

BCM@Festo

Business and supply chain continuity management

FESTO



Preface



Dear Readers,

Fulfilling our customers' needs is at the centre of everything we do. We provide high-quality products and solutions for a wide range of industry segments and applications, prompt delivery worldwide and comprehensive consultancy and services. When developing our services, we always focus on what is important to the success of your business and your projects.

We are experiencing a time of great uncertainty and challenges due to global pandemics, warfare, the catastrophic effects of climate change, increasing cyberattacks and disruptions to global supply and transportation routes. As securing business processes becomes increasingly decisive, we continuously invest in ensuring our processes keep running over the long term. Focusing on established standards, we use our business continuity management (BCM) system to comply with ISO 22301, the BCI Good Practice Guide and ISO 27001. As a result, our processes are fully compatible with the systems used by our suppliers and customers while ensuring security of supply.

In recent years, we have expanded our production infrastructure in line with the local-for-local principle. Where possible, we already manufacture our products locally for the target markets. This allows us to shorten transport routes and value chains, resulting in reduced emissions.

The local-for-local strategy also increases the security of supply for our customers, because reliable, cost-effective, fast and efficient procurement has a crucial role in mechanical and plant engineering. We apply the most exacting standards in terms of our suppliers' reliability. Together, we want to achieve the highest levels of effectiveness and efficiency. By progressively integrating our suppliers into demand, procurement and transport processes, we are boosting the resilience and flexibility of our global procurement and supply network.

The virtual networking of our global infrastructures is also subject to the highest safety requirements and standards. The protection of our data and that of our customers is our top priority in a trusting partnership.

By combining the different strategies as part of our BCM, we can ensure the long-term success of the company, as well as its processes, products and services tailored to you.

Frank Notz
Director of Sales

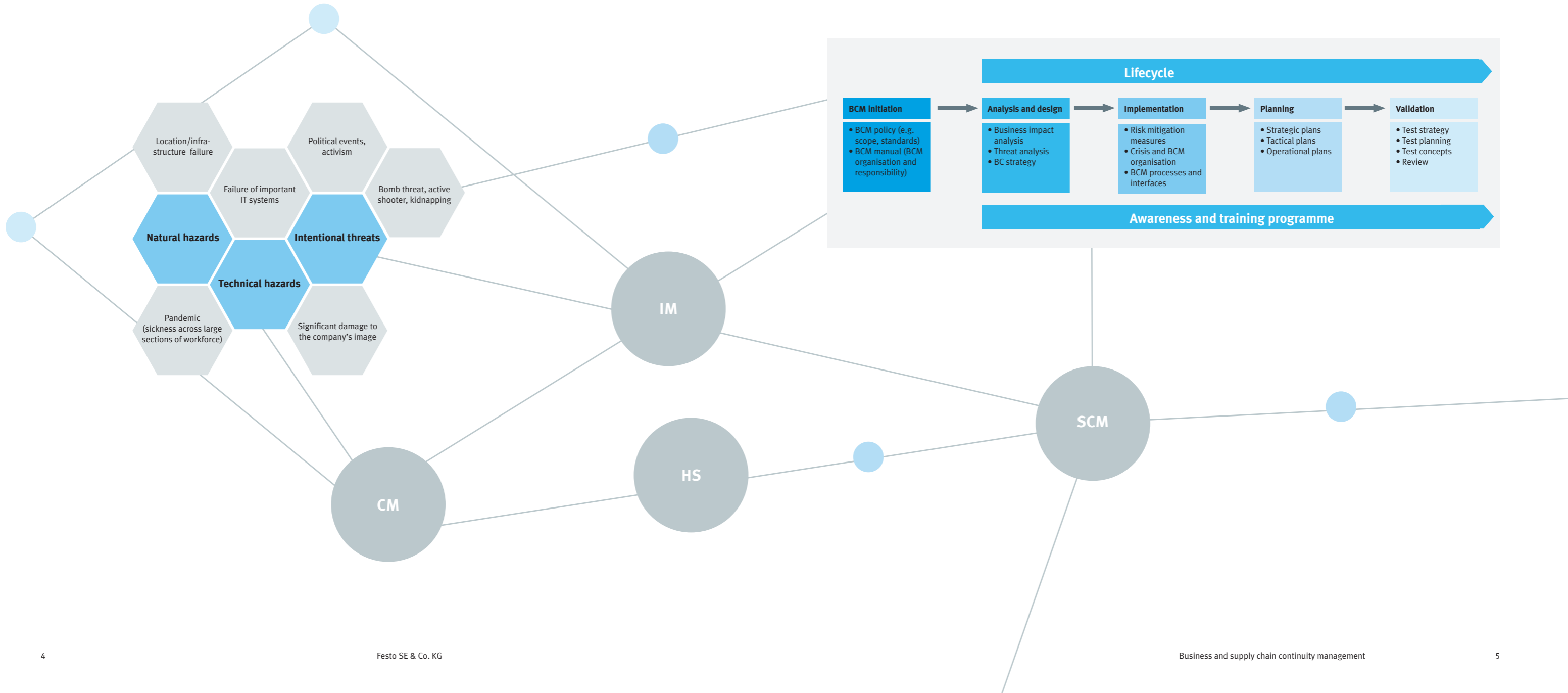
Dr Jaroslav Patka
Director of Operations

Risk management at Festo (RM)

For over 10 years, Festo Group has been operating a risk management system that identifies key risks at an early stage, defines risk managers and pursues risk mitigation measures. It is a standardised process carried out on a regular basis to identify material risks in strategy, operations, finance and compliance within the responsible units, including Sales, Production and Logistics. In addition, the organisational units can use the “ad hoc risk reporting” tool. Feedback from production and logistics units may include issues relating to fire safety, the ability to deliver and stock, as well as

cybersecurity; feedback is consolidated and discussed with the specialists from the respective departments at the headquarters. Checks are also performed to determine whether adequate measures have been put in place to avoid potential risks and, if necessary, whether additional measures have been initiated by the departments.

The entire risk management process and its organisation is regularly audited in accordance with the IDW 340 n.s. standard.



Business continuity management (BCM)

The BCM at the Festo Group is based on ISO 22301, a best-practice standard for implementing a BCM framework. The ISO 22301 standard was developed with the aim of increasing the robustness of processes. This involves identifying the potential impact of emergencies that threaten the entire company while protecting the continuity of supply of goods and services to our customers, the goodwill, reputation, brand name, value-adding activities of the company and the interests of its stakeholders through effective response measures.

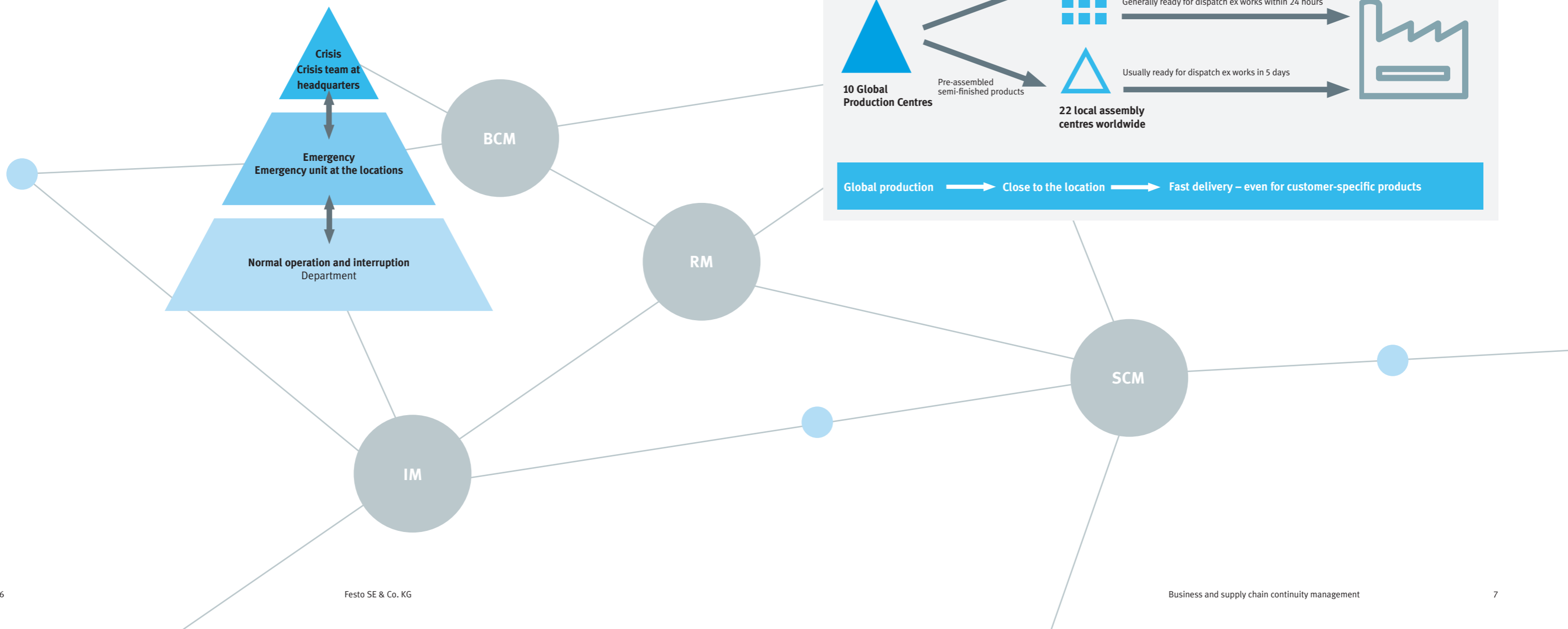
- BCM is a comprehensive management process that helps to:
- identify threats
 - assess potential impacts and damages (e.g. business impact analysis)
 - consider the company units as a whole, rather than in isolation
 - enable effective responses
 - define a framework of conditions and
 - ensure measures can be reused/integrated into existing risk analyses and assessments as far as possible

Crisis management (CM)

Crisis management at Festo is the overall coordination of an organisation's response to a crisis in an effective, timely manner with the aim of avoiding or minimising damage to the organisation's profitability, reputation or ability to work. Crisis management at Festo follows a structured process whereby local emergency situations are dealt with by the local emergency organisation and, if necessary, escalated quickly to corporate crisis management. The Management Board is in charge of the corporate crisis management team. The emergency teams and the corporate crisis management team are staffed 24/7 with roles, leadership, information manage-

ment, infrastructure, situation/documentation and corporate communications. Depending on the scenario, the permanent team is supported by experts. There is regular testing of the alarm via FACT24 and cooperation within the team.

The BCM and CM cover scenarios involving loss of personnel, inaccessibility or destruction of locations, supply chain disruptions, IT-related crises, technical infrastructure failures, IT security/data protection and media-related crises.



Supply chain and logistics management (SCM)

In Festo's global value-added network, production facilities are developed to manufacture products autonomously and redundantly at different locations in Europe, Asia-Pacific and the Americas.

Our highly varied product portfolio enables us to offer products according to demand and to provide our customers with alternative solutions in the event of restrictions on individual components.

The logistics network in place provides a high degree of flexibility and uses alternative routes when required, ensuring deliveries from suppliers and deliveries to customers are made at all times throughout the entire value-added network.

Information security management (IM)

A high level of information security is essential for Festo to be competitive; this also forms the basis for a trusting relationship with our customers and partners in our technological leadership, as our lives and work become progressively digitalised.

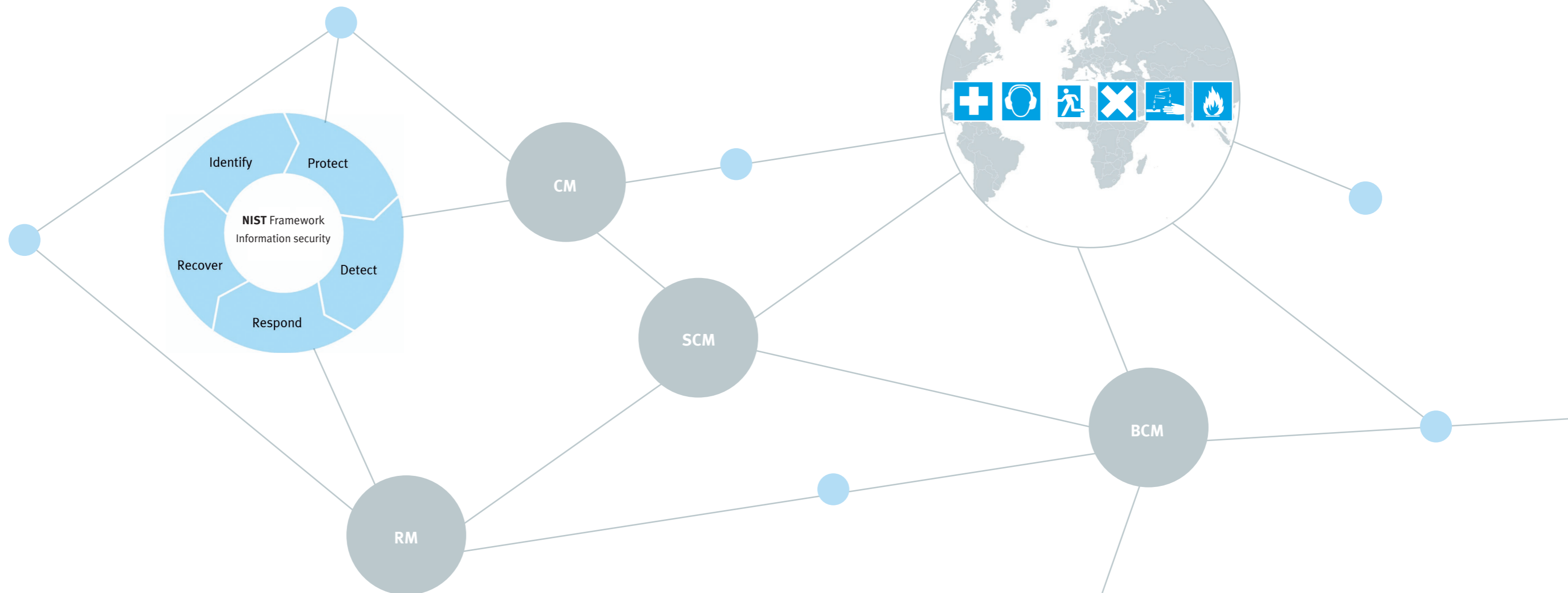
Festo has established a state-of-the-art security programme to protect our customers' processes and infrastructure against cyber threats, as well as our own processes and infrastructure. Festo's security programme includes the following controls:

- state-of-the-art security systems such as firewalls, anti-virus software and EDR on servers and clients
- access management based on the need-to-know restriction and the principle of least privilege
- email gateway security
- network segmentation
- employee awareness of information security

- security information and incident management, including monitoring and response to incidents
- disaster recovery concept including management plans, backups, redundancy and recovery testing
- physical security including access protection and fire protection
- penetration tests, vulnerability scans and external audits

All measures are selected and implemented in accordance with industry standards for information security, in particular BSI basic protection and the NIST Cybersecurity Framework.

All controls are regularly reviewed and adjusted in line with the current threat and risk landscape. The information security management system was most recently certified in accordance with ISO 27001:2017 in March 2022, ensuring a continuous improvement process.



Health and safety (HS)

For Festo, safety – especially health and safety at work – is an elementary part of its corporate philosophy. The maintenance and implementation of the technical safety requirements serve to protect our employees and the company's values.

To this end, all departments are supported by safety experts in establishing a culture of safety at the workplace and an occupational health and safety management system.

The aim is to continuously reduce the risk of accidents and health impairments. In this context, Festo has already implemented the ISO 45001 occupational health and safety management system at its Budapest, São Paulo and Shanghai locations. This process is to be continued. In addition, numerous events and campaigns were initiated with a view to improving occupational safety.

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