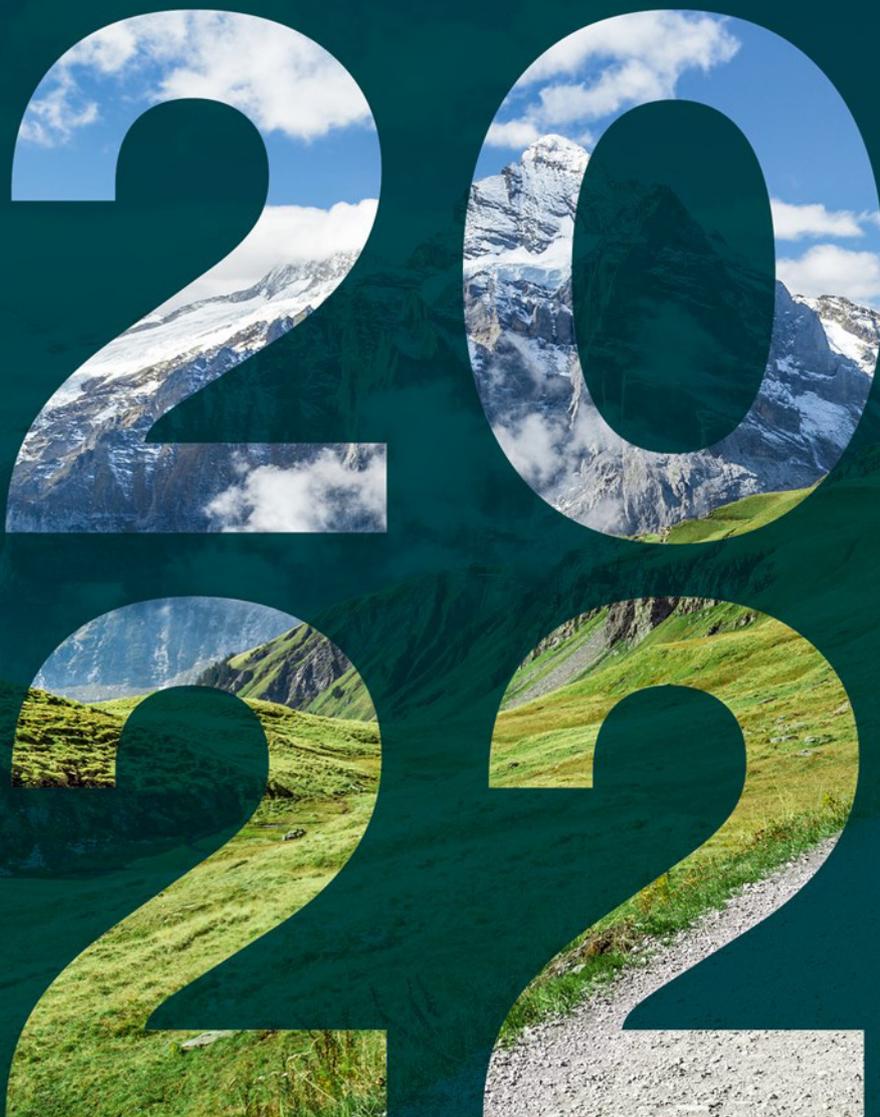


# Sustainability Report



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Sustainability performance 2022: key highlights

## Introduction

**Dear Readers,**

We are confident that sustainable business practices will prove to be both beneficial for our environment as well as an important foundation for the long-term success of Zehnder Group. We are therefore striving to contribute to a climate-friendly and healthy environment through our activities, products and services. For these reasons, we have made a commitment to placing a high priority on the issue of sustainability.

Following the Sustainability Status Report of September 2022, we have now taken an important step further towards achieving a fact-based, efficient and transparent measurement of our impact on the environment and society. This sustainability report presents goals, strategies and action points for successfully making the transition to a sustainable organisation. It is structured according to our key focus areas: environment, employees and society. Referring to the internationally recognised standards of the Global Reporting Initiative (GRI), the content of the Sustainability Report 2022 refers to relevant and material topics. We also plan to set science-based emissions targets by 2024 through the Science Based Targets Initiative, further strengthening our efforts toward contributing to a climate-friendly society.

By committing to sustainable practices, we are creating value for all our stakeholders while also ensuring that our actions are responsible and ethical.

The progress we have made thus far serves as an incentive for us to not stand still, but to continue improving into the future. We look forward to keeping you informed on our progress in sustainability in this report and throughout the years to come.

Kind regards,



**Dr. Hans-Peter Zehnder**  
Chairman of the Board of Directors



**Matthias Huenerwadel**  
Chairman of the Group Executive  
Committee, CEO

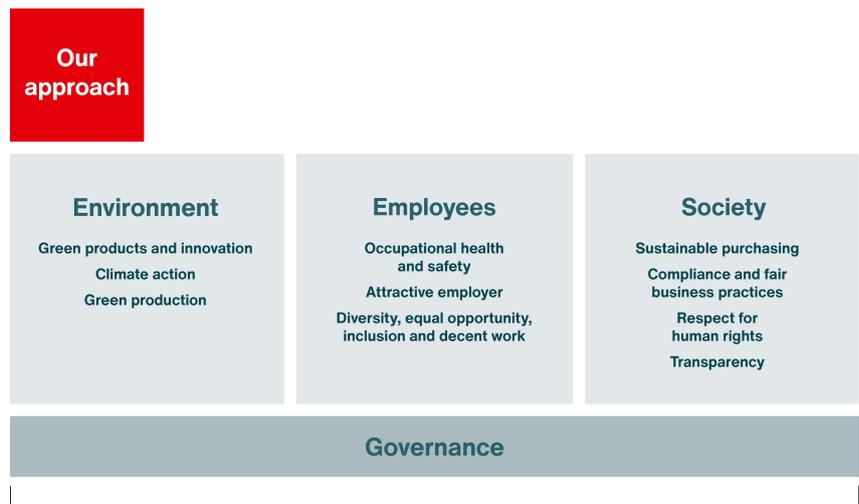
# Sustainability Report 2022

## Our approach to sustainability

As a global provider of indoor climate solutions, Zehnder Group is operating in a sector that accounts for a significant share of global greenhouse gas emissions. Heating, ventilation, and air conditioning (HVAC) systems account for about an estimated 40% of total energy-related greenhouse gas emissions in building operations. Zehnder Group is already making a significant contribution to sustainable living with its controlled ventilation systems with heat recovery.

By providing innovative solutions, company-wide environmental awareness and a shared commitment, we strive to contribute to achieving the climate neutrality target. We are continuously working on further improving the sustainability of our products and systems, reducing our greenhouse gas emissions, avoiding unnecessary waste, and returning materials back to the circular economy. In doing so, we take the entire value chain into account – from development to purchasing, production, operation and disposal. We also involve our suppliers and customers in these activities.

Our company values, customer focus, respect, trust, curiosity and openness play a central role in the evolution of Zehnder Group. We also incorporate the ten principles of the UN Global Compact (2000) and the 17 United Nations (UN) Sustainable Development Goals (SDGs) of the Agenda 2030 into our sustainability strategy and activities. Zehnder Group has been a signatory of the UN Global Compact since March 2022 and actively participates in various initiatives, including the UN Global Compact Climate Ambition Accelerator and UN Global Compact Gender Equality programmes. In the future, Zehnder Group will be developing science-based emissions reduction targets and linking its Environment, Social and Governance (ESG) targets to its compensation systems.



## Our approach to reporting

Following our Sustainability Status Report from September 2022, this is the first official issue of a Sustainability Report from Zehnder Group. We consider regular sustainability reporting to be an important instrument for providing stakeholders with transparent information about our sustainability strategy, its implementation and the achievement of our targets.

This Sustainability Report from Zehnder Group comprises the reporting period from 1 January 2022 to 31 December 2022. It provides information on the main activities and implications of Zehnder Group's business activities in terms of sustainability and how these actions will be further developed in the future. The contents have been compiled based on the relevant and material topics for this purpose. This Sustainability Report covers all of the business segments and consolidated companies in line with Zehnder's 2022 Annual Report and has been prepared in reference to the standards of the Global Reporting Initiative (GRI). The report includes a limited assurance by PricewaterhouseCoopers AG for selected Key Performance Indicators (see also page 39 for the **limited assurance report** for more information).

In addition to an introductory section, this report is divided into several sub-sections. In the **Governance section**, information is provided on the organisational purpose and the organisational structure of Zehnder Group in relation to environmental and climate-related activities, risks and opportunities. In the **Strategy section**, relevant stakeholder-related sustainability issues have been prioritised based on a materiality analysis. This has been complemented by a stakeholder analysis, which provides better insight into the information needs of the individual stakeholder groups. The Focus topics section presents the central management approaches, their implementation as well as the outlook pertaining to **Environment, Employees and Society**. The Indices section contains the **GRI content index**.

The key financial figures and information on employees in this report were already determined as part of Zehnder's 2022 Annual Report and are available on **Zehnder's website**.

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## Further information

## Contact

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[www.zehndergroup.com](http://www.zehndergroup.com)

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Additional information on our commitment to sustainability is available on our website.

A comprehensive Sustainability Report for the 2023 financial year is planned for the first quarter of 2024.

# Purpose and structure of organisation

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## Organisational purpose

### Description of the Zehnder Group business model

Zehnder Group is a publicly listed and internationally active company that offers indoor climate and air purification solutions. The Group's product range includes products from the areas of residential ventilation, heat exchangers, clean air solutions, radiators and climate ceilings. As a globally active company, the Group is developing and manufacturing solutions at its own plants in Europe, China and North America. At the beginning of 2023, the goal of sustainable and long-term value creation for all stakeholders was embedded into the articles of association of Zehnder Group as a corporate purpose.

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## Organisational structure

In order to successfully implement the company's internal sustainability strategy and achieve its aims, Zehnder Group operates according to an organisational structure firmly rooted in the company with clearly defined roles and responsibilities:

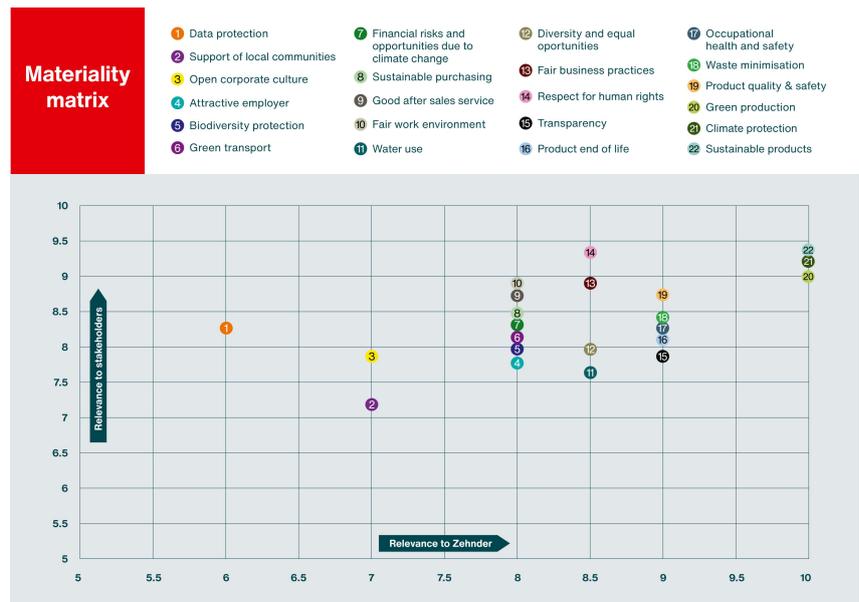
- For Zehnder Group, the topic of sustainability is paramount. Sustainability is the responsibility of the Board of Directors within the scope of their fiduciary duty. The topic of sustainability also affects the work of the individual committees of the Board of Directors, such as the related risk assessment in the Audit Committee or the incentivisation in the Nomination and Compensation Committee. Zehnder has revised its organisational regulations in 2023. As part of its management duties regarding the company and the issue of instructions, the Board of Directors now has the explicit task of reviewing and approving the sustainability strategy and sustainability goals. The Board of Directors as a whole is also responsible for preparing the report on non-financial matters. To further underscore the importance of sustainability, the Chairman of the Board of Directors, together with the Chief Executive Officer (CEO), is responsible for overseeing sustainability issues.
- The central body for sustainability strategy development and decision-making is the Sustainability Steering Committee. It consists of the members of the Group Executive Committee, together with the Chairman of the Board of Directors and the staff responsible for selected key functions, such as the Director Group Human Resources or the Managing Director Clean Air Solutions.
- The Group Sustainability Manager position is a staff position that reports directly to the CEO. The Group Sustainability Manager supports the Steering Committee and coordinates the creation and implementation of all required sustainability processes and strategies as well as data analysis, data evaluation and reporting across Zehnder Group.
- Investor Relations and Communications, Group Procurement, Group Legal, Group Compliance and the central research and development departments for the ventilation and radiator business segments are all closely involved in the sustainability activities.

# Materiality and stakeholder analysis

## Materiality analysis

As a manufacturing company, the materiality analysis is our foundation for identifying the most important issues both for the company itself and its stakeholders. This includes the implications and assessment of Zehnder Group’s business practices on the environment, the economy and society, as well as the consideration of stakeholder expectations. The Global Reporting Initiative (GRI) standards and stakeholder surveys served as the foundation for this process.

We conducted the first online survey in 2021 among the relevant stakeholder groups for Zehnder Group. The survey was also made available on Zehnder Group’s website at that time. The topics of the survey were prioritised by the members of Zehnder Group’s sustainability project team. The evaluation was carried out by an external consulting agency.



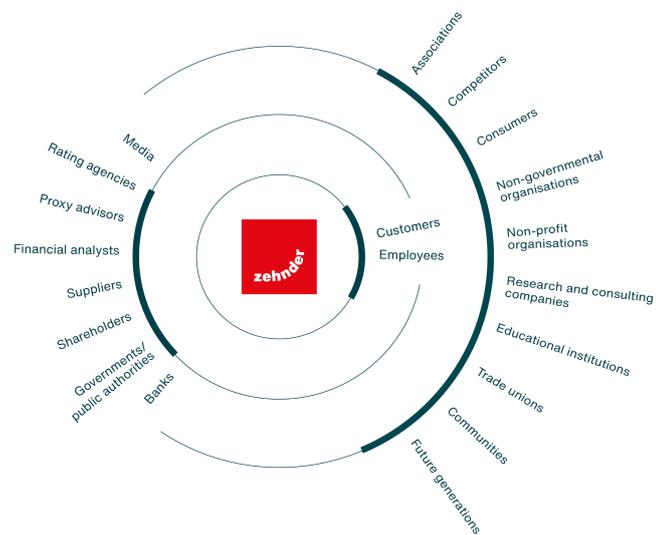
The materiality assessment is based on GRI 1 and considers the impact materiality/inside-out perspective of Zehnder Group.

Based on the results of our surveys, we have categorised the relevant areas for action for Zehnder Group into three main topics: environment, employees and society. These categories are also represented in this Sustainability Report as three separate chapters each containing the respective prioritised sustainability topics. Our customers are always included as the central stakeholder group within these areas.

## Stakeholder analysis

For Zehnder Group, the stakeholder analysis represents an essential component of our sustainability report. It enables us to better understand the interests and needs of our relevant stakeholder groups. We define stakeholders as individuals and organisations that have financial, legal, ethical or environmental expectations of Zehnder Group. Zehnder Group aims to create transparency regarding the Group's commitment to sustainable development and to maintaining an open and respectful dialogue with its stakeholders. Through regular, transparent communication, we seek to further strengthen trust in our company and to maintain or establish long-term relationships with our stakeholders.

Our stakeholder analysis covered the careful identification and assessment of the stakeholder groups relevant to Zehnder. The following stakeholder groups are of relevance to Zehnder Group:



## Communication with stakeholder groups

To date, Zehnder has used a variety of tools and channels to communicate with the afore-mentioned stakeholder groups:

- Through our publications such as the Annual Report, the Sustainability Report as well as ad hoc and media releases, we keep shareholders and other stakeholders informed about key economic figures, the status of our sustainability activities and current topics at Zehnder Group.
- With regard to investors, we conduct an annual analyst and media presentation. We also participate in various investor and analyst roadshows and conferences, and host investor days.
- In the area of corporate governance, exchanges take place with investors and proxy advisors attended by the Chairman of the Board of Directors.
- We regularly exchange information with our customers during trade fairs, customer visits and training courses.
- We are in regular contact with sustainability rating agencies.

# Introduction

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## **For a more sustainable economy**

As a manufacturing company in the indoor climate sector, we have a special responsibility towards the environment. Sustainable business is therefore a fundamental requirement to ensure that we can continue driving growth and profitability at our Group while also reducing any negative influences on the environment. In the future, we would like to go one step further and are now paving the way for climate neutrality at Zehnder Group.

During the 2022 reporting period, we structured our actions in three topics: “Green products and innovation”, “Climate action” and “Green production”. This is where we will be defining our actions and goals for the near future.

# Green products and innovation

## Innovative and environmentally-friendly activities – from construction to disposal

**Management approach:** We analyse the impacts of our products on the environment throughout their entire life cycle with the intention of reducing the impacts significantly through the development of innovative and low-emission solutions. We are continuously working to further improve the existing high quality, service life and repair options of our products, to lower the environmental impact. We also aim to contribute to the circular economy by increasing the use of recycled components and parts at Zehnder.

In the case of new products, we have set ourselves the goal of using components made from previously recycled materials to the greatest possible extent in the design process and returning them to the material cycle at the end of their service life. Even when designing new units, we are considering the replacement of individual parts with a view to extending the service life of our units through repair.

**Implementation:** We are currently preparing life cycle assessments for each of Zehnder Group's main product families and technologies to assess the environmental impact of our products. Our goal is to have completed at least one life cycle assessment for each main product family/technology over the next 18 months. This will allow us to develop greater competence regarding the key environmental impacts of our products.

To further reduce the environmental footprint of our products as well as to increase their circularity, we are implementing the following measures:

- We are inspecting the recyclable content of our packaging and production materials to understand where we can increase share of renewable or recycled materials. To achieve the greatest possible impact, we are assessing the recyclability of one of our best-selling ventilation units.
- As part of a pilot project for product take-back and refurbishment in the Netherlands, we are currently acquiring knowledge in an applied circular economy and what it takes to increase product circularity effectively.

We have already implemented successful projects in Canada, the Netherlands and Germany. For example, at our site in London (CA), we use over 95% recycled materials to package our products. We are also using stretch film made from 30% recycled material to package our radiators at the Lahr (DE) production site - these are also 100% recyclable.

**Outlook:** After determining the exact environmental implications of our products, we aim to continuously reduce the ecological footprint of newly launched Zehnder products. At the same time, we also intend to increase the share of recycled raw materials in our future product launches.

Our product engineers and our product developers will be playing a central role in the development of circular products. Our employees will have a heightened awareness of this issue through internal and external training programmes. Together we will develop a Circular Design Guideline in 2023 that will be applied in all new product developments.

**GRI 301: Materials 2016****GRI 301-1: Materials used by weight or volume**

GRI	in metric tons	2021	2022
301-1	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period	n/a	91,878
301-1	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by non-renewable materials	n/a	78,677
301-1	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by renewable materials	n/a	13,201

# Climate action

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## Significant reduction of greenhouse gases that are harmful to the climate

**Management approach:** We aim to further reduce CO<sub>2</sub> emissions in the production of our products and packaging. Installing photovoltaic systems and purchasing green electricity are easy measures to implement. However, we also aim to significantly increase energy efficiency within the company. This is achieved, for example, by replacing energy-intensive equipment and lowering the temperature at certain process stages along the value chain without compromising product quality. We also intend to make our company more resilient and adaptable to climate-related risks and natural disasters. We have established SBT as a long-term future goal for Zehnder Group.

**Implementation:** Systematic measures to save energy and reduce CO<sub>2</sub> are being pursued with a view to achieving a sustainable reduction in the greenhouse gases emitted by Zehnder Group. During the reporting year, we have made progress in reducing greenhouse gas emissions. In 2022, the total carbon footprint of Zehnder Group (Scope 1+2, market-based approach) was 23,373 tonnes of CO<sub>2</sub>e (32,125 tonnes of CO<sub>2</sub>e in 2021). This is equivalent to a reduction of 27% compared to the previous year. This reduction is mainly driven by substantially increasing our green energy purchases in our operations in Lahr (DE) and Manisa (TR). In addition, our production site in Zwolle (NL), Buffalo (US) and Graenichen (CH) use photovoltaic systems to generate electricity from solar energy. This is fed directly into the production processes and serves to reduce our CO<sub>2</sub> footprint and consumption of fossil resources. In autumn 2022, we started to analyse our Scope 3 emission categories, and in spring 2023 we finalized our scope 3 emission estimation resulting in 4'917'348 tonnes of CO<sub>2</sub>e. By far the largest emissions stem from the use of sold products (87.52%). Other categories included were purchased goods and services (8.18%), downstream transportation (2.13%), end of life treatment of sold products (1.73%), as well as business travel, employee commuting, generated waste and upstream transportation (all <1%).

**Outlook:** By applying highly efficient heat recovery, Zehnder ventilation systems help our customers save considerable amounts of heating energy. Although, our heat recovery units use electrical energy (Scope 3), they at the same time save a much larger amount of heating energy throughout the entire product lifecycle time compared with ventilation without heat recovery. These energy savings from sold products are not accounted for under Scope 3. Therefore, together with a scientific institute, we plan to verify and report the amount of energy saved through heat recovery for our products.

We aim to systematically forge ahead with our commitment to climate protection and pledge to follow the Science Based Targets initiative (SBTi). Beginning of June, Zehnder Group's commitment letter has officially been approved by the Science Based Targets initiative Board. In a next step, Zehnder Group will develop and submit its emissions reduction target for validation. The Science Based Targets initiative is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute and the World Wide Fund for Nature. The SBTi is an approach for companies to establish science-based, ambitious and effective emission reduction targets, that are in accordance with the 1.5-degree target of the Paris Climate Change Convention.

**GRI 305: Emissions 2016****GRI 305-1: Direct (Scope 1) GHG emissions****GRI 305-2: Energy indirect (Scope 2) GHG emissions**

GRI	tCO <sub>2</sub> e	2021	2022
305-1	Gross direct (Scope 1) GHG emissions in metric tons of CO <sub>2</sub> equivalent	11,943	12,161
305-1	Biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> equivalent	n/a	3
305-2	Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent	25,389	23,585
305-2	Gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent	20,182	11,212

In this calculation, all gases are included based on IPCC.

The base year is 2022 (reporting year), as this is the first year in which emission sources from all three Scopes (1-3) are accounted for.

Sources for the emission factors are ecoinvent v3.8 calculated with IPCC 2021 GWP100a and UK Department for Environment Food & Rural Affairs 2022 version 2.0. Global warming potentials specifically for cooling agents were taken from IPCC AR6.

Data is consolidated according to the operative control approach. New acquisitions in the reporting years 2021 and 2022 were consolidated on a pro rata basis.

Methodology based on GHG Protocol. No specific tools used.

**GRI 305: Emissions 2016****GRI 305-3: Other indirect (Scope 3) GHG emissions**

GRI	tCO <sub>2</sub> e	2021	2022
305-3	Gross other indirect (Scope 3) GHG emissions in metric tons of CO <sub>2</sub> equivalent	n/a	4,917,348

All gases are included based on IPCC.

Biogenic CO<sub>2</sub> emissions are not calculated separately but are included in total emissions.

Out of the 15 Scope 3 categories from the GHG-Protocol 8 are considered in this calculation (purchased goods and services, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, use of downstream leased products, end-of-life treatment of sold products). Capital goods are excluded as the inclusion without depreciation over time would distort the result and make it hard to compare as a base year. Emissions from fuel and energy related activities are considered as non-significant considering the other Scope 3 categories accounted for. Emissions from upstream leased assets are already included in Scope 1 & 2 emissions. As Zehnder does not manufacture intermediate products emissions from the processing of sold products are not applicable. There are no franchises and no investments.

The base year is 2022 (reporting year), as this is the first year in which emission sources from all three Scopes (1-3) are accounted for.

Emission factors are from ecoinvent 3.8 calculated with IPCC 2021 GWP 100a, DEFRA 2022 v2.0, GWPs from IPCC AR6.

Assumptions:

- For emissions of the treatment of generated waste the cut-off approach was applied excluding emissions from preparation for reuse, recycling and other recovery operations.
- Waste for the end-of-life of sold products only contains non-recyclable parts as it was assumed that what is recyclable will be recycled.
- Considering emissions from the use of sold products over their lifetime, consumables like filters were not considered as it is unclear whether there would be a double counting if first-party filters produced by Zehnder would be used.
- The emission factor for electricity used by sold products over their lifetime is assumed to be the emission factor of the country of the business unit which sold it, not calculating for a change in emissions per kWh over the time.
- For the calculation of emissions from downstream transportation and distribution, the tkm were calculated using the average distance to the client. This could lead to a distortion of emission values from downstream transport from the real emissions.
- Emissions from the production of purchased goods were only calculated for production business units as those were identified as significant.
- Purchased services like outsourced activities were not considered in this calculation.

**GRI 305: Emissions 2016****GRI 305-4: GHG emissions intensity**

GRI	tCO <sub>2</sub> e/Tsd. EUR	2021	2022
305-4a	GHG emissions intensity ratio for the organization	n/a	6.1

Organization-specific metric (the denominator) chosen to calculate the ratio was net sales (812'500 TEUR) in 2022.

Direct Scope 1, energy indirect Scope 2 (market-based), and indirect Scope 3 emissions were included in the intensity ratio.

# Green production

## Achieving measurable results is the goal

**Management approach:** Our ambition is to significantly reduce our energy consumption, hazardous waste and waste generation, as well as air pollution and water consumption.

**Implementation:** With the goal of manufacturing our products in a more environmentally and climate-friendly way in the future, we are analysing how to reduce our hazardous waste by replacing it with substances that are less harmful to the environment. We will proceed in the same way with emissions, where we are currently identifying which non-GHG air pollutant emissions are being released. When purchasing new production machines or lines, we will ensure that production materials and resources are used as sustainably as possible. One good example of this is our new painting line at the Vaux Andigny production site in France, where we managed to save approximately 50% of water, 25% of paint, 43% of electricity and 50% of gas per year because of the improved efficiency measures and processes compared to the previous equipment.

**Outlook:** Through measures such as waste separation and the use of more sustainable materials and processes, we aim to increase the recycling rate of all the waste we generate and reduce waste significantly in general.

### GRI 302: Energy 2016

#### GRI 302-1: Energy consumption within the organization

GRI	in gigajoules	2021	2022
302-1	Total fuel consumption from non-renewable sources	186,887	180,306
302-1	Total fuel consumption from renewable sources	-	61
302-1	Total electricity consumption	175,789	170,803
302-1	Total heating consumption	17,134	15,193
302-1	Total cooling consumption	-	-
302-1	Total steam consumption	-	-
302-1	Total electricity sold	2,754	4,050
302-1	Total heating sold	-	-
302-1	Total cooling sold	-	-
302-1	Total steam sold	-	-
<b>302-1</b>	<b>Total NET energy consumption</b>	<b>379,811</b>	<b>366,367</b>

Non-renewable fuels included in the calculations: Natural gas, Heating oil, Propane/butane, Diesel, Petrol, LPG, CNG, Fuel gas (propane). Renewable fuel included in the calculations: Biogas. Data is consolidated according to the operative control approach. New acquisitions in the reporting years 2021 and 2022 were consolidated on a pro rata basis.

Methodology based on GHG Protocol. No specific tools used.

Conversion factors were taken from UK Department for Environment Food & Rural Affairs 2022 version 2.0 for Diesel, Petrol, LPG, CNG and Propane to convert from mass or volume into energy. All other data was given in kWh and converted to GJ by multiplying with 0.0036 GJ/kWh.

**GRI 306: Waste 2020**  
**GRI 306-3: Waste generated**

GRI	in metric tons	2021	2022
306-3	Total waste - metals	n/a	5,336
306-3	Total waste - plastics	n/a	2,083
306-3	Total waste - paper & cardboard	n/a	4,564
306-3	Total waste - glass	n/a	1
306-3	Total waste - wood treated	n/a	742
306-3	Total waste - wood untreated	n/a	146
306-3	Total waste - residual non-hazardous waste	n/a	877
<b>306-3</b>	<b>Total non-hazardous waste</b>	<b>n/a</b>	<b>13,749</b>
306-3	Total waste - heavy metals	n/a	-
306-3	Total waste - batteries	n/a	4
306-3	Total waste - electronics	n/a	11
306-3	Total waste - fluorescent lamps	n/a	1
306-3	Total waste - used oil & emulsions	n/a	14
306-3	Total waste - solvents and chemicals	n/a	37
306-3	Total waste - printing ink/toners	n/a	0
306-3	Total waste - quartz sand/powder	n/a	0
306-3	Total waste - hazardous sludge	n/a	129
306-3	Total waste - other hazardous waste	n/a	42
<b>306-3</b>	<b>Total hazardous waste</b>	<b>n/a</b>	<b>238</b>
<b>306-3</b>	<b>Total weight of waste</b>	<b>n/a</b>	<b>13,987</b>

**GRI 306: Waste 2020****GRI 306-4: Waste diverted from disposal**

GRI	in metric tons	2021	2022
306-4	Total waste diverted from disposal - metals	n/a	5,334
306-4	Total waste diverted from disposal - plastics	n/a	2,005
306-4	Total waste diverted from disposal - paper & cardboard	n/a	1,551
306-4	Total waste diverted from disposal - glass	n/a	0
306-4	Total waste diverted from disposal - wood treated	n/a	566
306-4	Total waste diverted from disposal - wood untreated	n/a	128
306-4	Total waste diverted from disposal - residual non-hazardous waste	n/a	244
<b>306-4</b>	<b>Total non-hazardous waste diverted from disposal</b>	<b>n/a</b>	<b>9,829</b>
306-4	Total waste diverted from disposal - heavy metals (t/year)	n/a	0
306-4	Total waste diverted from disposal - batteries	n/a	1
306-4	Total waste diverted from disposal - electronics	n/a	10
306-4	Total waste diverted from disposal - fluorescent lamps	n/a	0
306-4	Total waste diverted from disposal - used oil & emulsions	n/a	7
306-4	Total waste diverted from disposal - solvents and chemicals	n/a	8
306-4	Total waste diverted from disposal - printing ink/toners	n/a	0
306-4	Total waste diverted from disposal - quartz sand/powder	n/a	0
306-4	Total waste diverted from disposal - hazardous sludge	n/a	18
306-4	Total waste diverted from disposal - other hazardous waste	n/a	0
<b>306-4</b>	<b>Total hazardous waste diverted from disposal</b>	<b>n/a</b>	<b>46</b>
<b>306-4</b>	<b>Total weight of waste diverted from disposal</b>	<b>n/a</b>	<b>9,874</b>

**GRI 306: Waste 2020****GRI 306-5: Waste directed to disposal**

GRI	in metric tons	2021	2022
306-5	Total waste directed to disposal - metals	n/a	2
306-5	Total waste directed to disposal - plastics	n/a	77
306-5	Total waste directed to disposal - paper & cardboard	n/a	3,013
306-5	Total waste directed to disposal - glass	n/a	1
306-5	Total waste directed to disposal - wood treated	n/a	177
306-5	Total waste directed to disposal - wood untreated	n/a	18
306-5	Total waste directed to disposal - residual non-hazardous waste	n/a	633
<b>306-5</b>	<b>Total non-hazardous waste directed to disposal</b>	<b>n/a</b>	<b>3,920</b>
306-5	Total waste directed to disposal - heavy metals (t/year)	n/a	0
306-5	Total waste directed to disposal - batteries	n/a	3
306-5	Total waste directed to disposal - electronics	n/a	1
306-5	Total waste directed to disposal - fluorescent lamps	n/a	0
306-5	Total waste directed to disposal - used oil & emulsions	n/a	7
306-5	Total waste directed to disposal - solvents and chemicals	n/a	28
306-5	Total waste directed to disposal - printing ink/toners	n/a	0
306-5	Total waste directed to disposal - quartz sand/powder	n/a	-
306-5	Total waste directed to disposal - hazardous sludge	n/a	111
306-5	Total waste directed to disposal - other hazardous waste	n/a	42
<b>306-5</b>	<b>Total hazardous waste directed to disposal</b>	<b>n/a</b>	<b>193</b>
<b>306-5</b>	<b>Total weight of waste directed to disposal</b>	<b>n/a</b>	<b>4,113</b>

# Introduction

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## We are Zehnder

Always the best climate – this is also our goal when it comes to the Zehnder work culture. Because our employees are our greatest asset, their well-being and professional and personal development are key concerns for us. As an internationally operating company, we are committed to equality, fairness and diversity. We encourage all our employees to engage in open dialogue with us and have created communication channels to report any grievances in a non-bureaucratic and anonymous format.

During the 2022 reporting period, we focused on the topics of “Occupational health and safety”, “Attractive employer” and “Diversity, equal opportunity, inclusion and decent work”.

# Occupational health and safety

## Workplace accidents: Our goal is zero

**Management approach:** We strive for zero fatalities and work-related injuries with serious consequences and are creating an environment where the health and safety of employees is prioritised throughout the company. The certification of our sites with complex production processes according to the internationally standardised occupational health and safety management system (ISO 45001 or equivalent) is an important step for us towards achieving even greater workplace safety.

**Implementation:** To ensure the consistent improvement of our occupational health and safety record, we are continuing to implement ISO 45001, which defines international standards for occupational health and safety. In 2020, our production site in Graenichen was certified. In the 2021 reporting year, we certified the production sites in Lenham, UK and Bolesławiec, Poland. In 2022, two more Zehnder sites were certified – Vaux Andigny, France, and Manisa, Turkey. We have also mapped out the relevance of occupational safety in our organisational structure. In the reporting year, we established clear responsibilities at Group level in the area of occupational safety.

**Outlook:** In the future, we will be certifying all our production sites that carry out metal-forming or plastic injection moulding activities in accordance with ISO 45001 or an equivalent safety standard and measure the number of occupational accidents accordingly. In addition, we strive to further reduce the number of occupational accidents through targeted measures, including regular occupational safety trainings, the introduction and mandatory use of personal protective equipment, or the use of automatic lifting equipment to reduce manual lifting operations. Furthermore, we intend to increase awareness of occupational health and safety topics, including through audits.

### GRI 403: Occupational Health & Safety 2018

#### GRI 403-8: Workers covered by an occupational health and safety management system

GRI	%	2021	2022
403-8	Rate of all employees and workers that are covered by an occupational health and safety management system	n/a	79%
403-8	Rate of all employees and workers that are covered by an occupational health and safety management system that is internally audited	n/a	39%
403-8	Rate of all employees and workers that are covered by an occupational health and safety management system that is externally audited	n/a	43%

Total number of employees, i.e. individuals who are in an employment relationship with the organization: 3839

Total number of workers who are not employees but whose work and/or workplace is controlled by the organisation: 491

**GRI 403: Occupational Health & Safety 2018**  
**GRI 403-9: Work-related injuries**

GRI	# per 200'000 hours worked	2021	2022
403-9a	Rate of fatalities as a result of work-related injury for all employees	n/a	0
403-9a	Rate of high-consequence work-related injuries (excluding fatalities) for all employees	n/a	0
403-9a	Rate of recordable work-related injuries for all employees	n/a	2.7

GRI	# per 200'000 hours worked	2021	2022
403-9b	Rate of fatalities as a result of work-related injury for all workers	n/a	0
403-9b	Rate of high-consequence work-related injuries (excluding fatalities) for all workers	n/a	0
403-9b	Rate of recordable work-related injuries for all workers	n/a	4.3

Number of hours worked for all employees: 6'494'497 hours

Number of hours worked for all workers: 605'558 hours

# Attractive employer

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**More than just a job: it is our task to foster the engagement, development and well-being of all our employees**

**Management approach:** Zehnder Group aims to continuously improve the qualities it exhibits as an employer. One approach to achieving this is through our employee engagement surveys. This tool enables us to obtain qualified feedback from our employees and implement a variety of measures aimed at increasing employee satisfaction based on this feedback. To further advance personal and professional development, we cultivate a culture of dialogue and feedback. We invest in training and development for all Zehnder employees to help strengthen their professional and personal skills and establish a culture of lifelong learning. To reinforce our motivating work culture, we strive to fill vacancies with employees from our own ranks. Work-life integration is also a key concern for us. We foster the health and well-being of our employees. The implementation/specification of concrete actions in this regard can vary country by country.

**Implementation:** The most recent employee engagement survey from 2021 confirmed that employee satisfaction at Zehnder Group is at a very high level and, with a rise of 15 percentage points to 82%, had increased significantly compared to 2018, when the last survey was conducted. To further improve the level of engagement, we have implemented a range of measures based on the results of the 2021 survey.

The first key measure involves continuing to improve the feedback culture. All employees should be able to have a performance review meeting with their direct supervisors once a year. We have empowered our managers to conduct these meetings in a professional manner through suitable training programmes. A regular dialogue between supervisors and employees is now firmly embedded in the management guidelines.

The second measure involves improving the communication about “corporate strategy and plans”. Here, too, we require that all management levels communicate strategic topics in a transparent and comprehensible manner in line with our management principles. This is done in the form of a CEO video interview, for example, where the management reports on current events and strategic topics.

The third approach to increasing our employee engagement involves easier access to information about the business activities and products of Zehnder. In conjunction with our sales organisations, we now offer a variety of information channels, including online training and physical information events, allowing employees to broaden their knowledge of Zehnder Group’s product lines.

Our employees made good use of the internal career opportunities offered by Zehnder Group in 2022. We were able to fill 42.1% of the advertised management positions with our own employees. For all other positions, the rate was 12.1%. Our ambition is to have two thirds of all advertised leadership positions filled through promotions.

Our commitment to being a good employer also includes the duty of care for the well-being of Zehnder employees. There are a number of opportunities within Zehnder Group to improve health and the work-life- integration in the regional companies. Programmes include, for example, health courses, gym memberships and company sporting events. We also encourage employees

to contribute to environmental protection themselves. We are introducing comprehensive waste separation programmes at more and more administrative locations across Europe to encourage more responsible use of resources.

**Outlook:** In 2023, we will train around 2,000 target group-specific employees with an e-learning programme on anti-corruption. Another employee engagement survey is planned for fall 2023. We will be analysing the feedback collected from this survey and taking further action accordingly. One important goal involves successively introducing digital learning opportunities company-wide for all employees. In the area of training and development, we will expand our e-learning programmes. These opportunities to acquire skills are intended not only to encompass technical topics, but also to facilitate personal development. The learning modules will include behavioural training on the topics of anti-corruption, harassment, equality, racism and biases. We will put a priority on ensuring that the content of the e-learning courses is adapted to the local geographic and demographic circumstances and is gender-neutral.

There are also plans to launch sustainability training at corporate level for all Zehnder employees and to implement sustainability campaigns to raise employee awareness of specific environmental and social issues. We are committed to better acquainting employees with the Sustainable Development Goals and to proactively demonstrating how every employee can take personal responsibility for sustainability and contribute to a positive impact through simple steps.

#### GRI 404: Training and Education 2016

##### GRI 404-1: Average hours of training per year per employee

GRI	hours	2021	2022
404-1	Average hours of training that our employees have undertaken, by gender: female	n/a	12.0
404-1	Average hours of training that our employees have undertaken, by gender: male	n/a	6.5
404-1	Average hours of training that our employees have undertaken, by gender: diverse	n/a	24.0

#### GRI 404: Training and Education 2016

##### GRI 404-3: Percentage of employees receiving regular performance and career development review

GRI	%	2021	2022
404-3	Rate of total employees who received a regular performance and career development review	n/a	74.9%

# Diversity, equal opportunity, inclusion and decent work

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## Commitment to equal opportunity and inclusion

**Management approach:** Zehnder Group is actively committed to diversity, equal opportunity, inclusion and decent work. We are establishing the organisational foundations for a zero-tolerance approach towards harassment, bullying and discrimination. We have also made it possible for our employees to report incidents of harassment anonymously.

**Implementation:** In 2022, we also updated our Code of Conduct about the topics of diversity, equal opportunity, inclusion and our commitment to anti-discrimination and decent work. We require all employees to commit to these guidelines. The first step is to train Zehnder Group managers to recognise critical situations and to raise awareness when it comes to injustice, racism or biases. At our current leadership development programme, for example, the topic of “biases” was addressed in depth. Our aim is to train all managers in their position as role models and to enable them to recognise concrete behaviours or violations and to respond appropriately.

As an active member of the UN Global Compact, two Zehnder Group subsidiaries, Zehnder Poland and Zehnder France, participated in the “Target Gender Equality” accelerator programme. This involved analysing the existing situation in order to make the working environment open for all genders. The objective includes measuring and increasing the recruitment and employment rate of women at Zehnder in every area and at all levels.

**Outlook/additional milestones:** In line with our policy rollout plan, training on diversity, equal opportunity, inclusion, and anti-discrimination will be provided to senior and middle-level managers in 2023. By the end of 2023, all managers on these levels should have completed the qualification programmes. Over the next few years, we will continue to systematically train additional employees. We will also carry out independent checks at our largest locations throughout the years ahead to ensure that equal pay is being guaranteed at each location. The implementation of the gender equality measures at the two production sites in France and Poland will be closely monitored by Group HR to identify lessons learned and define new approaches for other locations.

**GRI 401: Employment 2016****GRI 401-1: New employee hires and employee turnover**

GRI	%	2021	2022
401-1	Rate of new hires by age group - under 30 years old	n/a	36%
401-1	Rate of new hires by age group - between 30 and 50 years old	n/a	47%
401-1	Rate of new hires by age group - over 50 years old	n/a	17%
401-1	Rate of new hires by gender female	n/a	33%
401-1	Rate of new hires by gender male	n/a	67%
401-1	Rate of new hires by gender diverse	n/a	0%
401-1	Rate of employee turnover by age group - under 30 years old	n/a	23%
401-1	Rate of employee turnover by age group - between 30 and 50 years old	n/a	13%
401-1	Rate of employee turnover by age group - over 50 years old	n/a	10%
401-1	Rate of employee turnover by gender female	n/a	16%
401-1	Rate of employee turnover by gender male	n/a	12%
401-1	Rate of employee turnover by gender diverse	n/a	0%
401-1	Rate of total employee turnover	n/a	13%

Total number of new hires: 580

Total number of employee turnover: 498

**GRI 405: Diversity and Equal Opportunity 2016**  
**GRI 405-1: Diversity of governance bodies and employees**

GRI		2021	2022
405-1	Rate of individuals within the Board of Directors by age group - under 30 years old	0.0%	0.0%
405-1	Rate of individuals within the Board of Directors by age group - between 30 and 50 years old	16.7%	28.6%
405-1	Rate of individuals within the Board of Directors by age group - over 50 years old	83.3%	71.4%
405-1	Rate of individuals within the Board of Directors by gender female	16.7%	28.6%
405-1	Rate of individuals within the Board of Directors by gender male	83.3%	71.4%
405-1	Rate of individuals within the Board of Directors by gender diverse	0.0%	0.0%
405-1	Rate of individuals within the Group Executive Committee by age group - under 30 years old	0.0%	0.0%
405-1	Rate of individuals within the Group Executive Committee by age group - between 30 and 50 years old	40.0%	40.0%
405-1	Rate of individuals within the Group Executive Committee by age group - over 50 years old	60.0%	60.0%
405-1	Rate of individuals within the Group Executive Committee by gender female	0.0%	0.0%
405-1	Rate of individuals within the Group Executive Committee by gender male	100.0%	100.0%
405-1	Rate of individuals within the Group Executive Committee by gender diverse	0.0%	0.0%
405-1	Rate of employees by age group - under 30 years old	16.1%	13.4%
405-1	Rate of employees by age group - between 30 and 50 years old	56.5%	53.1%
405-1	Rate of employees by age group - over 50 years old	35.2%	33.5%
405-1	Rate of employees by gender female	25.1%	24.6%
405-1	Rate of employees by gender male	74.8%	75.3%
405-1	Rate of employees by gender diverse	<0.05%	<0.05%

# Introduction

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## Responsibility, fairness and transparency

As a globally operating company, we are committed to our social responsibility. The actions we take as a company are guided by fairness, justice and a clearly defined system of values. We safeguard these values through a number of initiatives including our Code of Conduct and our active membership in the United Nations (UN) Global Compact. Providing systematic training for employees to create even greater awareness of fair business practices is another important element for us. Our suppliers will also be held to an even higher level of accountability in the future through our ESG auditing systems and the Supplier Code of Conduct.

During the 2022 reporting period, we focused our activities on the topics of “Sustainable purchasing”, “Compliance and fair business practices”, “Respect for human rights” and “Transparency”.

# Sustainable purchasing

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## We are setting standards and holding our suppliers accountable

**Management approach:** Zehnder Group aims to work with suppliers who are pursuing similar sustainability goals and who provide transparent reports on their environmental and social impacts along the value chain, as we do. We will be auditing our key suppliers in stages. For this purpose, we have expanded our auditing procedures to give even greater consideration to risks related to the environment and social issues. Furthermore, we aim to have our suppliers sign our Supplier Code of Conduct or to make a binding commitment to comply with a standard that is equivalent to our Supplier Code of Conduct. We will regularly audit our important suppliers that we consider critical.

**Implementation:** The first step involved the central purchasing organisation carrying out a risk assessment based on social and environmental criteria. This allowed us to identify high-risk suppliers of production materials. To establish a mutual understanding with our suppliers on how we view open and transparent information on the environmental and social implications along the value chain, our **Supplier Code of Conduct** was created in 2021. Long-term cooperation, mutual commitment, sustainability and social responsibility are key principles in our Code of Conduct, which we strive to implement in our procurement of raw materials, semi-finished products, finished products and services.

One important element was the inclusion of our commitment to the United Nations (UN) Global Compact and the extended human rights obligations. Reference to the Supplier Code of Conduct is made in our contracts with suppliers. In our general terms and conditions of purchase and ordering, Zehnder's suppliers also agree to comply with the relevant legal regulations on combating corruption and adhere to the ethical rules of conduct in the performance of their activities.

**Outlook:** We also aim to have the Supplier Code of Conduct signed by our approximately 870 direct materials suppliers globally in 2023. The goal is that by the end of 2023, all key production material suppliers will have signed our Supplier Code of Conduct or have agreed to adhere to a similar standard. The collection of the signed Supplier Code of Conduct documents and communication with key suppliers will be centralised within Group Procurement.

In the future, new relevant suppliers of production materials will be assessed in terms of their impact on the environment and society by means of a self-assessment questionnaire and a subsequent on-site assessment.

In addition, we plan to conduct on-site audits (environmental and social impact assessments) of around 20 suppliers in 2023, whom we have identified based on our internal risk assessment. This risk analysis will be continuously expanded and defined more precisely.

Furthermore, we seek to have our high-risk suppliers participate on the SEDEX (Supplier Ethical Data Exchange) platform.

**GRI 204: Procurement Practices 2016****GRI 204-1: Proportion of spending on local suppliers**

GRI	%	2021	2022
204-1	Rate of procurement spend used for suppliers local to our operations	n/a	75.8%

# Compliance and fair business practices

## Integrity and honesty are paramount

**Management approach:** Zehnder Group's Code of Conduct is an integral part of our culture and serves as a guideline for ethically, socially, and legally responsible behaviour. It is a core element in everyday interactions with our colleagues, customers, suppliers and partners. It helps us to do the right thing and guides our vision. Together with Zehnder's values, they form the cornerstones of our compliance activities. The Code of Conduct and the company values are available in ten languages and their contents have been communicated and made accessible to employees throughout Zehnder Group. They represent the foundation values of the Zehnder culture.

The Group has a legal and compliance policy that defines responsibilities, duties and processes and also ensures they are monitored. They cover the following main topics:

- Integrity, ethics and compliance
- Conflicts of interest and insider trading
- Safeguarding corporate assets
- Communication
- Environment, health and safety
- Fairness, respect and anti-discrimination
- Diversity, equity and inclusion
- Confidentiality and data privacy
- Competition and global trade
- Corruption and gifts
- Quality

The compliance system consists of a variety of elements such as guidelines, regular training, onboarding of new employees, newsletters, integration into internal audits, internal reporting on legal and compliance issues and a central integrity line for employees, external partners and other stakeholders.

Internal Audit & Compliance is responsible for implementing compliance issues in close cooperation with Group Legal.

Should an incident be reported, there is an obligation to report it to the Group. To this end, each Zehnder company has appointed a contact person who is responsible for incidents involving Legal and Compliance. At least once a quarter, the responsible individuals in the areas mentioned above come together to exchange information throughout the Group.

**Implementation:** In 2022, we also revised and expanded the Zehnder Group Code of Conduct. The main points included in the revised Code of Conduct relate to adjustments that allow employees and other stakeholders to report violations of the Code of Conduct through the new integrity line. The revised version also contains a selection of clarifications and additions – e.g., on the important topics of corruption, competition law, the environment and employees.

The Code of Conduct is supplemented by the implementing guideline, which contains practical instructions for employees.

If employees observe any irregularities or violations and do not wish to report them to their supervisors, their local HR contact, the Group Legal Counsel, the Head of Group Internal Audit & Compliance, the Director of Group Human Resources or a Management member, they can report this potential misconduct via our online **integrity line**. The integrity line is accessible in every country, where we have material operations. This channel allows all stakeholders to report incidents anonymously in their respective local language. All concerns regarding compliance with the Code of Conduct will be investigated and appropriate action will be taken if necessary. Zehnder is committed to discretion, ensuring that informants remain anonymous, and that information is kept confidential to the greatest possible extent. Any employee who reports any potential misconduct, provides information, or assists in any other way with a review or investigation of potential misconduct will be protected from any retaliation.

In addition, and in order to facilitate training in compliance or the Code of Conduct on a wider scale, we have started developing e-learning programmes. The following is planned in 2023:

- rollout of a general module for all employees that covers every topic in the Code of Conduct, and
- offering one in-depth module per year for a specific target group on a particular focus topic.

During the reporting year, the senior management received training as usual with the aim of raising awareness regarding fair business practices, including the prevention of corruption and bribery. The management helps to make employees more mindful of the need to report grievances in accordance with the Code of Conduct.

Due to recent political events and in compliance with our Code of Conduct, Zehnder Group made the decision to discontinue its business operations in Russia in the 2022 financial year.

We conduct five to eight internal audits annually at our local business units and Group functions to monitor business processes for legal compliance, uncover any potential cases of corruption or bribery, identify weaknesses in controls, and identify potential process improvements.

**Outlook:** The revised Code of Conduct has been rolled out since the beginning of 2023. It is mandatory for all employees, and we are planning further targeted steps over the next few years to reach as many employees as possible. We will be expanding all related e-learning programmes. One focus area in 2023 will be anti-corruption. We are also planning to draft a more comprehensive anti-corruption policy in 2023.

# Respect for human rights

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## Practising due diligence

**Management approach:** We are establishing a due diligence approach to human rights compliance and are committed to respecting the UN Guiding Principles on Human Rights. We plan to minimise the use of rare earth minerals and conflict minerals in our products and commit our suppliers in this regard.

**Implementation:** During the 2022 business year, we completed our preparations for implementing the counterproposal to the Corporate Responsibility Initiative in accordance with Art. 964j et seq. of the Swiss Code of Obligations and the Ordinance of 3 December 2021 on Due Diligence Obligations and Transparency Regarding Minerals and Metals from Conflict Areas and Child Labour from 2023. The Swiss legislation is largely identical to the EU Regulation (EU) 2017/821. The indirect counterproposal to the Corporate Responsibility Initiative obliges Zehnder to comply with due diligence obligations in the supply chain and report thereon (1) minerals or metals containing tin, tantalum, tungsten or gold from conflict and high-risk areas are transferred into free circulation or processed in Switzerland; or (2) products are offered for which there is a reasonable suspicion that they have been produced or processed using child labour. Each mineral or metal is divided into subcategories, and each has been assigned an individual kilogram threshold for annual imports. To determine whether Zehnder Group's total imports are in excess of the threshold values, a template was prepared and sent to the Group companies. According to initial assessments, Zehnder Group is far below the quantitative thresholds for minerals and metals in accordance with Art. 4 and Annex 1 of the Ordinance on Due Diligence Obligations and Transparency Regarding Minerals and Metals from Conflict Areas and Child Labour.

**Outlook:** On a voluntary basis and without reasonable grounds to suspect child labour, in 2023 we will begin to build a human rights due diligence risk management framework in line with the OECD Due Diligence Guidance for Responsible Business Conduct on Child Labour of 30 May 2018. We are also planning a project with internal and external stakeholders, which started in May 2023. The goal here is to assess every aspect of the UN Guiding Principles of Human Rights at our organisation and embed them into our structures and processes accordingly.

In addition, although we are below the conflict minerals threshold values, we will continue to reduce our use of rare earth minerals in our products and, wherever possible, ensure that we do not use materials sourced from areas potentially affected by conflict.

# Transparency

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## In open dialogue

**Management approach:** We are creating transparency about our impact on environmental, social and governance considerations. Our target groups include both our external stakeholders as well as our employees.

**Implementation:** We are raising awareness of our sustainability ambitions among Zehnder employees. We are motivating and inspiring them to implement these ambitions. With this report, we are publishing limited assurance reporting for the year 2022 and are moving closer to achieving the standards of the Global Reporting Initiative (GRI) as a first step.

**Outlook:** In the future, we intend to involve our stakeholders to an even greater extent to further deepen the content of our focus topics. We will also continue to develop our sustainability reporting and align it with the legal requirements. The focus is on adopting a stronger risk-based perspective in the future as well as creating transparency with regard to financial risks in line with the Task Force on Climate-related Financial Disclosures (TCFD). Compliance with the TCFD will become mandatory in 2025 for the 2024 reporting year. We also aim to further strengthen the dialogue with our stakeholders through targeted formats such as investor meetings, governance roadshows and qualitative interviews with the most prominent stakeholders. Our goal is to demonstrate even more clearly to all stakeholders where we are heading as a company.

# GRI index

## GRI content index

GRI STANDARD	DISCLOSURE	LOCATION
<b>The organization and its reporting practices</b>		
GRI 2: General Disclosures 2021	2-1 Organizational details	Annual Report 2022, p.5 Sustainability Report 2022, Organisational purpose
	2-2 Entities included in the organization's sustainability reporting	Annual Report 2022, p.108 Sustainability Report, Our approach to reporting
	2-3 Reporting period, frequency and contact point	Sustainability Report 2022, Our approach to reporting
	2-4 Restatements of information	Sustainability Report 2022, Our approach to reporting
	2-5 External assurance	Sustainability Report 2022, Limited Assurance
<b>Activities and workers</b>		
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	Annual Report 2022, p.5 Sustainability Report 2022, Organisational purpose
	2-7 Employees	Annual Report 2022, p.100 Sustainability Report 2022, Employees
	2-8 Workers who are not employees	Sustainability Report 2022, Occupational health and safety
<b>Governance</b>		
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Annual Report 2022, Corporate Governance Homepage Board of Directors Organisational regulations of Zehnder Group AG
		2-10 Nomination and selection of the highest governance body Articles of Association Organisational regulations of Zehnder Group AG
	2-11 Chair of the highest governance body	Articles of Association Organisational regulations of Zehnder Group AG
	2-12 Role of the highest governance body in	Sustainability Report 2022, Organisational structure

overseeing the management of impacts	<a href="#">Annual Report 2022, Corporate Governance</a>
2-13 Delegation of responsibility for managing impacts	<a href="#">Sustainability Report 2022, Organisational structure</a> <a href="#">Corporate Governance Report 2022</a>
2-14 Role of the highest governance body in sustainability reporting	<a href="#">Sustainability Report 2022, Organisational structure</a>
2-15 Conflicts of interest	<a href="#">Annual Report 2022, Corporate Governance</a>
2-16 Communication of critical concerns	<a href="#">Code of Conduct</a> <a href="#">Annual Report 2022, Corporate Governance</a>
2-17 Collective knowledge of the highest governance body	<a href="#">Annual Report 2022, Corporate Governance</a> <a href="#">Articles of Association</a> <a href="#">Organisational regulations of Zehnder Group AG</a>
2-18 Evaluation of the performance of the highest governance body	<a href="#">Annual Report 2022, Corporate Governance</a>
2-19 Remuneration policies	<a href="#">Annual Report 2022, Compensation Report</a>
2-20 Process to determine remuneration	<a href="#">Annual Report 2022, Compensation Report</a> <a href="#">Annual Report 2022, Corporate Governance</a>

### Strategy, policies and practices

GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	<a href="#">Sustainability Homepage</a>
	2-23 Policy commitments	<a href="#">Code of Conduct</a> <a href="#">Supplier Code of Conduct</a> <a href="#">Sustainability Homepage</a>
	2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Annual Report 2022, Corporate Governance</a>
	2-28 Membership associations	<a href="#">Zehnder Homepage</a>

### Stakeholder engagement

GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	<a href="#">Sustainability Report 2022, Communication with stakeholder groups</a>
	2-30 Collective bargaining agreements	Collective bargaining agreements are not existent

### Materiality assessment and list of material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality and stakeholder analysis
	3-2 List of material topics	Materiality and stakeholder analysis

### Economic value creation

GRI 3: Material Topics 2021	3-3 Management of material topics	Green products & innovation
		Climate action
		Green production
		Occupational health and safety
		Attractive employer
		Diversity, equal opportunity, inclusion and decent work
		Sustainable purchasing
		Compliance and fair business practices
		Respect for human rights
Transparency		

### Procurement, supply chain and compliance

GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainable purchasing
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### Fair business practices

GRI 207: Tax 2019	207-2 Tax governance, control, and risk management	Annual Report 2022, Compensation Report, p. 35
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Green products and innovation

### Energy and carbon management

GRI 302: Energy 2016	302-1 Energy consumption within the organization	Green production
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate action
	305-2 Energy indirect (Scope 2) GHG emissions	Climate action
	305-3 Other indirect (Scope 3) GHG emissions	Climate action
	305-4 GHG emissions intensity	Climate action

**Resource efficiency of production**

GRI 306: Waste 2020	306-3 Waste generated	Green production
	306-4 Waste diverted from disposal	Green production
	306-5 Waste directed to disposal	Green production

**Attractive and responsible employer**

GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Diversity, equal opportunity, inclusion and decent work
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety
	403-9 Work-related injuries	Occupational health and safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Attractive employer
	404-3 Percentage of employees receiving regular performance and career development reviews	Attractive employer

**Diversity, equal opportunity, and inclusion**

GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, equal opportunity, inclusion and decent work
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# Independent practitioner's limited assurance report

## Independent practitioner's limited assurance report

on selected indicators in the Sustainability Report 2022 to the Board of Directors of Zehnder Group AG

Graenichen

We have been engaged by Board of Directors to perform assurance procedures to provide limited assurance on selected indicators in the Sustainability Report 2022 (including the GHG statement) of Zehnder Group AG for the period ended 31 December 2022:

Environment:

- Gross scope 1 GHG emissions (see table "GRI 305-1: Direct (Scope 1) GHG emissions" on page 14 of the Sustainability Report 2022)
- Gross scope 2 GHG emissions (see table "GRI 305-2: Direct (Scope 2) GHG emissions" on page 14 of the Sustainability Report 2022)
- Energy consumption within the organization (see table "GRI 302-1: Energy consumption within the organization" on page 16 of the Sustainability Report 2022)
- Waste generated (see table "GRI 306-3: Waste generated" on page 17 of the Sustainability Report 2022)

We do not comment on, nor conclude on any prospective information nor did we perform any assurance procedures on the information other than those stated above for the reporting period 2022.

The selected indicators in the Sustainability Report 2022 (including the GHG statement) was prepared by the Management of Zehnder Group AG (the "Company") based on the guidelines for sustainability reporting of the Global Reporting Initiative, the "GRI Standards" (latest versions). The Company presents its Basis of reporting in the "Our approach to reporting" section in the 2022 Sustainability Report on page 5 and on the respective pages where the above-mentioned indicators were disclosed (the "suitable Criteria").

### Inherent limitations

The accuracy and completeness of the selected indicators in the Sustainability Report 2022 (including the GHG statement) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the selected indicators in the Sustainability Report 2022 (including the GHG statement) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the selected indicators in the Sustainability Report 2022 and the values needed to combine e.g., emissions of different gases. Our assurance report will therefore have to be read in connection with the suitable Criteria used by Zehnder Group AG, its definitions and procedures in the document "Our approach to reporting" and on the respective pages where the above-mentioned indicators were disclosed.

### Management's responsibility

The Management of Zehnder Group AG is responsible for the selected indicators in the Sustainability Report 2022 (including the GHG statement) in accordance with the chosen Criteria. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation and presentation of the selected indicators in the Sustainability Report 2022 (including the GHG statement) that are free from material misstatement, whether due to fraud or error. Furthermore, the Management is responsible for the selection and application of the chosen Criteria.

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PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

### Independence and quality management

We are independent of the Zehnder Group AG in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers AG applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Practitioner's responsibility

Our responsibility is to perform an assurance limited engagement and to express a conclusion on the selected indicators in the Sustainability Report 2022 (including the GHG statement). We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information' and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the selected indicators in the Sustainability Report 2022 (including the GHG statement) was not be, in all material aspects, in accordance with the suitable Criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner's judgement. A limited assurance engagement under ISAE 3000 (Revised) ISAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

We performed the procedures, among others:

- Assessing the suitability in the circumstances of the Company's use of the suitable Criteria, applied as explained in Basis of reporting in the "Our approach to reporting" on page 5 of the Sustainability Report 2022 and on the respective pages as described in the bullet points on the first page of this report;
- Inquiries and detailed walkthroughs with relevant stakeholders for the selected indicators in the 2022 Sustainability Report (including the GHG statement);
- Inspection of process and control descriptions and other internal guidelines and relevant documents;
- Analytical procedures;
- Reperformance of relevant calculations (including the GHG statement);
- Additional assurance procedures as deemed necessary (e.g., sample based source tracing)
- Local level procedures (site visits to inspect local processes and reconcile source evidence)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Conclusion

Based on the work we performed, nothing has come to our attention that causes us to believe that the selected indicators in the Sustainability Report 2022 (including the GHG statement) of Zehnder Group AG for the period ended 31 December 2022 are not prepared, in all material respects, in accordance with the suitable Criteria.

### Intended users and purpose of the report

This report is prepared for, and only for, the Board of Directors of Zehnder Group AG, and solely for the purpose of reporting to them on selected indicators in the Sustainability Report 2022 (including the GHG statement) and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to



whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the suitable Criteria, to enable the Management to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the selected indicators in the Sustainability Report 2022 (including the GHG statement), without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of Zehnder Group AG for our work or this report.

PricewaterhouseCoopers AG

Stefan Räbsamen

Petar Lesic

*The maintenance and integrity of Zehnder Group AG's website and its content are the responsibility of the Management; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the Zehnder Group AG's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported selected indicators in the Sustainability Report 2022 (including the GHG statement) or in the Basis of reporting in the "Our approach to reporting" section in the 2022 Sustainability Report on page 5 and on the respective pages where the tables have been disclosed as described on the first page of this report, since they were initially presented on the website.*



# Disclaimer

## Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zehnder Group AG or Zehnder Group (the Group). The Group has based these forward-looking statements largely on current expectations, estimates and projections about the factors that may affect the Group's future performance, including global economic conditions as well as the economic conditions of the regions and the industries that are major markets for the Group. The words "believe," "may," "will," "estimate," "continue," "target," "anticipate," "intend," "expect," "plan" and similar words and the express or implied discussion of strategy, plans or intentions are intended to identify forward-looking statements. Forward-looking statements further include statements regarding the Group's targeted ESG targets and metrics, the mentioned KPIs, outlooks and measures as well as statements, sometimes incorporated by reference, regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy, results, as well as statements regarding the Group's understanding of general environmental, social, governance, economic, financial and industry market conditions and expected developments. Undue reliance should not be placed on such statements because by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zehnder Group AG or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the construction industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) increased litigation activity and regulatory actions; (vi) costs associated with compliance activities; (vii) the timely development of new products, technologies, and services that are useful for our customers; (viii) our ability to anticipate and react to technological change and evolving industry standards in the markets in which we operate; and (ix) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zehnder Group AG and its Group and on whether the targets will be achieved. Although Zehnder Group AG believes that the expectations reflected in any such forward-looking statements are based on reasonable assumptions, we can give no assurance that they will be achieved. Zehnder Group AG undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events, or circumstances or otherwise. It should be noted that past performance or metrics are not a guide for future performance or metrics. Please also note that interim results are not necessarily indicative of full year results. Persons requiring advice should consult an independent adviser. This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

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