



HPS' ESG-STRATEGY

24th August 2022








SUSTAINABLE
ORGANISATION

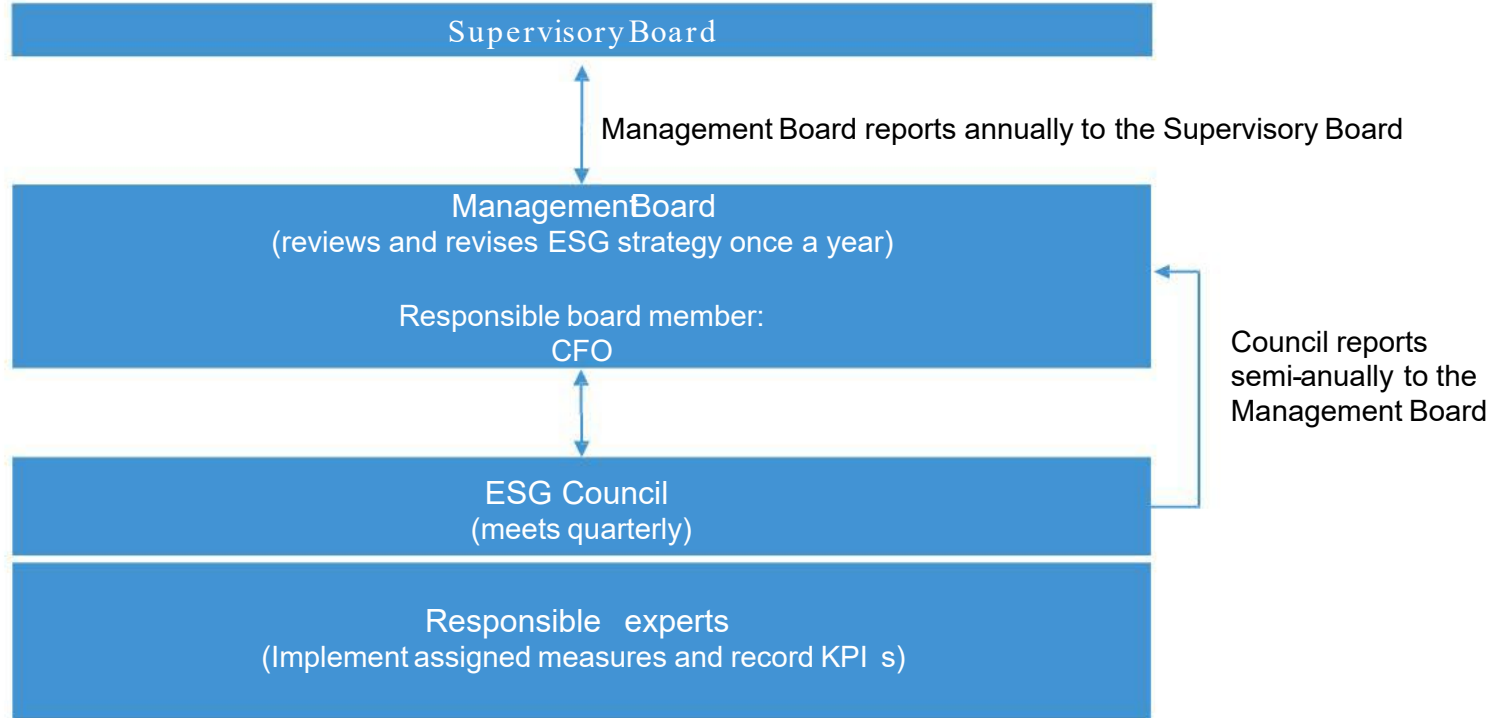


STRATEGIC AREAS OF ACTION



AREAS OF ACTION AT A GLANCE

CLUSTER	TOPIC	CLUSTERING
Management	Sustainability management	Sustainability management
	Occupational safety & health protection	Occupational safety & health protection
	Prime & sustainable employer	Prime & sustainable employer
	Diversity & equal opportunities	Diversity & equal opportunities
	Good corporate governance	Good corporate governance
	Stakeholder dialogue	Business ethics
	Corporate ethics	
	Decentralised & sustainable energy supply	Decentralised & sustainable energy supply
	Utilisation of resources & efficiency	Resources, efficiency & environmental protection
	Environment & climate	
	Data security & data protection	Data security & data protection
	Product responsibility & product safety	Product responsibility & product safety
	Sustainability in the supply chain	Sustainability in the supply chain



ESG COUNCIL WITH RESPONSIBILITIES

Members	Key topics	Tasks
CFO	Good corporate governance Corporate ethics	Chairman of the ESG Council
Sustainability Manager	Sustainability management	Consolidates, monitors, organises and records the implementation of measures and reports to the chairman and the committees
Head of Commercial Management	Data security & data protection	Responsibility for implementing the packages of measures assigned in the strategy
Head of Human Resources	Prime & sustainable employer Diversity & equal opportunities	Responsibility for implementing the packages of measures assigned in the strategy
Head of Occupational Safety	Occupational safety & health protection	Responsibility for implementing the packages of measures assigned in the strategy
Head of Product Management	Decentralised & sustainable energy supply	Responsibility for implementing the packages of measures assigned in the strategy
Head of Operations	Resources, efficiency & environmental protection	Responsibility for implementing the packages of measures assigned in the strategy
Head of Purchasing	Supply chain sustainability	Responsibility for implementing the packages of measures assigned in the strategy
Product Compliance Officer	Product responsibility & product safety	Responsibility for implementing the packages of measures assigned in the strategy



STRATEGY TABLES

Important notice:

Please note that the following actions and KPIs have not been completely introduced yet, but will be introduced consecutively over the next five years

SUSTAINABILITY MANAGEMENT

Targets	Measures	KPIs
Strengthening of sustainability management	ISO 9001 (certification)	<input type="checkbox"/> Coverage of locations by ISO 9001 (%) <input type="checkbox"/> Coverage of locations by ISO 14001 (%) <input type="checkbox"/> Coverage of locations by ISO 45001 (%)
	ISO 14001 (certification)	
	ISO 45001 (Orientation)	
	Inform on ESG software and introduction (if necessary)	
	Setup Council and organisational chart/ core team	
	Appoint/recruit main operational responsibility for sustainability (50 % position)	
Establish sustainability communication	Website information on ESG (report excerpts)	
	Produce UNGC progress report for the first time	
Conduct and continuously improve ESG ratings	Carry out Sustainability for the first time	<input type="checkbox"/> Rating-Score



OCCUPATIONAL SAFETY & HEALTH PROTECTION

Targets	Measures	KPIs
Avoid accidents at work	Carry out and document instruction and training on occupational safety and health protection annually	<input type="checkbox"/> Number of reportable accidents <input type="checkbox"/> Number of severe accidents <input type="checkbox"/> Number of near-accidents <input type="checkbox"/> Average accidents per 200,000 working hours <input type="checkbox"/> Coverage employees through general training (%)
	Create operating instructions for all relevant areas	
	Regularly documented audits (quarterly)	
	Establish semi-annual report to Management Board on ESG Council	
	Introduction of tool for systematic accident analysis	
Promote physical and mental health	Ergonomic inspection for on boarding	<input type="checkbox"/> Average downtime per employee <input type="checkbox"/> Number of cases of disease <input type="checkbox"/> Average cases of disease per 200,000 hours worked
	External survey on stress levels (integration into employee satisfaction survey)	
	Derive measures from the survey, e.g. team events for the benefit of social cohesion, etc.	



PRIME & SUSTAINABLE EMPLOYER (1/2)

Targets	Measures	KPIs
High satisfaction among employees	Survey on satisfaction and suggestions for improvement	<input type="checkbox"/> Satisfaction index <input type="checkbox"/> Kununu-Rating <input type="checkbox"/> Coverage 360 feedback from employees (%) <input type="checkbox"/> Average proposals per employee per year <input type="checkbox"/> Total number of Info Coffees per year
	Maintain mobile working (50% of weekly working time)	
	(Remunerated) suggestion scheme	
	Standardise 360 feedback (through assessment matrix)	
	Digitally strengthen a transparent communication by the Management Board on changes (monthly addresses via Info Coffee, quarterly addresses on site)	
Develop new employees (and apprentices)	Optimisation/ further development of the mentoring programme	<input type="checkbox"/> Fluctuation rate in first three years of membership <input type="checkbox"/> Number of new employees <input type="checkbox"/> Satisfaction with on boarding process
	Examine establishment of a training programme (for apprenticeship, dual studies and student degree theses)	
	Establish/ expand on boarding process and monitor quality	
	Communication campaign in favour of employer branding	
	Implement comprehensive careers page on company website	



PRIME & SUSTAINABLE EMPLOYER (2/2)

Targets	Measures	KPIs
Strategically expand further education	Clearly structure short- and long-term development concept and make it visible	<input type="checkbox"/> Total training hours per year <input type="checkbox"/> Average training hours per year per employee <input type="checkbox"/> Coverage of employees through development discussions
	Info Coffee for exchange between the departments	
	Targeted expansion of an intranet for digital exchange between departments	
	Data collection of further education hours (together with departments)	
	Further structure development discussions (combination with existing annual interviews)	



DIVERSITY & EQUAL OPPORTUNITIES

Targets	Measures	KPIs
Prevent discrimination	Create and adopt a policy on anti-discrimination	<input type="checkbox"/> Number of reports on discrimination <input type="checkbox"/> Number of cases audited
	Establish/ expand anonymous reporting system and/ or appoint ombudsperson	
	Standardise non-discriminatory language	
Promote diverse workforce	Record pay gap of relevant categories	<input type="checkbox"/> Share of women among employees (%) <input type="checkbox"/> Share of women in leadership positions (%) <input type="checkbox"/> Share of internationals among employees (%) <input type="checkbox"/> Unadjusted/ adjusted gender pay gap <input type="checkbox"/> Unadjusted/ adjusted age pay gap <input type="checkbox"/> Coverage of employees through unconscious bias training (%)
	Analysis of the need for support programmes (diversity in leadership positions, internationality, gender, ...)	
	Introduction of appropriate support programmes	
	Unconscious bias training	
	Make the cover letter, application process, interview and on boarding diversity-friendly and in English	
	Determine responsible person	



GOOD CORPORATE GOVERNANCE

Targets	Measures	KPIs
Prevent compliance incidents (corruption, anti-competition, tax law)	Determine responsibility for compliance (beyond product compliance)	<input type="checkbox"/> Coverage of employees through compliance training (%) <input type="checkbox"/> Number of suspected cases of compliance violations <input type="checkbox"/> Number of compliance violations detected
	Establishment of compliance management (beyond PDCA procedure)	
	Adopt guidelines on relevant compliance issues (corruption, anti-competition, money laundering)	
	Introduce whistle-blower system / appoint ombudsperson	
	Introduce training on compliance (e.g. start via e-learning and risk-oriented areas)	
	Analysis / audit of compliance structure	
	Set up data collection	
Expand sustainable risk management	Develop / expand risk management	
	Integration sustainability criteria	
	Integration of external impacts	



BUSINESS ETHICS

Targets	Measures	KPIs
Creating a value-based and sustainable leadership culture	Sustainability training for managers (e-learning)	<input type="checkbox"/> Coverage of managers through sustainability training (%) <input type="checkbox"/> Coverage of employees with Code of Conduct training (%)
	Adopt Code of Conduct	
	Present/teach contents of the Code of Conduct upon entry	
	Integrate sustainability in newsletters and on the intranet	
	Joining the UN Global Compact, participating in DGCN events and writing the progress report	
	Analysis of relevant initiatives (ILO, Paris Agreement, OECD Guidelines) and voluntary commitment	
	Training/awareness-raising for employees on environmental and human rights aspects (e-learning)	
Deepening stakeholder management	Active advocacy for energy transition and climate protection	
	Stakeholder consultation (and inclusion in the next materiality analysis)	
	Analysis of impacts and conflicts of interest with stakeholders	
	Donation policy incl. exclusion of political donations	



RESOURCES, EFFICIENCY & ENVIRONMENTAL PROTECTION (1/2)

Targets	Measures	KPIs
Reduce own energy consumption	Determine responsibility for environment	<input type="checkbox"/> Reduction compared to previous year (kWh/employee) <input type="checkbox"/> Energy consumption (kWh/employee) <input type="checkbox"/> Energy consumption per turnover/sold piece <input type="checkbox"/> From sustainable sources(% or kWh) <input type="checkbox"/> By categories (kWh)
	Build environmental data collection	
	Have an (external) energy audit performed	
	Analyze efficiency measures: LED, motion detector, automatic lighting	
Reducing our own emissions	Analysis of the (relevant) emission sources	<input type="checkbox"/> Reduction comparison base year(t CO ₂ e) <input type="checkbox"/> Scope 1-emissions (t CO ₂ e) <input type="checkbox"/> Scope 2-emissions (t CO ₂ e) <input type="checkbox"/> „Own“ scope 3- emissions (t CO ₂ e) <input type="checkbox"/> Green power share (%) <input type="checkbox"/> E-car share (%) <input type="checkbox"/> Offset emissions (t CO ₂ e)
	Use green power and sustainable heat	
	Convert company fleet into sustainable powertrains (phase out diesel vehicles) and expand charging point infrastructure	
	Sustainable and decentralized business travel	
	Optimize delivery operations by incorporating regional focus	
	If necessary, compensation of the remaining emissions	
	Climate neutrality Scope 1 and Scope 2	



RESOURCES, EFFICIENCY & ENVIRONMENTAL PROTECTION (2/2)

Targets	Measures	KPIs
Reduce resource use and waste	Analysis of resource use, wastage rate and use of water	<input type="checkbox"/> Set of relevant resources (steel, copper; t) <input type="checkbox"/> Recycling share production (%) <input type="checkbox"/> Share of recycled and reusable packaging (%)
	Analyze/increase recycling/refurbishment share in production	
	Set up/expand repair concept	
	Reduce material use for next product generation	
	Establish packaging concept, switch to sustainable packaging / reusable packaging (subsequent generations)	
Carry out substitution check	Examine alternatives for battery base materials and other conflict minerals and make transition sustainable	<input type="checkbox"/> Hazardous waste avoided (t or kg)
	Perform operational tests with green hydrogen	



DECENTRALISED & SUSTAINABLE ENERGY SUPPLY

Targets	Measures	KPIs
Record emissions saved by picea	In-depth certified analysis of emissions in upstream value chain (creation of used resources, upstream production, transport, commuting, ...)	<input type="checkbox"/> Emissions saved through picea use (total, comparison with grey power grid) <input type="checkbox"/> Factor by which picea is better than grey power grid (taking into account winter/summer difference)
	In-depth certified analysis Emissions in downstream value chain (waste from production, recycling according to life cycle)	
	Analysis of savings compared to grey power grid continue/concretize	
Increase number of independent households	Recording of projects carried out	<input type="checkbox"/> Number of set up/ running picea <input type="checkbox"/> CO ₂ avoidance of all picea (in tons) <input type="checkbox"/> Number of piceas sold
	CO ₂ avoidance	
Transform customers to corporate ambassadors	Awareness campaign for customers	<input type="checkbox"/> Recommendation rate
	Analyse energy consumption/optimization potential report at customers and introduce/offer if necessary	



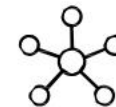
DATA SECURITY & DATA PROTECTION

Targets	Measures	KPIs
Prevent data privacy and data security incidents	Implementation of data protection concept by external provider	<input type="checkbox"/> "Successful" penetration tests per tests performed <input type="checkbox"/> Coverage of employees by training (%) <input type="checkbox"/> Number of cases of data theft/data loss relating to customer data
	Introduce active penetration testing	
	Employee training and awareness	
	Complete documentation of personal data processing (employees, customers and partners)	



PRODUCT RESPONSIBILITY & PRODUCT SAFETY

Targets	Measures	KPIs
Always ensure sustainable & safe products	Environmental Product Declaration (EPD)	<input type="checkbox"/> CO ₂ footprint picea <input type="checkbox"/> Specifications KPIs <input type="checkbox"/> Average life time
	Life cycle analysis	
	Regular analyses on safety / safety tests and publish them in cooperation with TÜV	
Further strengthening of innovation & quality	Increase R&D rate/even maintain it with company growth	<input type="checkbox"/> R&D rate <input type="checkbox"/> Customer satisfaction index <input type="checkbox"/> Customer complaints per picea delivered
	Develop picea 2 (better cost structure, faster commissioning)	
	Improve customer app	
	Establish/expand quality management and internal auditing	
	Enable integration of picea into smart home systems	
	Establish complaint management policy	



SUSTAINABILITY IN THE SUPPLY CHAIN (1/2)

Targets	Measures	KPIs
Supplier commitment to sustainability and human rights	Implement supplier self-disclosure with sustainability topics and query on emission reduction measures	<input type="checkbox"/> Coverage of new suppliers with completed self-disclosure (%) <input type="checkbox"/> Coverage of suppliers who have signed a supplier code of conduct (%) <input type="checkbox"/> Number of business relationships terminated due to violations of human rights or sustainability requirements
	Implement code of conduct for suppliers	
	Have key suppliers sign supplier code of conduct	
	Establish written consequences for violations and documentation (in supplier file)	
Conduct supply chain audits on sustainability and human rights	Direct suppliers on human rights and sustainability audit	<input type="checkbox"/> Coverage of audited direct suppliers (%)
	Analysis of suppliers in critical procurement areas and subsequent audit	
	Writing down the consequences of violations	



SUSTAINABILITY IN THE SUPPLY CHAIN (2/2)

Targets	Measures	KPIs
Strengthen sustainable procurement	Develop/implement procurement guideline with sustainability criteria and distance of suppliers as criteria based on supplier code of conduct	
	Preference for suppliers with ISO 14001 and ISO 45001 certification (guideline or similar document)	<input type="checkbox"/> Share of suppliers with ISO 14001 certification (%)
	Preference for suppliers with green power use and long-term partners/key suppliers to commit to green power use (policy or similar document)	<input type="checkbox"/> Share of suppliers with ISO 45001 certification (%)
	Cooperation with suppliers in favor of sustainable products (recycling concepts batteries, etc.)	<input type="checkbox"/> Share of suppliers with green power (%)
	Analysis of the CO ₂ footprint of the supply chain	<input type="checkbox"/> Foreign "scope 3- emissions (t CO ₂ e)



WE ARE LOOKING
TO HEARING FROM
YOU!

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