

Environmental, social and ethics report

This report describes the eleven topics which are material for us in the area of the environment, social affairs and ethics, and assigns them to our customer, employee, environment and compliance pillars. It sets out an ambition, key indicator, target and management approach for each topic and how they have developed during the reporting period.



Customers

With over 100 sites worldwide, we are close to the markets and know our customers. We offer them innovative products and solutions together with outstanding service. We attach great importance to protecting our customers’ health and safety.

Topic	Ambition	Key indicator and target	2022
Satisfied customers	Customer satisfaction is central to our activities. That is how we secure our position in the markets and our long-term success.	Maintain and increase our market share	n.a. ¹⁾
Innovative products and optimal solutions	We know our customers’ needs and anticipate future requirements, we systematically align our research and development initiatives with them, and we offer solutions that generate added value.	Expenditure on research and development is 4 to 5% of sales over a business cycle	3.4%
Customer health and safety	We ensure that our products and solutions are safe to use.	No incidents with a significant negative impact on customer health and safety caused by any failures on our part to comply with safety regulations	No significant incidents

¹⁾No meaningful Group-wide figure available or not published for reasons of confidentiality.

Management approach

Our Code of Conduct states that we will behave properly and fairly towards our customers and will conduct business with integrity and in a professional manner.

Processes The divisions are responsible for implementing our standards for dealing with customer issues, and they use modern management systems for this purpose. They are in regular contact with our customers, including through daily discussions with our major customers, via digital platforms such as “MyKUHN” or “Bucher Connect” for the divisions that have many smaller customers and end users, and via customer surveys, product surveys and trade fairs.

Bucher Industries was assessed as a supplier on the “EcoVadis” platform and for the Group achieved a bronze rating.

Satisfied customers

Management approach

Our divisions operate in a variety of markets and the customer base is correspondingly diverse. With over 100 sites worldwide, our employees are close to the customers and know their needs very well. They support them on site with spare parts, expertise and services as needed and cultivate long-term relationships.

Meeting delivery deadlines was a key issue for our customers in 2022. Our employees responded by doing their utmost under very difficult circumstances to ensure that our customers received their orders as far as possible on time and in the quality that they were accustomed to. Many important trade fairs took place again following the interruption caused by the pandemic. These offered a much-appreciated opportunity to network as well as a platform for presenting innovations.

Innovative products and optimal solutions

Management approach

Our customers' needs and anticipated future requirements are integrated into our divisions' research and development activities. This enables us to offer products, solutions and services that are not only technologically and environmentally impressive but also effective, high quality and user friendly – thereby ensuring our current and future success.

In the reporting period, CHF 123 million was invested in research and development, 3.4% (2021: 3.7%) of sales. The divisions again launched innovative products, with a focus on increasing their products' efficiency, automation, digitalisation and connectivity, and on reducing their products' environmental impact during operation. The divisions offered service programmes tailored to their customers' needs in order to help them use the increasingly complex products.

Customer health and safety

Management approach

We attach great importance to protecting our customers' health and safety, right from product development through to product manufacture, use and final disposal. Our divisions ensure, by means of technical safety precautions, regulatory compliance, homologation and other approval procedures, product certifications, regularly reviewed and updated product information, and instructions and training for customers, that the products are safe to use. Cyber security has high priority as a topic because our products, solutions and services are digitally interconnected. Specialists in the divisions, with the support of our central information security department, implement the Group-wide requirements and measures defined in the "Cyber Security Baseline Policy".

During the reporting period, no incidents with a significant negative impact on customer safety or health were caused by any failures on Bucher Industries' part to comply with security regulations. Three cases that relate to incidents from previous years which, in Bucher Industries' view, were not caused by product defects are pending before the courts.



Employees

Our success is due to our employees’ expertise and high level of commitment. We offer them attractive jobs in which they can contribute to solving global challenges. We create a working environment that motivates, inspires, nurtures and challenges our employees according to their skills and interests.

Topic	Ambition	Key indicator and target	2022
Satisfied employees	We want to be an attractive and fair employer that offers its employees exciting work in an environment that they can help to shape.	Proportion of employee resignations to total permanent employees less than 5%	7.2%
Qualified employees	We nurture and challenge our employees according to their interests and skills and offer them opportunities to develop within the company.	<ul style="list-style-type: none"> - Over 20 hours of training per employee per year - Two thirds of senior management recruited internally 	20 hours More than two thirds
Health and safety at work	We protect our employees by ensuring the highest possible level of health and safety in the workplace.	Keep the accident frequency rate as low as possible	n.a. ¹⁾
Equal opportunities	We ensure that everyone is given equal opportunities from the time that they apply for a job, through their employment and on to their promotion, regardless of their age, gender, sexual orientation, ethnic origin, nationality, religion, or physical or mental disability.	No proven cases of discrimination	No proven cases

¹⁾ No meaningful Group-wide figure available or not published for reasons of confidentiality.

Management approach

The Code of Conduct sets out the rights and obligations of the employees of Bucher Industries. All employees can expect that the Group companies will always perform their duties as employers in a timely and proper manner. The companies can, in turn, expect their employees to work to the best of their abilities. The shared values, principles and standards for dealing with employees are laid down in the Group-wide Employee Policy. We are a signatory to the UN Global Compact and fully endorse its principles on human rights and labour standards.

Processes The divisions and their management are responsible for implementing our standards for dealing with employees. Our whistleblower system allows employees to file complaints regarding discrimination. We also investigate anonymous reports.

Social dialogue We maintain an active social dialogue with employee organisations and an open-dialogue culture with regular briefings and informal meetings with our employees, followed by question and answer sessions. We ensure freedom of association, collective bargaining and fair working conditions.

Human rights Respect for human rights, as set out in the fundamental international conventions, is embedded in our core values. We are committed to complying with them as well as with the laws that apply in the countries in which we operate. Our operations do not use any compulsory, forced or child labour and we prohibit any involvement in human trafficking or modern slavery.

The Group-wide Employee Policy was developed and issued during the reporting period. It is based on the Code of Conduct and documents our shared values, principles and standards in dealing with employees. As every year, we informed the European employee representative committees (“Eurocommittees”) about relevant current topics and business development, followed by question and answer sessions.

Employees

	Change				
	2022	%	2021	%	%
Regulars	12'261	82.4	11'342	82.0	8.1
Trainees	418	2.8	393	2.8	6.4
Defined period and temporary staff	2'197	14.8	2'100	15.2	4.6
Employees	14'876	100.0	13'835	100.0	7.5
Regulars covered by collective agreements	7'291	59.5	6'945	61.2	5.0

Despite the tight labour market, the divisions were able to increase the numbers of their employees to cope with the high production volume. Almost half of the increase was due to acquisitions.

Satisfied employees

Management approach

An important management tool is the annual appraisal, during which we discuss the appraisal itself, further training and development opportunities and the employment relationship in general. We agree annual targets with most employees, and, for managers, these are linked to performance-related variable remuneration. Our corporate culture is characterised by decentralised organisation, which enables our employees at all levels to contribute and help to shape their own work environment. The business units conduct periodic surveys to determine employee satisfaction.

Staff turnover

	2022	2021
Regulars at 1 January	11'342	11'302
Acquisition of subsidiaries	391	119
Joiners	1'827	1'494
Leavers	-1'299	-1'573
Regulars at 31 December	12'261	11'342
Turnover rate	11.0%	13.9%
Resignation rate	7.2%	7.1%

In the reporting period, the situation on the labour markets was very tense. It was difficult to retain and recruit qualified employees, especially in the USA and Australia. Many employees experienced a very high workload and there was correspondingly greater wish for work-life balance.

Various business units conducted employee surveys, which showed a similar picture to the previous year's surveys. The response rate was three quarters and the proportion of those with high satisfaction (in the top third) were around 75%. The findings from the surveys are used to implement targeted and site-specific measures to further increase employee satisfaction.

Qualified employees, health and safety at work

Management approach

Qualified employees Acquiring, developing, distributing and using knowledge, is one of our key objectives. We promote this with external training and development opportunities as well as internal development opportunities and leadership training. At the group level, there are various training programmes that bring employees from all divisions together. These programmes aim to communicate Bucher Industries' culture and values and to strengthen cohesion within the Group, in addition to imparting technical content and strengthening employees' social and personal skills.

Health and safety at work We comply with all laws and regulations that govern occupational health and safety in each country. All of our production sites have appropriate management systems, regulations, policies and procedures specific to their production environments, have a health and safety officer, and conduct regular educational and training sessions as well as internal and external audits. After each acquisition, we gradually introduce the new site to the Bucher Industries standards. And, wherever possible, we automate any tasks that involve heightened health and safety risks.

Training

	Change		
	2022	2021	%
Average number of training hours per regular employee	20	19	3.6
Of which health and safety training hours	4	3	41.0

In the reporting period, many training courses that had been cancelled during the pandemic were held again. This was especially true of division-wide and Group-wide training, which brings employees from around the world together.

The few changes in senior management had no impact on the overall picture: more than two-thirds of these managers were promoted from internal positions to these functions.

Business units representing three quarters of all employees conducted external or internal audits on occupational health and safety. The occupational health and safety management systems of business units representing one third of all employees were certified according to ISO 45001 or OHSAS 18001 in the reporting period.

Equal opportunities

Management approach

Bucher Industries offers equal opportunities for all. We make decisions regarding recruitment, employment, training and development, and promotion objectively and base those decisions on qualifications, skills and work performance, and attitudes, regardless of age, gender, sexual orientation, ethnic origin, nationality, religion, or physical or mental disabilities. We are committed to paying equal wages for equal qualifications and performance in accordance with local law. We encourage hiring locally and promoting from within our own ranks. As an employer operating around the world, diversity is a matter of course for us. We strive to promote gender diversity at all levels and especially in our management bodies.

There were no proven cases of discrimination at Bucher Industries during the reporting period. There were a few cases involving allegations of harassment, which were investigated and often resolved using simple measures. In four cases, the allegations were substantiated, which led to personnel consequences.

Various business units regularly conduct equal pay analyses, usually for regulatory reasons. The analyses conducted in 2022 covered one third of the employees and did not identify any significant unexplained pay discrepancies.

Composition of employees

%	Workload		Gender		Age		
	Full-time	Part-time	Male	Female	< 30 years	30-50 years	> 50 years
							2022
Regulars	95.1	4.9	85.4	14.6	15.4	54.4	30.2
of which senior management	–	–	95.7	4.3	–	32.6	67.4
of which group management	–	–	85.7	14.3	–	28.6	71.4
Board of directors	–	–	83.3	16.7	–	16.7	83.3
							2021
Regulars	94.9	5.1	85.6	14.4	15.1	54.9	30.0
of which senior management	–	–	95.8	4.2	–	39.6	60.4
of which group management	–	–	85.7	14.3	–	42.9	57.1
Board of directors	–	–	83.3	16.7	–	16.7	83.3

Overall, the workload distribution and the gender and age structure remained at a similar level during the reporting period.

The low proportion of women at Bucher Industries is due to the fact that many jobs in companies in the engineering industry are of a technical nature, and the recruitment pool for such jobs tends to be dominated by men. The divisions are also trying to find, retain and promote female employees by working with educational institutions to increase female students' interest in technical careers and by making the working hours more flexible for employees who have family responsibilities.



Environment

As a technology company, we contribute to ecological development on two levels. Our efficient and modern machines and systems enable our customers to reduce their ecological footprint. We also focus on energy efficiency and renewable energies and thereby reduce the emissions in our own production environment.

Topic	Ambition	Key indicator and target	2022
Environmental impact of our products and services	We continuously optimise our products and launch new solutions that enable our customers to reduce their ecological footprint without compromising on efficiency or functionality.	Substantial increase in the efficiency of products and solutions with a focus on reducing resources and CO ₂ emissions	n.a. ¹⁾
Resource efficiency of production with a focus on the reduction of CO ₂ emissions	We are reducing our own ecological footprint through measures in various areas.	Reduction of Scope 1 and Scope 2 CO ₂ intensity (measured as CO ₂ emissions in relation to value added) by at least 10% by 2026 compared to 2021	Reduction in the mid-single-digit percentage range

¹⁾No meaningful Group-wide figure available or not published for reasons of confidentiality.

Management approach

Protection of the environment and natural resources is embedded in our Code of Conduct. Our Group-wide Environmental Policy is the basis for our environmental management activities and specifies our shared values, principles and standards in this area. We are a signatory of the UN Global Compact and fully endorse the environmental principles embodied in it. We support efforts to mitigate climate change through our measures to reduce CO₂ emissions.

Processes Responsibility for implementing our standards for dealing with environmental issues lies with our divisions – with their research and development and product management departments as well as with their building and energy management teams. They use modern management systems for this purpose. They are also in contact with the relevant stakeholders, such as customers and authorities. Ecological considerations are an integral part of the research and development phase and take account of the entire life cycle of the products, from their manufacture to their daily use and then to their disposal.

The Group-wide Environmental Policy was developed and implemented during the reporting period. Based on our Code of Conduct, it forms the basis for our environmental management activities and documents our shared values, principles and standards in this area. Business units representing just under half of group sales have environmental management systems that are certified according to ISO 14001. The share was about 10% with regard to energy management systems that are certified according to ISO 50001.

Environmental impact of our products and services

Management approach

A major lever for reducing our ecological footprint lies in our products and solutions. We are continuously developing and optimising them in line with our customers' needs and the regulatory requirements. Our products and solutions are becoming ever more efficient, effective and precise due to electrification, efficiency gains to reduce energy and resource consumption, as well as electronic control systems that enable more targeted use of fertilisers, crop protection products and road salt. These efforts are helping our customers reduce CO₂ emissions and the use of natural resources and chemicals. However, we are currently unable to set quantitative overall reduction targets due to the broad range of our product portfolios.

In the reporting period, the divisions again developed new products and solutions that will enable their customers to reduce their environmental impact without compromising user-friendliness, functionality and cost-effectiveness. These can be summarised in the following four strategic initiatives: solutions for conservation and precision agriculture, electrified mobile machinery, electrohydraulic components and systems, and automation and artificial intelligence in glass container manufacturing. The products launched during the reporting period are presented in the divisional reports (from page 18).

Resource efficiency of production with a focus on the reduction of CO₂ emissions

Management approach

We have set ourselves the goal of reducing the CO₂ emissions generated by our own activities in relation to value added. We are taking action at various levels: by optimising buildings, by achieving efficiency gains in production, and by generating energy from renewable sources.

In the reporting period, we planned and developed a wide variety of measures to reduce Scope 1 and Scope 2 CO₂ intensity, some of which have already been implemented (see the divisional reports and stories for further details).

Energy consumption

MWh	of which renewable		of which renewable		Change
	2022	%	2021	%	%
Conventional purchased electricity	129'421		128'188		1.0
Renewable purchased electricity	34'653		35'176		-1.5
Self-generated solar power	2'222		1'145		94.1
Electricity	166'296	22.2	164'509	22.1	1.1
Heating oil	3'237		3'703		-12.6
Natural gas	145'151		159'177		-8.8
Liquified petroleum gas (LPG)	13'269		14'165		-6.3
Bio mass	2'309		2'385		-3.2
On-site fuels	163'966	1.4	179'430	1.3	-8.6
District heating	13'684	n.a.	17'299	n.a.	-20.9
Diesel	29'186		28'908		1.0
Petrol	9'129		8'397		8.7
Liquified petroleum gas (LPG)	4'448		4'468		-0.4
Bio transport fuels	721		851		-15.3
Transport fuels	43'484	1.7	42'624	2.0	2.0
Energy consumption	387'430	10.3	403'862	9.8	-4.1

Energy consumption decreased despite higher production volumes. The largest decrease was in on-site fuels, due to the mild winter months and the closure of an old, energy-inefficient building. Measures that we had already implemented for heat recovery and process optimisation also contributed, as did our employees' increased awareness of the need to save energy, which was also driven by the high energy prices. In the case of district heating, the higher temperatures and process optimisations were also key to reducing our energy consumption.

The doubling of megawatt hours of self-generated solar power compared to 2021 was due to new or expanded photovoltaic installations at three locations in China, India and Germany. The installed solar capacity at nine business units totalled 3'842 kWp.

CO₂ emissions

tCO ₂ e	Change				
	2022	%	2021	%	%
On-site fuels	33'364		36'540		-8.7
Transport fuels	11'206		10'953		2.3
Refrigerants	1'088		1'254		-13.2
Process emissions	343		325		5.5
Scope 1	46'001	51.3	49'072	52.6	-6.3
Electricity	41'335		41'292		0.1
District heating	2'336		2'953		-20.9
Scope 2	43'671	48.7	44'245	47.4	-1.3
CO₂ emissions	89'672	100.0	93'317	100.0	-3.9
Biogenic CO ₂ emissions	219		253		-13.4

Calculation of CO₂ emissions

The greenhouse gas inventory was compiled in accordance with the Greenhouse Gas Protocol and ISO standard 14064. Scope 1 emissions are from direct energy usage and non-energy processes. Scope 2 emissions are from indirect energy use. Where possible, the market-based approach was used to calculate greenhouse gas emissions associated with electricity consumption. For all other electricity consumption, the location-based approach was applied.

Our CO₂ emissions also developed in line with our energy consumption. The decrease was driven by the decline in on-site fuels and district heating. Overall, the reduction in CO₂ intensity, measured as CO₂ emissions in relation to value added, was in the mid-single-digit percentage range compared to the 2021 base year. However, this was largely due to the mild winter months and our efficient use of input energy due to high capacity utilisation.

In 2022, there were no cases of non-compliance with environmental laws and regulations at Bucher Industries' production sites, and we therefore did not incur any fines or non-monetary sanctions.



Compliance

An important aspect of Bucher Industries’ more than 200-year success story is that it has a strong corporate culture with a long-term orientation. It is based on compliance with the law as well as fair and ethical behaviour towards all of its stakeholders such as customers, employees, business partners, competitors and authorities, and is the source of our excellent reputation.

Topic	Ambition	Key indicator and target	2022
Compliance with laws and regulations	We implement all applicable laws and comply with them fully.	<ul style="list-style-type: none"> - No significant incidents regarding our compliance with laws and regulations - Full compliance training for all employees concerned - No significant deviations from our Group-wide requirements for risk controls (in accordance with BICS) 	<p>No significant incidents</p> <p>Fully completed</p> <p>No significant deviations</p>
Supply chain – sound procurement practices	We take sustainability aspects into account when selecting our suppliers.	Key indicators and targets are developed in line with planned legal regulations	n.a. ¹⁾

¹⁾No meaningful Group-wide figure available or not published for reasons of confidentiality.

Compliance with laws and regulations

Management approach

Our Code of Conduct describes how all Bucher Industries employees should conduct themselves in their business dealings with customers, fellow employees, business partners, competitors and the authorities: correctly, fairly, with integrity and professionally. Our business activities comply with all applicable laws and binding regulations in all of the countries in which we operate. Managers at all levels keep themselves informed about any relevant legal and regulatory frameworks and pass on any required instructions. Our employees are responsible for understanding and complying with the legal requirements in their areas of work. Group-wide directives, with specific requirements and instructions, are in place regarding the matters mentioned below. If any Swiss or international regulations differ from our internal guidelines, we apply the stricter standard wherever possible and appropriate.

Anti-corruption Our Code of Conduct prohibits all forms of bribery and corruption. None of our managers, employees or business partners may engage in any corrupt practices, regardless of the

countries in which they operate. They must behave honestly and correctly in their dealings with both public officials and persons from the private sector and must learn about the local legal requirements in any countries in which they operate. Our Anti-Corruption Directive raises awareness of the dangers of corruption and provides concrete guidance on how to deal with it. A separate directive specifies how to deal with intermediaries.

Competition law Our Code of Conduct states the guiding principle of adhering to fair competition, which ensures fair pricing and customer and consumer protection in particular. Our Competition Law Directive explains the basic provisions of competition law and provides guidance on how to avoid anti-competitive behaviour. It raises awareness of situations that could be problematic from a competition law perspective.

Trade controls In accordance with our Code of Conduct, we fully comply with all applicable trade control laws. Numerous import and export regulations apply to us because we operate in a global business environment. Our Trade Compliance Directive sets the framework for all of our divisions to comply with these global trade regulations. Since the divisions have different lines of business and organisational structures, their trade compliance controls (including their internal compliance programmes and related processes) are risk adjusted and adapted to each division.

Data protection Our Code of Conduct states that we must collect and store the personal data of employees and third parties in accordance with all applicable laws and regulations. This includes the right of individuals to be informed and to make decisions about any operations related to their personal data, including their collection, use, disclosure, retention, alteration and erasure. Our Data Protection Directive implements the EU General Data Protection Regulation (GDPR) by setting out and implementing its provisions and defining roles and responsibilities. We also comply with any applicable local data protection regulations.

Processes The divisions are responsible for implementing our Group-wide principles and directives. The compliance function consists of a Group Compliance Officer and divisional and local compliance officers. These officers help the divisional and local management to implement the directives and are contact persons for the employees.

Employees may report any breaches of our Code of Conduct or directives to their line managers, the division president, the CEO of Bucher Industries, the Group Compliance Officer or a compliance officer. Alternatively, employees or third parties may report actual or suspected serious breaches anonymously through our online whistleblower system. We ensure that any actual or suspected compliance breaches are investigated and decided by unbiased persons.

At the commencement of their employment, all employees receive our Code of Conduct and any directives that relate to their functions and are trained on them. Subsequently, they complete annual online training on the Group-wide compliance programme, the directives, any applicable instructions and requirements, and the reporting system. The divisions conduct further training in specific areas (e.g. trade controls). The local and divisional compliance officers receive special and regular training on their tasks.

Compliance with the regulations is monitored through twice-yearly Group-wide compliance reports and is included in regular internal audits. Any serious issues are escalated immediately. The internal control system also covers compliance-related issues.

The Group ensures that all relevant employees complete full compliance training and that there are no significant deviations from the Group-wide control system. In doing so, it aims to prevent any significant incidents regarding compliance with laws and regulations.

There were no significant incidents regarding compliance with laws and regulations in 2022. No significant fines or non-monetary sanctions were incurred for violations of legal regulations. Nor were there any pending or completed proceedings regarding anti-competitive behaviour or cartels or monopolies. Correct behaviour on the part of our employees prevented some improper attempts by suppliers to influence decisions. We sent certain suppliers and employees written reminders of the applicable rules.

All employees concerned completed full compliance training and there were no significant deviations from our Group-wide risk control requirements.

Supply chain – sound procurement practices

Management approach

Our Code of Conduct sets out our principles of conduct: propriety, fairness, integrity and professionalism. Our Employee and Environmental Policies likewise set out our principles for respecting human rights and protecting the environment. We expect our suppliers to apply the same standards and we make them aware of our expectations.

Reliable and financially sustainable supply chains Well-functioning supply chains are crucial for us as an industrial company. When assessing our suppliers, we apply Group-wide criteria of regionality, interest in long-term and stable business relationships, competitive prices, financial soundness, and high delivery capability and quality.

Human rights Respect for human rights, as set out in the fundamental international conventions, is embedded in our core values. We are committed to respecting them as well as the laws that apply in the countries in which we operate. We prohibit any involvement in compulsory, forced or child labour, human trafficking or modern slavery. We expect our partners in the supply chain to apply the same standards.

Environment We strive to protect the environment and to use natural resources responsibly, efficiently and in accordance with all applicable laws and regulations. In our supply chain, in our own activities and with respect to our products in operation, we work on the premise that ecological sustainability includes protecting the environment throughout the whole of our products' life cycles.

Processes Our divisions are responsible for implementing our procurement arrangements. We apply the above-mentioned principles, standards and criteria when selecting suppliers and check that they comply with such principles, standards and criteria on the basis of defined key indicators. We carry out regular audits of key suppliers on the basis of a risk assessment. Each division implements an internal programme in accordance with the Trade Compliance Policy to ensure that it complies with applicable export control and customs regulations.

Delivery difficulties continued to be a key issue in working with our suppliers in 2022. Delivery quotas, delays and quality deficiencies impaired efficiency in production, in some cases significantly. Overall, our expenditure on raw materials, components and consumables amounted to CHF 1'970 million, an increase of 15.7% over the previous year. The divisions worked with 14'000 suppliers in the reporting period. Various sites conducted audits to check that their key suppliers were complying with the applicable efficiency criteria as well as the environmental, health and safety standards.

Bucher Industries will revise its internal guidelines and processes in this area during the current year to meet current and future customer and regulatory requirements.