SUSTAINABILITY REPORT 2021

Mastering transformation

FEINTOOL

EXPANDING HORIZONS

Feintool is an internationally active technology and market leader in fineblanking, forming, and electrolamination stamping for processing steel sheets. Cost-effectiveness, superior quality, and productivity characterize these technologies.

As an innovation driver, Feintool constantly pushes the boundaries of these technologies and develops intelligent solutions to meet its customers' requirements. One one hand, Feintool provides high-performance fineblanking systems with innovative tools and state-of-the-art manufacturing processes. On the other, it offers complete processes for precise fineblanking, forming and stamped electrical sheet components, in high volumes, for demanding automotive and industrial applications.

These processes support current trends in the automotive industry. Feintool acts as a project and development partner in the areas of lightweight construction/sustainability, module variations/platforms, and alternative drive concepts such as hybrid and electric drives.

Founded in 1959, and headquartered in Lyss, Switzerland, the Group runs 19 production plants and technology centers in Europe, the United States, China and Japan, ensuring close proximity to its customers. Around the globe, about 3 500 employees and 100 apprentices are at work on new solutions to create key advantages for Feintool customers.

Publishing information

Publisher
Feintool International Holding AG,
Corporate Communication,
Industriering 8, 3250 Lyss, Switzerland

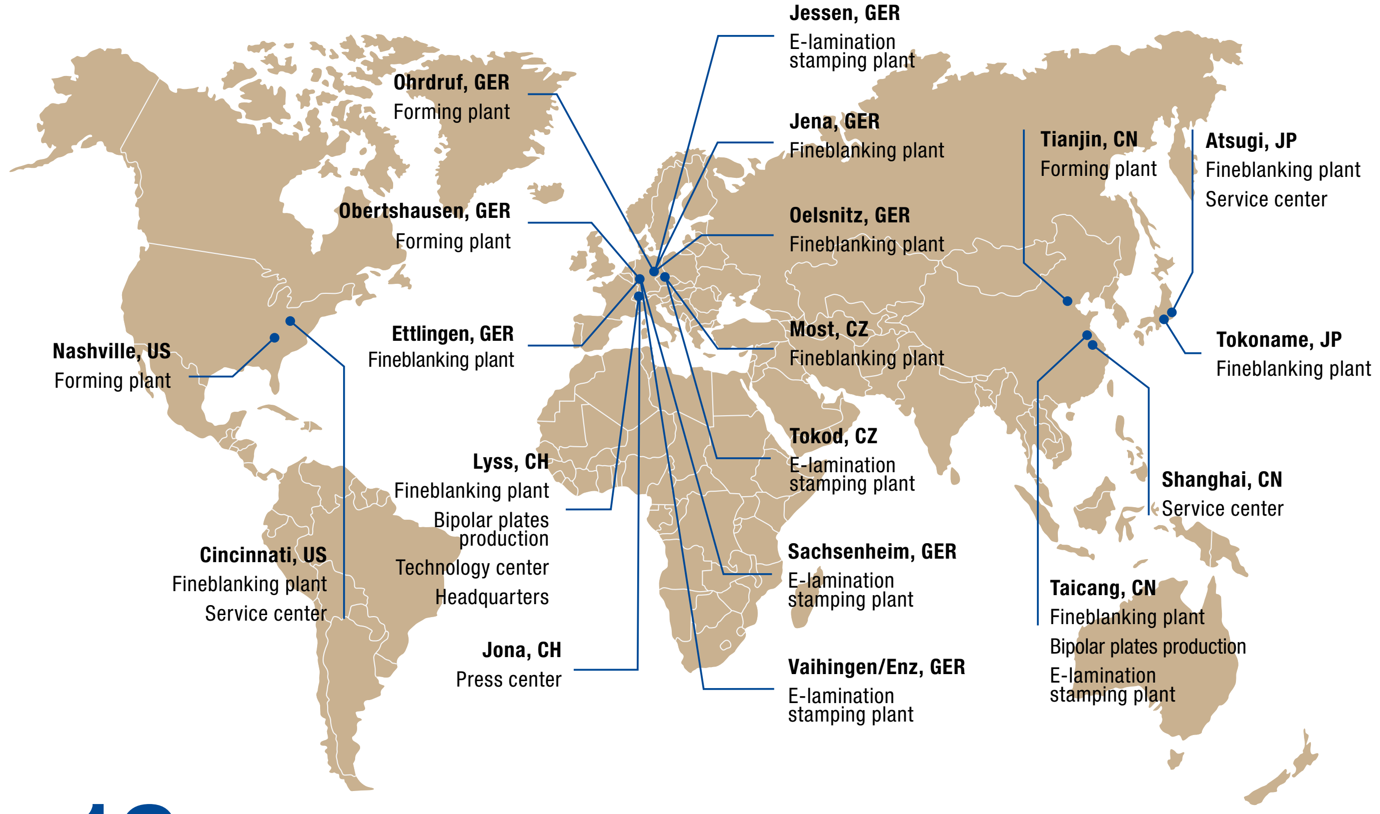
Contributions, data collection and design
Feintool employees

Photos:
Feintool Archive

Consulting, text, data management
sulytics GmbH
ZURBONSEN
C&CSR Management

Print
Druckstudio GmbH,
Düsseldorf, Deutschland

carbon neutral print production
FSC MIX Paper from responsible sources FSC® C009997
Printed with Saphira Eco HEIDELBERG



19
locations

CONTENT

SUSTAINABLE VALUE CREATION

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

Governance and management
Vision, values, leadership

Risks | **Opportunities**

Strategy 2030

Feintool Technology
- Product design/engineering
- Assembly
- Data management
- Sales and marketing
- Services

Feintool System Parts
- Product design
- Assembly/tool making
- Fineblanking
- Forming
- Electrolamination stamping
- Gluing, welding, casting
- FEINforming bipolar plates
- Sales and marketing
- Services
- Data management

Sustainable corporate objectives

Stakeholder dialogue
Shareholders/investors, customers, employees, partners/suppliers, local environment, associations, government agencies

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

+19.5 %
sales growth

11 %
employee turnover, -1 % compared to 2020

40 %
share of electricity from renewable sources, +10 % compared to 2020

7 400
tons of carbon emissions cut through numerous environmental projects

99 %
recycling rate

+17 %
material consumption compared to 2020 due to increased business activity

Focus on four UN Sustainable Development Goals

Feintool covers the fineblanking process and utilizes key processes such as cold forming and electrolamination stamping to develop and produce high-precision sheet metal technology for the mobility of tomorrow. To this end, the Group draws on various resources and ‹inputs›, and converts these into value-added outcomes for customers using its knowledge, expertise, and products.

Feintool is committed to supporting the United Nations Sustainable Development Goals (SDGs). The Group believes that there are four key areas of activity where it can make the biggest difference (see above). For example, the company has set itself specific climate targets, it creates attractive jobs and sustainable growth through innovation, and it advances resource-friendly processes and workflows.

«WE WANT TO CUT OUR CARBON EMISSIONS IN HALF BY 2030»

As part of its efforts to generate sustainable value, Feintool has formulated specific targets in the areas of climate, human resources, and innovation. In the following interview, CEO Knut Zimmer explains the technology Group's strategy in a challenging market environment.

How does the market situation look for Feintool after the second year of the pandemic?
Although we have experienced a financial year with major fluctuations, the outlook remains optimistic. In 2021, we got off to a very good start, then the chip shortage hit – which led to slumps in the second half of the year. In the end, we were pleased to finish the 2021 financial year with significant growth across the board, with an increase in sales alone of 19.5 percent. The market as a whole, however, stood about 20 percent below pre-pandemic levels. The semiconductor supply shortages our customers faced was the main challenge for us. In addition, rapidly rising steel prices and the shortage of skilled workers and managers impacted our business. We expect this situation to ease only gradually, and to vary from region to region.

As part of Feintool's Strategy 2030, the company is focusing on the rapidly growing electric mobility market – what progress has been made so far?
Today, development and high-volume projects for electrified vehicles clearly dominate our activities. Last year, we initiated important measures to accelerate growth in this future market with our drive components for hybrid vehicles and Electric Vehicles (EVs). For example, we stepped up our efforts in the field of electrolamination and continued to invest in Europe and China to meet growing demand for stamped electric motor components. Furthermore, we carried out additional development activities involving metallic bipolar plates for hydrogen fuel cells. To this end, we entered into a strategic partnership related to the welding of these plates in China. Finally, we made a successful acquisition – by taking over the Kienle + Spiess Group – which specializes in rotors and stators for electric drive systems. This acquisition is massively strengthening our company in terms of our market presence and technological capabilities.

Can you elaborate?
We are significantly increasing the share of sales we generate from sustainable products, or products that support sustainable applications. Specifically, we have strengthened our position in three high-volume segments. These are the automotive sector, where we now supply stamped rotors and stators for the main drives of electric vehicles; the industrial applications sector; and the renewable energy sector, including wind power. In addition, new gluing, welding, and casting technologies are now available to us. Through this acquisition, we are underscoring our technology leadership, not only when it comes to fineblanking and forming parts for sustainable mobility, but also in electrolamination stamping. Consequently, the integration of Kienle + Spiess plays a major role in our sustainable corporate strategy.

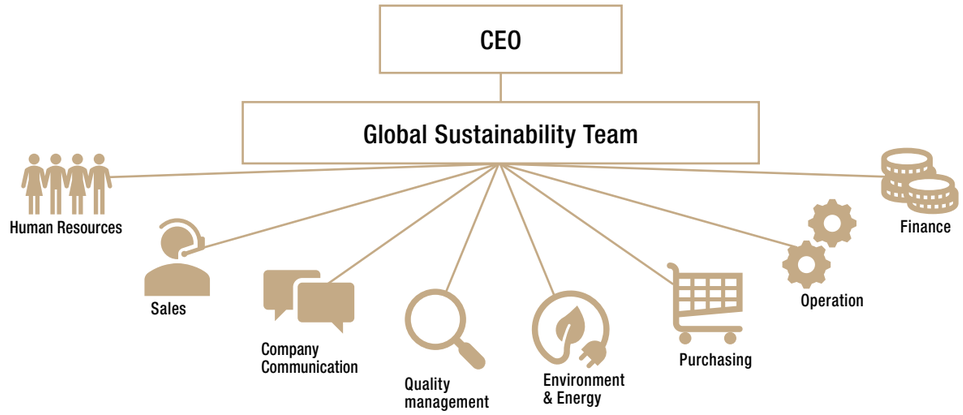
You mentioned the sustainable product range. Did you carry out any other sustainability activities last year?
We made a lot of progress last year in terms of our Environmental, Social, and Governance (ESG) criteria. At the strategic level, we formulated specific climate targets as well as targets in the areas of human resources and innovation (see p. 8). Energy consumption is the single largest factor that contributes to Feintool's carbon footprint, which is why we aim to reduce the direct and indirect greenhouse gas emissions from our business activities across the Group by 50 percent by the year 2030! In Germany, we therefore switched all of our plants to green power at the beginning of 2021, and we are already using carbon-free electricity in Switzerland. In the United States, Asia, and the Czech Republic, we are working to achieve our 2030 climate target. With regard to emissions occurring in the supply chain, i.e., Scope 3 emissions, we have taken initial steps to identify and reduce greenhouse gas emissions generated by steel. Steel is the greatest hurdle for us on the path to reducing emissions in the supply chain, as we are dependent on our steel suppliers' own sustainability efforts. At the organizational level, we have established a global sustainability team to ensure that we actually achieve our goals.

What opportunities and challenges do you see for the future?
Transformation in the automotive industry represents a tremendous opportunity for us with our advanced technology capabilities. In line with our vision, we want to shape the future of mobility with high-performance sheet metal technology. We have already developed new applications and capabilities in the area of electrolamination. To achieve our business goals, we are now looking to make similar strides forward in the fields of fineblanking and forming. I see the biggest challenges, also in the wake of the Ukraine conflict, in steel and energy prices, in further rising inflation and in the instability of supply chains.

A CLEAR STRATEGY
Sustainability goals at a glance

Feintool has enshrined the principle of sustainable corporate development in its Strategy 2030 to minimize its carbon emissions, and to create long-term, profitable growth for stakeholders. Over the past year, the company has successfully set targets for the entire Group with regard to specific ESG criteria. In addition, Feintool established a global sustainability team in 2021 that is responsible for coordinating all of the measures being taken to achieve these goals, as well as for regularly reviewing the goals themselves (see the organizational chart on p. 9). Knut Zimmer, CEO of Feintool, says, «We are following a clear path that we will carefully fine-tune every year – and in this way, we are doing our part to create a sustainable economy.»

Environment		
	50 % reduction in carbon emissions (Scope 1 and 2)	by 2030
	ISO 14001 certification of all sites	by 2023
	Calculation of Scope 3 emissions with a focus on steel	by 2023
Employees		
	Implementation of a global talent management program and establishment of a talent pool	2022
	ISO 45001 certification of all Feintool sites	by 2028
Innovation		
	Increase the share of sales generated by carbon-friendly applications to 70 percent	by 2028
Governance		
	Successful coordination of the implementation of all measures and further refinement of goals by the global sustainability team	Reviewed annually



ACCOUNTABILITY, RESPONSIBILITY, DEPENDABILITY
Feintool establishes global sustainability team

Feintool has clearly defined sustainability values with respect to the environment, the economy, society and corporate governance. The multinational company embraces international collaboration, tolerance and a culture that both supports and challenges employees. Feintool assumes responsibility for its workers' jobs and health (see pp. 28-31) and maintains fair business relationships with customers, suppliers and other business partners. Feintool's code of conduct underpins the company's culture and long-term success. It defines the ethical standards and practices governing all our business activities. In 2021, Feintool completely revised this document. In 2022, the new version will be implemented through training seminars held across the Group.

Respect and compliance
Feintool is committed to providing fair working conditions and opportunities for all employees and therefore has a zero-tolerance policy towards any form of discrimination. In the event of violations of the code of conduct or other company policies, established complaint and disciplinary mechanisms take effect, supported by an external, independent body that can be contacted anonymously. No such incidents were reported in 2021.

The responsibility for customer health and safety, and for protecting natural resources, are enshrined in Feintool's governance rules, guidelines and policies. All of our plants also have production safety officers in accordance with relevant national and international standards. The Group did not receive reports of incidents involving a negative effect on customers as a result of its products in 2021 – thanks to the fact that environmental, social and efficiency-related criteria are standard parts of our product development and manufacturing processes.

Feintool also meets individual customer requirements that go beyond what is legally required in terms of product safety and environmental friendliness. All suppliers are selected on the basis of objective criteria, and Feintool will implement a supplier code of conduct by the end of 2022.

Compliance with all legal requirements and internal policies is a top priority for Feintool, and annual training sessions are held throughout the Group specifically for this purpose. The heads of plants are responsible for implementing specific compliance requirements on site and for following up and penalising any possible misconduct, with no exceptions. No cases of corruption were reported in 2021.

In line with its sustainable corporate strategy and good governance practices, Feintool created a new global sustainability team during the reporting year. This team is responsible for delivering the sustainability goals the company has set for itself. The coordinator of the internationally staffed task force reports directly to the Executive Board (see image below).

Rules, guidelines, and policies at Feintool
- Code of conduct
- Employee handbook
- Occupational health and safety policies
- Human resource policy
- Environmental policy
- Social media guidelines

TRANSPARENT COMMUNICATION

Cost-effective management with a long-term focus on conserving resources has always been part of Feintool's culture. In 2019, we also began to systematically address the issue of sustainability and to communicate our efforts in a transparent manner, both internally and externally. In this context, our activities are guided by the leading international standards developed by the Global Reporting Initiative (GRI), and we also publish a separate sustainability report every year. The relevant topics of Feintool's third report for the year 2021 were identified in a workshop with Feintool's Executive Board in 2019, taking the interests of our stakeholders into account. Their feedback on the previous report has been incorporated into the current publication.

We view sustainable business practices as a continuous improvement process, for which we set appropriate targets and enhance our innovative capability and competitiveness in line with our Strategy 2030 . The standardized annual data and information we collect regarding the economic, environmental, and social impact of our business activities also serves this purpose. In this process, we remain in constant dialogue with our stakeholders, and particularly with our customers and our employees.

New digital event formats proved their worth in 2021 in terms of connecting with customers. In particular, we launched our Feintool Technology Forum in April, with the first three-part event series focusing on the capabilities of our FB one press. The sessions were so well received by the more than 150 participants from Europe, Asia, and the United States, that another webinar followed in the fall. In addition, in 2021, we again surveyed all of the Group's employees as part of our regular employee satisfaction survey, and asked them for their suggestions (see pp. 29/30).

We are also fully committed to the United Nations Sustainable Development Goals (SDGs) and have prioritized four areas of activity in which we are contributing to their realization: clean energy, decent work and economic growth, innovation and infrastructure, and responsible consumption (see pp. 4/5).

Knut Zimmer
CEO

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

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, current 2021	- 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 - as needed - as needed	- 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

BUSINESS PERFORMANCE

Supply shortages, rising prices, and the effects of the pandemic, slowed expected global economic growth in 2021. Despite these challenging conditions, Feintool was able to significantly strengthen its position in the emerging e-mobility market and close the 2021 financial year achieving growth in both sales and earnings.

ON THE ROAD TO E-MOBILITY

Positive operating earnings (EBIT) despite the economic downturn

Feintool remains optimistic about the future, even though the 2021 financial year was fraught with significant planning uncertainty. Nevertheless, its Strategy 2030 is bearing fruit and the company generated a profit for the year.

The possibility of a strong start to the 2021 financial year was already apparent at the end of 2020. The economic recovery ensured that the company performed well during the first half of 2021. Customer demand for products from Feintool System Parts was strong during this period and the number of orders received was correspondingly high.

Feintool System Parts Japan, for example, was able to secure a major order from one of the most important OEMs, thus guaranteeing a baseline level of capacity utilization at the Group's Japanese plants for many years to come. Overall, Feintool System Parts posted a year-over-year performance increase of around 20 percent for the 2021 financial year.

In contrast, incoming orders in the fineblanking technology segment showed only a slight increase compared to 2020. This was due, in part, to customers' reluctance to invest in capital goods as a result of the pandemic. The segment did, however, make significant progress in the development of production-ready metallic bipolar plates for fuel cells, in cooperation with a partner.

Towards the middle of 2021, however, the recovery stalled. Supply difficulties in the automotive industry, a shortage of semiconductors and high steel prices led to a slump in sales. While skilled workers were still in high demand in the first half of the year, short-time work schedules needed to be introduced in a number of regions in the second half of the year.

From a strategic perspective, 2021 saw Feintool position itself even more strongly in the emerging e-mobility market. Rapid growth in this segment was achieved based on innovation and acquisition alike. In addition, the Group is diversifying its product range for applications outside the automotive sector to the industrial sector, renewable energy supply (wind power), and the luxury goods segment (watches). Moreover, all Feintool plants are now much more resilient after two years of experience with the pandemic, having taken measures to increase operating efficiency.

On this basis, the Feintool Group was able to close out the 2021 financial year (January 1, 2021 to December 31, 2021) with positive earnings (EBIT) of CHF 33.9 million*. The equity ratio now stands at 49.4 percent. Overall, sales rose significantly by 19.5 percent to CHF 588.1 million, with the price of steel having an increasing impact.

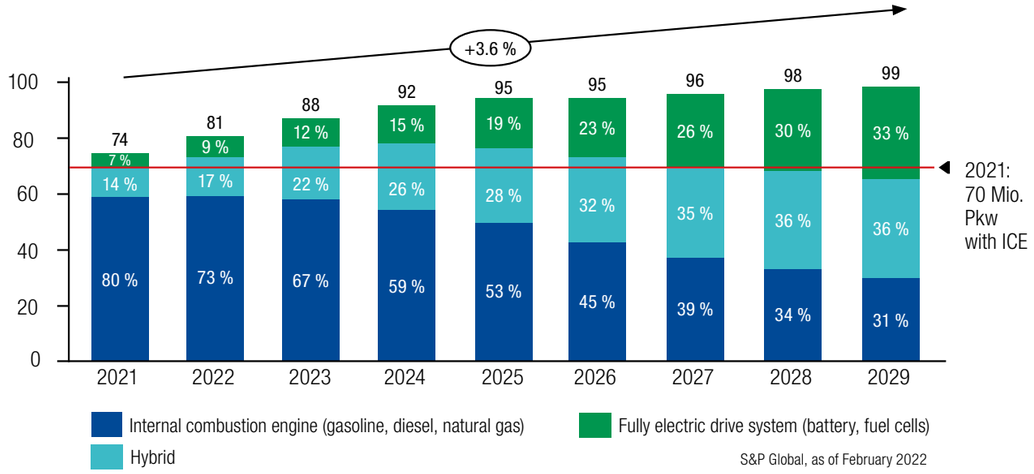
The consolidated financial statements encompass Feintool International Holding AG, headquartered in Lyss, Switzerland, and all of its subsidiaries. The group of consolidated companies remained essentially unchanged in 2021 (see Annual Report 2021, p. 92). Responsibility for the overall financial and information policy, and for decisions on internal and external auditing, lies with the Feintool Group's Board of Directors.** Internal auditing focuses on operational and strategic risk management and conducts Group-wide audits, analyses, and interviews each year. These are approved by the Audit Committee and coordinated with the external auditors. The internal auditors (comprising auditors engaged externally from PricewaterhouseCoopers AG, Zurich, in 2021) regularly report directly to the Audit Committee.

Profit distribution, capital expenditures and pension plans
In 2021, the company also pressed ahead with numerous research projects in collaboration with universities and corporate partners. Knut Zimmer, CEO, says, «Innovation is the key to our competitiveness.» For this reason, Feintool has continued to invest heavily in research in the 2021 financial year, spending a total of CHF 4.5 million. In addition, Feintool invested a total of more than CHF 55 million in equipment and projects related to efficient automation.

In light of the company's earnings for the year, a dividend payout of CHF 1.00 per share was proposed at the General Meeting.* In 2021, the situation in the capital markets eased compared with the previous year. Feintool is taking out a promissory note loan of Euro 35 million with staggered maturities of three, five and seven years. With around CHF 163 million in cash and cash equivalents and available confirmed lines of credit, the Group enjoys considerable financial flexibility (previous year: CHF 127 million).

*See Feintool Annual Report 2021, p. 30.
**See Feintool Annual Report 2021, Corporate Governance, pp. 102 – 116.

Number of vehicles produced up to 3.5 t total weight, worldwide



S&P Global, as of February 2022

In 2021, Feintool companies paid a total of CHF 6.8 million in taxes. In return, they received benefits from the public sector, such as short-time work allowances in Switzerland, Germany and Asia. The Canton of Bern also granted Feintool CHF 3.9 million in emergency COVID-19 aid. In the United States, Feintool did not have to repay a loan of USD 8.4 million, received in 2020 under the Paycheck Protection Program (PPP). This loan was used for its designated purpose: to mitigate the effects of the COVID-19 pandemic. This resulted in other operating income of CHF 7.6 million.

The total employee headcount for the Feintool Group decreased by 92 to 2 478 as of December 31, 2021 (see pp. 32/33). Feintool has various pension systems in place for its employees – depending on the region's legal requirements. The pension systems are funded by employer and/or employee contributions to state pension plans, to legally independent pension plans (foundations, insurance companies), or through a corresponding provision on the company's balance sheet. In the 2020 financial year, the Swiss pension fund adopted an amendment to its provisions that will gradually reduce the conversion rate from 5.2 percent to 4.4 percent.

Supply chain

In 2021, supply chains around the world experienced disruptions and delays that also posed major challenges to the Feintool Group and its business continuity management activities. In the automotive industry, production slowed, particularly as a result of the shortage of chips. At the same time, there was a shortage of steel worldwide, causing prices to rise rapidly. At Feintool, for example, the cost of materials – by far the largest cost component – increased from CHF 217.5 million in 2020 to CHF 272.1 million in 2021.

Feintool sources most of its raw materials from regional suppliers, meaning that materials are not shipped from continent to continent. Due to the high standards of quality required, 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.

As a supplier to the automotive sector, the company 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

Despite the uncertain economic climate, Feintool's business prospects remain bright. The automotive sector, which is of central importance to the Group, is a growing market where Feintool's technological expertise and innovative strength are in high demand.

Value creation in the industry is changing in line with the major trends of electrification and digitization. According to forecasts, around 36 percent of vehicles will have hybrid drive systems by 2029, while 31 percent will be powered exclusively by internal combustion engines and 33 percent will be powered by a battery or fuel cell.

Through its acquisition of Kienle + Spiess (D), Feintool has positioned itself even more strongly in the rotor/stator (electric motor) product segment. Additionally, the Group is bolstering its product portfolio with main drives for electric vehicles, rotors/stators for wind turbines and components for industrial applications. With its broad range of drive components, the Group is proving to be extremely well equipped to serve these markets. The company is planning an equity offering in 2022.

*See Feintool Annual Report 2021, Financial Report

ACQUISITION ACCELERATES SUSTAINABLE GROWTH

Feintool strengthens its position in the e-mobility market

Feintool's acquisition of Kienle + Spiess is a step of major strategic importance, as it sets the course for rapid growth in the field of e-mobility. In this way, the Group is also laying the foundations for a strong market position in the electrolamination stamping segment over the medium term.

The Kienle + Spiess Group is one of Europe's leading suppliers of stamped and die-cast parts for electric motors. In late 2021, Feintool acquired the company, thereby strengthening its electrolamination stamping business for the long term.

These special components are used primarily in battery electric (BEV) and hybrid (HEV) vehicles, industrial drive systems, and in the field of renewable energy (such as wind power). Knut Zimmer, CEO of Feintool, says, «We are positioning ourselves as one of the leading European manufacturers of rotors and stators for highly efficient electric drive systems.» As the CEO explains, he intends to further consolidate his company's recognized global and technological position, not only through organic growth, but also through acquisitions. That is why Kienle + Spiess fits perfectly into Feintool's 2030 growth strategy. In addition to its established technologies of fineblanking and forming, the Group has also been investing in electrolamination stamping technology for many years and can now directly supply parts for the main drive of electric vehicles. «By acquiring Kienle + Spiess, we are accelerating our expansion of this business segment and rapidly broadening our technological base,» says Zimmer.

Feintool has been systematically pursuing its long-term strategic goals for many years, acquiring the former German company Stanz- und Lasertechnik Jessen – a specialist in electrolamination stamping – in 2018. Today, the company has successfully completed the integration of Feintool System Parts Jessen GmbH and the subsidiary is operating profitably and on course for growth.

In Kienle + Spiess, Feintool has found a proven partner with conventional electrolamination stamping capabilities and cutting-edge adhesive bonding and die-casting technology. The company can also manufacture fully assembled rotor modules. As a result, Feintool will be able to offer its customers outstanding expertise in the fields of design, development, prototyping and high-volume production of rotors and stators. CEO Knut Zimmer is convinced that new applications for all-electric vehicles will prove to be a major growth driver for Feintool technologies in the coming years. The acquisition of Kienle + Spiess makes Feintool much less dependent on the market for vehicles powered by internal combustion engines.

The German group has production sites in Germany and Hungary and generated sales of around Euro 190 million in the 2021 financial year. All 900 employees and trainees of the long-established company, which was founded in 1935, will transition to Feintool, and their specific expertise will help to further strengthen the Feintool Group. The integration process will be carried out rapidly over the course of 2022. Based on the projected figures for 2022, Feintool and Kienle + Spiess are expected to generate a total turnover of more than CHF 800 million.

INNOVATIVE TECHNOLOGIES

As a systems supplier to the automotive and industrial sectors, Feintool is systematically advancing its position as a technology leader. Continuously innovating – in press and tool making as well as in application-oriented technologies in collaboration with research institutes and other companies – is an important factor driving the Group's long-term competitiveness. Feintool is at the forefront of the transformation in the automotive industry – both with respect to drive components and on-board electronics.

FLAGSHIP E-MOBILITY PROJECT

Feintool stands out with fineblanking expertise for on-board electronics

When people think about EVs, it's usually all about batteries, charging stations, and silent driving. But for electric mobility to become a reality, a whole range of new components are needed. This is where Feintool's fineblanking expertise is in demand – the plant in Ettlingen, Germany, for example, supplies parts for on-board electronics for EVs, in addition to drive components.

No matter which vehicle you pick, you can almost always be sure that Feintool was somehow involved in its production – either contributing an electrolamination component, a sheet metal component, or a tool used in the manufacturing process. From seat mechanisms to lining plates for brakes, and from automatic transmissions to hybrid or electric motors, Feintool supplies the relevant precision components, and all the required system and process technologies, to carmakers and OEMs.

The transformation in the automotive industry away from the combustion engine and towards electric mobility requires rapid innovation, in terms of both technology concepts and components. This is where Feintool is at the forefront of the industry with the plant in Ettlingen in southwest Germany, for example, producing no fewer than seven different high-precision copper parts for a system that absorbs voltage spikes in EV systems. Feintool began to manufacture these components in 2021 for an order from a German supplier of electronics and mechatronics. For this groundbreaking project, fineblanking – one of Feintool's highly sought-after competencies – was supplemented by additional finishing processes.

So, what are these voltage spikes all about? Many typical automotive accessories draw their power from the vehicle's electrical system and require suitable protection against destructive power surges. In EVs, electricity is now required for many more functions than in cars with combustion engines – for acceleration, braking, lighting, air conditioning system, and the on-board computer. This causes significant voltage fluctuations, which are compensated for by what is known as the transient protection system: a kind of «voltage killer» that prevents short circuits in the on-board electronics.

According to the plan, Feintool will supply parts for around 65 000 transient protection systems. However, the total size of the order may increase in time. Winfried Blümel, head of Feintool System Parts Europe, says, «This project is opening a new door for us. It shows that in addition to electrolamination stamping, fineblanking also plays a pivotal role in the transformation towards e-mobility.»

The plant in Ettlingen has invested in a range of new equipment and expanded its special expertise in the production of ultra-small parts based on additional machining steps. Now, in addition to the long-established processes of fineblanking, vibratory grinding, and bending, the plant also has the ability to cut, mill, and deburr threads.

In addition to these new capabilities, Feintool now also offers a range of cleaning and packaging solutions. «We've increased added value, which benefits the customer,» explains Blümel. This is because the insourcing strategy cuts costs and conserves resources, and parts no longer have to be processed externally and then transported across Europe.

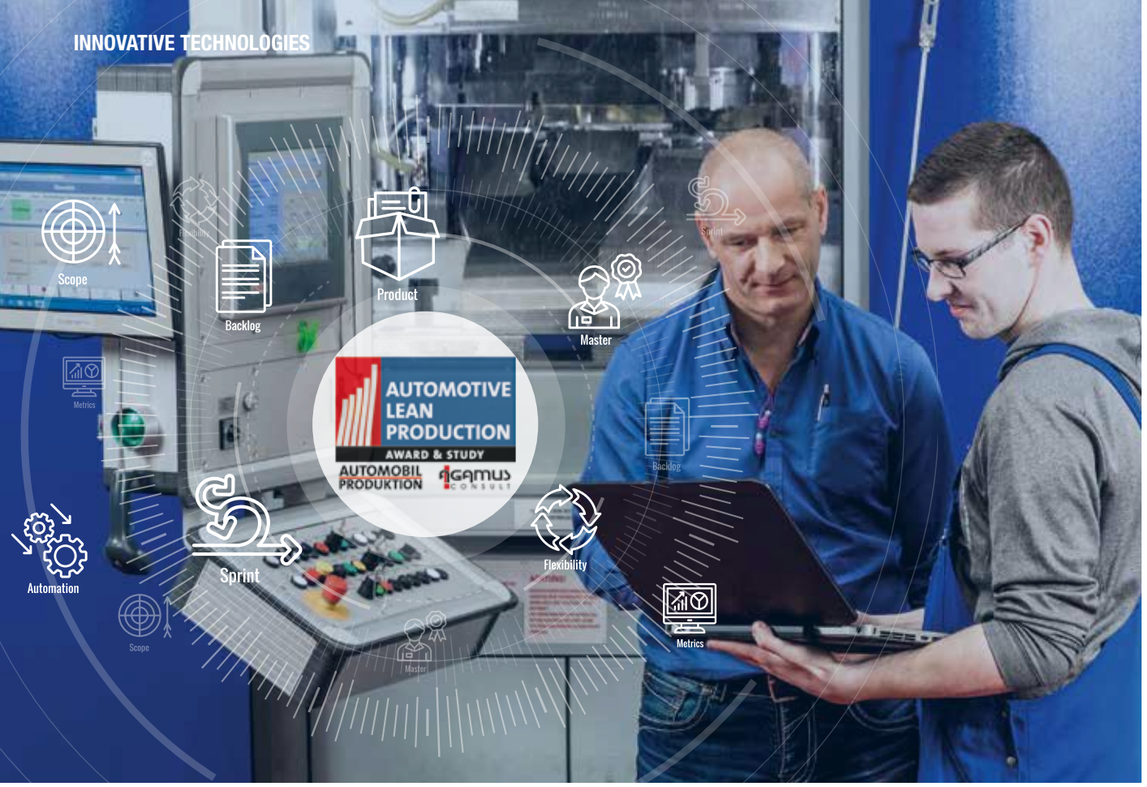
To fulfil the new component order for on-board electronics parts, Feintool System Parts Ettlingen is implementing a complete package of manufacturing processes in-house for the first time. Only the silver plating and passivation processes are performed externally, as these consist of chemical and not mechanical processes.

Efficient processes, profitable products

The order for the seven copper components qualifies as a flagship project, demonstrating Feintool's innovative approach and lean management capabilities.

For example, Systems Parts Europe has succeeded in reducing complexity as far as possible, both in prototype tool development, and in parts planning. After around two years of development work, the company has achieved impressive results, creating a single fineblanking system that is capable of producing a complete set of components. Additionally, the system can be quickly retooled with the aid of interchangeable elements. «Our innovation has dramatically increased efficiency and ensured that the project is profitable,» says Blümel.

During the development of the prototype tool, teams at the German plant in Ettlingen worked closely with departments at the Swiss site in Lyss. During this process, the company was able to leverage synergies between sales and engineering. Systematically enhancing internal processes over the past few years is now paying off. «We've interconnected all of our knowledge across our plants,» says Blümel. «We've merged previously separate units and plants, improved communication, and created efficient, overarching processes.»



INDUSTRY RECOGNITION AND AWARDS

Feintool receives awards in Europe, the United States, and Japan

Outstanding lean management
Lean processes and efficient, agile collaboration between eight production sites delivered outstanding results, which is why Feintool System Parts Europe received the Automotive Lean Production Award in 2021. Leading manufacturers and suppliers to the automotive industry honored Feintool with the Special Award in the category, «Business Unit Transformation – Learning Organization.» This is further proof that Feintool can respond with considerable flexibility to customer needs and implement complex technical solutions in a short timeframe.

Top supplier
In 2021, Feintool Cincinnati received the coveted Q1 Award, the highest honor Ford bestows on its suppliers. The award recognizes top performance in the areas of quality, delivery, operations, materials, and environmental management. Lars Reich, Executive Vice President, Sales and Marketing at Feintool Cincinnati, says, «Our customers value our continuous investments, optimized processes, and dedicated employees.»

Cost-conscious and defect-free
Also in 2021, the Japanese company Imasen Electric Industrial presented the Cost-Down Award to companies that achieved lasting internal cost savings, while at the same time increasing profitability. The Feintool plant in Tokoname, which specializes in seating mechanisms, received the award for its successful zero-defect strategy, with not a single defective part leaving the plant last year.

9 INNOVATION AND INFRASTRUCTURE

Contribution to UN Development Goal 9
Research and development projects are a top priority for Feintool as a technology leader, and a key strategy for boosting competitiveness and achieving sustainability targets. In 2021, the Group once again invested CHF 4.5 million in research partnerships and took important steps toward the electric-powered future through innovation and acquisitions. The company's goal is to increase the share of sales generated by carbon-friendly applications to 70 percent by 2028. Presenting «Best Achievement Awards» to employees on an annual basis promotes the culture of innovation within the company.

THE PERFECT CUTTING PROCESS

Research project successfully completed

Research and development plays a key role in Feintool's success. One prime example is the collaborative «Wear Protection» project, which is enabling the company to perfect its fineblanking process, and to make it even more efficient.

Feintool is constantly innovating to increase the cost-effectiveness of its products and processes. Part of this is ensuring that its fineblanking systems have a long service life, while simultaneously meeting customers' demands for quality, and delivering high stroke rates of up to 200 units per minute.

Experts measure the quality and resistance of fineblanking tools based on their «regrind life.» This refers to the number of workpieces that can be cut with a single punch, without any secondary operations or tool replacement. If tool wear and tear is too great, productivity decreases and maintenance costs rise.

To avoid inefficiency and performance degradation, Feintool has teamed up with researchers from the WZL machine tool laboratory at RWTH Aachen University. The result has been a collaborative research project to reduce tool wear and tear.

The project, which was completed in 2021, looked at the complex processes and factors involved in tool wear, including the substrate material (the steel grade of the punch), its surface properties, the coating type, and the lubricant used. The research also considered ‹cutting› and ‹stripping› stages of the fineblanking process, which involve alternating tensile and compressive stresses, and bending stresses.

All of these influencing factors form the «tribological system» (the science of friction) of the cutting process. The research looked into how this system can be optimized to ensure top quality, minimal nonproductive time, reduced energy costs and increased efficiency and competitiveness.

The results of the research project led by Doctors of Engineering Andreas Feuerhack and Herman Voigts from the WZL are a giant step forward. In the project, the various parameters and forces acting on one another during the cutting process were analyzed, simulated and tested in reference trials. Based on insights from the research, Feintool will be able to increase regrind life significantly. Specifically, this is achieved by optimizing the lubricant, ensuring that the tool coating is as smooth as possible, and ensuring that the right material is used to make the tool itself. Feintool has already initiated the next innovation project. «We are now working on developing and implementing high-hardness stamping materials in fineblanking to further optimise our process. To this end, we are intensifying and expanding our basic research in this field,» explained Feuerhack.

4

Feintool has been partnering with renowned universities on R&D for decades. Key university partners include:

- ETH Zurich
  Institute for Virtual Production
  IVP, D-MAVT
- RWTH Aachen University,
  Machine Tool Laboratory WZL
- Technical University of Munich,
  Chair of Metal Forming and Casting
- Jiao Tong University Shanghai
  National Engineering Research

ENVIRONMENTAL RESPONSIBILITY

In 2021, Feintool took important steps towards managing the company in a resource-friendly way. In order to significantly reduce its environmental footprint, the Group has set specific climate targets as well as transitioning its German plants entirely to green power at the beginning of 2021. In addition, numerous environmental projects have been implemented locally by individual Feintool sites. The company has a clear goal when it comes to its product sales strategy: to increase the share of sales from carbon-friendly applications to 70 percent of total revenues by 2030.

QUALITY BEGINS IN THE MIND

Successful innovation project for washing processes

Feintool views itself as a ‘learning organization’ – and has once again demonstrated this with its new ultrafiltration stage in the washing process at the plant in Obertshausen, Germany. This innovative project has been an all-around success, enabling the company to save water, time, and money, while reducing waste and the use of chemicals.

The addition of an ultrafiltration stage in the washing process at Obertshausen is an example of how Feintool transition from a promising idea to a lasting solution – without major investments, and with no need for additional personnel. Instead, the innovation is achieved with technical expertise and dedication.

The new ultrafiltration system at the Obertshausen plant was developed to address traditional challenges in the process of washing sheet metal parts. These include a high level of water consumption, chemical consumption, and waste generation – which all result in high costs to the business.

Today, Feintool has significantly reduced the materials consumed in the washing process, including chemical substances and deionized water. Costs have also been reduced in terms of disposal and maintenance for the systems involved in washing. André Gansen, plant manager at Feintool System Parts Obertshausen, says, «This project shows that it pays to innovate. After two years of work, we now have a mobile ultrafiltration system we designed ourselves, and are reducing waste, and saving water, time and money.»

The plant in Obertshausen not only manufactures plate carriers using highly complex forming technology in the press shop, but also welds them to hubs in some cases. In addition to precise workmanship in high quantities (dimensional consistency), a clean surface is essential to create a flawless joint. For this reason, the components must be cleaned in washing systems prior to welding.

The washing systems themselves use a series of ‹baths› to cleanse the components. During this process, the first bath in this series is subjected to a particularly high level of contamination. Depending on the degree of contamination, particles and other debris can also be carried over into the subsequent baths in the series.

Peter Stutz’s fluid management team were tasked with improving this process. Together with counterparts from environmental protection, Stutz and his team analyzed the process and the volumes of cleaning water used. Based on this, the team hit on the idea of ultrafiltration, a process that uses a special membrane to trap contaminants, while allowing the purified water to pass back through – much like a coffee filter.

The concept has proved highly successful. The pilot system, which was supplied by an equipment manufacturer, was able to increase run times by a factor of 12. Peter Stutz, Head of Technical Services at Feintool, says, «We were able to use the system for as many as three washes at regular intervals. The program for this runs automatically.»

For one third of the previous cost of the unit from the equipment manufacturer, the project team has now built its own mobile ultrafiltration system. This can be installed downstream of any welding or forming process in all of Feintool’s production halls. «This project shows why we should be seen as a learning organization. We’ve received numerous requests for this mobile system from the European plants. We estimate that a Europe-wide deployment could save the company up to EUR 1.3 million in just five years. We are extremely pleased by this projected efficiency gain,» says Gansen.

Best Achievements in 2021 Sustainability category

System Parts Europe Oelsnitz, «Plan of action for energy management» project

System Parts Forming Europe Obertshausen, «Implementation of a new ultrafiltration system for interval cleaning for three washing machines of laser welding systems» project

Feintool Japan, «Prevention of corona-virus cluster infections» project

FIRST CLIMATE TARGETS SET

Feintool will cut carbon emissions in half by 2030

Feintool's first climate roadmap is now in place, setting out intentions to cut carbon emissions by 50 percent by 2030. Despite consuming a large amount of energy in 2021, the company was still able to reduce its greenhouse gas emissions. In addition, many projects at plants around the world are contributing to sustainable development.

As a multinational company, Feintool is playing its part in global efforts to create a sustainable economy and achieve carbon neutrality. In light of the transformation in the automotive industry towards e-mobility, the Group has expanded its portfolio on the product side, while at the same time reducing its environmental footprint on the production side.

Feintool and its stakeholders have a significant environmental impact in the following areas: energy consumption, emissions, material consumption, recycling and waste (including hazardous substances). The company systematically collects data about these areas (see pages 24/25). Renewable sources currently account for 30 percent of Feintool's overall energy mix and 40 percent of its electricity mix.

Reducing electricity consumption is the single largest factor in Feintool's efforts to reduce carbon emissions. Its goal is to reduce Scope 1 and 2 greenhouse gas emissions (i.e., direct and indirect emissions) by 50 percent by 2030 compared to the 2019 baseline.

The German plants switched completely to green power in 2021. When it comes to Scope 3 (indirect emissions in the supply chain), steel sourcing is the key driver. For this reason, the company's first step will be to analyze Scope 3 emissions – with a focus on steel – by 2023. Feintool is already working on a pilot project with a longtime customer to identify these emissions.

«We have been reducing greenhouse gas emissions from operations for years. In 2021, I also reduced my own carbon footprint as CEO. Since it isn't possible to completely replace face-to-face interactions at the plants with video conferencing, I drove 70 000 kilometers around Europe by car over the course of the year – but with an EV. That saved about 11 tons of carbon.»

Knut Zimmer, CEO of Feintool

Our certifications
IATF 16949*
ISO 9001
ISO 14001
ISO 50001
IQNet ISO 9001
IQNet** ISO 14001
IQNet ISO 50001
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)

Feintool's energy and environmental management policies are based on the international ISO 14001 standard, and all its production sites will be certified to this standard by 2023, including acquisitions in the current year. By taking this step, the company will meet all the necessary operational environmental protection requirements and simultaneously improve its business performance.

The German plants in Jena, Ettlingen, Obertshausen, and Ohrdruf are also certified to ISO 50001 (energy management). In addition, four of the production facilities meet the ISO 9001 standard (quality management) and eleven meet IATF 16949 («International Automotive Task Force»), a binding quality assurance standard for suppliers in the automotive industry.

In accordance with its compliance policy (which includes environmental compliance), 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.

The Feintool management system defines responsibilities across the Group, and 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. In 2021, violations of environmental laws or regulations were not reported at any Feintool location.

Global improvements

Feintool systematically creates internal incentives to set up and implement sustainable projects. In 2021, measures were implemented at around 70 percent of the plants for which data was collected, reducing energy consumption by around 1 900 megawatt hours and emissions by a total of 200 metric tons of CO_2 equivalent.

In addition to projects in Obertshausen (see p. 21) and Oelsnitz (see right), these included significant optimizations such as a new washing line in Jena as well as smaller measures such as retrofitting lights with LEDs at plants in the United States, Germany, and Japan. At its headquarters in Switzerland, Feintool has installed charging infrastructure for electric and hybrid cars and replaced company cars powered by combustion engines with EVs at several plants. In addition, the company has implemented numerous measures to reduce waste of certain materials and products, such as fineblanking oil and chloride.

Sustainable project cascade

In 2021, Feintool Systems Parts Oelsnitz (DE) implemented a whole series of sustainable projects with the aim of increasing the energy efficiency of the washing line, in which oil and burr are cleaned off fineblanked components from the upstream process using a heated cleaning agent, while at the same time preserving them. After cleaning, the parts still need to be dried and cooled for shipping. This is where the most important project comes in – the installation of a lateral channel blower. Instead of using cold compressed air, which consumes 500 MWh per year, the parts can now be dried using a stream of warm air generated by the blower – which consumes only 150 MWh of electricity per year and is much more efficient.

This, in turn, has led to further optimizations. René Sobek, lean manager at the Oelsnitz plant, says, «Because drying performance has now also been improved, we've also been able to reduce the temperature in the washing line's dryer. This reduces the amount of time the components need to spend in storage to cool down. This means that parts can be packaged and delivered earlier, which benefits customers.».

In addition to the new lateral channel blower, the plant also installed a more efficient water-cooled air compressor in place of the three air-cooled compressors used previously. A water recovery system and an ultrafiltration system (see p. 21) including desalination cartridges were also installed in the washing line. This resulted in significant electricity (400 MWh), water (502 000 liters), and emulsion (142 000 liters) savings – and maintenance costs also fell. Thanks to these efforts, Oelsnitz received Feintool's Best Achievement Award in 2021. And the next major improvement is already planned – switching from electricity to gas to heat the washing line.

Contribution to UN Development Goal 7
The war in Ukraine has, in its own way, recently shown just how important a secure and affordable supply of clean energy is. Feintool supports expanding the use of renewable energy sources and has formulated specific climate targets for 2021 (see page 22). For example, electricity sourcing in Germany switched completely to green power at the beginning of the year.

Contribution to UN Development Goal 12
Sustainable production and consumption are part of Feintool's Strategy 2030. Environmental management is integrated into every project to optimize processes and workflows to reduce energy, space and material consumption; minimize negative impacts on people and the environment; and cut costs. The FB one press is a good example of this. Avoiding waste and environmentally sound disposal are also part of the company's approach to sustainable business operations. Feintool includes the supply chain in its sustainability management, in particular steel sourcing and associated carbon emissions.

FACTS AND FIGURES

Feintool reduced its carbon emissions year over year in 2021, despite an increase in energy consumption as a result of the company's positive performance overall. In addition, the company significantly improved its electricity mix in favor of renewable energy sources and implemented numerous environmental measures, resulting in energy savings of around 1 900 megawatt hours (MWh) and 7 400 metric tons of CO_2 equivalent (tCO_2e). This is an excellent start to Feintool's campaign to halve carbon emissions by 2030 compared with 2019, as set out in the company's climate targets last year.
Data was collected for the entire Group with the exception of the service centers in Atsugi and Shanghai, which are not material to the data presented in this report. The plants in Sachsenheim, Vaihingen and Tokod, which were integrated into the Group through acquisitions, will not be reflected in the data until 2022.

ENERGY

Electricity sourcing is the greatest challenge

Feintool's total energy consumption in 2021 stood at approximately 132 000 MWh. Despite the challenging economic conditions, the Group performed well and closed out the 2021 financial year with an increase in sales compared with the previous year. This growth is also reflected in the company's energy consumption, which increased by 10 percent compared to 2020. At almost 76 percent, electricity accounted for the largest share of energy use, followed by combustibles, fuels and district heating.

As such, reducing electricity consumption while increasing the amount of renewable energy in the electricity mix plays a key role in the company's sustainable development. Feintool is continuously implementing measures across the Group with the aim of increasing energy efficiency and thus reducing greenhouse gas emissions. The procurement of green electricity also makes an impactful contribution in this regard.

In 2021, Feintool once again implemented numerous environmental projects worldwide, resulting in savings of around 1 900 MWh of energy, with electricity accounting for more than 75 percent.

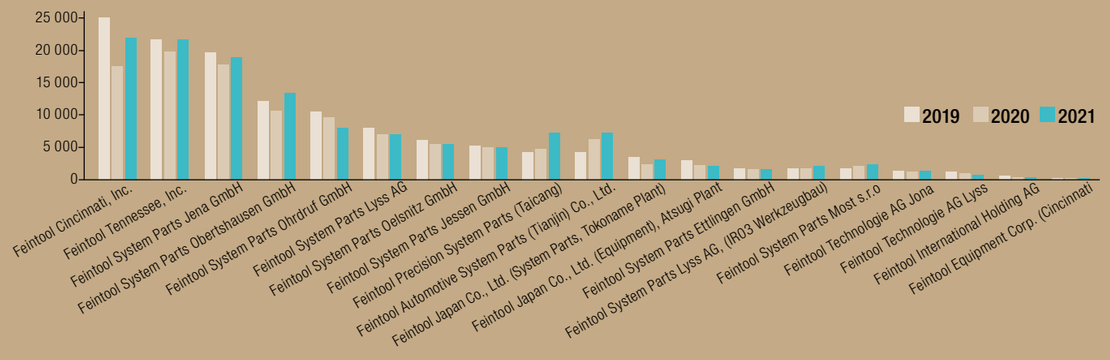
ENERGY CONSUMPTION (MWh)	2021	2020	2019	Δ
Electricity	**99 876**	**91 192**	**102 376**	**10 %**
Heating	**28 941**	**25 690**	**27 443**	**13 %**
Natural gas	27 331	24 234	26 556	
Heating oil	478	465	433	
District heating	1 133	990	454	
Fuel	**2 721**	**2 766**	**3 430**	**-2 %**
Diesel	1 838	1 964	2 587	
Gasoline	650	661	703	
Liquid petroleum gas (LPG)	233	142	140	
Total energy consumption	**131 539**	**119 648**	**133 248**	**10 %**

The totals in the tables on pages 24 to 27 may not add up precisely due to numbers which have been rounded up. Certain individual data points for 2020 and 2019 have been adjusted retrospectively to optimize data quality, including natural gas, electricity, and associated carbon emissions, consumption of other consumables and supplies and hazardous waste.

Plant performance

The increase in energy consumption at Feintool can be attributed to the rapid economic recovery at the beginning of the year, which levelled off towards the middle of the year. Despite supply shortages, price increases and the effects of the pandemic, there was a significant overall increase in the amount of energy procured, particularly at plants in the United States, China and the Czech Republic.

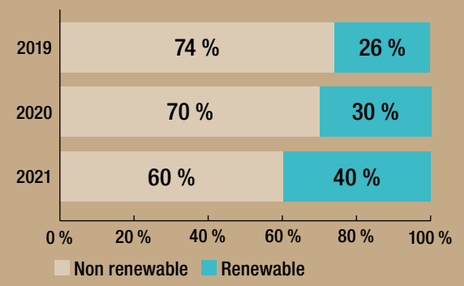
Energy consumption by plant (in MWh)



Electricity mix – the share of green power has increased

As a result of switching to 100 percent green power at all plants in Germany, the share of renewable energy sources in the electricity mix increased substantially in 2021. At Group level, it rose from 30 to 40 percent year over year. The company's aim is to continuously increase this figure to reduce the carbon emissions associated with electricity consumption.

Nonrenewable vs. renewable



EMISSIONS

A nine percent reduction

In 2021, Feintool set an ambitious target to reduce emissions from its business activities (Scope 1 and 2) by 50 percent by 2030 compared with 2019. The company has already reached some initial milestones by procuring green electricity and implementing numerous measures to increase energy efficiency.

The Group achieved quantifiable energy savings of around 1 900 MWh in 2021, largely related to reducing electricity consumption. This led to a reduction in greenhouse gas emissions of around 200 tCO_2e. In addition, the transition to green power at all plants in Germany prevented emissions of nearly 7 200 tCO_2e. In total, the company reduced its greenhouse gas emissions by 7 400 tCO_2e in the 2021 financial year.

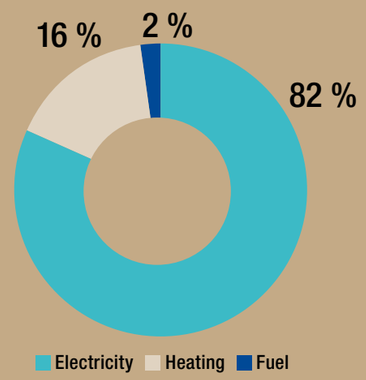
Although electricity consumption remained the largest source of emissions in 2021 (accounting for nearly 82 percent of all energy use), greenhouse gas emissions fell by nine percent from their 2020 levels. This was in spite of the rapid economic recovery at the beginning of the year.

In addition to energy use, the procurement of raw materials, particularly steel, is associated with significant greenhouse gas emissions in the supply chain (Scope 3). To address this, Feintool has initiated projects designed to identify and reduce greenhouse gas emissions generated by the steel we purchase.

GREENHOUSE GAS EMISSIONS (tCO_2e)[1]	2021	2020	2019	Δ
Scope 1 (direct emissions)[2]	**6 429**	**5 808**	**6 451**	**11 %**
Combustibles	5 716	5 080	5 546	
Fuels	712	728	905	
Scope 2 (indirect emissions)[3]	**30 018**	**34 227**	**40 637**	**-12 %**
Electricity[4]	29 805	34 042	40 552	
District heating	212	186	85	
Total emissions (Scope 1 and 2)	**36 447**	**40 035**	**47 088**	**-9 %**

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 2021 totaled 40 196 tCO_2e (2020: 40 281 tCO_2e, 2019: 44 996 tCO_2e).

CO_2 emissions by activity



7 400

tCO_2e reduction of emissions through the use of green power and other measures

FACTS AND FIGURES

MATERIALS

Steel is a key material
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 returned to the material cycle via recycling. In addition, Feintool has launched projects to reduce steel consumption, further increasing the company's profitability. Overall, 2021 was significantly impacted by a substantial increase in the price of steel – and related increases in procurement costs.

Compared with the previous year, consumption of raw materials and supplies grew significantly in line with the increase in sales. In the case of packaging material, data was collected for the first time from the US plant in Tennessee in 2021, which partially accounts for the higher consumption figures. On the other hand, regulatory requirements and customer demands are also increasing the cost of packaging. Specifically, packaging units are becoming smaller, which leads to greater consumption of materials.

MATERIAL CONSUMPTION (TONS)	2021	2020	2019	Δ
Raw material	**203 971**	**176 306**	**202 413**	**16 %**
Steel	203 043	175 621	201 699	**16 %**
Copper (incl. brass)	750	548	552	
Aluminum	177	137	161	
Supplies and consumables	**1 795**	**1 489**	**757**	**21 %**
Fineblanking oils	492	560	682	
Others[1]	1 304	929	75	
Packaging material	**2 463**	**880**	**745**	**180 %**
Paper and cardboard	1 516	396	232	
Plastic	391	315	303	
Wood	557	169	211	
Total material consumption	**208 229**	**178 675**	**203 915**	**17 %**

1) Cooling lubricants, hydraulic oil, quenching medium, corrosion protection, solvents, inert gas, quartz sand (data collected since 2020, except quartz sand)

WASTE

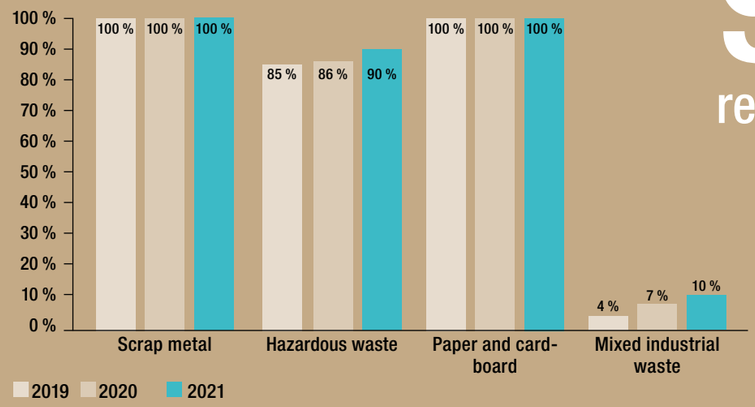
The share of recycled materials remains high
In addition to material consumption, waste generated by the company also increased compared to 2020. This is due to the company's positive business performance overall in 2021.

However, Feintool was able to further increase its recycling rate in 2021 through systematic waste management. Overall, the Group recycled almost 99 percent of its waste. This means that the majority of production waste can be reused as a raw material, and Feintool is thus doing its part to conserve natural resources.

Different types of waste are produced at production facilities, with scrap metal accounting for the largest share. Using specific methods for different materials, Feintool recycles 100 percent of its metallic production waste, as well as all its paper and cardboard. The company also increased its hazardous waste recycling rate again this year to around 90 percent in 2021.

WASTE (TONS)	2021	2020	2019	Δ
Non-hazardous waste	**119 103**	**104 577**	**119 101**	**14 %**
Scrap metal (recycled)	117 865	102 845	117 001	**15 %**
Mixed industrial waste	1 041	1 565	1 862	
Total recycled	102	104	81	
Total incinerated	243	180	202	
Total landfilled	696	1 282	1 579	
Paper and cardboard (recycled)	151	118	152	
Quartz sand (landfilled)	45	48	85	
Hazardous waste	**4 942**	**3 981**	**5 163**	**24 %**
Emulsions, waste oil, and oil-contaminated waste	4 855	3 829	5 002	
Total recycled	4 365	3 300	4 248	
Total incinerated	489	529	753	
Total landfilled	0	0	1	
Sludge	88	152	161	
Total recycled	60	122	116	
Total landfilled	27	30	44	
Total waste	**124 045**	**108 558**	**124 264**	**14 %**

Recycling rates by type of waste



The recycling rates are shown for the most important categories of waste.

99 %
recycling rate

ATTRACTIVE EMPLOYER

Feintool develops fineblanking presses, tools, and high-precision components for global markets. This requires all employees to be innovative and to possess the appropriate qualifications and skills. As such, the company's human resources activities focus on talent development, vocational and advanced training, and international project work. In this context, Feintool consistently offers equal opportunities and positions itself as an attractive employer committed to sustainability, fair employment conditions, and structured career opportunities.

A STRONG EMPLOYER BRAND

Feintool steps up talent development and occupational health and safety activities

As part of its human resources work, Feintool reached important milestones and set new objectives in 2021. For example, the company developed a global talent management program that will be implemented throughout the Group over the course of the current year. In addition, the findings from the company's employee survey are being translated into numerous measures and projects to further optimize the workplace culture. When it comes to occupational safety, Feintool will have all its sites certified by 2028.

In the competition for qualified specialists and managers, Feintool is strategically well equipped. For instance, the Group has launched a new program to promote talented individuals, helping them to develop innovative solutions in multiple areas as part of multinational teams. Luana Kinner, Chief Human Resources Officer (CHRO) at Feintool, says, «We want to motivate talented employees and offer them excellent personal development opportunities across all countries so that they enjoy working for us and want to stay with us for as long as possible.»

The systematic development of a talent pool encompasses a core program with modules on topics such as leadership, project work, and change management. Additional training is also provided to impart specialized skills. Outside this program, practical and individually tailored training programs are also available, and this kind of activity has a long tradition at Feintool. To further promote skills development and equality of opportunity, Feintool has a program that aims to increase the number of women at the company – both in management and non-management roles. This program will be implemented across the entire Group during 2022.

In the case of young trainees, the company relies on the proven cooperative education system in all regions, collaborating with established local educational institutions to find suitable candidates. Across the Group, 89 vocational trainees were enrolled in Feintool training programs in the last financial year.

One of Feintool's top priorities is offering modern and future-proof jobs in an international environment, where personal interactions still play a key role. This is why the annual employee performance reviews focus, on the one hand, on performance and targets and, on the other hand, on identifying areas for improvement and implementing them whenever possible.

Each site has its own HR manager who is responsible for all issues relevant to employees at that location. Feintool digitized various HR processes last year, which means that more time is now available for employee support.

The company's regularly scheduled employee survey was once again carried out in 2021. A total of 58 percent of respondents said Feintool had a good workplace culture, while overall satisfaction remained unchanged at 64 percent. Despite numerous employees working from home or working short-time schedules due to the pandemic, 72 percent of employees participated in the survey – more than in the previous survey three years ago. The results of the survey are evaluated by our external partner Great Place to Work, an international research and consulting institute.

The employee survey is more than just a one-time snapshot; it serves as a basis for further improvements. A total of 155 employees worldwide have organized themselves into teams and developed corresponding measures. At the Tianjin plant in China, a working group is looking into new training opportunities in production. In the USA, communication has been optimized: during each shift, a standup meeting is being held and monthly meetings between the plant management and the managers in production have been introduced.

Contribution to UN Development Goal 8

The Feintool Group offers secure and fair jobs all over the world and launched a talent management program in 2021. Site managers are responsible for ensuring that their location offers good working conditions, equal opportunities, and a collaborative atmosphere. Good working conditions are not only offered on the basis of applicable regulatory requirements, but also in accordance with the Group's code of conduct, human resources management approach, and employee handbook. Performance-based 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 a corporate health program.

Kaizen creates quality
In Japan, Feintool is taking a special approach to achieving continuous improvements and reducing costs. The generic term «Kaizen» refers to various methods that originate from the country's manufacturing sector – just like the philosophy of lean production. Kaizen means «replacing the good (Kai) with the better (Zen).» The plants in Atsugi and Tokoname are successfully operating under what is known as the 6S+A method. The 6 Ss stand for sort, systematically arrange, shine, standardize, self-discipline, and safety. All this leads to order and cleanliness in the workplace – the foundation upon which all further optimization measures are built. Osamu Ogawa, safety advisor and Kaizen manager at Feintool Japan, explains that making small changes results in tangible improvements that have a significant impact. And that, in turn, ensures that the products manufactured are of the highest quality.

«Discipline, or ‹shitsuke› in Japanese, is extremely important. Only with sustained discipline can we turn many small quick wins into tangible success, which is defined as achieving lasting gains in productivity.»
Osamu Ogawa, safety advisor and Kaizen manager at Feintool Japan

The kaizen concept also encompasses a commitment to impeccable manners and determination in its implementation. Inspections are conducted every month to identify vulnerabilities and threats. Kaizen is a rigorously standardized improvement system that also plays a key role when it comes to occupational safety.

Workplaces that promote good health
The comparatively mild impact of the coronavirus pandemic on the health of Feintool employees has highlighted the need for a specific risk and safety management system. Feintool has set itself an ambitious goal for the coming years: the company aims to have all of the Group's sites certified in accordance with the globally applicable ISO 45001 standard by 2028. This is a family of international standards for a safe and ergonomic working environment in production, service, and administration. The aim is to prevent accidents and work-related illnesses by holding monthly meetings and carrying out preventive measures, including inspections and drills, with Feintool employees.

The Feintool management system defines the responsibilities and processes for occupational safety and health management, risk analysis, and emergency procedures for handling hazardous waste and substances. There are also guidelines to be followed for environmental protection measures and energy management. All of the steps are documented and subject to regular internal and external audits. Each plant has an occupational safety officer, with ultimate responsibility for employee health and safety resting with the plant managers. Through the new ISO certification, Feintool will be optimizing its established occupational safety management system and implementing uniform standards throughout the Group. Employees will receive the necessary training each year to ensure that all standards and guidelines are followed.

Overview of measures
- Global talent development program
- Wide range of training opportunities
- Hands-on, advanced training
- Code of conduct for equal treatment and opportunities
- Feintool Quality Awards
- Feintool Best Achievement Awards
- Group-wide ISO certification in the field of occupational health and safety by 2028
- Waste management
- Elimination of hazardous substances
- Employee training
- Athletic activities

«WHEN TEAM LEADS WORK PART-TIME, EVERYONE NEEDS TO BE FLEXIBLE»

Rebekka Wälti is good with numbers. As a result, the 34-year-old heads up the three-person Group Accounting team at Feintool – working part-time. The fact that this is possible isn't a given. Her supervisor made sure she could continue to work as the team lead even after two pregnancies. In this interview, Rebekka Wälti talks about her experiences working at Feintool.

When male employees become fathers, they are rarely asked how they plan to reconcile work and family life. What was it like for you?
Both times I was pregnant, I let my supervisor know very early on. It was perfectly clear to me that I wanted to continue working. A few months before my older son was born, we brought in a temporary replacement because we were about to begin preparing the annual financial statements. It's very much give and take – and it depends on the supervisor in question. My bosses have been very accommodating. At the same time, I greatly enjoy my work and am happy to contribute.

What did you agree on back then?
The company made me an attractive offer of six months' paid maternity leave. In return, I agreed to come back to work within a year.

And what did your work schedule look like?
Prior to the birth of my first child, I worked full time, then we agreed on 60 percent. My supervisor made a personal effort to keep me on as the team lead. I was very grateful that we could demonstrate that this is doable.

Was that still up in the air?
Like at most companies, at Feintool there is still some skepticism as to whether particularly women who work part-time are able to lead a team. The fact that I'm doing it shows that the corporate culture is evolving fast.

And how did it go after the birth of your second child?
I went back to work in October 2020 and by January 2021 I was pregnant again. I let everyone know very early on. I was able to stay home for more than half a year, including three weeks as unpaid vacation time. During that period, we divided up my duties among the team and a Group Controller and a student joined to help lighten the load.

Are male employees also accommodated in this way?
In my opinion, this is still quite a rare occurrence in Switzerland. At national companies where the legal situation is different, things might be done differently. When a team lead works part-time, everyone involved needs to be flexible. It was the same situation when I did my EMBA while on the job. In this case as well, the CFO and I worked out a way for me to complete my masters' thesis and the annual financial statements at the same time.

How are you handling your management responsibilities while working part-time?
It takes flexibility on both sides. Feintool is an attractive employer to me. The company is a good size, it's listed on the stock exchange, and it has an international presence. So, I deal with global tax issues, treasury, and stock market issues. And everyone across the Group that works in finance has a good relationship with each other.

About the interviewee
When Rebekka Wälti joined Feintool in 2016, she had six years of professional experience. A certified public accountant with a bachelor's degree in business administration, she earned an EMBA in controlling and consulting from the Bern University of Applied Sciences while on the job. She gained experience abroad at Ernst & Young in London and as a student in Stockholm. In her free time, she enjoys either heading out for a run or picking up a book.

FACTS AND FIGURES

Well-trained specialists, targeted talent development, a healthy and safe working environment and collaboration in an international environment are key cornerstones of Feintool's HR policy. All of the key figures relating to employees refer to the same plants as the data in the section on the environment (see p. 24).

DIVERSITY

Worldwide collaboration

As a multinational employer active on three continents, respectful collaboration is a top priority for Feintool, irrespective of its employees' nationality, age, gender, ethnic background or world view. Feintool's code of conduct, which was completely revised in 2021 (see p. 9), contains the most important guidelines for inclusive collaboration between employees.

The majority of the 2 349 Feintool employees in the dataset work in Europe, accounting for around two-thirds of the total workforce. In 2021, the percentage of female employees once again increased slightly year over year to 18 percent (previous year: 17 percent). The Swiss headquarters of the holding company and Feintool System Parts Jessen (in Germany) had the highest share of female employees across the Group. An aspiration to achieve the highest possible level of diversity across the Group guides Feintool's numerous initiatives in this area. These include programs to interest more school children in vocational training, to recruit skilled workers and to identify talented individuals and develop their leadership skills with a structured advanced training program.

Significant potential

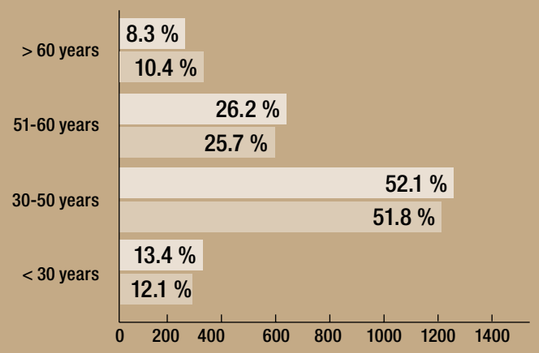
The Feintool Group also relies on the skills of experienced employees, as the company's age distribution data shows. It is also stepping up its efforts to retain young employees for the long term. The HR management at the company harbors significant potential based on successful recruiting, training for young entry-level employees, and in-house career development. All of this plays a strategic role in the company's lasting success.

Workforce composition

	Total	Male	Female
By region	**2 349**	**1 930**	**419**
Europe	1 557	1 285	273
USA	436	361	75
Asia	356	285	71
By employment contract	**2 349**	**1 930**	**419**
Permanent	2 285	1 889	397
Temporary	64	42	22
By type of employment	**2 349**	**1 930**	**419**
Full-time	2 249	1 895	354
Part-time	100	35	65

These figures reflect the average number of employees in 2021 (i.e., the recorded dataset), not the number of employees on the reporting date of Dec. 31, 2021. As a result, these figures may differ from the employee data published elsewhere. In addition, Feintool had an average of 88 vocational trainees and interns as well as 300 temporary workers on its payroll, none of whom are included in these figures. The totals in the table may not add up precisely due to rounding effects.

Employees by age group (2020)



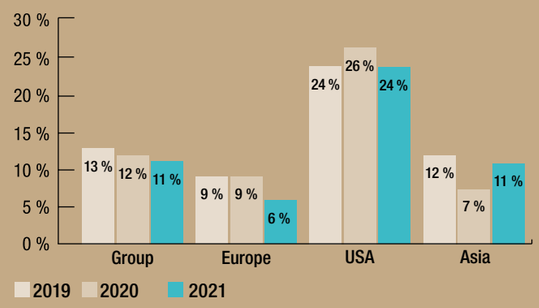
EMPLOYEE TURNOVER

Regular employee survey

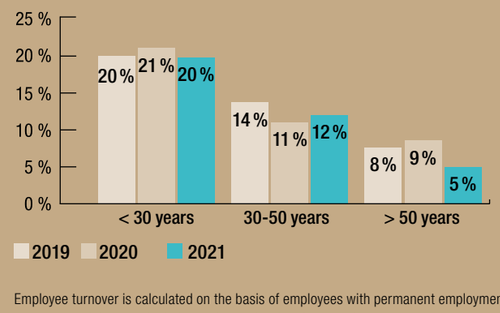
Overall, the number of employees at Feintool in 2021 decreased slightly compared with the previous year (-2 percent). At the same time, overall employee turnover fell once again from 12 percent to just 11 percent. Fortunately, only a few layoffs were necessary, mainly in Switzerland. Feintool was forced to introduce temporary short-time work schedules once again in Europe, however, although not on a scale comparable to the widespread short-time work schedules that were seen in 2020 as a result of the COVID-19 pandemic.

Employee turnover in Asia was slightly higher in 2021 than a year earlier, but considerably lower in the United States. Notably, there were fewer changes in the under-30 age group and in the over-50 age group, and even fewer older employees left the company. According to the employee survey, which is conducted every three years across the Group, 64 percent of all employees said they were satisfied with their employer in 2021. More than half of all employees are represented by a trade union or are included in collective bargaining agreements.

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.

OCCUPATIONAL HEALTH AND SAFETY

Group-wide certification

Continuous improvement for employee occupational safety and health are enshrined in the Feintool management system (see pp. 29/30). Special contingency plans have also been developed for different emergency situations.

The number of workplace accidents and the overall accident frequency rate in 2021 increased slightly from the year of the lockdowns in 2020 due to the increase in workplace activity. However, the employees affected suffered fewer serious injuries overall and had less time of work to recover compared to the previous year. The explanation for this lies in the definition of the term «accident severity», which refers to days lost due to accidents divided by the total hours worked. Not only did the number of days lost due to accidents decrease significantly compared to 2020, but the number of hours worked (the figure in the denominator) returned to normal in the reporting year – adding up to improved health and safety overall.

Feintool continued to implement all of the necessary hygiene measures to contain the pandemic in 2021. The company is stepping up its activities in the field of occupational health and safety in the coming years and will have all its plants certified in accordance with the international ISO 45001 standard by 2028.

Key figures related to occupational safety

	2021	2020	2019
Number of workplace accidents	134	118	164
Accident frequency rate (AFR)[1]	3.7	3.2	3.9
Number of lost workdays due to accidents	903	1 240	1 329
Accident severity rate (ASR)[2]	41.8	63.3	58.9
Number of serious workplace accidents[3]	1	-	2
Number of fatalities from workplace accidents	-	-	1

1) Lost Time Injury Frequency Rate (LTIFR): Number of accidents that resulted in an employee's inability to work the next full workday per 200 000 hours worked. This indicator has replaced the Accident Frequency Rate (AFR), which was published through 2020, due to it being less ambiguous and therefore easier to compare.
2) Accident Severity Rate (ASR): number of lost workdays due to accidents per 200 000 hours worked
3) 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 2021, SR 20 for the Sustainability Report of the prior year. Page references without any additional information refer to the present Feintool Sustainability Report 2021.

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General Disclosures		
Organizational profile		
102-1	Name of organization	Feintool Group
102-2	Activities, brands, products, and services	p. 2
102-3	Location of headquarters	p. 2
102-4	Location of operations	p. 3
102-5	Ownership and legal form	AR pp. 103 ff.
102-6	Markets served	pp. 2/3; AR pp. 12-19
102-7	Scale of the organization	pp. 2/3; AR p. 2
102-8	Information on employees and other workers	pp. 28-33, AR p. 29
102-9	Supply chain	p. 14
102-10	Significant changes (organization, supply chain)	nonen, see p. 13
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	p. 9; SR 20 pp.10/11; feintool.com
Governance		
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Reporting practice		
102-45	Entities incl. in the consolidated financial statements	AR pp. 23, 92
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102-47	List of material topics	p. 10
102-48;-49	Restatements of information	none
102-50	Reporting period	01.01.2021 - 31.12.2021
102-51	Date of most recent report	23.06.2021
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		
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201-1	Direct economic value generated and distributed	pp. 13/14, AR pp. 30 f.

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205-1; -2; -3	Assessment, trainings, confirmend incidents	p. 9
300: ENVIRONMENTAL DISCLOSURES		
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301-1	Materials used by weight or volume	p. 26
GRI 302:2016 Energy		
GRI 103:2016 Management Approach		p. 22/23
302-1	Energy consumption within the organization	p. 24
GRI 305:2016 Emissions		
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305-2	Energy indirect (Scope 2) GHG emissions	p. 25
GRI 306:2016 Waste		
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306-2	Waste by type and disposal method	p. 27
GRI 307:2016 Environmental Compliance		
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307-1	Non-compliance with environmental laws and regulations	p. 23
400: SOCIAL DISCLOSURES		
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401-1	New employee hires and employee turnover	pp. 32/33
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GRI 403-8	Workers covered by an occupational health and safety management system	pp. 30, 33
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404-2	Programs for upgrading employee skills and transition assistance programs	pp. 29/30; SR 20 p. 29
GRI 405:2016 Diversity and Equal Opportunity		
GRI 103:2016 Management Approach		pp. 29/30, 32
405-1	Diversity of goverance bodies and employees	pp. 32/33
GRI 406:2016 Non-discrimination		
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406-1	Incidents of discrimination and corrective actions taken	p. 9
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406-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 9

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FIH 1000.E.04.2022