



SUSTAINABILITY REPORT

2022



MPS Micro Precision Systems AG

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MPS AT A GLANCE

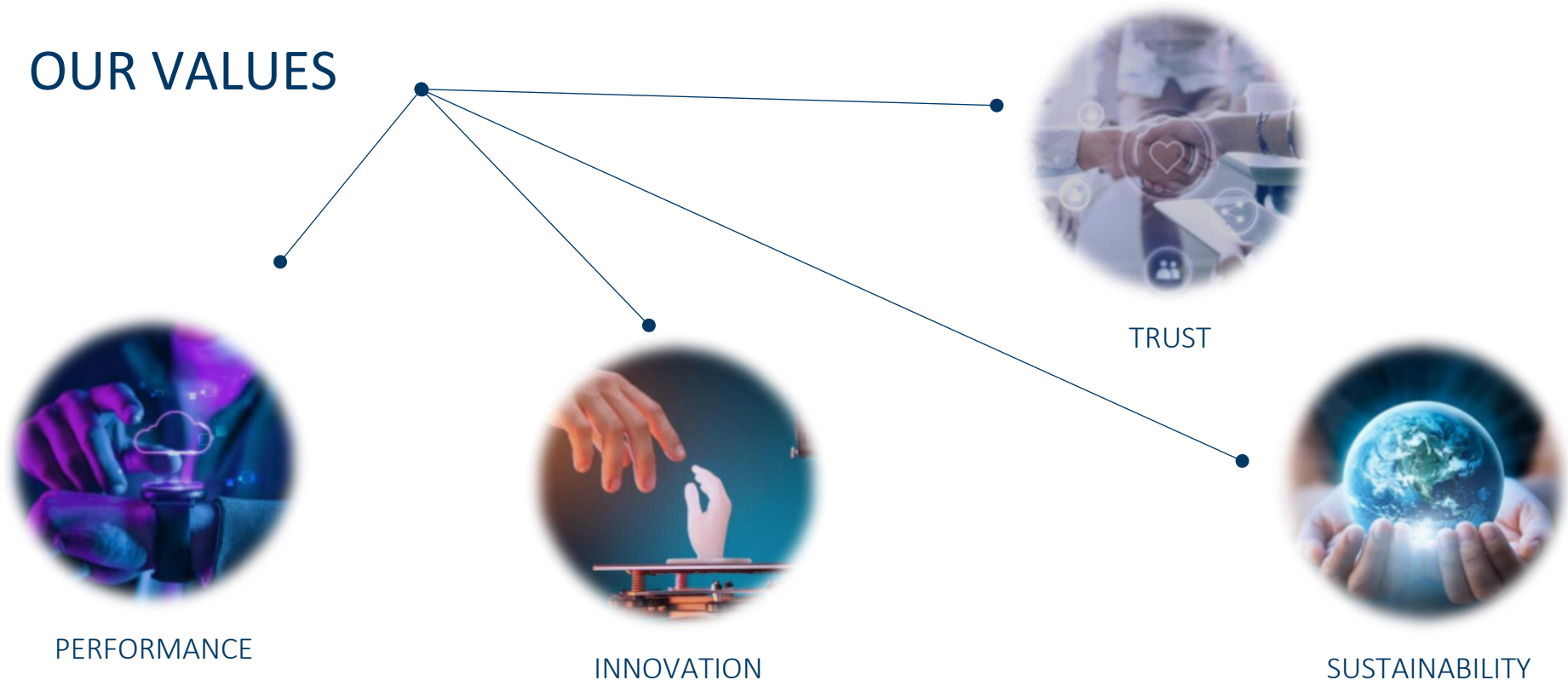
MPS attaches great importance to translating our commitments to corporate social responsibility into positive impacts for all stakeholders, from employees and citizens to society and the planet.

MPS strives to fulfill our responsibility towards the impacts of our decisions and activities on society and the environment through transparent and ethical behavior that supports sustainable development, including health and well-being within the company, addresses stakeholders' expectations,

complies with applicable laws and international standards of conduct, and integrates and applies to the entire organization.

Our vision aims to provide the best solution for the success of our customers. In partnership with our customers, our mission is to develop and produce innovative solutions combining precision and performance. In parallel, with highly motivated and qualified teams, we support our customers throughout the life cycle of their products

OUR VALUES



ABOUT MPS

GRI 2-1, 2-2

MPS Micro Precision Systems AG is a Swiss company founded in 1936 under the name RMB - Miniature Bearings Biel SA. Headquartered in Biel, Switzerland, the company is currently 50% owned by the German family owned FAULHABER Group and 50% by a private company. Due to the company's private ownership, we are limited in disclosing economic indicators. The company aims to manufacture and sell products from the minor mechanical and precision engineering sectors, particularly microtechnology and microsystems.

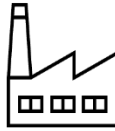
With our expertise in linear bearings and miniature ball screws and our diversified skills in development, machining, and assembly, we design custom products and solutions that stand out for their reliability, high precision, and

small size. The demanding markets served by MPS are mainly medical, including orthopedics, watchmaking, automation, aerospace, science, and optics. In addition, we rely on the expertise of our parent company, FAULHABER Group, for electric drive systems.

MPS Micro Precision Systems AG employs over 475 highly qualified people and occupies three sites in Switzerland, ideally laid out to meet our needs. The markets are split between 4 business units: MPS Microsystems, MPS Watch, MPS Décolletage, and MPS Precimed. They share the common trait of producing high-precision elements and are all united. All the entities are financially audited as one. MPS owns an affiliated company in the USA – MPS USA Inc.



CHF 75
MILLION
REVENUES



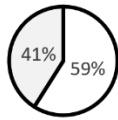
4
LOCATION SITES



87
YEARS
SINCE FOUNDATION



475
EMPLOYEES



41% vs. 59%
WOMEN VS. MEN



15%
EMPLOYEE GROWTH



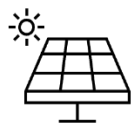
13
YEARS
ISO 14001 CERTIFIED



30
YEARS ISO 9001
CERTIFIED



13
YEARS ISO 13485
CERTIFIED



2'980m²
SOLAR PANNELS



>80%
SWISS SUPPLIERS



61/100
CSR PERFORMANCES

mps

Switzerland
475 employees
CHF 75 Mio

mps WATCH

Design, development and
manufacture of watch
components such as bearings,
moving parts, turned parts, etc.

- 165 employees
- Bonfol
- Bienne



mps MICROSYSTEMS

Expert in linear bearings, ball
screws, high-precision
electromechanical systems

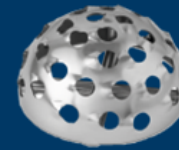
- 230 employees
- Bienne
- Boston, USA



mps PRECIMED

Design, development and
manufacture of medical devices
for orthopaedic surgery and
trauma

- 35 employees
- Bienne



mps DECOLLETAGE

High-quality screw-machining
products for the watchmaking,
medical and connector
industries, etc.

- 45 employees
- Court



STATEMENT OF THE CEO

GRI 2-22



2022 was a year like no other, characterized by unforeseen shifts and rapid changes. The year marking the end of the COVID pandemic that reshaped our lifestyles and habits. The Russian invasion of Ukraine and subsequent global supply disruptions, an ensuing energy crisis, and the resurgence of inflation have highlighted the volatile nature of global stability. Moreover, escalating climate change concerns were met at COP27 with an agreement on loss and damage without leading to any progress in reducing emissions.

Despite these challenges, we fortified our competitive stance, successfully merging with Precimed and eyeing further acquisitions in 2023. We're focusing on integrated growth, international sales, and expanding our portfolio of customized solutions. This means that we continually improve our operational capacities and efficiency. Significant investments lead to the completion of projects, equipment upgrades, production capacity enhancement, and sustainable growth projects.

Empowered by our core values, we embraced purpose-driven initiatives in 2022 by joining the Swiss Triple Impact Program and earning the EcoVadis silver medal. We are committed to integrating sustainability into our operations and decision-making processes.

Our mission revolves around the creation of tailored solutions that serve our customers' needs and inspire optimism across all dimensions: our people, our planet, our business, and our society. Our business expansion contributes to local employment opportunities. We strive to minimize our environmental footprint by implementing practices that conserve natural

resources, reduce waste generation, and mitigate climate change. This includes reducing waste generation and optimizing electricity consumption, among other areas outlined in this report, all while ensuring profitability and returns for our shareholders.

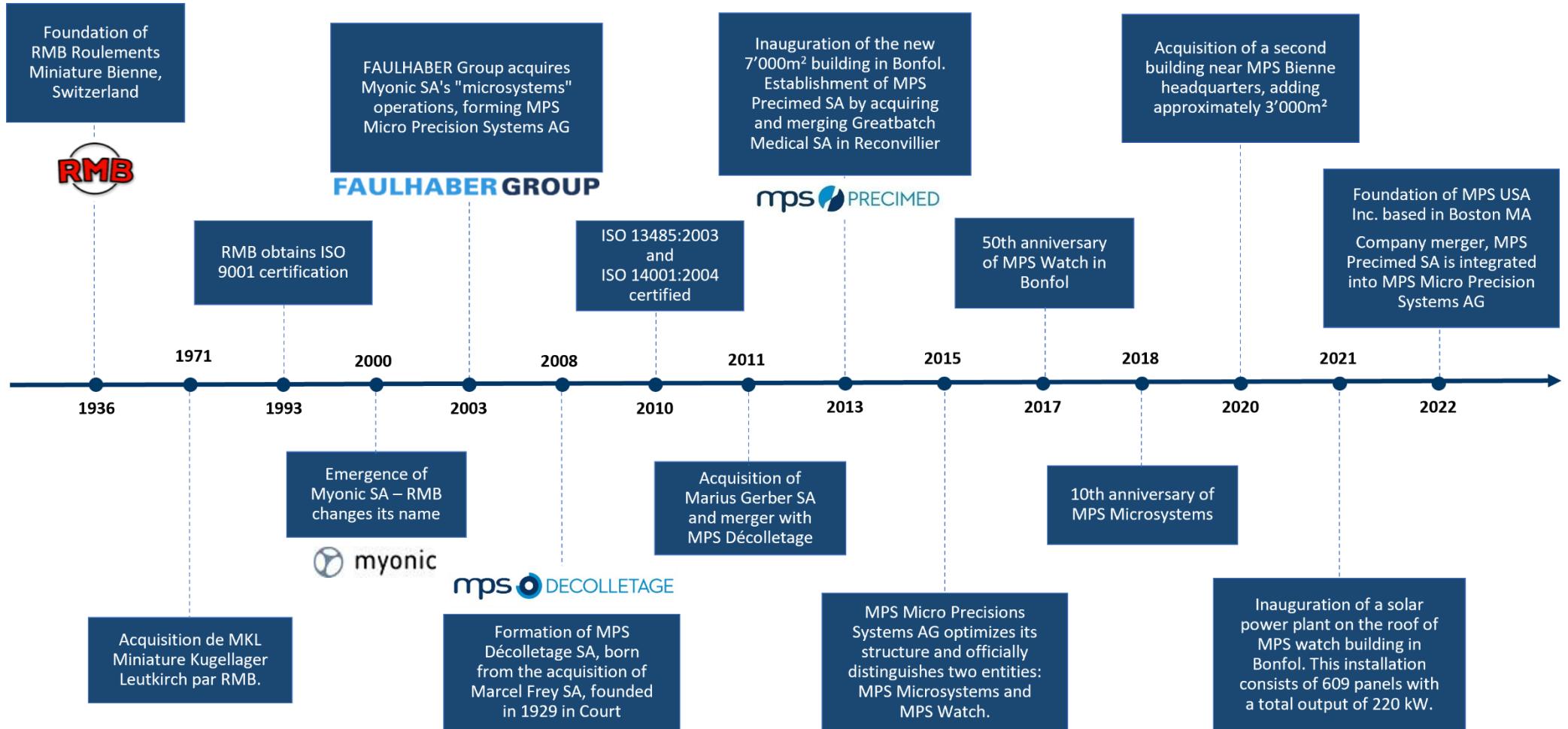
We believe in the symbiotic relationship between economic growth and sustainability. Our strategic investments in innovative technologies are paving the way for sustainable progress, fostering economic resilience and prosperity, and minimizing environmental detriments.

As we grow, our key challenge is to preserve a warm and inclusive environment that defines our growing company, underpinned by safety and equity, enabling every colleague to thrive and find a sense of belonging. Our achievement of gender equality certification underscores our commitment to fostering diversity and inclusion. This principle extends across our value chain through fair labor practices and the protection of human rights and prioritizing employees well-being and safety.

Nicola Thibaudeau, CEO



OUR STORY



OUR YEAR IN BRIEF

Best in Design“ award for the compact hexapod robot at BIOMEDevice Boston 2022 – revolutionising spinal surgery with superior precision and safety

Proud to be recognized as a top Patek Philippe supplier for our outstanding service and look forward to continued success together



Obtained EcoVadis Silver Medal for our 2022 performance



Participation in the Swiss Triple Impact Program

SUSTAINABLE DEVELOPMENT STRATEGY

STAKEHOLDER ENGAGEMENT

GRI 2-29

At MPS, our commitment to sustainability and responsible business practices is underpinned by our steadfast dedication to engage with our stakeholders. We recognize that our stakeholders' diverse perspectives and insights play an instrumental role in shaping our strategies, operations, and decisions. Our comprehensive stakeholder engagement approach reflects our desire to foster collaboration, enhance transparency, and drive positive impacts across our operations.

We engage with a broad spectrum of stakeholders, each contributing a unique dimension to our business ecosystem. Stakeholder identification is an ongoing process influenced by direct interactions and systematic assessments. We use various means, including surveys, feedback, and performance benchmarks, to continually improve our understanding of our stakeholders' expectations, concerns, and priorities.

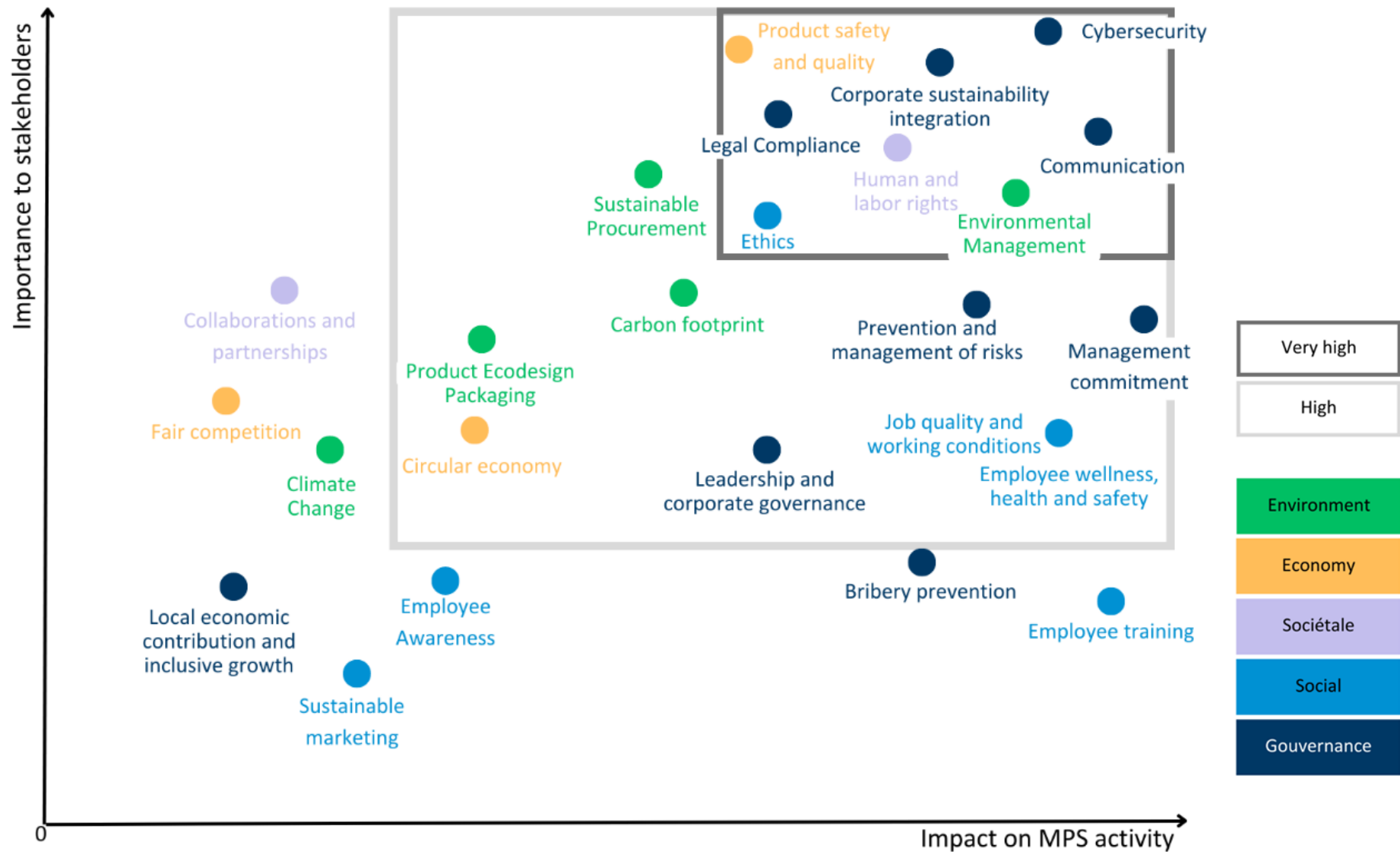
MATERIALITY MATRIX

We've enhanced how we engage with stakeholders, giving them a key role in shaping our inclusive business model. Our commitment to meaningful engagement remains strong. We actively seek and value stakeholder input throughout our decision-making processes, incorporating their views into our strategies and actions.

Our dedication to building strong relationships, fostering collaboration, and aligning our business decisions with societal expectations and sustainable goals is at the core of our stakeholder engagement strategy. This approach showcases our commitment to partnerships, collaborative efforts, and meeting broader societal expectations and sustainable aspirations.

Sustainability challenges are ever-changing. MPS's ESG strategy relies on an updated materiality analysis to stay ahead. This comprehensive picture identifies the most relevant economic, environmental, social, and governance issues for our business and stakeholders. The materiality analysis pinpoints as critical sustainability risks and opportunities from stakeholder and business perspectives. It guides our sustainability priorities and adjusts goals and indicators according to current sustainability issues and stakeholder expectations. Additionally, our consultation process engages stakeholders such as colleagues, customers, and suppliers, involving them in shaping our sustainability journey's direction.





STRENGTHEN OUR COMMITMENT TO SUSTAINABILITY

Our Corporate Social Responsibility (CSR) strategy rests on three distinct priority domains that form the cornerstones of our commitment:

- Diversity, Equality, and Inclusion
- Sustainable Consumption and Production
- Health and Safety

Our strategy has been meticulously formulated and aligned with the United Nations (UN) 2030 Sustainable Development Goals (SDGs) and in resonance with the Confederation's 2030 priorities. Leveraging the invaluable support of the Swiss Triple Impact (STI) program and existing internal initiatives, particularly in sustainable purchasing and mobility, our strategy emerges as a comprehensive roadmap for impactful change. MPS initiated the first CSR performance analysis via the EcoVadis platform for the first time in 2022, simultaneously promoting a study of CSR risks.

With a strategic vision to solidify its CSR approach and discerning its focal commitments and actions, MPS conducted its inaugural materiality analysis in December 2022. This pivotal exercise meticulously identifies and prioritizes the environmental, social, and economic ramifications of the company's endeavours. By leveraging an assessment of risks, opportunities, and insights from key stakeholders, the analysis lays the foundation for conscientious decision-making.

Furthermore, prompted by an enduring alliance with a trusted partner, MPS embraced participation in the Swiss Triple Impact Program at the onset of 2022. Swiss Triple Impact is a unique national program that enables Swiss companies to measure their contribution to the SDGs and thus improve their sustainability performance. This strategic collaboration crystallizes commitments and highlights the company's contributions toward achieving the SDGs. In embracing this initiative, MPS amplifies its

dedication to sustainable advancement and global improvement. MPS is committed to linking its CSR issues to the UN SDGs to ensure our actions align with them. The company's commitments and action plan mainly target 6 of the 17 United Nations Sustainable Development Goals, outlining global priorities and aspirations for wealth, well-being, and environmental concerns by 2030.

3 GOOD HEALTH
AND WELL-BEING



7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



Demonstrating an unwavering commitment to continuous enhancement, MPS remains agile in refining its CSR strategy, attuned to the evolving sustainability landscape. A testament to this dynamic approach is the annual recalibration of objectives and indicators. This practice underscores our dedication to continual progress and adaptation.

Embodying our values of transparency and accountability, MPS is resolute in its desire to shed light on its sustainable development impacts. This commitment materializes through this comprehensive report, an annual milestone encapsulating our journey, accomplishments, and aspirations. By opening this dialogue, we reaffirm our dedication to responsible practices and invite all stakeholders to join hands in shaping a more sustainable future.

As MPS forges ahead, guided by our commitment to responsible business practices and our dedication to transparency, we set the stage for a harmonious alignment of our values, actions, and the improvement of the world.

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS

At MPS, our world's challenges require collective action and a shared commitment to creating a sustainable and equitable future for all. Guided by our core values and a deep sense of responsibility, we have aligned our efforts with the United Nations SDGs. These 17 interconnected goals provide a universal roadmap to address pressing global issues and inspire positive change in poverty, inequality, climate change, environmental degradation, peace, and prosperity.

Our dedication to the SDGs goes beyond words; it's embedded in our actions, strategies, and partnerships. As we contribute to realizing these goals, we simultaneously contribute to the well-being of our communities, the preservation of our planet, and the advancement of society.

Although MPS values all SDGs, we actively support and align with those most relevant to our business and fundamentals. We recognize that our role extends beyond business success – it encompasses our responsibility to drive positive impacts and be a catalyst for change on a global scale. By sharing our progress, achievements, and ongoing commitments related to the SDGs, we aim to transparently showcase our steps to make a meaningful and lasting difference. As a business-to-business (B2B) company, we are part of vast production cycles. We strive to help our customers achieve their goals and satisfy consumers' demand for more sustainable products. Responsible production and consumption (SDG 12) are our strong focus.

In 2023, we are taking a significant step forward in evaluating our impact on the SDGs. We will leverage the SDG Manager tool, a valuable resource provided by B Corporation (B Corp), to conduct a thorough and detailed assessment of our contributions to these global sustainability objectives. This method allows us to delve deeply into the specifics of our impact across various SDGs, providing a comprehensive understanding of where our efforts are most effective.

The SDG Manager tool identifies areas where we can make a meaningful difference and set clear, quantifiable targets. This precise approach will guide the development of our action plan, ensuring that our initiatives align seamlessly with the specific SDGs we aim to support. By using this tool, we are enhancing the accuracy of our assessment and strengthening our commitment to positively impacting the SDGs and driving sustainable development.

OUR VALUE CHAIN

GRI 2-6

In 2022, the global supply chains once again grappled with vulnerability as the impact of worldwide disruptions resonates across nearly every sector. The invasion by Russia into Ukraine, alongside extensive labour shortages, compounds the challenges posed by post-pandemic recovery, casting a shadow on operational capacities. These intricate challenges and the tightening hold of regulatory measures emphasize the pressing need to bolster compliance protocols. A crucial pursuit emerges in nurturing transparency within the supply chain. This endeavour assumes pivotal significance, anticipating regulatory trajectories and empowering active evaluation and endorsement of suppliers. These aspects collectively provide the foundation for a robust risk mitigation framework.

MPS employs a versatile approach to penetrate the market. Through the cultivation of contract development, the clientele is actively supported in the realization of pioneering projects. The role of MPS as a contract manufacturer further enhances its contribution to the ecosystem. Expanding its horizons, MPS assists clients in navigating the intricate path toward securing CE marking and FDA 510k approval for their product spectrum. MPS leverages its expertise to deliver heightened value while operating within specialized segments. Significantly, MPS occupies a distinctive stance within high-end markets, where the influence of Asian competitors remains strong.

Certifications underscore MPS's unwavering commitment to excellence. ISO 9001 highlights the dedication to nurturing Quality Management Systems, while ISO 14001 showcases strides in advancing Environmental Management Systems. Concurrently, the esteemed ISO 13485 reaffirms allegiance to stringent standards within the realm of Medical Devices – a testament to the resolute approach to Quality Management Systems following regulatory imperatives.

MPS is committed to the future and technological development. It is driven by the spirit of innovation and the quest for excellence, the two driving forces behind the company's policy and orientations.

SUPPLIERS AND SUPPLY CHAIN

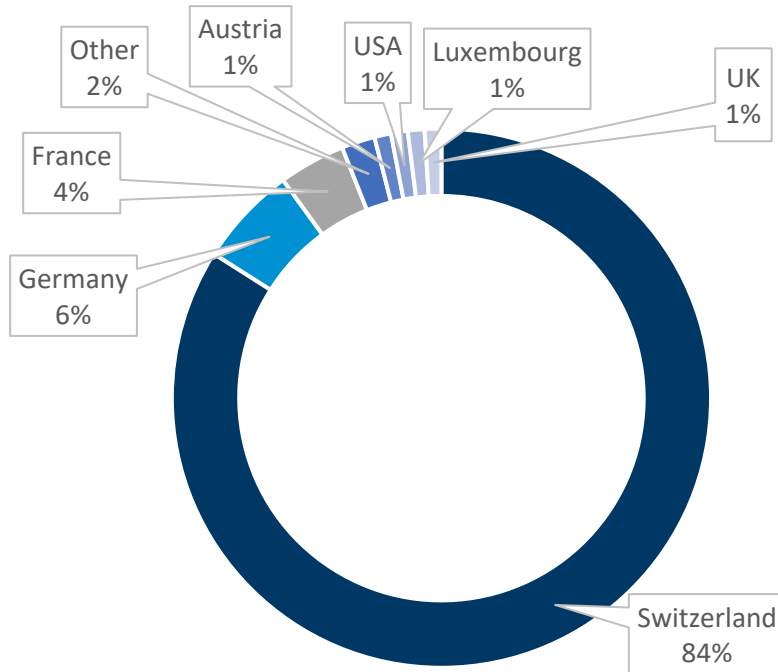
GRI 2-6, 3-3, 308-1, 414-1

Our organization maintains relationships with two main supplier types: resellers and wholesalers. We collaborate closely within our supply chain with an estimated 524 first-level suppliers. These suppliers are distributed across different levels, and it's worth noting that 84% of them are based in Switzerland. Activities related to our products and services are covered by various partners, including suppliers, manufacturers, service providers, subcontractors, and product suppliers, all contributing to our overall offering.

Our business relationships with suppliers are primarily based on annual framework contracts. However, occasional spot orders may also occur based on specific needs. This approach enables us to maintain stability in our relationships while being able to address focused requirements. The nature of our supply chain exhibits diverse sectoral characteristics, including labor-intensive aspects. When necessary, we opt for outsourcing, especially when faced with technical internal capacity constraints or when certain elements do not fit within our product range.

Regarding payments made to our suppliers, we estimate that our total expenses amount to approximately 16 million CHF. This value encompasses various aspects, such as acquiring machinery, equipment, raw materials, and service provisions. These expenses account for about 20% of our revenue. It's important to note that costs related to IT and maintenance are not included in this financial estimation.

Geographical breakdown of suppliers by turnover



Currently, we do not assess the environmental nor social impact criteria of our suppliers. We are actively working on implementing a process to assess the environmental and social criteria of our suppliers for FY23.

MATERIALS

GRI 2-6, 301-1

In addition to our supplier relationships, we manage our raw materials and semi-manufactured inventory diligently. Currently, we hold raw materials worth 1.6 million CHF, equivalent to 34 tons, with an approximately remaining quantity of 32% in stock. MPS is actively engaged in various sectors, encompassing multiple product lifecycle stages. The following sectors represent our diverse range of activities: semi-manufactured inventory consists of roughly 3,900 pieces. We also maintain a substantial supply of packaging materials, with 60,000 articles in the list and over 200,000 packaging units available.

Our robust supply chain practices and responsible procurement strategies enable us to uphold sustainability standards and maintain transparency across our operations.

MPS' ACTIVITIES AND SECTORS

GRI 2-6

MPS is actively engaged in various sectors, encompassing multiple product lifecycle stages. The following sectors represent our diverse range of activities:

Research and Development: MPS significantly emphasizes research and development, constantly exploring innovative approaches to enhance our products and services.

Manufacturing: Within the manufacturing activities, MPS encompasses a variety of specialized processes, including but not limited to:

Machining: Our capabilities encompass turning, milling, thermal treatment, washing, grinding, polishing, honing, ball manufacturing, gear cutting, rolling, and surface treatment.

Decoration: MPS uses processes like laser welding, deburring, washing, tumbling, laser cutting, TIG welding, sandblasting/micro-blasting, ultrasonic cleaning, laser marking, passivation, and packaging/labeling.

Controlled Environment Work: We excel in working within controlled environments, such as cleanrooms conforming to ISO 7 standards, where complex micro-component assembly, welding, laser marking, adhesive bonding, lubrication, washing, and quality control occur.

Cutting and Rolling: MPS specializes in cutting and rolling, offering precision techniques to create components meeting specific requirements.

Mechanical Workshop: Our mechanized workshop is equipped to handle various tasks, contributing to our overall manufacturing processes.

Bearing Manufacturing: MPS produces precision bearings, essential components in numerous applications.

Lapping and Testing of Pump Units: MPS performs the critical tasks of lapping and testing pump units to ensure optimal performance and reliability.

Assembly: The operations involve the meticulous assembly of components, including bearings and masses, ensuring the integrity and functionality of the final products.

Each of these sectors showcases MPS' commitment to precision, innovation, and quality with a constant theme of sustainability and ethical practices. We transparently communicate the comprehensive nature of our operations and strive for a positive impact on the world.

DOWNSTREAM RELATIONS

GRI 2-6 (B)

Our products and services find their place with downstream entities, primarily industrial companies, medical device companies of the Original Equipment Manufacturer (OEM) type and Swiss watch manufacturer. Our reach extends to around 400 downstream entities. These partners are active in various phases of our operations, including development, industrialization, manufacturing, validation, and sales.

Our relationships with downstream entities are firmly established and built on long-term foundations. Contractual relationships form the cornerstone of our collaboration and underpin the specific requirement for each client. This approach allows us to support and tailor our solutions according to the unique needs of each partner.

Downstream entities are in various world regions, including Switzerland, Europe, the United States, Asia and South Korea, reflecting our global scope and commitment to an international clientele.

Our organization is committed to sustainability through its relationships with suppliers and downstream entities. Our supply chain, characterized by diversified partnerships and stable business relationships, contributes to our overall impact while maintaining a solid financial footing. Close collaboration with our partners is a cornerstone of our success, all while upholding a sustainability-focused approach throughout our business activities.

CORPORATE GOVERNANCE

GRI 2-9, 2-14

MPS has been committed to Corporate Social Responsibility (CSR) for over a decade. With an ISO 9001 & 14001-certified quality and environmental management system, and a strong emphasis on employee well-being integrated into daily operations, MPS confidently leads the way in responsible business practices. MPS has incorporated Corporate Social Responsibility (CSR) into its culture for over a decade. Employee well-being and Environmental management (ISO 14001) are integrated into daily operations.

In 2022, the company established the Corporate Social Responsibility (CSR) committee to manage sustainability effectively. The CSR committee, reporting directly to the Executive Committee, was created to develop and propose the MPS's social, environmental, and climate responsibility strategy and monitor its implementation. The CSR and Human Resources Manager collaborate with the Board of Directors as a driving force behind the MPS Group's commitment to sustainable practices and continuous improvement.

ROLE, STRUCTURE, AND COMPOSITION OF THE BOARD

GRI 2-9, 2-11, 2-12, 2-13, 2-14

MPS' Board of Directors' core mission is to oversee the company's operations, ensuring the Group's optimal performance, defining strategic direction, and supervising management activities. It involves setting the vision, mission, values, strategy, vital organizational aspects, and processes.

The Board appoints the CEO and endorses strategic decisions, mid-term financial plans, and annual budgets. The CEO, supported by the executive team, manages the Group's day-to-day operations, while the Board monitors strategy execution. We are proud to have a diverse Board,

including two women among six members being women, reflecting our commitment to fostering a balanced and inclusive leadership structure. Our directors are appointed for an initial one-year term, with the possibility of renewal.

Chairman Ping Pan Faulhaber leads the Board, overseeing the delegation of day-to-day operational authority to senior executives, thereby empowering the CEO. This delegation is comprehensive, encompassing adherence to fundamental principles, legal requirements, and the establishment of policies covering corporate citizenship, safety, and environmental protection, among other areas.

Additionally, the Board is proactive in exploring and implementing necessary measures to prevent conflicts of interest from adversely affecting the company's interests.

CONSULTATION WITH STAKEHOLDERS AND COLLECTIVE KNOWLEDGE OF THE BOARD

GRI 2-12, 2-13, 2-17

Senior executives foster sustainability alignment by interacting with external partners and participating in prominent sustainability conferences. This dynamic involvement ensures that our company's operations are consistently synchronized with the principles outlined in the 2030 Agenda for Sustainable development of the Swiss Confederation.

The CEO plays a pivotal role in upholding our commitment to sustainability. The latter's prominent position on Swiss Boards for Agenda 2030, an Alliance of Swiss CEOs and Board Members committing their companies to a high level of board accountability to drive sustainability and business resilience, underscores our unwavering dedication to sustainable strategic advancement.

The Board of Directors pledge their companies to a heightened Board accountability level, driving sustainability and business resilience to new

heights. At each Board meeting, the Management presents a comprehensive report covering the company's operations' economic, environmental, and social dimensions. This practice is a testament to the company's steadfast commitment to sustainable practices and exceeding Agenda 2030 expectations, aligning our actions with impactful business conduct.

NOMINATION OF BOARD MEMBERS

GRI 2-10, 2-15, 2-18

The Board of Directors takes great care in selecting individuals with impeccable credentials and an outstanding track record of ensuring the success of the Group's operations. To maintain the highest standards of integrity and impartiality, the Board ensures that potential conflicts of interest, such as cross-board memberships, are effectively avoided and managed through sound governance practices.

FREQUENCY OF MEETINGS

GRI 2-12

The Board assembles as business demands necessitate, with at least two annual meetings. The frequency of Committee meetings is outlined in the charters of their respective committees. The Chairman retains the authority to convene special sessions of both the Board and its Committees. Furthermore, any member of the Board or Committee has the right to request an extraordinary meeting to be promptly scheduled at the earliest convenience.

BOARD'S REVIEW OF SUSTAINABILITY TOPICS

GRI 2-14

The CEO and executive committee collaboratively uphold the company's sustainability reporting to GRI standards. They meticulously assess internal

controls, safeguarding the veracity and precision of the company's sustainability achievements. Meanwhile, the Board of Directors meticulously scrutinizes and endorses MPS's annual sustainability report, affirming the company's commitment to transparency and responsible practices.

CRITICAL CONCERNS

GRI 2-16

Critical concerns could expose MPS to a significant negative financial or structural reputation. They are communicated to the Board in multiple ways: firstly, in the ongoing relationship between the CEO and Chairman of the Board and, secondly, through the Finance Audit. The reported issues include audit findings, policy improvement, changing market conditions, increased environmental enforcement, and risks in specific countries. It is of utmost importance that the Board is aware of these critical concerns to ensure that MPS can operate seamlessly and safely.

REMUNERATION POLICIES AND PROCESS

GRI 2-19, 2-20

Remuneration of the Board of Directors is determined by the Board of Directors, which reviews it with due consideration to law and corporate governance principles. The CEO and Executive Management remuneration is reviewed with due respect to law and corporate governance principles. It is proposed based on market practices and benchmarking with comparable companies and roles.

PEOPLE

PERFORMANCE OVERVIEW



	FY22	TARGET
Maintain a safe workplace 0 incidents	0	0
Training	+40%	+10%
Safety: improve the Individual Protection Equipment quality and disposal	100%	100%
Safety: Maintain a record Lost time injury (LTI) severity rate for direct workforce	0.69	
Safety: Maintain a record Lost time injury (LTI) frequency rate for direct workforce	12.5	

HUMAN RIGHTS

GRI 411-1

MPS is fully committed to sustainable development and the protection of human rights. We align with the United Nations Global Compact, which outlines our adherence to human rights, labor, the environment, and anti-corruption principles. These principles are based on various international instruments, including the Universal Declaration of Human Rights, ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

Our Suppliers play a vital role in our sustainability journey, and we encourage them to follow these principles and relevant local and national regulations. We have developed our Sustainable Development Charter based on the UN Global Compact's principles, ensuring consistency in our commitment to sustainable practices and ethical conduct. Fortunately, no incidents of violations involving the rights of indigenous peoples was reported to date.

SOCIAL RESPONSIBILITY

GRI 406-1

MPS promotes a high-quality work environment and provides decent social protection to its employees. The company places significant emphasis on supporting employees facing challenging situations. In partnership with FRAC, an external mediation service, we provide our employees access to a confidential and toll-free "trust hotline." This external organization assists distressed employees by listening, giving advice, and providing guidance for conflict resolution, including those experiencing harassment, mobbing, discrimination, or burnout. Fortunately, no employees have needed to use this service, and there have been no reported incidents to date.



Furthermore, MPS unequivocally condemns all forms of punishment and any instances of degrading treatment, harassment, physical violence, coercion, or intimidation. We stand firm in our commitment to maintaining a safe, respectful, and inclusive workplace for all.

DIVERSITY AND EQUAL OPPORTUNITY

GRI 401-2, 2-30

33 % of the Board leadership are women.

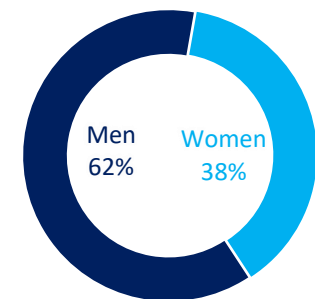
We attach great importance to variety and strongly condemn any form of discrimination. As an organization with people with various roots, nationalities, sexual orientations, socio-cultural backgrounds, and ideas, we must ensure that everyone feels safe, included, and respected for what they stand for.

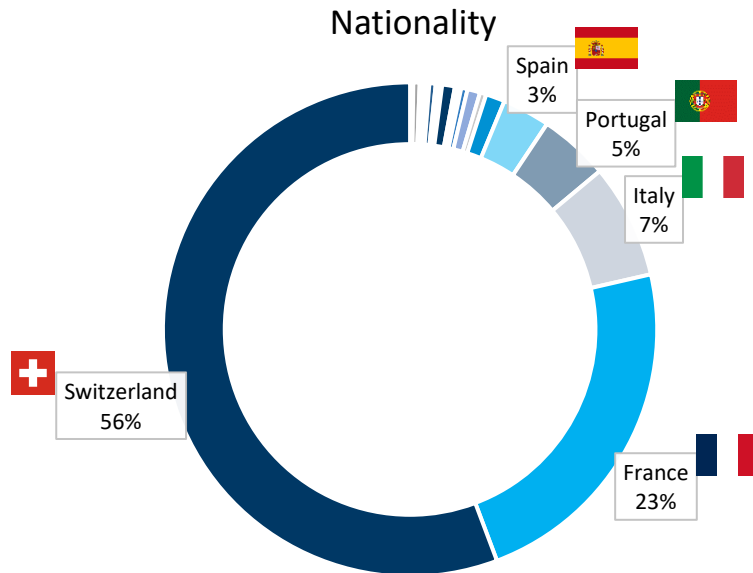
At MPS, everybody has the right to be treated respectfully, has access to the same opportunities, and deserves to be happy at work.

All employees (apart from agency temporary workers) enjoy equal benefits, which encompass accidental healthcare, parental leave, retirement plans, and other perks.

100% of our employees are covered by a collective agreement.

Employees Gender





EQUAL PAY

GRI-405

MPS upholds the fundamental principle of equal pay for work of equal value, ensuring that our compensation practices align with federal laws. We have undergone a rigorous evaluation process through quantitative compensation assessment in 2022 to validate our commitment to compensation practices, emphasizing gender equity and adherence to standards. The "L&M- Aba-R" testing procedure has been employed, meeting all legal requirements, and attaining scientific validity, affirming our compliance with the law.

Furthermore, our dedication to equitable pay practices goes beyond mere intentions. We regularly review our pay structures to ensure their alignment with the equal pay principles. In 2022, MPS conducted a comprehensive evaluation, including quantitative and qualitative analysis of our compensation practices with Great Place to Work.

WELL-BEING AT WORK

GRI 403-6

At MPS, we understand that the health of our employees remains an essential element for the proper functioning of the company. MPS is involved in the well-being of its employees. MPS offers Pilates classes during lunch break once a week and English and German courses for the employees to improve their language skills.

MPS hosts wellness moments at work, contributing to more than 30% of the costs. Employees can receive a relaxing massage during the working day weekly.

At MPS, we are committed to enhancing employee awareness regarding two critical aspects: accident prevention and back pain mitigation.

Our primary objective is to minimize the risks associated with accidents, both in the workplace and beyond, resulting from a lack of attention. To achieve this, we introduce a straightforward method encouraging employees to enhance their work-life balance. Furthermore, we aim to provide our employees with the tools to integrate these practices into their daily routines seamlessly.

To promote cohesion and interaction among MPS Group companies, we regularly organize various activities and events. These gatherings bring employees from different divisions and subsidiaries together, fostering teamwork and collaboration. This unity allows us to harness collective strengths for the benefit of our entire MPS family.

"MPS BOUGE, mais en équipe ! "

Our motto, "MPS BOUGE, mais en équipe !" (MPS MOVES, but as a team!) underscores our collective commitment to these goals. The MPS sports committee has organized various sports activities for our employees to

promote a healthy lifestyle. Additionally, we have actively participated in national health promotion initiatives for companies, including "Bike to Work" and "Wake Up and Run."

EMPLOYEE TRAINING

GRI 404-1, 404-2, 404-3

MPS is committed to enhancing the performance and skills of its employees in their respective fields according to needs. We aim to augment the average number of training hours per employee by 10% by 2025. We have made considerable progress in this direction. We will continue to provide our employees with cutting-edge training programs and industry-specific workshops. In 2021, employees had access to an average of 2.5 hours of training, and we are pleased to report that in 2022, this increased to an average of 3.5 hours of training per employee. Notably, we have exceeded our expectations by surpassing this objective, achieving an impressive 40% increase in the average training hours per employee. This significant uptick underscores our commitment to fostering continuous growth and development among our workforce, ultimately benefiting our employees and the company.

During the reporting period, a noteworthy 23% of our workforce, primarily comprised of managers, underwent regular performance and career progression evaluations. Delving deeper into these figures, we observe a gender distribution that reflects 15% women and 85% men, underscoring ongoing diversity challenges. Among these managers, 27% held senior positions, while the remaining 73% occupied middle management roles. Beyond our managerial cadre, we observed a distinct profile among our non-managerial staff, comprising 16% middle managers, 6% senior managers, and the vast majority, at 78%, constituting non-managerial roles. These reviews are an integral aspect of our commitment to professional development and employee advancement within our organization.

HEALTH AND SAFETY

GRI 403-1, 403-3, 403.4, 403-5, 403-7, 403-8

Our Health and Safety (H&S) practices are intricately woven into our long-term business strategy, ensuring full alignment with our corporate principles and codes, and compliance with legal requirements. This comprehensive management system applies universally, encompassing all employees, contractors, and partners, regardless of their role or work location.

In accordance with Swiss law, employers are obliged to implement protective measures in line with the Accident Protection Ordinance (OPA), as well as other applicable regulations and recognized safety and occupational medicine practices specific to their industry. It is essential that employers guarantee the effectiveness of these protective measures, continually adapt them, and halt work if safety is compromised.

To monitor our performance and foster ongoing enhancements, we conduct routine audits focusing on quality, health, safety, and the environment at our manufacturing facilities. These audits are conducted both internally, overseen by trained local experts, and occasionally by our clients. Their objective is to evaluate our performance against our management systems, our mandatory principles, operational codes, and regulatory standards, further reinforcing our commitment to safety and excellence.

Additionally, on each site, we have dedicated PERCOs (Personnes de Contact), trained Samaritans, and well-defined evacuation procedures in place to enhance the safety and well-being of our workforce. These measures collectively contribute to our robust Health and Safety culture.

100 % of our employees are trained on Health and safety basics.

SUSTAINABLE OPERATIONS

PERFORMANCE OVERVIEW



	FY22	Target
<i>GHG Emissions Scope 1 & 2</i>	-15%	-30%
<i>GHG Emissions Scope 3</i>	Ongoing data gathering (1 st results in FY23)	
<i>Electricity consumption</i>	-7%	-10%
<i>Renewable Electricity</i>	100%	100%
<i>Supply Chain</i> <i>100% of our suppliers sign our code of conduct</i>	20%	100%
<i>Certified Packaging</i>	Unknown	100%
<i>Recycling wastes</i>	Unknown	100%

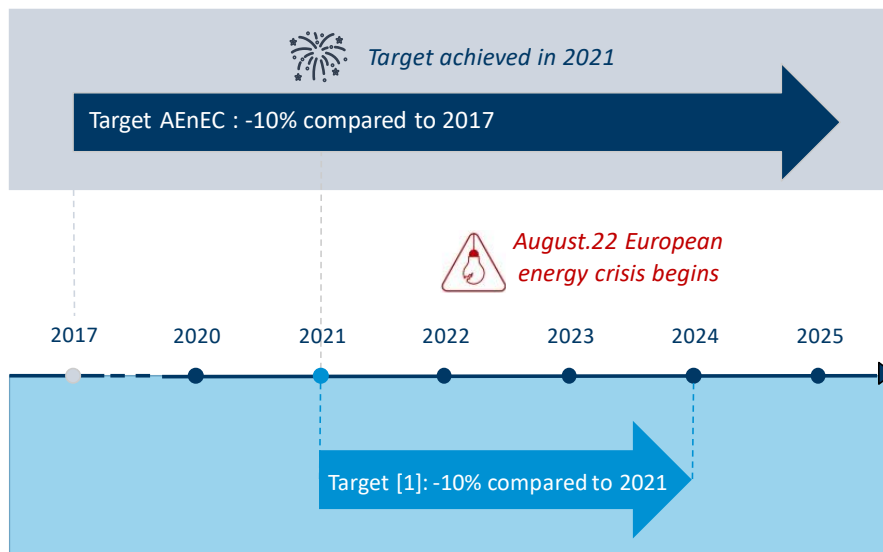
ENERGY

ENERGY MANAGEMENT

GRI 302-1, 302-3, 302-4, 302-5

MPS is firmly committed to sustainability, embracing energy efficiency and sustainable practices across its operations.

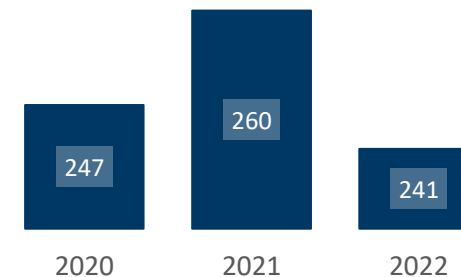
Our active engagement in the EnAW (Energy Agency for the Swiss Private Sector) program underscores our dedication to reducing electricity consumption significantly. We have set our sights on an ambitious target: achieving a 10% reduction in electricity consumption by 2025, measured against our 2017 consumption levels. Since 2017, we have been actively involved in this program, consistently participating in various projects and initiatives in partnership with the Energy Agency for the Swiss Private Sector (EnAW), all aimed at advancing our sustainability goals.



In 2022, we successfully met our initial target for reducing electricity consumption. However, our resolute commitment to sustainability drove us to aim even higher: a 10% reduction in electricity consumption compared to levels recorded in 2021. We officially launched this forward-thinking sustainability initiative in September 2022. Over the year, our dedicated efforts yielded impressive results, resulting in a 7% reduction in electricity consumption compared to the previous year, with our total electricity consumption amounting to 5,071,579 kWh.

To gauge our energy efficiency on a broader scale, we employ the concept of energy intensity, which measures the ratio of energy consumed in kWh per square meter of space.

Electricity in kWh per m²



Our energy sources vary across our different sites. In Bonfol, we use heating oil for heat energy; in Court, electricity is the primary source; and in Bienne, we rely on gas. In a significant milestone in 2022, we reduced our overall energy consumption by a remarkable 6%. This reduction amounted to 24 200 kWh, reflecting our dedicated efforts to enhance energy efficiency.

Additionally, our commitment to energy conservation aligns with the Large Consumer Concept, wherein we meticulously monitor and implement actions to achieve the objectives outlined in our agreement, ensuring responsible energy use throughout our operations.

RENEWABLE ENERGY

GRI 302-1, 305-1



MPS prioritizes environmental issues and is committed to being socially responsible. We proudly employ sustainable energy sources, including solar and hydropower, to underscore our unwavering commitment to these values.

We've partnered with the PlanetSolar Foundation and Horus Network Sàrl to install solar panels on the roofs of our buildings in Bienne, Bonfol, and Court. All our MPS facilities now boast the presence of photovoltaic panels.

In November 2021, MPS inaugurated a new solar power plant on the roof of its building in Bonfol. This installation by Horus Networks Sàrl comprises 609 photovoltaic panels, that can produce 220 kW. This solar plant can meet 13.5% of the Bonfol factory's annual energy demand and reduce carbon dioxide emissions by 132 tons annually.

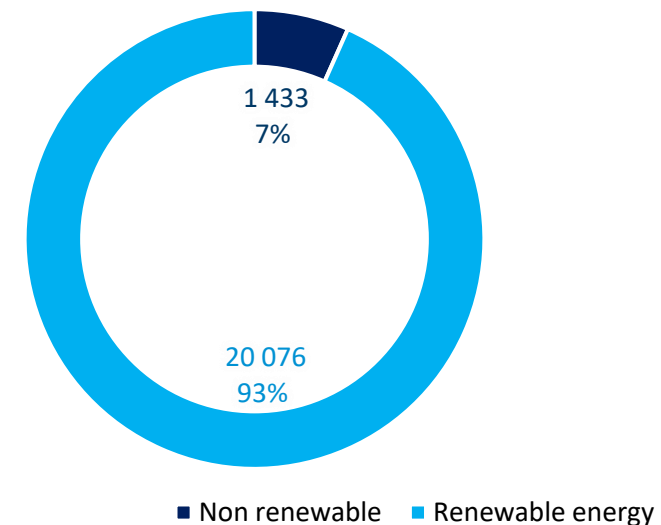
Our Court facility hosts a robust plant with a capacity of 165 kW. Additionally, both of our Bienne buildings have been equipped with solar panels, contributing to a combined generating capacity of 149 kW. It's

essential to highlight that ownership of the power plants in Biel rests with the PlanetSolar Foundation

Our commitment to sustainability extends to the source of our electricity. We are pleased to confirm that we source 100% of our electricity from Swiss hydropower, an environmentally responsible and renewable energy source. Our collaboration with Pronovo SA, an accredited certification body recognized by the Swiss Confederation, ensures that our electricity's origin is certified as renewable and sustainable.

This resolute reliance on 100% renewable energy is pivotal in achieving a carbon-neutral footprint, perfectly aligning with our overarching sustainability objectives, and underscoring our unwavering dedication to responsible practices. These efforts collectively contribute to a greener and more sustainable future. This commitment is deeply rooted in our core values. It continues to guide our operations as we make significant strides on our sustainability journey.

Energy in GJ



ELECTRICITY FACILITIES

The introduction of electric vehicle charging stations in Biel, Bonfol, and Court represents a significant step toward sustainability. These stations provide convenient and emissions-free transportation options, reducing air pollution and noise in our cities. By promoting the use of electric vehicles, these charging stations are not only improving the quality of life for residents but also setting a positive example for others. They demonstrate a commitment to a greener, more sustainable future while boosting local economies and fostering technological advancements in clean transportation.

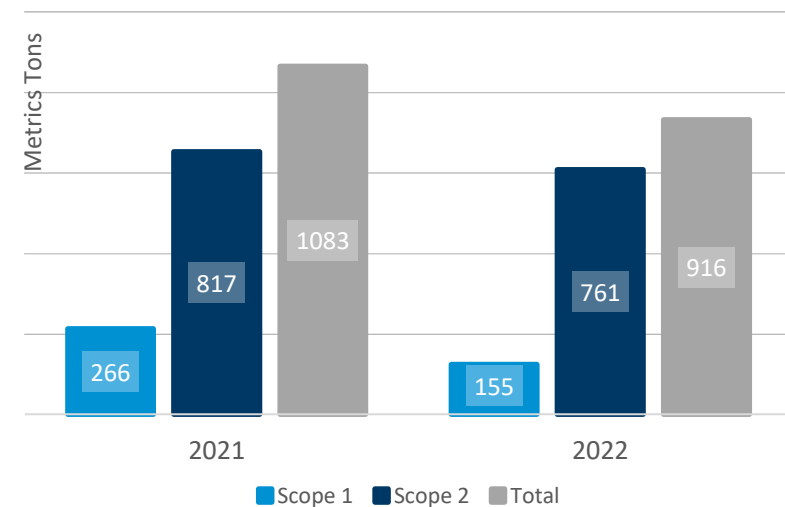


CO₂ EMISSIONS – SCOPE 1 AND 2

GRI 305-1, 305-2

MPS has established ambitious targets to decrease its absolute Scope 1 and Scope 2 emissions significantly by 30% by 2025 compared to the levels of 2021. Our consistent progress is documented in our annual EcoVadis assessment report. Notably, in the fiscal year 2022, we accomplished a remarkable feat by reducing our Scope 1 and Scope 2 CO₂ emissions by an impressive 15.4% compared to our FY21 baseline. Yet, our pursuit of these goals continues with a well-structured action plan emphasizing efficiency improvement and the transition to renewable energy sources.

During FY21 and FY22, our Scope 1 emissions calculations were based solely on stationary source fuel combustion. Looking ahead to FY23, we are actively working to broaden our scope by incorporating mobile source fuel combustion, reinforcing our unwavering commitment to environmental sustainability and progress.

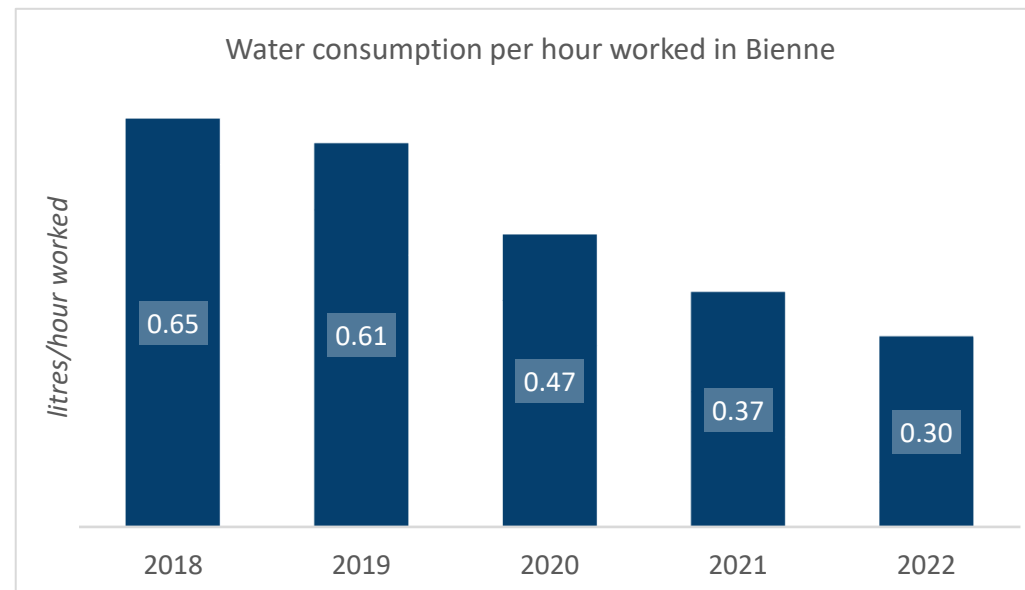


WATER

GRI 303-2, 303-5

As an industry that relies on water for various production processes, we must adhere to legal regulations requiring the pre-treatment of water before it is discharged into the network. To meet this requirement, one of our three sites is equipped with a Wastewater Pre-Treatment Plant (WWTP). Our pre-treated water is discharged into the municipal wastewater collection network. At the other two sites, where water quantities are minimal, we collect and externally treat any polluted water.

We place a strong emphasis on maintaining water quality, conducting regular assessments of the WWTP in Bienne. This allows us to ensure compliance with legal standards and uphold responsible water management practices throughout our facilities. We actively monitor water consumption across our operations to enhance efficiency and reduce our environmental footprint. The water we use comes exclusively from municipal sources. We do not withdraw any natural spring water.



WASTES

WASTE REDUCTION AND RECYCLING

GRI 306

Since January 2017, MPS has implemented water fountains to reduce office waste, eliminating disposable water cups and single-use PET water bottles.

MPS promotes its employees' well-being by providing mugs and drinking flasks. MPS also welcomes its new employees with a special touch, such as a mug, a water bottle, and reusable cutlery, thus including everyone in its commitment.

In addition, since September 2022, waste separation has been encouraged with garbage cans for paper, PET, glass, aluminum, plastic, and other waste.



On the operational side, as a responsible company, MPS strictly manages our hazardous and process waste to minimize negative impacts on human health and the environment.

All our sites have a management system to ensure compliance with all local regulations and beyond when possible. This ensures that the least amount of waste is generated.

HAZARDOUS WASTE MANAGEMENT

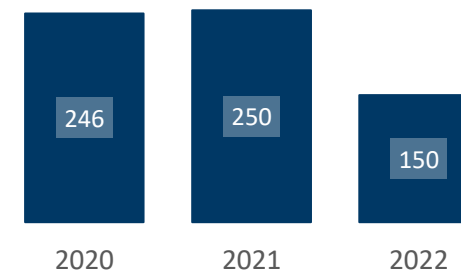
GRI 306-5

In our industry, generating hazardous waste is an inherent aspect of our operations. However, we are steadfast in our commitment to finding both environmentally responsible and minimally intrusive solutions. By 2028, we aim to reduce our total hazardous waste output by 2% compared to 2021.

We adhere to all legal regulations regarding hazardous waste disposal, ensuring that our waste is fully compliant with established standards prioritizing safety and environmental protection.

Internally, we have implemented various practices to further our waste reduction goals. One notable initiative involves carefully cleaning and reutilizing oils within our production machinery. Extensive studies and testing have demonstrated that we can extend the usability of these oils without compromising the quality of our products.

Hazardous wastes in Tons



These actions align with our corporate commitment to sustainable practices, reflecting our ongoing dedication to environmental stewardship and waste reduction.

BIODIVERSITY

GRI 304-1

Our operations are not situated within or adjacent to protected areas or located in regions of high biodiversity value outside these protected zones.

However, adjacent to one of our sites, we have the privilege of a small green space. Recognizing the ecological potential of this area and our commitment to environmental stewardship, we have chosen to introduce beehives, thereby enhancing their ecological value, and supporting local pollinators. This initiative aligns with our broader sustainability goals, demonstrating our dedication to positively impacting the environment even within limited spaces.



BEEHIVE ESTABLISHMENT

At the beginning of each year, around the month of March, the Farm au Gros Pré deposits the hives for the summer season near the Court factory. The first season in 2019 was not optimal, nor was it easy (difficult weather conditions for the bees).

Thanks to the sponsorship and support of MPS, beekeepers and bees have successfully gone through this ordeal.

They were able to start producing honey, essential to their lives. They mixed this sweet nectar with the pollen pellets collected with great effort; a source of food necessary for the development of the larvae that will become the bees of tomorrow. Our three beehives in Court have produced 500 jars this year. These are given to our employees.



ABOUT THIS REPORT

GRI 2-3, 2-4

This report is intended for our employees, clients, and other stakeholders to understand the importance that MPS places on sustainability. It is also used to improve reporting processes and disclosures continuously.

This report marks our first annual sustainability report, covering the entire fiscal year 2022, from January through December 2022. All references to “FY22” relate to the 12 months ending December 31st, 2022.

This report has been prepared following the Global Reporting Initiative (GRI) Sustainability Reporting Standards disclosures, detailed in the GRI content index and the SASB Standards, Sustainability Accounting Standard – Industry Standard.

The report reflects the performance of MPS’ global operations related to its fiscal year ended December 31st, 2020. This report was managed internally, we are confident that it provides an accurate and balanced assessment of our objectives and performances.

For any questions about the report, please contact:

Sustainability@mpsag.com

PERFORMANCE INDICATORS

Employees

FY22				
	FEMALE	MALE	TOTAL	
Number of employees (headcount (HC) / FTE)				
HC	196	279	475	
FTE	174.75	273.8	448.55	
Number of permanent employees (headcount / FTE)				
HC	158	256	414	
FTE	142.15	252.1	394.25	
Number of temporary employees (headcount / FTE)				
HC	33	21	54	
FTE	31.6	20.5	52.1	
Number of non-guaranteed hours employees (headcount / FTE)				
HC	5	2	7	
FTE	1	1.2	2.2	
Number of full-time employees (headcount / FTE)				
HC	130	255	385	
FTE	130	255	385	
Number of part-time employees (headcount /FTE)				
HC	66	24	90	
FTE	44.75	18.8	63.55	
Number of new employees hire (headcount / %) <i>GRI 401-1</i>				
Group				
HC	<30 yrs.	6	8	14
	30 - 50	21	29	50
	>50 yrs.	1	18	19

In %	Total	28	55	83
	<30 yrs.	43	57	17
	30 - 50	42	58	60
	>50 yrs.	5	95	23
Bienne				
HC	<30 yrs.	5	5	10
	30 - 50	14	20	34
	>50 yrs.	0	15	15
	Total	19	40	59
In %	<30 yrs.	50%	50%	12%
	30 - 50	41%	59%	41%
	>50 yrs.	0%	100%	18%
Bonfol				
HC	<30 yrs.	0	2	2
	30 - 50	5	5	10
	>50 yrs.	1	2	3
	Total	6	9	15
In %	<30 yrs.	0%	100%	2%
	30 - 50	50%	50%	12%
	>50 yrs.	33%	66%	4%
Court				
HC	<30 yrs.	1	1	2
	30 - 50	2	4	6
	>50 yrs.	0	1	1
	Total	3	6	9
In %	<30 yrs.	50%	50%	2%
	30 - 50	33%	66%	7%
	>50 yrs.	0%	100%	1%

Number of parental leave (headcount) <small>GRI 401-3</small>				
<i>Number of employees that were entitled to parental leave</i>				
HC	7	10	17	
<i>Number of employees that took parental leave</i>				
HC	7	10	17	
<i>Number of employees that returned to work in the reporting period after parental leave ended</i>				
HC	7	10	17	
<i>Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work</i>				
HC	7	9	16	
<i>Return to work of employees that took parental leave</i>				
%	100%	100%	100%	
<i>Retention rates of employees that took parental leave</i>				
%	100%	100%	100%	
Diversity of governance bodies and employees <small>GRI 405-1</small>				
<i>Senior Management</i>				
HC	<30 yrs.	0	0	0
	30 - 50	0	3	3
	>50 yrs.	1	3	4
	Total	1	6	7
%	<30 yrs.	0%	0%	0%
	30 - 50	0%	100%	43%
	>50 yrs.	25%	75%	57%
	Total	14%	86%	1%
<i>Medium Management</i>				
HC	16	92	108	
%	15%	85%	22%	

<i>Employees without management level</i>			
HC	180	192	372
%	48%	52%	77%

	EMPLOYER	WORKERS TYPE	JOB TYPE	TOTAL
Number of workers who are not employees <i>GRI 2-8</i>				
HC	employment	Operators	micro mechanism	28
FTE	agency		assembly	28
Average per month				22.5

	MPSM	MPSW	MPSD	MPSP	GROUP
Turnover rate by site <small>GRI 401-1</small>					
%	10.30%	11.84%	33.71%	20.69%	14.11%

Health and safety

Work-related injuries <small>GRI 403-9a</small>		
	Number	Rate
Fatalities as result of work-related injury	0	0
High-consequence work-related injuries (>6 months)	0	0
Recordable work-related injuries	8	2.5
Hours worked	638 817	

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