

# Decarbonizing the Sheet Metal Industry

Sustainability Report 2023



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In 2022, we unveiled our Experience Center in Songdo-dong, South Korea, a country with a strong push towards sustainable technologies and cleantech solutions. Many of Bystronic's high-tech machines are supported by government incentive programs.

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# Editorial

Dear reader,

**In 2023, we accelerated our efforts towards a sustainable future with sheet metal and beyond. This report underscores our advancements, demonstrating how our products and solutions are empowering customers to enhance energy and resource efficiency, boost productivity, and support the decarbonization of both our operations and the broader industry.**

Bystronic is committed to taking a leading role in decarbonizing the sheet metal industry, working towards a low-carbon economy and delivering on the European Green Deal and the Net-Zero Industry Act. In 2023, we stepped up our decarbonization efforts. We joined the Science Based Targets initiative, increasing our ambition to further reduce the carbon emissions of our business, our suppliers, and our customers. By 2030, we aim to reduce our Scope 1 and Scope 2 emissions by 42% and our Scope 3 emissions by 25%.

Bystronic is committed to developing talent, supporting career growth paths, and providing equal opportunities. Historically, the sheet metal industry has been male-dominated, and women are underrepresented in leadership positions. To counteract this, we are proud that our Board of Directors has set a clear goal to increase female representation in management positions to 25% by 2030.

In a significant leadership transition for 2024, Bystronic's Board of Directors has appointed Domenico Iacovelli as the new Chief Executive Officer: "Domenico's extensive experience and vision are in perfect harmony with our objectives. We are confident that his leadership will drive Bystronic to generate continued value for all stakeholders."

We want to thank our employees, suppliers, and partners for their continued efforts. We are proud of all the initiatives that are proposed and implemented. These continuously drive our business forward. We are confident that our partnerships and their entrepreneurial drive to find new solutions will contribute to our progress in meeting our sustainability goals.

We invite you all to become part of this journey.



**Domenico Iacovelli**  
CEO Bystronic



Domenico Iacovelli, CEO Bystronic, and former CEO Alex Waser, who retired June 30, 2024.



# Mid-term targets

## Science-based targets for emissions reduction

In 2023, we established mid-term sustainability targets, committing ourselves to the Science Based Targets initiative (SBTi) and reducing **Scope 1 and 2 carbon emissions by 42% and Scope 3 carbon emissions by 25% by 2030 (baseline 2021)**.

## Circular economy and waste reduction

We want to improve resource efficiency and reduce waste through circular processes. **We are committed to reducing waste by 20% by 2030**. In 2023, we joined an Innosuisse Lighthouse project to build a more circular supply chain over the course of four years.

## Diversity in leadership roles

We want to create a positive and supportive working environment for all employees and seek to **increase the proportion of women in management positions to 25% by 2030**, a target that reflects our commitment to gender equality.

## Continuous improvement of workplace and psychological safety

Workplace and psychological safety are key for Bystronic. We are committed to **achieving an industry-leading health and safety performance (TRIR rate less than 0.8 by 2030)**.

## Corporate citizenship

We are a responsible member of society and have established various governance policies to uphold our core values, such as anti-bribery and anti-corruption measures, ethical procurement practices, and data privacy.
















Our state-of-the-art laser cutting technology is designed for maximum energy efficiency and minimal waste. It offers up to 30 kilowatts of laser power.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Progress at a glance in 2023

ESG framework	Strategic pillars	Status 2023	Summary of initiatives and KPIs	UN Sustainable Development Goals (SDGs)
Sustainable Solutions	Decarbonization	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<div><div>Exit fossil fuel (Scope 1)</div><div>Shift towards renewable energy (Scope 2)</div><div>Reduce energy consumption</div><div>Reduce carbon emissions in the supply chain (Scope 3.1)</div><div>Increase product efficiency for customers (Scope 3.11)</div><div>Avoid carbon emissions through innovation</div></div>	<div><div><div>6</div><div>CLEAN WATER AND SANITATION</div><div></div></div><div><div>13</div><div>CLIMATE ACTION</div><div></div></div></div> <div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div><div><div>15</div><div>LIFE ON LAND</div><div></div></div></div> <div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div></div>
	Resource Efficiency & Circular Economy	<div><div></div><div></div><div></div><div></div></div>	<div><div>Reduce waste</div><div>Increase recycling</div><div>Reduce pollution (hazardous waste, landfill)</div><div>Increase machine lifetime and refurbishment</div></div>	
	Digitalization & Innovation	<div><div></div></div>	<div><div>Set digitalization strategy</div></div>	
Engaged People	Diversity, Equity & Inclusion	<div><div></div><div></div></div>	<div><div>Increase women in leadership</div><div>Inclusion (inclusion score)</div></div>	<div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div></div> <div><div><div>4</div><div>QUALITY EDUCATION</div><div></div></div><div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div></div> <div><div><div>5</div><div>GENDER EQUALITY</div><div></div></div></div>
	Talent Management	<div><div></div><div></div><div></div></div>	<div><div>Improve engagement (voluntary turnover)</div><div>Enable personal growth (training hours)</div><div>Improve engagement (employee NPS)</div></div>	
	Workplace Safety	<div><div></div><div></div></div>	<div><div>Decrease injuries</div><div>Improve employee well-being (psychological safety)</div></div>	
Responsible Business	Good Corporate Governance	<div><div></div><div></div></div>	<div><div>Decrease ethical risk exposure in supply chain</div><div>Increase employee ethics training</div></div>	<div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div></div> <div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div><div></div></div></div>
	Trusted Partnerships	<div><div></div><div></div></div>	<div><div>Improve customer satisfaction (EcoVadis score)</div><div>Improve ESG disclosure</div></div>	
	ESG Ratings	<div><div></div></div>	<div><div>Improve ESG ratings</div></div>	

# Bystronic is an industry leader

**Bystronic is one of the world's leading technology companies in the sheet metal processing industry, operating in four regions: EMEA, Americas, Asia-Pacific, and China. Our global presence provides an extensive sales and service network and ensures proximity to our customers. Bystronic has been listed on the Swiss Stock Exchange since 2021.**

We engineer, manufacture, install, service, and refurbish solutions for laser cutting, tube cutting, bending, and automation for the sheet metal industry, covering the entire product life cycle from initial design to end-of-life management. Building on our innovation heritage, we are leveraging digital technologies and sustainability to deliver a state-of-the-art portfolio of solutions and services that heighten productivity, reliability, energy and material efficiency for our customers.

Our customers produce sheet metal parts either as original equipment manufacturers or as contract manufacturers, and are active in various market segments. The sheet metal parts produced with our systems are used in a variety of end markets, such as agriculture, yellow goods, engineering and energy. These sectors are central to industry decarbonization.

Our strategic focus on customer centricity, innovation, digitalization and sustainability enables Bystronic to deliver better portfolio performance and energy efficiency for our customers. By collaborating within our ecosystem of customers, suppliers and business partners, are accelerating the transition to the decarbonization of the sheet metal industry.

# Global presence



# Sustainability as part of our strategy

**Sustainability is integral to our business strategy, enabling Bystronic to create lasting value that benefits our customers and stakeholders.**

With our innovation legacy, we are passionate and committed to advancing the sustainability and viability of sheet metal as a future material. We actively drive change throughout the value chain, focusing on where we can achieve the most significant impact for our company, our customers, and the environment.

We firmly believe that sustainability is a collaborative effort, and we engage with our industry ecosystem on decarbonization to fulfill the commitments made under the Paris Agreement.

## **Focus on sustainable value creation**

As a global leading technology company in sheet metal processing, Bystronic offers innovative solutions that heighten productivity, efficiency and sustainability. From agriculture and yellow goods to engineering and food processing, almost every industry sector relies on sheet metal. Bystronic contributes to a more sustainable and resource-efficient world by increasing the sustainability and viability of sheet metal as a future material.

For our customers, we are accelerating our efforts to improve the energy and resource efficiency of our systems and solutions. We are implementing ecodesign principles in our product devel-

opment process, so that our customers can avoid emissions and contribute to a circular economy. We are reusing spare parts, refurbishing machines and increasing machine lifetime through engineering solutions that offer extended service lives and reduced defects.

Our sustainability strategy supports this journey and enables us to create long-term value for our stakeholders.

Bystronic's sustainability strategy has been shaped following a comprehensive materiality and impact assessment with our stakeholders. The resulting material topics have been categorized and grouped as being environmental, social or governance. Together they form the three building blocks of our sustainability strategy framework:

- Sustainable Solutions
- Engaged People
- Responsible Business



**Michael Präger**, Chief ESG Officer



# Sustainability journey

**Following the transformation of Conzzeta, Bystronic started its sustainability journey as a stand-alone company in 2021. In 2022, the Bystronic management team took on a whole new strategic focus.**

We have invested considerably in team development and training, linked executive compensation to sustainability performance, and aligned our sustainability strategy to international reporting frameworks, the Science Based Targets initiative (SBTi), and the United Nations Sustainable Development Goals (SDGs).

In 2023, we continued this momentum, integrating environmental, social, and governance initiatives across our business operations, suppliers, and customers. The timeline below highlights the key milestones as we progress on our journey towards our 2030 sustainability ambitions:

## 2021

- Calculated our first global carbon footprint for Scope 1, 2, and 3 (two main categories)
- Linked ESG criteria and performance to executive compensation
- Conducted materiality assessment
- Established internal Sustainability Council
- Integrated the ESG mindset into key Group functions
- Launched the Sustainable Engineering function
- Published revised Code of Conduct
- Introduced life cycle assessment (LCA) on our first product, a laser cutting machine
- Switched first manufacturing plant to green electricity

## 2022

- Published inaugural Bystronic Sustainability Report in accordance with GRI
- Launched BySoft Software Suite to help customers improve energy and resource efficiency
- Increased diversity in Board of Directors
- Conducted global employee engagement and satisfaction survey
- Extended life cycle assessments for multiple Bystronic products
- Switched second manufacturing plant to green electricity
- Activated first solar panel rooftop producing 500 MWh annually
- Optimized heating system in a major manufacturing plant as part of our exit fossil fuel strategy

## 2023

- Set four ambitious sustainability targets for 2030
- Aligned emissions reduction to SBTi
- Managing 20+ ESG initiatives
- Conducted supply chain risk assessment relating to child labor and conflict minerals
- Conducted company-wide training on diversity, equity, inclusion, and human rights.
- Launched new supplier Code of Conduct to drive sustainable supply chain
- Launched new HR platform
- Activated second and third solar panel rooftops, producing additional 550 MWh and 150 MWh annually

## 2024

- Strengthened risk management process for supply chain
- Calculated first full Scope 3 emissions (all categories)
- Joined a 4-year lighthouse program with Innosuisse to transform our supply chain into a circular one
- Activated power purchase agreement (PPA) at our US manufacturing plant covering 100% of electricity needs with electricity produced by solar panels

# Materiality

**Our impact goes far beyond our operations and is directly tied to the operations of our suppliers and customers. Significantly, around 70% of our value chain emissions are generated from customers' use of our products. Taking a value chain approach to sustainability materiality assessment allows Bystronic to identify a broader range of risks, impacts, and opportunities.**

Bystronic started identifying the most relevant sustainability topics in 2020 by conducting a full materiality assessment. In 2021, the materiality assessment was updated to prevent blind spots and ensure a forward-looking perspective. The basis for this materiality update consisted of trend research on Bystronic's future market segments, an ESG risk analysis, and a reevaluation of identified material issues. This resulted in a new list of topics. The following six topics were identified as material:

- Energy & Climate Change
- Resource Efficiency & Circular Economy
- Diversity, Equity & Inclusion

- Talent Attraction & Human Capital Development
- Occupational Health & Safety
- Digitalization & Innovation

These material topics represent the focus areas of this report and have are illustrated on page 11.

In 2022, Bystronic conducted an expert-led assessment to again update its materiality analysis, evaluating the company's economic, environmental, and social impacts (including human rights) across its entire value chain. The outward impact analysis assesses the direct and indirect impacts that can occur when Bystronic carries out its business activities. In 2023, we witnessed significant developments in global sustainability disclosure standards with the launches of the European Sustainability Reporting Standards (ESRS) and the International Financial Reporting Standards (IFRS) S1 and S2. This trend has also continued into 2024 with the approval of the Securities Exchange Commission's Climate Rule. Throughout 2024, we will continue to watch how these reporting frameworks unfold, with a keen eye on interoperability. Bystronic regularly updates its materiality matrix through a double materiality assessment, evaluating both business impacts and broader environmental, social, and

governance (ESG) considerations. More information relating to Bystronic's sustainability disclosure is available in the "Annex" section of this report.

## Stakeholder engagement

The materiality assessment process is based on input from various stakeholders, such as industry associations, suppliers, customers, employees, and investors. We engage with these stakeholder groups in a variety of ways. Internally, the Bystronic Sustainability Council is connected with Executive Management, the Board of Directors, and various corporate functions. Externally, our sales representatives interact regularly with our customers and participate in industry events. Our Supply Chain Management team is closely engaged with our suppliers on sustainability in the supply chain (see section "Responsible procurement"). The Investor Relations function ensures we meet our shareholders' expectations, engaging with them directly through multiple interactions, such as our Capital Markets Day.

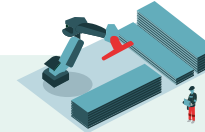
We also actively participate in associations to connect with other companies and accelerate our impact to drive change throughout the industry and the economy as a whole. We are a member of the following organizations:

- ÖBU – Swiss Business Council for Sustainable Development
- Swissmem – Swiss association of mechanical and electrical engineering industries
- Swiss export – Association of the Swiss exporting industries

# Materiality results



Supply Chain



Bystronic

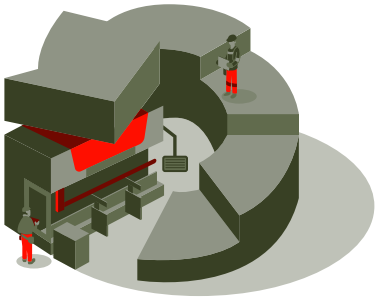


Customers

	Topics	Double materiality impact	Upstream	Own operations	Downstream
Material topics	Energy & Climate Change	<div></div>	<div></div>	<div></div>	<div></div>
	Resource Efficiency & Circular Economy	<div></div>	<div></div>	<div></div>	<div></div>
	Digitalization & Innovation	<div></div>	<div></div>	<div></div>	<div></div>
	Occupational Health & Safety	<div></div>	<div></div>	<div></div>	<div></div>
	Diversity, Inclusion & Human Rights	<div></div>	<div></div>	<div></div>	<div></div>
	Talent Attraction & Human Capital Development	<div></div>	<div></div>	<div></div>	<div></div>
	Product Quality, Durability & Safety	<div></div>	<div></div>	<div></div>	<div></div>
	Business Conduct & Compliance	<div></div>	<div></div>	<div></div>	<div></div>
	Privacy & Data Security	<div></div>	<div></div>	<div></div>	<div></div>
	Biodiversity & Land Degradation	<div></div>	<div></div>	<div></div>	<div></div>
	Water Usage & Wastewater	<div></div>	<div></div>	<div></div>	<div></div>
	Corporate Citizenship	<div></div>	<div></div>	<div></div>	<div></div>

Not applicable
Low
Medium
Large
Very large

# Framework



## Sustainable Solutions

Resource Efficiency & Circular Economy

Decarbonization

Digitalization & Innovation

### Environment

- Reduce greenhouse gas emissions across all scopes in line with net-zero roadmap
- Reduce energy consumption and become a carbon-neutral business
- Increase energy efficiency of products to decarbonize customers
- Develop sustainable products and services to reduce/avoid emissions
- Improve resource efficiency and reduce waste through circular processes



## Engaged People

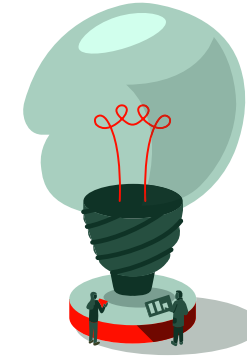
Diversity, Equity & Inclusion

Talent Development

Workplace Safety

### Social

- Attract, develop and retain the best employees
- Continue to build and develop a diverse and inclusive workforce
- Continuously improve workplace and psychological safety for all employees



## Responsible Business

Good Corporate Governance

Partnerships

ESG Ratings

### Governance

- Promote good corporate governance
- Promote global best practices to advance a responsible supply chain
- Provide clear and accurate disclosures on the progress of our ESG performance
- Create impact beyond compliance with relevant frameworks, standards, and regulations



# Sustainability governance

**We recognize that effective governance is crucial to achieving our 2030 sustainability mid-term targets. Since the start of our sustainability journey, we have been taking steps to continuously improve our approach to governance.**

We have set specific goals, established corporate policies, and aligned our sustainability disclosures to reporting frameworks such as the GRI<sup>1</sup>, TCFD<sup>2</sup>, and CDP<sup>3</sup>. In 2021, the Board of Directors decided to link executive compensation with sustainability goals; and in 2023, it committed to science-based emission reduction targets.

## Oversight

Sustainability is high on the agenda at Bystronic. It cascades throughout all levels of the organization, from the Board of Directors, the Chief Executive Officer, the Chief ESG Officer and the Sustainability Council, all the way to the corporate functions and plant managers that coordinate sustainability initiatives at the business level.

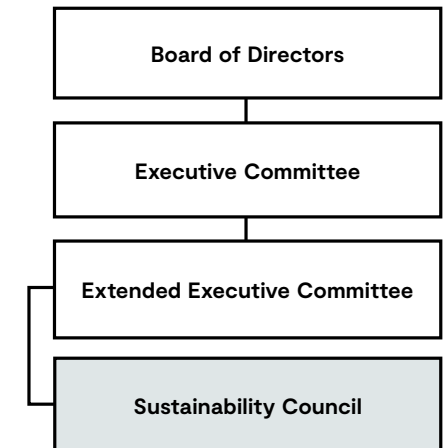
## Board of Directors

Our Board of Directors (the Board) is responsible for the supervision and control of the Group and its management and monitors compliance with regulations. This includes oversight of risks and opportunities, including climate-related topics.

The Board decides on the Group's strategic targets and the financial and human resources necessary to achieve the targets. Additionally, the Board reviews the strategy and targets in the context of sustainability. The Board is also responsible for reviewing and approving the reported information (incl. material topics). The Board convenes as often as business requires, but no fewer than five times annually. The Board is informed in writing and verbally of the company's strategies, plans, and results. This includes regular updates on sustainability improvements and partnership progress.

At least one Board member is closely involved in all sustainability matters via regular dialogue with the Chief ESG Officer. At least two Board members are also members of Boards of other companies with long-standing experience in

sustainability and climate target setting. Further information about the Board can be found in the Corporate Governance Report within the 2023 Annual Report. See [www.bystronic.com](http://www.bystronic.com).



<sup>1</sup> GRI: Global Reporting Initiative

<sup>2</sup> TCFD: Climate-Related Financial Disclosures

<sup>3</sup> CDP: Carbon Disclosure Project

### Chief Executive Officer

As the driving force behind Bystronic's integrated sustainability strategy, the CEO is deeply committed to all climate change mitigation-related commitments. This includes Bystronic's SBTi<sup>1</sup> setting and defined GHG emission<sup>2</sup> reduction targets. Bystronic's CEO receives regular reports on sustainability issues from the Chief ESG Officer, ensuring a comprehensive and informed approach.

### Chief ESG Officer

The Chief ESG Officer oversees sustainability issues, including climate-related activities, and coordinates the overall sustainability strategy and implementation of action plans with various corporate functions. The Head of Operations is responsible for GHG emissions at the operational level (Scope 1 and 2), while the Sustainable Engineering Function within R&D and the Head of Global Supply Chain are accountable for indirect emissions (Scope 3). The Chief ESG Officer, who reports directly to the CEO, also leads Bystronic's Sustainability Council.

### Sustainability Council

The Sustainability Council was established at the end of 2021 to implement Bystronic's integrated sustainability strategy. It is composed

of delegates from various corporate functions and regions, ensuring diverse and inclusive representation. Its objective is to decentralize the sustainability strategy and implement action plans. The Council convenes monthly.

In this report, we outline our ambitions, approach, and actions to advance sustainability for our industry in line and beyond compliance with sustainability regulation and disclosure frameworks. Above all, we are committed to enabling our ecosystem and stakeholders to advance on their sustainable journeys.

“

**In this report, we outline our ambitions, approach, and actions to advance sustainability for our industry.**

Michael Präger, Chief ESG Officer



We continuously invest in photovoltaic systems, advance fossil-free heating and are shifting towards renewable energy.

<sup>1</sup> Science-based targets (SBTs)

<sup>2</sup> Greenhouse Gas Protocol

# Performance management

At Bystronic, we have integrated sustainability into our business strategy and decentralized execution throughout the organization so that sustainability becomes the way we do business. To constantly track and improve our sustainability performance, we are using our proprietary ESG performance management system, a comprehensive approach towards end-to-end sustainability management.

Based on our “purpose of creating impact for a sustainable future with sheet metal and beyond,” we are committed to delivering on our ambitious sustainability targets by 2030. We are managing more than 20 sustainability initiatives across Bystronic and are linking our executive compensation to the success of each of those programs.

Most importantly, sustainability cannot be achieved in isolation. We are constantly looking for partnerships and collaboration opportunities to advance sustainable business practices in our ecosystem.

## Purpose

At Bystronic, we are passionate about creating a sustainable future with sheet metal and beyond.

### Long-term ambitions

Nine strategic pillars

### Net-zero

1.5-degree Celsius trajectory

### People

Engagement | Safety | DEI

### Transformational targets

Four targets

### Execution

20+ initiatives (energy transition, sustainable innovation, etc.)

### Transparency and ratings

ESG reporting & disclosure (GRI | SASB | TCFD)

### Governance

Board of Directors | Executive Management Team | Sustainability Council

### Compensation

Executive compensation tied to sustainability performance

### Culture

Passion, openness, innovation, commitment

## Strategy integration

## Decentralized execution

## Governance

## Ecosystem

### Stakeholder engagement

Employees | Investors | Suppliers

Customers & partners | Local communities | Institutions

# Sustainable Solutions

Resource Efficiency & Circular Economy

Decarbonization

Digitalization & Innovation





# Sustainable Solutions

**Sustainability is integral to our business strategy. We are committed to implementing sustainable practices across our operations and developing innovative solutions that enable our customers to achieve greater efficiency and productivity.**

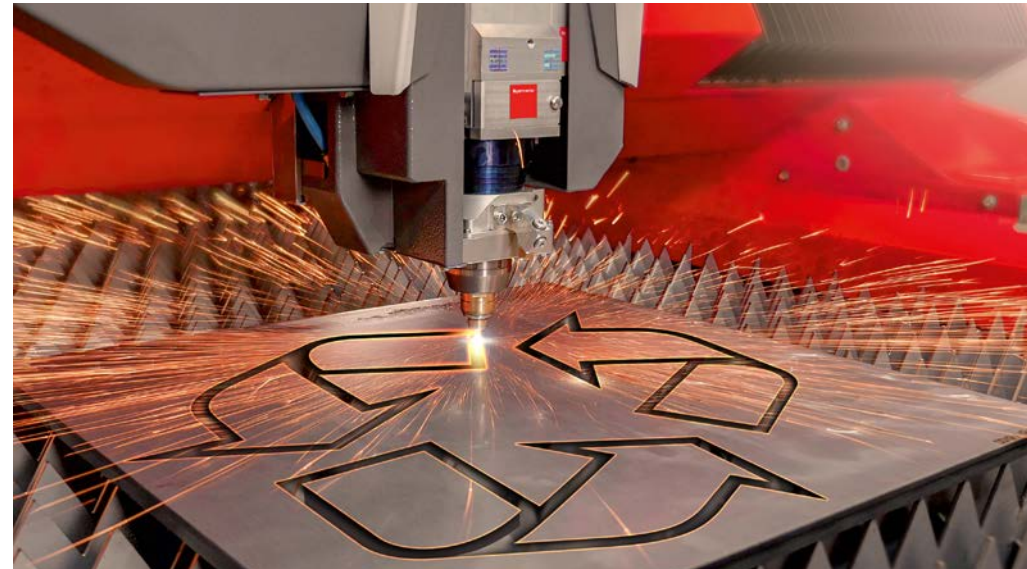
Growing geopolitical tensions volatile resource markets, and unforeseeable natural disasters have disrupted supply chain stability and affected the availability and cost of many resources. We operate in an era of volatility, where managing economic and environmental objectives are not mutually exclusive, but a prerequisite for successful business when combined. Mitigating climate change and limiting global warming to 1.5 degrees Celsius is essential. According to the latest climate science by the Intergovernmental Panel on Climate Change (IPCC<sup>1</sup>), achieving the 1.5-degree pathway requires significant emissions reductions throughout this decade.

Yet, according to the Ellen MacArthur Foundation,<sup>2</sup> the energy transition alone solves only half of the climate problem. Transforming how industry uses materials is the other part of the story. Carbon emissions need to be designed out of products before they are even manufactured. This requires pivoting away from traditional linear production models and redesigning production processes and products with the principles of the circular economy. Doing this will provide the necessary resource efficiency strategies to further reduce emissions in line with the 1.5-degree pathway.

Bystronic has set ambitious 2030 emissions and waste reduction targets for our operations. Our 2023 environmental progress is detailed in the “Decarbonization” and “Resource Efficiency & Circular Economy” sections of this chapter. We will continue to work towards our targets for improving energy and resource efficiency across our business operations. Yet, as the energy transition alone is insufficient, we are fully commit-

ted to leveraging digital and sustainable solutions to support our customers on their pathway to sustainability. This chapter is comprised of the following three sections:

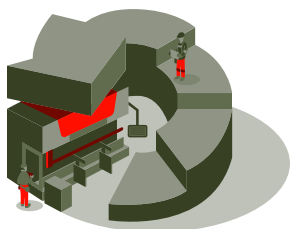
1. Decarbonization (page 19)
2. Resource Efficiency & Circular Economy (page 24)
3. Digitalization & Innovation (page 31)








Bystronic's laser cutting systems are both intelligent and eco-friendly. Introducing the Intelligent Cutting Process (ICP), a groundbreaking feature where a coaxial camera peers through the fiber laser cutter's nozzle, providing real-time visual access to the cutting operation.

<sup>1</sup>IPCC: Intergovernmental Panel on Climate Change

<sup>2</sup>Ellen MacArthur Foundation



## ESG Performance in 2023 for Sustainable Solutions

Strategic pillars	Ambition	Initiatives	KPIs	Status: YoY change 2023/2022
<b>Decarbonization</b>   	<b>Reduce energy consumption/ become a carbon-neutral business (Scope 1 and 2)</b>	Exit fossil fuel (Scope 1)	Scope 1 Scope 2 Scope 1 and 2	+0.2% +2% +1%
		Shift towards renewable energy (Scope 2)	Share of renewable energy (%)	-10%
		Reduce energy consumption	Energy consumption	-2%
	<b>Reduce carbon emissions across all categories (Scope 3)</b>	Reduce carbon emissions supply chain (Scope 3.1)  Increase product efficiency & ecodesign to reduce carbon emissions of customers (Scope 3.11)	Scope 3 Cat. 1. Scope 3 upstream  Scope 3 Cat. 11 Scope 3 downstream  Full Scope 3	-10% 322 ktCO <sub>2</sub> e (new KPI)  -23% 794 ktCO <sub>2</sub> e (new KPI)  -20%
<b>Resource Efficiency &amp; Circular Economy</b>    	<b>Improve resource efficiency, reduce waste through circular processes</b>	Reduce waste Increase recycling	Waste Recycled material (%) Waste/net sales	-14% +5% -6%
		Decrease environmental impact (pollution, landfill and water)	Landfill Hazardous waste	-2% -24%
	<b>Increase circularity in our products &amp; services</b>	Increase machine lifetime	Refurbished machines (#) Share of refurbish parts	-13% 5.8% (new KPI)

# Decarbonization

**Since the beginning of our sustainability journey, Bystronic has improved the energy efficiency of its manufacturing processes, increased the electrification of fleet vehicles, and sourced renewable energy to heat buildings, plants, and sites worldwide.**

Energy and climate change are key material topics with global impact along the value chain. This led us to step up our decarbonization efforts. In 2023, we joined the Science Based Targets initiative (SBTi), increasing our ambition to further reduce the carbon emissions of our business, our suppliers, and our customers. Our ultimate goal is to achieve a net-zero operation.

Our renewed commitment is driven by the growing imperative for businesses to mitigate climate change. Our environmental impact goes far beyond our operations and is directly tied to the operations of our suppliers and customers. Significantly, around 70% of our value chain emissions are generated from our customers' use of our products. By taking a value chain approach to decarbonization, we can identify a broader

range of risks, create a bigger impact, and ultimately expand our business by creating sustainable solutions for our customers.

Our efforts in 2023 have been focused on building climate scenarios to model emissions reduction targets, measuring our complete Scope 1, 2 and 3 emissions in accordance with the Greenhouse Gas Protocol<sup>1</sup>, modeling reduction targets in line with the latest climate science to set our 2030 targets. Achieving these targets requires continuous year-on-year improvement. Future disclosures will be in line with the SBTi's guidelines. Getting specific near-term, long-term, and net-zero reduction targets validated by SBTi will begin in 2026.

The Bystronic Sustainability Council oversees the implementation and monitoring of our decarbonization road maps and action plans.



Given the frequent travel demands of our service and sales teams, we are transitioning to an entirely electric fleet, which can be conveniently charged at our locations.

<sup>1</sup> Greenhouse Gas Protocol

# Managing Climate-Related Risks and Opportunities

**Climate-related risks and opportunities are included within Bystronic's overall risk management framework. This process involves identifying and assessing risks at the Group level. It is conducted through interviews with experts and leaders and is overseen by the Internal Audit and Legal Departments every year. In 2023, this process included approximately 20 members from the Group's Executive Committee and Board of Directors. Equally important is the biennial materiality assessment, a crucial part of our risk management, which informs and involves stakeholders in identifying and prioritizing material ESG issues.**

The governance bodies involved in defining and monitoring the sustainability road maps are responsible for defining mitigation programs in response to identified climate-related risks and opportunities. Strategic programs defined at the Group level are then cascaded to the sites for implementation. Performance is tracked through our non-financial dashboard and published in the annual Sustainability Report. Each road map program has a designated single point of accountability responsible for driving the transformation, which is sponsored at the Executive Committee level to provide oversight.

## **Climate-related scenario analysis**

Bystronic uses scenario analysis as a tool to understand better how climate-related events and their associated risks and opportunities may impact business operations and strategy over three time horizons: short-term 1 year, mid-term < 5 years, and long-term > 5 years.

The key questions addressed by using climate-related scenario analysis include:

- What are the main risks and opportunities that Bystronic faces from climate change?
- How can Bystronic proactively prepare for the impacts of climate change?
- Can Bystronic safeguard its business by addressing identified risks and seizing opportunities?
- Could Bystronic encounter challenges in the evolution of its supply chain footprint?

In 2023, Bystronic's ESG leadership team continued to develop climate-related scenario analysis for the short and long term. Our analysis included critical reviews of the geopolitical landscape, commodity and resource availability, economic and financial evolution, climate sensitivity and evolving policies, energy transition pathways, and technology developments.



The analysis was cross-checked with published literature from respected institutions, including the Intergovernmental Panel on Climate Change (IPCC<sup>1</sup>), International Energy Agency (IEA<sup>2</sup>), BloombergNEF (BNEF<sup>3</sup>), and the International Renewable Energy Agency (IRENA<sup>4</sup>). Significantly, our two qualitative climate scenarios rely on a 2- and a 4-degree global warming pathway based on climate models that project the global mean temperature increase under different greenhouse gas concentration pathways. The two climate scenarios are explained below:

### Climate Scenario 1

#### SSP1-2.6<sup>5</sup> – increase less than 2 degrees

The SSP1-2.6 scenario, a key projection in climate change research, assumes that greenhouse gas emissions (GHG) peak around 2020, followed by a decline, leading to a global mean temperature increase of less than 2 degrees by the end of the century. This scenario holds implications for our future. For instance, in this warming scenario, we anticipate a surge in demand for renewable energy technologies, electric vehicles, and agricultural machinery, all requiring significant amounts of metals like steel, aluminum, and copper.

### Climate Scenario 2

#### SSP5-8.5 – increase of 4 degrees

The SSP5-8.5 scenario assumes that GHG emissions continue to increase throughout the 21<sup>st</sup> century, leading to a global mean temperature increase of 4 degrees by the end of the century. We assume a 4-degree warming scenario could

reduce demand for sustainable technologies, such as renewable energy and electric vehicles, due to decreased economic activity and population displacement. Furthermore, increased physical risks from climate change, such as extreme weather events, could impact the supply chain and production of machinery and components, resulting in higher prices. In addition, late regulatory interventions aimed at reducing GHG emissions could increase production costs and impact industry competitiveness.

To better understand, manage and disclose the impacts of climate-related risks and opportunities, we have updated our analysis and incorporated the recommendations from the Task Force on Climate-Related Disclosure (TCFD<sup>6</sup>) into this report. See TCFD report pages (we just described it above) report pages 78–83. These risks and opportunities are also referenced in the Carbon Disclosure Project (CDP<sup>7</sup>) questionnaire and are the basis for the road map of projects to reduce CO<sub>2</sub>e emissions in the value chain, aligned with SBTi near-term targets. Going forward, we have started to quantify these risks and opportunities to better manage climate impacts and better inform our stakeholders. We are planning to disclose this quantification in our 2024 Sustainability Report.



The rooftops of our Bystronic headquarters in Switzerland are equipped with photovoltaic systems that significantly contribute to powering our production operations.

<sup>1</sup>IPCC: Intergovernmental Panel on Climate Change <sup>2</sup>IEA: International Energy Agency <sup>3</sup>BNEF: BloombergNEF <sup>4</sup>IRENA: International Renewable Energy Agency

<sup>5</sup>SSPs: Shared Socioeconomic Pathways are climate change scenarios of projected socioeconomic global changes up to 2100 as defined in the IPCC Sixth Assessment Report on climate change in 2021 <sup>6</sup>TCFD: Task Force on Climate-Related Financial Disclosures <sup>7</sup>CDP: Carbon Disclosure Project

## Performance and impact

### Bystronic Greenhouse Gas footprint

Bystronic calculates its carbon footprint each year, adhering to the standards of the Greenhouse Gas (GHG) Protocol. To validate the credibility of our reported emissions for Scope 1, 2 and 3, an independent third-party verifier has provided a moderate level of assurance (certificate in annex).

### Energy-efficient operations

#### Energy consumption

Our strategy for reducing energy consumption and associated GHG emissions relies on increasing the efficiency of our production processes, phasing out fossil fuels, and accelerating renewable energy to power our buildings, plants, and sites worldwide.

In 2023, Bystronic focused on reducing energy consumption and advancing towards carbon neutrality. Energy consumption decreased by 2% compared to the previous year, totaling 40,637 MWh. This was mainly due to a decrease in stationary energy for buildings and in purchased energy. Overall, electricity consumption decreased by 6%, but the share of renewable energy fell from 17.8% to 16%. This was due to reduced activities at European plants in Switzerland and Germany, while Chinese plants saw increased activity post-pandemic.

New photovoltaic systems were installed in 2023 on the rooftops of the manufacturing plants in

Switzerland and China, producing all together more than 700 MWh, but the impact will be visible only in 2024. Bystronic's 2023 energy efficiency performance highlights progress and areas for further improvement, influenced by operational adjustments, geographic and climate-related factors, and post-pandemic recovery.

#### Scope 1 and 2 emissions

In 2023, Bystronic's performance in reducing Scope 1 and 2 CO<sub>2</sub>e emissions was mixed. Market-based total emissions slightly increased by 0.9%, reaching 10,789 tCO<sub>2</sub>e. The marginal rise still aligns with the company's mid-term, science-based target of a 42% reduction by 2030 from the baseline.

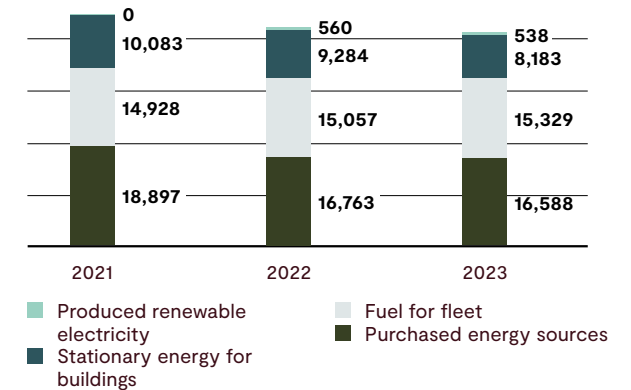
Bystronic's 2023 emissions analysis shows a stable performance with a slight increase in Scope 1 emissions to 6,406 tCO<sub>2</sub>e. Scope 2 emissions showed mixed results, with a 2% increase in market-based emissions. GHG emissions intensity per net sales rose by 10%, primarily due to decreased sales revenue.

#### Scope 3 emissions

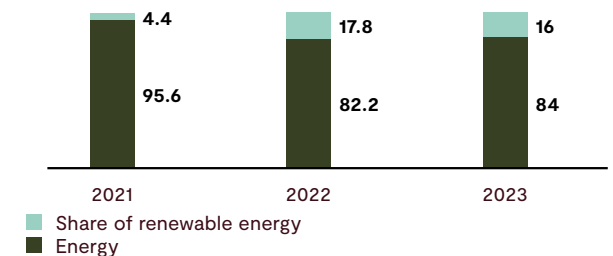
For the first time, in 2023, we calculated the full Scope 3 emissions in accordance with the GHG protocol. This calculation confirmed that categories 1 and 11 account for more than 95% of total emissions.

Scope 3 emissions account for over 99% of Bystronic's carbon footprint, with 68.9% from product use (Category 11). These emissions are based on electricity consumption throughout the prod-

### Total energy consumption in MWh

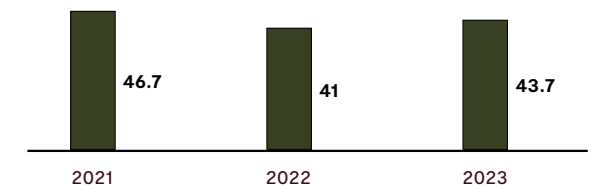


### Share of renewable energy in %



### Energy intensity per net sales

MWh/net sales in CHF million



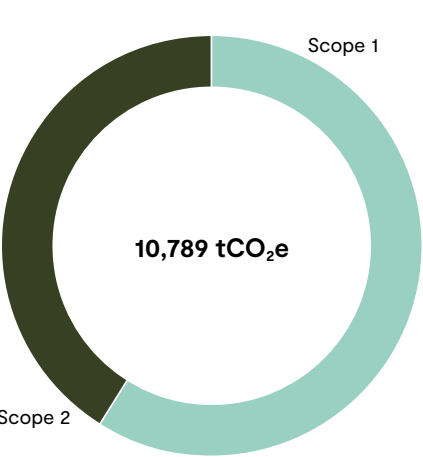
uct life cycle, following GHG Protocol guidelines. In 2023, Bystronic improved accuracy by adding sustainability indicators in the product development process. Accurate consumption data were evaluated for key machines.

26.9% of Scope 3 emissions come from purchasing goods and services (Category 1). These calculations use Bystronic’s purchasing database and includes raw materials, electronics, and components. Data primarily comes from

the central SAP database, ensuring consistency. However, accuracy and completeness need improvement. Bystronic’s efforts to accurately account for and reduce Scope 3 emissions reflect its commitment to comprehensive sustainability and transparency across its value chain.

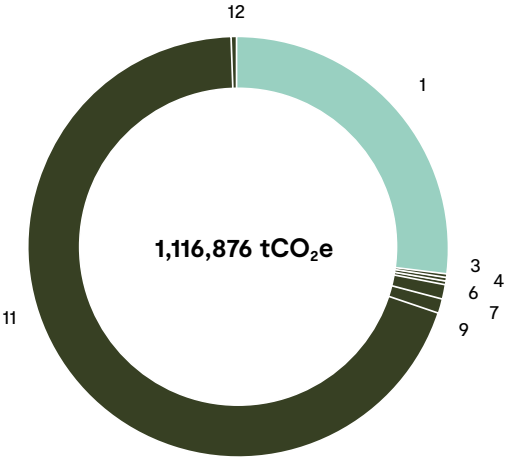
CO<sub>2</sub>e emissions by scope and category

Scope 1 and 2 CO<sub>2</sub>e emissions in 2023  
Tons of CO<sub>2</sub>e and in %



Total Scope 1    6,406, 59%  
Total Scope 2    4,384, 41%

Scope 3 CO<sub>2</sub>e emissions MWh  
Tons of CO<sub>2</sub>e and in %



- Cat. 1    Purchased goods & services 27.1%
- Cat. 2    Capital goods 0%
- Cat. 3    Fuel- and energy-related activities Not included in Scope 1 or Scope 2 0.2%
- Cat. 4    Upstream transportation and distribution 0.3%
- Cat. 5    Waste generated in operations 0%
- Cat. 6    Business travel 0.4%
- Cat. 7    Employee commuting 0.9%
- Cat. 9    Downstream transportation and distribution 1.3%
- Cat. 11    Use of sold products – customer country grid emission factor method 69.5%
- Cat. 12    End-of-life treatment of sold products 0.3%

Suppliers Scope 3 upstream

29%

Purchased goods & services: 323 kt CO<sub>2</sub>e

Operations Scope 1 and 2

1%

Operations & services: 11 kt CO<sub>2</sub>e

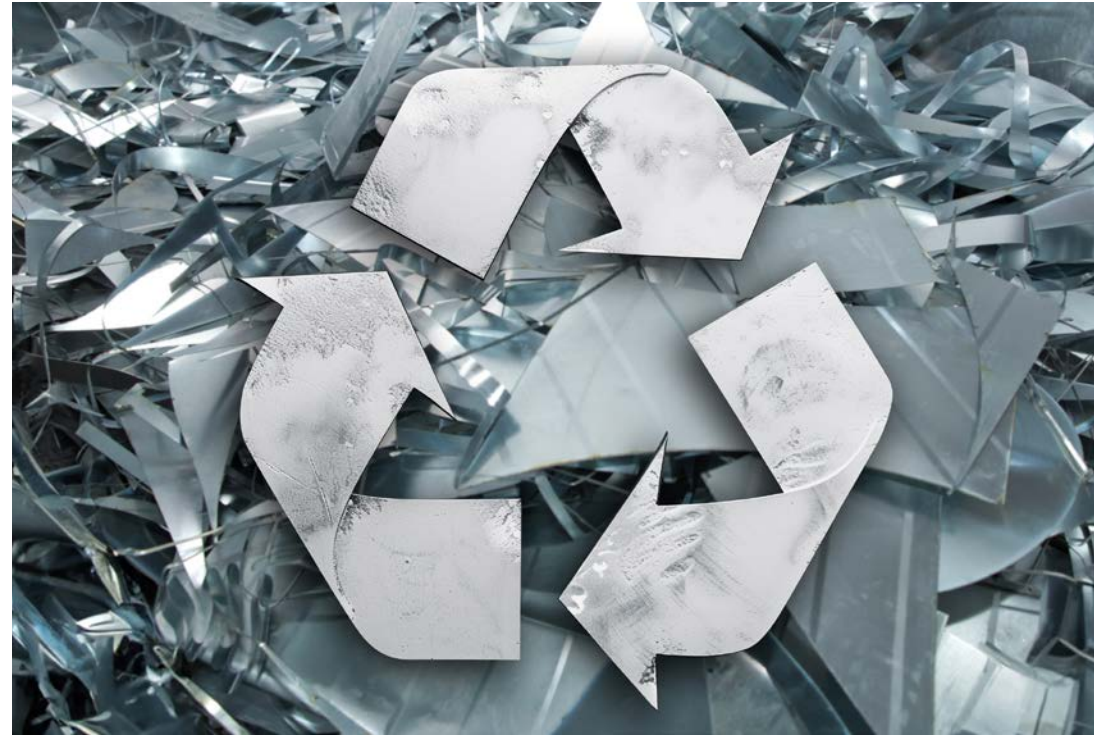
Customers Scope 3 downstream

70%

Use of sold products & services: 794 kt CO<sub>2</sub>e

# Resource Efficiency & Circular Economy

Bystronic's vision of the circular economy combines circular approaches, such as recycling, re-use, and extended lifespan, with a business model transformation from machine manufacturer to full solutions provider. To sustain this vision, we set a 2030 target to reduce waste by 20%.



Bystronic has thoroughly examined and embraced the principles of the circular economy, integrating them across numerous job roles within the organization.

**2030 sustainability targets**

**20%**

Waste reduction (over 2021 baseline)



### Management approach

Our 2022 materiality assessment identified resource efficiency and circular economy as critical topics. The circular economy can address risks associated with the sheet metal industry, such as high energy costs, supply chain constraints, and environmental impacts.

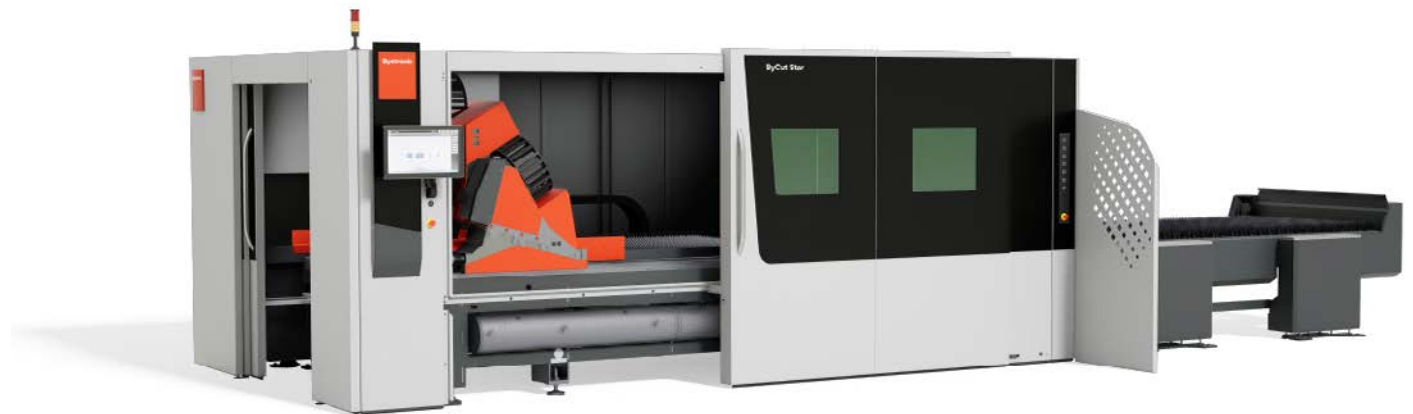
### Advancing Bystronic's cleantech solutions

Through our commitment to sustainability-led innovation, we focus on material and energy efficiency across our customer offerings. Bystronic's cleantech solutions portfolio encompasses a range of systems, services, and software that increase material and energy efficiency. These include products such as laser sources and chiller systems that reduce energy, and metal bending and cutting technologies that reduce waste. Our cleantech solutions can be grouped into two category types: material efficiency and energy efficiency.

”

**At Bystronic, we help our customers make their businesses more sustainable by utilizing our energy- and resource-efficient solutions.**

Eckard Deichsel, Global Manager, Sustainable Development & Laser Technology



With our ByCut Star 3015 and 4020, the possibilities for cutting are virtually endless. These machines can handle a wide range of metals and deliver up to 30 kilowatts of power.

## Material efficient products & services

By integrating circular approaches into our products and solutions, Bystronic enhances resource efficiency and waste reduction.

### 1. Service and maintenance

Bystronic is adopting circular approaches to extend product lifespans and boost resource efficiency. Service packages like By-Care keep machines in optimal condition, extending their service life and resale value while reducing errors, downtime, and waste. Key initiatives include proactive maintenance and refurbishing machines and components, preserving the energy and materials from initial production. Preventive service programs identify and address issues early, enhancing longevity and productivity. Modular designs allow easy upgrades and repairs, further extending machine lifespans. Digitalization, through tools like BySoft Software Suite, also enhances material efficiency by streamlining operations.

### 2. R&D

Bystronic's modular machine and solutions design approach paves the way for future upgrades and refurbishment, which are vital for maintaining the value and efficiency of machinery over time. By enabling seamless integration of new technologies and components, Bystronic ensures that its machines keep pace with evolving industry standards and customer needs without the need for complete replacements. New products like ByCut Star and ByCut Smart exemplify this modular design approach. As part of the OnePlatform project, modularity in these machines ensures common parts are used, simplifying repair and spare part logistics, enhancing efficiency, and extending product lifespan. Moreover, the modular nature of Bystronic's machines allows for tailored configurations to meet specific customer requirements and ensures they can be optimized for different production environments. For example, our ByTrans Modular system provides scalable material handling solutions that grow with customers' needs.



The BySoft Software Suite is a tool that elevates our customers' performance to new heights. Designed to enhance productivity, it seamlessly integrates with third-party manufacturers, ensuring effortless operation for our clients.

### 3. Sheet metal machines

Bystronic's commitment to improving operational efficiency and sustainability is visible through the resource and energy efficiency features integrated into our fiber laser cutting and bending machines, which are designed to optimize material use, reduce waste, and increase productivity.

#### Fiber Laser cutting machines

**Advanced Nesting:** A software feature that optimizes fiber laser cutting can save up to 14% metal consumption for the same production volume. With dedicated user training, the software optimizes the cutting plan by narrowing web widths, increasing the number of parts on the cutting plan, and adjusting the cutting path to minimize waste. Additionally, it adjusts laser power and speed based on the material and sheet thickness. By analyzing the size and shape of residual sheets, the software identifies the most efficient way to use them in subsequent cutting processes.

**Intelligent Cutting Process (ICP):** ICP uses a coaxial camera to film through the nozzle, monitoring the cutting process and ensuring reliability through proactive and reactive actions. This reduces downtime and material waste in case of nozzle loss. By preventing unrecognized cut interruptions, the ICP feature helps minimize waste.

**Parameter Wizard with Artificial Intelligence (AI):** This feature combines intelligent human-machine interaction and AI-based optimization to support the operator when a new type of metal is introduced to optimize cutting quality. Leveraging AI swiftly and accurately helps obtain the correct parameters, eliminating the need for time-consuming trial and error methods.

**Nozzle Control Tool (NCT) & KerfScan:** NCT enables automatic nozzle centering in seconds, nozzle condition, and type monitoring. KerfScan examines the oxygen cut to detect residual slag inside the kerf, allowing for recutting parts as needed. This combination ensures a consistent, high-quality cutting process that reduces waste and rejected parts.

#### Bending machines

**Laser Angle Measurement System (LAMS):** LAMS ensures precision and productivity by eliminating the need for time-intensive measuring and correcting parts. It optimizes metal waste reduction by achieving precise angles and minimizing misshaping, ensuring that even the first bend is flawless.



Our laser cutting heads contain a range of features that significantly enhance production capabilities.



Nitrogen generators, such as those from Airco Systems, facilitate the on-site production of ultrapure nitrogen for fiber laser cutting applications, thereby decreasing both energy consumption and carbon emissions.

### Energy efficiency

By integrating energy-performance features into our products and solutions, Bystronic enhances operational efficiency. Features include:

#### 1. Nitrogen generators

Nitrogen generators, like NitroCube and Airco System, enable in-house production of high-purity nitrogen for fiber laser cutting systems, reducing energy use and carbon emissions. In Bystronic's life cycle assessment, nitrogen use was the largest contributor to indirect CO<sub>2</sub>e emissions. Traditional methods require substantial power and transportation, increasing the carbon footprint. In-house generation eliminates transport and allows efficient, on-demand nitrogen production, offering environmental and financial benefits. Additionally, using solar panel installations on top of nitrogen generators allows Bystronic customers to significantly reduce their CO<sub>2</sub>e impact, further enhancing the sustainability of their operations.

#### 2. Laser source and chiller systems

Laser sources and chiller systems are the core of our laser cutting machines and the main drivers of energy consumption and carbon emissions. As part of our commitment to deliver cleantech solutions, we have identified significant R&D potential in optimizing the energy performance of our laser sources and chiller systems.

These next-generation laser sources convert more electricity into the laser beam and therefore require less cooling. We collaborate with suppliers to make their systems compatible with our software. This allows us to customize the operation of the control panel, enhancing the user experience. We are focused on optimizing the standby times of our laser sources and the chiller systems, a feature called deep standby mode, to reduce energy consumption when the machines are idle, a significant benefit for certain customer segments.

The results of this R&D effort are directly measurable in key metrics, such as Scope 3.11 carbon emissions. Additionally, this optimization leads to waste heat reduction, which in turn improves working conditions. We expect to release our next-generation laser sources and chiller systems to a core customer segment in the financial year 2026.



”  
**These next-generation laser sources convert more electricity into the laser beam and therefore require less cooling.**

**Eckard Deichsel**  
Global Manager, Sustainable Development & Laser Technology



## Performance and impact

Our approach is shaped by our long-term commitments to integrate environmental management systems across our manufacturing sites worldwide, reduce waste by 20%, and promote efficient water use.

### Bystronic's environmental management system:

#### ISO certification

We have used ISO 14001 to make improvements in energy efficiency, recycling, and water consumption at our manufacturing sites. Achieving ISO 14001 certification for our manufacturing sites in Tianjin and Shanghai, China, provided us with a systematic approach to environmental performance management, standardized documentation, and strengthened employee engagement. We are continuing with ISO 14001 certification for our manufacturing site in Niederönz, Switzerland, in 2024 and our site in Gotha, Germany, in 2025.

#### Waste management

In 2023, we reduced waste volume by 14% compared to 2022 through increased recycling. We are on track to meet our near-term target for waste reduction.

#### Circular value creation

Bystronic's transition to a circular model is now being measured. In 2023, we generated around 30% of our revenues through services and refurbishing activities.

Our circular approach considers machine lifespan from development, use and end-of-life management. Through a systematic approach, we aim to maximize resource use and product lifespan. Additionally, we are reducing material usage, such as a 26% reduction in virgin steel by using recycled steel for a portion of our machine main parts.



In 2024, we will enhance our global operations by advancing ISO 14001 certification efforts.



## Outlook

Throughout 2024, Bystronic will continue to innovate and collaborate with our partners, suppliers, and customers to implement sustainable solutions. Advances in digitalization, such as digital twin and AI-driven solutions, will optimize production processes, reducing energy and waste. As part of this drive, we are expanding training on resource-efficient features such as nesting algorithms to help our customers maximize machine efficiency.

Our commitment to pursuing ISO 14001 certification for additional manufacturing sites will further enhance our environmental management processes and employee engagement and align with our goal to improve our environmental performance globally.

Bystronic's transition to a service-based circular model increases sustainability, resilience, and competitiveness by reducing environmental impacts, limiting supply chain risks, and creating sustainable solutions for our customers.

In collaboration with InnoSuisse, we have been implementing the Circular Economy and Cascading approach to enhance recyclability, durability, and material optimization since Q4 2023. We assess resource use and decision making to identify improvements, promote supply chain collaboration, and secure effective material exchanges. Our robust governance framework will integrate economic, social, and environmental factors to guide our circular practices.



Bystronic has revolutionized the industry with the introduction of the ByBend Star 40 and 80, the inaugural bending machines designed for mobile applications. Their compact design epitomizes resource efficiency and sustainability, attributes that have earned high praise from our customers.

# Digitalization & Innovation

**Our customers in the sheet metal industry are shifting their focus from capacity to productivity. Digitalization is key to this transformation and offers significant advantages.**

Bystronic is enabling digital evolution in sheet metal processing, step by step. We are evolving from a single-machine manufacturer to a full solutions provider, advancing automation, software, services, and sustainability.

Our software modules, such as those for preparing quotes or monitoring machine performance, allow customers to embark on a gradual journey of digitalization. This approach ensures a smooth transition, leading to increased productivity.

## Management approach

Digitalization and innovation are central to Bystronic's sustainability strategy. The demand for flexible, efficient, and sustainable production processes presents new opportunities, while a failure to digitalize could lead to higher costs and reduced market share.

In 2023, we launched Bystronic's digitalization strategy, focusing on three key pillars: customer experience and value creation. Operational efficiency, and digital culture and employee experience are supported by a sustainable, state-of-the-art digital ecosystem. This comprehensive approach ensures that we remain at the forefront of technological innovation while maintaining a strong focus on sustainability and operational excellence.

## Customer experience and value creation solutions

Bystronic enhances customer experience and value through digital solutions. Our CRM system improves data management, personalized interactions, and service efficiency, boosting customer satisfaction and loyalty. The BySoft Software Suite connects all business processes, from order intake to shipping, enhancing interoperability and streamlining workflows. It integrates with third-party systems, creating a fully digitalized production environment. BySoft Software Suite improves operational efficiency and supports sustainability by enhancing energy and resource use, reducing waste, and optimizing material utilization.



Utilizing our laser cutting systems requires minimal training thanks to its intuitive experience design. This efficiency translates into significant time and cost savings for our customers.

### Operational efficiency

Bystronic's technology ecosystem integrates advanced technologies to boost operational efficiency. SAP improvements streamline enterprise resource planning, enhancing data quality, resource allocation, and productivity.

The Industrial Internet of Things (IIoT) connects machines for real-time data collection and predictive maintenance, reducing downtime and costs. Automation, including Robotic Process Automation (RPA), increases efficiency and reduces errors. Smart factory solutions further optimize resource use and productivity. AI and machine learning (ML) optimize production processes, with AI-driven nesting algorithms improving material utilization and predictive maintenance, extending equipment lifespan.

Cloud computing ensures data accessibility and business continuity. BySoft Software Suite combines cloud and on-premise software for robust, affordable solutions, while BySoft Insights enhances efficiency with real-time monitoring and analytics, optimizing performance, reducing downtime, and supporting sustainability initiatives.

### Digital culture and employee experience

Bystronic's information policy ensures transparency, efficient communication and compliance, which supports digitalization and innovation. Clear communication enhances stakeholder trust, risk management, and organizational culture. Integrated with cybersecurity, this policy secures data and supports digital transformation, protecting digital assets and building trust.

Fostering a digital culture and enhancing the employee experience are key strategies. Bystronic provides tools and training, including programs through the Bystronic Academy, to ensure employees are proficient in digital systems. In 2023, training focused on AI technologies.

### Performance and impact

As we are starting to manage digitalization as a material topic, we are building KPIs to monitor progress and will be able to provide disclosure on them in the next Sustainability Report.

### Outlook

As we move towards the end of 2024, we are excited to announce the formation of Bystronic's Digital Council. This new body will be tasked with the ongoing identification, evaluation, and qualitative appraisal of risks connected with Bystronic's digital transformation, including technology risk, privacy/data protection, and cyber-attacks. This transition marks a new chapter in our digital journey, supporting growth and innovation opportunities.

In R&D, exciting innovations like digital twin and metaverse technology create virtual replicas of our machines, enabling simulation and optimization of operations that improve performance and reduce downtime. Immersive technologies, such as augmented and virtual reality, enhance training, maintenance, and design visualization, improving user experience and accuracy. Bystronic will deepen its digital transformation efforts by expanding BySoft Software Suite capabilities, improving reliability, and integrating smart factory solutions.



Our commitment to a robust digital culture is evident in our advancements in digital twin and new digital technologies. By crafting virtual replicas of our machinery, we can simulate and optimize operations, enhancing performance and minimizing downtime.

# Engaged People

Diversity, Equity & Inclusion

Talent Development

Workplace Safety



# Engaged People

**At Bystronic, people power our purpose. We believe that their skills, attitudes, and engagement are the driving force behind our business success. We are committed to supporting our employees' career growth and connecting them with opportunities for the future.**

Ensuring a safe and secure workplace for all our employees is paramount, as we recognize the positive impact it has on their well-being and motivation. In areas where heavy machinery and lasers are used, we take measures to prevent risks and ensure workplace safety. Attracting talent and developing human capital are crucial for Bystronic. They are essential in maintaining a skilled and well-trained workforce. We are dedicated to nurturing our employees' personal and professional growth through continuous learning and development. Furthermore, we believe in providing equal access to career and personal development opportunities.

## **2030 sustainability targets**

**25% of management positions held by women**

## **TRI ≤ 0.8 in occupational safety**

Total recordable incident rate of 0.8 or less per 100 full-time employees






As Bystronic transforms its business model from a machine manufacturer to a full solutions provider, engaged people become the most critical factor for our long-term success. To sustain this vision, we have set ourselves ambitious 2030 goals. Our 2023 employee-related progress is detailed in the following three sections of this chapter:

1. Diversity, Equity & Inclusion (page 36)
2. Talent Management (page 39)
3. Workplace Safety (page 41)





## ESG Performance in 2023 for Engaged People

Strategic pillars	Ambition	Initiatives	KPIs	Status: 2023 metrics
<b>Diversity, Equity &amp; Inclusion</b>   	Build and develop a diverse and inclusive workforce	Increase women in leadership  Improve inclusion	Women in exec. position (%)  Women management position (%)  Inclusion theme score	8%  20%  85
<b>Talent Management</b>   	Attract, develop and retain the best employees	Improve engagement  Improve engagement  Enable personal growth	Voluntary turnover rate  Employee Net Promoter Score (eNPS) (survey result)  Training participants	8.9%  6  1,041
<b>Workplace Safety</b>  	Continuously improve workplace and psychological safety for all employees	Decrease injuries  Improve employee well-being	TRIR (number of injuries for 100 FTE)  Psychological safety theme score (Employee engagement survey result; on 100)	+1.9%  81/100

# Diversity, Equity & Inclusion

At Bystronic, we are committed to strengthening diversity and inclusion. Our updated materiality assessment identified diversity, equity, and inclusion (DEI) as a material topic, and we are taking concrete steps to foster a positive and supportive work environment that provides equal opportunities for all our employees.

Historically, the sheet metal industry has been male-dominated, and women are underrepresented in both leadership and frontline positions. To counteract this, we set a goal to increase the percentage of women in management positions to 25% by 2030. This commitment is being supported by several HR initiatives, such as awareness campaigns, DEI training, and the adaptation of recruitment programs and promotion policies.

## Management approach

Our DEI commitment is part of our global Code of Conduct, which values DEI in terms of age, culture, gender, gender identity or expression, religion, race, ethnic heritage, language, sexual orientation, experience, and skills. It also strictly prohibits any form of discrimination or inappropriate or illegal conduct towards any person. The HR Committee is responsible for DEI initiatives across all management levels within the Group and continuously reviews their effectiveness. Initiatives that Bystronic has introduced to address DEI include:



As a global enterprise, Bystronic embodies the principles of diversity, equity, and inclusion every day. We are committed to increasing the representation of women in leadership roles.

**Employer branding:** In 2023, Bystronic established its employer brand identity. It defines how we communicate as an employer both internally and externally. The launch included a comprehensive overhaul of both the content and look of our career website. The principles of our employer brand reflect our commitment to diversity.

**Adaptation of recruitment and promotion policies:** In job postings, Bystronic tries to be equally appealing to both women and men, and in direct search efforts, identifying female candidates is a priority. External recruiters are instructed to ensure diversity of the candidate pool, and, in the selection and promotion process, women are preferred over men when other things are equal.

**Leadership development program:** Female representation was increased in the 2023 plan cycle to 17%.

**Training on DEI:** Approximately 330 managers and leaders, including the Executive Committee, have received DEI awareness training.

Bystronic's guidelines regarding employees are defined in the "Conduct towards employees and colleagues" section of the Bystronic Code of Conduct.

<https://ir.bystronic.com/en/corporate-governance/business-ethics/>

## 2030 sustainability target

# 25%

women in management positions



Diversity is experienced daily through the strong connectivity of our employees.

## Performance and impact

To evaluate our progress, we keep track of female representation in our workforce. Overall, women comprised 16% of our workforce in 2023, up from 15% in 2022. The female proportion in management is now 20% thanks to regional changes. This percentage has increased year-on-year.

A key highlight from 2023 was the election of Eva Zauke as a new member of the Board of Directors, increasing the digitalization competence and female representation on the Board. Another positive indicator in 2023 was that 22% of new hires were women (up from 19% in 2022). These small, but significant steps demonstrate Bystronic's progress towards its 2030 goals.

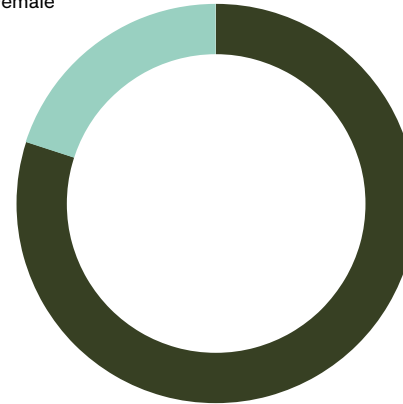
## Outlook

We firmly believe that organizational diversity is a catalyst for innovation, a key driver of our business success. We also understand that improving the diversity of our workforce will take time. To support the increase in female representation at Bystronic, we are focusing on promoting more women and ensuring more participation in our Leadership Development Program. We will also determine whether additional training courses on DEI are required, and we will consider adding more specific questions to our employee engagement survey.

## Management

Total  
262

20%  
Female

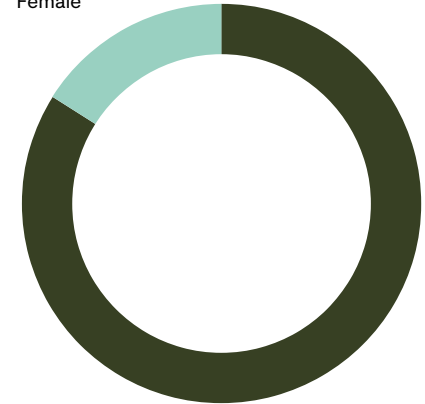


80%  
Male

## Employees

Total  
3450

16%  
Female



84%  
Male

# Talent Management

The changing business landscape is significantly influenced by digitalization, sustainability, and demographic shifts. In response, Bystronic acknowledges talent management as a strategically crucial element that serves as the foundation of our innovation, our customer relationships and our partnerships. Our goal is to attract and retain top talent, develop a strong pool of employees, implement effective succession planning measures, and establish Bystronic as an employer of choice.

## Management approach

Our employees are integral to our success. We are committed to providing them with a workplace where they can enhance their skills. And we are focusing on talent development and retention, career advancement, and employee engagement. The primary responsibility for designing and implementing these initiatives rests with our Chief HR Officer and her core team.

**Talent development and retention:** Our learning and development model, known as the 70-20-10, helps employees access a combination of learning sources. This model calls for 70% of learning from challenging assignments, 20% from relationships, and 10% from formal training. At Bystronic, our employees have access to various educational support initiatives – from specialized courses to PhD programs to our company-wide learning management system called MyLearning. We also provide comprehensive onboarding for new employees to ensure a good start.

**Career advancement and leadership courses:** We place great value on supporting our employees' personal development. Bystronic has been offering vocational training for over 20 years, benefiting more than 300 young employees. Our global succession program aims to identify internal candidates for future roles and provides them with personalized training. ByAcademy, our internal learning and development platform, focuses on technical and soft skill development for our Global Service Business Unit employees. Our leadership development programs cater to different employee levels. The Leadership Development Program 1 (LDP 1) prepares junior employees for future managerial roles. Our Leadership Development Program 2 (LDP 2) is tailored for senior leaders, and aims to foster a common understanding of leadership, as well as promote creativity and entrepreneurship. LDP 2 is key to effective succession planning.

**Employee engagement:** To continuously enhance our processes and address employee feedback, Bystronic conducts a biennial global employee engagement survey. We choose questions that align with our strategic values. Our goal is to gather insights that are relevant to leadership development and enhance employee engagement at all our business locations. In 2023, there was a 90% response rate, with employees rating "Inclusion" and "Psychological Safety" as positive elements of their Bystronic experience. The results of this survey are reviewed by members of the Executive Committee (EC) and Extended Executive Committee (EEC) and used to map out plans for change. An initiative arising from the 2023 survey's findings is the One Bystronic Ambassador Network, which aims to improve and coordinate top-down and bottom-up communications.



”  
Bystronic provides an extensive array of leadership courses and training programs designed to enhance and elevate careers.

**Michael Jost**  
Global Head of Enablement and Governance



## Performance and impact

In 2023, Bystronic made significant progress in developing the company's global HR processes, with a particular focus on succession planning. An evaluation matrix was used to identify and align the required competencies and experience for key positions with future needs. Additionally, measures were implemented to systematically develop and advance employees at all levels.

To enhance employee retention and reduce turnover at Bystronic, the HR department consistently monitors the voluntary employee turnover rate (9% in 2023) and the total employee turnover rate (16% in 2023). Along with tracking these KPIs, we regularly conduct employee satisfaction surveys. Among the highest scoring themes were Inclusion at 85 and Psychological Safety at 81. Our score on the Psychological Safety theme remains relatively high as we scored 80 in the previous survey in 2021.

We have identified key areas for improvement at the Group level, including the need for better employee empowerment and communication. After reviewing the results of the 2023 employee engagement survey, the EC and EEC worked together to define two key global workstreams:

**1. One Bystronic Ambassador Network:** A global network of over 50 One Bystronic Ambassadors from 22 subsidiaries. The ambassadors serve as a link between employees and management, enhancing communication, culture, and collaboration.

**2. Bystronic Leadership Conference:** In March 2023, we implemented new panel discussions on Group priorities at the Bystronic Leadership Conference. Employees from many different levels and a variety of functions actively contributed.

## Outlook

In 2024, we will continue providing our employees with a platform to share their collective voice. We will conduct a compact pulse survey in autumn, which will cover DEI and change-relevant topics. We will also consider revising the questions in our 2025 global engagement survey. Additionally, we intend to make significant investments in building the capabilities of our workforce to keep up with the rapidly advancing trends of digitalization and sustainability.



To improve internal communication, a new Bystronic global leadership format was established and a leadership conference was held in March 2023.

# Workplace Safety

At Bystronic, we prioritize the safety and well-being of our employees. Our materiality assessment highlighted health and safety as a key priority, and we're taking steps to enhance employee safety and overall well-being. In 2023, our Board of Directors set a challenging goal for Bystronic to become an industry leader in occupational safety by aiming for a total recordable incident (TRI) rate of 0.8 or less per 100 full-time employees.

## Management approach

Workplace safety is mandated by the Group's Executive Committee and Extended Executive Committee and is a core component of our Code of Conduct. We are committed to providing a safe and healthy working environment for our employees through safety education, the provision of safety equipment, and specialized work training. We also prioritize that our employees achieve a healthy work-life balance by offering various initiatives from medical support to fitness programs to flexible work arrangements. The effectiveness of these initiatives is monitored through employee surveys and safety inspections. Bystronic measures its performance in relation to workplace safety in two categories: employee safety, and employee health and well-being.

## Employee Safety

Occupational health and safety is a crucial component of Bystronic's overall management system. Our safety regulations apply to all individuals on our premises, including employees, customers, suppliers, and visitors. These regulations are outlined in workplace guidelines that are accessible to all employees. Employees receive training on workplace-specific hazards when necessary. For instance, employees who work with lasers are provided with detailed in-

## 2030 sustainability target

$$TRI \leq 0.8$$

in occupational safety  
Total recordable incident rate of 0.8 or less per 100 full-time employees

structions on workplace safety, including the associated risks and hazards.

Bystronic's safety training courses are detailed in the training manual, which undergoes an annual review by the occupational health protection and laser safety officers, as well as the safety teams. Risk analyses are carried out by external specialists at least every five years, and resulting measures are coordinated and monitored through corrective and preventive action. The HR department reports and evaluates all occupational and non-occupational accidents.

Active management of occupational health and safety is integrated into the shop floor management process, with daily reports on potential risks, near misses, and accidents. This allows for the identification of corrective measures to prevent future accidents. In the event of an accident, a process involving root cause analysis is utilized to identify preventive and corrective measures. Occupational and non-occupational accidents are recorded as KPIs in the reporting system at the management level, and appropriate measures are initiated as necessary. In case of an emergency, such as a fire or environmental disaster, an emergency plan and first-aid information are readily available. First aid is provided by the in-house emergency first response (EFR) service.



Ensuring safety is our utmost priority. We provide comprehensive safety training to our entire workforce and conduct regular training sessions for new hires.

### Employee health & well-being

The health and well-being of our employees is a priority. We see the importance of this topic reflected in our 2023 global employee engagement survey where employees shared perceptions of their work-life balance. We are increasing our efforts to promote initiatives that support employee well-being, physical fitness and work-life balance.

At several of our sites, Bystronic provides in-house medical support for employees. We also offer a range of health initiatives, including fitness programs and events. In Switzerland and the Americas, we provide additional benefits such as health and supplementary insurance. Our employees also have access to personal, financial and legal counseling services. In Switzerland, employees have access to occupational health services. In Italy, the company covers a fixed monthly fee for each employee to ensure access to necessary medical services. Additionally, we take steps to ensure that our workplaces adhere to relevant ergonomic standards.

### Performance and impact

Despite ongoing health and safety measures, the number of recordable injuries increased from 21 to 35 in 2023, thus increasing our TRI rate from 1.1 in 2022 to 1.9. The majority of recordable injuries in 2023 related to finger, hand, or foot injuries, and resulted from failing to wear or improperly wearing protective clothing, such as gloves. Another cause was being hit by falling objects. Several injuries also occurred in the work-home environment. All accidents are recorded as KPIs in the reporting system at the management level, and appropriate measures are initiated.

In 2023, at a customer site, we experienced an accident that tragically resulted in the passing of one of our colleagues in the US. He was an integral part of our team and we all deeply feel his loss. We have supported and will continue to support his family and those affected by this heart-breaking incident. This accident has prompted an investigation to understand the root cause and identify corrective measures. We are committed to learning from such an incident and implementing additional safety measures to prevent future occurrences. In 2023, we had a successful ISO 45001 certification (Occupational Health and Safety Management System – EHS) and an ISO 9001 certification (Quality Management System). These confirm that our EHS and quality management systems at our production sites meet international standards. This not only strengthens the confidence of our employees in the company's

safety and quality measures, but also the confidence of our customers and partners in our ability to provide safe and reliable services.

### Outlook

We are committed to enhancing workplace safety at every level of Bystronic, from top management to entry-level employees. The Board of Directors is fully dedicated to standardizing safety management practices across all our locations to ensure consistent high-level safety standards worldwide. By 2030, our goal is to become an industry leader, with a target TRI rate of 0.8 or less. Achieving this goal requires effective communication of all safety and health protocols by managers, and strict adherence to these protocols by all employees.

**”**  
**We have developed  
new safety guidelines  
and procedures  
based on the require-  
ments of ISO 45001.**

**Stefan Wüthrich**  
HSE Manager for Bystronic Laser AG – Niederönz site



# Responsible Business

Good Corporate Governance

Trusted Partnerships

ESG Ratings

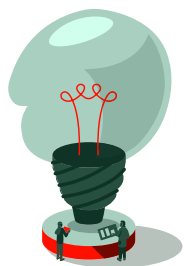


# Responsible Business


**Our stakeholders expect us to maintain high ethical standards and integrity across our business activities. Responsible Business, the governance pillar of our sustainability strategy framework, represents our approach to managing these expectations and underpins our efforts to achieve our 2030 sustainability goals.**

Bystronic's ethical performance is fundamental in its drive towards sustainable value creation in the sheet metal industry. This chapter addresses our approach to good corporate governance, customer relationship management, and ethical performance assessments with external rating agencies. Our 2023 governance progress is detailed in the following three sections of this chapter:

1. Good Corporate Governance (page 47)
2. Trusted Partnerships (page 50)
3. ESG Ratings (page 51)



## ESG Performance in 2023 for Responsible Business

Strategic pillars	Ambition	Initiatives	KPIs	2023 metrics
<b>Good Corporate Governance</b>   	Ensure Bystronic ethical business conduct	Increase employee training	Corruption cases (#)	0
	Promote global best practices to advance responsible supply chain activities	Decrease ethical risk exposure (Child labor, corruption, etc.)	Employees trained in Code of Conduct (#)  Incidents in supply chain (#)	All onboarded employees  No child labor incident identified
<b>Trusted Partnerships</b>  	Build and maintain trusted partnerships	Decrease customer injuries	Injury cases in CRM (#)	1
		Improve customer satisfaction	EcoVadis OEM score (#/100)	46
<b>ESG Ratings</b>	Provide clear and accurate disclosures on the progress of our ESG performance	Improve ESG ratings	Bystronic rating index score	+12 points “in 2023 vs 2022”

# Good Corporate Governance

**Bystronic is committed to ethical conduct, compliance with the law, and adherence to the UN Global Compact principles. Our Code of Conduct provides guidelines to align our business activities with our core values and principles. This includes prohibiting improper payments and bribery, managing our supply chain in a socially and environmentally responsible manner, and ensuring customer satisfaction and safety.**

## Management approach

Bystronic is dedicated to combating corruption in all its business activities and has put in place various policies and practices to prevent and uncover corrupt behavior, including:

- Anti-corruption policy: Bystronic's Code of Conduct contains a comprehensive anti-corruption policy that demonstrates the company's commitment to ethical and transparent business practices. This policy prohibits all forms of bribery and other corrupt activities.
- Due diligence: Bystronic carefully assesses suppliers and business partners to ensure they are not involved in corrupt practices. This involves reviewing supplier documentation, conducting audits, and verifying supplier certifications.

- Training: Bystronic provides anti-corruption training to all employees. This training covers topics such as recognizing and reporting corruption, whistleblowing procedures, and the consequences of corruption.
- Monitoring: We actively monitor our business activities and relationships with suppliers and partners for any signs of corruption. This includes reviewing transactions, conducting internal investigations, and looking into whistleblower complaints.
- Review: Bystronic regularly reviews its policies and practices and makes necessary adjustments.
- Reporting: Any suspicion of corruption is thoroughly investigated.

Bystronic's anti-corruption policy can be found in the "Conduct towards customers, suppliers, and business partners" and "Conduct towards competitors" sections of the Code of Conduct.

## Performance and impact

There were no incidents of corruption recorded across Bystronic's operations in 2023.

No significant instances of non-compliance with laws and regulations have been reported through our whistleblower hotline or directly to our legal team.



Together, we are building a culture where honesty and ethical conduct are paramount, reinforcing our dedication to combating corruption at every level.

## Responsible supply chain

Bystronic is dedicated to improving sustainability in the sheet metal industry through robust procurement practices, rigorous supplier evaluations, and comprehensive risk management strategies, with the goal of establishing a more socially and environmentally responsible supply chain.

### Management approach

Bystronic has taken steps to incorporate sustainability into its procurement processes since 2021. To assess and oversee our suppliers' sustainability performance, we have deployed advanced tools such as the EcoVadis platform and the Risk Method tool and implemented a comprehensive Supplier Code of Conduct to ensure that all suppliers adhere to strict ethical, environmental, and social standards.

We are committed to upholding human rights in all aspects of our business. Our policies and practices are aimed at conducting our business operations in a manner that respects human rights. This commitment is detailed in our Human Rights Policy, which is part of the Code of Conduct and prohibits human rights violations in both operational activities and the supply chain. Additionally, the policy promotes fair working conditions, fair wages, the elimination of child or forced labor, the protection of the right to collective bargaining and freedom of assembly, and the safeguarding against discrimination and harassment.

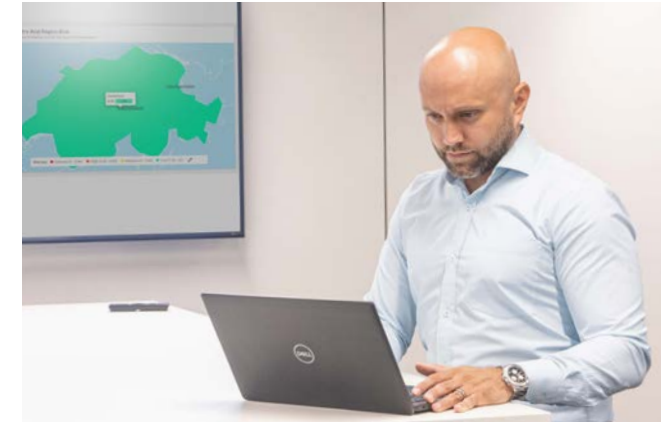
Responsible procurement initiatives include:

**EcoVadis platform:** Bystronic has increased the number of suppliers evaluated on the EcoVadis platform in 2023. This tool provides a comprehensive assessment of suppliers' environmental, social, and ethical practices.

**Supplier Code of Conduct:** In 2023/2024, Bystronic implemented a thorough Supplier Code of Conduct requiring suppliers to adhere to strict standards regarding labor rights, environmental protection, and anti-corruption measures. These standards are regularly monitored and enforced through audits and assessments.

The Supplier Code of Conduct outlines the expectations and requirements for our suppliers and their partners as well as third parties conducting business with Bystronic as a minimum standard.

Suppliers are expected to comply with international human rights standards, labor regulations, environmental responsibilities, and fair business practices. Bystronic welcomes it if suppliers and business partners go beyond those minimum standards.



”  
**One of the procurement team's tasks is to confirm that all suppliers have signed the new Supplier Code of Conduct.**

**Daniel Widmer**  
Senior Manager, Global Supply Chain



**Human rights due diligence:** Bystronic recognized the need for a standardized risk management process in its supply chain. Consequently, in 2023 a Standard Operating Procedure (SOP) was established for conducting regular Human Rights Due Diligence (HRDD) risk analysis. This SOP, developed through workshops and industry experience, aims to provide guidance on steps, responsibilities, and internal controls for analyzing risks and addressing potential issues within the supplier base. Training workshops focused on HRDD legislation and implementation have been delivered. Furthermore, the first EiQ<sup>1</sup> analysis has been conducted, covering 2,000+ suppliers for risks associated with conflict minerals, child labor, and forced labor. The risk management process will continue to be implemented during 2024 to improve effective risk mitigation.

**Bystronic is committed to upholding human rights through the following practices:**

- Signing of the Code of Conduct: Bystronic requires its suppliers to adhere to and sign the Code of Conduct.
- Monitoring supplier performance: Bystronic continuously improves supply chain audits to address human rights compliance.
- Remediation: Bystronic has established a process to address human rights violations within its operations or supply chain. Among other things, the remediation process includes:
  - Investigation of allegations: Bystronic will promptly and thoroughly investigate all claims of human rights violation in its operations or supply chain.
  - Taking corrective action: If an investigation confirms a human rights violation, Bystronic will take appropriate corrective action. This may involve suspending or terminating supplier relationships or requiring them requiring them to remedy the situation corrective action.

**Performance and impact**

Bystronic has improved the sustainability of its supply chain by enhancing supplier evaluation and risk management. Consequently, our average EcoVadis OEM score has increased, indicating better overall supplier performance.

In accordance with the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour, Bystronic has conducted a detailed analysis and determined that it is exempt from due diligence and reporting obligations regarding both conflict minerals and child labor based on the ordinance's criteria.

<sup>1</sup> EiQ is an end-to-end supply chain ESG due diligence platform.

# Trusted Partnerships

**Maintaining trusted partnerships with our stakeholders, in particular with our customers, is essential to our business success. Our customers' sustainability needs are the main focus of our innovation and product development processes, as explained in the Sustainable Solutions chapter of this report.**

**Bystronic also leverages its customer relationship management capabilities to improve customer satisfaction and safety.**

## Management approach

Bystronic prioritizes the management of customer care and safety through rigorous product testing and responsive customer service, and employs a CRM system to track customer interactions and ensure timely maintenance and issue resolution.

### Enhanced CRM system

In 2023, we introduced an upgraded CRM system that integrates data from our marketing, sales, and service departments to ensure a smooth and seamless customer experience. By consistently monitoring the Net Promoter Score (NPS) of our customers and the feedback from our detractors, we were able to pinpoint common issues, including:

- Machine-based: process reliability and technical errors
- Organizational: technician availability, long resolution times, and communication.

Bystronic closely monitors all safety concerns reported by our customers. In 2023, only one injury was reported by our customers.

### Service programs

In 2023, we introduced modular service programs that include regular maintenance, service level agreements, and extended warranties. These programs help minimize operational disruptions for our customers.

## Customer training

Our goal is to provide comprehensive machine and software training to enhance our customers' productivity. This will result in increased uptime, improved overall equipment effectiveness, and better safety for their employees.

## Value chain

To transform our value chain into a sustainable supply chain and move towards a circular business model, we are proud to be part of the Innosuisse flagship project, Circulus.

## Performance and impact

These initiatives have enabled us to monitor feedback from customers and reports of customer injuries to improve overall customer satisfaction. Bystronic's proactive approach to managing customer care and safety has also minimized fines and penalties related to safety issues.



# ESG Ratings

Management approach

Bystronic is committed to enhancing stakeholder awareness and recognition of its progress in sustainability. The company pro-actively engages in ESG reporting and continuously strives for improvement. Bystronic regularly shares comprehensive infor-mation on its sustainability performance to ensure transparency and accountability. As a result, Bystronic has achieved significant improvements in key ESG ratings, such as CDP, Sustainalytics, ISS, and MSCI. These ratings confirm Bystronic's commitment to reducing its environmental impact, improving governance prac-tices, and promoting social responsibility. Through its dedication to maintaining high sustainability standards and engaging with stake-holders, Bystronic enhances its market position and builds trust with investors, customers, and the broader community.

Specific initiatives include:

**ESG reporting:** In 2021, Bystronic introduced comprehensive ESG reporting practices to ensure accurate and up-to-date disclosure of its sustainability performance. In 2024, more relevant KPIs will be disclosed to better inform stakeholders about Bystronic's ESG performance and impact, including water impact, customer injury indicators, Scope 3 full screening, and life cycle analysis results.

**Improvement programs:** Bystronic has developed initiatives to reduce environmental impact, improve governance practices, and enhance social responsibility. In 2023, a 4-year lighthouse program was established to create a more circular supply chain with Innosuisse.

Performance and impact

Bystronic has made improvements in its CDP, Sustainalytics, ISS, and MSCI ratings. These advancements underscore Bystronic's management of ESG factors and commitment to sustainability.



Medium Risk



# Data and Performance



# Sustainable Solutions

Ensure the long-term sustainability of Bystronic and help customers and the sheet metal industry to reduce and avoid emissions

## Decarbonization

Reduce energy consumption/become a carbon-neutral business

### Energy consumption

GRI	Key Indicators	Unit	YoY	2023	2022	2021
302-1, 302-4	Total energy consumption	MWh	-2%	40,637	41,664	43,908
	Fuel for fleet (diesel, petrol, LPG)	MWh		15,329	15,057	14,928
	Stationary energy for buildings (natural gas, fuel, oil)	MWh		8,183	9,284	10,083
	Purchased energy (electricity, district heating, electric cars)	MWh		16,588	16,763	18,897
	Produced energy (solar panel electricity)	MWh		538	560	
302-3	Energy intensity per net sales	MWh/CHF million	6%	43.7	41.0	46.7
	Renewable energy consumption					
	Share of renewable energy consumption	%	-10%	16%	18%	4%
	Electrification					
	Share of grid electricity consumption	%	-3%	35%	36%	38%
	Electricity consumption					
302-1, 302-4	Total electricity consumption	MWh	-6%	14,221	15,077	16,672
	Total renewable electricity consumption	MWh		6,513	7,399	1,912
	Purchased renewable electricity	MWh		5,975	6,839	1,912
	Produced renewable electricity	MWh		538	560	
	Total nonrenewable electricity consumption	MWh		7,708	7,678	14,759
	Share of renewable electricity consumption	%	-7%	46%	49%	11%

### Greenhouse gas emissions (Scope 1 and 2)

GRI	Key Indicators	Unit	YoY	2023	2022	2021
305-1, 305-2, 305-5	Scope 1 and 2, total emissions market-based	tCO <sub>2</sub> e	0.9%	10,789	10,698	12,011
	Target – Science-based target reduction (-42% in 2030) versus baseline	tCO <sub>2</sub> e	-4.9%	10,882	11,447	Baseline
	Scope 1 and 2, total emissions location-based	tCO <sub>2</sub> e		11,570	11,649	13,001
	Scope 1, direct emissions	tCO <sub>2</sub> e		6,406	6,395	6,661
	Scope 2, energy indirect emissions – location-based	tCO <sub>2</sub> e		5,164	5,254	6,340
	Scope 2, energy indirect emissions – market-based	tCO <sub>2</sub> e		4,384	4,303	5,350
305-4	Scope 1 and 2, intensity per net sales	tCO <sub>2</sub> e/CHF million	10%	11.6	10.5	12.8
	Scope 1, emissions					
305-1	Scope 1, emissions	tCO <sub>2</sub> e	0.2%	6,406	6,395	6,661
	Fuel for fleet emissions	tCO <sub>2</sub> e		4,152	4,239	4,196
	Stationary energy for buildings emissions	tCO <sub>2</sub> e		1,836	2,116	2,250
	Refrigerants emissions	tCO <sub>2</sub> e		417	40	216
	Scope 2, emissions					
305-2	Scope 2, emissions – Market-based	tCO <sub>2</sub> e	2%	4,384	4,303	5,350
	Purchased electricity emissions	tCO <sub>2</sub> e		3,543	3,463	4,509
	Purchased heat emissions	tCO <sub>2</sub> e		840	840	841
	Renewable electricity transition					
305-4	Greenhouse gas emissions per MWh of electricity consumption	tCO <sub>2</sub> e/MWh		0.76	0.71	0.72

# Sustainable Solutions

## Decarbonization

Reduce carbon emissions across all scopes and categories

### Greenhouse gas emissions (Scope 3)

GRI	Key Indicators	Unit	YoY	2023	2022	2021
305-3	Scope 3, total emissions	tCO <sub>2</sub> e	-20%	1,116,876	1,391,743	1,578,340
305-3	Target – Science-based target reduction (–25% in 2030) versus baseline	tCO <sub>2</sub> e	–2.9%	1,489,953	1,534,147	Baseline
305-3	Scope 3, upstream emissions	tCO <sub>2</sub> e		322,623		
	Cat. 1 – Purchased goods & services	tCO <sub>2</sub> e	–10%	302,927	338,080	302,812
	Cat. 2 – Capital goods	tCO <sub>2</sub> e		557		
	Cat. 3 – Fuel- and energy-related activities not included in Scope 1 or Scope 2	tCO <sub>2</sub> e		1,970		
	Cat. 4 – Upstream transportation and distribution	tCO <sub>2</sub> e		2,884		
	Cat. 5 – Waste generated in operations	tCO <sub>2</sub> e		157		
	Cat. 6 – Business travel	tCO <sub>2</sub> e		4,078		
	Cat. 7 – Employee commuting	tCO <sub>2</sub> e		10,049		
	Cat. 8 – Upstream leased assets – reported in Scope 1 and 2	tCO <sub>2</sub> e		–		
305-3	Scope 3, downstream emissions	tCO <sub>2</sub> e		794,253		
	Cat. 9 – Downstream transportation and distribution	tCO <sub>2</sub> e		14,593		
	Cat. 10 – Processing of sold products – not material (Bystronic products are final products)	tCO <sub>2</sub> e		–		
	Cat. 11 – Use of sold products – customer country grid emission factor method	tCO <sub>2</sub> e	–23%	776,783	1,010,486	1,216,225
	Cat. 11 – Use of sold products – world grid emission factor method	tCO <sub>2</sub> e	–23%	808,630	1,053,663	1,275,528
	Cat. 12 – End-of-life treatment of sold product	tCO <sub>2</sub> e		2,877		

GRI	Key Indicators	Unit	YoY	2023	2022	2021
	Cat. 13 – Downstream leased assets – not material (no leasing assets)	tCO <sub>2</sub> e		–		
	Cat. 14 – Franchises – not applicable (Bystronic does not hold franchises)	tCO <sub>2</sub> e		–		
	Cat. 15 – Investments – not material (equity investment reflected in Scope 1 and 2)	tCO <sub>2</sub> e		–		
	Scope 1, 2, and 3, total emissions	tCO <sub>2</sub> e	–20%	1,127,665	1,402,440	1,590,352
	Share of Scope 3 Cat. 1 and Cat. 11 in Scope 1, 2, 3 total emissions	%		96%		
	Share of Scope 1, 2, 3 total emissions assured by third party	%		100%		
305-4	Scope 1, 2, and 3 intensity per net sales	tCO <sub>2</sub> e/CHF million	–12%	1,212	1,380	1,693

# Sustainable Solutions

## Resource Efficiency & Circular Economy

Improve resource efficiency, reduce waste through circular processes

### Waste management in manufacturing plants

	Key Indicators	Unit	YoY	2023	2022	2021
306-3	Waste, total amount in manufacturing plants	tons	-14%	3,323	3,860	4,267
306-3	Target – Waste committed reduction (-20% in 2030) versus baseline	tons	-2.3%	4,077	4,172	Baseline
	Non hazardous waste	tons		3,266	3,785	4,266
	Metals	tons		2,400	2,989	3,253
	Wood	tons		375	465	575
	Paper & cardboard	tons		117	137	218
	Plastics <sup>1</sup>	tons		61	6	7
	Domestic <sup>2</sup>	tons		298	176	156
	Special non hazardous waste	tons		13	11	57
	Hazardous waste & toxic material <sup>3</sup>	tons		57	75	1
306-4, 306-5	Waste by disposal methods					
	Landfill	tons		23	23	
	Incineration	tons		350	472	
	Recycling, reuse & recovery	tons		1,197	1,136	
	Other disposal methods	tons		1,753	2,228	
306-4	Recycled waste					
	Metal waste share (mostly recycled)	%		72%	77%	76%
	Waste intensity per net sales	tons/CHF million	-6%	3.6	3.8	4.5

### Water management in manufacturing plants

GRI	Key Indicators	Unit	YoY	2023	2022	2021
303-3	Water withdrawal <sup>4</sup>	cbm		23,162	12,273	
	Water intensity per net sales	cbm/CHF million		24.9	12.1	

### Refurbished machines, reuse of machine parts, recycled material

Increase machine circularity

GRI	Key Indicators	Unit	YoY	2023	2022	2021
	Number of refurbished machines	#	-13%	85	98	87
	Share of refurbished machines revenue (in DACH region)	%		9.0%		
	Share of refurbished spare parts (ratio of refurbished parts to total parts in value)	%		5.8%		
301-2	Share of recycled steel in machine – estimation based on statistics and purchase	%		26%		

### Certification of the management system in manufacturing plants

Deploy environmental and social management systems across all industrial plants

GRI	Key Indicators	Unit	2023
	Percentage of companies certified to ISO 9001 – 10 sites	%	70%
	Percentage of companies certified to ISO 14001 – 10 sites	%	20%
	Percentage of companies certified to ISO 45001 – 10 sites	%	10%
	Percentage of companies certified to ISO 50001 – 10 sites	%	10%

<sup>1</sup> Plastic waste corresponding to 56 tons at our Swiss site was accounted for in the domestic category in 2021 and 2022

<sup>2</sup> All non metal waste is reported in the domestic category in our plant in the US

<sup>3</sup> Hazardous waste at our Swiss site was accounted for in Special non hazardous waste category in 2021

<sup>4</sup> Water withdrawal available at 6/10 manufacturing sites in 2022 and 9/10 manufacturing sites in 2023

# General Human Resources

## General disclosures

GRI	Key Indicators	Unit	YoY	2023	2022	2021
<b>2-7</b>	<b>Employees at year end</b>					
	Total number of employees <sup>1</sup>	#	-3%	3,498	3,609	3,543
	Male	%		84%	85%	85%
	Female	%		16%	15%	15%
	<b>Employees by employment contract, gender, region &amp; age group</b>					
<b>2-7</b>	<b>Permanent contract<sup>2</sup></b>	#	-3%	3,455	3,550	3,474
	Male	%		84%	85%	85%
	Female	%		16%	15%	15%
	Americas	%		11%	10%	8%
	EMEA	%		57%	55%	53%
	APAC	%		6%	6%	6%
	China	%		26%	29%	33%
	< 30	%		12%		
	30–50	%		54%		
	> 50	%		21%		
<b>2-7</b>	<b>Temporary contract<sup>3</sup></b>	#	-27%	43	59	69
	Male	%		81%	77%	72%
	Female	%		19%	23%	28%
	Americas	%		0%	0%	7%
	EMEA	%		38%	88%	90%
	APAC	%		0%	4%	3%
	China	%		63%	8%	0%
	< 30	%		25%		
	30–50	%		56%		
	> 50	%		19%		

GRI	Key Indicators	Unit	YoY	2023	2022	2021
<b>2-21</b>	<b>Annual total compensation ratio</b>	%		19:1	13.9:1	14:1
	Share of employees under collective bargaining agreements to total headcounts <sup>4</sup>	%		34%	34%	32%
	<b>Employees by employment type, gender, region &amp; age group</b>					
<b>2-7</b>	<b>Full-time employment<sup>5</sup></b>					
	Male	%		85%	86%	86%
	Female	%		15%	14%	14%
	Americas	%		11%	10%	9%
	EMEA	%		56%	54%	52%
	APAC	%		7%	6%	6%
	China	%		27%	30%	33%
	< 30	%		11%		
	30–50	%		54%		
	> 50	%		21%		
<b>2-7</b>	<b>Part-time employment<sup>6</sup></b>					
	Male	%		70%	65%	61%
	Female	%		30%	35%	39%
	EMEA	%		97%	98%	100%
	Americas	%		0%	1%	0%
	APAC	%		0%	1%	0%
	China	%		3%	1%	0%
	< 30	%		20%		
	30–50	%		53%		
	> 50	%		26%		
<b>2-8</b>	<b>Apprentices</b>					
	Number of apprentices	#	-12%	84	95	101

<sup>1</sup>Total headcount <sup>2</sup>Total headcount of employees with permanent contracts <sup>3</sup>Total headcount of employees with temporary contracts <sup>4</sup>Employees from 13 different countries that are employed within the framework of a collective labor agreement <sup>5</sup>Distribution based on headcount of full-time employees excluding temporary employees and apprentices <sup>6</sup>Distribution based on headcount of part-time employees excluding temporary employees and apprentices



# Engaged People

## Diversity, Equity & Inclusion

Build and develop a diverse and inclusive workforce

GRI	Key Indicators	Unit	YoY	2023	2022	2021
	<b>Board of Directors</b>					
405-1	Board of Directors	#		8	7	7
	Male	#		6	6	7
	Female	# +100%		2	1	–
	<b>Extended Executive Committee</b>					
405-1	Employees in Extended Executive Management	#		13	13	13
	Male	%		92%	85%	85%
	Female	% –48%		8%	15%	15%
	< 30	%		0%		
	30–50	%		23%	46%	46%
	> 50	%		77%	54%	54%
	<b>Employees reporting directly to senior management</b>					
405-1	Employees reporting directly to the EEC <sup>1</sup>	#	–3%	93	96	90
	Male	%		76%	78%	79%
	Female	% +8%		24%	22%	21%
	< 30	%		2%		
	30–50	%		57%		
	> 50	%		40%		

GRI	Key Indicators	Unit	YoY	2023	2022	2021
405-1	<b>Employees in management positions up to N-3<sup>2</sup></b>			262		
	Male	%		80%		
	Female	%		20%		
	EMEA	%		13%		
	Americas	%		53%		
	APAC	%		12%		
	China	%		22%		
	< 30	%		1%		
	30–50	%		67%		
	> 50	%		32%		
	<b>New hires</b>					
401-1	<b>Total new employees hired</b>	#	–36%	474	739	858
	Male	%		78%	81%	84%
	Female	% +15%		22%	19%	16%
	Americas	%		18%	20%	14%
	EMEA	%		65%	56%	42%
	APAC	%		7%	6%	5%
	China	%		10%	18%	39%

<sup>1</sup> Number of employees reporting to a member of the Extended Executive Committee

<sup>2</sup> Number of employees in the first 3 management layers

# Engaged People

## Talent Management

Attract, develop and retain the best employees

GRI	Key Indicators	Unit	YoY	2023	2022	2021
<b>Engagement</b>						
	Employee Net Promoter Score (eNPS) – scale: –100 to +100	score		6	No survey	31
	Voluntary turnover rate <sup>3</sup>	%		8.9%	5.4%	6.8%
	Engagement theme score <sup>3</sup>	score		77	No survey	82
<b>Training and education</b>						
404-1	Number of training classes	#		352		
	Number of training participants	#		1,730		
	Number of completed certifications	#		844		
<b>Employee turnover</b>						
401-1	Total employee turnover rate <sup>3</sup>	%	–6%	16%	17%	13%
401-1	Total employee turnover	#		461	464	440
	Male	%		83%		
	Female	%		17%		
	Americas	%		15%		
	EMEA	%		65%		
	APAC	%		5%		
	China	%		15%		

## Workplace & Psychological Safety

Continuously improve workplace and psychological safety for all employees

GRI	Key Indicators	Unit	YoY	2023	2022	2021
403-9	TRI rate of recordable injuries in manufacturing plants	#Injuries/200,000 hours	+79%	1.9	1.1	1.6
403-9	Target – Safety committed reduction (TRI < 0.8 in 2030)	#		0.8		
	Number of recordable injuries in manufacturing plants	#		35	21	31
	Number of high-consequence recordable injuries	#		0	1	
	Fatalities	#		1	0	0
	Fatality rate	#Fatalities/200,000 hours		6%	0	0
	Number of worked hours in manufacturing plants	#		3,603,464	3,845,672	3,911,171
	Number of lost days due to recordable injuries	#		450	203	
	Number of employees in manufacturing plants	#		1,910	2,002	2,073
<b>Psychological safety</b>						
	Psychological safety theme score (scale 1 to 100)	score		81	no survey	80

## Responsible Business

Promote global best practices to advance responsible supply chain, build and maintain trusted partnerships, provide clear and accurate disclosures on the progress of our ESG performance.

### Responsible procurement

Towards a sustainable supply chain that protects human rights

GRI	Key Indicators	Unit	YoY	2023	2022	2021
	Share of suppliers on EcoVadis platform (as purchased value share)	#		10%		
	Suppliers in risk management tool	#		2,000	1,000	
	EcoVadis OEM score (scale 1 to 100)	score		46	35	
205-3	Number of corruption incidents	#		–		
408-1, 409-1	Number of human rights identified issues in supply chain	#		–		

### Customer care & safety

Improve customer safety while using our machines

GRI	Key Indicators	Unit	YoY	2023	2022	2021
416-2, 417-2,	Annual fines and penalties	#		–	–	–
416-2	Number of customer injuries reported <sup>1</sup>	#		1	1	3

<sup>1</sup> Number of customer injuries reported by customers in CRM in 2023

### ESG ratings (on year one disclosure)

Improve stakeholder recognition on Bystronic progress

GRI	Key Indicators	Unit	YoY	2023	2022	2021
	Bystronic rating index	% <sup>+12</sup> points		56%	44%	33%
	CDP rating score (scale D- to A)	score		B	C	D
	Sustainalytics risk rating score (scale SEVERE to NEGLIGEABLE)	score		MEDIUM	MEDIUM	SEVERE
	ISS rating score (scale D- to A+)	score		C–	D+	D
	MSCI rating score (scale CCC to AAA)	score		BBB	BB	B

# Annex



## About this Report

The Sustainability Report 2023 has been prepared in accordance with GRI Standards and covers the period from January 1 to December 31, 2023. It was published on July 29, 2024. Starting in 2021, we publish our Sustainability Report on an annual basis. This report has not been externally assured, but the calculation of Scope 1, 2, and 3 emissions for all the company has been assured by Swiss Climate AG.

For any questions, feedback, or suggestions contact:

**Michael Präger**

Chief ESG Officer

Bystronic Laser AG

Industriestrasse 21

CH-3362 Niederönz

michael.praeger@bystronic.com

# Assurance



## Assurance Statement: CO<sub>2</sub> Footprint 2023 Bystronic Laser AG

Swiss Climate was commissioned by Bystronic Laser AG (hereinafter called Bystronic) to provide assurance on its 2023 carbon footprint data (scope 1, 2 and 3) published in the company's annual reporting as well as for the response submitted to CDP.

### INTENDED USERS

The intended users of this assurance statement are the management and stakeholders of Bystronic. More specifically, the not-for-profit organisation CDP and the investors linked to CDP belong to the stakeholders of Bystronic and are interested in the results of an externally verified carbon footprint. The results of the verified footprint will be included in the yearly online questionnaire.

Bystronic, with its headquarters at Industriestrasse 21, CH-3362 Niederönz, is a Swiss-origin international technology company in the field of sheet metal processing. Alongside its home market of Switzerland, Bystronic is active in over 30 countries. Its focus lies on the automation of the entire material and data flow of the cutting, bending and welding process chain. The portfolio includes laser-cutting systems, press brakes and corresponding automation, software solutions and comprehensive services.

### RESPONSIBILITIES OF BYSTRONIC AND OF THE ASSURANCE PROVIDER

The management of Bystronic has sole responsibility for the preparation and content of its submission to CDP and for the development and maintenance of its carbon management system, including the calculation of the reported carbon footprint.

Swiss Climate was commissioned to assure the carbon emissions data relating to Bystronic's 2023 Greenhouse Gas accounting for the company's annually published sustainability report and for the CDP submission. This assurance statement represents Swiss Climate's independent and balanced opinion on the content and accuracy of the information resulting in the CO<sub>2</sub> footprint and environmental data held within.

### ASSURANCE STANDARDS AND LEVEL OF ASSURANCE

Swiss Climate undertook the assurance in accordance with **AA1000 Assurance Standard (AA1000AS v3) Type 2 moderate-level assurance**, covering:

- the evaluation of adherence to the **AA1000 Principles** of Inclusivity, Materiality, Responsiveness, and Impact (the Principles); and
- the reliability of carbon footprint data from **scope 1, 2 and 3 emissions sources**.

The information on which the carbon footprint is based has been selected based on the materiality determination and is meaningful to the intended users of the assurance statement. In addition, Swiss Climate used the *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2004)* to

<sup>1</sup> In the following document, the term "CO<sub>2</sub>" is used as a synonym for "CO<sub>2</sub>e" and includes the sum of CO<sub>2</sub> and other emissions (e.g. methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O)).

evaluate Bystronic's specified carbon footprint performance data and its adherence to the AA1000 Principles. Important criteria mentioned by the Greenhouse Gas Protocol considered during this assurance process are relevance, completeness, consistency, transparency and accuracy.

### CARBON FOOTPRINT: SCOPE, LIMITATIONS AND PROCESSES

**Data period:** The carbon emissions data cover the period from 01 January 2023 to 31 December 2023.

**Organisational boundaries:** Bystronic took an operational control approach to define the organisational boundaries. The organisational boundaries include 10 production, assembly and pre-owned business sites as well as 29 sales companies worldwide.

**Operational boundaries:** The emission sources in scopes 1, 2 and 3 (categories 1, 2, 3, 4, 5, 6, 7, 9, 11, 12) are accounted for in accordance with the GHG Protocol.

**Limitations:** Referring to the GHG Protocol, no significant emission sources have been excluded for scopes 1, 2 and 3.

#### Activity data scope 1 and 2:

- For the emissions linked to heating, electricity consumption and cooling agents, activity data based on measurements and invoices are collected for each site.
- For emissions linked to business trips and transports, fuel consumption and/or mileage were provided by the site. Where both fuel consumption and mileage were provided, fuel consumption was used to calculate emissions. Where no fuel consumption information was provided, the emission factor per kilometre driven was used to calculate emissions.

#### Activity data scope 3:

- For the financial years 2020 to 2022, only 2 out of 15 categories were included: purchased goods and services (Category 1) and use of sold products (Category 11)
- Based on these 2 categories, Bystronic set its science-based target for Scope 3
- For financial year 2023, all relevant categories within Scope 3 (categories 1, 2, 3, 4, 5, 6, 7, 9, 11, 12) have been calculated at the corporate level, largely based on central procurement data from the SAP database.

#### Process of activity data collection:

- The specific data was made available by the individual Bystronic locations via data collection in Jedox (tool for data collection and emissions calculation) and by central procurement data from the SAP database (Scope 3 activity data)
- The data was then evaluated and checked by Vianney Courbon (Bystronic). The activity data check included the following aspects: the analysis of the data collection methodology, the completeness of the data (especially compared to the defined emission sources) and the development of consumption and emission patterns over time (2021-2023). In the event of anomalies, i.e., where plausibility was questioned, the respective location was consulted for feedback. This resulted in either confirmation of accuracy or correction of the data.
- All sites were directly managed by Vianney Courbon for the clarification of questions and uncertainties as well as in the process of checking the activity data.

#### Calculation of emissions:

- Vianney Courbon was also responsible for the calculation of the corporate carbon footprint for all sites.
- For the reporting year the emission factors were collected by Vianney Courbon from the following sources: Probas,ecoinvent, IPCC, ADEME
- The total CO<sub>2</sub>e emissions of Bystronic are reported based on activity data multiplied by the corresponding emission factors.
- The specific data was collected in accordance with the defined accounting period for the year 2023.

Assurance

Carbon Footprint: Swiss Climate has verified the following greenhouse gas emissions for the year 2023:

Emission source	t CO <sub>2</sub>
<b>Scope 1, total</b>	<b>6'406</b>
– stationary energy consumption (natural gas, heating oil)	1'836
– mobile energy consumption (service fleet, trucks)	4'152
– cooling agents	417
<b>Scope 2, total (market-based)</b>	<b>4'384</b>
– stationary electricity consumption	3'517
– district heating	840
– mobile energy consumption (electric vehicles)	26
<b>Total Scope 1 + Scope 2 (market-based)</b>	<b>10'789</b>
<b>Scope 3, total</b>	<b>1'116'876</b>
– Cat 1 – Purchased goods & services	302'927
– Cat 2 – Capital goods	557
– Cat 3 – Fuel and energy related not included in Scope 1 or 2	1'970
– Cat 4 – Upstream transportations and distribution	2'884
– Cat 5 – Waste generated in operations	157
– Cat 6 – Business travel	4'078
– Cat 7 – Employee commuting	10'049
– Cat 9 – Downstream transportation and distribution	14'593
– Cat 11 – Use of sold products (country spec, emission factor method)	776'783
– Cat 12 – End-of-life treatment of sold products	2'877
<b>Total Scope 1, 2 (location-based) and 3</b>	<b>1'127'665</b>

DESCRIPTION OF ASSURANCE METHODOLOGY

Swiss Climate's assurance methodology included the following activities:

- Desk Review: Swiss Climate checked the documents provided by Bystronic against the criteria of the GHG Protocol.
- Remote audit: Verification was carried out by means of interviews and additional verification material based on the criteria of the GHG Protocol. Virtual meetings were held with Bystronic (Vianney Courbon) in June 2023, including:
  - Verification of AA1000 Principles of Inclusivity, Materiality, Responsiveness, and Impact (the Principles)
  - Verification of activity data accuracy, audit of standards, operational and organisational boundaries, data quality, methodologies, conversion factors and calculations used, with an emphasis on the plausibility of the information
  - Review of responsibilities, processes and systems used to gather and consolidate carbon footprint data
- Follow-up: Swiss Climate checked verification documents and corrections made.

FINDINGS AND CONCLUSIONS CONCERNING ADHERENCE TO THE AA1000 PRINCIPLES

Principle	Comments
<b>Inclusivity:</b> People should have a say in the decisions that impact them	Bystronic establishes partnerships with organisations such as CDP, in order to improve its sustainability and carbon management performance. Important stakeholders made an integral part of determining relevant sustainability topics and the identification of emission reduction measures.
<b>Materiality:</b> Decision makers should identify and be clear about the sustainability topics that matter	In its annual sustainability report, Bystronic evaluates the relevance and significance of climate change and energy to the company and its stakeholders. Furthermore, the carbon footprint as a tool to measure performance related to the materiality criteria. Bystronic has not followed entirely the GHG Protocol guidance on screening of Scope 3 activities. It is recommended that the screening will be done thoroughly after this methodology (see page 11 of Scope 3 Calculation Guidance).
<b>Responsiveness:</b> Organisations should act transparently on material sustainability topics and their related impacts	In order to meet the interests of its stakeholders, Bystronic is committed to mitigating its negative environmental, social and economic impacts and reducing its greenhouse gas emissions, and therefore implements a series of measures. Bystronic communicates its performance in its annual sustainability report and in its response to CDP every year.
<b>Impact:</b> Organisations should monitor, measure, and be accountable for how their actions affect their broader ecosystems	Bystronic monitors its actions through the annual carbon footprint. Bystronic also has goals to reduce greenhouse gas emissions and therefore takes into account the global challenge regarding climate change.

Nothing came to Swiss Climate's attention to suggest that Bystronic's carbon management and carbon footprint did not adhere to the AA1000 Principles of Inclusivity, Materiality, Responsiveness and Impact.

FINDINGS AND CONCLUSIONS CONCERNING THE RELIABILITY OF THE CO<sub>2</sub> FOOTPRINT

Swiss Climate planned and performed its work to obtain the information, explanations and evidence considered necessary to provide a moderate-level assurance that the carbon footprint emissions for the period from 01 January 2023 to 31 December 2023 are fairly stated.

Swiss Climate did not find evidence to insinuate that the processes and systems in place to collect the data and to calculate the carbon footprint are such that the company's carbon management performance would be erroneously described, and that the carbon footprint would not fulfil the criteria of relevance, completeness, consistency, transparency and accuracy.

FURTHER RECOMMENDATION

Some methodological improvements have been communicated through a report directly to Bystronic for consideration in future carbon footprint calculations.

# Assurance

ASSURANCE PROVIDER

Swiss Climate, headquartered in Bern, is a leading consultancy and service provider in the area of CO<sub>2</sub> management and sustainability. Our interdisciplinary team is made up of experts from the fields of environmental science and technology, economics, sustainability and corporate social responsibility (CSR). Swiss Climate has already established and verified more than 300 corporate carbon footprints. Therefore, Swiss Climate's research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000 standard (AA1000AS v3).

Swiss Climate has not provided any services to Bystronic that could conflict with the independence of this work, and therefore is able to provide an independent and impartial statement.

Bern, 13 June 2024

Leading Auditor:



Dr. Harald Diaz-Bone, Swiss Climate AG

Internal Review:



Luka Blumer, Swiss Climate AG



Nora Tanner, Swiss Climate AG



## GRI index

GRI	Disclosure	Location/Page number	Omission
<b>General disclosures</b>			
GRI 2: General disclosures 2021	The organization and its reporting practices		
	2-1 Organizational details	Annual report, p. 17 ff.	
	2-2 Entities included in the organization's sustainability reporting	Annual report, p. 99	
	2-3 Reporting period, frequency and contact point	About this report, p. 64	
	2-4 Restatements of information	About this report, p. 64	
	2-5 External assurance	About this report, p. 65, 66, 67	
<b>Activities and workers</b>			
GRI 2: General disclosures 2021	2-6 Activities, value chain, and other business relationships	Bystronic is an industry leader, p. 6	
	2-7 Employees	Data performance, p. 58, 59	Information unavailable/incomplete: We don't yet have a match between absolute numbers and total number of employees so we prefer not to show absolute numbers to avoid confusion
	2-8 Workers who are not employees		Not applicable: Bystronic does not have workers who are not employees.
<b>Governance</b>			
GRI 2: General disclosures 2021	2-9 Governance structure and composition	Annual report, p. 17 ff.	
	2-10 Nomination and selection of the highest governance body	Annual report, p. 19	
	2-11 Chair of the highest governance body	Annual report, p. 19	
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability governance, p. 13, 14	
	2-13 Delegation of responsibility for managing impacts	Sustainability governance, p. 13, 14	
	2-14 Role of the highest governance body in sustainability reporting	Sustainability governance, p. 13, 14	
	2-15 Conflicts of interest	Code of conduct, p. 16	
	2-17 Collective knowledge of the highest governance body	Sustainability governance, p. 13, 14	
	2-18 Evaluation of the performance of the highest governance body	Annual report, p. 30	
	2-19 Remuneration policies	Annual report, p. 30 ff.	
	2-20 Process to determine remuneration	Annual report, p. 30 ff.	
	2-21 Annual total compensation ratio	Data performance, p. 58	



# GRI index

GRI	Disclosure	Location/Page number	Omission
<b>Strategy, policies and practices</b>			
GRI 2: General disclosures 2021	2-22 Statement on sustainable development strategy	Editorial, p. 3	
	2-23 Policy commitments	Mid-term targets, p. 4 Good corporate governance, p. 47, 48, 49	
	2-24 Embedding policy commitments	Sustainability governance, p. 13, 14 Good corporate governance, p. 47, 48, 49	
	2-25 Processes to remediate negative impacts	Good corporate governance, p. 47, 48, 49	
	2-26 Mechanisms for seeking advice and raising concerns	Good corporate governance, p. 47	
	2-27 Compliance with laws and regulations	Good corporate governance, p. 47	
	2-28 Membership associations	Materiality, p. 10	
<b>Stakeholder engagement</b>			
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement	Materiality, p. 10	
	2-30 Collective bargaining agreements	Data and performance, p. 58	
<b>Material topics</b>			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality, p. 10	
	3-2 List of material topics	Materiality results, p. 11	
<b>Energy &amp; Climate Change</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	Decarbonization, p. 19–23	
GRI 302: Energy	302-1 Energy consumption within the organization	Decarbonization, p. 22 Data performance, p. 53	
	302-1 Renewable energy consumption within the organization	Decarbonization, p. 22 Data performance, p. 53	
	302-3 Energy intensity	Decarbonization, p. 22 Data performance, p. 53	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Decarbonization, p. 23 Data performance, p. 54	
	305-2 Energy indirect (Scope 2) GHG emissions	Decarbonization, p. 23 Data performance, p. 54	
	305-3 Other indirect (Scope 3) GHG emissions	Decarbonization, p. 23 Data performance, p. 54	
	305-4 GHG emissions intensity	Data performance, p. 54, 55	
Own disclosure	Total electricity consumption	Data performance, p. 53	

# GRI index

GRI	Disclosure	Location/Page number	Omission
<b>Circular Economy &amp; Resource Efficiency</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	Circular Economy & Resource Efficiency, p. 24–30	
GRI 301: Materials 2016	301-2 Recycled input materials used	Data performance, p. 57	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Circular Economy & Resource Efficiency, p. 24–27	
	306-2 Management of significant waste-related impacts	Circular Economy & Resource Efficiency, p. 24–27	
	306-3 Waste generated	Data performance, p. 56	Information unavailable/incomplete: Our waste data management system is currently not fully aligned with the categorization proposed by GRI. We are working on a closer alignment with GRI in the next reporting years.
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Data performance, p. 57	
Own disclosure	Number of refurbished machines	Data performance, p. 57	
Own disclosure	Share of refurbished spare parts	Data performance, p. 57	
<b>Digitalization &amp; Innovation</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	Digitalization & Innovation, p. 31, 32	
<b>Diversity, Inclusion &amp; Human Rights</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equity & Inclusion, p. 36	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Data and performance, p. 60, 61	
<b>Talent Attraction &amp; Development</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent management, p. 39	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Data performance, p. 60, 61	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Data performance, p. 61	Information unavailable /incomplete: Our HR data management system is currently unable to report the annual average training hours per employee. We intend to report this indicator in our next report.
Own disclosure	Employee NPS	Data performance, p. 61	
Own disclosure	Employee engagement score	Data performance, p. 61	
<b>Occupational Health &amp; Safety</b>			

## GRI index

GRI	Disclosure	Location/Page number	Omission
GRI 3: Material Topics 2021	3-3 Management of material topics	Workplace Safety, p. 41	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Workplace Safety, p. 41, 42	
	403-2 Hazard identification, risk assessment, and incident investigation	Workplace Safety, p. 41, 42	
	403-3 Occupational health services	Workplace Safety, p. 43	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Workplace Safety, p. 42, 43	
	403-5 Worker training on occupational health and safety	Workplace Safety, p. 42, 43	
	403-6 Promotion of worker health	Workplace Safety, p. 42, 43	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workplace Safety, p. 42, 43	
	403-8 Workers covered by an occupational health and safety management system	Workplace Safety, p. 42, 43	
	403-9 Work-related injuries	Data performance, p. 61	
	403-10 Work-related ill health	–	Information unavailable/incomplete: We do currently not track work-related ill health but intend to improve our tracking system in the coming years.
GRI 416: Customer Health and Safety	416-2 Incidents concerning the health and safety impacts of products and services	Trusted Partnerships, p. 50	

# Task Force on Climate-related Disclosure (TCFD) report

Recommended Disclosure	CDP Climate Change & Report 2023 references	Brief description (please refer to CDP Climate Change response and other sections for further details)
<b>1. Governance: Disclose the organization's governance around climate-related risks and opportunities.</b>		
1.1. Describe the Board's oversight of climate-related risks and opportunities	CDP–C1.1a & C1.1b Governance	The climate-related risks and opportunities are monitored and managed on an annual basis. Several governance bodies are involved in this process: <ul style="list-style-type: none"><li>– <b>The Board of Directors</b> is responsible for overseeing the company's approach to managing climate-related risks and opportunities. The CEO is responsible for implementing the company's climate strategy and reporting to the Board on progress against targets.</li></ul>
1.2. Describe management's role in assessing and managing climate-related risks and opportunities	CDP–C1.2 Responsible business	<ul style="list-style-type: none"><li>– <b>The Executive Committee</b> has a Sustainability Chief Officer since 2021 who decides on the sustainability strategy and monitors the carbon commitment.</li><li>– <b>The Sustainability Council</b> was formed in 2021 to propose precise and measurable transformation programs, which are then submitted to the Executive Committee for approval.</li><li>– <b>The Sustainability Project Manager together with the Chief ESG Officer</b> coordinate the overall sustainability strategy and rollout of action plans.</li><li>– <b>Climate-related risks and opportunities</b> are integrated into the company's strategic planning process, investment decisions, and risk management framework. First scenario analysis to assess the potential impacts of different climate-related scenarios on the company's financial performance and resilience were introduced in 2023.</li></ul>

**Recommended Disclosure**

**CDP Climate Change & Report 2023 references**

**Brief description (please refer to CDP Climate Change response and other sections for further details)**

**2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities in the organization's businesses, strategy and financial planning where such information is material.**

1.1. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	CDP–C2.1a, C2.1b, C2.2a, C2.3, C2.4, C2.4a Sustainable solutions	To identify the materiality of climate-related risks and opportunities, Bystronic' sustainability department performed a scenario-based risk and materiality analysis. Two emissions pathways and three time horizons have been considered: Shared Socioeconomic Pathways (SSPs): SSP5–8.5 (> 4 °C) and SSP1–2.6 (< 2 °C) by 2025, 2030, 2050.								
Significant climate-related risks and opportunities identified for Bystronic include:										
1.2. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	C2.3, C2.3a, C2.4, C2.4a Sustainable solutions									
		Category	Subcategory	Risk	Opportunity	Scenario (SSP5–8.5 ) > 4 °C	Scenario (SSP1–2.6) < 2 °C			
Transition		Transition	1. Policy and Legal	Risk and operational costs due to carbon pricing (EUR 50 to 150 per ton), new taxes (CBAM), new rules (EcoDesign), new efficiency objectives (energy label)		Low	Moderate			
			2. Technology		As already implemented, there is an opportunity to improve energy efficiency and switch to renewable energy via on-site solar and virtual power purchase, reducing energy costs, emissions and exposure to carbon pricing	Low	High			
				Risk if energy costs increase, impacting machine use and production		Moderate	High			
				Risk if competition advances on energy-/ resource-efficient features and products which makes their products more attractive for the customer		Moderate	High			
			3. Market		As already implemented, there is an opportunity of research and development advancements achieving goals for sustainable products and technologies and gain market share: Bystronic cleantech features, nitrogen generator, deep standby, chiller ...	Moderate	High			
				Risk of logistic costs, impacting material costs. Circularity must be embedded in the business model and products to limit growing cost in purchases		Moderate	Moderate			
					As in implementation, there is an opportunity to refurbish, repair and remanufacture more components to generate new revenues and extend lifetime of the machines	Moderate	Moderate			
			4. Reputation	Risk of being late versus competition commitment to climate targets. Commitment Bystronic as a sustainability pioneer		Low	Moderate			
			Physical		Physical	1. Acute	Risk of extreme weather events damaging infrastructure, equipment or material		Moderate	Low
						2. Chronicle	Risk of climate change affecting cost, quality of raw material of critical suppliers		High	Moderate



Recommended Disclosure	CDP Climate Change & Report 2023 references	Brief description (please refer to CDP Climate Change response and other sections for further details)
2.c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	CDP-C3.2, C3.2a Sustainable Solutions	<p>The Chief ESG Officer's task is to develop climate and environment scenario analysis (including critical reviews of the geopolitical landscape, commodity and resources availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways and technology developments, cross-check with new publications, particularly the ones from the International Energy Agency, BNEF, the IRENA, among others).</p> <p>Governance is under the leadership of the Chief ESG Officer, and both short- and long-term analysis are used to inform strategic priorities across business and operations.</p> <p>To create climate scenarios based on less than 2- and more than 4-degrees climate warming, we used climate models that project the global mean temperature increase under different greenhouse gas concentration pathways: The Shared Socioeconomic Pathway (SSP1-2.6) pathway assumes that greenhouse gas emissions peak around 2020 and then decline, leading to a global mean temperature increase of less than 2 degrees Celsius by the end of the century. The SSP5-8.5 assumes that greenhouse gas emissions continue to increase throughout the 21<sup>st</sup> century, leading to a global mean temperature increase of 4 degrees Celsius or more by the end of the century.</p> <p><b>Assumptions:</b> To investigate the consequences of these scenarios for the metal industry and sheet metal industry in particular, we made some assumptions about how climate change will impact these industries. For example, we assume that a less than 2-degree warming scenario would lead to increased demand for renewable energy technologies, such as wind turbines and solar panels, electric cars and mobility transports, new buildings and renew agricultural machinery sectors which require significant amounts of metals like steel, aluminum. In contrast, a more than 4-degree warming scenario could lead to reduced demand for these technologies as well as reduced demand for other metal-intensive products, such as cars and construction materials, due to decreased economic activity and population displacement. Furthermore, increased physical risks from climate change, such as extreme weather events, could impact the supply chain and production of machinery and its components, resulting in higher prices for the customers. In addition, regulatory measures and carbon-pricing policies aimed at reducing greenhouse gas emissions could increase the costs of production and impact the competitiveness of these industries.</p> <p><b>Electricity price/availability:</b> In a less than 2-degree warming scenario, there could be increased investment in renewable energy technologies, leading to increased availability of low-carbon electricity and potentially lower prices over the long term. However, there may be short-term disruptions to electricity supply chains due to extreme weather events. In contrast, in a more than 4-degree warming scenario, electricity supply chains could be more vulnerable to extreme weather events and there may be decreased demand for electricity due to reduced economic activity, leading to higher prices.</p>

Recommended Disclosure	CDP Climate Change & Report 2023 references	Brief description (please refer to CDP Climate Change response and other sections for further details)
		<p><b>Steel price:</b> In a less than 2-degree warming scenario, increased demand for renewable energy technologies and other low-carbon products could drive up demand for steel, potentially leading to higher prices. However, increased investment in steel recycling and other low-carbon steelmaking technologies could mitigate some of this price increase. In a more than 4-degree warming scenario, decreased demand for steel due to reduced economic activity and population displacement could lead to lower prices, but increased physical risks from climate change could also disrupt steel supply chains, potentially driving up prices.</p> <p><b>Carbon price:</b> In a less than 2-degree warming scenario, there could be increased adoption of carbon-pricing policies and other regulatory measures aimed at reducing greenhouse gas emissions, potentially leading to higher carbon prices over time. In contrast, in a more than 4-degree warming scenario, there may be less political will to implement such policies, potentially leading to lower carbon prices or no carbon pricing at all.</p> <p><b>Regulation:</b> In a 1.5-degree warming scenario, there could be increased regulatory pressure to reduce greenhouse gas emissions, potentially leading to new regulations on industrial emissions and increased investment in low-carbon technologies. In contrast, in a more than 4-degree warming scenario, there may be less regulatory pressure on greenhouse gas emissions in the short term, potentially leading to fewer regulations and less investment in low-carbon technologies.</p> <p><b>Electronic price/supply chain disruption:</b> In both, the less than 2-degree and more than 4-degree warming scenarios, increased physical risks from climate change, such as extreme weather events, could disrupt the supply chain for electronic components used in metal sheet cutting and bending machinery. However, in a less than 2-degree warming scenario, increased investment in low-carbon technologies could lead to increased demand for electronic components used in renewable energy technologies, potentially driving up prices and exacerbating supply chain disruptions. In a more than 4-degree warming scenario, decreased demand for electronic components could lead to lower prices, but increased physical risks from climate change could also drive up prices and exacerbate supply chain disruptions. Key takeaways from the analysis is the dominant role of:</p> <ul style="list-style-type: none"><li>– <b>Electrification:</b> The world is becoming more electric, with demand growing potentially up to 3× by 2050.</li><li>– <b>Regionalization:</b> IEA has acknowledged that oil is a finite resource and that production levels are likely to plateau and eventually decline as reserves are depleted. This will lead in the long-term to less globalization and together with the geopolitical situation have impact on supply chain structures.</li><li>– <b>Move to digitalization:</b> With the increase in connectivity, complemented by real-time information, competitive computing capabilities, and artificial intelligence, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity, notably around efficiency in energy and resource use and circularity, as well as increased resiliency and security.</li></ul> <p>All these findings, and their potential financial impact on its business have helped the Group to fine-tune key development areas that will allow its active contribution to the low-carbon transition, enabling notably the development of its sustainability portfolio of offers.</p>

Recommended Disclosure	CDP Climate Change & Report 2023 references	Brief description (please refer to CDP Climate Change response and other sections for further details)
<b>3. Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks</b>		
1.1. Describe the organization's processes for identifying and assessing climate-related risks	CDP C2.1, C2.1a, C2.1b, C2.2, C2.2a Sustainable Solutions	Environment and climate-related risks are included in Bystronic's overall risk management framework. Risks are identified and assessed at the Group level through interviews with experts and leaders, run by Internal Audit and the Legal Department each year. In 2023, around 20 of the Group's top managers were interviewed. In addition, a materiality analysis is conducted by the Sustainability Department every two years to identify and prioritize material ESG issues through engagement with various stakeholders.
1.2. Describe the organization's processes for managing climate-related risks	CDP-C2.1, C2.2 Sustainable Solutions	The different governance bodies involved in the definition and monitoring of Bystronic's sustainability road map and programs are in charge of defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at Group level are then cascaded to the sites for implementation and are monitored through our digital platform. Performance against those programs is tracked and published continuously in the Bystronic dashboard, and annually in the Bystronic Sustainability Report. Each program of the road map has a dedicated owner in charge of driving the transformation and is sponsored at the Executive Committee level to provide management control and oversight.
1.3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	CDP-C2.1, C2.2 Sustainable Solutions	Climate adaptation risks are also studied and mitigated at the site level for our industrial sites. The Business Excellence Department delete step by step. Covering the Group's main plants, excellence centers, and large offices, and hosts ISO 14001, ISO 9001, and ISO 45001 – management systems. Each site is audited periodically.  With suppliers, sustainability risks (including natural and climate-related hazards) are embedded into the Supplier Risk Assessment. This process defines risk mitigation action plans with suppliers, as well as prioritizes double-sourcing strategies.  At present, the impact of climate-related matters is not material to the Group's financial statements.

CDP Climate Change & Report 2023 references		Brief description (please refer to CDP Climate Change response and other sections for further details)
Recommended Disclosure		
<b>4. Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>		
4.a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	CDP–C4.2, C4.2a, C4.2b, C9.1 Data Performance	Each year, Bystronic measures and transparently discloses its end-to-end carbon footprint (Scope 1, 2, and 3). In 2023, Bystronic obtained an AA1000 Assurance Standard (AA1000AS v3) Type 2 moderate-level assurance from an independent third-party verifier on Scope 1, 2, and 3 emissions. This comprehensive carbon footprint helps pinpoint and understand the magnitude of climate-related risks and opportunities, and is also used to monitor progress.  Scope 3 emissions represent more than 99% of the Group's carbon footprint, with 70% due to the use phase of products, and around 25% from the purchase of raw materials, equipment, and services. Carbon footprint of key Bystronic's products (laser cutting and bending machines) are also quantified. Key metrics over the last four years on GHG emissions are published in the data performance section of this document. Emissions calculations are done using the Greenhouse Gas Protocol methodology, compliant with ISO 14069 principles. Results are calculated in tons of CO <sub>2</sub> equivalent, considering all GHGs included in the Kyoto Protocol.
4.b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	CDP–C6.1, C6.2, C6.3, C6.5 Data Performance	The Group has launched several programs to directly or indirectly reduce GHG emissions under the sustainable solutions pillar. These programs cover the performance of the Group's operations (such as energy efficiency, renewable electricity procurement, fleet electrification), suppliers (are required to get an EcoVadis score, to sign a Supplier Code of Conduct), and customers (provide more sustainable solution with nitrogen generator instead of nitrogen supply and storage, innovation in more energy-efficient machines).
4.c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	CDP–C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b Our Commitment	Bystronic is committed to the Business Ambition for 1.5 °C initiative aimed at setting GHG emissions reduction targets in line with the global effort to limit warming to 1.5 °C. In December 2023, Bystronic committed to GHG reduction targets aligned with SBTi. Bystronic set near-term targets: by 2030, reduce value chain emissions by 42% (Scope 1 and 2) and by 25% (Scope 3). delete in operations (Baseline 2021).  The overall performance of these initiatives represents a significant impact on long-term incentives for top leaders.

# Swiss Code of Obligation (Art. 964) index

Art. 964 CO requirement	Location/Page number
<b>General Information</b>	
	Bystronic is an industry leader, p. 6 Sustainability as part of our strategy, p. 8 Materiality, pp. 10–11
<b>Non-financial matters</b>	
Environmental matters	Decarbonization, pp. 19–23 Resource Efficiency & Circular Economy, pp. 24–30 Data and Performance, pp. 53–57
Social issues	Good Corporate Governance, pp. 47–49 Trusted Partnerships, p. 50 Data and Performance, p. 62
Employee-related issues	Diversity, Equity & Inclusion, pp. 36–38 Talent Management, pp. 39–40 Workplace Safety, pp. 41–43
Respect for human rights	Good Corporate Governance, pp. 47–49 Data and Performance, p. 62
Combating corruption	Sustainability Governance, pp. 13–14 Good Corporate Governance, pp. 47–49 Data and Performance, p. 62



# SASB index

Topics & Accounting metrics	Code	Location/Page number
<b>Energy Management</b>		
(1) Total energy consumed	RT-IG-130a.1	Decarbonization, p. 22, Data and Performance, p. 53
(2) Percentage grid electricity	RT-IG-130a.1	Data and Performance, p. 53
(3) Percentage renewable	RT-IG-130a.1	Decarbonization, p. 22, Data and Performance, p. 53
<b>Workforce Health &amp; Safety</b>		
(1) Total recordable incident rate (TRIR)	RT-IG-320a.1	Workplace Safety, p. 43, Data and Performance, p. 61
(2) Fatality rate	RT-IG-320a.1	Data and Performance, p. 61
<b>Materials Sourcing</b>		
Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Good Corporate Governance, p. 49
<b>Activity metrics</b>		
Number of employees	RT-IG-000.B	Data and Performance, p. 58

# Glossary

Term	Definition
<b>ADEME</b>	ADEME is a French agency for ecological transition. It is active in the implementation of public policy in the areas of the environment, energy, and sustainable development. ADEME provides expertise and advisory services to businesses, local authorities and communities, government bodies and the public at large, to enable them to establish and consolidate their environmental action.
<b>Agenda 2030</b>	In 2015, all the member states of the United Nations approved the 2030 Agenda for Sustainable Development – an action plan to help people and the planet, encompassing the 17 SDGs.
<b>APAC</b>	Asia-Pacific (APAC) is the part of the world near the western Pacific Ocean. Bystronic treats China as a region separate from the rest of APAC.
<b>ByAcademy</b>	ByAcademy is a global in-house organization that provides educational and training services to Bystronic customers, technicians, salespersons and managers of Bystronic.
<b>CBAM</b>	The EU's Carbon Border Adjustment Mechanism (CBAM) is the EU's tool to put a fair price on the carbon emitted during the production of carbon-intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries.
<b>Collective Bargaining Agreements</b>	Collective bargaining agreements are written legal contracts between employers and unions representing the employees. They stipulate binding minimum wages and/or working conditions for entire industries or individual companies.
<b>Compensation Ratio</b>	Compensation ratio refers to the ratio between the annual total compensation for the organization's highest-paid individual and the median annual total compensation of all employees (excluding the highest-paid individual).
<b>Competence Center</b>	Bystronic's Competence Centers act as specialized centers of excellence for individual technologies (cutting, bending, tube processing, automation, software services, Global Solutions) while also offering workshops and live demonstrations for customers and employees.
<b>EiQ</b>	EiQ is an end-to-end supply chain ESG due diligence platform. It helps companies monitor and manage the supply chain ESG risks in real time, enhance responsible sourcing, and comply with due diligence regulations. Comprised of Sentinel, Product Risk Ratings, Geography Risk Ratings, Segmentation, Digital Learning and LRQA's Equivalency (EQ) Process, EiQ enables a tailored risk-based program aligned with the supply chains of each individual business.
<b>EMEA</b>	Europe, Middle East, and Africa (EMEA) is a geographical grouping widely used by global corporations to define regional business activity.

Term	Definition
<b>Employee Engagement Survey Score</b>	The results scores from the global Employee Engagement Survey can range from 0 (the most negative assessment) to 100 (the most positive assessment). The scores are to be interpreted as percentages, whereas the final score per question combines the percentages of people that have selected either "strongly agree" or "agree" on the reply scale. Theme scores are to be interpreted as the percentage of people that "agree" or "strongly agree" across all theme questions.
<b>Employee NPS</b>	The Employee Net Promotor Score (eNPS) shows the extent to which employees would promote Bystronic as a good employer to others. It asks employees how likely they are to recommend Bystronic as an employer to others on a scale from zero to ten. The responses are classified into detractors (0–6), passives (7, 8) and promoters (9, 10). The eNPS score is calculated by subtracting the % of detractors from the % of promoters. This means the final eNPS score can range between –100 (most negative) and +100 (most positive). This score predicts how likely employees are to become ambassadors of their organization.
<b>GDPR</b>	GDPR is the abbreviation for General Data Protection Regulation – the EU's data protection regulation that took effect in all member states on May 25, 2018, in order to harmonize data privacy laws throughout Europe.
<b>GRI</b>	GRI is the abbreviation for Global Reporting Initiative. GRI is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. GRI provides the world's most widely used standards for sustainability reporting – the GRI Standards.
<b>High-Consequence Recordable Injury</b>	Work-related injury that results in a recordable injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months (GRI 403).
<b>HR Committee</b>	HR Committee refers to a committee of the Board of Directors of Bystronic AG. The HR Committee prepares major decisions around people and submits its proposals to the Board of Directors. The HR Committee is made up of three members of the Board of Directors.
<b>Individual Development Plan</b>	Individual Development Plan refers to a written agreement between line manager and employee regarding the employee's development areas and short-, medium-, and long-term measures with which certain development goals are to be achieved.

# Glossary

Term	Definition
<b>Industry 5.0</b>	According to the European Union, Industry 5.0 “Provides a vision of industry that aims beyond efficiency and productivity as the sole goals, and reinforces the role and the contribution of industry to society,” and “It places the well-being of the worker at the centre of the production process and uses new technologies to provide prosperity beyond jobs and growth, while respecting the production limits of the planet”.
<b>Innovation Ratio</b>	The innovation ratio refers to the ratio between the annual net sales generated with products that were launched on the market within the past three years and total net sales.
<b>LCA</b>	LCA or life cycle assessment describes the process of evaluating the effects that a product has on the environment over the entire period of its life, allowing measures to be taken to increase resource efficiency or mitigate negative impacts. It can be used to study the environmental impact of either a product or the function the product is designed to perform.
<b>Materiality</b>	Materiality refers to an organization’s significant economic, environmental, and social impacts, or to issues that substantively influence the assessments and decisions of an organization’s stakeholders.
<b>MyLearning Platform</b>	MyLearning platform refers to a site in Bystronic’s learning management system (LMS). The MyLearning platform provides employees with an overview of all the internal and external training courses made available by ByAcademy.
<b>Non-Guaranteed Hours</b>	Non-guaranteed hours refer to employment contracts with Bystronic AG or a daughter company of Bystronic AG that stipulate an hourly wage and does not guarantee a certain number of work hours to the employee. The employee may be requested to work – within the boundaries set in the employment contract and/or by labor law – more or less depending on the business needs.
<b>Permanent Contract</b>	Permanent contract refers to an employment contract with Bystronic AG or a subsidiary of Bystronic AG that has no fixed end date; it runs until one party gives notice or until the employee reaches the statutory age of retirement.
<b>Rate of Recordable Injuries</b>	The rate of recordable injuries is defined as the total number of recordable worked-related injuries divided by the number of hours worked multiplied by 200,000. This rate is one of the key indicators for health and safety materiality. 200,000 represents the hours that 100 employees work on average during a 40-hour week, 50 weeks per year.

Term	Definition
<b>Recordable Injury</b>	A recordable incident is a work-related injury or illness that results in any of the following: fatality, loss of consciousness, day(s) away from work, restricted work activity or job transfer, diagnosis of cancer or chronic irreversible diseases, punctured eardrum, fractured or cracked bones, medical treatment beyond first aid. Recording is simply the act of tracking an on-the-job injury or illness. As Bystronic is present in many countries, the recording of incident differs from one country to another.
<b>Refurbished machine</b>	Reused or refurbished machines means goods that may have either had a previous life or have been put back into the manufacturing process due to a defect. Parts may have been replaced and/or repaired prior to retail.
<b>SDGs</b>	The 17 SDGs or Sustainable Development Goals were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity.
<b>Stationary energy</b>	
<b>SUVA Safety Charter</b>	The SUVA Safety Charter stipulates safety rules that address employees, supervisors, and planners. SUVA is the Swiss Accident Insurance Institution. Subscribers to the Charter commit to always respect the safety rules.
<b>Swiss Export</b>	Swiss Export is an association that strives to convey current export knowledge in a practical way and to network member companies.
<b>Swissmem</b>	Swissmem is the association for Switzerland’s mechanical and electrical engineering industries (MEM industries) and related technology-oriented sectors.
<b>Temporary Contract</b>	Temporary contract refers to an employment contract with Bystronic AG or a subsidiary of Bystronic AG that has a fixed term; it ends without notice at the end of the agreed term.
<b>Total Turnover</b>	Total employee turnover rate refers to the ratio between the total number of employees whose permanent contract ended during a calendar year and the average number of employees during that calendar year. The average number of employees is calculated by taking the simple average between the headcount at the beginning of the calendar year (January 1) and at the end of the year (December 31).
<b>UN Global Compact</b>	The United Nations (UN) Global Compact is a voluntary initiative based on the commitments of Chief Executive Officers to implement universal sustainability principles and to take steps to support UN goals.

# Glossary

Term	Definition
Voluntary Turnover	Voluntary employee turnover refers to the ratio between the number of employees whose permanent contract with Bystronic AG or a subsidiary of Bystronic AG ended during a calendar year due to their own resignation and the average total number of employees during that calendar year. The average number of employees is calculated by taking the simple average between the headcount at the beginning of the calendar year (January 1) and at the end of the year (December 31).
Water withdrawal	Sum of all water drawn from surface water, groundwater, seawater, or a third party for any use over the course of the reporting period (GRI 303).
Workplace Safety Team	A workplace safety team ensures an effective and sustainable workplace safety program within an organization by combining knowledge and experience of the management and the employees, identifying relevant problems and measures in a timely and efficient manner, enhancing working relationships between hierarchy levels, improving attitudes that positively affect the corporate culture, enhancing product and workplace quality and employee morale, and providing a melting pot for new ideas by means of observation, debate, and action.

## Links

Organization	Link
BloombergNEF (BNEF)	<a href="https://about.bnef.com/">https://about.bnef.com/</a>
Carbon Disclosure Project (CDP)	<a href="https://www.cdp.net/en">https://www.cdp.net/en</a>
Climate-Related Financial Disclosures (TCFD)	<a href="https://www.fsb-tcfd.org/recommendations/">https://www.fsb-tcfd.org/recommendations/</a>
EcoVadis	<a href="https://ecovadis.com/">https://ecovadis.com/</a>
Ellen MacArthur Foundation	<a href="https://www.ellenmacarthurfoundation.org/">https://www.ellenmacarthurfoundation.org/</a>
Global Reporting Initiative (GRI)	<a href="https://www.globalreporting.org/">https://www.globalreporting.org/</a>
Greenhouse Gas Protocol (GHG Protocol)	<a href="https://ghgprotocol.org/">https://ghgprotocol.org/</a>
Innosuisse	<a href="https://www.innosuisse.ch/inno/en/home/about-us/mission.html">https://www.innosuisse.ch/inno/en/home/about-us/mission.html</a>
Innosuisse flagship project Circulus	<a href="https://blog.zhaw.ch/mobine/innosuisse-flagship-projekt-circulus-lanciert/">https://blog.zhaw.ch/mobine/innosuisse-flagship-projekt-circulus-lanciert/</a>
Intergovernmental Panel on Climate Change (IPCC)	<a href="https://www.ipcc.ch/">https://www.ipcc.ch/</a>
International Energy Agency (IEA)	<a href="https://www.iea.org/">https://www.iea.org/</a>
International Renewable Energy Agency (IRENA)	<a href="https://www.irena.org/">https://www.irena.org/</a>
ISO	<a href="https://www.iso.org/">https://www.iso.org/</a>
LRQA	<a href="https://www.lrqa.com/">https://www.lrqa.com/</a>
SASB Standards	<a href="https://sasb.ifrs.org/">https://sasb.ifrs.org/</a>
Science Based Targets initiative (SBTi)	<a href="https://sciencebasedtargets.org/">https://sciencebasedtargets.org/</a>
Swiss Climate	<a href="https://www.swissclimate.ch/">https://www.swissclimate.ch/</a>