

Appendix 4: IFRS S2

In accordance with IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), we disclose information on climate-related risks and opportunities that could reasonably be expected to affect our cash flow, access to finance, or cost of capital over the short, medium, and long term. Our climate-related disclosures cover governance, strategy, risk management, and climate-related metrics and targets, including greenhouse gas emissions (Scope 1, Scope 2 and, where applicable, Scope 3), transition and physical risks, and climate-related opportunities as required by IFRS S2.

Governance

We address climate change not as an isolated initiative but as a core component of our corporate responsibility and long-term business resilience. Our governance model is based on the same principles as outlined in the chapter *Governance and Risks*, on page 14. It ensures clear accountability, from strategic oversight to operational execution, embedding climate action into the heart of our decision-making processes.

The Board reviews climate-related risks and progress toward climate targets annually as part of its strategic oversight. The Sustainability Committee supports the Board by providing expertise on climate-related regulation, transition risks, and decarbonization strategies. Climate-related topics were part of the agenda of Sustainability Committee meetings in financial year 2025. Discussions included our updated People, Planet, and Product targets as well as the results of the Energy Maturity Assessment. The assessment highlighted the actions and investments needed to advance our decarbonization efforts.

Strategy

Our climate strategy focuses on reducing greenhouse gas emissions across our own operations (Scopes 1 and 2) and our supply chain (Scope 3), recognizing that the majority of our emissions occur upstream and downstream of our operations. The climate strategy can be found in the chapter *Climate Change*, on page 54, and the chapter *Sustainable Innovation*, on page 69.

Risk management

The management of climate-related risks is part of our ESG risk management. It follows the same methodology and approach as outlined in the chapter *Governance and Risks*, on page 14, as well as in Appendix 1: *Applied methodologies*, on page 79.

We have assessed several climate-related risks and opportunities that could reasonably be expected to affect our cash flow, access to finance, or cost of capital over the short, medium, and long term. The climate-related risks are classified as either physical or transition risks. The potential effects of these risk are expected to occur over short-, medium-, or long-term time horizons.

Time horizon

Short-term: <2 years

Medium-term: 2–5 years

Long-term: >5 years

Physical / Transitional	Risk	Value chain	Time horizon	Risk level	Description
Physical	Extreme weather events	Upstream Own operations	Medium to long term	Medium	Such events can lead to significant financial impacts due to supply chain disruptions, production downtime, and physical damage to sites and equipment. They may also increase costs and require additional capital expenditure for protection measures and operational needs, such as resilience upgrades and replacing damaged assets.
	Flooding of production sites or supplier facilities	Upstream Own operations	Medium to long term	Medium	Flood events may affect manufacturing plants, warehouses, or supplier locations, causing operational interruptions, asset damage, or increased insurance costs. This may result in increased investment at these sites, thereby reducing income. Site closures result in a write-off of capital expenditures (CapEx).
	Energy supply disruptions such as power outages	Own operations	Medium term	Medium	Temporary shutdown of production lines, equipment damage, or delays in manufacturing and order fulfillment
	Heatwaves and rising average temperatures	Own operations	Short term	Medium	Increased cooling and resilience costs toward generators, potentially leading to production downtime, delayed deliveries, and reduced revenue.
Transitional	Failure to align the procurement strategy with climate resilience and decarbonization goals	Upstream Own operations	Medium term	Medium	Increasing pressure from customers and evolving regulations may require suppliers to reduce emissions, potentially increasing procurement costs or requiring supplier transition programs.
	Increasing climate regulation and disclosure requirements	Own operations	Short to medium term	Medium	New climate-related regulations and disclosure requirements may increase reporting complexity, compliance costs, governance requirements, and investments in cleaner technologies.
	Customer demand for low-carbon products	Own operations	Medium term	Medium	Customers increasingly require products with lower carbon footprints, potentially affecting competitiveness if products do not meet evolving sustainability expectations.

	Regulatory changes such as levies on non-renewable energy sources and the import of raw materials (e.g., steel)	Upstream Own operations	Medium term	High	Expansion of carbon pricing schemes may increase costs related to energy consumption, materials such as steel, and transportation activities across the value chain.
	Strong dependency on fossil fuels	Upstream Own operations	Medium to long term	High	Rising fossil fuel prices, carbon pricing, supply disruptions, and potential energy shortages could increase operating costs and affect the reliability of operations. In addition, regulatory changes related to fossil fuels and a perceived lack of climate action or transition planning
Opportunities	Provision of energy efficient product solutions	Upstream Own operations Down-stream	Medium to long term	High	Reinforce market-leading position by providing direct customer benefits, applying total cost of ownership approach
	Production and procurement of renewable energy	Own operations	Short to medium term	Medium	By producing and procuring renewable electricity, we enhance our resilience to market fluctuations while improving our operational carbon footprint.
	Product carbon footprint transparency	Down-stream	Medium term	Medium	Providing product carbon footprint information can support customer sustainability reporting and strengthen competitive positioning.
	Use of low-carbon and recycled materials	Upstream	Medium to long term	Medium	Adoption of recycled or low-carbon materials such as low-carbon steel can reduce value-chain emissions and strengthen supplier sustainability collaboration.

Metrics and targets

We measure and report absolute GHG emission (in tons CO₂ equivalent) classified as Scope 1, Scope 2, and Scope 3 emissions on an annual basis, as well as emission intensities relative to one million CHF of sales. Emissions are measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) for all relevant Scope 3 categories. Both location-based and market-based Scope 2 emissions are reported.

More details can be obtained in the relevant chapters *Climate change*, on page 54, and *Sustainable Innovation*, on page 69.

Related disclosures

Further related information can be found in the following chapters of the Sustainability Report:

IFRS S2 Disclosure

Governance

Strategy

Risk Management

Metrics and Targets

Page in Sustainability Report 2025

p. 14 f., 86

p. 54 f., 69, 86

p. 15 ff., 82 ff., 86 f.

p. 28, 54 f., 61 f., 69, 73