
ESG AS INTEGRAL PART OF OUR BUSINESS STRATEGY

ROLF BRÄNDLI – CFO
WINTERTHUR, MAY 16, 2023



Agenda

Burckhardt Compression in a nutshell

- **Our history with ESG**
- **Why we accelerated our ESG journey**
- **What we do and how**
- **What comes next**

Compression systems make gas usable and transportable for the industry and for energy generation

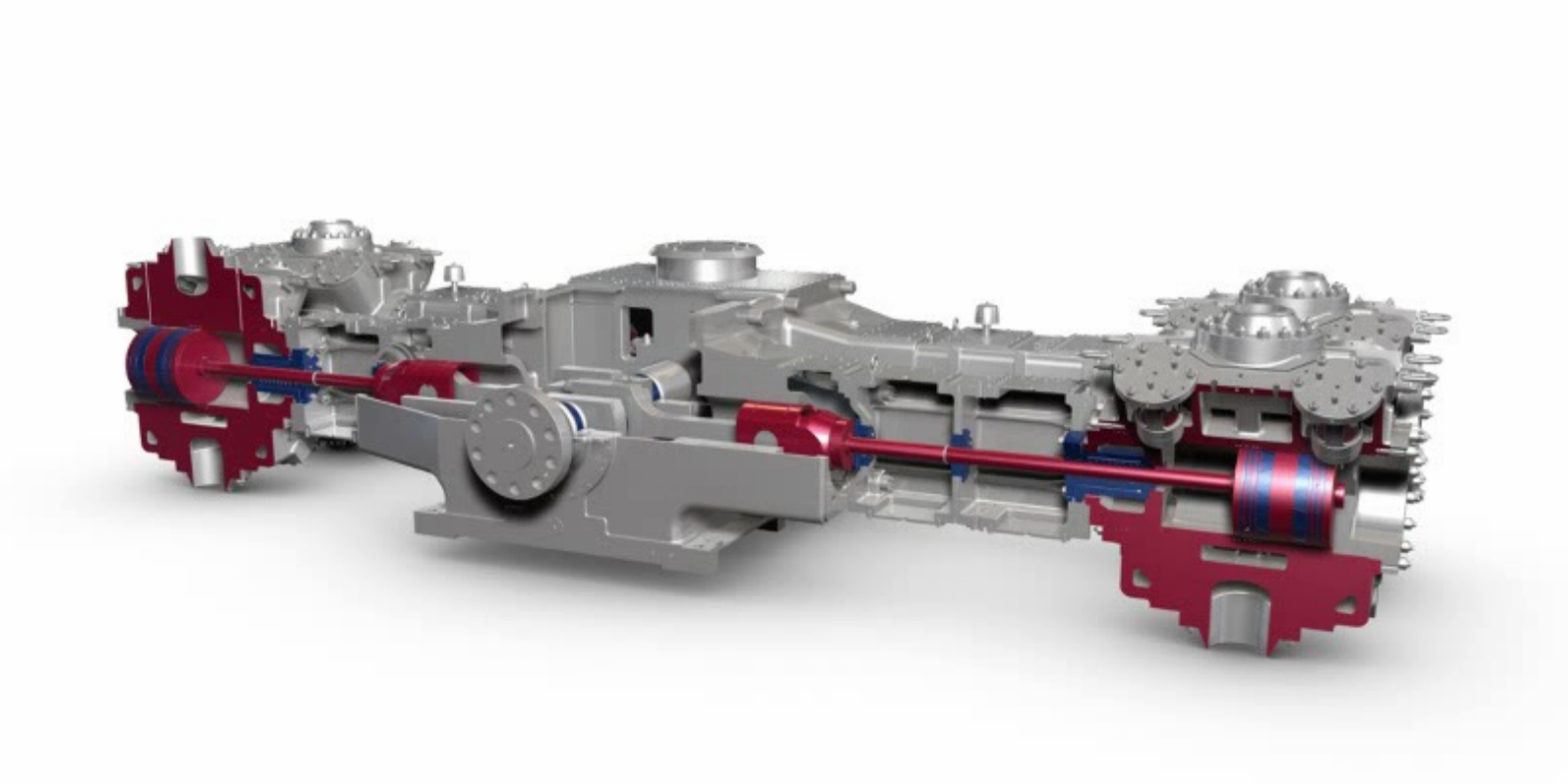
O_2 CH_2 CO_2
 H_2 CH_4 C_4H_{10}
 C_2H_6 N_2 C_3H_8

Burckhardt Compression

O_2 – Oxygen	CO_2 – Carbon dioxide	C_2H_6 – Ethane
N_2 – Nitrogen	CH_4 – Methane	C_3H_8 – Propane
H_2 – Hydrogen	CH_2 – Ethylene	C_4H_{10} – Butane

- Solar panel
- Lubricant oil
- Industrial plastic
- Electrical power
- Cosmetics
- O₂-bottles (pharma, industry)
- Automotive parts
- Consumer gas bottles
- Pharmaceuticals
- Transportation fuel
- LNG
- LH₂
- LPG

Compressing gas in industrial quantities at high pressure usually requires a reciprocating compressor



Burckhardt Compression

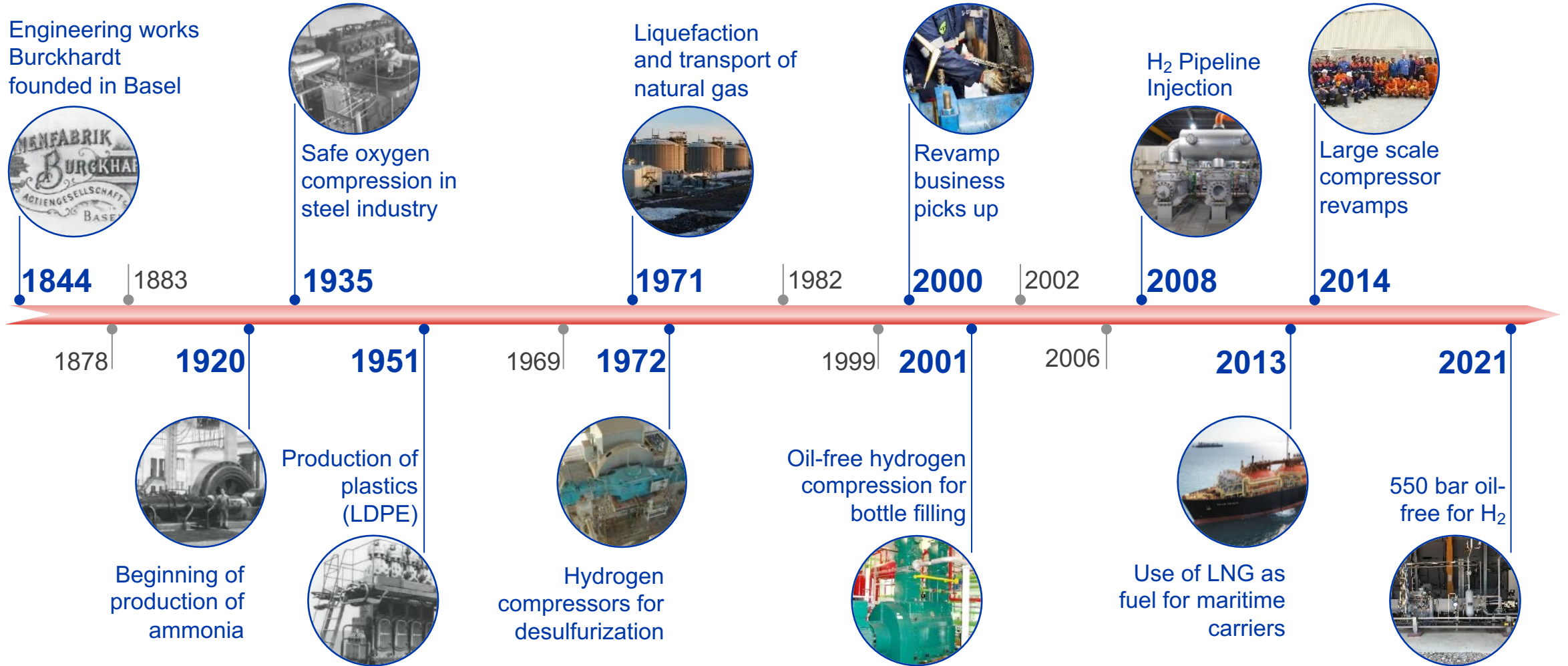
A global leader in reciprocating compressors

“We are customers' first choice for gas compression solutions across the entire product life cycle.”

Chairman	Ton Büchner
CEO	Fabrice Billard
Established	1844
Stock listed	SIX (BCHN)
Employees (2022)	2'732 (as of 03/2022)
Organization	2 divisions with a local presence in over 80 countries



The history of Burckhardt Compression reflects the history of gas compression



We deliver optimal gas compression solutions and offer a full range of components and services

Systems



Highly reliable compressors



We select the right compressor from our comprehensive portfolio of products proven in the field in the most demanding applications.

Full compression solutions



We engineer complete systems in-house in close collaboration with our customers and use proven and qualified suppliers.

Services

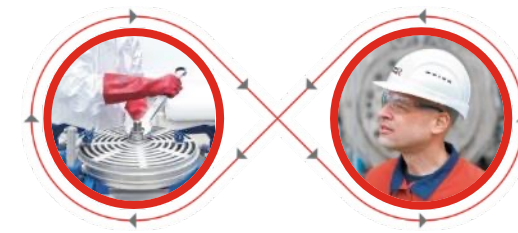


Service solutions

Compressor components

UP! Solutions

We keep reciprocating compressors running endlessly with lowest lifecycle costs and highest availability.



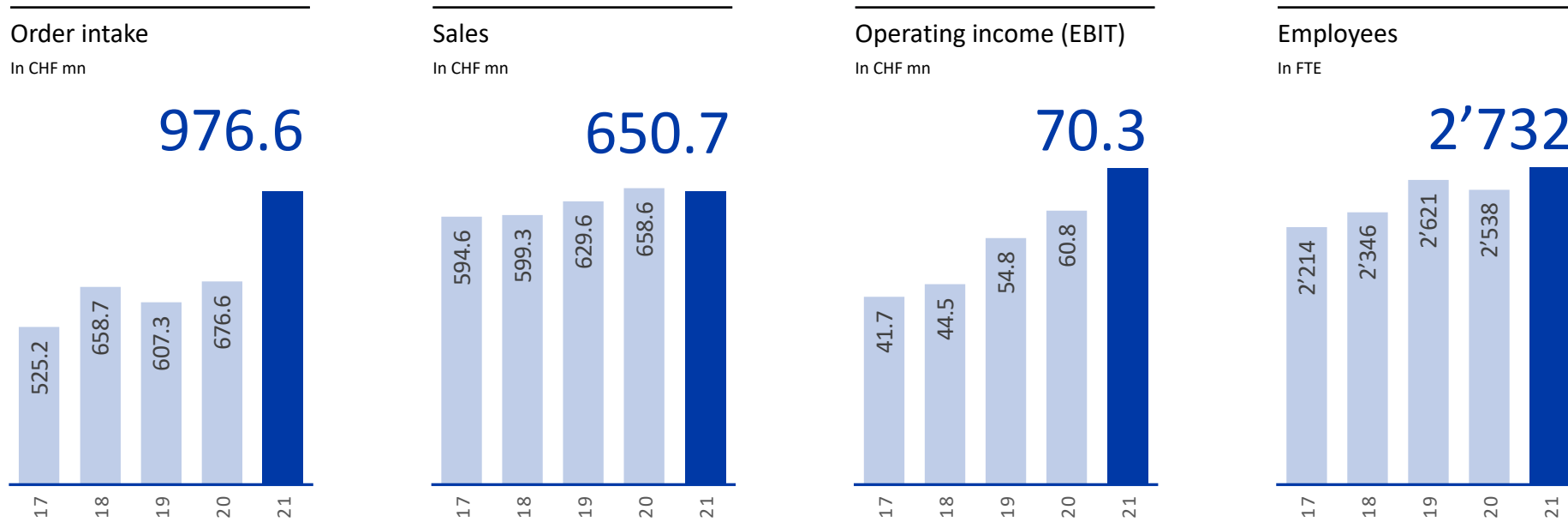
Diverse market segments with a broad range of applications in energy supply and industrial processes



3'000 qualified employees around the world



Strong growth of orders in FY21 driven by the energy transition: Solar panels, LNG, Hydrogen for Mobility & Energy



- The fiscal year 2021 was characterized by a significantly higher order intake and a clearly improved operating income
- Further progress towards our Mid-Range Plan targets as well as in integrating digitalization and sustainability into our strategy and operations

Agenda

- **Burckhardt Compression in a nutshell**

Our history with ESG

- **Why we accelerated our ESG journey**
- **What we do and how**
- **What comes next**

Long-term thinking is in our DNA – We exist since 178 years and build “compressors for a lifetime”

> 50%

of compressors with Burckhardt
Compression serial number have
been in service for more than

20 years

Our oldest known compressor still
in service in Canada has an age of

92 years



Society and environment – We take care of our employees and the communities we live in



Vocational training

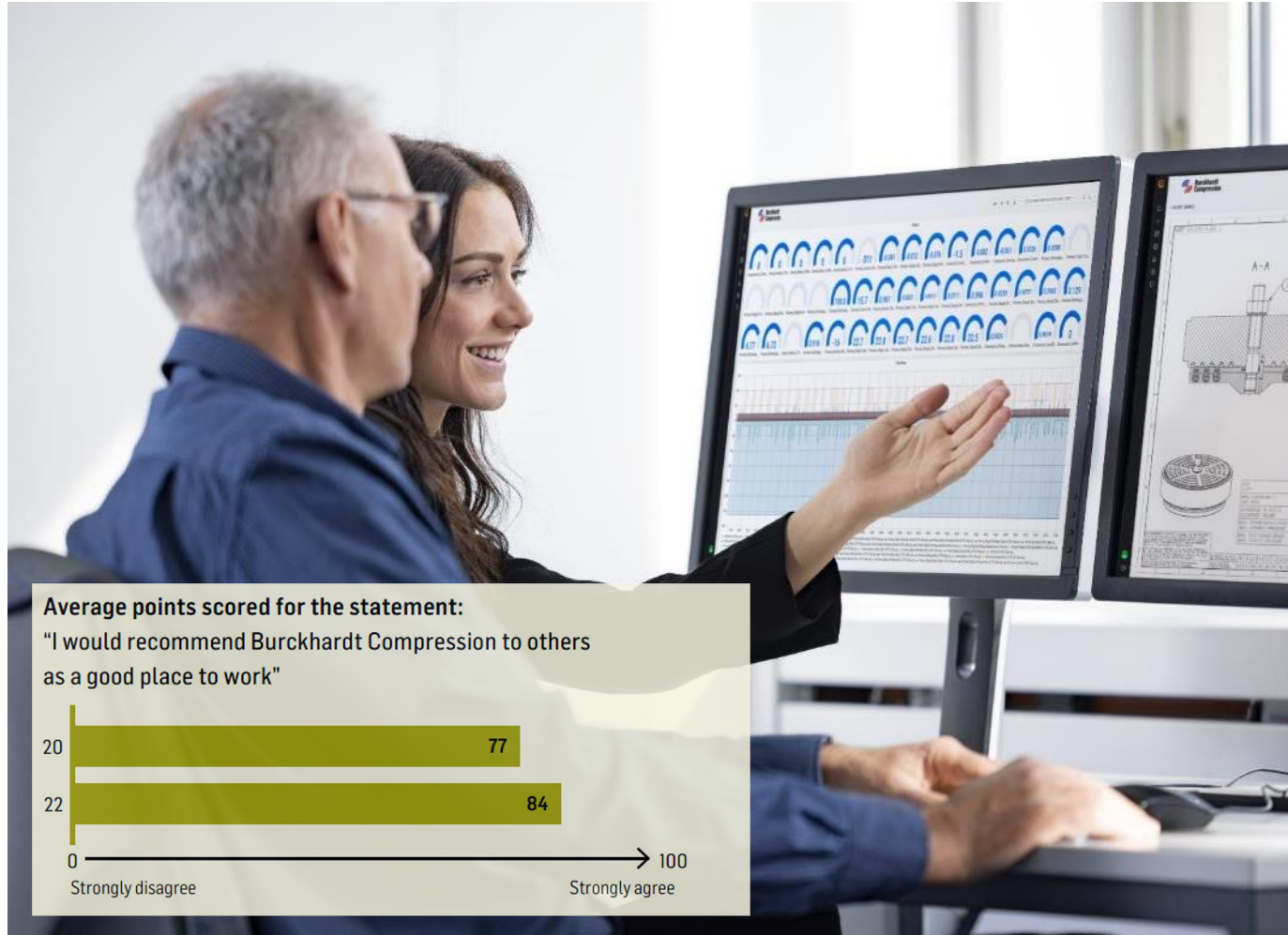


Community engagement

- 64 apprentices in Switzerland and India
- Corporate sponsor of the AZW Training Center in Winterthur for vocational career pathways
- Founding member to establish an apprenticeship system in India based on the Swiss model

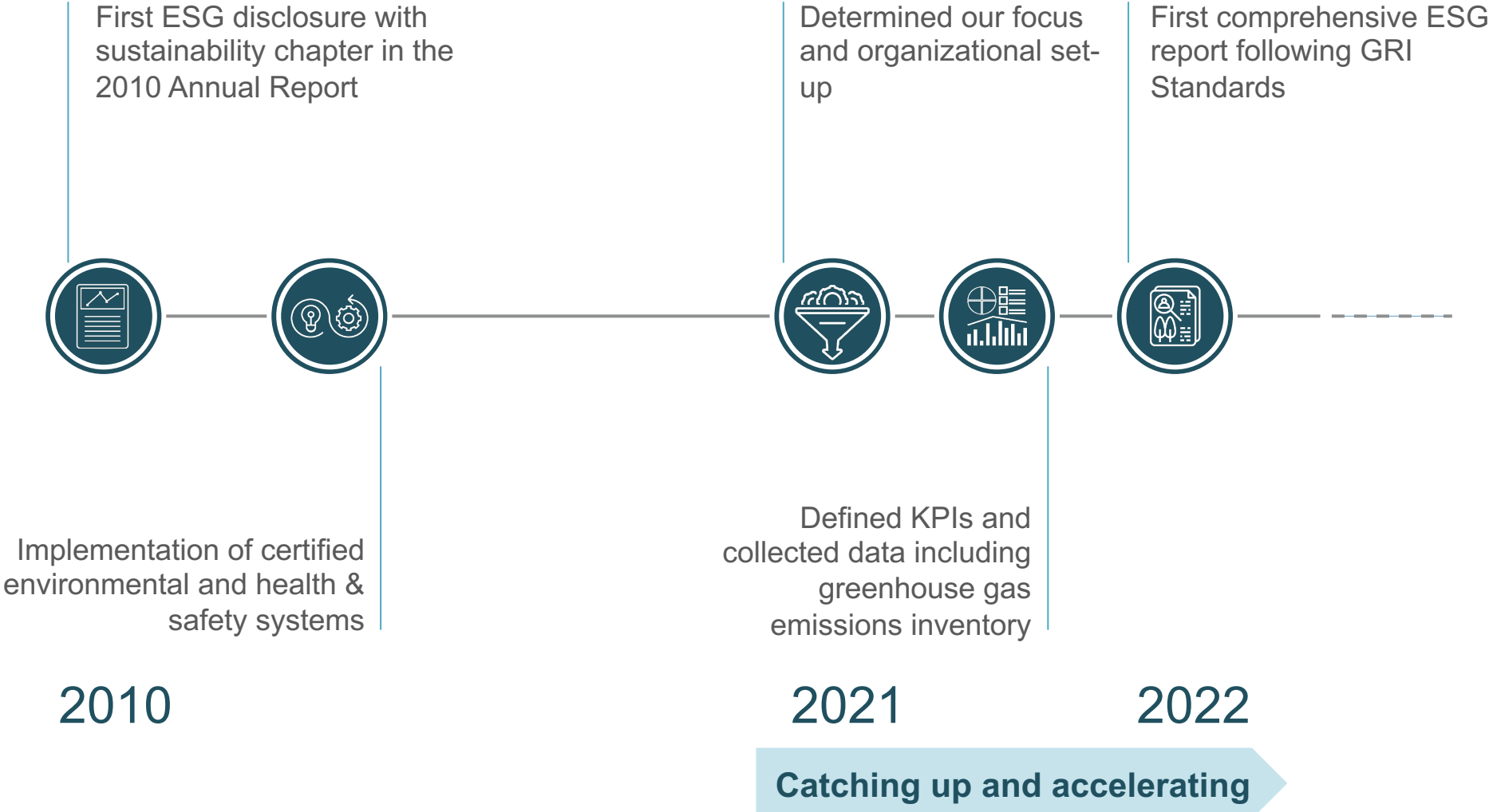
- Long tradition local community engagement at Burckhardt Compression India
- Infrastructure funding such as a solar water heater for local community in need
- Employees participating in water cup competition to setup water reservoirs in high draught area

Employees: We are an attractive place to work confirmed by employer rankings in Switzerland and our own survey



- Independent survey of employees by “Statista”, “Handelszeitung” and Le Temps
- **Top 2%** out of over 1’500 employers with 200 or more employees
- **5th** in own sector of mechanical and plant engineering
- Continuously good results in our own global employee survey

However, our structured and goal oriented “ESG journey” only started recently and we are catching up



Agenda

- **Burckhardt Compression in a nutshell**

- **Our history with ESG**

Why we accelerated our ESG journey

- **What we do and how**

- **What comes next**

Committed leadership and employees to create sustainable impacts



New purpose:

“We create leading compression solutions for a sustainable energy future”

ESG is increasingly becoming a factor in our customers' buying and collaboration decisions



Onboarding requirements

Documentation and verification of ESG requirements to be an approved supplier.

Sustainability evaluation

Elaborated evaluation and benchmarking tools to measure ESG performance.



Strategic engagement

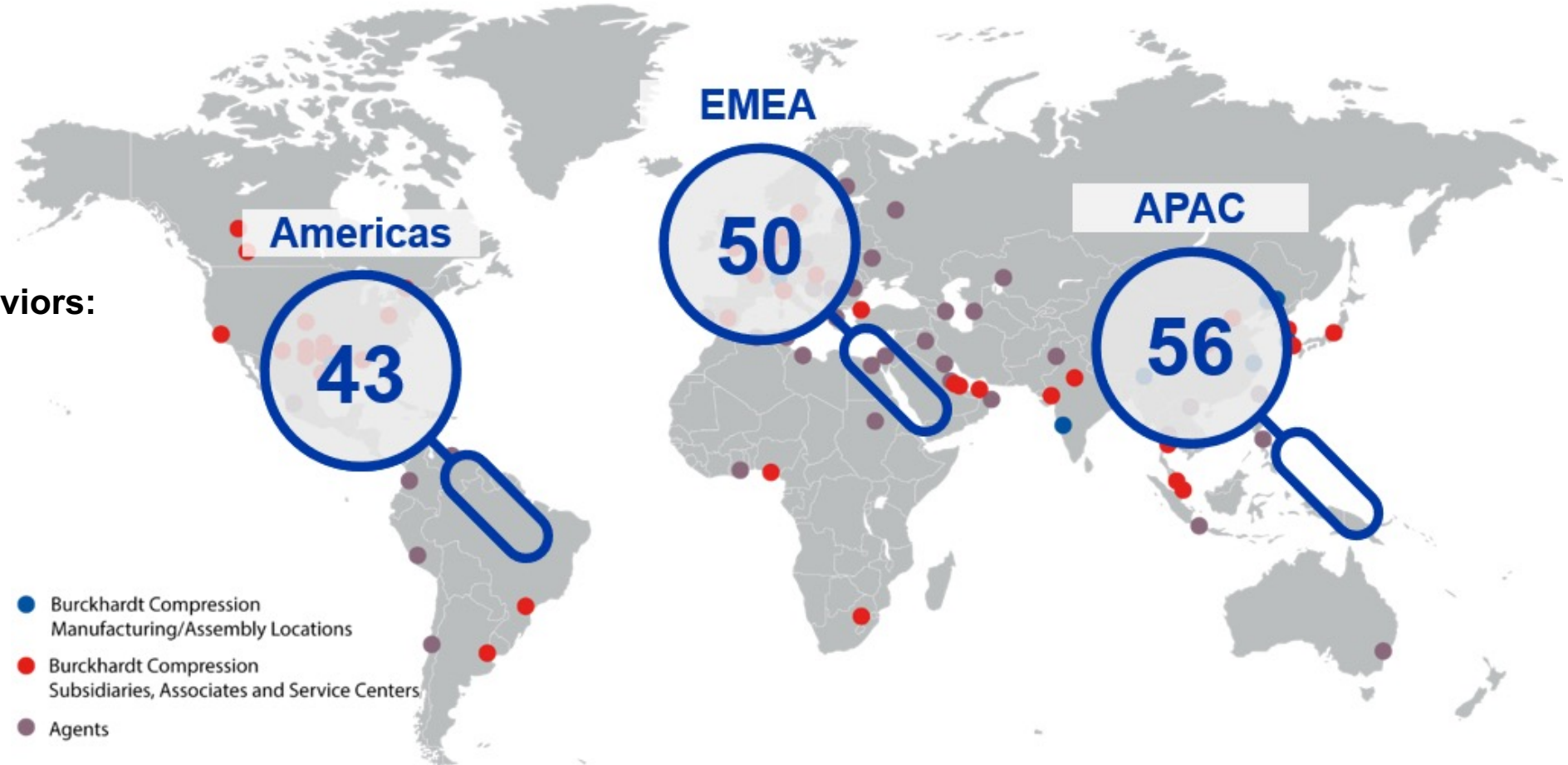
Strategic collaboration and engagement to contribute to e.g. net-zero ambitions of clients.

Attractiveness as employer is essential to find the right talents for our global growth ambitions

Open positions global

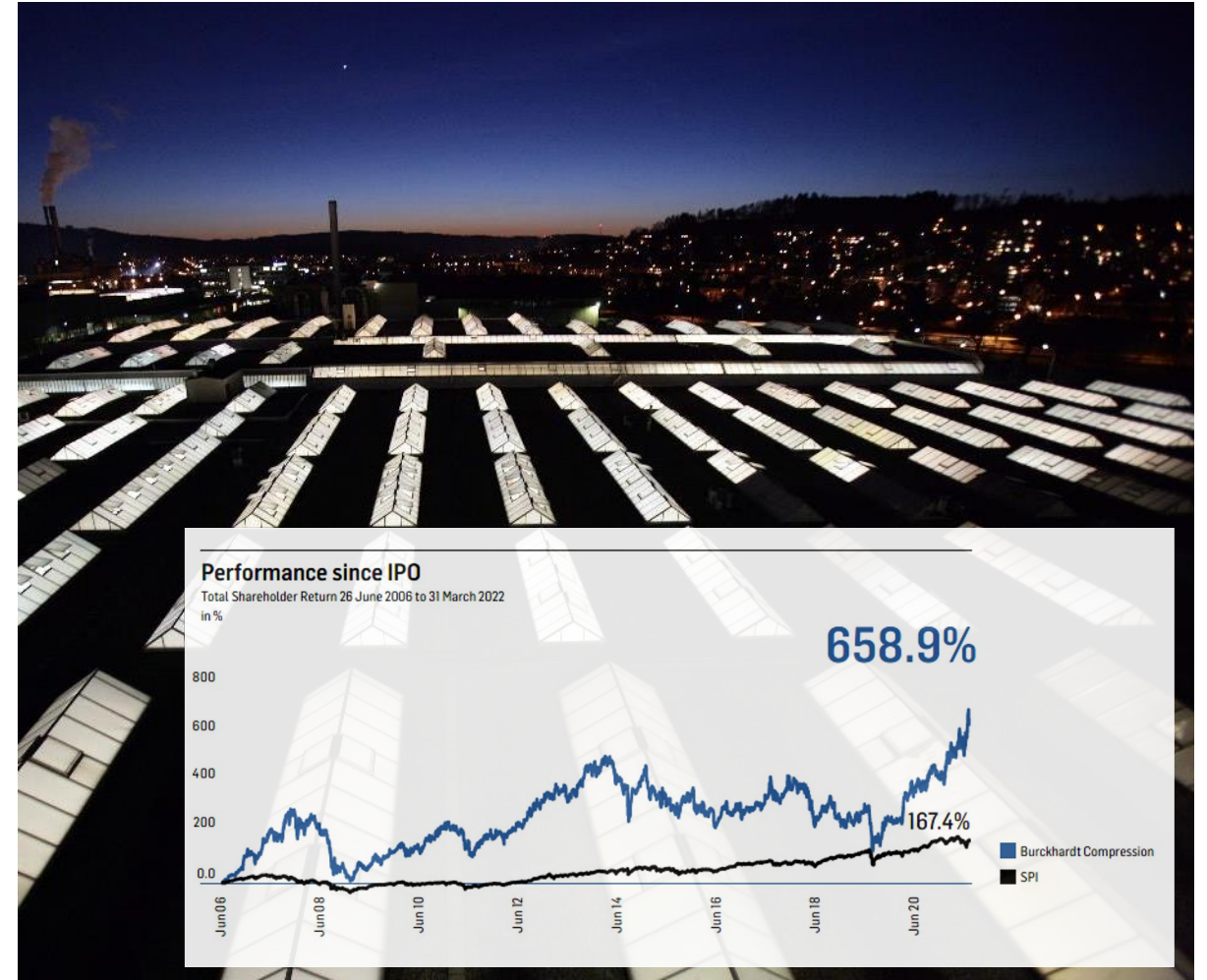
Culture, values & behaviors:

- Partnership
- Passion
- Performance
- **Responsibility***

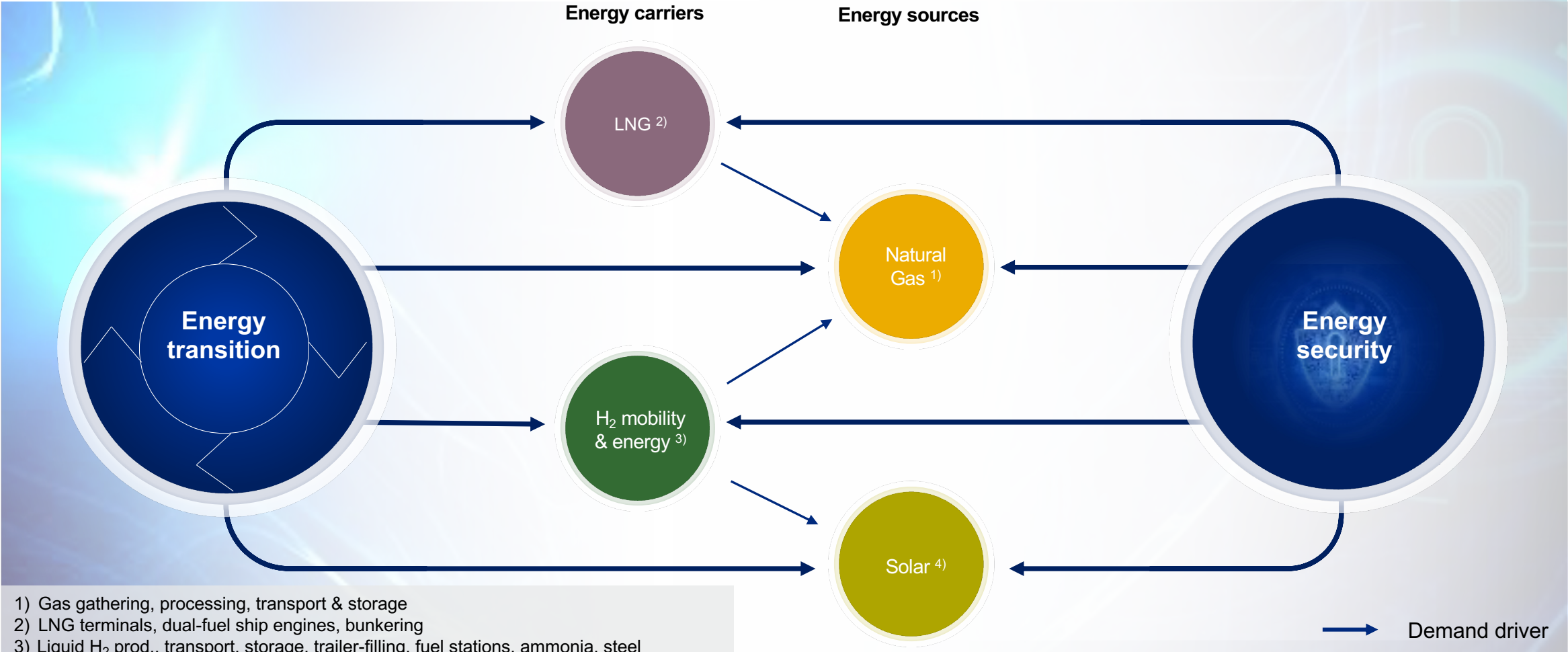


Sound governance essential for our long-term value creation

- Adhere to the Directive on Information Relating to Corporate Governance (DCG) issued by SIX Swiss Exchange, where applicable to Burckhardt Compression, and the “Swiss Code of Best Practice for Corporate Governance” issued by economiessuisse
- Disciplined approach to capital allocation underpins strategic execution and value creation objectives
- Clear and transparent governance structure with a strong engagement of management and employees



Burckhardt's key markets at the crossroads of global energy trends contributing to a more sustainable environment



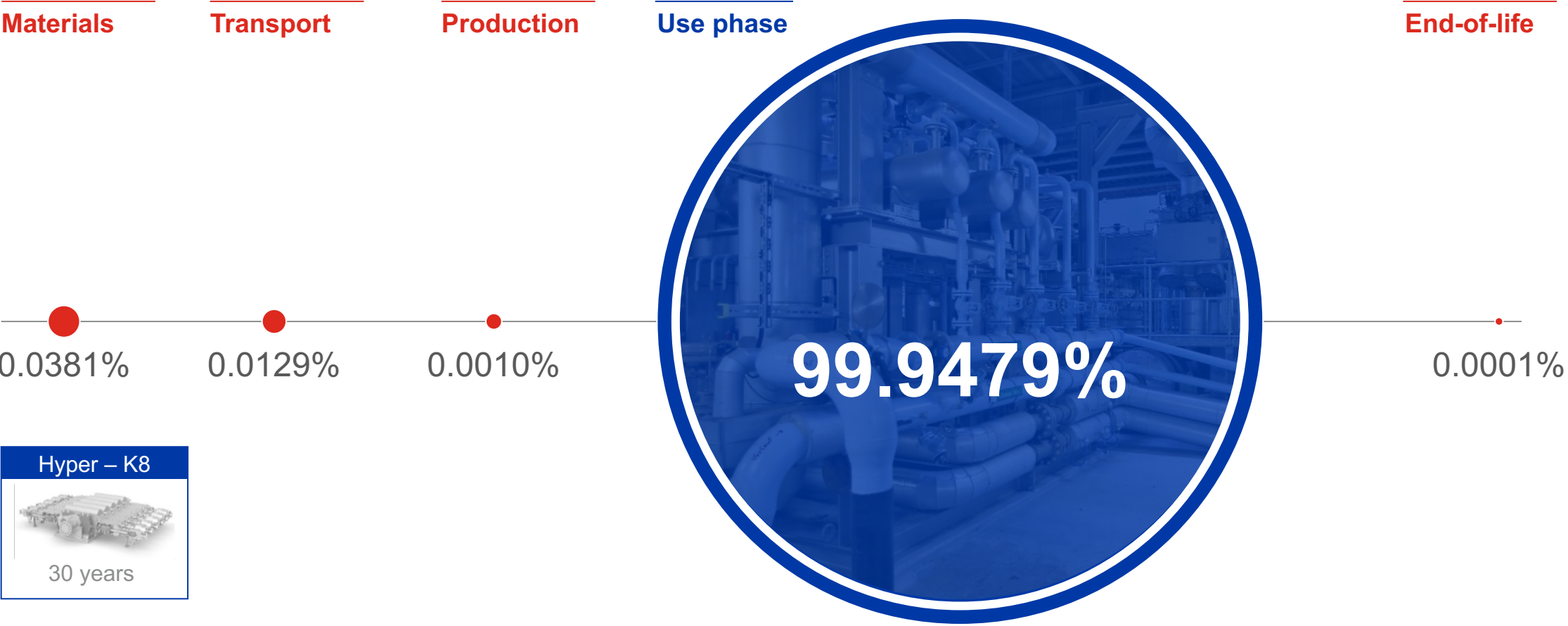
- 1) Gas gathering, processing, transport & storage
- 2) LNG terminals, dual-fuel ship engines, bunkering
- 3) Liquid H₂ prod., transport, storage, trailer-filling, fuel stations, ammonia, steel
- 4) LDPE/EVA & polysilicon production

→ Demand driver

We screened around 52% of total order intake for sustainability.

Huge potential to contribute to energy reduction and greenhouse gas reduction at our customers' premises

The CO₂ footprint of a compressor in its lifetime



Agenda

- **Burckhardt Compression in a nutshell**
- **Our history with ESG**
- **Why we accelerated our ESG journey**

What we do and how

- **What comes next**

We apply a holistic view on sustainability recognizing the duality along the entire value chain



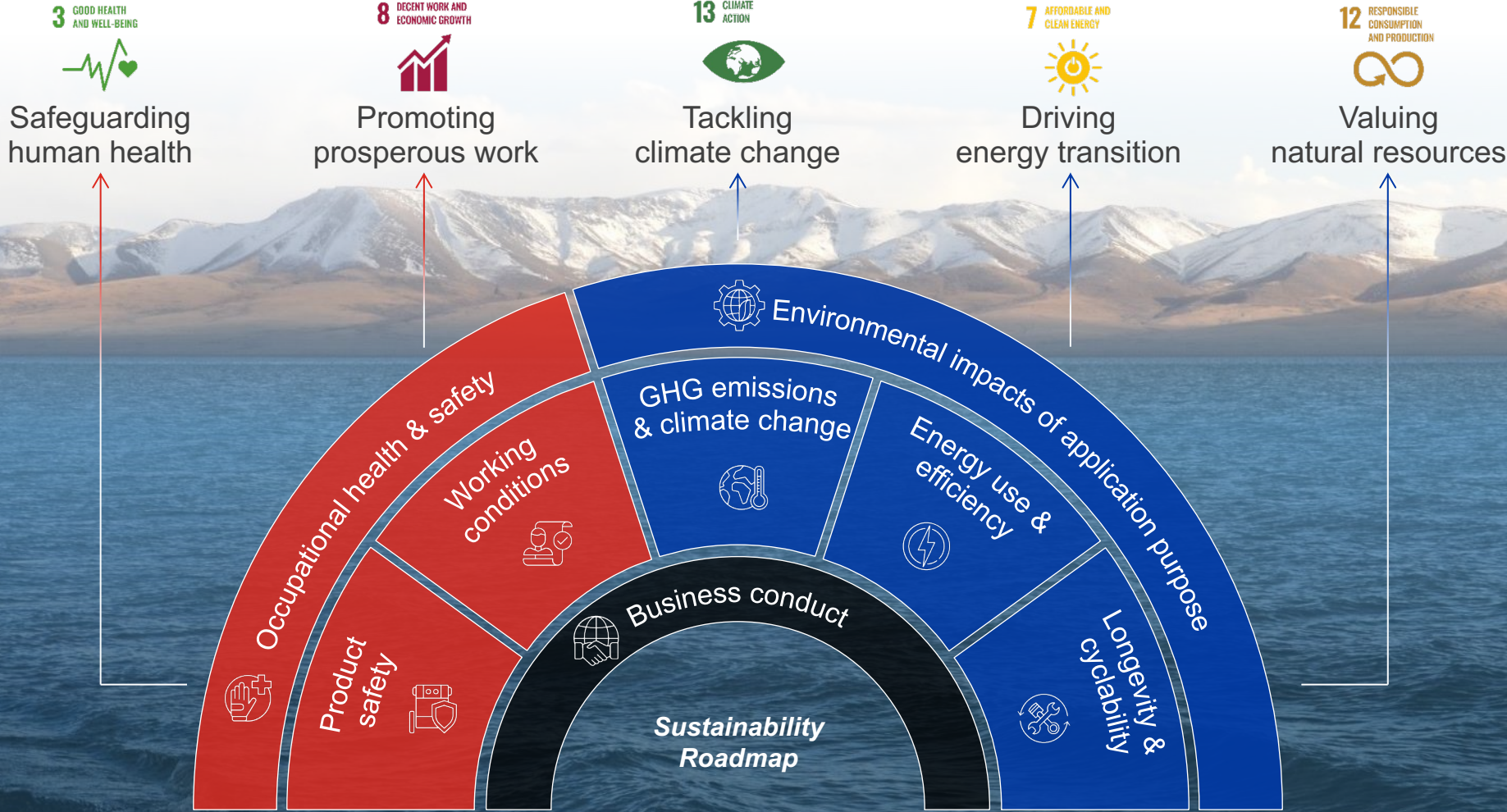
our impacts on economy, environment & society

- *reduce negative impacts*
- *enhance positive impacts*

implications on our activities and success

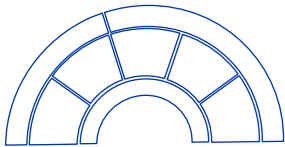
- *leverage opportunities*
- *decrease risks*

We focus on eight material topics and contribute to the Sustainable Development Goals



We published in June 2022 our first sustainability report following the Global Reporting Initiative (GRI)

Our approach and strategic framework



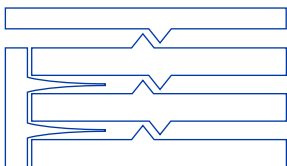
- Pragmatic and focused approach
- Link to Sustainable Development Goals

Our material sustainability topics



- Approach for 8 material topics
- Emphasis on climate change
- Global data collection & KPIs

Our sustainability governance



- Embedded into strategy process
- Strong leadership involvement
- Global employee engagement



Our performance in material environmental topics

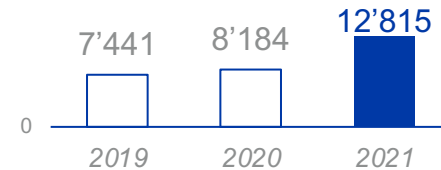


Climate

Scope 1
GHG emissions in tCO₂e

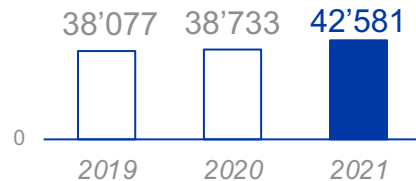


Scope 2
GHG emissions in tCO₂e

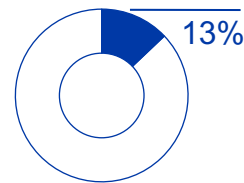


Energy

Energy use in MWh

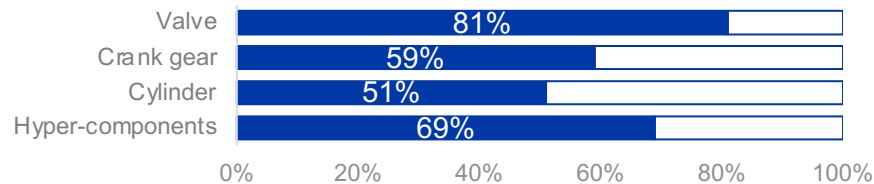


Renewable electricity



Longevity/
cyclability

Components reused / refurbished in service activities



Application
purpose

19%

Of new order intake classified as “new energy application” or “transitional application”.

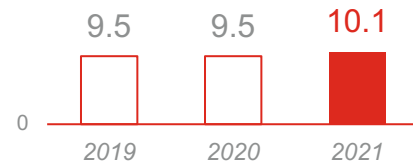
- ISO 14001-certified environmental management system
- Calculation of organizational and product carbon footprint
- Switched to 100% renewable electricity in CH and IT
- GreenCo Gold rating for Burckhardt Compression India
- Advancing in condition-based maintenance of compressors

Our performance in material social topics and business conduct

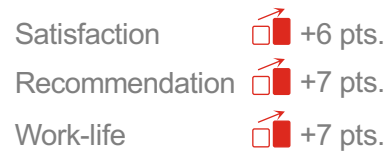


Working conditions

Turnover ratio in %

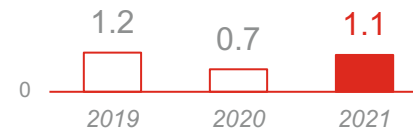


Employee survey score

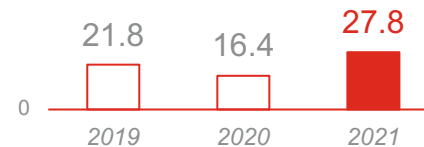


Health & safety

Lost time injury rate



Lost time workday rate



Product safety

0

Incidents registered related to product safety of our compressors.



Business conduct

0

Incidents registered related to corruption or anti-trust.

- Employee survey with a high participation rate of 90%
- Re-certification according to the new ISO 45001 standard
- Successfully completed an extensive test of our high-pressure compressors for marine applications
- Launch of our Speak Up complaints channel for internal and external stakeholders

Agenda




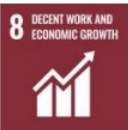









- **Burckhardt Compression in a nutshell**
- **Our history with ESG**
- **Why we accelerated our ESG journey**
- **What we do and how**

 **What comes next**

Next step is to anchor ESG in our strategy and purpose



Impact oriented sustainability strategy with clear commitments to the UN Sustainable Development Goals

Material topic	KPI	UN SDG goals
 GHG emissions & climate change	GHG emissions intensity scope 1 + 2	 3 GOOD HEALTH AND WELL-BEING GOOD HEALTH AND WELL-BEING
 Energy use and - efficiency	Share of renewable electricity in operations	 8 DECENT WORK AND ECONOMIC GROWTH DECENT WORK AND ECONOMIC GROWTH
 Longevity & cyclability	Sales in revamps & upgrades	 13 CLIMATE ACTION CLIMATE ACTION
 Environmental impacts of application purpose	Sustainability project rating	 7 AFFORDABLE AND CLEAN ENERGY AFFORDABLE AND CLEAN ENERGY
 Working conditions	Employee survey engagement score ³	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION RESPONSIBLE CONSUMPTION AND PRODUCTION
 Occupational health & safety	LTIR (lost time injury rate)	
 Product safety	Incidents related to product safety	
 Business conduct	Incidents related to corruption & antitrust	

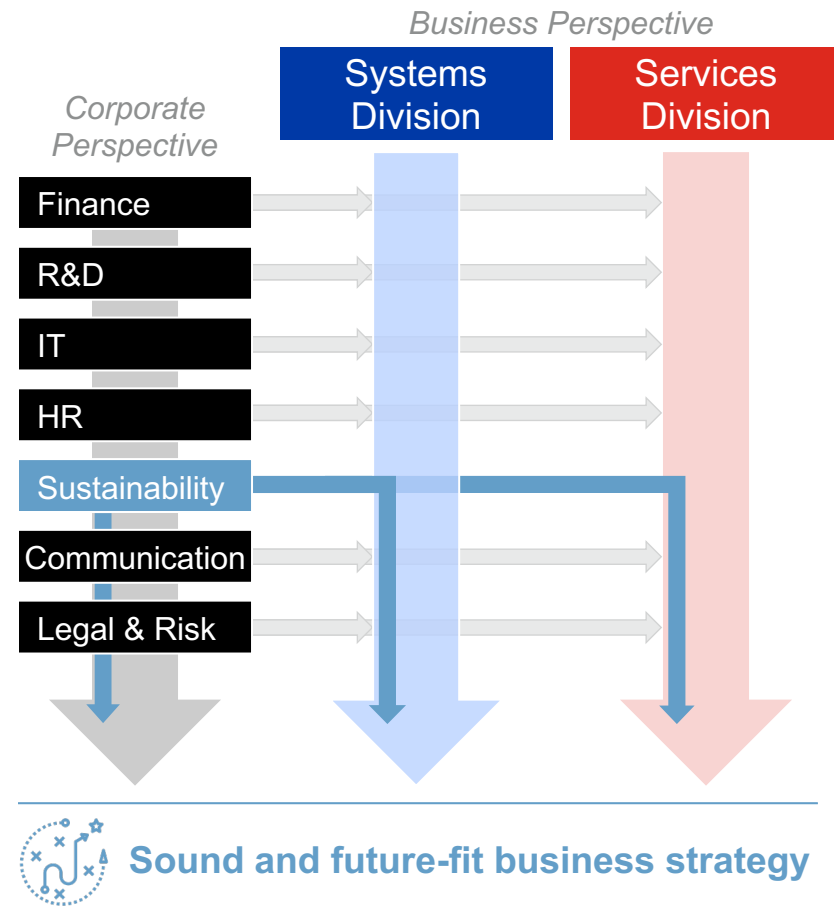
Burckhardt Compression targets	
Environment	Approx. 40% of business supporting energy transition in 2027
	Reduce GHG emission intensity by 50% by 2027 ²
	% of renewable electricity > 75% by 2027 ²
	Aspirations for net-zero by 2035 ¹
Social & Governance	Product safety = maintain zero incidents
	Corruption/antitrust cases = zero

¹ Scope 1 and 2

² Based on current survey methodology. Excluding the Shenyang foundry where we rely on renewable grid electricity or technological developments to achieve our ambitions (power requirements for furnaces and night shifts). We are committed to reduce emissions and increase renewable energy at the foundry as far as possible today and buy renewable grid energy or other options as soon as available.

Integrating sustainability in our strategy and organizational development

Full integration in Mid-Range Plan 2023-27



- ESG reflected in a **separate strategy stream** on par with other key corporate functions
- Corporate ESG strategy strengthen **organizational development** to reduce negative and enhance positive impacts
- ESG business **opportunities and risks** are integrated in divisional strategy development

Sustainability is becoming part of the core of our purpose and strategy

Systems



Developing new solutions to power the energy transition



Designing energy efficient and leakage-free compressor systems

Services



Enhancing longevity and sustainability of our products during their lifetime



Supporting customers to reduce energy consumption and gas leakages

Wrap-up and conclusions



Finding ESG roots in the company DNA helps to start the journey.

Linking ESG to business strategy enriches the purpose the company.

Energy and gases are essential for the world. Transform and optimize related applications will be key for a sustainable economy.

QUESTIONS?

ESG AS INTEGRAL PART OF OUR BUSINESS STRATEGY

ROLF BRÄNDLI – CFO
WINTERTHUR, MAY 16, 2023

