

LEM

Life Energy Motion

Sustainability Report

23
24



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Insights from the Chairman and the CEO



A handwritten signature in black ink that reads "A. Hürlimann".

Andreas Hürlimann
Chairman of the Board of Directors

A handwritten signature in black ink that reads "Frank Rehfeld".

Frank Rehfeld
Chief Executive Officer

Dear Stakeholders,

At LEM, we believe it is vital that all our stakeholders are able to form a clear view of how a company is addressing diverse social and environmental challenges: put simply, is LEM part of the solution or part of the problem? Thus, we are delighted and proud to present our first stand-alone Sustainability Report.

We hope that what follows demonstrates how we are contributing to minimizing our own impact – for example, by reducing our direct and indirect carbon emissions. At the same time and perhaps more importantly, this report explains how our business is in a unique position: we facilitate the enormous changes

“ We enable the enormous changes needed to turn aspirations for a low carbon future into reality. ”

needed to turn aspirations for a low carbon future into reality as a wide range of applications we are serving – electric vehicles, charging stations, renewable energy, trains – rely on our innovative components to monitor electricity consumption and optimize performance. This will also enhance our employer brand, making LEM a destination of choice for those who want to contribute to a more sustainable world.

What we have achieved so far is due to the unfailing commitment and skills of colleagues across the business. While we should celebrate the progress made, it's important to acknowledge we are at a relatively early stage of the journey and still have much to learn if we are to realize our ambitious objectives. That is why we must tap into the knowledge, insights and requirements of our suppliers, customers and other stakeholders. Open and honest dialogue will foster increasing collaboration and deliver mutual benefits for all parties.

At the same time, we have to ensure that internal policies, structures and behaviors are aligned with our plans. The Board of Directors now has oversight on our sustainability journey, linking sustainability to our corporate strategy. Finally, since 2023, our Executive Management and senior leaders have a portion of their short-term incentive linked to the progress we make towards our Greenhouse Gas (GHG) emissions reduction targets.

We invite you to read this report, cast a critical eye over our progress and plans for the future and form your own view of how we have performed. We very much welcome your feedback.

Highlights

This section provides a snapshot of our highlights in FY 2023/24. For a more comprehensive view of our progress, please refer to our data table in appendix 3.

49% Females

51% Males

New Labor and Human Rights Policy Refreshed Code of Conduct Policies to match our sustainability ambitions

1,808 Employees

1st stand alone sustainability report

Working in

17 countries

87% of our own sites using renewable electricity

New employee whistleblowing process

Ambitious emission reduction commitments:

90% reduction in Scope 1 and 2 emissions by 2025

90% reduction in Scope 3 emissions by 2040

What we do and where we operate

LEM is a Swiss-based group specializing in current sensors for over 50 years. We work at the forefront of mega trends such as electrification, decarbonization, renewable energies, automation and (e-)mobility. With innovative electrical solutions, we are helping our customers and society accelerate the transition to a more sustainable future.

LEM has built a strong reputation for manufacturing the largest range of high quality, precise and reliable current sensors for a wide range of applications such as:

1. Automotive (battery management, motor control)
2. Automation (tooling machines, robotics, elevators, HVAC)
3. Renewable energy (solar and wind inverters)
4. Energy distribution and high precision (charging stations, test benches, MRI)
5. Track (traction, trackside)

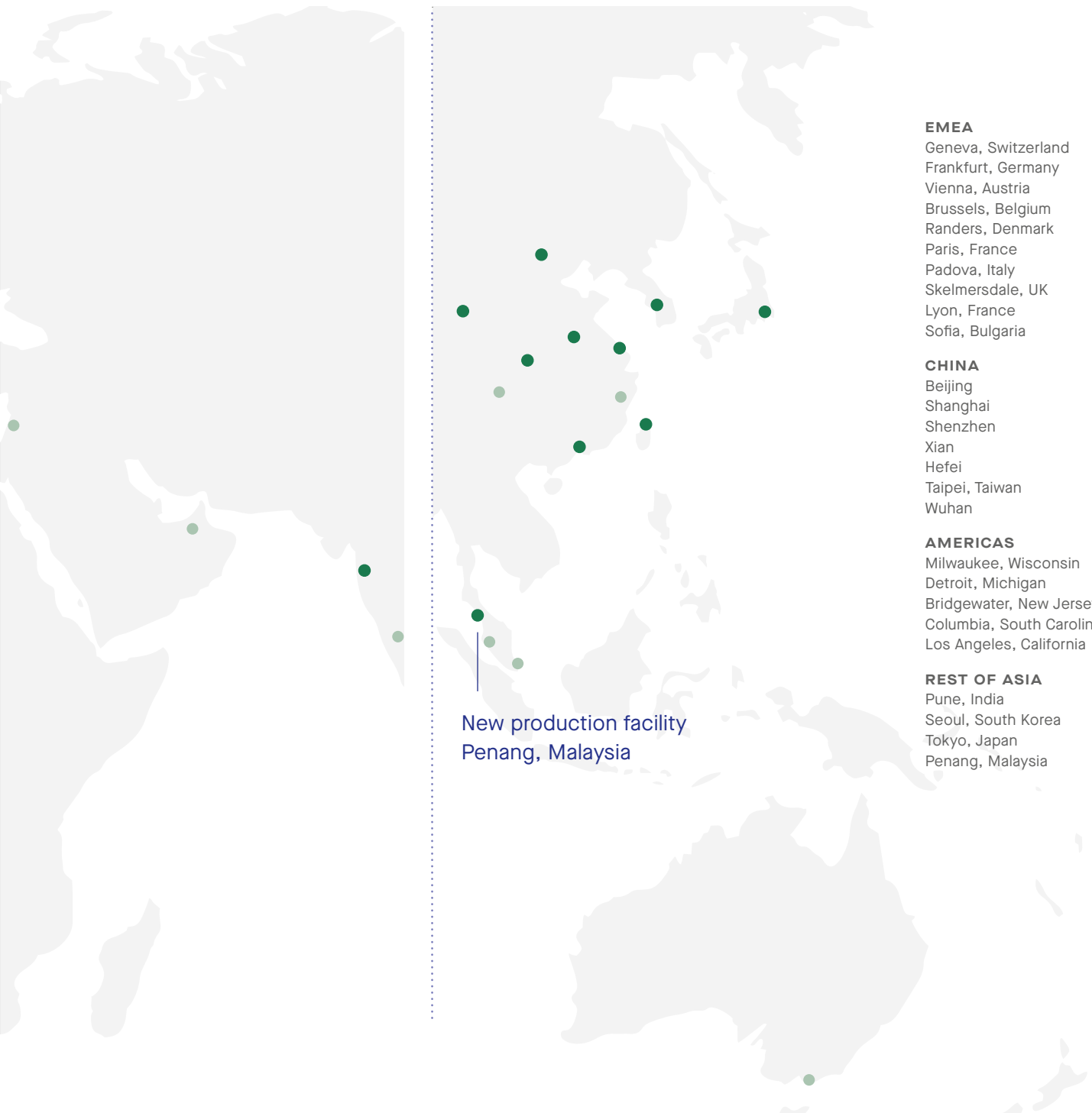
LEM is a pure-play producer of current sensors with yearly sales of over CHF 400 million. Our team of 1,808 employees is spread over 17 countries. Our production sites, located in Beijing, Sofia, Penang, Tokyo and Geneva, create innovative products for our global customers. LEM engineering teams are located in Geneva, Lyon, Beijing, Shanghai and Munich. Our global R&D presence ensures that we are close to our customers and that we benefit from the international talent pool to grow our teams. Please visit our website at www.lem.com to find out more.

We have split our permanent workforce into two groups: direct labor (DL) which includes production line operators and indirect labor (IDL) which includes everyone else. DL and IDL counts respectively for 40% and 60% of our employees. Our workforce gender split is 51% male and 49% female. Please see the map showing our different locations on the next page.

Leading the world in electrical measurement



A leading company in electrical measurement, LEM engineers the best solutions for energy and mobility, ensuring that our customers, systems are optimized, reliable and safe.



EMEA

- Geneva, Switzerland
- Frankfurt, Germany
- Vienna, Austria
- Brussels, Belgium
- Randers, Denmark
- Paris, France
- Padova, Italy
- Skelmersdale, UK
- Lyon, France
- Sofia, Bulgaria

CHINA

- Beijing
- Shanghai
- Shenzhen
- Xian
- Hefei
- Taipei, Taiwan
- Wuhan

AMERICAS

- Milwaukee, Wisconsin
- Detroit, Michigan
- Bridgewater, New Jersey
- Columbia, South Carolina
- Los Angeles, California

REST OF ASIA

- Pune, India
- Seoul, South Korea
- Tokyo, Japan
- Penang, Malaysia

New production facility
Penang, Malaysia

Our 1,808 people in 17 countries transform technology potential into powerful solutions and support our customers on a global scale.

LEM has expanded its production capacities in the financial year 2023/24 with a new production facility in Penang, Malaysia.

The new production facility enables LEM to supply the Asian markets as well as the US and Europe from Asia. The new plant complements the global network of existing production facilities in Geneva, Beijing, Sofia and Tokyo.



Business purpose and sustainability strategy

The importance of sustainability for our business strategy and purpose

At LEM, we are proudly united behind one clear purpose: we help our customers and society accelerate the transition to a sustainable future. This purpose is not new to us, nor a nebulous dream; it is our company's raison d'être and is central to our strategy and future growth plan. LEM's current sensors play a key role in the energy and mobility transition underway and, with the megatrends of decarbonization and electrification accelerating, we are in a unique position to capture further growth.

How does our strategy support our purpose to help customers and society cut carbon emissions? The answer is simple:

1. **Our product strategy concentrates on technology to reduce carbon emissions and promote energy efficiency in heritage industries.** Our current sensors are found in low carbon industries and technologies that are critical to a sustainable future. These include electric vehicles (EVs) and renewable energy technologies such as solar panels, wind turbines and heat pumps. We are working to expand those businesses and develop further new energy and mobility applications such as intelligent EV charging, renewable energy storage plants and robotics, hydrogen electrolysis and smart cities. We are proud to help many industries to reduce carbon emissions by building current sensors that help our customers understand and monitor their energy usage. This drives energy efficiency, including in energy intensive industries and industrial activities, such as traditional automobiles and industry welding.
2. **We recruit and nurture innovative minds and collaborate with customers and universities to innovate.** We attract and develop the best global talent, working at the forefront of megatrends, such as electrification, decarbonization, renewable energies, automation and (e-)mobility. We initiate partnerships with science, technology, engineering and mathematics (STEM) universities to attract

young and emerging talents who will undoubtedly contribute to the emergence of new ideas and help us accelerate our product offering.

3. **We build relationships with industry** to implement and distribute our technologies as widely as possible. We do this on two fronts: one by working with technology partners to leverage on existing or develop complimentary building blocks to our systems, especially for complex and miniaturized systems; and two by working closely with our customers to offer them solutions that best fit their product roadmap expectations.
4. **We invest in next generation applications.** We invest considerable financial means into the research and development of new technologies and products. Our R&D expenses represent 8.3% of our FY 2023/24 turnover. From mobility to energy efficiency, public safety and security, LEM is capturing opportunities in new and accelerating markets such as AC measurement for smart grids. We are pioneering the miniaturization of our products to reduce product size and weight which will bring further energy savings.

The next frontier is to ensure that our own operations and value chain, processes and targets support our purpose. LEM is committed to leading by example and running our business sustainably and responsibly. We have set a target to become net zero by 2025 within our own operations (Scope 1 and 2 market-based). We have moved to a state-of-the-art new head office in Geneva, which received a Minergie label, and we reduced our emissions by more than 50% compared to our former offices. All our existing production sites are certified ISO14001 and our newest plant in Penang, Malaysia, will soon be ISO14001 certified and receive certification from the Green Building Index for innovative design. We have invested in renewable technologies, installing solar panels on the roofs of our key productions sites and in Energy Attribute Certificates (EACs). Recognizing that the bulk of our greenhouse gas (GHG) emissions originate from our value chain, we have also set a target to be net zero by 2040 across our value chain. For this, we need a concerted effort, especially in our supply chain, to reduce emissions further and achieve our net zero target (see climate change section for more information).

Business purpose and sustainability strategy

Our dedication to decarbonization will not be detrimental to other environmental and social concerns. We acknowledge the significance of tackling a diverse range of environmental and social issues beyond just carbon reduction. While our sensors are crafted from raw materials and metals, some of which are procured through resource-intensive channels that may raise human rights concerns, we

understand the need to improve their circularity and to reduce our ecological footprint throughout their entire lifespan. By closely collaborating with local partners, we prioritize waste reduction, uphold human rights standards and strive to mitigate environmental impacts. Our commitment is one of accountability and integrity, as we pursue a future characterized by minimal carbon emissions.

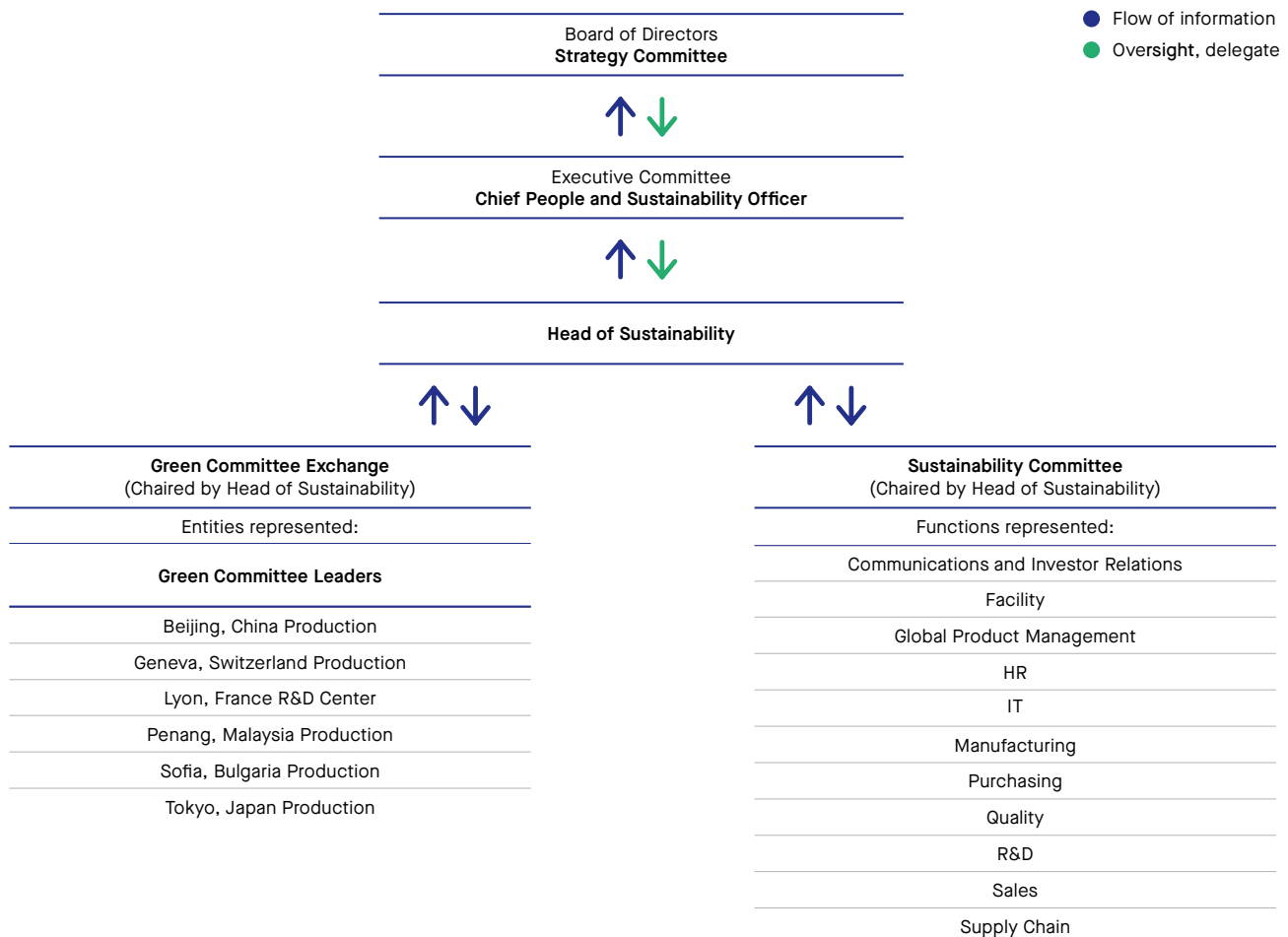
“As Chief People and Sustainability Officer, I am delighted to share our first stand-alone sustainability report. Sustainability is at the core of why LEM exists. Our business purpose is clear, we want to help our customers and society accelerate the transition to a sustainable future. This indicates our clear commitment to be at the forefront of developing high quality, innovative and low carbon technologies for our customers. It is a journey and a challenge but one that we are excited about and ready to take on.”



Rodolphe Boschet
Chief People and Sustainability Officer

Sustainability governance and accountability

LEM sustainability governance structure



Our approach

Sustainability-related regulation and expectations continue to evolve rapidly, reaching all areas of LEM's business. Therefore, ensuring the appropriate governance is in place is key to delivering on our sustainability commitments. Effective oversight and management of sustainability at LEM is essential to our sustainable success. To address these evolving regulations and expectations Rodolphe Boschet and Quentin Piat were appointed to sustainability-related roles as Chief People and Sustainability Officer and Head of Sustainability respectively.

Governance structure

Our sustainability structure starts on the ground with six local green committees across our production and R&D sites. These committees meet once per month and are made up of volunteers passionate about sustainability; they enable local decision-making. The local committees are led by Green Committee Leaders who meet once per quarter with the Head of Sustainability at the Green Committee Exchange to share best practice and ideas between sites.

Sustainability governance and accountability

The Sustainability Committee is a separate committee, where the global functional leads meet with the Head of Sustainability. The departments that are represented include: Communications and Investor Relations, Facility, Global Product Management, HR, IT, Manufacturing, Purchasing, Quality, R&D, Sales and Supply Chain. At this monthly meeting, chaired by the Head of Sustainability, attendees exchange and coordinate on sustainability-related functional topics, compile and review implementation results and progress and cover pre-agreed priority topics for the Strategy Committee.

Centrally, the LEM Executive Committee, under the lead of the Chief People and Sustainability Officer, is in charge of defining the strategy and our short and long term priorities. This strategy and the progress towards our goals is regularly reviewed by the Board of Directors (BoD). Since February 2024, LEM's Strategy Committee has the formal responsibility to review and submit to the BoD for approval LEM's sustainability strategy. This Strategy Committee is composed of three people, is chaired by our Chairman of the Board of Directors and meets several times per year.

Accountability

The Board oversees the success of our sustainability strategy and the Executive Committee is responsible for developing and delivering our sustainability strategy. In 2023 we established a sustainability department which is working closely with representatives from all functions to build action plans and track our progress. The Head of Sustainability is responsible for the day-to-day delivery of our sustainability roadmap. For the first time, in 2023, we introduced a Scope 1 and 2 reduction target in Executive Management and senior leaders' short-term incentives.

As we are in the early stage of our journey, we currently monitor our ESG and sustainability performance using a high-level roadmap and an internal dashboard with chosen monthly, quarterly and annual indicators.

Sustainability policies

We have introduced new policies and updated our existing policies to support our sustainability agenda. These can be found below in our policy table:

Policies	Coverage summary	Relevant stakeholder groups
Conflict Mineral Statement <i>Publicly available on our website</i>	Sets out our implemented procedures designed to demonstrate that the metals our products contain are sourced in accordance with this policy. We require our suppliers to verify and assure in writing there are no conflict minerals in our supply chain.	<ul style="list-style-type: none"> - Our customers - Our suppliers - Governments and wider society
European End-of Life Vehicles Statement of Compliance <i>Publicly available on our website</i>	In accordance with our Group Environmental Policy, as a downstream user, commits to be in compliance with European End-of life vehicles (ELV) directive 2000/53/EC.	<ul style="list-style-type: none"> - Our employees - Our customers - Our suppliers - Governments and wider society
Group Code of Conduct <i>Publicly available on our website</i>	Outlines the behavior LEM expects from every stakeholder around the world guiding our responsibilities to society. It aligns with the principles of the United Nations Global Compact (UNGC), global environmental standards and our core corporate values.	<ul style="list-style-type: none"> - Our employees - Governments and wider society
Group Environmental Policy <i>Publicly available on our website</i>	Articulates our dedication to enhanced environmental protection and performance within our Business, with growing attention to the design of products with lower lifecycle carbon footprint – applies to all LEM entities and employees.	<ul style="list-style-type: none"> - Our employees - Our customers - Our suppliers - Governments and wider society

Group Health and Safety Policy <i>Publicly available on our website</i>	Applies to all prospective and current employees of the company as well as external people on any LEM site (e.g., volunteers, contractors, consultants), outlining the expectations and responsibilities to contribute to a healthy and safe workplace.	<ul style="list-style-type: none"> - Our employees - Governments and wider society
Group Labor and Human Rights Policy <i>Publicly available on our website</i>	Commitment to the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Core Conventions on Labor Standard – applies to all LEM Group including its different subsidiaries, affiliates, establishments worldwide. This policy reinforces our position with regards to child labor. In addition, we expect and support our upstream and downstream supply chain partners, suppliers and third-party contractors (consultants, temporary workers, volunteers working on any LEM sites) to comply with the principles set forth in this Policy.	<ul style="list-style-type: none"> - Our employees - Governments and wider society
Group Quality Policy <i>Publicly available on our website</i>	Sets out for all LEM employees, our commitments and what we must do to achieve them by continuously improving our product performances and customer service level as well as by encouraging innovation and access to new technologies.	<ul style="list-style-type: none"> - Our customers - Our employees
REACH Compliance Statement <i>Publicly available on our website</i>	In accordance with our Group Environmental Policy, as a downstream user, commits to be in compliance with REACH obligations.	<ul style="list-style-type: none"> - Our employees - Our customers - Our suppliers - Governments and wider society
Supplier General Requirements Manual <i>Publicly available on our website</i>	Sets out the expected requirements and expectations for all suppliers – direct and indirect, contractors and vendors to LEM worldwide who may be customer-directed suppliers, and who provide services, components, parts, assemblies or sub-assemblies which are used to produce LEM product.	<ul style="list-style-type: none"> - Our suppliers - Governments and wider society
Group Anti-Bribery and Anti-Corruption Policy <i>Internal</i>	Ensures that LEM business is handled in accordance with LEM Code of Conduct and applicable laws against bribery and corruption – applies to any LEM employee, in any country where LEM operates and does business and to any transaction agreed by LEM.	<ul style="list-style-type: none"> - Our employees - Governments and wider society
Group Disclosure and Insider Trading Policy Enforcement <i>Internal</i>	Enforces LEM Disclosure and Insider Trading Policy – applied to all directors, officers and employees of LEM and any person who is considered to have Insider Information about LEM or its business.	<ul style="list-style-type: none"> - Our employees
Group Disclosure and Insider Trading Policy <i>Internal</i>	Ensures full compliance of LEM with its legal obligations as a company listed on the SIX Swiss Exchange – applies to LEM insiders.	<ul style="list-style-type: none"> - Our employees
Group Employee Privacy Policy <i>Internal</i>	Sets out the Where, What, Why and How elements of data processing for all LEM Entities and LEM Employees within the LEM Group.	<ul style="list-style-type: none"> - Our employees
Group Whistleblowing and Investigation Policy <i>Internal</i>	Defines the whistleblowing and investigation policy for LEM and all of its subsidiaries, offices and sites worldwide. It includes all members of the Board of Directors, executives, officers and employees, irrespective of their location. Any third party may report a potential breach to the LEM's Code of Conduct or to any applicable law and regulation pursuant to the terms of this Policy.	<ul style="list-style-type: none"> - Our employees - Governments and wider society

Sustainability priority areas

An aerial photograph of a rural landscape. The image is dominated by large, rectangular agricultural fields. In the upper half, there are vibrant green fields, likely corn or soybeans. In the lower half, there are bright yellow fields, likely rapeseed or sunflowers. A paved road runs diagonally from the bottom left towards the top right, intersecting with a smaller road that branches off to the left. The road is lined with various trees, including tall, thin cypresses and denser green foliage. The overall scene is bright and clear, suggesting a sunny day.

Sustainability double materiality

In early 2024, we completed our first Double Materiality Assessment (DMA). This involved an in-depth assessment of LEM's impacts on people and the environment as well as the financial risks and opportunities associated with sustainability. From climate change to human rights, we scrutinized every relevant sustainability topic across our entire operations and value chain including our governance.

The goal was clear: to identify the most relevant sustainability topics for LEM and guide our reporting for compliance with the Swiss Responsible Business Initiative Due Diligence and Transparency Ordinance (RBI-DDTrO) and making progress towards compliance with the EU Corporate Sustainability Reporting Directive (EU CSRD). But we did not stop there. We have capitalized on this assessment by using the results to redefine our sustainability priority areas.

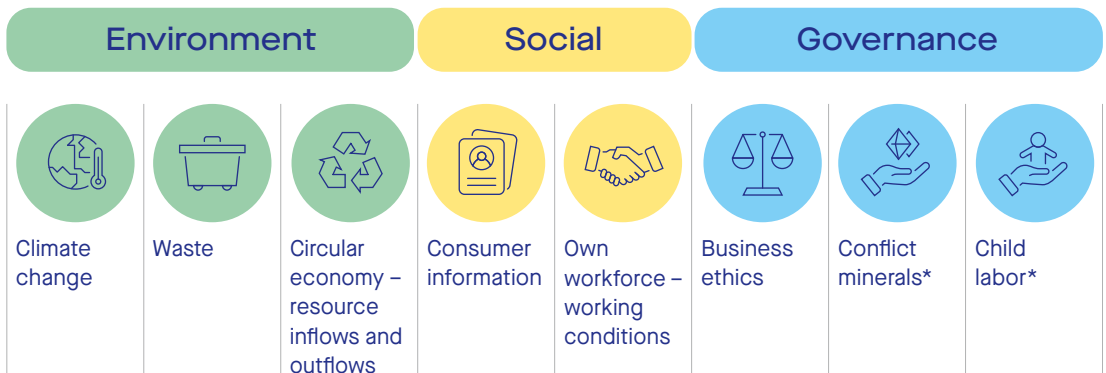
The assessment was done in five stages. We:

1. identified a long-list of potentially material matters gathered from European Sustainability Re-

- porting Standards (ESRS) sustainability matters list, sector-specific topics from Sustainability Accounting Standards Board (SASB), existing peers' DMA results, internal documentation and discussion as well as rating agencies' results;
2. reduced the long-list to a more manageable short-list;
3. defined the impacts, risks and opportunities associated with those matters through several workshops with relevant internal experts;
4. evaluated and prioritized the impacts, risks and opportunities from the two perspectives: impact and the financial risks and opportunities that the matters present to LEM, which allowed us to fix our materiality threshold; and finally,
5. validated the results with internal stakeholders. Key internal stakeholders, including subject-matter experts, were consulted throughout the different steps of the process to ensure a wide range of perspectives.

The result is this comprehensive matrix of the most material matters. We have identified eight material topics represented in the below matrix and table.

Eight material topics



*Mandatory as per Swiss law

Sustainability priority areas

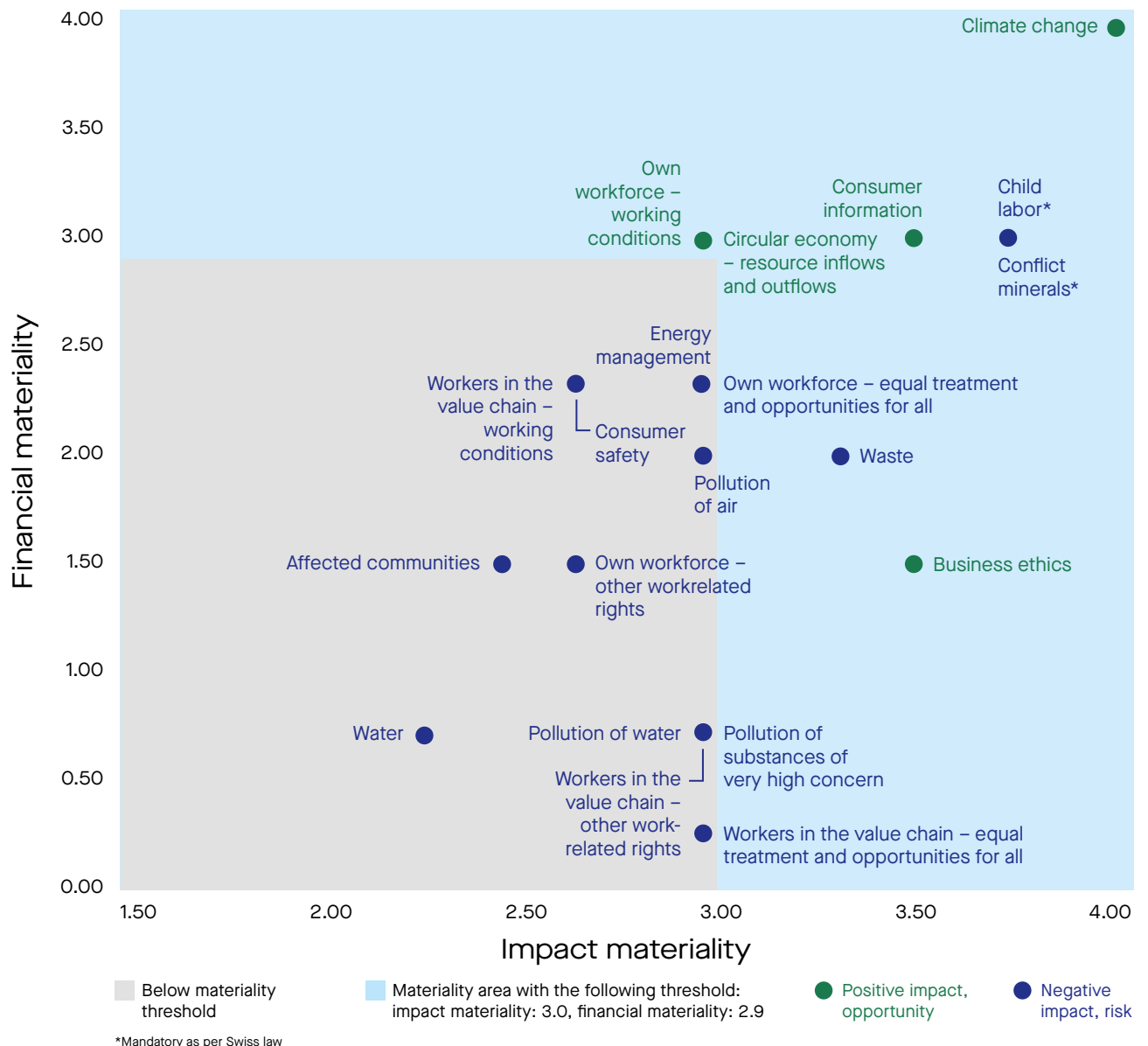
Priority areas





The most relevant sustainability topics based on our double materiality assessment are summarized in the table on the next page. These have become our sustainability strategic priorities. The impacts (positive and negative), risks and opportunities were

defined and assessed by our internal subject matter experts. The rating was then harmonized to ensure consistency across all material topics. As shown in the matrix below, the impact materiality threshold was set at 3 out of 5 and the financial materiality threshold was set at 2.90 out of 5.











Double Materiality Assessment (DMA)

DMA results highlighting the material topics for the company as a whole, with a rating aligned on the Enterprise Risk Management system.



Material topic	Material negative impact	Material positive impact	Material risk	Material opportunity	Description of the impacts, risks and opportunities	Page reference
Climate change 					<p>Negative impact on global warming through energy use and Scope 3 GHG emissions in the supply chain. The biggest impact drivers in LEM's Scope 3 emissions are the purchased products and upstream and downstream transportation.</p> <p>Positive impact on global warming through Scope 3 GHG emissions from product use. Due to the fact that by using our products, the emissions and energy consumption will be reduced.</p> <p>Opportunity to implement these criteria into the Procurement Risk Assessment to make good choices upfront and anticipate risks.</p>	23–27
Waste 					<p>Negative impact on the environment through waste generated in operations, taking into account efforts to minimize waste.</p>	28–29
Circular economy – resource inflows and outflows 					<p>Opportunity to (timely) develop and deploy products, solutions and technologies that meet changing customer demand for more sustainable products (product lifetime, use of scarce- and non-renewable materials in product design, carbon-neutral products).</p>	30–33
Consumer information 					<p>Positive impact on consumers through innovative electrical solutions that can help consumers and society accelerate the transition to a sustainable future (sensors and solutions play a key role in the following six areas: drives, power conversion, electrical safety, battery management, energy monitoring and energy metering).</p>	30–33

Sustainability priority areas

Material topic	Material negative impact	Material positive impact	Material risk	Material opportunity	Description of the impacts, risks and opportunities	Page reference
Own workforce – working conditions 					Opportunities in employee engagement and young talent attraction and retention supporting business growth with brand image of the company.	36–38
Business ethics 					Positive impact on society, employees, customers, shareholders and suppliers through behaviors that support transparent and sustainable business practices to the benefit of all stakeholders, taking into account (effectiveness of) whistleblowing protection, policies, training and other initiatives that promote ethical business conduct.	45–47
Conflict minerals 					Negative impact in potentially contributing to conflict through LEM's mineral sourcing practices. This contribution can lead to sources of conflict, human rights abuses and insecurity. (Reputational) risk of financial loss or damage caused by failure to comply with RBI-DDTrO regulations.	48–49
Child labor 					Negative impact on children through potential failure to address this issue through the sourcing of products and services. Failure to have robust due diligence processes and procedures in place could increase the risk of LEM's operations and procurement financing suppliers from different tiers located in countries where the risk of child labor is high. (Reputational) risk of financial loss or damage caused by failure to comply with RBI-DDTrO regulations.	48–49

In summary, the double materiality assessment has helped us analyze our impact on society and the environment across our operations, value chain and into the future. It has helped us formulate a more impactful strategy centred on emissions reduction, waste management, circular economy, innovation for consumers, business ethics, our own workforce working conditions and supply chain human rights issues (conflict minerals and child labor) – the most relevant areas to our business. Although several topics did not exceed the materiality thresholds, it is worth noting that we are taking action to track and address those areas that are deemed to be either emerging topics or strategically relevant for our business.

For the DMA and each material topic, the next steps, to be conducted in 2024/2025, are:

1. complete the DMA to make it fully CSRD aligned, collecting insights from external stakeholders,
2. ensure that we have adequate data collection systems and KPIs in place to report on the material matters under Swiss RBI-DDTrO and EU CSRD,
3. produce tactical roadmaps for each area, detailing the actions we will take to minimize negative impacts and financial risks, while maximizing positive impacts and competitive advantage,
4. assess the action implemented using the above-mentioned identified KPIs and take corrective measures.



Quentin Piat
Head of Sustainability

“As the recently appointed Head of Sustainability, I am very proud of what we have achieved over the last year. It was a mix of very concrete actions to improve our sustainability posture and setting the solid foundations for our sustainability strategy with our first ever double materiality assessment and report. Working with colleagues across the business will be my focus to embed our sustainability strategy into day-to-day operations.”

Transitioning to a sustainable future





Climate action and decarbonization journey

Climate change is one of the biggest challenges of our time, so enabling and accelerating the transition to a low carbon future that will limit global warming to 1.5C underpins our business strategy. Taking bold climate action is key to limit the physical and transitional impacts of climate change, which is essential for the future success of our business. We also know we cannot do it alone, so we need to work closely with our customers, suppliers and business partners to ensure we all take this journey together.

Impacts, risks and opportunities

The LEM board and leadership recognize that urgent action is required to significantly reduce the risks associated with climate change for LEM and the negative impacts LEM has on climate. At the same time, we have also identified strong opportunities for us to position ourselves as enablers of the transition to low carbon technologies in the industries we work with. This is why climate change has been identified as one of our material topics.

We have two potential climate-related risks: the first one is linked to disruptions in production lines, damage to assets, supply chain disruption caused by adverse weather events; the second is related to our business' inability to develop and deploy products, solutions and technologies that meet changing customer demand for more sustainable products. Moreover, as we aim to position ourselves as a driver of decarbonization, we also see opportunities for us to take action. With the accelerating trend towards electrification of mobility and infrastructure and the quest of energy efficiency, there is an opportunity for our business to flourish when we continue to focus on developing those new solutions. We also have an opportunity to be part of the solution and drive decarbonization across the sectors by developing innovative and efficient solutions that will reduce GHG emissions.

Following the risks and opportunities associated with climate, our double materiality assessment also examined our impact. The vast majority of our emis-

sions are associated with our upstream and downstream value chain emissions (Scope 3), this is where we have our biggest negative impact.

Policies

We have a group environmental policy that underpins our commitment to monitor and control energy use and GHG emissions across our own operations and our value chain (see policy table on pages 14–15). It also commits LEM to actively listening to customers who rely on our contribution to their sustainability efforts.

We also have a Group Environment Management System (EMS) manual, which highlights our vision for a common approach to our EMS, as well as a group Product Environment Profile (see case study on page 32). To communicate our minimum requirements to suppliers we also have a group Code of Conduct and a Supplier General Requirements Manual (see policy table on pages 14–15).

Commitments, targets and measures

A key component of our plan to decarbonize is our commitment to reach net zero emissions by FY 2025 in our own operations (Scope 1 and 2 market-based) and by FY 2040 for our value chain (Scope 3). Our targets are to:

- Reduce our Scope 1 and 2 (market-based) emissions by 90% by 2025 from a 2023 baseline.
- Reduce our Scope 3 emissions by 90% by 2040 from a 2023 baseline.

In 2023, one of the main areas of focus was to switch our own operations sites to renewable energy, where possible. Most sites buy renewable energy directly from suppliers and for locations (China) where this is not possible, we purchased Energy Attribute Certificates (EACs) equating to 3.5 MWh of renewable electricity. Through our investments in EACs and our existing renewable tariffs, we have reached 87% renewable electricity across our business compared to 2022 where we only had 37%. Our production sites in Geneva, Sofia and Beijing are now using 100% renewable electricity, as well as our warehouse in Germany. Moreover, all our main production sites (Geneva, Sofia, Penang and recently Beijing) also support the generation of renewable electricity via onsite solar panels where generated electricity is either used on site or fed into the grid.

We have also focused on adopting energy efficiency technologies, for example, we have moved to our new head office in Geneva, in April 2022, which received a Minergie label. At this site, we reduced our emissions by more than 50% compared to our former offices. All our production sites are certified ISO14001 and our newest plant in Penang, Malaysia, will soon be certified ISO14001 and certified by the Green Building Index for innovative design.

In addition, we recognize that our role extends beyond our own operations as a great majority of our GHG emissions (99%) comes from our suppliers, the use of our sold products and other parts of our value chain. To address this, we will continue to work with our suppliers and develop lower carbon emitting products, using less electricity during their lifetime to support our customers in their transition to a low carbon future.

In 2023, we have made significant progress reducing our GHG emissions from our downstream transportation (intercompany transportation) (see case study on page 27). We have piloted a few GHG emissions reduction measures, including switching from air freight to train or sea freight, which have been positively received and has led to significant emissions reduction (1,000 tonnes of CO₂e saved compared to 2022). Following the success of our pilot, we will be continuing this initiative next year.

Working with key customers and co-developing innovative solutions is vital to staying ahead in the market and being able to satisfy demand. A key technical advancement we are working on is our approach to develop smaller, lighter, cheaper and better sensors – “miniaturization.” We do it because it makes business sense and it is the right thing to do.

For example, size is always a factor due to the limited space within an Electric Vehicle (EV). Also, all components need to be of minimal size to make a vehicle as light as possible to minimize energy usage and extend the distances EVs can drive between charges. One good example of our drive to miniaturization is our success in optimizing power consumption in our magnetic sensor product groups (see case study on page 33).

Key performance indicators

In 2021, we started the process of calculating our carbon footprint, which allowed us to identify where the gaps are, thus building the foundation of our approach to fully map and quantify our 2023 carbon footprint.

In 2023, we evolved our methodology compared to last year. We have expanded our scope, adding new LEM entities in our Scope 1 and 2 emissions calculations – our 2023 absolute data now covers all of our group entities besides eight small sales offices with one to five employees (in total 25 employees). As a result, our 2023 Scope 1 data has increased compared to 2022, from 37 tonnes of CO₂e to 173 tonnes of CO₂e. This is not a result of an increase in consumption but rather an improvement in the scope of data we have collected. This year’s figure is an accurate representation of our global Scope 1 emissions. Compared to 2022, we have added our production sites in Japan and our newly built Malaysian site as well as our distribution centres in Germany and the US. In terms of absolute reduction opportunities, we have switched 100% of our Germany site cars to EVs.

Our Scope 2 market-based figure reduced by 80% despite the increase in coverage. This is mainly due to our investments in EACs for our China locations and the switch to 100% renewable electricity in Bulgaria.

In 2023, we successfully mapped out and determined which of the 15 categories listed in the GHG Protocol Corporate Value Chain (Scope 3) Standard are relevant to us. Out of the 15 categories, 12 were identified as relevant to our business and three were not. The emissions from all our relevant categories have

been calculated (see table below). Our Scope 3 GHG emissions make up 99% of our total carbon footprint and out of the 15 Scope 3 categories, our top three material categories are “category 1: purchased goods and services” (38% of our overall GHG emissions), “category 4: upstream transportation and distribution” (19%) and “category 11: use of sold products” (39%).

As a result of our change in scope, the increase between 2022 and 2023 Scope 3 global figures is largely an artifact of better data collection and not linked to any significant increase in absolute emissions. We have added three new categories, including category 11 which makes up 39% of the global Scope 3 share. The inclusion of the new category 11 has had the biggest impact on the difference between 2023 and last year.

KPI – Energy use and GHG emissions	Units	2023	2022*
Energy use			
Global energy consumption	kWh	7,082,493	7,453,864
Global energy consumption from fossil fuel	kWh	821,794	3,921,237
Global energy consumption from nuclear	kWh	85,433	451,941
Global energy consumption from renewable	kWh	6,175,266	2,778,418
Global energy consumption intensity	kWh/CHF	0.017	0.018
GHG emissions			
Global Scope 1	tCO _{2e}	172	39
Global Scope 2 (location-based)	tCO _{2e}	2,434	2,420
Global Scope 2 (market-based)	tCO _{2e}	623	4,066
Global Scope 3	tCO _{2e}	192,045	100,454
Category 1: Purchased Goods and Services	tCO _{2e}	73,217	
Category 2: Capital Goods	tCO _{2e}	2,667	
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (NEW)	tCO _{2e}	184	
Category 4: Upstream Transportation and Distribution	tCO _{2e}	36,621	
Category 5: Waste Generated in Operations	tCO _{2e}	48	
Category 6: Business travel	tCO _{2e}	2,053	
Category 7: Employee Commuting	tCO _{2e}	1,460	
Category 8: Upstream Leased Assets (NEW)	tCO _{2e}	0	
Category 9: Downstream Transportation and Distribution	tCO _{2e}	217	
Category 10: Processing of Sold Products	tCO _{2e}	n/a	
Category 11: Use of Sold Products (NEW)	tCO _{2e}	75,270	
Category 12: End-of-Life Treatment of Sold Products (NEW)	tCO _{2e}	308	
Category 13: Downstream Leased Assets (NEW)	tCO _{2e}	0	
Category 14: Franchises	tCO _{2e}	n/a	
Category 15: Investments	tCO _{2e}	n/a	
Global Scope 1 and 2 (location-based)	tCO _{2e}	2,606	2,459

KPI – Energy use and GHG emissions	Units	2023	2022*
Global Scope 1 and 2 (market-based)	tCO ₂ e	796	4,105
Global Scope 1, 2 (location-based) and 3	tCO ₂ e	194,651	102,913
Global Scope 1, 2 (market-based) and 3	tCO ₂ e	192,841	104,559
Global Scope 1, 2 (location-based) and 3 CO ₂ e intensity	gCO ₂ e/ product	2,767	1,497
Global Scope 1, 2 (market-based) and 3 CO ₂ e intensity	gCO ₂ e/ product	2,741	1,521
Global Scope 1, 2 (location-based) and 3 CO ₂ e intensity	gCO ₂ e/ revenue	480	253
Global Scope 1, 2 (market-based) and 3 CO ₂ e intensity	gCO ₂ e/ revenue	475	257

*2022 data is not comparable to 2023 as we have significantly expanded the scope of the data collected and improved data quality. We have added more sites in 2023 for our Scope 1 and 2 emissions, we have added five new Scope 3 categories (category 3, 8, 10 to 15) and we have improved the robustness of our methodology and data collection for other categories (e.g Scope 3 category 1).

Plans for 2024

In the coming year we will be working on our net zero roadmap, identifying the key actions to prioritize and the key milestones needed to meet our net zero targets. We will also develop and implement action plans across priority areas. We will prioritize actions through the drive of the R&D, Purchasing, Global Product Management and Supply Chain departments mainly concerned by the key emissions highlighted above. We

also see alignment with the Science Based Targets Initiative as a major step to validate our net zero roadmap and this will be conducted in the next few years.

In preparation for CSRD, we will also develop climate scenario analysis to better understand the risks, opportunities and impact of climate change across different plausible future climate scenarios.

Case study

Decarbonizing outbound intercompany transportation

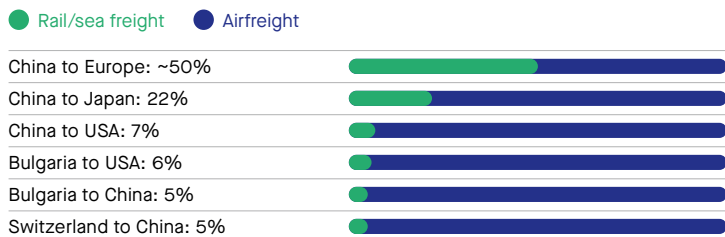
After assessing our GHG emission sources, we realized the significance of prioritizing our intercompany transportation for reducing our emissions. This intercontinental traffic between our production sites is 100% under our control and accounts for roughly 20% of our transportation emissions. Air transport is the primary reason for these emissions. To address this, we are transitioning gradually to rail and sea freight. In 2022, we initiated a pilot project to assess the feasibility of these alternatives. Additionally, we established replacement targets for our top five busiest lanes. Our roadmap begins with optimizing our busiest lane:

- In 2022 we started shifting from air to rail shipments from China to Europe. Rail tonnage ratio represented 12% of the total goods shipped between those two areas and we targeted an increase to 50% by 2025. By the end of December 2023, we already reached almost 50%, saving 741 tonnes of CO₂e compared to 2022.

- By the end of December 2023, we also progressed in replacing air to rail/sea shipments on those other busy routes, where air shipment was the only transportation used, saving about 250 tonnes of CO₂e:
 - China to Japan: 22% of the tonnage replaced.
 - China to USA: 7% of the tonnage replaced.
 - Bulgaria to USA: 6% of the tonnage replaced.
 - Bulgaria to China: 5% of the tonnage replaced.
 - Switzerland to China: 5% of the tonnage replaced.

In 2023, we started to use a digital Transportation Management System to accurately track our transportation data. CO₂e emissions are calculated for all shipments quoted in the platform for all modes of transportation after the delivery of the shipment. Supply chain managers at a global and local level are encouraged to leverage the benefits of the platform and move away from air transport as emissions reduction are part of their performance objectives. We will continue to focus on developing alternative transportation modes throughout the next few years to reduce our impact.

Tonnage CO₂ replaced by December 2023 compared to 2022





Waste reduction

At LEM we see waste reduction as not only a sustainability imperative, but also a commercial imperative. Where we can innovate to reduce waste we do, reducing our demand for raw materials and therefore decreasing our impact on the environment.

Impacts, risks and opportunities

Our business relies on the ability to access raw materials. This includes for our products and their packaging. Similarly to many industries, minimizing waste generated from our manufacturing process is important for us to reduce our environmental impact and is the right thing to do. It reduces the impact on depletion of non-renewable resources through resource inflows, use and outflows of materials used in own operations and it reduces the impact on our customers' waste disposal through taking back customers' shipping packages to recycle/reuse at LEM. This is why, waste reduction has been identified as one of our material topics in our double materiality assessment.

Policies

We have a Group Environmental Policy that underpins our commitment to design innovative products with reduced adverse environmental impact from purchased components and production, to use and disposal as well as our commitment to manage our waste responsibly (see policy table on pages 14–15). The policy also ensures we set ambitious, yet realistic objectives, within the scope of the Environmental Management System (EMS), to achieve continual improvement. Complementing the environmental policy, we also have an Group EMS Manual as well as a Group Product Environment Profile (PEP) (see case study on page 32).

Commitments, targets and measures

LEM applies a waste hierarchy aiming to prevent, reuse, recycle and recover waste when feasible. Our waste management systems effectively handles both hazardous and non-hazardous waste.

We work on reducing scraps in our manufacturing sites through miniaturization of our products and by sorting parts into different bi-products that can be reused. For example, we have separate bins to collect plastic and copper parts that can either be reused or sold to other industries. We have established partnerships with specialized waste management companies to handle the sorting and resale of our waste materials, particularly metals. This proactive approach ensures that our waste is efficiently processed, with valuable materials extracted for resale to third parties. By working with these partners, we streamline our waste management processes, potentially generate revenue from materials that would otherwise be scrapped, contribute to environmental sustainability by reducing the need for virgin resources and ensure compliance with environmental regulations. Ongoing collaboration with our waste management partners allows us to also meet the Basel Convention Guidelines which controls transboundary movements and disposal of hazardous waste.

Key performance indicators

In 2023 our waste generated decreased by 33% compared to 2022 from 529 tonnes to 357 tonnes. The higher figure in 2022 is largely a result of moving our headquarters to a new location and the disposal of old goods and machinery.

KPI – Waste management	Units	2023	2022
Total amount of waste generated for the Group	tonnes	357	529

Plans for 2024

In the upcoming year, our strategy encompasses a comprehensive data collection initiative focused on elucidating the fate of waste across various disposal methods, including landfill, recycling and beneficial reuse. We are also looking to take a deep dive into our various waste streams to identify priority areas. By tracking the trajectories of waste materials, we aim to gain valuable insights into improving our waste management system. This will also enable us to optimize resource allocation, minimize environmental footprint and lead to targeted approaches throughout our operations. Our aim is to foster a more resilient and responsible waste management system for the benefit of both our organization and our supply chain.

Case study Managing our waste responsibly

At our site in Lyon, we implemented a new waste sorting scheme in 2023 to ensure our waste is disposed of appropriately.

We began the project by raising awareness with posters and brightly colored and labelled bins. Employees are sorting waste into a range of collection bins which ranged from cardboard, paper and glass to electrical and electronic equipment (WEEE) and

hazardous waste including batteries. Where possible we first seek to reduce the creation of waste and then to reuse the waste if feasible. Finally, we look to recycling, recovery and disposal as our final options. For WEEE we particularly aim to reuse components before recycling and this year (2023) a total of 160kg of WEEE was collected to be recycled. Regarding hazardous waste, we safely recycled, last year, 17 defective lead-acid batteries equating to around 800kg of waste which was prevented from reaching landfill.

Electrical and electronic equipment collection bin filled by employees.





Innovation and circular economy

Embracing innovation at LEM allows us to stay ahead of the curve, driving continuous improvement in our products and processes, while fostering creativity and adaptation to emerging challenges and opportunities. Meanwhile, incorporating the circular economy into our business practices guides us to a more regenerative approach where resources are utilized efficiently, waste is minimized and products are designed with longevity and recyclability in mind. By integrating these principles into our business ethics, we not only enhance operational efficiency and reduce environmental impact but also cultivate resilience, competitiveness and long-term value for our stakeholders.

Impacts, risks and opportunities

Our latest evaluation of double materiality underscored the significance of the circular economy - resource inflows and outflows to our stakeholders. Several risks and opportunities were identified which impact our market share. If products are developed and deployed that are too expensive for price sensitive customers, for which circularity is secondary, market share could reduce. Conversely, if we anticipate and meet changing customer demand for more circular and sustainable products, we can boost our market share. A further risk noted the usage of new and more complex materials including processes that require more or different resources and/or capabilities and competencies. Projects and developments have the potential to become more inefficient, offering customers a narrower product portfolio lacking innovation and failing to meet customer demand regarding products and costs.

Following the risks and opportunities associated with the circular economy, our assessment also examined our impact. It highlights that LEM has a positive impact on the transition to a circular economy through the design of innovative products that reduce their

adverse environmental impact (including the impact arising from production, use and disposal). Consequently, those products will have lower impact on the environment over their lifecycle, due to improvements such as the use of recycled materials, renewable energy and recyclability. Reuse was also identified as a positive impact area as components reaching end of life are often being reused by customers or are returned to us for reuse decreasing the adverse waste impacts. However, the assessment also acknowledged the negative impact LEM has through the depletion of non-renewable resources across resource inflows, use and outflows of materials used in the entire supply chain and own operations. Products will also have a negative impact during their lifecycle e.g. energy used and at the end of life, waste will be generated by customers.

Consumer information was also identified as an opportunity in our double materiality assessment. LEM is well positioned to capitalize on the the increased demand for products and solutions that can help society make progress and address global challenges, such as tackling climate change by reducing energy consumption and GHG emissions and optimizing systems usage. Therefore, our impact will be on consumers through innovative electrical solutions that can help them and society accelerate the transition to a sustainable future. Our sensors and solutions play a key role in monitoring and optimizing energy consumption for the following applications:

- Electric motor drives.
- Power conversion.
- Electrical safety.
- Battery management.
- Energy monitoring.
- Energy metering.

Policies

Our overarching policy relevant to the circular economy is our Group Environmental Policy, which can be found in our sustainability policies table on pages 14-15. It commits LEM to enhancing environmental protection and performance within our business. Specifically, it involves designing innovative products which decreases the adverse associated envi-

ronmental impacts from purchased components and production, to use and disposal. Other relevant internal policies include our Group Environmental Management System (EMS) Manual and our Group Product Environmental Profile.

Regarding our consumer information topic area, several policies are relevant including our Group Labor & Human Rights Policy, Group Employee Privacy Policy, Group Safety Policy, Suppliers General Requirements Manual and our Code of Conduct. All of these can be found in our sustainability policies table on pages 14–15.

Commitments, targets and measures

One of the measures adopted to mitigate the risks and embrace the opportunities mentioned above, is the creation of an environmental profile for new products before launch. The profile includes recyclability and recoverability rates and material saving compared to models from previous generations. You can find several environmental profiles and eco-design sheets on our website. For example, in 2021, the total mass of the HST family sensor was reduced by 36% compared to the HSN family sensor launched in 2017.

LEM also conducted fully fledged life-cycle analysis for six of our products, representative of LEM's technologies, to determine our wider environmental impact and identify circular opportunities. The results were then extended to the overall LEM portfolio to calculate the final footprint of the full lifecycle of our products.

Key performance indicators

In light of the inclusion of this topic as a material topic in our recent double materiality assessment, we will be working on identifying group level key performance metrics to track and monitor progress in 2024.

Plans for 2024

In the coming year, LEM is launching several new products with sustainability in mind. One of those products is the Open Loop Coreless Integrated (OLCI) current measurement sensor which exemplifies our sustainability principles by significantly reducing weight and energy consumption. The product was also created with end-of-life in mind as it has been created with 100% recyclable materials (see case study on page 33).

We plan to train representatives from different functions (R&D, Purchasing, Industrial Engineering) from across all our sites on Product Carbon Footprint (PCF) and Life Cycle Assessment (LCA) calculations. This will allow us to have the in-house expertise to calculate these ourselves for any new products and to provide precise numbers to any stakeholder who requests it. Currently, this is done for us by a third-party company.

By the end of May 2024, we will be releasing an internal sustainability database, which will provide us with the opportunity to respond quickly and more accurately to any request coming from external stakeholders on ESG topics. It will be based on past enquiries we have received as well as questionnaires from external stakeholders and the respective responses provided. LEM employees will be able to search key words and find the relevant explanation. A glossary will be added to define the usual and more complex sustainability jargon as well as a "raise a new request" functionality if the information found is not relevant. Last but not least, all the PCF and LCA information will also be internally accessible throughout this database, which will allow any employee to have access to this information to respond to any queries (e.g., the Sales team). The data available on the database will, of course, be updated on a regular basis.

Case study

Circular economy: our Product Environmental Profile (PEP)

When designing high performance products, LEM is committed to respecting the environment and the principles of sustainable development. Therefore, a Group Product Environmental Profile is filled out by the design centers during the product development process.

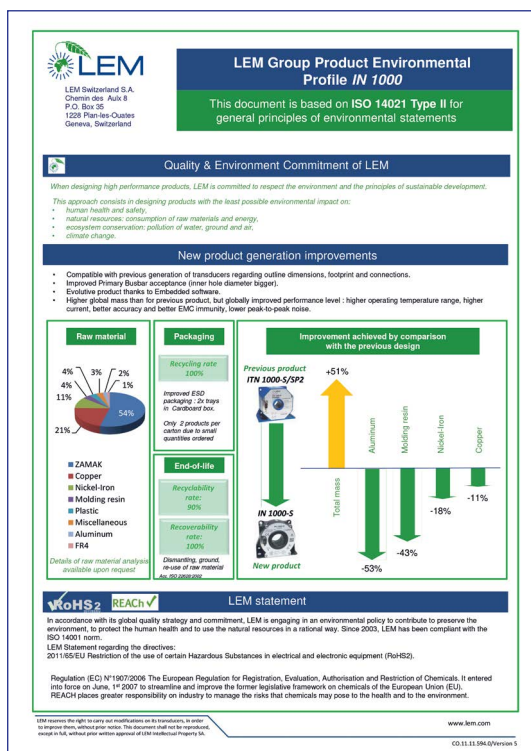
The profile outlines our commitment and approach to design products with the least possible environmental impact on:

- human health and safety,
- natural resources: consumption of raw materials and energy,
- ecosystem conservation: pollution of water, ground and air,
- climate change.

This profile is based on ISO 22628 for general principles of environmental statements. It is currently used by our design centers to ensure compliance with regulations such as RoHS (Restriction of Hazardous Substances) Directive and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). Moreover, it provides information on any environmental improvements/benefits of the new product:

- raw materials used,
- packaging improvements such as rate of recycling (for e.g. minimum quantity in a package: six products. Cardboard packaging instead of individual polystyrene.),
- use of alternative packaging to reduce environmental impacts
- end of life such as recyclability or recoverability rate of the new product,
- other key data points such as mass of product, mass of plastic parts, power consumption when in use, or packaging volume/product.

In 2024, we aim to make this process for the design centers more streamlined and increase training for our team.



Product Environmental Profile for our IN 1000.

Case study

Designing sensors: more performance, less energy usage, less material

Our new sensor, OLCI, which stands for Open Loop Coreless Integrated, is an example of our innovation and path towards sustainability. It has been designed to fit the needs of high current applications especially in the renewable energy segment (high power wind turbines, hydrogen electrolyzers, etc.)

The OLCI sensor provides a 1 MHz bandwidth which allows it to measure high current from 2,000 A up to 42,000 A without surge current limitations. Compared to existing solutions to detect and measure current in these applications, the OLCI sensor is a more compact and lighter option with a weight up to 5 kg lower than comparable core based open and closed loop current sensors.

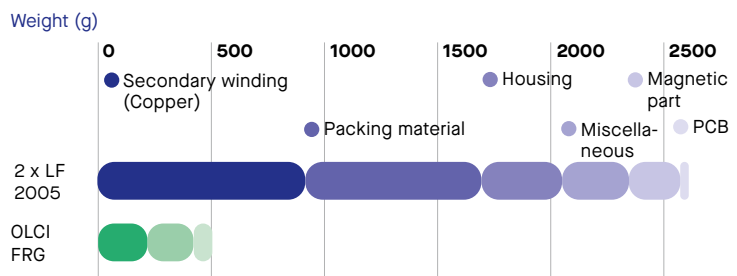
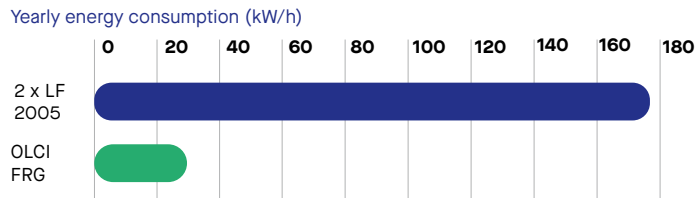
We see the following arguments to claim the high sustainability characteristics of this new sensor:

1. Tailored to sustainable applications: the main usage of the new OLCI sensor is renewable energy systems such as high current rectifier stacks for Hydrogen electrolysis
2. Coreless technology means that the OLCI sensor has been designed without a magnetic core and secondary copper winding. This means the usage of different raw materials is reduced by 80% therefore reducing our GHG emissions on purchased components. The following are quantities saved for each sensor:
 - 1 kg of copper,
 - 750 g of potting material and plastic housing,
 - 500 g of magnetic material and miscellaneous components.

3. The design of the sensor, with its large aperture, allows for a simpler busbar design and assembly, reducing the number of screws and fixtures needed.
4. An intrinsic lower energy consumption compared to existing solutions: the OLCI requires 85% less energy, saving up to 150 kW/h over a year which is equivalent to continuous usage of 3.5 x 5 W LED lamps.
5. More sustainable packaging: the OLCI packaging is:
 - Made from 100% recyclable material and,
 - includes 100% recyclable / recoverable material at end of life (Acc. ISO 22628:2002).

The above-mentioned characteristics demonstrate our continuous approach towards miniaturization of our products and our constant focus towards developing new technologies to reduce the GHG impact of our products. Finally, our OLCI will be produced in our plant in Bulgaria where our key suppliers for PCB and plastic cases are local therefore reducing the transportation footprint.

Material and energy savings by using OLCI vs. two close loop sensors in parallel



Working responsibly



Culture and values

LEM is a global organization with 1,800 team members working in 17 countries. We are very much aware that the successful delivery of our company strategy and our ability to fulfil our purpose is highly dependent on us uniting behind a set of values and behaviors that we call the LEM Blue Behaviors.

Our Blue Culture was born in 2021 as a cornerstone of our transformation journey to create a high-performance culture, based on empowerment, innovation and collaboration, where each of us can feel safe to express our full potential and showcase our talents.

Over 100 employees representing most of our functions in various locations were involved in 15 workshops and worked together to brainstorm and design our LEM Blue Behaviors. They are a common frame of reference for behaviors to adopt in our daily work. It is illustrated by concrete and operational practices, encouraged and valued within the company and well supported by our processes which are designed to guarantee the sustainable success of our company. Below are a few examples of LEM Blue Behaviors for illustration purposes:

1. Innovation and continuous improvement mindset

- Promote new ideas and initiatives.
- Use appropriate data to support decisions.

2. Customer orientation and growth mindset

- Develop and sustain effective relationships with customers, gaining their trust and respect.
- Balance short-term and long-term business objectives.

3. Team player mindset (collaboration and team developer)

- Treat all people with respect, earn trust and support diversity in all its forms.
- Communicate in an honest and transparent way.

4. Player / learner mindset

- Follow the LEM Code of Conduct when making judgments and taking decisions.
- Show humility and self-awareness.

In 2023, we formalized the LEM Employer Value Proposition, which is strongly inspired by the way LEM colleagues experience our culture and purpose. To do so we have collected insights from a large group of employees on how it felt to work at LEM and what makes LEM different as an employer. The outcome has been summarized under the three pillars below:

5. Our mindset: connected by care

- We support the personal within the professional. Our culture not only embraces all identities, it encourages meaningful engagement between colleagues to activate the power of our diversity through teamwork too.

6. Our culture: empowerment in action

- We place our trust in people, empowering them to unlock their potential and act with purpose. Working at LEM is about creating the means that accelerate the transition to a sustainable future.

7. Our growth: ingenuity in motion

- Developing cutting-edge solutions that enable a more sustainable tomorrow is not just what we do, it is the mission that drives us. As leaders in our field, a career here is an invitation to be part of our winning team, contributing to our legacy of success and shaping future impact.



Investing in our People

Human capital development is a pivotal element at LEM, contributing to the effectiveness and efficiency of our business operations. Our mindset, skills and knowledge directly impact our ability to innovate, adapt to market dynamics and maintain a competitive edge. By investing in the continuous development of our employees, we ensure that they remain equipped with the latest tools, techniques and insights necessary to excel in their roles.

Impacts, risks and opportunities

At LEM we highly value the remarkable contribution our people make every day. We also recognize the opportunity that arises from creating the best possible work environment so that each of us can fulfil our potential. We are convinced that our sustainable success is highly correlated to the level of engagement and skills of our employees. Providing a physically and psychologically safe working environment is a must. We work relentlessly to improve our working conditions and ensure our people have access to the right training and development opportunities.

Policies

To ensure we are addressing the associated human capital risks and opportunities and positively impacting our employees, this year we introduced our new Labor & Human Rights Policy, which covers social dialogue, working conditions, compensation and more. Other relevant policies include our Employee Privacy Policy, Group Safety Policy and the recently reshaped Code of Conduct. You can find all of our sustainability-related policies in our policies table on pages 14–15.

Commitments, goals and measures

Listening to and engaging with, our employees is one of our top priorities. We aim to build a collaborative environment where employees can thrive from their first day at LEM thanks to our new onboarding program.

To support our growth ambition we are actively adding new talents to the LEM team. New joiners are onboarded via our comprehensive onboarding program, helping those who are joining LEM feel at home as quickly as possible. Onboarding is a critical step in the employee lifecycle which acts as a catalyst for employee satisfaction, retention and productivity. Our onboarding process has several components, including our LEM Explorer Path, which is a 90 day game-based program with missions, challenges, quizzes, surveys, enigmas and group tasks to solve. We have also introduced Corporate Sessions every Friday which are led by Group Heads of Function to highlight the mission, challenges, organization, roadmaps and key figures for new joiners. In the last Corporate Session there is dedicated time for employees to discuss with Frank Rehfeld, CEO, LEM's strategy and Blue Culture. The overall satisfaction score, from our latest cohort of 150 new joiners, was 4.7 out of 5.

We engage with our employees and community through a number of channels, including our intranet (MyLEM) and bi-annual employee engagement survey. We also engage in-person during regular gatherings through townhall meetings, fireside chats, local festive events or jubilees. We measure the level of employee engagement through an employee engagement survey. The latest survey was conducted in 2022 and the next one is scheduled for early 2025. In our latest employee engagement survey we achieved above worldwide benchmark for all areas including agility, energy, growth, purpose, relationship and reward. It also demonstrated that our employees had a good understanding of our LEM Blue Behaviors described above.

We continuously support the development and growth of our people, ensuring they have the right support and tools to succeed in their careers. At the end of March 2024, 74% of our employees were actively using LinkedIn Learning and over 4,300 courses were completed on the platform, which represented a total of 6,000 hours of training. Additionally, our goal for 2023 was to have all indirect employees receiving on average 12 hours of face-to-face training per year. We overachieved that target as, on average, LEM people received 14 hours of face-to-face training for a total investment of 18,800 hours of learning.

The development and training needs are collected twice a year as part of our performance review cycle. This process, supported by our new Human Resources Information System, ensures that everyone knows what is expected from them and has the opportunity to reflect on their individual career development. In parallel, we have extended the scope of our people review to allow us to identify and develop today the future leaders of LEM. The performance and people review process take into consideration the objectives achieved during the year and the hard skills assessment, which are delivered to the employee following the LEM Blue Behaviors guidelines.

In several of our locations, we offer apprenticeship and graduate opportunities to students who can gain on-hand experience working with our teams. To do so, we developed partnerships with STEM universities in all the key areas where we are located. We are especially proud to underline long relation-

ships with the Technical Schools J. Atanasoff and N. Vaptsarov in Sofia (see case study on page 38).

Finally, we also monitor our voluntary turnover rate and the reasons why team members decide to leave. In 2023, our global voluntary turnover over rate decreased to 6% from 7% in 2022.

Key performance indicators

We facilitate collective bargaining and social dialogue across our facilities. The data below shows that 44% of our European Economic Area (EEA) employees were covered by collective bargaining agreements and 90% have employee representatives. In non-EEA countries collective bargaining and employee representatives mechanisms are less common and our employees are not covered.

As described above, the immense majority of our DL and IDL employees participate in regular performance and career development reviews.

KPI – People investment

	Units	2023
Collective bargaining and social dialogue		
EEA collective bargaining coverage	%	44
Non-EEA collective bargaining coverage	%	0
EEA social dialogue coverage (employee representatives)	%	92
Non-EEA social dialogue coverage (employee representatives)	%	0
Performance and development		
Percentage of DL that participated in regular performance review (during FY23/24)	%	90
Percentage of IDL that participated in regular performance and career development reviews (in June 2023 for FY22/23)*	%	100
Number of face-to-face training hours per IDL	hours	14

*For employees arrived before 30 September 2022 and potentially those who left after 30 June 2023.

Plans for 2024

Our quest to build the best team and create the best possible work environment will continue to be our priority in 2024. To that end, we are launching a fully-fledged leadership development program, in which 200 LEM leaders will be enrolled. For each participant, it will involve seven full days of training including four face-to-face days and 360 feedback both at the beginning and at the end of the program, as well as active learning and coaching.

Case study Providing real world experiences to students

Since 2015, LEM has been one of the partners of the dual education for the modern needs and requirements of the society (DOMINO) project, which focuses on modernizing Bulgarian vocational education to meet contemporary societal needs.

The project's primary goal is to establish a framework and enhance the capacity for integrating work-based learning principles into Bulgaria's professional education system. Dual education was initially introduced in Bulgaria in 2015 through the "Swiss support for the introduction of dual track principles in the Bulgarian vocational education system" project, funded by Switzerland under the Bulgarian-Swiss Cooperation Program, with a total budget of CHF 3,530,000, supplemented by 15% co-funding from the Bulgarian Ministry of Education and Science. This five-year educational model entails a balance between classroom instruction and practical experience at production sites (in the last two years), varying according to students' grade levels. Collaborating with technical high schools and universities, we have provided students with invaluable opportunities to gain hands-on experience within our teams over the past years.

Dual education
students visiting
our plant in Sofia.



LEM's objectives were:

- to support the improvement of the education provided in technical schools;
- to enhance students' professional orientation by direct contact with production site and engineering processes;
- to increase students' awareness of job opportunities in the country; and
- to ensure long-term talent attraction by promoting the LEM employer brand.

Between 2016 and 2023, 18 students graduated successfully in Dual education at LEM Bulgaria finishing their five-year learning journey. Four of them joined us in different departments (Failure Analysis Engineering, Design Engineering, Product Quality) with permanent contracts whilst five new students are starting the program this year. Moreover, we regularly offer summer job positions to these students to deepen their knowledge of our company.

We are also continuously raising awareness among other technical students through two key initiatives enabling a better understanding of LEM as a dynamic and recognized employer in the electronics market in Sofia:

- We welcome over 150 students from several high schools and from the Technical University Sofia every year on our premises. We organize company presentations, visits to the production floors and discussion with professionals.
- Our Electronic Design Lead, Zhani Dimchev, has also been sharing his knowledge and experience of LEM products and technologies during dedicated lectures to students of the Faculty of Electronic Engineering and Technologies in the Technical University in Sofia.

Diversity, equity and inclusion

At LEM we recognize diversity, equity and inclusion (DEI), as an imperative that not only shapes our culture but also drives our success. Embracing DEI is not just a moral imperative; it is a strategic business decision that fosters innovation, enhances decision-making processes and cultivates a dynamic work environment where every individual feels valued and empowered to contribute their unique perspectives and talents.

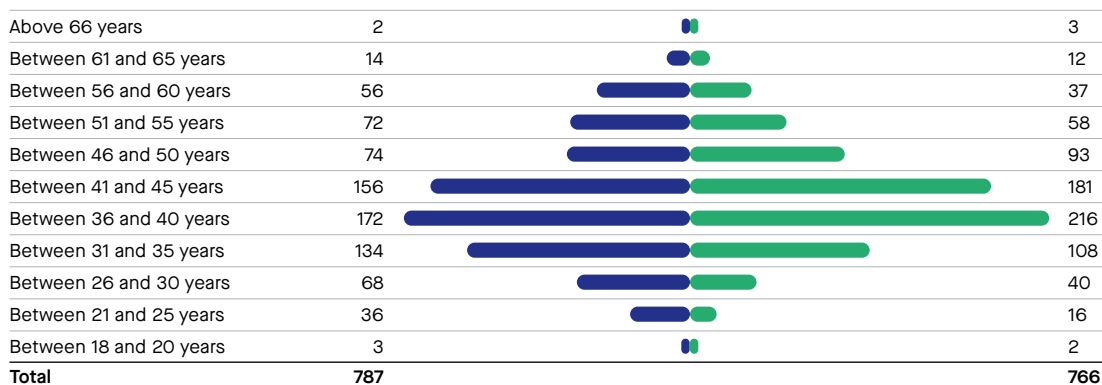
In this sustainability report we are pleased to disclose several new diversity metrics, increasing not only our transparency but our accountability to all our stakeholders on our social practices.

Newly reported DEI metrics include Executive Committee and Senior Manager gender splits. They also include distribution of employees by age group.

Our total headcount figures show an almost even split between men and women. Although our employee gender split highlights our overall gender diversity, our newly disclosed DEI metrics have highlighted the gap across levels of seniority where women are clearly underrepresented at the top. This gap is even more obvious in technical, engineering, sales and R&D functions.

LEM age pyramid (permanent employees)

● Male ● Female



Key performance indicators

Below demonstrates a breakdown of our employees by gender and age. As previously mentioned, 49% of our workforce are women and 51% are men. We have a total of seven Executive Commit-

tee members, of which six are men and one is a woman. We also have 24 senior leaders within LEM, of which 20 are men and four are women. We also keep record of non-employee workers on our sites.

KPI – Employee diversity	Units	2023	2022
Total number of permanent employees	Units	1,553	
Female employees	%	49	54
Male employees	%	51	46
Total number of Executive Committee members	Units	7	
Female members of the Executive Committee	%	14	
Male members of the Executive Committee	%	86	
Total number of senior leaders management employees	Units	24	
Female senior leaders employees	%	17	
Male senior leaders employees	%	83	
Total number of non-employee workers in own workforce TEMP agency – monthly average	Units	213	
The distribution of employees by age group			
Under 30 years old	%	11	
31–50 years old	%	73	
Above 51 years old	%	16	

Plan for 2024

We are convinced that increasing gender diversity in leadership positions starts at the recruitment stage. One of the factors for success is to have a robust and non-biased hiring process to support our DEI commitments. This is why, in 2024, we will train HR colleagues and our hiring managers on how to identify and mitigate unconscious bias. The aim is to have our 200 leaders trained on this topic

by the end of 2024. In addition, we will track and require that all candidate short lists, generated by both our external and internal recruiters, include both male and female profiles. In parallel, we will launch a series of initiatives to ensure that we continue to build an inclusive work environment for women, this will include an assessment of our benefit offering and a dedicated mentoring program for our female leaders.

Health, safety and wellbeing of employees

We take the health, safety and wellbeing of our employees seriously. We firmly believe that a thriving workforce is built upon a foundation of robust wellbeing initiatives, comprehensive health support and unwavering commitment to safety procedures.

To ensure we maintain the highest standards, our group health and safety policy sets out our expectations for all prospective and current employees of the company as well as external people on any LEM site (e.g., volunteers, contractors, consultants). You can find all of our sustainability-related policies in our table on pages 14–15.

During 2023, we have delivered health and safety training/refreshers across our key sites. They were both generic and specific to local needs (e.g. fire safety, chemical spills, lifting equipment). We also regularly host health prevention events, they aim to raise awareness of the importance of health and well-being and each take a specific focus, such as cancer prevention. In October 2023, we supported

the HOPE association to raise awareness and funds among LEM Geneva employees for breast cancer. In March 2024, another event included talks from the Foundation and Otium Centres, Geneva Foundation for Cancer Screening and Cancer Support Switzerland. Alongside these presentations, individual consultations with a holistic nutritionist were offered to employees.

In line with the “care” pillar of our Employer Value Proposition, we support employee wellbeing, both in terms of mental and physical wellbeing. As such, several local entities are regularly subsidizing sport activities and events. For example, we support registrations at fitness studios in Germany and Switzerland and participate in local running events in Switzerland, France and Bulgaria. In China and Japan, where the “club” culture is well implemented, we foster participation in sport and other leisure clubs to develop team spirit and wellbeing. Last but not least, we organized our second LEM Cycling Challenge to unite LEM’s riders from all levels in France, Switzerland and Bulgaria who all had to cycle through diverse terrains and picturesque vistas for 200 km from our site in Geneva to our R&D center in Lyon.



LEM cycling challengers departing from our site in Geneva.

KPI – Health and safety	Units	2023
Number of work-related fatalities (by employees, non-employees and by other workers working on site)	Units	0
Number of recordable work-related accidents (by employees and non-employees on production sites)	Units	5
Rate of recordable work-related accidents (by employees and non-employees)	Total number of accidents/ working hours x 200,000 ¹	0.30
Number of recordable work-related incidents (by employees and non-employees on production sites)	Units	8
Rate of recordable work-related incidents (by employees and non-employees)	Total number of accidents/ number of employees working hours x 200,000 ¹	0.47
Number of days lost to work-related injuries, accidents, fatalities and ill health (by employees and non-employees)	Days	95

¹ 200,000 is a fixed coefficient (50 working weeks x 40 hours x 100): see osha.gov

Finally, to ensure our physical locations are conducive to high productivity, collaboration, innovation and employee wellbeing, we have embarked upon a refurbishment program for offices in Bulgaria, China, France and the United States. We have also opened new offices in Bulgaria, China and France. Where possible these offices are more efficient to reduce our carbon emissions and provide revamped working conditions with ergonomic space, natural light, low-noise working atmosphere and state-of-the-art IT equipment for our employees.

Key performance indicators

We track and monitor the number of work-related accidents/incidents and fatalities year on year. Over the past year, we have had five work-related accidents reported, with an accident rate of 0.30 and eight work-related incidences with the incident rate of 0.47.

Plan for 2024

To improve our day-to-day comprehension and monitoring of health and safety, we plan to define and implement a dedicated health and safety management system for the group over the next year. It will be composed of a set of policies, guidelines and/or tools to reduce work-related accidents, incidents, illness and dangers to employees. Ultimately, the target is to have zero work-related accidents and incidents by employees and non-employees.

To calculate precisely our CO₂ footprint for Scope 3 category 7, Employee Commuting, we ran the first employee commuting survey in early 2024 across all our entities. We collected a 75% response rate showing the interest of our employees towards such a topic. Following the results, we are committed to support our employees to reduce their individual impact. Hence, we will define and implement local action plans supported by a global framework to help our employee to use more sustainable transportation means (i.e. EVs, public transportation, car-pooling). To continuously support wellbeing, we will put a strong focus on developing healthy mobility such as walking and (e-)biking. Moreover, we will continue supporting local healthy initiatives.



Fostering responsible business practices





Business ethics

Responsible business practices lie at the heart of everything we do, from the way we treat our employees, to our relationships with suppliers, our interactions with customers and the conditions in our supply chain. We strive for the highest standards of integrity, honesty and transparency. To underscore this commitment, we became signatories to the United Nations Global Compact in September 2006 and since then, we have diligently adhered to its 10 Principles and 17 Sustainable Development Goals.

Impacts, risks and opportunities

Our recent double materiality assessment unequivocally reaffirmed the pivotal role of business ethics at LEM for our stakeholders and our business. We are delighted to share that LEM's commitment to transparent and ethical business practices has yielded a material positive impact on society, employees, customers, shareholders and suppliers. This affirmation underscores the effectiveness of LEM's comprehensive whistleblowing process, policies, training initiatives and other endeavors aimed at fostering ethical conduct throughout our operations. Moreover, our double materiality assessment shed light on the potential risks posed by financial loss or damage should LEM falter in complying with business ethics regulations, alongside the threat of eroded market share and customer dissatisfaction in the event of a serious violation. Confident in our ability to navigate these challenges, we remain steadfast in our commitment to robust and evolving business ethics and compliance practices, as elaborated in the forthcoming paragraphs.

Policies

Our recently refreshed Code of Conduct stands as the cornerstone of our responsible business ethos, delineating the conduct LEM anticipates from all stakeholders across the globe. Complementing this pivotal document are a series of updated policies

designed to offer additional practical guidance in critical risk domains. These policies, such as the Group Anti-Bribery and Anti-Corruption Policy, the Group Labor and Human Rights Policy and the Group Whistleblowing and Investigation Policy, form a robust suite that reinforces our commitment to ethical practices. For a comprehensive overview of all our sustainability-related policies, please refer to our policies table on pages 14–15.

Commitments, goals and measures

At LEM, we have fostered a steadfast culture of ethics and integrity that permeates every aspect of our organization. Our unwavering commitment is to conduct our operations in strict adherence to the laws and regulations of the regions we operate in and we hold our business partners to the same high standards. Central to our ethical framework is our comprehensive Code of Conduct, crafted to serve as our moral compass. Translated into 11 languages and recently updated in 2023, this Code offers guidance for both our employees and business associates on the conduct expected to uphold our core values and principles. It includes details on safeguarding intellectual property and sensitive business information.

A significant achievement this year was the unveiling of a dedicated intranet page for Legal, IP & Compliance. This centralized hub provides our employees with access to a wealth of essential resources, updates and guidelines, essential for navigating the intricate landscape of regulations and safeguarding our organization's interests. Our Legal, IP & Compliance intranet page categorizes documents into three distinct sections: policies and procedures, training materials and templates (including those tailored for purchasing, sales and various other functions). This structured approach ensures seamless access to the precise documents we need, fostering efficiency and promoting seamless compliance.

Another key milestone in 2023 was the enhancement of our Group Whistleblowing and Investigation Policy. This internal policy outlines our robust and streamlined internal reporting process, which includes a secure whistleblowing platform. Hosted and managed by a trusted third-party provider, this platform extends its accessibility to all employees and external stakeholders alike. Offering diverse

Fostering responsible business practices

communication tools, including a hotline number and messaging service, it ensures multiple avenues for reporting concerns. We also have a web portal on our internet and intranet page from where users can raise their concerns. To coincide with the updated policy's launch, in early 2024, we initiated a comprehensive awareness campaign across all LEM sites, highlighting the importance of whistleblowing (see case study on page 47).

Key performance indicators

Upon joining LEM, each employee is required to endorse the Code, symbolizing their personal dedication to our ethical standards. We are proud that, as of 31 March 2024, we have achieved an impressive 98% signature rate for the updated version, which was launched just two months prior (1% is missing due to employees on long-term sick or maternity leave).

We also successfully delivered training to 98% of our employees on our new whistleblowing processes.

KPI – Business ethics	Units	2023
Code of Conduct signature rate	%	98
Training on whistleblowing/business ethics completion rate	%	98
Whistleblowing complaints		
Number of complaints received	Units	2
% complaints under investigation	%	0
% complaints closed	%	100
Convictions		
Total number of convictions	Units	1
Total amount of fines for violation of anti-corruption and anti-bribery laws	Units	0
Confirmed incidents of bribery and corruption		
Total number and nature of confirmed incidents of bribery and corruption	Units	0
The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	Units	0
Payment practices		
The number of legal proceedings currently outstanding during the reporting period for late payments	Units	0

Plans for 2024

In 2024, we will update our Group Disclosure and Insider Trading Policy alongside our Data Privacy Policy. Additionally, we are in the process of crafting a new Anti-Trust and Competitive Practices Policy. Our focus extends beyond mere policy creation; we are committed to fostering universal comprehension and integration of these policies across our diverse

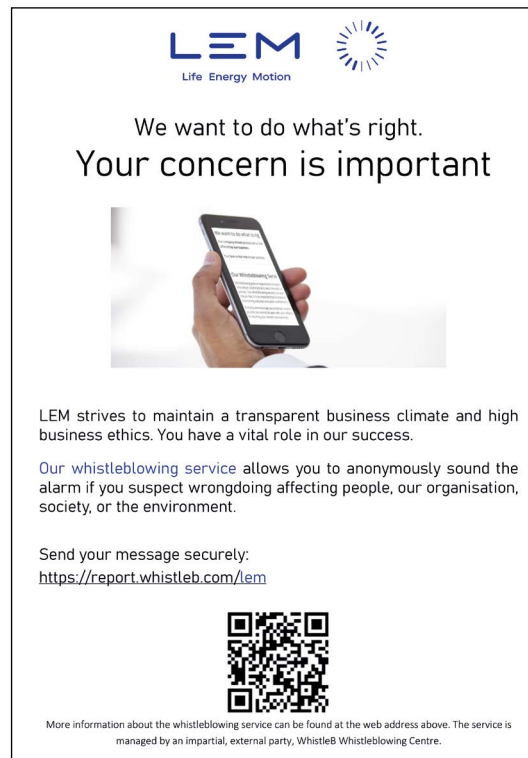
sites, cultures and positions within the organization. This concerted effort ensures that our ethical and compliance standards resonate consistently throughout our global footprint, reinforcing our commitment to integrity and transparency at every level of our organization. We will also continue to prepare for the upcoming CSRD as well as engage with relevant sustainability rating agencies.

Case study

Our new whistleblowing process

At the onset of 2024, we introduced our cutting-edge whistleblowing process complemented by our updated Whistleblowing and Investigation Policy. Aligned with LEM's core values, this policy underscores our commitment to install ethics at the centre of our corporate culture, prioritizing the welfare, safety and wellbeing of our employees, business partners and wider public stakeholders. Applicable across LEM Holding SA and all of its subsidiaries, offices and sites worldwide, this policy extends to every member of our Board of Directors, executives, officers and employees, regardless of their geographic location. Moreover, it provides a mechanism for any third party to report a potential breach of LEM's Code of Conduct or of any relevant laws and regulations in accordance with the terms outlined in the policy. This Policy operates in conjunction with LEM's Code of Conduct and its associated policies, serving as a comprehensive framework for ethical conduct across our organization.

The whistleblowing platform is operated by an independent and secure reporting service, ensuring confidentiality and integrity in the reporting process. Accessible in all languages relevant to LEM's global operations, this platform is seamlessly integrated into our intranet MyLEM and our corporate website. Any whistleblowing concern can be filed by telephone, email, letter or web application at: [LEM Whistleblowing Center](#). For stakeholders who prefer anonymity, the platform offers the option for anonymous and secure reporting in accordance with local regulations where permitted. Additionally, upon request, whistleblowers have the opportunity for a face-to-face meeting within a reasonable timeframe, ensuring a personalized and supportive approach to addressing concerns.



The graphic features the LEM logo (Life Energy Motion) and a sun icon at the top. Below is the text: "We want to do what's right. Your concern is important". A central image shows a hand holding a smartphone displaying a whistleblowing form. Below the image, it states: "LEM strives to maintain a transparent business climate and high business ethics. You have a vital role in our success. Our whistleblowing service allows you to anonymously sound the alarm if you suspect wrongdoing affecting people, our organisation, society, or the environment. Send your message securely: <https://report.whistleb.com/lem>". A QR code is positioned below the URL. At the bottom, a small note reads: "More information about the whistleblowing service can be found at the web address above. The service is managed by an impartial, external party, WhistleB Whistleblowing Centre."

Communication campaign on our state-of-the-art whistleblowing tool.



Human rights and sustainable supply chains

At LEM, we are unwavering in our dedication to producing current sensors responsibly. Our guiding principles revolve around upholding human rights and championing sustainability throughout our supply chain. Our sustainable purchasing program marks the beginning of a transformative journey. Since its inception in 2023, we have been diligently laying the groundwork for a new approach. This initiative evidences our ambition to instill responsible business practices not only within our organization but also throughout our supply chain. We understand the urgency of addressing sustainability challenges. That's why we are actively collaborating with our suppliers to infuse sustainability into every facet of our supply chain.

Impacts, risks and opportunities

Our commitment to human rights and sustainable supply chains extends across all relevant Environment, Social and Governance (ESG) topics. From emissions reduction to ensuring fair working conditions, protecting whistleblowers and minimizing waste, we steadfastly uphold the highest standards in every aspect of our operations. Our recent double materiality assessment highlighted conflict minerals and child labor as crucial topics for our stakeholders and our business. These are areas where LEM faces significant exposure to material risks. Failure to address these issues adequately could lead to adverse impacts on both people and society, as well as potential financial implications for LEM. We are committed to address these challenges head-on. The following sections outline our strategic approach and concrete actions to mitigate risks and drive positive change in these critical areas.

Policies

In 2023, LEM took significant strides in fortifying its commitment to labor and human rights by introducing a new Labor and Human Rights Policy. Our new policy serves as a cornerstone of our commitment to upholding labor and human rights standards throughout

our operations and supply chain. Furthermore, we launched our Whistleblower and Investigation Policy in 2023, underscoring our commitment to fostering a culture of transparency and accountability. We updated our Code of Conduct in 2023, which sets forth the ethical principles and standards that guide our interactions with stakeholders and inform our business practices. Those new and updated policies are based on international standards such as ILO, OECD and UNGP. You can find all of our sustainability-related policies in our policies table on pages 14–15.

We also revised our Supplier Manual in 2023 with an expanded section on sustainability. Our Supplier Manual articulates our expectations for suppliers and includes specific commitments such as: promoting fair labor practices and contributing to positive social change in our communities and maintaining the highest standards of corporate governance and business ethics. All direct suppliers are required to sign our Supplier Manual and to confirm their commitment to upholding the standards delineated in our Code of Conduct.

Commitments, goals and measures

At LEM, we proactively address our impacts, risks and opportunities to protect human rights and enhance the sustainability of our supply chain. Our steadfast dedication to sustainable practices underscores our holistic approach as we navigate the intricate balance between commerce and social responsibility. By incorporating rigorous standards, transparent practices and collaborative measures we can ensure our growth is robust and sustainable.

We extend our high standards of responsible business practices throughout our supply chain. To ensure alignment with our values and expectations, all new suppliers go through a stringent Procurement Risk Assessment before being approved as a LEM supplier. This assessment, updated in 2023, includes 19 detailed questions focusing on responsible practices and sustainability across several areas. For example, we inquire about the existence of a due diligence program to monitor child labor within their own supply chain.

Moreover, as highlighted on page 47, our state of the art whistleblowing platform is publicly available and easy accessible to all our suppliers, should they have any issue to raise on human rights, including child labor.

Due diligence and transparency matter according to Art. 964j-I CO

Minerals and metals:

In compliance with the Swiss Ordinance on Due Diligence and Transparency, we mapped the minerals and metals, against the quantities defined in the Annex I of the Swiss ordinance. Our analysis confirmed that, in 2023, we did not import any materials into Switzerland above the defined thresholds, thus exempting us from further obligations in Switzerland.

Human rights and child labor

We conducted a gap analysis of our current due diligence process against Swiss Due Diligence and Transparency Ordinance (DDTrO) and international guidelines on business and human rights incl. child labor. This analysis identified priority areas and laid the foundation for shaping a new and enhanced due diligence program and risk assessment approach based on international frameworks such as the OECD and United Nations Guiding Principles on Business and Human Rights.

Key performance indicators

We continue to strengthen our approach to human rights and sustainable supply chains. As of now we have identified the three KPIs below to monitor. We have started to undertake internal audits of our Human Resources function, looking at controls in place including human rights. As we have just recently updated our new supplier manual and we will be tracking its signature going forward.

Plans for 2024

Our next focus is to ensure that our top 45 direct suppliers, which collectively represent 90% of our direct supplier spend, sign our newly updated Supplier Manual and confirm their alignment to our new Code of Conduct. As part of our commitment to promoting human rights, we will integrate routine human rights checks into our existing quality audit processes. These checks, based on the Procurement Risk Assessment, will enable us to monitor our suppliers' progress in upholding human rights standards.

Over the next 18 months, we will roll out our roadmap to enhance our due diligence system to address both human rights (incl. child labor) and minerals and metals issues. This will involve strengthening our Supplier Due Diligence process and enhancing supplier engagement. This has been articulated and formalized into a Purchasing Strategic Development Plan where the key components of this roadmap include:

- Developing a human rights risk assessment process aligned with international standards and emerging regulatory requirements identified in our gap analysis.
- Understanding our suppliers' commitment to LEM's sustainability priorities and encouraging them to develop improvement plans for key issues such as reducing GHG emissions (Scope 3) and implementing their own child labor due diligence processes.
- Involving our top 45 direct suppliers, representing 90% of spending, in these initiatives to drive collective progress.
- Conducting regular follow up of our supplier action to plan and reassessment of their impact.

KPI – Human rights and supply chain

	Units	2023
Internal audit including human rights topics	Units	2
Number of child labor cases in own operations	Units	0
Number of new supplier manual release signed	Units	0




Appendices

Appendix 1: RBI content index

Non-financial matter according to Art. 964b CO	Response/Reference to LEM material topics	Page reference
1. Basis of preparation		
Reporting principles and standards	<p>We report performance on a Group-wide basis. Our reporting boundaries are defined by financial control as explained by the Greenhouse Gas (GHG) protocol.</p> <p>The majority of the data collecting aligns with our financial year (1 April 2023, to 31 March 2024) with the exception of our waste, energy and GHG emissions data that are based on a calendar year (January 2023 to December 2023). If we have any exclusions in our reporting due to data gaps, then those exclusions are clearly stated.</p> <p>We aligned our reporting KPIs to the European Financial Reporting Advisory Group's European Sustainability Reporting Standards (ESRS) and used a methodology to assess double materiality aligned with the Global Reporting Initiative (GRI) framework.</p>	
Reporting scope	LEM Group covering all undertaking LEM has sole control (no joint control).	
2. General aspects		
Foreword and signature of the report	Perspectives from the Chairman and CEO	4–5
Description of the business model	What we do and where we operate	7–9
Description of governance	Governance structure	13–15
Description of materiality assessment	Sustainability double materiality	17–21
3. Environmental matters		
Description of the main impacts and risks (based on double materiality perspective)	Climate change	23
	Waste	28
	Circular economy – resource inflows and outflows	30
Policies adopted, including the due diligence applied	Climate change	23
	Waste	28
	Circular economy – resource inflows and outflows	30–31
Measures taken to implement policies and assessment of effectiveness	Climate change	23–24
	Waste	28
	Circular economy – resource inflows and outflows	31
Key performance indicators	Climate change	24–26
	Waste	28
	Circular economy – resource inflows and outflows	31
4. Social matters		
Description of the main impacts and risks (based on double materiality perspective)	Own workforce – working conditions consumer information	36
Policies adopted, including the due diligence applied	Own workforce – working conditions consumer information	36
Measures taken to implement policies and assessment of effectiveness	Own workforce – working conditions consumer information	36–37
Key performance indicators	Own workforce – working conditions consumer information	37

Non-financial matter according to Art. 964b CO	Response/Reference to LEM material topics	Page reference
4. Employee-related matters		
Description of the main impacts and risks (based on double materiality perspective)	Own workforce – working conditions	36
Policies adopted, including the due diligence applied	Own workforce – working conditions	36
Measures taken to implement policies and assessment of effectiveness	Own workforce – working conditions	36–37
Key performance indicators	Own workforce – working conditions	37
5. Combating corruption		
Description of the main impacts and risks (based on double materiality perspective)	Business ethics	45
Policies adopted, including the due diligence applied	Business ethics	45
Measures taken to implement policies and assessment of effectiveness	Business ethics	45–46
Key performance indicators	Business ethics	46
6. Respect for human rights		
Description of the main impacts and risks (based on double materiality perspective)	Human rights and sustainable supply chain	48
Policies adopted, including the due diligence applied	Human rights and sustainable supply chain	48
Measures taken to implement policies and assessment of effectiveness	Human rights and sustainable supply chain	48–49
Key performance indicators	Human rights and sustainable supply chain	49
Due Diligence and Transparency Ordinance according to RBI-DDTrO Art. 964 j-l CO		
7. Minerals and metals		
Minerals and metals	Human rights and sustainable supply chain	49
8. Child labor		
Child labor	Human rights and sustainable supply chain	49

Appendix 2: LEM ESG rating summary

ESG rater and score	Description	Year
 <p>Score Bronze Range: no medal to platinum</p>	<p>Ecovadis is a provider of business sustainability ratings. We have completed their assessment process and received a bronze medal. EcoVadis Medals are awarded to the top 35% of companies assessed by EcoVadis. We are currently in the process of submitting our 2024 assessment.</p>	2021
 <p>Score C Range: A to D and F</p>	<p>CDP is a not-for-profit charity that runs the global disclosure system to manage companies' environmental impacts. We have completed the CDP Climate Change questionnaire and received a "C" rating for awareness.</p>	2023
 <p>Score 13 Range: 0 to 40+</p>	<p>Morningstar sustainalytics provides analytical ESG research, ratings and data to institutional investors and companies. In 2023, LEM received an ESG rating of 13 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors.</p>	2023
 <p>Communication on Progress on the ten principles submitted Range: no range</p>	<p>The UNGC is a global corporate sustainability initiative. We have been a signatory of the UNGC since 2006. As part of this, we have committed to submit a Communication on Progress (CoP) questionnaire.</p>	2023

Appendix 3: Summary data table

KPI	Unit	2023	2022	ESRS	Notes
Countries operating in	Units	17		S1	Refer to pages 8–9 for list of countries
Renewable electricity split	%	87	37	E1	
Global energy consumption	kW/h	7,082,493	7,453,864	E1	2022 data is not comparable to 2023 as we have significantly expanded the scope of the data collected and improved data quality. We have added more sites in 2023 for our Scope 1 and 2 emissions, we have added five new Scope 3 categories (category 3, 8, 11, 12 and 13) and we have improved robustness of our methodology and data collection for other categories (e.g Scope 3 category 1).
Global energy consumption from fossil fuel	kWh	821,794	3,921,237	E1	
Global energy consumption from nuclear	kWh	85,433	451,941	E1	
Global energy consumption from renewable	kWh	6,175,266	2,778,418	E1	
Global energy consumption intensity	kWh /CHF	0.017	0.018	E1	
Global Scope 1	tCO ₂ e	172	39	E1	
Global Scope 2 (location-based)	tCO ₂ e	2,434	2,420	E1	
Global Scope 2 (market-based)	tCO ₂ e	623	4,066	E1	
Global Scope 3	tCO ₂ e	192,045	100,454	E1	
Category 1: Purchased Goods and Services	tCO ₂ e	73,217		E1	
Category 2: Capital Goods	tCO ₂ e	2,667		E1	
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (NEW)	tCO ₂ e	184		E1	
Category 4: Upstream Transportation and Distribution	tCO ₂ e	36,621		E1	
Category 5: Waste Generated in Operations	tCO ₂ e	48		E1	
Category 6: Business travel	tCO ₂ e	2,053		E1	
Category 7: Employee Commuting	tCO ₂ e	1,460		E1	
Category 8: Upstream Leased Assets (NEW)	tCO ₂ e	0		E1	
Category 9: Downstream Transportation and Distribution	tCO ₂ e	217		E1	
Category 10: Processing of Sold Products	tCO ₂ e	n/a		E1	
Category 11: Use of Sold Products (NEW)	tCO ₂ e	75,270		E1	
Category 12: End-of-Life Treatment of Sold Products (NEW)	tCO ₂ e	308		E1	
Category 13: Downstream Leased Assets (NEW)	tCO ₂ e	0		E1	
Category 14: Franchises	tCO ₂ e	n/a		E1	
Category 15: Investments	tCO ₂ e	n/a		E1	
Global Scope 1 and 2 (location-based)	tCO ₂ e	2,606	2,459	E1	
Global Scope 1 and 2 (market-based)	tCO ₂ e	796	4,105	E1	
Global Scope 1, 2 (location-based) and 3	tCO ₂ e	194,651	102,913	E1	

KPI	Unit	2023	2022	ESRS	Notes
Global Scope 1, 2 (market-based) and 3	tCO ₂ e	192,841	104,559	E1	
Global Scope 1, 2 (location-based) and 3 CO ₂ e intensity	gCO ₂ e/product	2,767	1,497	E1	
Global Scope 1, 2 (market-based) and 3 CO ₂ e intensity	gCO ₂ e/product	2,741	1,521	E1	
Global Scope 1, 2 (location-based) and 3 CO ₂ e intensity	gCO ₂ e/revenue	480	253	E1	
Global Scope 1, 2 (market-based) and 3 CO ₂ e intensity	gCO ₂ e/revenue	475	257	E1	
Total amount of waste generated for the group	tonnes	357	529	E5	
Active users of LinkedIn learning at the end of March 2024	%	74		S1	
LinkedIn learning hours completed	Hours	> 6,000		S1	
Total hours of learning completed	Hours	18,800		S1	
Global voluntary turnover rate	%	6	7	S1	
EEA collective bargaining coverage	%	44		S1	
Non-EEA collective bargaining coverage	%	0		S1	
EEA social dialogue coverage (employee representatives)	%	92		S1	
Non-EEA social dialogue coverage (employee representatives)	%	0		S1	
Percentage of DL that participated in regular performance	%	90		S1	
Percentage of IDL that participated in regular performance and career development reviews	%	100		S1	
Under 30 years old	%	11		S1	Refer to page 39 for further age and gender breakdown
31–50 years old	%	73		S1	
Above 51 years old	%	16		S1	
Total number of permanent employees	Units	1,553		S1	
Female employees	%	49	54	S1	
Male employees	%	51	46	S1	
Total number of Executive Committee members	Units	7		S1	
Female members of the Executive Committee	%	14		S1	
Male members of the Executive Committee	%	86		S1	
Total number of senior leaders management employees	Units	24		S1	
Female employees in top management	%	17		S1	
Male employees in top management	%	83		S1	

Appendices

KPI	Unit	2023	2022	ESRS	Notes
The total number of non-employee workers in own workforce (TEMP agency)	Units	213		S1	
LEM Group direct labor	%	40		S1	
LEM Group indirect labor	%	60		S1	
The number of work-related fatalities (by employees, by non-employees and by other workers working on site)	Units	0		S1	
The number of recordable work-related accidents (by employees and non-employees)	Units	5		S1	
The rate of recordable work-related accidents (by employees and non-employees)	Total number of accidents/working hours x 200,000 ¹	0.30		S1	
The number of recordable work-related incidents (by employees and non-employees)	Units	8		S1	
The rate of recordable work-related incidents (by employees and non-employees)	Total number of accidents/working hours x 200,000 ¹	0.30		S1	
The number of days lost to work-related injuries, accidents, fatalities and ill health (by employees and non-employees)	Units	95		S1	
Code of Conduct signature rate	%	98		S1	
Training on whistleblowing/business ethics completion rate	%	98		S1	
Number of whistleblowing complaints received	Units	2		S1	
% complaints under investigation	%	0		S1	
% complaints closed	%	100		S1	
Total number of convictions	Units	1		G1	
Total amount of fines for violation of anti-corruption and anti-bribery laws	Units	0		G1	
Total number and nature of confirmed incidents of bribery and corruption	Units	0		G1	
The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	Units	0		G1	
The number of legal proceedings currently outstanding during the reporting period for late payments	Units	0		S2	
Internal audit incl. human rights topics	Units	2		S2	
Number of child labor cases in own operations	Units	0		S2	
Number of new supplier manual release signed	Units	0		S1	

Appendix 4: List of acronymes

Acronyms	Meaning
AC	Alternative Current
BoD	Board of Directors
CO ₂ e	CO ₂ equivalent
CoC	Code of Conduct
DEI	Diversity, Equity and Inclusion
DL	Direct Labor (production line operator)
DMA	Double Materiality Assessment
EACs	Energy Attribute Certificates
EEA	European Economic Area
EMS	Environment Management System
ESG	Environment, Social, Governance
ESRS	European Sustainability Reporting Standards
EU CSRD	European Union Corporate Sustainability Reporting Directive
EV	Electric Vehicle
GHG	Greenhouse Gas
HVAC	Heating, Ventilation and Air-Conditioning
IDL	Indirect Labor
ILO	International Labor Organization
IP	Intellectual Property
LCA	Life Cycle Assessment
MRI	Magnetic Resonance Imaging
OECD	Organisation for Economic Co-operation and Development
OLCI	Open Loop Coreless Integrated
PCB	Printed Circuit Board
PCF	Product Carbon Footprint
PEP	Product Environment Profile
R&D	Research and Development
RBI-DDTfO	Swiss Responsible Business Initiative Due Diligence and Transparency Ordinance
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RoHS	Restriction of Hazardous Substances
SASB	Sustainability Accounting Standards Board
STEM	Science, Technology, Engineering, Mathematics
UNGC	United Nations Global Compact
UNGP	United Nation Guiding Principles

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