

03

Sustainability

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Non-financial report / DNK Declaration

General information

As a long-term investor, GESCO SE acquires successful technology-leading industrial SMEs. GESCO was founded in 1998 with the aim of maintaining successful SMEs without succession and securing jobs. GESCO went public in 1998 and has been listed in the Prime Standard ever since.

GESCO sees its activities as long-term and sustainable. GESCO continues to pursue and further develop proven business models. The central task is to utilise growth potential and secure the future viability of the Group in the long term. The goal: a strong group of hidden champions, market and technology leaders.

GESCO SE takes the claim of hidden champions seriously. Our NEXT LEVEL strategy includes excellence programmes to take the Group's medium-sized companies to the next level. GESCO is systematically and sustainably developing the Group's companies with programmes for operational excellence, active development of market presence and product portfolio as well as sharpening leadership skills and corporate culture. Ultimately, almost all companies are already hidden champions, or at least recognisably on their way to becoming so.

In this way, GESCO creates added value for everyone involved: shareholders, employees, customers, suppliers and other stakeholders. Under the umbrella of a lean holding Company, the companies operate independently, but with the support of the SE. The individual subsidiaries are managed by independent managing directors. As a rule, the holding Company does not perform any centralised functions for the companies. Exceptions relate in particular to compliance issues and individual insurance policies at Group level.

GESCO strives for profitable growth through the further development of existing portfolio companies and the acquisition of additional industrial, technology-leading SMEs. The management of the Group by the holding Company is orientated towards this goal.

The subsidiaries are predominantly small and medium-sized industrial companies, which are allocated to the following segments:

Process Technology

- MAE group
- INEX-solutions GmbH
 - Sommer & Strassburger GmbH & Co. KG (under the umbrella of INEX-solutions GmbH)
 - Hubl GmbH (under the umbrella of INEX-solutions GmbH)
- Kesel group

Resource Technology

- Doerrenberg group
- SVT GmbH
- Pickhardt & Gerlach group

Healthcare and Infrastructure Technology

- Setter group
- Franz Funke Zerspanungstechnik GmbH & Co. KG
- United MedTec Holding GmbH (UMT)
- AstroPlast Kunststofftechnik GmbH & Co. KG

The individual business models of the subsidiaries are widely diversified. The products range from mechanical and plant engineering, tool steel and refined steel strip to paper sticks for the confectionery and hygiene industry. Further information on the business models and areas of activity of the individual subsidiaries can be found in the GESCO SE Annual Report and on the websites of GESCO SE and the GESCO Group companies.

Criteria 1 – 10: Sustainability concept

Criteria 1 – 4 for Strategy

1. Strategic analysis and measures

Sustainability and a long-term approach have been an integral part of GESCO's strategy since it was founded in 1989. Most of our companies are many decades old and are established as hidden champions. Without sustainable thinking and action, these SMEs would not be where they are today.

The purpose of the Company, our strategy and our goals are designed for the long term. Our actions today should therefore have a lasting positive effect on the future. Our corporate philosophy is based on the principles of good corporate governance and a responsible approach to the environment.

Entrepreneurial thinking characterises the actions of the Executive Board and Supervisory Board. Together, they are committed to corporate management based on sustainability.

As a specialist in succession issues, we secure the future of companies and safeguard jobs. We focus on long-term partnerships with customers and suppliers. We see positive and constructive interaction with our employees as an investment in the future of GESCO.

The subsidiaries' business models are highly diversified. Each Company has a different production process, a different value chain and therefore a different consumption of energy and resources.

However, we have a common understanding of our sustainability strategy. Everyone at GESCO Group is aware that we need to conserve our resources, reduce our ecological footprint, make our contribution to society and take responsibility for society. We also focus on sustainable products and solutions for our customers. We also focus on responsibility for our employees, safe and fair working conditions and the management of risks and due diligence in the supply chain.

Our sustainable actions are based on the knowledge that every individual, every participant in economic life and every Company has a duty to use all resources sparingly. With our products and solutions, we help our customers to conserve resources. By taking responsibility in the supply chain and creating transparency, we support our customers' sustainability strategy.

Since 2021, the German Sustainability Code (DNK) has been used as the framework for reporting on sustainability aspects and their management, with the extension in accordance with the requirements of the CSR Directive Implementation Act (CSR-RUG). The transparency requirements of the EU Taxonomy Regulation are met in 2023. In addition, voluntary reporting on the "National Action Plan for Business and Human Rights of the Federal Government" (NAP) has been carried out since 2022.

Five fields of action were identified as part of the extended materiality analysis (see criterion 2). GESCO prioritises these areas and is actively working on them:

Environment	Social	Governance
Climate protection and energy management	Employees	Development of modern sustainability management
Resource management and sustainable products	Responsibility in the supply chain	

The development of modern sustainability management has been a focus since 2021 and is being continuously expanded. In 2023, data quality with regard to the EU and data collection in preparation for the ESRS in the areas of diversity and discrimination as well as waste indicators were expanded and improved. For 2024, sustainability management will be expanded to include the disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainable Reporting Standard (ESRS) that will apply from the 2024 reporting year.

By establishing modern sustainability management, GESCO SE will fulfil the non-financial regulatory disclosure requirements (EU, federal government, B2B customers), increase the valuation and value of the subsidiaries in the medium term in line with the NEXT LEVEL strategy and continue to strengthen GESCO Group's adaptability (resilience) in a changing environment.

A particular focus in 2023 was on responsibility in the supply chain. A comprehensive analysis of the supply chains and the establishment of human rights due diligence were carried out. Transparency in the supply chains was significantly increased. The requirements of the LkSG will therefore be fully met from the 2024 financial year.

The subsidiaries have so far acted independently in the other three areas of action. Due to the different business models of the subsidiaries, the focus must also be set differently. This is the responsibility of the respective company. The focus across the subsidiaries is on reducing energy consumption and conserving resources for our customers and us. Our employees are our most important

2023

both data quality and data collection were expanded and improved in preparation for the ESRS standards.

resource. Their perspectives and needs are therefore given due consideration in all business decisions. Working conditions are regularly evaluated and adjusted if necessary. Compliance with and fulfilment of legal requirements and guidelines is a matter of course.

A system of key figures for non-financial performance indicators is used for the targeted management of relevant sustainability issues and for transparent reporting. This covers the areas of action:

- Energy consumption
- Resource consumption
- Occupational safety/health protection
- Diversity
- Training and further education
- Social commitment
- Staff recruitment and retention
- Compliance
- Dialogue with interest groups
- Responsibility in the value chain
- Sustainability management
- Employee mobility
- Upstream and downstream logistics

2. Materiality

For GESCO SE as a listed holding Company, the topic of sustainability is becoming increasingly important. GESCO SE and its subsidiaries are also affected by the growing legal requirements such as the CSR Directive Implementation Act (CSR-RUG), the EU Taxonomy and, from 1 January 2024, the Supply Chain Duty of Care Act (Lieferkettensorgfaltspflichtengesetz). Even if the corresponding requirements regarding the recording of key figures initially entail greater effort, GESCO SE sees the long-term opportunity to minimise economic risks through active and transparent sustainability management.

GESCO SE strives across the Group to create value for the environment and society, reduce negative impacts in a meaningful way and conserve resources.

In order to implement the available measures in as targeted a manner as possible, an extended materiality analysis was carried out in 2021 to identify and prioritise the relevant topics. In a first step, the criteria of the Sustainability Code and other relevant trends and developments were analysed as part of desk research. The managing directors of all subsidiaries and key investors were then interviewed by telephone to prioritise their assessments. As a result, six of the 22 potentially material ESG topics were given special prioritisation*:



GESCO SE strives to create value for the environment and society across the Group, to sensibly reduce negative impacts and to conserve resources.

Environment

- Business travel and fleet management
- Climate protection and energy management*
- Product responsibility*
- Resource management*

Social

- Compliance with employee rights
- Training and further education*
- Company health management
- Diversity
- Social commitment
- Sustainable organisational development*
- Staff recruitment and retention
- Work-life balance

Governance

- Compliance
- External communication
- Dialogue with interest groups
- Responsibility in the value chain
- Risk management
- Sustainability management*

The negative effects of GESCO Group's business activities in 2021 were identified primarily in the consumption of energy and resources. This topic is therefore also of particular strategic relevance for GESCO SE, and the subsidiaries are implementing optimisation measures in this area.

Due to the changing regulatory framework, this materiality analysis was strategically developed further in the ESG@GESCO Steering Committee at the end of 2022 and focussed on the following five topics:

Environment	Social	Governance
Climate protection and energy management	Employees	Development of modern sustainability management
Resource management and sustainable products	Responsibility in the supply chain	

Field of action 1: Economic efficiency and good corporate governance

GESCO Group is characterised by economic efficiency, corporate governance with integrity and high internal safety standards. The interests of all stakeholders are taken into account in our actions. Measures relating to this area of action are presented in **critterion 20**.

Field of action 2: Innovative, safe and sustainable products

Our products and solutions “Made by Mittelstand” are based on the highest safety and quality standards and are the result of the excellence programmes we pursue. Measures for this area of action are presented in **critterion 10**.

Field of action 3: Sustainable employer

GESCO Group is a major employer in Germany and is globally connected through majority shareholdings at various locations. We offer attractive and secure jobs in a modern and forward-looking environment. Measures for this area of action are presented in **critterion 16**.

Field of action 4: Climate protection and resource efficiency

Operational environmental protection and the economical use of resources are a high priority at GESCO Group. All employees are committed to protecting people and the environment in their working environment. Measures relating to this area of action are presented in **critterion 12**.

Field of action 5: Social responsibility and transparency

We use our expertise to advise our customers and seek industry-specific and cross-industry dialogue. We assume social responsibility through the tax payments resulting from our economic success, as well as through our involvement in educational projects and donations to charitable causes. Measures in the area of social responsibility and transparency are presented in **critterion 18**.

Within GESCO SE, the opportunities, risks and effects depend to a large extent on the business model of the respective subsidiary. The following criteria were used for the uniform assessment and prioritisation of the topics:

1. Particular opportunities or risks for the course of business, the annual financial statements or the situation of the Company
2. Probable positive or negative impact of business activities, business relationships, products and services on at least one subsidiary
3. Key stakeholder concerns
4. Significant contribution to positioning in the sustainability context
5. Reference to the fulfilment of future regulatory requirements

These criteria apply in particular to the topics prioritised in 2023.

All subsidiaries of GESCO SE are subject to the typical opportunities and risks of their respective industries as well as general economic risks in their operating business. Within GESCO Group, all relevant risk topics are regularly assessed according to the extent and probability of occurrence. In addition to the economic situation, there are risks as well as opportunities for the subsidiaries in the strategic orientation of the companies, taking technological change into account. These include, in particular, the replacement of the combustion engine with other drive types, digitalisation, the emergence of new competitors, the political and economic development of regional markets, the change in social values, the political goal of reducing CO₂ emissions and other regulatory conditions, such as the human rights due diligence obligations imposed on GESCO Group. Risk management was established for the latter in the course of financial year 2023. The relevant sustainability issues that primarily affect GESCO are also derived from this area of tension: climate change, scarcity of resources and training and further education of the workforce. GESCO addresses these issues by implementing excellence programmes (OPEX, MAPEX, DIGITEX, LEADEX) in the subsidiaries, among other things. These are complemented by the development of modern sustainability management

and due diligence obligations in the value chain. The regular dialogue between the Executive Board of GESCO SE, the investment managers of GESCO SE and the managing directors of the subsidiaries and their teams serves to analyse and further develop strategic topics.

The managing directors of the subsidiaries attribute the greatest negative impact of business activities on sustainability issues to the area of energy and resource consumption. GESCO SE endeavours to reduce environmental impacts in a meaningful way through the core business of the respective subsidiary and thus make important contributions to society as a whole.

Further information on dealing with opportunities and risks can be found in GESCO SE's opportunity and risk report as part of the Annual Report, which also includes non-financial performance indicators. (<https://www.gesco.de/en/investor-relations/financial-reports>)

3. Targets

GESCO is systematically developing its sustainability strategy. Sustainability issues also play an important role in balancing the portfolio architecture and developing the subsidiaries into hidden champions. The short and medium-term fulfilment of the constantly increasing regulatory requirements forms the corresponding basis. The ESG@GESCO steering committee meets regularly to further develop sustainability issues. In addition to the two Executive Board members responsible for sustainability management at GESCO, this committee also includes the heads of Investor Relations and Legal & Compliance as well as an employee from Finance who is assigned to the ESG topic.

Key objectives for 2023 were the further development of sustainability management, the implementation of human rights due diligence obligations and the reduction of energy consumption and conversion to renewable energies.

To this end, the governance of ESG@GESCO set up in 2022 was consolidated. The ESG and LkSG coordinators in the subsidiaries received further training: Several online training courses and regular exchanges took place. The coordinators communicate the aspects to the respective employees and sensitise them to the numerous links between the individual functional areas.

All-in-one sustainability reporting software was introduced in Q4 2023 to improve the transparency and future viability of sustainability management. The software enables standardised recording and compliance with control and approval routines. It covers the requirements of the CSRD, EU taxonomy and LkSG, enables emissions to be calculated and offers options for tracking sustainability targets and measures.

The development of systematic human rights due diligence was completed in 2023 and integrated into all relevant business activities.

In 2024, the materiality analysis and ESG KPI recording will be expanded with regard to the new EU CSRD Directive (ESRS).

The design and objectives in the three other areas of action – employees, climate protection and energy management as well as resource conservation and sustainable products – are the responsibility of the subsidiaries. The decentralised Group structure and the diverse business models mean that targets and priorities must be set individually depending on the respective business models. The unifying element in the strategy and management approach is the conservation of resources and reduction of energy consumption. No long-term strategic goals have yet been set for this across the Group. However, this will take place with the expansion of sustainability management to include the new EU Corporate Sustainability Reporting Directive (CSRD) in 2024. The initial plan for 2024 is to carry out a materiality analysis based on the new EU directive. Based on these results and taking into account the different focal points of the

subsidiaries, the Executive Board and Supervisory Board will define the strategic Group targets by the end of 2024 at the latest. There are currently no plans to align these targets with the SDGs.

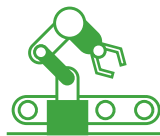
The ESG@GESCO Steering Committee will manage the achievement of the stated objectives. The Supervisory Board's Audit Committee is responsible for monitoring target achievement.

4. Depth of the value chain

GESCO SE is an industrial group with market- and technology-leading companies specialising in process, resource, healthcare and infrastructure technology. GESCO Group companies are allocated to these three segments accordingly.

GESCO SE's value chain can be characterised by the investment process. Since its foundation in 1989, GESCO has built up a strong group of "hidden champions", market and technology leaders. GESCO continues and further develops proven business models. The central task is to utilise growth potential and secure the future viability of the Group in the long term. In this way, GESCO creates added value for all stakeholders. Most of the companies in the Group are many decades old; without sustainable management, these SMEs would not be where they are today.

In recent years, GESCO has intensively promoted and established dialogue between the subsidiaries and built up extensive methodological expertise at GESCO SE level. This also includes building up expertise in ESG topics that have been categorised as material in the process to date.



The companies in the **Process Technology** segment are primarily mechanical and plant engineering companies as well as technology-intensive manufacturing service providers. They mainly support manufacturing industries and their processes with their products and services.



The subsidiaries in the **Resource Technology** segment supply material-intensive industrial companies in particular. The companies provide customised processing of primary materials, which are further processed into end products by the customers. They also produce systems for loading raw materials and energy sources.



The **Healthcare and Infrastructure Technology** segment comprises companies that supply suppliers for end-consumer-related mass markets in the fields of medical technology, hygiene, food and construction. The companies mostly supply components, assemblies or preliminary products. In addition to metal processing, materials such as plastic granulate or raw paper are also processed here.

In the subsidiaries' own business activities, the greatest leverage currently lies in the areas of resource scarcity and consumption. Although the increasing scarcity of resources, e.g. fossil fuels, cheap electricity, availability of water, etc., is creating more and more risks for the subsidiaries, this also offers opportunities in terms of tapping into environmentally friendly business areas and further developing business models.

For example, the subsidiary SVT GmbH, a global leader in the field of loading technology, is continuously working on further developing its ship loading systems for the transport of liquid gas and developing new solutions, e.g. for loading liquid hydrogen (see criterion 10). The Setter group, on the other hand, has switched 100% of its production to the manufacture of sticks from PEFC® and FSC® certified cellulose, a renewable raw material (see criterion 10).

In addition to the sustainable further development of business models, efficient energy consumption in our own business area is one of the main starting points in our own value chain. The majority of subsidiaries have already had specific environmental management systems in place for several years and monitor environmental sustainability criteria, such as energy consumption in their own business operations, on their own responsibility. As part of this, positive and negative environmental impacts that are wholly or partly attributable to the activities, products or services of GESCO subsidiaries are managed in a targeted manner. Subsidiaries that do not have a certified environmental management system carry out regular energy audits in order to adjust their energy use and introduce further measures on this basis.

In addition, all subsidiaries have been analysing their own supply chain since 2022. To this end, the visualisation of the supply chains by product group was initiated with the help of an external consultancy firm and direct suppliers were identified at the individual nodes (e.g. raw material extraction, further processing, logistics, sales, etc.). This process is intended to help us gain an understanding of the



100%

of Setter group's sticks are produced from renewable, certified cellulose.

impacts in our own supply chain beyond our own business boundaries and, with the help of a risk analysis, to identify which social and environmental problems are potentially to be expected within the supply chain (see criterion 17). This process has not yet been finalised, which is why no definitive statements on potential risks in the supply chain can be made at this time.

In the future, this mapping of suppliers is to be deepened so that information on indirect suppliers is also available for further use. This is also a viable step in view of future EU directives (Corporate Sustainability Due Diligence Directive) in order to be prepared as a Company in good time for the growing requirements. This can result in potential areas of focus with increased risk disposition, which must be addressed in the individual context of the subsidiaries. Information on dealing with suppliers or business partners can be found in criterion 17.

Further insights into the business models of the individual companies can be found in the 2023 Annual Report.

In acquisition processes, the potential company to be acquired is comprehensively analysed and evaluated in terms of risks, opportunities and future viability as part of due diligence. The review includes financial, legal and tax criteria as well as technology and market-related aspects. ESG aspects are also taken into account. From an environmental perspective, this includes in particular the assessment of contaminated sites and the review of licences granted. With regard to social and employee issues, the personnel structure, occupational safety and corporate culture, among other things, are included in an investment decision. GESCO uses both internal and external expertise for due diligence.

Criteria 5 – 10 on Process management

5. Responsibility

Overall responsibility for sustainable development lies with the Executive Board of GESCO SE. In addition, a central ESG@GESCO steering committee has been established, which includes the Executive Board as well as the Investor Relations & Communications, Legal & Compliance and, since 2023, Finance departments. A sustainability consultancy company supplements the ESG@GESCO Steering Committee. The sustainability consultancy advises the members of the ESG@GESCO Steering Committee and supports all ESG activities within GESCO Group on its behalf until March 2024.

In the course of 2023, the Finance department was increasingly involved in sustainability reporting as part of the anticipation of the ESRS. The Finance department is also responsible for implementing and supporting the all-in-one software for sustainability reporting.

For the preparatory implementation of the obligations arising from the Supply Chain Duty of Care Act (LkSG) and other compliance issues, the sustainability consultancy works together with the Legal & Compliance department. The role of Human Rights Officer for GESCO SE will be filled internally from the Legal & Compliance department in 2024.

In the subsidiaries, the management is responsible for the implementation of and input to sustainability activities. The Executive Board has appointed an ESG Officer and an LkSG Officer for operational implementation. The LkSG officers usually have a thematic connection to supply chain management via purchasing and actively shape the topic within their own company. The ESG officers have a stronger connection to general sustainability issues and can have a broader impact on the subsidiaries in particular. In four of the companies, one person combines both functions.

The LkSG coordinators are responsible for implementing the obligations arising from the Supply Chain Sustainability Act. The ESG coordinators are entrusted with the development and implementation of systematic sustainability management. They implement guidelines from the GESCO holding Company, the recording of key figures and the strategy process in coordination with the Executive Board. The subsidiaries are encouraged to go beyond the GESCO specifications to identify their own focal points and to set up suitable regulations and processes for the management of sustainability-related topics in line with these.

All information from the ongoing process is collated in the ESG@GESCO steering committee, further implementation steps are discussed and, if necessary, the extended steering committee including the managing directors from the subsidiaries is convened, e.g. in the strategy process.

6. Rules and processes

The subsidiaries of GESCO SE generally have the opportunity and responsibility to identify their own focal points and establish suitable regulations and processes for the management of sustainability-related topics. GESCO SE supports all efforts, including those that go beyond compliance with legal standards and regulations, provided they are justifiable from a business perspective. This is also anchored in the Group's Code of Conduct.

As a central basis for internal management and transparent reporting, the GESCO Group's key performance indicator system was standardised and expanded in reporting year 2022. Based on the GRI performance indicators specified in the GSC, the first step was to check which key figures could be recorded by the subsidiaries. To date, data has been collected annually. Due to the ESRS published in 2023, the existing data collection logic will have to be specified in more detail. In the medium term, the aim is to measure performance on a quarterly basis. To this end, all-in-one ESG reporting software was implemented in 2023, which GESCO SE used in 2023 for the CSR-RUG and from 2024 will use for ESRS reporting, emissions calculation, the EU taxonomy key figure accrual and for the management of human rights due diligence obligations in the supply chain.

The Code of Conduct will be expanded to include further ESG aspects in 2024 and will also be disseminated in the companies through regular compliance training. A central purchasing guideline, a confidentiality agreement and general terms and conditions of purchase are planned for 2024 as part of the responsibility for the supply chain.

Responsibility for the other three areas of action (employees, climate protection & energy management, resource management and sustainable products) lies with the subsidiaries. The implementation of rules and processes is decentralised and independent. In the current structure, the ESG coordinators of the subsidiaries appointed by the respective managing directors will report on progress to the

ESG@GESCO steering committee. In future, the plan is to integrate sustainability activities and the status of target achievement into the monthly meetings between investment managers and managing directors.

7. Control

The targets and measures defined as part of the sustainability strategy are continuously reviewed and adjusted. The non-financial performance indicators serve as a management tool for GESCO's sustainability activities. The ESG indicators are collected by the subsidiaries and summarised at Group level as part of non-financial reporting.

The non-financial performance indicators cover the following areas:

- Energy and resource consumption
- Occupational health and safety
- Diversity
- Training and further education
- Social commitment
- Staff recruitment and retention
- Compliance
- Dialogue with interest groups
- Responsibility in the value chain
- Sustainability management
- Employee mobility
- Upstream and downstream logistics

The ESG coordinators in the subsidiaries coordinate the recording of key figures on a decentralised basis. Authorisation management has been established within the reporting software, within which the commercial managers check and approve the data input of the subsidiaries in the data consolidation process. At holding company level, clear personnel resources are allocated to the Finance department for consolidation and verification. ESG coordination at Group level consolidates the data, checks it on a random basis and takes changes in the Group structure into

account. As part of ESRS anticipation, quality specifications are successively developed centrally for individual complex data points to be collected. All German locations, the holding company and the foreign production companies of GESCO Group record the key figures.

For the 2023 targets, progress was monitored as part of the monthly meetings of the ESG@GESCO Steering Committee. From 2024, the definition and monitoring of the subsidiaries' sustainability targets will be integrated into the investment discussions between investment managers and managing directors.

Performance indicators for criteria 5 to 7

Performance indicator GRI SRS-102-16: Values

GESCO Group pools the strength and potential of technology-driven SMEs. Many of the subsidiaries are niche players, while some are already global market leaders. GESCO SE's vision is to form a strong and balanced group of hidden champions through the targeted, systematic and sustainable development of its subsidiaries and further acquisitions. The NEXT LEVEL strategy uses its excellence programmes to set the course for the strategic and operational expansion of the Group in the coming years. As a listed industrial holding company, GESCO SE aims to generate an attractive return for its shareholders. Values such as personal responsibility, openness and transparency as well as legally compliant and ethically correct behaviour play an essential role in this.

These values are set out in the GESCO SE Code of Conduct. They are binding for all executive bodies and employees of GESCO Group. The Code of Conduct thus functions as the corporate constitution of GESCO Group. It sets out the inalienable basic principles for cooperation within GESCO Group and for the behaviour of GESCO Group members towards their business partners and other third parties.

GESCO SE's principles include the goal of generating added value in order to guarantee all employees an attractive and safe workplace and to be a strong partner for customers, business partners, suppliers and shareholders. An important concern is to take the necessary measures to minimise risks and avert dangers in the areas of environmental protection, health, occupational safety, product quality and liability as well as data protection. The development and dissemination of environmentally friendly technologies is welcomed and initiatives to promote environmental awareness are supported. The Code of Conduct is supplemented by specific guidelines as part of the compliance management system.

The Code of Conduct for GESCO Group employees is available for download on the Company website at <https://www.gesco.de/en/about-us/compliance-and-corporate-governance>. It will be expanded to include human rights and other ESG aspects in 2024.

8. Incentive systems

On 13 May 2021, the Supervisory Board approved a new remuneration system that applies to all new Executive Board service contracts to be concluded or extended with effect from the Annual General Meeting on 30 June 2021.

The extended Executive Board service contract of Mr Rumberg, CEO, of 30 June 2022 and the service contract concluded in the third quarter of 2022 with Ms Andrea Holzbaur, CFO, were concluded on the basis of the remuneration system in place since 30 June 2021.

The remuneration system for members of the Executive Board consists of two components: a non-performance-related remuneration component and a performance-related remuneration component. The latter consists of a one-year component (Short Term Incentive, “STI”) and a multi-year element (Long Term Incentive, “LTI”). Both elements are linked to the consolidated net earnings for the year after minority interests.

A modified Executive Board remuneration system was submitted to the 2021 Annual General Meeting for approval, which takes into account the changes resulting from the Act Implementing the Second Shareholders’ Rights Directive (ARUG II) and the recommendations of the current version of the German Corporate Governance Code (GCGC). Although non-financial, social and ecological aspects are taken into account as part of the new remuneration system in terms of sustainable action when determining the initial amount of variable remuneration for the past financial year of the Executive Board, these have not yet been measured against any specific sustainability targets. The Executive Board is developing a sustainability strategy in close consultation with the Supervisory Board, the implementation of which will be used by the Supervisory Board to assess the work of the Executive Board. The achievement of targets is also monitored by the Supervisory Board: In principle, the exchange of information on key figures and their target achievement takes place annually at the Supervisory Board meeting, which is also used as a planning and control meeting.

Further information can be found in the valid remuneration system approved by the Annual General Meeting at <https://www.gesco.de/en/about-us/compliance-and-corporate-governance>.

As GESCO is not an integrated Group, the remuneration systems for managers and all other employees in the subsidiaries are structured differently, depending on the respective business model, the historical development of the individual Company and, in some cases, the provisions of collective labour agreements. No sustainability targets have been integrated into these systems to date and none are planned.

Performance indicators for criterion 8

Performance indicator GRI SRS-102-35: Remuneration policy

The non-performance-related remuneration component for members of the Executive Board currently consists of a fixed annual salary, fringe benefits and pension benefits. The fringe benefits granted mainly consist of the private use of company cars, directors’ and officers’ liability insurance, contributions to employers’ liability insurance associations and contributions to health insurance. The pension benefits for the CEO and CFO each amount to 20% of the fixed annual salary.

The performance-related remuneration component is generally granted in the form of a performance-related bonus, which is based on the consolidated net earnings for the year after minority interests.

Under the current remuneration system, the performance-related remuneration consists of a one-year component (short-term incentive, “STI”) and a multi-year element (long-term incentive, “LTI”). Both elements are linked to the consolidated net earnings for the year after minority interests. After the end of the financial year, the consolidated net earnings reported in the approved consolidated financial statements is determined. The consolidated net earnings then serves as the basis for the STI and the LTI. The assessment basis is then multiplied by an individual percentage rate for each Executive Board member in order to arrive at the individual starting amount for each Executive Board member. The initial amount for the variable remuneration is determined by the Supervisory Board after the end of the financial year, whereby the Supervisory Board has the discretion to change the initial amount by 20% upwards or downwards. The initial amount is limited to 100% of the fixed annual salary (“cap”), but can also be zero.

The members of the Executive Board are granted pension contributions amounting to a certain %age of their fixed salary.

Additional details on Executive Board remuneration can be found in the remuneration report on the GESCO SE website at <https://www.gesco.de/en/about-us/compliance-and-corporate-governance>.

**Performance indicator GRI SRS-102-38:
Ratio of total annual remuneration**

The ratio of average total annual remuneration between the Executive Board of GESCO Group and all other employees is 1:9.9 in 2023 (2022: 1:13.1).

9. Participation of stakeholder groups

GESCO SE is in regular dialogue with its stakeholder groups.

In 2021, the most important stakeholders of GESCO SE were identified as part of an internal analysis based on business operations experience. These were then surveyed in guided interviews. The focus was on the managing directors of the subsidiaries and institutional shareholders.

Private and institutional shareholders are a key external stakeholder group for GESCO SE. Analysts and media representatives are another group of external stakeholders. In financial year 2023, these groups were asked about their assessments and expectations with regard to the sustainability issues of GESCO SE that are classified as material. In the three-digit number of discussions held with investors, analysts and media representatives, as well as in the numerous Q&A sessions at capital market conferences, roadshows and conference calls, sustainability issues play almost no role. This is also confirmed by other listed companies.

Accordingly, it is not just our experience that ESG issues are essentially a political issue. Other stakeholder groups such as investors, employees, customers and business partners criticise the enormous effort, overregulation and the associated obligations and restrictions that are imposed on them. However, neither GESCO nor its stakeholder groups equate this with a rejection of the concept of sustainability. On the contrary: it is in the interests of every well-managed company to use the available and accessible resources as efficiently and sparingly as possible and to minimise the impact on the environment. This also applies to staff development, particularly in view of the shortage of skilled labour.

Since the IPO, GESCO has maintained active and open investor relations and seeks dialogue with its owners, e.g. at capital market events and conferences, roadshows, one-on-one meetings and conference calls.

For personal dialogue with private investors, we not only use the Annual General Meeting, but also stock exchange days and events organised by associations that represent the interests of private investors. We also have a wide range of contacts and enquiries during the year in the form of emails and telephone calls.

In addition, further dialogues are held with selected stakeholders at the level of the individual investments as required. The next systematic stakeholder engagement will take place in 2024 as part of the implementation of a materiality analysis in accordance with ESRS.

Performance indicators for criterion 9

Performance indicator GRI SRS-102-44: Key topics and concerns

GESCO Group takes the concerns of investors very seriously, is in dialogue with other market participants and continues to monitor developments in the European regulatory process. On the other hand, the EU taxonomy and CSRD reporting open up the opportunity for ESG data to become more meaningful and therefore more comparable in the future.

In addition to the regular information published on the website, investors, analysts and media representatives also have the opportunity to engage in personal dialogue. The Executive Board and Investor Relations also regularly took part in investor conferences in 2023. Direct communication is also possible at any time by email, telephone or video call. The contact details of Investor Relations with a personal contact person are published on the GESCO SE website. All options were utilised in 2023. Issues and concerns were also recorded and answered via these channels.

The topics and concerns expressed by investors, analysts and other dialogue partners in 2023 were predominantly limited to the general strategy of GESCO SE, the economic environment and its impact on GESCO SE and its subsidiaries.

2024

as part of the implementation of a materiality analysis in accordance with ESRS, the next systematic stakeholder involvement will take place.

10. Innovation and product management

GESCO SE strives to systematically and sustainably develop all Group companies. To this end, resources are utilised as efficiently as possible in the core business of the subsidiaries. At the same time, products are continuously improved during their utilisation phase, also from an ecological perspective. A centralised innovation and product management system has not yet been installed. Statements on quantifiable data can therefore not be made.

The effects of the main products cannot be determined centrally, as the subsidiaries of GESCO SE represent a diverse product portfolio. This structure also means that there is no centralised innovation management. The impact on the environment and society must be considered at the subsidiary level. Each subsidiary aims to minimise its negative impact on the environment and society. A detailed assessment, such as the evaluation of products in a product life cycle analysis, has not yet been carried out.

A few selected examples from the subsidiaries show how sustainability performance is promoted through innovation processes at GESCO SE:

For example, the paper sticks produced by the subsidiary Setter are also used as stirrers. This allows Setter's customers to significantly replace products previously made from plastic with sticks made from chlorine-free pulp. In contrast to plastic, this is a renewable raw material from controlled forestry (PEFC® and FSC®), which – unlike crude oil as the base material for polypropylene sticks – will only be available for a limited period of time. In addition, the Company processes sugar cane as a paper alternative and has already brought the production process to series maturity.

The subsidiaries are endeavouring to find innovative solutions to tackle ecological and social problems, sometimes in collaboration with business partners and research institutions.



Sugar

The Setter group processes sugar cane as an alternative to paper and has already brought the production process to series maturity.

– 256 °C

is the temperature of liquid hydrogen. This requires new materials in the loading systems, which the SVT group is helping to design and develop.



SVT GmbH, the world's leading manufacturer of loading systems for liquid and gaseous media, is working with Forschungszentrum Jülich GmbH to develop ship loading systems specifically for the loading of liquid hydrogen with third-party funding from the German Federal Ministry for Economic Affairs and Climate Protection. In order to secure the energy supply in the future, it is essential that new technologies are researched and applied. In hydrogen transport, for example, the main components of the process pipeline must fulfil the extended operating conditions. This includes the design of swivel joints, safety disconnect couplings or the connection couplings, as the handling of liquid hydrogen (–256°C) requires special materials, insulation, etc.

In addition, Doerrenberg introduced an internal suggestion scheme in 2023, revised management systems and set up an energy data recording system.

One significant innovation took place at MAE in 2023. This concerns the disposal or recycling of the machines produced. After the utilisation phase by the customer, all machine components can be recycled. All machine components are therefore recyclable.

As part of the DIGITEX (Digital Excellence) strategy, the subsidiary Kesel has developed and launched the Kesel Connect customer portal. The customer portal serves as a central information platform for customers, also providing information about the company's sustainability measures. Customers are actively involved in the company's sustainability activities. For example, customers can use the portal

to submit ideas and suggestions on how the company can improve its sustainability measures, or they can take part in community activities to help protect the environment. The customer portal helps the company to be more transparent and credible with regard to its sustainability activities. Customers can access the portal at any time and find out about the company's progress in terms of sustainability. The customer portal provides information about the products purchased from Kesel and the resources used in the manufacture and operation of the products. Advice is given on how best to dispose of old products or machines or how they can be retrofitted to extend their service life. This ensures that existing resources are used responsibly.

Performance indicators for criterion 10

Performance indicator G4-FS11

The financial investments do not undergo a selection review based on environmental or social factors because they are demand deposits. Therefore, no review is planned.

In contact

The interactive portal Kesel Connect enables a direct direct line between the Kesel group and its customers. They can in particular about the sustainability aspects of the products.



Criteria 11 – 20: Sustainability aspects

Criteria 11 – 13 on Environmental concerns

11. Consumption of natural resources

GESCO Group considers resource efficiency as well as energy and climate management to be essential. In addition to the general increase in importance, which is reflected in stricter legal requirements and competition for raw materials, the topics of energy and resource savings have also become a competitive factor for the subsidiaries.

The Doerrenberg group and the Pickhardt & Gerlach group generate a greater environmental impact with their business activities in the fields of metallurgy and electroplating. For this reason, they have had environmental management systems in place for several years to continuously reduce emissions, waste water and waste. Environmental pollution is continuously reduced through the ongoing modernisation and further development of environmentally friendly production processes.

The Setter group already uses renewable raw materials from controlled forestry for the production of paper sticks. However, it is not yet possible to completely dispense with the use of virgin fibres.

Across all companies, resource consumption is recorded within GESCO Group with regard to the materials used in the four clusters of raw materials, auxiliary and operating materials, semi-finished products/parts and packaging materials (see performance indicator GRI SRS-301-1).

There is currently no centralised, more detailed recording of the resources used at Group level.

In terms of purchasing volume, a high proportion of steel products (strip steel, stainless steel, stainless steel tubes, precision cast round bars, steel components) is purchased across the entire Group (32%), while 7% metal parts (iron, castings, etc.) and 3% granulates are either resold or further processed.

There is currently no cross-group recording of resource volumes. The figures are taken from an evaluation of supplier data as part of the LkSG risk analysis for the 2022 financial year.

12. Resources management

GESCO Group's overarching environmental goals are:

- Reduction in energy consumption
- Saving resources

The companies are also endeavouring to replace environmentally harmful materials and processes with more environmentally friendly ones.

To date, GESCO SE has not further specified and quantified these targets. Corresponding target formulations, including action planning and monitoring, are being sought for financial years 2024ff. as part of the further development of the sustainability strategy by 2024.

The management of environmentally relevant issues is generally decentralised within the individual companies. Responsibility for this lies with the respective managing directors (and ESG coordinators). The GESCO Group subsidiaries have conducted an energy audit and identified opportunities to save energy. Individual measures have already been implemented in the companies.

The resource-conserving measures focus primarily on the following areas:

- Energy efficiency in business operations
- Transport and logistics
- Packaging management
- Circular economy in the production processes


Some subsidiaries began implementing resource-saving measures in 2022 (**energy efficiency in business operations**). INEX, SVT and AstroPlast have partially converted the lighting in their business operations to LED lighting, which consumes less energy. In addition, INEX (Sommer & Strassburger) has invested in a photovoltaic system, which at times covered 25% of its electricity consumption. PGW and Doerrenberg also obtain part of their electricity consumption from a photovoltaic system installed on the company premises. In 2023, Kesel also realised a PV system on its own company premises.

MAE has already started planning its own PV system in 2022 and will install it in 2024. The goal is to reduce externally sourced electricity by a third. The Hubl Company is also planning to install its own PV system in 2024. In addition, hazardous substance management has been reorganised. Kesel will switch its external electricity supply to green electricity from 2024. United MedTec has increased its energy and space efficiency by merging two sites into one.

In terms of **transport and logistics**, some subsidiaries (Kesel, INEX [Hubl], Doerrenberg) will soon be converting their fleets to electric or hybrid vehicles.

When it comes to **packaging management**, the Company mainly endeavours to avoid disposable packaging, use reusable solutions and, if it proves to be more efficient, substitute plastic packaging. Kesel promotes the reuse of packaging and reduces the weight per unit area of packaging by choosing lighter options (cardboard instead of disposable wooden crates). In addition, disposable Euro pallets for shipping have been replaced by reusable pallets and shipments to China and the USA have been optimised through groupage freight. In addition, Kesel substitutes plastic packaging with wooden packaging if the ratio of product weight to packaging is appropriate. The MAE Company is also focussing on the reuse of packaging materials.

In the area of the **circular economy in production processes**, the subsidiaries have already implemented a wide range of energy and resource-saving measures with the help of the results of the energy audits, and many more are in the pipeline. The concept of the circular economy is being pursued in various areas and the associated R-strategies are being implemented in many places:

Circular economy		Strategies	
	Smarter product use and manufacture	R0 Refuse	Make a product redundant by abandoning its function or by offering the same function with a completely different product
		R1 Rethink	Intensify product use (e. g. through sharing)
		R2 Reduce	Efficiency in production or use by using fewer resources / materials
	Extend the life of the product and its components	R3 Reuse	Reuse of a discarded product that is still in good condition and fulfils its original functions
		R4 Repair	Repair and maintenance of a defective product so that original functions are retained
		R5 Refurbish	Restore an old product and bring it up to date
		R6 Remanufacture	Use of parts of a discarded product in a new product with the same function
	Useful use of material	R7 Repurpose	Use of parts of a discarded product in a new product with a different function
		R8 Recycle	Processing of materials to obtain the same (high quality) or a lower (inferior) quality
Linear economy		R9 Recover	Combustion of materials with energy recovery

(Source: Potting et al., 2017)

All companies are endeavouring to increase energy efficiency, particularly in production processes. MAE is leading the way here, with its hydraulic presses not only saving 70% energy, but just as much oil compared to its competitors. The energy consumption of the hydraulic presses is roughly equivalent to that of a kettle. The use of pneumatic systems is also minimised. We have also succeeded in developing a product type without pneumatics. MAE products are also characterised by an extremely long service life of more than 20 years. This is complemented by offers such as the replacement of drive technology with new generations of controls, which further extends the product life cycle.

Kesel fulfils its product responsibility in the area of resource conservation by using a new process to generate oil savings of 75% during the use phase of the products at the customer's premises. This is made possible by recycling the oil that has already been used. In addition, Kesel has achieved significant resource savings by switching to a modular principle (30% less steel used). The companies MAE and INEX-solutions (Sommer & Strassburger) also saved resources in 2023 by increasingly using cast elements for machine parts. At MAE, these are no longer manufactured as welded constructions, but as cast parts with a hollow mould, which means that machine parts are significantly lighter and require considerably less material.

The refurbish strategy is another strategy in the area of **circular economy** in production processes: With its Retrofit department, MAE overhauls used systems at the customer's premises and brings them back up to the state of the art. An expansion of the used machinery business area with the return of old products and their remanufacturing was implemented in 2023. The Company Kesel also expanded its range of B-goods products in the area of clamping technology in 2022, enabling it to save resources. SVT has also been building up the general overhaul division since 2021. A general overhaul of used products is offered for ship and land loading arms, which significantly increases cost and resource efficiency.

Setter also uses **pre-consumer recyclate**, which is used as a secondary raw material in the production of cotton buds. AstroPlast in particular provides significant impetus with regard to the careful use of materials and thus makes a significant contribution to saving resources. For example, the proportion of 46% recycled material, i.e. recycled plastic, in the entire product portfolio was maintained in 2023. In addition, the recycling of old parts is being optimised and the use of lightweight construction and foams, the development of innovative and future-oriented material mixtures and the use of bioplastics are being driven forward.

Furthermore, production residues (scrap) are increasingly being fed back into the same production process or utilised elsewhere in the value chain (e.g. by suppliers). Doerrenberg also works with the use of scrap, return scrap and recycled scrap in production. These activities are part of the **Remanufacture** and **Repurpose** R-strategies.

46 %

recyclate, i. e. recycled plastic, was maintained in the entire product portfolio in 2023.

The aforementioned measures contribute to the qualitative objectives

- reduction in energy consumption, and
- saving resources.

As further concretisation is still pending, the exact degree of target achievement cannot yet be specified.

Most of the production sites are located within Germany and are therefore subject to very high standards and legal requirements. By complying with laws and standards and taking great care in their processes, the companies consider themselves sufficiently well equipped to minimise their environmental impact.

GESCO therefore considers the risks to the environment from GESCO Group's business operations to be comparatively low overall. All subsidiaries are surveyed monthly on relevant environmental risks for risk assessment purposes. All recorded risk issues are assessed in terms of the extent and probability of occurrence and reported to the Executive Board. Energy consumption and the respective resource consumption of the Group companies are particularly emphasised as potential risks.

The high level of political uncertainty in particular is seen as a risk, which also has an impact on the subsidiaries' operating business (due to sanctions against Russia). In particular, developments on the global energy and commodities markets affect the subsidiaries in different ways.

As the development of the geopolitical situation is extremely complex, it is difficult to forecast and conclusively assess the risks for the operating business (for more information, please refer to the GESCO SE Annual Report 2023, p. 75ff).

Performance indicators for criteria 11 to 12

Performance indicator GRI SRS-301-1: Materials used

Material used by group

	2023	2022*	Change on previous year
Non-renewable materials	78,273 t		
Renewable materials	22,241 t		
Raw materials*	25,951 t	77,687 t	+ 10 %
Semi-finished products / parts*	66,582 t	5,205 t	
Consumables and supplies	6,404 t	5,248 t	+ 18 %
Packaging materials	1,576 t	1,536 t	+ 3 %

* The low value of purchased raw materials in 2023 is partly due to more accurate recording. In the previous year, some semi-finished products were incorrectly counted as raw materials.

Performance indicator GRI SRS-302-1: Energy consumption

Fuel consumption within the organisation

	2023	2022	Changes compared to the previous year
Total fuel consumption from non-renewable sources	344,866 l*	316,994 l	+ 9 %
Total fuel consumption from renewable sources	0 l	-	-

* To calculate the total energy consumption, the total fuel consumption (in litres) from non-renewable sources is converted into kWh. To do this, the various fuel types were multiplied by the corresponding conversion factor and totalled (2023: 3,138,434 kWh).

Energy consumption within the organisation

	2023	2022	Changes compared to the previous year
i. Power consumption	36,621,883 kWh	41,597,334 kWh	-12 %
ii. Heating energy consumption	30,858,236 kWh	35,746,509 kWh	-14 %
iii. Cooling energy consumption	13,776 kWh	-	-
iv. Vapour consumption	0 kWh	0 kWh	-

Energy sold within the organisation

	2023	2022	Changes compared to the previous year
i. electricity sold	13,588 kWh	16,370 kWh	-17 %
ii. heating energy sold	0 kWh	-	-
iii. cooling energy sold	0 kWh	-	-
iv. steam sold	0 kWh	-	-

Self-generated energy within the organisation

	2023	2022	Changes compared to the previous year
Self-generated electricity that is not sold	93,167 kWh	102,370 kWh	-9 %
Total energy consumption	70,711,907 kWh	77,780,363 kWh	-9 %

The data originate from consumption measurements or are calculations from fuel calculations.

Performance indicator GRI SRS-302-4: Reduction of energy consumption

Total energy consumption within the organisation

	2023	2022	Changes compared to the previous year
Total energy consumption	70,711,907 kWh	77,780,363 kWh	-9 %

In the reporting year, total energy consumption was reduced by 9% from 77,780,363 kWh to 70,711,907 kWh. There is currently no precise definition of what proportion of the reduction is attributable to a direct energy-saving initiative.

Performance indicator GRI SRS-303-3:

Water withdrawal

Water withdrawal within the organisation

	2023	2022*	Change compared to previous year
Total water withdrawal	48,511,000 l	-	-
i. Surface water	23,865,000 l	-	-
ii. Groundwater	434,000 l	-	-
iii. Seawater	0 l	-	-
iv. produced water	0 l	-	-
v. Water from third parties	23,437,386 l	26,782,000 l	- 12 %

No water withdrawal is made from areas with water stress. Only water from third parties (from other sources) is given as 50 litres in 2023.

Breakdown of water withdrawal within the organisation

	2023	2022*	Change compared to previous year
i. Fresh water (\leq 1,000 mg / L total dissolved solids)	23,865,000 l	-	-
ii. Other water ($>$ 1,000 mg / L total dissolved solids)	0 l	-	-

* This data was not yet collected in 2022.

Performance indicator GRI SRS-306-3 (2020):

Waste generated

Waste generated within the organisation

	2023
Total quantity	7,337 t
Of which non-hazardous waste	85 %
Of which hazardous waste	14 %

This distinction could not yet be made for 2022.

The composition of the waste consists of

- Old varnishes
- (Waste) wood
- Building rubble
- Organic waste
- Chlorinated waste oil
- Electrolytes (acidic, cyanide)
- Emulsions
- Filter sludge
- Slide
- Galvanic sludge
- Plastic
- Solvent
- Paper and cardboard
- Residual waste
- Oil-contaminated operating materials
- Lubricant
- Scrap (metal, mixed scrap, cables, electronics)
- Municipal waste
- Hazardous waste
- Spray cans
- Blasting material

13. Climate-relevant emissions

Climate protection and energy management particularly affect the production facilities of the GESCO subsidiaries. Energy is required for manufacturing processes in all three segments (Process, Resource, Healthcare and Infrastructure Technology). For the mechanical and plant engineering companies, the use of products by customers in the downstream value chain is an important aspect.

Companies with integrated environmental management systems regularly carry out systematic analyses of the most important sources of emissions. The most relevant of these come from the use of energy in the various production processes and the use of raw materials, particularly various metals, in the production process. Subsidiaries in which ISO 14001 is not economically viable due to their size comply with the statutory regulations as part of the regular energy audit. There is no Group-wide climate strategy as yet. The plan is to develop one by 2024. However, all subsidiaries have already been called upon to reduce climate-relevant emissions.

Composition of waste (by type in tonnes)

	2023	2022	Change compared to previous year
Metal	2,049 t	1,493 t	+ 27 %
Paper	2,525 t	3,042 t	- 17 %
Residual waste	1,150 t	1,149 t	- 1 %
Slide	50 t	71 t	- 30 %
Organic waste	13 t	17 t	- 19 %
Wood	372 t	327 t	+ 12 %
Commercial waste*	0 t	-	-
Hazardous substances*	1,089 t	-	-
Slag*	78 t	-	-
Mixed construction waste*	7 t	-	-

* In 2022, the differentiation of waste types could not yet be recorded in detail for reporting purposes, which is why no comparative values are available for these waste types.

The companies have already taken numerous measures to reduce greenhouse gas emissions. Sommer & Strassburger, for example, implemented a Company car policy in 2023 that still provides for hybrid and electric cars after a transition phase in 2023, but only electric cars from 2024. Hubl, MAE and SVT have also established similar regulations. Kesel wants to switch to a purely electrified Company fleet.

PGW and Hubl are systematically investing in their own photovoltaic systems. As a result, MAE will be able to run the electric forklift truck to be purchased in 2024 on its own electricity.

In 2021, GESCO began recording Scope 1 and 2 emissions in accordance with standardised specifications in all companies for the previous years 2019 and 2020 in accordance with the GHG Protocol. Indirect greenhouse gas emissions (Scope 3) were recorded for the first time in 2022 – more specifically, employee mobility and, in part, upstream and downstream logistics. This laid the foundation for the expansion of data collection in Scope 3 in the past reporting year. This is to be improved in subsequent years, particularly in 2024. The expansion of the balance sheet to include purchasing emissions is being examined.

Some foreign second-tier subsidiaries were also included in the data collection for the 2023 financial year. However, these will only be included in the balance sheet in the next reporting period. The subsidiaries listed under the “General information” tab and the activities of the GESCO SE holding Company in Wuppertal are therefore included in the carbon footprint for 2023.

Climate accounting software programmes have been used to calculate the corporate carbon footprint (CCF) since 2022. Activities such as energy consumption in kWh or transport performance in kilometres are calculated using specific emission factors and the GHG emissions caused are reported accordingly. This accounting methodology is more accurate than the one used previously, which was also based on the GHG Protocol. A first comprehensive Scope 3 footprint is planned for 2025. The recording of purchased goods will be piloted for the 2024 financial year.

As the emissions for the 2022 financial year were recorded using a different calculation method, they are only comparable with the 2023 survey to a limited extent because different emission factors were used in some cases. For the sake of comparability, the climate accounting for both the 2023 and 2022 reporting years is therefore reported according to the future survey methodology and adjusted accordingly ex-post for 2022.

Total emissions (Scope 1 & 2) for 2023 are 10,704 CO₂e [t]. Compared to the previous year, this corresponds to a decrease of 60% (2022: 26,603 CO₂e [tonnes]), although the following fact must be taken into account: In the accounting procedure in accordance with the GHG Protocol, a grid-specific approach was still used in 2022 for the emissions caused by electricity consumption, as the emission factors of the energy operators were not available for energy emissions across all subsidiaries. From 2023, all data and emission factors of the energy service providers will now be available. This results in an 80% reduction in Scope 2 emissions in the balance sheet, as many Group companies purchase green electricity that could not be accounted for as such across the Group in previous years.

Across all scopes, 19,915 tonnes of CO₂e were reported Group-wide in 2023 in accordance with the GHG protocol. As explained, all significant Scope 3 emissions are not expected to be recognised until 2025. It can be assumed that a complete mapping of Scope 3 emissions will result in this scope area accounting for the largest share of GESCO's emissions. A meaningful overall comparison with previous years is only meaningful from the first complete Scope 3 recording. The recording of Scope 1 and 2 emissions is of good quality in this reporting year, and analysing them will enable the Group companies to initiate further reduction measures.

GESCO uses its sales as a reference figure when recording CO₂ emissions, as it pursues a growth-orientated corporate strategy. The CO₂ intensity of the investment portfolio is therefore a key indicator for GESCO SE when assessing development. The CO₂ equivalents are expressed per € million in sales. In financial year 2023, the carbon intensity of the investment portfolio was 19.1 CO₂e [t]/€ million in sales (Scope 1 and 2). In 2022, this was 45.8 CO₂e [t]/€ million in sales according to the current and future measurement methodology – and 63.2 CO₂e [t]/€ million in sales in 2020. Between 2020 and 2023, the CO₂ intensity of the sales generated was thus reduced by 70%. This shows that GESCO Group is already on a clear decarbonisation path with regard to Scope 1 and 2 emissions.

Performance indicators for criterion 13

Performance indicator GRI SRS-305-1 (see GH-EN15): Direct GHG emissions (Scope 1)

Direct GHG emissions in tonnes of CO₂ equivalent amount to 7,054 tonnes of CO₂e in the 2023 reporting year (66% of total emissions in Scope 1 and 2).

In addition to CO₂, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH₄), nitrous oxide (N₂O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆). For better comparability, the greenhouse gases are converted into CO₂ equivalents (CO₂e) according to their global warming potential (GWP) in relation to CO₂.

Biogenic CO₂ emissions, e.g. from the combustion of biomass, were not included in the calculation.

No Group-wide base year has been defined to date, as the Corporate Carbon Footprint (CCF) is not complete. The first year of accounting in normal operation after the coronavirus pandemic in 2021 serves as the base year for the German sites for the Scope 1 survey. Scope 1 emissions in this year amounted to 10,177 CO₂e [tonnes]. Scope 1 emissions for the German sites were therefore reduced by around 31%.

The emission factors were obtained from the software provider's database, which is updated annually. Emission databases of German and British federal offices were predominantly used or studies by renowned environmental NGOs and institutes were included. Care was always taken to use the most up-to-date factors. The updated GWP100 values of the IPCC's Fifth Assessment Report currently apply, referenced from: https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

Operational control was used as the consolidation approach. However, only German sites were included in the calculation. Some of the locations of foreign second-tier subsidiaries were included. A complete survey and accounting is planned for the 2024 reporting year.

The CCF was carried out in accordance with the Greenhouse Gas Protocol Corporate Standard using the emissions calculation module of the Envoria software from Financial Software Architects GmbH. This is based on the GHG Protocol of the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development), which is the most widely used international standard for a detailed survey of GHG emissions.

Performance indicator GRI SRS-305-2: Indirect energy-related GHG emissions (Scope 2)

Indirect emissions from energy provided (Scope 2) amount to **3,650 CO₂e [tonnes]** in the 2023 reporting year (34% of total emissions in Scope 1 and 2).

The gross volume of market-based indirect energy-related GHG emissions (Scope 2) amounts to **3,650 CO₂e [tonnes]** in the 2023 reporting year.

In addition to CO₂, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH₄), nitrous oxide (N₂O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆). For better comparability, the greenhouse gases are converted into CO₂ equivalents (CO₂e) according to their global warming potential (GWP) in relation to CO₂.

No Group-wide base year has been defined to date, as the Corporate Carbon Footprint (CCF) is not complete. The first year of accounting in normal operation after the coronavirus pandemic in 2021 serves as the base year for the German sites for the Scope 2 survey. Scope 2 emissions in this year amounted to **15,282 CO₂e [tonnes]**. Scope 2 emissions for the German sites were therefore reduced by

around 76%. The switch to electricity from renewable energy sources is the main factor here.

The emission factors were obtained from the software provider's database, which is updated annually. Emission databases of German and British federal offices were predominantly used or studies by renowned environmental NGOs and institutes were included. Care was always taken to use the most up-to-date factors. The updated GWP100 values of the IPCC's Fifth Assessment Report currently apply, referenced from: https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf.

Operational control was used as the consolidation approach. However, only German sites were included in the calculation. Some of the locations of foreign second-tier subsidiaries were included. A complete survey and accounting is planned for the 2024 reporting year.

The CCF was carried out in accordance with the Greenhouse Gas Protocol Corporate Standard using the emissions calculation module of the Envoria software from Financial Software Architects GmbH. This is based on the GHG Protocol of the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development), which is the most widely used international standard for a detailed survey of GHG emissions.

Performance indicator GRI SRS-305-3: Other indirect GHG emissions (Scope 3)

After 2022, Scope 3 emissions were recorded for the second time in 2023, but with a different assessment methodology. Other indirect emissions (Scope 3) amounted to **9,211 CO₂e [tonnes]** in the 2023 reporting year (46% of total emissions in Scope 1, 2 and 3). A comparison with the previous year is only meaningful within the individual emission categories. The share of Scope 3 emissions in total emissions will continue to rise in subsequent years with an expanded survey.

In addition to CO₂, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH₄), nitrous oxide (N₂O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆). For better comparability, the greenhouse gases are converted into CO₂ equivalents (CO₂e) according to their global warming potential (GWP) in relation to CO₂.

Biogenic CO₂ emissions, e.g. from the combustion of biomass, were not included in the calculation.

The Scope 3 survey included:

- Waste
- Business trips by hire car and train
- Air travel
- the arrival and departure of employees
- upstream and downstream logistics for the largest subsidiaries (in 2023: AstroPlast, Doerrenberg, Hubl, MAE, Pickhardt & Gerlach and SVT)
- Paper consumption
- Water consumption
- Print and advertising products including toner consumption
- IT Purchasing (new 2023)

For 2024, a decision will be made on the piloting of purchasing data from selected Group companies.

There is not yet a complete accounting of indirect GHG emissions according to Scope 3. Once this has been achieved, a base year can be defined.

The emission factors were obtained from the software provider's database, which is updated annually. Emission databases of German and British federal offices were predominantly used or studies by renowned environmental NGOs and institutes were included. Care was always taken to use the most up-to-date factors. The updated GWP100 values of the IPCC's Fifth Assessment Report currently apply, referenced from: https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

In some cases, there is double accounting for e-cars that are charged at the locations. This will be corrected in the next data collection.

For employee travel to and from work, all subsidiaries asked a significant proportion of their employees about their choice of transport and extrapolated this to 100%. Public holidays, holidays, sick days and home office days were taken into account.

In the previous year, Scope 3 emissions were included for energy and heat carriers. This is no longer possible in the new survey procedure. These were still reported in 2022 at 2,983.29 CO₂e [t] and accounted for 31% of Scope 3 emissions under the old reporting method.

Due to these and other calculation changes, we have also rebalanced the indirect GHG emissions ex-post for 2022.

Performance indicator GRI SRS-305-5: Reduction of GHG emissions

Total emissions (Scope 1 & 2) for 2023 are **10,704 CO₂e [tonnes]**. Compared to the previous year, this corresponds to a reduction of 60% (Scope 1 & 2 in 2022: 26,603 CO₂e [tonnes]).

In the GHG Protocol accounting procedure, a grid-specific approach was still used in 2022 for the emissions caused by electricity consumption, as the emission factors of the energy operators were not available across all subsidiaries for energy emissions. From 2023, all data and emission factors of the energy service providers will now be available. This will result in an **80% reduction in Scope 2 emissions in the balance sheet**, as many Group companies purchase green electricity that could not be accounted for as such across the Group in previous years.

In addition to CO₂, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH₄), nitrous oxide (N₂O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆). For better comparability, the greenhouse

gases are converted into CO₂ equivalents (CO₂e) according to their global warming potential (GWP) in relation to CO₂.

The base year for the German sites for the Scope 1 and 2 survey is the first year of balancing in normal operation after the Corona pandemic in 2021. For Scope 3 emissions, no base year can yet be defined due to the data situation.

The measures are not managed centrally. The subsidiaries are required to reduce emissions at their own discretion. An exact delineation of what proportion of the reduction is attributable to a direct initiative to reduce emissions is not currently recorded. The following are certainly decisive for the reduction of emissions:

1. Switch to renewable energy contracts
2. Development of in-house power generation capacities in the photovoltaic sector
3. Production efficiency measures: Combined heat and power generation
4. Fleet optimisation

The year 2021 was set as the base year. Scope 1 emissions in 2021 amounted to 10,177 CO₂e [tonnes]. Scope 1 emissions for the German locations were therefore reduced by approx. 31%. Scope 2 emissions amounted to 15,282 CO₂e [tonnes] in 2021. Scope 2 emissions for the German sites were therefore reduced by around 76%. The switch to electricity from renewable energy sources was the main factor here.

The CCF was carried out in accordance with the Greenhouse Gas Protocol Corporate Standard using the emissions calculation module of the Envoria software from Financial Software Architects GmbH. This is based on the GHG Protocol of the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development), which is the most widely used international standard for a detailed survey of GHG emissions.

EU taxonomy

For 2023, GESCO SE can report **taxonomy-compliant sales of 12.8%** for the first time. In 2022, 13.3% of sales were still taxonomy-compliant but not compliant because the minimum social standards have only been met since the end of the 2023 reporting year.

	2023	2022
Sales (in € million)	560.7	582.3
of which taxonomy-eligible in € million / in %	71.9 / 12.8	77.4 / 13.3
of which taxonomy-compliant (aligned) in € million / in %	71.9 / 12.8	0 / 0
OpEx (in € million)	11.5	11.6
of which taxonomy-compliant (aligned) in € million / in %	1.2 / 10.4	0 / 0
CapEx (in € million)	15.6	15.6
of which taxonomy-compliant (aligned) in € million / in %	1.6 / 10.3	0 / 0

An economic activity is considered EU taxonomy-compliant if it makes a significant contribution to at least one of the six environmental objectives (climate change mitigation, climate adaptation, protection of water and marine resources, transition to a circular economy, pollution prevention and protection or restoration of biodiversity and ecosystems) without running counter to the other objectives and the minimum social standards. In addition to taxonomy eligibility, three taxonomy ratios must be presented for taxonomy-compliant activities (“alignment”): In terms of Art. 3 of the Taxonomy Regulation, these are the environmentally sustainable share of sales, capital expenditure (CapEx) and operating expenditure (OpEx).

I. Sales

The EU taxonomy defines sales as net sales of goods or services, including intangible goods. The share of sales associated with taxonomy-eligible economic activities is placed in relation to net sales.

II. Capital Expenditure (CapEx)

Taxonomy-eligible capital expenditure relates to assets or processes (IAS 16, 38, 40, 41 and IFRS 16).

III. Operating Expenditure (OpEx)

Operating expenditure within the meaning of the EU taxonomy includes direct, non-capitalised costs relating to research and development (R&D), building refurbishment measures, short-term leases, maintenance and repairs, as well as all other direct expenditure in connection with the day-to-day maintenance of property, plant and equipment that is necessary to ensure its functionality.

SVT GmbH manufactures infrastructure for low-CO₂ shipping (6.16.), which is intended for the transshipment of goods between modes of transport. Specifically, the ship shippers are terminal infrastructure and superstructure for loading, unloading and transshipping goods. This fulfils the first test criterion. The second test criterion is only met for the “Chemicals and Carbon Capture Shippers” business unit, as no fossil fuels are loaded here. The ship shippers for natural gas (LNG and CNG) are nevertheless included in the SVT, as these were also assessed politically as a bridging technology in many taxonomy activities. For 6.16., no official adjustment has yet been made to this effect, but the SVT intends to submit a petition to the EU.

1. Identification of taxonomy-eligible activities (“eligibility”)

Supported by a consulting firm, the investment management of GESCO SE updated and expanded the NACE code classification of economic activities in the reporting year 2023 by also including foreign second-tier subsidiaries in this process.

For financial year 2023, in addition to the climate-related environmental objectives (prevention of climate change and adaptation to climate change), the taxonomy-eligible sales (“eligibility”) for the four newly operationalised, non-climate-related environmental objectives (protection of water and marine resources, transition to a circular economy, reduction of environmental pollution and preservation of biodiversity) had to be collected for the first time.

The comparison of GESCO Group’s economic activities with the EU taxonomy extended by the four non-climate-related environmental objectives did not reveal any further taxonomy-eligible economic activities.

As in financial year 2022, two Group companies will continue to have taxonomy-eligible economic activities in 2023, which will be reviewed with regard to the environmental protection objective of “preventing climate change”. Doerrenberg Edelstahl GmbH has five business divisions: In the segment with the highest sales, “Special Steels”, it primarily trades in tool steel products (NACE code 46.12). In steel production, the two divisions “Steel Mill” (steel mill) and “Steel Foundry” (mould casting) (NACE code 24.52) contribute to the taxonomy-eligible activity “Manufacture of iron and steel (3.9)”. The sales of the “Steel Mill” division was not yet included in 2022. This will be adjusted retrospectively for 2022. The economic activities of “Casting Products” (NACE code 46.72) and “Coating & Hardening” (NACE code 25.61) are not covered by the EU taxonomy.

SVT GmbH develops and produces technologically high-quality and safety-related complex systems for loading and unloading ships, tankers and tank wagons with liquid and gaseous substances. Even if the NACE codes assigned to SVT (28.22 Manufacture of lifting and handling equipment; 33.20 Installation of machinery and equipment; 28.29 Manufacture of other non-industry specific machinery) are not listed under “**Infrastructure for low-CO₂ emissions shipping (6.16.)**”, the technical screening criteria for the environmental objective of climate protection result in taxonomy eligibility, as this activity includes the construction of infrastructure, especially transshipment infrastructure: “the infrastructure and facilities are intended for the transshipment of goods between modes of transport: Terminal infrastructure and suprastructure for loading, unloading and reloading of goods.” Due to the consequences of the war in Ukraine and the jeopardised security of energy supply for Germany and Europe, natural gas has been re-evaluated in the European Union as a bridging technology and supplemented in some taxonomy-capable economic activities. Although this addition has not yet been officially made for 6.16., it seems sensible to consider the taxonomy eligibility as extended here as well. With the exception of the land shippers and the ship shippers “Oil”, the sales for ship shippers “Chemicals”, whose sales was already included as taxonomy-eligible in the 2022 reporting, as well as ship shippers “LNG” and “CNG” and “Carbon Capture” were also included. The ship shippers for carbon capture enable the loading of liquid carbon dioxide, which can be stored in former oil and gas fields, for example. LNG and CNG in general act as a bridge technology to the loading of hydrogen. Loading hydrogen as a derivative (bound with ammonia, for example) is already possible today using LNG loading arm technology. SVT is also continuing to develop ship loaders for hydrogen, but these are not yet fully ready for the market.

In order to enable comparability between the financial years, sales were not only delimited for the 2023 reporting year but also retrospectively for 2022 in six business units (SVT: four and Doerrenberg: two), each of which contributes to the following two taxonomy-eligible economic activities:

The **production of iron and steel (3.9)** corresponds to the “Steel Mill” and “Steel Foundry” business units of Doerrenberg Edelstahl GmbH.

Infrastructure for low-CO₂ shipping (6.16.): SVT develops loading equipment and manufactures complete loading systems for the safe loading of liquids and gases. The manufacture of loading equipment for oil was not categorised as “eligible/taxonomy-capable”, unlike that for natural gas, and was therefore excluded. The following were taken into account:

- Shiploaders for chemicals (already 2022)

New in 2023:

- Shiploaders for liquefied natural gas (LNG)
- Shiploaders for natural gas (CNG)
- Shiploaders for carbon capture

SVT is also in the process of developing loading facilities for liquid hydrogen and has already invested in the development of this further taxonomy-capable economic activity in 2022, also using funding from the Federal Republic of Germany.

	Subsidiary	2023 in TEUR	2022 in TEUR
"Production of iron and steel (3.9)"	Doerrenberg GmbH (%age share at subsidiary level)	28,241 / 14.7 %	31,251 / 15.8 %
"Infrastructure for low-carbon shipping (6.16.)"	SVT GmbH with natural gas (LNG +DNG) (percentage share at subsidiary level)	43,618 / 80.8 %	46,129 / 86.1 %
"Infrastructure for low-carbon shipping (6.16.)"	SVT GmbH without natural gas shares	6,813 / 12.6 %	5,231 / 9.8 %
Taxonomy-eligible sales ("Eligibility")		71,859	77,380
GESCO Group		560,724	582,273
Share of taxonomy-eligible (eligibility) sales in total net sales of GESCO Group		12.8 %	13.3 %

Accordingly, 12.8 % of GESCO Group's sales in 2023 (2022: 13.3%) will be taxonomy-eligible.

If the EU does not classify the natural gas share of SVT's loading arm business as taxonomy-eligible, a lower share of 6.3% (EUR 35,054 thousand in sales) would have to be deferred for 2023. GESCO SE and SVT have made a joint submission to the EU in this regard. A response is still pending at the time of reporting.

2. Examination of taxonomy conformity

a. Technical inspection

The business units contributing to the taxonomy-eligible activities of **iron and steel production (3.9)** and **infrastructure for low-CO₂ shipping (6.16.)** were reviewed with regard to the environmental objective of climate protection:

The **production of iron and steel (3.9)** corresponds to the "Steel Mill" and "Steel Foundry" business units of Doerrenberg Edelstahl GmbH.

Both the "Steel Mill" with its electric arc furnace and ladle furnace and the "Steel Foundry" with its induction furnaces comply with the limit values of 0.266 t CO₂e/t product for high-alloy steel produced in the preheating and casting process. This means that the first technical test criterion

continues to be fulfilled. Around 90% of the steel melted in the "Steel Mill" has an alloy content of more than 8%. This corresponds to approx. 85% of the total annual volume melted at Doerrenberg Edelstahl GmbH. In the "Steel Foundry", approx. 70% of the steels melted there have an alloy content of more than 8%. This corresponds to approx. 15% of the total annual volume melted at Doerrenberg Edelstahl GmbH. In addition to customer material for remelting orders and alloy metals, more than 80% of steel scrap is used in both divisions. Some of this scrap comes from the Company's own returns, e.g. through output losses from the "Steel Foundry" division or as saw cuttings from the "Special Steels" division, but most of it is purchased for recycling. This fulfils the second technical test criterion with regard to the environmental goal of kilo protection.

SVT GmbH manufactures **infrastructure for low-CO₂ shipping (6.16.)**, which is intended for the transshipment of goods between modes of transport. Specifically, the ship loaders are terminal infrastructure and superstructure for loading, unloading and transshipping goods. This fulfils the first test criterion. The second test criterion is only met for the "Chemicals" and "Carbon Capture" shippers business unit, as no fossil fuels are loaded here. The ship shippers for natural gas (LNG and CNG) are nevertheless included in the SVT, as these were also assessed politically as a bridging technology in many taxonomy activities. For 6.16., no official adjustment has yet been made to this effect, but the SVT intends to make a submission to the EU.

b. Do-No-Significant-Harm criteria (DNSH)

The DNSH criteria for the two economic activities were reviewed and documented with the managing directors and other employees on site using checklists in accordance with the technical review criteria of the regulations filed in the EU taxonomy. No negative effects on the achievement of the EU's other environmental objectives were identified. However, the EU has yet to provide improved guidance in terms of threshold values for operationalisation.

c. Minimum social standards

Compliance with minimum social standards is intended to ensure that the following principles are observed:

- the OECD Guidelines for Multinational Enterprises,
- the United Nations Guiding Principles on Business and Human Rights (UNGPR),
- the ILO core labour standards
- the International Bill of Human Rights.

The compliance management system proactively addresses the issues of bribery and corruption, taxation and fair competition. Comprehensive compliance training courses were held in 2021 and 2022. The Group's Code of Conduct covers the aforementioned topics. GESCO Group plans to develop a tax guideline for 2024 that complies with OECD requirements. At the end of 2022, GESCO Group began to set up a human rights due diligence process that is based on international agreements and is suitable for fulfilling the due diligence obligations defined in the Supply Chain Due Diligence Act (see criterion 17). Clear responsibilities and processes have been defined in all subsidiaries.

3. Disclosure of sales, investments (CapEx) and operating expenses (OpEx)

In the two subsidiaries concerned, Doerrenberg GmbH and SVT GmbH, in addition to the managing directors, the heads of financial accounting and members of other specialised departments were consulted as necessary for the further audit. Only these two subsidiaries were taken into account for the calculation of capital expenditure (CapEx) and operating expenditure (OpEx). The consideration of the investment plans of all Group companies for the 2023 financial year envisaged in the last report was not implemented, as the EU has clarified here that investment and operating expenses may only ever be allocated in the proportions that are actually linked to a current taxonomy-eligible economic activity or the establishment of a taxonomy-eligible economic activity. The three KPIs sales, capital expenditure and operating expenditure were derived from the existing financial reporting systems in accordance with the KPI definitions of the delegated act explained above. For this reporting period, a switch was also made to digital data collection.

3.1. Sales

The proportion of taxonomy-compliant sales ("alignment") was and is to be reported as zero for the 2021 and 2022 financial years, although the technical criteria and the DNSH criteria are considered to have been met following the audit. As the minimum social standards can now also be met for 2023, taxonomy-compliant sales of EUR 71,859,502 (12.8%) can be reported for the first time (2022: 0% due to non-compliance with the minimum social criteria).

3.2. Capital expenditure (CapEx)

SVT GmbH invested EUR 1,415,362 (78.8% of total investments) in 2023 (2022: EUR 479,325/87.4%) in taxonomy-compliant activities. In 2023, Doerrenberg GmbH invested 8.7% (EUR 194,322) in maintaining the taxonomy-compliant activity "Production of iron and steel (3.9)" (2022: 19.5% or EUR 513,428). In relation to GESCO Group, this corresponds to EUR 1,609,695 or a share of 10.3% in 2023 (2022: 6.4%; EUR 992,744 of EUR 15.6 million).

3.3. Operating expenses (OpEx)

At EUR 735,553, SVT GmbH's share of operating expenses according to the EU taxonomy was 80.8% in 2023 (2022: EUR 866,964/86.1%). Doerrenberg GmbH had an OpEx share of 25.7% (EUR 464,770) in 2023 and 28.9% (EUR 511,290) in 2022.

At Group level, this results in a taxonomy-compliant OPEX of € 1,200,332 in the 2023 reporting year, or 11.1% (comparison 2022: € 1,378,254/11.9%).

The OpEx indicator for GESCO Group was defined as follows in accordance with the EU taxonomy:

in EUR	2023	2022
Leasing	3,896,473	3,822,011
Maintenance and repair	170,567	168,324
Maintenance	6,700,168	7,635,517
OpEx according to EU taxonomy in the overall group	10,767,208	11,625,852
Taxonomy-enabled OpEx	1,200,323	1,378,254
OpEx according to EU taxonomy	11.1 %	11.9 %

In 2023, GESCO Group reports OpEx of 11.1% (EUR 1,200,323).

Criteria 14 – 20 on Society

Criteria 14 – 16 on Employee relationships

14. Employee rights

GESCO endeavours to guarantee all employees an attractive and secure workplace. It is in line with the Company's principles that cooperation between the Executive Board, management and employees is characterised by open and constructive dialogue as well as mutual trust and respect.

The topics of occupational safety/health protection and sustainable organisational development are of great relevance to GESCO SE. Both topics promote employee satisfaction and motivation. GESCO sees risks in the health impairment of employees and in the challenge of recruiting and retaining suitable employees in the future. The organisational development objective for the years 2023 to 2025 is to train the management teams of the subsidiaries and the managers of GESCO SE for four days per year as part of the LEADEX programme. The target was achieved in 2023. The managers of the subsidiaries and GESCO SE took part in the LEADEX programme for four days.

In the course of financial year 2023, a risk analysis was carried out as part of the implementation of the LkSG for the entire GESCO Group's own business area. In order to holistically identify risks in the area of "employee matters", not only legal interests covered by the LkSG, such as compliance with employee rights and employee protection, were analysed, but also relevant compliance issues in the area of "employee rights". The risks identified in this context are countered with suitable preventive measures (including training, organisational adjustments, technical improvements, monitoring). In future, this risk analysis will be carried out once a year or on an ad hoc basis outside of the annual cycle. In particular, the existing and now adapted preventive and remedial measures will be analysed.

GESCO derives the following overarching objectives in the area of employees from the existing materiality analysis and the risk analysis for its own business area:

- High occupational safety
- High level of health protection
- Employee-friendly corporate culture

GESCO Group's goal is to avoid accidents at work with serious consequences through appropriate occupational safety measures and health protection. The individual subsidiaries also endeavour to keep the number of accidents at work as low as possible and to continue to reduce them. In addition, the sickness rate is reported to the Executive Board on a monthly basis and discussed so that appropriate measures can be initiated in the event of anomalies. Relevant indicators can be found under Performance indicators (14–16).

There is no Group-wide personnel management or management of occupational health and safety. These tasks are decentralised to the individual companies, which report to GESCO on a regular and ad hoc basis. Any undesirable developments in the areas of personnel management or occupational health and safety management can be reported to GESCO by employees via the Group-wide Whistleblower Protection Act. Corresponding reports led to personnel adjustments and personal sanctions in the reporting year.

GESCO Group companies emphasise appropriate, ergonomic workplaces, regular training and medical examinations of employees by Company doctors. In addition, regular occupational safety committee meetings are held at all companies. As a long-term investor, GESCO SE favours modern technologies and adequate safety equipment. These guidelines are set out in the GESCO Group Code of Conduct.

GESCO SE records monthly sickness rates in the companies and communicates these within GESCO Group. Significant deviations or increases are discussed in monthly meetings with the subsidiaries.

At some subsidiaries, employee aspects are particularly affected by their products and their use by customers. The subsidiaries that are active in mechanical and plant engineering also contribute to safe and appropriate deployment at the customer site with a range of measures. These include training, familiarisation and commissioning as well as comprehensive documentation of the delivered products and after-sales services and support.

For GESCO Group, sustainable organisational development and an appropriate corporate culture are essential for securing the future of the Company from an employee perspective. This includes measures to increase sustainability awareness and motivation within the workforce, the establishment of a continuous change process and appropriate information on sustainability goals and measures, as well as issues relating to organisational structure, positioning as an employer and training and development. As in the previous year, the exchange of knowledge between the subsidiaries continues to be strengthened through intensive communication between the ESG and LkSG coordinators appointed in each GESCO Group Company. To this end, the opportunity to exchange information on sustainability-related processes within their Company was also provided at regular intervals in 2023. If it is determined during this exchange that adjustments or changes to the process are necessary, this is realised accordingly.

In 2023, the transfer of knowledge about the LkSG was also extended beyond the purchasing departments of the subsidiaries to other relevant areas of the Company. This primarily related to the implementation of risk analyses in the Company's own business area and the ability to fulfil future due diligence obligations imposed on companies by the legislator in a broader corporate context (see criterion 17).

In addition, the employees of the subsidiaries are encouraged to contribute their own ideas for sustainability management within their Company. The subsidiaries have various channels such as the suggestion scheme, the works council or the anchoring of employee participation as part of the labour or health policy, which offer their employees the opportunity to help shape the Company. At Doerrenberg Edelstahl GmbH, in addition to the general channels for employee participation, there is also an ideas management system on the topic of environmental safety.

GESCO SE attaches great importance to filling positions at all levels with suitably qualified, loyal, motivated and high-performing employees. As part of the NEXT LEVEL 25 strategy, the LEADEX programme was continued in 2023 in order to specifically promote and develop the subsidiaries' managers and hone their leadership skills in a dynamic environment. The managers of the subsidiaries took part in the LEADEX programme for four days in 2023. By implementing the provisions of the Whistle-blower Protection Act, GESCO Group employees can also express their concerns anonymously to GESCO SE or an external lawyer.

As the holding Company, GESCO SE is based in Wuppertal and operates exclusively in Germany. The direct subsidiaries of GESCO SE also have their headquarters in Germany. In the case of international locations, the laws, regulations and rules applicable there are implemented.

15. Equal opportunities

Respecting human diversity within the workforce and treating each other with respect is in line with the principles of GESCO SE as set out in the Code of Conduct. GESCO does not tolerate discrimination based on national or ethnic origin, gender, marital status, age, sexual orientation, personal health, religion, ideology or physical appearance. Personnel decisions are based solely on competence, personal suitability and work performance. No cases of discrimination were reported in the reporting year, which GESCO views as confirmation of the Code of Conduct and the corresponding objectives.

GESCO Group companies expressly and unreservedly pursue a policy of equal opportunities in their daily practice. Irrespective of legal obligations, this is a matter of course.

The companies support applications from female candidates, take part in campaigns such as "Girls' Days" and seek dialogue with schools and universities. All of this is not due to quota pressure, but out of conviction.

In 2017, the Supervisory Board of GESCO SE set a target quota of 25% for the proportion of women on the Supervisory Board. This quota is currently being met. In 2015, the Supervisory Board of GESCO SE set a target quota of 30% for the Executive Board. This quota is currently being met. A first management level below the Executive Board was added to the organisational structure of GESCO SE as at 1 September 2020. There is still no second management level below the Executive Board. The Executive Board has set a target quota of 25% for the first management level. This quota is currently not being met. GESCO does not plan to set any targets for the composition of executive bodies or functional groups within the Group.

GESCO Group companies pursue and strengthen equal opportunities among their employees through a variety of measures.

The integration of people with a disability or migration background is a matter of course. GESCO Group promotes access to the primary labour market for all people of employable age. Employees with a migration background are supported in their integration through language courses or assistance with visits to the authorities if required.

GESCO Group naturally employs people with disabilities as well as people of different ethnic backgrounds and nationalities.

The possibility of working from home and flexible working hours promotes a good work-life balance. Parental leave is also particularly favoured by male employees.

A high level of occupational health and safety is ensured through appropriate measures, e.g. regular (safety) training, Company medical care and preventive health promotion for the workforce.

Co-determination is practised through regular and trusting interaction with the works councils. Appropriate remuneration at the companies is ensured by, among other things, membership of IG Metall and the associated collective labour agreements.

16. Qualification

Attracting qualified and motivated employees and retaining them in the Company in the long term – this is the key objective for ensuring the future viability of GESCO Group. This objective is reflected in a high level of satisfaction and low staff sales, but also in economic success.

The ongoing shortage of skilled labour is also a significant corporate risk for GESCO Group. Potential applicants' perception of the Company's attractiveness as an employer is closely linked to the implementation of a consistent digitalisation strategy, among other things. This includes adapting the respective work processes to the technical possibilities both at holding Company level and in the subsidiaries in order to be optimally prepared for the future.

The key is training and further education. This is a high priority at GESCO. A wide range of training and qualification opportunities are offered within the companies. The measures range from traditional apprenticeships to dual study programmes. The companies provide training in both commercial and technical professions within the scope of their possibilities and operational requirements. In 2023, the training ratio in GESCO Group (Germany) was 2.8% (2022: 3.3%). Collaborations with schools, universities and institutes offer professional exchange and also increase the Company's attractiveness as an employer. In the medium term, the aim is to achieve a trainee ratio of at least 3%. Further targets have not yet been defined, as the qualification requirements and the need for further training vary greatly in the individual companies. An expansion of the targets is planned for 2024.

In addition to promoting training, particular attention is paid to promoting the employability of employees who have completed their training. In 2023, not only were a wide range of training and further education programmes made available to employees at the subsidiaries, but the focus was also placed on promoting the health of the workforce. This includes measures such as health check-ups and counselling, vaccinations by Company doctors and the provision of ergonomic workstations, which took place at Kesel, Sommer & Strassburger, PGW and Setter.

Performance indicators for criteria 14 to 16

Performance indicator GRI SRS-403-9: Work-related injuries

	2023	2022	Deviation from previous year
i. Number of documentable work-related injuries	83	142	- 59
ii. Work-related fatalities	0	0	0
iii. Number of work-related injuries with serious consequences	0	0	0
iv. Main types of work-related injuries	Cuts, bruises		
v. Number of hours worked	2,244,508	2,511,638	- 267,130 (- 11 %)

83 injuries with 1,647 employees corresponds to a rate of 5% (-3% compared to the previous year; 2022: 8%).

	2023	2022*	Deviation from previous year
i. Number and rate of documentable work-related injuries	0	-	-
ii. Work-related fatalities	0	-	-
iii. Number of work-related injuries with serious consequences	0	-	-
iv. Number of hours worked	139,203	-	-
v. Main types of work-related injuries			

* The figures for all employees who are not employees but whose work and / or workplace is controlled by the organisation were collected in detailed form for the first time in 2023.

Performance indicator GRI SRS-403-10: Work-related illnesses

	2023	2022	Deviation from previous year
i. Work-related fatalities	0	0	-
ii. Number of documented work-related illnesses	0	3	-3
iii. Main types of work-related illnesses	-		

	2023	2022*	Deviation from previous year
i. Work-related fatalities	0	-	-
ii. Number of documented work-related illnesses	0	-	-
iii. Main types of work-related illnesses	-	-	-

* The figures for all employees who are not salaried employees but whose work and / or workplace is controlled by the organisation were collected in detail for the first time in 2023.

Performance indicator GRI SRS-403-4:

Employee participation in occupational health and safety

Occupational safety committees are installed in all GESCO

Group companies:

	2023*	2022*	Deviation from previous year
Members	78	81	- 4 %
Meetings per year	46	41	+ 11 %

* exclusive GESCO SE

Across the Group as a whole, 78 employees are involved in these committees. The number of committee members has decreased by 3 (comparison 2022: 81).

Across all eleven companies, these committees met 46 times in 2023. This means that they met an average of 4.1 times, which corresponds to an increase of 0.4 compared to the previous year.

People who are not employed by GESCO also work in GESCO Group companies. These are cleaning staff, service providers such as maintenance companies or contractors for renovation work on the buildings. All service providers are selected according to objective criteria. It goes without saying that we also attach great importance to compliance with the law and corresponding standards of behaviour that are in line with the respective national regulations when working with our partners and service providers, regardless of location. There is no further employee involvement of these groups of people.

Performance indicator GRI SRS-404-1 (see G4-LA9):

Hours of training and education

	2023	2022	Change on previous year
Training and further education – male	9.24	*	
Training and further education – female	12.85	*	
Training and further education costs (TEUR)	825.77	949	– 13 %
Training and further education costs per employee (EUR)	499	521	– 4 %

* An incorrect calculation was subsequently identified in the figures for training and further education hours for 2022. A correction cannot be made at this time.

Performance indicator GRI SRS-405-1:

Diversity

	2023	2022*
Male	88.9 %	66.6 %
Female	11.1 %	33.3 %
Under 30 years	0 %	0 %
30 – 50 years	27.8 %	0 %
Over 50 years	72.2 %	100 %

* The figures for 2022 for controlling bodies relate solely to the Executive Board and Supervisory Board of GESCO SE and not to the controlling bodies of all Group members. These were only recorded in 2023.

	2023	2022	Change on previous year
Male	80.9 %	73.6 %	+ 10 %
Female	19.1 %	26.4 %	– 28 %
Under 30 years	12.4 %	–	–
30 – 50 years	45.4 %	–	–
Over 50 years	42.2 %	–	–

Performance indicator GRI SRS-406-1:

Incidents of discrimination

No (0) cases of discrimination were reported in the reporting year.

Criterion 17 on Human rights

17. Human rights

Respect for human rights is a matter of course for GESCO. The avoidance of human rights and environmental violations in the supply chain is one of the sustainability issues identified as material. The resulting risks from social responsibility in the value chain primarily affect relationships with suppliers. The potential negative effects range from direct suppliers (direct suppliers) to their upstream supply chain (indirect suppliers) and the procurement of raw materials.

GESCO Group companies are predominantly based in Germany and therefore operate in a highly regulated environment. As medium-sized companies, they purchase raw materials, primary materials and components primarily from established, mainly German suppliers. Approximately 80% of sales are also generated in Germany and other European countries, i.e. also in a regulated environment.

GESCO Group will be subject to the German Supply Chain Due Diligence Act (LkSG) from 1 January 2024. The aim is to avoid human rights and environmental violations in the value chain at suppliers and in its own business area. In 2023, GESCO SE carried out an abstract and concrete risk analysis of its own business area and supply chains in relation to suppliers in accordance with the LkSG. At the end of 2023, GESCO Group also issued a human rights policy statement in accordance with the LkSG and set up a complaints procedure in accordance with the LkSG, which expands the existing whistleblower system in accordance with the Whistleblower Protection Act. As at 1 January 2024, GESCO Group will implement all obligations that must be fulfilled at this time in accordance with the LkSG. Accordingly, GESCO SE aims to continuously analyse and prevent human rights and environmental risks. The processes required for this will be fully established in 2024. The quantitative target is to audit 80% of existing and 80% of new suppliers for compliance with human rights and environmental obligations by the end of 2024.

Management concept

The conceptualisation and systematic implementation of the obligations arising from the LkSG is managed by the ESG@GESCO steering committee. This is made up of the Executive Board (CEO and CFO) and the Legal, Tax and Administrative Services and Investor Relations & Communications departments. The steering committee is supported by a service provider specialising in sustainability consulting, a compliance officer and the ESG officer at GESCO SE. The ESG@GESCO steering committee centrally conceptualises the processes and measures and coordinates them with the LkSG officers of the GESCO SE subsidiaries through the Head of Legal, Tax and Administrative Services in his role as Human Rights Officer (control function) and the responsible Compliance Officer in his role as LkSG Implementation Officer (operational unit). An LkSG officer has been appointed for each subsidiary. Through their daily work, the LkSG officers have a close thematic connection to supply chain management and are actively involved in shaping the topic within their own Company. The LkSG officers received sufficient training in 2023 from the external service provider in collaboration with the Human Rights Officer and the LkSG Implementation Officer.

GESCO SE separates the operational processing and monitoring of compliance with the due diligence obligations under the LkSG by appointing a human rights officer and an independent operational LkSG implementation officer.

The risk analysis carried out for the supply chain was initially performed centrally by GESCO SE and its service provider using the risk catalogue provided by the German government. The results identified showed the abstract risks of the supply chains used by the GESCO Group companies (so-called abstract risk analysis). A start was then made on concretising these risks using questionnaires specifically tailored to the supply chain (concrete risk analysis). The questionnaires were also developed at GESCO SE level and designed in collaboration with the external consultancy firm. The questionnaires were addressed to GESCO Group companies and their direct suppliers.

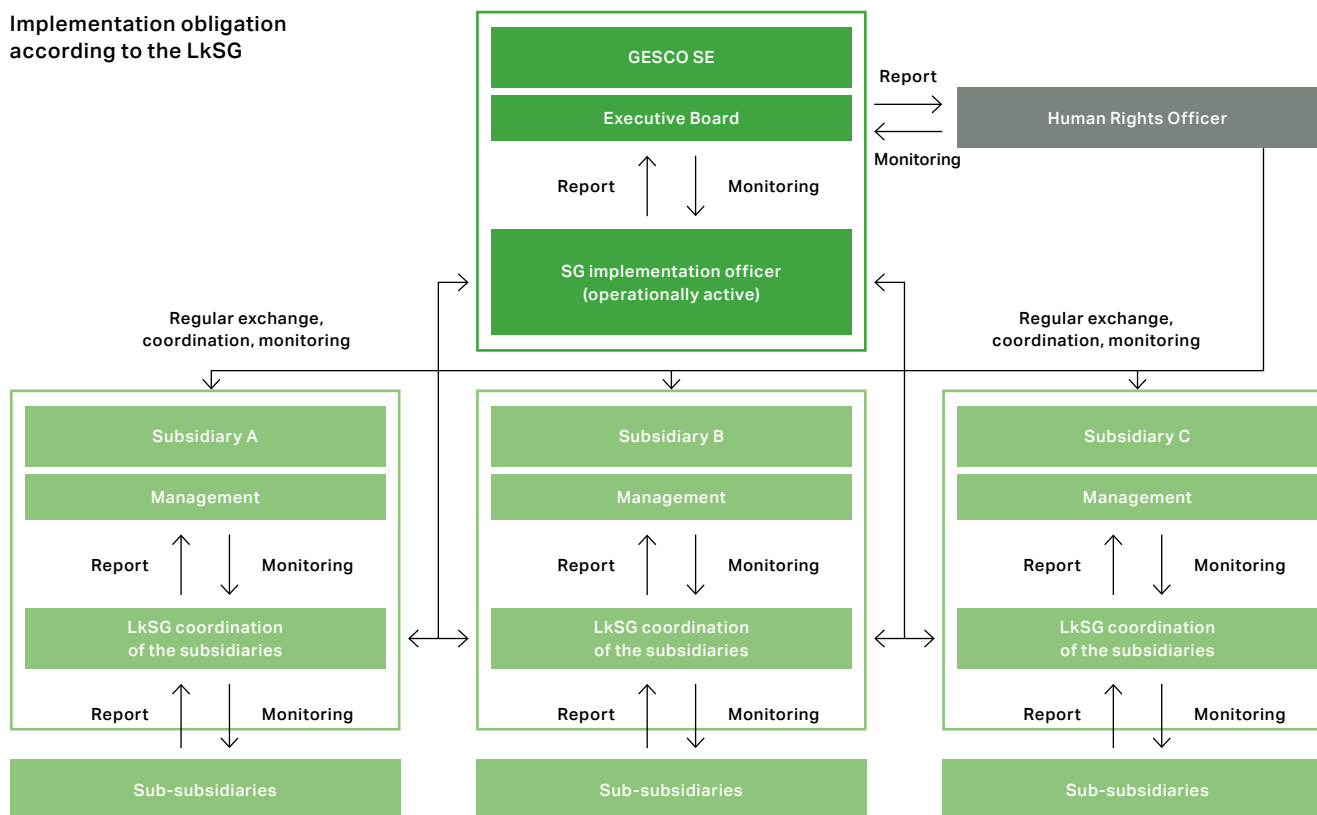
These questionnaires are analysed at GESCO SE level once they have been returned and, if necessary, remedial and preventative measures are agreed and implemented in consultation with the respective LkSG coordinators at subsidiary level. The implementation of due diligence obligations in accordance with the LkSG is monitored by the GESCO Group Human Rights Officer appointed for this purpose.

Together with the external service provider, questionnaires were also developed for GESCO SE's own business area, which were sent to the individual companies of the subsidiaries and had to be answered by them.

The responses to the questionnaires are currently being analysed. Relevant risks are determined and implemented in consultation with the executive bodies of the respective companies and their LkSG officers. The Human Rights Officer of GESCO SE monitors the correctness of this procedure.

The organisational structure described is partly prescribed by law (appointment and function of the Human Rights Officer at GESCO Group). The effectiveness of the LkSG officer concept and the respective processes are regularly reviewed. If the concept needs to be adapted, this can be addressed by all participants in the meeting and then implemented accordingly.

Implementation obligation according to the LkSG



Measures

In order to ensure compliance with the law, GESCO Group began systematically analysing the requirements and implementing them in processes as early as 2022. The expertise of an external service provider specialising in sustainability was consulted for the design and implementation. The implementation status to date is as follows:

- the appointment of responsible persons (Human Rights Officer, LkSG Implementation Officer, LkSG Officer)
- Regular exchange formats
- the conception of the requirements
- training and sensitisation of managing directors and employees from the subsidiaries
- the preparation of an abstract risk analysis for all direct suppliers of the subsidiaries
- the creation of multilingual questionnaires for the specific risk analysis of the subsidiaries' and sub-subsidiaries' own business areas
- the creation of multilingual questionnaires to specifically analyse suppliers' supply chains
- the establishment of a complaints procedure in accordance with Section 8 LkSG and the establishment of rules of procedure in this regard
- the processing and dispatch of the questionnaires on the Company's own business area and suppliers in November 2023 by the LkSG coordinators
- the evaluation of the questionnaires on the own business area and the suppliers at the end of November/beginning of December 2023 by the GESCO Group and the preparation of remedial and preventive measures in cooperation with the respective LkSG officers
- the preparation of a human rights policy statement in December 2023

Employees at the subsidiaries were sensitised and trained as part of an ongoing series of workshops on the topic of "Requirements from the LkSG and implementation of risk analysis". The aim of the workshop series was and is to enable the LkSG officers and employees of GESCO Group companies to raise awareness of, comply with and enforce human rights and environmental due diligence obligations. This initially required an introduction to the regulatory context, followed by training in the operational implementation of specific risk analyses and the establishment of any necessary remedial and preventive measures.

Goal and derived strategies

As the avoidance of human rights and environmental risks in our own supply chain and in our own business area is an overriding objective of GESCO Group, we endeavour to implement the extended requirements conscientiously and consistently. To this end, solid processes have been developed that will enable us to implement the due diligence obligations under the German Supply Chain Act in a legally compliant manner in the long term, but also to prepare for future tightening under the EU directive currently in preparation. An appropriate and effective risk analysis is particularly relevant for this. In addition to the traditional approach (outside-in), the inside-out perspective is applied, i.e. human rights and environmental risks are analysed from the perspective of those potentially affected. The risk analysis is also divided into

- a regular risk analysis, which is repeated annually and in which abstract risks are analysed and prioritised
- an event-related risk analysis, which must be carried out immediately if there is substantiated knowledge
- a concrete risk analysis of the Company's own business area and the business area of its suppliers

Identification of risks

Potential risks are identified with the help of an appropriate and effective risk analysis. For this purpose, abstract human rights and environmental risks of direct suppliers and service providers were researched in 2023 by type of product and country of origin using a database of the Agency for Business and Human Rights. The abstract risks were then concretised. For this purpose, the business relationship with the supplier was taken into account, as well as the extent for those affected, the scope and the irreversibility of the human rights or environmental violation. The probability of the negative impact occurring was then analysed. The specific risk was then prioritised from GESCO Group's perspective. To this end, the Company's ability to influence the avoidance of the risks was assessed. In addition, it was considered whether the Company is significantly or indirectly involved in the negative impact (type of causal contribution). This analysis is carried out on an ongoing basis and ensures that potential human rights and environmental risks are systematically recorded, specified and prioritised for GESCO Group.

Based on the regular risk analysis, tailored questionnaire catalogues were developed and sent to the suppliers of the subsidiaries in 2023. Depending on the result of the specific risk analysis, i.e. the specific risk disposition of a supplier, different escalation levels were determined in order to counter the risks of human rights or environmental violations. Cancellation of an existing business relationship is the last of these escalation levels.

GESCO SE pursues a partnership-based approach for its Group, if the business relationship permits. The aim is to actively avoid potential risks together. In addition, GESCO Group has established a complaints procedure in accordance with Section 8 LkSG, which enables affected parties to report risks to or violations of protected goods in accordance with the LkSG. For this purpose, GESCO Group has developed rules of procedure in which the complaints procedure is set out.

In addition, GESCO Group drafted, agreed and adopted a human rights declaration in accordance with the LkSG in December 2023.

The objective of fulfilling the responsibility to protect human rights will therefore be fulfilled in accordance with the LkSG by 1 January 2024, as GESCO Group will actively implement all due diligence obligations required by the LkSG by this date on 1 January 2024.

Declaration in line with the NAP Business and Human Rights

GESCO SE has a Code of Conduct that is published on its website. This includes parts of the ILO core labour standards, such as the explicit rejection of child labour and the focus on occupational health and safety. As part of the ongoing processes for LkSG compliance, the Code of Conduct will be adapted and expanded in 2024. https://www.gesco.de/fileadmin/user_upload/about-us/corporate-governance/GESCO_Code_of_Conduct_2023.pdf

The Code of Conduct was adopted by the Executive Board of GESCO SE. However, as GESCO SE is not a group organised centrally by the holding Company, the respective managing directors of the subsidiaries are the point of contact in the

event of questions or misconduct that deviates from the principles of the Code of Conduct. The Code of Conduct is addressed both internally to the Company's own employees and externally to its business partners. When entering into business partnerships, GESCO SE expects a code of conduct that is similar in nature to its own. The scope of the Code of Conduct covers all GESCO Group employees. In the case of joint ventures and minority shareholdings, GESCO SE works towards the introduction of a code of conduct in accordance with this set of rules within the scope of its possibilities under Company law. Further information is provided in Criterion 7 (Control).

As part of the appropriate and effective risk analysis, particularly vulnerable groups of people are also included in the analysis. This is reflected in the legal positions of the LkSG, in particular in position 1 (prohibition of child labour), position 2 (prohibition of forced labour) and position 7 (prohibition of unequal treatment of employees). The assessment of human rights risks and the Company's own opportunities to exert influence will be analysed in 2023 as part of the regular risk analysis in accordance with the criteria of the LkSG. The exact description of the procedure is described in the section "Identification of risks".

As part of the processes for LkSG compliance, employees were sensitised to the issue of compliance with human rights and environmental due diligence obligations (see "Identification of risks" above). Compliance with human rights and environmental due diligence obligations is ensured on the one hand by requiring business partners to have a similar code of conduct as GESCO SE and on the other hand by analysing risks as part of the LkSG (see "Identification of risks" above). GESCO SE has implemented a separate LkSG complaints mechanism on its corporate website, which is available in the languages of those potentially affected on the supplier side (Italian, French, Taiwanese, Chinese, Spanish, Turkish) as well as in German and English. The protection of whistleblowers is guaranteed and includes not only all employees but also third parties (business partners or customers). The measures for the complaints mechanism are continuously reviewed for their effectiveness as part of LkSG compliance and adjusted accordingly.

There is currently no code of conduct for supplier companies at holding Company level. In accordance with the LkSG, supplier companies will in future be analysed for compliance with the relevant human rights and environmental due diligence obligations. Effective compliance, preventive and remedial measures and concepts for redress are also currently being reviewed and developed as part of the LkSG. Reporting will take place from 2024 as part of the LkSG's documentation requirements.

Performance indicators for criterion 17

Performance indicator GRI SRS-412-3: Investment agreements screened for human rights impacts

Investment agreements or contracts do not yet contain any human rights clauses.

Of course, all contractual partners are already required to comply with the law. The mandatory introduction of a human rights and environmental clause for future investment agreements and contracts is planned for the first quarter of 2024 as part of an LkSG Group guideline. With regard to existing contracts, the LkSG guideline instructs that the clause should be made part of the contract as part of addenda, so that the human rights and environmental clause will also be continuously added to existing contracts.

Performance indicator GRI SRS-412-1: Operations screened for human rights impacts

During the reporting period, the following locations were audited for compliance with human rights:

	2023
Number of audited business locations	18
Share of all business locations worldwide	54.5 %

This audit prioritised the locations with the highest number of employees. This means that 90% of employees across all Group companies were included in the audit. This can also be found in the human rights policy statement. In a next step, the foreign subsidiaries are to undergo an audit of their own business area. This is planned to be completed by the beginning of 2025.

**Performance indicator GRI SRS-414-1:
New suppliers screened for social aspects**

a. To date, new suppliers have not been included in the assessment of social aspects. By the end of 2024, it is planned that 80% of new suppliers will be screened for compliance with human rights and environmental obligations.

**Performance indicator GRI SRS-414-2:
Social impacts in the supply chain**

a. Number of suppliers that were screened for social impacts and b. where potential negative social impacts were identified:

	2023
Number of suppliers screened for social impacts	420
Number of suppliers identified as having significant potential negative social impacts	403

c. Significant actual and potential negative social impacts identified in the supply chain

Potential negative social impacts in the supply chain:

- Child labour
- Forced labour & slavery
- Occupational safety
- Freedom of association
- Unequal treatment in employment
- Reasonable wage

At the time of publication, the determination of the **actual negative social impact (b.)** had not yet been finalised, meaning that a conclusive assessment cannot yet be made. As a result, no statement can be made at this time as to the extent to which agreements on improvements will be made (d.) or the last resort will be used to terminate the business relationship (e.).

Criterion 18 on Social / community affairs

18. Community

The founding idea and business model of GESCO is to facilitate company succession and to develop companies for the future as part of the long-term investment approach. This goes hand in hand with the creation of wealth and income for shareholders, employees, business partners and society. The aim is to ensure succession solutions for all Group companies.

In addition to providing extensive publicly available information, GESCO SE seeks contact with regional politicians and the financing banks of the acquired Company, particularly in the context of Company takeovers, in order to present itself as the new owner. After the takeover, the location, workforce and corporate identity of the acquired companies should be preserved so that the existing network and stakeholders of the acquired Company, such as customers, suppliers, local authorities, neighbours and banks, retain their proven partners.

In terms of social commitment, GESCO Group focuses on promoting STEM subjects. Since 2019, GESCO SE has included a support programme for the Wuppertal Children's and Youth University for the Bergische Land gGmbH – Junior Uni for short – based in Wuppertal. As part of this programme, GESCO supports Junior Uni with € 60,000 per year. Founded in 2008, the educational institution is a unique teaching and research centre in Germany that offers young people from the age of four up to A-levels courses in experimentation and research. It aims to inspire and prepare young people for entry into technical professions. GESCO Group companies particularly support sports and cultural organisations in their respective regions.

In the public sector, there are always risks where companies have to cut jobs or experience economic losses due to changes in general conditions, which have a negative impact on wages and salaries, social security contributions and pension expenses. We do not believe that a dedicated analysis of risks or a specific management concept is expedient here. Instead, the aim is to ensure that GESCO Group's value development is positive and that potential risks do not arise in the first place.

GESCO Group's performance on the capital market is reflected in the share price performance and dividend payment. The GESCO share price fell by 22.8% in the reporting year 2023. If the dividend payment of EUR 1.00 per share is taken into account, the decline is reduced to 18.7%. The benchmark SDAX share price index rose by 14.4% in the same period.



STEM

GESCO has supported the Junior Uni in Wuppertal for many years. STEM subjects are at the centre of the extracurricular educational institution's offerings.

The subsidiaries strengthen the community at their locations by favouring cooperation with local companies where it makes economic sense to do so, or by supporting local social, cultural and sports associations through donations.

Performance indicators for criterion 18

Performance indicator GRI SRS-201-1:

Direct economic value generated and distributed

	Financial year 2023 in TEUR	Financial year 2022 in TEUR	Deviation from the 2022 financial year in TEUR
i Direct economic value generated	562,358	585,190	-22,832
Proceeds	-	-	-
ii Spent economic value			
Operating costs	391,641	413,270	-21,629
Wages and benefits for employees	126,128	121,657	+ 4,471
Payments to investors	15,504	14,332	+ 1,172
Payments to the state	11,072	14,534	-3,462
iii Retained economic value			
i-ii	18,013	21,397	-3,384

Criteria 19 – 20 for Compliance

19. Political influence

A whole series of current legislative procedures that primarily affect our investments are relevant to GESCO Group's work, such as the Corporate Sustainability Reporting Directive (CSRD) and the Carbon Border Adjustment Mechanism (CBAM) at EU level and the Supply Chain Sustainability Obligations Act (Lieferkettensorgfaltspflichtengesetz) at national level. We analyse these projects and the resulting requirements for us via our risk management, evaluate them and implement appropriate measures at an operational level.

GESCO SE is a member of the German Investor Relations Association (DIRK). DIRK is the largest European professional association for dialogue between issuers and the capital market. Among other things, the association represents the interests in a sensitive interplay of forces between issuers, legislators, trading platforms, capital providers and other stakeholders. To this end, the association maintains an ongoing dialogue with the numerous institutions that are key to capital market processes, such as Deutsche Börse, the German Federal Financial Supervisory Authority (BaFin), Deutsches Aktieninstitut (DAI), the German Association for Financial Analysis and Asset Management (DVFA), the German Investment and Asset Management Association (BVI), Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW), Schutzgemeinschaft der Kapitalanleger e.V. (SdK) and many more. GESCO SE is also a member of the DAI. On behalf of its member companies, the DAI contributes the perspectives of the real and financial economy to the political debate through professional dialogue with politicians and supervisory authorities.

GESCO Group companies do not make donations to political organisations. The subsidiaries maintain memberships in relevant employer and industry associations in accordance with the compliance guidelines.

Consequently, there are no risks from GESCO's business activities due to political influence.

Performance indicators for criterion 19

Performance indicator GRI SRS-415-1: Party donations

No political donations are made by GESCO Group.

20. Compliance with the law and guidelines

GESCO Group is a group of medium-sized companies that are primarily active in the industrial manufacturing sector, with customers and suppliers in many countries around the world. The risks that affect all commercial companies are of relevance to the Group companies. In particular, these include corruption and conflicts of interest, for example by operating in countries with a different legal culture or by using sales intermediaries, as well as violations of tax and social security laws, labour laws and occupational health and safety regulations, data protection and antitrust regulations. In addition, production and product-related regulations must be complied with. Due to its international orientation, there are also risks of violations, particularly of the applicable export and export control regulations, the applicable customs regulations and violations of foreign law. Finally, due to its listing in the Prime Standard, GESCO SE must comply with special capital market law requirements. No significant new risks were identified for the 2023 reporting year.

GESCO SE demands and promotes behaviour within its companies that complies with the law and guidelines. It respects applicable law and is committed to complying with laws, regulations, case law and official decisions as well as internal guidelines and resolutions. This applies to all areas of regulation affecting GESCO Group, in particular the provisions on combating corruption.

To this end, GESCO SE has set up a compliance management system involving all Group companies:

The aim of the compliance management system is to prevent violations of the law from the outset through the measures taken (prevention). This is initially achieved through the voluntary commitment of the Executive Board of GESCO SE and the managing directors of the subsidiaries to comply with the law (tone from the top). This voluntary commitment is set out in the Group-wide Code of Conduct and is once again explicitly addressed personally to employees by the relevant bodies in compliance training sessions. The Code of Conduct for GESCO Group employees is available on the website at <https://www.gesco.de/en/about-us/compliance-and-corporate-governance>.

The Code of Conduct is substantiated by guidelines and work instructions in order to regulate typical behavioural issues for the executive bodies and employees in the areas of activity that are important for the Group companies in individual cases. These areas of action are determined by means of a risk analysis that is repeated at regular intervals or carried out on a case-by-case basis.

The guidelines are made available to GESCO Group employees in paper form, electronically and via an online information system (Rulebook). The applicable regulations are communicated to the executive bodies and employees of the Group companies through training courses, which are organised by GESCO SE and its subsidiaries with the support of external experts, where possible in physical presence. The executive bodies and employees of the Group companies also have the opportunity to seek advice from GESCO SE or an external compliance officer appointed by GESCO SE in case of doubt.

To ensure efficient protection against violations of the law, regular audits are also carried out in the Group companies, which focus on specific issues and are conducted by external third parties. In addition, employees of GESCO Group and the other Group companies as well as outsiders, i.e. external parties not employed by the Group companies, can report legal violations anonymously to a whistle-blower system set up by GESCO Group and an external ombudsman. GESCO Group has appointed an external lawyer for this purpose. This lawyer receives reports from all GESCO Group employees and third parties (e.g. business partners or customers) of suspected criminal offences and/or other violations of laws and regulations relating to GESCO Group. Detailed information on the whistleblower system can be found on the GESCO Group website at <https://www.gesco.de/ueber-uns/compliance-und-corporate-governance/> No violations were reported for reporting year 2023. In addition, a number of consultations on individual employee issues were carried out by the external ombudsman and internal staff. The whistle-blower hotline also repeatedly received reports of breaches of the law, which were checked for conclusiveness and counteracted by investigations and sanctions where necessary. The existing compliance management system therefore helped to clarify any breaches of the law and remedy them as quickly as possible.

The task of the subsidiaries' executive bodies is to embed the respective requirements and principles in their companies. If specific risks exist for the respective Group Company, it is responsible for taking appropriate measures in the form of risk analysis, training, guidelines, work instructions and monitoring in accordance with the Code of Conduct, e.g. with regard to embargo regulations against countries, organisations or persons. GESCO SE supports these measures, if necessary with external support from experts. At GESCO SE level, the Compliance department is anchored in the Finance Executive Board department.

The compliance management system is dynamically orientated. It enables new risks to be identified on an ongoing basis and targeted measures to be taken to counteract them, whether because the legal situation changes or because the realignment of business areas at GESCO Group companies gives rise to new risks that require appropriate preventive measures. In this way, the compliance management system is continuously developed in order to continue to fulfil compliance requirements throughout the Group in an increasingly complex environment.

One example of the ongoing development of the compliance management system is the establishment of a complaints procedure in accordance with Section 8 LkSG. In addition, an updated risk analysis on employee compliance was carried out in the reporting year.

Risks relating to compliance include corruption, antitrust offences and other criminal activity. There are also risks relating to violations of the Supply Chain Duty of Care Act as well as employee protection and environmental law.

All of the components of the GESCO Group compliance management system described above have been fully implemented (100% degree of fulfilment). The content of the compliance management process is subject to constant dynamic change: New legal requirements require adaptation, as do new findings from the compliance risk analysis of the GESCO companies, information about the whistleblower protection system or the regular audits carried out by external parties at the GESCO companies. Depending on these developments and findings, GESCO will adapt the existing regulations, the existing training programme and the existing advisory services, if necessary with external

support. Among other things, GESCO will roll out further guidelines for the entire Group for this reason. These include an employee protection guideline and a supplier guideline. In 2023, the GESCO companies were primarily concerned with the introduction of the LkSG requirements. The implementation of the LkSG requirements was largely completed by the end of the year. The introduction of these guidelines, including accompanying training, is scheduled for 2024. Further guidelines and training courses will follow as required from 2025.

GESCO Group counters these risks with the compliance management system described above, which includes a Group-wide Code of Conduct, accompanying guidelines and work instructions, an online information system (Rulebook) for GESCO Group employees, accompanying training, case-related spot checks and a whistleblower system for employees and external parties. The managing directors of the subsidiaries are responsible for anchoring the respective requirements and principles in their companies.

In the reporting year, internal investigations were initiated at a subsidiary on the basis of a tip-off via the whistleblower system, which led to the dismissal of an employee for violations of general personal rights, among other things.

Otherwise, no material violations were identified in the reporting year.

The risk analysis in the area of employee protection led to some minor risks, which are to be addressed in 2024 through a Group-wide guideline and accompanying training.

Performance indicators for criterion 20

Performance indicator GRI SRS-205-1: Operations assessed for risks related to corruption

- a. All locations (100%) were checked for corruption risks.
- b. The GESCO Code of Conduct and the associated guidelines and work resolutions as part of the governance system apply to all locations (100%) (see criterion 20).

Performance indicator GRI SRS-205-3: Incidents of corruption

- a. No incidents of corruption were identified in 2023
- b. – d. Not relevant.

Performance indicator GRI SRS-419-1: Non-compliance with laws and regulations

- a. Not relevant.
- b. No cases of non-compliance with laws and/or regulations were identified in the 2023 reporting year.
- c. Not relevant.

