



Sustain- ability

Since it was founded in 1989, GESCO SE has pursued a long-term business policy that is oriented towards the interests of shareholders, customers, employees and other stakeholders as well as the principles of good corporate governance and compliance, and is committed to a responsible approach to the environment.

GESCO SE has worked very intensively on how to best implement the requirements under the CSR Directive Implementation Act (CSRRLUG) and the legitimate interests of all stakeholders in the non-financial report. For this reason, GESCO SE has decided to provide information on this topic as transparently as possible, far beyond what is required by law. Sustainability reporting is based on the German Sustainability Code (GSC/DNK). Accordingly, the DNK declaration printed below was reviewed by the DNK office in accordance with the DNK criteria and declared complete. GESCO SE reports the non-financial key figures according to GRI performance indicators. The GSC statement thus also serves as a “separate non-financial group report” in accordance with § 315b para. 3 HGB.

Non-financial report / DNK statement

General information

As a long-term investor, GESCO SE acquires successful companies in the technology-leading industrial SME sector. GESCO sees its activities as long-term and sustainable. GESCO continues and further develops proven business models. The central task is to exploit growth potential and secure the Group's future viability in the long term. In this way, GESCO creates added value for all stakeholders: shareholders, employees, customers, suppliers and other stakeholders. Under the umbrella of a lean holding company, the companies operate independently but with the support of the SE. The goal: a strong group of hidden champions, market and technology leaders. The individual subsidiaries are managed by independently acting managing directors. As a rule, the holding company does not perform any central functions for the companies. Exceptions relate in particular to compliance issues and individual insurance policies at group level.

GESCO strives for profitable growth through the further development of the existing portfolio companies as well as through the acquisition of further industrial technology-leading medium-sized companies. The management of the Group by the holding company is oriented towards this goal. The subsidiaries are predominantly small and medium-sized industrial companies that are allocated to the following segments:

Process Technology

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

Resource Technology

- Dörrenberg group
- SVT GmbH
- Pickhardt & Gerlach group

Health and Infrastructure Technology

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

Below UMT GmbH, Haseke GmbH and W. Krömker GmbH were merged in September 2022 to form the newly founded Amtrion GmbH in order to tap further synergies. The business of the new Amtrion GmbH will be divided into the Industry and Medical divisions in the future: The Industry division, with established and technically leading height-adjustable support arms and enclosure technology, and the medical technology division, in which the product portfolio of W. Krömker GmbH will be merged in addition to the Haseke products.

The stainless steel processors HUBL GmbH (with customers from the biotech and pharmaceutical industries, medicine and cleanroom technology as well as the semiconductor, packaging and food industries, among others) and Sommer & Strassburger GmbH (specialist supplier of process plants for pharmaceuticals, food, water technology and chemicals) were also bundled under the umbrella of INEX – solutions GmbH.

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

Criteria 1 – 10: Sustainability concept

Criteria 1 – 4 on strategy

1. Strategic analysis and measures

Since it was founded in 1989, GESCO SE has pursued a long-term business policy that is oriented towards the interests of shareholders, customers, employees and other stakeholders as well as the principles of good corporate governance and compliance, and is committed to a responsible approach to the environment.

GESCO SE launched a development process in 2021 that is scheduled to run for several years, in which systematic sustainability management is to be established in order to best meet the growing regulatory requirements (e. g. CSRD, EU taxonomy, Supply Chain Act, etc.). As a framework for reporting on sustainability aspects and their management, the German Sustainability Code (DNK) is applied with the extension according to the requirements of the CSR Directive Implementation Act (CSRRUG). For 2022, the requirements of the EU Taxonomy Regulation will be met, just as GESCO additionally reports on the “National Action Plan for Business and Human Rights of the Federal Government” (NAP). The ongoing strategy process takes into account the disclosure requirements according to the Corporate Sustainability Reporting Directive (CSRD) resp. the European Sustainable Reporting Standard (ESRS) that will apply from the reporting year 2024. The Executive Board works closely with the Supervisory Board in developing the sustainability strategy. It is primarily supported in this by the ESG@GESCO Steering Committee as well as the managing directors and ESG coordinators of the subsidiaries (see criterion 5 Responsibility).

In the process started in 2021, GESCO SE first obtained an overview of the requirements of the stakeholders (regulatory analysis, materiality analysis, development of a non-financial indicator collection). The sorting phase is not yet fully completed with the 2022 report (deepening materiality analysis, taxonomy KPIs, supply chain analysis, GSC reporting, strategy process). It is planned to move to the next phase in 2023 by intensifying the strategy development process across all companies. GESCO SE's aspiration is to develop its own sustainability approach and, in the medium term, to transfer this step by step into concrete management processes (targets, measures, KPIs). With the establishment of a modern sustainability management system, the aim is to:

- meet non-financial regulatory disclosure requirements (EU, federal government, B2B customers),
- increase the valuation and value of the subsidiaries in the medium term in line with the NEXT LEVEL 25 strategy, and
- strengthen GESCO Group's adaptability (resilience) in a changing environment.

2022,

the requirements of the EU Taxonomy Regulation are met, just as GESCO reports in addition to the “National Action Plan for Business and Human Rights of the Federal Government” (NAP).

In the reporting year 2022, GESCO was able to win over the consulting firm it had been working with since 2021 to take over sustainability management and the coordination of sustainability activities in GESCO Group.

The ESG requirements pose a particular challenge for GESCO SE, as it only assumes a few central functions for the subsidiaries and has not made any generally binding management specifications for all companies apart from individual investment development. A change is currently taking place here: uniform role specifications are being developed, accounting systems and software architectures are to be harmonised and the realisation of synergies between the business models of the affiliated companies is coming more into focus.

With the support of an external consulting firm, an extended materiality analysis was carried out in 2021, which was again strategically adjusted in 2022 (see criterion 2). Five key areas of action were identified, on which GESCO Group's actions will focus:

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

Due to the decentralised nature of GESCO Group, the focus to date has been on establishing a modern sustainability management system. In 2022, a process was also initiated to strengthen responsibility in the supply chain. In the other three fields of action, the subsidiaries have so far acted on their own responsibility. As part of the strategy development process, the targets, KPIs and measures for the other fields of action are being developed centrally.

For the targeted management of the relevant sustainability topics and for transparent reporting, the system of indicators for the non-financial performance indicators was expanded in 2021. This comprises the fields of action:

- Energy consumption
- Resource consumption
- Occupational safety / health protection
- Diversity
- Education and training
- Social engagement
- Staff recruitment and retention
- Compliance
- Dialogue with stakeholders
- Responsibility in the value chain
- Sustainability management
- Employee mobility (new 2022)
- Upstream and downstream logistics (new 2022)

2022, the data quality was expanded and improved, e.g. in resource consumption, responsibility in the supply chain and with regard to EU taxonomy:

- Scope 3 emissions in the area of employee mobility and upstream and downstream logistics were collected for the first time. The data quality will be further improved in subsequent surveys.
- As part of the development of a human rights due diligence, supply chains and supplier connections were analysed.
- As early as Q1 2022, a taxonomy project was set up to classify the economic activities in GESCO Group and evaluate them in line with the EU taxonomy.

W. Krömker GmbH – now part of Amtrion GmbH in the UMT GmbH group – was not included in the 2021 figures. GESCO SE is only partially included in both the 2021 and 2022 figures. For 2023, GESCO Holding is implementing the full collection procedure for the indicators relating to it.

2. Materiality

For GESCO SE as a listed holding company, the topic of sustainability is becoming increasingly important. For example, GESCO SE and its subsidiaries are also affected by growing legal requirements such as the CSR Directive Implementation Act (CSRRUG), the EU taxonomy or the Supply Chain Sourcing Obligations Act. GESCO SE aims to create value for the environment and society and meaningfully reduce negative impacts through the targeted management of relevant sustainability issues. Even if the corresponding requirements regarding the recording of key figures initially entail greater expense, GESCO SE sees the opportunity to minimise economic risks in the long term through active and transparent sustainability management.

All relevant goals and measures related to sustainability are to be transferred to a sustainability strategy currently under development. In order to implement the available measures in the most targeted manner possible, an extended materiality analysis was conducted in 2021 to identify and prioritise the relevant topic areas. In a first step, the criteria of the GSC as well as other relevant trends and developments were evaluated within the framework of desk research. Subsequently, the managing directors of all subsidiaries as well as important investors were interviewed by telephone about their assessments. As a result, six of the 22 potentially material ESG issues were provisionally highlighted with a special prioritisation*:



GESCO SE aims to create value for the environment and society and meaningfully reduce negative impacts through the targeted management of relevant sustainability issues.

Environment

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

Social

- Respect for workers' rights
- Education and training*
- Occupational health management
- Diversity
- Social engagement
- Sustainable organisational development*
- Staff recruitment and retention
- Work Life Balance

Governance

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

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

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

Within GESCO SE, the opportunities, risks and effects of the topics depend to a considerable extent on the business model of the respective subsidiary. The following criteria were used to uniformly assess and prioritise the topics:

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

These criteria apply particularly to the provisionally prioritised topics.

In their operating business, all GESCO SE subsidiaries are subject to the typical opportunities and risks of their respective industries as well as general economic risks. Within GESCO Group, all relevant risk issues are regularly assessed according to the level and probability of occurrence. In addition to the economic situation, there are risks as well as opportunities for the subsidiaries in the strategic orientation of the companies, taking technological change into account. In particular, the supplementation of the combustion engine by other types of drive, digitalisation, the emergence of new competitors, the political and economic development of regional markets, the change in social values, the politically targeted reduction of CO₂ emissions and the regulatory framework conditions should be mentioned. The relevant sustainability issues that primarily affect GESCO are also derived from this: climate change, scarcity of resources and training and development of the workforce. GESCO is addressing these issues by, among other things, implementing excellence programmes (OPEX, MAPEX, DIGITEX, LEADEX) in the subsidiaries as part of the NEXT LEVEL strategy adopted in autumn 2018 and continuously developed since then. The regular exchange between the Executive Board of GESCO SE, the investment managers of GESCO SE and the managing directors of the subsidiaries and their teams serves to analyse and further develop strategic topics.

The managing directors of the subsidiaries attribute the greatest negative impact of business activities on sustainability issues to the area of energy and resource consumption. GESCO SE strives to reduce its environmental impact in a meaningful way through the core business of each subsidiary, thereby making an important contribution to society as a whole.

Further information on dealing with opportunities and risks can be found in the GESCO SE opportunities and risk report, which also includes non-financial performance indicators.

3. Targets

GESCO is consistently developing its sustainability strategy. Sustainability issues also play an important role in balancing the portfolio architecture and developing the subsidiaries into hidden champions. The short and medium-term fulfilment of the steadily increasing regulatory requirements forms the corresponding basis. For this purpose, the relevant activities of the subsidiaries were systematically recorded in the 2021 business year. For the further development of sustainability issues, regular meetings of the ESG@GESCO steering committee have been held since 2021. Since 2022, this committee has included the two Executive Board members who are ultimately responsible for GESCO's sustainability management as well as the heads of Investor Relations and Legal & Compliance.

At the core of the efforts in 2022 was the establishment of modern sustainability management to increase the value and resilience of the subsidiaries in the medium term:

To this end, the governance of ESG@GESCO was fundamentally restructured in 2022. The managing directors and division heads, as well as the ESG and LkSG coordinators in the subsidiaries, received further training: In addition to a full-day kick-off, three further full-day training events were held. In addition, the ESG and LkSG coordinators of the subsidiaries have been receiving further training at monthly meetings since Q4 2022 and have been motivated to exchange practical experience internally. The coordinators communicate the aspects to their respective staff and raise awareness of the many links between the individual functional areas.

In 2023,

- The strategy process will be continued,
- Risk management will be expanded to include ESG aspects, and
- The ESG key data collection with regard to the extended requirements (ESRS) will be expanded and improved:
 - In addition to the definition of KPIs and concrete objectives, which will be completed in 2024, this also requires
 - better linkage with the existing financial accounting and, in the medium term, integration.
- It is also important to define precise responsibilities and management processes in the defined fields of action.
- In addition, the introduction of an ESG software architecture will be examined in 2023, which will facilitate both the collection of KPIs across the subsidiaries and their suppliers as well as the controlling and management of the KPIs.
- Last but not least, GESCO is continuing the process set up in 2022 to establish systematic human rights due diligence. Based on the supply chain mapping, a risk analysis will be carried out in 2023, which will form the basis for an expansion of the code of conduct to include human rights aspects and as a result of which appropriate preventive and remedial measures will be initiated.

The design and setting of targets in the three other fields of action – employees, climate protection and energy management, and resource conservation and sustainable products – will continue until 2024. The prioritisation of targets results from the fact that GESCO Group is still in the development phase of a sustainability management approach. The decentralised and diverse Group structure makes it difficult to develop an overarching strategy and management approach.

The achievement of the named objectives is managed in the ESG@GESCO Steering Committee. The Audit Committee of the Supervisory Board is responsible for monitoring the achievement of objectives.

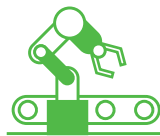
As part of the continuation of the strategy process, it is being examined whether GESCO SE wants to relate its sustainability management to the United Nations Sustainable Development Goals. At present, this is not yet the case.

4. Depth of the value chain

GESCO SE is an industrial group with market and technology-leading companies focusing on process, resources and health and infrastructure technology. The GESCO Group companies are allocated to these three segments accordingly.

GESCO SE's value chain can be described by the investment process. Since its founding in 1989, GESCO has built a strong group of "hidden champions" market and technology leaders. GESCO continues and develops proven business models. The central task is to exploit growth potential and secure the Group's future viability in the long term. This is how GESCO creates added value for all stakeholders. Most of the Group's companies are many decades old. Without sustainable business practices, these medium-sized companies would not be where they are today.

GESCO has intensively promoted and established the exchange between the subsidiaries in recent years and built up extensive methodological expertise at GESCO SE level. This also includes building up expertise for ESG issues, which in the process to date have been classified as material.



The companies in the Process Technology segment are essentially machinery and plant manufacturers as well as technology-intensive manufacturing services. With their products and services, they mainly support manufacturing industries and their processes.



The subsidiaries of the Resource Technology segment supply material-intensive industrial companies in particular. The companies take on the customer-specific processing of primary materials, which are then processed into end products by the customers. They also produce equipment for loading raw materials and energy sources.

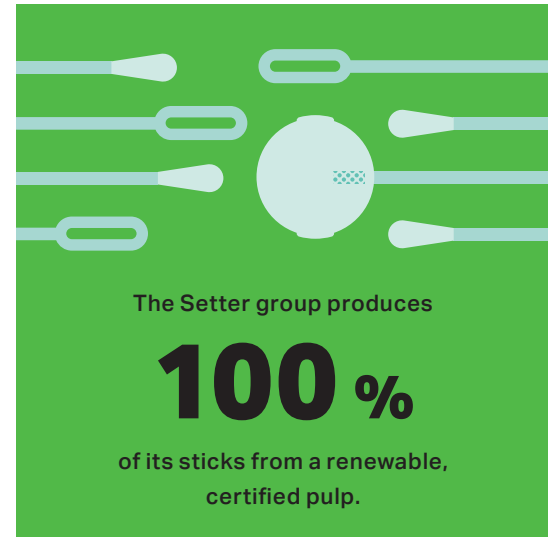


The Health and Infrastructure Technology segment comprises companies that supply suppliers for mass markets close to the end consumer in the fields of medical technology, hygiene, food or construction. The companies mostly supply components, assemblies or preliminary products. Beyond metal processing,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

In the subsidiaries' own business activities, the greatest leverage currently lies in the areas of resource scarcity and consumption. Although more and more risks for the subsidiaries arise from the increasing scarcity of resources, fossil fuels, availability of water, etc., this also offers opportunities with regard to the development of environmentally friendly business areas and the further development of business models.

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

In addition to the sustainable further development of business models, efficient energy consumption in its own business operations is a focal point in its own value chain. The majority of the subsidiaries have had specific environmental management systems in place for several years and are responsible for monitoring environmental sustainability criteria such as energy consumption in their own business operations. In the course of this, positive and negative environmental impacts that are wholly or partially attributable to activities, products or services of GESCO subsidiaries are managed in a targeted manner. Subsidiaries that do not have a certified environmental management system conduct regular energy audits in order to adjust their energy use and introduce further measures based on this.



In addition, all subsidiaries have been looking at their own supply chain since 2022. With the help of an external consultancy, the visualisation of the supply chains by product groups was initiated and direct suppliers at the individual nodes (e.g. raw material extraction, processing, logistics, distribution, etc.) were identified. This process should help to gain an understanding of the impacts in one's own supply chain beyond one's own business boundaries and to identify, with the help of a risk analysis, which social and environmental problems are potentially to be expected within the supply chain (see criterion 17). This process has not yet been completed, which is why no definitive statements on potential risks in the supply chain can be made at this time.

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

Further insights into the business models of the individual companies can be found in the Annual Report 2022.

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

Criteria 5 – 10 on process management

5. Responsibility

Overall responsibility for sustainable development lies with the Executive Board of GESCO SE. In addition to the Head of Investor Relations & Communications, the head of Legal & Compliance was also included in the ESG@GESCO steering committee in 2022.

In Q4 2022, a sustainability consultancy that has been supporting GESCO SE since 2021 was entrusted with an extended mandate: it advises the members of the ESG@GESCO steering committee and coordinates all ESG activities within GESCO Group on its behalf until the end of 2023 in order to establish a modern sustainability management system.

For sustainability reporting, this consultancy works together with the Investor Relations & Communications department. In the course of 2023, the Finance department will be increasingly involved in the anticipation of the ESRS, which is represented by the Chief Financial Officer in the ESG@GESCO steering committee. This committee coordinates with the Executive Board in regular working meetings as part of the GESCO Sustainability Steering Committee, which also includes other committee members and specialist colleagues.

For the preparatory implementation of the obligations arising from the German Supply Chain Compliance Obligations Act (Lieferkettensorgfaltspflichtengesetz – LkSG) and other compliance topics, the sustainability consultancy works together with the Head of Legal & Compliance. In future, the department Legal & Compliance will also assume the role of human rights officer for GESCO SE.

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

The LkSG coordinators are responsible for implementing the obligations arising from the Supply Chain Sourcing Obligations Act, while the ESG coordinators are entrusted with the development and implementation of systematic sustainability management, implementing specifications from GESCO Holding in coordination with the Executive Board or implementing contributions to the recording of key figures or the strategy process. The subsidiaries are motivated to identify their own focal points beyond the GESCO specifications and to set up suitable regulations and processes for the management of sustainability-related issues in line with these.

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

6. Rules and processes

The subsidiaries of GESCO SE are generally able to identify their own focal points and, adapted to these set up 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, as long as they are justifiable from an economic perspective. This is also anchored in the Group's Code of Conduct.

As a central basis for internal control and transparent reporting, GESCO Group's system of key performance indicators was standardised and expanded in the reporting year 2022. Based on the GRI performance indicators specified in the Sustainability Code, it was first examined which key figures could be recorded by the subsidiaries. The data collection has so far taken place annually. The ESRS is expected in the course of 2023. For this purpose, the previous collection logic will have to be defined in more detail. In the medium term, the aim is to be able to measure performance on a quarterly basis, at least for central KPIs. To this end, the introduction of ESG reporting software will be examined in 2023.

For the collection of the taxonomy KPIs as well as the preparatory implementation of the LkSG, management templates are also created based on which the TGs can integrate their internal processes, e. g. ongoing collection of the taxonomy KPIs in the accounting systems. The Code of Conduct will be expanded in 2023 to include further ESG aspects and will thus be disseminated in the companies through regular compliance training.

For the other three fields of action (employees, climate protection & energy management, resource management and sustainable products), responsibilities, targets, rules and processes still need to be defined. In the current structure, the ESG coordinators of the TGs appointed by the respective managing directors will report on progress to the ESG@GESCO steering committee. The ESG@GESCO project coordination or the investment managers will discuss process orientation and target achievement with the managing directors as part of the participation discussions.

7. Control

Based on the performance indicators collected since 2020, the current sustainability strategy development process is examining whether and how to set concrete targets for 2024 in the central fields of action. The difficult market environment of the past financial years (Corona, Ukraine war) makes it difficult to analyse the key figures.

The non-financial performance indicators cover the following areas:

- Energy and resource consumption
- Occupational safety and health protection
- Diversity
- Education and training
- Social engagement
- Staff recruitment and retention
- Compliance
- Dialogue with stakeholders
- Responsibility in the value chain
- Sustainability management
- Employee mobility (new 2022)
- Upstream and downstream logistics (new 2022)

The collection of key figures is decentralised to the ESG coordinators in the subsidiaries. The ESG coordination at Group level consolidates the data, checks it on a sample basis and takes into account changes in the Group structure.

Only German locations and the GESCO Group holding company are taken into account in the overall recording of performance indicators. As W. Krömker GmbH and Haseke GmbH were merged into Amtrion GmbH in 2022, the 2021 figures are combined ex-post. The same applies to Hubl GmbH and Sommer & Strassburger GmbH, which have been merged into INEX – solutions.

The performance indicators are to be used in future for the management and control of the sustainability goals and collected as part of the GSC declaration. The performance indicators are recorded annually and then analysed by the ESG@GESCO steering committee in order to develop suitable control indicators and target values for the five identified fields of action. For existing targets in 2023, which are of a more qualitative nature, progress is monitored as part of the monthly steering group meetings. From 2024 onwards, the targets for the fields of action will be integrated into the participation discussions between investment managers and managing directors.

Performance indicators for criteria 5 to 7

Performance indicator GRI SRS-102-16: Values

GESCO Group combines the strength and potential of technology-driven medium-sized companies. Many of the subsidiaries are niche players; some are already global market leaders. GESCO SE's vision is to form a strong and balanced group of hidden champions through the targeted, systematic and sustainable development of its subsidiaries and further acquisitions. The NEXT LEVEL 25 strategy uses its excellence programmes to set the course for the strategic and operational expansion of the Group in the coming years. As a listed industrial holding company, GESCO SE aims to generate an attractive return for its shareholders. Values such as personal responsibility, openness and transparency as well as legally compliant and ethically correct conduct play an essential role in this.

These values are laid down in the GESCO SE Code of Conduct. They are binding for all GESCO Group bodies and employees. In this way, the Code of Conduct acts as the corporate constitution of GESCO Group. It defines the inalienable basic principles for cooperation within GESCO Group and for the conduct of GESCO Group members towards their business partners and other third parties.

GESCO SE's principles include the goal of generating added value in order to guarantee an attractive and secure workplace for all employees and to be a strong partner for customers, business partners, suppliers and shareholders. An important concern is to take the necessary measures to reduce risks and avert dangers in the areas of environmental protection, health, occupational safety, product quality and liability as well as data protection.

In this context, the development and dissemination of environmentally friendly technologies is welcomed and initiatives to promote environmental awareness are supported. The Code of Conduct is supplemented by specific guidelines as part of the compliance management system.

The Code of Conduct for GESCO Group employees is available for download on the Company website at <https://www.gesco.de/en/about-us/compliance-and-corporate-governance>. It will be expanded to include human rights and other ESG aspects in 2023.

8. Incentive systems

On 13 May 2021, a new remuneration system was adopted by the Supervisory Board, which applies to all Executive Board service contracts to be newly concluded or extended with effect after the Annual General Meeting on 30 June 2021.

The incumbent Chief Executive Officer (CEO) Mr Ralph Rumberg was first appointed to his position on 1 July 2018. Until his term of office was extended on 30 June 2022, the Executive Board service contract agreed at that time applied according to the specifications of the original remuneration system.

The extended Executive Board service contract of Mr Rumberg and the new service contract concluded with Chief Financial Officer (CFO) Ms Andrea Holzbaier in the reporting period were concluded based on the remuneration system in force since 30 June 2021.

The remuneration system for Executive Board members consists of three components: a non-performance-related remuneration component, a performance-related remuneration component and a remuneration component with a long-term incentive effect, which is granted in the form of virtual shares.

A modified Executive Board remuneration system was submitted to the 2021 Annual General Meeting for approval, which will in future take into account the changes made by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the recommendations of the currently valid version of the German Corporate Governance Code (DCGK). Although non-financial, social and ecological aspects are taken into account as a component of the new remuneration system in the sense of sustainable action when determining the starting amount for the variable remuneration of the Executive Board for the past financial year, these have not been measured against any concrete sustainability targets to date. The Executive Board is developing a sustainability strategy in close consultation with the Supervisory Board, and the Supervisory Board will assess the Executive Board's work against this strategy. The Supervisory Board also monitors the achievement of targets: In principle, the exchange of information on key figures and their achievement takes place annually at the Supervisory Board meeting, which is also used as a planning and control meeting.

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

As GESCO is not an integrated Group, the remuneration systems for managers and all other employees in the subsidiaries are structured differently, depending on the respective business model, the historical development of the individual company and in some cases taking into account collectively agreed provisions. No sustainability targets have been integrated into these to date, nor are any planned.

Performance indicators for criterion 8

Performance indicator GRI SRS-102-35: Remuneration policy

The non-performance-related remuneration component of the Executive Board members currently consists of the fixed annual salary, fringe benefits and retirement benefits. The fringe benefits granted mainly consist of the private use of company cars, a directors and officer's liability insurance policy ("D&O insurance"), contributions to the employers' liability insurance associations and subsidies for health insurance. The retirement benefits amount to 20% of the annual fixed salary for the CEO and for the CFO respectively.

The performance-related remuneration component is generally granted in the form of a performance-related bonus based on the consolidated earnings for the year after minority interests. Until the extension of the Executive Board employment contract on 30 June 2022, this component was based on a multi-year assessment basis. Two-thirds of the respective bonuses were based on the consolidated earnings after minority interests for the financial year and one-third on the mean value of the consolidated earnings after minority interests for the respective financial year and the two preceding financial years.

In all cases, the performance-related remuneration component was capped at twice the amount of the annual fixed salary. Since the bonus was dependent on earnings, a total loss of the bonus was also possible.

Under the current remuneration system, the performance-related remuneration consists of a one-year component (Short Term Incentive, "STI") and a multi-year element (Long Term Incentive, "LTI"). Both elements are linked to the consolidated earnings after minority interests. After the end of the financial year, the consolidated earnings for the

year as reported in the approved consolidated financial statement is determined. The determined consolidated earnings then serves as the starting point for the STI and the LTI. The assessment basis is then multiplied by an individual percentage for each Executive Board member to obtain the individual starting amount for each Executive Board member. The Supervisory Board determines the starting amount for the variable remuneration after the end of the financial year, whereby the Supervisory Board has the discretion to change the starting amount upwards or downwards by 20%. The initial amount is limited to 100% of the annual fixed salary ("cap"), but can also be zero.

For retirement provision, the members of the Executive Board are granted contributions amounting to a certain percentage of their fixed salary.

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

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

The ratio of average total annual remuneration between the Executive Board of GESCO Group and all other employees is 13.1* in 2022 (2021: 12.0).

* The information relates to the consolidated financial statement of GESCO SE without a breakdown by country, as the vast majority of activities take place in Germany. It is not possible to state a median; therefore, the average is calculated from the personnel expenses according to the consolidated financial statement (GUV). This includes all employees of the Group with actual salaries and wages, regardless of whether they work full or part time (without conversion to FTE). The item includes basic salaries, all variable remuneration as well as social security and pension expenses.

9. Stakeholder participation

In the 2021 financial year, a comprehensive stakeholder matrix was developed as the basis for finalising the materiality matrix and the associated aspects and fields of action.

GESCO Group is currently examining the extent to which the expectations of the key stakeholder groups identified there, such as customers, employees, shareholders and other stakeholders, can be met in the context of business activities from a sustainability perspective. In the reporting year 2022, regulatory framework conditions, competitor activities as well as trends and developments were examined as part of a desktop analysis to identify potentially relevant sustainability topics. Representatives of the top management of GESCO subsidiaries were interviewed by telephone to prioritise and take into account the respective perspectives of the individual subsidiaries. As private and institutional shareholders are among the most important external stakeholders for GESCO SE, the assessments and expectations of selected investors with regard to the sustainability topics of GESCO SE classified as material were queried by telephone in parallel.

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

For personal dialogue with private investors, we not only use the annual general meeting, but also stock exchange days and events organised by associations representing the interests of private investors. In addition, there are many contacts and enquiries during the year in the form of e-mails and telephone calls.

In addition, further dialogues with selected stakeholders are conducted at the level of the individual participations as needed.

Performance indicators for criterion 9

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

The investors surveyed expressed concern that the companies affected by the reporting obligation could be overregulated and thus overburdened by the constantly tightening laws and guidelines.

The same applies to institutional investors, who almost unanimously report overregulation and the associated obligations and restrictions.

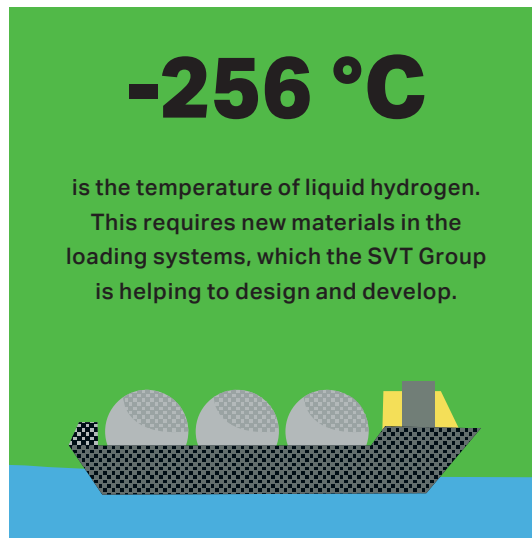
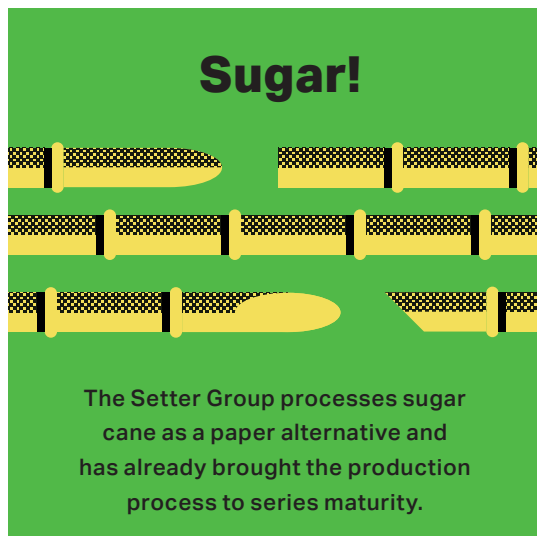
There were also many concerns that EU regulation would put European businesses at a disadvantage vis-à-vis other international competitors and that competitiveness would suffer.

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

10. Innovation and product management

GESCO SE strives to systematically and sustainably develop all Group companies. This equally includes using resources as efficiently as possible in the core business of the subsidiaries and continuously improving products in their use phase, also from an ecological perspective. A central innovation and product management system has not yet been installed. Therefore, no statements on quantifiable data can be made.

For example, paper sticks produced by the subsidiary Setter are also used as stirring sticks. This allows Setter's customers to significantly replace products previously made from plastic with sticks made from chlorine-free pulp. Unlike plastic, this is a renewable raw material from controlled forestry (PEFC® and FSC®) that will not be available for only a limited period of time – like crude oil as the base material for polypropylene sticks. In addition, the company processes sugar cane as a paper alternative and has already brought the production process to series maturity.



Targeted efforts are made by the subsidiaries, sometimes with business partners and research institutions, to find innovative solutions to address environmental and social problems.

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

As part of the DIGITEX strategy (Digital Excellence), the subsidiary Kesel has developed and launched the customer portal Kesel Connect. The customer portal serves as a central information platform for customers; also to provide information about the company's sustainability measures. Customers are actively involved in the company's sustainability activities. For example, customers can use the portal to submit ideas and suggestions on how the company can improve its sustainability measures, or they can participate in joint activities to contribute to environmental protection. The customer portal helps the company to be more transparent and credible about its sustainability activities. Customers can access the portal at any time and find out about the company's progress on sustainability. The customer portal is used to provide information about the products purchased from Kesel and the resources used in the production and operation of the products.

Advice is given on how best to dispose of old products or machines or how they can be retrofitted to extend their life. This ensures responsible use of existing resources.

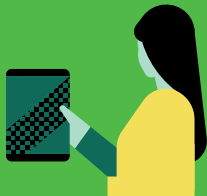
Performance indicators for criterion 10

Performance indicator G4-FS11

The financial investments do not go through a selection check according to environmental or social factors because these are demand deposits. Therefore, no screening is planned.

In contact

The interactive portal Kesel Connect provides a direct link between the Kesel Group and its customers. The latter can inform themselves in particular about sustainability aspects of the products.



Criteria 11 – 20:

Sustainability aspects

Criteria 11 – 13 on environmental concerns

11. Consumption of natural resources

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

The Dörrenberg Group and the Pickhardt & Gerlach Group generate major environmental impacts with their business activities in the fields of metallurgy and electroplating respectively. For this reason, they have had environmental management systems in place for several years to continuously reduce emissions, wastewater and waste. Environmental impacts are continuously reduced through the constant modernisation and further development of environmentally friendly production processes.

The Setter Group already uses mainly renewable raw materials from controlled forestry for the production of paper sticks. However, the use of virgin fibres cannot yet be completely dispensed with.

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

A central, more detailed recording of the resources used does not yet take place at group level.

In terms of purchasing volume, a high proportion of steel products (strip steel, stainless steel, stainless steel tubes, investment castings and bars, steel components), metal parts (iron, castings, etc.) and granulates are either resold or further processed across the entire Group.

12. Resources management

The overarching environmental goals of GESCO Group are:

- Reduction of energy consumption
- Saving resources

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

GESCO SE has not yet further specified and quantified these targets. Corresponding target formulations, including action planning and monitoring, will be sought in the course of the further development of the sustainability strategy by 2024 for the financial years 2024ff.

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

The resource-saving measures focus predominantly on the areas:

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

Some subsidiaries have already started to implement resource-saving measures in 2022. INEX, SVT and Astro-Plast have partially converted the lighting of the business operations to LED lighting, which has lower energy consumption. In addition, INEX (Sommer & Strassburger) has invested in a photovoltaic system, through which it has been able to cover 25% of its electricity consumption at times. PGW and Dörrenberg also obtain part of their electricity consumption from a photovoltaic system installed on the company premises.

MAE and PGW are currently planning the implementation of a photovoltaic installation for business operations for 2023. UMT has increased energy and space efficiency by merging two sites into one.

With regard to transport and logistics, some subsidiaries will soon (Kesel, INEX [Hubl], Dörrenberg) convert their fleets to electric or hybrid vehicles.

In packaging management, the companies mainly try to avoid single-use packaging, to use reusable solutions and, if it proves more efficient, to substitute plastic packaging. Kesel promotes the re-use of packaging and reduces the weight per unit area of packaging by choosing lighter options (cardboard packaging instead of disposable wooden crates). In addition, single-use euro pallets for shipping freight have been replaced by reusable pallets and shipping to China and the USA has been optimised through consolidated freight. In addition, Kesel substitutes plastic packaging with wooden packaging if the ratio of product weight to packaging is appropriate. MAE also focuses on the reuse of packaging materials.

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

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

(Source: Potting et al., 2017)

All companies are trying to increase energy efficiency, especially in the production processes. The pioneer here is MAE, whose new hydraulic presses save not only 70 % energy, but just as much oil. This means that energy consumption is 70 % lower than with conventional hydraulic presses and corresponds roughly to the consumption of a kettle. In addition, the use of pneumatic systems is minimised. Moreover, it has already been possible to develop a product type without pneumatics. MAE products are also characterised by an extremely long service life of more than 20 years. This is completed with offers such as the exchange of drive technology to new control generations, which additionally extends the product life cycle.

Kesel fulfils its product responsibility in the area of resource saving by generating an oil saving of 75 % in the use phase of the products at the customer's site in a new process. This is possible through oil recycling of the oil already used.

Another strategy in the area of circular economy in production processes is the refurbish strategy: With its Retrofit department, MAE overhauls used equipment at the customer's site and brings it back up to state of the art. An expansion of the business field of used machines with a return of old products and their remanufacturing is planned for 2023. Kesel has also already expanded its range of B-goods products in the clamping technology sector in 2022 and can thus save resources. Furthermore, SVT established the general overhaul division in 2021. A general overhaul of used products is offered for ship and shore loading arms, which significantly increases costs and resource efficiency.

In addition, Setter uses pre-consumer recyclate, which flows into the production of paper sticks as a secondary raw material. AstroPlast, in particular, sets clear impulses with regard to mindfulness in the use of materials and thus makes a significant contribution to saving resources. In 2022, for example, 46 % of the entire product portfolio was made from recycled plastic. In addition, the recycling of old parts is being optimised; the use of lightweight construction and foams, the development of new and forward-looking material mixtures and the use of bioplastics are being driven forward.

Furthermore, more and more production residues (scrap) are fed back into the same production process or used elsewhere in the value chain (e.g. at the supplier). Dörrenberg also works with the use of scrap, return scrap and recycled scrap in production. These activities are located in the R strategies Remanufacture and Repurpose.

The above measures pay towards the qualitative objectives

- Reduction of energy consumption
- Savings of resources.

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

Most of the production sites are located in Germany and are therefore subject to very high standards and legal requirements. By complying with laws and standards and exercising a high degree of care in their processes, the companies consider themselves sufficiently well equipped to minimise their impact on the environment.

GESCO therefore assesses the risks to the environment from GESCO Group's business operations as comparatively low overall. For risk assessment purposes, all subsidiaries are surveyed on relevant environmental risks on a monthly basis. All recorded risk topics are assessed in terms of the level of occurrence and probability of occurrence and reported to the Executive Board. Energy and the respective resource consumption of the Group companies are particularly highlighted as potential risks.

Performance indicators for criteria 11 to 12

Performance indicator GRI SRS-301-1: Materials used

For the main material groups, the material used is recorded in the following categories.

| Material used according to groups | | | |
|--|--------------|---------------|--|
| | 2022* | 2021** | Change in % compared to previous year |
| Raw materials | 77,687 t | 70,372 t | + 10.39 |
| Auxiliary and operating materials | 5,248 t | 3,655 t | + 43.58 |
| Semi-finished products / parts | 5,205 t | 3,803 t | + 36.86 |
| Packaging materials | 1,536 t | 1,540 t | - 0.29 |

* exclusive GESCO SE

** In 2021, the company Haseke, now part of Amtrion, was unable to provide accurate information for the main material groups. The companies AstroPlast and Franz Funke were unable to provide information on auxiliary and operating materials such as packaging materials in 2021.

Performance indicator GRI SRS-302-1:

Energy consumption

Energy consumption of GESCO SE

| | 2022* | 2021** | Change in % compared to previous year |
|-------------------------------|----------------|----------------|--|
| Natural gas*** | 35,451,153 kWh | 50,084,516 kWh | - 29.22 |
| Liquefied gas*** | 19,250 litres | 19,895 litres | - 3.24 |
| Electricity (electricity mix) | 41,624,460 kWh | 43,192,246 kWh | - 3.63 |
| District heating | 295,356 kWh | 374,500 kWh | - 21.13 |

* excluding GESCO SE; ancillary costs at GESCO SE are billed on a flat-rate basis and therefore no consumption figures are available.

** exclusive GESCO SE and W. Krömker GmbH

*** Natural gas was stated in m³ in 2021 and in previous years. In order to calculate the total energy consumption, natural gas and LPG were converted with regard to their calorific value criteria using the factors 10.78 KWh/kg and 14.06 KWh/m³ [Source: Federal Office of Economics and Export Control https://www.bafa.de/SharedDocs/Downloads/DE/Energie/ea_ermittlung_gesamtenergieverbrauch.pdf]. Further standardisation is planned for the future.

The majority of the energy consumed (approx. 75%) was obtained from green electricity in 2022.

Energy consumption of the vehicle fleet

| | 2022 | 2021** | Change in % compared to previous year |
|----------------------------------|----------------|----------------|--|
| Diesel | 212,459 litres | 205,357 litres | + 3.37 |
| Petrol | 78,552 litres | 59,950 litres | + 31.03 |
| LPG (Liquefied petroleum gas) | 55,538 litres | 51,936 litres | + 6.94 |
| Electricity (electricity mix)*** | 13,643 kWh | 7,372 kWh | + 85.07 |

** exclusive W. Krömker GmbH

*** Electricity generated from own production from photovoltaic systems

Performance indicator GRI SRS-302-4:

Reduction of energy consumption

In order to calculate the total energy consumption, natural gas and liquid gas were converted* with regard to their calorific value criteria using the factors 10.78 KWh/kg and 14.06 KWh/m³. For 2022, this results in electricity consumption of 77,641,624 KWh for GESCO Group compared to the value of 93,931,000 KWh from the previous year.

Compared to the previous year, this results in a reduction in energy consumption of 16,289,376 KWh (- 17.3%). In the comparative calculation to the previous year, the items listed under GRI SRS-302-1 have been taken into account.

Compared to the previous year, there is not only an absolute reduction in consumption, but also a relative reduction in energy consumption per EUR sales (2022: 0.13; 2021: 0.2).

* Source: Federal Office of Economics and Export Control
https://www.bafa.de/SharedDocs/Downloads/DE/Energie/ea_ermittlung_gesamtenergieverbrauch.pdf

Performance indicator GRI SRS-303-3:

Water withdrawal

GESCO SE water consumption

| | 2022* | 2021** | Change in % compared to previous year |
|---|-----------------------------|-----------------------------|--|
| Total water withdrawal | 26,782 m³ | 24,506 m³ | + 9.29 |
| Drinking water / water from third parties | 26,782 m ³ | 24,506 m ³ | + 9.29 |
| Surface water | | - | - |
| Groundwater | | - | - |
| Produced water | | - | - |
| Waste water | 26,745 m ³ | 26,212 m ³ | + 2.03 |

* excluding GESCO SE; ancillary costs at GESCO SE are billed on a flat-rate basis and therefore no consumption figures are available.

** exclusive GESCO SE and W. Krömker GmbH

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

Accrued waste

The waste of all companies is recorded according to the following categories.

Waste (by type)

| | 2022* | 2021** | Change in % compared to previous year |
|----------------|---------|---------|--|
| Metal | 1,493 t | 2,065 t | - 27.70 |
| Paper | 3,042 t | 2,976 t | + 2.22 |
| Residual waste | 1,149 t | 1,185 t | - 3.04 |

* excluding GESCO SE; ancillary costs at GESCO SE are billed on a flat-rate basis and therefore no consumption figures are available.

** exclusive GESCO SE and W. Krömker GmbH

13. Climate-relevant emissions

The topic of climate protection and energy management particularly affects the manufacturing operations of GESCO subsidiaries. After all, energy is required for the manufacturing processes in all three segments (process, resource and health and infrastructure technology) in which the subsidiaries operate. For the machinery and plant manufacturers, the use of products by customers in the downstream value chain is an important aspect.

In the companies where environmental management systems have already been integrated, regular systematic analyses of the main emission sources are carried out. The most relevant ones come from the use of energy in the various productions and the use of raw materials, especially various metals, in the production process. The smaller subsidiaries, where ISO 14001 is not economical, comply with the legal regulations in the regular energy audit. So far, there is no Group-wide climate strategy. It is planned to develop one by 2024. However, all subsidiaries are already called upon to reduce climate-relevant emissions to the best of their ability.

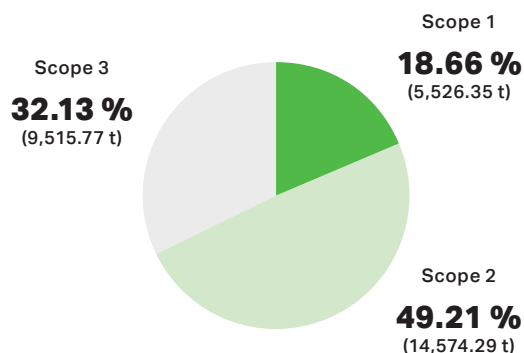
In 2021, GESCO began to record energy consumption in all companies according to uniform guidelines. Based on these results and in coordination with the subsidiaries, it will be examined by 2024 whether concrete targets can be set from 2024 onwards. In the previous surveys (2020 & 2021), Scope 1 and 2 emissions were recorded according to the GHG Protocol. Indirect greenhouse gas emissions (Scope 3) were recorded for the first time in 2022 – more specifically employee mobility and, in part, upstream and downstream logistics. Thus, in the past reporting year, a foundation stone was laid for the expansion of the data collection of Scope 3 emissions. This is to be improved in subsequent years. An expansion of the data collection to include purchasing emissions is being examined.

For the Corporate Carbon Footprint (CCF) survey, the climate accounting was switched to the KlimAktiv calculator in 2022. GHG emissions are accounted for using the life cycle analysis approach. Activities such as energy consumption in kWh or transport performance in km are calculated using specific emission factors and the GHG emissions caused are reported accordingly. This accounting methodology is more accurate than the one previously used, but which was also carried out according to the GHG Protocol. Due to the change of the survey procedure, the comparison according to scopes is inaccurate at this point.

Since the 2022 recording was expanded to include Scope 3 emissions for the first time, the Scope 1 and 2 emissions are taken into account for comparison with previous years. The total emissions (Scope 1 & 2) for 2022 are 20,100.64 CO₂e [t]. Compared to the previous year, this corresponds to a decrease of 21 % (2021: 25,459.14 CO₂e [t]). At the time of reporting, the analysis of the extent to which the change in the collection procedure has had an impact on the change has not yet been completed.

In 2022, 29,616 t CO₂e were accounted for across all scopes in accordance with the GHG Protocol. As explained, not all significant Scope 3 emissions are included here. It can therefore be assumed that a complete depiction of Scope 3 emissions will result in the largest proportion of GESCO's emissions being accounted for here.

Distribution of GHG emissions in scopes CO₂e [t]



In the accounting procedure according to the GHG Protocol, a grid-specific approach was followed, as the emission factors of the energy operators were not available across all subsidiaries for the energy emissions. This means that the compensation effects, e. g. as a result of the switch to green electricity, cannot be reflected in the balance sheet at this point.

In the carbon footprint, the compensation effects (handprint) determined with the KlimaInvest feature, which the GHG Protocol does not provide for, can be mapped. These comprise 9,078.63 t CO₂e in 2022. In the context of a climate neutral position through the purchase of compensation certificates, GESCO would therefore have to purchase 20,528 t CO₂e instead of the 29,616 t CO₂e determined for 2022 according to the GHG Protocol.

GESCO refers to its sales as the reference value for recording CO₂ emissions, as it pursues a growth-oriented corporate strategy. The CO₂ intensity of the investment portfolio is therefore a key metric for GESCO SE when assessing development. In concrete terms, this means that CO₂ equivalents are expressed per € million of sales. In the 2022 financial year, the CO₂ intensity of the investment portfolio was 34.52 CO₂e [t]/€ million in sales (Scope 1 and 2). In 2021, this was 57.08 CO₂e [t]/€ million sales – in 2020, 63.16. Between 2020 and 2022, the CO₂ intensity of the generated sales was thus reduced by 45%. This shows that GESCO Group is already on a decarbonisation path.

Performance indicators for criterion 13

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

The greenhouse gas emissions generated in 2022 were recorded for all subsidiaries based on a uniform query of energy consumption. The carbon footprint shows all emissions as CO₂ equivalents (CO₂e). This means that in addition to CO₂, the calculations also include the six other greenhouse gases specified in the Kyoto Protocol: Methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆), hydrofluorocarbons (HFC and HFC) and nitrogen trifluoride (NF₃). These are converted into the global warming potential of CO₂ and thus form CO₂ equivalents.

In 2022, the corporate carbon footprint (CCF) was calculated using the KlimAktiv calculator. It was developed in cooperation with the Federal Environment Agency (Umweltbundesamt), the Institute for Energy and Environmental Research (ifeu – Institut für Energie und Umweltforschung) in Heidelberg and with the participation of our sustainability management consultancy. The GHG emissions are balanced according to the life cycle analysis approach. Activities such as energy consumption in kWh or transport performance in km are calculated using specific emission factors and the GHG emissions caused are reported accordingly. The emission factors can change over time. Therefore, a valid reference period is assigned to the factors. The factors refer to the latest scientific findings, which are determined and entered by KlimAktiv gGmbH in cooperation with the Institute for Energy and Environmental Research Heidelberg gGmbH (ifeu).

Scope 1 emissions (direct emissions from mobile and stationary combustion) amount to 5,526.35 CO₂e [t] (18.67 % of total emissions) in 2022.

Compared to the previous year, this corresponds to a reduction of 45.7 % (2021: 10,177 CO₂e [t]).

| Distribution of Scope 1 emissions by categories | CO ₂ e [t] | CO ₂ e [%] |
|---|-----------------------|-----------------------|
| Emissions from stationary combustion | 4,706.19 | 85.16 |
| Emissions from mobile combustion | 780.19 | 14.12 |
| Process emissions | - | 0.00 |
| Emissions from volatilisation | 39.97 | 0.72 |
| Scope 1: Direct emissions | 5,526.35 | 100.00 |

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

The calculation of GHG emissions from the energy provided (Scope 2) can be carried out in the KlimAktiv calculator using either the grid or contract approach. The grid approach is based on a location-based approach, the contract approach on a market-based approach. In the grid approach, the GHG emissions of the purchased energy are calculated using emission factors that refer to a specific geographical region (e.g. based on the factor of the average German electricity). In the contract approach, on the other hand, the specific emission factor of the energy supplier is used to calculate emissions (e.g. based on the electricity labelling of the energy supplier in accordance with the EnWG). The grid approach was used for this survey of GESCO Scope-2-THG emissions 2022.

Accordingly, the indirect emissions from energy provided (Scope 2) in 2022 amount to 14,574.29 CO₂e [t] (49.2 % of total emissions). In 2021, the figure was 15,282 CO₂e [t] (60 % of total emissions). This corresponds to a decrease of 4.6 % (707.71 CO₂e [t]).

| Distribution of Scope 2 emissions by categories | CO ₂ e [t] | CO ₂ e [%] |
|--|-----------------------|-----------------------|
| Emissions from purchased and consumed electricity | 14,574.23 | 100.00 |
| Emissions from other purchased energy (heat, cold, steam, water) | 0.05 | 0.00 |
| Scope 2: Indirect emissions from energy provided | 14,574.28 | 100.00 |

Since the initial collection of the key figures in 2019 (16,999 CO₂e [t]), scope 2 emissions have been reduced by a total of 14 % in four years. All subsidiaries are encouraged to increase their energy efficiency. Many subsidiaries made progress here, as they did in criteria 11 and especially 12 Resource management, thus contributing to this great interim result for GESCO Group.

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

In 2022, Scope 3 emissions were collected for the first time. This expansion of the survey essentially covered business travel, employee commuting activities and upstream and downstream logistics.

For business travel, all subsidiaries and GESCO SE collected data on fuel consumption, rail travel, air travel and hotel accommodation.

For employee commuting activities, all subsidiaries asked a significant proportion of their employees about their choice of transport (between 60 and 80 %) and extrapolated this to 100 %.

For upstream and downstream logistics, the four Group companies with the highest sales, Dörrenberg, MAE, PGW and SVT, as well as Hubl, have recorded the tonne-kilometres (quantity of goods [t] x average annual performance [km]) for external goods transport and other outsourced logistics (e.g. transport of raw materials, transport of finished products, etc.) per means of transport and vehicle type for 80 % of their logistics kilometres. The experience from this piloting is to be evaluated. It is not possible to extrapolate the emissions to the entire group on a pro rata basis.

With the KlimAktiv calculator, GHG emissions are accounted for according to the life cycle analysis approach. Therefore, fuel and energy-related Scope 3 emissions (see chart, Cat. 3) are also taken into account here and account for a significant proportion of Scope 3 emissions.

What is still outstanding is the inclusion of purchasing emissions. These would complete the scope 3 picture of GESCO Group.

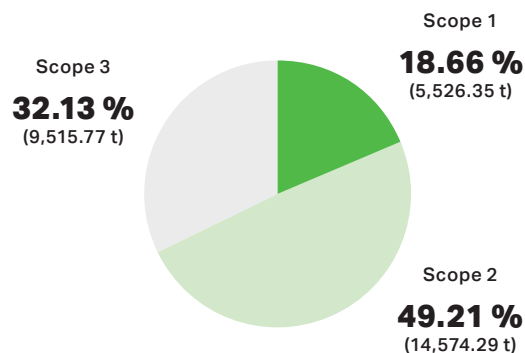
The indirect emissions (Scope 3) are 9,515.77 CO₂e [t] excluding upstream and downstream logistics, which were only collected in parts as described above, are at 3,845.87 CO₂e [t].

| Distribution of Scope 3 emissions by categories | CO ₂ e [t] | CO ₂ e [%] |
|---|-----------------------|-----------------------|
| Cat. 1: Goods purchased and services | 48.51 | 0.51 |
| Cat. 3: Fuel and energy-related emissions (not included in Scope 1 and 2) | 2,982.29 | 31.34 |
| Cat. 4: Transport and distribution (upstream) | 1,791.83 | 18.83 |
| Cat. 5: Produced waste | 454.62 | 4.78 |
| Cat. 6: Business travel | 744.52 | 7.82 |
| Cat. 7: Commuting of workers | 1,439.96 | 15.13 |
| Cat. 9: Transport and distribution (downstream) | 2,054.04 | 21.59 |
| Other sources | - | 0.00 |
| Scope 3: Further indirect emissions | 9,515.77 | 100.00 |

The first Scope 3 survey enables a more comprehensive view of the GESCO-CCF. However, the results need to be analysed in more detail and will be incorporated into further strategy development.

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

Overall view of GHG emissions



The total emissions recorded for GESCO Group for 2022 were 29,616.41 CO₂e [t]. As scope 3 emissions are being added to the data for the first time in 2022, scope 1 and 2 emissions are taken into account for comparison with previous years. The total emissions (Scope 1 & 2) for 2022 are 20,100.64 CO₂e [t]. Compared to the previous year, this corresponds to a decrease of 21% (2021: 25,459.14 CO₂e [t]). At the time of reporting, the analysis of the extent to which the change in the collection procedure has had an impact on the change has not yet been completed.

Across all scopes, 29,616 t CO₂e were accounted for across the Group in 2022 in accordance with the GHG Protocol. As explained, not all significant Scope 3 emissions have been recorded here. It can therefore be assumed that a complete depiction of Scope 3 emissions will result in the largest proportion of GESCO's emissions being accounted for here.

EU taxonomy

For the reporting year 2021, GESCO SE, which is subject to the CSR Directive Implementation Act (CSRRUG), had submitted a zero value statement and subsequently set up a taxonomy project to retroactively report both the 2021 and 2022 taxonomy figures:

| | 2022 | 2021 |
|--|------------------|------------------|
| Sales (in € million) | 582.3 m € | 488.1 m € |
| Of which taxonomy-eligible in € million / in % | 22.5 m € / 3.9 % | 17.5 m € / 3.6 % |
| Thereof ecologically sustainable in € million / in % | 0 / 0 | 0 / 0 |
| OpEx (in € million) | 11.6 m € | 9.6 m € |
| Of which ecologically sustainable in € million / in %* | 0.3 m € / 2.3 % | 0.2 m € / 2.6 % |
| CapEx (in € million) | 15.6 m € | 13.8 m € |
| Of which ecologically sustainable in € million / in %* | 1.1 m € / 7.6 % | 0.7 m € / 4.7 % |

* Only consideration of CapEx and OpEx of SVT and Dörrenberg. For CapEx, the aim is to extend the consideration to all Group companies in 2023.

An economic activity is considered to be taxonomy-compliant if it makes a significant contribution to at least one of the six environmental goals without running counter to the other goals and the minimum social standards. In addition to taxonomy compliance (eligibility), three so-called taxonomy ratios must be presented for taxonomy-compliant activities (alignment): In terms of Art. 3 of the Taxonomy Regulation, these are the environmentally sustainable share of sales, capital expenditure (CapEx) and operating expenditure (OpEx).

I. Sales revenue

The EU taxonomy understands sales revenue as net sales of goods or services, including intangible goods. The share of sales related to taxonomy-eligible economic activities is put in proportion with net sales.

II. Capital expenditure (CapEx)

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

III. Operating expenses (OpEx)

Operating expenses as defined by the EU taxonomy include direct, non-capitalised costs related to research and development (R&D), building refurbishment, short-term leases, maintenance and repair, as well as all other direct expenses related to the day-to-day maintenance of tangible assets that are necessary to ensure their functionality.

1. Identification of taxonomy-eligible activities ("Eligibility")

With the support of a consulting firm, GESCO SE's investment management identified the taxonomy-eligible economic activities in consultation with the managing directors, accounting managers and production managers of the Group companies. The analysis of these query results was deepened in two workshops and substantiated by supplementary queries at the subsidiaries. In essence, NACE codes were queried, questioned and assigned at the subsidiaries. In this analysis process, three economic activities from three subsidiaries came into closer focus. The other subsidiaries do not have any taxonomy-compliant economic activities with regard to the first two operationalised environmental goals of climate protection and adaptation to climate change.

AstroPlast purchases plastics in primary forms and does not manufacture them itself for its injection moulding production. The production of plastic goods (NACE code 22.2) based on purchased plastics in primary forms therefore does not constitute a taxonomy-eligible economic activity.

Dörrenberg Edelstahl GmbH has four business segments: In the segment with the highest sales, "Special Steels", it trades mainly tool steel products (46.12; 46.15.4). The division "Steel Foundry" with the steel foundry (NACE Code 24.52) was identified as a taxonomy-eligible activity "Manufacture of iron and steel (3.9)". The economic activities of "Casting products" (46.72) and "Coating & hardening" (25.61 Surface treatment and heat treatment of metals) are not covered by the EU taxonomy.

SVT GmbH develops and produces technologically high-quality and safety-related complex equipment for loading and unloading ships, tanker trucks and tank wagons with liquid and gaseous substances. Even though the NACE codes assigned to SVT (28.22 Manufacture of lifting and handling equipment; 33.20 Installation of machinery and equipment; 28.29 Manufacture of other general purpose machinery) are not listed under “Infrastructure for low-carbon shipping (6.16.)”, the description of the activity results in taxonomy eligibility, as this activity involves the construction of infrastructure, specifically transshipment infrastructure: Construction, modernisation, operation and maintenance of infrastructure necessary for the operation of vessels without CO₂ emissions or for port-owned operations, and of transshipment infrastructure.

Sales was accrued for these two economic activities.

The production of iron and steel (3.9) corresponds to the “Steel Mill” business unit of Dörrenberg Edelstahl GmbH.

Infrastructure for low-carbon shipping (6.16.): SVT develops loading facilities and manufactures complete loading facilities for the safe loading of liquids and gases. The production of loading facilities for fossil raw materials (oil/natural gas) is not “eligible/taxonomy-eligible” and was therefore excluded. Accordingly, only loading arms for chemical customers are taken into account.

SVT is also in the process of developing hydrogen loading facilities and is investing in building this taxonomy-enabled economic activity.

| | Subsidiary | 2022 in T€ | 2021 in T€ |
|---|-----------------|---------------------|---------------------|
| “Manufacture of iron and steel (3.9)” | Dörrenberg GmbH | 16,746.7 / 8.4 % | 13,422.6 / 7.3 % |
| “Infrastructure for low-CO ₂ shipping (6.16.)” | SVT GmbH | 5,820.4 / 10.8 % | 4,103.7 / 8.0 % |
| Taxonomy-eligible sales (“Eligibility”) | | 22,567.1 | 17,526.3 |
| GESCO Group | | 582,273 | 488,051.0 |
| Share of taxonomy-eligible sales of GESCO Group’s total net sales | | 3.9 % | 3.6 % |

For 2022, 3.9 % of GESCO Group sales (2021: 3.6%) are therefore eligible for the taxonomy. When the four additional environmental targets are finally operationalised and applied, it can be assumed that further economic activities of GESCO Group will be covered by the taxonomy.

2. Taxonomy conformity check

a. Technical test

For GESCO Group, contributions to climate protection are at the forefront of its efforts. Against the backdrop of methodological ambiguities and an effort deemed disproportionate (climate risk analysis and projections), the technical audit regarding the environmental goal “adaptation to climate change” was refrained from for the time being. The taxonomy reporting for the 2022 financial year will be closely monitored in order to possibly follow up on a more solid foundation. Accordingly, the technical assessment was only carried out for the environmental goal “climate protection” and not for “adaptation to climate change”.*

b. Do No Significant Harm criteria (DNSH)

The verification and documentation of the DNSH criteria for the two economic activities were carried out with the managing directors and other employees on site using checklists. No negative effects on the achievement of the EU’s environmental goals were found. Nevertheless, we hope that the EU will tighten up the threshold values.

c. Minimum social standards

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

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

The topics of bribery and corruption, taxation and fair competition are dealt with proactively via the compliance management system. Comprehensive compliance training took place in 2021 and 2022. The Group’s Code of Conduct covers the aforementioned topics. However, human rights due diligence has not yet been managed in accordance with the OECD Guidelines in a Group-wide process, not even at SVT and Dörrenberg. GESCO Group set up a process for this at the end of 2022 in order to install due diligence in the course of 2023 that is oriented towards both the OECD Guidelines and the German Supply Chain Due Diligence Act, which will affect it from 01 January 2024.

3. Reporting of sales, capital expenditure (CapEx) and operating expenditure (OpEx)

In the two subsidiaries concerned, Dörrenberg GmbH as well as SVT GmbH, in addition to the managing directors, the heads of financial accounting and members of other specialist departments were consulted as necessary for the further audit. Only these two subsidiaries were consulted for the calculation of capital expenditure (CapEx) and operating expenditure (OpEx). A consideration of all subsidiaries would probably have changed the figures only insignificantly after a preliminary assessment and was thus deferred as disproportionate at this point in time. A consideration of the investment plans of all Group companies is planned for 2023. The derivation of the three key figures sales, capital expenditure and operating expenses was carried out from the existing financial reporting systems in accordance with the KPI definitions of the delegated act explained above.

3.1. Sales

The proportion of taxonomy-compliant sales (alignment) is to be reported as zero for the financial years 2021 and 2022, although the technical criteria as well as the DNSH criteria are considered to be fulfilled after the audit. According to current planning, compliance can be assumed for 2023 as soon as the due diligence process (see above) has been completed.

3.2. Capital expenditure (CapEx)

Only the investments of the two subsidiaries concerned were taken into account in the capital expenditure. Consideration of the investment plans of all Group companies is planned for 2023. SVT GmbH invested EUR 548,325.93 less short-term leasing contracts in 2022 (EUR 1 million in 2021). EUR 70,658 of this was invested in taxonomy-eligible or compliant activities (EUR 587,635 in 2021). In 2021, the development of a hydrogen loading arm accounted for the largest share with EUR 386,400. Otherwise, this sum includes investments in the taxonomy-eligible economic activity “Infrastructure for low-carbon shipping (6.16.)” as well as investments in photovoltaics, etc. For SVT only, this is a CapEx of 15% in 2022 (56% in 2022).

Dörrenberg GmbH invested EUR 503,843.72 of EUR 2,535,065.58 in 2022 (2021: EUR 93,194 of EUR 1,173,091.38) in maintaining the taxonomy-eligible activity “Manufacture of iron and steel (3.9)”. This corresponds to an enterprise-related share of 20% in 2022 (7.9% in 2021).

In terms of GESCO Group, this corresponds to a share of 7.6% in 2022 (2021: 4.7%; EUR 649,915 of EUR 13.8 million) at EUR 1,052,169.75, not taking into account the investments of the other Group companies.

After taking into account all investment plans in 2023, this share will potentially increase even if the taxonomy is expanded to include further environmental targets.

3.3. Operating expenses (OpEx)

For the operating expenses according to the EU taxonomy (see above), the share for SVT GmbH in 2022 is 12% (109,388.60 of EUR 898,180.92; 2021: 9%). The sales key was used for the R&D shares, as these could not be precisely allocated to customers in the chemical and fossil sectors.

For Dörrenberg GmbH, this resulted in an OpEx share of 13% (12.9%; EUR 172,933.87 of 1,336,123.97) for 2022.

For GESCO Group, the OpEx indicator was accrued as follows according to EU taxonomy:

| 2022 | Total |
|-------------------------------|-----------------|
| Leasing | € 3,822,011.25 |
| Servicing and repair | € 168,324.10 |
| Maintenance | € 7,635,516.90 |
| OpEx according to EU taxonomy | € 11,625,852.25 |

2021, this still amounted to EUR 9,662,667. The following therefore applies to GESCO Group:

| Disclosure of taxonomy KPIs GESCO Group 2022 / 2021 | | |
|--|------------------|------------------|
| | 2022 | 2021 |
| Sales (in € million) | 582.3 m € | 488.1 m € |
| Of which taxonomy-eligible in € million / in % | 22.5 m € / 3.9 % | 17.5 m € / 3.6 % |
| Thereof ecologically sustainable in € million / in % | 0 / 0 | 0 / 0 |
| OpEx (in € million) | 11.6 m € | 9.6 m € |
| Of which ecologically sustainable in € million / in %* | 0.3 m € / 2.3 % | 0.2 m € / 2.6 % |
| CapEx (in € million) | 15.6 m € | 13.8 m € |
| Of which ecologically sustainable in € million / in %* | 1.1 m € / 7.6 % | 0.7 m € / 4.7 % |

* Only consideration of CapEx and OpEx of SVT and Dörrenberg. For CapEx, the aim is to extend the consideration to all Group companies in 2023.

Criteria 14 – 20 on society

Criteria 14 – 16 on workers' issues

14. Workers' rights

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

The topics of occupational safety/health protection and sustainable organisational development were identified as material issues in the materiality analysis conducted in 2021. Both topics are highly relevant for GESCO SE as they have the potential to have a negative impact on employee concerns. GESCO sees significant risks on the one hand in health impairments of employees, and on the other hand in

the challenge of recruiting suitable employees in the future and being able to retain them at the respective company. As part of the LkSG, a risk analysis of the Company's own business activities will be carried out annually in the future, in which employee issues will also be reviewed.

GESCO derives overarching goals in the area of employees from this:

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

For the time being, the targets are not quantified or related to specific time periods; rather, the status quo and thus the degree to which the targets have been achieved must be ascertained using suitable performance indicators that are reported to the Executive Board of GESCO SE, and the targets must be worked on continuously. The reason for this is the decentralised Group structure. As part of the current sustainability strategy development, it is being examined which cross-organisational quantifiable targets will be set.

The rate of work-related injuries to employees increased by +1% compared to the previous year. The number of work-related fatalities is stable at 0 cases. The number of work-related injuries with serious consequences fell to 0 cases. The number of documented work-related illnesses, decreased by 1 case. There has been an increase in days lost per employee, which can be attributed to the high number of permanent illnesses (see performance indicator GRI SRS-403-9: Work-related injuries).

There is no Group-wide management system. Both human resources management and occupational health and safety management are decentralised to the individual companies.

GESCO Group companies see occupational safety and health protection as central management tasks. They attach importance to appropriate, ergonomic workplaces, regular training and medical examinations of employees by company doctors. In addition, regular occupational safety committee meetings are held at all companies. As a long-term investor, GESCO SE relies on modern technologies and adequate safety equipment. These guidelines are laid down in the GESCO Group Code of Conduct.

GESCO SE collects monthly sickness figures at the companies and communicates them within GESCO Group. Significant deviations or increases are discussed in the monthly meetings with the subsidiaries.

At some subsidiaries, employee issues also affect their products and their use by customers. Those subsidiaries that are active in machinery and plant construction also contribute to safe and appropriate use on the customer side with a series of measures. These include training, familiarisation and commissioning, as well as comprehensive documentation of the products delivered and after-sales services and support.

GESCO considers the topics of sustainable organisational development and corporate culture to be essential for securing the future of the companies from an employee perspective.

These include measures to increase sustainability awareness and motivation within the workforce, the establishment of a continuous change process and perspective-appropriate information on sustainability goals and measures, but also questions of organisational structure, positioning as an employer, and training and development. In 2022, this relates in particular to workshops that affected employees from the

purchasing departments of the subsidiaries on the implementation of the German Supply Chain Sourcing Obligations Act (Lieferkettensorgfaltspflichtengesetz). In addition to imparting relevant information, the focus here was also on enabling them to meet future due diligence requirements imposed on companies by the legislator (cf. criterion 17). Similarly, the exchange of knowledge between the subsidiaries was strengthened by each company appointing ESG and LkSG coordinators who can exchange information on sustainability-related processes within their company at regular intervals and learn from each other. Should it be determined within this exchange that adjustments or changes in the process are necessary, this will be realised accordingly.

GESCO pays great attention to filling positions at all levels with adequately qualified, loyal, motivated and high-performing employees in the best possible way. As part of the NEXT LEVEL 25 strategy, so-called LEADDEX programmes were launched in 2022 to specifically promote and develop the subsidiaries' managers and sharpen their leadership skills in a dynamic environment.

GESCO SE, as the holding company, is based in Wuppertal and operates exclusively in Germany. The Group companies are currently all headquartered in Germany. In the case of international locations, the laws, regulations and rules applicable there are implemented.

15. Equal opportunities

It is in line with GESCO SE's principles, also laid down in the Code of Conduct, to respect human diversity within the workforce and to treat each other with respect. The declared aim is not to discriminate against anyone based on their national or ethnic origin, gender, marital status, age, sexual orientation, personal state of health, religion, ideology or physical appearance. In personnel decisions, only competence, personal suitability and work performance are decisive. In the reporting year, one case of discrimination was reported. The incident is the subject of ongoing proceedings before the competent labour court (see performance indicator GRI SRS-406-1).

GESCO Group companies explicitly and unreservedly pursue a policy of equal opportunities in their daily practice. Regardless of legal obligations, this is a matter of course. The companies make every effort to recruit female applicants; they support applications from female prospects, take part in campaigns such as "Girls' Days" and seek exchanges with schools and universities. All of this is done not because of quota pressure, but out of conviction and the need to fill vacancies with qualified candidates. GESCO Group companies have a vital interest in positioning themselves as attractive employers.

In 2017, the Supervisory Board of GESCO SE set a target quota of 25% for the proportion of women on the Supervisory Board. This quota is currently being met. For the Executive Board, the Supervisory Board of GESCO SE set a target quota of 30% in 2015. This quota is currently being met. A first management level below the Executive Board was added to the organisational structure of GESCO SE as of 1 September 2020. There is still no second management level below the Executive Board. The Executive Board has set a target quota of 25% for the first management level. This quota is currently not being met. This is in prospect again for 2023.

GESCO does not plan to set any targets for the composition of executive bodies or functional groups in the Group.

GESCO Group companies already use a wide range of measures such as flexitime, flexible working hours and part-time models as well as mobile working.

For example, one of the subsidiaries, Franz Funke Zerspantungstechnik GmbH & Co. KG, received an award as a "Family-friendly company in the Hochsauerlandkreis". The certification is awarded by the Hochsauerlandkreis business development agency and rewards the commitment to family-friendly working conditions and offers.

16. Qualification

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

The ongoing shortage of skilled workers is also a significant business risk for GESCO Group. The perception of employer attractiveness by potential applicants is closely linked to the implementation of a consistent digitalisation strategy, among other things. This includes, both at holding level and in the subsidiaries, adapting the respective work processes to the technical possibilities and thus being as well prepared as possible for the future.

The key is training and development. GESCO attaches great importance to this. A wide range of opportunities for further training and qualification are offered within the companies. The measures range from traditional apprenticeships to dual studies.

The companies provide training in both commercial and technical professions within the scope of their possibilities and operational requirements. In 2022, the training ratio in GESCO Group (Germany) was 3.3% (2021: 3.8%). Cooperations with schools, universities and institutes offer professional exchange and at the same time increase the attractiveness as an employer.

From 2023, it is planned to extend the employee surveys to GESCO Group and to use the results for further development. The extent to which it makes sense to set quantifiable targets for the evaluation of results in terms of satisfaction levels and how this can be implemented must be examined.

Performance indicators for criteria 14 to 16

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

Number and rate of documentable work-related injuries:

142 injuries with 1,841 employees corresponds to a rate of 8% (+1 percentage point compared to the previous year).

| | 2022 | 2021* | Deviation from previous year |
|---|-------|-------|------------------------------|
| Number of documentable work-related injuries | 142 | 120 | + 22 |
| Work-related fatalities | 0 | 0 | + - 0 |
| Number of work-related injuries with serious consequences | 0 | 1 | - 1 |
| Number of hours worked per employee | 1,603 | 1,697 | - 94 |
| Number of days lost per employee | 12.5 | 4.7 | + 7.8 |

* exclusive W. Krömker GmbH

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

| | 2022 | 2021* | Deviation from previous year |
|---|------|-------|------------------------------|
| Work-related fatalities | 0 | 0 | + - 0 |
| Number of documented work-related illnesses | 3 | 4 | - 1 |

* exclusive W. Krömker GmbH

* The number and rate of deaths due to work-related diseases can be inferred to be zero from the key figure "work-related deaths".
The main types of work-related diseases have not yet been recorded in 2022.

**Performance indicator GRI SRS 403-4:
Employee participation on occupational
health and safety**

Occupational safety committees are installed in all GESCO Group companies. Across the entire Group, 81 employees are involved in these committees. The number of committee members has increased by 14 people (2021: 67). Across all eleven companies, these committees met 41 times in 2022. This means that they met an average of 3.7 times, an increase of 0.2 compared to the previous year.

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

**Performance indicator GRI SRS-404-1 (see G4-LA9):
Number of hours of training and further education**

| | 2022* | 2021** | Deviation from previous year |
|---|-----------|-----------|------------------------------|
| Training and further education hours | 56,110.25 | 40,770.00 | + 15,340.25 |
| Training and further education hours per employee | 30.8 | 22.3 | + 8.5 |
| Training and further education costs (T€) | 949 | 658 | + 291 |
| Training and development costs per employee | EUR 521 | EUR 361 | EUR + 160 |

* exclusive GESCO SE

** exclusive GESCO SE and W. Krömker GmbH

GESCO Group employees took up 30.8 hours of training and development per capita in 2022. Compared to 2021, this is an increase of 8.5 hours (2021: 22.3 hours). Across the entire Group, expenditure on education and training amounted to

T€ 949 – an increase of T€ 291 compared to the previous year. An evaluation differentiated by gender and employee category is currently not possible.

30.8

GESCO Group employees took up an average of 30.8 hours of training and development in 2022.

Performance indicator GRI SRS-405-1:**Diversity**

| | 2022 | 2021 | Deviation from previous year |
|--|--------|--------|------------------------------|
| Proportion of women in supervisory bodies* | 33.3 % | 33.3 % | + - 0 |
| Proportion of women among employees** | 26.4 % | 27.8 % | - 1.4 |

* The figures refer exclusively to GESCO SE. GESCO SE has one woman each on the Supervisory Board (4 members) and the Executive Board (2 members). This results in a share of women of 33.3 % over the last two financial years.

** At group level. In the Group, the share of women varies greatly among the individual companies. Across the Group, the ratio is 26.4 %, which is a decrease of 1.4 percentage points. The employee figures are only differentiated by gender across the Group.

Performance indicator GRI SRS-406-1:**Discrimination incidents**

One case of discrimination was reported in 2022: An employee was dismissed without notice in the reporting year because he reportedly violated employees' personal rights (defamation, etc.). The incident is the subject of current proceedings before the responsible labour court.

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

Criterion 17 on human rights

17. Human rights

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

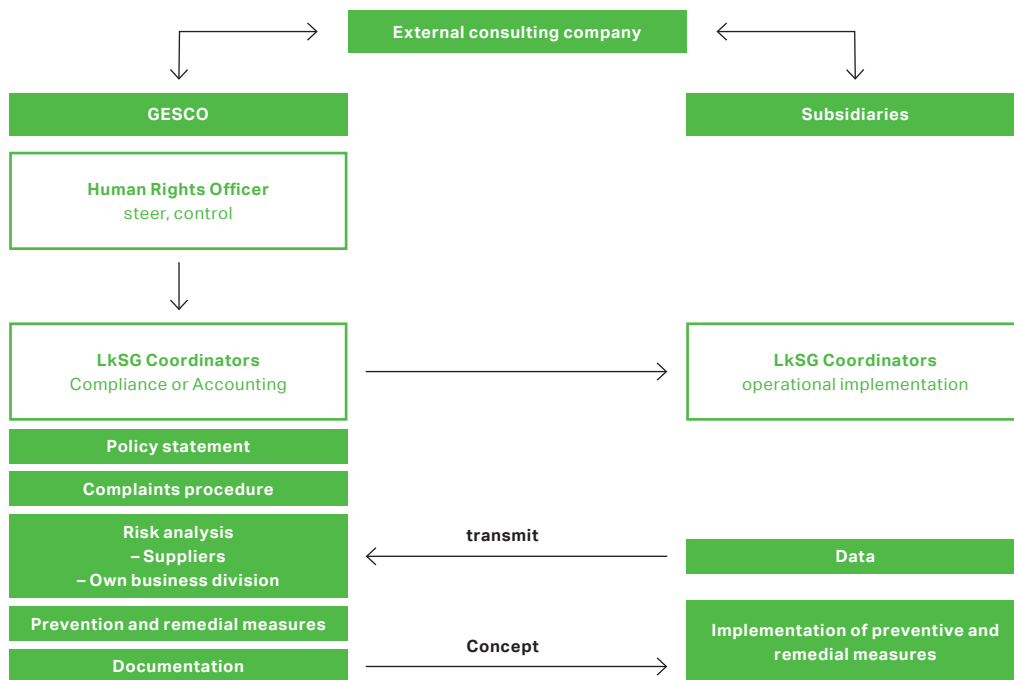
GESCO Group is subject to the German Supply Chain Sourcing Obligations Act (LkSG) from 01 January 2024. The aim is to avoid human rights violations in the value chain and in its own business operations.

Management concept

The conception and systematic implementation of the obligations arising from the LkSG is managed by the ESG@GESCO steering committee. This is made up of the Chairman of the Executive Board (CEO), the CFO, the Head of Legal and Taxes and the Head of Investor Relations & Communications. The steering committee is supported by a sustainability consultancy. From the ESG@GESCO steering committee, the processes and measures that arise are centrally conceptualised and communicated to the subsidiaries by the so-called LkSG officers. An LkSG officer has been appointed for each subsidiary. The LkSG officers have a thematic connection to supply chain management and actively shape the topic in their own company. The implementation of due diligence is monitored and controlled by the GESCO Group human rights officer appointed for this purpose.

The structural organisation of the above-mentioned concept is partly prescribed by law (appointment and function of the human rights officer at GESCO Group). The effectiveness of the concept of the LkSG officers and the respective processes can be discussed in a monthly exchange. If the concept needs to be adapted, this can be addressed by all participants in the round and then implemented accordingly.

Process Flow Supply Chain Due Diligence Act @GESCO



Measures

In order to create conformity with the law, GESCO Group began systematically analysing the requirements and implementing them in processes as early as 2022. The expertise of a sustainability consultancy was consulted for the design and implementation. The implementation status to date is as follows:

- The designation of responsible persons
- Regular exchange formats
- The conception of the requirements
- The training and sensitisation of employees from the subsidiaries

The sensitisation and training of the employees of the subsidiaries took place in the course of a series of workshops on the topic of “Requirements from the LkSG and implementation of risk analysis”. The aim of the workshop series was to introduce the topics of human rights-related and environmental due diligence, the classification in the regulatory context and the introduction to the extended risk analysis.

Goal and derived strategies

As the avoidance of human rights and environmental risks in our own supply chain and in our own business area is an overriding goal of GESCO Group, it is our endeavour to implement the extended requirements conscientiously and consistently. To this end, solid processes are currently being developed that will make it possible in the long term to implement the due diligence obligations from the German Supply Chain Act in a compliant manner, but also to prepare in perspective for upcoming tightenings through the EU directive that is currently being prepared. An appropriate and effective risk analysis is particularly relevant for this. For this purpose, in addition to the classic approach (outside-in), the inside-out perspective is applied, i.e. human rights and environmental risks are analysed from the per-

spective of those potentially affected. In addition, the risk analysis is divided into:

- A regular risk analysis of suppliers and service providers, which is repeated annually and in which abstract risks are to be analysed and prioritised
- An event-related risk analysis of suppliers and service providers, which must be carried out immediately if it is substantiated
- A risk analysis of abstract and concrete risks in its own business area

Identification of risks

Potential risks are identified with the help of an appropriate and effective risk analysis. For this purpose, abstract human rights and environmental risks of the direct suppliers and service providers are analysed according to sector-specific and country-specific risks using a database of the Agency for Business and Human Rights. The risks are then concretised. The following adequacy criteria are taken into account:

- Nature and scope of business activity
- The company’s ability to influence the direct perpetrator of the breach
- The typically expected severity of the injury, the reversibility of the injury and the probability of the injury occurring
- The nature of the causation contribution to the risk

Finally, the concrete risk is prioritised from GESCO Group’s perspective. This procedure ensures that potential human rights and environmental risks are systematically recorded, substantiated and prioritised for GESCO Group.

Based on the regular risk analysis, precisely tailored measures will be initiated in 2023 vis-à-vis the suppliers of the subsidiaries. Depending on the result of the risk analysis regarding the risk disposition of a supplier, the escalation level results in order to address problems regarding human rights violations and their solutions. Termination of the business relationship should always be the last resort. Rather, the claim is on a partnership level, if the business relationship allows to actively avoid potential risks together. Accordingly, the goal of meeting the responsibility to protect human rights is partially fulfilled, as GESCO Group is currently developing processes to meet the upcoming due diligence requirements that will come into force from 01 January 2024. The due diligence obligations will be actively implemented from this date at the latest.

The main risks arising from the business activities of GESCO Group and its subsidiaries that could have a negative impact on human rights will be analysed in 2023 as part of the regular risk analysis mentioned above. In this process, potential risks are determined by product and country of origin using indices and then classified and prioritised using appropriateness criteria.

Declaration in the sense of the NAP Business and Human Rights

GESCO SE has a code of conduct that is published on its website. This includes parts of the ILO core labour standards, such as the explicit rejection of child labour and the focus on occupational health and safety. As part of the ongoing processes for LkSG compliance, the code of conduct will be adapted and expanded in 2023. https://www.gesco.de/fileadmin/user_upload/about-us/corporate-governance/GESCO_Code_of_Conduct_012023.pdf

The Code of Conduct was adopted by the Executive Board of GESCO SE. However, as GESCO SE is not a group centrally organised by the holding company, the respective managing directors of the subsidiaries are the points of contact for questions or misconduct that deviates from the principles of the Code of Conduct. The Code of Conduct is directed both internally to the Company's own employees and to business partners. When entering into business partnerships, GESCO SE expects a code of conduct that is similar in nature to its own. The scope of the Code of Conduct includes all employees of GESCO Group companies – including the management boards and the respective executives – in which GESCO SE directly or indirectly holds the majority of voting rights. 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 possibilities under company law. Further disclosures are noted in criterion 7 (Control).

In the course of the appropriate and effective risk analysis, groups of people in particular need of protection are also included in the analysis. This is reflected in the legal positions of the LkSG, especially in position 1 (prohibition of child labour), position 2 (prohibition of forced labour) and position 7 (prohibition of unequal treatment of employees).

The assessment of human rights risks and the Company's own possibilities for exerting influence will be analysed in 2023 in the course of the regular risk analysis according to the criteria of the LkSG. The exact description of the procedure is described in the section "Identification of risks". So far, human rights risks have not been integrated into risk management. This will be examined in the course of the upcoming European Non-Financial Disclosure Guidelines (ESRS).

As part of the LkSG compliance processes, employees were sensitised to the topic of compliance with human rights and environmental due diligence obligations (see "Identification of risks" above). Compliance with human rights and environmental due diligence obligations is achieved by requiring business partners to have a code of conduct similar to that of GESCO SE, as well as through risk analysis within the framework of the LkSG (see "Identification of risks" above). The internal complaints mechanism is carried out by notifying the relevant manager. Another possibility is to address tips directly to the external ombudsman. External whistleblowers are also encouraged to contact the GESCO SE ombudsman in the event of a violation of human rights and environmental due diligence obligations or any other violation of the Code of Conduct. The protection of whistleblowers is guaranteed and includes not only all employees but also

third parties (business partners or customers). The measures for the complaints mechanism are currently being reviewed in the context of LkSG compliance and adjusted accordingly.

There is currently no code of conduct for suppliers at the holding level. In accordance with the LkSG, future suppliers will be analysed for compliance with the corresponding human rights and environmental due diligence obligations. Effective compliance, preventive and remedial measures as well as concepts for redress are also currently being examined and developed within the framework of the LkSG. Reporting will take place from 2024 as part of the documentation requirement of the LkSG.

Performance indicators for criterion 17

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

- a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that have been screened for human rights aspects.
- b. The definition used for "significant investment agreements". Investment agreements or contracts do not yet include human rights clauses. The risks are currently being assessed and in 2023 it is envisaged to add human rights clauses to supplier contracts.

It goes without saying that compliance with the law is already required of all contractual partners. This will be further specified in the upper sense.

Performance indicator GRI SRS-412-1:
Sites screened for human rights aspects

As explained above, GESCO Group is primarily active in the European market, so no business locations have yet been reviewed with regard to human rights or human rights impacts. However, this is done on an abstract and concrete level, in the course of the regular risk analysis of direct suppliers and in the Company's own business division.

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

Both the selection of our suppliers and compliance with human rights are regulated in the GESCO SE Code of Conduct. If there are indications of human rights violations at suppliers, GESCO SE reserves the right to terminate the cooperation if no countermeasures are initiated. The individual subsidiaries are responsible for taking these requirements into account. A centrally controlled audit is not yet in place, but will be set up in 2023.

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

GESCO SE is not aware of any significant actual or potential negative social impacts in the supply chain for the reporting period.

A concrete social impact assessment of suppliers will be set up in the course of 2023.

Criterion 18 on social / community affairs

18. Community

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

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

€ 60,000



GESCO's annual support for the Junior Uni amounts to € 60,000. The focus of the extracurricular educational institution in Wuppertal is on MINT subjects.

When it comes to social commitment, GESCO Group focuses on promoting “MINT” subjects. Since 2019, GESCO SE has included a support programme for the Wuppertal-based Kinder und Jugend-Universität für das Bergische Land gGmbH – Junior Uni for short. In this context, GESCO supports the position of a scientific coordinator with € 60,000 per year. Founded in 2008, the educational institution is a unique teaching and research facility in Germany that offers young people from the age of four up to high school graduation courses in experimentation and research. In doing so, it claims to inspire and prepare young people for entry into technical professions. GESCO Group companies particularly support sports and cultural institutions in their respective regional environments.

In the community sector, risks always exist where companies have to cut jobs due to changes in general conditions or experience economic losses that have a negative impact on wages and salaries, social security contributions and pension expenses. In our view, a dedicated analysis of risks or a concrete management concept is not expedient here; rather, the aim is to ensure that GESCO Group’s value development is positive and that potential risks do not arise in the first place.

The performance of GESCO Group on the capital market can be read in the share price development and dividend payment. The GESCO share price fell by 5.5 % in the reporting year 2022. If the dividend payment of EUR 0.98 per share is taken into account, the decline is reduced to 1.6 %. The benchmark SDAX share price index fell by 28.9 % in the same period.

Performance indicators for criterion 18

Performance indicator GRI SRS-201-1: Direct economic value generated and distributed

| | Financial year 2022 in T€ | Financial year 2021 in T€ | Deviation from the Financial year 2021 in T€ |
|--|------------------------------|------------------------------|--|
| i Direct economic value generated | 585,190 | 489,658 | + 95,532 |
| Proceeds | | | |
| ii Economic value distributed | | | |
| Operating costs | 413,270 | 322,535 | + 90,735 |
| Salaries and benefits for employees | 121,657 | 112,914 | + 8,743 |
| Payments to capital providers | 14,332 | 2,907 | + 11,425 |
| Payments to the state | 14,534 | 15,142 | - 608 |
| | 563,793 | 453,498 | + 110,295 |
| iii Retained economic value | | | |
| i – ii | 171,920 | 36,160 | + 135,760 |

Criteria 19 – 20 on compliance

19. Political influence

GESCO SE is a member of the German Investor Relations Association (DIRK). DIRK is the largest European trade association for the exchange between issuers and the capital market. Among other things, the association represents the interests in a sensitive interplay of forces between issuers, legislators, trading platforms, capital providers and other stakeholders. To this end, the association maintains an ongoing exchange with the numerous institutions relevant to capital market processes, such as the German Stock Exchange, the German Federal Financial Supervisory Authority (BaFin), the German Equities Institute (DAI), the German Association for Financial Analysis and Asset Management (DVFA), the German Investment and Asset Management Association (BVI), the German Association for the Protection of Securities Ownership (DSW) and many others. GESCO SE is also a member of the DAI. On behalf of its member companies, the DAI brings the perspectives of the real and financial sectors into the political debate through professional exchange with politicians and regulatory authorities.

GESCO Group companies do not have any memberships in or donations to political associations. Neither do they exert political influence nor are they politically involved in current legislative processes. Consequently, there are no risks from GESCO's business activities due to political influence.

Performance indicators for criterion 19

Performance indicator GRI SRS-415-1:
Party donations

GESCO Group makes no political donations.

20. Conduct in accordance with the law and the directive

GESCO Group is an association of medium-sized companies that operate primarily in the manufacturing industry sector, with customers and suppliers in many countries around the world. The risks that affect all commercial companies are of relevance to the Group companies. In particular, these include corruption and conflict of interest, for example by operating in countries with a different legal culture or by using sales intermediaries, as well as by violating tax and social security laws, labour laws and occupational health and safety regulations, data protection and antitrust regulations. In addition, production and product-related regulations must be complied with. Due to its international orientation, there are also risks of violating, in particular, the applicable export and export control regulations, the respective applicable customs requirements and the violation of foreign law. Finally, due to its listing in the Prime Standard, GESCO SE must comply with special requirements under capital market law. No significant new risks have been identified for the reporting year 2022.

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

To this end, GESCO SE has set up a compliance management system with the involvement of all Group companies:

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

The Code of Conduct is substantiated by guidelines and work instructions in order to regulate typical questions of conduct in individual cases for the executive bodies and employees in the fields of action that are important for the Group companies. These fields of action are determined by a risk analysis that is repeated at regular intervals or takes place in individual cases.

The guidelines are provided in paper form, electronically and through an online information system (rulebook) for GESCO Group employees. The applicable regulations are communicated to the executive bodies and employees of the Group companies through training sessions conducted by GESCO SE and its subsidiaries with the support of external experts in physical presence wherever possible. The executive bodies and employees of the Group companies also have the option of seeking advice on questions of doubt from GESCO SE or an external compliance officer appointed by GESCO SE.

To ensure efficient protection against breaches of the law, regular audits are also carried out at the Group companies, which cover key topics and are carried out by external third parties. Furthermore, employees of GESCO Group and the other Group companies as well as outsiders, i.e. external parties not employed by the Group companies, can report legal violations anonymously to a whistleblower system set up by GESCO Group and an external ombudsman. GESCO Group has appointed an external lawyer for this purpose. The ombudsman receives information from all GESCO Group employees and third parties (e.g. business partners or customers) about suspected criminal offences and other violations of laws and regulations relating to GESCO Group. Detailed information on the whistleblowing system can be found on the GESCO Group website at <https://www.gesco.de/en/about-us/compliance-and-corporate-governance>. For the reporting year 2022, several violations outside of corruption offences were reported, which were stopped and punished accordingly. In 2021 and 2022 alone, more than 25 training sessions were held for GESCO Group employees on compliance-relevant topics. In addition, the external ombudsman and internal staff provided advice on individual employee issues. Information on violations of the law was also repeatedly received via the whistleblower hotline, which was checked for conclusiveness and, if necessary, countered with cause-related investigations and sanctions. The existing compliance management system thus helped to clarify and remedy violations of the law as quickly as possible.

It is the task of the executive bodies of the subsidiaries to anchor the respective requirements and principles in their companies. Insofar as specific risks exist for the respective Group company, it is responsible in accordance with the Code of Conduct for taking appropriate measures in the form of risk analysis, training, guidelines, work instructions and monitoring, e. g. with regard to embargo provisions against countries, organisations or persons. GESCO SE supports these measures, if necessary with external expert support.

At GESCO SE level, compliance is anchored in the Executive Board's department Finance.

The compliance management system is dynamic. It enables new risks to be identified on an ongoing basis and their occurrence to be countered with targeted measures, whether because the legal situation changes or because new risks arise at GESCO Group companies as a result of the realignment of business areas and corresponding preventive measures are required. The compliance management system is continually being developed in this way in order to continue to meet compliance requirements across the Group in an increasingly complex environment.

Performance indicators for criterion 20

Performance indicator GRI SRS-205-1: Business sites screened for corruption risks

The GESCO Code of Conduct and the associated guidelines and working resolutions apply to all locations (100%) as part of the governance system (see criterion 20). Furthermore, there is no dedicated audit of the operating sites for corruption risks.

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

In the reporting year, there were no cases of corruption or proceedings in this context.

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

For the reporting year 2022, there have been no significant fines or monetary penalties as a result of non-compliance with laws and regulations to date. One case reported via the whistleblower hotline is currently still under special review by an external auditor.



The
SUSTAINABILITY
Code
Signatory 2022



prepared according to
CSR Directive
Implementation Act