Environmental, social and ethics report

This report describes the nine topics that are material for us and assigns them to the pillars Customers, Employees, Environment and Compliance. It explains the key indicators, targets and management approach for each topic and how each of these developed during the reporting period.

This report was drawn up with reference to the GRI standards (Global Reporting Initiative standards) and meets the non-financial reporting requirements of the Swiss Code of Obligations (art. 964 ff. CO).

This environmental, social and ethics report provides an account of environmental matters, especially CO_2 reduction, social matters, employee matters, respect for human rights and combating corruption. The report goes into more detail on the concepts pursued, the situation at Bucher Industries and the impact that its activities have on these matters as well as the measures taken.

Well-established sustainability management

Sustainability is well established in our organisation, and the responsibilities are clearly set out at all levels and closely linked with our strategy. The board of directors oversees and supports the development and implementation of the sustainability strategy and policies and is regularly updated on current developments by group management. The implementation of the sustainability strategy has been delegated to the members of group management.

Further information about the business model, strategic process and risk management can be found in the annual report in the section on "Bucher at a glance".

We see nine topics as being material for us in the area of the environment, social affairs and ethics, and we have assigned these to the four pillars of Customers, Employees, Environment and Compliance. See the illustration below for details.

Environment, social affairs and ethics

Customers
– Valuable customer relationships
– Innovative products and optimal solutions
– Customer health and safety

Employees
– Positive working environment
– Qualified employees

Environment
– Environmental impact of our products and services
– Resource efficiency of production with a focus on the reduction of CO_2 emissions

Compliance
– Compliance with laws and regulations
– Supply chain – sound procurement practices

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	Key indicator and target	2023
Valuable customer relationships	Maintain and increase our market share	n. a.[1]
Innovative products and optimal solutions	Expenditure on research and development is 4 to 5% of sales over a business cycle.	3.7%
Customer health and safety	No incidents with a significant negative impact on customer health and safety that were caused by any failures on our part to comply with safety regulations	Met

[1] Not published for confidentiality reasons

Valuable customer relationships

Management approach

Our divisions operate in a variety of markets and our customer base is correspondingly diverse. With over 100 sites worldwide, our employees are close to our customers and keenly acquainted with their needs. They support them on site with spare parts, expertise, training and services as needed. Our customer relationships are geared to the long term and are a key component of Bucher Industries' strategy. We strive to offer products and services that go beyond the market standard and inspire users.

Regular discussions are held with customers to ensure that Bucher Industries knows its customers and is able to offer them added value. Modern management systems or digital platforms such as "MyKUHN" or "Bucher Connect" are also used here. Our Code of Conduct for employees states that we will conduct ourselves fairly and properly towards our customers and will do business with integrity and in a professional manner.

Bucher Industries was assessed as a supplier on the "EcoVadis" platform and achieved a bronze rating as a group.

Innovative products and optimal solutions

Management approach

Our customers' needs and anticipated future requirements flow 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 safe to use and user friendly – thereby ensuring our current and future success.

With our research and development activities, we strive to make our machines more efficient and easier to use. In addition, we strive to continuously update our offering, promote innovation, create added value, ensure our products are ergonomic and safe to use, and reduce production costs.

In the reporting period, CHF 133 million was invested in research and development, which corresponded to 3.7% (2022: 3.4%) of sales. The divisions again launched innovative products on the market, with a focus on increasing efficiency, advancing automation and reducing environmental impact during operation. The divisions offered training and services tailored to their customers' needs, intended to help them use the increasingly complex products.

Customer health and safety

Management approach

We attach great importance to our customers' health and safety, right from product development through to product manufacture, operation and final disposal.

Our divisions ensure – by means of technical safety precautions, regulatory compliance, regularly reviewed and updated product information, and instructions and training for their customers – that their products are safe to use. Ensuring that products are safe to use – by training customers, for example – is not only a matter of concern for Bucher Industries, but also part of our commitment to respecting human rights. Therefore, also cyber security has high priority as a topic because our products, solutions and services are digitally networked. Specialists in the divisions, supported by the central information security unit, are charged with implementing the Group-wide requirements and measures.

During the reporting period, no incidents with a significant negative impact on customer health and safety were caused by failures on the part of Bucher Industries to comply with safety regulations. One incident was reported at the end of the year that is currently under investigation. One case is still pending before the courts from previous years, while two cases were resolved during the reporting period by means of a settlement. In the opinion of Bucher Industries, these cases were not caused by product defects.

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,
encourages and challenges our employees according to
their skills and interests.

Topic	Key indicator and target	2023
Positive working environment	– Proportion of employee resignations to total regular employees less than 5%	6.7%
	– Keeping the accident frequency rate as low as possible	AFR Index 10
	– No proven cases of discrimination	Met
Qualified employees	– Over 22 hours of further training per employee per year	29 hours
	– Two thirds of senior management recruited internally	Almost two thirds

Positive working environment

Management approach

We want to be an attractive and fair employer that offers its employees an exciting place to work where
they can get involved and contribute their ideas. For this reason, it is important to create a working
environment in which employees feel safe and respected, with an inclusive and non-discriminatory
culture. We place value on an active social dialogue with employee organisations and 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. Our online whistleblower
system gives employees the opportunity to file complaints. We also investigate anonymous reports.
Employee resignations, the accident frequency rate and cases of discrimination are further indicators of
the working environment.

An important management tool is the annual appraisal meeting, during which we discuss the appraisal
itself, further training and development opportunities, and the employment relationship more generally.
We agree on annual targets with most employees and for managers, these are linked to performance-
related variable remuneration.

Health and safety at the workplace is also a key concern for us. 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 training sessions as well as internal and external

inspections. After any acquisition, we gradually introduce the new site to the standards of Bucher Industries. And, wherever possible, we automate any tasks that involve heightened health and safety risks.

We ensure that everyone is given equal opportunities. We make decisions regarding recruitment, employment, further training and development, and promotions objectively and base those decisions on qualifications, skills and performance, and attitudes, regardless of age, gender, sexual orientation, ethnic origin, nationality, religion, or physical or mental disabilities. We also encourage the promotion of employees from within our own ranks.

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 common values, principles and standards for dealing with employees are laid down in the Human Rights Statement and an Employee Policy. The divisions themselves are responsible for implementing these values, principles and standards. We are a signatory to the UN Global Compact and endorse its principles on human rights and labour standards.

Employees

	2023	Share %	2022	Share %	Change %
Regulars	12'779	86.0	12'261	82.4	4.2
Trainees	445	3.0	418	2.8	6.5
Defined period and temporary staff	1'634	11.0	2'197	14.8	– 25.6
Employees	**14'858**	**100.0**	**14'876**	**100.0**	**– 0.1**
Regulars covered by collective agreements	7'592	59.4	7'291	59.5	4.1

The number of employees remained practically unchanged year on year. There was a shift, however, from defined period and temporary staff to regular employees. Bucher Industries also fulfils its responsibility as a place of training and signed on more trainees in the reporting year.

Composition of employees

%	Workload		Gender		Age		
	Full-time	Part-time	Male	Female	< 30 years	30 – 50 years	> 50 years
							2023
Regulars	94.6	5.4	85.0	15.0	15.2	54.6	30.2
of which senior management	–	–	95.7	4.3	–	27.7	72.3
of which group management	–	–	85.7	14.3	–	14.3	85.7
Board of directors	–	–	83.3	16.7	–	–	100.0
							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

Gender distribution remained virtually unchanged year on year. This was the case for regular members of staff and upper management, as well as group management and the board of directors.

The low proportion of women at Bucher Industries is due to the fact that recruitment pool for jobs in the engineering industry tends to be dominated by men. Bucher Industries is committed to working together with educational institutions and offering flexible working hours to attract, retain, and promote more female employees.

Fluctuation

	2023	2022
Regulars at 1 January	12'261	11'342
Acquisition of subsidiaries	25	391
Joiners	1'954	1'827
Leavers	– 1'461	– 1'299
Regulars at 31 December	**12'779**	**12'261**
Turnover rate	11.7%	11.0%
Resignation rate	6.7%	7.2%

The situation on the labour markets remained tense, and it was difficult to recruit and retain qualified workers, especially in the USA. The turnover rate was lower than in the previous year, however.

Bucher Industries regularly conducts employee surveys across various business units. In 2023, a similar pattern to previous years emerged, with surveys achieving a satisfactory response rate and showing high satisfaction levels, placing in the top third. The findings from the surveys are used to implement targeted and site-specific measures to further increase employee satisfaction.

The accident frequency rate (AFR) was disclosed for the first time in the reporting period. In 2023, Bucher Industries reported ten accidents per million standard working hours, resulting in more than one day of absence. Keeping the accident frequency rate as low as possible is an important goal for Bucher Industries. For this reason, a higher number of training sessions were held in the reporting period on the topic of health and safety.

There were no proven cases of discrimination at Bucher Industries during the reporting period. Any cases involving allegations of harassment were investigated. In four cases, the allegations were substantiated, which led to appropriate personnel consequences.

Various business units regularly conduct pay equality analyses. The analyses conducted in 2023 covered one third of the employees. Two unwarranted pay discrepancies were identified at one site, which were immediately resolved.

Qualified employees

Management approach

It is important to us that the personnel and staff we employ for the various roles and duties at the company are optimally qualified for the job. In this way, we are able to improve the Group's performance while at the same time building a team of motivated employees who form the basis for our culture of trust.

We encourage and challenge our employees according to their interests and skills and offer them opportunities to develop within the company, whether through external training and development opportunities or internal development offerings 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.

Training

	2023	2022	Change %
Average number of training hours per regular employee	29	20	45.0
Of which health and safety training hours	6	4	50.0

The reporting period saw significant investments in the further training of employees, and the number of actual training hours exceeded the target of 22. One of the reasons for this was the introduction of ERP systems in several divisions, with appropriate training provided to employees. There was also a significant increase in the number of health and safety training hours.

The business units, comprising a total of three quarters of all employees, conducted external or internal audits on occupational health and safety. In the reporting period, a total of one third of all employees worked in accordance with occupational health and safety management systems, which are certified according to ISO 45001.

The few personnel changes in senior management had no significant impact on the overall picture: almost two thirds (2022: more than two thirds) of these managers were promoted to these functions from internal positions.

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 footprints. We also focus on energy efficiency and renewable energies, thereby reducing the emissions in our own production environment.

Topic[1]	Key indicator and target	2023
Environmental impact of our products and services	Significantly increasing the efficiency of products and solutions with a focus on reducing resources and CO_2 emissions	n.a.[2]
Resource efficiency of production with a focus on the reduction of CO_2 emissions	Reducing 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	10 to 20% reduction in CO_2 intensity

[1] Bucher Industries' water consumption data was collected and aggregated until the 2018 reporting period. As our activities are not water-intensive, we have stopped collecting this data centrally since the 2019 financial year and have increased our focus on the topic of energy. However, reducing water consumption remains a key concern – especially at sites that are located in areas with precarious water supplies.
[2] Bucher Industries is in the process of expanding its climate reporting and enhance greenhouse gas emission calculations, particularly in the area of Scope 3 emissions.

Environmental impact of our products and services

Management approach

A major lever for reducing our ecological footprint lies in our products and solutions. We therefore strive to develop machinery and systems that enable our customers to improve their environmental impact without having to compromise on customer benefits. Ecological considerations relating to our products 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 right through to their disposal.

Protection of the environment and natural resources is embedded in our Code of Conduct and in the Human Rights Statement. 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 enacted therein. We support efforts to mitigate climate change through our measures to reduce CO_2 emissions. We continuously develop and optimise our offering in line with our customers' needs and prevailing regulatory requirements. We strive to make our products and solutions more efficient and precise

through electrification or efficiency gains in order to reduce our consumption of energy and resources and through electronic control systems for fertilisers, crop protection products and road salt. These efforts are helping to reduce CO_2 emissions and the use of natural resources and chemicals.

In the reporting period, the divisions again developed new products and solutions that will enable their customers to reduce their environmental impact without compromising on user-friendliness, functionality and cost-effectiveness. These can be summarised in the following four strategic initiatives: solutions for conservation and precision farming, electrified mobile equipment, electrohydraulic components and systems, and automation and artificial intelligence in glass container manufacturing. Key products launched during the reporting period are presented in the divisional reports (from page 20).

Resource efficiency of production with a focus on the reduction of CO_2 emissions

Management approach

We have set ourselves the goal of reducing the CO_2 emissions generated by our own activities in proportion to value creation. We are taking action at various levels: by optimising buildings, by making efficiency gains in production, and by generating energy from renewable sources.

In the reporting period, we planned, developed and in some cases also implemented a wide variety of measures to reduce CO_2 intensity in relation to Scope 1 and Scope 2 emissions (see the divisional reports for further details). These were complemented by measures from the previous year, which took full effect in the reporting period.

Energy consumption

MWh	2023	of which renewable %	2022	of which renewable %	Change %
Conventional purchased electricity	104'142		129'421		−19.5
Renewable purchased electricity	50'879		34'653		46.8
Self-generated solar power	5'546		2'222		149.6
Electricity	**160'567**	**35.1**	**166'296**	**22.2**	**−3.4**
Heating oil	3'521		3'237		8.8
Natural gas	145'061		145'151		−0.1
Liquified petroleum gas (LPG)	9'903		13'269		−25.4
Bio mass	2'415		2'309		4.6
On-site fuels	**160'900**	**1.5**	**163'966**	**1.4**	**−1.9**
District heating	**10'815**	**n.a.**	**13'684**	**n.a.**	**−21.0**
Diesel	30'052		29'186		3.0
Petrol	10'067		9'129		10.3
Liquified petroleum gas (LPG)	5'648		4'448		27.0
Bio transport fuels	1'611		721		123.4
Transport fuels	**47'378**	**3.4**	**43'484**	**1.7**	**9.0**
Energy consumption	**379'660**	**15.9**	**387'430**	**10.3**	**−2.0**

One reason for the reduced energy consumption noted in the reporting period was the switch to more energy-efficient production equipment.

The volume of self-generated solar power was more than doubled compared with 2022 and this was due to new or expanded photovoltaic installations at locations in China and the USA. The installed solar capacity totalled 5'708 kWp (2022: 3'842 kWp).

The rise in services resulted in higher mileages and therefore also higher fuel consumption.

CO$_2$ emissions

tCO$_2$e	2023	Share %	2022	Share %	Change %
On-site fuels	32'642		33'364		−2.2
Transport fuels	11'958		11'206		6.7
Refrigerants	791		1'088		−27.3
Process emissions	158		343		−53.9
Scope 1	**45'549**	**55.9**	**46'001**	**51.3**	**−1.0**
Electricity	34'114		41'335		−17.5
District heating	1'847		2'336		−20.9
Scope 2	**35'961**	**44.1**	**43'671**	**48.7**	**−17.7**
CO$_2$ emissions	**81'510**	**100.0**	**89'672**	**100.0**	**−9.1**
Biogenic CO$_2$ emissions	449		219		105.0

Calculation of CO$_2$ emissions

We have compiled our greenhouse gas inventory in accordance with the Greenhouse Gas Protocol and ISO standard 14064. Scope 1 emissions are from direct energy usage and non-energetic 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 any other electricity consumption, the location-based approach was applied.

There was a decline in CO$_2$ emissions during the reporting period. This was mainly due to reduced emissions associated with electricity consumption, achieved through the shift to renewable energy and the increase in self-generated solar power. Overall, the reduction in CO$_2$ intensity, measured as CO$_2$ emissions in proportion to value creation, was equivalent to between 10% and 20% of the emissions seen in the 2021 base year.

In 2023, there was one case of non-compliance with environmental laws and regulations at the production sites and the damage was repaired immediately.

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 including its customers, employees, business partners, competitors and authorities, and is the source of our excellent reputation.

Topic	Key indicator and target	2023
Compliance with laws and regulations	– No material incidents regarding our compliance with laws and regulations	Met
	– Full compliance training for all affected employees	Met
	– No significant deviations from our Group-wide requirements for risk controls (in accordance with our internal control system BICS)	Met
Supply chain – sound procurement practices	Key indicators and targets are developed in line with any planned legal regulations	

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, professionally and with integrity. 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 policies, with specific requirements and instructions, are in place regarding the matters mentioned below. If any national 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 employees or business partners may use corrupt practices in any countries where 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 guideline raises awareness of the dangers of corruption and provides concrete

guidance on how to deal with the issue. A separate guideline specifies how to ensure due diligence services and how to deal with intermediaries such as agents and distributors.

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 directive on competition law 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 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 regarding compliance with these global trade regulations. Since the divisions have different business lines and organisational structures, the trade compliance controls (including their internal compliance programmes and related processes) must be risk adjusted and adapted to each division.

Data protection Our Code of Conduct states that we 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 the 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.

Insider trading Employees are duty bound by the Code of Conduct to treat insider information as confidential, and the Code of Conduct forbids employees from making use of such insider information. The guideline on insider trading defines the terms "insider" and "prohibition on trading and making recommendations", as well as the regular blocking periods for insiders and regulations for ad hoc blocking periods.

Due diligence obligations in dealings with suppliers See the sections on "Supply chain – sound procurement practices" and in the annex on "Due diligence obligations"

Compliance organisation The divisions are responsible for implementing the Group-wide principles and directives. The compliance organisation 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 serve as contact persons for the employees.

Online whistleblower system Employees may report any breaches of our Code of Conduct, the Human Rights Statement or directives to their line managers or the compliance organisation. Alternatively, employees or third parties may report actual or suspected serious breaches anonymously through our online whistleblower system. It is ensured that any actual or suspected compliance breaches are investigated and decided by unbiased persons.

Training During the induction process, all employees receive our Code of Conduct and any directives that relate to their functions. As part of online training sessions on the Group-wide compliance programme, employees receive annual training primarily on the topics of the Code of Conduct, corruption, conflicts of interest, data protection, competition law (in the case of exposed employees only) and the reporting system. In the coming year, there will be an additional focus on the topics of human rights and sustainable supply chains. The divisions conduct further training in specific areas (e.g. trade controls). Employees who do not have access to online training are trained by the divisions as required. The local and divisional compliance officers receive special and regular training for their tasks.

Compliance with the regulations 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 material deviations from the Group-wide control system. In doing so, it aims to prevent any material incidents regarding compliance with laws and regulations from occurring.

There were no material incidents regarding compliance with laws and regulations in 2023. 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.

The relevant employees have completed full compliance training. There were no significant deviations from our Group-wide requirements regarding risk controls.

Supply chain – sound procurement practices

Management approach

The Code of Conduct sets out our principles of conduct: propriety, fairness, integrity and professionalism. Our Human Rights Statement and our Employee and Environmental Policies set out our principles for respecting human rights, complying with labour law standards and protecting the environment. The divisions' due diligence obligations with respect to the supply chain have been set out in a policy on due diligence obligations in dealings with suppliers. 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 the Group-wide criteria of regionality, interest in long-term 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 and in particular in our Human Rights Statement. We are committed to respecting these as well as the laws that apply in the countries in which we operate. We expect our partners in the supply chain to apply the same standards, in particular the prohibition on child labour, forced labour and oppression, as well as occupational health and safety, freedom of association, the right to equality, the right to privacy, fair wages and working conditions, and the prohibition on corruption and bribery. Further information on human rights can be found in the annex on "Due diligence obligations".

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 our products' life cycles.

Expenditure on raw materials, components and consumables amounted to CHF 1'862 million in total, corresponding to a decrease of 6% 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 defined a Human Rights Due Diligence Framework (HRDD Framework) during the reporting period that addresses due diligence obligations in the supply chain, see in the annex on "Due diligence obligations".

Approval of the environmental, social and ethics report

The environmental, social and ethics report was approved by the board of directors on 26 February 2024 and will be presented to the annual general meeting for approval on 18 April 2024.

Philip Mosimann
Chairman of the Board of Directors

Jacques Sanche
Chief Executive Officer