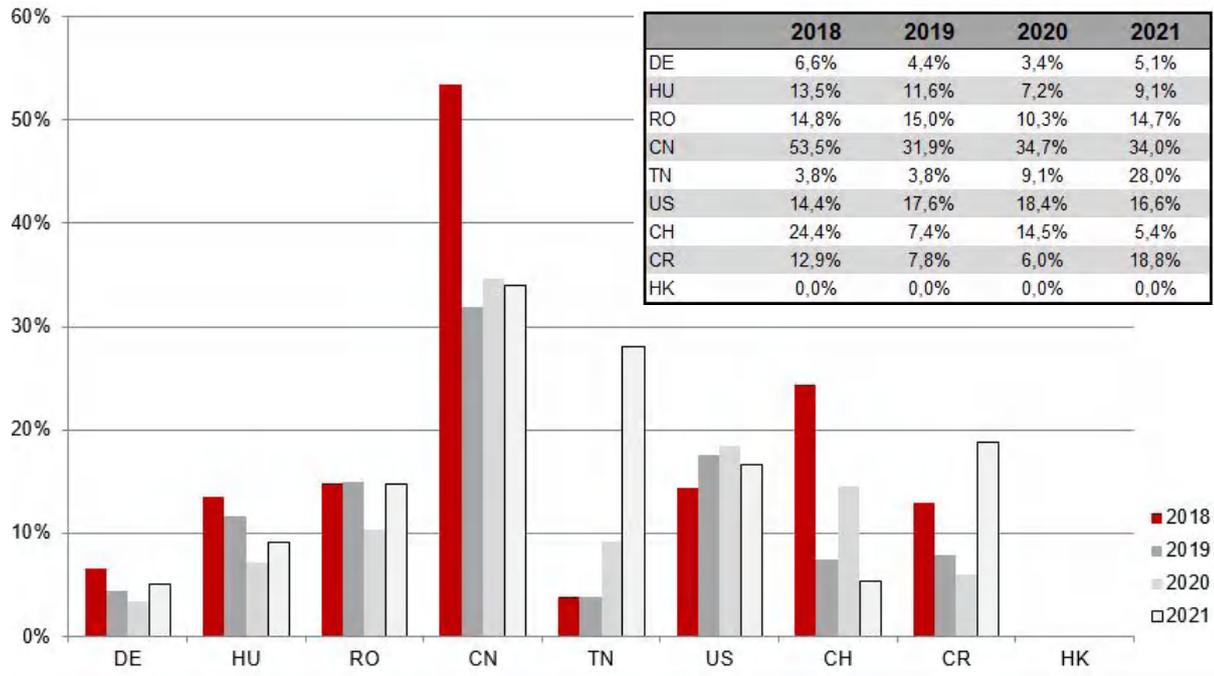
Aging structure of German staff



Hires including temporary staff/apprentice takeovers



Fluctuation rate*



*Permanent staff including maternity protection/parental leave, without temporary staff.
 The staff turnover rate provides the percentage of employee-initiated staff departures relative to the average number of employees.

5.1.3 Further education and training

Training

Training at Zollner reaches a new milestone. On September 01, 2021, the number of career beginners since the founding of the company surpassed the 2,000 mark. Precisely, there have been 2,028 young people who since 1965 have taken up training or work-study programs at Zollner Elektronik AG in Germany. These can be allocated into the following areas: electronics, mechanics, mechatronics, business occupations, technology occupations and work-study programs.

Our apprentices mostly come from the Cham Rural District. But the Regen Rural District and Straubing-Bogen are popular draw areas. In 2021, 60 new apprentices and work-study

students started at Zollner Elektronik AG. The company invested in the most modern machines and devices for the technical study courses. Among other things, a dedicated, collaborating robot, a 3D printer and a CNC milling machine are available in the Zandt Training Center. Apprentices and the company all profit from this equally: in the end, Zollner Elektronik AG trains the apprentices for its own needs, and the apprentices gain qualifications that are above standard training.



Since 2015, youth in Szügy (Zollner Hungary) have been able to take part in work-study training in occupations like Production Technician, Welder and Cutting Machine Operator. Hungarian company management sees the employees of the future in these young people and thus places great value in their established training in technical areas. The company offers its young work-study students a job as soon as they have successfully completed their training.

In 2020 the responsible Chamber of Industry and Commerce held their Master Welder Test by us in Szügy because our plant offered the best test conditions. The chairman of the examination board and the IHK chairman were both very happy with the location and development of the test.

With their newly acquired qualifications the Welding Masters have made a great contribution toward our company being able to take on ever more sophisticated tasks. Our technical knowledge needs to grow to keep up with our customer's ever-expanding requirements. Among other things, components for the Rail Industry are manufactured in the Szügy plant, which need to satisfy very stringent quality and safety requirements. Our employees and master graduates also join in the work-study program. With their technical knowledge, they give our future welders useful advice.

In 2013, collaboration started of ZES Zollner Electronic S.R.L. (Romania) with the "George Emil Palade" technological college in Satu Mare. This opened up the opportunity for students from the specialist area of Electronics to gain practical experience at Zollner. Every year since we have had between four and six classes of students at Zollner. Additionally, in 2021, students participated in an internship with us. They came from the technical colleges from the most important universities. During their time at Zollner they had the opportunity to see how the knowledge gained in the courses can be used in practice. An internship represents a critical component part of their education and training and supplements vocational training with experiences in a real product environment.



Employee qualification, personnel development

We have a comprehensive offer for training for the development and promoting of our employees. In addition, routine instruction is conducted, which is a component part of occupational health & safety and information security among other things.

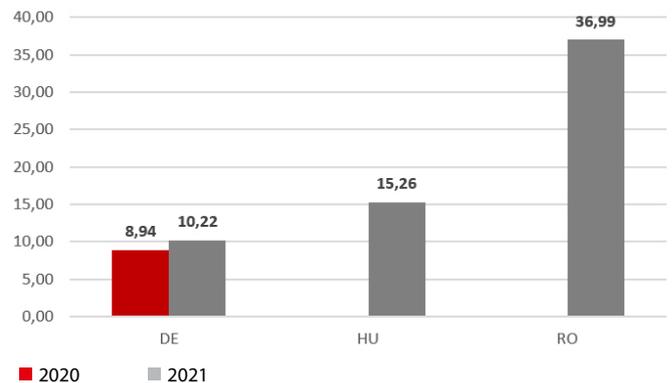
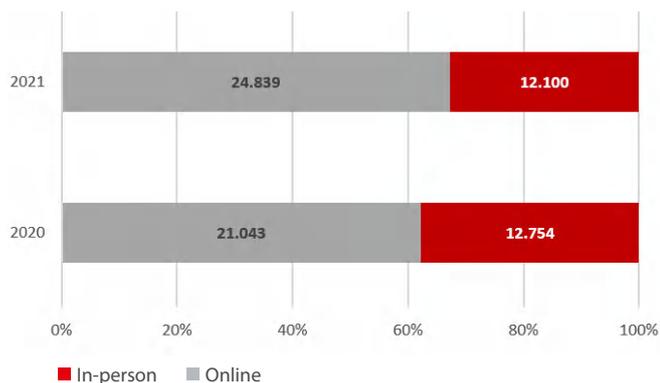
Differentiation can be made between the following training types at Zollner:

- Internal training courses: training is conducted by internal, defined instructors from the respective specialist departments.
- External training courses training is conducted by external trainers.
- Instruction: instruction is conducted by a member of management or an employee.

The main objective of training is to impart knowledge. With instruction, it is often the imparting of knowledge, capabilities and skills. Instruction means to impart knowledge and skill to someone by 'leading the way'. Instruction can be conducted on various topics, like occupational health and safety, process descriptions, et cetera.

Due to the previously mentioned dynamic job market, employee retention is very important. For that reason, our goal is to structure and implement a demand-oriented, corporate-wide training and qualification concept for all standard job families at Zollner. This undertaking is supported by the introduction of the SAP Success Factors Module Learning cloud solution. The software was implemented in Germany in 2019, the start of 2020 in Hungary and in Romania in 2021. Further locations will receive it gradually over the coming years. Among other things, Success Factors opens up the option for us to have online training courses and with that do away with several in-person training courses and instruction. In order to guarantee connection to the new learning media, LinkedIn Learning was integrated into the Zollner learning world in 2021. Employees in the future can complete training courses from their work stations. This option is not only open to office personnel but also production staff - a training computer was provided in every division for that.

Number of training courses by training type*



*only Germany.

The key indicator of training hours per employee was only relative to Germany in 2020. The value in 2020 was an average of 8.94 training hours per employee.

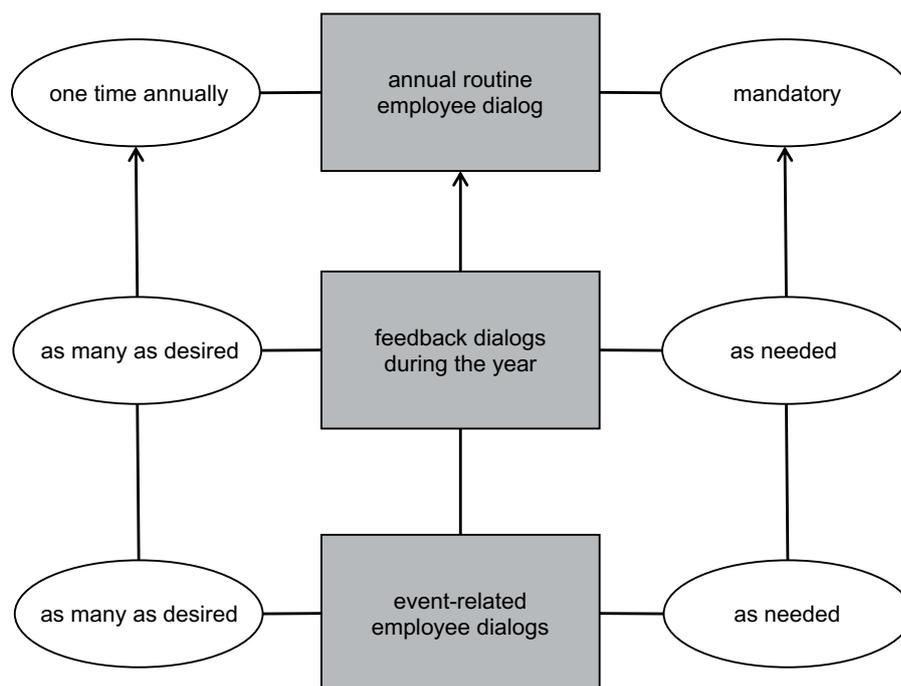
As an international corporation, the Zollner Group of companies makes every effort to make collaboration with one another easier and eliminate intercultural obstacles. Seminars have already been conducted for this, and LinkedIn learning modules will be offered to bring a bit more understanding for the other person's culture.

Employees who wish to privately further educate themselves can apply for support from Zollner. Typically, 50% of the course as well as examination and educational materials costs are reimbursed. Zollner Elektronik AG is currently offering trained and untrained employees the chance of acquiring professional qualification after the fact. Funding is possible within the framework of the WeGebAU program by the Employment Department.

Employee dialogs

Employee dialogs should serve to improve the relationship between management and staff. These private conversations bring about trust and demonstrate appreciation. With that, our management's guiding principles of "We create a culture

of trust", "We treat each other with respect" and "We promote our employees' development" are supported. Employee dialogs at Zollner are divided into three different types⁵:



⁵Area of application: Employees in the compensation system

5.2 Work safety and health

The safety and health of our employees have great significance in the Zollner Group of companies. The company and employee representatives have developed measures for all company-related sequences to prevent accidents and impairments as well as to guarantee safe processes and production systems. Company management always carries responsibility for adherence to applicable statutory regulations. Additionally, every member of company management is responsible for occupational health & safety in their supervisory and functional area.

Continuous improvement of the level of safety and effective preventative measures is developed in the EH&S Division in mutual committees made up of employers and employees. If there are work accidents, all incidents will be analyzed by responsible management together with EH&S Management.

Occupational Health and Safety Management in the Zollner Group of companies has been certified at all German locations. An internal Occupational Health and Safety Management system is operated at the rest of the European locations in accordance with the ISO 45001 standard. Altogether around 90% of our employees profit from this. Additionally, Zollner plans to successively expand the area of application for its certified Occupational Protection Management Systems by 2027. Current planning includes Hungarian and Romanian sites. With that, 85% of our staff is covered.

A national responsible person for the topic of EH&S has been named at all Zollner Group of companies locations. These pursue the occupational health & safety goals defined by company management. Implementation is routinely reviewed within the framework of audits or with further measures for monitoring.

5.2.1 Social and Health Management

Social and Health Management to us is the intended control and integration of all company processes with the goal of maintaining and promoting the health and well-being of employees as well as the bond between company and employee.

During the course of restructuring of the Human Resources (HR) Division, Zollner Elektronik AG brought the Social Health Management department (HRSH) to life in 2018. Workplace Health Management (WHM) was thus established as part of the corporate strategy and anchored in our integrated management system. Since then, a specialized team has been taking care of the WHM pillars (Health-Oriented Leadership, Company Health Promotion & Prevention, Company Social Management, Work-Life Management) and offers many activities and events annually for employees at German locations.

Based on our central WHM concept, Zollner Costa Rica was the first of our foreign locations to issue its own measures for its employees, which in the meantime has led to a holistic program to increase employee well-being. The health and wellness program at Zollner Costa Rica pursues the goal of better equipping employees for the challenges of the modern working world. It encompasses activities from the Company Health Promotion & Prevention pillar of WHM.

Activities in the area of WHM

HUMAN RESOURCE MANAGEMENT Social & Health Management			
Prime Social & Health Management at work – because you're worth it to us!			
Formation of Social & Health Management - Management with optimal structures, processes and key indicators with the goal of having healthy, capable employees at all company levels			
Health-Oriented Leadership	Company Health Promotion & Illness Prevention	Workplace Social Management	Work-Life Management
HEALTHY WORK	HEALTHY BE	HEALTHY STAY	HEALTHY LIVE
<ul style="list-style-type: none"> • "HEALTHY management in production" for Coordinators • Project for the 1st to the 3rd Management Levels¹ "Key expertise regeneration" • Series of Lectures for 2nd and 3rd Management Levels¹ "HEALTHIMPULSE" • Series of Lectures for 1st and 2nd Management Levels¹ "Main issue HEALTH" 	<ul style="list-style-type: none"> • Movement • Ergonomics • Nourishment & Food Supply • Health Partners • Influencer System • Programs & Events • Stress & Regeneration • Addiction Prevention • Prevention and Analysis 	<ul style="list-style-type: none"> • Exit Interviews • Company Integration Management • Company Social Consultation • Company Addiction Consultation • Health Groups • Inclusion • Return to Work Interview • Participation in Work Life 	<ul style="list-style-type: none"> • Compatibility of Job and Family • Compatibility of job and Caregiving

Workplace Health Management (WHM) at Zollner Elektronik AG is one of the best in Germany. Zollner belongs in the category of large corporations who are winners of the Corporate Health Award, which has been given to employers since 2009 who verifiably show above-and-beyond sustainably commitment to the health of their employees. *Handelsblatt*, an economics and financial newspaper, initiated the prize with EuPD Research, an international market research and consulting firm, which is specialized on sustainability and corporate health.

In the online awarding of the prize on the 9th of December, 2020, Steffen Klink, Director of the Corporate Health Award, praised Zollner for setting an important benchmark for the entire Electronics sector: "Zollner Elektronik AG has recognized that the health promotion of its employees should not be exhausted just with many individual actions. Much more, the company has developed a workplace health management system and consistently established the necessary structures. Special attention should be placed on the sustainable prevention programs and health-oriented management structure."



The team responsible for Workplace Health Management at Zollner Elektronik AG is happy about the Corporate Health Award.



Health-Oriented Leadership workshop



Active Break



Consultation offers for employees

5.3 Societal impact and Corporate Citizenship

We believe in the importance of social responsibility toward society. Commitment to others is as much a need for leadership as it is for employees. Our social engagement is shown in diverse forms. We feel obligated to the people in the regions of our locations and for that reason select mostly local projects (educational, cultural, social and sports events) or

organizations to support financially or in-kind. We donate for charitable causes instead of giving our customers Christmas gifts. We are proud of our employees because they often start projects on their own, like donation campaigns for charitable organizations.

Exclusive award – Manfred Zollner, Sr. is an Honorary Citizen of the City of Cham

Presentation of the honorary citizen award is rare in Cham. Only selected personalities are bestowed with it by the city. Manfred Zollner, Sr., belongs to that small group since June of 2021. During his speech, Mayor of the City of Cham, Martin Stroiber, emphasized the merits of Manfred Zollner, Sr., in regard to the economy and people of the region. As a boy, growing up together with four siblings on a small farm in Zandt, Manfred Zollner learned what it meant to work really hard. That vigor is to be thanked for the growth of his company from one-man-operation to an international corporation with over 11,800 employees. To top that, our company founder is an exceptionally dedicated human being, who supports associations in his homeland with his short supply of free time and has positively impacted the social, cultural and sports life in Cham.

Mr. Zollner is happy that he has been able to open up the chance for a good life in the homeland for many people in the region with jobs at Zollner Elektronik AG. He has helped people from 35 countries, who work in German locations, to become integrated in their areas; this has always been a special cause for him.



Promoting voluntary, charitable efforts from our employees is very important to us. We release employees, for example (without cutting their pay), who are called on to deploy in the case of fire or flood as members of the voluntary fire department or emergency rescue service. We allow our employees to participate in blood donation & typing campaigns during working hours.

Promoting sports and sponsoring local sports clubs are as important as social engagement. As a family-owned company we happily dedicate ourselves to a type of sport that brings joy to young and old alike.

Zollner Elektronik AG has been a partner to SSV Jahn Regensburg since the start of the 2019/2020 season. Part of the cooperation also includes securing the naming rights for the "Zollner Family Block" among other things. SSV Jahn sells tickets in this area of the stadium especially to parents and their kids. Zollner employees also profit from a quota of free tickets and routine team events (like the Zollner Family Day).



5.3.1 Impact on local communities

The Zollner Group of companies places special attention that living together with local communities is beneficial to both. With numerous activities we support local projects and promote voluntary engagement from our employees.

Here are a few examples of this from the reporting period:

- supporting and promoting vocational schools, universities and technical colleges in the region
 - The Manfred Zollner Prize is awarded at the annual academic celebration, "Dies Academicus" of the Technical University of Deggendorf for outstanding performances.
 - Educational funding for the German International School of Silicon Valley (GISSV) ultimately, "GISSV unites the best of two worlds: Germany's traditions, know-how and culture with U.S. dynamics, innovation and ambition", explains the school's website. With that their students are well prepared to take on the challenges presented by the market environment in which Zollner moves

- Youth program for supporting young talent
 - Children are explorers, they love to experiment and tinker. So the association "Technik für Kinder e. V." (Technology for Kids), of which Elektronik AG is one of the founding members in 2010, tied into that. The association has had great success with that: in the meantime, 3,023 girls and boys have taken part in their "Students Discover Technology" project in the Rural District of Cham. Another project is called "Technology Vacation for Employees' Kids". Zollner has been offering this technology vacation for six years. No technology vacation occurred during the reporting period due to the Corona Pandemic.



- Creation and securing jobs and apprenticeship positions in our German homeland region
 - Zollner Elektronik AG has a training percentage of 4.5% and typically offers the young people a job after their training. The percentage of apprentice transfers was at 87%.

- Support for young people in job selection with internships and job positions for graduates or through the organization of informational events and job fairs close to our locations in Germany, Hungary and Romania.

- We are a partner to the FUNIPAR organization (Fundación Inclusión y Participación), which supports young people with special needs.
 - We offer them a two-week practical training course to improve their chances on the job market.

5.3.2 Corporate Citizenship activities

Here are a few examples of our Corporate Citizenship activities:

- Donation to regional charitable clubs and associations, among others including
 - Chamer Tafel,
 - "Bürger helfen Bürgern" aid program,
 - Self-help group Kinderkrebshilfe Cham,
 - Kleine Patienten in Not e. V.,
 - Team Bananenflanke Regensburg e. V.



- In-kind or financial support for kindergartens, schools, authorities and organizations with security and safety tasks in our regions
 - Bad Kötzing High School receives new soldering stations: future technological talent is very important to us, so we are supporting regional schools with the right equipment for their training

- Donations for our animal helpers: Rettungshundestaffel Bayerwald e. V. trains dogs and people in the region between Cham, Regensburg and Landshut to search for the missing. Because over 60 volunteer members of the rescue squadron give their help for search activities without pay, they are happy to receive financial support for their work from Zollner Elektronik AG.



- Donation for the Zandt Volunteer Fire Department: with its donation, Zollner Elektronik AG honored the readiness to help others displayed by the Zandt Volunteer Fire Department (FFW). It goes way beyond cases of fire: we are also able to routinely use the spaces in the state-of-the-art fire house directly across from the Zollner plant premises. It makes no difference whether we want to hold health workshops in their training room or need to conduct a vaccination campaign.



- Two Days at the Food Pantry and Clothes Closet

- Every year employees at Zollner Electronics, Inc., in Milpitas use some spare time to help the underprivileged in the Milpitas, California area, home of Zollner. The “Milpitas Food Pantry” is a charitable organization from which food and clothing are given to the needy.



- Support of the fundraiser of the Bayerischen Rundfunk "Sternstunden"
 - Company employees donated (2020: 11,000 Euros, 2021: 16,400 Euros) for worldwide projects benefiting sick and needy children.
- Johanniter Christmas Truckers
 - For ten years now Zollner has made a tractor-trailer truck available so the Christmas Truckers can make their way to Eastern Europe. Many of the aid packages brought to the needy come from our employees. Several thousand packages have been packed and filled with food, hygiene articles and small gifts for the children since the start of support in 2011.
- Blood donation during working hours
 - Participation in the blood donation drive was very good in the past two years, in spite of the Corona pandemic. The number of those willing to give blood was over 200 during the reporting period in our German, Hungarian and Romanian locations. Those who agreed to it were not only able to donate blood, they could also have their bone marrow typed.
- The "Social Responsibility Committee" action at our Costa Rica location:
 - Donations for children in local hospitals in San José so they could receive toys for Christmas.
 - Christmas celebrations in the "Baik Orphanage" and the "Max Peralta" hospital.
 - Support for the FO-NAFIFO government institution: we donated money to the "Bosque Vivo" program to maintain the species diversity in the "Golfo Dulce" forest protection reserve.



Within the framework of its social engagement and Corporate Citizenship activities, Zollner supported projects with donations, sponsoring and memberships during the reporting period with around 500,000 Euros.



ATTACHMENT

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GRI 405: Diversity and Equal Opportunity 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	5 Social Responsibility 5.1.1 Fair working conditions	35 38	
405-1 Diversity in Control Bodies and among Employees	5.1.1 Fair working conditions 5.1.2 Key employment indicators	38 39-41	
405-2 Ratio of the Base Salary and Compensation for Women to the Base Salary and Compensation for Men	5.1.1 Fair working conditions	38	There are no indications of gender-specific discrimination.
GRI 406: Non-discrimination 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	2.3 Corporate Responsibility Program 5.1.1 Fair working conditions	19-20 38	
406-1 Discrimination Incidents and Corrective Actions Taken			No cases of discrimination at Zollner locations were reported to us in the reporting period.
GRI 407: Freedom of Association and Collective Bargaining 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	5.1.1 Fair working conditions	38	

407-1 Operating Facilities and Suppliers at which the Right to Freedom of Association and Collective Bargaining could be Threatened			We have not been made aware of Zollner locations or suppliers during the reporting period at which the right to freedom of association and collective bargaining could be threatened.
GRI 408: Child Labor 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	5.1.1 Fair working conditions	38	
408-1 Operating Facilities and Suppliers with a Significant Risk of Incidents of Child Labor			We have not been made aware of any significant risks of incidents of child labor at Zollner locations or our suppliers during the reporting period.
GRI 409: Forced or Compulsory Labor 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	5.1.1 Fair working conditions	38	
409-1 Operating Facilities and Suppliers with a Significant Risk of Incidents of Forced or Compulsory Labor			We have not been made aware of any significant risks of incidents of forced or compulsory labor at Zollner locations or our suppliers during the reporting period.
GRI 413: Local Communities 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	5.3 Social impact and Corporate Citizenship	48-52	
413-1 Operating Facilities with Inclusion of Local Communities, Impact Assessments and Incentive Programs	5.3 Social impact and Corporate Citizenship	48-52	
413-2 Business Transactions with Significant, Actual or Potential Negative Impacts on Local Communities	5.3 Social impact and Corporate Citizenship	48-52	There are no Zollner locations which have a significant negative impact on local communities.
GRI 414: Supplier Social Assessment 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	1.7 Supply chain	12-14	
414-1 New Suppliers, which were Assessed based on Social Criteria	1.7 Supply chain	12-14	
GRI 418: Customer Privacy 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	3.2 Fair business practices	28	
418-1 Substantiated Complaints regarding Violation of the Protection and Loss of Customer Data	3.2 Fair business practices	28	
GRI 419: Socioeconomic Compliance 2016			
103-1-2-3 MANAGEMENT APPROACH 2016	2.2 Ethics and integrity 2.2.3 Zollner Code of Conduct 4.2 Environmental compliance	17-19 19-19 34	
419-1 Noncompliance with Laws and Provisions in Social and Economic Areas			During the reporting period, no significant fines and/or non-monetary sanctions were adjudicated against Zollner due to noncompliance with laws and/or provisions in the social and economic areas.

PUBLISHING INFORMATION

Publisher:
Zollner Elektronik AG
Manfred-Zollner-Straße 1
93499 Zandt
GERMANY
Telephone: +49 9944 201-0
Email: info@zollner.de
Internet: www.zollner.de

Contact person for questions about this report:
Mr. Tamas Grunda
Connecting Zollner (HRCC)
Human Resources Management
Corporate Responsibility
Telephone: + 49 9944 201-8246
Email: tamas_grunda@zollner.de

Notes from the editors

This report appears online in German and English languages and is available for download under www.zollner.de.
Editorial deadline was May 31, 2022.

Disclaimer

All information in this report was collected with great care and diligence. However, we cannot be liable for the correctness or completeness of the information.

Apparent discrepancies may appear in the additions due to mathematical rounding.

This report contains alongside the retrospective observation certain information oriented to the future and information that deal with the development of the Zollner Group of companies. We currently assume these anticipatory statements are realistic. However, such future-oriented statements are based on assumptions and estimations, which are subject to risk and uncertainties. Thus they are not to be understood as assurances. Updating is not planned of these anticipatory statements relative to events that take place after the deadline.