

Sustainable Development 2022

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About this report

This is HOERBIGER Group's first published sustainability report and has been prepared using the GRI (Global Reporting Initiative) Standards (v. 2016) as a framework. It covers the 10 universal principles of the United Nations Global Compact (UNGC) with information for the period from 1st January 2022 to 31st December 2022.

The GRI Content Index in the appendix of this report outlines where specific GRI reporting elements and indicators are addressed. The data presented in this report is combined at HOERBIGER Group level and collected for all its activities across the globe.

The sustainability report has been subject to an internal quality review by its core team. No external assurance has been performed. For questions about sustainability or social responsibility, please contact sustainability@hoerbiger.com.

The HOERBIGER Group

HOERBIGER is active throughout the world in the energy sector, the process industry, the automotive industry, the mechanical engineering sector, in safety engineering and in the electrical industry. In 2022, its 5,726 employees achieved sales of 1.267 billion euros at its 127 locations across 43 countries. Our products and services are used in reciprocating compressors, gas flow control units, vehicle drives, rotating unions, explosion protection, gas-powered engines, and in automobile hydraulics.

Since 1895, it has been our ambition to deliver excellence for our customers. This has been a result of an environment which allows our employees to develop their full potential and demonstrate initiative: people and success go hand in hand at HOERBIGER.

Statement from the Board of Directors and the Executive Board

As a successful family business for more than 125 years, sustainability has always been one of the core elements of our culture. In view of the changing industrial environment over the past few years, we see that our focused presence in the emission reduction products and services arena together with diverse activities in Hydrogen as a mobility fuel would support our long-term economic success with our established social and environmental responsibility and robust governance practices.

Our aim of becoming a major player in Emission Reduction Products reminds us every day to shape a future worth living for our future generations and at the same time as a solution provider, meet the requirements of our customers. Since 2021, we started converging our efforts – to make our products, offerings, processes, production, and service locations more sustainable – by setting up a comprehensive sustainability program.

Since the beginning of 2023, the program got more focus with the nomination of Head of Sustainability and coordination of all our activities thereunder.

Our sustainability mission is:

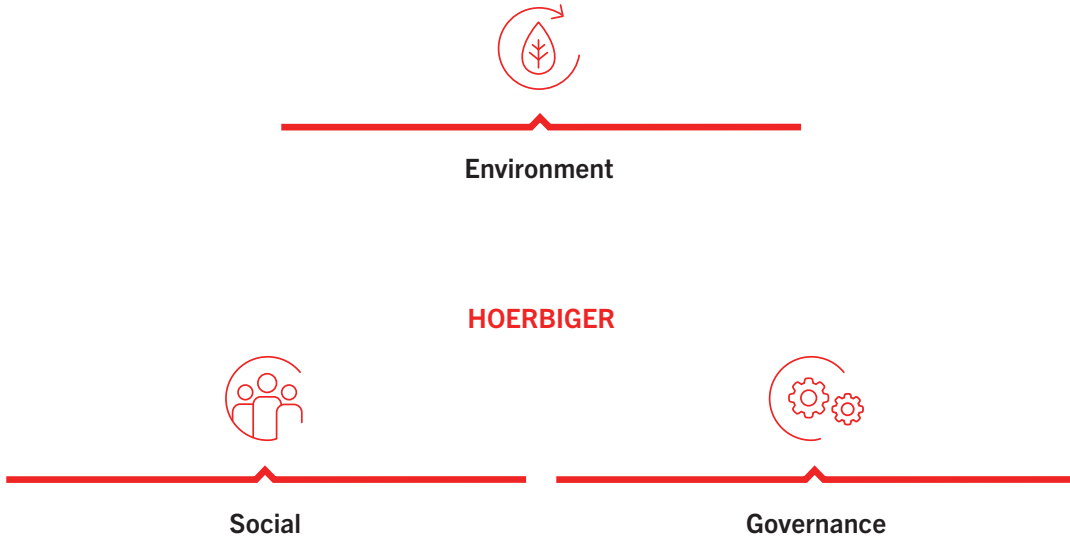
- We are a responsible global enterprise, which helps its customers improve overall operations efficiency including emissions reduction using its sustainable products and applications.
- We improve our sustainability and help improve our business partners' sustainability parameters such as carbon footprint.
- We continuously improve our people-oriented policies and Corporate Social Responsibility impact and follow robust procedures for compliance with all relevant laws, statutory rules, anti-corruption policies and supply chain governance.

Sustainability Topics

This report includes HOERBIGER's Scope and Commitment, Status and Ambition and Strategy of the relevant topics of the Environmental, Social and Governance framework of the United Nations Sustainable Development Goals and the UN Global Compact. The topics have been chosen after a careful and comprehensive management review and understanding of its business. We have linked each of the Material Topics with the Key relevant UN Sustainable Development Goals.

Key Sustainability Topics for HOERBIGER

HOERBIGER focuses on key areas of Environment, Social and Governance topics in a structured way.



Environment

HOERBIGER is committed to creating a cleaner and more energy efficient world by reducing its CO₂ footprint and developing products in sustainable applications. Our key focus areas are:

1. Energy Consumption
2. Corporate Carbon Footprint
3. Sustainable Products
4. Sustainable Applications

Social

HOERBIGER is committed to promoting and nurturing a diverse and inclusive environment, with a record of accomplishment and of emphasis in employee health and safety. Another important element is charitable donations. Our key focus areas are:

5. Employee Engagement
6. Diversity and Inclusion
7. Health and Safety
8. Corporate Social Responsibility
9. Training and Education

Governance

HOERBIGER is committed to transparency and compliance with laws, regulations and internal policies, a top priority in all business decisions and transactions. Our key focus areas are:

10. Sustainable Supply Chain
11. Compliance and Anti-corruption
12. Sustainable Governance

Environment

HOERBIGER has chosen its Material Environmental Sustainability Topics in line with the following UN Sustainable Development Goals

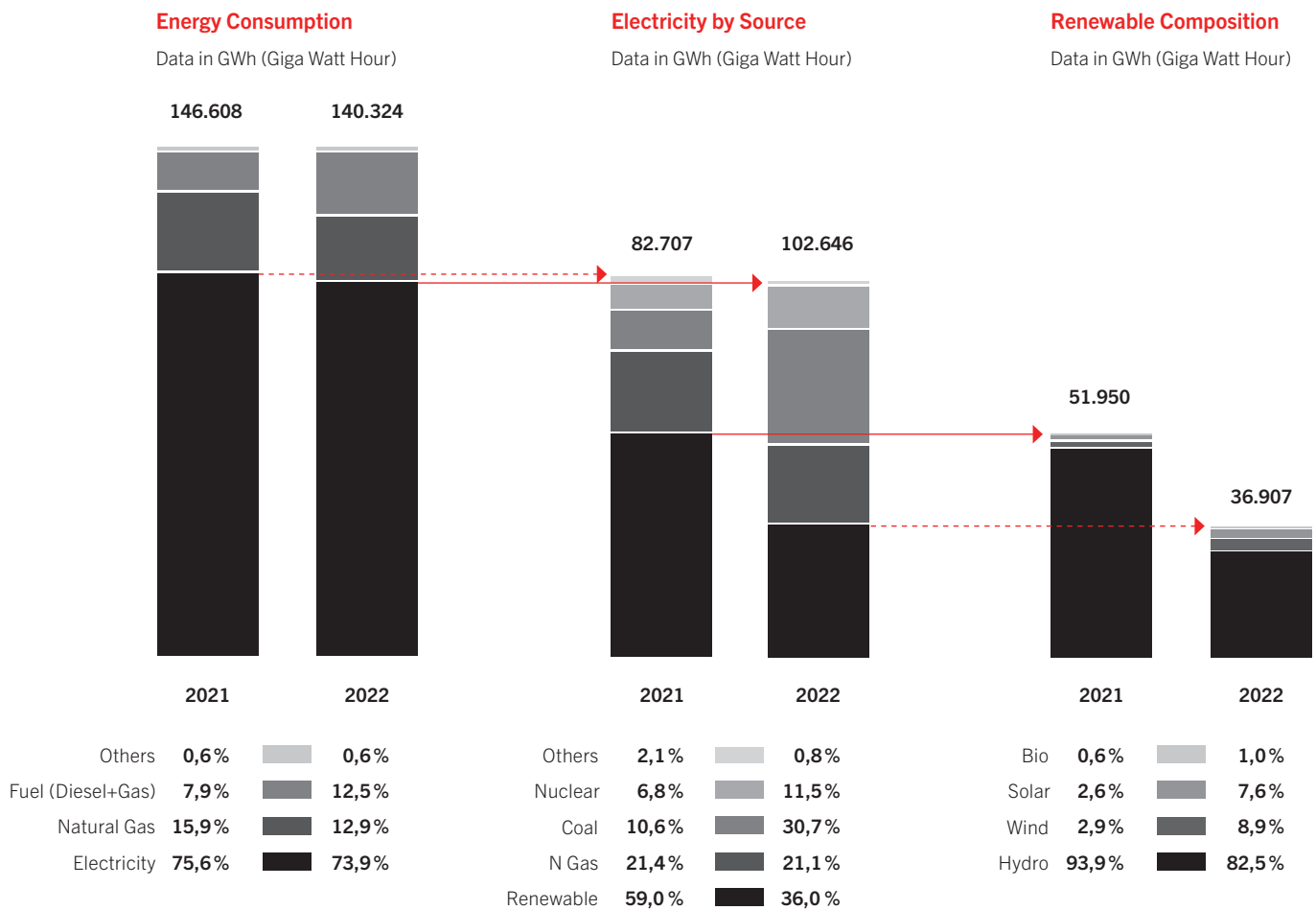


1. Energy Consumption

Scope & Commitment

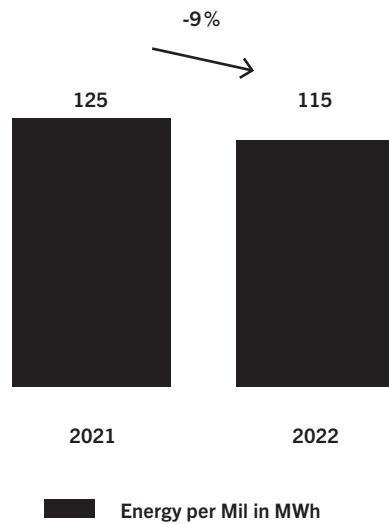
We diligently track and aim to reduce our energy consumption which is directly caused at the various manufacturing sites, service locations and offices. This includes fuels / transports, coolant, heating and process heat and sourced electricity. We are committed to continuously reducing our energy consumption and achieving a higher share of renewable energy usage.

Status



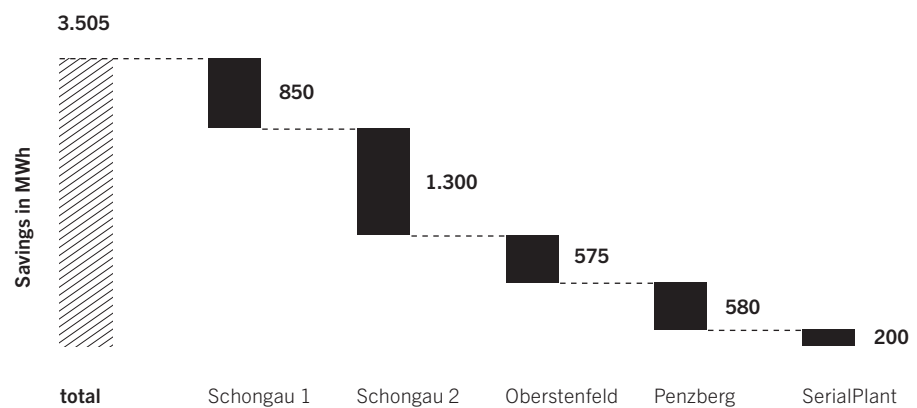
Despite a material increase in our production and service output, we were in fact able to marginally reduce the overall energy consumption to a total of 140 GWh consumed energy in 2022 (from 146 GWh in 2021), of which the main sources of energy were electricity (74%) and natural gas (13%). Our energy consumption per Million of sales dropped by about 9 % from 125 MWh to 115 MWh.

Energy Consumption per Million of Sales



Of the total 102 GWh purchased electricity, ca. 36% was sourced from renewable energy, and 64% came from non-renewable energy. Most of the total 37 GWh renewable energy was sourced from Hydroelectric Power.

Energy management is an integral part of HOERBIGER’s QSHE (Quality, Safety, Health, and Environment processes) across all divisions. We have implemented in all our leading production sites of the Automotive Division, the ISO 50001-certified energy management system and the associated Plan-Do-Check-Act cycle, providing the scope for addressing issues related to increasing energy efficiency. This effort with the energy management system led to savings in energy consumption over the last 3 years. Our energy management teams at the production sites in the Automotive Division have worked successfully together and saved 3.5 GWh of energy between 2020 and 2022.

Automotive Division:**Savings through internal energy projects 2020–2022**

SerialPlant: 2021–2022

During 2022 HOERBIGER Compression division embarked on an ambitious Energy Management program named HEAT – HOERBIGER Energy Management, Awareness & Training. It is intended to raise awareness for efficient use of energy among the site leadership teams, provide & refresh energy management knowledge, and discuss ways to permanently establish energy awareness in local organizations.

Finding ways to reduce our energy consumption is another key focus and includes evaluation of efficient energy systems and feasibility analysis of self-generation of renewable energy.

In a first step, management has planned to hold HEAT workshops in the 14 largest HOERBIGER Compression locations and Business units of Rotary and Safety. In 2023, so far, the rollout successfully started in locations in Altenstadt (Germany) and Heerlen (Netherlands) and with next stops planned for our manufacturing plants in Vienna (Austria), Mainz (Germany) and Pune (India).

Resulting from the HEAT program, department Global Real Estate Management partnered with HOERBIGER Apprentice Training Center and People & Culture Germany to offer HOERBIGER apprentices the chance to further qualify as Energy Scouts.

Apprentices from all training branches will receive a 2-day classroom training in Energy Management at IHK Academy Munich (Germany) and then prove their mentored 3-month practical phase in tangible energy saving projects. Interest among apprentices was high and 5 apprentices started their qualification program with IHK Academy Munich/Germany in April 2023. They are now eagerly awaiting to enter their individual energy efficiency project selected in coordination with facility & energy management departments.

Ambition and Strategy

Continued use of the Energy Management system and increasing awareness about energy consumption are the key focus areas. We continuously reduce energy consumption and increase share of renewable (or sustainable) energy to reduce our dependence on fossil fuel with initiatives such as the HEAT project, use of renewable energy from biomass for the heating of buildings or the deployment of CHP (Combined Heat and Power) technology that produces electricity and thermal energy at high efficiency.

2. Corporate Carbon Footprint

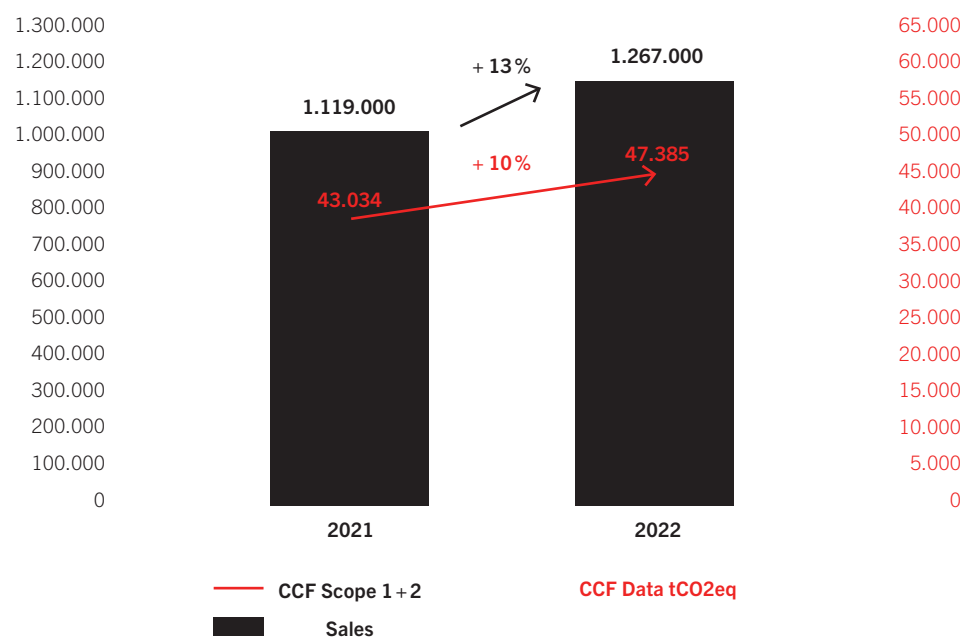
Scope & Commitment

HOERBIGER tracks its Corporate Carbon Footprint (CCF) as defined in the Greenhouse Gas (GHG) Protocol. We measure the output in CO₂ equivalents (CO₂eq) of direct and indirect emissions that are owned or controlled by a company (Scopes 1 & 2), as well as emissions that occur from external sources because of a company’s activities (Scope 3).

We at HOERBIGER are committed to reducing the Carbon Footprint in Scope 1 and 2 of our current operations.

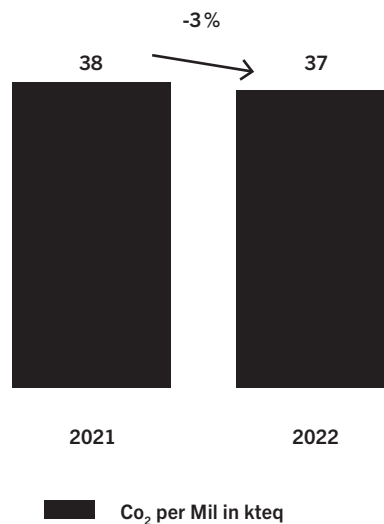
Status

Sales and Carbon footprint Scope 1 and 2 – 2021 to 2022



Since 2021 HOERBIGER has been calculating its CCF (including CO₂, methane, and hydrocarbon gases) by collecting location-specific primary data. The CCF has been calculated based on the application of scientifically well-recognized emission factors from various professional sources. The data collection methods that are mostly manual now are being automated in 2023.

Co2 emission per Million of Sales



The group's CCF for the year 2022 from Scope 1 and 2 totaled 47k of tCO₂eq (market based), generated from sources directly owned or controlled by the company. It was only 10,5% of the total CCF, the rest 89,5% of all emissions i.e., 402k of tCO₂eq (market-based), were generated by Scope 3 related activities.

Of the total 47k tCO₂eq emissions generated from Scope 1 and 2 activities, 20% were direct emissions at our operations and the remaining 80% emissions were attributable to power usage at our operations around the world.

HOERBIGER achieved a turnover of €1.27B in 2022, which was an average 13% growth over 2021. Despite a small decrease in its Automotive Division, substantially above average increases in other divisions enabled HOERBIGER to register an overall sales growth. Contrary to the growth in sales, the Scope 1 and 2 emissions per Million of sales reduced from 37t/Mil and reduction of 3%. This was possible due to judicious selection of energy sources and reduced use of natural gas.

HOERBIGER will use 2022 as baseline for its CCF tracking and targets going forward.

Ambition & Strategy

HOERBIGER will in the short-term focus on its Scope 1 and 2 emissions as part of core ESG-initiatives before working with all its suppliers to gradually help them assess their Product Carbon Footprint for HOERBIGER related products for a more exact CCF assessment.

We are committed to reducing our Scope 1 and 2 Carbon Footprint between 5 % and 15 % year on year (2022 as a baseline) with an aim to reduce 50 % by 2030 and make our operations carbon neutral by 2039.

Current Activities and Projects

In 2022 HOERBIGER started a program to install Solar Power Plants at its operating locations.

On 15 December 2022, HOERBIGER commissioned its first on-site solar plant in India. The ground-mounted power plant was inaugurated during the visit of the Executive Board to HOERBIGER India Pvt Ltd. (HIPL) in Kondhapuri village, close to Pune.

Installed in an area of 6,000 square meters, the premium quality plant has a capacity of 650 kWp and will produce around 1 million kWh of electricity per year, which is approximately 50% of the current annual demand of the local factory. For scale comparison: In rural India, the average annual power consumption is around 600 kWh. The generation of solar electricity would thus be sufficient to light up 1,500 rural households for their basic power requirements. The climate-friendly generated solar power is directly consumed by the factory for its own energy demand and any excess generated power is fed into the local grid which is compensated for by the grid company. Besides reduction and stability in energy costs the annual carbon emission of the factory will also be reduced by 850 tons. This step is pioneering and critical in our emission reduction targets.

The solar plant in HIPL is the first of its kind within the HOERBIGER group. It takes a leading role in terms of the company's intention to pursue a long-term sustainability strategy, which includes the use of green energy and with it contributing to a climate-friendly future.

Following the completed solar power plant project at HOERBIGER Plant Pune (start of power production in 12/2022), HOERBIGER Plant Vienna is completing their own project in the second half of 2023. This roof-top solar system comes with a capacity of 1MWp and is expected to produce close to 1 million kWh per year.

3. Sustainable Products

Scope & Commitment

HOERBIGER cares for the environmental impacts of its products in the use phase. HOERBIGER is committed to its emission reduction through initiatives such as reduction of product weight, energy efficiency of product use, reduction of noise and vibration.

Status

In addition to the optimization of the production processes to reduce energy consumption HOERBIGER is continuously improving the ecological, social and economic performance in the use phase of its products. The product portfolio of HOERBIGER shows a wide range of innovative solutions which reduce the environmental impact along the entire product lifecycle.

Current Projects

Compression Business

We work to help our customers reduce power consumption and their carbon footprint – the following products are key pillars on this journey:

eHydroCOM

Based on the reverse flow control technology of the successful HydroCOM, we have developed a fully electric version of this solution. Reverse flow control technology has already helped save more than 14M Tons of CO₂ since its introduction in 1995 by reducing compressor energy needs. The eHydroCOM now makes it economical to install a reverse flow control system on smaller compressors. The technology also opens up new applications, where the compressors must be operated oil free. This will further contribute to lowering energy-related emissions and production costs for our customers.

Emissions Control Panel

Reciprocating compressors have been identified as a major source of fugitive emissions which not only negatively affect the environment but can also pose a significant safety risk to operators working on the compressor deck. But that should not mean these fugitive emissions must hit the atmosphere. With an Emissions Control Panel from HOERBIGER, these emissions can be kept under control. Nitrogen purging is an effective way to eliminate uncontrolled gas leaks from compressors. Reducing or preventing hazardous emissions increases employee safety on the compressor deck and protects the environment. We can help reduce greenhouse gas emissions drastically when Emissions Control Panels are coupled with a recovery system or a flare. Purge pressure regulation also minimizes nitrogen consumption and thus lowers the total cost of ownership.

VISTRA®

Our smart component repair solution VISTRA® is a big step into digitalization of compressor part service and digital keeping of maintenance records. It not only speeds up the repair process of our customers' wear-parts, but it also helps identify troublemakers and their improvement potential. Thus, we can help our customers maintain a more reliable compressor fleet. And reliability is an important key to sustainability. Fewer unplanned and planned compressor stops mean less leakage and emissions from those maintenance activities. It also means more efficient production. Thus, maintenance centered on an as need basis and with reduced downtime is a win-win.

REE – Reliable, efficient, environmentally sound

Maintenance efficiency, as described with VISTRA®, is just one aspect of the reliability and efficiency improvement potential of a reciprocating compressor. HOERBIGER knows this, and therefore developed the **REE – Reliable, Efficient, Environmentally sound** – process over a decade ago. Since then, we have already helped thousands of compressors improve their performance. With the introduction of the digital Fleet Audit Tool, it has now become even easier and faster to identify, quantify and prioritize these improvements, making the REE process faster and even more accessible to our customers.

Automotive Business

We are moving into a new field of eMobility to create an environmentally sound alternative to our current product range. We now offer our customers innovative performance-determining products for new applications in e-mobility

— **e.g., emDOC**

a shift element system with integrated actuation with significant reduction of material use for electric drive trains.

Rotary Business

We supply mission critical components in the non-conventional fields such as renewable energy and EVs.

— In the field of renewable energy, we have qualified and have started supplying electrical slip rings for electric pitch control wind turbines. Most new generation wind turbines feature electric pitch control. As the installed base of wind turbine increases, our impact on renewable energy machinery is also increasing. We help our customers to produce green energy for over 200 million households.

— As Electric Vehicles become one of the key change drivers for ICE change, our products are used in “body in white” indexing table applications to weld body panels. In addition, our slip rings are also used in BEV battery separator film manufacturing applications.

Safety Business

We use in our product's sustainable materials

- In recent years we developed and launched a new flagship product for fire explosion suppression, focused on performance, sustainability and reducing the carbon footprint along the value chain.
- Fire explosion suppression: The active fire explosion protection system suppresses industrial explosions and resulting fires at industrial manufacturing sites in multiple industries like food, process, medical and woodworking and thus ensuring the health and safety of our customers and employees.

Engines Business

We help our customers optimize their ICEs

- e.g., for low-emission natural gas operation or zero-emission hydrogen operation. e.g., our H₂PFI GVC10 has already fully decarbonized several mobile and stationary ICE applications.

Ambition & Strategy

In 2023, HOERBIGER plans further steps to improve the sustainability of its products in the whole product lifecycle. We are working on establishing processes to measure the PCF (Product Carbon Footprint) for first products in the automotive division (based on the ISO 14067 standard) and engaging with suppliers to see the potential for materials with the best carbon footprint and sustainability performance.

4. Sustainable Applications

Scope & Commitment

HOERBIGER is active in several applications that act as enablers for sustainable economic activities such as e-mobility and zero-emission transport or the production, transport, and storage of renewable energy. HOERBIGER is committed to helping its customers reduce their Carbon Emission with a focused product and services portfolio.

Status

HOERBIGER is developing several products for zero-emission applications across its divisions. In addition, HOERBIGER's Safety business is solely dedicated to the purpose of solutions to protect people and saving lives, equipment and processes.

Current Applications

Compression Business

- As a significant part of the HOERBIGER Group, the Compression division is committed to helping the group ambition of creating a better tomorrow. One part in doing that is the work and innovative power we are presently putting behind the development of a cost-efficient solution to boost the market of hydrogen fueling in zero emissions mobility.
- We also realize that the traditional oil and gas industries are changing. Since they will be an important and integral part of the energy mix and chemical industries for the near future, it is imperative we enable them to change in a sustainable way. HOERBIGER offers products and services targeting fugitive emissions and energy and reliability-related emissions.

Automotive Business

- As mobility moves from IC Engines to eMobility, we as leaders in high performance transmission components, are now focusing on efficient shift elements for electric vehicles such as dog clutches and the new age smart battery housings.

Rotary Business

- Our patented machine tool coolant unions use less pressurized air, thus reducing consumption and emissions while increasing operational efficiency. In addition, our multi-passage unions for machine tool work holding applications do not have any by-pass flow, thus increasing machine and operational efficiency.

Safety Business

- We have already been using sustainable, completely harmless mediums to suppress explosions and designed systems with a decade's lifespan. Now, the newest version of the suppression platform, the eSuppressor, is the first fully electro-mechanical system in the industrial explosion market, eliminating hazardous activation triggers (for example, explosives with lead acids). Further, if systems are activated, they can be fully refurbished and reused without trigger replacement.
- In 2023 and beyond, our ambition is to establish this new suppression platform as the standard in our industry, to continue decreasing the carbon footprint and eliminate hazardous materials.

Engines Business

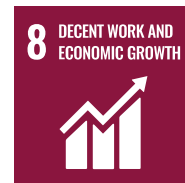
- ICEs cannot be dismissed in the future, especially in mid to heavy-duty applications. Hence our innovative products decarbonize on- and off-road mobility, stationary gensets and maritime engines.
- Our Engines business has been an H2 pioneer having enabled H2 off road Engine, H2 18 T Truck and H2 Ignition system.

Ambition & Strategy

HOERBIGER has ambitious plans to improve the sustainability of its Product Applications. This includes major investments in products that enable the use of Hydrogen as the clean fuel.

Social

HOERBIGER has developed its Material Social Sustainability Topics in line with the following UN Sustainable Development Goals



5. Employee Engagement

Scope & Commitment

At HOERBIGER, our employees' engagement is at the core of our success. This is reflected in the long-term loyalty of our employees and the spirit they share. Since employee engagement is a topic that merits continuous attention and care, HOERBIGER is proud to regularly review its level of attractiveness as an employer and to conduct periodic employee engagement surveys.

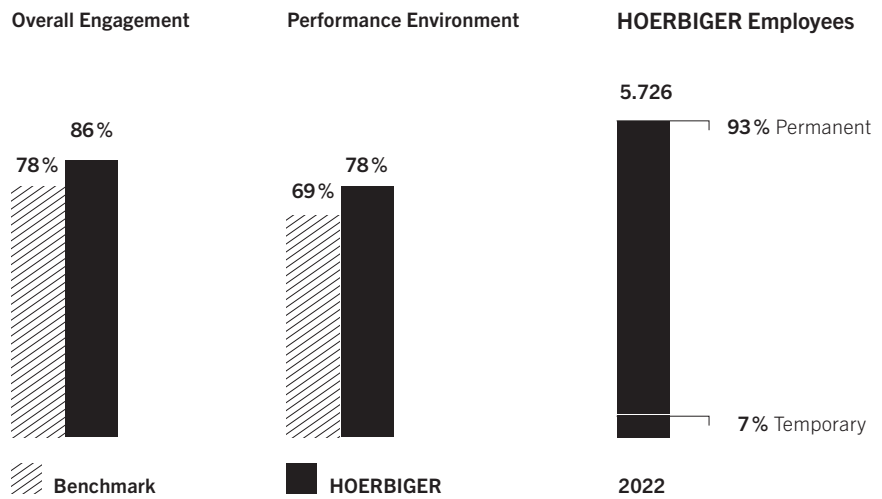
Status

HOERBIGER is committed to a company-wide bi-annual engagement survey. The survey is based on the Strategic Fitness Model that considers both Sustainable Engagement and Performance Environment as pillars of employee engagement. Sustainable Engagement focuses on motivation and well-being of our employees, whereas Performance Environment puts the spotlight on whether our employees have the right leadership, team spirit and tools to help them achieve their goals.

The last survey took place in 2021 and the results showed a Sustainable Engagement score of 86% and a Performance Environment score of 78%. When compared with benchmarks of similar manufacturing companies, HOERBIGER's results show an 8% higher engagement and a 9% higher performance score. These high scores in employee engagement are also reflected in the above industry standard tenure of our employees.

Employee engagement survey results are communicated in each location and to each team: we strive for a 100 % communication rate. We put great emphasis on the definition and implementation of concrete measures in each team. As our employee engagement level is high, we pay additional attention to those areas that show most room for improvement. Tailor-made coaching, workshops and ongoing support for these teams are intended to ensure significant improvement in employee engagement.

Employee Survey 2021 – Headcount 2022



Ambition & Strategy

Our next survey takes place in 2023. HOERBIGER's ambition is to maintain and further improve upon the already high Sustainable Engagement and Performance Environment scores.

6. Diversity and Inclusion

Scope & Commitment

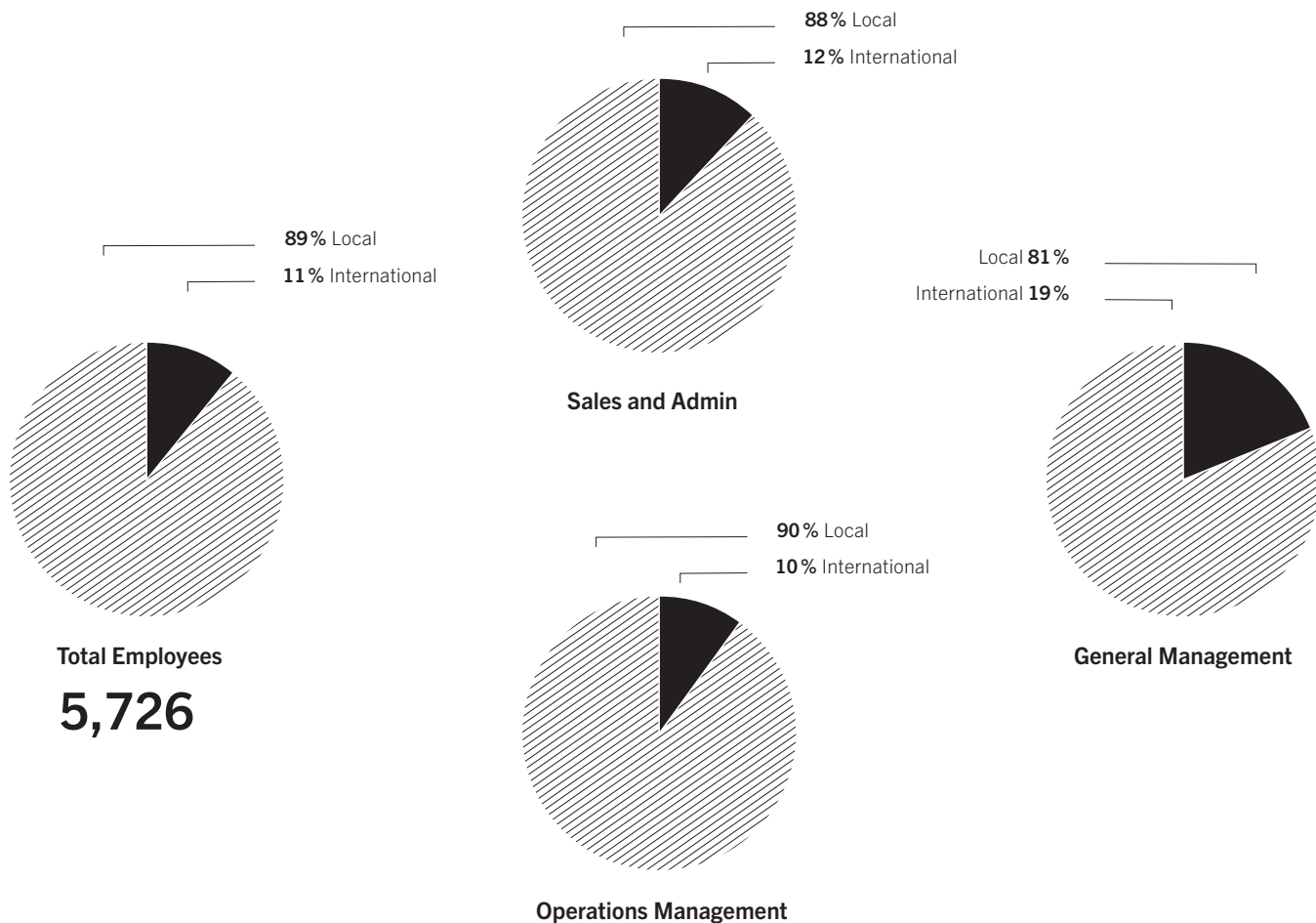
Diversity makes us strong. HOERBIGER is a global organization, represented by a diverse network of employees from 90 countries and 42 nationalities. Our international diversity is strongly rooted in our history and our values and makes us successful. We strongly believe that diverse teams are better able to solve complex problems by incorporating a broader set of viewpoints and different mindsets.

At HOERBIGER, therefore expanding our Diversity focus includes a broad range of diversity aspects – such as gender, age, nationality and ultimately - diversity of ideas. Our goal is to encourage and support all forms of diversity in the workforce and create an environment where all employees are valued. This means having a culture free of discrimination, in which all people have the same opportunities, are supported and can be successful.

Status

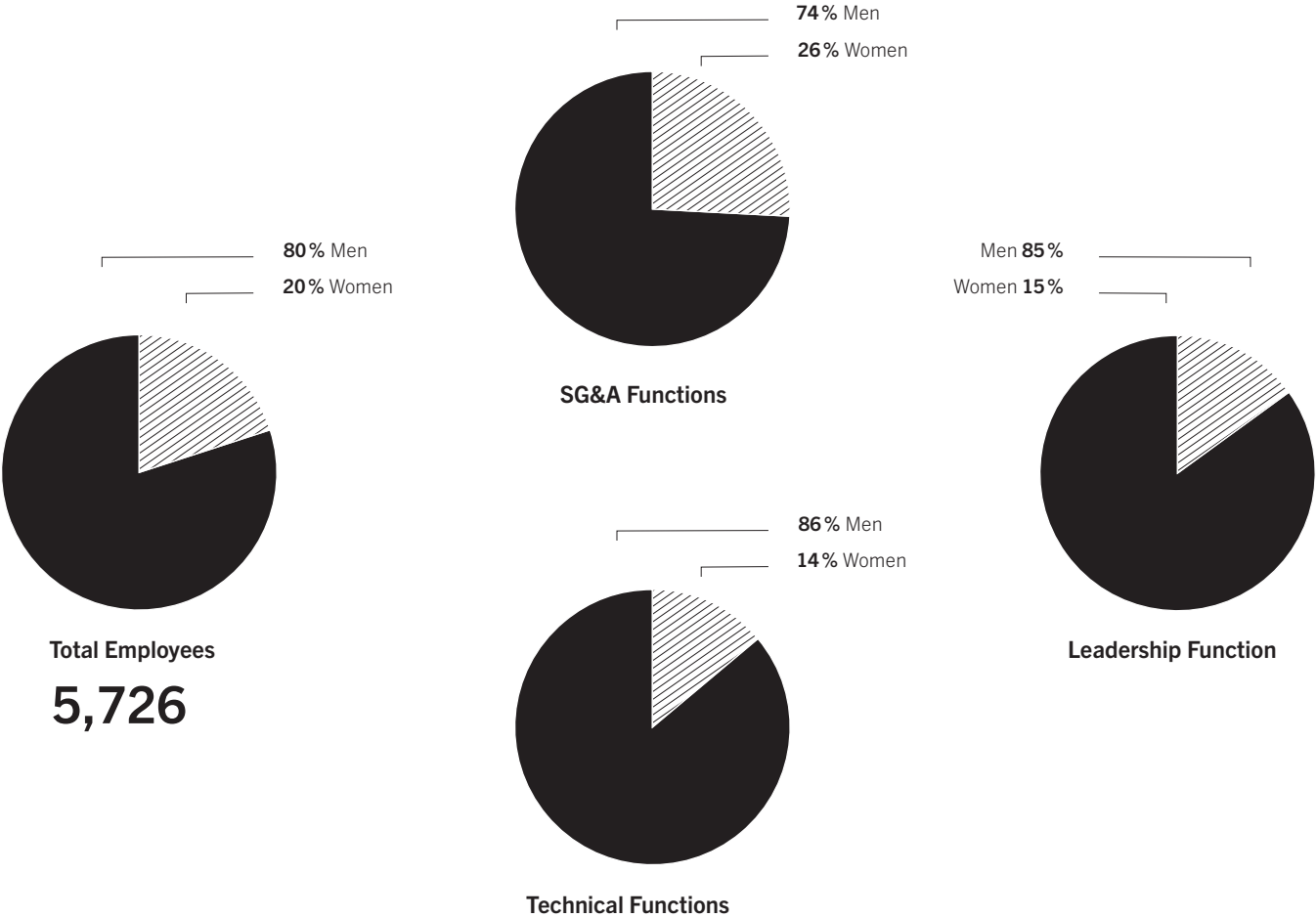
Our international diversity, defined as employees who work in a country different from their nationality, is strongly rooted in our history and our values. In 2022, 12% of colleagues in Sales & Administration functions live abroad, compared to 10% in Operations and 19% in General Management.

HOERBIGER International Diversity



In 2022, of the 5,726 employees 20% were women, with a higher (26%) representation in Sales, General Mgt. and Administration functions (SG&A) than in manufacturing (14%) & leadership positions (15%). The personnel statistics on sustainability do not include 222 temporary employees.

HOERBIGER Functional Diversity



Ambition & Strategy

Looking ahead, we want to leverage the spirit of Diversity further across all functions and regions. We believe that diversity improves the engagement and job satisfaction of our teams and acts as a catalyst for our innovation & growth strategy.

7. Health and Safety

Scope & Commitment

At HOERBIGER we claim that *“all employees go home in the evening just as healthy as when they came to their workplace in the morning”*. Health and Safety are core elements of our QSHE mission. We work on preventing accidents at work and take preventive measures to protect the health of employees, including physical and mental aspects of health. Setting preventive actions, providing safe working conditions, following the goal of zero accidents, and cutting safety risks are part of the mission to which we at HOERBIGER are committed.

Status

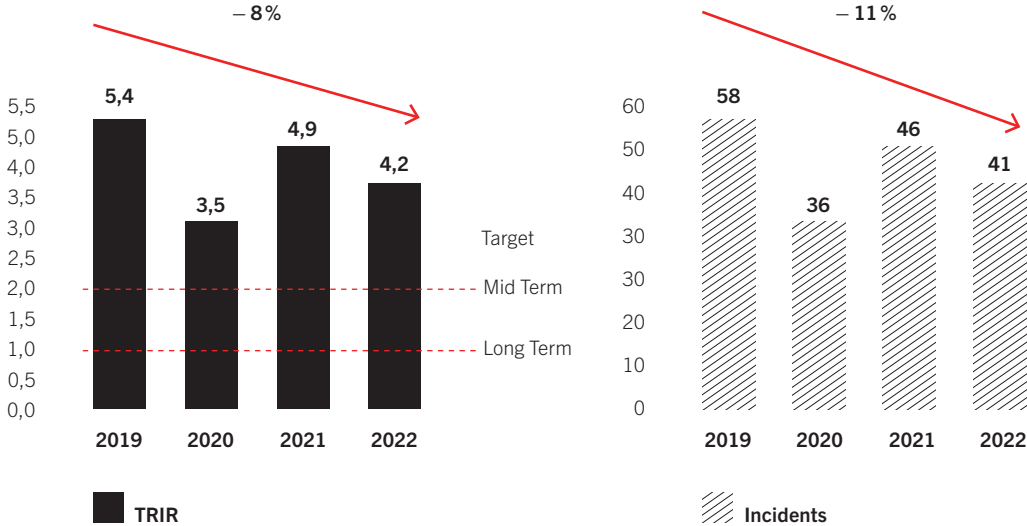
At HOERBIGER, every work accident is one accident too many. All managers / supervisors and employees at HOERBIGER work every day to achieve the target of “zero accidents”.

The workforce is supported by occupational safety experts, who have relevant capability and set up the necessary transparency. Therefore, in the daily work setting, occupational safety is a fundamental part of every activity at HOERBIGER. This basic understanding is expressed in the SAFETY PRINCIPLES of the Group (see “SAFETY PRINCIPLES of the HOERBIGER Group” section in appendix).

Ambition & Strategy

To measure our progress, the EHS (Environment, Health & Safety) metric of Total Recordable Incident Rate (TRIR) shows the organization’s safety performance by calculating the number of recordable incidents in relation of the working hours performed in the same period.

HOERBIGER TRIR and Incidents



HOERBIGER’s operations have shown a consistent reduction in the TRIR over the past 4 years. The data for 2020 was an aberration due to major disruptions at our plants in the Corona Pandemic and the consequential reduction in the working days.

8. Training and Education

Scope & Commitment

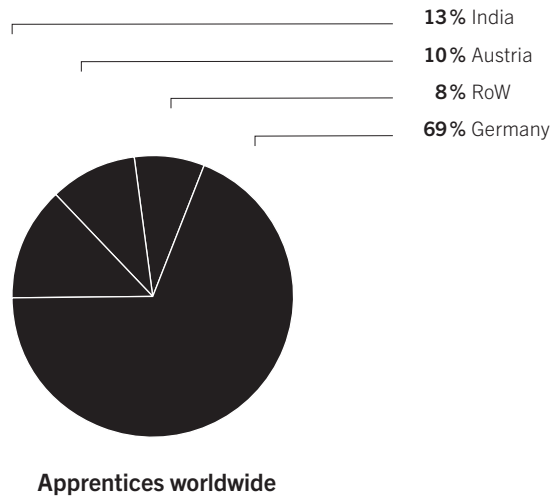
The backbone of HOERBIGER’s training and education strategy comprises high-quality education of our employees, ongoing relevant training opportunities, and regular performance evaluation to foster their growth and career development.

At HOERBIGER, we commit to creating an environment where all employees can develop by providing resources and opportunities for formal training and individual growth. We additionally value training and education as part of our social contribution to the communities in which we are active.

Status

One pillar of our education and training approach focuses on the future generations of our workforce. With our apprenticeship and internship programs we provide young people with key early experience and valuable insight into various parts of our industry. In 2022, HOERBIGER employed 117 apprentices and interns across multiple locations in 8 countries, a majority of which were in Germany (71), followed by India (19) and Austria (17).

HOERBIGER Apprentice Program 2022



Apprentices are taught crucial technical skills by experienced instructors in our dedicated apprentice training centers in Germany and Austria as well as at specialized schools or shared apprentice centers in other locations.

Fostering the ongoing learning and development of all employees is a core priority. In 2022, the HOERBIGER Group spent a total of €2.3m on training and education, which was a 50% increase over the previous year. The training and Education covered topics such as:

- Development programs tailor-made to the challenges of businesses and functions
- Leadership trainings for both new and existing employees in leadership positions
- Digital courses incl. trainings in Software tools, Remote Collaboration, Compliance & Data Protection etc.
- Individual external training courses selected either by employees and or superior

HOERBIGER leverages its internal Learning Platform to offer a variety of trainings to employees globally. In 2022, 2,723 (almost 50%) employees across the HOERBIGER Group actively made use of this, concluding 16,038 trainings out of a total of 26,457 training hours. Additional training and development initiatives are offered to employees in various formats and systems locally, based on organizational and individual development goals.

Leadership development has historically been a strategic priority at HOERBIGER and is a key driver of our innovation and growth strategy. In 2022, we designed and implemented our new Leadership Capability Model, which takes a more holistic approach to leadership. This serves as a standardized development framework for our leaders across the Group and lays the foundation for new targeted leadership development offerings, some of which are currently in the pilot stage. The Leadership Capabilities firmly embed leadership values into the HOERBIGER culture and act as a conduit to bringing leadership to life for all our employees.

Ambition & Strategy

HOERBIGER's long-term Training and Education approach is targeted towards empowering our people and enabling our strategic goals. Next to the key technical skills required across our businesses, leadership development will continue to be a core strategic goal, looking ahead, which will allow us to attract, develop and motivate talent and increase our internal fill rate in key positions.

Our aim is to create an environment of continuous learning and development, which allows employees to take ownership of their own development journeys and supports them on an organizational and individual level. Helping our people grow and develop their skills is crucial to a successful and sustainable future for HOERBIGER.

9. Corporate Social Responsibility (CSR)

Scope & Commitment

HOERBIGER has always been aware of its social responsibility. Through its global network of companies, HOERBIGER supports charity work, local associations, civil societies and local communities with donations and sponsoring. As a matter of principle, we do not sponsor any sporting events or political or religious institutions and occasions.

Status

HOERBIGER supports people in diverse ways. One of the main concerns is to support employees who have found themselves in a hardship or emergency, for example in the context of the recent Covid pandemic or environmental disasters. At the local and regional level, many HOERBIGER entities support organizations, targeted initiatives, or associations in their neighborhood with small donations. Employees can also make suggestions as to which projects should receive help from aid funds, which are then examined by an internal committee.

On a global level, HOERBIGER sets priorities for its CSR activities. For example, as part of its 125th anniversary, over the last 3 years HOERBIGER supported the “Ler é bom” education project in Mozambique with a large donation. The project's aim, led by the Pestalozzi Children's Foundation, was to improve the learning conditions of children and young adults to get better prospects for the future.

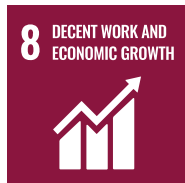
Ambition & Strategy

HOERBIGER's overriding ambition is to ensure the long-term success and survival of the company by driving innovations and continuously responding to changing market and environmental conditions. In this way, it can be assured that people and nature, who are affected by HOERBIGER's operations, can benefit sustainably from our CSR activities in the long term. Only by ensuring HOERBIGER's long-run success, can we also sustain the social responsibility that we foster.

Our aim is to continue our previous support and commitments at the local and regional level. HOERBIGER is consistently proving new engagements to continue our CSR activities also on a worldwide level that are in line with our cultural values, background, and ethos.

Governance

HOERBIGER has developed its Material Governance Sustainability Topics in line with the following UN Sustainable Development Goals



10. Sustainable Supply Chain

Scope & Commitment

We at HOERBIGER fully support the prevention of children, forced or compulsory labor and the protection of labor rights and living wages. HOERBIGER is committed to compliance with human rights at its own sites and includes working conditions at our and our suppliers.

Status

HOERBIGER's Supplier Code of Conduct clarifies our mission, values, and principles, linking them with standards of professional conduct to the environment and human rights. The code articulates the values the organization wishes to foster in leaders and employees and, in doing so, defines desired behaviors and becomes a central guide and reference for employees to support day-to-day decision making.

Our Supplier Code of Conduct sets the rules under which any professional employees may deal with during their employment with HOERBIGER or any of its suppliers.

Ambition & Strategy

Our ambition is to always follow laws and regulations. Furthermore, we do not only want to have a sustainable supply chain, but we also strive to deliver professional supplier relationships which are based on trust and fairness. Our business partners can be confident in our products, services, and supplier relations.

We intend to achieve that by using a strong risk analysis of our supply chain and develop a fair and reasonable due diligence process at all steps of supplier interaction.

11. Compliance and Anticorruption

Scope & Commitment

Compliance with laws, regulations and internal policies is a top priority in all business decisions and transactions at HOERBIGER. Furthermore, we are committed to political neutrality; we do not make contributions to political parties or candidates for public office.

Status

The HOERBIGER Group makes about 20–30% of its sales in countries with an elevated level of risk for corruption. This assessment was based on the Transparency International Corruption Perception Index. Sales to countries with less than 60 points are considered elevated risk. HOERBIGER has set up a clear compliance governance system and responds to compliance risks with a range of preventive and reactive instruments.

Our compliance program addresses, among others, the topics of anti-bribery & corruption, anti-money laundering, anti-trust, conflict of interest, data privacy, export control, fraud, and white-collar crime (see our corporate governance webpage for further details on policies). HOERBIGER's anti-corruption policy includes a detailed procedure and authorization process for intermediaries (agents) and policies on gifts, entertainment, donations, and sponsorships. Policies and their application in the daily work context are regularly trained across the relevant occupations in the Group.

Since 2019 HOERBIGER operates a web-based compliance reporting system. Our employees and third parties can report suspected compliance violations. It is possible to make reports anonymously. Reports are independently investigated by the Corporate Audit & Compliance Department. HOERBIGER has a policy which prohibits retaliation against anyone who makes a report in good faith.

Ambition & Strategy

HOERBIGER will always follow laws and regulations. Furthermore, we do not only want to avoid compliance related penalties, but we also strive to deliver outstanding customer service, including in challenging compliance environments. Our business partners can be confident in our products, services and robust compliance system.

HOERBIGER's compliance strategy is designed to meet regulatory requirements in its major areas of operation. This includes an unequivocal tone from the top, a defined compliance organization, policies, procedures, permits, awareness campaigns and training of specialist staff. The compliance strategy is reviewed annually based on a risk-based assessment of the Division's business plans.

12. Sustainable Governance

Scope & Commitment

HOERBIGER manages its ESG (Environmental, Social, Governance) activities under a formal Governance structure which drives management attention and measures the impact of the initiatives.

Our Board of Directors sets the tone of the Sustainability Strategy for the Group and the core underlying principles for the organization to work on, the budgets, and the short- and long-term goals for all sustainability initiatives.

Status

The HOERBIGER Group has built its ESG parameters as part of the senior management deliberations. Our Executive Board has ESG as the standard agenda topic in its regular meetings and workshops and is directly involved in setting the ambition and roadmap.

Sustainability initiatives are a cross-functional endeavor within HOERBIGER and thus coordinated at corporate level involving all divisions and functions.

HOERBIGER's divisions report their sustainable baseline across several topics to external databases upon clients' requests (e.g., CDP (Climate Disclosure Project), ECOVADIS, NQC, etc.).

The day-to-day activities of Sustainability @ HOERBIGER are managed by the Group Head of Sustainability and his extended team. The Head of Sustainability reports directly to the CEO and coordinates a team of functional experts at the group level and relevant domain experts in its divisions.

Ambition & Strategy

We intend to build a robust reporting mechanism for the relevant non-finance ESG parameters. We will standardize our global way of addressing several ESG requirements and ensure that we continuously improve by investing in tools, processes, and governance mechanism in the ESG parameters and targets that we work with. We will constantly drive our ambitious ESG targets and follow up on its execution. In the mid-term we aim to get 3rd party assurance for the ESG data and reported key information.

GRI Index

This report has been prepared in accordance with the GRI Standards:
Core option

Code	Short name of the disclosure	Page / Source	Remarks and Omissions
Organizational profile			
GRI 102-1	Name of the organization		
GRI 102-2	Activities, brands, products, and services		
GRI 102-3	Location of headquarters		
GRI 102-4	Location of operations		
GRI 102-5	Ownership and legal form		
GRI 102-6	Markets served		
GRI 102-7	Scale of the organization		
GRI 102-8	Information on employees and other workers		
GRI 102-9	Supply chain		
GRI 102-10	Significant changes to the organization and its supply chain		
GRI 102-11	Precautionary Principle or approach		
GRI 102-12	External initiatives		
GRI 102-13	Membership of associations		
Strategy			
GRI 102-14	Statement from senior decision-maker		
GRI 102-15	Key impacts, risks, and opportunities		
Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behavior		
Governance			
GRI 102-18	Governance structure		
Stakeholder engagement			
GRI 102-40	List of stakeholder groups		
GRI 102-41	Collective bargaining agreements		
GRI 102-42	Identifying and selecting stakeholders		
GRI 102-43	Approach to stakeholder engagement		
GRI 102-44	Key topics and concerns raised		
Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements		
GRI 102-46	Defining report content and topic Boundaries		
GRI 102-47	List of material topics		
GRI 102-48	Restatements of information		
GRI 102-49	Changes in reporting		
GRI 102-50	Reporting period		
GRI 102-51	Date of most recent report		
GRI 102-52	Reporting cycle		
GRI 102-53	Contact point for questions regarding the report		
GRI 102-54	Claim of reporting in accordance with the GRI Standards		
GRI 102-55	GRI Content Index		
GRI 102-56	External assurance		

Code	Short name of the disclosure	Page / Source	Remarks and Omissions
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GRI 102-52	Reporting cycle		

	Sustainable application areas
	Management Approach 2016
GRI 103-1	Explanation of the material topic and its boundaries
GRI 103-2	Management approach and its components
GRI 103-3	Evaluation of the management approach
	Human Rights along the supply chain
	Management Approach 2016
GRI 103-1	Explanation of the material topic and its boundaries
GRI 103-2	Management approach and its components
GRI 103-3	Evaluation of the management approach
	Compliance and anti-corruption
	Management Approach 2016
GRI 103-1	Explanation of the material topic and its boundaries
GRI 103-2	Management approach and its components
GRI 103-3	Evaluation of the management approach
	GRI 205: Anti-corruption
GRI 205-1	Operations assessed for risks related to corruption

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Executive Board

Dr. Thorsten Kahlert (CEO and Chairman)

Design

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Forward-looking statements

This Report contains forward-looking statements, which involve risks and uncertainties. These forward-looking statements typically include terms such as “believes”, “is of the opinion”, “assumes”, “plans”, “anticipates” and similar expressions. Due to a variety of factors, actual events may vary materially from the projected development.

