

Sustainability Report



Table of contents

3	Introduction
8	Governance
12	Strategy
	Focus topics
15	Environmental matters
46	Employee-related issues
68	Social issues
76	Combating corruption
85	Respect for human rights
	Indices
90	GRI index
99	Swiss Code of Obligations index
103	TCFD index
104	List of abbreviations
105	Limited assurance report
108	Disclaimer



Introduction

Dear esteemed readers,

As 2024 comes to an end, we reflect on a year marked by both progress achieved, and challenges met along our sustainability journey. Striking a balance between our sustainability goals, cost considerations, and ensuring appropriate profitability has been a central priority.

A major milestone in 2024 was the submission of our Science-Based Targets for validation by the Science Based Targets initiative (SBTi), where we identified key levers to achieve impactful CO₂e reductions across Scope 1, 2, and 3 emissions. We also took important steps to refine our **Double Materiality Assessment**, ensuring it aligns more closely with our strategic priorities, and updated our Supplier Code of Conduct to reflect these insights. Social sustainability advanced as well, with our procurement teams receiving dedicated training on human rights and social risks in the supply chain.

We are also proud of the strides made in fostering diversity within our leadership team, with the share of women in senior management continuing to grow. Employee well-being remains a priority, supported by targeted training initiatives, and our progress on occupational health and safety (OHS) certifications keeps us firmly on track to achieve our objectives.

Despite these achievements, 2024 also brought challenges. We faced a 7% decline in Group revenue compared to the previous year. This reduction influenced certain performance metrics, such as energy use and waste, which are closely tied to production volumes. While the improvement in these key performance indicators (KPIs) is visible, it also reflects lower production activity rather than direct sustainability initiatives.

Looking ahead to 2025, we remain focused on driving sustainability and innovation. Key priorities include the full implementation of our revised Supplier Code of Conduct and further advancing circular economy initiatives.

As we pursue our long-term vision of achieving net-zero emissions by 2050, we remain dedicated to fostering a culture of transparency, responsibility, and continuous improvement. The road ahead is challenging, but with the support of our employees, partners, and stakeholders, we are confident in our ability to build a more sustainable future.

Thank you for your continued trust and partnership.

With kind regards,



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



Matthias Huenerwadel
Chairman of the Group Executive
Committee, CEO

Sustainability Report 2024

Our approach to sustainability

As a global manufacturer and provider of indoor climate solutions, Zehnder Group operates within an industry with a significant environmental impact. We are committed to sustainable development, aligning our efforts with the United Nations (UN) Sustainable Development Goals (SDGs) and the principles of the United Nations Global Compact (UNGC), which we joined in 2022. Our sustainability strategy, based on a **Double Materiality Assessment**, addresses key areas such as environmental responsibility, social issues, and governance, focusing on reducing environmental impact, promoting fair labour practices, and enhancing transparency within our own business operations and throughout the supply chain.

Sustainability is deeply embedded in our operations through a range of policy commitments, including our Code of Conduct (CoC), Supplier Code of Conduct (SCoC), and the new Human Rights Directive. These policies are designed to align our activities and guide our suppliers toward adherence to international standards, such as the UN Guiding Principles on Business and Human Rights and International Labour Organization (ILO) conventions. We regularly review and update these policies to keep pace with evolving standards and expectations. Our Human Rights Due Diligence framework, overseen by the CEO and the Sustainability Steering Committee, aims to ensure that human rights are integrated into all operations, from risk assessments to ongoing monitoring.


We have established clear processes to address and remediate negative impacts that may arise from our operations. This includes regular risk assessments and implementing corrective actions, with a focus on adherence to our sustainability policies. We are committed to promptly investigating and resolving any issues that arise, maintaining our commitment to responsible business practices.

We offer multiple avenues for our employees and stakeholders to seek advice or raise concerns. Through our Zehnder Group Integrity Line, individuals can anonymously report any misconduct or violations of our policies. This ensures that all concerns are handled confidentially and with the utmost care, with safeguards in place against retaliation for those reporting in good faith.

We actively participate in various sustainability and industry associations. These memberships help us stay aligned with global engineering best practices and engage with other organisations that share our commitment to sustainable development. At Zehnder, we are dedicated to continuous improvement and upholding high standards in sustainability across all aspects of our business.

Our approach to reporting

Zehnder Group AG is a publicly listed – yet family-controlled – stock corporation headquartered in Gränichen, Switzerland. The Sustainability Report covers the entire scope of the business segments and all consolidated companies within the Group. These entities are aligned with the details provided in Zehnder Group's Annual Report, ensuring that the Sustainability Report includes data and insights from all relevant operational units of the Group across its global footprint. Following a same-year, all-year approach, acquisitions¹ executed in the reporting year are considered in the same reporting year on a full-year basis, and divestments² in the reporting year are removed from consideration. All data points collected and disclosed follow this principle, unless otherwise stated. Value chain information, both upstream and downstream, may be included through direct engagement with strategic suppliers and customers, as well as with end-users. Any remaining value chain information is based on research and the knowledge gathered from relevant stakeholders.

The Sustainability Report covers the reporting period from 1 January 2024 to 31 December 2024, in alignment with the Annual Report. Selected KPIs have undergone limited assurance by PricewaterhouseCoopers AG and have been marked with a checkmark , as described in the [Limited assurance report](#).

With this Sustainability Report, we aim to further increase transparency for our stakeholders by providing insights into Zehnder Group's sustainability strategy, highlighting our progress, and addressing the challenges we face. To meet evolving requirements, our annual Sustainability Report is a continuous effort. Starting from 2024, we report in accordance with the Global Reporting Initiative (GRI) Standards, and as in 2023, we report in compliance with the Swiss Code of Obligations. We are already collecting data according to the European Sustainability Reporting Standards (ESRS) as we aim to report under ESRS starting next year. Additionally, our reporting on "[Climate action](#)" complies with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The report is structured into chapters on [Governance](#) and [Strategy](#), followed by focus topics on [Environmental matters](#), [Employee-related issues](#), [Social issues](#), [Combating corruption](#), and [Respect for human rights](#). These topics have been identified using the principle of double materiality and align with the five non-financial reporting areas under the Swiss Code of Obligations. Each focus topic includes a section on "Impacts, risks, and opportunities" and a "Management approach", detailing how Zehnder addresses these risks through specific policies. The "Implementation and outlook" section outlines the actions taken, assesses their effectiveness, and includes KPIs. Adjustments based on new or updated data are noted, and figures that were unavailable or unpublished last year are marked as "n/a". The indices section includes the [GRI content index](#), a [Swiss Code of Obligations index](#), a [TCFD index](#), and a [List of abbreviations](#).

The key financial figures were finalised as part of Zehnder's 2024 Annual Report and can be accessed via the [Zehnder website](#).

¹In 2024, Zehnder Group acquired Siber.

²In 2024, Zehnder Group divested its Climate Ceiling Solutions business.

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An Integrated Report (financial and non-financial information) for the 2025 reporting year is planned for the first quarter of 2026.

Additional information on our commitment to sustainability is available on our [Sustainability website](#).

Purpose and structure of organisation

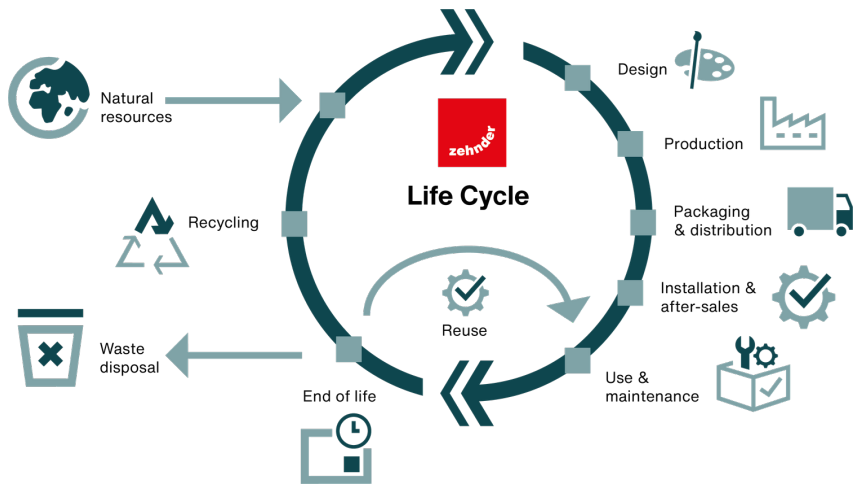
Organisational purpose

Description of the Zehnder Group business model

Zehnder Group is a global leader in providing solutions for indoor climate management. Its primary purpose is to enhance comfort, energy efficiency, and health in residential, commercial, and industrial spaces through innovative products and systems. Energy efficiency means reducing energy consumption while maintaining optimal indoor conditions, lowering costs and environmental impact. Health and comfort are achieved by ensuring fresh air circulation, consistent temperatures, and improved air quality for well-being and productivity.

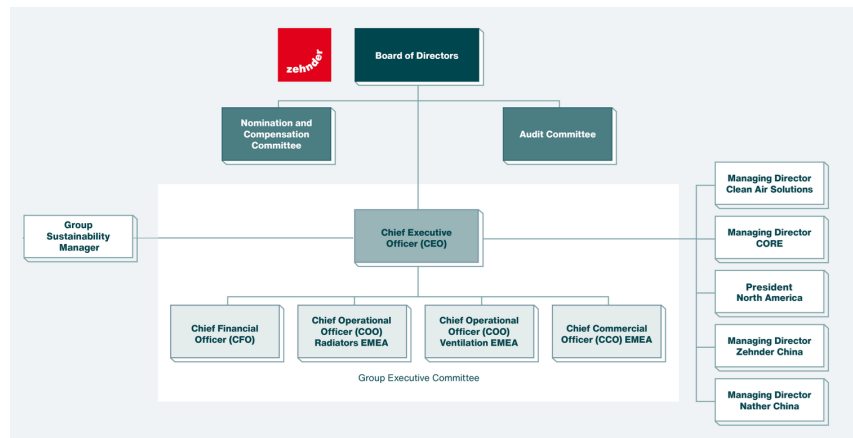
We design and manufacture our products in our own facilities across Europe, China, and North America. Our sales activities in over 70 countries are managed through local sales companies and representatives. Our value chain includes raw material acquisition, product development, procurement, production, distribution, customer support, and disposal. We maintain strong business relationships with suppliers, partners, and customers, guided by a commitment to sustainability and ethical standards. Since 2023, the company's Articles of Association have emphasised sustainable value creation as a core aspect of its corporate purpose, influencing both its operations and external partnerships.

The Zehnder value chain



Organisational structure

Organisational chart Zehnder Group



The role of "President North America" has been assigned as of 1 January 2025.

Sustainability organisation of Zehnder Group

Zehnder Group's governance framework ensures effective decision-making and a comprehensive oversight of sustainability impacts. This structure is designed to align the company's sustainability objectives with its operational and strategic goals.

Several committees form the foundation of this governance framework:

- The **Board of Directors**, as the highest authority, is responsible for managing and overseeing the sustainability strategy and its impacts. Comprised of seven non-executive members, five of whom are considered independent in accordance with best practice corporate governance standards. This means that they are not employed as a member of the Group Executive Committee, or by any subsidiary of Zehnder Group and have no material relationship with any part of the organisation.¹
- The **Audit Committee** comprises members from the Board of Directors and oversees effective management of sustainability and climate risks, integrating them into the overall risk management framework. It reviews significant risks and compliance on a regular basis and at least once a year.
- The **Nomination and Compensation Committee** comprises members of the Board of Directors and manages sustainability-related remuneration and incentives, ensuring that sustainability is factored into the compensation of senior executives.
- The **Group Executive Committee** comprises senior executives overseeing the company's operational management. Representing key functions and geographical regions, they ensure effective decision-making and drive the implementation of the sustainability strategy.
- The **Sustainability Steering Committee**, chaired by the CEO, includes the Chairman of the Board of Directors, the Group Executive Committee, and senior management members. It develops and oversees the company's sustainability strategy, ensuring alignment with corporate objectives and promoting cross-functional collaboration at the leadership level.

Stakeholder representation is embedded within the governance structure, with the Sustainability Steering Committee responsible for stakeholder engagement. Regular stakeholder analysis as part of materiality assessments ensures

stakeholder expectations are integrated into decision-making. The representation of underrepresented social groups has not yet been assessed, as an internal definition still needs to be developed.

¹Detailed external commitments of Board members are outlined in the [Corporate Governance Report](#).

Delegation of responsibility

The Board of Directors delegates responsibility for managing economic, environmental, and social impacts to senior executives, ensuring clear accountability and regular sustainability reporting:

- The **Group Executive Committee** is tasked with developing and implementing the sustainability strategy and defining the corresponding sustainability objectives, ensuring alignment with overall business goals and strategic priorities.
- The **Competence Centres**, including Radiators and Ventilation, the Managing Directors of Clean Air Solutions, CORE, Zehnder China and Nather China, and the President North America implement sustainability measures within their domains, collecting KPIs from production sites and submitting regular reports.
- The **Group Sustainability Manager**, reporting directly to the CEO and supported by two team members, coordinates sustainability processes, develops strategies, and ensures their execution across the organisation. Responsibilities include overseeing sustainability data collection and reporting, culminating in an annual review of the company's sustainability performance. This review, including the Sustainability Report and compliance updates aligned with frameworks such as GRI and TCFD, is then presented to the Board of Directors and the Group Executive Committee.
- The **Sustainability Steering Committee** serves as the central body for sustainability strategy development and decides on definitions of targets and the implementation of specific measures to achieve them.
- Other **Group Functions** that are not directly part of the Sustainability Steering Committee but represented by the CFO, like Legal and Compliance, Finance and Controlling, and Group Procurement, are heavily involved in implementing the sustainability strategy and driving measures to achieve the sustainability targets.

Reviewing and approving the information

The Board of Directors reviews and approves the reported information, including the organisation's material topics. This process involves a structured multi-level review, starting with local data collection and validation by sustainability ambassadors, followed by oversight from Group Controlling and Group Sustainability, and final approval by the Group Executive Committee before submission to the Board.

Expanding the collective knowledge

Zehnder Group has implemented initiatives to strengthen the sustainability knowledge and expertise of its Board of Directors, ensuring the Board is fully equipped to integrate sustainability into the organisation's overall strategy.

Sustainability expertise is a key criterion in recruiting new members; currently, five of the seven members bring insights from their involvement on other boards while four members have completed seminars and training programmes on sustainability-related topics. These programmes enhance their understanding of global sustainability trends, regulatory changes, and best practices.

Every two years, the Board of Directors conducts a self-assessment to evaluate its performance, including its approach to sustainability. This process helps to identify areas for improvement and ensures sustainability remains embedded in governance practices.

Prevention and mitigation of conflicts of interest

Zehnder Group has established clear procedures to prevent and manage conflicts of interest within its governance framework. These procedures are embedded in the Articles of Association and Organisational Regulations, outlining the responsibilities of Board members and senior executives, as well as in the Code of Conduct. Statutory rules limit the number of external engagements members of the Board of Directors can undertake, ensuring their duties remain aligned with the Group's interests.

Board members and senior executives are expected to avoid any conflicts of interest with Zehnder Group, including agreements or benefits that could impair their independent judgement. In case of a potential conflict, individuals must notify the Chairman of the Board of Directors in writing. If the conflict involves the Chairman, the notification is directed to the Vice-Chairman. The Chairman (or Vice-Chairman) assesses the situation and informs the Board of Directors if needed, recommending actions. In urgent cases, immediate measures can be taken and later reported to the Board of Directors.

All conflict disclosures and actions are documented to ensure transparency. Zehnder Group discloses material conflicts of interest to stakeholders where necessary, including areas such as cross-board memberships, business dealings between the company and governing bodies, or related parties. These transactions are conducted at arm's length to ensure fairness and transparency.

Communication of critical concerns

Critical concerns are routinely communicated to the Board of Directors, ensuring efficient and transparent handling of sustainability, risk, and compliance issues. The Audit Committee reviews significant risks, including compliance, legal, and sustainability issues, meeting regularly and receiving an annual compliance report on critical concerns. There is continuous communication between the Chairman of the Audit Committee and the Group General Counsel as well as the Head of Group Internal Audit, ensuring prompt escalation of critical legal or regulatory concerns to the highest governance levels.

Employees and stakeholders can raise concerns through internal reporting channels, such as compliance violations or operational risks, which are then escalated to senior management and communicated to the Board of Directors when deemed critical. The Board of Directors receives updates from the Sustainability Steering Committee on risks related to environmental, social, or economic impacts.

The number and nature of critical concerns raised during the reporting year are addressed within [Compliance and fair business practices](#).

Materiality and stakeholder analysis

Materiality analysis

In 2023, Zehnder conducted a Double Materiality Assessment in line with ESRS and European Financial Reporting Advisory Group (EFRAG) guidelines. Potentially material topics were identified from ESRS General Requirements, the UN SDGs, and internal insights. This initial list of over 80 items was refined through internal discussions and consensus to 21 final material topics.

To ensure inclusivity, 63 stakeholders – including employees, suppliers, customers, and Board members – were interviewed across multiple languages. Participants identified key topics and classified them as positive or negative impacts, risks, or opportunities based on their professional expertise. Materiality was rated on a 1-to-5 scale for likelihood and severity (for impacts) or financial effect (for risks/opportunities), considering mid-term changes (five to ten years). The final analysis balanced stakeholder insights with internal priorities, avoiding bias from frequently mentioned topics.

The collected data was analysed to assess impact and financial materiality, shaping Zehnder's sustainability strategy and resulting in a materiality matrix.

In 2024, Zehnder expanded its efforts by conducting a detailed TCFD analysis to evaluate climate-related risks and opportunities. This deepened our understanding of the financial implications of climate change. As a result, we integrated these insights into our strategy, and bolstered resilience against climate impacts, further strengthening our commitment to proactive climate action.

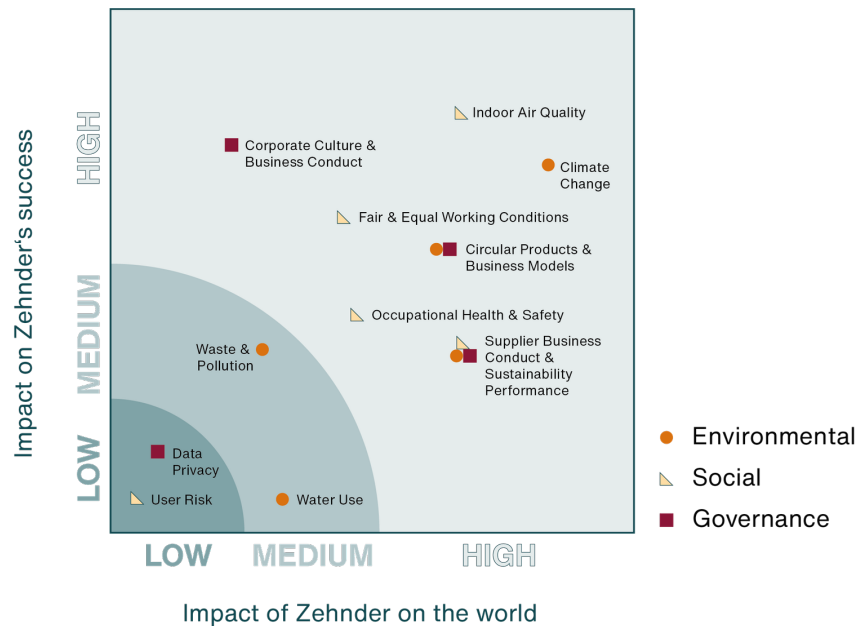
Building on these insights, the materiality assessment continues to guide how we prioritise and address sustainability topics, ensuring alignment with stakeholder expectations and internal objectives.

Feedback from leadership led to a reassessment and refinement of specific subtopics to enhance prioritisation and effectiveness. This included validating the data collection process and reorganising impacts, risks, and opportunities into more relevant categories, resulting in clearer priorities. A benchmark against industry peers confirmed alignment with sector best practices.

Key adjustments included merging overlapping topics for the sake of simplicity, renaming "User Safety" to "User Risk" for clarity, and adding "Indoor Air Quality" to reflect its importance to stakeholders. "Biodiversity" was removed as a standalone topic due to low financial and impact materiality, with its relevance integrated into related areas like "Waste & Pollution" and "Water Use," aligning with the ESRS focus on direct impacts.

The updated materiality matrix was refined for clarity, and visually enhanced, ensuring alignment with leading practices in sustainability reporting.

Materiality Matrix



Indoor Air Quality is a key topic, offering significant benefits to customers by enhancing health and comfort through our products. Stakeholders consistently emphasised its importance during interviews. However, as it aligns closely with our core business purpose rather than representing a distinct sustainability challenge, it is not explored in detail in this report.

Our other material topics are thoughtfully integrated and reflected throughout the report as follows:

- **Climate action:** **Climate Change** is addressed through our emissions, energy savings via heat recovery ventilation, and strategies to manage physical and transition risks.
- **Resource-efficient production:** Covers **Waste & Pollution** management, including packaging, scrap, and hazardous chemicals, and addresses **Water Use** at key production sites.
- **Circular products and innovation:** Emphasises **Circular Products & Business Models** including reparability, sustainable materials and renovation-friendly solutions.
- **Occupational health and safety:** Prioritises the well-being of employees, especially in production environments with a strong focus on **Occupational Health & Safety**.
- **Attractive employer:** Highlights initiatives to boost employee engagement and a supportive workplace culture.
- **Diversity, equal opportunity, inclusion, and decent work:** Addresses **Fair & Equal Working Conditions**, including pay equity, diversity and inclusion, and anti-harassment measures.
- **Sustainable purchasing:** Focuses on **Supplier Business Conduct & Sustainability Performance**, emphasising alignment with our ethical standards.
- **Compliance and fair business practices:** Promotes **Corporate Culture & Business Conduct** by fostering transparency and compliance while preventing unethical practices.

- **Upholding human rights:** Covers risks and due diligence efforts to ensure fair treatment in operations and supply chains.

Stakeholder analysis

We identify our stakeholder categories by assessing their relevance to our operations, their influence on our business, and the potential impact of our activities on them. Stakeholders include individuals and organisations with financial, legal, ethical, or environmental expectations of Zehnder Group. This assessment is informed by consultations with internal teams across different branches to compile a comprehensive list. We then prioritise these stakeholders based on their significance to our sustainability goals, focusing on key groups such as employees, customers, suppliers, investors, financial analysts, rating agencies, and non-governmental organisations.

The primary aim of our stakeholder engagement is to gather insights that align our sustainability strategy with the expectations and concerns of those directly or indirectly affected by our activities. This engagement helps us pinpoint critical sustainability topics, identify potential risks and opportunities, and ensure that our actions are both socially responsible and environmentally sustainable. Transparent communication enhances decision-making, fosters trust, and builds lasting relationships.

Communication with stakeholder groups

We engage with our diverse stakeholder groups through structured and inclusive approaches that are vital to advancing our sustainability goals. Our tools and channels to communicate with our stakeholders include:

- **Interviews, surveys, and workshops:** We collect feedback and insights through tailored interviews, surveys, and workshops conducted in multiple languages, ensuring relevance and actionable results.
- **Annual and Sustainability Report:** Key figures, sustainability initiatives, and critical topics are communicated to shareholders and other stakeholders via our Annual Report and Sustainability Report, along with ad hoc announcements and media releases.
- **Presentations and roadshows:** We maintain transparency vis-à-vis our financial stakeholders through annual presentations for analysts, investor roadshows, conferences, and dedicated investor days.
- **Corporate governance meetings:** The Chairman of our Board of Directors engages with investors and proxy advisors to discuss corporate governance topics.
- **Trade fairs and training sessions:** Direct interactions with customers occur during trade fairs, customer visits, and training courses, where we exchange information and gather feedback.
- **Collaboration with experts:** We consult with specialists from organisations like the UNGC to align our practices with global sustainability standards.
- **Supplier screening and audits:** We closely collaborate with high-risk suppliers through rigorous screening, assessments, and audits, focusing on sustainability criteria to uphold our supply chain standards.

Environmental matters: Introduction

Shaping a resilient future

This section provides an overview of Zehnder Group's sustainability approach towards **Climate action**, **Resource-efficient production**, and **Circular products and innovation**. The subsequent subchapters explore the impacts, risks, and opportunities associated with our operations and products, along with our management approach to addressing these challenges. Although "Biodiversity" is no longer classified as a material topic, Zehnder remains committed to protecting ecosystems by minimising pollutants and complying with environmental regulations. Biodiversity-related initiatives are covered under **Resource-efficient production**.

We are dedicated to reducing greenhouse gas (GHG) emissions across our value chain. By investing in energy-efficient technologies, transitioning to renewable energy sources, and aligning with the SBTi, we are targeting net-zero emissions by 2050. Climate-related risks, such as extreme weather events and evolving regulatory frameworks, are integrated into our Enterprise Risk Management (ERP) framework to strengthen our business resilience.

Our operations, particularly in radiator manufacturing, are resource-intensive. To mitigate the impact of this, we are optimising water usage, reducing waste, and minimising CO₂e emissions¹ in our production processes. Key initiatives include water recycling and adopting alternative surface treatments to lessen the environmental impact of our facilities. In parallel, we are actively increasing recycling rates and improving waste management practices to meet our sustainability targets.

By prioritising circular design, we aim to minimise waste and extend product life cycles. Key initiatives in this area include implementing a Circular Design Guideline, conducting life cycle assessments (LCA), and exploring circular business models such as ventilation-as-a-service in Clean Air Solutions. These efforts are expected to reduce our environmental footprint while aligning with the growing market demand for sustainable solutions, supporting our long-term commitment to sustainability.

¹We always refer to CO₂e, including all relevant GHG emissions as per GHG Protocol: Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃)

Climate action

Impacts, risks, and opportunities

Impacts

Our business contributes to global climate change, particularly through Scope 3 emissions generated during the use phase of our products, such as electric radiators, heating, and cooling systems. Our Scope 1 and Scope 2 emissions primarily stem from electricity and gas use in our production sites, particularly in energy-intensive processes like welding, drying, surface coating, and the generation of compressed air. Although these CO₂e emissions represent a smaller share compared to Scope 3, their reduction is central to our internal decarbonisation efforts.

Our ventilation systems also create a positive environmental impact by improving energy efficiency. Compared to traditional ventilation systems, our systems with integrated heat recovery reduce heating energy demand by capturing and reusing heat from outgoing to incoming air that would otherwise be lost, heating costs and minimising heat loss and in summer times the cool loss. The systems we sold in 2024 will use approximately 11.1 times less energy compared to traditional ventilation systems, avoiding 27.5 million GJ of energy use and 1,298,464 t CO₂e emissions over their lifetime, with an energy efficiency ratio of 1 to 7.3.¹

¹Emissions and energy consumption are calculated for the full product use phase, and do not include emissions at other phases such as production, transport, or disposal. Estimated product lifetimes vary between 8 and 20 years, depending on the product line. Grid emissions are split by country (source: International Energy Agency (IEA)). They are assumed to remain constant during product lifetime. Lost heat is replaced by heating systems, split between heat pumps (energy efficiency ratio of 3 as a conservative choice for renewables) and natural gas heaters (85% conversion efficiency). Natural gas heaters were selected as the conservative choice for non-electrical heating. Natural gas is assumed to have an emission factor of 182.9 g CO₂e/kWh (source: DEFRA 2024 v1.0). The ratio of natural gas heaters to heat pumps is country-dependent and is generated using values provided by the Institute of Building Technologies and Energy at Lucerne School of Engineering and Architecture (HSLU), Switzerland, based on current national ratios of fossil-to-fossil-free heating methods.

Data sources for heating per country:

USA: [US Energy Information Administration](#), Canada: [Canada Energy Regulator](#),

China: [US Energy Information Administration](#), EU: [Eurostat](#), UK: [Statista](#), Switzerland: [Energie Schweiz](#),

Other: Assumption 80-20 split between fossil and fossil-free.

The ratio of CO₂e consumption to an alternative system is calculated as 1 to 7.3. Assuming exclusively heat pump heating and considerable global grid decarbonisation (20 g CO₂e/kWh) reduces the ratio to 1 to 3.7.

The original 2023 figures were incorrectly calculated due to an error in the calculation formula, and were originally reported as 1,921,578 t CO₂e of avoided emissions, with a ratio of actual emissions to alternative system emissions with no HRV of 1 to 6.2. The corrected figure for 2023 is 1,703,587 t CO₂e, with a ratio of 1 to 5.6. The difference from the corrected 2023 figure (1,703,587 t CO₂e) to 2024 figures can be ascribed to changes in the countries where products were sold, affecting national grid emissions, as well as a general decline in HRV unit sales.

Risks and opportunities

The TCFD assessment of climate-related risks and opportunities identified that climate change presents physical risks to our operations that are expected to increase in both frequency and severity.

In the short-term (under 12 months), Zehnder faces risks from extreme weather events disrupting operations and supply chains and potentially causing facility damage. Rising energy and carbon costs due to tighter regulations pose immediate challenges. Opportunities include building trust through climate risk disclosure, leveraging incentives for sustainable projects, and adapting early to shifting market demands for sustainable products.

In the medium term (one to three years), with a continuing increase in carbon taxes, shifting to renewable energy sources and increasing energy efficiency, while beneficial in the long run, will require substantial investments in technologies and new product development, potentially impacting short-term profitability. Adding to this challenge, the upcoming F-gas regulation mandates a shift to natural refrigerants within two years to meet legal environmental standards. To comply with this requirement, we are phasing out synthetic cooling agents in our climate products and adopting natural alternatives, particularly R290 (propane). Despite these hurdles, our expertise in energy-efficient systems positions us to capitalise on growing demand from climate-conscious consumers.

Long-term risks (more than three years) include locked-in emissions from existing assets, which could slow down progress toward our CO₂e reduction targets, especially if carbon costs rise. Retrofitting older facilities to reduce CO₂e emissions may be necessary. Chronic climate risks, like increased heat and aridity, could also affect sites in high-risk areas, such as China and Canada.

As global temperatures rise, demand for solutions that mitigate overheating will likely grow, bolstering our market presence. Our proactive approach helps us anticipate potential impacts while capitalising on emerging opportunities for sustainable growth.

Management approach

Governance

Zehnder Group integrates climate-related governance into its sustainability structure, employing tailored processes to address climate risks and opportunities effectively. The Sustainability Steering Committee, tasked with advancing the climate strategy, updates the Board of Directors on progress and challenges regarding CO₂e emissions reduction, energy efficiency, and decarbonisation initiatives. As the Chairman of the Board of Directors is also a member of the Sustainability Steering Committee, a direct connection between the committee's activities and the Board's oversight is ensured. The Audit Committee reviews the effectiveness of climate risk management measures annually, ensuring their integration into the broader risk management framework.

The Board of Directors actively integrates climate-related considerations into strategic planning. Therefore, our climate targets are validated by the SBTi. Climate factors are incorporated into major action plans, risk policies, budgets, and business plans, aligning with long-term business objectives and guiding decisions on capital investments, acquisitions, and divestments. Furthermore, climate-related risks play a key role in setting performance objectives and monitoring overall progress.

Within our organisational structure, responsibilities are clearly defined. The Group Executive Committee, supported by the Sustainability Steering Committee, oversees the implementation of our climate strategy, ensuring we meet the SBTi targets. The Group Sustainability Manager coordinates the climate strategy, collects data, and ensures compliance with international standards. The Competence Centres handle the operational execution, tracking KPIs such as CO₂e emissions and energy consumption, which are reported to the Steering Committee. This structured approach ensures consistency in executing the climate strategy across all levels, with comprehensive reporting up to the Board of Directors.

Strategy

We are committed to growth without environmental damage. In alignment with the SBTi, we have set reduction targets for Scope 1, 2, and 3 emissions, aiming for net-zero CO₂e emissions by 2050, with interim targets set for 2033.

Our decarbonisation strategy, based on a comprehensive analysis of CO₂e emission sources, is supported by a detailed roadmap outlining key actions. These include enhancing energy efficiency, transitioning to renewable energy, and advancing circular product innovation. Initial priorities focus on high-impact initiatives such as installing photovoltaic parks, transitioning from fuel-powered to electric vehicles, and adopting certified green electricity mostly in line with RE100 standards.

We will pursue more advanced technical projects, such as upgrading technologies in specific radiator production processes to achieve further emission reductions. At the same time, we are investing in equipment upgrades, optimising energy management systems, and developing low-carbon heating and cooling solutions, such as heat pumps and ventilation systems with integrated heat recovery. Approved by the Board of Directors, this strategy is fully aligned with our business objectives.

Our strategy is based on a scenario analysis to evaluate the effects of low-emission (+1.5°C) and high-emission (+4°C) pathways, assessing physical and transition risks on operations, finances, and supply chains. Investments in renewable energy and energy-efficient technologies aim to mitigate exposure to energy cost volatility and carbon taxes. Simultaneously, developing products that align with a low-carbon economy enables us to seize opportunities in shifting markets and regulations. The results of these scenario analyses are integrated into our financial planning, allowing us to proactively adjust our strategy and remain resilient.

We use various metrics to assess climate-related risks and opportunities, such as CO₂e emissions, energy consumption, and the share of renewable energy in our operations. We also evaluate the potential financial impact of carbon pricing on our business. Climate-related performance metrics are linked to our remuneration policies, with 30% of the long-term bonus for the Group Executive Committee tied to sustainability targets, including climate goals. We are exploring the extension of similar incentives to other staff, reinforcing a commitment to sustainability across the organisation.

Risk management

Climate-related risks are fully embedded in our Enterprise Risk Management framework, enabling a systematic approach to their identification, assessment, and management. Zehnder actively monitors global climate regulations to maintain compliance and adapt to emerging requirements.

Risk materiality is evaluated based on potential cash flow impacts. Mitigation strategies include investing in energy-efficient technologies, retrofitting facilities, and adjusting supply chain practices to boost resilience. Management regularly assesses whether to mitigate, transfer, accept, or control risks, ensuring alignment with strategic objectives.

This integrated approach ensures climate-related risks are managed alongside other business risks, enabling informed decision-making, proactive risk management, and the ability to capitalise on emerging opportunities.

Implementation and outlook

To implement the above management approach and policies, we defined two ambitions, each supported by one or more targets and monitored via specific KPIs.

Targets

Ambition: Reduce greenhouse gas emissions and achieve net-zero emissions by 2050 for Scope 1, 2, and 3

Target: Submit science-based targets for validation by the SBTi

- **Status:** In the meantime, we have successfully submitted our science-based targets for validation to the SBTi. Our goal is a 55% reduction in Scope 1 and 2 emissions, and a 33% reduction in Scope 3 emissions by 2033, from a 2023 baseline. These targets align with the SBTi pathway to limit global warming to 1.5°C for Scope 1 and 2, and well below 2°C for Scope 3.
- **Outlook:** By 2050, we aim to achieve net-zero emissions by reducing CO₂e emissions by at least 90% across all scopes and neutralising any remaining CO₂e emissions through carbon removals. Following the submission to SBTi, in 2025 we will continue implementing our decarbonisation roadmap, focusing on further energy reductions and expanding the use of renewables.

Target: Reduce Scope 1 and 2 emissions

- **Status:** In 2024, our Scope 1 emissions amounted to 8,377 t CO₂e, reflecting a 9.2% decrease from the restated 2023 figure (details in the GRI 305-1 table footnote). Scope 2 emissions (market-based) totalled 7,670 t CO₂e, representing a 9.3% decrease from the restated previous year (details in the GRI 305-2 table footnote). Together, Scope 1 and 2 emissions made up approximately 1.0% of our total emissions. These reductions stem from lower production volumes at some production sites but also from efforts to minimise fossil fuel use for heating and to optimise electricity consumption.
- **Outlook:** We aim to increase the share of renewable electricity in our operations. Currently, 48.2% (45.5% in 2023) of our electricity consumption is certified as 100% renewable. The primary driver of our Scope 1 and 2 emissions reductions will be the purchase of green electricity through energy attribute certificates (EACs), a focus area with significant potential in the coming years. Through group-wide coordination for the largest business units we aim to purchase EACs that meet the technical criteria of RE100, the global corporate renewable energy initiative. Complementing this, ongoing photovoltaic installations at multiple sites are expected to enhance our energy independence and reduce CO₂e emissions. We are starting to replace phased-out fuel-powered vehicles with electric vehicles for our European operations, focusing on regions where this shift is both practical and impactful.

Target: Reduce Scope 3 emissions:

- **Status:** For Scope 3, all relevant categories as defined by the GHG Protocol were included (details in the GRI 305-3 table footnote). In 2024, Scope 3 emissions amounted to 1,602,591 t CO₂e, 14.5% less than in the previous year, constituting 99.0% of Zehnder's total carbon footprint. A miscalculation in the 2023 report resulted in more emissions being reported than should have been for the use phase of sold products. This has led to a significant change in Scope 3 emissions and has triggered a restatement of the 2023 figures for all Scopes. Details about the restatements can be found in the footnotes of the GRI tables below.

The use phase of electrical products sold over their lifetimes remains the primary source of Scope 3 emissions, accounting for 74.1% of Scope 3 emissions and showing a 15.0% decrease compared to 2023. Purchased goods are the second-largest contributor at 22.8% of Scope 3 emissions. Electronics make up 62.1% of purchased goods emissions, followed by metals (25.3%) and non-packaging plastics (8.9%), together making up 96.3% of this category's emissions. Combined, there was a 14.7% decrease in emissions from purchased goods compared to the previous year.

- **Outlook:** We aim to develop products with a 20% lower environmental impact for new launches after 2025. One of our key levers is improving the energy efficiency of our electrical products, given the use phase is by far the biggest contributor to our total CO₂e emissions. Other efforts include increasing recycled content or alternative materials and collaborating with suppliers to implement emissions reduction strategies, as their Scope 1 and 2 emissions affect our Scope 3 purchased goods emissions.












Ambition: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters**Target: Analyse the recommendations of the TCFD and further embed climate risks into risk management process and internal control system**

- **Status:** In 2024, we aligned with TCFD recommendations by embedding climate-related risks into our risk management and control systems. An in-depth analysis of climate risks and opportunities was conducted, with the evaluation based on likelihood and potential impact. The findings from the physical risk assessment were integrated into our risk management process, using a risk ratio to score site vulnerability to various hazards. Additionally, transition risks identified through the TCFD analysis were incorporated into the Group-level risk management framework. As a result, climate risks are now systematically embedded in our routine assessments and internal control processes, ensuring they are consistently addressed in strategic planning.
- **Outlook:** We will enhance our internal controls to ensure that climate-related risks are first of all consistently monitored, and we will continue to update our risk management practices to address emerging climate challenges on an ongoing basis.

Metrics

GRI 302: Energy 2016

Disclosure 302-1 Energy consumption within the organisation

Indicator description	Unit of measure	2024	2023	Change from prior year
Total fuel consumption from non-renewable sources ¹	GJ	150,417 	163,855	-8.2%
Total fuel consumption from renewable sources	GJ	52 	41	25.8%
Total electricity consumption ²	GJ	141,500 	147,180	-3.9%
Total heating consumption	GJ	12,058 	13,264	-9.1%
Total cooling consumption	GJ	- 	-	-
Total steam consumption	GJ	- 	-	-
Total electricity sold ³	GJ	3,161 	3,675	-14.0%
Total heating sold	GJ	- 	-	-
Total cooling sold	GJ	- 	-	-
Total steam sold	GJ	- 	-	-
Total NET energy consumption⁴	GJ	304,027 	324,340	-6.3%


The methodology follows the GHG Protocol. Scope 1 and 2 activity data has been centrally collected through Zehnder's Hyperion Financial Management system (consolidation tool). Reporting units were pre-defined and data collection adhered to the operational control approach.

The source of the conversion factors used was DEFRA 2023 v1.0.

- 1 The 2023 figure has been restated due to changes in company structure. The original reported figure for 2023 was 165,077 GJ.
- 2 The 2023 figure has been restated due to changes in company structure. The original reported figure for 2023 was 145,123 GJ.
- 3 Sold electricity is excluded from NET energy consumption.
- 4 The 2023 figure has been restated due to changes in company structure. The original reported figure for 2023 was 323,506 GJ.

GRI 302: Energy 2016

Disclosure 302-2 Energy consumption outside of the organisation



Indicator description	Unit of measure	2024	2023	Change from prior year
Energy consumption outside of the organisation	GJ	24,252,961 	26,633,917	-8.9%

The energy consumption information only encompasses the use of sold and leased products. Data for other up- and downstream categories is unavailable. The estimated highest energy consumption is based on the use of sold products, calculated over their product lifetime. On the other hand, the energy consumption for leased products is calculated solely for the reporting year (12 months).

The 2023 figure has been restated due to changes in company structure and errors in reported activity data. The original reported figure for 2023 was 36,855,652 GJ.

GRI 302: Energy 2016

Disclosure 302-3 Energy intensity

Indicator description	Unit of measure	2024	2023	Change from prior year
Energy intensity ratio for the organisation using energy consumption within the organisation ¹	GJ/TEUR	0.43 	0.43	-
Energy intensity ratio for the organisation using energy consumption outside of the organisation ²	GJ/TEUR	34.36 	34.95	-1.7%
Energy intensity ratio for the organisation using energy consumption both within and outside of the organisation ³	GJ/TEUR	34.79 	35.37	-1.6%

The energy included in the intensity ratio is fuel, electricity and heating.

The energy consumption outside of the organisation only encompasses the use of sold and leased products. Data for other up- and downstream categories is unavailable. The estimated highest energy consumption is based on the use of sold products, calculated over their product lifetime. On the other hand, the energy consumption for leased products is calculated solely for the reporting year (12 months).

The organisation-specific metric (the denominator) chosen to calculate the ratio was net sales (EUR 705.8 million in 2024 and EUR 762.1 million in 2023).

- 1 The 2023 figure has been restated due to changes in company structure. The original reported figure for 2023 was 0.42 GJ/TEUR.
- 2 The 2023 figure has been restated due to changes in company structure and errors in reported activity data. The original reported figure for 2023 was 48.70 GJ/TEUR.
- 3 The 2023 figure has been restated due to changes in company structure and errors in reported activity data. The original reported figure for 2023 was 49.12 GJ/TEUR.

Energy circularity



Renewable energy

Indicator description	Unit of measure	2024	2023	Change from prior year
Energy circularity: Renewable energy in % of total net energy consumption	%	23.3	21.6	1.7pp

Energy circularity only refers to energy consumed within the organisation.

The 2023 figure has been restated due to changes in company structure. The original reported figure for 2023 was 21.7%.

GRI 305: Emissions 2016**Disclosure 305-1 Direct (Scope 1) GHG emissions**

Indicator description	Unit of measure	2024	2023	Change from prior year
Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent ^{1,2}	t CO ₂ e	8,377 	9,223	-9.2%
Biogenic CO ₂ emissions in metric tons of CO ₂ ^{3,4}	t CO ₂	177 	184	-3.7%



Scope 1 emissions consist of 65.7% heat and cold from fossil fuels, 33.3% fossil fuel for vehicles, and 1.0% others.

The base year for the calculation is 2023.



Emission factors for the base year (2023) are taken mainly from DEFRA 2023 v1.0 and emission factors for the current year (2024) are taken mainly from DEFRA 2024 v1.0. Biogenic CO₂ emissions are not included in gross direct (Scope 1) GHG emissions.

Data is consolidated according to the operational control approach as per GHG Protocol.

The methodology follows the GHG Protocol and the calculation was performed in Microsoft Excel. There were no specific assumptions made for the calculation of Scope 1 emissions.

- 1 The 2023 figure (base year) has been restated due to changes in company structure. The original reported figure for 2023 was 9,290 t CO₂e.
- 2 As a result, the total impact of the 2023 restated figure amounts to 67 t CO₂e. 
- 3 The 2023 figure (base year) has been restated due to changes in company structure. The original reported figure for 2023 was 186 t biogenic CO₂ emissions.
- 4 As a result, the total impact of the 2023 restated figure amounts to 2 t biogenic CO₂ emissions. 


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

Indicator description	Unit of measure	2024	2023	Change from prior year
Gross market-based indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent ^{1,2}	t CO ₂ e	7,670 	8,457	-9.3%
Gross location-based indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent ^{3,4}	t CO ₂ e	13,356 	14,545	-8.2%

The base year for the calculation is 2023.

Emission factors for electricity consumption are mainly taken from the latest available and completed dataset from IEA (IEA 2024, for base year: IEA 2023) and if available supplier-specific emission factors provided by energy suppliers or the residual mix from Association of Issuing Bodies (from the same year as IEA data) was used as per GHG Protocol Scope 2 Guidance (only for market-based). For district heat from fossil fuels DEFRA 2024 v 1.0 (for base year: DEFRA 2023 v 1.0) was used and for district heat from renewable sources ecoinvent 3.10 (for base year: ecoinvent 3.9.1) (modified to fit Scope 2 definition) assuming 25.0% each biogas, biomass (wood chips), solar collector, and geothermal was used. It was calculated with Intergovernmental Panel on Climate Change (IPCC) 2021 100a Global warming potential (GWP). Biogenic CO₂ emissions are not available separately and therefore cannot be reported. Biogenic CO₂ emissions are not included in gross energy indirect (Scope 2) GHG emissions.

Data is consolidated according to the operational control approach as per GHG Protocol.


- 1 The 2023 figure (base year) has been restated due to changes in company structure and formula errors within the calculation file. The original reported figure for 2023 was 8,290 t CO₂e.
- 2 As a result, the total impact of the 2023 restated figure amounts to 167 t CO₂e. 

³ The 2023 figure (base year) has been restated due to changes in company structure and formula errors within the calculation file. The original reported figure for 2023 was 14,410 t CO₂e.

⁴ As a result, the total impact of the 2023 restated figure amounts to 135 t CO₂e. 

GRI 305: Emissions 2016

Disclosure 305-3 Other indirect (Scope 3) GHG emissions

Indicator description	Unit of measure	2024	2023	Change from prior year
Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent	t CO ₂ e	1,602,591 	1,874,862	-14.5%

Scope 3 emissions consist of 22.8% purchased goods from third-party suppliers (364,863 t CO₂e), 74.1% use of sold products (1,187,482 t CO₂e) and 3.1% other categories (fuel- and energy-related activities (5,640 t CO₂e), upstream transportation (10,891 t CO₂e), generated waste during operations (1,435 t CO₂e), business travel (1,796 t CO₂e), employee commuting (3,687 t CO₂e), downstream transportation and distribution (1,149 t CO₂e), end-of-life treatment of sold products (5,594 t CO₂e), and downstream leased assets (20,054 t CO₂e).

Included in the calculation are all relevant categories as per GHG Protocol: purchased goods, fuel- and energy-related activities, upstream transportation, generated waste during operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, and downstream leased assets.

Based on calculations for 2023, emissions from purchased services and capital goods are excluded as they do not contribute more than 1.0% to total emissions and are calculated based on monetary spend contrary to all other categories. Emissions from upstream leased assets are already included in Scope 1 and 2 emissions. As Zehnder does not manufacture intermediate products, emissions from the processing of sold products are not applicable. There are no franchises and no investments.

The base year for the calculation is 2023.

Emission factors are taken from ecoinvent 3.10 (for base year: ecoinvent 3.9.1) calculated with IPCC 2021 100a GWP, DEFRA 2024 v1.0 (for base year: DEFRA 2023 v1.0), IEA 2024 (for base year: IEA 2023) and EPA 2023 emission factors for GHG inventories. Biogenic CO₂ emissions are not available separately for all Scope 3 categories and are not included in gross other indirect (Scope 3) GHG emissions.

The methodology is based on the GHG Protocol and the calculation was performed in Microsoft Excel and SimaPro 9.6.0.1.

Assumptions:

Purchased goods: When the material composition was unclear, the highest emission factor within the category (e.g. plastics) was utilised. Zehnder estimated the percentage of recycled input materials purchased from European suppliers for certain metals and packaging materials, which were applied if business units did not provide a percentage of recycled content but the material was reported as produced in Europe.

Purchased services and capital goods: Both categories were computed for 2023 using a spend-based methodology and collectively contribute less than 1% to the total footprint. Consequently, they are not included.

Fuel- and energy-related activities: Emissions from the upstream value chain of electricity production were calculated with IEA 2024 factors (for base year: IEA 2023) (as also applied for Scope 2). For all other inputs, well-to-tank (WTT) emission factors were utilised from the same sources employed for Scope 1 calculations.

Up- and downstream transport: If there was no lorry size given then 16-32 metric tonnes were assumed, and if no emission standard was provided then EURO5 was assumed. The average weight of a parcel sent by Zehnder was assumed to be 4.5 kg/parcel based on the average given by some business units. In cases where it was not possible to distinguish between transport distances from different suppliers, the average one-way distance was assumed and applied as the one-way distance for aggregated suppliers.

Generated waste: Following the cut-off by classification approach emissions from waste treatment processes from preparation for reuse, recycling and other recovery operations are cut-off and do not contribute to the carbon footprint.

Business travel: To calculate emissions from the use of private and rental cars for business travel the emission factor was assumed to be 50% diesel and 50% petrol.

Employee commuting: Emissions from the use of electric cars and scooters for commuting are calculated using basic assumptions fromecoinvent for kWh/km and calculated using the country-specific emission factors from IEA.

Upstream leased assets: This Scope 3 category is not applicable for Zehnder.

Processing of sold products: This Scope 3 category is not applicable for Zehnder.

Use of sold products: The emission factor for electricity used by sold products throughout their lifetime is not adjusted for possible future changes in emissions per kWh. For certain projected sales numbers, it was not possible to allocate predicted sales quantities by country. Therefore, a weighted emission factor, based on electricity consumption of sold products per country from January to September, was applied.


End-of-life: The end-of-life treatment for sold products only considers the non-recyclable parts, following the cut-off by allocation approach. This is based on the assumption that recyclable components will undergo recycling.

Downstream leased assets: Emissions from the use of leased products are only calculated for one year, unlike the use of sold products where the entire lifetime of each product is considered.

Franchises: This Scope 3 category is not applicable for Zehnder.

Investments: This Scope 3 category is not applicable for Zehnder.

The 2023 figure (base year) has been restated due to changes in company structure, formula errors within the calculation file and errors in reported activity data. The original reported figure for 2023 was 2,723,347 t CO₂e emissions.

As a result, the total impact of the 2023 restated figure amounts to 848,485 t CO₂e. 

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

Indicator description	Unit of measure	2024	2023	Change from prior year
GHG emissions intensity ratio for the organisation (Scope 1 and 2) ¹	t CO ₂ e/ TEUR	0.02	0.02	-
GHG emissions intensity ratio for the organisation (Scope 3) ²	t CO ₂ e/ TEUR	2.27	2.46	-0.19
GHG emissions intensity ratio for the organisation (Scope 1, 2 and 3) ³	t CO ₂ e/ TEUR	2.29	2.48	-0.19

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

The organisation-specific metric (the denominator) chosen to calculate the ratio was net sales (EUR 705.8 million in 2024 and EUR 762.1 million in 2023).

¹ The 2023 figure (base year) has been restated due to reasons explained above. However, the original reported figure for 2023 was also 0.02 t CO₂e/TEUR (rounded).

² The 2023 figure (base year) has been restated due to reasons explained above. The original reported figure for 2023 was 3.57 t CO₂e/TEUR.

³ The 2023 figure (base year) has been restated due to reasons explained above. The original reported figure for 2023 was 3.60 t CO₂e/TEUR.

Resource-efficient production

Impacts, risks, and opportunities

Impacts

Zehnder's operations, particularly radiator manufacturing, are resource-intensive, relying on materials like aluminium and steel, whose extraction processes generate significant CO₂e emissions and pollution. The production also demands substantial energy and water use, involves hazardous substances, and produces waste, wastewater, and air pollutants such as nitrogen oxides (NO_x), sulphur oxides (SO_x), and volatile organic compounds (VOC).

While Zehnder's chroming facilities produce wastewater and sludge, proper treatment ensures environmental safety. In contrast, ventilation system production is less resource-intensive, primarily involving assembly. However, both ventilation systems and electric radiators rely heavily on electronics, requiring scarce resources and potentially conflict minerals, underscoring the importance of sustainable sourcing. The company's focus on durable materials extends product life cycles, reducing overall resource demand.

Risks and opportunities

Zehnder faces risks tied to resource efficiency, including rising operational costs from stricter emissions and water use regulations, as well as reputational risks if pollution and waste are not properly managed. The resource-intensive nature of radiator manufacturing amplifies these challenges.

However, enhancing resource efficiency offers several opportunities. By streamlining production and reducing waste, Zehnder can cut costs and improve regulatory compliance. Product innovations prioritising energy efficiency, durability, and reparability align with the increasing demand for circular economy solutions, bolstering the company's market competitiveness.

Management approach

Zehnder prioritises resource efficiency through continuous process monitoring and improvements to reduce waste, water use, and emissions while safeguarding biodiversity. Each production site is responsible for implementing measures and providing regular progress updates to the Sustainability Steering Committee. Regular due diligence includes site certifications, with all European radiator production sites certified under ISO 14001 for environmental management.

Protecting biodiversity

Zehnder recognises the indirect impact its activities can have on ecosystems, particularly from land-use changes and pollution. The company adheres strictly to environmental regulations and participates in local biodiversity initiatives where applicable. Tools like the WWF Biodiversity Risk Filter¹ are used to assess potential impacts on ecosystems and to prioritise initiatives. Several production sites are located near protected areas, requiring careful management of pollution and wastewater. The target "Assess our main supply chains for materials that are a risk to biodiversity and define measures to improve hot spots" has been reallocated, as we no longer address this topic in isolation but integrate it within our supply chain risk management. This ensures that biodiversity goals remain a priority and are accounted for, particularly where they are relevant along the value chain.

Reducing pollution

Zehnder's production processes, particularly in radiator manufacturing, are energy-intensive and produce hazardous emissions. To address this, the company is trialling alternative surface treatments to reduce dependence on chroming, which generates wastewater and sludge. Emissions of NO_x, SO_x, and VOC are tracked, and Zehnder works to reduce them wherever possible, ensuring full compliance with local environmental regulations.

Water use and wastewater treatment

Our approach to water and wastewater management focuses on reducing freshwater withdrawal and ensuring responsible treatment of wastewater to protect local ecosystems and comply with regulatory standards.

Based on the assessment using the Aqueduct Water Risk Atlas² (conducted in 2023) 14 of our sites are located in areas with "high" or "extremely high" water stress, where water demand exceeds 60% of available renewable resources. Three of these sites – Manisa (Türkiye), Vaux-Andigny (France), and Dachang (China) – are radiator production sites with water-intensive processes like painting, plating, and cutting. However, Dachang ceased radiator production in July this year, and the water-related targets outlined below are now applicable only to the two remaining sites in high water stress areas. The other 11 flagged sites are offices or production sites that do not involve water-intensive processes.

For radiator production, water is sourced from springs or the drinking water network. We have set a target to reduce freshwater use by increasing water reuse, recycling, and conducting regular leak checks. Wastewater from sites in Manisa (Türkiye), Vaux-Andigny (France), Bolesławiec (Poland), Gränichen (Switzerland), and Lahr (Germany) undergoes pre-treatment before being processed by public sewage plants, with efficiency monitored by public authorities. Independent bodies regularly test our wastewater to ensure compliance with legal standards.

Waste management and recycling

Efforts in radiator production include reducing the use of protective films and other packaging materials, with a focus on increasing the use of recycled and recyclable materials. Additionally, initiatives are in place to lower production rejects and reuse primary products, contributing to overall waste reduction.

¹The WWF Biodiversity Risk Filter is a tool developed by the World Wide Fund for Nature (WWF) to help companies identify, assess, and manage biodiversity-related risks in their operations and supply chains by using global data to highlight potential impacts on ecosystems and species.

²The [Aqueduct Water Risk Atlas](#) developed by the World Resources Institute is an online global database of local-level water risk indicators and a global standard for measuring and reporting geographic water risk.

Implementation and outlook

To implement the above management approach and policies, we formulated two ambitions which are supported by one or more targets and monitored via specific KPIs.

Targets

Ambition: Significantly reduce our energy consumption, waste generation, use of hazardous substances, polluting air emissions and water consumption

Target: Increase waste recycling

- **Status:** In 2024, the percentage of waste directed to recycling or recovery decreased to 77%, compared to 84% in 2023. The decline is attributed to improved data accuracy, which provided a clearer picture of waste management practices. While there were slight improvements in actual performance, these have not yet resulted in the significant progress required to meet our target. Despite the decrease, site-specific initiatives demonstrate our commitment. For example, at our production site in Bolesławiec (Poland) we introduced fully cardboard packaging to replace the previously used C-profiles¹ and shrink-foil. Additionally, at Filtech, we invested in a slitter rewinder, which not only minimises waste but also optimises inventory by precisely cutting media to the exact dimensions required for filter production.
- **Outlook:** By 2025, we aim to recover and recycle over 90% of waste from all production sites, diverting it from incineration and landfills. However, as we realised in 2024, this target will be highly challenging to achieve for all production sites due to constraints in materials used for products. This is why we are striving for a group-wide average recycling rate of 90% instead. In the medium term, we are committed to eliminating landfill waste by 2028, with the goal of achieving our first waste-free production site by 2030.

Target: Introduce circular business models including refurbishment to leverage product returns

- **Status:** Building on 2023 insights, where the absence of coordinated processes limited the potential for product returns to be resold, Zehnder has focused on advancing circular business models. Initial projects for product and component refurbishment in the Comfosystem and Radiator segments have been delivered. The original target of reducing product returns has evolved to include circular business models to encompass the full life cycle and value chain of the portfolio. Additionally, the company continues to explore various return streams, such as products returned due to incorrect sizing, minor damage, or similar issues.
- **Outlook:** We plan to refine and finalise these business cases by obtaining feedback from our markets and establishing efficient processes for refurbishing and reselling returned products, focusing on feasibility of the proposed solutions and identifying the most viable return streams.

Target: Replace hazardous substances with non-hazardous substances

- **Status:** In 2024, we began compiling a list of all our hazardous substances used by our radiator production plants in Europe and North America. Challenges emerged at some sites, where existing lists were incomplete, lacked substance numbers, or were only available in local languages. This resulted in a delayed proper assessment in the reporting year. Identifying hazardous substances remains challenging, as they are often embedded within complex chemical compounds. Current efforts are focused on the most impactful areas, prioritising initiatives with the highest potential for improvement.
We also initiated various trials for physical vapour deposition (PVD) coating as a replacement for traditional chrome plating. While PVD coating has become standard for small components, its application to larger parts, such as towel radiators, remains highly complex and resource intensive. Trials are ongoing in collaboration with different manufacturers and suppliers.
- **Outlook:** We will continue gathering detailed information on hazardous substances, evaluating their replaceability, and implementing replacements wherever feasible. While achieving the original target of replacing 30% of replaceable hazardous substances with non-hazardous alternatives by 2025 remains challenging, we are committed to replacing 100% of the technically replaceable substances by 2030.

Target: Reduce polluting air emissions

- **Status:** Building on our commitment to address non-GHG air emissions – including nitrogen oxides (NOx), sulphur oxides (SOx), persistent organic pollutants (POP), volatile organic compounds (VOC), hazardous air pollutants (HAP), particulate matter (PM), and others – we acknowledge that while specific measures were not actively pursued this year, reductions are anticipated to align naturally with our ongoing efforts to lower CO₂e emissions.
- **Outlook:** We aim to progress toward our goals of reducing non-GHG air emissions by 20% by 2025 (compared to 2023) and achieving further significant reductions by 2030. It will be essential to establish a robust tracking system next year in line with ESRS requirements, providing insights into our progress and areas for further improvement.

Target: Decrease water withdrawal in production sites located in areas with water stress

- **Status:** Following the 2023 study to optimise water-intensive processes and assess the financial implications of increased water recycling, we continued to address water withdrawal challenges at our water-stressed sites. In 2024, water withdrawal in water-stressed areas rose by 0.8%, driven mainly by increased production at our site in Manisa (Türkiye), which accounts for the highest water use. Water consumption grew by 38% due to a temporary leakage at this site. However, this site achieved a 14% reduction in water withdrawal per unit produced, despite a 20% production increase. Meanwhile, our site at Vaux-Andigny (France) reduced water withdrawal by 8%, remaining on track as usage is not directly tied to output. Our Dachang (China) site completed the majority of a multi-year project to outsource water-intensive production processes, removing it from the scope of water-relevant reporting, as the remaining activities no longer require significant water use.
- **Outlook:** Our target remains to reduce water withdrawal by 10% at our facilities in Manisa (Türkiye) and Vaux-Andigny (France) by 2025, using 2023 as the baseline. We are also focused on achieving a 20% reduction in water withdrawal of the entire group by 2028, through increased recycling and efficiency measures.

¹C-profiles are C-shaped protective profiles typically made of plastic that safeguard product edges during transport.

Metrics

GRI 303: Water and Effluents 2018

Disclosure 303-3 Water withdrawal

Disclosure 303-3a Total water withdrawal from all areas

Indicator description	Unit of measure	2024	2023	Change from prior year
Surface freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	0.15	-	n/a
Other surface water withdrawal (> 1,000 mg/L total dissolved solids)	ML	-	-	-
Total surface water	ML	0.15	-	n/a
Groundwater freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	9.48	9.45	0.3%
Other groundwater withdrawal (> 1,000 mg/L total dissolved solids)	ML	-	-	-
Total groundwater	ML	9.48	9.45	0.3%
Seawater freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	-	-	-
Other seawater withdrawal (> 1,000 mg/L total dissolved solids)	ML	-	-	-
Total seawater	ML	-	-	-
Produced freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	-	0.33	-100.0%
Other produced water withdrawal (> 1,000 mg/L total dissolved solids)	ML	0.03	0.03	-
Total produced water	ML	0.03	0.36	-91.1%
Third-party freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	68.25	76.54	-10.8%
Other third-party water withdrawal (> 1,000 mg/L total dissolved solids)	ML	70.62	64.80	9.0%
Total third-party water	ML	138.86	141.34	-1.8%
Total freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	77.87	86.32	-9.8%
Total other water withdrawal (> 1,000 mg/L total dissolved solids)	ML	70.65	64.83	9.0%
Total water withdrawal	ML	148.52	151.15	-1.7%

The unit of measure ML is used as an abbreviation for megalitre and is equal to 1 million litres.

Water withdrawal was measured in most business units, with some exceptions of very small offices where water withdrawal has been calculated based on instructions provided by the Group.

GRI 303: Water and Effluents 2018
Disclosure 303-3 Water withdrawal
Disclosure 303-3b Total water withdrawal from all areas with water stress

Indicator description	Unit of measure	2024	2023	Change from prior year
Surface freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Other surface water withdrawal (> 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Total surface water	ML	- ✓	-	-
Groundwater freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	8.55 ✓	8.15	4.9%
Other groundwater withdrawal (> 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Total groundwater	ML	8.55 ✓	8.15	4.9%
Seawater freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Surface freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Total seawater	ML	- ✓	-	-
Produced freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	- ✓	0.33	-100.0%
Other produced water withdrawal (> 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Total produced water	ML	- ✓	0.33	-100.0%
Third-party freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	23.36 ✓	28.41	-17.8%
Other third-party water withdrawal (> 1,000 mg/L total dissolved solids)	ML	70.62 ✓	64.80	9.0%
Total third-party water	ML	93.98 ✓	93.21	0.8%
Total freshwater withdrawal (≤ 1,000 mg/L total dissolved solids)	ML	31.91 ✓	36.89	-13.5%
Total other water withdrawal (> 1,000 mg/L total dissolved solids)	ML	70.62 ✓	64.80	9.0%
Total water withdrawal	ML	102.53 ✓	101.69	0.8%

The unit of measure ML is used as an abbreviation for megalitre and is equal to 1 million litres.

Water withdrawal was measured in all business units at locations with water stress.

GRI 303: Water and Effluents 2018
Disclosure 303-4 Water discharge
Disclosure 303-4a Total water discharge to all areas

Indicator description	Unit of measure	2024	2023	Change from prior year
Surface freshwater water discharge (≤ 1,000 mg/L total dissolved solids)	ML	0.13 ✓	-	n/a
Other surface water discharge (> 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Groundwater freshwater discharge (≤ 1,000 mg/L total dissolved solids)	ML	6.84 ✓	-	n/a
Other groundwater discharge (> 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Seawater freshwater discharge (≤ 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Other seawater discharge (> 1,000 mg/L total dissolved solids)	ML	- ✓	-	-
Third-party freshwater discharge (≤ 1,000 mg/L total dissolved solids)	ML	49.31 ✓	47.05	4.8%
Other third-party discharge (> 1,000 mg/L total dissolved solids)	ML	55.91 ✓	69.45	-19.5%
Total freshwater discharge (≤ 1,000 mg/L total dissolved solids)	ML	56.28 ✓	47.05	19.6%
Total other water discharge (> 1,000 mg/L total dissolved solids)	ML	55.91 ✓	69.45	-19.5%
Total water discharge	ML	112.19 ✓	116.50	-3.7%

The unit of measure ML is used as an abbreviation for megalitre and is equal to 1 million litres.

Water discharge was often not measured and has thus been calculated by the business units, based on clear instructions provided by the Group.


GRI 303: Water and Effluents 2018
Disclosure 303-4 Water discharge
Disclosure 303-4c Total water discharge to all areas with water stress

Indicator description	Unit of measure	2024	2023	Change from prior year
Total freshwater discharge (≤ 1,000 mg/L total dissolved solids)	ML	20.22 ✓	11.99	68.6%
Total other water discharge (> 1,000 mg/L total dissolved solids)	ML	54.47 ✓	67.09	-18.8%
Total water discharge	ML	74.69 ✓	79.08	-5.6%

The unit of measure ML is used as an abbreviation for megalitre and is equal to 1 million litres.

Water discharge was often not measured and has thus been calculated by the business units, based on clear instructions provided by the Group.


GRI 303: Water and Effluents 2018
Disclosure 303-5 Water consumption
Disclosure 303-5a Total water consumption from all areas

Indicator description	Unit of measure	2024	2023	Change from prior year
Total water consumption	ML	36.33 	34.65	4.8%

The unit of measure ML is used as an abbreviation for megalitre and is equal to 1 million litres.

Water consumption was always calculated by the business units, based on clear instructions provided by the Group. The assumption was that all business units consume water in some way.

GRI 303: Water and Effluents 2018
Disclosure 303-5 Water consumption
Disclosure 303-5b Total water consumption from all areas with water stress

Indicator description	Unit of measure	2024	2023	Change from prior year
Total water consumption	ML	27.84 	22.61	23.1%

The unit of measure ML is used as an abbreviation for megalitre and is equal to 1 million litres.

Water consumption was always calculated by the business units, based on clear instructions provided by the Group. The assumption was that all business units consume water in some way.

GRI 305: Emissions 2016
Disclosure 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions

Indicator description	Unit of measure	2024	2023	Change from prior year
Significant air emissions of nitrogen oxides (NOx)	kg	18,660	21,279	-12.3%
Significant air emissions of sulphur oxides (SOx)	kg	439	450	-2.3%
Significant air emissions of persistent organic pollutants (POP)	kg	0	0	-
Significant air emissions of volatile organic compounds (VOC)	kg	4,106	4,152	-1.1%
Significant air emissions of hazardous air pollutants (HAP)	kg	1	1	-
Significant air emissions of particulate matter (PM)	kg	712	897	-20.7%
Significant air emissions of other standard categories of air emissions identified in relevant regulations: carbon monoxide (CO)	kg	35,104	35,210	-0.3%

Emission factors for GRI 305-7 are taken from the EMEP/EEA air pollutant emission inventory guidebook 2019.

Emissions were calculated in Zehnder's Hyperion Financial Management system (consolidation tool) and aggregated in Microsoft Excel.

The 2023 figures have been restated due to a calculation error. The original reported figures for 2023 were 25,946 kg NOx, 16,845 kg SOx, 16,355 kg POP, 9,368 kg VOC, 16,360 kg HAP, 3,694 kg PM and 81,408 kg CO.





GRI 306: Waste 2020 Disclosure 306-3 Waste generated

Indicator description	Unit of measure	2024	2023	Change from prior year
Total waste – heavy metals	t/year	- ✓	0.05	-100.0%
Total waste – batteries	t/year	2.16 ✓	1.57	37.4%
Total waste – electronics	t/year	21.06 ✓	10.02	110.1%
Total waste – fluorescent lamps	t/year	0.34 ✓	0.71	-52.7%
Total waste – used oil & emulsions	t/year	37.66 ✓	53.63	-29.8%
Total waste – solvents & chemicals	t/year	31.29 ✓	46.32	-32.5%
Total waste – printing ink/toners	t/year	2.08 ✓	1.52	37.0%
Total waste – quartz sand/powder	t/year	31.29 ✓	41.22	-24.1%
Total waste – hazardous sludge	t/year	84.35 ✓	89.25	-5.49%
Total waste – other hazardous waste	t/year	169.56 ✓	67.77	150.2%
Total hazardous waste	t/year	379.79 ✓	312.06	21.7%
Total waste – metals	t/year	3,863.81 ✓	4,082.73	-5.4%
Total waste – plastics	t/year	409.89 ✓	733.40	-44.1%
Total waste – paper & cardboard	t/year	751.28 ✓	1,668.26	-55.0%
Total waste – glass	t/year	1.75 ✓	0.23	676.1%
Total waste – wood treated	t/year	343.61 ✓	370.19	-7.2%
Total waste – wood untreated	t/year	190.80 ✓	231.47	-17.6%
Total waste – residual non-hazardous waste	t/year	1,020.42 ✓	1,110.63	-8.1%
Total non-hazardous waste	t/year	6,581.57 ✓	8,196.90	-19.7%
Total weight of waste	t/year	6,961.36 ✓	8,508.96	-18.2%





GRI 306: Waste 2020**Disclosure 306-4 Waste diverted from disposal****Disclosure 306-4a Total weight of waste diverted from disposal**

Indicator description	Unit of measure	2024	2023	Change from prior year
Total waste diverted from disposal – heavy metals	t/year	-	-	-
Total waste diverted from disposal – batteries	t/year	1.94	1.45	34.0%
Total waste diverted from disposal – electronics	t/year	11.97	9.85	21.5%
Total waste diverted from disposal – fluorescent lamps	t/year	0.26	0.44	-40.9%
Total waste diverted from disposal – used oil & emulsions	t/year	8.60	26.29	-67.3%
Total waste diverted from disposal – solvents and chemicals	t/year	10.74	12.12	-11.4%
Total waste diverted from disposal – printing ink/toners	t/year	1.87	1.31	42.9%
Total waste diverted from disposal – quartz sand/powder	t/year	1.12	27.77	-96.0%
Total waste diverted from disposal – hazardous sludge	t/year	25.95	25.02	3.7%
Total waste diverted from disposal – other hazardous waste	t/year	14.21	13.21	7.5%
Total hazardous waste diverted from disposal	t/year	76.66	117.47	-34.7%
Total waste diverted from disposal – metals	t/year	3,861.38	4,082.73	-5.4%
Total waste diverted from disposal – plastics	t/year	317.49	704.49	-54.9%
Total waste diverted from disposal – paper & cardboard	t/year	743.93	1,635.99	-54.5%
Total waste diverted from disposal – glass	t/year	1.55	0.03	5,978.4%
Total waste diverted from disposal – wood treated	t/year	96.37	155.04	-37.8%
Total waste diverted from disposal – wood untreated	t/year	164.22	205.33	-20.0%
Total waste diverted from disposal – residual non-hazardous waste	t/year	121.22	273.68	-55.7%
Total non-hazardous waste diverted from disposal	t/year	5,306.16	7,057.28	-24.8%
Total weight of waste diverted from disposal	t/year	5,382.83	7,174.75	-25.0%
Total waste diverted from disposal vs. total waste	%	77.32	84.32	-7.0pp

GRI 306: Waste 2020**Disclosure 306-4 Waste diverted from disposal****Disclosure 306-4b Total weight of hazardous waste diverted from disposal**

Indicator description	Unit of measure	2024	2023	Change from prior year
Hazardous waste prepared for reuse	t/year	4.68 	11.26	-58.4%
Hazardous waste recycled	t/year	46.02 	79.71	-42.3%
Hazardous waste treated with other recovery operations	t/year	25.96 	26.50	-2.0%
Total hazardous waste diverted from disposal	t/year	76.66 	117.47	-34.7%






GRI 306: Waste 2020**Disclosure 306-4 Waste diverted from disposal****Disclosure 306-4c Total weight of non-hazardous waste diverted from disposal**

Indicator description	Unit of measure	2024	2023	Change from prior year
Non-hazardous waste prepared for reuse	t/year	316.41 	481.94	-34.3%
Non-hazardous waste recycled	t/year	4,914.33 	6,283.70	-21.8%
Non-hazardous waste treated with other recovery operations	t/year	75.42 	291.63	-74.1%
Total non-hazardous waste diverted from disposal	t/year	5,306.16 	7,057.28	-24.8%






GRI 306: Waste 2020**Disclosure 306-5 Waste directed to disposal****Disclosure 306-5a Total weight of waste directed to disposal**

Indicator description	Unit of measure	2024	2023	Change from prior year
Total waste directed to disposal – heavy metals	t/year	- ✓	0.05	-100.0%
Total waste directed to disposal – batteries	t/year	0.22 ✓	0.12	77.9%
Total waste directed to disposal – electronics	t/year	9.09 ✓	0.17	5,152.9%
Total waste directed to disposal – fluorescent lamps	t/year	0.08 ✓	0.27	-72.0%
Total waste directed to disposal – used oil & emulsions	t/year	29.06 ✓	27.34	6.3%
Total waste directed to disposal – solvents & chemicals	t/year	20.55 ✓	34.21	-39.9%
Total waste directed to disposal – printing ink/toners	t/year	0.21 ✓	0.21	-
Total waste directed to disposal – quartz sand/powder	t/year	30.17 ✓	13.44	124.4%
Total waste directed to disposal – hazardous sludge	t/year	58.40 ✓	64.22	-9.1%
Total waste directed to disposal – other hazardous waste	t/year	155.35 ✓	54.56	184.8%
Total hazardous waste directed to disposal	t/year	303.13 ✓	194.59	55.8%
Total waste directed to disposal – metals	t/year	2.43 ✓	-	n/a
Total waste directed to disposal – plastics	t/year	92.39 ✓	28.91	219.6%
Total waste directed to disposal – paper & cardboard	t/year	7.35 ✓	32.27	-77.2%
Total waste directed to disposal – glass	t/year	0.20 ✓	0.20	-
Total waste directed to disposal – wood treated	t/year	247.24 ✓	215.15	14.9%
Total waste directed to disposal – wood untreated	t/year	26.58 ✓	26.14	1.7%
Total waste directed to disposal – residual non-hazardous waste	t/year	899.20 ✓	836.95	7.4%
Total non-hazardous waste directed to disposal	t/year	1,275.40 ✓	1,139.62	11.9%
Total weight of waste directed to disposal	t/year	1,578.53 ✓	1,334.21	18.3%

GRI 306: Waste 2020**Disclosure 306-5 Waste directed to disposal****Disclosure 306-5b Total weight of hazardous waste directed to disposal**

Indicator description	Unit of measure	2024	2023	Change from prior year
Hazardous waste incinerated (with energy recovery)	t/year	143.58 	98.36	46.0%
Hazardous waste incinerated (without energy recovery)	t/year	23.41 	2.60	800.3%
Hazardous waste disposed of in a landfill	t/year	17.84 	46.66	-61.8%
Hazardous waste disposed of in other disposal operations	t/year	118.30 	46.97	151.9%
Total hazardous waste directed to disposal	t/year	303.13 	194.59	55.8%

GRI 306: Waste 2020**Disclosure 306-5 Waste directed to disposal****Disclosure 306-5c Total weight of non-hazardous waste directed to disposal**

Indicator description	Unit of measure	2024	2023	Change from prior year
Non-hazardous waste incinerated (with energy recovery)	t/year	729.89 	612.19	19.2%
Non-hazardous waste incinerated (without energy recovery)	t/year	69.84 	49.10	42.2%
Non-hazardous waste disposed of in a landfill	t/year	429.35 	470.31	-8.7%
Non-hazardous waste disposed of in other disposal operations	t/year	46.33 	8.03	477.1%
Total non-hazardous waste directed to disposal	t/year	1,275.40 	1,139.62	11.9%

Circular products and innovation

Impacts, risks, and opportunities

Impacts

Zehnder's focus on circular products reduces waste, extends product life cycles, and minimises the need for new raw materials. The company promotes the reuse and refurbishment of products, which lowers resource demand and reduces embedded CO₂e emissions. By increasing repairability and recyclability, Zehnder helps mitigate environmental impacts across its product portfolio.

Risks and opportunities

Zehnder faces challenges in transitioning to circular products, including the high cost and limited availability of recycled materials, which can drive up production expenses and complicate circular product design. Meeting growing customer expectations for durability and repairability is also critical; failure to do so risks reputational damage and potential market share loss. Regulatory changes related to circular economy practices also pose a risk, as Zehnder must stay ahead of evolving standards.

Despite these challenges, adopting circular economy principles presents substantial opportunities. Designing products that are energy-efficient, durable, and repairable not only reduces waste and extends life cycles but also supports environmental goals while cutting costs. Circular product design enables innovative business models, such as product-as-a-service, aligning with the rising demand for sustainable and adaptable solutions. This shift toward circularity strengthens Zehnder's market position as consumers and regulators increasingly prioritise sustainability.

Management approach

Zehnder is dedicated to enhancing its circular product portfolio by prioritising durability, repairability, and recyclability. The company has intensified efforts to ensure products are designed to last longer and can be efficiently refurbished or recycled at the end of their life cycle.

Alongside internal efforts, Zehnder collaborates with suppliers to source more sustainable materials, such as carbon-reduced steel, and to integrate recycled materials into new product developments. The company also seeks to minimise the use of primary raw materials, particularly in packaging, with ongoing projects focused on reducing material usage and increasing the proportion of recycled content.

Clean Air Solutions

This model facilitates the reuse of products through refurbishment and redeployment, offering customers clean air solutions while reducing the need for new resources. The service covers equipment installation, maintenance, air filter replacements, and air quality monitoring. Upon termination of service agreements, Zehnder recovers and refurbishes the equipment, promoting resource efficiency and providing customers with a flexible solution.

Circular Design Guideline

Zehnder's Circular Design Guideline ensures sustainability is integrated into every stage of product development. It prioritises the use of recycled materials, extends product life cycles through reparability and refurbishment, and encourages circular business models. Competence Centres are responsible for applying these principles across product lines, supported by the Group Sustainability Engineer, who coordinates LCAs and builds internal expertise. This role focuses on improving recyclability, reparability, and raw material selection. Competence Centres implement sustainability initiatives, track KPIs, and utilise LCAs to create certified environmental product declarations, meeting both methodological standards and customer expectations.

Implementation and outlook

To implement the above management approach and policies, we outlined two ambitions, each underpinned by one or more targets and monitored via specific KPIs.

Targets

Ambition: Understand and improve the environmental impacts of our products

Target: Conduct life cycle assessments for each product family/technology

- **Status:** The target has evolved from completing one LCA per product family/technology to prioritising LCAs based on the Group Product LCA Directive. In 2024, eight LCAs were completed for all product groups, resulting in a total of eleven LCAs so far. This marks the completion of approximately one-third of the product families/technologies, with significant work still ahead of us.
- **Outlook:** In 2025, we will expand the scope of LCAs to include products from our overseas locations. We are focused to enhance our LCA expertise and aim to have a significant share of the outstanding analysis completed. We strive for a 20% improvement in our environmental impact for new products launched after 2025 based on the EF 3.1 Environmental Footprint method recommended by the European Commission.

Ambition: Increase the durability and circularity of our products by promoting reuse, repair, refurbishment, recycling and recovery

Target: Develop and apply a Circular Design Guideline

- **Status:** Following the development of the Circular Design Guideline in 2023, the target has shifted to focus on its rollout and application across all new product development projects. The guideline has been successfully implemented within our Competence Centres, including Radiators Europe, Comfosystems Europe, Clean Air Solutions, and CORE. The Circular Design Guideline emphasises three main circularity topics: designing out waste and pollution, keeping products and materials in use, and regenerating natural systems. These topics are crucial for creating sustainable products that minimise environmental impact and support a circular economy. By focusing on eliminating waste and pollution through innovative design strategies, the guidelines aim to reduce the negative effects of production and consumption on the environment. Keeping products and materials in use involves extending their life cycle through reuse, repair, refurbishing, and recycling, ensuring that resources are utilised efficiently and effectively. Regenerating natural systems supports and enhances natural processes, helping to maintain environmental balance and promote ecosystem health. New business models are essential for enhancing circularity, yet they are challenging to develop in a way that creates a win-win situation for our company, our customers, and the environment.
- **Outlook:** In the coming year, we will further refine the Circular Design Guideline to provide stronger support for our development teams. We encourage them to explore innovative and sustainable approaches to minimise the environmental impact of our products.

Target: Pilot ventilation-as-a-service and refurbishment business models in the Netherlands

- **Status:** Today all of our ventilation-as-a-service revenue is generated through our Clean Air Solutions business. However, we see potential for ventilation-as-a service and also refurbishment business models in our Comfosystems business where Zehnder traditionally sells ventilation units and air distribution equipment. This is why three pilot projects are in progress to further expand these offerings. It became evident that the enterprise resource planning infrastructure is not ready yet to scale these offerings in the future. Supplier interviews and market assessments are underway, although market readiness remains a challenge in certain areas. The Circularity Taskforce Netherlands has initiated stakeholder interviews to explore innovative circular business concepts, while the EMEA Workstream Circular Economy has broadened the initiative to a European level. So far, five potential business models have been identified – two at Comfosystems and three at Radiator sites.
- **Outlook:** While still in the early stages, these efforts are progressing with interviews being set up to further evaluate the feasibility and potential of the identified business models. Further insights will shape the development of scalable solutions. By 2030, we aim for a significant part of our net sales to stem from refurbished products/service business, including revenue from Clean Air Solutions.

Target: Increase the share of recycled raw materials in our products

- **Status:** Building on the achievements of 2023, which saw significant progress in integrating recycled aluminium into radiators and setting a 25% recycled polymer content requirement for new air distribution products, Zehnder is further advancing its efforts to increase the use of recycled raw materials across its product portfolio. The concept phase for products with more than 80% recycled raw materials and recyclability was launched in 2024 and is showing mixed results. Pilot projects have assessed the viability of eco-friendly materials, such as bamboo and cardboard, for alternative product components. For Comfosystems, progress is more advanced, with tools soon to be developed for a 100% recycled content air distribution duct.
- **Outlook:** We will advance concepts and trials for steel radiators and ventilation units and explore opportunities for heat exchangers. Regular assessments will support progress toward achieving >80% recycled content and recyclability targets. Our 2030 target is to use a significant share of recycled raw materials for most of our products.

Target: Increase the share of recycled packaging materials

- **Status:** Efforts to increase recycled and reusable materials in packaging are progressing steadily. In the Radiator division, stretch plastic was eliminated for white aluminium products, saving 4 tons of plastic annually. Packaging films and tapes now contain 50–70% recycled content and bubble nylon has been replaced with 100% recycled low-density polyethylene. Additionally, reusable plastic boxes have replaced cardboard for bracket sets, and strapping tape includes 30% recycled content. In CORE, new recyclable packaging features 71% recycled content in the main body, with fresh fibre paper ensuring quality for the inner and outer layers. The base and lid include 95% recycled content, and supports are made entirely from 100% recycled materials. In 2024, we achieved a Group-wide total of 54.2% of recycled packaging materials (excluding pallets), based on calculations (compared to the estimate of 54% in the previous year). The difference can be attributed to improved data quality, which provided a more accurate assessment of our recycled material usage.
- **Outlook:** We identified that almost 75% of our packaging materials (excluding pallets) used across the group are cardboard and paper, however not at the highest recycled content rate possible – this is an improvement potential we are going to utilise in 2025. Plans are underway to phase out styrofoam spacers for radiators from external suppliers and to eliminate heat shrink foil from all radiators by 2025. In Bolesławiec (Poland) a new packaging system will be commissioned in January 2025, removing the use of film around cartons. The protective film around radiators, however, will remain to ensure safe transport and safeguard the assembled units on-site until all construction work is completed, and the final handover takes place.

In Clean Air Solutions, building on the existing reusable packaging system for filter frames, efforts are focused on expanding sustainable packaging options. This includes evaluating lightweight packaging films with recycled content to improve material efficiency and further reduce environmental impact.

We aim to achieve 80% recycled or reusable packaging materials (excluding pallets) for outbound transportation by 2025, a goal established for our Competence Centres. For the remaining 20% of new (non-recycled) packaging materials, we are committed to adhering to the highest ecolabel standards.

Target: Conduct feasibility study for reusable and/or recycled pallets

- **Status:** The feasibility study on recycled content and reusability of pallets sets the foundation for our 2025 targets. It evaluates carbon impact reduction options, tracks pallet flows, and identifies suppliers for potential pallet return systems. Key challenges include standardising master data and addressing market barriers to efficient pallet returns. The study emphasises two main priorities – standardising pallets internally to minimise complexity and working with Commercial EMEA to develop a process for retrieving pallets from customers, with potential support from service providers such as Boomerang.
- **Outlook:** Next year's objectives include launching an internal pallet standardisation project and collaborating with Commercial EMEA to design and test pilot concepts for customer pallet returns. These initiatives will be essential for establishing a sustainable and efficient pallet management system.

Metrics**GRI 301: Materials 2016****Disclosure 301-1 Materials used by weight**

Indicator description	Unit of measure	2024	2023	Change from prior year
Total weight of materials that are used to produce and package the organisation's primary products and services during the reporting period ¹	t	55,670	65,812	-15.4%
Total weight of materials that are used to produce and package the organisation's primary products and services during the reporting period, by non-renewable materials ²	t	43,614	50,395	-13.5%
Total weight of materials that are used to produce and package the organisation's primary products and services during the reporting period, by renewable materials ³	t	12,056	15,417	-21.8%

1 The 2023 figure has been restated due to changes in company structure and errors in reported activity data. The original reported figure for 2023 was 79,652 t.

2 The 2023 figure has been restated due to changes in company structure and errors in reported activity data. The original reported figure for 2023 was 68,936 t.

3 The 2023 figure has been restated due to changes in company structure and errors in reported activity data. The original reported figure for 2023 was 10,716 t.

GRI 301: Materials 2016**Disclosure 301-2 Recycled input materials used**

Indicator description	Unit of measure	2024	2023	Change from prior year
Percentage of recycled input materials used to manufacture the organisation's primary products and services	%	21.7	23.4	-1.7pp

The 2023 figure has been restated due to changes in company structure and errors in reported activity data. The original reported figure for 2023 was 19.6%.

GRI 301: Materials 2016**Disclosure 301-3 Reclaimed products and their packaging materials**

Indicator description	Unit of measure	2024	2023	Change from prior year
Percentage of reclaimed products and their packaging materials for business segment Radiators Europe	%	-	-	-
Percentage of reclaimed products and their packaging materials for business segment Residential Ventilation Europe	%	-	-	-

The data for this disclosure has been collected by asking the Competence Centres (Radiators Europe and Residential Ventilation Europe) how many products have been reclaimed and sold.

Employee-related issues: Introduction

Proud to be Zehnder

This section outlines Zehnder Group's comprehensive approach to **Occupational health and safety**, its commitment to being an **Attractive employer**, and its focus on **Diversity, equal opportunity, inclusion, and decent work**. The subchapters explore the impacts, risks, and opportunities tied to employee well-being, workplace safety, and our management approach in these areas.

Zehnder prioritises a safe working environment, aiming for zero fatalities and reduced work-related injuries. This commitment not only safeguards employees but also enhances productivity and satisfaction.

As an employer, Zehnder influences the growth and well-being of its workforce. Initiatives to boost engagement, provide continuous learning, and promote work-life balance are in place. Our e-learning platform supports skills development, while biannual surveys help us address feedback. We aim to fill two-thirds of leadership roles through internal promotions, highlighting our commitment to career growth.

We are also committed to fostering an inclusive workplace. The Diversity, Equity, and Inclusion Directive sets out our commitment to equal opportunities and a zero-tolerance stance on discrimination.

GRI 2: General Disclosures 2021 Disclosure 2-7 Employees

Indicator description	Unit of measure	2024	2023	Change from prior year
Number of employees by gender – female (headcount)	#	899	984	-8.6%
Number of employees by gender – male (headcount)	#	2,627	2,683	-2.1%
Number of employees by gender – diverse (headcount)	#	1	2	-50.0%
Number of employees by region – EMEA (headcount)	#	2,679	2,794	-4.1%
Number of employees by region – Asia-Pacific (headcount)	#	426	461	-7.6%
Number of employees by region – North America (headcount)	#	423	415	1.9%
Total number of employees (headcount)	#	3,527	3,669	-3.9%

Number of permanent employees by gender - female (headcount)	#	839	n/a	n/a
Number of permanent employees by gender - male (headcount)	#	2,507	n/a	n/a
Number of permanent employees by gender - diverse (headcount)	#	1	n/a	n/a
Number of permanent employees by region - EMEA (headcount)	#	2,508	n/a	n/a
Number of permanent employees by region - Asia-Pacific (headcount)	#	426	n/a	n/a
Number of permanent employees by region - North America (headcount)	#	413	n/a	n/a
Total number of permanent employees (headcount)	#	3,347	n/a	n/a
Number of temporary employees by gender - female (headcount)	#	60	n/a	n/a
Number of temporary employees by gender - male (headcount)	#	121	n/a	n/a
Number of temporary employees by gender - diverse (headcount)	#	-	n/a	n/a
Number of temporary employees by region - EMEA (headcount)	#	171	n/a	n/a
Number of temporary employees by region - Asia-Pacific (headcount)	#	-	n/a	n/a
Number of temporary employees by region - North America (headcount)	#	10	n/a	n/a
Total number of temporary employees (headcount)	#	181	n/a	n/a
Number of full-time employees by gender - female (headcount)	#	721	n/a	n/a
Number of full-time employees by gender - male (headcount)	#	2,530	n/a	n/a
Number of full-time employees by gender - diverse (headcount)	#	1	n/a	n/a
Number of full-time employees by region - EMEA (headcount)	#	2,418	n/a	n/a
Number of full-time employees by region - Asia-Pacific (headcount)	#	426	n/a	n/a
Number of full-time employees by region - North America (headcount)	#	408	n/a	n/a
Total number of full-time employees (headcount)	#	3,252	n/a	n/a

Number of part-time employees by gender - female (headcount)	#	179	n/a	n/a
Number of part-time employees by gender - male (headcount)	#	97	n/a	n/a
Number of part-time employees by gender - diverse (headcount)	#	-	n/a	n/a
Number of part-time employees by region - EMEA (headcount)	#	260	n/a	n/a
Number of part-time employees by region - Asia-Pacific (headcount)	#	-	n/a	n/a
Number of part-time employees by region - North America (headcount)	#	15	n/a	n/a
Total number of part-time employees (headcount)	#	275	n/a	n/a

The number of employees is reported in headcount as an average across the reporting period.

All numbers are rounded, resulting in certain totals that may not precisely add up to 100%. The same applies to all following tables.

GRI 2: General Disclosures 2021

Disclosure 2-8 Workers who are not employees

Indicator description	Unit of measure	2024	2023	Change from prior year
Total number of workers who are not employees but whose work and/or workplace is controlled by the organisation (headcount)	#	242	215	12.6%

The number of workers who are not employees but whose work and/or workplace is controlled by the organisation is reported in headcount as an average across the reporting period.

Workers are defined as individuals who are employed via a domestic and/or foreign agency or self-employed. They do not have an employment contract with Zehnder Group (are not on the payroll), but their work is controlled by the organisation inside and/or outside Zehnder premises (covers contractors, suppliers, self-employed people, volunteers, etc.).

GRI 2: General Disclosures 2021

Disclosure 2-30 Collective bargaining agreements

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of total employees covered by collective bargaining agreements	%	44	n/a	n/a
Rate of total employees covered by workers' representatives	%	47	n/a	n/a

Occupational health and safety

Impacts, risks, and opportunities

Impacts

Zehnder Group's activities have both positive and negative impacts on OHS, influencing the economy, environment, and people. On the positive side, Zehnder promotes a strong safety culture across its operations, which promotes employee well-being and reduces accident rates. By maintaining high safety standards, the company boosts productivity, lowers absenteeism, and improves employee retention. However, manufacturing operations, particularly those involving the production of radiators and ventilation systems, entail risks related to the use of hazardous materials, heavy machinery, and energy-intensive processes, which can lead to potential workplace accidents or long-term health issues if not managed properly.

Risks and opportunities

From a risk perspective, failing to maintain high health and safety standards could result in operational disruptions, legal liabilities, reputational damage, and increased costs associated with workplace incidents or regulatory non-compliance. Occupational health risks are also heightened by changes in regulations or increased scrutiny by stakeholders on safety practices. Continuous improvement in safety measures, combined with employee training and engagement, can foster a safer working environment for employees and contribute to overall business sustainability. Additionally, aligning with global standards for health and safety can strengthen relationships with external stakeholders, particularly regulators and investors, who place growing importance on companies with robust safety performance.

Management approach

Zehnder Group has established a comprehensive management approach to address OHS, aiming to ensure a safe and healthy working environment across all its operations. The Group's policy goes beyond mere legal compliance, striving for zero fatalities and serious work-related injuries.

At Group level, the COO Radiators EMEA oversees OHS, supported by a structured reporting process planned for full implementation by 2025. Each production site has a designated OHS manager responsible for gathering KPIs and ensuring compliance with safety standards. Regular internal and external audits, along with certification processes, are key components of Zehnder's due diligence efforts to manage safety risks.

Occupational health and safety management systems

To monitor the effectiveness of our OHS initiatives, we track specific KPIs, such as the rate of work-related injuries and certification coverage. In 2024, the percentage of employees that were covered by an OHS management system slightly increased to over 84%, with a decrease in the rate of work-related injuries from 11.7 to 10.7¹. These results demonstrate the overall positive impact of the Group's measures, although a continued focus on achieving zero injuries remains.

A key policy for preventing accidents is the ISO 45001 certification of our production sites with complex manufacturing processes by 2025 in Europe. This applies specifically to our radiator production site, as well as all other sites where metal forming or injection moulding processes are carried out. This international standard provides a robust structure for preventing accidents and managing workplace risks.

¹The 2023 figure has been restated due to an adjustment in the calculation formula to align with ESRS requirements. While GRI allows flexibility in basing the rate on either 200,000 or 1,000,000 hours worked, we initially chose 200,000 hours and have now updated it accordingly for this year. The original reported figure for 2023 was 2.3.

Implementation and outlook

To implement the above management approach and policies, we set an ambition that is underpinned by two targets and monitored via specific KPIs.

Targets

Ambition: Create an environment in which we promote occupational health and safety across the organisation

Target: Obtain ISO 45001 certification (or equivalent) of all production sites where metal forming or plastic injection process take place

- **Status:** Our production site in Lahr (Germany) is fully prepared for the ISO 45001 audit; however, the December audit was cancelled due to capacity constraints. The audit has been rescheduled and is expected to take place in early 2025. As of the end of 2024, five sites – Bolesławiec (Poland), Gränichen (Switzerland), Manisa (Türkiye), Maidstone (Great Britain), and Vaux-Andigny (France) – are ISO 45001 certified.
- **Outlook:** Certification for Production Lahr (Germany) is anticipated in early 2025. The target is that all our production sites where metal forming or plastic injection processes take place (except Caladair and Siber) will be certified according to ISO 45001 (or equivalent) by 2025. This will include three North American production sites.

Target: Create and implement an Occupational Health and Safety Group Directive

- **Status:** Following the identification of the need for Group-wide coordination on OHS, we began developing a comprehensive OHS Group Directive to standardise practices across all entities and enhance safety standards throughout our operations and supply chain. The development is still in progress, with efforts focused on ensuring a cohesive approach across all Zehnder entities.
- **Outlook:** Our objective is to finalise and implement the OHS Group Directive by 2025. This directive will establish a unified OHS management system for Zehnder Group, incorporating compliance with international OHS standards, such as ISO, alongside mandatory training programmes and ongoing monitoring of OHS incidents.

Key elements of the directive will include developing safety guidelines, conducting risk assessments for machinery and processes, and analysing all work-related accidents to prevent recurrence. Solutions will range from technical improvements, such as setting minimum machinery safety standards, to improving work organisational practices.

Metrics

GRI 403: Occupational Health & Safety 2018

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

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of all employees and workers who are not employees but whose work and/or workplace is controlled by the organisation, who are covered by an occupational health and safety management system	%	84.1 	83.6	0.5pp
Rate of all employees and workers who are not employees but whose work and/or workplace is controlled by the organisation, who are covered by an occupational health and safety management system that is internally audited	%	47.3 	54.5	-7.2pp
Rate of all employees and workers who are not employees but whose work and/or workplace is controlled by the organisation, who are covered by an occupational health and safety management system that is externally audited	%	56.0 	52.5	3.5pp

Total number of employees, i.e. individuals who are in an employment relationship with the organisation: 3,527 employees in 2024 and 3,669 employees in 2023

Total number of workers who are not employees but whose work and/or workplace is controlled by the organisation: 242 workers in 2024 and 215 workers in 2023

GRI 403: Occupational Health & Safety 2018
Disclosure 403-9 Work-related injuries
Work-related injuries for all employees

Indicator description	Unit of measure	2024	2023	Change from prior year
Total number of fatalities as a result of work-related injury for all employees	#	- ✓	-	-
Rate of fatalities as a result of work-related injury for all employees	# per 1,000,000 hours worked	- ✓	-	-
Total number of high-consequence work-related injuries (excluding fatalities) for all employees ¹	#	3 ✓	-	n/a
Rate of high-consequence work-related injuries (excluding fatalities) for all employees	# per 1,000,000 hours worked	0.5 ✓	-	0.5
Total number of recordable work-related injuries for all employees ²	#	67 ✓	73	-8.2%
Rate of recordable work-related injuries for all employees ³	# per 1,000,000 hours worked	10.7 ✓	11.7	-1.0

Number of hours worked for all employees: 6,242,160 hours in 2024 and 6,231,245 hours in 2023

- 1 High-consequence work-related injuries can include injuries, such as a deep cut, an injured hand, or a torn muscle, that require surgical intervention. Following these reported injuries, additional corrective and safeguard measures were implemented to prevent such accidents in the future. Additionally, retraining sessions were conducted to enhance awareness and to further reduce risks.
- 2 The main types of work-related injuries are strains and sprains, cuts, bruises, and falls.
- 3 The 2023 figure has been restated due to an adjustment in the calculation formula to align with ESRS requirements. While GRI allows flexibility in basing the rate on either 200,000 or 1,000,000 hours worked, we initially chose 200,000 hours and have now updated it accordingly for this year. The original reported figure for 2023 was 2.3.

GRI 403: Occupational Health & Safety 2018**Disclosure 403-9 Work-related injuries****Work-related injuries for all workers who are not employees but whose work and/or workplace is controlled by the organisation**

Indicator description	Unit of measure	2024	2023	Change from prior year
Total number of fatalities as a result of work-related injury for all workers who are not employees but whose work and/or workplace is controlled by the organisation ¹	#	1 ✔	-	n/a
Rate of fatalities as a result of work-related injury for all workers who are not employees but whose work and/or workplace is controlled by the organisation	# per 1,000,000 hours worked	2.0 ✔	-	2.0
Total number of high-consequence work-related injuries (excluding fatalities) for all workers ²	#	1 ✔	-	n/a
Rate of high-consequence work-related injuries (excluding fatalities) for all workers	# per 1,000,000 hours worked	2.0 ✔	-	2.0
Total number of recordable work-related injuries for all workers ³	#	11 ✔	8	37.5%
Rate of recordable work-related injuries for all workers ⁴	# per 1,000,000 hours worked	22.4 ✔	19.5	2.9

Number of hours worked for all workers who are not employees but whose work and/or workplace is controlled by the organisation: 491,005 hours in 2024 and 410,749 hours in 2023

- 1 Work accident caused by a third party and involving a subcontractor of Zehnder Group. An internal investigation is ongoing in order to establish the facts and conclude whether there are possibilities to further reduce the risk of such work accidents to the greatest extent possible in the future.
- 2 Work accident of a worker in one of our production plants that led to injuries without full recovery to pre-injury health status. Additional machine safeguard measures were implemented upon recommendations by independent experts and a voluntary safety audit will be performed to further reduce this risk (such audits were already performed previously each year).
- 3 The main types of work-related injuries are strains and sprains, cuts, bruises, and falls.
- 4 The 2023 figure has been restated due to an adjustment in the calculation formula to align with ESRS requirements. While GRI allows flexibility in basing the rate on either 200,000 or 1,000,000 hours worked, we initially chose 200,000 hours and have now updated it accordingly for this year. The original reported figure for 2023 was 3.9.

GRI 403: Occupational Health & Safety 2018
Disclosure 403-10 Work-related ill health

Indicator description	Unit of measure	2024	2023	Change from prior year
Total number of fatalities as a result of work-related ill health for all employees	#	- 	-	-
Total number of cases of recordable work-related ill health for all employees	#	9 	2	350.0%
Total number of fatalities as a result of work-related ill health for all workers who are not employees but whose work and/or workplace is controlled by the organisation	#	- 	-	-
Total number of cases of recordable work-related ill health for all workers who are not employees but whose work and/or workplace is controlled by the organisation	#	2 	-	n/a

Due to confidentiality and local legislation, not all details could be disclosed outside the local entity. However, cases that were reported with the cause were all tied to work-related stress.

Attractive employer

Impacts, risks, and opportunities

Impacts

At Zehnder, we see ourselves as directly shaping the development, well-being, and satisfaction of our employees. By continuously fostering a positive work environment, we foster professional growth, boost employee engagement, and improve job satisfaction – all of which are vital for retaining talent, increasing customer satisfaction, and driving innovation. Our focus on work-life balance, learning and development opportunities, as well as a culture of open feedback, is central to maintaining high engagement levels.

Our strong commitment to sustainability extends beyond our operations to influence our employees' behaviours, encouraging them to embrace sustainable practices that benefit both society and the environment. By offering competitive benefits and clear career growth opportunities, we reinforce our reputation as an employer of choice, crucial for attracting and retaining top talent in a highly competitive job market.

Risks and opportunities

Maintaining a positive and engaging work environment is crucial to our success. If we fail to provide ample development opportunities or a healthy work-life balance, we risk higher employee turnover, which would increase recruitment and training costs, not to mention the loss of valuable know-how. Low engagement could directly affect our productivity and stifle the innovation that drives our business forward. Dissatisfaction among our workforce could also tarnish our reputation as an employer, making it harder to attract skilled talent. Additionally, we must meet local labour standards to avoid regulatory risks and ensure fair treatment for all employees.

However, we see significant opportunities by focusing on employee well-being, professional growth, and inclusivity. A motivated and engaged workforce is a key driver of our long-term success. By fostering a positive company culture and encouraging open communication, we cultivate employee loyalty, reduce employee turnover, and enhance our position as an employer of choice.

Management approach

Zehnder's strategy for being an employer of choice is founded on the core principles of employee engagement, growth, and well-being. The company conducts biannual employee engagement surveys to gather feedback and identify key areas for improvement, ensuring that the needs of the workforce are regularly assessed and addressed.

The Director of Group Human Resources (HR) plays a central role in coordinating efforts across the organisation, with local HR teams and line managers responsible for implementing strategies tailored to the unique needs of their regions. This approach ensures that actions derived from employee feedback are specific to local needs rather than adopting a one-size-fits-all approach.

Training and development

Zehnder places a strong emphasis on internal career growth. The company's e-learning platform, launched in 2023, provides employees with access to a wide range of training courses, empowering them to develop new skills and advance their careers. The aim is for all employees to have access to this platform, reinforcing the company's commitment to lifelong learning.

Sustainability training sessions

Zehnder integrates sustainability into its training initiatives (see target below), equipping employees to support the company's environmental, social, and governance goals. The sessions cover:

- **Fundamentals:** Introduction to a series of relevant sustainability topics for Zehnder, explaining the topic and the relevance to our business, including an example of a project in that area.
- **Employees:** A detailed discussion of Zehnder's employee-related topics, including wage practices, diversity, and OHS.
- **Environment:** A detailed discussion of Zehnder's environmental topics, including climate, pollution, and the circular economy.
- **Society:** A detailed discussion of Zehnder's societal topics, including sustainable purchasing, compliance, and supplier human rights.
- **Transformation and Change:** A summary of all training sessions, including instruction on essential tools for organisational and leadership development to enable leaders to manage this transformation successfully.

Feedback and dialogue

To foster a culture of continuous feedback, managers conduct regular performance reviews. To enable managers to provide effective feedback, Zehnder provides respective learning offers for them. This ensures employees are consistently recognised for their contributions and guided in their development. In the 2023 survey, 79% of employees reported receiving regular feedback, and the company aims to further improve this through updating its performance review process towards continuous feedback.

Well-being and sustainable lifestyles

Recognising the importance of a healthy work-life balance, Zehnder promotes well-being initiatives across its global locations. These initiatives are tailored to local cultures and needs, demonstrating the company's sensitivity to regional differences. Zehnder also encourages participation in activities that promote health and sustainability, such as "Veganuary" and other programmes, which not only benefit employees but also align with the company's broader sustainability goals.

Implementation and outlook

To implement the above management approach, we outlined three ambitions, each supported by one or more targets and monitored via specific KPIs.

Targets

Ambition: Maintain the level of engagement of our employees with Zehnder Group

Target: Address the top three improvement items from the employee engagement survey

- **Status:** The last biannual engagement survey was conducted in 2023. The category of employee engagement increased by 2 percentage points to 84%. Benchmarked against peers from the industry norm, Zehnder ranks with 6 percentage points above the norm. The survey was sent to all employees, out of which 83% responded. More than 9 out of 10 employees agreed that they understood how their work contributed to Zehnder's business objectives and that they support our sustainability ambition, targets and actions. Regarding leadership, 86% felt supported by their line manager and saw them as a role model representing Zehnder values. These results show that employees appreciate our corporate culture and leadership philosophy. Despite the overall good results, the 2023 employee engagement survey highlighted three key areas for improvement: digital transformation, long-term confidence in the company's future, and awareness of Zehnder's products and services. To address these, several initiatives have been implemented, including "digital snacks", digital best practice calls, and newsletters to enhance understanding of digital topics.
- **Outlook:** In 2025, product training sessions will be integrated into the global e-learning library to address the third focus area. Customer-oriented product training materials are currently being developed, which will also be leveraged for employee training to improve internal awareness of Zehnder's offerings. Our specific goal for the 2025 survey is to keep the engagement level at a minimum of 4 percentage points above the industry norm and achieve a response rate of 85%. Additionally, the company's Mission, Vision, Values, and Purpose statements are under revision and updates will be communicated in 2025.

Ambition: Invest in our people, upgrade their skills, promote a culture of lifelong learning for all genders, and aim to fill two-thirds of all vacancies through internal promotions for all roles with leadership responsibility

Target: Improve the results of the employee engagement survey question "I receive regular feedback"

- **Status:** The survey is conducted biannually and did not take place in 2024. Providing regular performance reviews and fostering open dialogue remains a priority. To achieve this goal, multiple e-learning courses are available to enhance managers' feedback skills as well as to strengthen our employees' courage to actively ask for feedback. This empowers both in their roles toward a culture of continuous feedback.
- **Outlook:** We aim to increase the survey result by 3 percentage points in the 2025 survey by enhancing feedback practices, revising our overall performance management process, further digitalising it across EMEA, and embedding a culture of continuous dialogue.

Target: Provide access to e-learning for all employees

- **Status:** To support employee development, Zehnder launched an e-learning platform in 2023, offering diverse, externally provided courses tailored to various learning needs, cultural preferences, knowledge levels, and in multiple languages. Currently, approximately 73% of employees have access to e-learning, with significant participation in EMEA and Canada. IT security issues in China have temporarily hindered the rollout there.
- **Outlook:** Plans are underway to extend the e-learning offering to all North American entities and remaining EMEA locations¹ in 2025. Due to IT security challenges, China has been excluded from this rollout. They may eventually receive their own tool, but the focus is currently on regions without rollout obstacles.

Ambition: Promote health, well-being, and sustainable lifestyles, and become a role model for our employees**Target: Encourage employee engagement with the UN SDGs and the Zehnder Group sustainability ambition**

- **Status:** In our 2023 employee engagement survey, 92% of the employees affirmed that they support our sustainability ambitions, targets, and actions. Initial sustainability training sessions have begun (see **Management approach**), with four sessions successfully completed and 44 employees participating. In addition to Zehnder specific training sessions, our e-learning platform covers multiple courses on sustainability topics, which positively support our target through promoting sustainable practices at work and at home.
- **Outlook:** Further training sessions will be rolled out throughout the year, along with the launch of the Sustainability Ambassador Programme to deepen employee engagement and understanding of our sustainability goals. Our aim is to sustain employee engagement for the SDGs and Zehnder's sustainability goal at over 90% by 2025.

¹Excluding Siber, to avoid overburdening the newly acquired company with Group projects.

Metrics

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

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of new hires by age group – under 30 years old	%	32.5	34.2	-1.6pp
Rate of new hires by age group – between 30 and 50 years old	%	54.0	53.6	0.4pp
Rate of new hires by age group – over 50 years old	%	13.5	12.3	1.3pp
Rate of new hires by gender – female	%	25.8	32.4	-6.6pp
Rate of new hires by gender – male	%	74.2	67.6	6.6pp
Rate of new hires by gender – diverse	%	-	-	-
Rate of new hires by region – EMEA	%	61.2	70.8	-9.6pp
Rate of new hires by region – Asia-Pacific	%	17.1	10.1	7.1pp
Rate of new hires by region – North America	%	21.7	19.2	2.6pp
Rate of total new hires	%	11.1	11.1	-





Total number of new hires: 391 new hires in 2024 and 407 new hires in 2023

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

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of employee turnover by age group – under 30 years old	%	32.1	27.8	4.3pp
Rate of employee turnover by age group – between 30 and 50 years old	%	15.3	15.1	0.3pp
Rate of employee turnover by age group – over 50 years old	%	10.8	11.0	-0.3pp
Rate of employee turnover by gender – female	%	17.1	14.7	2.4pp
Rate of employee turnover by gender – male	%	15.2	15.6	-0.5pp
Rate of employee turnover by gender – diverse	%	100.0	-	n/a
Rate of employee turnover by region – EMEA	%	13.6	13.5	0.1pp
Rate of employee turnover by region – Asia-Pacific	%	26.3	18.2	8.1pp
Rate of employee turnover by region – North America	%	18.4	25.1	-6.6pp
Rate of total employee turnover	%	15.7	15.4	0.3pp


Total amount of employee turnover: 553 employees in 2024 and 564 employees in 2023

GRI 404: Training and Education 2016
Disclosure 404-1 Average hours of training per year per employee

Indicator description	Unit of measure	2024	2023	Change from prior year
Average hours of training that our employees have undertaken, by gender – female	h	21.0 	17.3	3.7
Average hours of training that our employees have undertaken, by gender – male	h	15.3 	20.7	-5.4
Average hours of training that our employees have undertaken, by gender – diverse	h	40.0 	8.0	32.0
Average hours of training that our employees have undertaken	h	16.8 	19.8	-3.0

GRI 404: Training and Education 2016

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews

Indicator description	Unit of measure	2024	2023	Change from prior year
Percentage of total employees who received a regular performance and career development review	%	93.4 	89.7	3.8pp

Internal promotion

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of internal promotions vs. external hiring by employee category – management positions (L1–L4) ¹	%	50.0	33.3	16.7pp
Rate of internal promotions vs. external hiring by employee category – non-management positions ²	%	23.4	31.7	–8.2pp
Rate of internal promotions vs. external hiring for employees with leadership responsibility ³	%	63.4	47.9	15.5pp

1 L1–L4 refers to leadership levels 1 to 4. The newly acquired company Siber is excluded from this KPI as no leadership levels have been assigned to Siber employees as yet.

2 Non-management positions are positions beyond leadership level 4.

3 An employee with leadership responsibility is formally responsible and supervising at least three other employees.

Employees with access to e-learning

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of employees with access to e-learning	%	73.3	73.6	–0.3pp

In 2024, Zehnder Group divested its Climate Ceiling Solutions business and acquired Siber. Employees from Climate Ceiling Solutions business, who previously had access to e-learning, are no longer included in the latest statistics. Siber employees have not yet been granted access to e-learning.

Employees that support the Zehnder sustainability ambitions and targets

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of employees that support the Zehnder sustainability ambitions and targets	%	n/a	92.0	n/a

The rate of employees that support the Zehnder sustainability ambitions and targets is based on the employee engagement survey.

The survey is conducted biannually and did not take place in 2024. The next one is scheduled for 2025.

Diversity, equal opportunity, inclusion, and decent work

Impacts, risks, and opportunities

Impacts

Zehnder's commitment to diversity, equal opportunity, inclusion, and decent work shapes its organisational culture and impacts the business in significant ways. By promoting diversity across gender, age, ethnicity, and other individual factors, we foster a more inclusive environment that enhances innovation and problem-solving through varied perspectives. This approach impacts not only gender diversity but also equity in terms of pay, career opportunities, and professional development.

Creating an environment where employees feel valued and respected leads to higher employee engagement and retention. Our zero-tolerance policies towards harassment, bullying, and discrimination ensure that all employees can work in a safe and supportive atmosphere, directly contributing to job satisfaction and overall productivity. This proactive approach reinforces our position as a responsible and forward-thinking employer.

Risks and opportunities

A lack of diversity and inclusivity can lead to several risks, including reduced innovation due to homogeneous thinking and missed opportunities for creative solutions. There are also reputational risks if we fail to meet legal or social expectations concerning diversity.

Poor diversity and inclusion practices can negatively impact employee retention. Individuals who do not feel a sense of belonging or experience limited opportunities for advancement are more likely to leave, leading to higher turnover rates. This is especially critical in sectors like manufacturing, where attracting diverse talent, particularly women, can be challenging.

Conversely, promoting diversity and inclusion offers significant opportunities. Diverse teams are more innovative and perform better, as varied perspectives improve decision-making and lead to more creative solutions. Zehnder's proactive stance on diversity also serves to boost its reputation, making the company more attractive to top talent.

Management approach

Zehnder's management approach to diversity, equal opportunity, inclusion, and decent work is guided by the Diversity, Equity, and Inclusion Directive, which was introduced in 2023. This directive outlines the company's commitment to providing equal opportunities for all, regardless of age, gender, disability, race, sexual orientation, or religion. It also sets clear behavioural standards for employees and defines processes for addressing violations, including the company's zero-tolerance approach towards harassment and discrimination.

Governance and accountability

Starting in 2024, Zehnder has embedded a gender diversity target into the long-term incentive plan for the Group Executive Committee. This makes gender diversity a measurable objective tied to executive performance, ensuring accountability at the highest level.

Training and awareness

We have initiated a comprehensive Diversity, Equity, and Inclusion training programme, starting with mid-level and senior managers, to ensure a widespread understanding of the importance of inclusivity and fair treatment. By 2025, the company aims to have all employees trained in anti-harassment and diversity principles. Zehnder also operates a whistleblower system (more details about the Integrity Line under **Compliance and fair business practices**), allowing employees to anonymously report instances of discrimination or harassment.

Equal pay and transparent practices

Further securing equal pay is a priority for Zehnder. A standardised salary increase process was introduced across the organisation to ensure greater transparency in compensation decisions. By tying salaries to clear and objective job descriptions, Zehnder prevents subjective biases from influencing pay.

In all HR-related processes, Zehnder enforces the four-eyes principle, ensuring that decisions regarding recruitment, promotions, and compensation are reviewed and approved by more than one individual. This practice promotes fairness and objectivity, further reinforcing Zehnder's commitment to equal opportunity.

Implementation and outlook

To implement the above management approach and policies, we defined two ambitions, each supported by one or more targets and monitored via specific KPIs.

Targets

Ambition: Apply a zero-tolerance approach to harassment, bullying, and discrimination at all times

Target: Train employees in anti-harassment and discrimination

- **Status:** Following the diversity, equity, and inclusion training campaign launched in 2023 for senior and mid-level managers, an anti-harassment and discrimination training has been incorporated into the mandatory Code of Conduct training, which all employees must complete by the end of Q1 2025.
- **Outlook:** This initiative is closely aligned with ongoing e-learning efforts, ensuring greater reach. The training is also part of the Group's mandatory legal and compliance programme, supporting comprehensive coverage and completion by 2025.

Ambition: Create a diverse work environment and provide decent work and equal pay

Target: Achieve gender diversity

- **Status:** Building on the progress made in 2023, where 18.3% of senior management roles were held by women and accelerator programmes were launched in France and Poland, Zehnder is advancing efforts to enhance gender diversity across the organisation. With recruitment (internally and externally) and succession planning being the key processes to support gender diversity, the global HR management team was once more aligned toward this target, clarifying their role in ensuring fair recruitment and promotion practices, including consciously making efforts to have at least 30% female candidates on shortlists for vacancies. In 2024, 19.7% of the company's senior management team¹ was comprised of women, including the first female Group Executive Committee member. Gender diversity targets have been formally embedded in the long-term incentive plan for the Group Executive Committee, improving accountability and strengthening the focus on this goal.
- **Outlook:** In 2025, the Group Executive Committee will be extended with a second woman, increasing the percentage of females on this level to 33%, and thereby role modelling gender diversity at the top. By 2026, we aim to achieve 22.5% representation of women in senior management roles, with a goal to further increase this to 30% by 2030.

Target: Further securing equal pay

- **Status:** The job architecture pilot has successfully concluded in three EU and three non-EU locations². All functions in the pilot countries have been evaluated and graded, ensuring comparability across locations. These roles have been integrated into Zehnder's overall Job House project enabling consistent and equitable comparisons across roles to ensure true equality.
- **Outlook:** With the pilot completed, a full rollout is scheduled for 2025 to standardise equal pay practices across all EU locations. This expansion will reinforce fair compensation and reinforce our commitment to equity across the organisation. A benchmark policy will be developed to support the continued rollout, ensuring that the job architecture remains up-to-date, and salary ranges are applied accurately.

In the medium term, we are working towards auditing all EU sites for equal pay by 2026, while all our sites globally are to be audited by 2028. In addition, we work on developing a foundation for pay transparency and equal pay, internally as well as externally. To this end, we will develop a global job catalogue and further invest in the digitalisation of HR data across Zehnder Group.

Target: Increase the portion of employees receiving a living wage

- **Status:** Following the definition of the UNGC, a living wage means a wage that enables workers and their families to meet their basic needs. While all our employees always receive the local legal minimum wage, where legal minimum wage laws exist, our routine analysis consistently reveals that the absolute majority of our employees at our sites earn at least a living wage. However, it has also revealed disparities, where at some sites a portion of our employees do not receive a living wage according to the definition of the UNGC. This initiative has been delayed, with a progress review scheduled for 2026, as the focus is on first completing the Job House project in North America to gather valuable insights from its implementation.

- **Outlook:** The upcoming review will determine the next steps to ensure timely progress toward the 2028 goal. We aim to define our approach towards living wages as defined by the UNGC and to understand the root causes of the gaps. Our mid-term goal is to substantially increase the portion of employees receiving a living wage across the entire organisation by 2028.

¹Senior management refers to Zehnder's job positions within L1-L3

²Germany, Switzerland, Netherlands, United Kingdom, Türkiye, and Poland

Metrics

GRI 405: Diversity and Equal Opportunity 2016

Disclosure 405-1 Diversity of governance bodies and employees

Diversity within the Board of Directors

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of individuals within the Board of Directors by age group – under 30 years old	%	- 	-	-
Rate of individuals within the Board of Directors by age group – between 30 and 50 years old	%	14.3 	14.3	-
Rate of individuals within the Board of Directors by age group – over 50 years old	%	85.7 	85.7	-
Rate of individuals within the Board of Directors by gender – female	%	28.6 	28.6	-
Rate of individuals within the Board of Directors by gender – male	%	71.4 	71.4	-
Rate of individuals within the Board of Directors by gender – diverse	%	- 	-	-

GRI 405: Diversity and Equal Opportunity 2016
Disclosure 405-1 Diversity of governance bodies and employees
Diversity within the Group Executive Committee

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of individuals within the Group Executive Committee by age group – under 30 years old	%	- ✓	-	-
Rate of individuals within the Group Executive Committee by age group – between 30 and 50 years old	%	60.0 ✓	40.0	20.0pp
Rate of individuals within the Group Executive Committee by age group – over 50 years old	%	40.0 ✓	60.0	-20.0pp
Rate of individuals within the Group Executive Committee by gender – female	%	20.0 ✓	-	20.0pp
Rate of individuals within the Group Executive Committee by gender – male	%	80.0 ✓	100.0	-20.0pp
Rate of individuals within the Group Executive Committee by gender – diverse	%	- ✓	-	-

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

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of employees by age group – under 30 years old	%	11.7 ✓	13.4	-1.8pp
Rate of employees by age group – between 30 and 50 years old	%	53.3 ✓	52.0	1.3pp
Rate of employees by age group – over 50 years old	%	35.1 ✓	34.6	0.5pp
Rate of employees by gender – female	%	25.5 ✓	26.8	-1.3pp
Rate of employees by gender – male	%	74.5 ✓	73.1	1.4pp
Rate of employees by gender – diverse	%	<0.05 ✓	<0.1	n/a

Gender diversity among senior management

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of senior management members (L1-L3) by gender – female	%	19.7	18.3	1.4pp
Rate of senior management members (L1-L3) by gender – male	%	80.3	81.7	-1.4pp
Rate of senior management members (L1-L3) by gender – diverse	%	-	-	-

L1-L3 refers to leadership levels 1 to 3.

The newly acquired company Siber is excluded from this KPI as no leadership levels have been assigned to Siber employees yet.

GRI 406: Non-discrimination 2016

Disclosure 406-1 Incidents of discrimination and corrective actions taken

Indicator description	Unit of measure	2024	2023	Change from prior year
Total number of incidents of discrimination during the reporting period	#	6	5	20.0%

Due to training on discrimination and anti-harassment, overall awareness of these topics increased, which led to more sensitivity in identifying respective behaviour. Each reported case was handled individually according to its severity. Corrective actions taken ranged from mediation among affected parties and follow-up training for minor incidents (the majority of reported cases) to termination of the employee in severe cases (one case).

The 2023 figure has been restated due to a reporting error in the Sustainability Report 2023. The original reported figure for 2023 was zero.

Trained employees for harassment, bullying, and/or discrimination

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of trained employees for harassment, bullying and/or discrimination	%	30.8	25.9	4.8pp

The rate only includes employees who were trained in the respective reporting year.

Social issues: Introduction

Ethics and transparency in our partnerships

This section details Zehnder Group's approach to **Sustainable purchasing**, focusing on ensuring transparency and ethical standards throughout its complex global supply chain. The following subchapters delve into the impacts, risks, and opportunities associated with responsible procurement, outlining how Zehnder integrates sustainability into supplier relationships and risk management.

Zehnder faces significant social and environmental challenges in its supply chain, particularly in sectors like raw material extraction, logistics, and electronics, where issues such as forced labour, child labour, and health and safety concerns are prevalent. However, by implementing robust measures, Zehnder aims to mitigate these risks while creating positive impacts, such as job creation and upskilling in local communities.

Our procurement strategy is rooted in a commitment to fair labour practices, transparency, and the enforcement of high ethical standards. By leveraging the Supplier Code of Conduct and conducting targeted risk assessments, we ensure that our suppliers align with Zehnder's sustainability goals. Regular audits and capacity-building initiatives further strengthen our efforts to enhance supplier compliance.

Sustainable purchasing

Impacts, risks, and opportunities

Impacts

In our complex supply chain, involving thousands of suppliers, potential negative impacts are inherent. These impacts, beyond the environmental considerations, include significant social risks such as health and safety concerns, forced labour, child labour, and modern slavery across the supply chain. Sectors such as logistics, electronics, and raw material extraction are particularly prone to such risks, which are systemic and widespread.

Certain worker groups are more vulnerable to negative impacts, including migrant workers, young workers, women, and trade unionists. While no specific factories or countries have been identified, Zehnder's Human Rights Due Diligence highlighted potential human rights violations that might likely occur in the supply chain. These risks are being addressed through Zehnder's Supplier Code of Conduct and sustainability audits.

Despite these challenges, participating in a global supply chain also creates positive impacts, such as job creation, upskilling opportunities, and employment in regions where artisanal mining is prevalent. While the risks associated with mining are severe, this sector also provides economic opportunities for local communities.

Risks and opportunities

Managing social issues within the supply chain introduces new complexities to procurement processes. Each new supplier brings additional risks and vulnerabilities, requiring substantial resources to mitigate. Failing to address these risks could lead to reputational damage, as both consumers and stakeholders increasingly expect high ethical standards in business practices.

Conversely, by promoting fair labour practices, protecting vulnerable groups, and fostering transparent governance, Zehnder can enhance its reputation as a fair and ethical business partner. There is also an opportunity to collaborate closely with large, established suppliers to reduce risks, secure premium products, and drive sustainability initiatives. Through trust-based partnerships, Zehnder can encourage suppliers to align with its sustainability targets, improving both social and environmental outcomes across the value chain.

Management approach

By strengthening supplier relationships and improving supply chain transparency, we aim to uphold the highest ethical standards in procurement, addressing social, environmental, and economic concerns. This includes actively collaborating with suppliers to reduce their Scope 1 and 2 emissions, which directly impact our Scope 3 purchased goods emissions.

Zehnder's procurement team, guided by the CFO and COOs, play a critical role in implementing sustainable procurement practices. This team coordinates company-wide efforts, ensuring that sustainability principles are integrated into every stage of the procurement process. The procurement team also works closely with the Sustainability Steering Committee, reporting on progress and challenges in meeting the company's sustainability goals. Furthermore, continuous capacity building in sustainability topics for the procurement team remains a priority to ensure they are equipped to address complex social issues within the supply chain.

Supplier Code of Conduct

Our Supplier Code of Conduct is central to our approach towards managing social issues within the supply chain. Based on global standards such as the UN Universal Declaration of Human Rights, the ILO, and the UNGC, the Supplier Code of Conduct sets clear expectations for suppliers concerning environmental, social, and governance matters. In 2024, the Supplier Code of Conduct was updated to reflect insights from our [Double Materiality Assessment](#) and the Human Rights Due Diligence. We require suppliers to sign a binding commitment to the Supplier Code of Conduct or an equivalent standard.

We take a cooperative approach with our suppliers, focusing on long-term partnerships built on trust. Instead of applying financial pressure, we encourage dialogue and collaboration to ensure that suppliers can meet the requirements of the Supplier Code of Conduct. If a supplier hesitates to sign up to the Code, we work together to find mutually beneficial solutions, helping them implement sustainable practices either on their own initiative or by aligning with our standards.

Moving forward, we will focus on verifying that suppliers not only sign the Supplier Code of Conduct but also actively comply with and implement its standards. This includes close collaboration with key suppliers, including those further down the supply chain (tier 2 suppliers), to drive meaningful change.

Risk-based screening and audits

To ensure that resources are used efficiently, Zehnder employs a risk-based screening process that prioritises suppliers with the highest potential risks. This process involves evaluating countries and purchasing categories based on publicly available risk indices and internal assessments. Suppliers scoring highly in both categories are prioritised for further investigation and, if necessary, more intensive audits.

The aim is to audit relevant¹ and strategic² direct material suppliers before establishing a business relationship. These audits include environmental, social, and governance criteria, ensuring that supplier commitments to sustainability are rigorously applied. In addition, we are expanding our auditing processes to ensure ongoing compliance and continuous improvement beyond the initial assessments.

Transparency and engagement

Transparency in the supply chain is critical to achieving our sustainability goals. Zehnder seeks to build trust-based relationships with key suppliers, helping them improve their environmental stewardship, labour practices, and governance standards. This collaborative approach is crucial for fostering greater supply chain transparency, especially with our tier 2 suppliers, where risks may be harder to detect.

To promote responsible procurement, Zehnder provides training to procurement teams on sustainability topics. This ensures that our teams are well prepared to manage the environmental, social, and governance issues that arise within complex supply chains.

Zehnder also maintains open channels for value chain workers to raise concerns, such as the Integrity Line (more details under **Compliance and fair business practices**), which allows for anonymous reporting. While no significant negative impacts have been identified to date, Zehnder remains committed to providing or contributing to remedies should any material issues arise within the supply chain.

¹Higher sustainability risk exposure or uncertainties

²Supplier size, potential, and dependency

Implementation and outlook

To implement the above management approach and policies, we set an ambition which is underpinned by five targets and monitored via specific KPIs.

Targets

Ambition: Ensure suppliers apply the same sustainability ambitions as we do and are transparent about their environmental and social impacts along the value chain

Target: Set up a Zehnder supply chain due diligence and risk management standard operating procedure (SOP)

- **Status:** The development of the supply chain due diligence and risk management SOP is nearing completion. Final content adjustments are underway to ensure the SOP aligns with local operational processes, with approval expected soon. Procedures include initial screening of new suppliers, sustainability audits and Supplier Code of Conduct.
- **Outlook:** Following the SOP rollout, our focus will be on implementing the SOP to ensure compliance across the organisation. Subsequently, we will shift our attention to assessing how to implement the Ethical Trading Initiative guide to buying responsibly in 2025, reinforcing a comprehensive and responsible procurement strategy across the organisation.

Target: Signed Supplier Code of Conduct by significant direct suppliers

- **Status:** 45% of our direct material suppliers in scope¹ have signed the Supplier Code of Conduct or comply with an equivalent standard. The implementation is progressing faster in EMEA than in Asia-Pacific and North America. In 2024, the Supplier Code of Conduct was revised to align with the results of the **Double Materiality Assessment**, and this updated version will now be used for new supplier agreements.
- **Outlook:** In 2025, we aim to get the remaining medium- and high-risk direct material suppliers identified in EMEA and North America to sign the Supplier Code of Conduct.

Target: On-site audit of high-risk suppliers

- **Status:** Based on an individual assessment, our suppliers are subject to sustainability audits. Depending on the results, suppliers can receive improvement measures either mandatory or voluntary. In 2024, we evaluated the current audit procedures against and identified untapped potential in the voluntary improvement measures, deciding to make it mandatory for the auditor to propose them to supplier, regardless of the audit results. This updated procedure will be a part of the SOP. The goal of conducting 15 audits on medium- and high-risk suppliers has been successfully achieved. All suppliers passed with an acceptable score.
- **Outlook:** Our target is to conduct on-site audits for 10 medium- and high-risk suppliers over the course of 2025. Moreover, the new procedure for improvement measures will be implemented as part of the SOP.

Target: Build capacity for sustainability knowledge

- **Status:** Building internal capacity is a key aspect of our strategy. We provide targeted training to ensure all procurement team members are knowledgeable about sustainability-related material topics. The goal of providing a full day of training for all group procurement teams on the human rights risks identified as most likely to occur in our Human Rights Due Diligence has been met.
- **Outlook:** Group Procurement will follow a train-the-trainer concept for 2025 to enable localised application. Additionally, we will integrate the training with the rollout and implementation of the SOP.

Target: Onboard Supplier Ethical Data Exchange platform of high-risk suppliers

- **Status:** In November 2023, we started the onboarding of our high-risk suppliers onto the Supplier Ethical Data Exchange (SEDEX) risk assessment platform. In 2024, we started to address the objectives in addition through our audit process together with our internal sustainability questionnaire. By the end of 2024, our high-risk suppliers in scope were covered by audit, our own questionnaire, or SEDEX.
- **Outlook:** Going forward, any newly identified high-risk supplier will be managed in accordance with our established protocols, which include either an audit, a sustainability platform, or our own internal questionnaire. Moreover, we will continue to support and encourage suppliers in their advancement across any platform that supports their sustainability efforts.

¹In scope direct material suppliers are defined as direct material suppliers with a yearly spend of more than EUR 5,000.

Metrics

GRI 204: Procurement Practices 2016

Disclosure 204-1 Proportion of spending on local suppliers

Indicator description	Unit of measure	2024	2023	Change from prior year
Percentage of the procurement budget used for significant locations of operation ¹ that is spent on suppliers local ² to that operation	%	52.0	54.0	-2.0pp

Data relies in part on spend and market forecasts.

1 Significant locations of operation is defined as business units representing above 5% of total spend.

2 Local here is defined as by country.

GRI 308: Supplier Environmental Assessment 2016

Disclosure 308-1 New suppliers that were screened using environmental criteria

Indicator description	Unit of measure	2024	2023	Change from prior year
Percentage of new suppliers that were screened using environmental criteria	%	-	-	-

Since the SOP implementation has not yet occurred, the KPI for environmental screening is currently zero.

GRI 308: Supplier Environmental Assessment 2016
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken

Indicator description	Unit of measure	2024	2023	Change from prior year
Number of suppliers assessed for environmental impacts ¹	#	27	24	12.5%
Number of suppliers identified as having significant actual and potential negative environmental impacts	#	-	-	-
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment ²	%	-	-	-
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment ³	%	-	-	-

¹ All suppliers assessed passed the assessment.

² Although no formal improvement measures were agreed upon with suppliers, most assessments resulted in suppliers receiving voluntary improvement suggestions from auditors.

³ Zero supplier relationships were terminated due to potential and actual negative environmental impacts. We recognise our responsibility to those potentially affected by negative impacts and aim to address significant adverse effects with our suppliers, benefiting all parties. Termination of a business relationship is considered only as a last resort.

GRI 414: Supplier Social Assessment 2016**Disclosure 414-1 New suppliers that were screened using social criteria**

Indicator description	Unit of measure	2024	2023	Change from prior year
Percentage of new suppliers that were screened using social criteria	%	-	-	-

Since the SOP implementation has not yet occurred, the KPI for social screening is currently zero.

GRI 414: Supplier Social Assessment 2016**Disclosure 414-2 Negative social impacts in the supply chain and actions taken**

Indicator description	Unit of measure	2024	2023	Change from prior year
Number of suppliers assessed for social impact ¹	#	27	24	12.5%
Number of suppliers identified as having significant actual and potential negative social impacts	#	-	-	-
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment ²	%	-	-	-
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment ³	%	-	-	-

1 All suppliers assessed passed the assessment.

2 Although no formal improvement measures were agreed upon with suppliers, most assessments resulted in suppliers receiving voluntary improvement suggestions from auditors.

3 Zero supplier relationships were terminated due to potential and actual negative social impacts. We recognise our responsibility to those potentially affected by negative impacts and aim to address significant adverse effects with our suppliers, benefiting all parties. Termination of a business relationship is considered only as a last resort.

Suppliers that have signed the Supplier Code of Conduct

Indicator description	Unit of measure	2024	2023	Change from prior year
Rate of direct material suppliers that have signed the Supplier Code of Conduct	%	33.7	29.1	4.6pp
Rate of indirect material suppliers that have signed the Supplier Code of Conduct	%	-	-	-

Combating corruption: Introduction

Strengthening ethical practices

This section provides an overview of Zehnder Group's comprehensive approach to **Compliance and fair business practices**. The subchapters delve into the impacts, risks, opportunities, and management strategies involved in maintaining a robust compliance framework, promoting fair conduct, and safeguarding against unethical behaviour.

Zehnder is firmly committed to a zero-tolerance policy for corruption and bribery, embedding strong ethical practices throughout its operations. The launch of an enhanced Code of Conduct in the beginning of 2023, supported by an updated Dos and Don'ts guideline and extensive employee training, underscores our commitment to integrity. By prioritising both preventive measures and clear compliance processes, Zehnder aims to uphold its reputation, ensuring that its business is founded on the quality of its products and services, rather than on unethical practices.

This year, we launched a comprehensive training programme to familiarise all employees with the updated Code of Conduct. Training sessions began in September and will continue through the first quarter of 2025, offering both e-learning modules and in-person sessions tailored for blue-collar staff. Additionally, we have introduced new directives or guidelines to ensure consistent ethical behaviour across the organisation.

Compliance and fair business practices ✓

Impacts, risks, and opportunities

Impacts

Corruption weakens governmental systems designed to protect human rights by undermining accountability. It allows individuals or entities to bypass laws and tax regulations that sustain public services such as education, healthcare, and infrastructure. By cultivating strong ethics within Zehnder and expecting the same from our suppliers, we not only uphold high standards within our operations but also contribute to greater transparency across the entire supply chain, positively influencing external stakeholders.

Risks and opportunities

Corruption poses a risk across many industries, but it is generally perceived to be particularly prevalent in the construction sector, which Zehnder serves. While our operations are based in countries with low levels of public sector corruption, such as Switzerland, the Netherlands, and Germany, which rank within the top ten on the [Corruption Perceptions Index](#), we also operate in regions with elevated corruption risks, including China (ranked 76/180) and Türkiye (ranked 115/180). Corruption in these regions can lead to inefficient resource allocation, stifling innovation and disrupting market dynamics, which ultimately impacts long-term societal well-being.

The consequences of bribery or corruption can be severe, leading to legal challenges and significant reputational damage. Therefore, we place a strong emphasis on transparency and preventative measures as part of our compliance strategy. Our Code of Conduct reinforces that we win and retain customers through the quality of our products, not through unethical practices. Fighting corruption offers an important social opportunity, empowering competition, protecting vulnerable communities, and promoting fair business practices.

Management approach

At Zehnder, we are committed to maintaining the highest standards of ethical behaviour, transparency, and compliance across all operations. Our compliance system follows a three-lines-of-defence model. The first line involves business units implementing internal regulations. The second line consists of legal and compliance experts providing oversight, while the third line, led by the Head of Group Internal Audit and the Audit Committee, ensures independent and objective assurance, advice and oversight on compliance matters. The Board of Directors and Group Executive Committee oversee the entire process, ensuring transparency and accountability throughout the company.

Zehnder's compliance efforts are built on a solid compliance culture. In 2024, Group Legal and Group Compliance joined forces and are now being led by the of Group General Counsel.

The Group's compliance management system is being re-evaluated and updated on a regular basis. The key potential risks are mitigated by a variety of measures, such as directives, guidelines, in-person training, e-learning, onboarding programmes, newsletters, risk assessments, and integration into internal audits. Each Zehnder company has a designated contact person for reporting legal and

compliance incidents, with quarterly reports compiled at the Group level. Regular training on anti-corruption measures helps ensure that employees remain vigilant and aligned with the company's compliance goals. In 2024, no cases of corruption were reported, which may indicate the effectiveness of our policies and measures in preventing misconduct.

In the preceding year, Zehnder introduced a new Anti-Bribery and Anti-Corruption Directive to provide further guidance beyond the Code of Conduct. This directive, approved by the Group Executive Committee, sets clear standards on business conduct, including rules concerning gifts and benefits, aligned with local and international regulations such as the Swiss Criminal Code, the US Foreign Corrupt Practices Act, and the UK Bribery Act. The directive reinforces Zehnder's commitment to prioritising the quality of products and services over any form of corrupt practice, rejecting bribery in all its forms.

This directive also defines acceptable practices around gifts and benefits, ensuring they remain lawful tokens of appreciation rather than attempts to influence decision-making. It prohibits facilitation payments and explicitly prevents engaging third parties for corrupt purposes. These guidelines ensure that our business records are accurate and transparent. As a result, we are witnessing heightened awareness of the topic and appropriate escalation procedures in accordance with the directive.

To further demonstrate our commitment to preventing corruption, Zehnder's CEO has supported the UNGC's Call-to-Action from businesses to governments. This initiative promotes collaboration to strengthen governance and anti-corruption efforts, urging governments to view these as vital components of a sustainable and inclusive global economy, as well as key principles of the 2030 Agenda for Sustainable Development.

Our Code of Conduct

The Zehnder Group Code of Conduct is integral to our corporate culture, serving as a guideline for ethical, legal, and socially responsible behaviour. It informs our daily interactions with colleagues, customers, suppliers, and partners, helping us navigate complex business environments while upholding the highest ethical standards. Available in ten languages, the Code of Conduct is accessible to all employees across Zehnder's global operations, providing a solid foundation for our compliance efforts.

The Code of Conduct covers the following key topics:

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

Updated in 2023, the Code of Conduct reflects international best practices, including the UN Guiding Principles for Business and Human Rights, Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct. Alongside the Code of Conduct, Zehnder's Legal and Compliance Directive outlines roles and responsibilities, ensuring that processes are effectively monitored across the Group.

The Zehnder Group Integrity Line

To ensure transparency and accountability, Zehnder operates an Integrity Line, providing a secure and confidential platform for employees and business partners to report suspected misconduct or violations of the Code of Conduct. Accessible in every country where Zehnder operates, the Integrity Line allows anonymous submissions in local languages. It serves as an alternative reporting channel for those uncomfortable with internal reporting procedures, ensuring that concerns can be raised without fear of retaliation.

Every report submitted via the Integrity Line is taken seriously and investigated thoroughly and independently by Group Legal and Compliance. These investigations ensure impartiality, and the findings are regularly reported to the Group Executive Committee and the Audit Committee.

This process guarantees that compliance concerns, including those related to bribery and corruption, are addressed at the highest level. In 2024, a total of nine whistleblowing cases were recorded through the Integrity Line, compared to eight cases the previous year. All cases were thoroughly investigated, with four addressed locally and five handled at Group level. Following an assessment by our Group Legal and Compliance team, five cases were found to be substantiated. Three cases were external customer complaints (all not substantiated), two were external cases of work accidents at our partners (both substantiated) and one was a product quality and safety concern reported externally (substantiated). In addition, three cases were internal complaints of which one referred to harassment and inequality (substantiated), one to OHS (substantiated) and one to potential breaches of our Code of Conduct (not substantiated). Two cases occurred in North America, six in Europe and one in China. In one case a warning was issued while in four cases ongoing precautionary measures related to the safety are being implemented (including an external safety audit at one of our production sites). In four cases, the investigation was discontinued as no wrongdoing could be established.

Zehnder's Whistleblowing Guidelines protect employees and stakeholders from retaliation, harassment, or discrimination when reporting in good faith. This system helps foster a culture of transparency and trust, encouraging employees and partners to speak up against unethical behaviour.

Implementation and outlook

To implement the above management approach and policies, we set an ambition that is underpinned by several targets and monitored via specific KPIs.

Targets

Ambition: Maintain a good compliance framework, upskill and achieve zero corruption or antitrust incidents, with compliance reviews forming an essential part of internal audits

Target: Upskill in compliance through compliance training

- **Status:** In compliance training, in-person sessions for selected employees remain crucial, as leadership's tone is most effectively communicated in person. During the reporting year, in-person legal and compliance upskilling was conducted by the Group Legal and Compliance team together with the Head of Group Internal Audit, including at the annual top management summer meeting, with management of selected business units, in Türkiye, or with Group Procurement. In addition, the Group continued its compliance e-learning programme. The dedicated training for employees, including management, generally comprises two e-learning modules per year, one in-depth module for specific groups (see the target "Focus on raising awareness for antitrust" further below) and one broader one on the Code of Conduct for all employees (see next paragraph in this section). These modules are mandatory.

By the end of Q1 2025, all employees need to complete this mandatory Code of Conduct training. White-collar employees participate via e-learning, while blue-collar employees engage in classroom-based sessions, ensuring accessible and relevant learning experiences for all.

As a follow-up measure to the revision of the Code of Conduct in 2023, we updated the "Dos and Don'ts" related to the Code of Conduct in 2024. In addition, various other compliance measures were continued, such as compliance newsletters, compliance dilemmas (where a short compliance case is sent to relevant employees via email that can be answered in the multiple-choice format) or quarterly risk management meetings.

- **Outlook:** With foundational compliance training complete, the focus will shift to ensuring these foundational trainings are included in the onboarding process for new employees and refreshing core compliance topics periodically. This ongoing approach aims to maintain high awareness levels and reinforce alignment with the organisation's ethical standards.

Target: Establish a more granular risk management framework related to operations with a potentially higher risk score for bribery or corruption

- **Status:** We trained selected employees regarding bribery and corruption risk in 2023. The selection of the employees for the training took into account the roles (with a focus on gatekeeper functions as well as customer- and supplier-facing roles) and locations of the employees. To address transactions that carry potentially higher risks for bribery or corruption, the group has implemented additional anti-bribery and anti-corruption questions within the supplier onboarding and annual assessment processes. This approach facilitates more detailed risk analysis and bolsters due diligence efforts across operations. In addition, Group Legal and Compliance conducted risk-based special in-person training in countries with a potentially higher risk score.
- **Outlook:** The focus will now be on further refining these assessment processes and incorporating findings into broader supplier assessments. Ongoing efforts will help that high-risk transactions are managed with greater precision, upholding the organisation's commitment to ethical conduct. Risk-based special in-person training will continue to play a pivotal role in our continued compliance efforts.

Target: Focus on raising awareness for antitrust

- **Status:** Antitrust was already a key compliance topic at the annual top management summer meeting in 2022. In 2024, the Group issued a new Antitrust Guidance with practicable dos and don'ts. The Antitrust Guidance is supported by factsheets providing more details and reinforcing our prevention measures. Furthermore, a series of in-person training sessions and e-learning modules focusing on antitrust and fair competition have been successfully delivered. These sessions targeted management, sales, and procurement roles – areas identified as most susceptible to antitrust risks – to enhance awareness and compliance within high-risk functions.
- **Outlook:** Moving forward, efforts will centre on reinforcing antitrust knowledge through periodic refreshers and continuous monitoring. Follow-up training will be provided as needed to sustain high standards of understanding and compliance in this critical area.

Metrics

GRI 2: General Disclosures 2021

Disclosure 2-27 Compliance with laws and regulations

Indicator description	Unit of measure	2024	2023	Change from prior year
Number of significant instances of non-compliance with laws and regulations for which fines were incurred	#	1	n/a	n/a
Number of significant instances of non-compliance with laws and regulations for which non-monetary sanctions were incurred	#	-	n/a	n/a
Total number of significant instances of non-compliance with laws and regulations	#	1	n/a	n/a
Number of fines paid for significant instances of non-compliance with laws and regulations from previous periods	#	-	n/a	n/a
Number of fines paid for significant instances of non-compliance with laws and regulations from current period	#	1	n/a	n/a
Total number of fines paid for significant instances of non-compliance with laws and regulations	#	1	n/a	n/a
Monetary value of fines paid for significant instances of non-compliance with laws and regulations from previous periods	EUR	-	n/a	n/a
Monetary value of fines paid for significant instances of non-compliance with laws and regulations from current period	EUR	10,045	n/a	n/a
Total monetary value of fines paid for significant instances of non-compliance with laws and regulations	EUR	10,045	n/a	n/a

The instance and fine reported relates to one of the OHS cases reported and further described in [Occupational health and safety](#). In addition, there was one case of a minor, in our view non-material, administrative fine due to unintentionally failing to comply with a local emission reporting requirement that led to a fine of USD 500.

GRI 205: Anti-corruption 2016**Disclosure 205-2 Communication and training about anti-corruption policies and procedures**

Indicator description	Unit of measure	2024	2023	Change from prior year
Total number of governance body members to whom the organisation's anti-corruption policies and procedures have been communicated	#	12	12	-
Total percentage of governance body members to whom the organisation's anti-corruption policies and procedures have been communicated	%	100.0	100.0	-
Total number of governance body members that have received training on anti-corruption	#	12	7	71.4%
Total percentage of governance body members that have received training on anti-corruption	%	100.0	58.3	41.7pp

The definition of governance body members includes all members of the Board of Directors and the Group Executive Committee.

Currently, all governance body members who have been informed about the organisation's anti-corruption policies and procedures or have received related training are from the EMEA region.

GRI 205: Anti-corruption 2016**Disclosure 205-3 Confirmed incidents of corruption and actions taken**

Indicator description	Unit of measure	2024	2023	Change from prior year
Total number of confirmed incidents of corruption	#	-	-	-
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	#	-	-	-
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	#	-	-	-
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	#	-	-	-

GRI 206: Anti-competitive Behaviour 2016**Disclosure 206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices**

Indicator description	Unit of measure	2024	2023	Change from prior year
Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant	#	-	-	-

Respect for human rights: Introduction

Protecting human rights across our value chain

This section outlines Zehnder Group's approach to **Upholding human rights** across its operations and supply chain. The following subchapters explore the impacts, risks, and opportunities associated with human rights, along with our management approach to addressing these challenges. Zehnder's commitment to promoting fair labour practices, ensuring safe working conditions, and supporting workers' rights reflects our focus on ethical business practices and social responsibility.

Zehnder actively addresses human rights risks, particularly in areas like raw material extraction, where issues such as child labour and forced labour may arise. Through a comprehensive Human Rights Due Diligence framework, aligned with international standards, we prioritise transparency, risk management, and continuous improvement. By improving supplier screening, expanding audits, and promoting stakeholder engagement, we aim to strengthen human rights compliance throughout our supply chain.

Our efforts include the introduction of a Human Rights Directive, anti-harassment policies, and adherence to global guidelines such as the UN Guiding Principles on Business and Human Rights. We are committed to reducing the use of conflict minerals and ensuring that our materials are sourced responsibly. As we continue to refine our approach, we remain focused on integrating human rights into our overall strategy, promoting ethical conduct and safeguarding the rights of workers throughout our value chain.

Upholding human rights

Impacts, risks, and opportunities

Impacts

At Zehnder Group, we recognise the importance of human rights in every aspect of our operations. Our commitment to upholding human rights positively impacts working conditions within both our operations and our supply chain. By promoting fair labour practices, ensuring safe working environments, and supporting workers' rights to association and collective bargaining, we strive to foster a responsible and ethical work environment. Additionally, our products, particularly those that improve indoor air quality, contribute to the right to health, benefiting the well-being of our customers.

However, we are aware of the human rights risks within our supply chain, particularly in raw material extraction, where there is a potential risk of child labour. Similarly, concerns about forced labour, especially among vulnerable groups such as migrant workers, persist in sectors like mining and electronics manufacturing. Environmental degradation caused by pollution and climate change can further affect the rights to health, food, and water for communities located near our production sites. Workers in our supply chain may also face hazardous working conditions, including exposure to toxic substances or unsafe machinery, and there are ongoing risks of workplace discrimination and harassment, particularly in regions where legal protections for workers are weak.

Risks and opportunities

The global nature of our supply chain, especially in high-risk regions, presents significant challenges in ensuring that human rights are respected. These include the risks of forced labour, poor working conditions, and environmental harm. Failing to address these risks could result in reputational damage, legal challenges, and the loss of business opportunities.

Despite these risks, there are also important opportunities for Zehnder to improve responsible procurement by enhancing supplier screening and increasing audits to manage human rights risks more effectively. By engaging with stakeholders, including employees, suppliers, and local communities, we can gain valuable insights that help us better understand and tackle these concerns. There are also opportunities to innovate in our human rights practices, such as developing sustainable products and increasing transparency across our supply chain.

Management approach

Zehnder Group's strategy involves a comprehensive Human Rights Due Diligence approach, focusing on the proactive assessment and management of human rights risks and impacts across our operations and supply chain. Our strategy is aligned with international standards such as the ILO Conventions, the ILO-IOE Child Labour Guidance Tool,¹ and the UN Guiding Principles on Business and Human Rights.

Zehnder's Human Rights Due Diligence framework

We have systematically assessed our performance across the six core elements of Human Rights Due Diligence and set clear goals and measures to enhance our commitment to human rights. In 2023, we introduced a standalone Human Rights Directive, setting clear goals and measures to enhance our commitment to human rights. This directive prioritises key risks within our value chain, such as workplace discrimination, living wage disparities, modern slavery, and OHS. Throughout 2025, Zehnder will focus on implementing targeted measures to address these risks, ensuring continuous improvement through regular tracking and public reporting of our Human Rights Due Diligence efforts. Furthermore, we are committed to increasing access to grievance mechanisms to maintain the highest ethical standards and transparency.

In addition to our Human Rights Due Diligence framework, Zehnder has integrated human rights considerations into several existing policies. These include the Anti-Harassment Directive and the Diversity, Equity, and Inclusion Directive, which promote fair treatment and inclusivity within our organisation. Our local OHS policies ensure safe and healthy working environments for our employees. Regarding our supply chain, the Zehnder Group Code of Conduct, the Supplier Code of Conduct, and our **Modern Slavery Statement** (UK only) are central to maintaining ethical practices.

Through comprehensive risk and impact assessments, Zehnder has identified several salient human rights issues, including child labour, modern slavery, forced labour, and the environmental impacts on human rights. These risks are particularly concentrated in areas like logistics and end-of-life treatment. Based on the severity and likelihood of these risks, Zehnder has established specific measures to address them. Over the next two years, we will prioritise the prevention of workplace discrimination, ensure living wages are met across our operations, address modern slavery risks, and enhance OHS standards.

To ensure that these measures are effectively implemented, Zehnder has integrated Human Rights Due Diligence responsibilities into its governance structure. Oversight is provided by the Steering Committee, the CEO, and the Chairman of the Board of Directors. Human rights considerations are embedded into the company's strategies, policies, and processes across all departments to ensure that they are aligned with our sustainability goals. The Group Sustainability team, in coordination with the Group Executive Committee, manages these efforts alongside departments such as Legal and Compliance, HR, Procurement, and Logistics, ensuring that human rights are upheld consistently across all operations and the supply chain.

Child labour and conflict minerals

In line with Swiss regulations on due diligence obligations and transparency concerning minerals and metals from conflict areas,² as well as child labour, we address these issues within the broader framework of our Human Rights Due Diligence.

With respect to child labour, as explained above we are following international standards and therefore comply with the equivalent provided by Swiss law³.

Regarding minerals from conflict-affected areas, we have conducted assessments in accordance with the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour. While our total imports are below the threshold values, we remain committed to reducing the use of conflict minerals and ensuring that our materials are sourced responsibly, avoiding materials from conflict-affected regions whenever possible.

¹The ILO-IOE Child Labour Guidance Tool is a resource developed by the ILO and the International Organisation of Employers (IOE) to help companies identify, prevent, and address child labour in their operations and supply chains.

²Tantalum, tin, tungsten, gold (3TG), as defined by regulation (EU) 2017/821

³As defined in CO Art. 964j Para 4 and Ordinance on Due Diligence Obligations and Transparency Regarding Minerals and Metals from Conflict Areas and Child Labour Art. 9 Para 1

Implementation and outlook

To implement the management approach and policies outlined above, we set an ambition supported by specific targets and tracked through defined KPIs.

Targets

Ambition: Apply a Human Rights Due Diligence approach and respect the UN Guiding Principles on Human Rights

Target: Set up a Human Rights Due Diligence risk management process and implement a roadmap based on the UN Guiding Principles on Business and Human Rights

- **Status:** Implementation of the Human Rights Due Diligence framework is underway, with several risk-based and process-oriented measures on track. These include the development of a human rights directive, a risk assessment framework, and employee training. The Anti-Harassment Directive has been fully implemented. Notably, 90% of suppliers, including subcontractors, have now signed the Supplier Code of Conduct, starting at 50% earlier this year, with a specific focus on smaller service providers, particularly in transport and logistics. Despite this progress, the planned in-depth risk assessment involving drivers in transport and logistics has not been conducted due to resource constraints.
- **Outlook:** In 2025, we will focus on further integrating Human Rights Due Diligence into existing processes and expanding training sessions, including through the Sustainability Ambassador Programme. Monitoring and adjustments will prioritise enhancing risk analysis mechanisms and grievance feedback systems to align with the UN Guiding Principles. The Living Wage programme for North America is scheduled for 2026, with preparatory activities expected to begin in 2025.

Ambition: Minimise the use of rare earth and conflict minerals consumption in our products and production processes

Target: Assess our main direct high-risk material supply chains by country of origin

- **Status:** Efforts to identify the sources of iron used in steel manufacturing have faced delays, with limited progress in 2024. Supplier engagement has continued throughout the year, but progress has been limited due to persistent challenges. Many suppliers are either unwilling or unable to provide detailed information on the origin of their raw steel, which has hindered the verification process. While Zehnder remains committed to discontinuing the sourcing of steel from conflict-affected and high-risk areas by 2025, no such cases have been identified to date.
- **Outlook:** Moving into 2025, the focus will remain on strengthening engagement efforts with suppliers to secure the necessary transparency around sourcing. Achieving full traceability and compliance will require ongoing dialogue and collaboration, with priority placed on identifying alternative suppliers if current partners cannot meet the requirements.

GRI index

Zehnder Group has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024, including the requirements specified by GRI 1: Foundation 2021.

GRI content index

GRI STANDARD	DISCLOSURE	LOCATION
The organisation and its reporting practices		
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report 2024 Sustainability Report 2024, Organisational purpose
	2-2 Entities included in the organisation's sustainability reporting	Annual Report 2024, Overview of companies Sustainability Report 2024, Our approach to reporting
	2-3 Reporting period, frequency and contact point	Sustainability Report 2024, Further information
	2-4 Restatements of information	Sustainability Report 2024, Our approach to reporting
	2-5 External assurance	Sustainability Report 2024, Limited assurance
Activities and workers		
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	Annual Report 2024 Sustainability Report 2024, Organisational purpose
	2-7 Employees	Annual Report 2024 Sustainability Report 2024, Proud to be Zehnder
	2-8 Workers who are not employees	Sustainability Report 2024, Proud to be Zehnder
Governance		
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Annual Report 2024, Corporate Governance ✓ Zehnder Group Homepage, Board of Directors ✓ Organisational regulations of Zehnder Group AG ✓ Sustainability Report 2024, Organisational structure Sustainability Report 2024, Sustainability organisation of Zehnder Group
	2-10 Nomination and selection of the highest governance body	Annual Report 2024, Corporate Governance ✓ Articles of Association ✓ Organisational regulations of Zehnder Group AG ✓

2-11 Chair of the highest governance body	Articles of Association ✓ Organisational regulations of Zehnder Group AG ✓
2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report 2024, Corporate Governance ✓ Sustainability Report 2024, Sustainability organisation of Zehnder Group
2-13 Delegation of responsibility for managing impacts	Sustainability Report 2024, Delegation of responsibility Annual Report 2024, Corporate Governance ✓
2-14 Role of the highest governance body in sustainability reporting	Sustainability Report 2024, Reviewing and approving the information
2-15 Conflicts of interest	Sustainability Report 2024, Prevention and mitigation of conflicts of interest Sustainability Report 2024, Compliance and fair business practices
2-16 Communication of critical concerns	Code of Conduct ✓ Sustainability Report 2024, Communication of critical concerns Sustainability Report 2024, Compliance and fair business practices
2-17 Collective knowledge of the highest governance body	Annual Report 2024, Corporate Governance ✓ Sustainability Report 2024, Expanding the collective knowledge
2-18 Evaluation of the performance of the highest governance body	Annual Report 2024, Corporate Governance ✓ Sustainability Report 2024, Expanding the collective knowledge
2-19 Remuneration policies	Annual Report 2024, Compensation Report ✓
2-20 Process to determine remuneration	Annual Report 2024, Compensation Report ✓ Annual Report 2024, Corporate Governance ✓
2-21 Annual total compensation ratio	<p>The omission of this standard is due to the lack of globally consolidated data. With multiple local compensation systems, varying standards for working hours, and the absence of a unified tracking system for cash benefits, it is not feasible to provide the required data for the 2024 report.</p>

Strategy, policies and practices

GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Zehnder Group Sustainability Homepage
		Sustainability Report 2024, Introduction
	2-23 Policy commitments	Code of Conduct
		Supplier Code of Conduct
		Zehnder Group Sustainability Homepage
		Sustainability Report 2024, Our approach to sustainability
		Sustainability Report 2024, Climate action: Management approach
		Sustainability Report 2024, Resource-efficient production: Management approach
		Sustainability Report 2024, Circular products and innovation: Management approach
		Sustainability Report 2024, Occupational health and safety: Management approach
		Sustainability Report 2024, Attractive employer: Management approach
		Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Management approach
		Sustainability Report 2024, Sustainable purchasing: Management approach
		Sustainability Report 2024, Compliance and fair business practices: Management approach
		Sustainability Report 2024, Upholding human rights: Management approach

2-24 Embedding policy commitments	Sustainability Report 2024, Our approach to sustainability
	Sustainability Report 2024, Climate action: Management approach
	Sustainability Report 2024, Resource-efficient production: Management approach
	Sustainability Report 2024, Circular products and innovation: Management approach
	Sustainability Report 2024, Occupational health and safety: Management approach
	Sustainability Report 2024, Attractive employer: Management approach
	Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Management approach
	Sustainability Report 2024, Sustainable purchasing: Management approach
	Sustainability Report 2024, Compliance and fair business practices: Management approach
	Sustainability Report 2024, Upholding human rights: Management approach

2-25 Processes to remediate negative impacts	Sustainability Report 2024, Our approach to sustainability
	Sustainability Report 2024, Climate action: Management approach
	Sustainability Report 2024, Resource-efficient production: Management approach
	Sustainability Report 2024, Circular products and innovation: Management approach
	Sustainability Report 2024, Occupational health and safety: Management approach
	Sustainability Report 2024, Attractive employer: Management approach
	Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Management approach
	Sustainability Report 2024, Sustainable purchasing: Management approach
	Sustainability Report 2024, Compliance and fair business practices: Management approach
	Sustainability Report 2024, Upholding human rights: Management approach
2-26 Mechanisms for seeking advice and raising concerns	Annual Report 2024, Corporate Governance
	Code of Conduct
	Sustainability Report 2024, Compliance and fair business practices: Management approach
2-27 Compliance with laws and regulations	Sustainability Report 2024, Compliance and fair business practices: Implementation and outlook
2-28 Membership associations	Zehnder Group Homepage

Stakeholder engagement

GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Sustainability Report 2024, Communication with stakeholder groups
	2-30 Collective bargaining agreements	Sustainability Report 2024, Proud to be Zehnder Sustainability Report 2024, Respect for human rights

Materiality assessment and list of material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report 2024, Materiality analysis
	3-2 List of material topics	Sustainability Report 2024, Materiality analysis

Climate action

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Climate action: Impacts, risks, and opportunities Sustainability Report 2024, Climate action: Management approach
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report 2024, Climate action: Implementation and outlook
	302-2 Energy consumption outside the organisation	Sustainability Report 2024, Climate action: Implementation and outlook
	302-3 Energy intensity	Sustainability Report 2024, Climate action: Implementation and outlook
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report 2024, Climate action: Implementation and outlook
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report 2024, Climate action: Implementation and outlook
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability Report 2024, Climate action: Implementation and outlook
	305-4 GHG Emissions intensity	Sustainability Report 2024, Climate action: Implementation and outlook

Resource-efficient production

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Resource-efficient production: Impacts, risks, and opportunities Sustainability Report 2024, Resource-efficient production: Management approach
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Sustainability Report 2024, Resource-efficient production: Management approach
	303-2 Management of water discharge-related impacts	Sustainability Report 2024, Resource-efficient production: Management approach
	303-3 Water withdrawal	Sustainability Report 2024, Resource-efficient production: Implementation and outlook
	303-4 Water discharge	Sustainability Report 2024, Resource-efficient production: Implementation and outlook
	303-5 Water consumption	Sustainability Report 2024, Resource-efficient production: Implementation and outlook
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Sustainability Report 2024, Resource-efficient production: Implementation and outlook

GRI 306: Waste 2020	306-3 Waste generated	Sustainability Report 2024, Resource-efficient production: Implementation and outlook
	306-4 Waste diverted from disposal	Sustainability Report 2024, Resource-efficient production: Implementation and outlook
	306-5 Waste directed to disposal	Sustainability Report 2024, Resource-efficient production: Implementation and outlook

Circular products and innovation

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Circular products and innovation: Impacts, risks, and opportunities
		Sustainability Report 2024, Circular products and innovation: Management approach
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability Report 2024, Circular products and innovation: Implementation and outlook
	301-2 Recycled input materials used	Sustainability Report 2024, Circular products and innovation: Implementation and outlook
	301-3 Reclaimed products and their packaging materials	Sustainability Report 2024, Circular products and innovation: Implementation and outlook

Occupational health and safety

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Occupational health and safety: Impacts, risks, and opportunities
		Sustainability Report 2024, Occupational health and safety: Management approach

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report 2024, Occupational health and safety: Management approach
	403-5 Worker training on occupational health and safety	Sustainability Report 2024, Occupational health and safety: Management approach
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2024, Occupational health and safety: Management approach
	403-8 Workers covered by an occupational health and safety management system	Sustainability Report 2024, Occupational health and safety: Implementation and outlook
	403-9 Work-related injuries	Sustainability Report 2024, Occupational health and safety: Implementation and outlook
	403-10 Work-related ill health	Sustainability Report 2024, Occupational health and safety: Implementation and outlook

Attractive employer

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Attractive employer: Impacts, risks, and opportunities
		Sustainability Report 2024, Attractive employer: Management approach
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report 2024, Attractive employer: Implementation and outlook
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report 2024, Attractive employer: Implementation and outlook
	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2024, Attractive employer: Management approach
	404-3 Percentage of employees receiving regular performance and career development reviews	Sustainability Report 2024, Attractive employer: Implementation and outlook

Diversity, equal opportunity, inclusion and decent work

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Impacts, risks, and opportunities
		Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Management approach
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Implementation and outlook
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Implementation and outlook

Sustainable purchasing

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Sustainable purchasing: Impacts, risks, and opportunities Sustainability Report 2024, Sustainable purchasing: Management approach
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainability Report 2024, Sustainable purchasing: Implementation and outlook
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainability Report 2024, Sustainable purchasing: Implementation and outlook
	308-2 Negative environmental impacts in the supply chain and actions	Sustainability Report 2024, Sustainable purchasing: Implementation and outlook
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability Report 2024, Sustainable purchasing: Implementation and outlook
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability Report 2024, Sustainable purchasing: Implementation and outlook

Compliance and fair business practices

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Compliance and fair business practices: Impacts, risks, and opportunities Sustainability Report 2024, Compliance and fair business practices: Management approach
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	While at Group level we conduct risk assessments related to corruption as reported, this data is currently not being collected locally and is therefore omitted.
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability Report 2024, Compliance and fair business practices: Implementation and outlook
	205-3 Confirmed incidents of corruption and actions taken	Sustainability Report 2024, Compliance and fair business practices: Implementation and outlook
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Sustainability Report 2024, Compliance and fair business practices: Implementation and outlook

Upholding human rights

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report 2024, Upholding human rights: Impacts, risks, and opportunities Sustainability Report 2024, Upholding human rights: Management approach
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Swiss Code of Obligations index

Transparency on non-financial matters

CO ARTICLE	DISCLOSURE	LOCATION	
964b para. 1	Environmental matters (in particular CO ₂ goals)	Sustainability Report 2024, Environmental matters	
964b para. 1	Social issues	Sustainability Report 2024, Social issues	
964b para. 1	Employee-related issues	Sustainability Report 2024, Employee-related issues	
964b para. 1	Respect for human rights	Sustainability Report 2024, Respect for human rights	
964b para. 1	Combating corruption	Sustainability Report 2024, Combating corruption	
964b para. 1	Information required to understand the business performance	Annual Report 2024, Management Report	
964b para. 1	Information required to understand the business result	Annual Report 2024, Financial Report	
964b para. 1	Information required to understand the state of the undertaking and the effects of its activity on environmental matters (in particular CO ₂ goals)	Sustainability Report 2024, Environmental matters
		... social issues	Sustainability Report 2024, Social issues
		... employee-related issues	Sustainability Report 2024, Employee-related issues
		... respect for human rights	Sustainability Report 2024, Respect for human rights
		... combating corruption	Sustainability Report 2024, Combating corruption
964b para. 2 ciph. 1	Description of the business model	Sustainability Report 2024, Organisational purpose	
964b para. 2 ciph. 2	Description of the policies adopted including the due diligence applied in relation to environmental matters (in particular CO ₂ goals)	Sustainability Report 2024, Climate action: Management approach
			Sustainability Report 2024, Resource-efficient production: Management approach
			Sustainability Report 2024, Circular products and innovation: Management approach
		... social issues	Sustainability Report 2024, Sustainable purchasing: Management approach
		... employee-related issues	Sustainability Report 2024, Occupational health and safety: Management approach
		Sustainability Report 2024, Attractive employer: Management approach	
		Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Management approach	

		... respect for human rights	Sustainability Report 2024, Upholding human rights: Management approach
		... combating corruption	Sustainability Report 2024, Compliance and fair business practices: Management approach
964b para. 2 ciph. 3	Presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures environmental matters (in particular CO ₂ goals)	Sustainability Report 2024, Climate action: Implementation and outlook Sustainability Report 2024, Resource-efficient production: Implementation and outlook Sustainability Report 2024, Circular products and innovation: Implementation and outlook
		... social issues	Sustainability Report 2024, Sustainable purchasing: Implementation and outlook
		... employee-related issues	Sustainability Report 2024, Occupational health and safety: Implementation and outlook Sustainability Report 2024, Attractive employer: Implementation and outlook Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Implementation and outlook
		... respect for human rights	Sustainability Report 2024, Upholding human rights: Implementation and outlook
		... combating corruption	Sustainability Report 2024, Compliance and fair business practices: Implementation and outlook
964b para. 2 ciph. 4 lit. a	Description of the main risks that arise from our own business operations, related to environmental matters (in particular CO ₂ goals)	Sustainability Report 2024, Climate action: Impacts, risks, and opportunities Sustainability Report 2024, Resource-efficient production: Impacts, risks, and opportunities Sustainability Report 2024, Circular products and innovation: Impacts, risks, and opportunities
		... social issues	Sustainability Report 2024, Sustainable purchasing: Impacts, risks, and opportunities

		... employee-related issues	Sustainability Report 2024, Occupational health and safety: Impacts, risks, and opportunities
			Sustainability Report 2024, Attractive employer: Impacts, risks, and opportunities
			Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Impacts, risks, and opportunities
		... respect for human rights	Sustainability Report 2024, Upholding human rights: Impacts, risks, and opportunities
		... combating corruption	Sustainability Report 2024, Compliance and fair business practices: Impacts, risks, and opportunities
964b para. 2 ciph. 4 lit. b	Description of the main risks that arise from our business relationships, products or services related to environmental matters (in particular CO ₂ goals)	Sustainability Report 2024, Climate action: Impacts, risks, and opportunities
			Sustainability Report 2024, Resource-efficient production: Impacts, risks, and opportunities
			Sustainability Report 2024, Circular products and innovation: Impacts, risks, and opportunities
		... social issues	Sustainability Report 2024, Sustainable purchasing: Impacts, risks, and opportunities
		... employee-related issues	Sustainability Report 2024, Occupational health and safety: Impacts, risks, and opportunities
			Sustainability Report 2024, Attractive employer: Impacts, risks, and opportunities
			Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Impacts, risks, and opportunities
		... respect for human rights	Sustainability Report 2024, Upholding human rights: Impacts, risks, and opportunities
		... combating corruption	Sustainability Report 2024, Compliance and fair business practices: Impacts, risks, and opportunities

964b para. 2 ciph. 5	Main performance indicators for our activities in relation to environmental matters (in particular CO ₂ goals)	Sustainability Report 2024, Climate action: Implementation and outlook Sustainability Report 2024, Resource-efficient production: Implementation and outlook Sustainability Report 2024, Circular products and innovation: Implementation and outlook
		... social issues	Sustainability Report 2024, Sustainable purchasing: Implementation and outlook
		... employee-related issues	Sustainability Report 2024, Occupational health and safety: Implementation and outlook Sustainability Report 2024, Attractive employer: Implementation and outlook Sustainability Report 2024, Diversity, equal opportunity, inclusion and decent work: Implementation and outlook
		... respect for human rights	Sustainability Report 2024, Upholding human rights: Implementation and outlook
		... combating corruption	Sustainability Report 2024, Compliance and fair business practices: Implementation and outlook
964b para. 4	Scope of consolidation		Sustainability Report 2024, Our approach to reporting

TCFD index

TCFD content index

TOPIC	DISCLOSURE	LOCATION
Governance	The Board's oversight of climate-related risks and opportunities	Sustainability Report 2024, Climate action: Governance
	Management's role in assessing and managing climate-related risks and opportunities	Sustainability Report 2024, Climate action: Governance
Strategy	Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Sustainability Report 2024, Climate action: Risks and opportunities
	The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Sustainability Report 2024, Climate action: Strategy
	The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Sustainability Report 2024, Climate action: Strategy
Risk management	The organisation's processes for identifying and assessing climate-related risks	Sustainability Report 2024, Climate action: Risk management
	The organisation's processes for managing climate-related risks	Sustainability Report 2024, Climate action: Risk management
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Sustainability Report 2024, Climate action: Risk management
Metrics and Targets	The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Sustainability Report 2024, Climate action: Targets Sustainability Report 2024, Climate action: Metrics
	Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	Sustainability Report 2024, Climate action: Targets Sustainability Report 2024, Climate action: Metrics
	The targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Sustainability Report 2024, Climate action: Targets Sustainability Report 2024, Climate action: Metrics
		Sustainability Report 2024, Climate action: Metrics

List of abbreviations


CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CO ₂ e	Carbon dioxide equivalent
DEFRA	Department for Environment, Food and Rural Affairs
EACs	Energy attribute certificates
EMEA	Europe, Middle East, and Africa
ESG	Environmental, Social, and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
GHG	Greenhouse gas
GRI	Global Reporting Initiative
GWP	Global warming potential
HR	Human Resources
IEA	International Energy Agency
ILO	International Labour Organization
ILO-IOE	International Labour Organization and International Organisation of Employers
ISO	International Organization for Standardization
IPCC	Intergovernmental Panel on Climate Change
KPI	Key performance indicator
LCA	Life cycle assessment
NO _x	Nitrogen oxides
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational health and safety
PVD	Physical vapour deposition
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SEDEX	Supplier Ethical Data Exchange
SOP	Standard operating procedure
SO _x	Sulphur oxides
TCFD	Task Force on Climate-related Financial Disclosures
UN	United Nations
UNGC	United Nations Global Compact
VOC	Volatile organic compounds
WWF	World Wide Fund for Nature

Independent practitioner's limited assurance report

Independent practitioner's limited assurance report

on the 2024 selected key performance indicators in the Sustainability Report 2024 to the Board of Directors of Zehnder Group AG

Gränichen

We have been engaged by the Board of Directors to perform assurance procedures to provide limited assurance on the 2024 selected key performance indicators (KPIs) in the Sustainability Report 2024 (including the GHG statement) of Zehnder Group AG for the period ended 31 December 2024. Our limited assurance engagement focused on the 2024 selected KPIs as presented in the Sustainability Report 2024 on pages 9 to 91 marked with the check mark .

The 2024 selected KPIs (including the GHG statement) (hereby referred to as "selected KPIs") were prepared by the Management of Zehnder Group AG (the "Group") based on the guidelines for sustainability reporting of the Global Reporting Initiative, the "GRI Standards" (latest versions). The Company presents its Basis of reporting in the "Our approach to reporting" section in the 2024 Sustainability Report on page 6 and on the respective pages where the above-mentioned indicators were disclosed (the "suitable Criteria"). The following selected KPIs were subject to our engagement:

Environment

- Energy consumption [GRI 302]
- Total Scope 1 and Scope 2 GHG emissions [GRI 305-1 and 305-2]
- Total Scope 3 GHG emissions [GRI 305-3]
- Waste [GRI 306]
- Water and Effluents [GRI 303]
- Restatement description in relation to restatement made for scope 1, 2 and 3 GHG emissions disclosed in the comparatives of the Sustainability Report 2024 as per 31 December 2024

Social

- Occupational Health & Safety [GRI 403]
- Training and education [GRI 404]
- Diversity & Equal Opportunity [GRI 405]

Governance

- Governance structure and composition [GRI 2-9]
- Delegation of responsibility for managing impacts [GRI 2-13]
- Chair of the highest governance body [GRI 2-11]
- Nomination and selection of the highest governance body [GRI 2-10]
- Conflicts of interest [GRI 2-15]
- Role of the highest governance body in overseeing the management of impacts [GRI 2-12]
- Collective knowledge of the highest governance body [GRI 2-17]
- Evaluation of the performance of the highest governance body [GRI 2-18]
- Role of the highest governance body in sustainability reporting [GRI 2-14]
- Communication of critical concerns [2-16]
- Remuneration policies [2-19]
- Process to determine remuneration [2-20]

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With the exception of the restatement made in relation to Scope 1, 2, and 3 for GHG emissions disclosed in the comparatives of the Sustainability Report 2024 as per 31 December 2024, we do not comment on, nor conclude on any prospective nor retrospective information and have not perform any assurance procedures on prior year data (i.e. 2023 and earlier) and retrospective adjustments (restatements) included in your Sustainability Report.

Inherent limitations

The accuracy and completeness of the information in the Sustainability Report 2024 (including the GHG statement) is subject to inherent limitations given the nature and methods for determining, calculating, and estimating such data. In addition, the quantification of the information in the Sustainability Report 2024 (including the GHG statement) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the indicators and the values needed to combine e.g., emissions of different gases. Our assurance report will therefore have to be read in connection with the suitable Criteria used by Zehnder Group AG, its definitions, and procedures in the document "Our approach to reporting" and on the respective pages where the above-mentioned indicators were disclosed.

Management's responsibility



The Management of Zehnder Group AG is responsible for the preparation and presentation of the Sustainability Report 2024 (including the GHG statement) in accordance with the suitable Criteria. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation and presentation of the Sustainability Report 2024 (including the GHG statement) that are free from material misstatement, whether due to fraud or error. Furthermore, the Management is responsible for the selection and application of the suitable Criteria and adequate record keeping.

Independence and quality management

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

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

Practitioner's responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion on the selected KPIs in the Sustainability Report 2024 (including the GHG statement) marked with the check mark . We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information' and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the selected KPIs in the Sustainability Report 2024 (including the GHG statement), marked with the check mark , were not prepared, in all material respects, in accordance with the suitable Criteria.

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

We performed the procedures, among others:


- Suitability assessment on the "Basis of Preparation" document including the criteria to determine whether they are appropriate when applied in relation to the disclosures and indicators;




- Reviewing the application of the internal reporting guidelines for the selected KPIs together with the suitable Criteria;
- Inquiries and detailed walkthroughs with relevant stakeholders for the 2024 Sustainability Indicators (including the GHG statement);
- Inspection of process and control descriptions and other internal guidelines and relevant documents;
- Analytical procedures;
- Reperformance of relevant calculations (including the GHG statement);
- Additional assurance procedures as deemed necessary (e.g. sample based source tracing);
- Reading of other information to identify and resolve material inconsistencies or material misstatements of facts within the document (i.e.: other than selected indicators);
- Local level procedures (site visits to inspect local processes and reconcile source evidence).


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

Conclusion

Based on the work we performed, nothing has come to our attention that causes us to believe that the selected KPIs in the Sustainability Report 2024 (including the GHG statement) of Zehnder Group AG, marked with the check mark , for the period ended 31 December 2024, are not prepared, in all material respects, in accordance with the suitable Criteria.

Intended users and purpose of the report

This report is prepared for, and only for, the Board of Directors of Zehnder Group AG, and solely for the purpose of reporting to them on the selected KPIs in the Sustainability Report 2024 (including the GHG statement), marked with the check mark , and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the suitable Criteria, to enable the Management to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the selected KPIs in the Sustainability Report 2024 (including the GHG statement), marked with the check mark , without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of Zehnder Group AG for our work or this report.

PricewaterhouseCoopers AG

Thomas Ebinger

Petar Lesic

The maintenance and integrity of Zehnder Group AG's website and its content are the responsibility of the Management; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the Zehnder Group AG's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the selected KPIs in the Sustainability Report 2024 (including the GHG statement) or in the Basis of reporting in the "Our approach to reporting" section in the 2024 Sustainability Report on page 6 and on the respective pages where the tables have been disclosed as described on the first page of this report, since they were initially presented on the website.



Disclaimer

Disclaimer and cautionary statement

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

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