

## 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 second annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations, with a focus on the ones implemented during the course of the year 2020. 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. Starting from the beginning of 2021, Tecan employees and other stakeholders will be able to report potential events of misconduct over a dedicated whistleblowing platform run by the specialized provider EQS. This platform allows to file complaints by connecting to a web portal or contacting a multi-language telephone hotline. The technology in use will guarantee to whistleblowers the highest possible standards of confidentiality.

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## **MEASUREMENT OF OUTCOMES**

As no events of Human Rights violation occurred in 2020, 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.

In 2020, Tecan conducted the Trust Index™ survey of "Great Place to Work", a survey of all employees that provides a clear and accurate picture of the workplace culture. Thanks to anonymity, employee feedback is honest and response rates are very high. It gives an objective view of the current state of employee satisfaction with the important factors in the workplace culture, enabling companies to identify and develop strengths and potential.

## **MEASUREMENT OF OUTCOMES**

Tecan has a very cosmopolitan workforce comprising employees from 50 countries.. In 2019, the proportion of women in the workforce increased again to 35.7% (2018: 33.8%). The proportion of female managers also increased to 25.5% (2018: 22.4%). Two of seven positions on the Board of Directors are occupied by women.

The results of the survey "Great Place to Work" highlighted a high overall satisfaction of Tecan employees.

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Overall, 75% of all respondents said: Tecan is a great place to work – a very good score for the first survey of this kind and above the benchmark of other Swiss companies.

Tecan scored particularly well in areas related to safety at the workplace and fair treatment regardless of race, disability, different sexual orientation (over 90% of the employees express satisfaction).

## **ENVIRONMENTAL PRINCIPLES**

### **ASSESSMENT, POLICY AND GOALS**

Tecan attaches great importance to acting responsibly and in an environment-friendly manner in the development, manufacture and global distribution of Tecan products as well 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 environmental-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 CO<sub>2</sub>, 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 emits relatively few greenhouse gases thanks to our area of activity and business model. At most locations, direct emissions are generated solely by the energy we buy and consume in the form of electricity and the burning of natural gas for heating purposes. Over the medium term, the target is to become a climate-neutral company by further reducing the emissions and by offsetting the remaining climate-damaging effects.

As concerns the reduction of emissions, we have set ourselves quantitative targets to reduce our footprint.

Based on an energy consumption analysis, Tecan has replaced conventional lighting with energy-efficient LED technology. At its largest site in Männedorf (Switzerland), about 2,800 new LED

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lights were installed which should help save between 160,000 and 180,000 kilowatt hours on an annualized basis. At the development and production site in Austria, new LED lighting saves about 29,000 kilowatt hours every year. The San Jose (USA) site also switched over to LED lighting in the year under review. On a comparable basis, energy consumption rose by 3.9% due to the much higher production output.

Tecan continuously invests in measures aimed at further increasing energy efficiency. The Company already implemented various energy-saving measures such as the installation of new cold-water pumps, better insulation of the cooling distribution system as well as the acquisition of a new refrigeration system with a significantly better energy rating in the production facility in Männedorf.

In the next three years (2020-2022), Tecan targets a reduction by at least one third of our absolute direct and indirect emissions

Specifically in 2020, Tecan connected a new photovoltaic system to the power grid. The photovoltaic panels are installed on the roof of our headquarters in Männedorf (Switzerland) and will help to cover around 10% of the annual electricity consumption of our largest administration, development and manufacturing site. We are currently working on gradually converting the remaining electricity consumption to renewable energies at the various locations.

In an effort to compensate for the climate-damaging effect of necessary business travel during the year 2019, Tecan has participated in two specific projects of an internationally recognized organization to offset the overall climate effect of all long-haul flights, originated in Switzerland. The projects ensure that we not only offset the direct effect of burning fuel, but also the intensifying effect produced by other gases and by the reflection of rising heat on the cirrus clouds produced. In one of these selected projects, we promote the installation of biogas units in Nepal that provide private households with environment-friendly energy. In a second project, we support the procurement of highly efficient cook stoves in Rwanda, which help make an 80% saving in the amount of firewood previously consumed.

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 reduce or neutralize CO<sub>2</sub> emissions from other areas, such as in- and outbound freight.

Tecan also supports employees at the Männedorf location in their use of electric vehicles. The Company therefore significantly expanded its provision of separate parking spaces with charging stations that can still be used for free. The new charging stations came into use in December 2019. Now more than 10% of all parking spaces are equipped with charging stations.

## 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 comparable basis, emissions from energy purchased were further reduced by 4.3% in the year under review thanks to additional saving measures. Despite the significant revenue and

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volume growth, total emissions (direct and indirect) also fell by 4.3%, which corresponds to a reduction of more than 45 tons of CO2 equivalents (t CO2-eq).

## **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.

### **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.

In 2020, Tecan entered in an agreement with EQS, a specialized provider of compliance solutions, for implementing a "state of the art" whistleblowing portal. Starting from the first months of 2021, Tecan employees (and third parties), who may possibly report events of misconduct, will be able to access a dedicated mailbox or a multi-language telephone hotline. The EQS platform ensures the highest standards of confidentiality and anonymity as well as a secure communication between the whistleblower and the members of the Internal Audit department of Tecan in charge of investigating the issues reported. Tecan already updated internal procedures and training modules in order to duly take into account opportunities and obligations related to the whistleblowing reports delivered over the EQS tool.

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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, demonstrated a sufficient understanding of it and passed the background checks without issues of concerns (legal disputes, criminal investigations etc.)

In order to automatize these steps, in 2020, Tecan entered in an agreement with Ethixbase, a leading technology and data analytics company which few weeks ago received the Singapore Apex Corporate Sustainability Award, an initiative organized by the Singaporean chapter of the UN Global Compact. The technology which will be implemented in 2021 will ensure a solid audit track of the checks performed and allow a “real time” detection of the unethical behaviors which may potentially have been 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.



Dr. Achim von Leoprechting  
Chief Executive Officer

