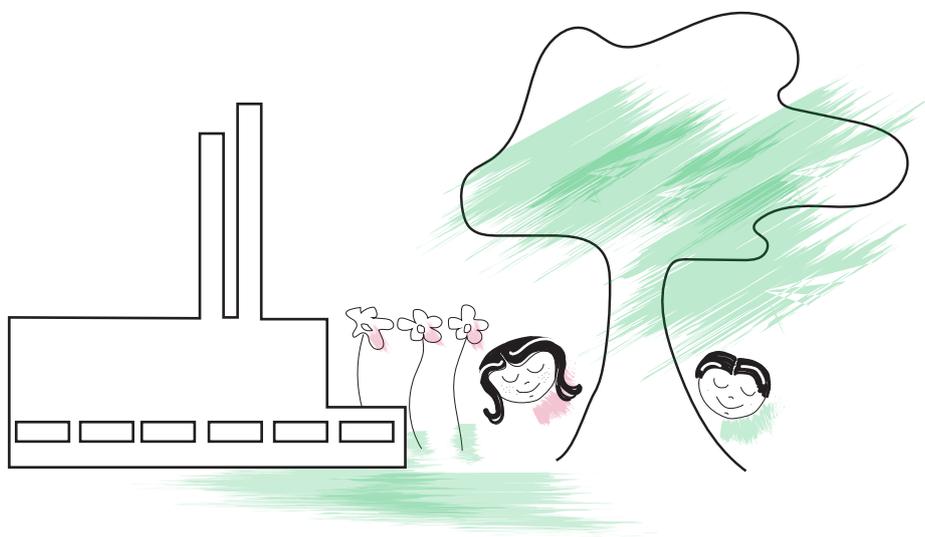


Sustainability Report & UNGC COP 2019

Neosys AG



Neosys AG
Gerlafingen • Bern • Epalinges
April 2020



Contents



Foreword	4
1 Our company in 2019	6
1.1 General overview	6
1.2 Corporate structure und governance	7
2 Economy.....	10
2.1 The success of our company	10
2.2 Our customers.....	11
2.3 Our suppliers	13
2.4 Innovation.....	13
2.5 Management-system.....	14
3 People and society	16
3.1 Stakeholders	16
3.2 Business practices and anti-corruption	18
3.3 Our employees	19
3.4 Sponsoring, memberships, charitable activities	22
4 Environment	24
4.1 Operational aspects	24
4.2 Product-related aspects	27
5 Neosys at a glance	30
Notes on our report and GRI Index	31
Legend	32



107 hours
of further training per FTE

Gross sales of
4 million CHF in 2019

Wage ratio
(f/m) of 0.975

(adjusted of position)



The Gerlafingen site is
carbon-neutral

Ebit rate
of 7,2% in 2019

100% renewable
energy
at the Gerlafingen site

Foreword

G102-10, G102-11, G102-12, G102-14



Dear readers,

The 2019 annual report provides information about the past financial year at Neosys AG in the format that has now become customary. For the tenth successive year, we have drafted the report in accordance with the GRI ('Global Reporting Initiative') guidelines. Although these guidelines are aimed predominantly at larger multinational companies, we have had great success in using

them as a small company too. In brief, preparing a 'GRI-compliant' annual report means:

- reporting on that which is relevant to the company and of interest to its stakeholders;
- transparent, verifiable reporting;
- reporting that gives equal weight to strengths and weaknesses, better and worse aspects;
- concentration on sustainability measures and indicators.

With the addition of an internal appendix, this report also acts as a management review report, which forms part of our management system procedures certified under ISO 9001:2015 and ISO 14001:2015. We seek to provide innovative reporting, focusing on global sustainability, on our own performance.

As our performance indicators show, we have another successful financial year behind us and so can feel confident about the future and the further development of our business too. The results also affirm our belief that investing heavily in professional development and innovation, combined with a high level of flexibility, pays dividends for a company like ours.

We are certain that, in the face of the technical and economic development that we can expect in the future, it will still be necessary, for a long time to come, to recognise and tackle deficits in the ecological, social and security spheres, in order to ensure that our systems and organisations are sustainable. This continued need also ensures the continued existence of the market in which we operate.

We warmly invite you as a stakeholder in our company to join us in reviewing our activities and services during 2019. I would like to thank all our employees for their great dedication and our customers for their trust in us during the previous year!

Dr. Jürg Liechti

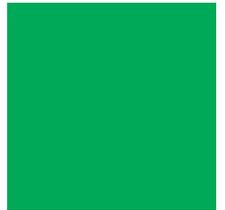
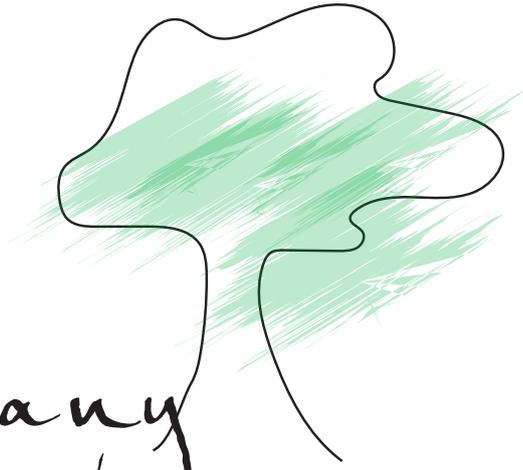
CEO and President of the Board of Directors, Neosys AG

UNGC

Neosys aligns its strategies and operations with quality, health, safety and environmental standards. In 2010 we signed the United Nations Global Compact (UNGC) and joined the Swiss local network of the UNGC. By doing so, we became part of a network dedicated to jointly advance societal goals in the areas of human and labour rights, environment and anti-corruption.

As a small-sized consulting firm in the fields of sustainable development, we understand that our future success depends on a sustainable business model. Therefore, we want our product solutions to be part of a global economy that supports all people and the environment. The UNGC initiative provides a framework to achieve this goal.

Our company



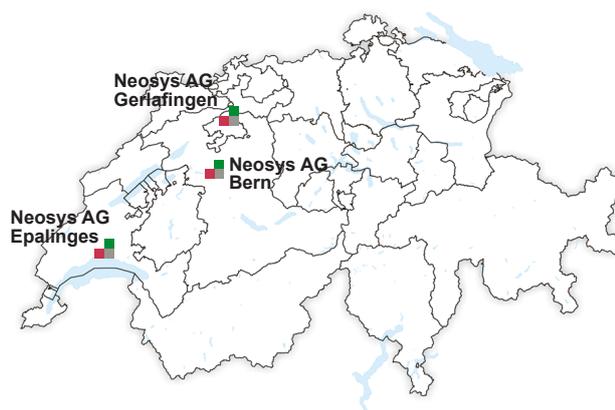
1 Our company in 2019

1.1 General overview

G102-1, G102-2, G102-3, G102-4, G102-5, G102-6, G102-7, G102-8



Neosys AG is a small engineering company and service provider with a focus on sustainability that currently employs around 30 people (including freelancers), making up a total of around 20 FTEs. In line with our mission statement we are a skilled team of experts from the environment, engineering, safety, risk management, social responsibility, management systems and legal services sectors that provides analyses, advice, plans, calculations, measuring, surveys and expert reports for companies, authorities and organisations in Switzerland and worldwide.



The company has its headquarters in Gerlafingen (Canton of Solothurn) and additional sites in Bern and in Epalinges near Lausanne. Neosys operates both throughout Switzerland and internationally, and we believe it makes sense to provide our services globally. It does not have a proactive strategy for expansion, but responds to opportunities for cooperation.

Developments – Impact – Opportunities: 2019 was a successful year for our company overall. Although sales and profits (EBIT) from our operations fell slightly short of budgetary expectations, one-off items meant that final operating profits were in line with last year's level/our target. Moreover, we were able to keep the staff fluctuation rate at the same low level as last year despite a senior-level departure. Customer satisfaction also remained high at over 90%. Employee satisfaction no longer reached the record level of the previous year, but is still well above the target value.

A special contribution was made here by our legal services, which have once again seen double-figure growth rates. Our online platform 'LexPlus' is a very attractive legal monitoring tool that allows us to meet the steadily rising demand for legal services. The good overall final figures are largely due to the strong performance in the legal services area.

The future market prospects of Neosys AG are very promising. The vastly increased focus on the climate and energy sector is having a positive effect. We anticipate that our development efforts in the areas of the circular economy and corporate responsibility will also bear fruit in the medium term. In combination with the ever-growing importance of legal compliance and increasing challenges in chemical and product regulation, we believe our prospects for further profitable growth remain intact. Consequently, we feel ready for the future and look forward to the developments in the coming years.

1.2 Corporate structure und governance

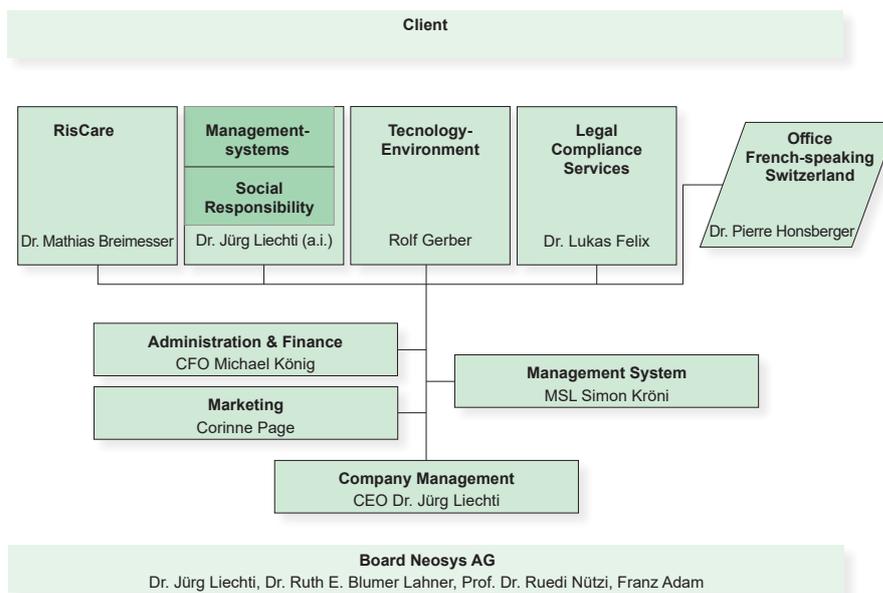
G102-18, G102-23, G102-24, G102-25, G102-30



Current status and indicators

Neosys is divided into three operative Business Units (BU): 'Legal Services', 'RisCare' and 'Technology-Environment'. The 'Management Systems' and 'Corporate Social Responsibility' areas are currently not independent business units and are being temporarily managed by the CEO.

We have represented our organisational chart in the form of a tree, with those who benefit from our company's services – the satisfied customers – at the top.



At the end of the 2019 reporting period, the Board of Directors at Neosys AG consisted again of four people, of whom one was a major shareholder and three were external parties. As an SME not listed on the stock exchange, it is our policy for our Board of Directors to be composed firstly of the major shareholders responsible, and secondly of selected external individuals who can support Neosys with their network of contacts. The Chairman of the Board of Directors is the majority shareholder and also the CEO. This constellation results from the management buyout in 2006 and is intended to help stabilise the company. It is reviewed at regular intervals.

The company management consists of the heads of the Business Units (one is also the CEO) and the Director of Finance and Administration.

The market meeting comprises all employees with project manager status. It coordinates issues relating to product design, marketing and the corporate image. Based on a recommendation from the management review, in late 2018 the Neosys team brought a professional marketing specialist on board, who devotes her full attention to these issues and supports the project managers.

The strategy committee reviews the corporate strategy on an annual basis. It has a new composition every year, which is decided by the Board of Directors, and in which at least the Board of Directors and the company management are represented. This flexibility makes it possible to adapt the selection of participants to the current situation and to the form of the strategy meeting.

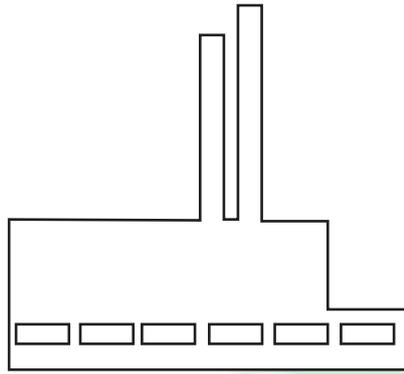
Assessment

The governance structure has proved itself to date, in that it has led to the continuous development of the company and its performance.

Measures

- Continuously checking the organisational structures, marketing and working hours/workplace models.

Economy



2 Economy

2.1 The success of our company

G201-1, G201-3



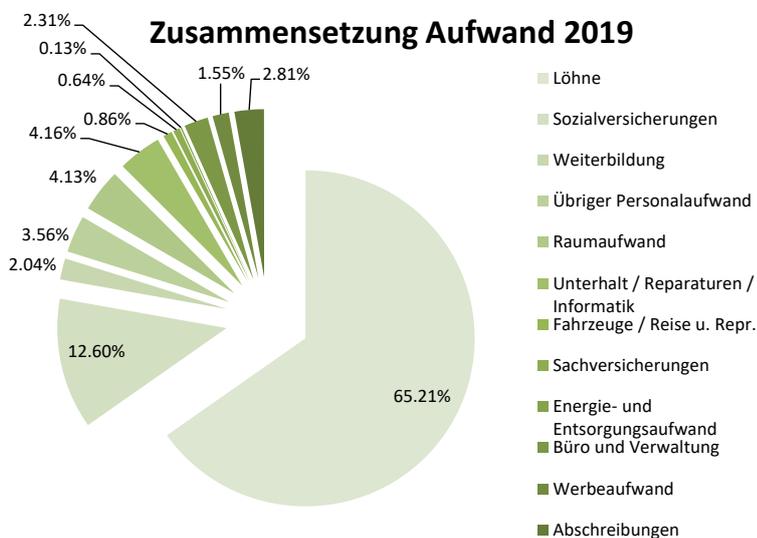
Current status and indicators

The **gross profit (C1)** ended the reporting year slightly below the budgeted value, but still at a record level (see table below for the essential indicators). Overall, at 114 kCHF our **operating profits for 2019** were around 15% below target. The **cash flow** was significantly above the budgeted value.

We succeeded in reaching the staff productivity target with the same number of employees. At 1.54, it is slightly above the average of recent years.

Indicator	Unit of measurement	2019	Target 2019	2018	2017
Gross sales, all of Neosys AG	kCHF	4006	*	3772	3601
HR costs, all of Neosys AG	kCHF	2894	*	2929	2585
Gross profit (C1), BUs only	kCHF	3640	*	3772	3344
HR costs, BUs only	kCHF	2368	*	2465	2187
EBIT	kCHF	262	✓	271	288
Operating result	kCHF	114	✓	135	94
Cash Flow	kCHF	295	*	207	221
Dividends distributed	kCHF	98		94	98
EBIT rate of return	%	7.2%	✓	7.3%	8.6%
Staff productivity	---	1.54	✓	1.53	1.53

The following graphic shows the breakdown of **costs**, as in previous years. As usual, over 80% are attributable to direct and indirect staff costs. Due to the predominance of staff costs at Neosys, the performance of the company depends on a good staff return, that is, a high offsetable utilisation of the existing staff capacities. There has been only a slight change in the distribution of costs compared with the previous year.



Assessment

The financial parameters for the reporting period are all within a good range. Thanks to a stable staffing situation, we were able to achieve financial results largely in line with expectations.

Measures

- Continuing controlling with existing instruments.
- Continuing provision of support for employees with low productivity.
- Continuation of training measures for new employees, with the aim of achieving good productivity and quality of work as quickly as possible.
- Critical analysis of the products and marketing as part of the strategic process

2.2 Our customers

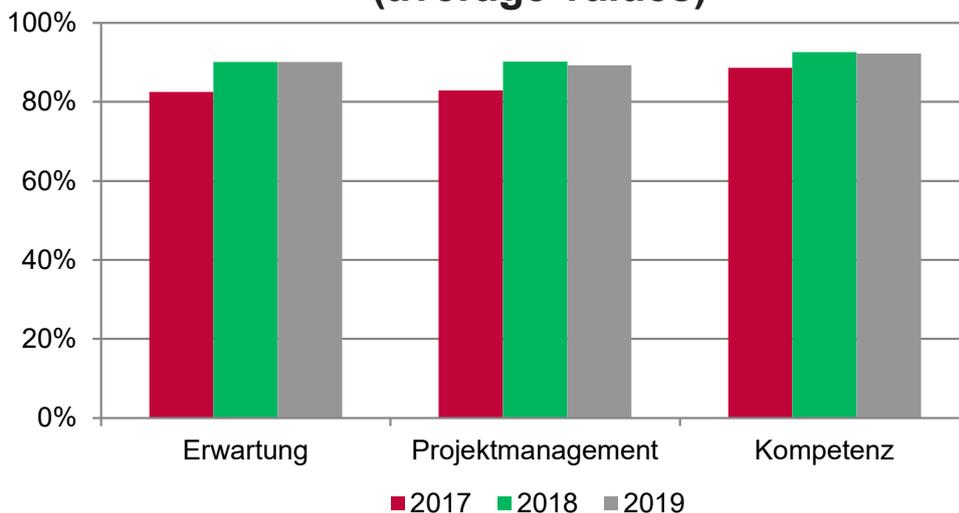
G413-1, G413-2, G418-1, G419-1



Current status and indicators

Our **customers** include companies, authorities (departments and municipalities) and organisations (associations, international organisations, NGOs, etc.) in Switzerland and abroad. This means that for many years our customer base has included a broad range of sectors and industries. Neosys AG provides personal support and consulting services that are tailored to our customers and their requirements. Our customer relations, strongly **characterised by personal contact**, have provided us with direct feedback about our customers' satisfaction with our work and the services we offer. Since 2019, we have also been using an online tool to record customer satisfaction after project completion. This replaces the original paper and PDF forms.

Customer satisfaction parameters (average values)



The rate of return of **customer questionnaires** sent out has decreased from 24.4% in the previous year to 18%. A possible reason for this could be that a lot more surveys are now being sent out than when they used to be sent by post, and people are no longer willing to spend too much time on such surveys.

Indicator	Unit of measurement	2019	Target 2019	2018	2017
Overall average customer satisfaction	%	88.2	✓ 90	89.2	82.6
Overall average customer satisfaction	% very good	67.8	---	69	56.4
Average of criteria 1-8	%	90.2	* 90	90.3	83.8
Average of criteria 1-8	% very good	72.4	---	72.3	57

After rising last year, the overall satisfaction of our customers has fallen again in 2019 and is now slightly below the target value of 90%. While satisfaction remained stable in the 'core criteria', the greatest decline was recorded in the criterion price-performance ratio.

Assessment

One positive result is that the feedback on the core criteria from the previous year was repeated. This means that the Neosys project managers are perceived as competent and reliable experts. The decline, which was mainly recorded in the criterion price-performance ratio, should be monitored. It indicates that our customers are becoming more price-sensitive and/or isolated price increases are no longer accepted so easily.

Measures

- Maintain regular project management training to increase the competence of project managers and enable the rapid induction of new PMs.
- Regular and proactive discussion of complaints in the market and management meetings. Constant awareness-raising.
- Monitor pricing and related feedback from the market.

Satisfied customers

SBB AG, Passenger Traffic:

In recent years, Neosys has helped us on several occasions to make our certified environmental management system even more secure and efficient. We can also count on Neosys when it comes to challenging issues such as interpreting new environmental legislation or the correct way to use and store hazardous materials.

I also appreciate that the guidance is practical and level-appropriate, providing a solid basis for continuous improvement in terms of sustainability and energy efficiency.

Markus Nater

*Head of Environmental and Energy Management,
Director of the Passenger Traffic Energy-Saving Programme, SBB AG*



2.3 Our suppliers

G102-9, G204-1, G308-1, G308-2, G407-1, G408-1, G409-1, G414-1, G414-2



Current status and indicators

Supplier management is of relatively low overall importance to Neosys AG, as most of the value chain comes from the work of the employees and only very little is contributed by suppliers. Nevertheless, the reliability of our suppliers for IT services and communication is becoming increasingly important.

Our suppliers are divided into three categories. Those categorised as relevant/strategically important partners are assessed at intervals of three years. A recommendation regarding a continuation of the partnership is made and any necessary measures are defined. Two strategically important suppliers were reviewed in the reporting year.

Indicator	Unit of measurement	2019	Target 2019	2018	2017
Reviewed suppliers/service partners	Number	2	-	1	8
Exclusion of partners	Number	0	-	0	0

For years we have been purchasing recycled paper and 100% organic produce for the fruit provided for employees' breaks. The IT products used are purchased from an electronics company that is a leader in the field of fair working conditions.

In accordance with the Management Handbook, the (internal) **list of criteria** that relate to the sustainable acquisition of products is applied.

Neosys has defined a **code of conduct** that includes the locally valid environmental, work safety and occupational legislation, as well as the ILO core conventions and the payment of social security contributions and taxes. Our strategically important service partners and suppliers have been informed of this code and asked to confirm their compliance by means of self-declaration.

Assessment

No problems were found with the suppliers that were reviewed.

Measures

- Continuation of periodic evaluation of the relevant suppliers.

2.4 Innovation

G102-2, G102-29, G203-1



Current status and indicators

After the very low level experienced in 2018, the working hours spent on innovation increased again in 2019. This shows that the resources freed up by the completion of the major LexPlus innovation project in 2018 have been reinvested in innovation as planned. Of particular note is the high number of different innovation projects. With nine ongoing projects, our target was clearly exceeded.

Indicator	Unit of measurement	2019	Target 2019	2018	2017
Innovation projects handled (as at end of the year)	Number	9	5	6	3
Working hours spent on innovation projects	Hrs	426.8	---	179.7	827.0

Assessment

Innovation is very important for Neosys, which sees itself as an 'opportunity taker', and it should therefore be continued at an appropriate level. As a small company, however, resources must also be used as efficiently and purposefully as possible.

Measures

- Continuing controlling as before to ensure that the available resources are used in a targeted and efficient manner and that resources are not dispersed over too many projects.

2.5 Management-system

G103-1, G103-2, G103-3, G307-1, G416-2, G417-1, G417-2, G417-3, G419-1



Current status and indicators

Neosys AG has an **integrated management system**. The company's quality management has been **ISO 9001**-certified since 1994. Shortly thereafter, the certification was expanded to include ISO 14001. The management system is expedient and is developed further on a regular basis. In 2017, the management system was successfully certified in accordance with the new standards ISO 9001:2015 and ISO 14001:2015. In May 2019, we successfully underwent a repeat audit by SQS in accordance with these standards.

Our own **legal compliance** is monitored using the same tool that we supply to our customers; since March 2015 this has been our LexPlus legal database. The investigation in the spring of 2019 showed according to our own estimation that Neosys AG fully complies with the legal requirements in the areas of the environment and safety.

There are **no proceedings** open against Neosys AG.

External communication takes the form of sustainability reporting in line with the Global Reporting Initiative (GRI) guidelines.

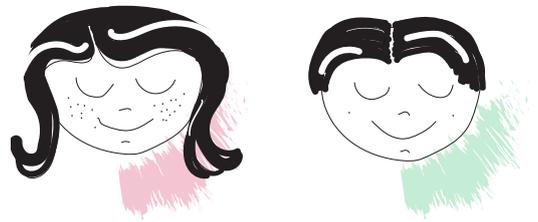
Assessment

The integrated management system has proven itself for the running of the company. It is generally well-accepted and is run efficiently. Combining the management system and the sustainability report also opens up numerous synergies for obtaining information and disseminating it to stakeholders internally (including the management itself) and externally.

Measures

- Maintenance and further development of the system. Successful completion of the recertification audit in April 2020.
- Carrying out at least two internal IMS training courses per year for all employees. Focus on critical areas for efficient work.
- Continuing induction training for new employees.
- Continuing to address pending QM list and customer complaints list under the agenda item 'Management system' at company management meetings.
- Aligning GRI report to the current version of the Global Reporting Initiative (GRI) guidelines.

People and society



3 People and society

3.1 Stakeholders

G102-40, G102-42, G102-43, G102-44, G413-1



Current status and indicators

Neosys AG associates closely with numerous individuals and groups internally and externally. In 2010, we undertook a **general identification of our stakeholders** as part of our strategy development. Based on this, the management has been carrying out a more detailed analysis since then. For both Neosys overall and our individual Business Units, this showed a very complex pattern of different groups of stakeholders.

We seek to maintain an ongoing **dialogue** with all stakeholder groups. The instruments for this are included in our communication concept.

But for a true dialogue, we need feedback from the stakeholders under analysis. Many companies and stakeholders frequently only provide us with information, and communication is not the product of information alone, but also of feedback on the information provided.

Neosys believes it is vital to involve our stakeholders in our day-to-day business. With custom-developed online questionnaires and a special tool, we can easily and efficiently survey both external and internal stakeholders. This has now been developed into a Neosys service.

In 2019, all registered Neosys contacts were asked about their impressions and expectations of Neosys. The analysed feedback is primarily intended to help us gear our marketing and development activities to customers' needs. It also forms the basis for a discussion of strategic issues. A total of 125 persons took part in the survey.

Assessment

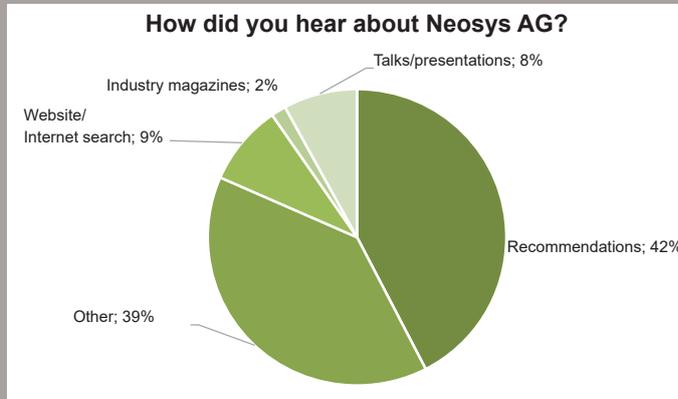
The stakeholder survey is a central instrument enabling us to compile our reports in accordance with the new GRI standards, while also helping our company to obtain valuable feedback from our most important stakeholders. In 2019, a general survey was sent out. In 2020, another more targeted survey tailored to our key stakeholders will be conducted.

Measures

- Annual modification and implementation of the stakeholder survey.
- Discuss the analysed feedback and incorporate it into the strategic process.

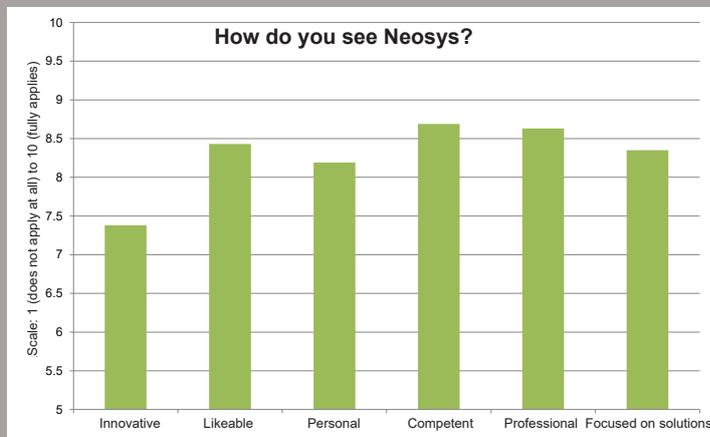
Stakeholder survey

In 2019, all registered Neosys contacts were asked about their impressions and expectations of Neosys. The analysed feedback is primarily intended to help us gear our marketing and development activities to customers' needs. It also forms the basis for a discussion of strategic issues. A total of 125 persons took part in the survey.



The feedback on the question of how people heard about Neosys is very informative. By far the most important factor is recommendations, followed by the Internet and talks/presentations. This demonstrates the importance of customer satisfaction and having a good relationship with our customers.

A second finding is that Neosys is not seen as especially innovative. While our professionalism, competence and likeability are rated highly, we scored lowest on innovation. Unfortunately, it is not clear from the feedback that was received how this rating could be improved.



The feedback that was received is now being analysed in depth and will be incorporated into our strategic process. Thanks to everyone who took part in the survey!

If you have feedback (positive or negative) at any other time, we'd love to hear it: info@neosys.ch.

3.2 Business practices and anti-corruption

G102-16, G102-44, G205-1, G205-2, G205-3, G206-1



Current status and indicators

In accordance with our corporate values we seek to ensure **ethical conduct** towards all our partners and stakeholders. Because it is important to our credibility and identity, many aspects of ethical conduct have already been applied implicitly to date. Thus, for example, **complaints** and critical feedback from customers, neighbours, social groups, employees etc. are recorded in a list and pursued by the management system manager. In the 2019 reporting year, there were three cases of feedback that were officially classed as complaints. Two concerned IT problems with the online tool LexPlus. The complaints were discussed with the customers concerned and measures were implemented to prevent these problems recurring in future and to ensure customers will be proactively informed of any IT problems that do occur. The other complaint concerned the hazardous materials service. The problem in this case was caused by internal changes at the customer's company and some miscommunication. These issues were discussed and resolved at a meeting.

Indicator	Unit of measurement	2019	Target 2019	2018	2017	
Employees who were given anti-corruption training	% of people	85%	*	75%	48%	68%
Cases in which there was any suspected corruption	Number	0	---	0	0	
Complaints from stakeholders with regard to environmental or social aspects	Number	3	---	2	0	

In Switzerland, we generally assess the **risks connected with corruption** as low. However, in the case of projects abroad we perceive an increased risk of being confronted with activities that could be described as corruption.

In order to be able to counter these, we formulated and adopted an in-house anti-corruption policy in 2013, and integrated it into the provisions of the employment contracts; we also drew up specifications for the tender phase and order processing. This includes a description of the possible risk situations and the relevant preventive measures and procedures in cases of suspicion. In addition, anti-corruption training for our employees is conducted on a regular basis, including in 2019.

Potential risk situations or cases that could fall under the category of corruption are dealt with as an agenda item in the monthly management meetings and a list compiled. There were no cases of this kind in the 2019 reporting period.

Assessment

The customer complaints were linked to IT problems with the online tool LexPlus and to misunderstandings concerning our hazardous materials services. Both problems were resolved in consultation with the customers.

The anti-corruption policy introduced in 2013 provides a practical framework with regard to corruption and attempted illegal influence by third parties which may affect us in the course of our activities. Thanks to the 2019 training programme, the proportion of trained employees has again risen sharply compared with the previous year.

Measures

- In future, issues with LexPlus will be proactively communicated on Twitter and on our website.
- Maintaining the list for recording and pursuing situations that involve the risk of corruption.

3.3 Our employees

G401-1, G401-2, G403-2, G404-1, G404-3, G405-1, G405-2, G406-1

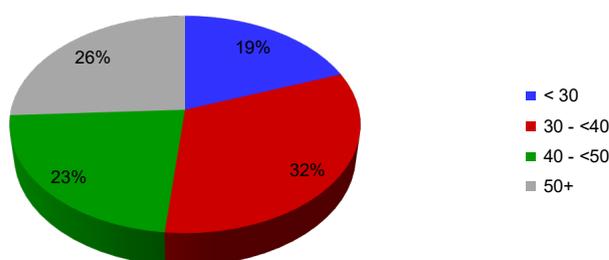


Current status and indicators

As at 31.12.2019, Neosys AG has **18.53 full-time equivalent posts (FTE)** with employment contracts in accordance with Swiss law (excluding ancillary staff). As at the reporting date these posts are divided between **27 people**. The number of **female employees** is 37.1% of the FTE, which represents a slight decrease from the previous year. This was due to the departure of a member of the company management team, which means there are no longer any women in senior positions. Aside from this, only one other person left the company in 2019. Both vacancies were quickly filled. As a consequence **staff fluctuation** was pleasingly low, at 4%.

Indicator	Unit of measurement	2019	Target 2019	2018	2017
Staff	FTE as at 31.12.	18.53	---	19.6	15.75
Total percentage of women	% FTE	37.1	---	43	26.7
Percentage of women in CM	% FTE	0	---	21.6	21.1
Percentage of women on BoD	% per capita	25	---	28.6	25
Wage spread	Ratio of highest to lowest wage	3.00	---	2.7	2.83
Wage ratio women/men relative to pay bracket New indicator introduced in 2019		0.975	✓	1.00	---
Wage ratio women/men PM1		1.12	✗	1.00	1.08
Wage ratio women/men PM3		0.96	✓	1.00	0.94
Wage ratio women/men PM4		1.03	✓	1.00	1.11
Fluctuation	% FTE (departures)	4.0	*	<8	4.9
Occupational accidents/illnesses leading to absences	Number of cases	0	*	0	0
Absence rate (occup. accidents/illnesses)	%	0	*	0	0
Total absences (excluding approved absences and maternity/paternity leave)	%	1.1	---	0.82	0.55
Overall satisfaction	Scale 0-10	7.9	*	7.00	8.51
Time spent on further training	Hrs / FTE*y	106.8	---	119.4	111.8

Verhältnis Alterklassen 2019



The distribution of employees by **age** can be seen from the adjacent diagram. The age statistics have not changed significantly in comparison with the previous year: the percentage of those under 30 has increased from 12% in 2018 to 19%, and the proportion of those aged under 40 has decreased.

Occupational health and safety policy: Many Neosys employees are not just office workers, and often carry out their activities at customers' premises in a wide range of working environments – in foundries or power plants, at chemical works, scrap processors, building sites, etc. This gives rise to health risks, which were assessed by internal Neosys safety officers. The measures required to protect employees from work-related accidents or illnesses were determined, including the need for personal protective equipment. Periodic training courses and exchanges of experience are held to enable employees to prepare themselves properly for site visits and to be aware of the risks at customers' premises.

The absence rate has risen again slightly since 2018 and now stands at 2.81 days per FTE per year. This is the highest level in three years. However, this is still significantly below the Swissmem industry benchmark of seven to eight days per year (2016 figures).

The **employee satisfaction questionnaire** was carried out with the new online survey tool. The questionnaire was completed by all employees. The overall satisfaction has decreased (7.9) in comparison with the previous year (8.51). All the individual criteria were assessed as worse than in the previous year; the target value of 7 was nevertheless exceeded.

The overall **wage spread** is 3.0, which is typical for a Swiss SME. It has increased slightly compared with the previous year. The salaries of male and female employees are not completely equal. The deviations from equality are investigated on a regular basis. In 2019, the deviations from ideal value 1 went in both directions, depending which function level is analysed. The excessive deviations for project manager categories 3 (m>f) and 4 (f>m) are determined by the aspects of age and experience of the employees in question and there is therefore no infringement of the pay equality law. Starting in 2019, a new indicator is being used to measure pay equality that takes account of pay bracket position in accordance with age and experience, and thus gives a more accurate picture of pay equality than previous indicators.

Assessment

Neosys offers all of its employees **modern terms and conditions of employment** with opportunities for specialist and personal development, a good level of operational freedom and high delegation of responsibility.

The motivation of our employees is one of Neosys AG's most important resources. The fact that the **satisfaction level** has been sustained above the target value of 7 is very pleasing. As remarks and feedback received as part of the employee questionnaire always vary widely, it is important to continue to seek ongoing improvements. The evaluation of suggestions made as part of the survey or elsewhere is an important instrument here.

Measures

- Further detailed examination of the various responses to the employee questionnaire.

A new face at Neosys

After several years working as a lecturer and researcher in geography and geology, I was looking for a position that offered new challenges and was more compatible with my family responsibilities.

At Neosys, I had the chance to learn about an exciting new field, apply my scientific knowledge and undergo training to make up for gaps in my knowledge. After a one-year induction period, I am now a project manager with responsibility for the smooth running of several customer accounts.



Mareike Trauerstein

Legal Services (LS) Project Manager at Neosys AG

3.4 Sponsoring, memberships, charitable activities

G102-13, G415-1



Current status and indicators

It is part of the Neosys philosophy to be active in **local sponsoring** and to be a member of **industry and specialist organisations** relevant for our company.

Following exceptionally high expenditure on sponsorship in 2018, spending in 2019 dropped back again in line with the long-term average. The largest part was again the Christmas donation, which went to the KONTIKI residence hall (a private, social institution with a public mission) in Subingen. We make further donations in support of events by local associations and organisations.

Membership subscriptions have also decreased again after reaching their highest ever level in 2018, and are now slightly below the long-term average.

Indicator	Unit of measurement	2019	Target 2019	2018	2017
Sponsoring, donations	CHF	5297	---	6500	4650
Membership subscriptions	CHF	19880	---	22611	20594

In addition to financial contributions, Neosys AG is also active in a number of **bodies** which contribute to honing society's awareness of sustainability, and correspondingly in **events** without any reimbursement of expenses (e.g. the Swiss Association of Independent Safety and Security Engineers and Consultants [SSI]). We look on these as platforms for networking with other specialists, gaining new ideas and raising awareness of our company and its services to a wide range of potential cooperation partners and customers.

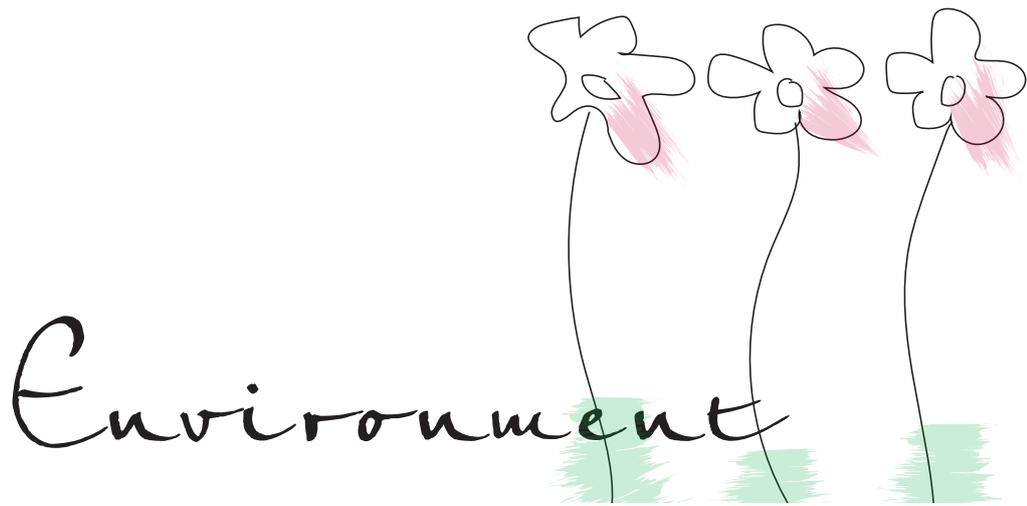
A number of our **employees are active** as volunteers for social issues (NGOs, politics, churches, professional associations, etc.). Neosys AG welcomes charitable and political activities by its employees. These are not supported financially or by granting work time off; however, any flexibility in working hours that this requires is granted.

Assessment

Following above-average expenditure on sponsorship and membership subscriptions in 2018, spending fell back to a 'normal' level in 2019. The maintenance of networks continues to be very important for the positioning of Neosys AG in the marketplace.

Measures

- Continued annual checks of cost/benefit balance of membership subscriptions.
- Checking with marketing that there is still leftover budget before making sponsorship agreements.



4 Environment



Our **legal compliance** is regularly checked as part of the environmental management system. No failures to comply with the environmental legislation have been found.

The **main relevance** of our activities is on two levels. In terms of our own effect on the environment, the emphasis is above all on mobility, followed by the office infrastructure. The second level concerns our indirect effect, i.e. through the projects we carry out for our customers. These indirect (Scope 3) effects are difficult to measure. However, rough estimates (see example in 4.2) show that the indirect effects are probably around two orders of magnitude greater than our direct effects. Consequently, a key role is played by our environmental consulting services, which help customers to improve their environmental performance.

4.1 Operational aspects

G301-1, G302-1, G302-2, G302-5, G303-1, G305-1, G305-2, G305-3, G305-5, G306-1, G306-2



Current status and indicators

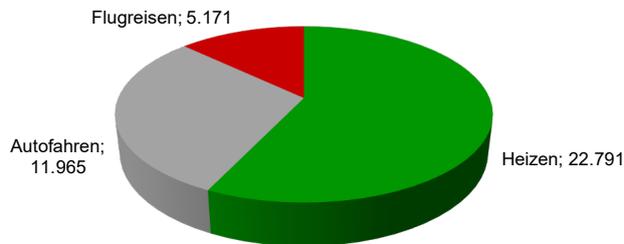
The environmental indicators paint a positive picture compared with previous years. Most notable is the development of the modal split (kilometres travelled by rail as a proportion of business travel), which rose from 60.1% to 70.1%, for the first time clearly exceeding the target. Our **greenhouse gas balance** for 2019 is around 39.9 tonnes of CO₂, equivalent to 2.070 tonnes per FTE. This represents a slight improvement in absolute terms, despite an intercontinental flight being taken in 2019; the negative effect of this flight was offset by reduced travel by car. Due to the rise in employee numbers, CO₂ emissions per capita improved by around 10% compared with last year.

Decreases in **electricity consumption** were not maintained in 2019. Instead, consumption rose slightly in proportion with the number of employees, meaning that consumption per FTE remained exactly the same as last year. Measures taken in 2018 (switching to LED lighting and installation of motion sensors) were not expanded, but tests were run on the practicality of the installed systems. The new lighting performed well, so the switchover will be completed in 2020, which should lead to a further improvement next year.

Pleasingly, **waste generation** fell again. Neosys AG is now below the federal RUMBA benchmarks (60 kg of waste per FTE).

Indicator	Unit of measurement	2019	Target 2019	2018	2017	
CO ₂ emissions, actual	t CO ₂	39.9	---	40.7	45.0	
CO ₂ emissions, compensated	%	100	*	100	100	
CO ₂ emissions per capita f	t CO ₂ /FTE	2.07	---	2.25	2.90	
Kilometres by car	km/FTE	3'410	---	4'632	5'518	
Rail/car modal split	kmB/(kmA+kmB)	0.701	*	> 0.65	0.601	0.556
Kilometres by air	km/FTE	944	---	76	574	
Waste generation	kg/FTE	53.7	---	59.1	81.8	
Electricity consumption	kWh/FTE	815	*	<800	815	956
Proportion of green energy	kWhÖ/kWh _{tot}	1.000	*	1.000	0.99	0.93
Proportion of self-generated electricity (degree of self-sufficiency)	%	11.2	✓	---	11.4	12.0
Paper consumption	kg/FTE	18.0	✓	<20	23.4	19.8
Water consumption	m ³ /FTE	4.5	---	4.0	5.7	

CO₂-Bilanz Neosys AG in Tonnen CO₂



The three **sources of emissions**, 'Heating', 'Car travel' and 'Air travel' are compared in the following pie chart. All CO₂ emissions attributable to Neosys are **compensated for** by the purchase of certificates from the Fair Recycling Foundation (Zurich). Our 'attributable' CO₂ emissions are therefore zero.

The **electricity consumption** for office operations and for rail travel is not calculated in the greenhouse gas footprint. This is due to the fact that we buy in electricity from 100% renewable sources and therefore do not offset the amount of approx. 29 g CO₂/kWh calculated by the Federal Government for the Swiss electricity grid. The proportion of green energy met the 100% target in 2019; the procurement error that meant this figure was not achieved in the past two years has been corrected. While water consumption increased slightly, **paper consumption** dropped significantly, reversing last year's increase. However, further work is still needed to achieve the target of 15 kg paper/FTE. The **self-generated electricity** indicator (degree of self-sufficiency), recorded for the first time in 2016, decreased again slightly from 11.4% to 11.2%. SmartFlower production increased by almost 5%, but since overall electricity consumption rose by around the same amount, this is not reflected in the self-generated electricity indicator. The increased solar power production is attributable to the problems with the SmartFlower system now being resolved, though this has meant it is no longer possible to fold it up. The target of 14% was missed again, suggesting that it is probably not realistic in the circumstances and should be adjusted. As much as 89.2% of the electricity produced was used for our own consumption.

Assessment

The key figures in the area of the environment have mostly developed positively, due in large part to the measures we have taken and which are set to be continued. We need to consider how to increase in-house generation of carbon-neutral electricity, and make plans to complete the long-discussed switch to electric company vehicles.

Measures

- Promotion of low-carbon travel and the electronic office.
- Continuing with CO₂ compensation.
- Completion of the comprehensive installation of LED lighting.
- Updating our environmental objectives as follows for 2020:
 - Maintenance of climate-neutral operation (attributable CO₂ emissions = 0)
 - Maintenance of modal split at > 70%
 - Reduce electricity use to < 800 kWh/FTE*y
 - Making plans to increase self-generated electricity and switch to electric vehicles
 - Reduce the specific paper consumption to < 15 kg/FTE

4.2 Product-related aspects

G203-2



Current status and indicators

Our direct, operations-related environmental impact – as indicated above – is quite low (office administration and business travel). However, we can indirectly achieve **positive environmental effects among our customers** by means of the services and advice we provide in the area of sustainability. Such effects are designated 'Scope 3 effects'. Particular significant levers among what we offer are:

- Introduction of environmental and energy management systems;
- Legacy consulting and redevelopment;
- Environmental technology (waste air, noise, NIR, etc.) and CO₂ projects;
- Waste management;
- Energy management;
- Eco-balances.

There are no universally recognised guidelines for measuring these indirect effects and we can only estimate them qualitatively, but we believe they are very large relative to our direct environmental effects, as the example below shows.

Product: carbon offsetting, based on model project		
Impact on customer: CO ₂ reduction	t/y	2'000
Investment by customer	CHF	250'000
Cost of Neosys services for customer	CHF	15'000
Attributable scope 3 effect	t/y	120
Neosys sales of CO ₂ product	CHF/y	310'000
Scope 3 effect of CO ₂ product	t/y	2'480

Accordingly, the indirect effect of our product 'CO₂ services' on our customers' CO₂ emissions could well be two orders of magnitude greater than our own, direct CO₂ emissions.

Assessment

With regard to quality, our impact is all the greater the more and the bigger the projects we have with highly environmentally relevant clients. This situation is certainly satisfactory today. Our aim to increase this impact further goes hand in hand with our growth activities.

Measures

- Develop and establish new, indirectly very effective products such as:
- Eco-balances for organisations/companies and products.
- Rating systems for investment funds.
- Ecological product declarations and life cycle analyses.

Rent an EHS expert

What do you do if you don't have any environmental, sustainability or health & safety specialists, or are experiencing temporary bottlenecks? Suitable specialists with experience are hard to find. In the digital age, the business world is becoming increasingly fast-paced and unpredictable, meaning that companies' resource requirements can rapidly change.

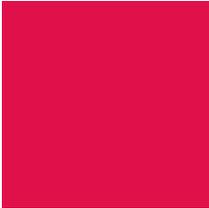
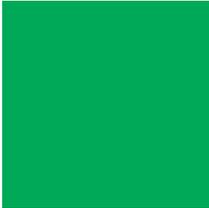
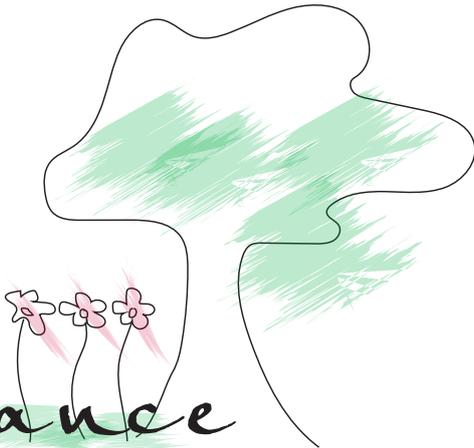
To meet these fluctuating requirements, Neosys now offers the option to 'rent' specialists on a day-by-day basis. Last year, for instance, one Neosys specialist was regularly deployed in the quality, environment, sustainability and health & safety division at a chemical plant. The support included occasional day-to-day tasks such as organising VeVA certificates, issuing correct personal protective equipment (PPE) and providing guidance on EHS requirements, as well as specialist assignments such as producing VOC reports, energy monitoring, internal management system audits or measuring and calculating sustainability indicators.



Simon Kröni

Senior project manager

Neosys at a glance



5 Neosys at a glance



FINANZEN	Masseinheit	2019	Ziel 2019	2018	2017	
Nettoumsatz (DB1), nur BUs	kCHF	3640	*	3772	3344	3155
Personalkosten, nur BUs	kCHF	2368	*	2465	2187	1945
EBIT	kCHF	262	✓	271	288	310
Betriebsergebnis	kCHF	114	✓	135	94	99
Cash Flow	kCHF	295	*	207	221	221
EBIT – Rendite	%	7.2%	✓	7.3	8.6%	9.8
Personalproduktivität	-	1.54	*	1.53	1.53	1.62
QUALITÄT	Masseinheit	2019	Ziel 2019	2018	2017	
Beschwerden von Kunden	Anzahl	3	✓	0	2	0
Kundenzufriedenheit	Gewichtete %	88.2	*	90	89.2	82.6
Überprüfte Lieferanten / DL-Partner	Anzahl	2		1	8	
Sperrungen von Lieferanten	Anzahl	0		0	0	
Innovations-Projekte	Anzahl	9	*	5	6	3
Arbeitsstunden Innov.-Projekte	Std.	426.8		179.7	827.4	
MITARBEITENDE	Masseinheit	2019	Ziel 2019	2018	2017	
Belegschaft	FTE 31.12.	18.53		19.50	15.75	
Anteil Frauen gesamt	% FTE	37.1		43.0	26.7	
Anteil Frauen in GL	% FTE	0.0		21.6	21.1	
Anteil Frauen in VR	%	25.0		28.6	25	
Lohnspanne	-	3.37		2.70	2.83	
Lohnverhältnis w/m rel. zu Lohnband	-	0.975	*	1.00	and. ind.	and. ind.
Fluktuation	-	4.0	*	< 8	4.9	19.1
Berufsunfälle/-krankheiten mit Ausfalltagen	Anzahl Fälle	0	*	0	0	0
Zufriedenheit insgesamt	Skala 0-10	7.9	*	> 7	8.51	7.81
Weiterbildungszeit	Std./FTE	107		119	112	
GESELLSCHAFT	Masseinheit	2019	Ziel 2019	2018	2017	
Anti-Korruptions-geschulte MA	%	85	*	> 75	48	68
Fälle von Korruptionsverdacht	Anzahl	0		0	0	
Stakeholder-Reklamationen	Anzahl	3		0	0	
Sponsoring, Spenden	CHF	5297		6500	4650	
Mitgliederbeiträge	CHF	19880		22611	20594	
ÖKOLOGIE	Masseinheit	2019	Ziel 2019	2018	2017	
Auto-Kilometer	km/FTE	3410		4632	5518	
Modal-Split Bahn/Auto	%	70.1	*	> 65	60.1	55.6
Flug-Kilometer	km/FTE	944		76	574	
CO ₂ -Ausstoss (ohne Kompensation)	t CO ₂ /FTE	2.070		2.249	2.903	
Kehricht-Produktion	kg/FTE	53.7		59.1	81.8	
Stromverbrauch	kWh/FTE	815		815	956	
Ökostrom-Anteil	kWhÖ/kWh _{tot}	1.00	*	1	0.99	0.93
Strom-Eigenproduktion	%	11.2	↔	> 14	11.4	12
Papierverbrauch	kg/FTE	18.0	✓	< 15	23.4	19.8

Code zur Zielerreichung:

* gut	✓ genügend	↔ schlecht
	→ beobachten	→ Massnahmen

Notes on our report and GRI Index

The present report covers the period from 1.1.2019 until 31.12.2019 and represents the tenth public sustainability report of Neosys AG. It relates to all departments and areas of activity of Neosys AG, and is repeated on an annual basis. The numbers under the chapter headings show which GRI standards were applied in that chapter. The report was drawn up by an internal work group; the contact person is Yannic Rütli, yannic.ruetti@neosys.ch, 032/ 674 45 27.

The report uses data from the Neosys AG management system and also represents the public part of the annual review of the Neosys AG management system, which has been approved by the company management.

Legend

A	Austria
AG	Aktiengesellschaft (joint-stock corporation)
BoD	Board of Directors
BU	Business Unit
C1	Contribution margin 1 (net profit)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CH	Switzerland
CHF	Swiss francs
CM	Company management
CO ₂	Carbon dioxide, the most significant greenhouse gas
CSR	Corporate Social Responsibility
D	Germany
EBIT	Earnings Before Interest and Taxes
EMS	Environmental Management System
ESG	Environment, social and governance; standards that take environmental, social and governance issues into account when assessing and rating companies
f	Female employee
FTE	Full-Time Equivalent
GHG	Greenhouse gas
GRI	Global Reporting Initiative – organisation that produces international guidelines for sustainability reporting
Hr	Hour
IGöB	Interest Group for Ecological Purchasing, Switzerland
ILO	International Labour Organisation
IMS	Integrated Management System
ISO 9001	International standard for quality management
ISO 14001	International standard for environmental management
ISO 45001	International standard for occupational health and safety
IT	Information Technology
kCHF	Thousand Swiss francs
kg	Kilogram
km	Kilometre
kWh	Kilowatt-hour
LS	Neosys Legal Services Business Unit
m	Male employee
MS	Management Systems
NGO	Non-Governmental Organisation
OHSAS 18001	'Occupational Health and Safety Assessment Series' standard for management systems
PM	Project manager
SME	Small and medium enterprise(s)
SSI	Swiss Association of Independent Safety and Security Engineers and Consultants
t	Tonne
y	Year

*personal - competent -
sustainable*



Neosys AG
Privatstrasse 10
4563 Gerlafingen

Tel. +41 32 674 45 11
info@neosys.ch
www.neosys.ch