

GESCO AG
Non-financial report /
German Sustainability Code
declaration 2021



NEXT LEVEL
In Leadership

Non-financial report / German Sustainability Code declaration

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

GESCO AG has worked very intensively on how to best implement the requirements under the CSR Directive Implementation Act (CSR-RLUG) and the legitimate interests of all stakeholders in the non-financial report. GESCO AG has therefore decided to provide information on this topic in as transparent a manner as possible, far beyond what is required by law. Sustainability reporting is based on the Deutscher Nachhaltigkeitskodex (German Sustainability Code (GSC = DNK)). Accordingly, the DNK declaration printed below has been reviewed by the DNK office in accordance with the DNK criteria and declared complete. GESCO AG reports the non-financial key figures according to GRI performance indicators. The DNK declaration thus also serves as a "separate non-financial Group report" in accordance with § 315b (3) of the German Commercial Code (HGB).

General information

As a long-term investor, GESCO AG 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 long-term future viability. In this way, GESCO creates added value for all stakeholders: the shareholders, the workforce, customers, suppliers and business partners of all kinds. Under the umbrella of a lean holding company, the companies operate independently but with the support of GESCO AG. 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 geared towards this goal. The subsidiaries are predominantly small and medium-sized industrial companies, which are allocated to the following segments:

Production Process Technology (from 1 January 2022: Process Technology)

- MAE Group
- Sommer & Strassburger GmbH & Co. KG
- Kesel Group

Resource Technology

- Dörrenberg Group
- SVT GmbH
- Pickhardt & Gerlach Group

Health and Infrastructure Technology

- Setter Group
- Franz Funke Zerspannungstechnik GmbH & Co. KG
- UMT Group
- Hubl GmbH (from 1 January 2022: allocated to the Process Technology segment)
- Astroplast Kunststofftechnik GmbH & Co. KG

The individual business models are extremely heterogeneous. The products range from machine and plant construction to tool steel and refined strip steel to stainless steel containers, from paper sticks for the confectionery and hygiene industry to support arms for medical technology. Further information on the business models and fields of activity of the individual subsidiaries can be found in the GESCO AG annual report and on the websites of GESCO AG 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 AG has pursued a business policy geared towards the long term and sustainability, which 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 AG is in the process of developing a systematic sustainability management system over several years in order to meet the growing regulatory requirements (e.g. CSRD, EU taxonomy, etc.) in the best possible way. The German Sustainability Code (DNK) is used as a framework for reporting on sustainability aspects and their management. With the support of an external consultancy, an extended materiality analysis was carried out in 2021 (see criterion 2).

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

The information collected and published for the first time as part of this DNK declaration will form the future basis for the development of concrete sustainability goals.

2021,

an extended materiality analysis was carried out with the help of an external consultancy (criterion 2).

2. Materiality

For GESCO AG as a listed holding company, the topic of sustainability is becoming increasingly important. For example, GESCO AG and its subsidiaries are also affected by growing legal requirements such as the CSR Directive Implementation Act (CSR-RUG), the EU taxonomy or the Supply Chain Sourcing Obligations Act. GESCO AG 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 AG 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 being developed for management purposes. In order to implement the available measures in the most targeted manner possible, an extended materiality analysis was carried out 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*):

Environment

- Business travel and fleet management
- Climate protection and energy management*
- Product stewardship*
- Resources management*

Social

- Adherence to workers' rights
- Education and training*
- Occupational health management
- Diversity
- Social Commitment
- Sustainable organisational development*
- Staff recruitment and retention
- Work-life balance

Governance

- Compliance
- External communication
- Stakeholder dialogue
- Responsibility in the value chain
- Risk management
- Sustainability management*



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

Within GESCO AG, the opportunities, risks and impacts depend largely on the business model of the respective subsidiary. The following criteria were used to uniformly evaluate and prioritise the topics:

- Special opportunities or risks for the course of business, the annual financial statements or the situation of the company
- Likely positive or negative impact of business activities, business relationships and products and services at at least one subsidiary
- Key stakeholder concern
- Significant contribution to positioning in the sustainability context
- Reference to the fulfilment of future regulatory requirements
- Significant contribution to the concrete improvement of ESG performance

These criteria apply in particular to the provisionally prioritised topics.

In their operating business, all GESCO AG 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 topics 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, considering technological change. 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 education and training of the workforce. GESCO is addressing these issues by, among other things, implementing excellence programmes (OPEX, MAPEX, 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 AG, the investment managers of GESCO AG 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. There is also potential for optimisation with regard to the procurement of raw materials. GESCO AG 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 AG opportunity and risk report, which also includes non-financial performance indicators.

3. Targets

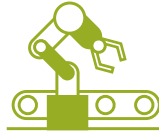
GESCO is consistently developing its sustainability strategy. With a focus on balancing the portfolio architecture and developing the subsidiaries into hidden champions, GESCO is also striving to take a leading role in key sustainability issues in the long term. The short and medium-term fulfilment of the steadily increasing regulatory requirements forms the corresponding basis. To this end, the relevant activities of the subsidiaries were compiled in the reporting year 2021. Regular meetings of the GESCO Sustainability Steering Committee have been held since 2021 to further develop sustainability issues. This body also includes the Executive Board, which bears ultimate responsibility for the sustainable development of GESCO Group. Further common goals are to be developed on this basis from 2022 onwards. In order to continuously improve sustainability performance, the internal understanding of sustainability is also to be promoted on an ongoing basis.

4. Depth of the value chain

GESCO AG is an industrial group with market- and technology-leading companies focusing on Production Process Technology, Resource Technology and Health and Infrastructure Technology. The GESCO Group companies are allocated to these three segments accordingly.

The investment process can describe GESCO AG's value chain. Since its foundation in 1989, GESCO has built up 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. In this way, GESCO creates added value for all stakeholders. Most of the companies in the Group are many decades old. Without sustainable business practices, these medium-sized companies would not be where they are today.

As part of a due diligence process, a company that is potentially to be acquired is comprehensively analysed and evaluated in terms of risks, opportunities and future viability. The assessment includes financial, legal and tax criteria as well as technology and market-related aspects. In addition, CSR issues are taken into account. From an environmental point of view, this includes in particular the evaluation 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 included in an investment decision. GESCO uses both internal and external expertise for due diligence. In future, environmental aspects, especially resource and energy efficiency, are to be taken into account even more strongly and systematically in investment applications from subsidiaries.



Since 2020, GESCO has promoted and established a more intensive exchange between the subsidiaries and built up further methodological expertise at GESCO AG level. The central build-up of expertise also includes CSR topics that have been classified as material in the process to date.

The companies in the Production Process Technology segment are primarily dedicated to automation solutions in mechanical and plant engineering as well as technology-intensive manufacturing services. With their products and services, they essentially support manufacturing industries and their processes.



The subsidiaries of the Resource Technology segment supply material-intensive industrial companies in particular. The companies provide customised processing of input materials that are further processed into end products at the customers' facilities. They also produce equipment for loading raw materials and energy sources.



The Health and Infrastructure Technology segment includes companies that supply suppliers for mass markets close to the end consumer in the fields of medical technology, hygiene, food and 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.

Further insights into the business models of the individual companies can be found in the Annual Report 2021.

The majority of the eleven subsidiaries have had specific environmental management systems in place for several years and monitor 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 GESCO's activities, products or services are managed in a targeted manner. One of the greatest challenges facing GESCO Group is the consumption of energy and resources. The subsidiaries make a concerted effort to work on joint solutions with business partners and research institutions and to address the corresponding ecological problems. For example, the strip steel refinement specialist Pickhardt & Gerlach developed an innovative material for the inner workings of batteries together with PEM Motion, a spin-off of RWTH Aachen University, which saves energy on the one hand and makes the batteries even more powerful on the other. EMONI® is used in particular in micro- and e-mobility, e.g. in e-bikes. Particularly noteworthy in this context is that the newly developed refinement process saves about 80 kg of CO₂ per tonne of material produced.



**80 kg CO₂ / t
reduction**

Up to 80 kilograms of CO₂ can be saved per tonne of steel if a non-diffusion annealed steel such as EMONI® is used for the cell connection.

The GESCO companies work together with energy consultants and specialists. Against the backdrop of advancing technological development, the protagonists are in permanent exchange.

Criteria 5 – 10 on process management

5. Responsibility

Overall responsibility for sustainable development lies with the Executive Board of GESCO AG. The Investor Relations & Communications department is currently responsible for the project management of sustainability reporting. This department coordinates its activities 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.

6. Rules and processes

In principle, GESCO AG subsidiaries have the option of identifying their own focal points and setting up suitable regulations and processes for the management of sustainability-related issues in line with these. GESCO AG 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 2021. Based on the GRI performance indicators specified in the GSC, it was first examined which key figures could be recorded by the subsidiaries. The data collected in this context is the subject of the

monthly working meetings of the GESCO Sustainability Steering Committee, including the Executive Board, as well as the managing directors' meetings, which take place several times a year and are attended by the managing directors of all subsidiaries.

As GESCO AG's sustainability strategy is still being developed, it is still up for discussion which internal regulations and processes should be adapted to the constantly evolving requirements in the future.

7. Control

Based on the performance indicators collected for the reporting year 2021, specific targets will be set as part of the sustainability strategy currently being further developed. The non-financial performance indicators cover the following areas:

- Energy and resources consumption
- Occupational safety and health protection
- Diversity
- Social engagement
- Compliance
- Sustainability management

In future, these will be used to manage and monitor the sustainability goals and will be collected as part of the Sustainability Code declaration. The performance indicators are recorded annually and then evaluated by the GESCO Sustainability Steering Committee. If individual performance indicators suggest that the achievement of certain sustainability targets could be at risk, a decision is made on possible

additional measures or an adjustment of the targets at regular meetings with the managing directors of the subsidiaries.

Only German locations and the GESCO Group holding company are included in the overall performance indicator recording. Data has already been collected for the company W. Krömker GmbH for 2021. However, as GESCO only acquired 100 % of the shares in W. Krömker GmbH in June 2021, comparative data for the previous year is accordingly missing. W. Krömker GmbH will be integrated into the next report accordingly.

Performance indicators for criteria 5 to 7

Performance indicator GRI SRS-102-16: Values

GESCO Group bundles the power and potential of Germany's technology-driven SME sector. Many of the subsidiaries are niche players, some are already market leaders, and all are recognised companies with established brands. GESCO AG's vision is to form a strong and balanced group of hidden champions through the targeted, systematic and sustainable development of its subsidiaries and further acquisitions. The NEXT LEVEL strategy uses its excellence programmes to set the course for the strategic and operational expansion of the Group in the coming years. As

a listed industrial holding company, GESCO AG aims to be an attractive investment 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.

GESCO AG's Code of Conduct serves to summarise and publicise the applicable basic rules and principles for all employees throughout the Group. GESCO AG'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 within the framework of the Compliance Management System.

The Code of Conduct for GESCO Group employees is available for download on the company website at www.gesco.de/en/about-us/compliance-and-corporate-governance.

8. Incentive systems

The currently still valid remuneration system for Executive Board members consists of three components: a non-performance-related remuneration component, a performance-related one-year and multi-year remuneration component and a remuneration component with a long-term incentive effect. Stock options granted to Executive Board members based on the stock option programme serve as the remuneration component with a long-term incentive effect.

A modified Executive Board remuneration system was submitted to the 2021 Annual General Meeting for approval, which takes into account the changes resulting from the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the recommendations of the currently valid version of the German Corporate Governance Code (DCGK) in the future. Part of the new remuneration system is also the consideration of non-financial, social and ecological aspects in the sense of sustainable action when determining the starting amount for the variable remuneration of the past financial year. The Supervisory Board specifies this for each financial year. The Supervisory Board also monitors the achievement of targets. The modified remuneration system applies to all Executive Board service contracts to be newly concluded or extended after 30 June 2021.

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

As GESCO is not an integrated Group, the remuneration systems for executives 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 provisions of collective agreements. 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 and regular medical check-ups.

The performance-related remuneration component is generally granted in the form of a profit-related bonus based on the consolidated net profit for the year after minority interests. This component is based on a multi-year assessment basis. Two-thirds of the respective bonuses are based on the consolidated net profit after minority interests for the financial year and one-third on the average value of the consolidated annual financial statements after minority interests for the respective financial year and the two preceding financial years.

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

Stock options granted to Executive Board members based on the stock option programme serve as a remuneration component with a long-term incentive effect. The stock option programme is structured in such a way that the Executive Board members must contribute GESCO shares they have purchased themselves from their private assets, which are subject to a lock-up period for the duration of the waiting period.

For retirement provisions, Executive Board members 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 as part of the Annual Report 2021 at www.gesco.de/en/investor-relations/financial-reports.

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

The ratio is 12*.

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 material stakeholder groups identified there, such as customers, employees, shareholders and stakeholders, can be met within the scope of business activities from a sustainability perspective. In the reporting year 2021, regulatory framework conditions, competitor activities as well as trends and developments were carried out as part of a desktop analysis to identify potentially relevant sustainability topics. Representatives of the Executive Board or 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 AG, the assessments and expectations of selected investors with regard to the sustainability topics of GESCO AG that were classified as material were queried by telephone in parallel.

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

* The figures relate to the consolidated financial statements of GESCO AG without a breakdown by country, as the vast majority of activities take place in Germany. The calculation is made using the mean value.

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 directives. On the other hand, the EU taxonomy in particular could lead to ESG data being more meaningful and also more comparable in the future.

Some shareholders encourage GESCO to report aggregated key figures for the entire Group if possible. In addition to a robust management system with targets, measures and key figures, individual investors recommended reporting positive contributions to the SDGs (Sustainable Development Goals). Furthermore, the constructive discussion of the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) was suggested.

10. Innovation and product management

GESCO AG 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.



100%

natural product:
Setter produces its compostable
paper sticks without
any chemical additives.

For example, the paper sticks produced by the Setter subsidiary are also used in the form of stirrers for the hygiene and confectionery industries. This allows Setter's customers to significantly replace products previously made from plastic with sticks made from chlorine-free pulp. This is a renewable raw material from controlled forestry (PEFC and FSC®) that will not only be available for a limited period of time, unlike plastic, where crude oil is 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.

Dörrenberg Edelstahl GmbH, in turn, operates its production sites with 100 % electricity from renewable energy sources. The steels are melted via low-CO₂ electric steel routes that allow the use of renewable energy sources. This indirectly generates only about 280 kg CO₂ per tonne of steel compared to integrated smelters, which emit about 1,700 kg CO₂ per tonne of steel. By using electrically operated vacuum furnaces with gas quenching for hardening the steels, only 25 % of the CO₂ emissions are produced compared to other hardening plants. The subsidiary is currently testing further processes, such as direct reduction using “green” hydrogen, to best reduce the CO₂ intensity of its production processes.



25 %

less CO₂ emissions: By using electrically operated vacuum furnaces with gas quenching for hardening the steels, Dörrenberg reduces its CO₂ emissions by around a quarter compared to other hardening shops.



40 %

less energy is required by a wheelset press from MAE compared to a conventional press. The reason for this is the new and innovative “BiPAC inteQ” hydraulics with highly efficient energy and resource management.

In the wheelset press sector, MAE Maschinen- und Apparatebau Götzen GmbH presented its new and innovative “BiPAC inteQ” hydraulics to its 2021 customers. This is characterised in particular by highly efficient energy and resource management. In this way, MAE was able to reduce energy consumption by around 40 %. The consumption of a MAE press is currently around 2 kW on average, while competitor systems consume up to 15 kW, with the same cycle time. The modernised hydraulic concept also resulted in a noticeable reduction in maintenance costs of around 35 %, a reduced size of the motors, the elimination of cooling devices and a significant reduction in oil consumption.

Performance indicators for criterion 10

Performance indicator G4-FS11

The financial investments do not go through a selection process based on environmental or social factors.

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 developed into a competitive factor at the subsidiaries.

The Dörrenberg Group and the Pickhardt & Gerlach Group generate significant environmental impacts with their business activities in the areas 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 ongoing modernisation and further development of environmentally friendly production processes.

The Setter Group already makes significant use of 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 with regard to the materials used is recorded across all companies within GESCO Group 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 more detailed recording of the resources used cannot take place at present, as the management of these environmental impacts is decided primarily at the level of the individual companies.

12. Resources management

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 diligence in their processes, the companies consider themselves to be 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 regularly surveyed on relevant financial and non-financial risks. All recorded risk topics are assessed in terms of the level of occurrence and probability of occurrence and reported to the Executive Board. The energy consumption and the respective resource consumption of the Group companies were identified as potential risks in internal workshops.

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 AG has not yet further specified and quantified these goals. Corresponding target formulations, including action planning and monitoring, will be sought in the course of the further development of the sustainability strategy in the financial year 2022 for the financial years 2023ff.

GESCO AG supports these efforts and takes a fundamentally supportive approach to environmentally friendly technologies. This is also anchored in the Group's Code of Conduct. As a long-term investor, GESCO AG also supports modernisation of the companies' technical equipment and promotes automation where it is sensible and appropriate.

The management of environmentally relevant issues is generally decentralised within the individual companies. GESCO Group's domestic companies have carried out an energy audit and identified opportunities for energy savings. Individual measures are already being implemented in the companies, such as the use of renewable energies at the production sites or circular economy systems.

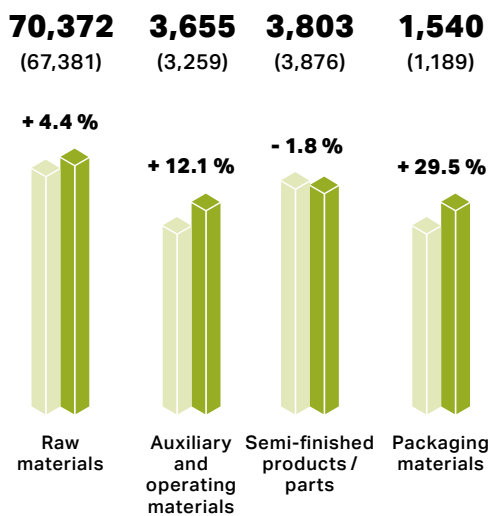
Performance indicators for criteria 11 to 12

Performance indicator GRI SRS-301-1: Materials used

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

Material used by category (in t)

Change in % compared to previous year, previous year's values in brackets



For all indicators, the Corona year 2020, which was economically difficult and associated with short-time work, among other things, led to a decline in production for GESCO Group, which was considerable in some cases, and thus also in the consumption of resources in the individual Group companies. A meaningful analysis of the development will only be possible in the following reporting year.

It was not possible for the Haseke company to provide precise information for the main material groups in 2021. The companies Astroplast and Franz-Funke were unable to provide infor-

mation on auxiliary and operating materials such as packaging materials. We are working on closing these gaps for the next reporting years.

**Performance indicator GRI SRS-302-1:
Energy consumption**

Energy consumption at GESCO AG

	2020	2021	Change in % compared to previous year
Heating oil	-	-	-
Natural gas*	3,776,130 m ³	4,646,059 m ³	+ 23.0
Liquid gas	20,061 litres	19,895 litres	- 0.8
Electricity (electricity mix)	41,272,245 KWh	43,192,246 KWh	+ 4.7
District heating	293,780 KWh	374,500 KWh	+ 27.5

* Some group companies were only able to report natural gas in KWh instead of m³. A slight simplification was made here in the form of a ratio calculation by converting the m³ / 10=KWh for the two companies concerned. Further standardisation is planned for the future.

Energy consumption of the vehicle fleet

	2020	2021	Change in % compared to previous year
Diesel	226,174 litres	205,357 litres	- 9.2
Petrol	47,384 litres	59,950 litres	+ 26.3
Natural gas (CNC)	40,611 litres	51,936 litres	+ 27.9
Electricity (electricity mix)	-	7,372 KWh**	-
District heating	-	-	-

** electricity generated from own production from photovoltaic plants

For all indicators, the Corona year 2020, which was economically difficult and associated with short-time work, among other things, led to an in part considerable decline in production and thus also in resource consumption in the individual Group companies for GESCO Group. A meaningful analysis of the development will only be possible in the following reporting year.

The recorded consumption forms the central basis for calculating the CO₂ footprint of GESCO AG (see criterion 13).

**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. This results in electricity consumption of 82,554,862 KWh for GESCO Group in 2020 and 93,931,000 KWh in 2021.

Compared to the previous year, this results in a minimal increase in energy consumption of 11,376,137 KWh (+13.8 %). In the comparative calculation to the previous year, the items listed under GRI SRS-302-1 have been taken into account.

It can be seen that despite a slight increase in consumption, the relative energy consumption per euro sold has decreased, and thus an increase in energy efficiency was achieved.

**Performance indicator GRI SRS-303-3:
Water withdrawal**

GESCO AG water consumption

	2020	2021	Change in % compared to previous year
Total water withdrawal	23,033 m³	24,506 m³	+ 6.4
Drinking water / water from third parties	23,033 m ³	24,506 m ³	+ 6.4
Surface water	-	-	-
Groundwater	-	-	-
Produced water	-	-	-
Waste water	24,413 m ³	26,212 m ³	+ 7.4

With Setter, roof areas etc. are included in the wastewater calculation. Therefore, there is a difference between water withdrawal and total wastewater. The increased consumption com-

pared to the previous year probably results from the comparison with the tense Corona business year 2020.

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

**Performance indicator GRI SRS-306-3 (2020):
Waste generated**

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

Waste (by type)			
	2020	2021	Change in % compared to previous year
Metal	1,996 t	2,065 t	+ 3.5
Non-ferrous metal	3,237 t	3,482 t	+ 7.6
Paper	3,109 t	2,976 t	- 4.3
Residual waste	1,326 t	1,185 t	- 10.6

The increased metal consumption is likely to be related to the Corona Year 2020, which has already been mentioned several times, or to more comprehensive or better data collection by the Group companies. The reasons for the reduction in paper and residual waste cannot be clearly outlined at this time.

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 (Production Process Technology, Resource Technology and Health and Infrastructure Technology) in which the subsidiaries operate. For the machinery and equipment manufacturers, the use of the 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 most important 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. Especially in the smaller subsidiaries and those with less energy-intensive production processes, corresponding evaluations will be implementable in the medium term.

In 2021, GESCO started to record energy consumption according to uniform specifications in all companies. Based on these results and in coordination with the subsidiaries, concrete targets are to be derived in the coming year. In the surveys to date, Scope 1 and 2 emissions have been recorded in accordance with the GHG Protocol. Due to their complexity, indirect greenhouse gas emissions (Scope 3) are not yet part of the regular key data collection. Based on

the figures recorded in 2021, a decision will be made in 2022 on a possible extended recording of the CO₂ footprint.

Performance indicators for criterion 13

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

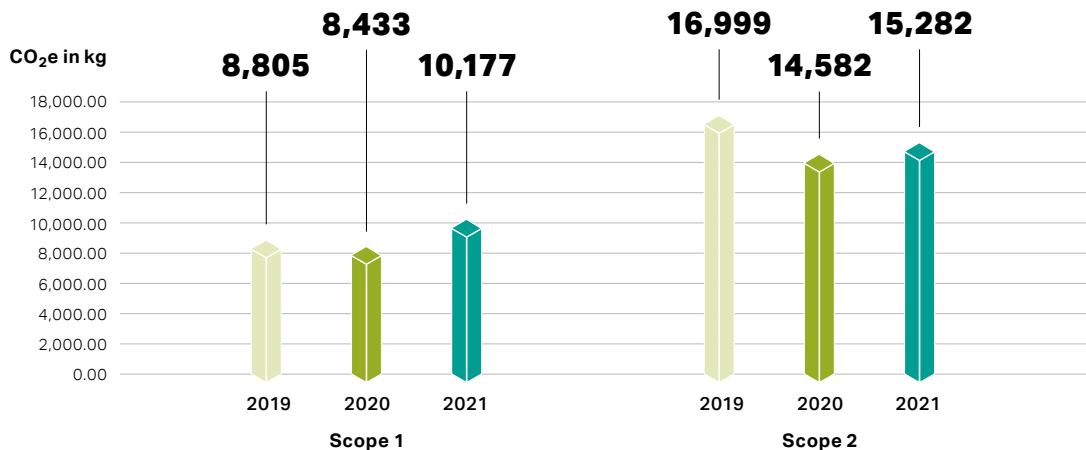
The greenhouse gas emissions generated in 2021 were recorded for all subsidiaries based on a uniform query of energy consumption. The CO₂ carbon footprint shows all emissions as CO₂ equivalents (CO₂e). This means that in addition to CO₂, the six other greenhouse gases regulated in the Kyoto Protocol were also taken into account in the calculations: Methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆), hydrofluorocarbons (HFCs and HFCs) and nitrogen

trifluoride (NF₃). These are converted into the global warming potential of CO₂ and thus form CO₂ equivalents.

Scope 1 emissions (direct emissions from mobile and stationary combustion) amount to 10,177 CO₂e [t] (40% of total emissions) in 2021.

Compared to the previous year, this represents an increase of 20.7% (2020: 8,433 CO₂e [t]). The comparison with the 2019 financial year, for which figures were also collected as part of the DNK report preparations, appears to make sense against the background of the Corona 2020 financial year: here it can be seen that between 2019 and 2021 the greenhouse gas emissions of 8,805 CO₂e [t] (2019) also increased in line with the rising production (cf. chart). A precise assessment seems only possible against the background of a “normalisation” of business operations in pandemic times.

GHG emissions in t CO₂e



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

Indirect emissions from energy provided (Scope 2) amount to 15,282 CO₂e [t] in 2021 (60% of total emissions).

Compared to the previous year, this corresponds to an increase of 4.8% (2020: 14,582 CO₂e [t]). The comparison with the 2019 business year, for which figures were also collected as part of the DNK report preparations, appears to make sense against the backdrop of the Corona 2020 business year: here it can be seen that between 2019 and 2021 the greenhouse gas emissions of 16,999 CO₂e [t] (2019) were reduced by 10.1% after all (cf. chart under performance indicator GRI SRS-305-1). A precise assessment seems only possible against the background of a “normalisation” of business operations in pandemic times. However, it seems that initial energy efficiency measures are taking effect here.

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

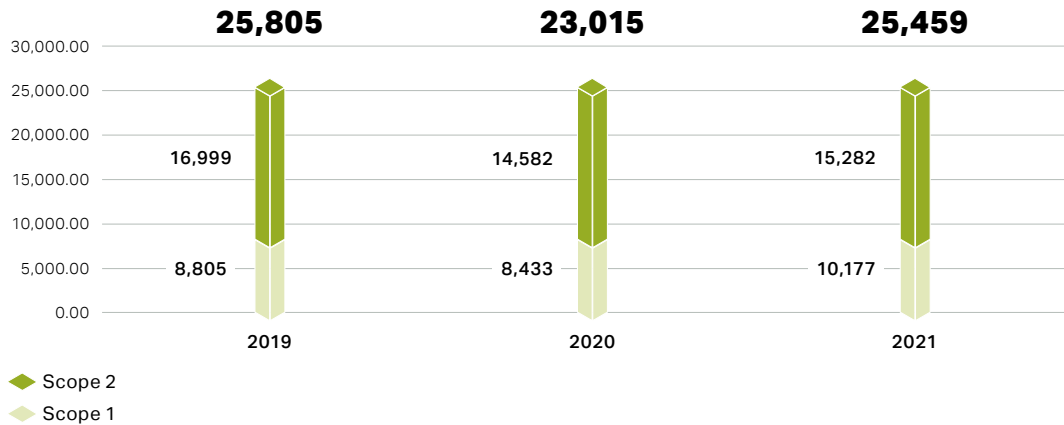
Due to their complexity, the indirect greenhouse gas emissions (Scope 3) are not yet part of the regular recording of key figures. Based on the figures recorded in 2021, a decision will be made in 2022 on a possible extended recording of the CO₂ footprint.

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

Overall view of GHG emissions:

The total emissions (Scope 1&2) for 2021 are 25,459 CO₂e [t]. Compared to the previous year, this represents an increase of 9.6% (2020: 23,015 CO₂e [t]). The comparison with the 2019 financial year, for which figures were also collected as part of the DNK report preparations, appears to make sense against the backdrop of the Corona 2020 financial year: here it can be seen that between 2019 and 2021 the greenhouse gas emissions of 25,805 CO₂e [t] (2019) were reduced by 1% after all (cf. chart). A precise assessment seems only possible against the background of a “normalisation” of business operations in pandemic times.

GESCO GHG emissions in t CO₂e 2019 – 2021 (without Krömker)



The CO₂ intensity of the investment portfolio is a key metric for GESCO AG when assessing development. In concrete terms, this means that the CO₂ equivalents are expressed per € million in sales. In 2020, the CO₂ intensity of the investment portfolio is 63.16 CO₂e [t]/€ million sales (Scope 1 and 2). In the 2021 financial year, the CO₂ intensity of the investment portfolio was 57.08 CO₂e [t]/€ million turnover (Scope 1 and 2). At present, it is not yet possible to determine what influence specific initiatives of the individual subsidiaries on the lower CO₂ intensity had. Detailed evaluations are, however, planned for the future.

EU taxonomy

Share of sales	0%
Investments (CapEx)	0%
Operating expenses (OpEx)	0%

GESCO AG aims to disclose the reporting obligations resulting from the EU taxonomy with the same accuracy and care with which the other financial and non-financial key figures are reported. Against the backdrop of the very tight timeframe following the announcement of the exact reporting requirements in 2021, it was not possible for GESCO AG to identify taxonomy-compliant economic activities with adequate capacities and on the basis of a sustainable methodology for the future.

GESCO currently assumes that the GESCO Group companies will be able to report the respective taxonomy-compliant shares of their economic activities in the future. For the financial year

2021, GESCO will refrain from quantifying tax-deductible shares of sales, opex and capex and will report corresponding zero shares on a transitional basis due to the framework conditions explained above.

For the financial year 2022, GESCO AG intends to continue the development and finalisation of a robust methodology for the full disclosure of the sales, opex and capex indicators to be reported in accordance with Article 8 of the EU Taxonomy Regulation, with the help of additional internal and external capacities and taking into account the necessary lead-time.

Criteria 14 – 20 on society

Criteria 14 – 16 on employees' 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.

As part of internal workshops, the aspects of occupational safety/health protection and the topic of sustainable organisational development were identified as potential risks by means of a

risk analysis, 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 retaining them in the respective company.

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 periods of time; rather, the status quo and thus the degree to which the targets have been achieved must be ascertained using suitable performance indicators, which are reported to the GESCO AG Executive Board, and the targets must be worked on continuously.

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

GESCO AG collects monthly sickness figures in 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 mechanical and plant engineering also contribute to safe and appropriate deployment on the customer side with a number of measures. This includes training, familiarisation and commissioning as well as comprehensive documentation of the delivered products 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 company from an employee perspective. This includes measures to increase sustainability awareness and motivation among employees and managers, the establishment of a continuous change process and perspective-appropriate information on sustainability goals and measures, as well as issues relating to organisational structure, positioning as an employer and training and development.

GESCO pays great attention to filling positions at all levels with adequately qualified, loyal, motivated and high-performing employees. As part of the NEXT LEVEL strategy, so-called LEADDEX programmes will be launched in 2022 to specifically promote and develop the sub-

subsidiaries' managers and sharpen their leadership skills in a dynamic environment.

For many years, GESCO has conducted systematic employee surveys in the individual subsidiaries in cooperation with an external partner. The primary aim of these surveys is to determine the most authentic possible mood on aspects such as job satisfaction and stress levels, with the aim of deriving and implementing corresponding potential for improvement.

GESCO AG, as the holding company, is based in Wuppertal and operates exclusively in Germany. The Group companies all have their headquarters in Germany. At international locations, the applicable laws, regulations and rules are implemented.

15. Equal opportunities

It is in line with GESCO AG'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 his or her 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. No cases of discrimination were reported in the reporting year, which GESCO regards as confirmation of the Code of Conduct and the corresponding objective.

To date, no other explicit targets or measures for equal opportunities have been adopted and implemented at GESCO AG level. In the course of the expanded survey of performance indicators in this area as well, the status quo will be surveyed, based on which targets and measures can be derived in the future if necessary.

GESCO Group companies are already implementing a wide range of measures in this area, such as flexitime, flexible working hours, part-time models and home office arrangements.

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 high employee satisfaction and low staff turnover, but also in economic success.

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

The key is education and training. GESCO places an exceptionally high value on 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 the company's needs. In 2021, the training ratio in GESCO Group (Germany) was 4%. Co-operations with schools, universities and institutes offer professional exchange and at the same time increase the attractiveness as an employer.

In 2015, GESCO AG began to initiate systematic employee surveys in the individual companies in cooperation with an external partner. On the one hand, the aim is to obtain an authentic picture of the mood regarding aspects such as job satisfaction and stress levels and to identify potential for improvement. On the other hand, the companies gain concrete, credible arguments for their positioning as employers through the survey.

The results are reported internally to the GESCO AG Executive Board and used for the further development or adjustment of measures in the individual companies. Quantifiable targets have not been set so far, but rather work towards good values in the area of satisfaction. The evaluation of the most recent employee surveys confirms that we are on the right track.

Performance indicators for criteria 14 to 16

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

Number and rate of documentable work-related injuries:

110 injuries among 1,583 employees (2021) corresponds to a rate of 7% (+ / - 0 vs. the previous year)

Number of work-related injuries with serious consequences: 1 (+ / - 0 vs. previous year)

Work-related fatalities: 0 (+ / - 0 vs. previous year)

Number of documented work-related illnesses: 4 (-15 vs. previous year)

The most frequent work-related illnesses in 2021 were not recorded.

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, 65 employees are involved in these committees. Across all eleven companies, these committees met 38 times in 2021. This means that they met an average of 3.5 times.

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 education

GESCO Group employees took up an average of 3,397 training and development hours per Group company in 2021. This is considered a good result in view of the more difficult conditions caused by COVID-19. Compared to 2020, this is a slight increase (3,241 training hours on average). Across the entire group, expenditure on education and training amounted to T€ 658 – an increase of T€ 47 compared to the previous year. An evaluation differentiated by gender and employee category is currently not possible.

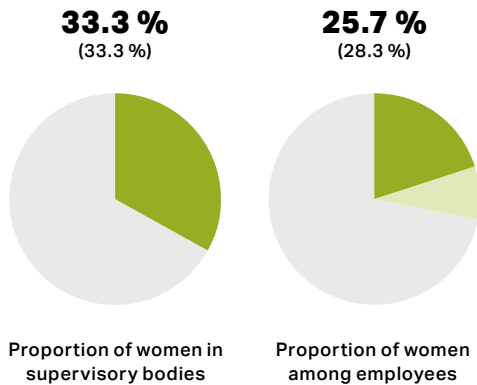
3,397

hours of further training were attended in the respective subsidiaries on average in 2021.

Performance Indicator GRI SRS-405-1: Diversity

Gender ratio

Previous year's value in brackets



At GESCO Holding, there is one woman on the Supervisory Board (4 members) and as well as on the Executive Board (2 members). This results in a share of women of 33.3% over the last two financial years. Within the Group, the proportion of women varies greatly among the individual companies. Therefore, the indicator is not meaningful as an average for the Group.

The number of employees across the group has so far only been differentiated by gender.

Performance indicator GRI SRS-406-1: Incidents of discrimination

No incidents of discrimination were reported in 2021.

0

cases of discrimination were reported in the reporting year. GESCO sees this as confirmation of the Code of Conduct and the corresponding objective.

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

The goal is to avoid human rights violations in the value chain. GESCO Group fulfils this responsibility to protect human rights by emphatically pointing out to employees, but also to suppliers and other business partners, that compliance with the Code of Conduct is mandatory.

By using established supply chains with mostly established, often large partners on both the supplier and customer side, GESCO believes that responsibility in the value chain is sufficiently given, whereby GESCO assumes that suppliers and customers behave in accordance with the rules. In view of the distinctly medium-sized nature of the subsidiaries, the scope for influencing other stages in the value chain is considered to be limited and no further-reaching, dedicated concept is being pursued in this regard.

It is currently being analysed to what extent a further examination of compliance with human rights, including a human rights impact assessment, is necessary for subsidiaries due to their

market position or the special nature of the relationship with their business partners. Should this analysis reveal a need for action, a risk analysis will be carried out in the course of the coming financial years and a corresponding management concept will be developed. Due to the general conditions described above, GESCO has not yet set any specific goals in this area and cannot report on the achievement of these goals.

Performance indicators for criterion 17

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

Investment agreements or contracts do not contain human rights clauses and are not screened from a human rights perspective.

However, all contractual partners are required to comply with the law.

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

As explained above, GESCO Group is primarily active on the European market, so no business locations are reviewed with regard to human rights or human rights impacts.

**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 GESCO AG's Code of Conduct. If there are indications of human rights violations at suppliers, GESCO AG reserves the right to terminate the cooperation if no countermeasures are taken. The individual subsidiaries are responsible for considering these requirements. There is currently no centrally controlled audit.

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

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

A concrete review of suppliers for social impacts has not been carried out to date.

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 employees, shareholders, business partners and the public sector. The aim is to ensure succession solutions for all companies in the Group.

In addition to providing extensive publicly available information, GESCO AG seeks contact with regional politicians and the financing banks of the acquired company, particularly in the context of company takeovers, in order to introduce 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 trusted partner.



€ 60,000

is GESCO's annual support
for the Junior Uni.

The focus of the extracurricular
educational institution in
Wuppertal is on MINT subjects.

GESCO has also set itself the goal of assuming social responsibility in the value chain. In its social commitment, GESCO Group focuses on the "MINT" subjects. Since 2019, GESCO AG has included a support programme for the Junior Uni Wuppertaler Kinder- und Jugend-Universität für das Bergische Land gGmbH – Junior Uni for short – based in Wuppertal. Within this framework, GESCO supports the position of an academic subject 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 specific management concept is not expedient here; rather, we want to ensure that GESCO Group's performance is positive and that potential risks do not arise in the first place.

GESCO Group's performance on the capital market is, among other things, a combination of share price development and dividend payment. The GESCO share price was up significantly again in the reporting year, rising 39% compared to previous years. In view of the overall negative result in the 2020 financial year, the Executive Board and Supervisory Board had decided to suspend the dividend payment in 2021 for the 2020 financial year as part of the existing dividend strategy. As a result of the positive development in the 2021 financial year, the Executive Board expected a dividend payment in 2022.

An adjustment of the measures is currently not necessary due to the performance.

Performance indicators for criterion 18

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

We meet the requirements for documentation and transparency by publishing the data of the annual financial statements in accordance with § 325 HGB in the electronic Federal Gazette.

Financial year 2021*	in T€
1. Direct economic value generated	
Proceeds	489,658
2. Economic value disbursed	
Operating costs	322,535
Salaries and benefits for employees	112,914
Payments to capital providers	2,907
Payments to the state	15,142
	453,498
3. Retained economic value	
1. – 3.	36,160

* Separation of values at national, regional or market level is of secondary importance, as GESCO Group mainly operates through German subsidiaries.

Criteria 19 – 20 on compliance

19. Political influence

GESCO AG is a member of the German Investor Relations Association (DIRK). DIRK is the largest European trade association for the connection between companies and capital markets. Among other things, the association represents 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 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 AG is also a member of the DAI. On behalf of its member companies, the DAI brings the perspectives of the real and financial economy into the political debate through professional exchange with politicians and regulatory authorities.

GESCO Group companies are not members of or donate to political associations. Neither do they exert political influence nor are they politically involved in current legislative processes. As a result, there are no risks from GESCO's business activities due to political influence.

GESCO AG is also affected by the national implementation of the Corporate Sustainability Reporting Directive (CSRD). This also means that it is affected by the EU taxonomy. GESCO AG is currently examining how it can meet these requirements in the future at a reasonable cost.

Performance indicators for criterion 19

Performance indicator GRI SRS-415-1: Party donations

No political donations are made by GESCO Group, GESCO AG or GESCO Group companies.

20. Conduct in compliance with the law and directives

GESCO AG's corporate actions respect the applicable law and regulations as well as internal guidelines and resolutions. The goal and essential issue is therefore to ensure compliant behaviour at all levels and to counteract the risk of supporting corruption or profiting from corruption in the supply chain. In pursuing this goal, national legal standards are observed in the countries in which GESCO AG companies operate. GESCO measures its performance by the number of incidents and violations of laws and regulations in the social and economic sphere. GESCO did not record any such incidents for the financial year 2021.

GESCO AG essentially complies with the recommendations of the German Corporate Governance Code (GCGC). GESCO explains company-specific deviations in the declaration of compliance 2021, which can be viewed at www.gesco.de/en/about-us/compliance-and-corporate-governance.

GESCO Group counters compliance risks such as corruption, cartel violations and criminal activity with an established compliance management system, which includes in particular a Group-wide code of conduct, accompanying guidelines and work instructions, an online information system (rulebook) for GESCO Group employees, accompanying training courses, case-related

spot checks and a whistle-blower system for employees and outsiders. The whistle-blower system that has been set up is also available to outsiders. It gives them the opportunity to inform GESCO AG about violations of legal regulations or compliance rules and thus contribute to their detection. The compliance management system is also used to analyse whether risks exist in the current financial year. No risks were identified for the reporting year 2021.

The compliance management system is continuously being further developed in order to continue to meet the compliance requirements in an increasingly complex environment throughout the Group.

The Code of Conduct regulates the following areas of activity, among others:

- At the workplace
- With customers
- With suppliers & business partners
- With competitors
- With the capital market & GESCO AG
- Dealing with misconduct

Each and every employee is encouraged to point out misconduct. GESCO directs reports to the manager. If the manager is affected or biased, he or she can report the matter to the next higher superior or to the management of the respective associated company.

Specific, well-founded indications of serious violations of the law or rules within GESCO Group can be reported to an external ombudsman at GESCO AG. GESCO AG 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. No violations were reported for the reporting year 2021.

It is the task of the managing directors of the subsidiaries to anchor the respective requirements and principles in their companies. The code of conduct for GESCO Group employees is available on the website at www.gesco.de/ueberuns/compliance-und-corporate-governance/, as is further information on the whistleblowing system that has been set up. The monitoring of and compliance with legal requirements and embargo regulations against countries, organisations or persons is the responsibility of the subsidiaries for their respective operational business, with the holding company providing suggestions or pointing out serious changes on a case-by-case basis. At GESCO AG level, the topic of compliance is anchored in the Executive Board's Finance department.

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

In the reporting year 2021, there are no significant fines or monetary penalties as a result of non-compliance with laws and regulations.

