

Sustainability



«Sustainability is an integrated part of our new strategy, and a key to creating leading compression solutions for a sustainable energy future.»

Fabrice Billard,
CEO



Online-AR
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Ambitious sustainability targets for our Mid-Range Plan 2023–2027 and a net-zero commitment for Scope 1 and Scope 2 emissions by 2035

We have reached another milestone by embedding sustainability into our business strategy with our new Mid-Range Plan 2027. Sustainability is now deeply rooted in our new purpose and a key pillar for the business strategies of both divisions. To underline our commitment, we have defined eight key sustainability targets for 2027, one for each material topic.

	<p>-50% Greenhouse gas emission intensity* 2021: 2.1 kg CO₂e/h</p>		<p>≥80% Engagement Score in employee survey** 2020: 79%</p>
	<p>>75% Share of renewable electricity* 2021: 23%</p>		<p><0.7 Lost Time Injury Rate below 0.7 each year 2021: 1.1</p>
	<p>+100% Revamp + upgrades activities in Services 2021: 100 (Index)</p>		<p>0 Incidents related to product safety 2021: 0</p>
	<p>40% Order intake supporting the energy transition 2021: 16%</p>		<p>0 Incidents on corruption or anti-competitive behavior 2021: 0</p>

* Excluding the Shenyang foundry, where we rely on renewable grid electricity or technological developments to achieve our ambitions.
**Based on current survey methodology.

On a strategic path to a sustainable organization

Our holistic approach to sustainability considers our beneficial and adverse impacts on the economy, society, and the environment, as well as the opportunities and risks that arise for our company in return.

We have rooted sustainability deeply in our core business and our organization with our new Mid-Range Plan.



Three main strategic directions guide us on our journey.

Creating leading compression technology for a sustainable energy future

The world has to meet a growing demand for energy while mastering the trilemma of energy security, environmental sustainability, and energy equity. Our compression technology plays a key role in different areas of a sustainable energy future and the transition towards it. Compressors are needed to expand the production of solar panels, support energy security through versatile energy transportation options such as Liquefied Natural Gas (LNG), or enable scalable use of hydrogen as a future energy carrier.

Supporting our customers on their sustainability journey

Increasingly, our customers are embarking on a sustainability journey, just as we are. With our products and services, we can support our customers on this path. When it comes to energy efficiency or reduction of gas leakages, we can realize significant savings together with our customers, since around 99% of the greenhouse gas footprint of a compressor comes from the use phase. If we consider the approximately 70'000 existing industrial-sized reciprocating compressors in the world, our potential positive impact is substantial.

Integrating sustainability in our organization and the supply chain

As a global industrial technology company with close to 3'000 employees (FTE), we have the capabilities and the commitment to contribute to a sustainable development. We have integrated sustainability in our core strategy, our new Mid-Range Plan. We also recognize our responsibility to exercise our due diligence obligations in the supply chains and uphold our product responsibility. The largest sustainability potentials for our company lies in our eight material topics as outlined in this Sustainability Report.

Systems Division

Compression technology for a sustainable future

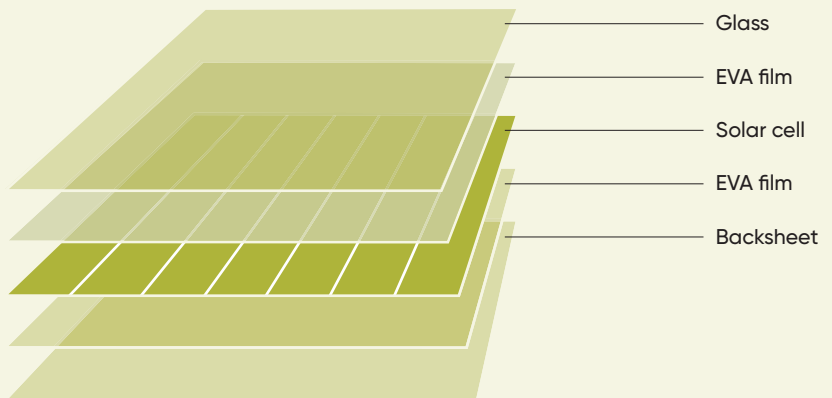
Compressors are critical components in several areas of the energy transition and therefore a decisive building block for its success.

Our compressors are a key component in a wide range of applications related to power generation, transport, and supply.

Applications on the journey towards a sustainable energy future include hydrogen, biodiesel, ammonia, solar energy, Liquefied Natural Gas (LNG), and others. In recent years, three applications in particular have contributed to our fast growth.

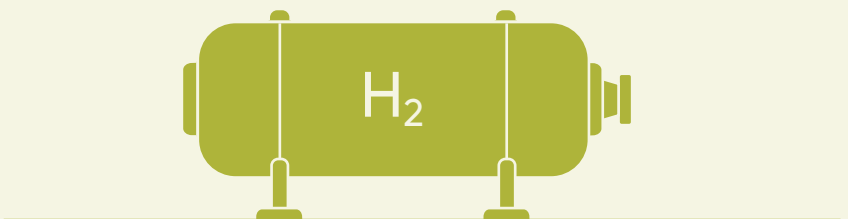
Enabling the expansion of solar power

Burckhardt Compression's technology is used in two steps of solar cell production. First, a solar panel usually contains a thin, transparent plastic film made from ethylene-vinyl acetate (EVA) encapsulating the solar cell. This layer needs to have good radiation transmission properties and demonstrate low sunlight degradation. EVA is produced with a chemical reaction at more than 3'000 bar, requiring some of the largest compressors available in the world, and for which Burckhardt Compression is a leader. The second step requiring our compressors is the production of polysilicon, which is the core of the solar cell.



Empowering hydrogen as an energy carrier

Our equipment has been compressing hydrogen for decades, but the importance of this molecule as a key building block of a sustainable energy future gives it entirely new dimensions. There are several critical components to make hydrogen a viable and economical option such as the electrolyser, the compressor, its motor, and the dispenser in fuel stations. We have stand-out technology for scaling hydrogen compression, which will be an important step toward an economic use of this gas.



Making LNG accessible as a transitional energy

Liquefied Natural Gas (LNG) is an important component of the global energy supply as a short- and medium-term bridge energy for replacing coal or as a fuel for marine applications, replacing carbon-intensive heavy fuel oil until zero-emissions solutions are available. Our compression technology is used, for example, in re-liquefaction processes, boil-off-gas handling, or for providing fuel gas to modern dual-fuel engines.



Services Division

Energy efficiency for our customers

Our compressors are used mostly in industrial and energy supply processes. Savings and improvement measures that we achieve with our customers have a multiplier effect due to the long operating hours and service lives.

We were able to successfully implement various revamp and upgrade services for our customers.



Contributions to the sustainable development goals (SDGs)



SDG 7
Enabling energy savings through efficiency gains.



SDG 13
Reduction of CO₂ emissions resulting from energy savings.



SDG 12
Extension of service life for wear parts.

A path away from shutdowns and wasteful energy consumption

In the past fiscal year, we enabled significant efficiency gains for one of our customers, a global chemicals company. Two vertical Process Gas Compressors equipped with another brand's rings were facing challenges with extensive leakages, reduced gas flow, temperature issues, and a very short lifetime of wear parts. This led to frequent compressor shutdowns and wasteful energy consumption.

Our thorough system integrity analysis provided the basis for our repair and overhaul measures. We upgraded the piston and packing rings to Persisto® 850, a leading material that we developed for dry-running reciprocating compressors. Further, we repaired the piston rods, applied an enhanced coating, and refurbished the packing and other components at our local Service Center.

Considerable energy and wear part savings achieved

With the overhauled compressor solution, we were able to facilitate several sustainability benefits for our customer. In addition to an improved uptime of the compressor, internal leakages could be eliminated, and a nominal gas flow restored. The service life of the wear parts was extended, thus reducing maintenance costs. Looking at the energy balance, an approximate efficiency gain between 500-1'000 MWh per year could be realized. This corresponds to the annual electricity consumption of around 150 to 250 average Swiss households.

Sustainability Report 2022

Our sustainability roadmap is fully integrated in our Mid-Range Plan 2027. It follows a strategic approach, is focused on eight material topics, and has a firmly anchored governance.

Our Strategic Approach

We create leading compression solutions for a sustainable energy future and aspire to incorporate economic, environmental, and social aspects into our business activities and decisions. Burckhardt Compression is an industrial technology company specializing in reciprocating compression solutions for all types of gases. With a company history stretching back over 179 years and products with a useful life of more than half a century, we base our business decisions on a long-term perspective. And we approach sustainability with the same mindset: pragmatic, focused on the long-term, creating value and impact driven.

Strategic focus on eight material topics

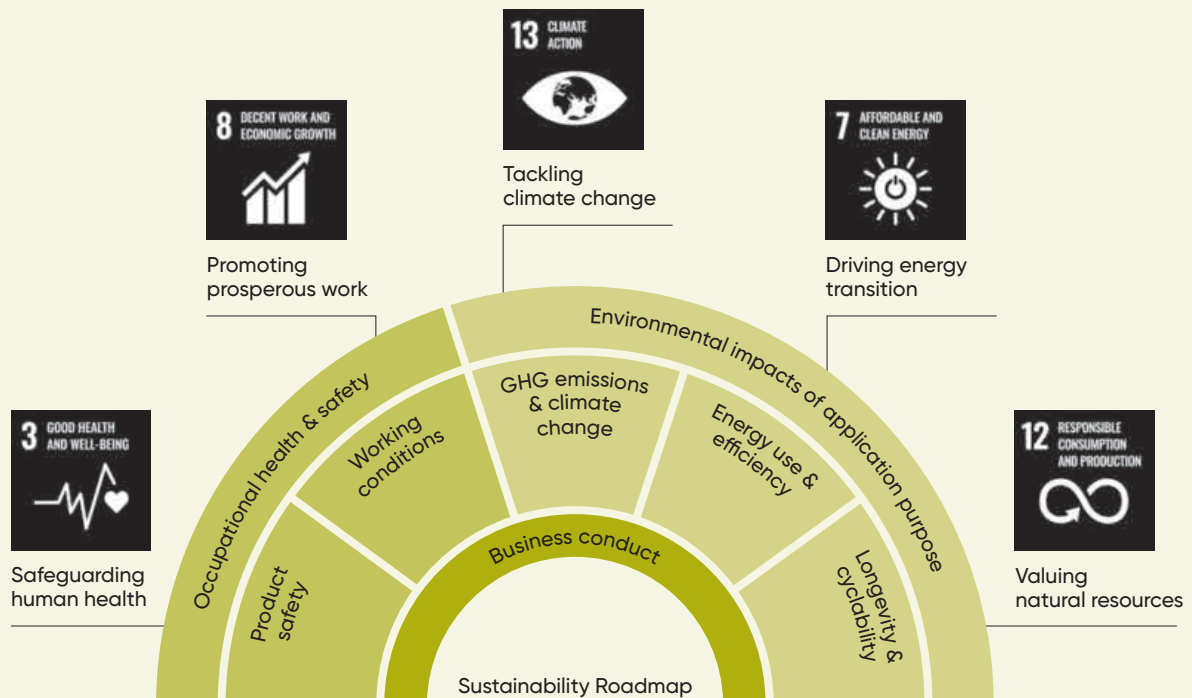
In our sustainability approach, we focus on eight material topics, which we identified by analyzing our impacts on the economy, environment, and society. These eight material topics build our framework and the core of our sustainability roadmap.

Burckhardt Compression is committed to supporting the Sustainable Development Goals (SDGs) as defined by the United Nations. These SDGs address the world's most pressing sustainability challenges and are to be achieved as part of Agenda 2030 for Sustainable Development. We have stated five sustainability ambitions, each linked to a strategic SDG and directly related to our material topics:

- Safeguarding human health (SDG 3: Good health and well-being)
- Promoting prosperous work (SDG 8: Decent work and economic growth)
- Tackling climate change (SDG 13: Climate action)
- Driving energy transition (SDG 7: Affordable and clean energy)
- Valuing natural resources (SDG 12: Responsible consumption and production)

We have also identified six additional SDGs to which we can contribute.

Strategic sustainability framework



Our senior leaders play a key role in achieving our goals, which is why sustainability is now part of the remuneration in the form of our long-term incentive plan. Our 2027 target to reduce our greenhouse gas emission intensity by 50%* (2021: 2.1 kg CO₂e/h) is one of three key performance indicators for the long-term incentive of our top management.

We developed a commitment to net-zero greenhouse gas emissions by 2035 which goes beyond our Mid-Range Plan target for 2027. We follow a 1.5°C climate aspiration in reference to the Paris Climate Agreement for our Scope 1 and Scope 2 emissions. In addition, we are committed to reducing our Scope 3 emissions.

Overarching due diligence on human rights and international environmental standards

The focus on our material topics and sustainability ambitions includes an overarching due diligence approach. We acknowledge the responsibility to respect internationally recognized human rights and international environmental standards, which is also defined in

our Code of Conduct. We incorporate the precautionary principle into our activities and decision-making, such as the consideration of environmental requirements in product design, the consideration of human rights in our supply chain, and the assurance of safe product operation at our customers' sites.

Supply chain management plays a key role in this. Burckhardt Compression taps into its suppliers' experience to continuously improve its products, because an important part of the value creation is provided by them. We source raw materials for the foundry in Shenyang, China, raw materials and semi-finished products for the manufacture of compressors in our factories, and components and other accessories to complete and maintain the compressor systems on-site. For this, we have an established global supply chain, with core suppliers for production located in the wider regional area.

Through our Code of Conduct for business partners, we set the same high standards for suppliers as we do within our company, and we also include them in our environmental and quality policy.

Material topics

			value chain impacts		
			supply chain	own operations	use/end-of-life
Environment	1. Greenhouse gas emissions & climate change	Impacts on climate change, including greenhouse gas emissions along the value chain, and mitigation of climate change risks.	●	●	●
	2. Energy use & efficiency	Energy consumption, efficiency and sources for the production, provision and operation of Burckhardt Compression's products and services.	●	●	●
	3. Longevity & cyclability	Fostering a long lifecycle and the circularity of materials and products in Burckhardt Compression's business activities, including maintenance and repair services.	●	●	●
	4. Environmental impacts of application purpose	Environmental impacts of the use case of Burckhardt Compression's products and services, including the contribution to a sustainable energy transition.	○	○	●
Society	5. Working conditions	Employment terms including working hours, compensation, and labor-management relations as well as the satisfaction of employees with those terms.	●	●	○
	6. Occupational health & safety	Maintaining and promoting a safe and healthy working environment for workers involved in the production and provision of Burckhardt Compression's products and services.	●	●	●
	7. Product safety	Maintaining and promoting the safe and healthy operation of Burckhardt Compression products and maintained products of other brands.	○	○	●
Economy	8. Business conduct	Ensuring and promoting that Burckhardt Compression's business activities are conducted in compliance with regulations, standards and ethical principles.	●	●	●

*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

We conduct checks on-site or when goods arrive to ensure observance of specifications and verify this by reviewing the required audit reports. We adopted a policy on conflict minerals and initiated a risk-identification process for child labor and other human rights risks. In the reporting period we also updated our supplier assessment process, including sustainability, which we will roll out in fiscal year 2023.

Our Material Topics

1. Greenhouse gas emissions and climate change



Topic lead: President Systems Division

Target: Reduce greenhouse gas emission intensity for Scope 1 and 2 by 50%.*
(2021: 2.1 kg CO₂e/h)

Tackling climate change is one of the most pressing global challenges. The potential consequences of climate change are grave, in some cases irreversible, and affect individuals, organizations, and countries alike. The Paris Agreement of 2015 is a legally binding international treaty between states on climate change. It recognizes the need to limit global warming to below 2°C above pre-industrial levels, preferably as low as 1.5°C.

Burckhardt Compression recognizes its responsibility and the potential to reduce its greenhouse gas emissions across the entire value chain. Our activities and technology make an increasing contribution to combating climate change and to supporting Sustainable Development Goal 13: Climate action.

The majority of the emissions associated with our business activities arises in the use phase of our compressors due to their long lifetime of 30 to 50 years. Other emissions occur in our operating facilities, where we have the most direct influence, and in logistics and the materials used.

Our approach

Burckhardt Compression endeavors to reduce the company's carbon footprint and optimize emissions during the use phase of the compressors. We focus on three key areas:

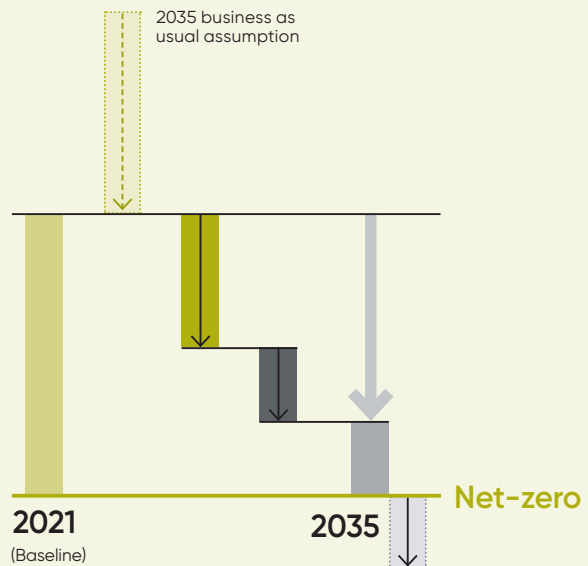
- Reduction of the company's carbon footprint
- Optimization of the impact of our inbound and outbound logistics
- Improvement of the carbon footprint of compressors

Reduction of greenhouse gas emissions during the use phase of our compressor systems is an integral part of our product and innovation management. With our services, we help our customers reduce emissions from installed compressors.

Burckhardt Compression commits to net-zero emissions in its operations by 2035

We follow a 1.5°C climate aspiration in reference to the Paris Climate Agreement for our Scope 1 and 2 emissions. In addition, we are committed to also reduce our Scope 3 emissions. Our roadmap to operational net-zero emissions is built on four key pillars:

- Decoupling business growth from emission growth through avoidance and savings programs
- Conversion to renewable electricity (by 2027: 75% renewable electricity without foundry)
- Reduction of Scope 1 emissions until 2035 through savings and replacement
- Counterbalance any remaining emissions through carbon removal



*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

Sustainability Report

Our climate policy is the basis for all our activities related to climate change and part of our wider environmental policy. Our environmental management system, certified in accordance with ISO 14001, is a key instrument in reducing our environmental footprint. Each subsidiary takes responsibility for reducing its own greenhouse gas emissions according to the global targets.

We have embedded our target of reducing our greenhouse gas emission intensity by 50%* (2021: 2.1 kg CO₂e/h) as part of top management's long-term incentives.

Progress in fiscal year 2022

We focused on the analysis of our mid- and long-term reduction potential for direct (Scope 1) and energy-related indirect (Scope 2). This enabled us to set our ambitious 2027 target for the Mid-Range Plan and develop a roadmap for net-zero emission. In addition, we were able to successfully map the data collection for Scope 1 and Scope 2 emissions onto a new software platform.

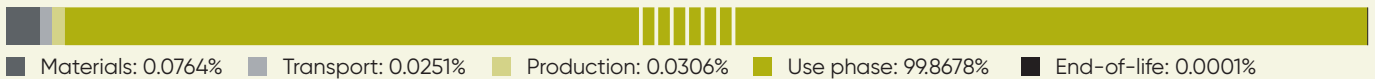
On an operational level, we continued with various projects addressing our emissions. The measures implemented locally focused mainly on electricity consumption and renewable electricity. Burckhardt Compression Spain, for example, installed solar panels on their roof which cover around 40% of their energy use. We are also pursuing similar initiatives in other locations like Switzerland, China, and South Korea.

Greenhouse gas emissions of various compressors over the entire life cycle

in %

Process Gas Compressor 2B1Y

life cycle 20 years



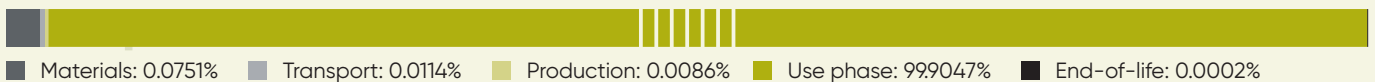
Diaphragm Compressor MD10

life cycle 20 years



Laby®-GI Compressor 5LP250V

life cycle 30 years



Hyper Compressor K8

life cycle 30 years



The vast majority of emissions over the entire life cycle of a compressors are caused in the use phase due to the high power range of our compressors, their long lifetime and their uninterrupted operation.

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We started a screening and approximate calculation of our Scope 3 emissions. We expect to publish this data in fiscal year 2023. The majority of our Scope 3 emissions is in the use phase of the compressor. The key factor is the electricity source used by our customers to power the electric motor which is driving the compressor.

Inbound and outbound logistics are less significant than the use phase, but we have a direct influence. We therefore analyzed our logistics more closely to identify improvement potentials.

Greenhouse gas emissions also play a vital role in our continued product development and collaboration with our customers. We see high potential for avoidance of gas leakage, particularly where greenhouse gases are compressed. We therefore continued our efforts in research and development projects for comprehensive emissions management of existing compressors.

In addition, we have invested further in digitalization and are one of the pioneers in our industry. Solutions such as UP! Solutions Remote Support contribute to a reduction of greenhouse gas emissions through reduced travel by service technicians.

Our performance

The absolute greenhouse gas emissions for Scope 1 and Scope 2 amount to 20'070 metric tons of CO₂ equivalents (CO₂e). Scope 1 and Scope 2 emissions have increased due to a continuous strong growth, especially in China where renewable energy options are limited. The greenhouse gas emission intensity by working hours rose from 3.3 to 3.4 (2.1 to 2.3 without foundry) but the greenhouse gas emission intensity in tons of CO₂e per million sales decreased from 26.8 to 24.2. The results correspond with our expectation and planning for the 2027 sustainability target to reduce the greenhouse gas emission intensity by 50%* (2021: 2.1).

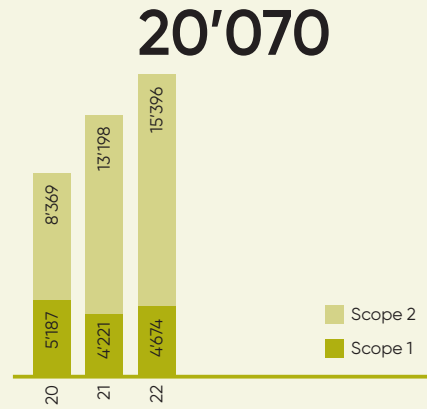
Business travel forms only a small part of Burckhardt Compression's other indirect greenhouse gas emissions (Scope 3) but can be directly influenced. Compared with the previous year, the number of business trips has increased but remains below the pre-pandemic level of 2019 (3'429 tCO₂e). By strengthening our digital infrastructure, we intend to reduce travel frequency in the medium term.

Outlook for fiscal year 2023

In the coming year, we are launching a global Mid-Range Plan initiative to reduce our greenhouse gas emissions as a key to reaching our 2027 sustainability target. We also expect to be able to implement further solar panel projects next fiscal year. We continue to support our customers in reducing their emissions and are working to further develop special service offerings.

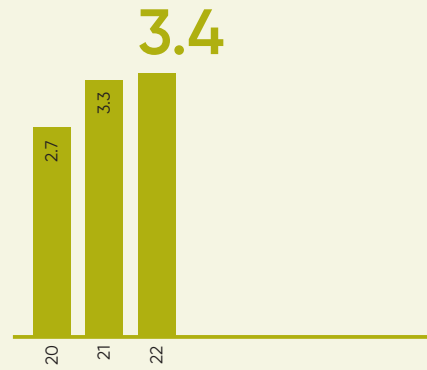
Greenhouse gas emissions

in tons of CO₂e (per calendar year)



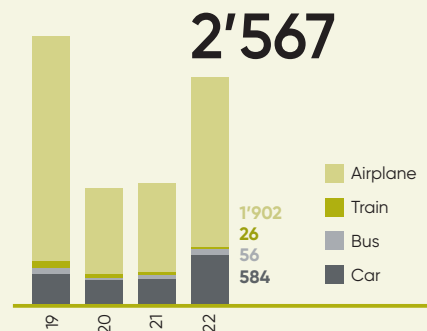
Greenhouse gas emissions intensity Scope 1 and 2

in kg of CO₂e per working hour (per calendar year)



Greenhouse gas emissions business travel

in tons of CO₂e (per calendar year)



* Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

2. Energy use and efficiency



Topic lead: Vice President Compressor Engineering & Manufacturing

Target: Increase the share of renewable electricity to 75%.* (2021: 23%)

The development of society depends on the conversion, use, storage, and transmission of power. Reliable and affordable access to power is a basic need. However, the extensive demand for energy is also tied to significant environmental impacts.

Burckhardt Compression's business activities have a significant impact on energy consumption, especially in production, raw material supply and the electricity consumption of our compressors in the use phase. Through energy-saving production processes, compressor design and services we can contribute to the Sustainable Development Goal 7: Affordable and clean energy.

Our activities require energy in the manufacturing process, but by far the largest impact of our activities is in the use phase of our products.

Our approach

Burckhardt Compression endeavors to reduce energy demand and promote renewable energies. The focus is on:

- Energy use, energy efficiency, and energy quality, including renewable energy in our operations.
- Use and efficiency of energy in the operation of our products at customers' sites throughout the use phase.

Our environmental policy and ISO 14001-certified environmental management system form the basis of our activities related to energy consumption in our value chain. Each subsidiary takes responsibility for reducing its energy consumption and increasing the share of renewable electricity according to our global target.

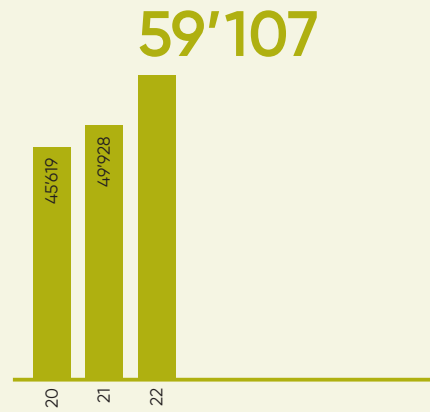
Our Winterthur site, for example, is in the process of implementing a multi-year project to save energy in production operations and offices. As another example, the factory in Pune has won the GreenCo Star Performer Award (Gold Rating) several times. GreenCo is an initiative created by the Confederation of Indian Industry (CII). GreenCo's rating system takes a holistic approach to measurement of the results of corporate environmental initiatives.

The energy consumption of our compressor systems forms an integral part of our product and innovation management. Through our comprehensive services, we improve the energy requirements of our own and third-party compressor systems throughout their entire life cycle.

*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

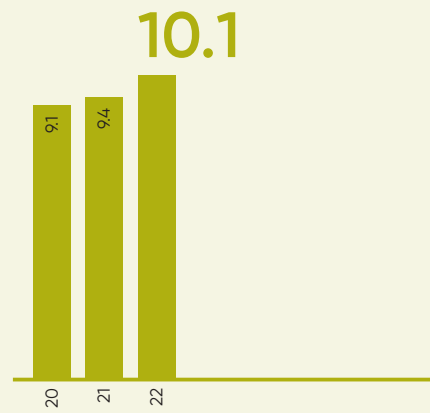
Energy consumption

in MWh (per calendar year)



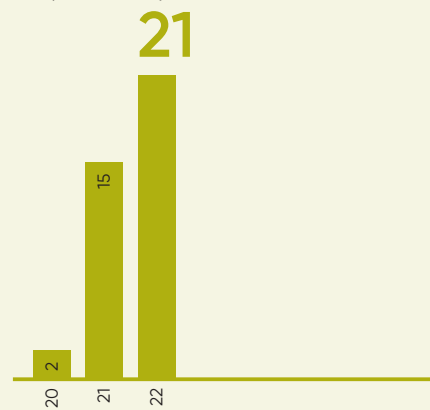
Energy intensity

in kWh/working hours (per calendar year)



Share of renewable electricity

in % (per calendar year)



Progress in fiscal year 2022

In the reporting period, Burckhardt Compression continued its measures to reduce energy consumption at different sites. Our main production site in Winterthur, for example, was able to reduce the energy consumption for electricity and heating by around 4% despite the significantly higher capacity utilization. Burckhardt Compression India achieved an energy reduction of 153 MWh in the factory through various efficiency projects.

We have planned for the expansion of renewable electricity production at our facilities, following our new Mid-Range Plan target of 75%* renewable electricity by 2027. Our subsidiary in Spain has already been able to install new solar panels on their roof, producing up to 40% of their electricity by solar energy. We also pursue corresponding initiatives in other locations like in Burckhardt Compression Switzerland, where we have initiated a project to install solar panels on the buildings.

We made significant progress in defining measures and a methodology to track and compare the energy consumption rates of our compressor portfolio. This will allow us to better evaluate and benchmark the engineered-to-order compressor projects and drive measurable performance improvements in energy efficiency.

Our performance

The absolute energy consumption increased to 59'107 MWh as we went through major business growth. Subsequently, the energy intensity also increased from 9.4 to 10.1, partly because we were stronger in output than in working hours. We were able to increase the Group-wide proportion of renewable electricity from 15% to 21%. The performance is in line with our expectations and planning for reaching our sustainability targets 2027.

With product improvements and services, we managed to reduce our customers' energy consumption in the reporting period. To date, we have evaluated few projects in terms of energy savings because access to data is challenging. We have identified this as an improvement area for our management approach.

Second generation Multistage Clearance Adjustment enables energy savings up to 30%

The second generation of our Pneumatic Multistage Clearance Adjustment System developed by our subsidiary Shenyang Yuanda Compressor builds on the successes of the first generation. The system has been installed in China successfully nine times in fiscal year 2022 (22 times since the launch in 2019), leading to an electricity saving of 34.5 MWh (based on 8'000 operating hours per year). A single installation can save up to 30% of the compressors' energy consumption during part-load operation. Since the initial launch of the first generation, a cumulative electricity saving of around 958 MWh was enabled. This is equivalent to the annual electricity consumption of over 250 average Swiss households.

*Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions.

Energy savings of 320 MWh per year achieved with minimal modifications

A customer of Burckhardt Compression India operated a compressor with reduced capacity due to low customer demand. The bypass system resulted in a high power loss of about 50 kW. Burckhardt Compression India offered a solution to reduce the volume flow to the customer's requirements with minimal modifications. With this solution, we achieved a power saving of 40 kW. On a standard yearly runtime of a compressor, this amounts to 320 MWh a year which is around a third of the entire electricity consumption of Burckhardt Compression India including the factory.

Outlook for fiscal year 2023

In the fiscal year 2023, we will continue our roadmap to increase the share of renewable electricity across the Group. Specific projects are under evaluation or implementation in Switzerland, Korea, and China. Local energy-saving measures at operational level will be an ongoing activity. We also plan to undertake further efforts to better quantify our energy savings with our customers and increase our impacts with such services.

3. Longevity and cyclability



Topic lead: President Services Division

Target: Increase the revamp and upgrade sales of Services Division by 100%. (2021: 100 – Index)

A large number of natural resources are finite, and raw material extraction is associated with significant environmental and social consequences. It is thus essential to keep raw materials for longer in the use phase and to close loops to use materials circularly.

Our compressor systems are built for a defined lifetime of more than 25 years and the average lifetime is 30 to 50 years. Our oldest known compressor still in service is 93 years old. Our compressors are made of more than 95% iron and steel, which ensures a long service life and makes them highly recyclable.

In the manufacture and servicing of compressors, we have a significant scope to contribute to a circular economy and support Sustainable Development Goal 12: Responsible consumption and production.

Significant impacts result from the raw materials used for our compressors, the replacement of components during the use phase and the use of operating materials such as lubricant.

Our approach

Burckhardt Compression fosters long life cycles and the circularity of materials for own compressors and those from other manufacturers by focusing on:

- Longevity of new products through technology, engineering, easy maintenance, and optimized wear parts
- Longer life cycles of existing compressor systems through retrofitting, overhauling, and longer maintenance intervals
- Repairing of components and compressors
- Use of recycled materials, in compliance with material requirements and standards
- Recyclability of our products

To foster longevity, we use our in-depth technical knowledge to develop reliable, long-lasting, and high-performance compressor solutions. Our innovations such as Persisto® materials and Redura® sealing systems ensure a long-lasting operation. We offer a full range of reliable services and durable compressor components developed in-house to achieve our long product lifetime of 30 to 50 years.

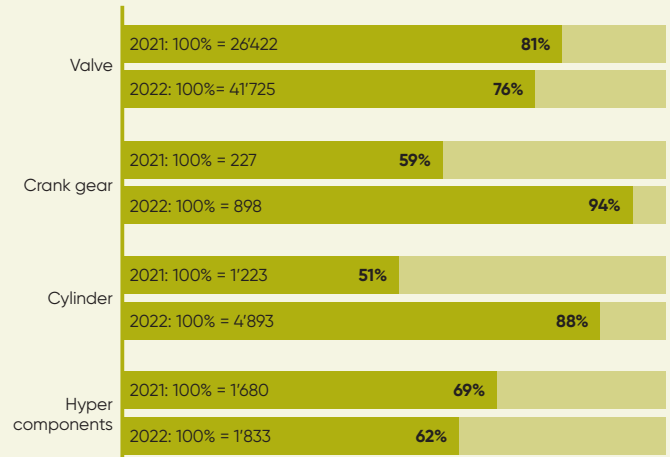
By reconditioning equipment, we support the short recycling loop with a comprehensive range of revamp and upgrade services, as well as our refurbish programs for entire compressor systems. We also repair and refurbish compressor components such as valves using our global network of service centers.

Complete overhaul of a hyper compressor for the next life cycle

Burckhardt Compression was commissioned to conduct a complete overhaul of a hyper compressor from another brand. The compressor was no longer fit for purpose in its unreliable condition. Through the total overhaul, including an upgrade of key components and a repair of the foundation, the compressor could be granted a second life, thereby avoiding the need to produce a new compressor. In the process, the closed-loop concept was also applied in small details. The old piston rods were used, for example, to make the new stud bolts for the bearing covers.

Proportion of reused or refurbished components in service work in 2021/2022 for selected key components.

in %



100% = Total components recycled or newly manufactured by Burckhardt Compression for service activities.

Progress in fiscal year 2022

We have anchored the topic of longevity and cyclability in our business development for new machines and services as part of the new Mid-Range Plan. Our long-term approach in services business represents a paradigm shift in compressor maintenance: moving away from standardized replacement plans based on the operating cycle to predictive maintenance based on the actual condition of the compressor.

We were able to successfully implement various revamp and upgrade services for our customers. Projects went from smaller parts upgrades to full-scale and highly complex overhauls, where we transformed compressors for a second life. In one case, we addressed our customer's need with a second-hand compressor from our inventory. We maintain a stock of compressors which we bought back at the end of their service life in good condition.

We are particularly proud of the successful retrofit of several Laby®-GI compressors to dry-running systems without cylinder lubrication. Oil-free compression of the gas renders oil separation and filtration of the gas superfluous and saves up to 1'200 liters of lubricant per year and per compressor.

Our performance

Our target for 2027 is to double our revamp activities compared to the base year 2021 (=100). In fiscal year 2022, we could increase sales to 159 compared with the base year, with some exceptionally large projects included.

Repair instead of replacement is a key component in the circular economy. We contribute to it through our services; for example, the share of refurbished components for valves is 76% in all service interventions.

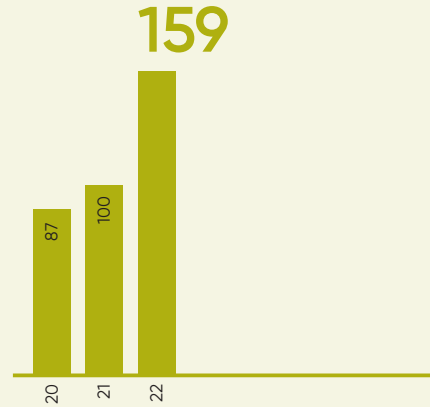
Outlook for fiscal year 2023

We will continue our condition-based maintenance initiative in the current fiscal year 2023. This undertaking will continue until 2025 and, along with our digital offering, will be one of the main themes in the Services Division.

Another focus will be to enhance our service activities with an emphasis on revamping, upgrading, and reprocessing compressor systems to extend their service life.

Sales volume for revamp and upgrade services

in index points, base year 2021 = 100



A circular compression solution for a Brazilian recycling pioneer

Lwart Environmental Solutions offers a sophisticated waste management service based on the concept of circular economy. The company collects, allocates, and transforms finite natural resources to bring them back to the cycle. They needed a quick and a cost-efficient compression solution to keep their processes running. Burckhardt Compression was able to provide already built but unused compressors which were available in the 'second-hand' inventory. The technically sound solution met the required operational conditions without the need to build a new compressor.

Operating hours in comparison

LABY® Compressor 3K160



Weight:

9 t

Operating hours:

8'000 per year

Passenger car



Weight:

1.5 t

Operating hours:

5'000 total*

* Assumption: 300'000 km with Ø 60 km/h

When our specialists carry out the first service, an average passenger car has already been replaced a long time ago.

4. Environmental impacts of application purpose



Topic lead: Vice President Sales Systems Division

Target: Order intake of 40% in applications supporting the energy transition. (2021: 16%)

Our core competence is mastering gas compression technologies for a wide range of gases and applications. Gas plays a crucial role in the process industries and energy supply, with applications ranging from conventional energy supply to industrial gases to renewable energy systems. A significant part of the indirect environmental impact of our business activities is linked to the application purpose.

We have the potential to contribute to three of our strategic Sustainable Development Goals (7, 12 and 13). The main impacts of this topic are related to the use phase of our products and services.

Our Approach

Burckhardt Compression is committed to the long-term alignment of its business activities with a sustainable economic system. We identified four positive impact areas:

- Climate change mitigation
- Energy transition
- Circular economy
- Environmental pollution prevention

We have developed a sustainability screening approach to analyze our business activities from an environmental impact perspective. This classification system makes use of international standards such as the EU taxonomy for sustainable activities or South Korea's K-Taxonomy, without claiming to fulfil all their technical requirements. The main purpose of our screening system is to serve as a compass for the development of our business activities towards a sustainable energy future.

Largest compressor package for Burckhardt Compression India to date

Burckhardt Compression India has successfully delivered a 38-ton compressor package on a single skid including motor, consoles, and air coolers. The package is used for a hydrogen installation in Europe and is yet another successful step in our booming segment of hydrogen mobility and energy.

24 Standard High Pressure (SHP) Compressors for Biogas

Burckhardt Compression India has been awarded several contracts with 24 Standard High Pressure (SHP) Compressors for compressed biogas. The compressed biogas market in India is growing fast due to the subsidy announced by the Indian government. Burckhardt Compression India is a market leader in this application in India.

We are expanding the range of application for our customers and supporting the transition to a sustainable economy through our continuous innovation in compressor systems, materials, components, and services. Our approach is mainly driven by our innovation, product management and sales processes. We invest in R&D for key applications of the energy transition. The current focus lies on:

- Solar energy value chain, where our compressors are key equipment for the production of a thin ethylene-vinyl acetate (EVA) film on top of a solar panel and for the polysilicon production of the core.
- Liquefied Natural Gas (LNG) as a short- and medium-term bridge energy for replacing coal, ensuring energy security during the transition or as a fuel for marine applications, replacing carbon-intensive heavy fuel oil until zero-emission solutions are available.
- Hydrogen as an important component of a sustainable energy future, in which our compressors play a key role in meeting the specific technical challenges of these new applications. The technological advantages of reciprocating compressors for this application are unrivaled efficiency and long service lives.

Progress in fiscal year 2022

We have continued to expand our activities that contribute to a sustainable economy. We were able to achieve strong growth in hydrogen mobility and energy and to help the industry solve specific compressor-related technical challenges. This is not least due to our increased R&D and the strengthening of our business development resources for these markets.

The fiscal year 2022 marked yet another significant increase of projects for the solar industry. We reached a new record order intake for EVA and polysilicon applications.

In addition to our focus areas of LNG, solar industry, and hydrogen, we were able to win further projects in the areas of green ammonia and biodiesel.

The development of the new test facility at Burckhardt Compression in Winterthur, Switzerland is progressing as planned and is expected to go live in fiscal year 2023. The facility is part of our partnership with Shell Renewables and Energy Solutions for the development of heavy-duty hydrogen refueling stations.

Our Performance

We extended the application of our sustainability screening approach to the entire Systems Division, representing 72% of the total order intake:

- We classified around 17% (2021: 8%) of the total order intake as new energy applications. Examples are green hydrogen projects in hydrogen mobility and energy or projects for the solar panel industry.
- Around 23% (2021: 8%) of the total order intake is classified as being transitional with environmental advantages but not yet fully sustainable. Examples are, biogas applications in refinery, dual-fuel LNG applications in gas transport & storage, and grey hydrogen projects in hydrogen mobility and energy.
- Around 32% (2021: 35%) of total order intake is classified as conventional applications. Examples are conventional industrial gas or petrochemical applications without a clear link to a sustainability use case.
- 28% (2021: 49%) of the total order intake has not yet been classified.

We had an exceptionally high order intake in fiscal year 2022 for projects supporting the energy transition. We expect a return to the previous reference range over the next two years. However, this year's success shows that we are on track to achieve 40% of our order intake supporting the energy transition in the long term.

Outlook for fiscal year 2023

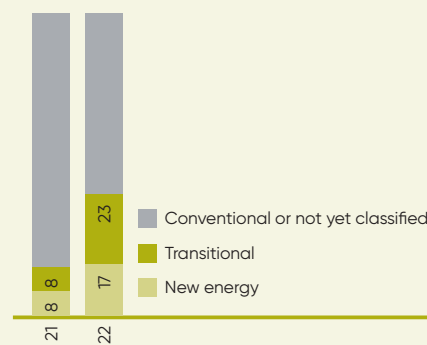
In the coming fiscal year, we will continue our development of innovative non-lube, high-pressure and high-flow hydrogen compressor systems to meet the specific technical challenges along the hydrogen value chain. We will also evaluate the extension of our screening approach to the Services Division.

Compressor for another green hydrogen production plant in Switzerland

A major energy provider in Switzerland has started construction for a green hydrogen production plant, where a 2.5 MW Electrolyzer is fed with hydroelectric power. The hydrogen production capacity of this plant will reach up to 350 tons per year, which is equivalent to 1.5 million liters of diesel fuel. The hydrogen fuel will be delivered from the production site to the fuel stations directly.

Sustainability classification of order intake

in %



Overhaul of four non-Burckhardt Compressors for green steel production

One of Europe's most significant steelmaking companies needed quick help to revive four non-Burckhardt compressors that had not been used in 10 years. The company turned one of its plants into a sustainable steelmaking plant. Burckhardt Compression successfully supported the customer on its sustainability journey and provided a customized solution responding exactly to the customer's needs.

5. Working conditions



Topic lead: Chief Human Resources Officer

Target: Maintain an employee engagement score of $\geq 80\%$ (2020: 79%)

Jobs with decent working conditions are a basic premise for the development of individuals and society. They drive prosperity and provide a livelihood for people. Our employees are central to our success, and we are proud of our global and diverse workforce in our global production sites and service centers.

With our engagement in providing good working conditions, we contribute to the targets of Sustainable Development Goal 8: Decent work and economic growth. Our most direct impact concerns the working conditions of our more than 2'900 employees (FTE). Further impacts are along our supply chain, also with regard to human rights. We recognize our responsibility to exercise due diligence in collaboration with our business partners.

Our approach

Burckhardt Compression is committed to upholding fundamental international labor standards and strives to provide conditions that exceed the local industry average overall. To achieve this, we focus on three areas:

- Dialog and relations
- Terms and compensation
- Organizational culture

The impacts on employees of suppliers, contractors, and outsourced activities are managed mainly through our supply chain due diligence approach.

Dialog and relations:

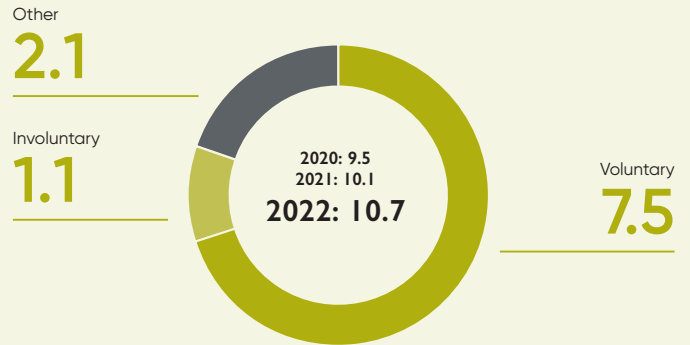
We acknowledge and support freedom of association as set out in our Code of Conduct. Open dialog with employees is a priority for Burckhardt Compression and is fostered in various ways. In addition to employee surveys and a continuous exchange with line managers, employees are informed online several times a year personally by members of the Executive Management about the state of the business and other matters, whereby questions are answered. Our online platform and mobile application "BC Connect" is an exchange platform accessible to all employees and allows them to receive, comment on, and write messages. Other dialog tools are used at local level in the form of collective bargaining and employee representation. 63% of Burckhardt Compression's employees worldwide are covered by a collective agreement.

Among the most attractive employers in Switzerland

Burckhardt Compression ranks as one of the most attractive Swiss employers in the mechanical and plant engineering sector 2023. This ranking is based on an independent survey of employees, and was carried out by data analyst Statista via an online access panel, combined with input from the readers of Handelszeitung and Le Temps. More than 1'500 employers with 200 or more employees in Switzerland were identified for the survey. Burckhardt Compression was placed an excellent 10th in its sector and a good 123rd rank over all sectors which means a top 9% ranking.

Employee turnover ratio

in % of yearly average of full-time equivalent



Terms and compensation:

Burckhardt Compression offers attractive terms and conditions of employment adapted to prevailing requirements on an ongoing basis. We benchmark our salaries against external salary surveys conducted by Willis Towers Watson and have an ongoing monitoring system in place to eliminate significant salary differences between equivalent positions. We have greatly expanded our flexibility in terms of staff working from home and have enhanced our infrastructure to enable our employees to work comfortably from a variety of locations.

Organizational culture:

We believe that our well-established corporate culture forms the foundation of our competitiveness. A comprehensive program called "Values and Behaviors" ensures that employees in all Group locations and companies share and actively uphold the same corporate values and principles. The internal Code of Conduct is designed to set fundamental standards and principles for how employees should interact and behave with partners, stakeholders, and the environment. A global Speak Up channel operated by a third party is available to report violations of our standards, values, and behavioral guidelines.

Progress in fiscal year 2022

In the previous reporting period, we conducted our biennial worldwide employee survey with a high voluntary participation rate of 90%, which reflects the remarkable level of engagement of our staff. In this reporting period, we systematically analyzed the results to drive measures designed to improve the engagement of our employees even more.

These measures consider the specific local needs of the employees in the individual subsidiaries. For example, numerous measures were implemented at our production site in Shenyang based on the survey results. These include 21 new tea rooms, a football and basketball court, a new laundry room, sports training, and annual health checks.

We also launched a global award program for the recognition of exceptional team performance. This program rewards teams that have particularly excelled and contributed to the success of the company through their performance.

Our performance

The employee turnover rate increased slightly to 10.7% in the reporting period. This figure includes all departures, including fixed-term employment contracts that came to an end. Of this, 7.5 percentage points are accounted for by voluntary departures. High levels of employee loyalty and identification with the company are also confirmed by the fact that the typical employee has been with the company for 8 years.

We conduct our employee survey every two years. Therefore, there are no updated results this year compared to the last report. The average score for the statement "All in all, I am satisfied with my current work situation" is 77 out of a possible 100 points. For the statement "I would recommend Burckhardt Compression as a good place to work", our rating is at 84 points.

Burckhardt Compression conducts an annual appraisal and performance review with its employee which includes personal development goals and suggestions for continuous improvement. 86% of employees completed the performance appraisal cycle in the reporting period.

Outlook for fiscal year 2023

In the coming fiscal year, we will refresh our employee survey. The findings will be our benchmark to drive measures locally in order to address the specific needs of our employees in the different regions.

Equal pay for equal work

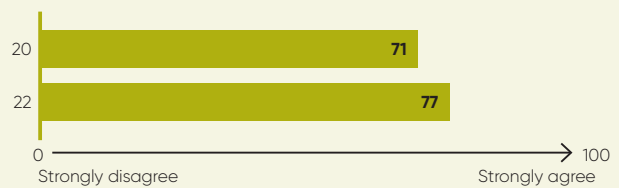
Burckhardt Compression conducted a 2020 wage equality analysis between men and women for its main production site and headquarters in Winterthur. The Swiss legal requirements demand a maximum discrepancy between men and women of -5%. Burckhardt Compression is significantly below these requirements with -1.8%. The results were verified by an independent auditing organization. Equal pay for equal work is an important principle for us and we continue working to ensure this.

Rating from employee survey

January 2020 and January 2022

Average points scored for the statement:

"All in all, I am satisfied with my current work situation"



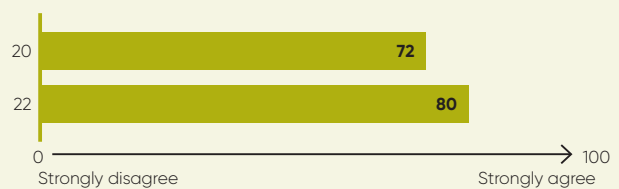
Average points scored for the statement:

"I would recommend Burckhardt Compression to others as a good place to work"



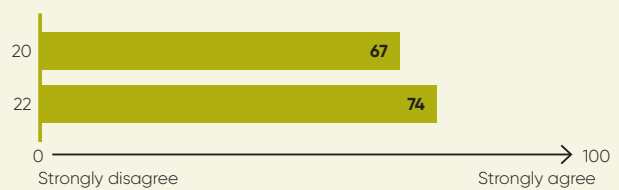
Average points scored for the statement:

"The top management provides information to employees in a way they can understand"



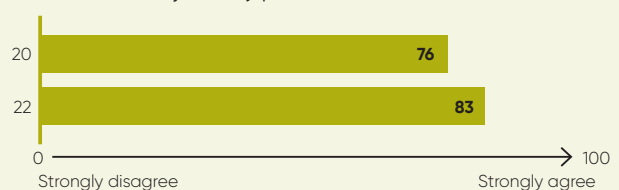
Average points scored for the statement:

"My work generally provides me with sufficient opportunities to balance my work life and my private life"



Average points scored for the statement:

"In our company employees are treated with respect, no matter what job they perform"



6. Occupational health and safety



Topic lead: Vice President Quality & Infrastructure
 Target: Keep the Lost Time Injury Rate (LTIR) below 0.7 every year (2021: 1.1)

The protection of physical integrity and the promotion of mental well-being are top priorities for us. By providing a safe working environment and promoting health, we can help achieve Sustainable Development Goal 3: Good health and well-being, and also Sustainable Development Goal 8: Decent work and economic growth. Our influence in this area extends to our own employees, to external employees in our workplaces, and to working conditions in supply chain companies.

Our approach

We are committed to the prevention of accidents and work-related illnesses and to the promotion of the mental well-being of employees and workers whose work or workplace is under the control of Burckhardt Compression. We focus our approach on two components:

- Occupational health and safety system and prevention culture
- Mental health and well-being

The impact on employee health and safety in our supply chain is controlled through the responsible procurement approach.

Our occupational safety policy and management system certified in line with ISO 45001 form the basis that governs all activities relating to health and safety in the workplace. Numerous measures ranging from detailed risk assessments, safety walks accompanied by management to workplace safety training, and mandatory wearing of protective footwear, protective eyewear, and other work-relevant protective equipment demonstrate their effectiveness through steadily falling risk exposure. Creation of a culture of prevention through raising awareness and involving employee representatives in the safety committee at each site is an important part of our approach.

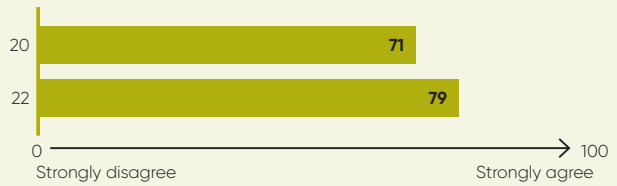
We have several local programs to support the mental health and well-being of our employees. These include developing knowledge on topics such as stress management, sleep, and nutrition as well as promoting and encouraging sports activities.

Rating from employee survey

January 2020 and January 2022

Points scored for the statement:

"My workplace is designed to prevent any harm to my health"



Progress in fiscal year 2022

We were able to successfully conduct our external audits at Group level in accordance with the ISO 45001 standard. We systematically incorporated the findings of the local certification bodies. We launched a safety awareness campaign in all manufacturing sites including illustrative flyers. We have also evaluated a dedicated software to improve the management of precarious situations and near misses, which will be rolled out in fiscal year 2023.

Further, we implemented a stringent safety management system for work done on customer sites under the overall supervision of Burckhardt Compression. We have incorporated the findings and feedback from the health and safety section of the bi-annual employee survey.

Our performance

The Lost Time Injury Rate (LTIR) has decreased from 1.1 to 0.6. This marks a clear improvement compared to last year and is within our target range for our sustainability targets 2027. Although the trend is encouraging, occupational health and safety remains a major challenge, particularly due to the increased workload in the factories and the associated new hires. During this reporting period, we recorded no fatal accidents and no case of work-related ill-health.

Outlook for fiscal year 2023

One focus will be to strengthen our safety culture, which we intend to achieve by enhancing the awareness campaign launched in 2022 and providing further information at local level. The expansion of our global health and safety organization will support this undertaking.

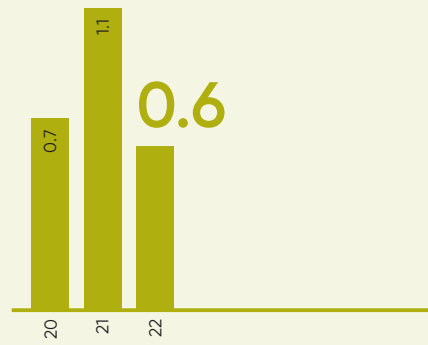
A second focus will be on internal coordination and integration within the Group. In fiscal year 2023, we will focus on the locations Shenyang and Shanghai in China, the US, and the Netherlands. The aim is to align local approaches and achieve continuous improvement through shared learning experiences.

Program to raise health and safety awareness

In fiscal year 2022, we launched a broad awareness-raising program on the topic of occupational safety in our major production and assembly sites. Using various media, including leaflets, videos, and on-site installations, we highlighted the most important sources of danger. In this fiscal year, we conducted a review of the campaign and received very positive feedback from our employees.

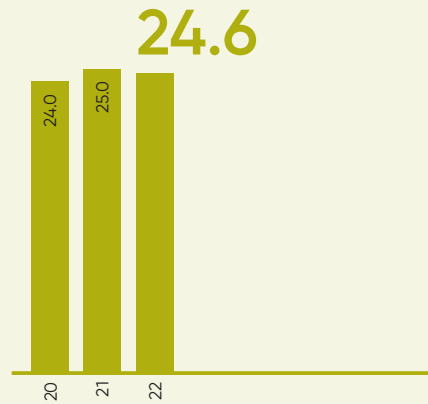
Lost Time Injury Rate (LTIR)

Per 200'000 hours worked (per calendar year)



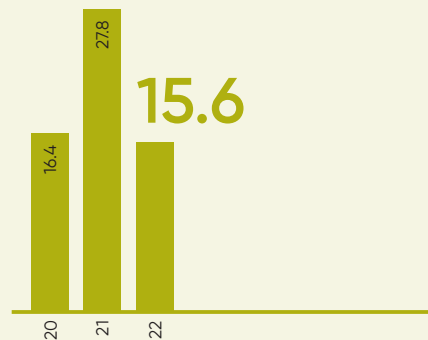
Severity Rate (SR)

Lost days/recordable incidents (per calendar year)



Lost Time Workday Rate (LTWR)

Per 200'000 hours worked (per calendar year)



7. Product safety



Topic lead: Vice President Contracting Systems Division

Target 2027: Maintain zero incidents every year related to product safety (2021: 0)

Compressors are critical equipment in various applications in the process industry and energy provision. System safety and reliability are the most important areas of expertise in our business due to the high pressures, continuous operation, integration in complex industrial processes, and the individual hazard potentials of the compressed gases. By ensuring product safety, we contribute to the Sustainable Development Goal 3: Good health and well-being. The main impacts are in the commissioning and operational phase and extend over the compressors' decades of life.

Successful launch of new engineering platform

In a period characterized by new product launches, organizational developments, business growth, and regionalization it is of the utmost importance to maintain the Burckhardt Compressions engineering standard. We launched a new engineering platform, providing pre-engineered modules, ranging from pre-configured elements up to whole projects designs. These pre-configurations and the platform itself define a technical framework that supports compliance with product safety requirements. New developments for hydrogen applications are already being integrated into this platform, which offers a uniform, globally valid standard.

Our approach

Burckhardt Compression assures safe operation of compressor systems in every phase of their life cycle. Our approach encompasses five main areas of risk mitigation:

- **International norms and standards**
Where available, we use and follow international standards for the development, production, commissioning, and maintenance of compressor systems. This includes the evaluation of safety risks and certification in accordance with mandatory laws and standards.
- **Simulation, calculation and testing**
Our comprehensive knowledge of calculation and simulation allows us to optimize the dimensioning of compressor systems. We also use specific testing and inspection procedures to ensure safety and functionality.
- **Outstanding processes**
Defined working principles, processes and our ISO 9001-certified quality management system ensure our processes meet the strict requirements.
- **Control systems and maintenance**
Our compressor systems are fitted with a minimum protection system that shuts down the system in the event of a critical disruption. Our PROGNOST[®]-SILver system for monitoring and diagnosing the condition of reciprocating compressors and our UP! Solutions for long uptime and maximum reliability are further key tools for increasing reliability and safety.
- **Documentation and training**
To ensure the smooth and safe operation of compressor systems, we produce a specific set of operating documents for each system and also offer a wide range of training modules available either online or at our training centers.

Progress in fiscal year 2022

We have successfully implemented an updated pre-order risk assessment and risk mitigation process, which is applied for all projects. Additionally, a new sales release matrix across all product lines serves as an advanced control and screening mechanism to comply with the different country standards and customer guidelines.

In the reporting year, we invested significantly in competence development throughout the organization. We strengthened the "career path for technical expertise" in contracting, conducted on-the-job training for new products lines, empowered our project engineering office, and set up a competence center for several engineering disciplines, allowing for global knowledge management.

In the area of control systems and instruments, we successfully implemented remote access devices for the first product lines in marine high-pressure applications. Additionally, we launched an engineering base software that allows the utilization of pre-engineered modules to ensure a high product and safety level for execution during ramp-up and beyond. The new engineering platform

also presents the data source for a “digital twin”, enabling us to simulate operating conditions to improve our design, product reliability and safety.

Our performance

As part of the approval process, 100% of the new product configurations have been through a risk and design assessment that includes product safety. No incidents related to the product safety of our compressors were registered over the reporting period. Similarly, no violations of regulations or voluntary codes took place in relation to product safety. In the reporting period, we registered one near miss for a new product application. The problem was identified before the compressor was handed over to the customer and rectifications have been implemented by Burckhardt Compression as part of the installation and commissioning process.

The number of new compressors fitted with a Burckhardt Compression control system was further increased. We firmly believe that our control solutions offer significant added value in terms of reliability, safety, and lifecycle management of our compressors.

Outlook for fiscal year 2023

Our focus for the coming period will be on the further strengthening of our organizational capacities for project execution and for new product launches. We also aim to utilize our new engineering platform for the majority of new projects globally. The applied concepts for product release, risk assessments, as well as knowledge, competence, and reliability management will be strengthened in collaboration with all internal and external stakeholders, including clients and suppliers.

8. Business conduct



Topic lead: General Counsel

Target 2027: Maintain zero incidents every year related to corruption or anti-competitive behavior (2021: 0)

Unethical business practices have the potential to damage the economy and society. They cause economic losses, promote social inequality, and undermine democratic processes. As a global business with a far-reaching network of business partners, we are committed to conducting our business ethically, legally, and in an environmentally and socially responsible manner, which is a precondition for all other material sustainability topics.

Our approach

Burckhardt Compression undertakes to carry out its business activities in an ethical, legal, and environmentally and socially responsible manner. We expect every business partner with which we have a business relationship to conduct itself in a similar manner. We assess every aspect of our business relationship and focus particularly on:

- No corruption
- Free competition
- Export compliance

Our Code of Conduct defines the fundamental standards and principles for employee interaction and behavior with partners, stakeholders, and the environment. With the Code of Conduct for business partners, our suppliers, local agents, and partners commit to conducting their business in an ethical, legal, and environmentally and socially responsible manner. Both have been reviewed and approved by the Board of Directors. All employees are required to explicitly acknowledge their understanding of the Code of Conduct on a regular basis. We train our employees in the fields of anti-corruption, compliance with free competition, and strict adherence to export controls.

Burckhardt Compression carries out regular internal audits of all its subsidiaries with a focus on financial, legal, and compliance topics. Every subsidiary is audited in a three-year cycle.

Our Speak Up reporting system is a complaints channel operated by an independent third party. It allows employees, business partners, and third parties that are or might be aware of suspected misconduct to register it in the reporting system. The system is designed to allow protection of the identity of the reporting party and for comments to be made anonymously. Burckhardt Compression

is committed to investigating all cases according to our Speak Up policy and to cooperating in the remediation of negative impacts caused or contributed to.

Progress in fiscal year 2022

We have updated and rolled out our “Values and Behaviors” which, together with our Code of Conduct, form the fundamental behavioral guidelines at Burckhardt Compression. The updated version clearly emphasizes the importance of “Responsibility” as one of the four pillars of our “Values and Behaviors”. We also continued with the roll-out of our Code of Conduct for our business partners, which has been signed by suppliers and business partners representing more than 80% of our purchasing volume.

To further raise awareness of compliance with the law in our focus areas of no corruption, free competition, and export compliance, we provide targeted modules for employees concerned. In the reporting period, a total of 372 employees who deal with these areas in their work have successfully completed such training modules.

Speak Up, which is now running for the second year, is actively used and accepted among employees and business partners. We comply diligently with the export control provisions and legal sanctions applicable concerning Russia’s war with Ukraine. We decided not to accept any new contracts from or with Russia as of mid-March 2022 and have maintained this policy ever since. We do not have any subsidiaries in either Russia or Ukraine.

Our performance

A total of five suspected cases of misconduct in violation with the Code of Conduct or law were recorded on the Speak Up reporting system: four by employees and one by external business partners. All the cases were processed and closed within the reporting period. The average processing time to the conclusion of the investigation was 45 days.

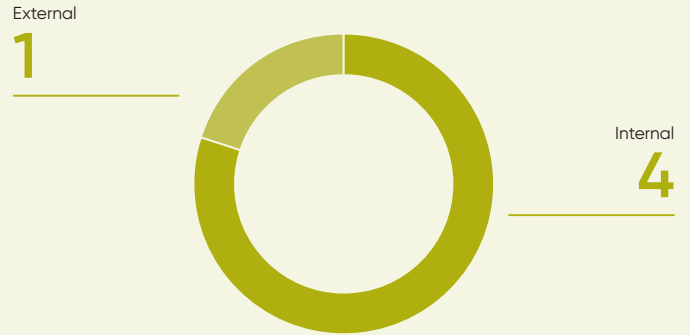
We conducted nine internal audits of subsidiaries following our audit cycle. All past identified risks have been mitigated and no significant new risks regarding corruption and anti-competitive behavior have been detected in this financial year.

No violations of competition law or instances of corruption connected to our business activities were identified during the reporting period, nor were any sanctions imposed for any other significant non-compliance with environmental, social, or any other legislation.

In the reporting period, two employees of Burckhardt Compression AG were accused of having exploited insider knowledge when they purchased shares for the company’s ordinary employee stock ownership program on behalf of the company in May 2020. Burckhardt Compression has cooperated fully with the law enforce-

5 Speak Up notifications, 2022

Notifications of potential misconduct



ment authorities in the investigation and is of the opinion that its employees acted correctly but leaves the legal assessment of the matter to the court.

Our existing processes and preliminary clarifications of export controls have proven their worth. 24 requests for clarification of export regulations were forwarded to the appropriate authorities during the reporting period. Of these, 22 cases were approved, and two were rejected by the authorities. One initially approved case has been reversed at a later stage whereupon we withdrew from the project. No violations of export controls were identified.

Outlook for fiscal year 2023

We are planning to further strengthen our training activities for business conduct. We are increasing the reach of our Code of Conduct for business partners, particularly in cooperation with our suppliers.

Our Commitment

Firmly anchored sustainability governance

The very top of our organization is committed to sustainability. Responsibilities are clearly defined at every level and closely linked to strategy. All sustainability-related activities are supervised by the Board of Directors. The Strategy and Sustainability Committee supports the CEO in developing corporate strategy and advises the Board of Directors on all matters relating to strategy and sustainability.

All members of the Executive Management are also members of the Executive Sustainability Team, which is responsible for the strategic approach at Group level and compliance with our sustainability roadmap.

Every material topic is led by a member of senior management. These managers form the Sustainability Steering Group together with the Managing Directors of the production and assembly sites, and the Regional Heads from the Services Division. The Sustainability Steering Group is responsible for implementing the sustainability roadmap and defining the topic-specific management approach.

Implementation is supported by designated experts in the field and key local individuals in the subsidiaries. They provide technical expertise and ensure on-site implementation.

A designated sustainability manager leads and moderates the sustainability-related activities at Group level and, as a technical expert, supports all functions and subsidiaries with implementation of the roadmap.

EcoVadis silver medal award

Burckhardt Compression was awarded the EcoVadis silver medal for sustainability management with its place in the top 25% in the sector. EcoVadis is one of the largest platforms for assessment of supplier sustainability and is used by many Burckhardt Compression customers. We also improved our score in major ESG ratings like MSCI, Sustainalytics, ISS ESG and S&P Global, which puts us in the top 10% – 50% of companies in our industry, depending on the rating agency.

Sustainability governance at Burckhardt Compression



A clear focus based on our materiality analysis

We use a materiality analysis to determine where our company's activities have the greatest impact on society, the environment, and the economy. For this purpose, we conducted an impact analysis, where we assessed actual and potential positive and negative impacts of our activities along the value chain. The aspects of scale, scope, and likelihood of impacts were considered as assessment categories with a precedence of scale and scope. In this process, we gathered the views and concerns of our key stakeholders – investors, customers, employees, and suppliers – online and in person. We updated the analysis in this reporting period to reflect the updated requirements of the GRI Standards. Impact is now the only determinant for materiality definition, and water has been included as an operational topic.

For each of the eight material topics, we have appointed a topic leader who, together with subject matter experts, develops our approach. Operational topics are important to us as well, but we do not pursue them with the same strategic approach as the material topics. They are integrated into the operational business activities at the departmental level. Other topics may be of greater relevance for a specific subsidiary, but not across the whole Group. We address these topics on a situation-specific basis.



Our employees are the key to our success

Together, we are successful and create sustainable value. Burckhardt Compression is thus engaged in the advancement of all employees and a diverse workforce. They are a vital factor in the implementation of our sustainability ambitions.

We appreciate our employees' expertise and promote knowledge sharing. Personal training and development are part of the annual appraisal and performance review process and are financially supported by the company. To ensure the ongoing development of technological expertise and personal and managerial skills within the company, employees around the world participate in internal technical, product, and leadership training modules, which are conducted across the Group throughout the year with a range of programs. In the fiscal year 2022, we provided on average 13.2 h of internal training per FTE and reached 84% of our employees with our offering.

We promote and support new talent at all levels and are committed to the Swiss system of apprentice training. The company currently has 49 apprentices in Switzerland and 22 in India in eight occupations. Burckhardt Compression is a founding member of the initiative launched under the auspices of the Swiss Federal Office for Professional Education and Technology and the Swiss-Indian Chamber of Commerce to establish an apprenticeship system in India based on the Swiss model; the company is also a corporate sponsor of the AZW Training Center in Winterthur for vocational career pathways.

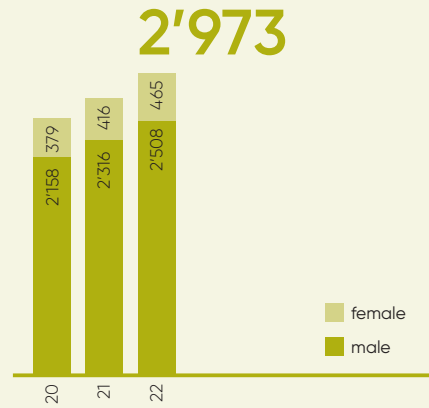
Burckhardt Compression fundamentally believes that mixed teams perform better. In the reporting period, women made up 33.3% of the Board of Directors and 20% of Executive Management. Of the global workforce, 15.6% (2021: 15.2%) is female.

Dialog with our stakeholders

The appropriate involvement of our various stakeholders is extremely important to Burckhardt Compression. We have identified four key stakeholders within our sustainability management: customers, employees, investors, and suppliers. We are engaged in more detailed discussions with them and actively involve them in identifying material topics. In addition, we also maintain an open dialog with other stakeholder groups, such as the local community, media, the scientific community, associations, civil society, and the state, as required.

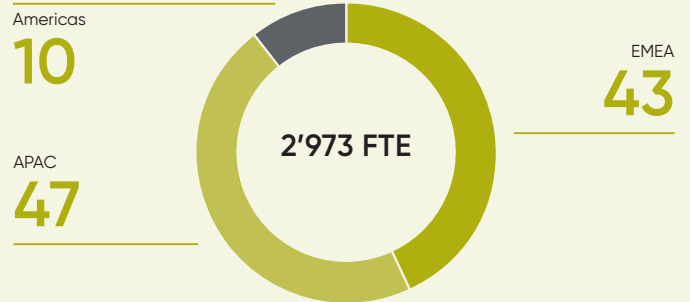
Global workforce by gender

Employees (FTE)



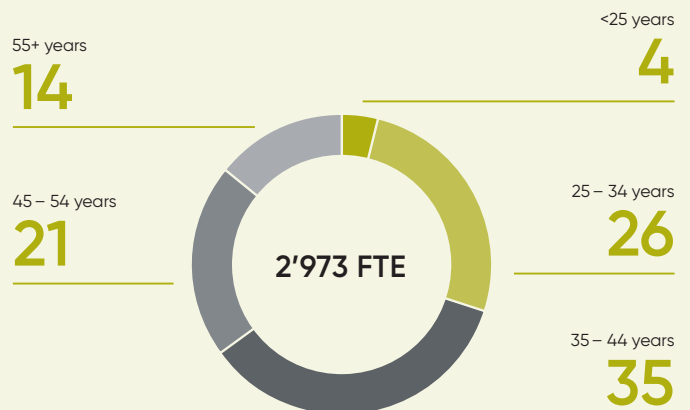
Global workforce by region, 2022

in %



Global workforce by age, 2022

in %



Customers

Burckhardt Compression seeks long-term customer relations. The longest-standing customer relationship dates back to 1885, when the company supplied BASF in Ludwigshafen with one of the first compressors ever built. Customer satisfaction is measured using various tools. The results are evaluated as part of the management process with the divisional management teams, and actions are initiated and implemented in accordance with the results. For example, customer surveys were carried out in the reporting period with a focus on the Services Division. Customer priorities in the field of sustainability were climate, energy, and occupational safety. All three topics are key elements of our approach to sustainability.

Investors

Burckhardt Compression maintains an open and transparent dialog with its investors and other interested parties. The aim of investor relations is to accurately portray the company and its markets to enable a fair valuation of Burckhardt Compression stock. Leading Swiss business newspaper "Finanz und Wirtschaft" gives Burckhardt Compression's investor relations and transparency an A- rating (A is the highest rating).

In recent years, the importance of ESG (Environment, Social, Governance) rating agencies have also increased significantly for our investors. Important sustainability priorities for our investors include climate change, business conduct, and energy consumption. All three are covered in the material topics.

Employees

Open dialog with employees is a central priority for Burckhardt Compression and is carried out in different ways. The most important dialog channels are described in this report in the material topic working conditions. The key priorities for employees are health and safety at work, working conditions, and training and development. We actively deal with the first two within our material topics. Training and development are a central pillar of our HR management.

Suppliers

We work closely with suppliers in the development phase, with the aim of long-term partnerships. Exchanges and performance reviews take place on a regular basis via on-site visits, virtual meetings, audits, or inspections. The central sustainability priorities for suppliers are occupational health and safety, energy consumption, and business conduct. All three topics are key elements of our approach to sustainability.

Communities and other stakeholders

We maintain an open relationship with the local community. We established distinct communication channels for inquiries and communicated these contact points on our website. We also support and promote local initiatives, for example in the areas of education and sports. We practice transparency in our exchange with the media and authorities and strive for timely and open communication.

Extended key figures

Environmental metrics¹

		2022	2021	2020
Energy				
Energy use	MWh	59'107	49'928	45'619
Electricity		30'658	27'779	18'915
Fuels and combustibles ²		18'585	16'608	18'569
District heating		9'864	5'541	8'135
Share of renewable electricity	%	21	15	2
Energy intensity	kWh /working hour	10.1	9.4	9.1
Greenhouse gas emissions				
Greenhouse gas emissions Scope 1 ³	tCO ₂ e	4'674	4'221	5'187
Combustibles		1'551	1'485	2'541
Fuels		2'914	2'508	2'421
Others		209	228	225
Greenhouse gas emissions Scope 2 ^{4,5}	tCO ₂ e	15'396	13'198	8'369
Electricity		13'712	12'252	6'980
District heating		1'684	946	1'389
Greenhouse gas emission intensity by working hours (Scope 1 and 2)	kgCO ₂ e /working hour	3.4	3.3	2.7
Greenhouse gas emission intensity by working hours without foundry (Scope 1 + 2)	kgCO ₂ e /working hour	2.3	2.1	1.9
Greenhouse gas emission intensity by sales volume (Scope 1 + 2)	tCO ₂ e / mCHF	24.2	26.8	20.6
Greenhouse gas emissions business travel (Scope 3)	tCO ₂ e	2'567	1'361	1'211
Water and waste				
Water ⁶	m ³	78'687	83'810	91'218
Waste ⁶	t	3'530	2'805	2'605

¹ With the exception of the figures for water consumption and waste, the data relate to all sites of the Burckhardt Compression Group. The data collection for environmental data is performed by calendar year. The denominators sales volume and working hours are collected per fiscal year. The greenhouse gas inventory was calculated according to the WRI/WBCSD Greenhouse Gas Protocol Standard. 'Operational control' was selected as the consolidation approach. Energy and greenhouse gas emissions data for 2020 and 2019 have been recalculated due to methodological adjustments, conversion factors and working hours calculation. The values are higher than in the previous report.

² From fossil sources.

³ Scope 1 includes all directly caused emissions (e.g. combustion of fuels, loss of refrigerants).

⁴ Scope 2 includes emissions caused with purchased energy (electricity, district heating).

⁵ Reported according to the market-based approach under the Greenhouse Gas Protocol Scope 2 standard. The location-based approach results in emissions of 15'801 tCO₂e in 2022 (2021: 13'653 tCO₂e, 2020: 8'574 tCO₂e).

⁶ Data refer to the production and assembly sites of the Burckhardt Compression Group, including headquarter (Switzerland, India, China, South Korea, United States).

Health and Safety¹

	2022	2021	2020
Health and Safety¹			
Lost Time Injury Rate (LTIR) ²	0.6	1.1	0.7
Severity Rate (IR) ³	24.6	25.0	24.0
Lost Time Workday Rate (LTWR) ⁴	15.6	27.8	16.4

- ¹ The data collection for occupational health and safety data is performed by calendar year.
² Rate per 200'000 working hours for number of recordable incidents with lost time > 1 working day.
³ Number of lost days/incidents subject to registration with loss > 1 working day.
⁴ Rate per 200'000 working hours for total of lost workdays.

Employee structure

	2022	2021	2020
Employee structure			
Number of employees FTE	2'973	2'732	2'538
Permanent	2'724	2'508	2'339
Male	2'320	2'145	2'000
Female	404	363	339
EMEA	1'264	1'152	1'037
APAC	1'155	1'066	1'014
Americas	305	290	288
Temporary	249	224	199
Male	188	171	158
Female	61	53	40
EMEA	19	16	13
APAC	229	207	185
Americas	1	1	1
Full-time	2'856	2'628	2'445
Male	2'442	2'256	2'103
Female	414	372	342
EMEA	1'167	1'065	959
APAC	1'384	1'273	1'199
Americas	305	290	287
Part-time	117	104	93
Male	66	60	56
Female	51	44	37
EMEA	116	103	91
APAC	0	0	0
Americas	1	1	2
Number of external workers	305	298	187
Number trainees & apprentices	178	153	91

Employee turnover

	2022		2021		2020	
	FTE	% yearly average	FTE	% yearly average	FTE	% yearly average
New employee hires (% of yearly average)	510	17.7%	451	17.1%	149	5.8%
	FTE	% end of year	FTE	% end of year	FTE	% end of year
New employee hires (% of end of year)	510	17.2%	451	16.5%	149	5.9%
Male	427	17.0%	382	16.5%	119	5.5%
Female	83	17.9%	69	16.6%	30	7.8%
<25 years	55	43.6%	45	50.2%	16	20.3%
25–34 years	210	26.9%	171	22.2%	54	6.9%
35–44 years	145	13.8%	121	13.7%	35	4.5%
45–54 years	63	10.3%	69	11.6%	27	4.9%
54+ years	37	9.2%	45	11.4%	17	4.8%
	FTE	% yearly average	FTE	% yearly average	Headcount ¹	% yearly average ¹
Employee turnover (% of yearly average)	308	10.7%	266	10.1%	249	9.5%
	FTE	% end of year	FTE	% end of year	Headcount ¹	% end of year
Employee turnover (% of end of year)	308	10.4%	266	9.7%	249	9.6%
Male	264	10.5%	230	9.9%	214	9.8%
Female	44	9.4%	36	8.7%	35	8.8%
<25 years	17	13.4%	17	19.1%	19	23.5%
25–34 years	100	12.8%	82	10.6%	77	9.8%
35–44 years	80	7.6%	87	9.9%	53	6.7%
45–54 years	43	7.0%	36	6.0%	39	6.9%
54+ years	68	16.9%	44	11.1%	61	16.7%

¹ Turnover data for 2020 is based on headcount.

GRI content index

Burckhardt Compression has reported in accordance with the GRI Standards for the period 1 April 2022 to 31 March 2023. GRI 1 Foundation 2021 has been used for compiling this report and there is no applicable GRI Sector Standard.

GRI standard	Disclosure	Reference	Further information and omissions
GRI 1: Foundation 2021			
GRI 2: General disclosures 2021			
The organization and its reporting practices			
GRI 2: General disclosures 2021	2-1 Organizational details	p. 102, pp. 124–125	a. Burckhardt Compression Holding AG
	2-2 Entities included in the organization's sustainability reporting	p. 100, pp. 124–125	iii. Consolidation approach applies to all disclosures.
	2-3 Reporting period, frequency, and contact point	–	a. Sustainability report: 04.01.2022 to 03.31.2023, yearly b. Annual report: 04.01.2022 to 03.31.2023 c. Publication: 06.06.2023 d. Contact: sustainability@burckhardtcompression.com
	2-4 Restatements of information	–	Energy consumption and intensity, and subsequently CO ₂ emissions and intensity, for 2019 and 2020 have been recalculated due to methodological adjustments of conversion factors and working hours calculation. The values are higher than stated in the previous report. Share of renewable electricity of 2020 has been recalculated due to methodological adjustments. The values are slightly higher than stated in the previous report. We adjusted the 2021 values for project sustainability screening due to more rigorous classification criteria.
	2-5 External assurance	–	This report was not externally verified.
Activities and workers			
GRI 2: General disclosures 2021	2-6 Activities, value chain, and other business relationships	p. 7, p. 40, p. 102, p. 104	
	2-7 Employees	p. 62	c. FTE at the end of the reporting period. d. Trainees & apprentices are not included since some of our apprentices have an external work contract with the AZW Training Center in Winterthur.
	2-8 Workers who are not employees	p. 62	a. i. Production employees, service technicians and engineers. a. ii. Engineering, project management, field services, compressor manufacturing and assembly. b. FTE at the end of the reporting period.

Governance			
GRI 2: General disclosures 2021	2-9 Governance structure and composition	pp. 73-79	
	2-10 Nomination and selection of the highest governance body	Bylaws Art. 15-16, pp. 73-79	b. i. Annual discussion with major shareholders and proxy advisors. b. ii.-iv. Disclosed, applying not publicly disclosed criteria.
	2-11 Chair of the highest governance body	pp. 74-76	
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 55, p. 57, pp. 76-79, Organization regulation 1.-4.	
	2-13 Delegation of responsibility for managing impacts	p. 57, pp. 76-79, Organization regulation 1.-5.	
	2-14 Role of the highest governance body in sustainability reporting	-	Board of Directors releases the Annual Report for the general assembly of shareholders.
	2-15 Conflicts of interest	p. 71, pp. 73-75	a. Annual written confirmation by all members of the highest governance body.
	2-16 Communication of critical concerns	pp. 55-56, Speak Up policy	
	2-17 Collective knowledge of the highest governance body	p. 77, Organization regulation 1.4.4.	Through ongoing communication and reporting.
	2-18 Evaluation of the performance of the highest governance body	p. 79	
	2-19 Remuneration policy	pp. 84-87	
	2-20 Process to determine remuneration	pp. 84-87	
	2-21 Annual total compensation ratio	-	This information is not available. We are evaluating the possibility of providing such information in the future.
Strategy, policies, and practices			
GRI 2: General disclosures 2021	2-22 Statement on sustainable development strategy	pp. 8-10	
	2-23 Policy commitments	pp. 39-41, pp. 55-56, Code of Conduct	
	2-24 Embedding policy commitments	pp. 55-56, Organization regulation 3.-4.	
	2-25 Process to remediate negative impacts	pp. 55-56, Speak Up policy	
	2-26 Mechanisms for seeking advice and raising concerns	pp. 55-56, Speak Up policy	
	2-27 Compliance with laws and Regulations	p. 56	

GRI standard	Disclosure	Reference	Further information and omissions
	2-28 Memberships associations	-	<ul style="list-style-type: none"> - AZW Winterthur, Board - CII Confederation of Indian Industry - EFRC - European Forum for Reciprocating Compressors - ICAAMC - Compressor Applications and Machinery Committee - Joint Chamber of Commerce Switzerland <ul style="list-style-type: none"> - CIS/Georgia - SWISSMEM - Schweizer Maschinen-, Elektro- und Metall-Industrie - Swiss Mechatronics - Swiss-American Chamber of Commerce - Swiss-Chinese Chamber of Commerce - Swiss-Indian Chamber of Commerce - Switzerland Global Enterprise
Stakeholder engagement			
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement	pp. 59-60	
	2-30 Collective bargaining agreements	p. 50	b. Where usual and available we take existing bargaining agreements as a benchmark.
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 58	
	3-2 List of material topics	p. 58	
Greenhouse gas emissions and climate change			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 41-43	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 43, p. 61	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 43, p. 61	
	305-3 Other indirect (Scope 3) GHG emissions	p. 43, p. 61	
	305-4 GHG emissions intensity	p. 43, p. 61	We are working on a full Scope 3 emission calculation. We expect to publish this data in fiscal year 2023.
Energy use and efficiency			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 44-45	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 44, p. 61	
	302-3 Energy intensity	p. 44, p. 61	
Own indicator	Share of renewable electricity	p. 44, p. 61	
Longevity and recyclability			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 45-47	
Own indicators	Reused or refurbished components	p. 46	
	Sales of revamp and upgrade services	p. 47	
Environmental impacts of application purpose			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 48-49	
Own indicators	Sustainability classification of business activities	p. 49	
Working conditions			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 49-51	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 50, p. 63	The breakdown by region is not disclosed for business reasons.
Own indicators	Score satisfaction work situation	p. 51	
	Score workplace recommendation	p. 51	
	Score employee engagement	p. 51	

Occupational health and safety

GRI 3: Material Topics 2021

GRI 403: Occupational Health and Safety 2018

3-3 Management of material topics

p. 52

403-1 Occupational health and safety management system

p. 52

b. All employees who are under the care and control of Burckhardt Compression (including external employees on our premises) are covered.

403-2 Hazard identification, risk assessment, and incident investigation

–

a. The EOHS team (Environment, Occupational Health, and Safety team), under the direction of the Quality Team and Safety Officer, is responsible for conducting risk assessments using risk graphs. The risk assessment will be used for training and awareness activities in the respective work area. Safety inspections are used for risk mitigation.

b. Notifications will be made using a dedicated EOHS notification form.

c. A work stoppage procedure is in place to stop work in the event of an unsafe situation.

d. There is a procedural policy for reporting near misses, incidents, investigations, non-conformities, and corrective and preventive actions.

403-3 Occupational health services

–

There is a company ambulance service at the site in Winterthur, which is operated in conjunction with surrounding companies.

403-4 Worker participation, consultation, and communication on occupational health and safety

–

A specific procedure for Consultation & Participation, Communication regulates the involvement of employees. Involvement takes place at all levels (steering committee, core team, execution teams).

403-5 Worker training on occupational health and safety

p. 52

In addition to mandatory training during induction, regular specific training is provided on work-related hazards, first aid, and emergency and evacuation.

403-6 Promotion of worker health

p. 52

Non-occupational services and offerings depend on country-specific implementation and may include the following:

- regular health check-ups
- access to medical facilities
- other preventive measures, for example as part of our Dr. BeWell program

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

pp. 40-41

This aspect is covered in our approach to supply chain due diligence.

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

p. 52

i. 100% are covered by an occupational health and safety management system.
 ii. 100% of employees are covered by an internally audited system.
 iii. 91.6% are covered by an externally certified system.

403-9 Work-related injuries

pp. 52-53, p. 62

We have no differentiation between high-consequence work related injuries (a. ii.) and work-related injuries (a. iii.).

403-10 Work-related ill health

p. 53

Sustainability Report

GRI standard	Disclosure	Reference	Further information and omissions
Product safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 54-55	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p. 55	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 55	
Business conduct			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 55-56	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 56	
	205-2 Communication and training about anti-corruption policies and procedures	p. 56	
	205-3 Confirmed incidents of corruption and actions taken	p. 56	
GRI 206: Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 56	

SASB Mapping

SASB Sustainability Disclosure Topics & Accounting Metrics

Topic	SASB Accounting Metric	Code	Reference	Further Information and omissions
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-IG-130a.1	GRI 302-1 GRI 302-3 Page 61	Percentage grid electricity has not been evaluated separately until now. We are working on making this breakdown available in the future.
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	RT-IG-320a.1	GRI 403-1 to 8 Pages 53, 62	We do not yet track near miss frequency rate (NMFR). We are evaluating the possibility of providing such information in the future.
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.1	n/a	Not applicable to our products. The vast majority of Burckhardt Compression's compressors are powered by electricity.
	Sales-weighted fuel efficiency for non-road equipment	RT-IG-410a.2	n/a	
	Sales-weighted fuel efficiency for stationary generators	RT-IG-410a.3	n/a	
	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	RT-IG-410a.4	n/a	
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Pages 40-41, 78-79,	
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1		This information is not disclosed for business reasons.

SASB Activity Metrics

Activity Metric	Code	Reference	Further Information and omissions
Number of units produced by product category	RT-IG-000.A	n/a	This information is not disclosed for business reasons.
Number of employees	RT-IG-000.B	GRI 102-8 Page 62	