



SUSTAINABILITY REPORT 2020

Driving transformation

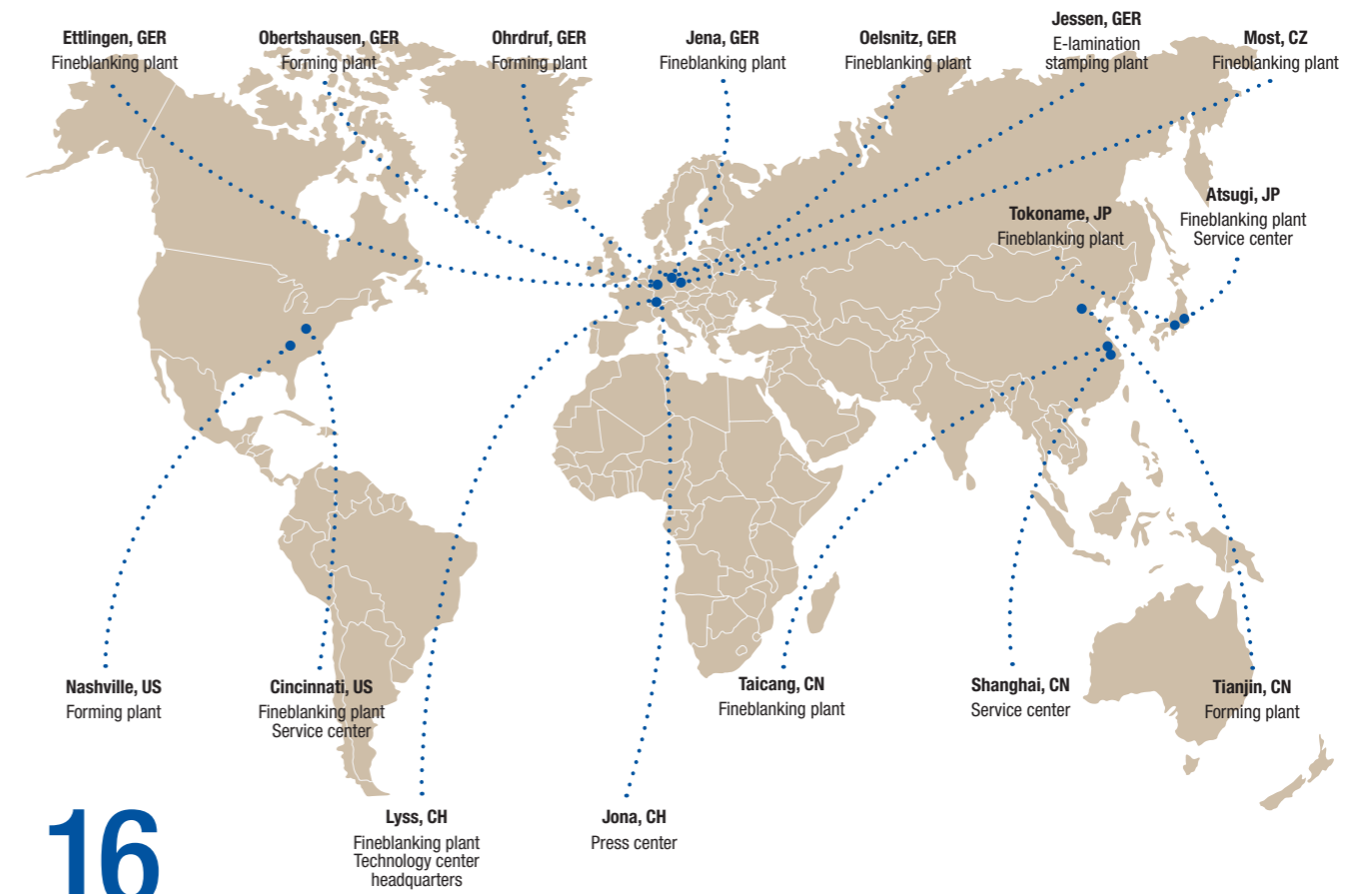


EXPANDING HORIZONS

We are a global technology company active in the field of fineblanking and have proven expertise in forming and electrolamination stamping.

As drivers of innovation, we continuously expand our technology horizons and develop intelligent solutions for our customers. These include innovative fineblanking tools and systems, as well as complete processes for producing high-precision fineblanked, formed, and electrolamination components in large quantities for demanding industrial applications. These processes particularly support the trend in the automotive industry towards vehicles with hybrid and electric drive trains.

Feintool, which was founded in 1959, is headquartered in Lyss, Switzerland. With 16 locations on three continents, the company is always close to its customers.



16
locations

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PRECISION TECHNOLOGY FOR THE FUTURE OF MOBILITY

INPUTS

- Financial capital**
- Intellectual capital**
Technological expertise, patents, and innovation to meet market needs
- Employees**
- Production facilities**
- External resources**
Raw materials, products, services, procured energy, other infrastructure
- Partnerships**
Research partnerships, customer loyalty, supplier network
- Good governance**

FEINTOOL



OUTPUTS

- Products, secondary products
- Services
- Patents
- Efficiency improvements
- Technical optimization
- Knowledge, skills
- Innovation
- Emissions
- Waste

OUTCOMES

- Profits, cash flow, taxes, and social security contributions
- Job creation and positive impact on safer and fair working conditions
- Enhanced brand value and customer confidence
- Contribution to shaping the future of mobility through high-performance sheet metal technology
- Procurement and operations: conservation of resources through carbon-neutral energy sourcing, efficient technologies, and processes
- Knowledge transfer and training investments to increase employees' skills sets and their ability to innovate
- Dedicated and satisfied employees through good corporate governance

SELECTED KEY FIGURES

- +10.5 %**
sales growth (adjusted for currency effects) in Asia in the second half of 2020
- 12 %**
employee turnover, -1 % compared to 2019
- 30 %**
share of electricity from renewable sources, + 12 % compared to 2019
- 1 400**
tons of carbon emissions cut through numerous environmental projects
- 98 %**
recycling rate
- 13 %**
waste in comparison to 2019
- 12 %**
material consumption compared to 2019

Feintool covers the entire fineblanking process, from component design and tool construction to system engineering and large-scale parts manufacturing. In addition, the group supports other key processes such as cold forming and electrolamination stamping, thereby creating added value for its customers. In addition to material capital (see Inputs), value is primarily created through the knowledge and expertise of our employees, who continuously upskill and expand their qualifications. Patents are developed in close collaboration with research institutions. Feintool creates significant added value for its stakeholders – as evidenced by the list of outcomes.



«WE VIEW TRANSFORMATION
AS AN OPPORTUNITY»

Feintool has a clear roadmap for the sustainable growth of the technology group. In this interview, CEO Knut Zimmer explains the cornerstones and opportunities of «Strategy 2030».

2020 was a year of crisis – globally. What were your company's greatest challenges during this time?

The greatest challenge was certainly the coronavirus pandemic, which affected our different regions and technologies at different times and in different ways. In this context, protecting our employees' health was, and still is, our main concern. And we succeeded in doing so; our crisis management plan functioned quickly and extremely well. We did experience a few infections, but no hotspots, and no fatalities. We were able to maintain production throughout, but sales faltered in the first half of the year. Nevertheless, we were able to generate operating earnings that were slightly in the black for 2020 as a whole and we have emerged from the crisis stronger than before.

How would you assess Feintool's future today?

We're looking ahead with optimism. The transformation in the automotive sector – an industry that is crucial for us – represents both a challenge and an opportunity. This process is being driven by climate change and digitization, to name just two influencing factors. We have positioned ourselves extremely well for this strategically, technologically, and organizationally. Studies forecast global growth for the automotive industry between now and 2040. Those are bright prospects. An effective response to the COVID-19 pandemic will also further boost the recovery of the automotive market.

You recently updated and refined your corporate strategy – what are the key cornerstones?

Our Strategy 2030 provides answers to the issues of the future that are of economic and social relevance to the industry. Our vision is: «We make the future of mobility possible with high-performance sheet metal technology.» In this context, electric mobility is of tremendous strategic importance to Feintool. In addition, we're protecting our business through diversification, with a broad range of products that are in line with market requirements. To become the market leaders in our segments, we foster innovation, follow quality management best practices, and we continually focus on cost control and group-wide talent development. All of this is enshrined in Strategy 2030. This is how we will remain reliable over the

long term and generate sustainable profitability to the benefit of all stakeholders.

Sustainability is also part of Feintool's new strategy.

What are your priorities in this area?

The strategy development process itself is playing an important role in the sustainable growth of the company. We will be taking the next step in terms of sustainability in 2021 and will set goals for ourselves. On the product side, it's impossible to develop technologies without meeting numerous environmental and energy management targets. The market already demands that. The development of our high-tech FB one press is a prime example of this. On the operational ecology side, we know that the CO₂ we generate from our production activities results from the plants' energy requirements. This is therefore the single most important lever we can use to reduce our carbon footprint and is thus a top priority – which is why our plants in Germany all switched to green electricity at the beginning of 2021. In Switzerland, we are already close to achieving carbon neutrality when it comes to sourcing electricity. In the United States, Asia, and the Czech Republic, we are examining how we source electricity and what the options are, although conditions vary greatly from region to region. We're relying on a two-pronged approach, focusing on both the energy mix and our environmental programs to increase efficiency. Another key area of Strategy 2030 focuses on how we can further our role as an attractive international employer. We view all of our sustainability activities in a global context and now report on selected UN Sustainable Development Goals (SDGs).

What sustainability achievements are you particularly proud of?

Getting started with sustainability reporting was important for us. We were also able to reach a milestone with the new Strategy 2030. And on the business side, we are proud that we recorded orders received in all our regions. We are growing particularly fast in Asia, which is already becoming apparent in China thanks to numerous market launches. The first bipolar plates for hydrogen fuel cells were also ordered here – a major market success for us.

ABOUT THIS REPORT

Feintool International Holding AG has published a separate annual sustainability report since 2019. All of the information and figures in this publication for the 2020 reporting year apply to the Feintool Group as a whole, i.e. to the 16 operating locations in Switzerland, Germany, the Czech Republic, China, Japan, and the United States. We view sustainability reporting as a process and are guided by the standards of the Global Reporting Initiative (GRI). For this report, we formulated new management approaches and added a content index (see pages 34/35). The aim of these changes and additions is to make information about our sustainability activities and performance easily accessible and comparable.

We believe that collecting data and information on the economic, environmental, and social impact of our business activities on an annual basis provides an additional driver for the Feintool Group's strategic development and innovative capacity. This is especially true within the context of the UN Sustainable Development Goals (SDGs). For the first time, we have prioritized four SDGs for Feintool. They denote fields of activity in which we have prioritized a contribution to sustainable development.

The relevant topics of this report were identified in a workshop with Feintool's Executive Board in 2019, taking the interests of stakeholders into account. Their feedback on the previous report has been incorporated into the current publication (for details on our stakeholder dialogue, see the table on page 9).

Knut Zimmer
CEO

Contribution to sustainable development



The UN Global Sustainable Development Goals (SDGs) represent a call to action: to end poverty, protect the planet, and improve political and economic stability worldwide. Feintool wants to do its part and has prioritized four goals. These were selected on the basis of the corporate group's mission statement, business activities, and challenges.

Feintool offers expertise and innovations in sheet metal technology:

- ▶ To shape the mobility of tomorrow through energy-efficient products
- ▶ To secure (digital) jobs with a promising future
- ▶ To maintain or increase prosperity and quality of life

In order to make this economic and social contribution, Feintool:

Key reporting areas

- ▶ Business performance
- ▶ Anti-corruption
- ▶ Customer health and safety
- ▶ Use of materials
- ▶ Energy consumption
- ▶ Emissions
- ▶ Waste
- ▶ Environmental compliance
- ▶ Employment conditions
- ▶ Occupational health and safety
- ▶ Vocational and advanced training
- ▶ Diversity and equal opportunity
- ▶ Nondiscrimination

- ▶ Supports talented employees
- ▶ Conducts active innovation management
- ▶ Offers fair and «healthy» working conditions
- ▶ Conserves resources and saves energy through efficient production processes
- ▶ Sets specific goals to reduce its carbon footprint

DIALOGUE WITH THE STAKEHOLDERS

Stakeholder	Needs	Dialogue format	Frequency	Responsibility
Shareholders / Investors	Continuous dividend payout policy, rising market value, good reputation, legal compliance	- Investor relations: - General Assembly - Annual Report - Sustainability Report - Roadshow - Guided plant tours - Media relations (Ad hoc releases, one-to-one meetings) - E-communication (web, social media)	- annually - annually - annually - half-yearly - as needed - ongoing - ongoing	- FIH*
Customers	High-quality, innovative and on time products and services for fair market value, good reputation, legal compliance	- Key account management - Trade fairs/events/conventions - Media relations (trade media) - Public relations - E-communication	- ongoing - according to activities' plan - ongoing - ongoing - ongoing	- per segment and region - FIH - FIH - FIH - FIH
Employees	Attractive workplace, market-based salary, development opportunities, legal compliance	- Communication via superiors - Employee magazine - Announcements - Intranet - Management and Employee events - Employee activities - Employee survey	- ongoing - half-yearly - ongoing - ongoing - half-yearly - as needed - every 3 years	- per company/FIH - FIH - per company/FIH - per company/FIH - per company/FIH - per company/FIH - per company/FIH
Partners/Suppliers	Long-term and reliable cooperation, fair partnership (prices, conditions), legal compliance	- Supplier management - Visits - Evaluations - Trade fairs	- ongoing - ongoing	- per segment and region
Regional/local environment	Minimal negative impacts (through traffic, emissions, transformation of the landscape), sustainable engagement, open culture of dialogue and cooperation, attractive employer and training institution in the region, good reputation, legal compliance	- Media relations (local media) - E-communication - Personal contacts (community representatives) - Events (tours) - Vocational orientation offers for pupils - Public relations (membership at the local Chamber of Commerce and Industry)	- as needed - ongoing - as needed - as needed - ongoing - as needed	- per company/FIH - FIH - per company/FIH - per company/FIH - per company/FIH - per company/FIH
Associations	Compliance with commitments	- Events - Individual meetings	- as needed	- per company
Legislators / Authorities	Legal compliance, job offers/retention	- Petitions/approvals - Tax return - Stock market report	- as needed	- per company/FIH

* FIH: Feintool International Holding AG



SUSTAINABLE TEAM CULTURE

Hard work and fair play are key to success

Feintool is active around the globe in all of the markets relevant to the automotive industry. This shapes the corporate culture, which is defined by diversity. Our values are based on an ongoing dialogue with stakeholders, and a culture of respect between all employees. In terms of customer relations, the aim is to offer exceptional quality, comprehensive service, and health and safety in the workplace within a climate of trust. As a business partner, Feintool relies on fair and highly effective collaboration. Management is responsible for promoting a corporate culture that is open-minded and adopted across the group on a daily basis. How this carried out is explained in detail below.

Tremendous diversity – one set of values

For Feintool, a global presence means, first and foremost, taking responsibility for its 2 570 employees (as of 2020) around the world and promoting cross-site collaboration in mixed teams. Diversity is a stated goal for the company. Feintool plans to establish a group-wide talent management system in 2021. These aims are outlined in Strategy 2030, which was updated in the reporting year. The business drivers for diversity and collaboration are increased performance, team spirit and improved customer support globally from Feintool's local teams.

All matters affecting employees are governed by the Feintool management system, the group's mission statement, and on the basis of company policies such as the Feintool Code of Conduct. The latter is the basis for interacting with integrity and responsibility both within the company and towards external stakeholders (see p. 9). Irrespective of this, Feintool complies with all local regulatory requirements. The company is committed to providing fair working conditions and opportunities for all employees, regardless of gender, background, or cultural, ideological, or sexual orientation (for more on

working conditions, see pp. 28-33). The corporate culture is built on the cornerstones of mutual trust, respect, and tolerance, but also on a constructive culture of debate and factual communication, personal responsibility, and dedication. All employees receive the Code of Conduct and more detailed information when they are hired.

The site managers and, through delegation, employees' immediate superiors, are responsible for ensuring compliance with the Code of Conduct and other guidelines. They are trained to detect, stop, and sanction violations. If employees become aware of any violations, in particular bullying, other forms of discrimination, and/or sexual harassment in the workplace, they are required to report it – either to their supervisor or to an external ombudsman in Munich, Germany. The ombudsman can be contacted anonymously. Feintool investigates all complaints and has a zero tolerance policy. No incidents have been reported to the ombudsman in 2020. Sanctions for breaking the Code of Conduct range from a warning to dismissal.

Rules, guidelines, and policies at Feintool

- ▶ Code of Conduct
- ▶ Employee handbook
- ▶ Occupational health and safety policies
- ▶ Human resource policy
- ▶ Environmental policy
- ▶ Social media guidelines



Close to the customer

The automotive industry is marked by fierce competition and far-reaching transformation processes. Due to the COVID-19 pandemic, the industry was additionally exposed to unpredictable, extraordinary pressures in 2020. Feintool was able to continue its long-standing, close collaboration with customers during this period.

A proven partnership

Our partnership with Punch Powertrain, for example, proved to be crisis-proof in 2020. For its DT2 transmissions in hybrid vehicles, the Belgian automotive supplier relies on plate carriers and formed parts from Feintool. The long-term contract between Punch Powertrain and Feintool covers the entire value chain from development to high-volume parts production, and Feintool was able to continue meeting these commitments in spite of the pandemic.

Responsibility for the health and safety of customers, and for the protection of natural resources, are also enshrined in our body of rules, guidelines, and policies. All sites have production safety officers who, in 2020, ensured that Feintool components, machines, and manufacturing processes comply with international and national standards. Environmental, social, and efficiency criteria are a standard part of our product development approach – such as the environmentally friendly FB one press – and in production itself. In addition, Feintool meets individual customer requirements with respect to specifications, safety, and environmental impact of its products. Thanks to its regional proximity to customers, Feintool shortens delivery routes, thereby reducing emissions across the supply chain.

Fair partnerships

When working with suppliers, researchers, or local authorities, Feintool is known for its expertise and competence, reliable and honest collaboration, fairness, and conscientiousness – and expects the same from its partners in return. Steel and energy play a central role in the company's procurement activities, and all suppliers are selected on the basis of objective criteria.

Compliance is the top priority. Annual training sessions on this subject are held at all Feintool companies. All of our employees are obliged to comply with the rules of fair competition within the framework of the applicable legal requirements. The plant managers monitor adherence to compliance requirements and impose sanctions in the event of documented misconduct, such as claims for damages or termination of the employment relationship. The plant managers report annually to the CFO of the Feintool Group. Feintool investigates violations of the rules without exception. Ultimately, responsibility lies with the Executive Board. No incidents of corruption were reported in 2020.

Innovative approaches to knowledge transfer

As the market leader for high-performance sheet metal technology in the automotive industry, Feintool continually promotes the transfer of knowledge. However, the advanced training and continuing education program for customers had to be massively curtailed in the 2020 reporting year due to the measures taken to prevent the spread of the coronavirus. Since Feintool US Operations' annual customer symposium in Cincinnati also had to be postponed until next year, Feintool used digital platforms to transfer knowledge, and to create new online communication channels for customers in 2021.



BUSINESS PERFORMANCE

In 2020, Feintool not only proved resilient in the face of the COVID-19 pandemic and a difficult market environment. The company was also able to prepare effectively for ongoing transformation in the automotive industry, continuing to drive innovation across its processes, technologies, and products. Overall, Feintool emerged from the financial year stronger than before and closed the year slightly in the black.

PROFITABILITY: ON THE RIGHT TRACK

Positive operating earnings (EBIT) despite the pandemic

2020 had two faces – the first half of the year brought a significant decline in sales, while the second half brought strong recovery. Attractive growth opportunities are also opening up for Feintool, particularly in Asia.

Feintool is looking to the future with optimism. According to forecasts by Bloomberg and IHS, the automotive industry – the group's largest sales market – is expected to grow between now and 2040. In addition, Feintool is well positioned to offer a high-quality product range for this sector that takes rapidly changing market needs into account – from internal combustion engines to complete electric mobility, including the use of hydrogen. As a result, the company was able to acquire numerous new orders during the reporting year, particularly in Japan and China. In addition, the company reviewed and revised its Strategy 2030 with the aim of creating sustainable value for all stakeholders. «Our optimism is based on facts. We do, however, see that the economic recovery, particularly in the automotive sector, is taking place in very different ways around the world,» explains CEO Knut Zimmer.

In 2020, the pandemic, but also a generally difficult market environment, led to a decline in sales of up to 75 percent in the first half of 2020, albeit with regional variations and depending on the product segment. However, business developed so well that the group was able to close out the financial year (January 1, 2020 to December 31, 2020) with slightly positive earnings (EBIT) of 3.3 million Swiss francs.* The consolidated financial statements encompass Feintool International Holding AG, headquartered in Lyss, Switzerland, and its subsidiaries. The group of consolidated companies remained essentially unchanged in the 2020 reporting year (see Annual Report, p. 38).

Overall, the Feintool Group generated sales of CHF 492 million, a decline of 22.2 percent. The fineblanking, forming, and stamped electroplating components business («System Parts» segment) was less affected, falling by 15.5 percent. The presses and tools business («Fineblanking

Technology» segment), experienced a decline of 40.6 percent in the reporting year. After adjusting for foreign currency effects, the parts business even managed to increase sales slightly in the second half of the year compared with the same period in the previous year. This was due, in no small part, to rapidly implemented measures to increase efficiency. The increase was particularly pronounced in Asia, where Feintool was able to launch numerous new products.

Responsibility for the overall financial and information policy and for decisions on internal and external auditing lies with the Board of Directors of the Feintool Group.** Internal auditing focuses on operational and strategic risk management and conducts group-wide audits, analyses, and interviews each year, which in turn are approved by the Audit Committee and coordinated with the external auditors. The internal auditors (comprising auditors engaged externally from PricewaterhouseCoopers AG, Zurich) regularly report directly to the Audit Committee.

*see Feintool Annual Report 2020, pp. 16-101; particularly Risk assessment, pp. 118/119.

**see Feintool Annual Report 2020, Corporate governance, pp. 102-117, particularly 110 ff.



Profits, distribution, and pension plans

Feintool focuses on efficiency and innovative technologies to remain competitive. Despite the decline in sales in the reporting year, Feintool invested CHF 4.4 million (2019: CHF 4.5 million) in research and development. In light of the coronavirus pandemic, no dividends were distributed. As a precaution, the credit line was extended by CHF 30 million, but the company did not have to draw on this amount. With approximately CHF 127 million in cash and cash equivalents and available, confirmed bank lines, Feintool has considerable financial flexibility (previous year: CHF 89 million). As is the case every year, profits were distributed to employees through their compensation, or reinvested.*

In 2020, the Feintool companies paid a total of 2.0 million Swiss francs in taxes. For their part, the companies received benefits from the public sector: short-time work allowances in Switzerland and Germany, subsidies in the Czech Republic, a COVID-19 allowance in China, and research and development grants in Switzerland. In the United States, the company expects to receive subsidies for reinstating furloughed personnel.

The total number of employees across the group decreased by just under three percent (see pp. 32/33). Feintool has various pension systems in place for employees – depending on the region's legal requirements. The pension systems are funded by employer and/or employee contributions to state pension plans, contribution to legally independent pension plans (foundations, insurance companies), or by creating a corresponding provision on the company's balance sheet. The decision to reduce the pension conversion rates in the Swiss pension fund resulted in a balance sheet reduction of 5.4 million Swiss francs in Switzerland. For their part, the Swiss Feintool companies paid a restructuring contribution of CHF 4.8 million to the pension fund.

Supply chain

Materials – and steel in particular – are by far the largest cost component of Feintool's business activities. The Group operates a business continuity management system. However, the outbreak of the COVID-19 pandemic was an unpredictable global event that temporarily caused supply shortages. As a general rule, Feintool prefers local suppliers; materials are not shipped from continent to continent. Due to the high standards of quality the steel must meet, Feintool sources the metal solely from Germany, the United States, China, Taiwan, and Japan. Feintool's European plants order high-quality components from Switzerland, Germany, Turkey, Korea, and China. In the United States, as in China and Japan, the company primarily sources components from local suppliers, while machine parts are largely sourced from Germany and Japan. Feintool does not purchase conflict materials. In 2020, Feintool purchased CHF 217.5 million in materials (2019: CHF 296.8 million).

As a supplier to the automotive sector, Feintool meets the industry's stringent quality and process management requirements through ISO/TS certification and the IATF 16949 industry standard. Annual audits are conducted with the aim of achieving continuous improvement and ensuring the safety of products and processes, preventing waste, reducing risks, and lowering the error rate.

Outlook

Uncertainties surrounding the impact of the coronavirus crisis make it difficult to issue a forecast for 2021. The economic recovery in Asia and the United States is proceeding rapidly, although the pace of recovery in Europe is somewhat slower. Growth opportunities therefore continue to open up for the Feintool Group, which is active in the relevant markets on three of the world's continents, particularly in Asia.

*see Feintool Annual Report 2020, Financial report



GROWTH THROUGH QUALITY

Global sales team secures Toyota order

Feintool believes that Asia offers particularly strong growth potential. As a result, the group brought numerous new products and technologies to market in China in 2020, and achieved a major win in Japan. After intense preliminary work, Feintool succeeded in acquiring Toyota as a customer. Quality, precision, and many years of experience made the difference.

The prospects are bright for Feintool's business in Asia. In China, demand picked up in the second half of 2020. And Feintool was able to successfully acquire orders from Japanese customers in all of the regions in which the group is active. One of these orders has a special back story, namely the new business relationship with Toyota, the largest carmaker in the world in terms of sales figures. This was a Herculean task, achieved by a large number of sales experts and development managers from Feintool in the United States, Japan, and China.

In the end, it took eight years of solid and tireless sales work to win over the negotiating partners at Toyota. In other words, this was a marathon, not a sprint. In this context, Feintool also had to compensate for the competitive disadvantage of the higher cost of manufacturing in Japan. But the globally positioned sales team won the race, and thanks to its many strengths, Feintool came out on top. Key factors for the new order to supply several parts for an eight-speed transmission were the innovative technol-

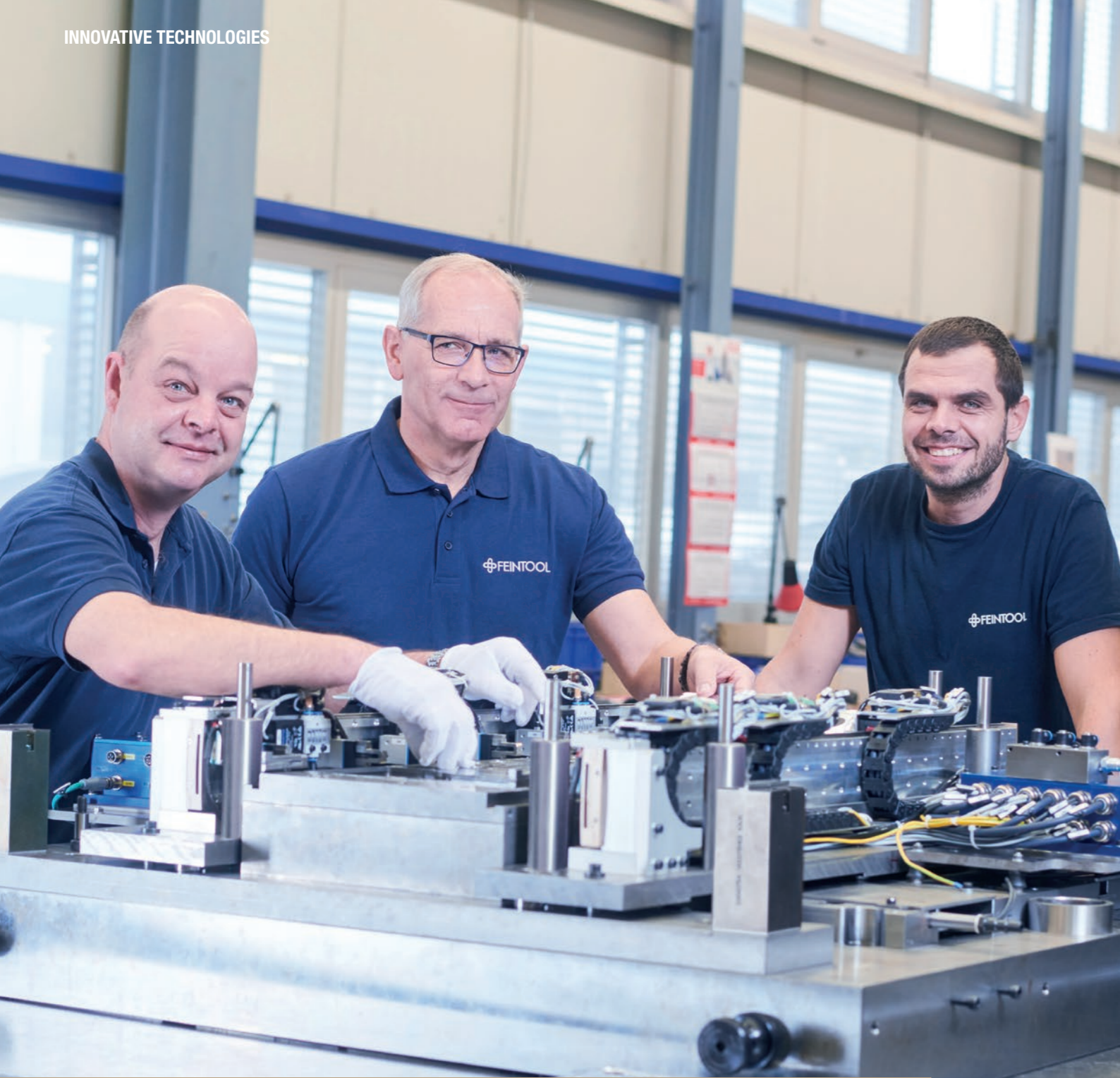
ogies and cost-efficient solutions Feintool offers for this application. Among the products of particular interest to Toyota are roller tools that can be used to manufacture state-of-the-art formed parts at highly competitive costs. The demanding evaluation process conducted by the Japanese carmaker also included a tour of the company's drivetrain plant in Nashville. In the end, the verdict was announced: Feintool had passed the test.

Jens Uwe Karl, Vice President Engineering at Feintool Cincinnati, says, «Simply having a great product is no longer enough to successfully close a sale. In order to initially acquire a customer and ensure they remain a loyal customer over the long term, we not only need to be highly strategic and organized, but we also have to surprise them every day with innovative ideas that focus on them and their needs.» Feintool succeeded in doing just that.



Contribution to UN Development Goal 9

With every investment in research and development, Feintool increases the efficiency of its products and processes. After all, the aim of every innovation is to reduce consumption, cut costs, and prevent negative impacts on human beings and the environment. In 2020, Feintool again invested more than four million Swiss francs in innovation projects, including university partnerships. Examples include the development of bipolar plates for hydrogen vehicles (see pp. 16/17), the SPAICER research project (see pp. 18/19), and the «thermoforming» project in cooperation with ETH Zurich. The annual presentation of «Best Achievement Awards» to employees promotes the culture of innovation within the company.

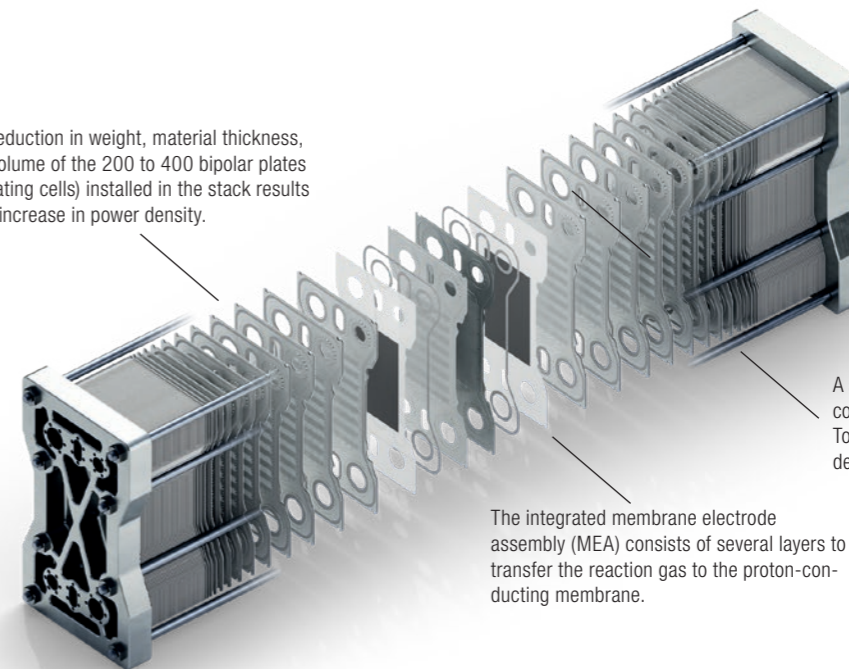


INNOVATIVE TECHNOLOGIES

With its new Strategy 2030, Feintool has significantly strengthened its activities in the field of innovation, thereby ensuring that the company will remain competitive in the long term. Feintool is making the future of mobility possible with high-performance sheet metal technology. In 2020, the company achieved a breakthrough in the «FEINforming» innovation project for the production of metallic bipolar plates for fuel cells. Feintool is also doing pioneering work in the field of resilience in production – as part of the international flagship project SPAICER, the technology group is working on new monitoring solutions with the help of artificial intelligence.

THE KEY TO THE HYDROGEN CAR FEINforming for high-precision bipolar plates

The reduction in weight, material thickness, and volume of the 200 to 400 bipolar plates (repeating cells) installed in the stack results in an increase in power density.



A stack's most important design elements consist of the bipolar plate and the MEA. Together, these two components largely determine the stack's performance.

The integrated membrane electrode assembly (MEA) consists of several layers to transfer the reaction gas to the proton-conducting membrane.

The use of hydrogen is a major step towards emission-free mobility. This requires fuel cells with inbuilt bipolar plates that must meet the most stringent precision engineering requirements. Feintool is developing a new process – FEINforming – to manufacture these core elements of hydrogen technology. This manufacturing process makes the difference in precision, quality, and cost-effectiveness. The company has already reached a milestone, producing and delivering a pilot series in 2020.

At first glance, the way a hydrogen vehicle works sounds simple: the electricity needed to power an electric motor in the car is generated right on board – in a fuel cell. In the fuel cell, the chemical reaction between hydrogen and oxygen generates electrical energy. All that remains is water and heat. Done. As so often the case, however, the challenge lies in the details – or, more precisely, in the high-precision components made of sheet metal that are 0.1 millimeters thick and even thinner: the metallic bipolar plates for the fuel cell. A bipolar plate consists of two electrodes and a membrane. The positive electrode (anode plate) carries the hydrogen, the negative electrode (cathode plate) carries oxygen.

Peter Roth, head of the innovation project at Feintool, says, «Our greatest advantage lies in the combination of three key competencies: state-of-the-art press systems such as our FB one for manufacturing the plates, many years of experience for the complex special tools required, and expertise in manufacturing parts of impeccable quality.» The objective is to offer «high-performance plates» as cost-effectively as possible, leading to a new level of efficiency of drive systems with fuel cells.

The greatest challenge is the minimal sheet thickness, because the higher the weight and volume, the lower the efficiency and power density. A fuel cell system (referred to as a stack) for a single vehicle contains 200 to 400 stacked bipolar plates. Each individual plate must be formed, joined, and assembled so that it can perfectly distribute gases, optimally conduct electricity, and dissipate water as well as heat in perfect channels. At Feintool, this microstructure is manufactured simultaneously in an integrated process. Even minimal deviations have an impact on the efficiency and lifetime of the stack in the fuel cell. «We're talking about tolerances in the range of ten to 20 micrometers,» says Roth. With up to 400 bipolar plates per vehicle, this quickly results in vast quantities of components that must exhibit a high level of repeat accuracy and quality. «This requires manufacturing expertise with extreme precision, and that is precisely one of our core competencies.»

In the future, fuel cell technology will be used in electric mobility and stationary applications. As such, Feintool believes that there is considerable market potential in the field of metallic bipolar plates.

OPTIMIZED PRODUCTION THANKS TO AI

Feintool pioneers the SPAICER research project

Interruptions in production can quickly become expensive. In the SPAICER research project, scientists and experts from industry are using artificial intelligence (AI) to develop new solutions that will better protect companies and entire industries from disruptions. Feintool System Parts in Jena is a partner in the SPAICER consortium and is working on smart resilience management – and thus also on business models for the future.

Feintool has been focusing on optimal monitoring of its production processes for years. With SPAICER, a research project founded in April 2020 and funded by the German Federal Government to the tune of 10 million Euros over three years, the topic of maintenance or «FEINmonitoring» is now taken to a «completely new level» explains Jens Gerhard, Head of Technology and Press Development at Feintool System Parts in Jena. The 55-year-old manages Feintool's involvement in SPAICER – pioneering work in close collaboration with researchers and experts from other companies. «The potential is huge and the transfer of knowledge exciting every day,» says Gerhard. For Feintool customers, the benefits of such an investment in research and development are obvious: process flows and maintenance work will be easier to plan, costs will be reduced, and Feintool's range of services as a supplier and machine manufacturer will be significantly greater.

The full name of the project is: «Scalable adaptive production systems through AI-based resilience optimization.» Its aim is to ensure that industry partners can react appropriately in the event of a disruption or other issue. This is crucial in a globalized production process, where unforeseen disruptions are nothing unusual: they come from outside, from the supply chain, or from a pandemic – and from within, in the form of a tool breakage or machine downtime. In either case, disruptions are a risk to business. After all, an unplanned disruption in the production process can quickly cause costs to skyrocket.

To prevent this, not only individual machines or companies but also entire industries must become more resilient. Such

an overarching and global approach is new. And that is precisely what makes the research project, so special. The project is coordinated by the German Research Center for Artificial Intelligence (DFKI) in Saarbrücken. The aim is to use AI and machine learning (ML) to develop digital tools that make it possible to predict events in good time and to adapt quickly and flexibly to changing circumstances. These Smart Resilience Services (SRS) are to be anchored in production networks according to a modular principle. Operations can use SRS via a platform to improve their resilience management.

For the SPAICER concept to work, a lot of data is needed. This is because SPAICER creates digital twins of complete processes. Based on these process simulations, AI methods can be used to develop services that add real value. In total, SPAICER comprises 12 work packages that are closely interlinked. Jens Gerhard's small team is involved in almost all of them, and has designed practical examples (use cases) for various packages.

«Self-optimization», at the machine level, is an example of a use case in which Feintool has the lead. Here, among other subprojects, the focus is on predictions relating to wear. «We want to find the «sweet spot» – that is, the ideal time when a tool is so worn out that maintenance is due, but not a single defective part (N.O.K. part) has been produced yet,» explains Gerhard. To detect wear, data is collected on the tool via structure-borne sound diagnosis. An acoustic procedure – and a whole new field of research. This information can be transformed into concrete recommendations for employees using AI methods. In this way, maintenance arrives with pin-



point accuracy and advance warning, not too early, and not too late – without any damage having been done. «The more knowledge we have about the tool's run time saves time and costs,» summarizes Gerhard.

He also mentions other use cases on a higher or global level that Feintool controls and helps to evaluate. It's always about getting more insights earlier. For example, Feintool wants to build up the steel supplied in coil form as a digital twin and view it in its entirety. Here, too, the technicians receive a lot of new information by means of AI, which, in the end, helps to optimize the actual fineblanking process and prevent errors.

On a global level, the scientists are also looking at climate changes that can have a significant impact on production. Take goods transport, for example: in the summer of 2018, rivers were not navigable at all due to drought. «On this topic, we are looking for new strategies to ensure stress-free procurement, production, and sales by digitizing processes,» explains Gerhard. Knowledge transfer is a big plus for SPAICER, and partners regularly exchange information about multiple projects to learn from each others' experiences. A project highlight is scheduled for fall 2021: Feintool will be hosting

the 3rd SPAICER consortium meeting in Jena. Among the partners attending will be research collaborators and participants from the German Aerospace Center (DLR) and the German Federal Ministry of Economics.

«With us, it's tangible just how much AI is taking resilience in production to a whole new level»
 Jens Gerhard, Head of Technology and Press Development at Feintool in Jena

The innovation potential of the research project is enormous. At Feintool, people are thinking far ahead: after all, data is the «gold of tomorrow» so entirely new business models are emerging in data trading and management. «SPAICER helps us to flexibly design production operations for transformations, such as those in the automotive industry. If I can control my processes down to the last detail, I can keep up with changes quickly,» explains Gerhard. This ability to change is the key to sustainable growth. «For this, we need the digitization of the industry. We are working on this future,» he sums up.

SPAICER consortium

Research partners
 German Research Center for Artificial Intelligence (DFKI), Coordinator

RWTH Aachen (Machine Tool Laboratory, WZL; Institute for Technology and Innovation Management) University of Freiburg Technical University of Darmstadt Otto Beisheim School of Management (WHU)

Partners from industry

deZem GmbH
 Feintool System Parts Jena
 SAP
 Schott
 SEITEC GmbH
 Senseering GmbH
 More than 40 associated partners

Sponsored by:



on the basis of a resolution of the German Bundestag



ENVIRONMENTAL RESPONSIBILITY

In its Strategy 2030, Feintool affirms its commitment to sustainable development. Quality and environmental management are established processes throughout the group. On the product side, electric mobility – with its multifaceted concepts – is of great strategic importance. In 2020, more than one third of the company's products were already being used in hybrid vehicles. With regard to operational ecology, the focus is on reducing carbon emissions. In this area, the company made significant progress in the reporting year.



HIGH-TECH FOR HYBRIDS

Electric vehicles: solutions for every drive concept

On the threshold of fully electric mobility, hybrid vehicles are booming. Feintool has long had the necessary expertise and capacity to serve this growth market. In 2020, the automotive supplier further ramped up production of high-precision components for climate-friendly drive systems.

Climate change and the need to permanently reduce carbon emissions have significantly accelerated the technology shift on the road. The year 2027 is regarded as the tipping point in a far-reaching transformation in the automotive industry – away from the internal combustion engine and towards the electric car. According to market forecasts, this will mark the point when vehicles powered exclusively by batteries (BEVs) will overtake other drive systems. Until then, hybrids represent a kind of stopgap technology. This is because hybrid vehicles use both an internal combustion engine, which offers longer range, and at least one electric drive, which optimizes performance and reduces emissions. When it comes to the way engines interact, manufacturers offer different concepts. One example is the plug-in hybrid, which is currently very popular. This is because this solution can also be used to cover long distances driving entirely on battery power, because the battery capacity is boosted by additional charging.

For Feintool, the growing hybrid market is particularly interesting because of the automatic transmissions that are needed for all the partially electrified drive systems. Numerous fineblanked and formed parts are used in hybrid vehicles' transmissions. This is an area in which the technology group brings more than ten years of experience to the table. «By offering parts for the electric motors in hybrids, we are also gearing up for success in the all-electric future», says Horst Linzbach, Chief Sales Officer at Feintool.

Clutch plates and plate carriers for dual clutch transmissions – which Feintool manufactures for transmission specialist ZF, for example – are among the most important parts in hybrid transmission components. This means that clutch plates from Feintool are deployed in the automatic transmissions of hybrid vehicles from BMW, Land Rover, Fiat, and Chrysler. The Swiss group's precision technology is also used in hybrid

cars from VW and Audi. The latest example of the company's success in the hybrid market is the dual clutch transmission from the Belgian company Punch Powertrain for

«We supply precision technology for all drivetrains – and are working on rolling out key components for electric motors globally.»

Horst Linzbach, Chief Sales Officer at Feintool

hybrid vehicles from Peugeot, Citroën, and Opel, which are set to hit the streets from 2023 onwards. The inbuilt Feintool products undergo up to 13 machining steps on multiple-stage presses.

Feintool can also supply two high-precision components for all-electric vehicles – the stator and rotor, which work together to enable the electric motor to rotate. In 2020, the company laid the groundwork for this segment with a focus on the Asian market, and is expanding its plant in Taicang, China. In the future, the company will stamp electrolaminations here for the rotor and stator used in all-electric cars.



SUCCESSFUL ENVIRONMENTAL MANAGEMENT

Feintool optimizes its data collection processes

Feintool successfully implemented numerous projects to conserve natural resources at more than half of its plants in 2020 – despite the COVID-19 pandemic. At the same time, the coronavirus crisis helped to significantly reduce overall energy consumption.

As part of its sustainability reporting strategy, Feintool has further optimized its group-wide environmental policy, which it adapts on an ongoing basis. The overarching objective is still to protect people inside and outside the company from health hazards, and to conserve natural resources. As a technology leader in fineblanking and a specialist in forming and electrolamination stamping, Feintool and its stakeholders have a significant environmental impact in the following areas: energy consumption, emissions, material consumption and recycling, and waste, including hazardous substances. The method in which the company collects data on these topics is new – it was standardized throughout the group in 2019 in accordance with the requirements of the Global Reporting Initiative (GRI). As a next step, Feintool will use this data to formulate actionable subgoals for energy and environmental management.

The foundation of energy and environmental management is the international ISO 14001 standard, to which all production facilities are certified. This ensures that Feintool takes all aspects of operational environmental protection into account and continuously improves its performance. The German

plants in Jena, Ettlingen, Obertshausen, and Ohrdruf, are also certified to ISO 50001 (energy management). In addition, eight of the company's production facilities meet the ISO 9001 standard (quality management) and all meet IATF 16949 («International Automotive Task Force»), a binding quality assurance standard for suppliers in the automotive industry. In accordance with its (environmental) compliance policy, Feintool adheres to national and international regulatory requirements. The European Union (EU), for example, has its own regulations governing emissions, as well as EU climate and energy policy targets, currently in force until 2030.

Each Feintool plant has an environmental protection officer who oversees certification procedures and employee training, and ensures emergency plans are in place. Ultimate responsibility rests with the plant managers. Certifications are granted according to a strict set of rules, and uncorrected deficiencies are sanctioned by revoking the certificate, making it practically impossible to do business. In 2020, violations of environmental laws or regulations were not reported at any Feintool location.

Our certifications

IATF 16949*
ISO 14001
ISO 9001
ISO 50001
IQNet** ISO 14001
IQNet ISO 50001
IQNet ISO 9001
Environmental protection certificate (China)
BGHM «Sicher mit System» (systematic safety) seal of approval***

* The IATF 16949 standard combines existing general requirements for quality management systems in the automotive industry.

** IQNet is a global management system certification network.

***Employers' liability insurance association for the wood and metal industry (DE)



Successful projects across the globe

For Feintool, conserving natural resources, energy efficiency, and a commitment to an intact environment are part of securing the future viability of the company itself – as documented in the group's mission statement. Knut Zimmer, CEO of Feintool, explains, «Environmental management is integrated into the processes of all research and development projects from the very beginning, i.e. parameters such as energy and land consumption or waste prevention».

Good examples of products with a top-notch environmental footprint include the FB one fineblanking press and the modified series of this high-tech machine. Feintool also takes any potential impact on natural resources into consideration in the procurement of raw materials, consumables, and supplies. This applies across all manufacturing processes and associated material consumption, and in waste disposal.

In the 2020 reporting year, numerous projects were implemented to improve the environmental footprint of Feintool operations – despite the COVID-19 pandemic. Through these targeted measures alone – with and without energy sourcing – the

company saved 2 500 megawatt hours of energy at nine sites around the world. This corresponds to a reduction in greenhouse gas emissions of 1 400 metric tons of CO₂ equivalent. In this context, China and Japan performed particularly well. Process optimization and efficiency enhancement measures there accounted for 61 percent of the total energy savings. Switching to LED lighting at sites in China, Japan, and Germany, also had positive effects. Overall, the group's total energy consumption in 2020 fell even more sharply due to the pandemic, by 11 percent to be precise (see pp. 24-27).

Good to know

At Feintool Systems Parts Oelsnitz (DE), excess oil produced during the fineblanking process was causing problems. Storage and disposal of the oil generated costs, and the resource was also consumed unnecessarily. The solution came from an idea an employee submitted to the company's idea exchange and became more concrete during a team brainstorming session: a specific filter system is now used to collect overflowing oil so that it can be recycled. Cost savings with twelve plants operating in a three-shift system: 240 000 euros per year.



Contribution to UN Development Goal 7

Feintool has set the goal of helping to increase the share of renewable energy used worldwide. The company laid the groundwork for this in 2020. As a result, electricity sourcing in Germany was switched completely to green electricity at the beginning of 2021.



Contribution to UN Development Goal 12

Feintool implements many initiatives to support sustainable production and consumption. These include successful efforts to reduce energy and material consumption, and more effective waste prevention – at plants and administrative units where reusable systems are being introduced. The company is also working to ensure environmentally sound waste disposal across the group. In addition, collecting data, defining targets, and reporting are key tools that Feintool uses to promote sustainable development in production and consumption.

FACTS AND FIGURES

In 2020, Feintool made progress in shifting its electricity mix toward greater use of power from renewable sources, as well as in reducing its consumption of resources. The positive trends in the fields of energy, emissions, materials, and waste – all of which are key to business operations – can be attributed to numerous environmental initiatives, as well as to the impact of the COVID-19 pandemic. Data was collected for the entire group (see p. 3) with the exception of the service centers in Atsugi and Shanghai, which are not material to the data presented in this report.

ENERGY

Electricity sourcing drives sustainability

Feintool's total energy consumption in 2020 was approximately 119 000 megawatt hours (MWh), 11 percent less than in 2019. At almost 77 percent, electricity accounts for the largest share of energy use, followed by combustibles, fuels, and district heating.

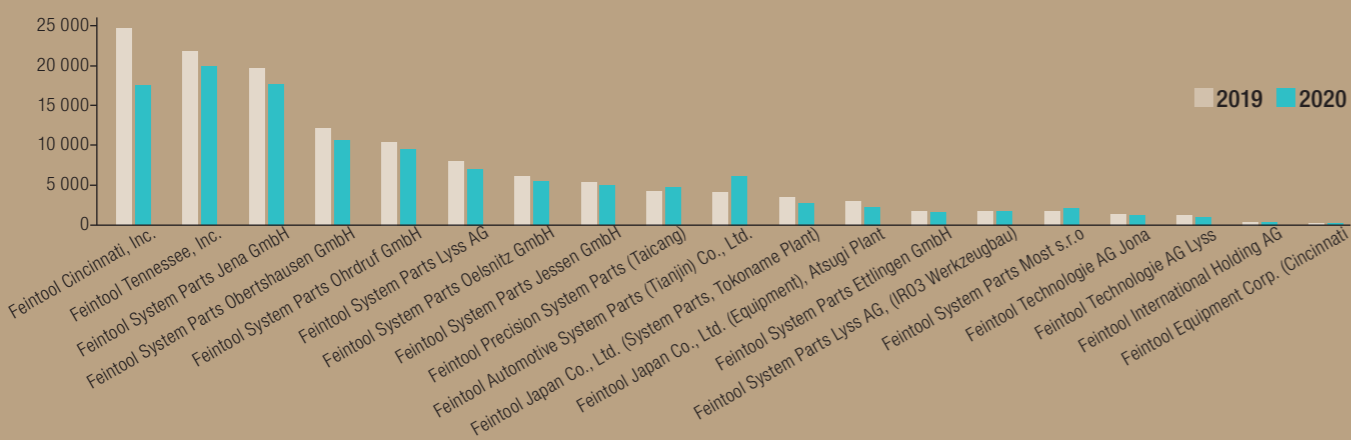
Reducing electricity consumption plays a key role in the company's sustainable development. In addition to energy use, the sourcing of raw materials, especially steel, is essential to Feintool's core business. The Executive Board is aware that while steel can be recycled, the production process at the supplier level is energy-intensive. This makes Feintool all the more determined to implement ongoing measures across its own group of companies, with the aim of increasing energy efficiency and reducing greenhouse gas emissions.

Despite the COVID-19 pandemic, the company once again succeeded in implementing numerous environmental projects worldwide in 2020 to reduce energy use. The measures in China and Japan (see pp. 22/23) are responsible for 61 percent of this reduction alone. Through these projects, Feintool has saved more than 2 500 MWh of energy, with electricity accounting for 94 percent.

How the plants perform

The decline in energy consumption at Feintool was associated with scaled-back production in the first half of 2020 due to the pandemic. In the second half of the year, the drop in energy purchases was partly offset by a renewed increase in energy use – again a consequence of the recovery in production during this period. Energy consumption fell most significantly in the United States (Cincinnati). In contrast, plants in China and the Czech Republic actually recorded an increase compared to 2019 due to the market launch of new products (Tianjin, China) and production ramping up (Most, Czech Republic).

Energy consumption by plant (in MWh)

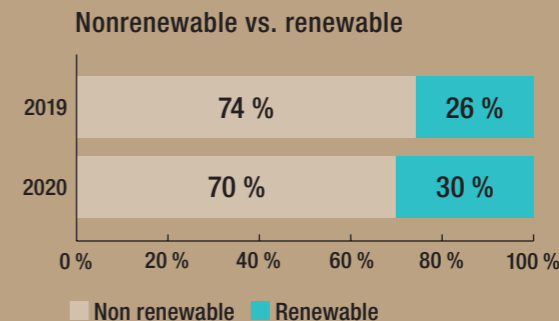


ENERGY CONSUMPTION (MWh)	2020	2019	Δ
Electricity	91 192	102 376	-11 %
Heating	24 727	27 443	-10 %
Natural gas	23 272	26 556	
Heating oil	465	433	
District heating	990	454	
Fuel	2 766	3 430	-19 %
Diesel	1 964	2 587	
Gasoline	661	703	
Liquid petroleum gas (LPG)	142	140	
Total energy consumption	118 685	133 248	-11 %

The totals in the tables on pages 24 to 27 may not add up precisely due to rounding effects. Individual data points for 2019 were retroactively adjusted to optimize data quality: heat consumption and associated CO₂ emissions, consumption of steel and fineblanking oils, steel scrap, and hazardous waste.

Electricity mix – on the right track

The share of renewable energy sources in the electricity mix stood at around 30 percent for 2020, an increase of more than 12 percent compared with the previous year. The company's aim is to continuously increase this percentage in order to reduce the carbon emissions associated with electricity consumption. As of the beginning of 2021, all of our plants in Germany were already sourcing 100 percent green electricity.



EMISSIONS

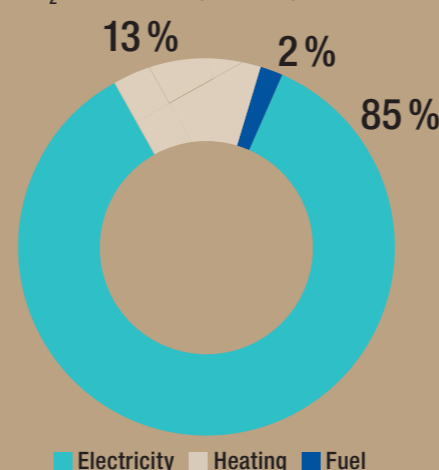
A 15 percent reduction

Feintool has been committed to the goal of reducing its greenhouse gas emissions for many years. The quantifiable energy savings (targeted measures) in 2020 related, in particular, to the reduction of electricity consumption – and totaled more than 2 500 MWh. This, in turn, led to a reduction in greenhouse gas emissions of around 1 400 metric tons of CO₂ equivalent (tCO₂e). Primarily due to the pandemic-related reduction in energy consumption, but also as a result of the measures implemented, greenhouse gas emissions fell overall to around 40 000 tCO₂e in 2020, a reduction of more than 15 percent compared with 2019. Electricity consumption continued to account for the largest source of emissions at over 85 percent, followed by fuel, combustibles, and district heating.

GREENHOUSE GAS EMISSIONS (tCO ₂ e) ¹⁾	2020	2019	Δ
Scope 1 (direct emissions)²⁾	5 611	6 451	-13 %
Combustibles	4 884	5 546	
Fuels	728	905	
Scope 2 (indirect emissions)³⁾	34 590	41 052	-16 %
Electricity ⁴⁾	34 404	40 966	
District heating	186	85	
Total emissions (Scope 1 and 2)	40 201	47 503	-15 %

1) The company's greenhouse gas inventory was calculated pursuant to the WRI/WBCSD Greenhouse Gas Protocol standard.
 2) Scope 1: Direct greenhouse gas emissions from sources owned or controlled by Feintool.
 3) Scope 2: Indirect greenhouse gas emissions from sources owned or controlled by another company but occurring as a result of Feintool's activities.
 4) The greenhouse gas emissions associated with electricity consumption are reported using the «market-based» method in accordance with the Greenhouse Gas Protocol Scope 2 standard. Using the «location-based» method, emissions in 2020 totaled 40 281 tCO₂e (2019: 44 996 tCO₂e).

CO₂ emissions by activity



1 400
tons of CO₂ emissions cut through targeted measures

FACTS AND FIGURES

MATERIALS

Refined data collection

Metals are clearly the main focus of Feintool's production processes. Steel plays a particularly important role in the manufacture of high-precision components, which is why 98 percent of our total material input consists of this raw material. The extraction and production of metals is both resource-intensive and energy-intensive. At Feintool, metal production waste is therefore systematically returned to the material cycle via recycling. In addition, Feintool has launched projects to reduce steel consumption in order to further increase the company's profitability.

Compared to the previous year, material consumption decreased significantly. This was a result of both the COVID-19 pandemic, as well as successfully implemented initiatives at specific Feintool plants (see pp. 22/23). With respect to consumables and supplies, additional data categories were taken into account for the first time in 2020, which led to an overall increase in material use compared to 2019. In the case of packaging material, the increase is due, on the one hand, to collecting data on this for the first time in the 2020 reporting year at the US site in Cincinnati. In addition, regulatory requirements and demands on the part of customers mean that the cost of packaging is increasing. Packaging units are also becoming smaller, which generally increases the consumption of materials.

MATERIAL CONSUMPTION (TONS)	2020	2019	Δ
Raw material	176 306	202 413	-13 %
Steel	175 621	201 699	-13 %
Copper (incl. brass)	548	552	
Aluminum	137	161	
Supplies and consumables	1 402	757	85 %
Fineblanking oils ¹	560	682	
Others ²	842	75	
Packaging material	880	745	18 %
Paper and cardboard	396	232	
Plastic	315	303	
Wood	169	211	
Total material consumption	178 589	203 915	-12 %

1) Percentage of chlorinated fineblanking oils (data first collected in 2020): 52 %

2) Cooling lubricants, hydraulic oil, quenching medium, corrosion protection, solvents, inert gas, quartz sand (everything except quartz sand: data first collected in 2020)

WASTE

Recycling to the maximum

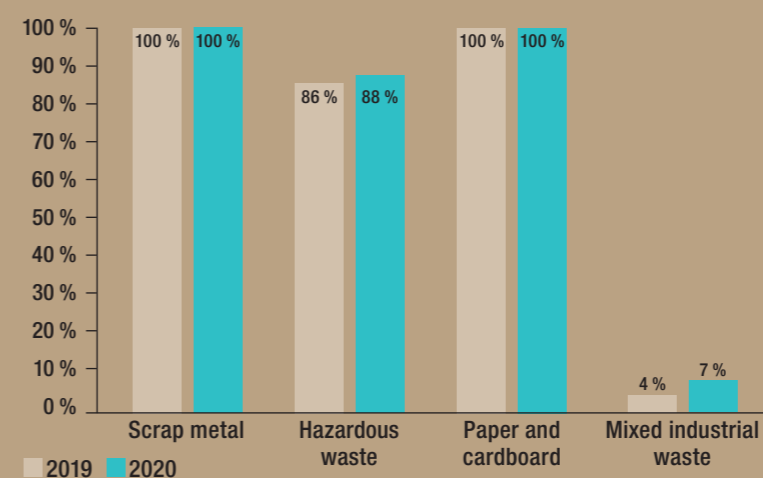
Through systematic waste management, Feintool ensures that the majority of its production waste is recycled and can therefore be reused as a raw material.

Different types of waste are produced at the production facilities, with scrap metal accounting for the largest share. All waste fractions are recycled using specific recycling methods. Feintool recycles 100 percent of its metallic production waste, as well as paper and cardboard. The company also achieved an even higher recycling rate for hazardous waste than in 2019, at 88 percent. Overall, the company recycled 98 percent of its waste, a figure that grew even further compared with the previous year. As a result, Feintool is making an important contribution to the conservation of natural resources.

Overall, the quantities of waste decreased significantly compared to 2019 – due to various projects implemented at the plants, and as a consequence of the pandemic.

WASTE (TONS)	2020	2019	Δ
Non-hazardous waste	104 577	119 101	-12 %
Scrap metal (recycled)	102 845	117 001	-12 %
Mixed industrial waste	1 565	1 862	
<i>Total recycled</i>	104	81	
<i>Total incinerated</i>	180	202	
<i>Total landfilled</i>	1 282	1 579	
Paper and cardboard (recycled)	118	152	
Quartz sand (landfilled)	48	85	
Hazardous waste	4 530	5 658	-20 %
Emulsions, waste oil, and oil-contaminated waste	4 377	5 498	
<i>Total recycled</i>	3 848	4 744	
<i>Total incinerated</i>	529	753	
<i>Total landfilled</i>	0	1	
Sludge	152	161	
<i>Total recycled</i>	122	116	
<i>Total landfilled</i>	30	44	
Total waste	109 107	124 759	-13 %

Recycling rates by type of waste



The graph shows the recycling rates within the most important waste categories.

98 %
recycling rate



ATTRACTIVE EMPLOYER

The year 2020 brought unforeseeable global challenges, yet the Feintool Group quickly mastered them as a multinational team with a tremendous degree of flexibility. Throughout the pandemic, the focus has always been on protecting the health of all employees. In the reporting year, Feintool laid the groundwork for positioning itself as an attractive employer worldwide with a responsibility for training, equal opportunities, and good working conditions.

GLOBAL COMPETENCE TEAMS

Feintool emerges from 2020 stronger than before

Feintool refined and enhanced its HR policy in the year under review as part of its Strategy 2030 – which makes group-wide talent development and international project work the top priorities. As a global employer, Feintool responded to the challenges posed by the COVID-19 pandemic early on in 2020, and was able to end the year stronger than before. Protecting the health of all employees remains paramount.

In light of recent, disruptive changes in the automotive industry, long-term competitiveness is Feintool's most decisive success factor. To this end, the group's performance is driven by the innovative strength, technological expertise, motivation, and efficiency of its 2570 employees. For this reason, the company strategically developed its human resources policy in the direction of globalization in 2020.

Luana Kinner, Chief Human Resources Officer at Feintool, says, «Our focus is on hiring qualified employees who enjoy working for Feintool, and on positioning ourselves as an attractive global employer. We are developing, among other things, a talent management program to offer employees international development opportunities.» Training and development programs and support for expats have a long tradition at Feintool. What is new is the company's systematic talent and career development program, which is now active across the entire group. There are also specific efforts to increase the percentage of women in the workforce. (see pp. 32/33). To this end, a range of measures will be developed in 2021.

Feintool's global management approach promotes networking and the exchange of ideas and experience among employees across countries and regions. This broadens their career prospects. The approach also ensures greater transparency and efficiency by means of intensified cooperation between the global locations with their

respective strengths. «When it comes to the underlying technologies, we're placing our range of products and services on a broad global footing,» sums up Kinner. The digital platform, FEINnet, which is based on Office 365, and which the company was able to extensively train employees to use in 2020, greatly promotes this international project work in line with standardized working methods. The list of projects submitted for the company's Best Achievement Award illustrates how successfully the expertise of the entire group was harnessed to the benefit of customers, and to conserve resources in 2020. The aim is to offer attractive jobs that are highly standardized worldwide – in line with national labor laws – and to adapt the management model, which has so far been more focused on the results of individual business units, to reflect a group-wide approach. After all, successful leadership is measured by how transnational, diverse teams perform in best meeting the needs of customers. The initiative to position Feintool more strongly as an attractive employer will be launched in 2021, under the CHRO's leadership, together with the local heads of HR and their managers.

Employee reviews are held each year to document and evaluate performance, goals achieved, and needs and suggestions. The next regularly conducted global employee survey will take place in 2021 – this is an important indicator of employee satisfaction and, as experience has shown, a valuable source of ideas for improvements.

Health and occupational safety

- ▶ Waste management
- ▶ Hazardous materials disposal (see FIH Hazardous Substances and Disposal List, Germany)
- ▶ Training for all employees
- ▶ Drills (evacuation, fire extinguishing)
- ▶ Athletic activities

HR development

- ▶ Well-established HR management
- ▶ Internal promotion of young talents
- ▶ Equal treatment and opportunities

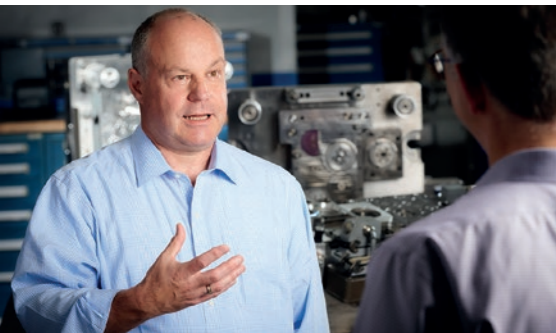
International project work

- ▶ Digitization of work processes
- ▶ Best Achievement Awards 2020: 20 nominated projects, winners:
 - Bipolar plates for fuel cells (see pp. 16/17)
 - Optimized collaboration with customers in Japan (Toyota and Aisin Seiki)
- ▶ Quality Awards 2020:
 - Improvement in Q key figures at the Ohrdruf forming plant (Germany)
 - Improvement of Q key figures at the Taicang fineblanking plant (China)



Health and safety

With the outbreak of the pandemic in China at the beginning of 2020, Feintool immediately established a global crisis management system that was managed centrally and implemented regionally with great success. Similar to other companies, Feintool also recorded cases of infection in 2020, but only a few presented severe complications and there were zero fatalities.



In the United States, many staff initially had to be furloughed, and most were later reinstated. Here, in particular, the pandemic magnified the importance of health protection, flexibility, expertise and, team spirit. As the automotive supply chain slowed in the spring of 2020, a reduced core team took over in the United States. Managers, engineers, maintenance workers, and administrative staff managed production for medical technology, among other sectors, and succeeded in keeping the company running strongly and delivering high-quality

parts to customers when demand picked up very quickly. Christoph Trachsler, Head of Feintool System Parts USA, says, «It was an honor for me to see how employees from all areas of the company chipped in with a can-do mentality. This was a valuable experience for all of us».

The company's success in minimizing the impact of the pandemic on the health of its employees was due not only to crisis intervention measures, but also to Feintool's permanent management system. This documents responsibilities and processes related to occupational safety, environmental protection, energy management, and the handling of hazardous waste and substances. This system also governs the annual internal and external audits. Every plant has specialized occupational safety officers, with ultimate responsibility resting with the plant managers. Potential risks are identified during regular inspections in the presence of the Executive Board and, if necessary, solutions are then developed to prevent the risks. All employees receive annual occupational safety training and are also involved in the continuous development of the management system. Work meetings are held every month for this purpose. In addition, the company regularly reviews workplace lighting conditions and ergonomics.



Contribution to UN Development Goal 8

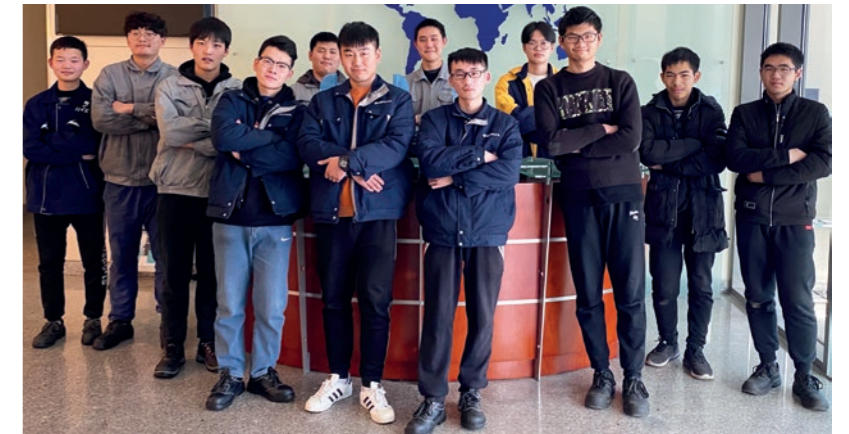
The Feintool Group offers secure and fair jobs with a promising future for 2570 part-time and full-time women and men as well as for external employees around the world (see pp. 32/33). Responsibility for working conditions lies with the plant managers on the basis of regulatory requirements, Feintool HR management policies, the Code of Conduct, and the employee handbook. Fair compensation with a bonus system and equal pay for equal work are enshrined in the company's policies. Temporary workers are paid in accordance with applicable laws and also benefit from occupational safety training and health protection activities (e.g., company medical care, and vaccinations).

DUAL-TRACK EDUCATION VERY POPULAR IN CHINA

Feintool offers outstanding career prospects

The European dual-track education system is proving a big hit in other regions worldwide. Now, Feintool is also offering training programs in China based on this proven concept of combining theoretical knowledge with hands-on experience. This is how today's students become tomorrow's factory floor managers. And Feintool has a lot to offer to help them achieve this. By the same token, young Chinese students also have high expectations of their trainers.

European employers are extremely popular in China – not least because of the solid education and hands-on training they offer. Domestic companies are also increasingly turning to this form of vocational training, particularly in the automotive industry. For Jin Tan, the HR manager at Feintool's plant in Taicang, one thing is clear: «The dual-track education system is a systematic training program that teaches in-depth knowledge and valuable skills.» And this is important for the specialists and managers of tomorrow, who must be able to optimize value creation along the manufacturing chain (factory floor management).



This is why Feintool trained suitable instructors in China early on using the «train-the-trainer» method. This is how the company was able to begin offering vocational training programs in the megacity of Taicang, just under 50 kilometers from Shanghai, in 2018, and a year later in Tianjin, located in the greater Beijing area. For this purpose, the company entered into partnerships with the Jiangsu Taicang Secondary Vocational School and the Yantai Vocational School.

Unlike in Central Europe, however, the number of potential applicants fluctuates from year to year. At Feintool China, a total of eleven trainees are currently on their way to becoming toolmakers or machine operators over the course of three years. This includes Jiakai Liu in Taicang. Like all trainees, the 22-year-old is going through structured modules alternating between classroom instruction and hands-on training. In these modules, the trainees acquire factual knowledge and work hands on in areas such as presses, tool making, fineblanking, and forming.

For Jin Tan, the advantages of the dual-track education system are clear: «After completing the program, young people can start a

«In the beginning, I felt like I couldn't contribute at all. But my coworkers always offered support and guidance. In turn, I actively asked my colleagues for help. I wanted to know what I was doing wrong and how to do it better. Today, I'm extremely glad to be here; Feintool was truly an excellent choice.»

Jiakai Liu, 22, vocational toolmaker trainee in Tianjin

job right away, without a long training period. It's a win-win situation. Graduates also embrace our corporate culture and are resilient employees.» The cultural issue is an important one. After all, not unlike their peers all over the world, a proper work-life balance is also very important to young Chinese people, they are skeptical about blue-collar jobs, and they demand clear career prospects. «This is a self-confident generation, which is why our mentors provide intensive support and also strive to facilitate the trainees' personal development» says the 40-year-old HR expert. Corporate culture? At Feintool, this means team spirit, collaboration, motivation, and encouragement. In return, the company expects a willingness to perform as well as dedication.

100

trainees were employed by Feintool worldwide in 2020.

16

The number of technical and business-related fields that trainees can select.

FACTS AND FIGURES

All of the key figures applicable to employees pertain to the organizational units listed on page three, with the exception of the service centers in Atsugi and Shanghai, which are not material to the data presented in this report.

DIVERSITY

International teams

As a global employer, Feintool proactively addresses challenges in the labor market in order to appeal to talented individuals worldwide (see also p. 30). In 2020, the company strengthened its HR management at the group level and laid the foundations for the future collaboration of all employees – with talent development and collaboration across national borders being the top priority. The company is not yet satisfied with the percentage of women in its workforce, which stands at just over 17 percent, and aims to increase this figure through targeted measures in 2021. For employees, globalization opens up new career prospects within their own company – and customers across the globe benefit from the strengths of diverse and agile project groups, as well as reliable local support. At present, more than two-thirds of the 2 403 employees included in the data set (see below) work at Feintool in Europe. They typically (95 percent) have a full-time workload. Approximately 55 percent of employees are represented by a trade union, or are subject to collective bargaining agreements.

The increased level of collaboration between mixed teams at an international level in the future will not only require all employees to demonstrate professionalism and flexibility, but also tolerance and open-mindedness. Based on the Feintool Group's mission statement and Code of Conduct, all Feintool employees have pledged their commitment to hard work, dedication, and mutual respect – regardless of age, gender, origin or ideological orientation.

Knowledge, experience, and a wealth of potential

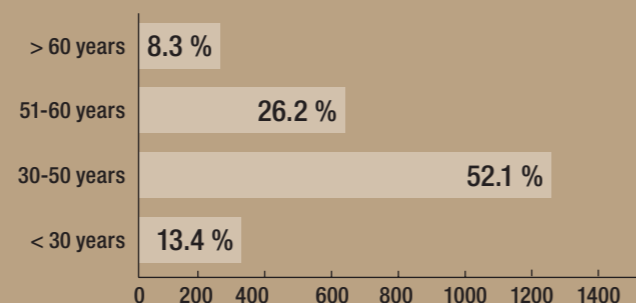
The age distribution shows that Feintool currently benefits from experienced specialists. Retaining them over the long term and at the same time increasingly discovering young talent, developing it, and keeping it with the company is central to the success of the entire group. This is why recruitment as well as training and development are key priorities addressed in the HR program initiated in 2020.

Workforce composition

	Total	Male	Female
By region	2 403	1 993	410
Europe	1 625	1 355	270
USA	440	363	77
Asia	338	275	63
By employment contract	2 403	1 993	410
Permanent	2 311	1 926	385
Temporary	92	67	25
By type of employment	2 403	1 993	410
Full-time	2 291	1 950	341
Part-time	112	43	69

The above figures reflect the average headcount. In addition, 90 students, vocational trainees, and interns were trained in the past financial year. Furthermore, Feintool employed an average of 220 temporary workers.

Employees by age group (2020)



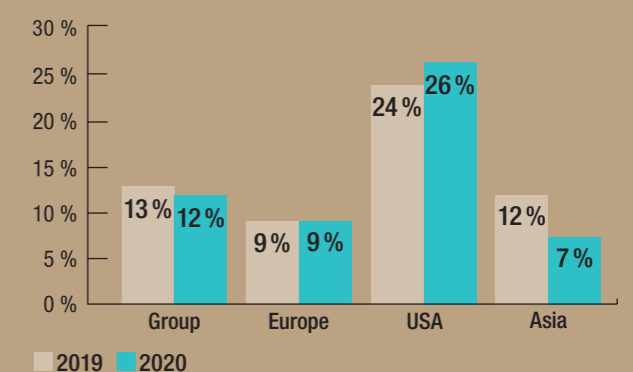
EMPLOYEE TURNOVER

Employee retention during the pandemic

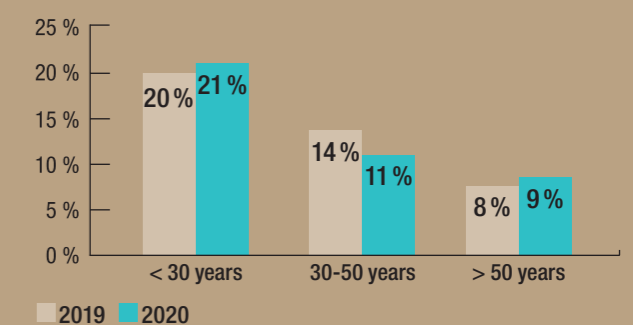
The employee turnover rate across the entire group stood at 12 percent in 2020, actually down slightly compared to 2019 despite the coronavirus crisis – which was a positive development. Turnover was higher in the United States than in the other regions, partly due to restructuring activities and the labor laws applicable there. Overall, more employees under 30 left the company than their counterparts in other age groups. This was also in line with expectations. This makes Feintool all the more determined to focus on recruiting trainees and training young people at the start of their careers in the interests of sustainable HR management.

In Europe, short-time work schedules were introduced across the board in 2020 due to the COVID-19 pandemic. In the USA, two-thirds of the workforce was initially furloughed, many of whom were later reinstated. In Japan, the number of employees stagnated, while in China, 67 new employees were hired in the System Parts segment due to new projects. Feintool had approximately 18 percent more employees throughout Asia at the end of the reporting year than at the beginning. Across the Feintool Group, the total number of employees fell by less than three percent in 2020. All of the measures taken helped Feintool come out of the 2020 crisis stronger than before, and the company will continue to benefit from these interventions in 2021.

Turnover overall and by region



Turnover by age group



Employee turnover is calculated on the basis of employees with permanent employment contracts and does not include employees leaving due to retirement.

HEALTH CARE

Extraordinary challenges

The health and safety of our employees is always our top priority. The COVID-19 pandemic has created extraordinary challenges when it comes to protecting health in the workplace. Crisis management and the systematic implementation of hygiene measures within the framework of the relevant regulatory requirements have proven their worth. Feintool recorded some cases of infection, but only a few presenting severe complications, and zero fatalities.

In addition, to maintain safety in the workplace – regardless of unforeseeable events such as a pandemic – Feintool has established its own system for prevention and management in acute cases (see p. 30).

In 2020, the number of occupational accidents, and the overall accident frequency rate, were down. The severity of these accidents increased slightly. The explanation for this lies in the definition of the term «accident severity» – which refers to days lost due to accidents divided by total hours worked. As a result, the rate of accident severity increased in 2020 because, within this ratio, the number of hours worked (i.e. the denominator) decreased significantly due to the implementation of pandemic-related short-time work schedules and furloughs, while the number of days lost actually decreased overall.

Key figures related to occupational safety

	2020	2019
Number of workplace accidents	118	164
Accident frequency rate (AFR)*	6.0	7.3
Number of lost workdays due to accidents	1 240	1 329
Accident severity rate (ASR)**	63.3	58.9
Number of serious workplace accidents***	-	2
Number of fatalities from workplace accidents	-	1

* Accident frequency rate (AFR): number of accidents per 200 000 hours worked.

** Accident severity rate (ASR): number of lost workdays due to accidents per 200 000 hours worked.

*** At least 180 lost workdays per case.

CONTENT INDEX

The index contains references to the Global Reporting Initiative (GRI) Standards. The abbreviation AR stands for Feintool Annual Report 2020. Page references without any additional information refer to the present Feintool Sustainability Report 2020.

GRI-Reference	Disclosures	Page no./Information
General Disclosures		
Organizational profile		
102-1	Name of organization	Feintool Group
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102-3	Location of headquarters	p. 2
102-4	Location of operations	p. 3
102-5	Ownership and legal form	AR p. 103
102-6	Markets served	pp. 2/3; AR pp. 5-15
102-7	Scale of the organization	pp. 2/3; AR pp. 17-27
102-8	Information on employees and other workers	pp. 28-33, AR p. 27
102-9	Supply chain	p. 14
102-10	Significant changes (organization, supply chain)	none
102-11	Precautionary principle of approach	p. 14
102-12;-13	External initiatives; membership of associations	feintool.com
Strategy		
102-14	CEO Statement	pp. 6/7
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	pp. 10/11; feintool.com
Governance		
102-18	Governance structure	AR p. 102
Stakeholder engagement		
102-40; -42; -43; -44	List of stakeholder groups and key topics raised	p. 9
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102-48;-49	Restatements of information	none
102-50	Reporting period	01.01.2020 - 31.12.2020
102-51	Date of most recent report	06.08.2020
102-52	Reporting cycle	annual
102-53	Contact: Karin Labhart, Head of Corporate Communications	
Topic Specific Standard Disclosures		
200: ECONOMIC DISCLOSURES		
GRI 201:2016 Economic Performance		
GRI 103:2016 Management Approach		p. 13, AR pp. 102 ff., AR pp. 117ff.
201-1	Direct economic value generated and distributed	pp. 12-14, AR pp. 117 ff.

GRI-Reference	Disclosures	Page no./Information
GRI 205:2016 Anti-corruption		
GRI 103:2016 Management Approach		p. 11; Code of Conduct (feintool.com)
205-1; -2; -3	Assessment, trainings, confirmed incidents	p. 11
300: ENVIRONMENTAL DISCLOSURES		
GRI 103:2016 Management Approach		
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GRI 307:2016 Environmental Compliance		
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400: SOCIAL DISCLOSURES		
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GRI 403:2018 Occupational Health and Safety		
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GRI 404:2016 Training and Education		
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GRI 405:2016 Diversity and Equal Opportunity		
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405-1	Diversity of governance bodies and employees	pp. 32/33
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GRI 103:2016 Management Approach		
406-1	Incidents of discrimination and corrective actions taken	pp. 10/11; Code of Conduct (feintool.com) p. 10
GRI 416:2016 Customer Health and Safety		
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406-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 11

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