

Communication on Progress

I am pleased to reaffirm Tecan's support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. In our first annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

HUMAN RIGHTS

ASSESSMENT, POLICY AND GOALS

Tecan's goal is to influence our employees and all our business partners to respect the Universal Declaration of Human rights. Furthermore, Tecan is committed to observing the international labor and social standards defined by the International Labor Organization (ILO), a specialized agency of the United Nations. The four basic principles of the ILO are freedom of association and the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation.

Based on our commitment we have set up a Code of Conduct, published on our website, to make our position clear for all our suppliers, employees and partners.

In our Code of Conduct it is clearly stated that Tecan embraces a culture of respect and equal opportunity, condemns any form of forced labor and exploitation of children and considers any form of harassment unacceptable.

IMPLEMENTATION

Tecan has taken the following measures to prevent human rights violations in its work locations:

- In "Employment Handbooks" distributed to all employees of our different sites we emphasize our culture of respect and equal opportunity and we reaffirm our "zero-tolerance" attitude towards harassment, violence, discrimination and other unacceptable behaviors of such kind.
- A program of mandatory online trainings is in place for all employees in order to raise the public awareness on the issues detailed in the Code of Conduct, including the Human Rights. In parallel to these remote educational initiatives, Tecan regularly organizes "live" sessions at all its most sensitive sites, in order to give guidance for those situations which are more typical for certain specific locations.
- An email address is accessible in our intranet page for employees to submit their complaints and/or issues, including unfair treatment. These complaints are revised by Internal Audit, discussed with top management and addressed as necessary.



MEASUREMENT OF OUTCOMES

As no events of Human Rights violation occurred in 2019, Tecan did not need to take any reactive initiatives in response.

In order to ensure to all employees a fair treatment and compensation, Management reviews the individual performance on a yearly base and determines whether remuneration and benefits are proportionate or need to be improved.

LABOUR PRINCIPLES

ASSESSMENT, POLICY AND GOALS

Tecan's "Employment Principles" establish the commitment to offer equal opportunities to each employee and exclude any discrimination on the grounds of race, color, gender, age, social class, religion, sexual orientation, politics, or disability. They also mandate the highest levels of safety, health and security. These same principles recognize the necessity of a competitive remuneration in comparison to the local labor market and indicate qualifications, skills, contribution and responsibility as the only acceptable differentiation criteria among individuals.

IMPLEMENTATION

Relevant standards regarding Labor Principles are already mandated by the highly regulated environment Tecan operates in and therefore it was not necessary to initiate specific actions to improve the working conditions of its employees in general. Production processes and standards are also audited by relevant authorities.

This is especially true for the matters concerning education and safety, which cannot be set at a level lower without compromising the market acceptability of our products. Therefore, all our employees regularly undergo online and "live" class-room trainings to improve their professional skills as well as their awareness in matter of health and safety. For example, assembly staff receive specific trainings for accident prevention.

Furthermore, our production environment has to comply with strict requirements of temperature and hygiene, which imply comfortable conditions for the staff working on site.

MEASUREMENT OF OUTCOMES

Tecan has a very cosmopolitan workforce comprising employees from 52 countries. The average age of Tecan employees is 42. In 2019, the proportion of women in the workforce increased again to 33.8% (2017: 33.0%). The proportion of female managers was virtually unchanged at 22.4%. Two of seven positions on the Board of Directors are occupied by women.

ENVIRONMENTAL PRINCIPLES

ASSESSMENT, POLICY AND GOALS

Tecan attaches great importance to acting responsibly and in an environmentally friendly manner in the development, manufacture and global distribution of Tecan products as well

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as in all services it provides. In a Policy Statement for Product Environmental Compliance published on the corporate website, Tecan expresses its commitment to provide customers with safe, high-quality, and environmentally friendly products and to comply with all relevant product environmental legislations. The Company strives to continually identify and realize opportunities to reduce the environmental footprint of its products during product design, manufacture, use and disposal.

By nature, the operations of Tecan have a relatively small direct environmental impact, because the production process focuses on the final assembly of a relatively small number of items. The production sites do not emit CO₂, methane or other greenhouse gases (scope 1 emissions) during the production process. Also, the indirect environmental impact, via clients, businesses and suppliers is relatively small. Tecan aims to be transparent and trustworthy regarding the Company's emissions and therefore participates in the annual Carbon Disclosure Project (CDP) for several years, also allowing its results to be made publicly available.

As concerns the direct impact, our Code of Conduct clearly states that Tecan is committed to conduct its business in a sustainable and environmentally responsible manner. In particular, employees are encouraged to understand how their work may affect the environment, to continually reduce the impact of their activities (e.g. using video-conferences in order to avoid business trips) as well as to actively participate in energy-saving and waste reduction programs. The Company also incentivizes the use of public transportation where possible, as its availability differs in the various countries. Moreover, direct suppliers are subject to a specific audit program in order to ensure sustainable business.

IMPLEMENTATION

Tecan continuously invests in measures aimed at further increasing energy efficiency and is focused in using modern, energy-efficient technology. For example, hot and cold water lines in the ceiling are the sole source of heating and cooling at the headquarters' building.

Recently, a new air conditioning system with significantly better energy rating was installed in the main production site. The expected result is a significant decrease of energy consumption and of CO₂ emissions. Other energy-saving initiatives were the installation of new cold-water pumps, the better insulation of the cooling distribution systems and the replacement of a significant number of fluorescent tubes with LED lights.

A program to progressively reduce the amount of waste is in place, as well as a program to increase the proportion of waste which is recyclable. The company is also working on a program to neutralize CO₂ emissions from business-related travel and to a large extent for in- and outbound freight of material and final products. During 2020, the company plans to install solar panels on top of the main building at its headquarters to increase the share of energy used from renewable sources. The planning and respective filings were finalized in 2019.

MEASUREMENT OF OUTCOMES

Direct emissions are produced exclusively from the combustion of natural gas for heating purposes (scope 1). Indirect emissions arise from energy purchased (scope 2 emissions).

On a like-for-like basis, the total energy consumption dropped by 6.2% in 2018 compared to 2017, despite the higher production output and increased business activities. The energy



intensity, which is the total energy consumption in relation to sales, decreased by 5.8%, due to energy savings measures.

The carbon emission intensity of business travels (expressed as t CO₂ eq/million CHF sales) stayed constant at 4.3.

Paper consumption decreased by 11.6% compared with the prior--year period as more employees use tools provided by the Company that enable completely paper-free processes.

ANTI-CORRUPTION PRINCIPLES

ASSESSMENT, POLICY AND GOALS

Tecan is committed to be always fully compliant with all relevant laws of the countries where it operates and our commitment certainly includes the anti-corruption laws. However, even in countries where the legislation eventually tolerates questionable behaviors, Tecan follows a zero-tolerance policy as concerns bribery and corruption. Our Code of Conduct strictly prohibits payments (in cash or in kind) to secure illicit advantages. In no cases Tecan employees are allowed to pay, promise or authorize bribes or kickbacks, not even when refusing to make such kind of payments implies turning down business opportunities. Indeed, the Code of Conduct requires all employees to always keep a conduct which is not only fully ethical, but also excluding any possible misinterpretation if publicly disclosed.

These principles are detailed in a procedure which gives guidance for several specific matters. In particular, employees are instructed to avoid the use of cash and to make payments only against proper invoices. Furthermore, this procedure indicates the prudent attitude to adopt with regard to gifts, hospitality and entertainment and the strategies to follow in order to resist to the pressures eventually received for facilitation payments.

Another procedure provides a clear guideline concerning the business involving intermediaries, in order to prevent the risk of corrupt payments going through third parties. This procedure mandates a program of education and monitoring of our potential and existing dealers and distributors. In order to work with Tecan, our partners have to provide evidence of their full acceptance and understanding of Tecan's principles in matter of correct business practices. Furthermore, all of them have to undergo a screening conducted by a third party provider specialized in background checks.

IMPLEMENTATION

Tecan clearly communicates to all employees the principle of zero tolerance for bribery and corruption. This principle is emphasized in the periodical online trainings which are mandatory for everybody working in the company as well as in the periodical sessions which our instructors conduct "live" at the sites which we consider more "sensitive".

Employees having concerns about unethical behaviors can report their observations through an email address accessible on our intranet page. All complaints are reviewed by Internal Audit, discussed with top management and addressed as necessary.

Internal Audit also closely monitors the compliance of the business run through dealers and distributors. In particular, the testing activity is focused on ensuring that all third party intermediaries explicitly committed to our Code of Conduct and passed the background checks without issues of concerns (legal disputes, criminal investigations etc.).

As an improvement for the next year, Tecan plans to activate a "state of the art" whistleblowing hotline, allowing fully anonymity to individuals who want to report events of non-compliance, but are not able or not willing to make their statements through the intranet page.

Furthermore, compared to previous periodical checks, a new approach for background checks should allow detecting in "real time" events of unethical behaviors, which may potentially be reported for our dealers and distributors in the press or in the dedicated data banks.

MEASUREMENT OF OUTCOMES

Tecan has never been involved in any legal cases, rulings or other events related to corruption and bribery.

Our books and accounts are subjected to internal and statutory external audit annually. These audits are one of the methods used to identify suspicious payments which might be related to bribery or corrupt behavior. Other initiatives in the same direction include reviews in detail of marketing initiatives and travel expenses. Last year, no significant matters of concern had to be reported at this purpose.

Internal Audit highlighted minor issues for some dealers and distributors, who failed committing to Tecan's Code of Conduct or cases where not sufficient information was submitted to perform full background checks. For such issues, Tecan already defined an action plan and started taking the steps necessary for remediation.

A handwritten signature in blue ink, appearing to read "Achim von Leoprechting".

Dr. Achim von Leoprechting
Chief Executive Officer

