

GESCO

Sustainability Report

2024

02 Sustainability Report

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General information

1 Basis for the preparation

The following GESCO Group Sustainability Report was prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and partially applying the first sentence of the ESRS as a framework; it applies the same scope of consolidation as the consolidated financial statements and is GESCO's first report of this kind. If individual statements within the sustainability report only apply to a section of the scope of consolidation, this is indicated. It is also made transparent if individual key figures are based on estimates and the methodological approach is explained accordingly. The reporting period for all qualitative statements and quantitative key figures extends from 1 January 2024 to 31 December 2024, in line with financial reporting.

The report was also prepared in accordance with the statutory requirements for a separate non-financial Group statement pursuant to Sections 289b and 315b HGB.

In order to provide a transparent insight into GESCO Group's sustainability-related topics, no information has been omitted from the following sustainability report for reasons of confidentiality or to protect intellectual property.

This sustainability report covers both the upstream and downstream value chain. On the one hand, the information from the survey conducted as part of the Supply Chain Sustainability Act (LkSG) is available for the upstream value chain, while on the other hand, the ten largest customers and suppliers per segment in terms of sales and therefore the downstream value chain were considered as part of the stakeholder analysis. The latter were analysed in terms of compliance, occupational health and safety, environmental protection, quality, ethics and financial stability.

The extent to which the individual guidelines, measures, targets and key figures also relate to the value chain or individual components of the value chain can be seen in the following chapters.

The inclusion of the value chain as part of sustainability efforts highly relevant for GESCO as a group of manufacturing companies in the areas of resource technology, process technology, healthcare and infrastructure technology. At the same time, the value chain with all its players is also complex and fragmented. In order to ensure precise management of the impacts, risks and opportunities as well as the information to be reported, key components within the value chain were therefore identified, to which reporting in the Sustainability Report is limited.

At the end of the year, the GESCO subsidiary AstroPlast Kunststofftechnik GmbH & Co. KG and two traditional business units of Doerrenberg Edelstahl GmbH (foundry and steelworks) were sold, which will lead to a change in the content of reporting in the coming reporting year. In addition to the resulting reductions in consumption and greenhouse gas emissions, the outsourcing of steel production, for example, will also lead to a review of the materiality analysis.

The list of disclosure requirements required by ESRS 2 IRO-2 (IRO = Impacts, Risks Opportunities) and the list of data points with reference to other EU legislation are included in the **Annex to the Sustainability Report**. This also applies to the overview of the core elements of due diligence, which was prepared in accordance with ESRS 2 GOV-4. The list of disclosure requirements that (partially) refer to disclosures outside of the separate non-financial group statement is shown in the following table.

Duty of disclosure	Localisation
GOV-1	Declaration of corporate governance
GOV-3	Remuneration report
SBM-1	Foundations of the Group

2 Governance

2.1 The role of administrative, management and supervisory bodies in sustainability management

Executive Board, Supervisory Board and company management

Entrepreneurial thinking characterises the actions of the Executive Board and Supervisory Board. Together, they are increasingly prioritising corporate management based on sustainability. The regular dialogue between the Executive Board of GESCO SE, the Business Directors of GESCO SE and the managing directors of the subsidiaries and their teams serves to analyse and further develop strategic and sustainability-related topics.

The Executive Board implements the corporate strategy and key corporate guidelines approved by the Supervisory Board and embeds sustainable practices in day-to-day business. It regularly informs the Supervisory Board about progress and challenges. The Supervisory Board approves the strategy, monitors its implementation and ensures that sustainability is considered a central component of the corporate strategy. If necessary, it can take corrective measures. GESCO SE values specialist knowledge and expertise in the management and supervisory bodies and promotes this through further training and the exchange of experience within the Executive Board. The Executive Board members are managers with proven expertise in the implementation of sustainable practices and the integration of environmental, social and governance (ESG) aspects into business processes.

The Supervisory Board, on the other hand, has a monitoring and advisory function: Supervisory Board members monitor compliance with corporate policy, ensure that sustainable goals are taken into account and provide support as advisors with expertise, examples of best practice and clarifying impulses for further development.

GESCO SE pursues several approaches to continuously expand the expertise of its committees:

- Training programmes: Specific training programmes on sustainable practices, risk management and corporate governance are carried out to deepen the knowledge of the governing bodies.
- External experts: GESCO SE calls in external experts to solve tasks and current challenges in the area of sustainability and corporate management.

More detailed descriptions of the roles of the Executive Board and Supervisory Board as well as basic information on their areas of activity (information on corporate governance practices, composition, planning, diversity, etc.) are described in section **Corporate governance statement**.

Based on the CSRD-compliant materiality analysis, the Executive Board and Supervisory Board have defined the strategic Group targets until the end of 2024. Until now, the fulfilment of the legal aspects was managed by the ESG@GESCO Steering Committee and monitored by the Supervisory Board's Audit Committee. This is now being replaced by general, centralised structures and reviews.

Until the recent end of its activities, the Steering Committee, consisting of Executive Board members, investor relations representatives, the Business Directors, the GESCO SE Human Rights Officer and the GESCO ESG coordinators, met at regular intervals to further develop sustainability topics, including in the reporting year. In 2025, the Steering Committee will be dissolved in its current form and the management of ESG objectives will be integrated into the GBS. In addition to the Executive Board, the Senior Leadership Team (SLT), consisting of the Executive Board, Managing Directors, Business Directors and the Finance Director, will be responsible for monitoring and managing ESG objectives.

Further information on GBS and the new strategic direction is described in the section **Strategy, business model and value chain**.

The definition and monitoring of the subsidiaries’ sustainability targets is integrated into the monthly meetings between the Executive Board, Business Directors and managing directors.

Overall responsibility for sustainable development lies with the Executive Board of GESCO SE. Monitoring processes will be established in 2025 for the strategies, measures and targets established as part of the new reporting system.

1 Composition of the Executive Board of GESCO SE

	Total	Male	Female
Members of the Executive Board	2	1 (50%)	1 (50%)

2 Composition of the Supervisory Board of GESCO SE

	Total	Male	Female
Members of the Supervisory Board	4	3	1
thereof Executive Board members	0	0	0
of which no Executive Board members	4	3	1
thereof employees	0	0	0
of which independent members	3	2	1

Sustainability organisation

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 issues. 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.

To date, the subsidiaries have acted independently in terms of making resource management and the product and service portfolio more sustainable, employee responsibility, including safe and fair working conditions, as well as in the areas of climate protection and energy management. At the beginning of 2025, the format of monthly key figure reporting will be established at Group level, which will also include sustainability key figures. This will enable GESCO to set up centralised management processes for certain elements (e. g. reduction targets for energy consumption or resource conservation in its own business operations and in the downstream value chain).

The ESG coordinators appointed by the managing directors of the respective subsidiaries coordinate the yearly collection of key figures, on a decentralised basis using a reporting tool. The data collected will be reported to the ESG team. Authorisation management has been established in 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. In order to optimise and ensure data quality step by step, GESCO has defined clear guidelines for data collection in 2024 and detailed audit specifications. In the reporting year, the key figures were recorded for the first time by the majority of companies in the financial scope of consolidation in accordance with CSRD/ESRS.

Another thematic focus is on the management of risks in the supply chain and the resulting due diligence obligations. Information on this can be found in chapter S2 **Labour in the value chain.**

2.2 Sustainability in remuneration

In the reporting period, sustainability-related performance of the administrative, management and Supervisory Board bodies was neither assessed nor taken into account in the remuneration policy or variable remuneration. At the present time, the Executive Board and Supervisory Board do not envisage any sustainability-related remuneration conditions.

Further information on remuneration at GESCO Group can be found in the **Remuneration report.**

2.3 Risk management in the course of sustainability reporting

In implementing the ESRS requirements, GESCO Group has been able to build on existing sustainability reporting structures since 2021. The application of the complex European framework nevertheless leads to challenges, particularly in connection with data quality and availability and the interpretation of individual requirements that are not sufficiently specific. This resulted in significant adjustments to the existing reporting structure in the reporting year. The diversity of the business models of an investment company with ten corporate groups and a total of 17 production sites in Germany and abroad made it even more difficult to standardise procedures and obtain data. In addition, there were difficulties with the availability of information due to insufficient data from suppliers and customers, data protection regulations and confidentiality rules.

In order to meet these challenges in the context of data collection, GESCO is in dialogue with its stakeholders (**stakeholder involvement**). To cope with the differences in business models, the companies were categorised into three segments. The segments are based on the customer industries addressed. In this way, similar areas of the subsidiaries can be better recognised. Data collection was also based on a two-stage process, in which a coordinator from the respective GESCO subsidiary was first appointed to feed the data into a tool. Then the data must be approved by the responsible

commercial manager. There are also shared responsibilities when it comes to reporting: The ESG team is primarily responsible, while the Executive Board and Supervisory Board are consulted during the process for a supplementary review. In addition, a consultancy firm has been engaged to advise GESCO on the sustainability software and data procurement used in order to increase ESG capacities and optimise the analysis processes.

Further information on the organisation in connection with reporting is described in the section **Sustainability organisation.**

2.4 Strategy, business model and value chain

Business model

With its diversified business model in the area of industrial services and manufacturing, GESCO invests as an investment company in SMEs that offer technical products and solutions, particularly in the areas of mechanical engineering and industry. In its entirety, GESCO Group serves a wide range of sectors: Mechanical and plant engineering, toolmaking, the confectionery and hygiene industry, the chemical and petrochemical industry, the oil and gas industry, healthcare, semiconductors, food & beverages, the automotive industry, energy & environmental and the manufacture and maintenance of rail vehicles are just some of the sectors served.

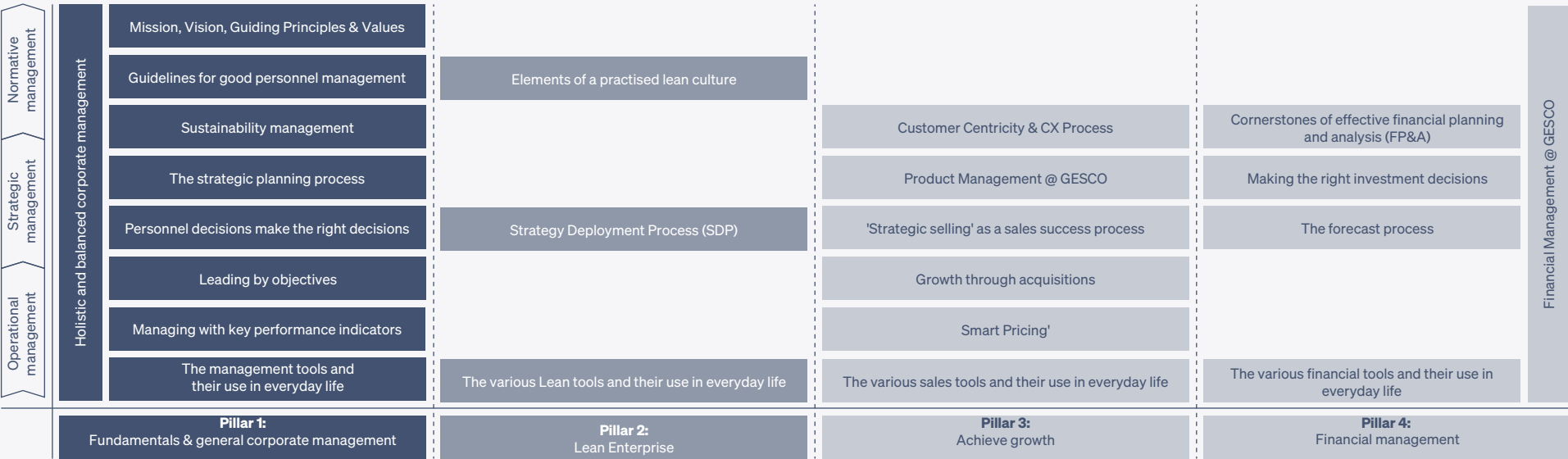
The differences between the companies were considered in the further course of the process by identifying and evaluating segment- and company-specific impacts, risks and opportunities, particularly in the double materiality analysis, for example in the processing of the longlist¹ and in the stakeholder survey. In addition to the individual further development of each portfolio company, GESCO focuses on investments in industrial targets with majority shareholdings (generally wholly owned shares). Globalisation strategies are also defined for each subsidiary. Additional information on the business model can be found in the Group management report in the section **Fundamentals of the Group.**

¹ A longlist in the materiality analysis is an initial, comprehensive collection of potentially relevant sustainability topics that are later prioritised in the assessment process. It serves as a starting point for identifying the most material topics for the company.

GESCO has developed a new framework for itself and its portfolio companies, the GESCO Business System (GBS). The GBS is a coherent, integrated and modular set of concepts, methods and tools to standardise and professionalise the management of these companies. The sole aim is to make each individual company – and thus GESCO as a whole – more successful and more valuable. The GBS provides simple but effective guidelines on the question of “how do we manage our business?” It is not intended to limit the independence and decision-making autonomy of the subsidiaries with regard to the questions “where do we play?” and “what do we do?”, but rather to support, accompany and empower them on their own path to success. The system has been developed by SME managers for SME managers. The GESCO-SLT makes the final decision on how each individual module of the GBS is organised.

With the GESCO Business System, GESCO pursues a systematic, long-term approach in accordance with the guiding principle “Method enforces success”. The management and leadership guidelines and processes that are essential and indispensable for business success are defined in four central pillars:

Structure of the GBS



As part of the work on the overarching GESCO Business System, GESCO will also revise its fundamental system, consisting of the mission statement, the vision statement, the corporate guidelines and principles as well as the core values, at the beginning of 2025 and also regulate how these affect the portfolio companies:

In line with the duality between the lived autonomy of the subsidiaries on the one hand and the demand for professionalisation of the management claim on the other, all subsidiaries can and should define their own corporate mission, vision and values. Only the six guidelines and principles are binding throughout the Group.

Value chains

As part of the **materiality analysis**, the various upstream and downstream value chains of the subsidiaries in the individual GESCO segments were analysed. The latter serve as clusters for all Group companies that undergo a similar value creation process and are sufficiently homogeneously structured, particularly with regard to customer markets. Overall, the GESCO Group portfolio companies are divided into three 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

In an internal workshop between the ESG team and Business Directors, the value creation stages and their associated stakeholders were defined and visualised. Due to the diversity of their products and production processes, the GESCO Group companies each have their own value chains, which cannot be categorised as typical standardised value chains. The upstream value chains include suppliers of raw materials and manufacturers of primary products, which are then further processed by GESCO Group companies. The downstream value chain is where the products are finished or sold to customers. GESCO Group's customers are exclusively business customers. All ancillary value creation processes within the companies are organised differently depending on the business model

GESCO SE’s business activities comprise several key components that work together to increase the added value of its portfolio companies:

Identification and acquisition: Identifying and acquiring technologically interesting companies from the industrial SME sector.

Corporate management: Contributing expertise and taking responsibility for strategic direction.

Optimisation of processes: Optimising production and business processes and thus increasing efficiency.

Innovation and development: Recognising market needs and promoting targeted investment in research and development,

Sales and marketing: Expand sales channels and marketing strategies.

Utilise synergies: For example, enabling joint purchasing concepts, best practices or the exchange of technologies.

These components form an integrated value chain that promotes the long-term growth and stability of the GESCO portfolio companies.

2.5 Stakeholder involvement

Stakeholder participation

GESCO maintains a dialogue with its stakeholders in order to understand their concerns and incorporate them into strategic decisions and integrates the perspectives of affected interest groups through structured consultations, in particular through stakeholder surveys. These surveys help to identify the relevant concerns and expectations of stakeholders and incorporate their views into the sustainability strategy. When

implementing the due diligence obligations and conducting risk analyses, the expertise of external consultants is also considered to ensure a well-founded assessment of risks and opportunities. This continuous dialogue is seen as part of the commitment to transparency and responsibility.

In 2025, further guidelines for the future systematic inclusion of the identified stakeholders in the strategy and business model are also to be defined.

The Executive Board is regularly informed about the views and interests of the stakeholder groups with regard to the Company’s sustainability-related effects in meetings on reporting on the process for fulfilling the CSRD.

The inclusion of stakeholder perspectives in the materiality analysis process is described in the following section on [materiality analysis](#).

Stakeholders	Forms of dialogue
Owners (shareholders)	Annual general meeting; annual press conference, conference calls, stock exchange days; capital market events and conferences; roadshows; one-on-one meetings; conference calls; e-mail contact
Management/Executive Board and Directors	Discussions (with the works council, individual employees, the SLT), intranet
Employees	(Staff) discussions, discussions with internal safety officers, health and safety committee, work meetings, work council meetings, employee surveys, intranet, company tours, whistleblower system, suggestion scheme
Municipalities (locations)	Direct dialogue
Competitors/Market companions	Industry associations, conferences, trade fairs
Potential applicants	Job interviews, job fairs, homepage, recruiters
Customers (active)	Direct dialogue, negotiations, customer service
External suppliers	Purchasing discussions, negotiations
Banks/investors	Capital market events and conferences; roadshows; one-on-one meetings and conference calls

3 Materiality analysis

3.1 Materiality analysis process

In reporting year 2024, GESCO carried out a double materiality analysis for the first time, considering the requirements of the European ESRS framework. This differs from the previous materiality analysis in terms of scope and level of detail. GESCO has assigned various roles to the people involved in preparing and compiling the report. The ESG team at GESCO SE (sustainability manager) is responsible for planning, coordinating and realising the double materiality analysis, accompanied by an external consulting firm (conducting a pre-audit). As part of the transition of reporting to the requirements of the CSRD, an intensive review was conducted by the Audit Committee of the Supervisory Board in a joint meeting with the ESG team of GESCO SE. The Executive Board assumes overall responsibility and approves the planning, procedure and results of the materiality analysis as well as the report. The ESG team explains the materiality analysis process, the functions and responsibilities of the persons involved and the results to the Supervisory Board. The Supervisory Board also reviews the sustainability report at the end.

The dual materiality analysis is based on several steps: First, the context of the corporate strategy and business models was captured through existing business model analyses (canvas/SWOT analyses). A centralised and decentralised risk analysis was also implemented in order to identify both abstract and concrete human rights and environmental impacts, risks and opportunities, including financial risks in connection with environmental, social and governance issues. This analysis takes into account the specific activities and geographical circumstances of the subsidiaries in order to identify potential impacts, risks and opportunities, as well as interactions between the affected stakeholders and the operational, financial and sustainability-related aspects of the Company. The risk analysis covers direct suppliers and their upstream supply chains.

This was followed by a stakeholder analysis in which relevant interest groups were identified and categorised through a quantitative assessment of their influence and impact. These were included in the double materiality analysis. As not all identified stakeholders could be included directly, GESCO integrated stakeholder representatives (business directors and managing directors of the individual subsidiaries) into the process. These representatives were considered suitable for contributing their own views as well as representing the perspectives of the stakeholders they represent.

The next objective was to draw up a longlist representing all potentially material ESG issues for the holding company and subsidiaries.

A systematic survey of stakeholder representatives was conducted to obtain a medium list. The survey was used for the qualitative validation of the longlist, the subsequent narrowing down of the topics and the identification of the impacts, risks and opportunities assigned to them.

Threshold values and an evaluation logic based on the following ESRS criteria were defined in order to record the potential impacts qualitatively and quantitatively:

- Extent: severity of impact on people and the environment.
- Scope: Geographical and quantitative scope of the impact.
- Irreversibility: The extent to which negative effects can be remedied.
- Probability: Assessment of how likely it is that the identified impacts will materialise.

The potentially negative impacts were prioritised in terms of their severity and, where applicable, their likelihood of occurrence in order to target measures at the most relevant sustainability risks. This prioritisation helped to focus resources on the most urgent issues and to develop appropriate preventive and remedial measures. Positive impacts were also prioritised according to their relative scale and scope.

Identified risks and opportunities were assessed according to the following criteria:

- **Extent:** The (potential) extent of the financial impact is assessed on a scale whose definition is based on GESCO's risk management.
- **Probability:** The probability of an identified risk occurring or an opportunity being realised is assessed on a scale of 0% to 100%.

In order to only disclose information in the Sustainability Report that is of particular importance to GESCO Group, its stakeholders and the report's addressees, a quantitative materiality threshold was defined on the basis of statistical evaluation methods and a percentage approach in relation to the maximum values of the assessments, and all IROs below this threshold were not included in the reporting. In addition, qualitative criteria were used to assess the relevance of the identified IROs: The threshold was set based on a qualitative assessment to objectively determine which IROs should be categorised as reportable from a company perspective. Findings from previous process steps, including stakeholder feedback and analyses of the value chains, were incorporated into this process. In addition, human rights-related impacts in particular were directly categorised as material.

While the impact threshold is based on quantifiable, statistical analyses and the final qualitative evaluation, the financial materiality threshold was adapted to the risk management thresholds in order to be able to draw on existing structures and thus adequately assess financial stability risks.

The result of the double materiality analysis was validated by the stakeholder representatives to ensure that all relevant IROs are included in the reporting.

Risk management at GESCO involves the systematic identification, assessment and monitoring of financial, operational and regulatory risks. The Executive Board is responsible for implementing suitable risk management strategies. The results of the risk analyses are regularly reported to the Supervisory Board. These reports allow potential risks to be recognised at an early stage and suitable measures to be developed in order to avoid negative effects and financial risks. Mechanisms have been established to regularly review and document the effectiveness of the implemented safety and remedial measures. The results of these reviews will be published in future in the annual reports for stakeholders. Opportunities have not yet been incorporated into the general management process.

3.2 Significant effects, risks and opportunities

As part of the materiality analysis described above, GESCO identified the IROs that are material to it in connection with the topic of sustainability.

The entire value chain was considered when identifying the IROs. As GESCO Group is, without exception, a group of companies in the manufacturing sector, the focus was not only on its own business operations, but also on the upstream value chain and its direct, i. e. Tier 1 suppliers, supported by the analysis and due diligence obligations resulting from the LkSG.

The materiality analysis produced the following results for GESCO Group:

Standard		ESRS sub-topic	+	–	↓	↑
E – Environment						
E1	Climate change	Adaptation to climate change	x			
		Energy		x	x	x
E3	Water and marine resources	Water		x		
E5	Resource utilisation and circular economy	Resource inflows, including resource utilisation				x
		Resource outflows in connection with products and services	x	x		
		Waste	x			
S – Social						
S1	Labour force of the company	Working conditions	x		x	x
		Equal treatment and equal opportunities for all	x			x
S2	Labour in the value chain	Working conditions	x	x		
		Other labour-related rights		x		
G – Governance						
G1		Management of relationships with suppliers, including payment practices				x
		Corruption and bribery				x

A total of 23 material IROs were identified, including nine positive and six negative impacts, two risks and six financial opportunities.

The corresponding IRO descriptions including further characteristics (type, time horizon, value chain classification) can be found at the beginning of the following chapters.

The following points characterise GESCO’s strategy and business model with regard to resilience in terms of the Group’s ability to manage significant impacts and risks and exploit significant opportunities:

- Cross-sector diversification: activities in climate-friendly technologies, mechanical and plant engineering and automation technology. This means less dependence on individual markets and greater resilience.
- Sustainable focus: Focus on green technologies (e. g. green steel, LNG, rail transport) strengthens competitiveness and long-term market position.
- Adaptability: Ability to react quickly to market trends and develop innovative products/services. This is crucial for GESCO’s resilience.
- Employee loyalty: Fair remuneration, further training and occupational safety promote satisfaction and loyalty and therefore productivity and resilience.
- Financial benefits: Sustainable business practices facilitate access to sustainable forms of financing and thus improved liquidity and financial strength.

Environmental information

Since it was founded in 1989, GESCO Group has pursued a long-term sustainable strategy characterised by a wide range of environmental challenges. With production sites mainly in Germany, it is subject to high legal standards that form the framework for its approach to environmental issues. This chapter provides an insight into the Group's environmental information, takes into account the diversity of its subsidiaries and shows how responsible behaviour forms the basis for a positive future. The aim is to create transparency about environmental impacts and to promote the sustainable further development of the subsidiaries.

1 E1 – Climate change

GESCO SE pursues the goal of meaningfully reducing the environmental impact of its subsidiaries' core business and thus making important contributions to society as a whole. For 2024, the focus was on further developing sustainability management, reducing energy consumption with the help of renewable energies and switching to more sustainable materials and processes. The managing directors of the subsidiaries see the greatest negative impact of business activities on sustainability issues in the area of energy and resource consumption. As the consumption of energy in the course of business activities is also the main driver of GESCO's greenhouse gas emissions, the reduction of energy consumption goes hand in hand with targeted decarbonisation.

1.1 Effects, risks and opportunities

IRO	Value chain			Time horizon		
	Up-stream	Own operations	Down-stream	<1 year	1–5 years	>5 years
Impact 1 (actually positive): Reduction of CO ₂ emissions and thus a positive impact on climate change through the production and trade of green steel at the Doerrenberg Group and the processing of green steel at PGW		x		x		
Risk: Higher production costs due to rising energy prices and competitive disadvantages compared to companies in countries with more favourable energy costs		x		x		
Opportunity: Increase in sales for subsidiaries that are already active in climate-friendly sectors due to increased relevance of the topic for customers		x			x	
Impact 2 (actually negative): Negative impact on climate change due to the use of energy- and CO ₂ -intensive cast iron and steel products in the manufacturing process of the subsidiaries operating in the Materials Refinement & Distribution and Industrial Assets & Infrastructure segments	x			x		
Impact 3 (actually negative): Negative impact on climate change due to high energy consumption in the production of paper and plastic parts		x		x		

Impact 1 (actually positive): Reduction of CO₂ emissions and thus positive impact on climate change through the production and trade of green steel at the Doerrenberg Group and processing of green steel at PGW

Conventional steel production is currently responsible for more than 7% of global carbon dioxide emissions. The production, processing and trading of green steel at PGW and Doerrenberg can reduce steel emissions by up to 90% and thus make a significant contribution to climate protection.

PGW refines strip steel, which in turn is used in the household appliance sector, by manufacturers of sporting goods, in the furniture industry, for office supplies, in the electrical industry, in decorative items and in the automotive industry. With the increasing use of green steel, PGW is making a contribution to sustainable management at GESCO Group and promoting sustainable procurement practices. This also helps to introduce products to the market that reduce the overall demand for fossil fuels.

Risk: Higher production costs due to rising energy prices and competitive disadvantage compared to companies in countries with more favourable energy costs

The high energy prices are already leading to additional costs – especially for subsidiaries that have an energy-intensive manufacturing process. A further rise in energy prices or constant prices at a high level represent a climate-related transition risk and could have a negative impact on the margin in the future.

Opportunity: Increase in sales for subsidiaries that are already active in climate-friendly sectors due to increased relevance of the topic for customers

Some of the subsidiaries are already active in climate-friendly industries, such as MAE with its wheelset presses for rail vehicles or SVT with its loading arms for hydrogen. GESCO expects demand for sustainable products to increase in the future, which will further drive the growth of these companies. By promoting environmentally friendly sectors such as rail and biogas, expanding energy self-sufficiency and accelerating technological innovations, GESCO is helping to strengthen a sustainable and independent economy.

Impact 2 (actually negative): Negative impact on climate change due to the use of energy- and CO₂-intensive cast iron and steel products in the manufacturing process of subsidiaries operating in the Materials Refinement & Distribution and Industrial Assets & Infrastructure segments

Almost all of the subsidiaries need steel to manufacture their machines, systems and preliminary products. Steel is one of the most energy-intensive metals to produce. The use of conventional steel in the supply chain therefore contributes to GESCO's high greenhouse gas emissions and thus has a negative impact on climate change. This negative impact should therefore be controlled in the long term.

Impact 3 (actually negative): Negative impact on climate change due to high energy consumption in the production of paper and plastic parts

GESCO's subsidiaries that manufacture paper and plastic products have a particularly high energy consumption and therefore contribute significantly to the Group's carbon footprint and thus to climate change. As with CO₂ emissions in the upstream value chain, this negative impact is also to be addressed in the future.

1.2 Transition plan and resilience analysis

The organisation and objectives in the areas of climate protection and energy management are mainly the responsibility of the subsidiaries. The decentralised Group structure and the various business models mean that targets and priorities must be set individually depending on the respective business models. A common element in the strategic and management approach is the reduction of energy consumption. However, no long-term strategic goals in the form of a transition plan have yet been developed across the Group. A climate scenario analysis was not carried out in the reporting year. Nonetheless, GESCO continued to address potential risks and opportunities that may arise from advancing climate change in 2024 as part of the materiality analysis (**General information, E1 Climate change – impacts, risks and opportunities**). Based on these results and taking into account the different focal points of the subsidiaries, the Executive Board and Supervisory Board have defined the strategic Group targets for 2025.

1.3 Management approach

Responsible use of resources and environmental protection is important to GESCO. Employees who carry out environmentally relevant activities ensure that they perform these activities in compliance with the applicable regulations and requirements at all times. To this end, organisational structures have been created to monitor compliance, punish violations and enable employees to adhere to these rules through training. The management of environmentally relevant issues is generally decentralised within the individual companies. Responsibility for this lies with the respective managing directors. In the course of the further development of the sustainability strategy for the financial years 2025 onwards, the aim is to formulate targets in line with the impacts, risks and opportunities, including the planning of measures and monitoring. Nevertheless, individual measures are already being implemented in the companies.

Risk assessment

Most of GESCO Group's production sites are located in Germany and are therefore subject to strict standards and laws. GESCO classifies the environmental impact of its business operations as low due to compliance with these regulations and careful processes. The subsidiaries are surveyed monthly on environmental risks, which are then assessed according to the extent and probability of occurrence and reported to the Executive Board. The Group's consumption of energy and resources in particular are considered to be the main environmental risks.

GESCO also recognises a risk in the current politically tense situation, particularly due to sanctions against Russia. This affects the operating business of the subsidiaries to varying degrees due to their dependence on energy and commodity markets. GESCO is therefore implementing measures to reduce its dependence on volatile energy prices, for example.

Business risks arising from the geopolitical situation are described in more detail in the **Forecast, opportunities and risks report**.

Energy

Kesel, a leading global manufacturer of machine tools for linear gears and band saw profiles, was the first company in the Group to switch its external electricity supply completely to green electricity in the reporting year.

In addition, an energy audit was carried out at the GESCO Group subsidiaries and opportunities for energy savings were identified. The energy-saving measures focus primarily on the areas of energy efficiency in business operations and transport and logistics.

The companies have already taken numerous measures to reduce greenhouse gas emissions. For example, the INEX – solutions subsidiary Sommer & Strassburger has implemented a company car policy that stipulates only e-cars from 2024. Hubl (also an INEX – solutions subsidiary), MAE and SVT have also established similar regulations. In addition, the charging station infrastructure has been expanded at the German operating sites of PGW and INEX.

In order to reduce dependence on volatile electricity prices and at the same time reduce GESCO Group's emissions, photovoltaic systems are gradually being installed on the roofs or suitable ground areas of the subsidiaries' sites. For example, Sommer & Strassburger invested in a photovoltaic system that at times covered 25% of its electricity consumption. PGW, Doerrenberg and Hubl are also systematically investing in their own photovoltaic systems. In 2024, MAE also commissioned a PV system on the company premises. As a result, more than half of the subsidiaries are already able to use their own electricity from renewable energy sources.

Plant efficiency

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 use of pneumatic systems is also being minimised. Most recently, the company has succeeded in developing a product type without pneumatics. MAE products are also characterised by a 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.

PGW has installed parameter-optimised filter chamber presses on the waste water system, which enable more efficient use of compressed air and effectively reduce compressed air consumption. MAE will invest in a cold bearing closure in 2025 to improve thermal insulation and minimise the effects of the weather. At Setter, the waste heat from the machines has already been used to heat the business premises for several years. In order to minimise the high energy consumption of the plants, especially in paper production, GESCO plans to evaluate the plant efficiency as part of an Overall Equipment Effectiveness (OEE). Such an assessment is made up of the factors availability, performance and quality. In concrete terms, this means:

- 1. How much time is the system actually available for production?
- 2. How close is the actual production speed to the maximum possible?
- 3. How many of the parts produced are faultless and usable?

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 loading liquid hydrogen using third-party funding from the German Federal Ministry for Economic Affairs and Climate Protection. As hydrogen is transported at extremely low temperatures, the main components of the process pipe-work must be able to withstand special operating conditions. This applies, among other things, to the design of swivel joints, safety separating couplings or the connection couplings.

1.4 Goals

Reducing energy consumption is an overarching environmental goal of GESCO Group. To date, GESCO SE has not further specified and quantified these targets. However, the aim is to increase the proportion of renewable energies in the electricity mix to 80% by 2030.

1.5 Key figures

Energy consumption and energy mix	Unit	2024
Total energy consumption in connection with own operations	kWh	64,223,666
Total energy consumption from fossil sources	kWh	32,131,847
Share of fossil fuels in total energy consumption	%	50
Fuel consumption from coal and coal products	kWh	1,388,673
Fuel consumption from crude oil and petroleum products ¹	kWh	890,740
Fuel consumption from natural gas ¹	kWh	27,904,853
Fuel consumption from other fossil sources ¹	kWh	180,807
Consumption from purchased or received electricity, heat, steam or cooling from fossil sources ¹	kWh	452,592
Total energy consumption from nuclear sources	kWh	4,863,359
Share of nuclear sources in total energy consumption	%	8
Total energy consumption from renewable sources	kWh	27,228,459
Share of renewable sources in total energy consumption	%	42
Fuel consumption from renewable sources	kWh	882,299
Consumption from purchased and received electricity, heat, steam and cooling from renewable sources	kWh	26,156,461
Consumption of self-generated renewable energy other than fuels	kWh	189,698
Generation of energy from renewable sources	kWh	226,227
Generation of energy from non-renewable sources	kWh	0

¹ The further key figures on fossil fuels only contain consumption data from the climate-intensive (sub)sectors.

Greenhouse gas emissions

Scope	Emissions by category	[kg CO ₂ e]
Scope 1 (Direct)	1.1 Stationary combustion	6,171,899
	1.2 Mobile combustion	713,905
	1.3 Process emissions	26
	1.4 Vapour emissions	57,973
	Total Scope 1 emissions	6,943,803
Scope 2 (Indirect energy)	2 Purchased energy (market-based)	10,878,336
	2 Purchased energy (location-based)	9,691,720
	Total Scope 2 emissions	20,570,056
Scope 3	3.4 Transport and distribution (upstream)	8,911,792
	3.5 Waste generated during operation	985,996
	3.6 Business trips	1,208,228
	3.7 Commuting of employees	1,874,325
	3.9 Transport and distribution (downstream)	21,542,864
	Total Scope 3 emissions	34,523,206
Total emissions (market-based)		52,345,345
Total emissions (location-based)		51,157,728

No data was collected for the Scope 3 categories “Purchased goods and services”, “Capital goods”, “Further processing of sold products” and “Utilisation of sold products” due to insufficient data availability and tracking. The Scope 3 category “Energy-related emissions (upstream)” was excluded as grid losses in power lines or for fuels do not occur on a significant scale. As there is no direct control over the operating processes of the rented or leased tangible assets in the upstream value chain, data collection for the Scope 3 category “Rented/leased tangible assets (upstream)” was excluded. No data was collected for the “Disposal of sold products” category, as machinery and equipment are durable and largely consist of steel components that are recycled. Other products such as paper sticks from Setter, plastic products from AstroPlast and brass turned parts from Funke are also recycled at the end of their service life. Leasing machinery or equipment to customers does not play a role in any of our subsidiary’s business models, which is why the Scope 3 category “leased/leased tangible assets (downstream)” was excluded from the data collection. As GESCO is not a franchisee and does not acquire any shares or equity investments, the “Franchise” and “Investments” categories were also excluded from the data collection.

2 E3 – Water and marine resources

Water is an essential but limited resource. High water consumption burdens ecosystems, exacerbates droughts and increases the energy required for water treatment and transport. There is great potential for savings, particularly in industry. Saving resources is one of GESCO Group’s core objectives. Sustainable management means using water efficiently, reducing waste and promoting reuse – whether through water-saving technologies, optimised processes or conscious consumer behaviour.

2.1 Effects, risks and opportunities

IRO	Value chain			Time horizon		
	Up-stream	Own operations	Down-stream	<1 year	1–5 years	>5 years
Impact (actually negative): High water consumption in the production of paper rolls by Setter Group suppliers	x			x		

Impact: High water consumption in the production of paper rolls by Setter Group suppliers
The production of paper rolls requires high water consumption, which also plays a role in the business activities of our subsidiary Setter Group, the world’s leading manufacturer of paper sticks. Industrial water consumption can have a long-term impact on the availability of water resources and contributes to various environmental and social challenges. These include the drying up of water bodies, loss of biodiversity, soil salinisation and erosion. For humans, this can result in risks such as water scarcity and health problems, which can also have socio-economic consequences depending on the region.

2.2 Management approach

Responsible use of water resources is of central importance to GESCO, and to Setter Group in particular. GESCO’s strategy is geared towards minimising water-related risks. The implementation of this strategy is decentralised within the Setter Group in cooperation with the managing directors. GESCO SE supports the subsidiaries with expertise, resources and examples of best practice.

The production of paper rolls in the Setter Group’s supply chain requires a high level of water consumption. The subsidiary therefore requests information on water management from its suppliers. To this end, it has developed a standardised questionnaire that also covers water consumption and wastewater disposal in the supply chain. The main aim is to create transparency in the supply chain regarding resource consumption.

2.3 Goals

In the area of water and marine resources, the Setter Group is pursuing the goal of continuously improving water management in the supply chain. By 2027, water criteria are to be integrated into supplier management and sustainable water management is to be promoted among suppliers.

2.4 Key figures

m³	2024
Water consumption	43,291,996
Reclaimed and reused recycled water	17,668,000
Stored water	16
Water intensity (m³/€ million)	87,725

3 E5 – Resource utilisation and circular economy

GESCO Group considers resource efficiency to be a key issue. In addition to the general increase in importance, which is reflected in stricter legal requirements and competition for raw materials, the issue of saving resources has also become a competitive factor for the subsidiaries. It is therefore particularly important for GESCO to record resource consumption across all companies in order to derive targeted control measures.

3.1 Effects, risks and opportunities

IRO	Value chain			Time horizon		
	Up-stream	Own operations	Down-stream	<1 year	1–5 years	>5 years
Opportunity 1: Increased sales through the “retrofit” business model and general overhauls of used systems		x			x	
Impact 1 (actually negative): Waste of resources due to the generation of non-reusable waste in production		x			x	
Impact 2 (potentially positive): Positive impact on the environment through resource-saving production in the context of reducing offcuts, optimising production and zero-defect tolerance		x		x		
Impact 3 (actually positive): Expansion of recyclable packaging materials has a positive impact on the environment by conserving resources and minimising pollution		x			x	

Opportunity 1: Increased sales through the “retrofit” business model and general overhauls of used systems

GESCO saves resources, reduces CO₂ emissions and cuts costs through the “retrofit” model for machinery and plant manufacturers in the Industrial Assets & Infrastructure segment. The general overhaul and modernisation of existing machines extends their life cycle, reduces the need for new purchases and strengthens circular economy principles, such as minimising waste and promoting recycling. Further information on the “Retrofit” model can be found in the section [Management approach](#).

Impact 1: Waste of resources due to the generation of non-reusable waste in production

Non-recyclable packaging and metal waste generated in the production of the subsidiaries is a burden on the environment. It usually ends up in landfill sites or is incinerated, which leads to high CO₂ and pollutant emissions. It also contributes to the waste of resources, as valuable materials are lost.

Impact 2: Positive effects on the environment through resource-saving production by reducing offcuts, optimising production and zero-defect tolerance

Thanks to the lean management approach as the strategic foundation of GESCO, production errors are reduced in our own business area, thereby conserving resources. For example, product ranges are further standardised on the basis of a common parts strategy, which leads to less waste but also to simpler maintenance and thus life cycle extensions. This lowers CO₂ emissions, reduces the use of water and chemicals and relieves the burden on landfills and incineration plants – an important contribution to greater sustainability and resource efficiency.

Impact 3: Expansion of recyclable packaging materials has a positive impact on the environment by conserving resources and minimising pollution

As part of the lean management approach, GESCO focuses on resource-saving, recyclable packaging and the reduction of waste. Less packaging waste ends up in the environment, and closed material cycles strengthen the circular economy. For example, Kesel uses a reusable small load carrier system for shipping machines.

3.2 Management approach

All Group companies are systematically and sustainably developed with the support of GESCO SE. 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.

The “retrofit” model

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 the 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
		R7 Repurpose	Use of parts of a discarded product in a new product with a different function
	Useful use of material	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

The refurbish strategy is a 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. 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. SVT was also able to significantly expand its spare parts business in 2024. Kesel also continues their retrofit service and offers comprehensive general overhauls.

Reuse of raw materials and utilisation of secondary raw materials

Every GESCO Group subsidiary has a certified waste management system. Among other things, this includes increased cooperation with recycling companies. With high recycling rates (see **Key figures**), particularly for stainless steel, GESCO supports the overarching goal of minimising the use of primary raw materials. The process of separating, selling and reusing scrap maximises the use of resources and helps to minimise waste. Waste generated in the production process is recycled and reused in the form of plastic, paper and shavings. These practices help to reduce waste products and maximise the efficiency of sustainable resources.

Setter uses pre-consumer recyclate as a secondary raw material for the production of cotton buds. In addition, production waste (scrap) is increasingly being fed into the company's own production process or utilised elsewhere in the value chain, for example by suppliers. Doerrenberg also works with the use of scrap, return scrap and recycled scrap in production. These measures reflect the principles of remanufacture and repurpose and contribute to the sustainable use of resources.

In addition, suppliers of Setter in Germany only source wood that is FSC or PEFC certified. In the USA, Setter has FSC certification, while the sites in Mexico themselves are not certified. There, however, the wood is sourced exclusively within the Group, meaning that the paper purchased is always FSC and/or PEFC-certified.

Packaging management

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. The machine tool manufacturer Kesel is pushing the reuse of packaging and reducing 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 using consolidated 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.

Innovation and product management

All Group companies are systematically and sustainably developed with the support of GESCO SE. 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.

A few selected examples from the subsidiaries show how sustainability performance is promoted through innovation processes at GESCO SE. In cooperation with business partners and research institutions, the subsidiaries also develop targeted innovative solutions to tackle environmental and social challenges:

The subsidiary Setter, for example, produces paper sticks that are used as stirrers, among other things. This enables customers to replace plastic products on a large scale with chlorine-free bleached cellulose sticks – a renewable raw material from controlled forestry (PEFC® and FSC®). The company also uses sugar cane as a paper alternative and has already brought the production process to series maturity.

INEX's stainless steel processing uses software-supported laser cutting of sheet metal, which not only increases efficiency but also reduces offcuts and thus material waste.

3.3 Goals

To support the measures, GESCO Group has set itself the overarching goal of reducing the reject rate by 10% by 2030 (compared to the base year 2024).

3.4 Key figures

Products and materials

GESCO procures a large number of essential resources that are indispensable for production processes and operations.

- Stainless steel: Used as the central material for the products, primarily due to its corrosion resistance and durability, but associated with environmental challenges due to mining and processing.
- Aluminium: The use of recycled aluminium creates lightweight and stable products while reducing the ecological footprint.
- Chemicals and auxiliary materials: These include grinding pastes, cleaning agents, shielding gases for welding processes, greases, lubricants, pickling agents, adhesives, coolants and solvents that are required for various manufacturing processes.
- Packaging materials: cardboard, wood and film ensure the safe transport of products.

GESCO strives to achieve a sustainable balance between efficiency and quality through the conscious use of resources.

As GESCO combines various business models and products under one roof, there is no standardised certification system. Instead, the individual companies have specific certifications such as ISO, ASME or UKCA to ensure high quality and safety standards. GESCO SE relies on the cascade principle by obliging direct suppliers to comply with certain standards, which are then passed on along the supply chain. However, due to the diversity of the business models, the implementation of these requirements remains decentralised and regulated at company level.

Resource inflows	Unit	2024
Total weight of products and technical and biological materials used	kg	75,510,783
Total weight of biological materials (and biofuels used for non-energy purposes)	kg	32,573,731
Percentage of biological materials (and biofuels used for non-energy purposes)	%	43
Total weight of secondary components, products and materials used	kg	7,993,413
Percentage of total weight of products and technical and biological materials used (B&F)	%	11

Products and materials	Unit	2024
Total weight of the materials used	kg	87,619,306
Total weight of recyclable content in products	kg	48,472,134
Percentage of recyclable content in products	%	55
Total weight of recyclable content in product packaging	kg	1,146,982

For the manufactured products, it is assumed that the total weight of the delivered products corresponds to the weight of the purchased goods. These weights are also subject to estimates. There is currently no information available on the proportion of recycled materials in the purchased components. In the processing of steel in particular, there is no reuse, only recycling.

Waste

GESCO SE integrates circular principles into its product design, packaging and operating processes in order to conserve resources and minimise environmental impact.

- Machines & systems (Industrial Assets & Infrastructure): With a service life of 15 to 30 years, these products are repairable and recyclable. Around 95% of materials, particularly in the case of machine tools and clamping systems, can be recycled at the end of their life.
- Stainless steel containers & pressure pipes (INEX): Developed for long-term use, repairability and dismantling enable a longer service life and resource-saving recycling.

- Steel products (Materials Refinement & Distribution – Doerrenberg, PGW): These companies use recycled scrap to produce steel. PGW’s galvanised products are designed so that they can be returned to the recycling process after use.
- Paper sticks (Health Care & Life Science – Setter): As a sustainable alternative to plastic, these products promote the use of renewable raw materials and help to conserve resources.

GESCO disposes of all waste in accordance with the German Waste Catalogue Ordinance (AVV) and recycles it properly to ensure the sustainable use of resources. A significant waste stream is generated by steel scrap and residual materials that are produced during the processing of stainless steel, for example by cutting and punching. High-quality scrap is recycled and fed back into the production cycle, reducing the need for new raw materials. Packaging waste such as cardboard and film is also generated and disposed of properly after use. Chemical waste, including lubricants, coolants and cleaning agents, is handled in accordance with the applicable regulations. Surface treatment waste resulting from the finishing of stainless steel surfaces is also disposed of in a controlled manner. Through these measures, GESCO actively contributes to the circular economy and minimises its environmental impact.

GESCO’s waste is primarily made up of paper and wood, plastics and packaging, metals and scrap, chemical waste, organic waste and other special materials such as wax.

Data on waste types is collected through monthly reporting based on invoices from waste disposal companies and analyses of the ERP systems. The recorded quantities and types of waste disposed of are systematically documented and analysed in order to ensure transparent traceability and efficient waste management.

Waste	Unit	2024
Total weight of waste generated	kg	7,953,795
Total weight of non-recycled waste	kg	2,712,782
Percentage of non-recycled waste	%	34
Hazardous waste		
Total weight of hazardous waste diverted from disposal	kg	8,254
Total weight of waste diverted from disposal for preparation for reuse	kg	0
Total weight of waste diverted from disposal for preparation for recycling	kg	8,254
Total weight of waste diverted from disposal for preparation for other processes	kg	0
Total weight of hazardous waste destined for disposal	kg	1,916,753
Total weight of hazardous waste for incineration destined for disposal	kg	829,982
Total weight of hazardous waste for disposal to landfill	kg	1,086,272
Total weight of hazardous waste destined for disposal by other types of disposal	kg	499
Total weight of hazardous waste and radioactive waste generated	kg	8,216
Non-hazardous waste		
Total weight of non-hazardous waste diverted from disposal	kg	5,385,942
Total weight of non-hazardous waste diverted from disposal for preparation for reuse	kg	157,855
Total weight of non-hazardous waste diverted from disposal for preparation for recycling	kg	5,117,190
Total weight of non-hazardous waste diverted from disposal for preparation for other processes	kg	110,897
Total weight of non-hazardous waste destined for disposal	kg	642,846
Total weight of non-hazardous waste for incineration destined for disposal	kg	558,681
Total weight of non-hazardous waste for landfill destined for disposal	kg	84,165
Total weight of non-hazardous waste destined for disposal by other types of disposal	kg	0

EU taxonomy

General background

As part of the EU Action Plan on Sustainable Finance, the redirection of capital flows into sustainable investments is a key objective. Against this backdrop, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter referred to as the EU Taxonomy Regulation) came into force, which establishes a uniform and legally binding classification system to determine which economic activities in the EU are considered “environmentally sustainable”. The results of this classification must be reported annually on a company-specific basis. In 2021 and 2022, Article 9 of the EU Taxonomy Regulation initially defined criteria for the EU taxonomy environmental targets “Climate Change Mitigation” (CCM) and “Climate Change Adaptation” (CCA). The criteria for the remaining four environmental objectives (3-6) were adopted in June 2023: “Sustainable use and protection of water and marine resources” (Water and Marine Resources (WTR)), “Transition to a circular economy” (Circular Economy (CE)), “Pollution Prevention and Control” (PPC) and “Protection and restoration of biodiversity and ecosystems” (Biodiversity and Ecosystems (BIO)). These new criteria were applied for the first time in the 2023 financial year with regard to taxonomy eligibility. Taxonomy compliance information on all six environmental objectives must also be disclosed for the first time for the 2024 financial year. To date, the EU Taxonomy Regulation comprises the following delegated acts:

- Delegated Regulation (EU) 2021/2139 of 4 June 2021 on the two climate-related environmental targets
- Delegated Regulation (EU) 2021/2178 of 6 July 2021 on reporting
- Delegated Regulation (EU) 2022/1214 of 9 March 2022 on the inclusion of new economic activities (in connection with nuclear energy and natural gas) with regard to the two climate-related environmental targets and on the revision of reporting
- Delegated Regulation (EU) 2023/2485 of 27 June 2023 on the revision of existing and the inclusion of new economic activities with regard to the two climate-related environmental objectives
- Delegated Regulation (EU) 2023/2486 of 27 June 2023 on the inclusion of new economic activities in relation to the four non-climate-related environmental objectives and the revision of reporting

An economic activity is considered taxonomy-eligible if it falls under the description of economic activity. A taxonomy-compliant economic activity is deemed to be taxonomy-compliant if it makes a significant contribution to at least one of the six environmental objectives without significantly compromising another environmental objective and without contravening the minimum social standards. In order to comply with the minimum social standards, Art. 18 of the EU Taxonomy Regulation stipulates that the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the fundamental principles and rights set out in the eight core conventions of the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work (ILO Core Labour Standards) and the International Bill of Human Rights, must be observed.

In contrast to 2023, GESCO SE is not reporting taxonomy-compliant sales, CapEx and OpEx in 2024, but taxonomy-compliant sales, CapEx and OpEx, as the conformity audit was adapted to the amended regulations this year and conformity could not be achieved. GESCO has revised and restructured the audit basis in accordance with all current rules. The following steps were carried out:

- 1. Carrying out a detailed portfolio screening per subsidiary to identify the economic activities eligible for taxonomy. Enabling activities and transitional activities were also taken into account here.
- 2. Query of sales, CapEx and OpEx via the commercial managers of the subsidiaries
- 3. Assessment of taxonomy conformity based on the material contribution
- 4. Assessment of taxonomy conformity based on the DNSH criteria
- 5. Assessment of minimum social protection at the level of economic activities

Based on these audit principles, GESCO has identified the following EU taxonomy economic activities as taxonomy-eligible for its subsidiaries.

Environmental goal		Economic activity	Description of the
CCM Climate protection	3.1	Production of technologies for renewable energy	The INEX Group produces filter and membrane housings that are required for the production of synthetic fuels and biogas
CCM Climate protection	3.2	Manufacture of systems for the production and utilisation of hydrogen	SVT manufactures loading arms for hydrogen. The INEX Group produces filter housings for the production of hydrogen
CCM Climate protection	3.4	Production of batteries	With its EMONI product, PGW manufactures an important component for battery systems in electric vehicles.

CCM Climate protection	3.9	Production of iron and steel	Doerrenberg makes an important contribution to transition activities with the production of green steel
CCM Climate protection	3.19	Manufacture of components for railway vehicles	MAE produces wheel presses that are essential for the environmental performance, operation and functioning over the lifetime of railway vehicles.
CCM Climate protection	4.1	Power generation using photovoltaic technology	MAE, SVT and PGW operate power generation plants that generate electricity using photovoltaic technology
CCM Climate protection	4.25	Generation of heating/cooling from waste heat	Setter invests in systems for heat/cold recovery from waste heat from its own machines
CCM Climate protection	6.4	Operation of devices for personal mobility, bicycle transport logistics	The majority of GESCO Group companies offer their employees bike leasing options
CCM Climate protection	6.5	Transport with motorbikes, passenger cars and commercial vehicles	All GESCO Group companies lease, finance and operate company vehicles
CCM Climate protection	6.6	Transport of goods by road	The majority of GESCO Group companies lease, finance and operate company vehicles for the transport of goods
CCM Climate protection	6.16	Infrastructure for low-CO ₂ shipping	With its hydrogen loading arms, SVT makes an important contribution to the operation of infrastructure for transhipment and relocation in harbours
CCM Climate protection	7.2	Renovation of existing buildings	Doerrenberg, Amtrion and SVT carried out building renovations in 2024
CCM Climate protection	7.3	Installation, maintenance and repair of energy-efficient appliances	The majority of GESCO Group companies invested in the installation, maintenance and repair of energy-efficient appliances in 2024
CCM Climate protection	7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in car parks belonging to buildings)	In 2024, Kesel, INEX, MAE and AMTRION invested in the installation, maintenance and repair of charging stations for electric vehicles on their own factory premises

CCM Climate protection	7.5	Installation, maintenance and repair of devices for measuring, regulating and controlling the overall energy efficiency of buildings	In 2024, SVT carried out maintenance and repair work on devices for measuring, regulating and controlling the energy performance of buildings
CCM Climate protection	7.6	Installation, maintenance and repair of renewable energy technologies	PGW and SVT invested in the installation of renewable energy technologies in 2024
CE Kreislaufwirtschaft	5.2	Sale of spare parts	SVT and AMTRION sell spare parts for their loading and support arms as standard.
CE Kreislaufwirtschaft	5.5	Product as a service and other cycle- and result-orientated service models	Kesel and MAE offer leasing programmes for their customers

The review of taxonomy conformity revealed that none of the taxonomy-eligible economic activities were able to fulfil all criteria. One reason for this is that not all GESCO subsidiaries were able to fully fulfil the minimum social protection requirements. Secondly, not all technical evaluation criteria could be verified.

Accounting method

The performance indicators were determined on the basis of the IFRS applicable to the consolidated financial statements and take into account all fully consolidated Group companies. The performance indicators are based on the respective definitions in accordance with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, Annex I 1.1.1 (Sales), 1.1.2 (CapEx) and 1.1.3 (OpEx).

Sales

Sales are recognised and defined as taxonomy-eligible sales (numerator) divided by the total sales of the GESCO consolidated financial statements in accordance with IFRS as defined in Article 2 number 5 of Directive 2013/34/EU (denominator). Taxonomy-eligible sales mean the portion of net sales of goods or services, including intangible assets, during the financial year that are associated with taxonomy-eligible economic activities.

CapEx

The denominator of CapEx is the sum of capital expenditure, which includes the following items:

- IAS 16 Tangible assets, paragraph 73, letter (e), subparagraph (i) and subparagraph (iii);
- IAS 38 Intangible Assets, paragraph 118, letter (e), point (i);
- IAS 40 Investment Property, paragraph 76, letters (a) and (b) (for the fair value model);
- IAS 40 Investment Property, paragraph 79(d), subparagraphs (i) and (ii) (for the cost model);
- IAS 41 Agriculture, paragraph 50, letters (b) and (e);
- IFRS 16 Leases, paragraph 53, letter (h).

The numerator of CapEx includes parts of the capital expenditure contained in the denominator:

- Assets or processes associated with taxonomy-eligible/taxonomy-compliant economic activities;
- The expansion of taxonomy-compliant economic activities or the conversion of taxonomy-capable to taxonomy-compliant economic activities (“CapEx plan”);
- The acquisition of production from taxonomy-eligible/taxonomy-compliant economic activities and individual measures that make the target activities low-carbon or reduce greenhouse gas emissions.

There was no CapEx plan within the meaning of Annex I No. 1.1.2.2. of Delegated Regulation (EU) 2021/2178 in the reporting year.

The KPIs described were determined at the level of the individual GESCO subsidiaries and aggregated at GESCO Group level in a second step.

With regard to the nuclear and gas activities (EU) 2022/1214, no relevant activities could be identified for the 2024 financial year either.

OpEx

Total operating expenses (OpEx denominator) during the financial year include direct non-capitalised costs for research and development, building renovation, short-term leases, repair and maintenance and other expenses related to the day-to-day maintenance of tangible assets.

The numerator of OpEx includes parts of the operating expenses contained in the denominator:

- Assets or processes associated with taxonomy-eligible/taxonomy-compliant economic activities;
- The expansion of taxonomy-compliant economic activities or the conversion of taxonomy-capable to taxonomy-compliant economic activities (“CapEx plan”);
- The acquisition of production from taxonomy-eligible/taxonomy-compliant economic activities and individual measures that make the target activities low-carbon or reduce greenhouse gas emissions.

The key figure is defined as taxonomy-eligible OpEx (numerator) divided by the total OpEx (denominator) of GESCO Group.

Template sales

Financial year	2024			Criteria for a significant contribution						DNSH criteria (no significant impairment)								Share of taxonomy-compliant (A.1) or taxonomy-enabled (A.2) sales, 2023	Category enabling activities	Category (transitional activities)			
Business activities	Code	Sales	Share of sales, year 2024	Climate protection	Adaptation to climate change	Water	Environmental pollution	Circular economy	Biological diversity	Climate protection	Adaptation to climate change	Water	Environmental pollution	Circular economy	Biological diversity	Minimum protection							
		€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T				
A. TAXONOMY-ELIGIBLE ACTIVITIES		94,999,065	18.5																				
A.1 Ecologically sustainable activities (taxonomy-compliant)																							
Sales from environmentally sustainable activities (taxonomy-compliant) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N	12.8	E	T				
Enabling activities		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N	7.8						
Of which transitional activities		0	0.0	0.0%						N	N	N	N	N			5.0						
A.2 Taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities)																							
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL														
Production of technologies for renewable energy	CCM 3.1.	9,175,423	1.8	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL											5.0			
Production of batteries	CCM 3.4.	2,022,089	0.4	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0			
Production of iron and steel	CCM 3.9.	18,500,000	3.6	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0			
Manufacture of rail vehicle components	CCM 3.19.	11,909,043	2.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL											7.8			
Power generation using photovoltaic technology	CCM 4.1.	4,648	0.0	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0			
Infrastructure for low-CO ₂ shipping	CCM 6.16.	38,218,808	7.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0			
Sale of spare parts	CE 5.2.	15,048,301	2.9	N/EL	N/EL	N/EL	N/EL		EL	N/EL											0.0		
Product as a service and other cycle- and result-orientated service models	CE 5.5.	120,752	0.0	N/EL	N/EL	N/EL	N/EL		EL	N/EL											0.0		
Sales of taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		94,999,065	18.5	15.5%	0.0%	0.0%	0.0%	3.0%	0.0%											0.0			
A. Sales of taxonomy-eligible activities (A.1 + A.2)		94,999,065	18.5	15.5%	0.0%	0.0%	0.0%	3.0%	0.0%											12.8			
B. ACTIVITIES NOT SUBJECT TO TAXONOMY																							
Sales of activities not eligible for taxonomy		418,850,058	81.5																				
Total		513,849,123	100.0																				

Codes in columns 5 to 10:
Y - Yes: Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective | N - No: Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; | N/EL: not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL: Taxonomy eligible activity for the relevant objective

Template CapEx

Financial year	2024			Criteria for a significant contribution						DNSH criteria (no significant impairment)								Share of taxonomy-compliant (A.1) or taxonomy-enabled (A.2) CapEx, 2023	Category enabling activities	Category (transitional activities)
Business activities	Code	CapEx	Share of CapEx, year 2024	Climate protection	Adaptation to climate change	Water	Environmental pollution	Circular economy	Biological diversity	Climate protection	Adaptation to climate change	Water	Environmental pollution	Circular economy	Biological diversity	Minimum protection		%	E	T
		€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES		988,155	8.7																	
A.1 Ecologically sustainable activities (taxonomy-compliant)																				
CapEx from environmentally sustainable activities (taxonomy-compliant) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N		10.3		
Enabling activities		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N		9.1	E	
Of which transitional activities		0	0.0	0.0%						N	N	N	N	N	N			1.3		T
A.2 Taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Production of iron and steel	CCM 3.9.	72,211	0.6	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL											1.3
Generation of heating/cooling from waste heat	CCM 4.25.	106,348	0.9	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Transport with motorbikes, passenger cars and commercial vehicles	CCM 6.5.	43,019	0.4	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Infrastructure for low-CO ₂ shipping	CCM 6.16.	515,744	4.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL											9.1
Installation, maintenance and repair of energy-efficient appliances	CCM 7.3.	15,472	0.1	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in car parks belonging to buildings)	CCM 7.4.	7,459	0.1	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	227,902	2.0	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
CapEx of taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		988,155	8.7	8.7%	0.0%	0.0%	0.0%	0.0%	0.0%											0.0
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		988,155	8.7	8.7%	0.0%	0.0%	0.0%	0.0%	0.0%											10.3
B. ACTIVITIES NOT SUBJECT TO TAXONOMY																				
CapEx of activities not eligible for taxonomy		10,367,458	91.3																	
Total		11,355,613	100.0																	

Codes in columns 5 to 10:
Y - Yes: Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective | N - No: Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; | N/EL: not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL: Taxonomy eligible activity for the relevant objective

Template OpEx

Financial year	2024			Criteria for a significant contribution						DNSH criteria (no significant impairment)								Share of taxonomy-compliant (A.1) or taxonomy-enabled (A.2) OpEx, 2023	Category enabling activities	Category (transitional activities)
Business activities	Code	OpEx	Share of OpEx, year 2024	Climate protection	Adaptation to climate change	Water	Environmental pollution	Circular economy	Biological diversity	Climate protection	Adaptation to climate change	Water	Environmental pollution	Circular economy	Biological diversity	Minimum protection		%	E	T
		€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES		2,957,821	39.2																	
A.1 Ecologically sustainable activities (taxonomy-compliant)																				
OpEx from environmentally sustainable activities (taxonomy-compliant) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N	11.1			
Enabling activities		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N	6.8		E	
Of which transitional activities		0	0.0	0.0%						N	N	N	N	N	N		4.3			T
A.2 Taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Manufacture of systems for the production and utilisation of hydrogen	CCM 3.2.	59,906	0.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0
Production of batteries	CCM 3.4.	48,273	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0
Production of iron and steel	CCM 3.9.	337,000	4.5	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL											4.3
Operation of personal mobility devices, bicycle transport logistics	CCM 6.4.	211,525	2.8	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Transport with motorbikes, passenger cars and commercial vehicles	CCM 6.5.	1,189,080	15.8	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Transport of goods by road	CCM 6.6.	30,683	0.4	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Infrastructure for low-CO ₂ shipping	CCM 6.16.	553,948	7.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0
Renovation of existing buildings	CCM 7.2.	341,950	4.5	EL	EL	N/EL	N/EL		N/EL											0.0
Installation, maintenance and repair of energy-efficient appliances	CCM 7.3.	86,758	1.2	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in car parks belonging to buildings)	CCM 7.4.	1,586	0.0	EL	EL	N/EL	N/EL	N/EL	N/EL											0.0
Installation, maintenance and repair of devices for measuring, regulating and controlling the overall energy efficiency of buildings	CCM 7.5.	97,112	1.3	EL	EL	N/EL	N/EL	N/EL	N/EL											6.8
OpEx of taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		2,957,821	39.2	39.2%	0.0%	0.0%	0.0%	0.0%	0.0%											0.0
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		2,957,821	39.2	39.2%	0.0%	0.0%	0.0%	0.0%	0.0%											11.1
B. ACTIVITIES NOT SUBJECT TO TAXONOMY																				
OpEx of activities not eligible for taxonomy		4,578,849	60.8																	
Total		7,536,670	100.0																	

Codes in columns 5 to 10:
Y - Yes: Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective | N - No: Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; | N/EL: not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL: Taxonomy eligible activity for the relevant objective

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	Share of sales/total sales		CapEx share/total CapEx		OpEx share/total OpEx	
	Taxonomy-compliant per target	Taxonomy-capable per target	Taxonomy-compliant per target	Taxonomy-capable per target	Taxonomy-compliant per target	Taxonomy-capable per target
CCM	–	15.5%	–	8.7%	–	39.2%
CCA	–	–	–	–	–	–
WTR	–	–	–	–	–	–
CE	–	3.0%	–	–	–	–
PPC	–	–	–	–	–	–
BIO	–	–	–	–	–	–

Nuclear energy related activities		
1.	The Company is engaged in, finances or holds risk positions related to the research, development, demonstration and deployment of innovative power-generating modules that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The Company is active in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as in their safety improvement through the application of the best available technologies, or finances such activities or holds risk positions relating to them.	No
3.	The Company is engaged in, financing or holding risk positions relating to the safe operation of existing nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes such as hydrogen production.	No
Fossil gas related activities		
4.	The Company is involved in the construction or operation of plants for the generation of electricity from fossil gaseous fuels, finances such activities or holds risk positions related to these activities.	No
5.	The company constructs, modernises and operates fossil gas-fired combined heat and power plants, finances such activities or holds risk positions related to these activities.	No
6.	The Company is involved in the construction, modernisation and operation of plants for heat generation that produce heat/cold from fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	No

Social information

GESCO Group sees itself as a performance community in which values such as personal responsibility, openness and transparency as well as legally compliant and ethically correct behaviour play an important role. For GESCO Group, ethically correct behaviour includes compliance with human rights standards. The reputation of the GESCO Group is a very valuable asset and therefore worth protecting for GESCO. This also includes the fact that non-compliance with due diligence obligations along the supply chain can lead to considerable damage for GESCO Group.

1 S1 – Labour force of the Company

GESCO Group 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.

1.1 Effects, risks and opportunities

IRO	Value chain			Time horizon		
	Up-stream	Own operations	Down-stream	<1 year	1–5 years	>5 years
Opportunity 1: Securing and expanding business activities and thus securing and expanding employment and employee loyalty		x				x
Impact 1 (actually positive): Positive impact on employee satisfaction through flexible working time models		x		x		
Risk: Increased competitiveness and therefore earnings situation due to high wage and salary levels in Germany		x			x	
Impact 2 (actually positive): Fair remuneration of employees and voluntary social benefits increase employee satisfaction		x		x		
Impact 3 (actually positive): Positive impact on the health and well-being of employees due to high occupational safety in the workplace		x		x		

IRO	Value chain			Time horizon		
	Up-stream	Own operations	Down-stream	<1 year	1–5 years	>5 years
Opportunity 2: Increasing occupational safety through training and skills development leads to higher productivity in the long term and, as a result, to a reduction in sickness and absenteeism and the avoidance of errors		x			x	
Impact 4 (actually positive): Positive impact on employee satisfaction through improved leadership skills based on the further training of managers		x		x		
Impact 5 (actually positive): Positive impact on employee satisfaction through training and early sanctions to prevent violence and bullying		x		x		

Opportunity 1: Securing and expanding business activities and thus securing and expanding employment and employee loyalty

Securing and expanding business activities is part of GESCO Group's strategy in order to position the Company for the future. GESCO is expanding the Group through innovation, product development and tapping into new sectors, enabling employees to further develop their skills, offering career security through a forward-looking company and flexibility through new working methods, technologies and business models. This can have a positive impact on GESCO Group's earnings situation.

Impact 1: Positive effects on employee satisfaction through flexible working time models

Flexible working models such as part-time work, working from home and partial retirement support GESCO's wide-ranging flexibilization and modernisation of working structures, which underpins a culture of trust and personal responsibility. These working models are an important means of attracting and retaining skilled labour throughout the Group. At the same time, flexible working time models increase motivation and productivity and contribute to the health of GESCO Group employees. They increase employer attractiveness, reduce absenteeism and enable longer employability.

Risk: Increased competitiveness and therefore earnings situation due to high wage and salary levels in Germany

The high wage and salary level in Germany increases fixed costs, which could lead customers and investors to favour countries with lower wage costs. This puts GESCO Group under pressure to adjust prices and productivity. GESCO counters this risk primarily through sound strategic planning processes based on a lean management approach in order to increase productivity and efficiency in the long term.

Impact 2: Fair employee remuneration and voluntary social benefits increase employee satisfaction

Fair remuneration and voluntary social benefits increase the satisfaction and motivation of GESCO Group employees, which promotes productivity and company success. These measures, implemented across the Group, contribute to success, reduce staff sales in times of a shortage of skilled labour and strengthen the employer brand. They increase well-being, reduce absenteeism and create a stable, committed workforce in the long term, which benefits GESCO as a group of companies.

Impact 3: Positive effects on the health and well-being of employees through high occupational safety in the workplace

Occupational safety training in accordance with local legislation, the provision of protective clothing and safety measures in production mean that GESCO is able to greatly reduce the number of accidents at work. The implementation of occupational safety throughout the entire GESCO Group protects the health of employees and gives them security in their day-to-day work. Fewer accidents and health problems mean less stressful work. A safe environment promotes trust in the workplace and strengthens the sense of community, which helps to build a stable and sustainable work culture.

Opportunity 2: Increasing occupational safety through training and skills development leads to higher productivity in the long term and, as a result, to a reduction in sickness and absenteeism and the avoidance of errors

GESCO Group is committed to occupational safety and makes a significant contribution to employee health and satisfaction through training and skills development. This reduces accidents at work and absences due to illness. They also contribute to higher

productivity and promote a responsible corporate culture. Furthermore, safe working conditions enable stress-free and more efficient work, improve the working atmosphere in the long term and strengthen trust in the employer.

Impact 4: Positive effects on employee satisfaction through improved leadership skills based on further training for managers

The management training is carried out as part of GESCO's Leadership Framework approach and not only has a positive effect on the managers themselves, but also on the employees and the Company as a whole. It promotes dialogue and the further development of managers and young employees. The seminars give managers greater self-confidence, enable them to cope better with stress and expand their professional and social skills. For employees, the training means better communication within the Company and therefore a better feedback culture. Furthermore, conflicts can be reduced through the competence of managers. This leads to increased employee satisfaction.

Impact 5: Positive impact on employee satisfaction by preventing violence and bullying through training and early sanctions

GESCO stands for ethically correct behaviour, respect and equal opportunities. Through regular training, GESCO anchors responsible behaviour as a matter of course within the Group. This gives employees performance-related development opportunities, minimises discrimination and conflicts, and makes them feel respected and valued. This increases their commitment and satisfaction.

1.2 Involvement of the Company's labour force

Employee involvement is a central component of the corporate culture at all levels of the Group. While regular dialogue takes place between the Executive Board and the works councils of the companies at Group level, the managing directors and management of the individual companies are responsible for actively shaping this exchange. Formats such as regular discussions with the works council and works meetings are used to incorporate the voices of employees and promote open communication. GESCO Group

promotes dialogue and exchange with and within the workforce, which in turn strengthens talent and supports a family-like, open corporate culture. Employees at the subsidiaries are therefore expressly encouraged to contribute their own ideas. The companies have an "open-door policy" in which employees have the opportunity to voice their concerns at any time. GESCO's SME character is reflected in the fact that managing directors are always approachable, which creates trust and allows employees to actively contribute to shaping the Company. Depending on the subsidiary, employees have various opportunities to participate. Regular employee surveys, works meetings and monthly works council meetings provide platforms where employees can voice their opinions, concerns and suggestions. The works council plays a central role as a link to company management, while daily meetings, company tours and staff meetings in the specialist departments promote direct dialogue. These measures reflect the basic principles of GESCO Group – winning together as a team, recognising mistakes as opportunities and moving forward with courage – and create an open corporate culture of trust that motivates employees to help shape the Company.

1.3 Reporting channels

GESCO Group has set up a whistleblower system that allows employees to submit confidential reports about violations of legal regulations or internal guidelines. This system helps to create a safe environment in which employees can openly address their concerns. By implementing the requirements of the Whistleblower Protection Act, GESCO Group employees can express their concerns anonymously to GESCO SE or an external lawyer (Further information in chapter **G1 Corporate governance**).

GESCO Group also has a company suggestion scheme that gives employees the opportunity to contribute constructive ideas for improving working conditions. An ombudsman is available to ensure that concerns are dealt with confidentially. Employees can also raise their concerns via the internal safety officers or the works council. These representatives are crucial for passing on concerns and ensuring that they are taken into account. Regular training courses are organised to ensure that works council members have the necessary expertise. This training strengthens the

ability of works council members to act as a link between the workforce and company management. The internal safety officers also receive appropriate training to expand and update their expertise in occupational health and safety.

Potential deficiencies are discussed together with the company doctor, the occupational safety specialist and the management at quarterly health and safety committee meetings. These meetings serve to identify safety risks and derive suitable remedial measures.

1.4 Management approach

As part of the implementation of the LkSG, a risk analysis was carried out for the entire GESCO Group's own business area. In order to holistically identify risks in the area of "employee matters", not only the legal interests covered by the LkSG, such as compliance with employee rights and employee protection, were analysed, but also additional compliance issues in the area of "employee rights" were taken into account. The risks identified in this context are countered with suitable preventive measures (including training, organisational adjustments, technical improvements, monitoring). This risk analysis is 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 corrective measures are also analysed.

Code of Conduct

GESCO Group's Code of Conduct contains information on adequate occupational health and safety measures and the guarantee of equal rights The Code of Conduct stipulates that the health and safety of employees is a top priority. GESCO therefore relies

on effective occupational health and safety measures and expects all employees to comply with the relevant regulations and actively contribute to safety in the working environment. Managers support them in this and train them in their responsibilities. Potential hazards must be reported immediately in order to prevent accidents and enable continuous improvements. GESCO also undertakes to treat each other with respect in its Code of Conduct. Discrimination in any form is not tolerated – all employees are treated equally regardless of national or ethnic origin, gender, marital status, age, sexual orientation, personal state of health, religion, ideology or physical appearance. Personnel decisions are based exclusively on competence, suitability and performance. GESCO Group does not tolerate any form of intimidation or harassment in the workplace.

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 for questions or uncertainties in connection with conduct that could deviate from the principles of the Code. The Code of Conduct is addressed both internally to the Company's own employees and externally to its business partners. A prerequisite for GESCO when entering into business partnerships is a binding code of conduct that is similar in nature to its own. The scope of the Code of Conduct includes all employees of GESCO Group. 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. It is a binding framework for decision-making and action with regard to the question of whether business decisions and actions are permissible or mandatory.

Declaration of human rights principles

GESCO Group pursues a human rights declaration of principles in order to successfully counter risks arising from the behaviour of Group companies or their direct or indirect suppliers. In addition to a clear commitment to the protection of people, the declaration of principles contains concrete measures with the help of which the protection of people in the supply chain is to be achieved as effectively as possible. More information on the declaration of principles in [Chapter S2](#).

Measures relating to occupational health and safety

Occupational safety, health protection and sustainable organisational development are essential for GESCO SE, as they increase employee satisfaction and motivation. Risks exist in health impairments and in the long-term recruitment and retention of skilled labour. In accordance with the Code of Conduct, these tasks are implemented on a decentralised basis by the subsidiaries, whose management teams act independently and report regularly to GESCO Group.

As all GESCO Group subsidiaries are production companies, the respective work steps are regularly checked for safety risks. In addition, preventative measures such as occupational safety training and the use of protective work clothing are implemented. Employees also have access to a company doctor and a company health management programme. Employees can report grievances via a Group-wide [whistleblower system](#), which has already led to adjustments.

GESCO Group companies emphasise appropriate, ergonomic workplaces, regular training and medical examinations of employees by company doctors. In addition, regular meetings of the occupational safety committee are held in all companies.

Employee aspects are a particular focus at some subsidiaries. This may be due to specific production processes, for example. Training, familiarisation and commissioning ensure safe use in production.

In principle, all employees are offered equal social protection against loss of earnings due to significant life events.

Flexible working time models

The possibility of working from home and flexible working hours promotes a good work-life balance. Male employees in particular are encouraged to take parental leave.

For GESCO Group, sustainable organisational development and an appropriate corporate culture are essential for securing the future of the Company from an employee perspective. Strategically, GESCO pursues an integrated approach, which is described in chapter [General information](#). Modern technologies and a lean-oriented way of working are defined there. In this way and through continuous training, GESCO ensures that the workforce and processes remain future-proof and efficient. In this way, GESCO creates a corporate culture that combines courage, cooperation and sustainable management, and a strategy that ensures long-term success.

Management seminars

GESCO SE attaches great importance to filling positions at all levels with suitably qualified, loyal, motivated and high-performing employees. The managers of the subsidiaries were also trained in 2024 in order to further develop their leadership skills. Training is planned for the other management levels in 2025. In future, GESCO will define and adopt management principles as part of the introduction of the [GESCO Business System](#) (GBS). These management principles form the basis for consistent, value-oriented and successful management behaviour that advances both the organisation and its employees.

Measures relating to equal opportunities and equality

It is in line with the principles of GESCO SE set out in the **Code of Conduct** to respect human diversity within the workforce and to treat each other with respect. Personnel decisions are based solely on expertise, personal suitability and work performance. No cases of discrimination were reported in the reporting year, which GESCO Group 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 are committed to attracting more female applicants, take part in campaigns such as “Girls’ Days” and seek dialogue with schools and universities. These measures are based on conviction and not on external requirements.

The integration of the 56 people with a disability (3.4% of the total Group) and people with a 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.

Co-determination and inclusion are practised through regular and trusting interaction with the works councils. Appropriate remuneration in line with the market at the companies is ensured, among other things, by the affiliation of some subsidiaries to IG Metall and the associated agreements.

1.5 Goals

GESCO Group has set targets for the areas of occupational safety, management training, equal opportunities and the proportion of women on the Executive Board.

Occupational safety

GESCO Group aims to prevent serious accidents at work through 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.

Leadership training

The organisational development objective for the years 2023 to 2024 was to train the management teams of the subsidiaries and the managers of GESCO SE for four days per year as part of the management training programme. The target was achieved in both 2023 and 2024. From 2025, training will be extended to the next management level and management principles will be defined.

Equal opportunities and proportion of women

The target quota for women on the Supervisory Board is 25%, and 30% for the Executive Board. These targets were set by the Supervisory Board and are currently being met. On 1 September 2020, a first management level below the Executive Board was added to the organisational structure of GESCO SE. The Executive Board has set a target quota of 25% for this first management level, which is currently not met.

1.6 Key Figures Business year 2024

Number of people

	Total	Male	Female
Total employees	1,642	1,296	346
Permanent employees	1,454	1,161	293
Temporary employees	61	54	7
Employees without guaranteed working hours	6	5	1
Employees whose employment relationships could not be surveyed	150	99	51
Full-time employees	1,378	1,126	252
Part-time employees	117	37	80
Employees whose employment relationships could not be surveyed	147	133	14
Total number of non-employees	48		
Total number of self-employed persons	9		
Labour supplied by companies primarily active in the "placement and supply of labour" sector ¹	47		

¹ The data only relates to employees at the locations whose employment relationships could be surveyed.

	2024
Total employees	1,642
Employees in Germany	1,360
Employees in the USA	57
Employees in Hungary	66
Other countries	159
Total number of hours worked ¹	2,506,684
Total number of hours worked by salaried employees	2,439,955
Total number of hours worked by non-employees	66,729
Total number of employees who left the Company voluntarily or due to dismissal, retirement or death ¹	261
Employee sales rate (in %) ¹	16

¹ The data only relates to employees at the locations whose employment relationships could be surveyed.

	Male	Female
Percentage of the Company's employees who have participated in a regular development dialogue (in %) ¹	97	50
Training hours completed ¹	8,488	2,510

¹ The data only relates to employees at the locations whose employment relationships could be surveyed.

	Total	Employed	Not employed
Management system for health and safety			
Number of Company workers covered by the Company's health and safety management system based on legal requirements and/or recognised standards or guidelines ¹	1,730	1,690	40
Number of deaths attributable to work-related injuries and illnesses ¹			
Total number of deaths	0	0	0
Number and rate of notifiable occupational accidents and illnesses ¹			
Reportable accidents at work	68	68	0
Notifiable work-related illnesses	3	3	0
Rate of reportable accidents at work (in %)	27	27	0
Number of days lost ¹			
Number of days lost due to work-related injuries, illnesses or fatalities	1,220	1,117	12

¹ The data only relates to employees at the locations whose employment relationships could be surveyed.

	2024
Total number of reported cases of discrimination (including harassment)	0
Number of complaints submitted through the channels through which the organisation's workforce can raise concerns	3
Number of complaints submitted to the OECD National Contact Points for Multinational Enterprises	0
Number of serious human rights violations and incidents involving the Company's labour force	0
Number of serious human rights abuses and incidents involving the Company's labour that violate the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises	0

	2024
Total amount of fines, sanctions and damages resulting from incidents and complaints	0
Total amount of fines, penalties and damages for human rights incidents involving the Company's employees	0

2 S2 – Labour in the value chain

Respect for human rights and a commitment to social justice contribute to a more sustainable society. This responsibility includes fair wages, safe working conditions and compliance with human rights standards – both in our own operations and those of our suppliers. Especially in global supply chains, companies must actively identify and minimise risks such as forced labour, child labour and discrimination.

2.1 Impacts, risks and opportunities

IRO	Value chain			Time horizon		
	Up-stream	Own operations	Down-stream	<1 year	1–5 years	>5 years
Impact 1 (potentially negative): Negative impact on people in the value chain due to lack of labour rights for suppliers' employees	x			x		
Impact 2 (actually positive): Positive impact on the well-being of the labour force in the value chain by focusing purchasing activities in countries with high safety standards and selecting suppliers according to a certification system.	x			x		
Impact 3 (potentially negative): Negative impact on workers if child or forced labour occurs at suppliers	x			x		

Impact 1: Negative impact on people in the value chain due to lack of labour rights for suppliers' employees

Employees of suppliers that provide GESCO with services or products may have difficulty obtaining secure jobs, fair working hours, adequate remuneration, sufficient equal treatment or adequate safety standards. This can potentially have a negative impact on the labour force in the value chain. GESCO Group's fundamental objective is to minimise human rights-related risks in all areas in accordance with and to prevent harm to people, even if it is not regularly possible to directly influence workers in the value chain. This applies to business activities within the companies of the GESCO Group as well as to dealings with business partners and third parties in the upstream national and international supply chains.

Impact 2: Positive impact on the well-being of workers in the value chain by focussing purchasing activities in countries with high safety standards and selecting suppliers according to a certification system.

GESCO favours purchasing from local suppliers, particularly in the EU, where high safety and social standards apply. Through this procurement strategy, GESCO not only ensures responsible purchasing activities, but also contributes to the economic development of regional markets. This promotes jobs, social development and educational initiatives that strengthen human rights in these regions. This is in line with GESCO’s “local for local” strategy. GESCO’s suppliers and service providers are selected on the basis of appropriate information and objective criteria. The right choice of suppliers ensures the Company’s ability to deliver.

Impact 3: Negative impact on workers if child or forced labour occurs at suppliers

Child and forced labour are not tolerated by GESCO. As an internationally active group of companies, GESCO Group feels a special responsibility for the protection of people not only within the companies of the GESCO Group, but also among the Group’s suppliers. GESCO is firmly convinced that only responsible and sustainable treatment of people makes it possible to act in a socially appropriate and commercially justifiable manner in the long term.

2.2 Inclusion of labour in the value chain

In connection with the Company’s labour force, GESCO Group has established various exchange formats that allow direct interaction with employees. (For more information, see chapter **S1 Company workforce**).

A comparable level of regularity and intensity of dialogue with employees in the upstream and downstream value chain is currently not possible. Nevertheless, GESCO Group pursues a proactive approach in its cooperation with employees in the value chain and their representatives. Employees in the value chain can provide direct feedback on any violations through GESCO Group’s whistleblower system. In addition, the majority of subsidiaries conduct supplier audits in order to engage directly with suppliers in the value chain. This commitment is seen as a central component of corporate responsibility and aims to take into account both the environmental and social impact of business operations.

2.3 Signalling channels

The protection of human rights and the environment is a central requirement of GESCO Group’s business activities. It has therefore set up a complaints system that enables affected parties and third parties to report violations by Group companies or their suppliers. This system, which fulfils the requirements of the German Supply Chain Duty of Care Act and supplements the existing whistleblower system, serves as an early warning mechanism. The aim is to prevent potential violations at an early stage and to take effective remedial action in the event of violations that have already occurred. Complainants and whistleblowers initially have the opportunity to submit complaints and report directly via the websites of GESCO Group companies. Under the “Human Rights and Environmental Risks” tab, there is an input mask where the complaint can be submitted. In addition, complainants and whistleblowers can address their complaints to the internal complaints office of GESCO Group; the contact persons for the internal complaints office are the external ombudsman of GESCO Group and a qualified representative of GESCO SE. From 2025, the external ombudsman will be the sole point of contact.

The complaints procedure is as follows:

1. Receipt of a complaint	2. Examination of the complaint	3. Clarification of the facts	4. Working out a solution with the whistleblower	5. Implementation of the agreed measures	6. Review of the measures and conclusion of the procedure	7. Effectiveness review
Receipt is confirmed and documented to the person providing the information.	The complaint is examined and the further procedure and responsibilities are determined. In the event of a rejection, the person providing the information will receive a reason.	The facts of the case will be discussed with the whistleblower and examined in detail by the complaints office.	Based on step 3, a proposal for remedial action is developed in dialogue with the whistleblower.	The agreed remedial measures are implemented and followed up.	The result achieved is evaluated together with the person providing the information. The whistleblower/complainant will be informed of the conclusion of the procedure.	The effectiveness of the procedure is reviewed annually and on an ad hoc basis. If necessary, adjustments are made to the process or corrective measures are taken. It is checked and ensured that no retaliatory measures are taken.

GESCO SE reviews the effectiveness of the complaints procedure together with the GESCO Group complaints office at least once a year and on an ad hoc basis. The evaluation is based on the key questions of the extent to which the procedure encourages those affected to report potential violations and how it contributes to averting damage or facilitating remedial measures. The review is based on various key figures, including the number and regional distribution of complaints, accessibility of reporting channels, type of concerns, groups of people involved, processing time and complainant satisfaction. The results are included in the annual reporting in accordance with the Supply Chain Due Diligence Act.

2.4 Management approach

Respect for human rights is a matter of course for GESCO. The avoidance of human rights and environmental violations in the supply chain are among 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.

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

Declaration of human rights principles

Respecting human rights and protecting the environment are of fundamental importance to GESCO Group companies. These legal interests are among the sustainability issues identified as material for the Group. They can be violated by the behaviour of companies belonging to the Group or by their direct or indirect suppliers, for example in the course of raw material procurement. In order to successfully counter this risk, GESCO Group companies have developed a human rights strategy which, in addition to a clear commitment to the protection of people, contains specific measures to ensure that the protection of people in the supply chain is achieved as effectively as possible. In addition to concrete protection, this includes a complaints procedure which, as described above, involves workers in the value chain and provides them with measures to enable remedial action in the event of impacts on human rights. To ensure standardised implementation at Group level, the Executive Board bears ultimate responsibility for the human rights policy statement.

GESCO SE documents its LkSG management on an ongoing basis and evaluates the effectiveness of the measures implemented annually. The results are published in the BAFA report, which presents human rights and environmental risks as well as measures taken to fulfil due diligence obligations. The findings from the effectiveness assessment during the year are also included in the annual report. From 2025, the report will be published in accordance with Section 10 (2) LkSG.

GESCO Group expects its own employees to adhere to the guidelines of this policy statement when making decisions and to follow its instructions. GESCO also expects its suppliers to adhere to the guidelines, to base their business relationships on these guidelines and, where possible, to incorporate them into their business relationships with their own suppliers and business partners as minimum standards within the meaning of Section 6 para. 4 sentence 2 LkSG.

GESCO Group companies are particularly committed to the following internationally recognised standards and guidelines:

- United Nations (UN) Universal Declaration of Human Rights of 10 December 1948
- United Nations Guiding Principles on Business and Human Rights (UNGP) from 2011
- The ten conventions and recommendations of the International Labour Organization (ILO core labour standards, in accordance with the Annex to Section 2 (1), Section 7 (3) sentence 2 LkSG) on labour and social standards
- UN Convention on the Rights of the Child of 20 November 1989
- Minamata Convention on Mercury of 10 October 2023 (Minamata Convention)
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention)
- Stockholm Convention on Persistent Organic Pollutants of 17 May 2004

Code of Conduct and Supplier Code

As mentioned in chapter **S1 Company workforce**, GESCO Group has a Code of Conduct that regulates various employee-related issues. This supports the human rights policy statement and should be read in addition to it. The Code of Conduct already includes parts of the ILO core labour standards, such as the explicit rejection of child labour.

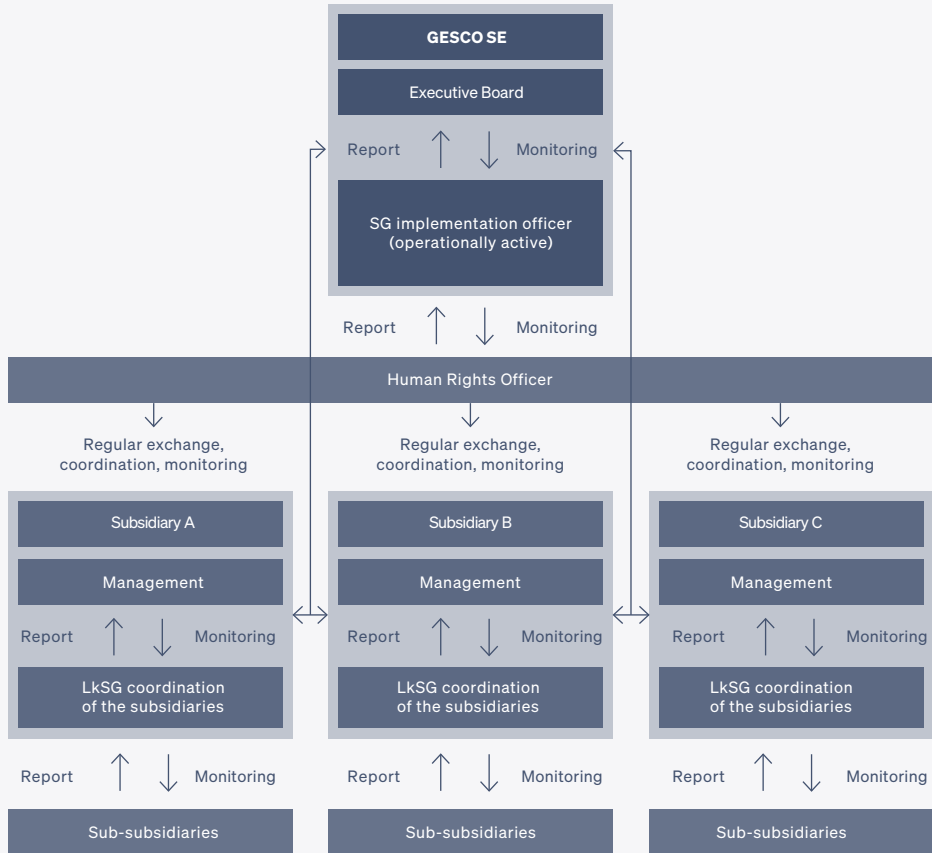
As GESCO Group's largest subsidiary in terms of sales, Doerrenberg's Supplier Code of Conduct obliges all of its suppliers to comply with rules relating to environmental protection and human rights. Further contents of the Supplier Code of Conduct are described in chapter **G1 Corporate governance**.

Measures relating to labour in the value chain

The implementation of the obligations arising from the LkSG is managed centrally by a steering committee comprising managers and specialist departments such as Legal, Tax, Administrative Services, Investor Relations and Communications. This steering committee is supported by external sustainability consultants, a compliance officer and an ESG officer. Coordination takes place with officers in the subsidiaries who are closely involved in supply chain management and actively promote the topic. These officers receive regular training from external experts and internal managers in order to fulfil the requirements of the LkSG. 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 for the supply chain was initially carried out centrally by the Company and an external service provider. These risks were then concretised using specific questionnaires for the companies' supply chains and their direct suppliers. These questionnaires were sent to the subsidiaries and analysed in order to coordinate the necessary risk mitigation and prevention measures. The implementation and monitoring of the due diligence obligations is carried out by a centrally appointed human rights officer, who ensures compliance in consultation with the local coordinators.

Implementation obligation according to the LkSG



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.

Identification of risks

Potential human rights and environmental risks in the supply chain were identified through a systematic risk analysis based on databases such as the Agency for Business and Human Rights. Abstract risks were identified on the basis of product types and countries of origin, then concretised and prioritised, taking into account the Company's influence, the impact on those affected and the likelihood of their occurrence. Particularly vulnerable groups, as defined in the LkSG guidelines on child labour, forced labour and discrimination, are also taken into account.

The analysis serves as the basis for customised questionnaires to suppliers in order to assess specific risks and define escalation levels – from preventive measures to the termination of business relationships. Employees are sensitised to comply with due diligence obligations, while business partners are encouraged to adhere to similar ethical standards. A separate, multilingual complaints mechanism on the Company website protects whistleblowers and is regularly reviewed for its effectiveness. In future, suppliers will be increasingly analysed for human rights and environmental standards and appropriate measures will be developed, with reporting following the LkSG requirements in future.

2.5 Goals

GESCO SE has set itself the goal of continuously analysing and preventing human rights and environmental risks. By the end of the 2024 reporting year, 80% of existing suppliers and 80% of new suppliers had been screened for compliance with human rights and environmental obligations. In future, GESCO plans to implement a central purchasing guideline with sustainability criteria, conduct supplier audits and surveys and provide its purchasers with targeted training on human rights and sustainability-related topics.

Governance

1 G1 – Corporate management

Companies bear a significant responsibility for transparent and ethical corporate governance. This includes decision-making processes with integrity, compliance with legal requirements and responsible risk management. Managers are obliged to actively avoid corruption, conflicts of interest and unethical behaviour and to promote a culture of accountability. Clear structures, transparency and value-orientated management at GESCO Group ensure that economic success goes hand in hand with social responsibility.

1.1 Effects, risks and opportunities

IRO	Value chain			Time horizon		
	Up-stream	Own operations	Down-stream	<1 year	1–5 years	>5 years
Opportunity 1: Fair and transparent payment practices contribute to the Company's financial stability, cost efficiency and sustainable business development		x				x
Opportunity 2: Safeguarding the Company's reputation through effective compliance management		x				x

Opportunity 1: Fair and transparent payment practices contribute to financial stability, cost efficiency and sustainable corporate development

Fair and transparent payment practices allow long-term relationships to be established with reliable suppliers. In financial terms, this means that GESCO does not have to switch to alternative suppliers with higher price levels due to planning security in the supply chain and that there are no switching costs due to the certification of new suppliers, for example, which can lead to higher profitability.

Opportunity 2: Safeguarding the Company’s reputation through effective compliance management

GESCO ensures compliance with regulatory requirements and ethical standards through regular training on compliance guidelines and the introduction of a compliance officer. This helps to avoid reputational damage, legal sanctions and financial risks. At the same time, proactive compliance management strengthens the trust of employees and stakeholders, improves business partner relationships and can positively influence the market position and access to sustainable financing in the long term. It also increases employee loyalty, which reduces staff sales and recruitment costs.

1.2 Management approach

Whistleblower Directive

In connection with the Code of Conduct (**S1 Company employees**), GESCO SE has set up a whistleblower system that is also available to external parties. This allows GESCO to be informed about violations of legal regulations or compliance rules and to contribute to their detection. In the event of specific, well-founded indications of serious legal violations or breaches of rules within GESCO Group, affected persons can

contact GESCO SE via the external ombudsman. Internal employees can contact the ombudsman directly using the contact details provided in a circular. External stakeholders can send a report to GESCO SE anonymously via the website. Detailed information on the whistleblower system can be found on the GESCO Group website at www.gesco.de/en/responsibilities/human-rights-and-environmental-risks ↗.

Code of Conduct

GESCO Group is a group of medium-sized companies that are primarily active in the industrial manufacturing sector. The customers and suppliers are located in different countries. This structure gives rise to individual risks, including corruption and conflicts of interest as well as the violation of tax and social security laws, labour laws and occupational health and safety regulations as well as data protection and antitrust regulations. In addition, production and product-related regulations must be complied with. Due to the Company's international focus, 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 2024 reporting year.

GESCO SE requires and supports behaviour in its companies that complies with the law and guidelines by complying with applicable laws, regulations, case law, official decisions and internal guidelines and resolutions. This applies in particular to anti-corruption regulations. To this end, GESCO SE has established a compliance management system involving all Group companies.

The aim of the compliance management system is to prevent violations of the law. GESCO SE's obligation to comply with the law ("Tone from the Top") is set out in the Group-wide Code of Conduct. Compliance training courses convey the content to employees. The Code of Conduct for all GESCO Group employees is available on the website at www.gesco.de/en/investor-relations/corporate-governance-compliance ↗.

The Code of Conduct is substantiated by guidelines and work instructions that clarify typical behavioural issues in important areas of activity for executive bodies and employees. These areas of action are identified regularly or, if necessary, through risk analyses.

The guidelines are made available to GESCO Group employees in paper form, electronically and via an online information system (Rulebook). 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, the Head of Legal and Tax at GESCO SE carried out random audits at the Group companies in 2024. In future, an external consultant will take over this task. Legal violations can be reported anonymously via the whistleblower system. Three reports were received for the 2024 reporting year. Of the matters reported via the whistleblower system, one case was classified as implausible. Two other cases were investigated, but no legally objectionable misconduct was identified. In addition, numerous consultations on individual employee issues were conducted both by an external ombudsman and internally.

At GESCO SE level, the area of compliance is anchored in the Finance Executive Board department.

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 auditors at the GESCO companies. Depending on these developments and findings, GESCO adapts the existing regulations, the existing training programme and the existing advisory services, if necessary with external support. For this reason, GESCO has rolled out additional guidelines and training courses for the entire Group. These include an antitrust guideline and antitrust training courses, which were conducted at all subsidiaries.

Antitrust Directive

GESCO's antitrust guideline was formulated in 2024 and employees in relevant positions were trained on it. The guideline is to be implemented for the Group in 2025. To this end, the guideline will be included in the Rulebook online tool. Furthermore, employee training on compliance will be expanded for all German companies. The respective managers of the relevant subsidiary are responsible for implementation.

The directive formulates clear instructions for avoiding violations of antitrust law. It contains provisions on the prohibition of cartel agreements and the abuse of dominant market positions. It also regulates the obligation to have certain mergers scrutinised by the authorities as part of merger control. In addition, binding rules of conduct are defined for various situations of practical relevance – for example, for participation in association meetings, trade fairs and business events, for internal and external communication and for dealing with official investigations, requests for information or seizures by antitrust authorities. In addition, the guideline provides information on the support available for employees in the event of antitrust law issues or reports.

The regulatory basis is primarily the German Act against Restraints of Competition (GWB), the Treaty on the Functioning of the European Union (TFEU) (which is directly applicable in this respect) and the associated EU antitrust regulations (which are also directly applicable).

GESCO SE guideline on avoiding corruption and conflicts of interest by accepting and making donations

This guideline, which employees can access via the Rulebook, applies to all employees of GESCO SE, including the Executive Board of GESCO SE. It regulates the correct handling of cash benefits, benefits in kind, hospitality, specialist events, events, sponsoring and donations. The executives of GESCO SE are responsible for implementation at the highest level. Employees and external stakeholders have the opportunity to report violations of this guideline via the GESCO whistleblower system, which enables GESCO to monitor implementation.

GESCO SE guideline on the avoidance of corruption and conflicts of interest when commissioning third parties and performing ancillary activities by accepting and making donations

This guideline, which employees can access via the Rulebook, applies to all employees of GESCO SE, including the Executive Board of GESCO SE. This guideline regulates typical case constellations in which the personal interests of an employee may come into conflict with the business interests of the Company when performing secondary employment. The managers of GESCO SE are responsible for its implementation. Here, too, GESCO monitors implementation through violations reported via the whistleblower system.

Management of relationships with suppliers

GESCO Group pursues a strategic and responsible approach in its relationships with suppliers, which aims to minimise risks and promote sustainable cooperation.

Various criteria play a central role in the selection of suppliers, including creditworthiness and the ability to reliably fulfil orders in line with the Company's growth. This reduces the risk of delivery failures and ensures a stable supply chain. At the same time, GESCO takes common values such as sustainability and ethical standards into account.

As part of the LkSG, the main suppliers per company were carefully reviewed and the necessary information collected (**S2 Labour in the value chain**). To ensure compliance with the regulations, GESCO Group subsidiaries conduct regular supplier audits and surveys. These self-assessments help to verify suppliers' compliance and ethical standards. GESCO bases its assessment on indices such as the Corruption Perceptions Index and the Environmental Performance Indicator. Supplier management in the individual companies is carried out in accordance with the established standards of the certified integrated management system in accordance with DIN EN ISO 9001, DIN EN ISO 14001 and DIN EN ISO 50001 in order to ensure compliance with high quality, environmental and energy management standards.

GESCO favours long-term relationships with its suppliers and avoids “supplier hopping”. This promotes stability and reliability in the supply chain. Raw material suppliers are visited regularly to ensure the quality of the purchased materials and the sustainability of the collaboration.

GESCO prioritises the procurement of raw materials from Germany or the EU in order to ensure high quality standards. GESCO significantly reduces potential risks in the supply chain through the predominantly regional procurement market. This enables better control over the quality and reliability of suppliers. For certain markets, such as the US market, procurement takes place within the country, particularly for paper products, which strengthens the local economy.

As the GESCO Group subsidiary with the highest sales, Doerrenberg’s Supplier Code of Conduct also obliges all of its suppliers to comply with rules relating to

- corruption, money laundering and conflicts of interest,
- antitrust and competition law, customs and foreign trade law as well as intellectual property,
- information security and data protection as well as the protection of business secrets.

Prevention and detection of corruption and bribery

GESCO SE has implemented a comprehensive compliance management system (CMS) to prevent, detect, investigate and prosecute corruption and bribery. The CMS consists of the elements of prevention, detection, investigation and prosecution. In order to take a preventative approach, GESCO Group has a Code of Conduct with clear guidelines and rules of behaviour, guidelines on the detailed handling of benefits and trains its employees on the topics of anti-corruption, conflicts of interest and the whistleblower system. The focus is particularly on employees in risk functions such as purchasing, sales and project management. Management and supervisory bodies are also part of the training programme. The training is conducted in the form of e-learning,

face-to-face events and the use of the GESCO Rulebook, and the frequency and scope of the training is adapted to the respective risk profiles of the employees. In order to uncover cases, GESCO offers its employees and external stakeholders the opportunity to report violations via a whistleblower system. Internal audits are also carried out regularly to check compliance and identify potential risks. The identified cases and risks are investigated by the Compliance Officer or the Ombudsman. If necessary, the investigation can also be carried out by external experts. Any violations identified are followed up. Appropriate sanctions are imposed, and the criminal prosecution authorities are involved if criminal offences are suspected.

The investigators (Compliance Officer and Ombudsman) are organisationally separate from operational management and report directly to the Executive Board. This ensures the independence of the investigations. The results of the investigations are reported to the Executive Board and the Audit Committee of the Supervisory Board.

Corruption or bribery cases

GESCO has introduced a comprehensive compliance management system that also addresses the areas of corruption and bribery and contains corresponding guidelines and procedures to prevent unfair behaviour. This system ensures that all employees are informed about the applicable laws and internal standards. Regular training is provided for employees and managers to raise awareness of corruption risks and the importance of complying with anti-corruption guidelines. This training covers topics such as gifts, invitations and potential conflicts of interest. Regular internal and external audits of business processes are carried out to ensure adherence to compliance requirements and to recognise potential violations at an early stage. The aim of these audits is to create transparency and strengthen confidence in internal controls.

GESCO’s management is actively committed to combating corruption and bribery and promotes a corporate culture that upholds ethical behaviour and integrity. This is reflected in the fact that there were no known cases of bribery and corruption within GESCO Group in 2024.

Political influence

A whole series of current legislative processes that primarily affect GESCO’s invest-ments are relevant to GESCO Group’s work, such as the Corporate Sustainability Repor-ting Directive (CSRD) and the Carbon Border Adjustment Mechanism (CBAM) at EU level and the Supply Chain Duty of Care Act (Lieferkettensorgfaltspflichtengesetz) at national level. GESCO analyses these projects and the resulting requirements for risk management, evaluates them and implements appropriate measures at an operational level.

GESCO SE is a member of Deutsches Aktieninstitut e.V. (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.

1.3 Key figures

Risky functions

	2024
Number of functions for which it can be assumed that there is a risk of corruption and bribery due to their tasks and responsibilities (functions at risk)	112
Number of high-risk functions covered by training programmes	47
Percentage of high-risk functions covered by training programmes	42

Cases of corruption

	2024
Number of convictions for offences against corruption and bribery regulations	0
The amount of fines for offences against corruption and bribery regulations (in EUR)	0

Information on payment practices

	2024
The average time (in days) taken by the Company to settle an invoice from the date on which the contractual or statutory payment period begins	22
Number of court proceedings currently pending due to late payment	0

Indices

1 Disclosure Requirement Index

List of material disclosure requirements (DR)		Reference
ESRS 2 – General information		
BP-1	General principles for the preparation of sustainability declarations	page 39
BP-2	Information in connection with specific circumstances	page 39
GOV-1	The role of the administrative, management and supervisory bodies	page 40
GOV-2	Information and sustainability aspects dealt with by the Company's administrative, management and supervisory bodies	page 40
GOV-3	Inclusion of sustainability-related performance in incentive systems	page 42
GOV-4	Declaration on due diligence	page 88
GOV-5	Risk management and internal controls for sustainability reporting	page 42
SBM-1	Strategy, business model and value chain	page 42
SBM-2	Stakeholders' interests and positions	page 45
SBM-3	Significant effects, risks and opportunities and their interaction with strategy and business model	page 47
IRO-1	Description of the process for identifying and assessing the material impacts, risks and opportunities	page 46
IRO-2	Disclosure requirements covered by the Company's sustainability statement in ESRS	page 85
E1 – Climate change		
ESRS 2 GOV-3-E1	Inclusion of sustainability-related performance in incentive systems	page 42
E1-1	Transition plan for climate protection	page 50
ESRS 2 SBM-3-E1	Significant effects, risks and opportunities and their interaction with strategy and business model	page 47
ESRS 2 IRO-1-E1	Description of the procedures for identifying and assessing the main climate-related impacts, risks and opportunities	page 46
E1-2	Concepts related to climate protection and adaptation to climate change	page 51
E1-3	Measures and resources in connection with the climate concepts	page 51
E1-4	Goals in connection with climate protection and adaptation to climate change	page 52
E1-5	Energy consumption and energy mix	page 52
E1-6	Gross GHG emissions in Scope 1, 2 and 3 categories and total GHG emissions	page 53

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List of material disclosure requirements (DR)		Reference
E3 – Water and marine resources		
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