

SUSTAINABILITY STATEMENT 2025

FISCAL YEAR 2025

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A MESSAGE FROM OUR CEO & CFO

The world is undergoing one of the most profound transformations in its history. Renewable energy integration, grid modernization, and increasing energy demand driven by electrification and data centers are reshaping economies and societies across the globe. As a leading transformer manufacturer, SGB-SMIT plays an essential role in enabling this transition through products and services that support reliable, efficient, and resilient power infrastructure.

Sustainability is therefore not a separate agenda for our business. It is closely linked to our long-term strategy, our ability to create value for customers, and our responsibility towards future generations. Whether through investments in manufacturing efficiency, the development of more energy efficient products, responsible supply chain management, or the reduction of our environmental footprint, sustainability considerations increasingly shape the decisions we make across the Group.

Fiscal year 2025 marks an important milestone in our sustainability journey. For the first time, this Sustainability Statement has been prepared in alignment with the European Sustainability Reporting Standards (ESRS). While SGB-SMIT will not be subject to mandatory CSRD reporting until fiscal year 2027, we deliberately chose to adopt the ESRS framework ahead of the legal requirement. We see transparency not only as a compliance obligation but as a fundamental element of good corporate governance and long-term business success.

One important outcome of our continued sustainability journey was the review of our decarbonization roadmap. We remain committed to reducing greenhouse gas emissions. However, as our understanding of the practical pathways towards decarbonization has matured, we recognized that some previously communicated ambitions depended on external developments that are not yet fully within our control. Factors such as renewable energy availability, grid infrastructure expansion, and access to lower-carbon materials differ significantly across the regions in which we operate. We therefore adjusted selected interim targets to reflect a realistic and achievable pathway. This should not be interpreted as reduced ambition. Rather, it reflects our commitment to setting credible targets, transparently communicating progress, and delivering on our commitments.

We are convinced that long-term success requires balancing ambition with accountability. Sustainable progress is achieved not through promises alone but through consistent execution, investment, innovation, and collaboration with our customers, suppliers, employees, and communities.

We would like to thank all colleagues across SGB-SMIT Group whose dedication and expertise continue to drive our business forward. Together, we are contributing to the development of the electricity infrastructure that underpins economic growth, energy security, and the global energy transition.

Heinrich Uekermann
CFO SGB-SMIT Group

Holger Ketterer
CEO SGB-SMIT Group



A MESSAGE FROM THE GROUP SUSTAINABILITY TEAM

The 2025 reporting year marked another important step in the continued development of sustainability management across SGB-SMIT Group. Sustainability is increasingly embedded in business processes, governance structures, and operational decision-making, reflecting the growing importance of environmental, social, and governance considerations throughout the organization. The progress presented in this report demonstrates how sustainability is becoming an integral part of the way we manage our business, engage with stakeholders, and support long-term value creation.

While this report has been prepared with reference to the European Sustainability Reporting Standards (ESRS), we view ESRS as much more than a reporting framework. The process of aligning our sustainability management and reporting with ESRS requirements has challenged us to strengthen governance structures, improve data quality, enhance transparency, further develop our double materiality assessment, and create a more systematic understanding of how sustainability-related impacts, risks, and opportunities influence our business. It has helped us move from reporting sustainability activities towards managing sustainability with the same rigor and accountability as other core business topics.

At the center of this transformation is the GREEN Program, which serves as SGB-SMIT's overarching sustainability framework. Built around the pillars of Governance, Responsibility, Employees, Equality, and Net Zero, the program translates strategic ambitions into concrete actions, targets, and responsibilities across all functions and locations.

We believe that meaningful sustainability reporting should provide a balanced picture of achievements, challenges, and areas where further progress is needed. This approach also guided the review of our climate roadmap and related targets, ensuring that our commitments remain robust, credible, and aligned with operational realities.

This report reflects the collective efforts of colleagues around the world who contributed data, insights, expertise, and valuable feedback throughout the year. We would like to thank everyone involved for their engagement and support.

The publication of our first ESRS-aligned Sustainability Statement is not the end of a process but an important milestone in an ongoing journey. We look forward to further strengthening sustainability management across SGB-SMIT and to continuing to improve the transparency, quality, and impact of our sustainability performance in the years ahead.



Sandra Marques, Marco Goette, Ana Rojas, and Julia Däumer



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GENERAL DISCLOSURES

BP-1 Basis for preparation of the sustainability statement

This sustainability statement has been prepared on a voluntary basis, structured with reference to the European Sustainability Reporting Standards (ESRS) as amended by the Commission Delegated Regulation C(2026) 5010 final of 3 July 2026, amending Delegated Regulation (EU) 2023/2772 delivered as Technical Advice to the European Commission on 30 November 2025, as the reference framework for structuring and presenting sustainability information. The statement is not prepared pursuant to a mandatory reporting obligation under the Corporate Sustainability Reporting Directive (CSRD). Instead, ESRS requirements and principles have been applied voluntarily, intended to support more structured and comparable sustainability disclosures. The information disclosed in this sustainability statement has not been externally assured, verified, or audited by an independent third party.

The sustainability statement is structured in alignment with the ESRS architecture and covers environmental, social and governance topics. It has been prepared on a consolidated basis, covering all SGB-SMIT Group companies globally, including wholly and majority-owned subsidiaries. The reporting boundary is consistent with the scope of the consolidated financial statements, unless otherwise specified.

To reflect the acquisition of Southwest Electric Co. (SWE), a U.S.-based manufacturer of electrical components and transformers in early 2025, selected baseline figures have been recalculated in line with the Group's greenhouse gas accounting methodology. This supports comparability and consistency across reporting periods.

The report reflects a consistent approach to the management of material impacts, risks and opportunities across the Group's entire value chain. Where appropriate, disclosures are organized along the elements of policies, actions, targets and metrics. This structure is aligned with the General Disclosure Requirements set out in ESRS 2 and reflects emerging best practices, including developments in the amended ESRS framework.

This approach supports a coherent and transparent presentation of how sustainability matters are managed across the Group, linking strategic objectives with their implementation and performance

measurement. It also enhances consistency across topic-specific disclosures and facilitates the understanding of how the Group addresses its material impacts, risks and opportunities.

All information presented relates to the financial year from January 1 to December 31, 2025. Data is generally reported on a Group-wide basis and collected through internal reporting systems across all relevant entities. For employee-related data based on a specific reference date, 31 December was used as the reporting date.

The preparation of this sustainability statement is based on a structured and systematic approach integrating sustainability considerations into existing governance, risk management and reporting processes. Data is collected through cross-functional collaboration involving relevant departments, including Business Development, Finance, Human Resources, Operations, Procurement, R&D, Legal and Sustainability functions. Internal validation processes are in place to support consistency, plausibility and completeness of the reported information.

Material sustainability topics and the scope of this sustainability statement have been determined through a double materiality assessment in line with ESRS requirements, considering both impact materiality and financial materiality. Further details on the methodology and process are provided in section IRO-1. Based on the outcome of the assessment, the sustainability statement focuses on climate change, resource use and circular economy, own workforce, workers in the value chain and business conduct. Topics assessed as non-material like E2 Pollution, E3 Water and E4 Biodiversity and ecosystems are reported on a voluntary basis with limited disclosures but are monitored and reassessed on a regular basis.

The preparation of this sustainability statement requires the use of estimates, assumptions and judgments, particularly in areas where data availability is still evolving or where methodologies are not yet fully established. This applies, in particular, to the calculation of greenhouse gas emissions, including value chain emissions, as well as the evaluation of potential and anticipated financial effects related to sustainability matters. Estimates are based on the best available information at the reporting date, including internal data sources, external benchmarks and accepted methodologies. Where necessary, data has been recalculated or adjusted to reflect changes in organizational boundaries and to ensure comparability over time.

In addition, assumptions are used where direct primary data is not yet available, particularly in the upstream value chain and for indirect impacts. Given the inherent uncertainties associated with sustainability-related data and forward-looking assessments, actual outcomes may differ from those estimated. SGB-SMIT continuously refines its methodologies, assumptions and data collection processes to improve the accuracy, consistency and comparability of its sustainability reporting over time.

This sustainability statement contains forward-looking information, including assumptions and expectations related to sustainability matters. Such statements are subject to uncertainties and may differ from actual future developments.

SGB-SMIT has established the GREEN Program as its central framework to manage sustainability-related topics across the organization. The program supports the definition and implementation of policies, actions and targets and ensures alignment between sustainability priorities and the Group's business strategy.



The preparation of this sustainability statement reflects SGB-SMIT's objective to further develop its sustainability reporting practices and data quality in line with evolving regulatory requirements, stakeholder expectations and market developments.

BP-2 Specific information if the undertaking uses phasing-in options

SGB-SMIT has opted not to include certain data points in this voluntary sustainability statement due to limited data availability. This applies to disclosures related to the climate transition plan under ESRS E1-1, sustainability-linked remuneration metrics under ESRS 2 GOV-3, the gender pay gap and annual total remuneration ratio under ESRS S1-16, and adequate wages under ESRS S1-10.

In addition, SGB-SMIT makes use of the phase-in provisions relating to anticipated financial effects from material physical and transition risks and potential climate-related opportunities under ESRS E1-11.

The omission of these disclosures does not affect the Group's assessment of material impacts, risks and opportunities or the overall scope of this sustainability statement. SGB-SMIT is continuing to enhance its data collection processes, governance structures and reporting capabilities and intends to progressively expand its disclosures in preparation for future reporting cycles.

Governance

GOV-1 The role of the administrative, management and supervisory bodies in relation to sustainability

SGB-SMIT Group's governance of sustainability matters is integrated into its overall corporate governance structure and closely linked to strategic and operational decision-making. Responsibility for relevant topics lies at the executive level, with oversight provided by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with the broader management team. These roles ensure that relevant topics are considered in the Group's strategy, financial planning, and business decisions.

At Group level, sustainability topics are managed within the Business Development function, which reports directly to the CEO. This structure reflects the close connection between sustainability, strategic development, and long-term growth. Within Business Development, a dedicated Sustainability Team is responsible for driving activities across the organization. The team coordinates initiatives, monitors relevant developments, and ensures alignment with Group priorities.

The Sustainability Team works closely with central functions, including Finance, Human Resources,

Legal, Operations, R&D and Procurement - as well as with sustainability managers at the Group's different locations. This setup supports consistent implementation across the organization while allowing for local adaptation where required. Oversight of impacts, risks, and opportunities is exercised by executive management, supported by the Business Development function and the Sustainability Team. Responsibilities are reflected in internal governance processes and policies, including the Code of Conduct, Supplier Code of Conduct, and related compliance frameworks, which define expectations and responsibilities across the organization and its value chain.

The Board of Directors is regularly informed through structured reporting, including periodic updates and an annual summary of activities and progress, ensuring transparency and enabling oversight at Board level.

Composition of governance bodies

The Board of Directors of SGB-SMIT Group consists of four members, of which one member is independent, corresponding to 25% of the Board composition. Employee representatives are not formally represented at Board level. With regard to diversity, the Board currently consists exclusively of male members. As a private equity-owned organization, the composition of the Board reflects the ownership structure. Topics such as diversity and broader representation are considered as part of the ongoing development of the Group's governance framework.

Sustainability expertise

Relevant expertise to oversee sustainability-related topics is ensured through the combination of executive involvement and cross-functional collaboration. The CEO and CFO are directly involved in strategic and regulatory topics, including market developments, compliance requirements, and financial implications. In addition, Business Development, Finance, Legal, Human Resources, Procurement, R&D and Operations contribute their respective expertise, covering areas such as regulatory developments (e.g. CSRD, EU Taxonomy, Ecodesign for Sustainable Products Regulation (ESPR), Corporate Sustainability Due Diligence Directive (CSDDD) and German Supply Chain Due Diligence (LkSG), product performance, operational efficiency, and risk management. The Sustainability Team consolidates this knowledge at Group level and supports alignment across functions and locations.

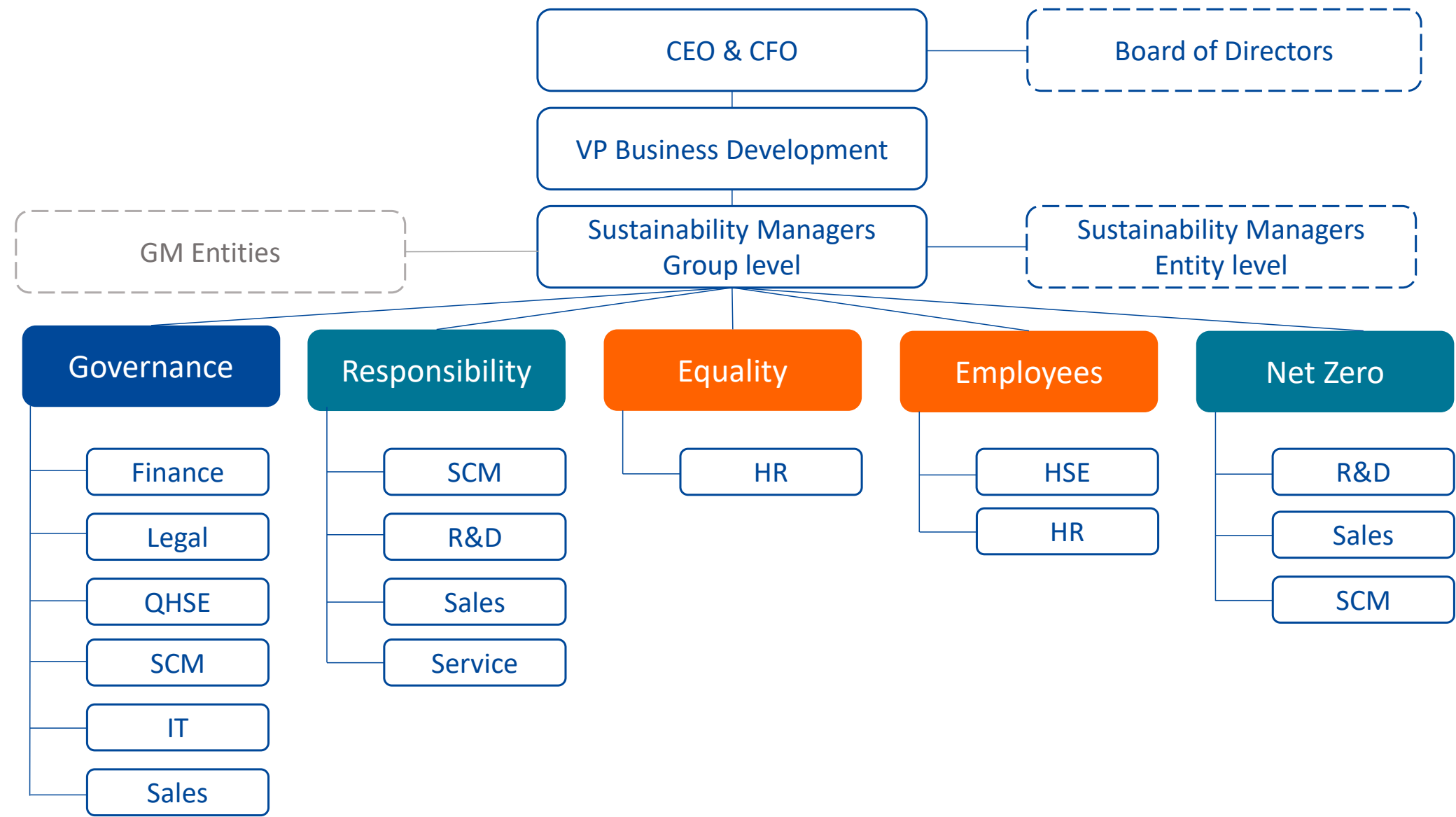
Specific responsibilities

Responsibility for the oversight of impacts, risks, and opportunities is embedded in the Group's governance structure and allocated across executive management, the Sustainability function, and the relevant business functions.

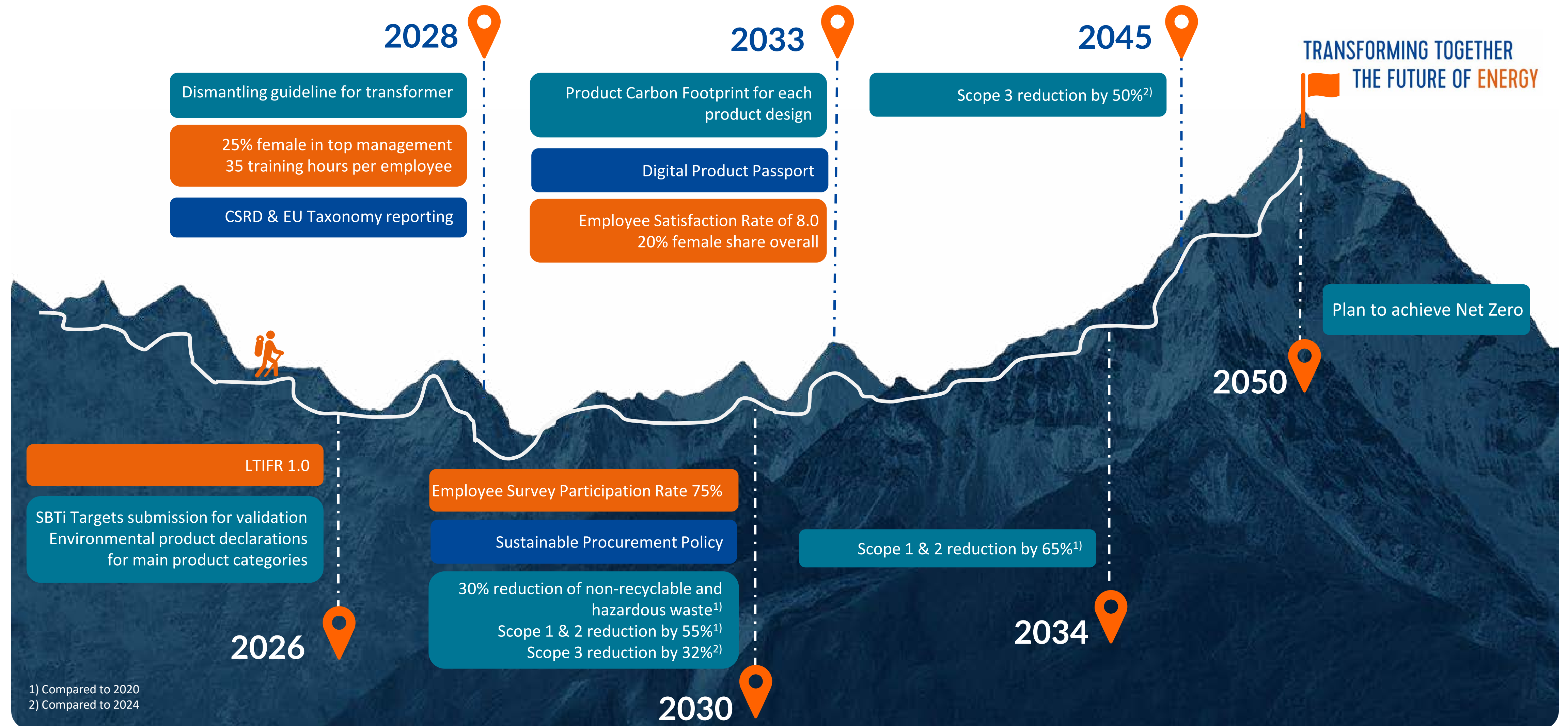
- The Board of Directors provides overarching strategic oversight and reviews developments as part of regular reporting.

- The CEO and CFO are responsible for overall strategic direction and financial oversight, including the integration of relevant topics into business decision-making.
- The Vice President Business Development, reporting directly to the CEO, oversees the coordination of sustainability-related topics at Group level and ensures alignment between sustainability priorities and business strategy.
- The Sustainability Team within Business Development drives strategic implementation, coordinating ESG initiatives, tracking progress against sustainability goals, and ensuring consistent implementation and reporting across the organization.
- The Sustainability Managers at each location drive local implementation, facilitate coordination, and act as the interface between Group sustainability requirements and local business operations.
- Functional departments, including Legal, Procurement, Operations, Human Resources and other relevant functions, are responsible for developing and implementing strategies, action plans, and performance management measures within their respective areas, while ensuring alignment with the Group's sustainability framework.

These responsibilities are reflected in internal policies, governance processes, and compliance frameworks, ensuring that relevant topics are addressed consistently across the organization.



SGB-SMIT's sustainability roadmap



Oversight of strategy and targets

SGB-SMIT's governance bodies oversee the development, implementation, and monitoring of strategic priorities as part of the Group's overall business strategy. Relevant topics are considered alongside financial and operational aspects when evaluating strategic options, investment decisions, and major business developments.

Targets and initiatives are defined within this framework and monitored through regular reporting processes. Progress is tracked at Group level and communicated through structured internal reporting, including updates to the Board of Directors and an annual summary of activities.

GOV-2 Integration of sustainability-related performance in incentive schemes

SGB-SMIT has introduced an ESG-related component within its management remuneration framework to support the implementation of Group priorities representing 20% of the variable pay. A portion of variable remuneration is linked to the achievement of defined targets and key performance indicators.

These targets are integrated into performance management processes and reflect relevant operational and strategic objectives. The linkage between performance and remuneration supports accountability across management and contributes to the consistent implementation of measures across Group entities.

GOV-3 Statement on due diligence

SGB-SMIT Group has established a structured due diligence approach to manage material impacts, risks and opportunities across its operations and value chain. The approach is integrated into existing governance, compliance and risk management structures and is aligned with applicable regulatory requirements, including the German Supply Chain Due Diligence Act (LkSG).

The identification and assessment of material impacts, risks and opportunities are carried out through the structured double materiality assessment process described in section IRO-1. The results of this process form the basis for the Group's due diligence activities and the definition of management measures.

In line with the Group's sustainability program, due diligence and risk management processes are embedded in core business operations and governed by formalized policies and procedures.

These include, among others, the Code of Conduct, the Supplier Code of Conduct and third-party intermediaries, as well as group-wide procedures for environmental management, supply chain sustainability and enterprise risk management. These frameworks provide the basis for systematic prioritization, management and monitoring of identified impacts, risks and opportunities across the organization.

The management of material impacts, risks and opportunities is integrated into existing organizational responsibilities. At Group level, the Business Development function, including the Sustainability Team, coordinates the overall approach and ensures alignment with strategic priorities. Implementation is carried out by the respective functions:

- Procurement manages supplier-related risks through qualification processes, risk assessments, audits and the application of the Supplier Code of Conduct.
- Operations is responsible for managing environmental aspects such as resource use, emissions and operational performance through established management systems.
- Human Resources addresses workforce-related topics, including health and safety, working conditions, training and employee development.
- Legal and Compliance functions oversee governance-related matters, including business conduct, anti-corruption and regulatory compliance.

Measures to address material topics are implemented within these functional processes and are integrated into daily operations and business planning activities.

The effectiveness of the due diligence approach is monitored through regular internal reporting and established control mechanisms. Relevant information is collected from responsible functions, consolidated at Group level and discussed within management structures. Key developments are reported to Executive Management and the Board of Directors.

Internal control mechanisms supporting the due diligence process include management reviews, standardized policies and procedures, internal audit activities and supplier audits, which are used to assess compliance with defined requirements across both own operations and the value chain. Stakeholder perspectives are incorporated as part of ongoing activities and contribute to the continuous review of material topics and the refinement of management measures.

Overall, this approach ensures that the outcomes of the double materiality assessment are translated into operational processes, monitored on an ongoing basis and integrated into governance, risk management and decision-making across the organization.

Cross-reference table: main due diligence steps

Main due diligence step	How is it reflected in SGB-SMIT's approach	Cross-reference in sustainability statement
Embedding due diligence in governance, strategy and business model	Due diligence responsibilities are integrated into the Group's governance, compliance, risk management and sustainability structures, including executive oversight, functional responsibilities and the GREEN Program.	GOV-1; GOV-3; GOV-4; SBM-1; SBM-3
Engaging with affected stakeholders	Stakeholder perspectives are considered through regular engagement with employees, suppliers, customers, worker representatives and other relevant stakeholders, including input into the double materiality assessment and ongoing management processes.	SBM-2; IRO-1; S1-2; S2 disclosures; G1 disclosures
Identifying and assessing negative impacts	Actual and potential impacts, risks and opportunities are identified and assessed through the double materiality assessment, covering own operations and the upstream and downstream value chain.	IRO-1; IRO-2; E1 IRO table; E5 IRO table; S1 IRO table; S2 disclosures; G1 disclosures
Taking action to address negative impacts	Policies, procedures and actions are implemented through responsible functions, including Procurement, Operations, Human Resources, Legal, Compliance and Sustainability, supported by supplier assessments, audits, environmental management systems, workforce measures and compliance controls.	GOV-3; E1-4 to E1-6; E5-1 to E5-3; S1-1 to S1-3; S2 disclosures; G1 disclosures
Tracking effectiveness of efforts	Effectiveness is monitored through internal reporting, management reviews, internal control mechanisms, supplier audits, site-level management systems, workforce feedback processes and sustainability metrics.	GOV-4; E1 metrics and targets; E5 metrics and targets; S1 metrics; S2 disclosures; G1 disclosures
Communicating how impacts are addressed	The sustainability statement communicates how material impacts, risks and opportunities are managed through policies, actions, targets and metrics across environmental, social and governance topics.	BP-1; GOV-3; IRO-2; topic-specific E1, E5, S1, S2 and G1 disclosures

GOV-4 Risk management and internal controls over sustainability reporting

SGB-SMIT Group applies a structured approach to risk management and internal control processes, which also covers sustainability-related information and reporting. These processes are integrated into the Group's overall governance framework and are aligned with existing financial and operational reporting structures.

Sustainability-related risks are considered within the Group's broader risk management framework. Relevant risks are identified and assessed as part of the double materiality assessment process described in section IRO-1 and are further reflected in operational risk management activities at Group and entity level.

The preparation and consolidation of sustainability-related information is coordinated by the Sustainability Team within the Business Development function, in close collaboration with central functions such as Finance, Human Resources, Operations, Procurement and Legal. These functions are responsible for providing and validating data within their respective areas of responsibility.

Data collection and management processes for sustainability reporting are at different stages of maturity across topics. For workforce-related data, standardized systems and processes have largely been implemented, and data is collected through established HR systems. In contrast, environmental data is currently to a significant extent collected and managed through spreadsheet-based solutions, supported by defined data collection templates and validation procedures at Group and local levels.

SGB-SMIT is in the process of further developing its data management approach, with the objective of progressively integrating sustainability-related data into existing operational reporting systems. This includes the harmonization of data structures, responsibilities and validation processes across entities and functions.

To ensure data quality and consistency, defined processes are applied for the collection, validation and consolidation of sustainability data. These include internal plausibility checks, cross-functional reviews and alignment with underlying operational and financial information where applicable. Responsibilities for data provision and validation are assigned at both Group and local levels, ensuring accountability across the organization. Internal control mechanisms supporting sustainability reporting include management reviews, standardized reporting procedures and internal control systems that are also used in financial reporting. Internal Audit carries out periodic reviews of selected processes, including compliance, risk management and data quality aspects.

The Finance function is involved in the reporting process and supports the alignment between sustainability-related information and financial data, contributing to consistency and reliability of reporting.

SGB-SMIT continues to enhance its sustainability data management and reporting processes on an ongoing basis, with a focus on improving system integration, data quality and transparency in line with increasing regulatory requirements and stakeholder expectations.

Quantitative information required under points E5 is provided on a consolidated basis and is based on procurement and production data from the Group's manufacturing sites where primary data was unavailable, assumptions have been taken. To reflect the acquisition of Southwest Electric Co. (SWE), in early 2025, SGB-SMIT, in line with the Group's Greenhouse Gas accounting methodology, the 2024 baseline was recalculated to reflect the change in organizational boundaries and to maintain consistent, comparable year-on-year emissions and environmental data.

In 2025, SGB-SMIT carried out an internal definition standardization process to align local and global Human Resources reporting definitions and to establish new data sets aligned with Social ESRS requirements. While this may create certain limitations in comparability with previous reporting periods, it was a necessary step to build solid, consistent and reliable reporting processes based on aligned definitions across the Group. This approach is currently being further enhanced to support all sustainability reporting purposes and to strengthen data quality, transparency and consistency over time. Due to the indirect nature of its relationship with value chain workers, SGB-SMIT primarily relies on supplier-mediated information, audits and external data sources for S2 disclosures, which may limit full visibility of working conditions across the value chain.

Strategy

SBM-1 Strategy, business model and value chain

SGB-SMIT Group is a global pure-play transformer company engaged in the development, manufacture, and servicing of transformers across relevant power classes. The Group serves markets that are central to the electrification value chain, including power generation, transmission and distribution utilities, renewable energy integration, grid modernization and expansion, industrial applications, infrastructure projects and other electricity intensive end uses. Its products and service activities support reliable, efficient and resilient electricity infrastructure across these markets. Through an international network

of production, service, and sales locations, the Group combines global capabilities with local market access to support its customers. SGB-SMIT's production facilities, service and sales sites are located in Europe, North America and Asia, supporting the Group's international presence and proximity to customers across key markets. In 2025, the Group generated the majority of its revenue in Europe and North America, with Europe accounting for 55% of revenue and the Americas for 38%, while the Rest of World accounted for 7%.

The coordination of the Group's largely independent global sites is managed from SGB-SMIT Group's headquarters in Regensburg, Germany. The Group is privately held under a private equity ownership structure. Its ultimate shareholding company is Dutch OEP Trafo Coöperatief U.A., based in Amsterdam, the Netherlands.

The Group's business model is based on an integrated value chain covering sourcing, engineering, manufacturing, and lifecycle services. Core activities include the design and production of power and distribution transformers and related technologies, complemented by maintenance, repair, retrofitting, and, where applicable, end-of-life recycling services. SGB-SMIT serves significant customer groups across the electrification value chain, including customers in energy generation, transmission, distribution, and industrial markets.

SGB-SMIT's strategy and business model are closely linked to structural market developments that also shape its sustainability-related impacts, risks, and opportunities. These include the expansion of renewable energy, increasing electrification of industry and mobility, grid modernization and expansion, and rising electricity demand associated with digitalization and data centers. These developments support long-term demand for transformer technologies and reinforce the Group's role in enabling a reliable, resilient, and lower-carbon energy system.

Sustainability considerations are integrated into SGB-SMIT's business model, strategic direction, and governance framework. The Group does not directly operate in the fossil fuel sector (coal, oil, or gas), nor is it directly involved in chemicals production, the controversial weapons industry, or the cultivation and production of tobacco. SGB-SMIT's products and services support the integration of renewable energy and the broader electrification of economies and can contribute to decarbonization and energy security through the provision of stable, reliable, and efficient grid infrastructure.

The Group's strategic priorities are informed by the material sustainability impacts, risks, and opportunities identified through its double materiality assessment. Relevant matters include Climate Change, Resource Use and Circular Economy, Own Workforce, Workers in Value Chain, and Business Conduct. These matters are considered in strategic planning and decision-making and help shape the

Group's sustainability-related priorities.

The Group's GREEN Program provides the principal framework for implementing its sustainability strategy through defined actions, initiatives, and targets. It includes decarbonization measures such as alignment with the Science Based Targets initiative (SBTi), greenhouse gas reduction, and the transition toward climate-neutral operations. In addition, the Group promotes circular economy principles through ecodesign, waste reduction, and recycling initiatives, while seeking to improve product efficiency and reduce energy losses over the transformer lifecycle.

Overall, SGB-SMIT's business model and strategy are designed to support long-term value creation by linking economic performance with environmental and social responsibility. By embedding sustainability considerations into its operations and strategic priorities, the Group aims to strengthen its resilience to transition-related risks and to capture opportunities arising from the increasing demand for sustainable and efficient energy infrastructure.

SGB-SMIT Group's value chain comprises the upstream sourcing of materials, components, and external services, the design and manufacture of transformers in its own operations, and downstream delivery, installation-related support, maintenance, modernization, and end-of-life activities. This value chain structure is relevant to the Group's material sustainability impacts, risks, and opportunities because these may arise both in its own operations and through business relationships with suppliers, customers, and service partners.

The upstream value chain includes the procurement of raw materials, components, and external services through a global supplier network. Key inputs include steel, copper, aluminum, insulation materials, and mechanical components. The Group's upstream sustainability exposure relates in particular to resource use, greenhouse gas emissions embedded in purchased goods, working conditions, human rights, and business conduct within the supply chain.

Supplier management is supported by standardized Group processes, including qualification, assessments, audits, and regular engagement with key suppliers, and has been further developed in response to transparency requirements, supply chain due diligence obligations, and increasing environmental and social expectations.

The Group's own operations comprise engineering, design, manufacturing, testing, research and development, sales, and administrative functions across multiple international sites. These activities are central to value creation and are closely linked to material sustainability matters, including energy consumption, greenhouse gas emissions, waste generation, occupational health and safety, workforce-

related matters, and responsible business conduct. The Group applies common standards across sites while reflecting local market requirements and uses product development and process improvements to enhance product efficiency, material efficiency, and recyclability.

The downstream value chain includes delivery, project execution, installation-related support, customer service, maintenance, repair, modernization, and retrofitting. The Group's products are used as critical components of electricity infrastructure in energy generation, transmission, distribution, and industrial applications.

Downstream sustainability relevance arises in particular through the energy efficiency and operating performance of transformers during use, the reliability and resilience of electrical infrastructure, and the extension of asset lifetime through service and modernization activities. Close cooperation with customers supports application-specific solutions that take technical, operational, and lifecycle requirements into account.

End-of-life and circularity-related activities and lifecycle extension activities form an additional part of the Group's downstream value chain. Depending on customer requirements, SGB-SMIT supports dismantling, refurbishment, recycling, and lifetime extension of transformers and their components. These activities are relevant to the Group's material sustainability matters, particularly resource use, waste reduction, circularity, and the reduction of new material demand through refurbishment and reuse.

Across the value chain, the Group is connected to material impacts, risks, and opportunities through its business relationships and operating activities. Based on the double materiality assessment, relevant matters include climate change, resource use and circularity, workforce-related matters, value chain responsibility, and business conduct. These matters originate at different stages of the value chain and are reflected in actions such as supplier engagement, product-efficiency improvements, operational performance measures, and the expansion of circular service solutions.

Overall, SGB-SMIT's value chain reflects its role in the electrification value chain, from upstream material sourcing and own manufacturing activities to downstream use, servicing, modernization, and end-of-life support of transformer assets. This value chain provides the basis for understanding where the Group's material sustainability impacts, risks, and opportunities arise and how they are linked to its strategy and business model.

SGB-SMIT at a glance

Status 2025

1913 

112 YEARS OF EXPERIENCE

3,850 

DEDICATED EMPLOYEES

48+

NATIONALITIES REPRESENTED

~17,521 

TRANSFORMERS

15 

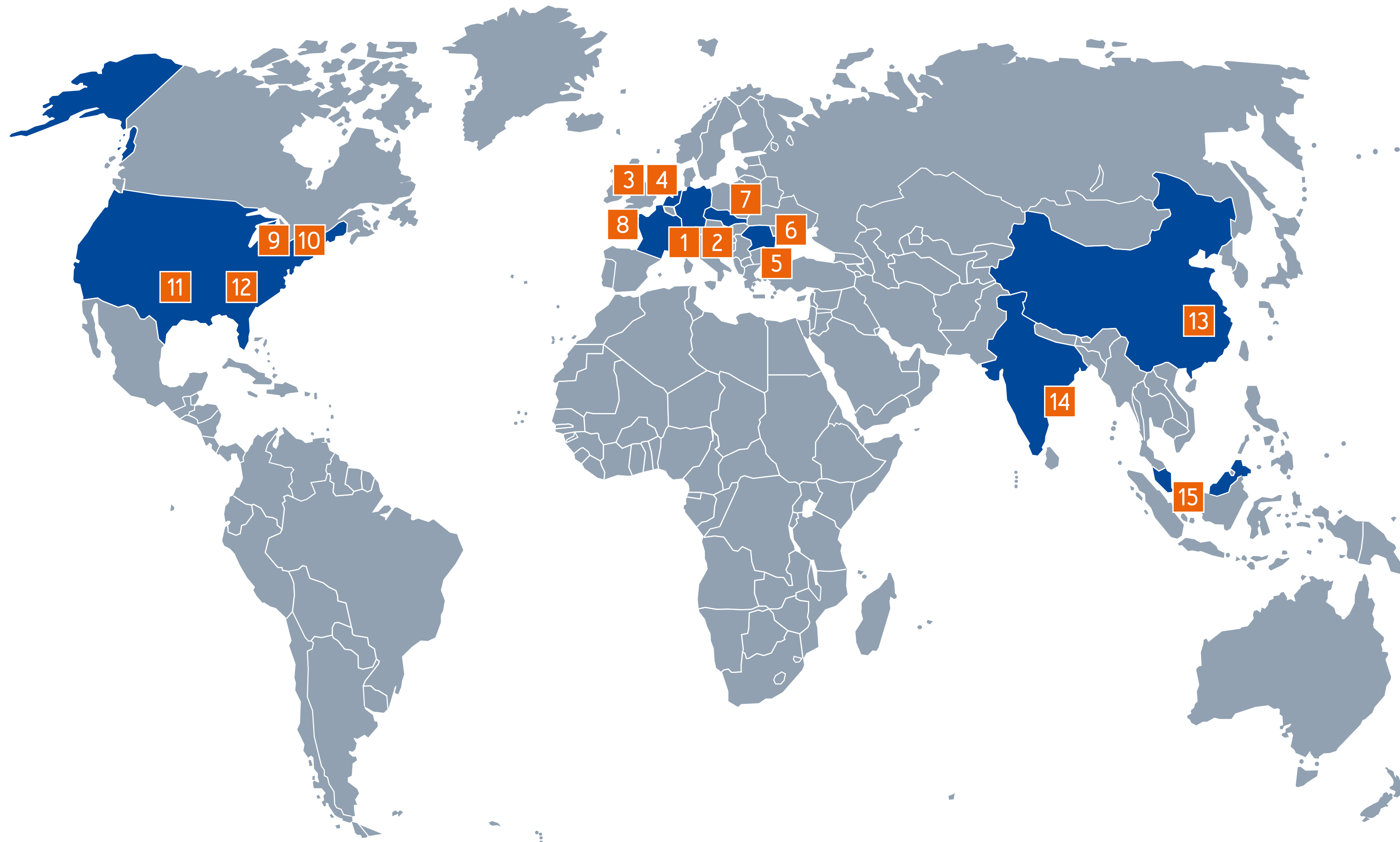
SITES WORLDWIDE

1.630 

BILLION € TURNOVER

SGB-SMIT's sites

Status 2025



- 1 STARKSTROM-GERÄTEBAU GMBH**
Regensburg [Germany]
- 2 SÄCHSISCH-BAYERISCHE STARKSTROM-GERÄTEBAU GMBH**
Neumark [Germany]
- 3 ROYAL SMIT TRANSFORMERS B.V.**
Nijmegen [The Netherlands]
- 4 SMIT TRANSFORMER SERVICE**
Nijmegen [The Netherlands]
- 5 RETRASIB SRL**
Sibiu [Romania]
- 6 SGB-ELECTROALFA SRL**
Botoșani [Romania]
- 7 SGB CZECH TRAF O S.R.O.**
Olomouc [Czech Republic]
- 8 BCV TECHNOLOGIES S.A.S.**
Fontenay-le-Comte [France]
- 9 SGB-USA INC.**
Louisville, OH [USA]
- 10 OTC SERVICES INC.**
Louisville, OH [USA]
- 11 SOUTHWEST ELECTRIC CO.**
Oklahoma City, OK [USA]
- 12 SOUTHWEST ELECTRIC CO.**
Nashville, TN [USA]
- 13 SGB CHINA**
Changzhou [P.R. China]
- 14 SGB TRANSFORMERS INDIA PVT. LTD.**
Chennai [India]
- 15 SGB MY SDN. BHD.**
Nilai [Malaysia]

SBM-2 Interests and views of stakeholders

The Group's principal stakeholder groups include:

Stakeholder group	Formats of engagement	Key topics of engagement
Shareholders, investors and financial institutions	Annual reports, digital meetings, ESG ratings, grievance mechanism.	Strategic objectives, profitable growth, compliance, sustainability-related expectations and market positioning.
Customers and workers in the value chain	Meetings, workshops, trade fairs, product safety information, grievance mechanism.	Product quality, product-related sustainability information and regulatory requirements.
Employees, unions and worker representatives	Surveys, newsletters, town halls, training, health sessions, grievance mechanism.	Workplace culture, health and safety, employee development, remuneration practices and social dialogue.
Suppliers and business partners	ESG surveys, meetings, audits, grievance mechanism.	Sustainable procurement, expectations for working conditions, quality assurance.
Research institutes, universities, media, public and authorities	Joint working groups, collaborative initiatives, articles and publications, sponsoring, donations and grievance mechanism.	Exchange of ideas, research collaboration, practical innovation, transparent communication, compliance, community contribution, and environmental responsibility.

SGB-SMIT Group engages with a broad range of stakeholders across its value chain to understand expectations, address relevant topics, and support informed decision-making. The Group's objective is to create long-term value not only for its shareholders but also for customers, employees, suppliers, and other stakeholders. Stakeholder engagement is embedded in regular business activities and takes place through structured communication formats and ongoing interactions at both Group and local levels.

Stakeholder input is also considered in processes such as the double materiality assessment, where internal and external perspectives contribute to the identification of relevant impacts, risks, and opportunities.

Insights gained through these interactions are systematically incorporated into management discussions and form part of the basis for strategic and operational decisions. Information on sustainability topics, including material impacts, risks and opportunities (IROs), is regularly communicated to management through structured formats such as recurring Jour Fixe meetings, internal newsletters, and dedicated reporting processes.

At executive level, stakeholder expectations are considered when evaluating market developments, defining strategic priorities, and assessing investment opportunities. At functional level, feedback is reflected in areas such as product development, procurement, human resources, and compliance processes. In addition, engagement at local sites supports the alignment of Group-wide priorities with regional requirements and specific operational conditions.

Stakeholder perspectives are considered through regular engagement and may inform the Group's activities, helping shape its strategy, operations, and organizational priorities in line with evolving expectations and market dynamics.

SBM-3 Interaction of material IROs with strategy and business model and financial effects

SGB-SMIT Group identifies and manages its material sustainability topics based on a structured double materiality assessment process, which is described in detail in section IRO-1. This process forms the basis for understanding the Group's impacts on the environment and society, as well as the related risks and opportunities affecting its business model and long-term development.

Based on this process, SGB-SMIT has identified the following sustainability topics as material:

- Climate change (E1)
- Resource use and circularity (E5)
- Own workforce (S1)
- Workers in the value chain (S2)
- Business conduct (G1)

These topics reflect the areas where SGB-SMIT has the most significant interaction with its environment and stakeholders, and where external developments may influence the Group's performance and long-term positioning. Topics currently assessed as non-material, such as pollution, water and marine resources, biodiversity and ecosystems, and affected communities, are monitored and reassessed on a regular basis.

Material impacts, risks, and opportunities arise across the entire value chain. Upstream, they relate primarily to the sourcing of raw materials and supplier activities. Within own operations, they are linked to manufacturing processes, resource consumption, emissions, and workforce conditions. Downstream, the use phase of transformers plays a central role, particularly with regard to energy efficiency and its contribution to indirect greenhouse gas emissions.

The interaction of these impacts, risks, and opportunities with the Group's strategy and business model is reflected in its core business activities. As a transformer manufacturer, SGB-SMIT contributes to the transformation of energy systems, supporting the integration of renewable energy and the efficient operation of power grids. At the same time, the Group is exposed to transition risks, including regulatory developments, increasing efficiency requirements, and cost volatility related to raw materials and energy.

To address these topics in a structured manner, SGB-SMIT has established the GREEN Program as its central framework for translating identified impacts, risks, and opportunities into operational measures and strategic initiatives. The program is structured across key dimensions of environmental, social, and

governance topics and links directly to the Group's material sustainability matters.

Within this framework, SGB-SMIT drives initiatives such as decarbonization of its operations, improvements in resource efficiency and circularity, workforce-related programs, and the strengthening of compliance and business conduct structures. These initiatives contribute to both managing risks and capturing opportunities in key markets, particularly in the context of electrification and renewable energy expansion.

During the reporting period, material sustainability-related risks and opportunities have influenced the Group's financial performance primarily through cost structures, market demand, and operational efficiency. This includes developments in energy and raw material costs, investments in efficiency improvements, and increasing demand for energy-efficient transformer solutions. At this stage, these effects are reflected in existing financial reporting processes, while a detailed quantitative attribution of financial effects to specific sustainability topics is still being further developed.

Looking ahead, SGB-SMIT expects sustainability-related impacts, risks, and opportunities to increasingly influence its financial position, performance, and cash flows. In the short to medium term, this includes investment requirements for operational improvements, efficiency measures, and compliance with regulatory requirements, as well as cost developments related to materials and energy. In the medium to long term, opportunities are expected to arise from increasing demand for energy-efficient products, circular solutions, and lifecycle services, while risks remain linked to regulatory developments and supply chain dynamics. At the reporting date, the Group was still developing its methodology to quantify the financial effects of material impacts, risks and opportunities to a disclosure-ready level.

The outcomes of the double materiality assessment, together with the measures implemented through the GREEN Program, form the basis for SGB-SMIT's sustainability strategy and its further development. They are embedded in management processes and support the alignment of business activities with evolving regulatory requirements, market expectations, and technological developments.

Overall, the systematic identification and management of impacts, risks, and opportunities enables SGB-SMIT to continuously adapt its business model and strategy, balancing operational performance, risk resilience, and long-term value creation in the context of the global energy transition.

Impacts, risks, and opportunities (IRO) management

IRO-1 Description of the process to identify and assess material IROs and material information to be reported

SGB-SMIT Group applies a structured process to identify and assess material impacts, risks, and opportunities (IROs), in line with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The process is based on a comprehensive double materiality methodology developed in collaboration with external experts and aligned with the Group's existing risk management framework.

Double materiality considers both impact materiality, how the Group's activities affect the environment and society, and financial materiality, how sustainability-related developments may affect the Group's financial position and future performance. A sustainability matter is considered material if it is significant from either perspective or from both.

The process follows a structured, multi-step approach:

Preparation and scoping

The business model, value chain, and relevant sustainability topics were mapped to define the scope of the assessment. Boundaries and thresholds were established based on ESRS requirements and aligned with SGB-SMIT's existing enterprise risk management framework.

Identification of impacts, risks, and opportunities

Potential and actual IROs were identified through dedicated workshops involving internal stakeholders from different entities and functions. The assessment covered upstream, own operations, and downstream activities, ensuring a comprehensive value chain perspective. External expertise supported the identification process to enhance completeness and consistency.

Assessment of materiality

Identified IROs were assessed using defined criteria and scales:

- Impacts were evaluated based on severity (including scale, scope, and irremediability) and likelihood
- Risks and opportunities were assessed based on the potential size of financial effects and their likelihood

These assessment criteria are aligned with the Group's existing risk management approach and ensure consistency between financial and sustainability-related risk evaluations.

Determination of material topics

Material IROs were aggregated at sub-topic and topic level. A sustainability topic is considered material if it includes one or more material impacts, risks, or opportunities and is therefore included in the scope of reporting.

Validation and documentation

The results were validated through an iterative process including internal management review and external stakeholder input. External stakeholders were consulted to provide feedback on the relevance and prioritization of topics. The final results were reviewed and approved by management, and the methodology and outputs were documented to ensure transparency and auditability.

Stakeholder involvement is an integral part of the process. Internal stakeholders contribute functional expertise to the identification and assessment of IROs, while external stakeholders provide additional perspectives and support the validation of results.

The initial double materiality assessment was conducted in 2024 based on the financial year 2023. In subsequent years, the assessment has been reviewed and updated in collaboration with internal stakeholders and external stakeholder perspectives, which are incorporated through targeted engagement channels, including interviews, bilateral exchanges, and input gathered via regular stakeholder interactions such as customer discussions, supplier engagement processes, and participation in industry forums. These channels provide additional insights on market expectations, regulatory developments, and value chain-related risks and opportunities, which are considered in the review and validation of the double materiality assessment results. Where no fundamental changes in the business model or activities were identified, the overall prioritization of topics remained unchanged.

The process is designed to be iterative and is regularly reviewed to reflect regulatory developments, market changes, and evolving business activities. The Double Materiality Assessment (DMA) was most recently updated in February 2026 to ensure continued alignment with the Group's operating environment and reporting requirements. Its results form the foundation for SGB-SMIT's sustainability strategy, disclosures, and the definition of actions, targets, and governance structures.

IRO-2 Material IROs and disclosure requirements included in the sustainability statement

The double materiality assessment conducted by SGB-SMIT Group (see section IRO-1) forms the basis for the identification of the Group's material impacts, risks and opportunities (IROs). These IROs define the scope of the sustainability statement and reflect the areas where SGB-SMIT has the most significant interactions with the environment, society and its business context.

SGB-SMIT has identified material IROs across environmental, social and governance topics, covering both its own operations and its upstream and downstream value chain. These IROs reflect the Group's role as a global transformer manufacturer operating within the context of the energy transition and an increasingly regulated business environment.

Environmental impacts, risks and opportunities (E1, E5)

Material environmental topics are primarily related to climate change and resource use.

Negative impacts arise particularly from:

- Greenhouse gas emissions associated with energy-intensive manufacturing processes, raw material extraction and logistics
- Indirect emissions during the use phase of transformers, linked to energy losses
- Environmental impacts associated with the sourcing of key materials such as steel, copper and aluminum

Material risks are mainly driven by:

- Regulatory developments, including carbon pricing and energy legislation, resulting in increasing cost pressure
- Raw material scarcity and supply chain dependencies, which may affect production and profitability
- Climate-related physical risks, such as extreme weather events, with potential operational impacts

At the same time, significant opportunities arise from:

- Increasing demand for energy efficient transformer solutions, supporting electrification and renewable energy integration
- Development of low loss technologies, circular solutions and sustainable materials
- Improvements in resource efficiency and lifecycle optimization

Social impacts, risks and opportunities (S1, S2)

Material social IROs relate to both the own workforce and workers in the value chain.

Negative impacts and risks include:

- The inherent health and safety risks in manufacturing processes
- Limited visibility in parts of the supply chain, may give rise to risks related to labor standards and human rights
- Workforce challenges such as skills shortages and retention risks, potentially affecting operational performance

Positive impacts and opportunities arise from:

- The Group's role in the energy sector, which is experiencing long-term growth driven by the global energy transition, creating opportunities to attract and retain qualified employees in a strategically important industry
- Ongoing measures to improve health, safety and working conditions
- Initiatives intended to support diversity, inclusion and equal opportunities
- Further development of supplier management processes, supporting supplier due diligence, compliance expectations and sourcing-related risk management

Governance-related impacts, risks and opportunities (G1)

Material governance topics focus on business conduct and compliance.

Key risks include:

- Rapidly evolving ESG regulations increasing compliance complexity
- Challenges in ensuring full supplier compliance across the value chain

Positive impacts and opportunities are linked to:

- The implementation of robust governance structures, policies and training
- Established whistleblower and reporting systems, enabling early identification of risks
- Strengthened relationships with suppliers and stakeholders, supporting long-term resilience

The identified IROs are closely linked to SGB-SMIT's business model and are integrated into the Group's strategy, in particular through its positioning within the energy transition and the implementation of the GREEN Program as the central framework for managing sustainability-related topics. They are further embedded in risk management processes and business planning activities. The financial implications of these IROs, including current and anticipated effects, are described in section SBM-3.

To ensure transparency and avoid duplication, SGB-SMIT provides a structured mapping of its material IROs to the relevant ESRS disclosure requirements and sections of this sustainability statement. This mapping serves as a navigation tool, enabling stakeholders to identify where material topics are addressed and how they are managed through policies, actions and targets.

ESRS cross reference index (material topics)

Material topic	Key IRO focus	ESRS standard	Value chain coverage	Where addressed in report	How addressed
Climate change	GHG emissions and lifecycle impacts	E1	Own operations & value chain	Environment chapter – climate change	Green program (decarbonization, energy efficiency, product design)
Climate change	Energy consumption and product efficiency	E1	Own operations & value chain	Environment chapter – climate change	Product optimization and operational improvements
Climate change	Regulatory and transition risks	E1	Own operations & value chain	SBM-3 + environment chapter	Compliance frameworks and strategic adjustments
Climate change	Market opportunities (energy transition)	E1	Both	SBM-3	Product development and growth strategy
Resource use & circular economy	Raw material dependency and scarcity	E5	Value chain	Environment chapter – circular economy	Procurement strategy and supplier management
Resource use & circular economy	Circularity and recycling opportunities	E5	Both	SBM-3 + environment chapter	Green program (circular economy initiatives)
Own workforce	Health & Safety risks	S1	Own operations	Social chapter – own workforce	Safety programs and training
Own workforce	Working conditions and retention	S1	Own operations	Social chapter – own workforce	HR policies and workforce measures
Own workforce	Diversity and inclusion	S1	Own operations	Social chapter – own workforce	Diversity programs and Code of Conduct
Workers in the value chain	Human rights and labor standards	S2	Value chain	Social chapter – value chain	Supplier Code of Conduct and audits
Workers in the value chain	Supplier compliance and transparency	S2	Value chain	Social chapter – value chain	Supplier management and risk monitoring
Business conduct	Corruption and compliance risks	G1	Own operations & value chain	Governance chapter – business conduct	Compliance systems and training
Business conduct	Whistleblower mechanisms	G1	Own operations	Governance chapter – business conduct	Reporting systems and ombudsman

The material impacts, risks and opportunities identified through the double materiality assessment are consistently reflected across the sustainability statement. They are addressed through topic-specific disclosures under the relevant ESRS standards, as well as through the Group's policies, actions and targets and the strategic perspective outlined in SBM-3. This ensures a coherent and comprehensive

representation of how SGB-SMIT identifies, manages and reports its material sustainability topics.

A list of datapoints in the cross-cutting and topical ESRS standards that derive from other EU legislation is provided on page 71 at the end of this report.



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SGB-SMIT Group's environmental disclosures are prepared in alignment with the ESRS framework and are based on the results of the Group's double materiality assessment, which identified climate change and resource use and circular economy as the most relevant environmental topics.

As a global transformer manufacturer operating at the core of the electrification value chain, SGB-SMIT plays a key role in supporting the transition towards a more sustainable and low-carbon energy system. Environmental aspects are therefore closely linked to the Group's business model, with impacts arising both from its manufacturing activities and across its upstream and downstream value chain, particularly in relation to energy consumption, greenhouse gas emissions, and the use of resource-intensive materials.

The management of environmental impacts, risks and opportunities is embedded in the Group's governance, risk management and operational processes and is implemented through the GREEN Program as the central framework for sustainability. This includes structured policies, actions, targets and metrics addressing decarbonization, energy efficiency, circular product design and responsible sourcing, supported by site-level environmental and energy management systems across global operations.

During the reporting period, SGB-SMIT continued to advance its environmental performance, including reductions in operational emissions, increased use of renewable electricity, improvements in material efficiency and further development of product-related environmental data. At the same time, the Group continued to strengthen its climate transition planning and data management processes in preparation for future regulatory requirements and enhanced disclosure expectations.

This chapter provides an overview of the Group's environmental management framework, policies, actions, targets and performance in accordance with ESRS E1–E5. Topics not assessed as material for 2025, including pollution, water, biodiversity and ecosystems, are disclosed at a high level and remain subject to ongoing monitoring and reassessment.

The data encompasses all activities across SGB-SMIT Group globally, including 100% of emissions from wholly owned and majority-owned subsidiaries. To ensure the consistency and comparability of year-on-year emissions and energy data, the 2024 baseline was recalculated to reflect changes in organizational boundaries resulting from mergers and acquisitions completed in 2025.



E1: CLIMATE CHANGE

Material impacts, risks, and opportunities (IROs) related to climate change

Topic	Sub-topic	IRO Type	Description	Time horizon	Scope
Climate change	Mitigation	Negative impact	During the operational lifetime of transformers, losses occur, impacting the environment due to energy inefficiencies. These losses, stemming from heat dissipation and electrical resistance, translate into an increased demand for power generation, subsequently elevating carbon emissions and resource consumption.	Short term	Value chain
Climate change	Mitigation	Negative impact	The extraction of raw materials such as steel, copper and aluminum, essential for SGB-SMIT transformers, involves highly energy-intensive mining processes. These operations predominantly rely on fossil fuels, resulting in significant greenhouse gas emissions and environmental degradation. This dependency contributes to SGB-SMIT's indirect carbon footprint and poses sustainability challenges across its supply chain.	Short term	Value chain
Climate change	Mitigation	Positive impact	The low-loss transformers produced by SGB-SMIT support the energy transition and reduce the impact on climate change.	Short term	Value chain
Climate change	Mitigation	Risk	Increasingly stringent European climate and environmental regulation, including industrial air-emission requirements, national NOx limits and carbon-pricing mechanisms, may increase compliance and operating costs, slow business processes and weaken SGB-SMIT's competitiveness relative to producers outside the EU. This could reduce market share and profitability and, in a severe scenario, require the relocation of certain production activities outside the EU.	Long term	Own operations
Energy	Consump- tion & mix	Positive impact	SGB-SMIT promotes the use of renewable energy within its own operations.	Short term	Own operations

The identified environmental IROs form the basis for the following management disclosures. They define the policies, engagement mechanisms, actions, resources, and targets most relevant to addressing material environmental impacts, risks, and opportunities. The subsequent sections explain how

SGB-SMIT translates this assessment into governance structures, preventive and corrective measures, and measurable objectives to ensure that material environmental topics are managed consistently and in alignment with the Group's strategy.

E1-1 Transition plan for climate change mitigation

The Group has defined climate-related targets and is advancing its decarbonization roadmap. Climate-related risks and opportunities are already considered in strategic planning and risk management. A formal climate transition plan, including the further specification of implementation pathways, resource needs and governance integration, is currently under development and is expected to be finalized in fiscal year 2027. The Group will provide the full transition plan including anticipated CapEx and OpEx investments disclosure once the plan has been finalized.

E1-2 Identification of climate-related risks and scenario analysis

SGB-SMIT Group identifies and assesses climate-related risks and opportunities through its corporate risk management framework and ongoing strategic review, covering both own operations and relevant parts of the value chain across the short, medium and long-term as referred to in the IRO table on page 23. The assessment considers physical climate risks, such as storms, flooding, heat and water stress affecting manufacturing sites and supply chain continuity, as well as transition risks arising from regulatory developments, carbon-related cost increases, shifts in technology, and changing customer and market expectations in the transition to a low-carbon economy. Material climate-related risks identified to date include physical risks at selected sites with elevated exposure to extreme weather and transition risks linked to increasingly stringent regulation and the potential cost and availability impacts of carbon-intensive materials.

In 2024, SGB-SMIT Group carried out a physical climate risk assessment for its global manufacturing footprint with support from an external consultancy. The analysis used the IPCC Shared Socioeconomic Pathway SSP5-8.5 as a high-emission scenario to evaluate potential physical climate impacts under current conditions and future time horizons to 2030 and 2050. This scenario was selected as a conservative stress-testing basis for assessing the exposure and sensitivity of assets and operations to severe climate conditions. The assessment covered site-level exposure to relevant climate hazards and considered the potential implications for operational continuity, infrastructure, and cost development.

The results indicate that approximately 80% of the Group's assets are currently exposed to low to moderate physical climate risks and remain within that range under the assessed future scenario. While four production sites were identified as having higher exposure to climate-related hazards such as storms, flooding and water stress, no immediate high-risk operational vulnerabilities requiring urgent intervention were identified. The assessment findings are integrated into the Group's enterprise risk

management processes and are used to prioritize site-level resilience planning, business continuity measures and adaptation actions. These measures include regular review of emergency preparedness procedures, assessment of critical infrastructure resilience, maintenance and continuity planning for key production assets, and ongoing monitoring of relevant climate-related risks. Site-specific adaptation measures are reviewed and updated periodically to support operational continuity and strengthen long-term resilience under changing climate conditions.

For transition risks, the Group's current assessment focuses on exposure to regulatory changes, including carbon pricing and product-related regulation, potential increases in the cost of carbon-intensive materials, and changes in technology and market demand. These transition risks are assessed qualitatively within the strategic planning and risk management process. At present, the Group has not yet completed a formal quantified transition scenario analysis based on a 1.5°C aligned pathway. Such analysis is being developed using recognized external scenarios, such as those published by the IEA or NGFS, to strengthen the assessment of transition resilience and support future reporting.

E1-3 Resilience in relation to climate change

SGB-SMIT Group assesses the resilience of its strategy and business model to climate-related risks through its corporate risk management framework, strategic planning and site-level climate risk screening. The physical climate risk assessment carried out for the Group's global manufacturing footprint indicates that most sites are exposed to low to moderate physical climate risks, while four production sites show higher exposure to storms, flooding and water stress. These findings are used to prioritize site-level resilience planning, business continuity measures and adaptation actions.

The assessment has not resulted in fundamental changes to the Group's strategy or business model to date, but it supports the integration of climate-related risks into operational and strategic decision-making. For transition risks, SGB-SMIT considers future regulatory developments, carbon-related cost, increase in energy costs, carbon prices, availability of low-carbon materials, customer demand and technology changes. A formal 1.5°C-aligned transition scenario analysis is still under development. Overall, SGB-SMIT considers its business model adaptable over the short, medium and long term through operational resilience measures, climate transition planning, and its long-term ambition to achieve net zero by 2050.

E1-4 Policies related to climate change mitigation and adaptation

Policy	Topic	Key content	Scope
Environmental Management and Performance Guideline	Climate Change, GHG Policy, Energy Efficiency, Waste Management Policy	Defines the Group's environmental management principles, responsibilities, compliance obligations, monitoring, continuous improvement, and environmental performance, including water monitoring across operations. REACH and RoHS compliance as well as handling procedures for substances of concern.	Group-wide own operations
Pollution control Guideline	Pollution Prevention & Chemicals Management Policy	Sets requirements for preventing and controlling emissions to air, water and soil, managing hazardous substances, and ensuring compliant handling, storage and disposal at site level. As well as handling, storage and disposal procedures for substances of concern.	Site-specific own operations
QHSE Manual	Reduction of emissions and resource use	Establishes integrated quality, health, safety and environmental management requirements, including process controls, responsibilities, incident management, training and operational compliance.	Group-wide own operations
Environmental and Health & Safety Law Guideline	Safe handling and working with substances of concern	Provides a framework to identify, monitor and comply with applicable environmental and occupational health and safety legal requirements at local and Group level.	Group-wide own operations
Supplier Code of Conduct	Supplier ESG-related standards	Sets minimum environmental, social and governance expectations for suppliers, including legal compliance, responsible sourcing, environmental protection, and business integrity across the supply chain.	Upstream value chain / suppliers
Risk and Business Continuity Management Guideline	RISK Management	Defines processes for identifying, assessing and managing operational and strategic risks, including climate-related physical and transition risks, supply chain disruption and business continuity measures.	Group-wide own operations and relevant value chain risks

The environmental management system, which is third-party certified according to the international standard ISO 14001 at all Group sites, is central to the organizational climate policies. SGB-SMIT's German sites have Energy Management Systems that are ISO 50001 certified.

All these policies provide a framework for continuous improvement, legal compliance with existing Ecodesign requirements for power transformers, and preparation for future product-related requirements under the Ecodesign for Sustainable Products Regulation (ESPR), including Digital Product Passports (DPP) covering product composition, reparability, and end-of-life information for transformers.

E1-5 Actions and resources related to climate change mitigation and adaptation

SGB-SMIT Group's key climate change mitigation and adaptation actions are implemented through the GREEN Program's "Net Zero" pillar, the Group's decarbonization roadmap, site-level energy and environmental management systems, and ongoing climate risk management. The actions focus on

reducing energy demand, increasing renewable electricity, improving product efficiency, reducing Scope 1 and 2 emissions, addressing Scope 3 emissions through product and supplier-related measures, and strengthening resilience to physical climate risks. Quantified GHG emission reductions by individual decarbonization levers are not yet fully available.

Decarbonization lever	Key action	Status	Resources allocated / implementation approach	GHG emission reduction contribution
Energy efficiency	Continuous investments in energy-efficient technologies, including smart energy management systems, modernization of production lines and lighting upgrades.	More than 70% of lighting has been upgraded to LED. Upgrade of certain production machinery to reduce energy losses.	Implemented through site manufacturing teams, energy management activities, continuous improvement programs and site-level environmental management systems.	Supports reduction of Scope 1 and 2 emissions through lower energy demand. Quantified GHG reduction by this lever is not yet separately disclosed.
Renewable electricity	Increased sourcing of renewable electricity and implementation of on-site renewable energy generation.	75% of electricity is sourced from renewables, based on market-based electricity procurement data. Three on-site rooftop solar PV systems are in place.	Implemented through electricity procurement, renewable energy sourcing and site-level renewable energy projects.	Contributes to Scope 2 market-based emission reduction. Scope 2 market-based emissions decreased by 7% from 5,701 tCO ₂ e in 2024 to 5,311 tCO ₂ e in 2025.
Product development and low-loss transformers	Design and development of transformers that minimize energy losses during operation and support the transition to low-carbon energy systems.	Low-loss transformers are identified as a positive climate impact. The use phase of sold products remains the largest Scope 3 category, accounting for over 95% of Scope 3 emissions.	Implemented through engineering, product development, product lifecycle know-how and customer-specific design processes.	Scope 3 downstream emissions, Category 11 - use of sold products, decreased by 20% from 17,649,666 tCO ₂ e in 2024 to 14,085,539 tCO ₂ e in 2025. Mainly reflecting changes in product mix, and calculation assumptions, where applicable.
Decarbonization roadmap and transition planning	Development of a decarbonization roadmap and climate transition plan to integrate climate risks, opportunities and mitigation actions into strategic planning.	Transition plan is under development and expected to be implemented in fiscal year 2027. SGB-SMIT plans to submit its targets to SBTi for validation by end of 2026.	Led at Group level through sustainability, strategy, risk management and operational functions across all the local entities.	Scope 1 and 2 reduction of 55% in 2030 compared to base year 2020 and 65% in 2034, Scope 3 reduction of 32% in 2030 compared to base year 2024 and aims to achieve net zero across Scope 1, 2 and 3 by 2050.
Operational emissions reduction	Reduction of direct and energy-related emissions from own operations through energy efficiency, renewable electricity and operational improvements.	Replacement of diesel forklifts with electrical forklifts, Optimization of production-related machinery, and progressive electrification of the company car fleet.	Implemented through operational control, energy management, site-level improvement programs and environmental management systems.	Emissions have remained stable despite growing production output highlighting the effectiveness of current operational efficiency initiatives.
Climate adaptation and physical risk resilience	Site-level climate risk screening and prioritization of resilience measures for locations exposed to storms, flooding and water stress.	Physical climate risk assessment conducted in 2024 using IPCC SSP5-8.5. Around 80% of assets are exposed to low to moderate physical climate risks. Chennai and Louisville were identified as high to very high exposure sites.	Implemented through corporate risk management, site-level risk reviews, business continuity planning and environmental management processes.	Adaptation action does not directly generate GHG reductions but supports operational resilience and continuity under physical climate risks.
Supplier and material-related decarbonization	Engagement with suppliers and increased focus on recycled, lower-carbon and more sustainable materials where technically and commercially feasible.	Approximately 15% of secondary resources are used where technically and contractually feasible. Key focus materials include steel, copper, aluminum and transformer oils.	Implemented through procurement teams, supplier engagement and product environmental data development such as EPDs and PCFs.	Expected to contribute to Scope 3 reductions, particularly purchased goods and services. Quantified GHG reduction by this lever is not yet separately disclosed.

E1-6 Targets related to climate change

SGB-SMIT Group has defined climate change targets under its GREEN Program “Net Zero” pillar and decarbonization roadmap. The Group has set an absolute target to reduce Scope 1 and Scope 2 greenhouse gas emissions by 55% by 2030, using 2020 as the baseline year. The 2020 Scope 1 and 2 baseline is reported as 26,967 tCO₂e using the market-based method. In addition, the Group aims to achieve a 65% reduction for Scope 1 and Scope 2 emissions by 2034 and aims to achieve net zero across Scope 1, Scope 2 and Scope 3 emissions by 2050. As part of the SBTi validation process that is planned for the end of 2026, the Group might revise its ambitious targets and adjust its baseline to reflect the SBTi requirements and the current market situation. Scope 1 and 2 has been reduced by 39% compared with the 2020 baseline. In 2025, combined Scope 1 and Scope 2 market-based emissions increased from 16,352 tCO₂e in 2024 to 16,442 tCO₂e in 2025. Scope 2 market-based emissions decreased by 7%, while Scope 1 emissions increased by 5% compared to 2024. Scope 3 emissions decreased by 19%, from 18,259,957 tCO₂e in 2024 to 14,721,889 tCO₂e in 2025. The largest Scope 3 category remains Category 11 – Use of sold products, which accounts for more than 95% of total Scope 3 emissions.

In early 2025, SGB-SMIT Group acquired Southwest Electric Co. (SWE), a U.S.-based manufacturer of electrical components and transformers. In line with the Group's greenhouse gas accounting methodology, the 2024 baseline was recalculated to reflect this change in organizational boundaries and to maintain consistent, comparable year-on-year emissions and energy data. Because the acquisition materially affects the Group's reported emissions, the 2024 emissions, and energy inventory and other environmental data points were updated to include the relevant data as if SWE had been part of the Group during the baseline year. This approach improves transparency and comparability over time. SGB-SMIT Group has planned to submit its decarbonization targets for validation by the Science Based Targets initiative by the end of 2026. The Group intends to assess alignment of its targets with recognized climate pathways, including 1.5°C-compatible pathways, as part of the SBTi process. The Group's target achievement depends on key decarbonization levers, including energy efficiency, increased renewable electricity sourcing, operational electrification, product development focused on low-loss transformers, supplier engagement for lower-carbon and recycled materials, and the further development of product environmental data such as EPDs and PCFs. For residual emissions that cannot yet be avoided, the Group is evaluating verified greenhouse gas removal and climate protection projects.

In 2025, SGB-SMIT financed the removal of 502 tCO₂e through verified projects, which is intended to complement direct emissions reductions rather than replace them. All targets reported are gross targets, removals and carbon credits are excluded from target achievements.

The Group is currently developing its Climate Transition Plan (CTP). Accordingly, a detailed plan including quantified decarbonization levers is not yet disclosed. The Group currently focuses on defining its GHG emission reduction targets and will further develop its transition plan in subsequent reporting periods.

E1-7 Energy consumption and mix

In 2025, total energy consumption was 94,007 MWh. Renewable sources accounted for 34% of the total energy mix. The energy intensity for 2025 was 1.19 MWh/MVA produced. This statement is prepared on a consolidated basis.

The energy data covers 100% of all wholly owned and majority-owned subsidiaries within the Group. The baseline has been recalculated to reflect the Group's current organizational boundary and ensure the comparability of energy performance data over time.

Energy consumption and mix

Energy type (in MWh)	2024	2025
Heating oil	3,292	3,852
Natural gas	42,784	44,546
Coal	0	0
Biomass	1,481	2,027
Liquefied petroleum gas (LPG)	135	163
Gasoline	123	194
Diesel	2,655	3,331
Electricity from national grid mixes	9,902	8,265
Electricity from renewable source	28,207	29,599
Own generated electricity	2,775	2,030
Total energy consumption	91,354	94,007

During the reporting period, the breakdown of own generated electricity 497 MWh was from renewable sources and 1,533 was from non-renewable sources.

Total energy consumption (in MWh)	2024	2025
Total energy consumption from fossil sources	61,205	61,330
Energy consumption from natural gas	42,784	44,546
Energy consumption from crude oil and petroleum products	6,205	7,540
Energy consumption from coal and coal products	0	0
Energy consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	9,902	7,711
Energy consumption of self-generated from natural gas	2,314	1,533
Total energy consumption from nuclear sources	592	554
Total energy consumption from renewable sources	30,149	32,123
Energy consumption from renewable sources including biomass	1,481	2,027
Energy consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	28,207	29,599
Energy consumption of self-generated non-fuel renewable energy	461	497
Total energy consumption	91,354	94,007
Share of fossil sources in total energy consumption %	66%	65%
Share of renewables in total energy consumption %	33%	34%
Share of nuclear sources in total energy consumption%	1%	1%
Specific KPI energy intensity (MWh/MVA produced)	1.19	1.19
Energy intensity per net revenue (MWh/€)	0.000063	0.000058

All activities under the operational control of SGB-SMIT Group are designated as high climate impact activities. In assessing energy intensity, the activities outlined in the NACE (Nomenclature statistique des activités économiques dans la Communauté européenne) classification system have been taken into account:

- C 27.1 Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus
- C 33. Repair and installation of machinery and equipment.

E1-8 Gross scope 1, 2, 3 and total GHG emissions

	2024	2025	Change
Total Gross Scope 1 GHG emissions (tCO ₂ e)	10,651	11,130	5%
Total Gross Scope 2 Market-based GHG emissions (tCO ₂ e)	5,701	5,311	-7%
Total Gross Scope 2 Location-based GHG emissions (tCO ₂ e)	18,983	19,778	4%
Total Gross Scope 3 GHG emissions (tCO ₂ e)	18,259,957	14,721,889	-19%
Total Gross Scope 1, 2 & 3 Market-based GHG emissions (tCO ₂ e)	18,276,309	14,738,330	-19%
Total Gross Scope 1, 2 & 3 Location-based GHG emissions (tCO ₂ e)	18,289,571	14,752,797	-19%
Total GHG emissions (Location-based) per net revenue (tCO ₂ e/€)	0.01265	0.00904	-
Total GHG emissions (Market-based) per net revenue (tCO ₂ e/€)	0.01266	0.00905	-



	Comparative base year 2024	Current year 2025	Change
	Emissions	Emissions	
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO ₂ e)	10,651	11,130	5%
Percentage of Scope 1 GHG emissions from the EU Emissions Trading System (EU ETS) (%)	0%	0%	
Scope 2 GHG emissions			
Gross location based Scope 2 GHG emissions (tCO ₂ e)	18,963	19,778	4%
Gross market based Scope 2 GHG emissions (tCO ₂ e)	5,701	5,311	-7%
Significant scope 3 GHG emissions			
Total gross indirect (Scope 3) GHG emissions (tCO ₂ e)	18,259,957	14,721,889	-19%
1. Purchased goods and services	574,378	596,040	4%
(sub-category) Cloud computing and data centre services	-	-	
2. Capital goods	8,424	11,075	31%
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	3,423	3,418	0%
4. Upstream transportation and distribution	12,625	13,424	6%
5. Waste generated in operations	214	328	54%
6. Business travel	2,714	2,947	9%
7. Employee commuting	3,247	3,680	13%
8. Upstream leased assets	-	-	-
9. Downstream transportation and distribution	441	641	46%
10. Processing of sold products	-	-	-
11. Use of sold products	17,649,666	14,085,539	-20%
12. End-of-life treatment of sold products	4,825	4,797	-1%
13. Downstream leased assets	-	-	-
14. Franchises	-	-	-
15. Investments	-	-	-
Direct biogenic Scope 1 emissions	518	709	37%

GHG emissions calculation methodology

Scope 1 emissions include direct emissions from owned or controlled sources, primarily fuel combustion (e.g. natural gas, diesel) and refrigerants. Emissions are quantified using DEFRA emission factors applied to fuel consumption data collected across operational sites. Biogenic emissions from Scope 1 are reported separately.

Scope 2 emissions cover indirect emissions from purchased electricity, heating and cooling. The Group applies both: Market-based approach (supplier-specific emission factors), and Location-based approach (ecoinvent database) depending on data availability.

Scope 3 emissions cover indirect upstream and downstream value chain emissions and are reported in line with the 15 GHG Protocol categories. Depending on data availability, the Group applies a hybrid methodology using mass-based emission factors, distance-based calculations for logistics, and spend-based estimates based on recognized secondary datasets.

Where primary data is not available, proxy data, industry averages and secondary emission factors are used in accordance with GHG Protocol guidance. This approach reflects the current limitations and uncertainties of Scope 3 reporting and will be improved as more primary and supplier-specific data becomes available.

For Category 11 “Use of sold products”, product-specific grid mix and load profile data were not available for each transformer. Therefore, location-based assumptions were applied.

Data quality, assumptions and limitations

Reported emissions are based on the best available data at the time of reporting. Key limitations include the use of secondary emission factors, proxy assumptions such as commuting distances and waste treatment shares, and the inherent uncertainty of Scope 3 estimations.

Justification for excluding categories from Scope 3 activities:

- Category 8 - Upstream leased assets: This category has been excluded from the emissions inventory as it is not applicable to the Group.
- Category 10 - Processing of Sold Products: This category has been excluded from the emissions inventory as it is not applicable due to the Group's business model.
- Category 13 - Downstream leased assets: This category has been excluded from the emissions inventory as it is not applicable to the Group.
- Category 14 - Franchises: This category has been excluded from the emissions inventory as it is not applicable to the group's business model. The Group does not operate under franchise arrangements, nor does it manage emissions arising from franchised activities.

- Category 15 - Investments: This category has been excluded from the emissions inventory as it is not applicable to the Group.

Out of scope - Scope 1 emissions from biogenic CO₂ emissions.

Emission distribution and drivers

The distribution of emissions across Scope 1, 2 and 3 reflects the Group's manufacturing-based business model and global value chain.

- Scope 1 and 2 emissions are primarily driven by energy consumption in production sites.
- Scope 3 emissions represent the dominant share, as they include emissions from purchased materials, logistics, product use and end-of-life treatment.

Within Scope 3:

- Category 11 “Use of sold products” the main driver due to lifetime electricity losses of transformers, calculated over the reference service life.
- Category 1 “Purchased goods and services” is one of the key drivers, as emissions include cradle-to-gate impacts of raw material extraction, production and transport.

At SGB-SMIT Group level the largest source of emissions is attributed to Category 11 “Use of sold products”, accounting for over 95% of the total.

E1-9 GHG removals and GHG mitigation projects financed through carbon credits

SGB-SMIT prioritizes direct emissions reduction in its decarbonization efforts. In addition, the Group is evaluating greenhouse gas (GHG) removal measures to address residual emissions that cannot yet be avoided through operational improvements or increased use of renewable energy. This includes investment in verified carbon removal and climate protection projects supported by high-quality carbon credits, with the aim of ensuring transparency and accountability. Through this approach, SGB-SMIT seeks to further reduce its carbon footprint and support the transition to a low-carbon economy.

In 2025, SGB-SMIT purchased and cancelled carbon credits corresponding to 502 tCO₂e. The portfolio includes projects involving emissions avoidance, reduction and, where applicable, carbon removal. These credits are reported separately and are not counted toward achievement of the Group's gross emissions-reduction targets.

Type	Description	GHG removed	Methodology	Verification status
Carbon credits (purchased)	TRAXX HVO100 diesel	11 tCO ₂ e	TRAXX HVO100 is a fully renewable and fossil-free diesel made from waste and residual streams that emits 90% less CO ₂ than fossil diesel. The remaining 10% of CO ₂ emissions is offset through VCS-certified sustainable energy projects.	Verified Carbon Standard (VCS)-certified sustainable energy projects.
Carbon credits (purchased)	IGS Energy supports greenhouse gas (GHG) reduction by purchasing carbon offsets equivalent to 7,324 MCF (thousand cubic feet) of natural gas annually	435 tCO ₂ e	Carbon offset projects include Landfill gas capture, Reforestation and conservation, Construction of renewable energy technology, and Development of carbon-capture technology.	-
Carbon credits (purchased)	SGB-SMIT with the participating airlines of the Lufthansa Group, has contributed to climate protection projects as compensation of the flight-related CO ₂ emissions.	56 tCO ₂ e	Flight-related CO ₂ emissions are compensated through climate protection projects, including efficient cookstoves, reforestation and biochar production.	Internationally certified based on the Gold Standard or Carbon Standards International methodology

E1-10 Internal carbon pricing

SGB-SMIT Group does not currently have an internal carbon pricing mechanism. At present, the implementation of a formal internal carbon pricing framework has not been prioritized, as the Group is focusing on strengthening its greenhouse gas data quality, transition planning and decarbonization roadmap.

SGB-SMIT continuously monitors regulatory developments and market practices related to carbon pricing and is assessing the potential role of internal carbon pricing as a management tool to further support decision making and emissions reduction efforts in future reporting periods.

E1-11 Anticipated financial effects from material climate-related risks and opportunities

As SGB-SMIT Group's formal climate transition plan and scenario analysis are still being developed, quantitative disclosure of anticipated financial effects will be provided in future reporting periods. At present, qualitative effects are reflected in the Group's strategic planning and risk management.

E2: POLLUTION (NON-MATERIAL)

E2-1 Policies related to pollution

Although pollution is not a material topic for SGB-SMIT Group based on the double materiality assessment, the Group actively pursues pollution prevention through a comprehensive environmental strategy guided by the ISO 14001 certified environmental management system. The Group adheres to international conventions, including the Stockholm Convention on Persistent Organic Pollutants (POPs) and the Basel Convention on hazardous waste.

Pollution to air, soil and water are closely monitored across all locations. All the measurements are compliant with the local regulations. No spills occurred during the reporting period. SGB-SMIT has established strict procedures for handling hazardous materials at every site, covering purchasing, storage, use, and waste management. In 2025, no fines were issued for environmental violations.

SGB-SMIT monitors regulatory developments related to per- and polyfluoroalkyl substances (PFAS) and other substances of concern within its products and supply chain. Through existing REACH compliance processes, supplier engagement activities, and material composition reviews, the Group seeks to identify the presence of regulated substances and assess potential substitution opportunities where technically feasible. PFAS management forms part of the Group's broader chemicals management and pollution prevention approach.

Policy	Topic	Key content	Scope
Environmental Management and Performance Guideline	Climate Change, GHG Policy, Energy Efficiency, Waste Management Policy	Defines the Group's environmental management principles, responsibilities, compliance obligations, monitoring, continuous improvement, and environmental performance, including water monitoring across operations. REACH and RoHS compliance as well as handling procedures for substances of concern.	Group-wide own operations
Pollution control Guideline	Pollution Prevention & Chemicals Management Policy	Sets requirements for preventing and controlling emissions to air, water and soil, managing hazardous substances, and ensuring compliant handling, storage and disposal at site level, as well as handling, storage and disposal procedures for substances of concern.	Site-specific own operations
QHSE Manual	Emissions and pollution reduction, water management	Establishes integrated quality, health, safety and environmental management requirements, including process controls, responsibilities, incident management, training and operational compliance.	Group-wide own operations
Environmental and Health & Safety Law Guideline	Safe handling and working with substances of concern	Provides a framework to identify, monitor and comply with applicable environmental and occupational health and safety legal requirements at local and Group level.	Group-wide own operations and site-specific

E2-2 & E2-3 Actions, resources, and targets related to pollution

SGB-SMIT primarily focuses on the substitution of hazardous materials where technically feasible, SGB-SMIT implements pollution prevention measures through site-level environmental management systems, hazardous substance handling procedures, REACH and RoHS compliance checks, spill prevention controls, waste segregation and compliant disposal processes. Pollution to air, soil and water is monitored in accordance with local regulatory requirements. Supplier engagement and material screening support the identification of safer alternatives, including biodegradable insulating fluids and other lower-impact materials. In 2025, no spills or environmental fines were reported.

Additional pollution-related actions

Pollution monitoring across all sites: monitor emissions to air, soil and water at site level in line with local regulatory requirements.

- Hazardous substance management: maintain procedures for purchasing, storage, handling, use and disposal of hazardous substances.
- REACH and RoHS compliance: continue compliance checks for substances of concern and restricted substances.
- Spill prevention and emergency preparedness: maintain preventive controls and response procedures; no spills occurred in 2025.
- Waste segregation and compliant disposal: ensure hazardous waste is identified, segregated, labelled, stored and disposed of through approved waste management routes.

Pollution prevention through ISO 14001: use site-level environmental management systems to identify environmental aspects, set controls and monitor compliance.

- Supplier and material screening: engage suppliers on material composition and safer alternatives, especially for oils, resins, solvents, paints and chemical inputs.
- Training and operational controls: provide site-level training for employees handling hazardous substances or waste.
- PFAS assessment and regulatory monitoring: during the reporting period, SGB-SMIT continued to assess selected product components and materials for potential PFAS content and monitor emerging restrictions that may affect future product design, sourcing decisions and customer requirements. Supplier engagement and material transparency initiatives support this ongoing evaluation.
- Incident and compliance tracking: monitor environmental incidents, spills, complaints and fines; no environmental fines were issued in 2025.
- Substitution of higher-risk inputs: assess alternatives for mineral oils, solvents, paints, resins and other substances of concern where technically feasible.

E3: WATER (NON-MATERIAL)

E3-1, E3-2, E3-3 Policies, actions, and targets related to water

Based on the double materiality assessment, water was not identified as a material reporting topic for fiscal year 2025, as SGB-SMIT's manufacturing processes have low water intensity. Nevertheless, the

Group recognizes the importance of water conservation and has established a policy to reduce water withdrawal. In 2025, 97% of water sourced came from public utilities, while 3% came from harvested rainwater.

Policy	Topic	Key content	Scope
Environmental Management and Performance Guideline	Climate Change, GHG Policy, Energy Efficiency, Waste Management Policy	Defines the Group's environmental management principles, responsibilities, compliance obligations, monitoring, continuous improvement, and environmental performance, including water monitoring across operations. REACH and RoHS compliance as well as handling procedures for substances of concern.	Group-wide own operations
Pollution Control Guideline	Pollution Prevention & Chemicals Management Policy	Sets requirements for preventing and controlling emissions to air, water and soil, managing hazardous substances, and ensuring compliant handling, storage and disposal at site level. As well as handling, storage and disposal procedures for substances of concern.	Site-specific own operations
QHSE Manual	Water Management	Establishes integrated quality, health, safety and environmental management requirements, including process controls, responsibilities, incident management, training and operational compliance.	Group-wide own operations

E3-4 Water consumption

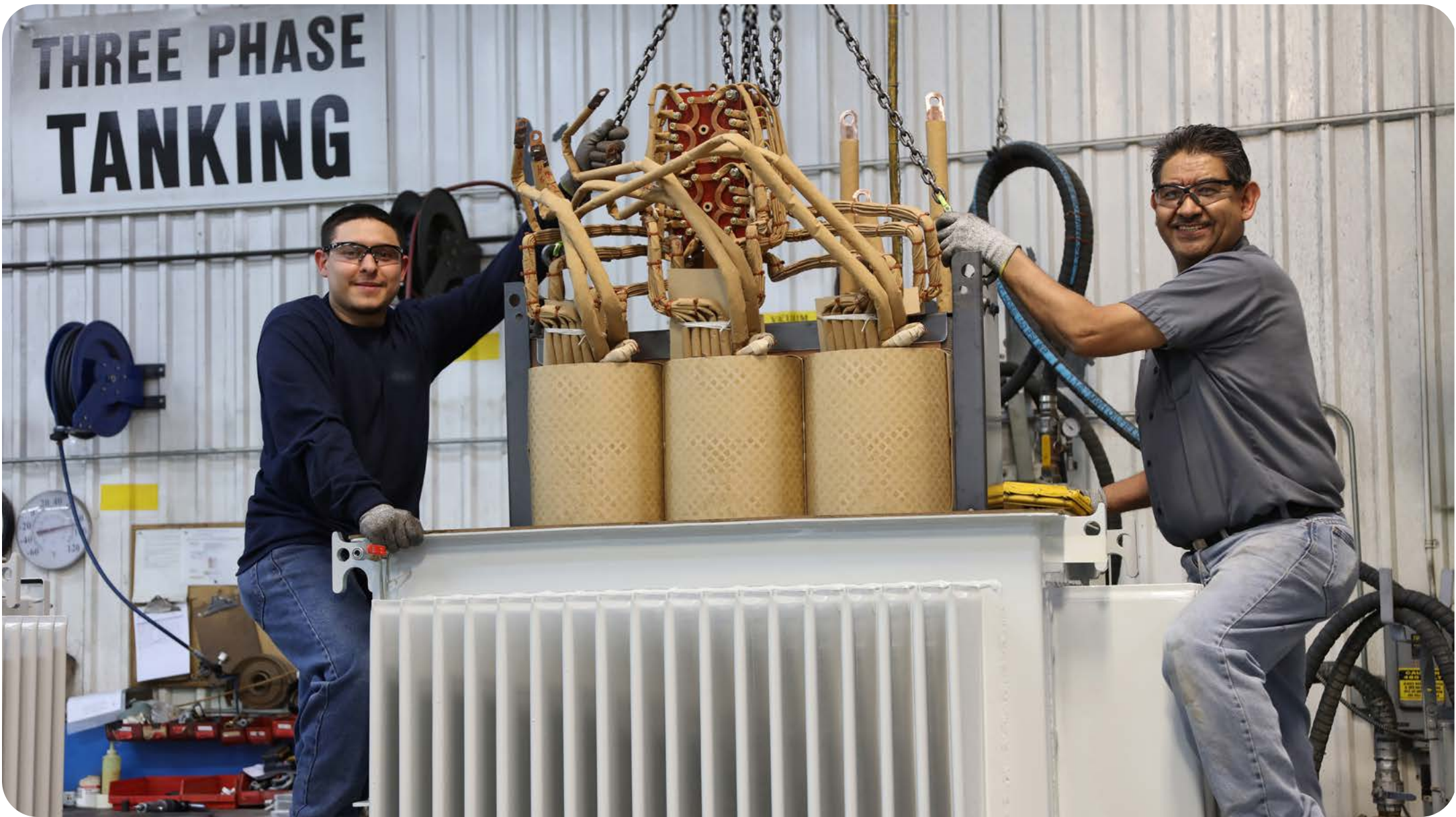
Total water withdrawal in 2025 was 122,379 m³. The water withdrawal intensity was 1.55 m³/MVA produced. The Group is currently unable to disclose detailed data on water consumption or discharge-related data.

E4: BIODIVERSITY AND ECOSYSTEMS (NON-MATERIAL)

Based on the double materiality assessment, biodiversity and ecosystems were not identified as material reporting topics for fiscal year 2025. Nevertheless, SGB-SMIT Group recognizes their importance and will continue to monitor their relevance and potential impacts across its own operations and value chain.

The Group conducted a geospatial screening of all operational sites against internationally recognized biodiversity-sensitive areas, including Natura 2000 sites and UNESCO World Heritage properties. No sites were identified as being located within protected areas.

A limited number of sites are located in regions where such areas exist and may fall within a defined proximity threshold (≤5 km). Further geospatial analysis will be conducted where necessary to assess proximity thresholds.



E5: RESOURCE USE AND CIRCULAR ECONOMY

Material impacts, risks, and opportunities (IROs) related to climate change

Topic	Sub-topic	IRO Type	Description	Time horizon	Part of value chain
Resource Use	Resource Inflows	Risk	Due to higher demand for scarce resources, SGB-SMIT's production may be disrupted and impact product output.	Medium term	Own operations
Resource Use	Resource Inflows	Risk	Geopolitical tensions are creating shortages in some key material groups, potentially leading to SGB-SMIT not being able to deliver its products on time.	Short term	Upstream value chain and own operations

E5-1 Policies related to resource use and circular economy

The Group's commitment to a circular economy is a central part of the "Responsibility" pillar within the GREEN program. SGB-SMIT Group has established policies and internal guidelines to promote responsible resource use and circular economy principles across its global operations. The Group also has a Supplier Code of Conduct that extends these principles to its partners.

Policy	Topic	Key content	Scope
Environmental Management and Performance Guideline	Climate Change, GHG Policy, Energy Efficiency, Waste Management Policy	Defines the Group's environmental management principles, responsibilities, compliance obligations, monitoring, continuous improvement, and environmental performance, including water monitoring across operations. REACH and RoHS compliance as well as handling procedures for substances of concern.	Group-wide own operations
Supplier Code of Conduct	Supplier ESG-related standards	Sets minimum environmental, social and governance expectations for suppliers, including legal compliance, responsible sourcing, environmental protection, and business integrity across the supply chain.	Upstream value chain / suppliers
Risk - and Business Continuity Management Guideline	RISK Management	Defines processes for identifying, assessing and managing operational and strategic risks, including climate-related physical and transition risks, supply chain disruption and business continuity measures.	Group-wide own operations and relevant value chain risks
Local waste management policy	Waste disposal guideline	A compliant waste management policy in every country that ensures alignment with the waste hierarchy under the local law, defines responsibilities, identifies and tracks all waste streams, implement proper segregation, storage and disposal processes through licensed operators, and maintain full documentation, monitoring and continuous improvement measures.	Own operations site specific
QHSE Manual	Resource efficiency, waste reduction and product quality	Establishes integrated quality, health, safety and environmental management requirements, including process controls, responsibilities, incident management, training and operational compliance.	Group-wide own operations

These policies aim to reduce the use of primary raw materials, increase the share of recycled and low-carbon materials, minimize waste generation, improve product longevity, repairability and recyclability, and support the transition towards a more circular transformer value chain, and in preparation for the EU Circular Economy Action Plan, the Waste Framework Directive, EU Deforestation Regulation (EUDR), Packaging and Packaging Waste Regulation (PPWR), and evolving product-related requirements under the Ecodesign framework and the upcoming Ecodesign for Sustainable Products Regulation, including future Digital Product Passport requirements.

E5-2 & E5-3 Actions, resources, and targets related to resource use

Resource efficiency in manufacturing and circular waste management

SGB-SMIT will implement targeted actions to improve resource efficiency in manufacturing, supported by defined operational resources and measurable performance indicators.

- **Actions:** Optimize cutting patterns and material yields for electrical steel, copper, aluminum and insulation materials; reduce process scrap through lean manufacturing and process control; increase segregation and internal recovery of reusable material streams where technically feasible.
- **Resources:** Site manufacturing teams, process engineers, continuous improvement programs, waste management procedures, and site-level environmental management systems.
- **Targets:** Reduce material losses, increase internal recycling rates for key material streams, and improve site-level monitoring of material efficiency and scrap generation. For the reporting year the recycling rate was 74%. The overall target is to minimize waste to landfill, which currently is less than 7%.

Circular product design

The Group embeds circularity into product development through defined design actions, dedicated technical resources, and medium- to long-term circularity targets.

- **Actions:** design products for long service life, repair, maintenance, component replacement and easier dismantling; incorporate recyclability considerations into engineering decisions; prepare product information requirements relevant for future Digital Product Passport obligations.
- **Resources:** engineering and product development teams, technical design standards, product lifecycle know-how, and after-sales and service expertise.
- **Targets:** extend product lifetime, maintain high recyclability of core materials, and improve the ability to repair, refurbish and recover transformers at end-of-life. Develop a dismantling guideline for each transformer type by 2028.

The Group also collaborates closely with universities and research institutes globally, focusing on a broad range of initiatives including improving transformer core efficiency, using recycled materials and promoting alternative biodegradable fluids.

Sustainable materials and sourcing

SGB-SMIT will advance sustainable sourcing through procurement actions, supplier engagement resources, and progressive targets for material transparency and lower-impact inputs.

- **Actions:** increase the use of recycled and lower-carbon materials where available and technically suitable; engage suppliers on material composition, recycled content and environmental footprint data; support industry initiatives that strengthen circular and lower-carbon material value chains.
- **Resources:** procurement teams, supplier qualification and engagement processes, sustainability expertise, and product environmental data such as EPDs and PCFs where available.
- **Targets:** improve supplier transparency, increase the share of preferred recycled or lower-carbon materials over time, and strengthen the database for circularity by recording and resource-use reporting. Implement a global sustainable procurement policy by 2030.

SGB-SMIT continues to strengthen its target framework for resource use and circular economy. The development of more granular, quantitative and time-bound targets is an ongoing process and will be expanded in future reporting periods as data quality, system integration and methodological approaches improve.

E5-4 Resource inflows

Key materials used

SGB-SMIT Group's core activities focus on the design, manufacturing and servicing of distribution, medium and large power transformers. These activities require the inflow of resource-intensive, predominantly technical materials, which are essential for the electrical performance, mechanical stability, safety and lifetime of the products.

The key technical materials used by the Group include in particular:

- **Electrical steel** (grain oriented electrical steel)
Used primarily for transformer cores, electrical steel is critical for energy efficiency and loss reduction during operation. Electrical steel is a technical material with high relevance for both operational performance and climate-related impacts. Parts of the steel input may contain Silicon Metals listed as critical raw materials under the EU Critical Raw Materials Act, depending on supplier specific compositions.

- **Copper** (including continuously transposed conductors – CTC) and **aluminum**
These materials are used for windings and electrical conductors and are essential for the transmission of electrical current. Copper is classified as a critical raw material and a strategic raw material under Regulation (EU) 2024/1252. Both copper and aluminum are technical materials with significant environmental and cost relevance due to their energy-intensive primary production and their high recyclability.
- **Structural steel**
Used for tanks, frames and mechanical components, these materials ensure mechanical stability and product integrity. They are classified as technical materials and contribute significantly to the total material mass of finished transformers.
- **Transformer fluids** (mineral oil based and alternative fluids)
Transformer fluids are used as an insulating and cooling medium. It is a technical material that plays a critical role for operational safety and asset lifetime. Depending on the product design and use, the Group uses conventional mineral oil as well as alternative fluids with improved environmental properties.
- **Epoxy resins and hardeners**
Used in the insulation system of dry-type transformers, epoxy resin and hardeners are essential for encapsulating windings, ensuring electrical insulation, mechanical strength and protection against environmental influences such as moisture, dust and chemical exposure. These materials are classified as technical materials and contribute significantly to the performance, durability and safety of dry-type transformers. Due to their thermosetting properties, they are not easily recyclable and therefore represent a key focus area for material efficiency, waste management and innovation in circular design approaches.

Key biological materials are insulation materials (paper-based insulation and pressboard)

These materials are used for electrical insulation and mechanical protection. They consist mainly of cellulose based biological materials derived from renewable sources and therefore differ from other key technical materials in terms of resource origin and circularity potential.

The distinction between technical and biological materials is relevant for the Group, as it influences circularity options, recycling routes and environmental impacts, in particular with regard to renewable sourcing and end-of-life treatment.

Total calculated weight of key materials was 97,591 tons for the fiscal year 2025.

The total weight of key materials corresponds to the aggregated mass of the above material categories used across the Group's manufacturing activities during the reporting period excluding the insulation materials as these are usually purchased in pieces, weight could not be accounted for. This total weight reflects the material intensive nature of transformer production and varies depending on product type, size and customer specifications.

Breakdown of key materials

The key materials are broken down by material category as a percentage of the total weight of all key materials.

- 48% Electrical steel
- 19% Copper and aluminum
- 11% Structural steel
- 21% Transformer Fluids
- 1% Epoxy resins and hardeners

This breakdown provides transparency on the relative material composition of the Group's products and supports the assessment of resource efficiency and circularity potential.

Secondary resources used

SGB-SMIT Group makes use of at least 15% secondary resources, where technically and contractually feasible. In particular:

- Recycled copper and aluminum
- Recycled steel

The disclosed share of secondary resources is estimated as a percentage of key technical materials based on available supplier data aggregated at Group level. The availability of secondary materials depends in part on supplier capabilities, technical specifications, and market conditions. Expanding the use of recycled and CO₂-reduced materials is part of the Group's circular economy and decarbonization strategy.

Link to risks, opportunities and strategy

The composition and sourcing of resource inflows are closely linked to the Group's ESRS E5 risks, including supply chain resilience, material price volatility, and access to recycled and low-carbon materials. Current geopolitical developments may affect the availability of certain key materials, in particular those classified as critical or strategic raw materials under EU regulation.

E5-5 Resource outflows

Products

SGB-SMIT Group offers a comprehensive portfolio of power and distribution transformer solutions:

Power Transformers (10 MVA to 1,200 MVA, up to 765 kV).

- Large, medium and small power transformers for centralized generation, transmission and industrial applications
- Shunt reactors, series reactors and phase shifters

Distribution Transformers (30 kVA to 25 MVA, up to 66 kV).

- Liquid-immersed transformers decentralized renewable generation for grid and distribution networks
- Dry-type transformers for safe and reliable operation in buildings, infrastructure, and industry

When it comes to SGB-SMIT's products, the Group closely monitors the evolving EU Ecodesign framework as a key regulatory development influencing product design and lifecycle management, alongside existing energy-efficiency requirements for power transformers. For the Group, ecodesign entails the systematic integration of environmental considerations from the earliest design stages. This includes reducing energy losses during use, improving material efficiency, extending service life, enabling repair and refurbishment, and ensuring effective end-of-life recovery.

In practice, this approach is reflected in the design of transformers that achieve high operational efficiency, long-term reliability, and maintainability, while supporting the recovery of high-value materials such as steel, copper, and aluminum. Furthermore, the Group assesses upcoming requirements under the Ecodesign for Sustainable Products Regulation (ESPR), including anticipated obligations related to product information and Digital Product Passports, as part of its broader circular economy and regulatory compliance strategy.

Circular business models

SGB-SMIT Group supports circular economy principles through service-based offerings such as maintenance, repair, refurbishment and retrofitting of transformers. These activities are designed to extend product lifetime, preserve the value of components and materials for longer, avoid premature replacement, and reduce waste generation. By enabling continued use, performance upgrades and end-

of-life recovery, these services contribute to improved resource efficiency and support the transition from a linear to a more circular product lifecycle.

Dry-type transformers

Dry-type cast resin transformers are designed for long operational use in stationary electrical infrastructure. Based on the lifetime considerations applied for dry type transformers under IEC 60076-12, the expected standard lifetime used for reporting purposes is approximately 20 years, subject to correct installation, operation, loading profile, environmental conditions and maintenance regime.

The reparability of dry-type cast resin transformers is assessed qualitatively. The main functional components, in particular the core and coil assembly, are in principle repairable or replaceable depending on the type and extent of damage. In practice, the most common repair activity is the replacement of coils. Other components, such as the core, low-voltage winding and busbars, may also be repaired. The repair decision is made case by case after technical assessment, considering electrical safety, insulation condition, mechanical integrity, conformity with applicable standards and customer-specific operating requirements. For SGB-SMIT's dry-type cast resin transformers, recyclability is calculated at 75% by weight under the ESRS E5 AR 3 baseline framework and for the packaging the recyclability rate is calculated at 95%.

At end-of-life, the transformer is designed to allow the recovery of major material fractions. The core, low-voltage winding and busbars can generally be recycled through established metal recycling routes. The high-voltage cast resin winding is more limited in recyclability due to the resin-embedded construction and is therefore assumed to be scrapped, unless a technically validated recycling route is available. Packaging depends on the transport mode: for local transportation, plastic shrink foil is typically used; for overseas transport, plastic shrink foil and a wooden crate or box may be used.

Oil-immersed power transformers and distribution transformers

SGB-SMIT oil-immersed power and distribution transformers are designed for long operational lifetimes, typically 30 to 40+ years for power transformers and 20 to 30+ years for distribution transformers, depending on operating conditions and maintenance practices, while also supporting reparability and high end-of-life material recovery.

SGB-SMIT's oil-immersed power and distribution transformers are designed for high structural circularity. Utilizing the weight-based equation mandated by ESRS E5 AR 3, the Group's liquid-insulated

product portfolio achieves a designed recyclability rate of over 90% by weight and for the packaging the recyclability rate is calculated at 95%.

The vast majority of the product mass consists of high-value structural steel, grain oriented electrical steel, and copper or aluminum windings, all of which have a high resell value, after commercial decommissioning via standard industrial scrapping. Furthermore, SGB-SMIT continues to increase the deployment of synthetic and natural biodegradable esters for distribution transformers, which offer alternative recovery paths compared to conventional mineral oils. The remaining 5% non-recyclable mass represents localized components like high-performance internal paper/cellulose insulation, polymer sealing gaskets, and composite bushings where alternative circular materials are currently restricted by strict electrical safety and thermal endurance standards.



Waste management

The following waste streams are commonly produced throughout SGB-SMIT operations:

- **Metallic Waste:** Consisting of scrap metal and metal residues generated from manufacturing activities.
- **Hazardous Waste:** Encompassing used oils, paints, solvents, epoxy resin and hardener, as well as contaminated containers and other materials requiring specialized handling and disposal.
- **Packaging Waste:** Cardboard, plastic, and wood materials utilized in product packaging. Most of the packaging waste is linked to inbound materials as most of SGB-SMIT transformers are not packed for transportation.
- **General Industrial Waste:** Derived from manufacturing, maintenance, and various other industrial processes.

The most prevalent materials found within SGB-SMIT's waste streams are as follows:

- Metals such as steel, copper, and aluminum, which originate primarily from cutting, machining, and assembly operations.
- Plastics utilized in manufacturing and packaging functions.
- Wood employed for manufacturing and packaging purposes.
- Paper and cardboard produced during administrative processes and pressboard production activities.
- Oils, including used transformer fluids, lubricants, and hydraulic fluids, generated by machinery operation and maintenance.
- Fully cured epoxy casting waste: the mixing of epoxy resin and hardener in the production of dry-type transformers constitutes a chemical process. However, once fully cured, the epoxy resin forms a chemically inert solid material. Uncured resin and hardener residues are managed as chemical waste, while cured epoxy waste is classified and treated as non-hazardous industrial solid waste.

	2024			2025		
Waste treatment and diversion breakdown by disposal method and waste type	Hazardous waste (t)	Non-hazardous waste (t)	Total waste (t)	Hazardous waste (t)	Non-hazardous waste (t)	Total waste (t)
Waste diverted from disposal						
Reuse	0	0	0	0	0	0
Recycling	433	9,076	9,509	298	6,972	7,270
Other recovery operations	0	0	0	0	0	0
Total diverted from disposal	433	9,076	9,509	298	6,972	7,270
Waste directed to disposal						
Energy Recovery	25	764	789	24	1,136	1,161
Incineration	25	224	249	77	583	660
Landfill	32	408	440	32	652	684
Total directed to disposal	82	1,395	1,478	133	2,371	2,504
Total waste (t)	516	10,471	10,987	431	9,343	9,774
% Diverted from disposal	84%	87%	87%	69%	75%	74%
% Directed to disposal	16%	13%	13%	31%	25%	26%

During the reporting period, SGB-SMIT Group did not generate any radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom.

SOCIAL MATTERS



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SGB-SMIT Group's social disclosures are prepared in alignment with the ESRS framework and are based on the results of the Group's double materiality assessment, which identified workforce-related topics and value chain impacts as the most relevant social matters.

As a global transformer manufacturer operating at the core of the electrification value chain, SGB-SMIT Group's long-term success depends on safe, fair, and inclusive working conditions, as well as responsible business relationships across upstream and downstream activities. Social aspects are therefore closely linked to the Group's business model, with impacts arising within the own workforce and across the value chain, particularly in relation to working conditions, human rights, occupational health and safety, and responsible sourcing.

The management of social impacts, risks, and opportunities is embedded in the Group's governance, risk management, and operational processes and is implemented through the GREEN Program as the central framework for sustainability. This includes structured policies, actions, targets, and metrics addressing fair employment conditions, health and safety, diversity and inclusion, employee development, social dialogue, human rights due diligence, responsible sourcing, and supplier engagement, supported by consistent management practices across regions and business relationships.

During the reporting period, SGB-SMIT Group continued to advance its social performance, including strengthening occupational health and safety practices, further developing employee engagement and learning initiatives, and enhancing processes related to human rights due diligence and supplier management. At the same time, internal data collection and management processes were further improved in preparation for regulatory requirements and enhanced disclosure expectations.

This chapter provides an overview of the Group's approach to managing social matters in accordance with ESRS S1 (Own Workforce) and ESRS S2 (Workers in the Value Chain). It covers the relevant policies, governance structures, actions, targets, and performance indicators addressing material impacts, risks, and opportunities.

This statement is prepared on a consolidated basis, covering all SGB-SMIT Group companies globally, including wholly and majority-owned subsidiaries.

The following sections first describe the Group's approach to its own workforce, including key impacts, policies, engagement mechanisms, actions, targets, and workforce metrics. They then address workers in the value chain, focusing on supplier-related due diligence, grievance mechanisms, preventive and corrective actions, and the management of worker-related risks beyond the Group's direct employment relationships.



S1: OWN WORKFORCE

The Employee Value Proposition (EVP) of SGB-SMIT Group, titled People Energy, defines how the Group engages, supports, and empowers its workforce across all generations. Built around four core pillars: Together we Thrive, People First, All-Gen Talent, and Transforming Communities, this framework reflects a commitment to creating a fair, inclusive, and growth-oriented workplace. These principles are translated into concrete actions that enhance employee satisfaction and contribute to broader sustainability objectives.

Social management translates the Group's people-centered commitments into a structured approach for managing workforce-related impacts, risks, and opportunities. It ensures that the principles of the People Energy framework are not addressed as separate initiatives but are embedded in how SGB-SMIT manages its workforce, strengthens employee trust, supports long-term employability, and contributes to a resilient and inclusive corporate culture. The following overview shows how the EVP pillars are reflected in the main social topics covered in this chapter, which are further addressed through the related policies, engagement mechanisms, actions, targets, and metrics.

Together We Thrive:

- Diversity, Equity & Inclusion
- Equal Opportunities

People First:

- Fair working conditions
- Well-being
- Flexible Work
- Health & Safety
- Workers in the value chain

All-Gen Talent:

- Training & Development
- Career Opportunities
- Apprenticeship
- Internship Dual Program
- Working Students

Transforming Communities:

- Education & Sports
- Arts & Culture
- Health
- Disaster relief
- Charity programs



Material impacts, risks, and opportunities (IROs) - own workforce

SGB-SMIT Group's social disclosures are aligned with ESRS and based on the double materiality assessment, identifying own workforce and value chain impacts as key topics. Social aspects are closely linked to the business model, covering working conditions, human rights, health and safety, and responsible sourcing.

Social impacts, risks, and opportunities are managed through governance processes and the GREEN Program, supported by policies, actions, targets, and metrics. During the reporting period, performance was further strengthened, alongside improvements in data management.

Topic	Sub-topic	Type	Description	Time horizon	Scope
Own work-force	Health and safety	Negative Impact	Manufacturing transformers involves inherent health and safety risks, where inadequate safety management can lead to serious accidents, lost workdays, penalties, and reputational impacts across the value chain.	Short Term	All employees
Own work-force	Diversity and equal treatment (gender equality, equal pay for equal work, employment and inclusion of people with disabilities, non-discrimination, anti-harassment)	Positive Impact	Implementing a diversity strategy and training on the Code of Conduct and diversity policies prevents discrimination and harassment, builds an inclusive workplace, and strengthens corporate culture, reputation, and competitiveness.	Medium Term	All employees
Own work-force	Health and safety	Positive Impact	Promoting physical and mental health through programs and safety training enhances employee well-being, reduces accidents, and strengthens operational performance and corporate reputation.	Short Term	All employees
Own work-force	Social dialogue, freedom of association, works councils, participation rights of workers, and collective bargaining	Positive Impact	Active support for employee rights and transparent dialogue with representation groups, backed by a clear Code of Conduct, strengthens trust, engagement, and an inclusive workplace.	Short Term	All employees

The identified social IROs provide the basis for the following IROs management disclosures. They determine which policies, engagement mechanisms, actions, resources, and targets are most relevant for managing workforce-related impacts and risks while strengthening positive outcomes. Accordingly, the subsequent sections describe how SGB-SMIT translates this assessment into governance structures, preventive and corrective measures, employee dialogue, and measurable objectives to ensure that material social topics are addressed in a consistent and strategy-aligned manner.



S1-1 Policies related to own workforce

Policies are a key instrument for translating the identified social IROs into clear expectations, responsibilities, and minimum standards across the Group. They provide the framework for managing workforce-related impacts and risks in a consistent way, while supporting positive outcomes such as fair working conditions, health and safety, non-discrimination, employee well-being, and respect for human rights. The following section outlines the main policies that guide SGB-SMIT's approach to its own workforce and support the implementation of the Group's social strategy. These policies apply to all employees and non-employees within the own workforce and the value chain.

The Group communicates these policies internally, making them available to all personnel through its document management system. Publicly available policies can also be found on the corporate website.

Policy	Topic	Key content	Scope
Declaration of Principles	Responsible business practices	Defines human rights due diligence across operations and the value chain, explicitly prohibiting child labor, forced labor, slavery, and related human rights abuses.	Group-wide Own workforce & value chain
Code of Conduct	Business ethics	Sets standards for working conditions, human rights, and ethical behavior, explicitly prohibiting trafficking in human beings, forced or compulsory labor, and child labor.	Group-wide Own workforce
Ombudsman Procedure	Independent channel for raising concerns.	Independent channel for raising concerns.	Group-wide Own workforce & value chain
Employee Handbook	Employment rules	Defines employment conditions, workplace conduct, equal opportunity and anti-harassment rules, health and safety standards, benefits, and employee rights and responsibilities.	Site-specific Own workforce
Diversity Policy	Non-discrimination, equal opportunity, inclusion, diversity promotion	Promotes diversity, equity, and inclusion across all stages of employment, ensuring equal opportunities, non-discrimination, and an inclusive and respectful work environment.	Group-wide Own workforce
Anti-Discrimination Policy	Equal treatment and non-discrimination	Establishes equal treatment and non-discrimination principles across employment, ensuring respect for human dignity and prohibiting discrimination based on gender, ethnicity, age, religion, disability, and other characteristics throughout the employment lifecycle.	Site-specific Own workforce
Integration Agreement	Inclusion of differently abled employees	Establishes a binding framework for the hiring, retention, and integration of employees with disabilities, including governance structures, workplace adaptations, and equal opportunity measures.	Site-specific Own workforce
Mobile Working Policy	Flexible and mobile working	Defines global principles for flexible and voluntary mobile working, including managerial approval, role suitability, performance expectations, and compliance with data protection requirements.	Group-wide Own workforce
Compensation Management Policy	Compensation System	Defines a structured compensation system covering salary components, performance-based pay, bonuses, benefits, promotion, and annual salary adjustments to ensure fairness and competitiveness.	Site-specific Own workforce
Internal Data Protection Policy	Personal Data	Establishes rules for lawful and secure processing of personal data, including consent requirements, data minimization, security measures, and management of third-party data sharing.	Group-wide Own workforce
Betriebliches Gesundheitsmanagement (BGM) Works Agreement	Occupational health management	Establishes a binding framework for occupational health management, including governance structures, employee participation, health promotion measures, and continuous improvement processes.	Site-specific Own workforce
Betriebliches Eingliederungsmanagement (BEM) Works Agreement	Occupational reintegration management	Formal works agreement on occupational reintegration management (BEM), which defines processes, responsibilities, and measures to support employees returning from long-term illness, prevent recurring health issues, and ensure continued employability.	Site-specific Own workforce
H&S Guideline	Health & Safety Standards	Defines mandatory Group-wide requirements for occupational health and safety, including risk assessment, preventive measures, training, incident reporting, and safety culture across operations and contractors.	Group-wide Own workforce & value chain
QHSE Manual (Integrated Management System)	Occupational health and safety performance	Establishes the Group's integrated management framework aligned with ISO standards, ensuring compliance, risk-based management, and continuous improvement in quality, environmental, and occupational health and safety performance	Group-wide Own workforce & value chain

Together, these policies establish the framework for how SGB-SMIT manages social responsibilities across its own workforce and, where relevant, the value chain. They are complemented by dedicated governance structures that support the implementation, monitoring, and continuous improvement of human rights and workforce-related due diligence. The following points therefore describe the Group's human rights commitment and the role of the Human Rights Committee in overseeing these responsibilities.

- **Human Rights Commitment:** The Group is committed to socially responsible corporate management, including the respect and promotion of human rights. This commitment is aligned with internationally recognized frameworks, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, ILO Conventions, and the German Supply Chain Due Diligence Act (LkSG).
- **Human Rights Committee:** An interdisciplinary Human Rights Committee, comprising representatives from Purchasing, Sustainability, Compliance, and Legal, has been established to monitor our human rights due diligence obligations.
- **Compliance Committee:** Responsible for ensuring compliance with applicable laws, regulations, and internal policies across SGB-SMIT Group. The compliance management system includes quarterly Compliance Committee meetings to identify risks, implement preventive measures, and review policies.

Local compliance officers ensure adherence to the Code of Conduct, provide training on compliance, data protection, and information security, and investigate potential violations while advising employees and management. The system's effectiveness is regularly assessed through annual external compliance audits.

Health & Safety

SGB-SMIT Group maintains comprehensive Health & Safety Guidelines, outlining Group-wide standards. Additionally, it is the duty of everyone to remain vigilant, promptly report any hazardous situations, and halt work if necessary.

Each employee is responsible for:

- **Staying Informed:** Understanding and adhering to all safety protocols and procedures relevant to their role.
- **Active Participation:** Engaging in safety training sessions and contributing to safety discussions and initiatives.

- **Reporting Hazards:** Immediately reporting any unsafe conditions or potential hazards to the appropriate personnel.
- **Acting:** Stopping work if they identify a situation that poses an immediate risk to health or safety.
- **Supporting Colleagues:** Encouraging and assisting fellow employees in maintaining a safe work environment.

By embracing these responsibilities, a safer workplace is created and a clear commitment to the well-being of all workers is demonstrated.

Health and safety, along with their associated impacts, risks, and opportunities, are actively managed through various measures. Hazardous situations are addressed promptly upon identification. Regularly published indicators document the current safety status and progress in meeting the organizational targets and regulatory requirements. To ensure objective evaluation of the Groups Health & Safety rules' effectiveness, all sites undergo external certification to ISO 45001:2018, SGB USA and Southwest Electric are not yet certified according to this standard but compelled to implement the H&S Guideline.

The concrete actions and resources for Health & Safety are presented in the section on actions and resources related to the own workforce. To some extent, these measures are also applicable to workers in the value chain, particularly where health and safety expectations, site access requirements, contractor rules, and preventive or corrective measures extend beyond direct employees.

Building on the policy framework and governance structures described above, employee engagement represents the next key element of SGB-SMIT's approach to managing social IROs. While policies define the Group's expectations and responsibilities, regular dialogue with employees and their representatives helps ensure that these expectations are understood, implemented, and continuously improved in practice. The following section therefore describes how the Group engages with its own workforce, gathers feedback, and uses employee perspectives to strengthen fair working conditions, well-being, trust, and participation.

S1-2 Engagement with own workforce and workers' representatives

SGB-SMIT Group actively promotes structured and continuous engagement with its own workforce to enhance employee well-being and ensure that all individuals feel valued, respected, and supported. This approach is based on regular dialogue, formalized feedback mechanisms, and transparent communication channels, which enable the Group to understand employee perspectives, identify actual and potential impacts on the workforce, and strengthen trust between employees and management.

The insights gathered through these engagement processes inform management decisions and the design of targeted measures addressing workforce-related risks, opportunities, and needs. Where relevant, perspectives from workers and their representatives are considered in shaping policies, processes, and actions affecting employees.

Engagement channels and grievance mechanisms

SGB-SMIT has established multiple formal channels through which employees can express their views, raise concerns, or report grievances:

- **Employee Satisfaction Surveys:** The Group uses the employee Net Promoter Score (eNPS) to assess employee satisfaction across all sites. In 2024, the Group eNPS was 9, with a participation rate of 69%. The survey is conducted every two years and is completed anonymously, providing structured insights into employee engagement and well-being.
- **Feedback Systems:** A 360-degree feedback system involving managers in some locations enables structured, multidirectional feedback and supports performance and development discussions.
- **Whistleblowing System (Grievance Mechanism):** A confidential and accessible whistleblowing system is available to all employees to report potential misconduct or irregularities. The system ensures protection against retaliation and supports the resolution of reported issues in line with established procedures.
- **Newsletters and Town Halls:** Regular newsletters and town hall meetings, where implemented, provide updates on business developments, promote transparency, and create opportunities for open dialogue between employees and management.

These channels ensure that employees have multiple avenues to raise concerns or needs and contribute to organizational improvement.

Assessment of effectiveness

The effectiveness of engagement channels and grievance mechanisms is assessed through quantitative and qualitative indicators, including:

- Participation rates in employee surveys
- Trends in employee satisfaction metrics such as eNPS
- Number, nature, and resolution of issues raised through whistleblowing and feedback channels
- Qualitative input from employees and workers' representatives

These assessments help identify recurring concerns, evaluate whether channels are accessible and trusted, and determine whether appropriate actions are taken in response.

Approach to remediation and actions

SGB-SMIT applies structured processes to address issues and impacts identified through engagement and grievance mechanisms. Topics raised are reviewed at management level and translated into targeted action plans aimed at mitigating negative impacts and improving employee experience.

Detailed information on employee feedback and satisfaction, including how insights gathered through surveys and other feedback channels are systematically analyzed, translated into improvement measures, and tracked over time can be found in the following section containing actions and resources related to own workforce. This ensures that employee input is effectively integrated into decision-making and contributes to continuous improvement, accountability, and enhanced workforce well-being.

S1-3 Actions and resources related to own workforce

The Group has implemented numerous initiatives to support its workforce and manage its material impact. HR-related initiatives are assessed separately for each site where people management responsibilities are handled locally.

Employee feedback and satisfaction

Most sites have established mechanisms to gather employee input and monitor satisfaction. These feedback processes support continuous dialogue between employees and management and help identify improvement areas related to working conditions, well-being, engagement, and development.

The most widely applied approach is regular performance discussions that include feedback elements, implemented across all sites. This indicates that direct and recurring dialogue between employees and managers represents the primary feedback channel across the Group. In addition to these individual discussions, several structured mechanisms are used to collect and evaluate employee feedback: Feedback collected through employee representatives or works councils is implemented at all sites where such representation structures are in place, highlighting the role of formal employee representation in supporting dialogue and participation. Employee satisfaction or engagement surveys are conducted across all sites every two years, providing a Group-wide mechanism to gather employee perspectives and monitor satisfaction trends. Together, these mechanisms show that both direct and structured feedback channels are in place across the Group. Their implementation reflects local needs, legal frameworks, and the availability of employee representation structures.

More specialized feedback formats complement these core channels where appropriate. 360-degree feedback processes in some locations, where employees receive input from multiple perspectives beyond their direct manager, were also implemented, indicating the use of multi-source feedback approaches in selected parts of the Group. Other feedback mechanisms such as suggestion boxes or regular one-to-one or performance discussions including feedback elements and reflect additional, site-specific practices that complement the Group's broader feedback landscape. For these employee feedback and satisfaction activities, follow-up measures were implemented at the site level, results were communicated, and action plans were developed.

Diversity and inclusion

At SGB-SMIT Group, Diversity, Equity & Inclusion and equal opportunities form an important part of the Group's social management approach and are closely linked to the People Energy pillar “Together We Thrive.” The Group recognizes that different perspectives strengthen collaboration, support innovation, and contribute to sustainable business success. By promoting inclusion and equal treatment, SGB-SMIT aims to create a working environment in which all individuals can develop their potential, contribute their capabilities, and participate fairly in professional opportunities.

A broad range of measures related to equal treatment and non-discrimination were implemented in 2025. The most widely implemented measure is employee training on equal treatment and non-discrimination, implemented by most of the sites, indicating an ongoing commitment to raising awareness and building capabilities at the workforce level. Several measures aimed at strengthening fair and transparent recruitment and decision-making processes are also commonly applied. Many sites have established mechanisms to support consistent and transparent hiring practices, as well as processes to monitor and address potential issues.

In addition, measures focused on communication and targeted guidance were also implemented. Specific awareness campaigns or internal communications on related topics were also implemented. Several locations support gender diversity initiatives through activities such as International Women's Day and Girls' Day events, which aim to increase awareness and encourage interest in STEM fields.

Action	Status	Scope
Standardized gender-neutral job descriptions and vacancy templates	Implemented	Standardized gender-neutral job descriptions and vacancy templates were implemented by all sites in Europe and America and most of the sites in Asia.
Use of objective selection criteria / structured interviews	Implemented	Use of objective selection criteria and structured interviews was applied by all sites in Europe and America and most of the sites in Asia.
Employee training on equal treatment / non-discrimination	Ongoing	Employee training on equal treatment and non-discrimination implemented by most of the sites.
Global diversity training	Planned	Diversity Training is currently being developed for implementation across all sites.
Awareness campaigns or internal communications on diversity-related topics	Ongoing	Group-wide awareness campaigns are an ongoing commitment at the site-level and at the Group level.

All sites have taken steps to promote equal treatment and non-discrimination, with a strong emphasis on employee training and structured recruitment processes. At the same time, measures such as formalized guidelines for job advertisements are applied, ensuring standardized structure, inclusive language, and alignment with non-discrimination requirements, targeted training for hiring managers, and communication initiatives are implemented at a more specific scope. This reflects a commitment to strengthen the systematic integration of equal treatment principles into day-to-day practices and support a more consistent approach across sites.

In addition, employees are informed about expected standards of non-discrimination and respectful behavior through internal guidance materials and communication tools aligned with applicable local legislation, including rules on conduct, employee rights, complaint mechanisms, and the consequences of violations.

Working conditions

The Group's working conditions are partly governed by sector-specific collective bargaining agreements, which set binding standards on working time, remuneration, health protection, leave, and employment conditions. These agreements reflect structured social dialogue with employee representatives and trade unions.

Various initiatives, actions, and measures related to working conditions were implemented or updated in 2025. The most frequently implemented action relates to measures addressing workload, ergonomics, and workplace conditions, with ten sites implementing concrete actions in this area. This highlights a broad focus on improving the physical and organizational aspects of the working environment.

In addition, seven sites implemented changes or improvements to working time arrangements, indicating efforts to enhance flexibility and adapt working schedules to operational and employee needs. In some sites, these changes were introduced in some locations in response to rising temperatures linked to climate change, allowing employees to work during cooler periods of the day.

Most sites are actively implementing measures to improve working conditions, with a particularly strong emphasis on workplace conditions and ergonomics. Initiatives related to working time flexibility and work-life balance are also widely present, although to a slightly lesser extent. These measures are applied where operationally possible, recognizing that most locations are manufacturing sites where employees' physical presence is required.

Building on these measures to improve working conditions, the following section focuses more specifically on work-life balance and employee well-being. These topics complement the broader working conditions framework by addressing how flexible arrangements, family-related support, health resources, and well-being initiatives help employees manage professional and personal responsibilities while contributing to a sustainable and supportive working environment.

Work-life balance and employee well-being

Employee well-being and work-life balance are an important part of SGB-SMIT's broader approach to fair and supportive working conditions. The Group promotes employee well-being through access to welfare programs, health resources, safe working environments, and local initiatives tailored to employee needs. Depending on local context, these measures include sports discounts, nutrition programs, health screenings, ergonomic office furniture, on-site medical services, and shuttle bus services.

This approach is closely linked to the Group's People Energy framework and its focus on supporting talent across all generations. SGB-SMIT recognizes that employees may have different needs depending on their life stage, family situation, role, and local working environment. Flexible structures therefore play an important role in enabling employees to manage professional and personal responsibilities while contributing effectively to the organization.

To support this objective, the Group has implemented flexible working time arrangements and a mobile work policy for roles that are suitable for remote work. These measures provide guidance on how and where work can be performed with greater flexibility, while considering operational requirements, particularly in manufacturing environments where physical presence is often required.

In addition, employees are eligible for family-related leave, reflecting the Group's commitment to supporting employees during important personal and family-related life events. Across all sites, a range of family-related measures and flexible working arrangements were implemented in 2025. The most widely implemented measure is remote or hybrid working. This highlights the role of flexible work models in supporting employees with family responsibilities where the nature of the role allows such arrangements.

Additional measures related to working time flexibility are also commonly applied. Several sites provide adaptable working conditions to help employees balance professional and personal responsibilities. At the same time, the implementation of flexible arrangements depends on local circumstances, legal requirements, and operational feasibility.

More targeted support measures are also implemented to some extent across the Group. To support employee development and lifelong learning, educational leave is granted at some sites to employees

undertaking multi-year professional qualification programs. The arrangements provide paid leave linked to successful participation and completion of recognized continuing education programs.

Special leave types and employee coverage

The following table provides an overview of the special leave arrangements available to employees for personal or family-related events across the Group. It shows the share of employees eligible for different types of special leave, including situations such as illness of close family members, educational leave, marriage, birth of a child, bereavement, change of residence, birthdays, and official authority appointments.

Special leave arrangements for personal or family-related events	% employees eligible
Acute illness of spouse, child or dependent family members	88%
Educational leave	86%
Marriage of parents, children, or siblings	81%
Own marriage	90%
Birth of a child	94%
Death of spouse, child, parents, siblings or parents-in-law	100%
Change of residence	55%
Birthday	37%
Official authority appointments	68%

Overall, flexible working arrangements are the main mechanism used across the Group to support work-life balance and employees with family responsibilities. Remote or hybrid work, flexible hours, temporary adjustments, and part-time arrangements are widely applied where roles and operational requirements are allowed. Family-related leave and special leave arrangements further support employees during important life events. More enhanced measures, such as reintegration support, are applied more selectively, reflecting differences in local frameworks and operational feasibility.

Career development

In 2025, SGB-SMIT implemented a range of initiatives to support career management, employee development, and long-term employability across the Group. Aligned with the People Energy framework, these measures provide employees with structured opportunities for growth, career progression, and capability building.

Career development practices are well established across the Group. Structured performance and career development discussions were implemented at all sites, providing employees with regular opportunities to receive feedback, discuss aspirations, and identify development needs. Leadership and talent development programs were also available Group-wide, while succession planning and internal mobility initiatives were widely implemented to support workforce continuity and create pathways for career advancement.

Together, these measures form a common foundation for employee growth and internal talent development. By combining performance management, career discussions, leadership development, and succession planning, sites help employees better understand potential career paths and prepare for future roles within the organization. Additional support is provided through professional coaching, mentoring opportunities, and financial assistance for postgraduate education at selected locations.

Complementing these career management practices, all sites reported implementing upskilling and reskilling initiatives. These programs focus on strengthening technical, digital, compliance-related, and soft skills, enabling employees to meet evolving business requirements while enhancing their long-term employability. As such, skills development activities reinforce broader career development efforts by equipping employees with the capabilities needed for both their current responsibilities and future career opportunities.

Learning and development

In 2025, SGB-SMIT significantly strengthened its commitment to Learning & Development by establishing a structured and internationally aligned approach to employee and leadership development. A key focus area was Leadership Development. Pilot programs were introduced in collaboration with the Grundl Leadership Institute to foster effective leadership capabilities and strengthen leadership culture across the organization. In parallel, intercultural communication initiatives were launched together with Global IQ and Milemark Communication, with a particular focus on enhancing collaboration between teams in Asia, the United States, and Europe.

To create a consistent learning framework across all locations, an international training catalog was established, providing employees with access to a broad range of development opportunities. In addition, the global leadership program “Empowering Leaders” was introduced to support current and future leaders in developing the competencies required to successfully lead teams in an international environment.

The Learning & Development portfolio has continued to expand throughout 2025, with a strong emphasis on future-oriented skills, including Artificial Intelligence (AI), digital competencies, and upskilling initiatives. Alongside group training programs, employees are offered individual business coaching tailored to their specific development needs. These coaching opportunities cover a wide range of topics, including leadership effectiveness, personal development, presentation skills, storytelling, and visualization techniques.

Through these initiatives, SGB-SMIT aims to foster a culture of continuous learning, strengthen global collaboration, and support the long-term employability and professional growth of its employees.

Skills development programs and initiatives

A broad range of skills development programs and initiatives were implemented in 2025. To further strengthen this foundation, SGB-SMIT has introduced a new learning platform, which is planned to be fully rolled out to all sites by the end of 2026. The platform will support standardized training processes, improve transparency on available learning opportunities, and enable more systematic tracking of training completion, participation, and development progress across the Group and in all languages.

The most widely implemented training categories are compliance or mandatory training and health and safety-related training, each implemented by all sites. This indicates that all sites ensure a baseline level of training in areas related to regulatory requirements and workplace safety.

In addition, technical or job-specific skills training was reported by all sites, reflecting a strong focus on maintaining and enhancing role-specific competencies within the workforce. Several other training areas are also represented such as Digital or IT skills training, soft skills training (e.g., communication, teamwork), and project or process-related training were also implemented in most entities.

Many sites support broader capability development beyond core job-specific and compliance requirements, although maturity levels in other areas are still being developed. At the same time, sites

are working from a strong foundation that is well suited to a production-oriented setup. A detailed breakdown of the completion of compliance training is provided in the Governance chapter (see G1-2, p. 45).

The Group has established a comprehensive baseline of training activities, particularly in compliance and health and safety, which are consistently implemented across all sites. At the same time, more advanced or future-oriented training areas, such as digital skills, soft skills, and process-related capabilities, are being embedded across all sites. Expanding and harmonizing these areas supports employee development, adaptability, and long-term employability, in line with workforce-related sustainability objectives.

Building on this training foundation, the following section focuses on mentoring and coaching programs as complementary development measures. While training strengthens employees' technical, compliance-related, digital, and soft skills, mentoring and coaching support knowledge transfer, individual growth, leadership development, and long-term talent retention across the Group.

Mentoring and coaching programs

Mentoring and coaching programs complement formal training by providing employees with personalized guidance, practical knowledge transfer, and opportunities for learning through experience. These approaches support professional development while fostering collaboration across different levels and generations of the workforce.

In 2025, structured mentoring programs were implemented at six sites, including senior-junior mentoring, peer mentoring, and reverse mentoring formats. In addition, five sites reported offering individual coaching or other structured development support. These initiatives provide employees and managers with tailored opportunities to develop role-specific and leadership competencies, reflect on career goals, and benefit from the experience and perspectives of others.

Together, mentoring and coaching contribute to knowledge retention, leadership development, and stronger collaboration between experienced and newer employees. They also support employee engagement and long-term talent retention by creating development opportunities beyond formal classroom-based learning.

During the reporting year, 188 employees participated in mentoring programs, representing 5% of the workforce. While mentoring and coaching practices are already established at several sites, further expansion of these initiatives remains an ongoing focus. Strengthening mentoring and coaching opportunities can support broader workforce development objectives by enhancing knowledge transfer, employee growth, and talent retention across the Group.

Building on these development and support measures, the following section focuses on fair employee development and promotion. It examines how performance reviews, internal career opportunities, transparent criteria, and structured promotion processes help ensure that employees can access growth and advancement opportunities in an equitable and consistent manner across the Group.

Fair employee development and promotion

Building on the Group's career development, training, mentoring, and coaching initiatives, fair employee development and promotion focuses on ensuring that growth opportunities are transparent, accessible, and supported by structured processes. Several sites have implemented targeted measures to help employees understand career pathways and prepare for future roles within the organization.

Career progression is supported through promotion processes that consider performance, experience, and potential. These processes include regular performance reviews, transparent promotion criteria, employee nominations, and succession planning. In addition, Leadership Development Programs provide structured development opportunities for current and future leaders, strengthening leadership capabilities while supporting succession planning and long-term talent development.

Access to training and development opportunities based on defined criteria was reported by most sites, while all sites communicate internal vacancies and career opportunities to employees. This promotes transparency around available roles, supports internal mobility, and provides employees with greater visibility of potential career paths across the Group. By clarifying development requirements and progression pathways, these measures contribute to more consistent and objective decision-making.

Overall, these actions help create a fair and transparent environment for employee development and advancement. They strengthen employee trust in promotion processes, encourage active engagement in professional growth, and support talent retention and long-term employability by making career opportunities more visible and accessible throughout the organization.

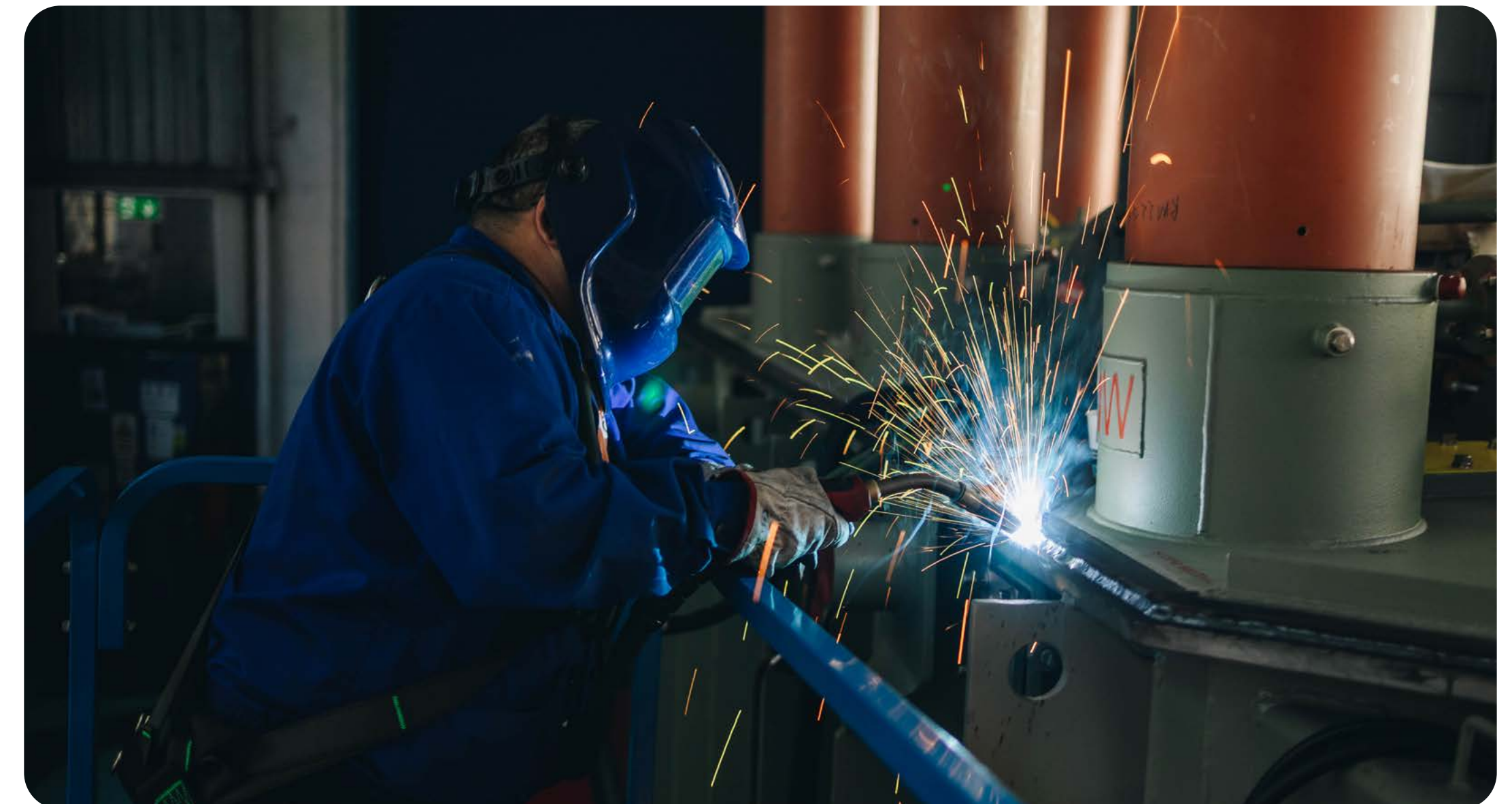
Building on these career development and promotion practices, the following section examines employee participation in training and learning activities, highlighting how continuous skills development supports both individual career progression and the Group's evolving workforce needs.

Health & Safety

Health & Safety actions encompass various aspects of employee health and safety, creating a culture of wellbeing and protection across the organization. These initiatives can be classified into preventive and corrective measures.

Preventive general measures:

- Regular risk assessments
- Guidelines for periodic training on health and safety topics
- Safety rules for visitors and contractual partners
- Health and safety checks at customer sites and suppliers' corrective measures
- Provisions relating to reporting accidents and near misses
- Documented procedures in the event of accidents and emergencies



Preventive actions to avoid negative health and safety impacts

Action	Status	Scope & comprehensive description
Deployment of engineering controls for hazardous substances	Implemented	Local exhaust ventilation and containment systems are integrated into welding, lead burning, and other high-risk operations to reduce exposure to airborne contaminants. Applied alongside strict chemical approval and storage protocols.
Systematic maintenance and calibration of air monitoring equipment	Implemented	Calibrated air monitors are required for confined space entry, ensuring reliable detection of hazardous atmospheres and compliance with procedural safety expectations.
Comprehensive ergonomic risk prevention program	Implemented	Regular ergonomic assessments, workstation adjustments, mechanical lifting aids, job rotation systems, rest break scheduling, and preventive posture training are implemented to reduce Repetitive Strain Injury (RSI) / Musculoskeletal Disorder (MSD) risks.
Ergonomic procurement standards	Implemented	Ergonomic exoskeletons are being piloted for high risk welding activities to assess feasibility, strain reduction, and employee acceptance.
Preventive chemical management controls	Implemented	Hazardous substances governance includes chemical approval, instruction cards, engineering controls, monitoring programs, structured storage, multilingual training, and emergency response readiness.
Preventive noise exposure management	Implemented	Noise risk assessments, custom fitted earplugs with quarterly seal testing, signage, noise level measurements, and low noise procurement reduce long term hearing risks
Psychosocial health and wellbeing initiatives	Implemented	Programs such as Vitality Week, leadership training, counseling access, reintegration support, and structured psychosocial risk assessments aim to reduce stress and strengthen wellbeing
Health surveillance and periodic medical evaluations	Implemented	Medical examinations (audiometry, lung function tests, vision checks, vibration and chemical exposure assessments) are carried out according to risk profiles and legislation.
Comprehensive H&S training and competence management	Implemented	Includes multilingual training, contractor training, job specific instruction, e-learning modules, on the job training, compliance monitoring through training matrices, and regular refreshers.
Preventive equipment safety and maintenance programs	Implemented	Structured preventive maintenance, daily inspections, regular safety walks, annual certifications, and digital record keeping improve equipment integrity and operational safety.

Corrective actions to address identified health and safety risks

Action	Status	Scope & comprehensive description
Corrective behavior focused safety training	Implemented	Targeted training was introduced to address identified high risk behaviors, such as unsafe forklift dismounting, contributing to a reduction in MSD incidents.
Implementation of corrective ergonomic improvements	Ongoing	Based on assessment findings, sites adjust workstation layout, improve tool placement, substitute manual tools with mechanical alternatives, and continually refine posture-related training.
Follow-up risk-assessment action plans	Ongoing	Sites develop and implement corrective plans for high risk items (e.g., red risk welding tasks), monitor progress through toolbox meetings, and re-assess interventions regularly.
Chemical handling, storage and procurement improvement project	Ongoing	Enhancements include improved chemical handling procedures, strengthened use of personal protective equipment (PPE), updated work instructions, employee awareness measures, and reinforced compliance monitoring to support the safe management of chemicals.

S1-4 Targets related to own workforce

SGB-SMIT has established a set of quantitative and qualitative targets to manage and improve material impacts, risks, and opportunities related to its own workforce. These targets are based on Group-wide data (scope: all employees) and are monitored regularly by management. Unless otherwise stated, the baseline year for all targets is 2024.

Area	KPI	Baseline (2024)	Target	Target year	Current status	Scope
Health & Safety	Lost Time Incident Frequency Rate (LTIFR)	2.65	1.0	2026	1.81 (2025)	All employees
Employee Engagement	Employee Net Promoter Score (eNPS)	+9	+20	2033	+9 (2024)	All employees
Employee Engagement	Employee Satisfaction Rate	7.5	8.0	2033	7.5 (2024)	All employees
Employee Engagement	Global Employee Survey Participation	69%	≥ 75%	2030	69% (2024)	All employees
Diversity	Female representation in top management	19%	25%	2028	27% (2025)	Top management
Diversity	Overall female representation	13%	20%	2033	14% (2025)	All employees
Learning & Development	Training hours / employee (TH/E)	17.6	35	2033	32.5 (2025)	All employees

To strengthen employee engagement and overall satisfaction, SGB-SMIT aims to improve its Employee Net Promoter Score (eNPS), which is calculated as the percentage of promoters minus the percentage of detractors in a scale from -100 to +100. Starting from a baseline of +9 in 2024, the Group has set a target to increase the eNPS to +20 by 2033. This target is supported by the objective of enhancing the internal perception of the employer brand as attractive, credible, and development-oriented, while fostering a positive working environment that strengthens employee loyalty and willingness to recommend the company as an employer.

In addition, the Group aims to maintain a consistently high level of employee satisfaction. Based on a baseline score of 7.5 (on a scale from 1 to 10) in 2024, SGB-SMIT targets maintaining an average satisfaction level of at least 8.0 through to 2033. This reflects the ambition to ensure that employees experience their work environment as positive, balanced, and sustainable, and that they feel valued, with a clear sense of purpose and impact in their roles.

Recognizing the importance of employee participation, SGB-SMIT has also defined a target to increase engagement in its feedback processes. The Group aims to achieve and maintain a survey participation rate of at least 75% by 2030, compared to a baseline participation rate of 69% in 2024. This target is intended to promote a strong culture of open dialogue, ensuring that employees view surveys as a meaningful tool for participation and trust that their feedback is taken seriously and translated into concrete actions.

Regarding diversity and inclusion, SGB-SMIT has set targets to improve gender representation within the workforce and leadership. The Group aims to achieve 25% representation of women in top management positions by 2028, a milestone already achieved in 2025 and continuously maintained as a strategic objective, as well as 20% overall female representation by 2033. Top management is defined as senior leadership positions at and directly below C-level. These targets are supported by the objective of ensuring equal opportunities for career progression, strengthening gender-balanced succession planning, and fostering an inclusive leadership culture that enables career development and advancement.

In line with the Group Diversity Policy, another key objective is to launch global diversity training by the end of 2026 and to train all employees on diversity by 2027. This initiative will help embed the principles of equal treatment, non-discrimination, and inclusion across all sites, strengthen awareness at workforce level, and support a consistent understanding of expected behaviors and responsibilities throughout the Group.

Finally, SGB-SMIT places strong emphasis on learning and development as a key driver of long-term employability and organizational performance. The Group has set a target to ensure that all employees have access to training and development opportunities by 2033, with an average of at least 35 training hours per employee per year. This target is intended to foster a culture of continuous learning, support upskilling and reskilling, and ensures that employees are actively supported in their professional development in alignment with both organizational and individual goals.

Progress against these targets is monitored through regular data collection, including employee surveys and HR reporting processes. The results are reviewed at management level and used to inform decision-making, ensuring continuous improvement in workforce-related outcomes.

S1-5 Characteristics of employees

Breakdown by gender

Gender	Number of employees (headcount) 2025		Number of employees (headcount) 2024
Male	3,331		2,820
Female	519		423
Other	0		0
Total	3,850		3,243

Employment Type	Number of employees (headcount) 2025		Number of employees (headcount) 2024
Part-time	331		284
Full-time	3,519		2,959
Total	3,850		3,243

Employment type by gender (2025)

Employment Type	Female	Male	Other gender	Total
Full-time	424	3,095	0	3,519
Part-time	95	236	0	331
Total	519	3,331	0	3,850

Breakdown by employment type

Employment Type	Number of employees (headcount) – 2025
Permanent	3,582
Temporary	268
Total	3,850

Permanent and temporary employees

For the purposes of this disclosure, permanent employees are defined as employees with an unlimited employment contract, while temporary employees are employees with a fixed-term employment contract. Based on the 2025 workforce data, permanent employees account for 3,582 employees, representing approximately 93% of the total workforce, while temporary employees account for 268 employees, representing approximately 7% of the total workforce. The reported 2025 workforce figures include 212 employees from Southwest Electric Co. (SWE), which was acquired by the Group during the reporting year. All employees joining through the acquisition are classified as permanent employees.

Within the temporary employee category, one employee is classified as a non-guaranteed hours employee. Non-guaranteed hours employees are employed without a guaranteed minimum or fixed number of working hours. They may be required to make themselves available for work as needed, while the company is not contractually obliged to offer a minimum or fixed number of working hours per day, week, or month. Examples of this category include mini-job employees in Germany, casual employees, employees with zero-hour contracts, and on-call employees. In this case, the arrangement was established as part of a post-retirement work agreement, providing a tailored contractual framework for the individual employee.

Employee turnover rate

In 2025, SGB-SMIT recorded a turnover rate of 10%. To continuously improve the employee experience and organizational culture, the Group conducts structured exit dialogues with individuals who voluntarily leave the organization. These conversations offer valuable insights into leadership, work environment, development opportunities, and overall satisfaction, guiding efforts to enhance retention and well-being.

The term "employees" in this context includes permanent, temporary, and non guaranteed hours employees. The turnover rate is calculated by dividing the number of employees who leave voluntarily or due to dismissal, retirement, or death in service by the average employee headcount at the end of reporting period.

Headcount by country

Country	Number of employees (headcount) – 2025	Number of employees (headcount) – 2024
Germany	1,566	1,458
Netherlands	756	720
Romania	468	347
Malaysia	238	197
United States of America	402	144
India	145	102
France	92	92
Czech Republic	90	92
China	93	91
Total	3,850	3,243

S1-6 Characteristics of non-employees in the undertaking's own workforce

Non-employees headcount

Engagement Type	Total 2025
Self-employed	30
Engaged in employment activities	92
Total	122

The table above presents the two categories of non-employees included in SGB-SMIT's own workforce reporting for 2025. A total of 122 non-employees were reported, consisting of 30 self-employed individuals and 92 individuals engaged in employment activities. Self-employed individuals are people who provide their personal labor independently, for example under a contract for work or a temporary contract, such as freelancers or project managers.

This category does not include genuine small companies working on behalf of the Group, particularly where the contractor provides not only labor but also its own fixed assets, such as vehicles or equipment. Individuals engaged in employment activities are made available by external companies that provide and transfer personnel, while the relevant SGB-SMIT entity retains the authority to issue work-related instructions.

These individuals are typically identified as temporary agency workers or outsourced employees. External service providers performing separate services, such as cleaning or security, are not included in this category.



S1-7 Collective bargaining coverage and social dialogue

At SGB-SMIT Group, 2,908 employees, representing 76% of the workforce, were covered by a collective bargaining agreement (CBA) in 2025. Supporting collective bargaining aligns with the Group's commitment to fair labor practices and long term organizational stability. CBAs enhance transparency in employment conditions; help reduce pay disparities and encourage employee involvement in shaping workplace policies.

By establishing a consistent and reliable framework for labor relations, collective bargaining contributes to employee satisfaction and supports sustainable business development.

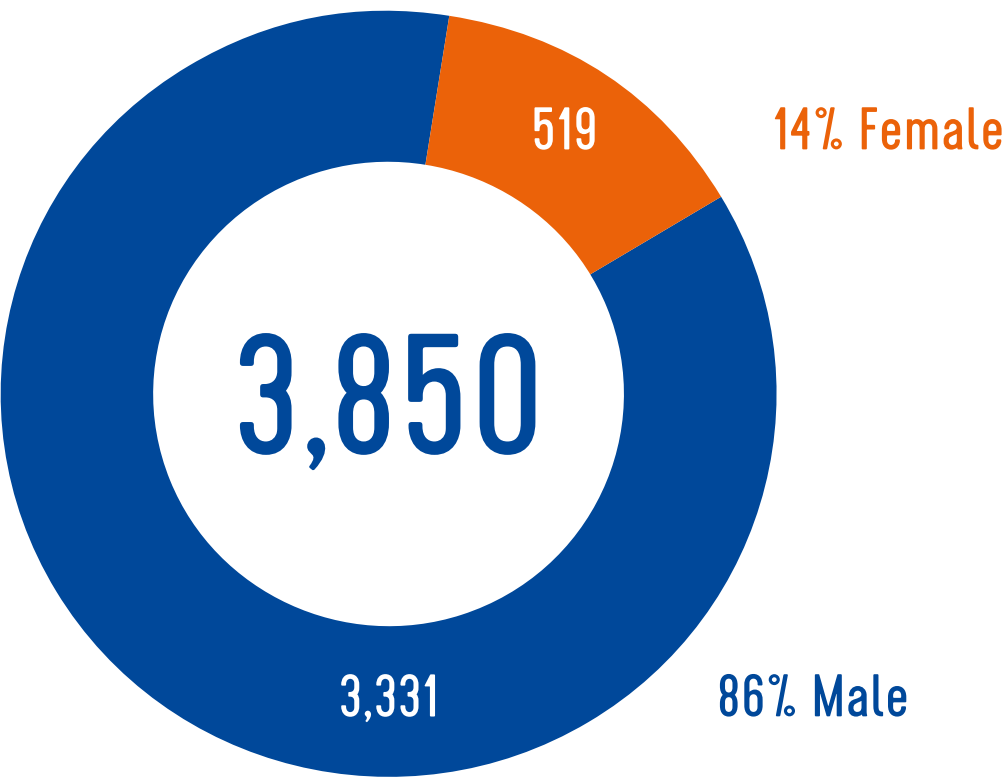
A collective bargaining agreement (CBA) is a formal agreement between an employer and employee representatives (usually trade unions) that sets employment terms such as pay, working hours, and benefits. A workers' representative is an individual or body (such as a works council or employee representative) that represents employees' interests and engages in dialogue with management on workplace matters.

Collective Bargaining Coverage					Social dialogue	
Coverage Rate	Employees – EEA		Employees – non-EEA		Workplace representation (EEA only)	
	2025	2024	2025	2024	2025	2024
0–19%			India	India		
20–39%			Malaysia	Malaysia		
40–59%			U.S.A.	U.S.A.		
60–79%	Romania	Romania			Romania	Romania
80–100%	Germany	Germany			Germany	Germany
	Netherlands	Netherlands			Netherlands	Netherlands
	France	France			France	France
	Czech Republic	Czech Republic			Czech Republic	Czech Republic

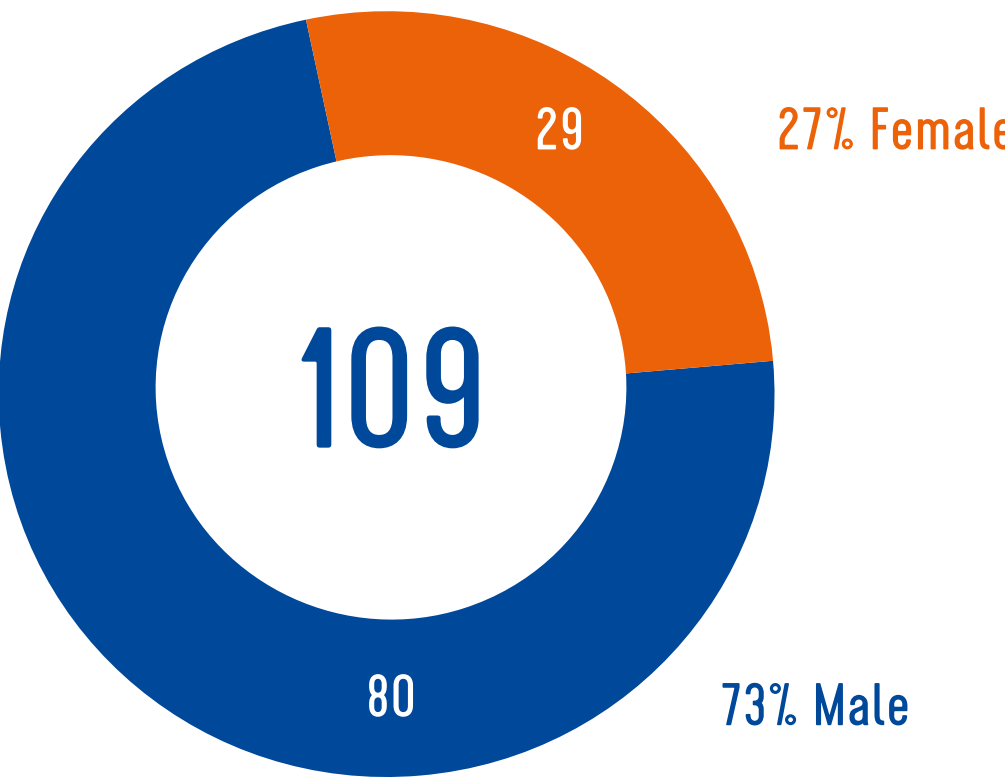
S1-8 Diversity metrics

Gender Diversity (2025):

Overall



Top management



Age Structure

The age distribution of the workforce at SGB-SMIT Group shows a balanced structure across different age groups, with the highest concentration of employees in the 30 to 50 age range. The largest group is employees aged 36–40, followed closely by those aged 31–35 and 41–45.

Younger employees under the age of 30 represent a smaller but relevant share of the workforce, supporting future talent development. At the same time, employees above 50 years account for a significant proportion, reflecting a stable and experienced workforce.

The number of employees above 60 years is comparatively low, which is typical due to retirement patterns. Overall, the age structure indicates a healthy mix of experience and continuity, while also highlighting the importance of succession planning and knowledge transfer in the coming years.

Category	Employees headcount	% 2025
Under 31 years	714	19%
31-45 years	1,699	44%
46-60	1,204	31%
Over 60 years old	233	6%
Total	3,850	100%

Generational diversity

A multi-generational workforce offers significant opportunities for innovation, collaboration, and knowledge sharing by bringing together employees at different career and life stages. At the same time, employees may have differing expectations regarding learning and development, career progression, leadership, communication, flexibility, and workplace well-being.

To better understand and address these varying needs, workforce demographics are regularly monitored through age-related workforce data. The insights gained support workforce planning and help inform people-related initiatives, including learning and development programs, mentoring and coaching activities, knowledge transfer measures, succession planning, employee engagement initiatives, and leadership development. These measures aim to create an inclusive work environment that supports employees throughout different stages of their careers while fostering collaboration and knowledge exchange across generations.

The presence of both experienced employees and younger talent highlights the importance of balancing knowledge retention with capability building. Structured mentoring, coaching, talent development, and succession planning initiatives contribute to preserving critical expertise while supporting the development of future generations of employees and leaders.

S1-9 & S1-15 Adequate wages and remuneration metrics

SGB-SMIT is currently developing the necessary data collection processes and expects full reporting in future periods. Currently, remuneration management at SGB-SMIT is handled through a combination of Group-level principles and local practices. Across the Group, several sites already have processes in

place to review or monitor remuneration structures through HR or management. These local processes help assess pay structures, support alignment with applicable requirements, and provide a basis for managing compensation in line with business and workforce needs.

In addition, structured approaches such as job grading or classification systems, regular salary or wage reviews, pay benchmarking against market levels or collective agreements, and defined criteria for salary increases or adjustments are available in some locations. These practices contribute to a more consistent evaluation of roles and compensation levels where they are already established.

At the same time, SGB-SMIT is currently assessing this topic with a full Group-wide scope to obtain a clearer and more comparable picture of existing remuneration practices across all sites. This ongoing assessment will help identify where processes are already established locally, where further harmonization may be needed, and how the Group can further strengthen transparency, fairness, and consistency in remuneration management.

S1-10 Social protection

Social protection is an integral part of SGB-SMIT Group's people management approach and contributes to the financial security and well-being of employees throughout their working lives. In line with applicable legal and regulatory requirements, employees are provided with access to social protection programs covering major life events, including sickness, unemployment, employment injury and acquired disability, parental leave, family-related leave, and retirement.

Coverage is primarily provided through statutory social security systems and, where applicable, complemented by company-sponsored benefits. These arrangements support employees during key life situations and contribute to workforce stability and well-being across the Group.

The implementation and administration of social protection benefits are managed locally in accordance with national legislation and employment practices, while Group-level policies and oversight help ensure a consistent approach to employee support across operations.

S1-11 Persons with disabilities

In 2025, employees with recognized disabilities represented 1.7% of the global workforce, corresponding to 67 individuals, based on applicable national legal definitions. Disclosure of disability status is voluntary, and employees are free to decide whether they wish to share this information. While the proportion remains relatively low, the company continues to focus on creating inclusive working environments and ensuring equal opportunities across locations. This includes adherence to local regulatory requirements and ongoing efforts to improve accessibility and participation in the workforce.

S1-12 Training and skills development metrics

Performance and career development reviews

In 2025, 92% of employees participated in formalized performance and career development reviews. These reviews are structured processes based on predefined criteria and are conducted transparently between employees and their supervisors.

The implementation and frequency of these reviews are influenced by national legal requirements and local operational needs. As a result, reviews may not take place annually in all locations. In addition, employees who leave before the review cycle or join after it has been completed are not included in the process for the respective reporting period.

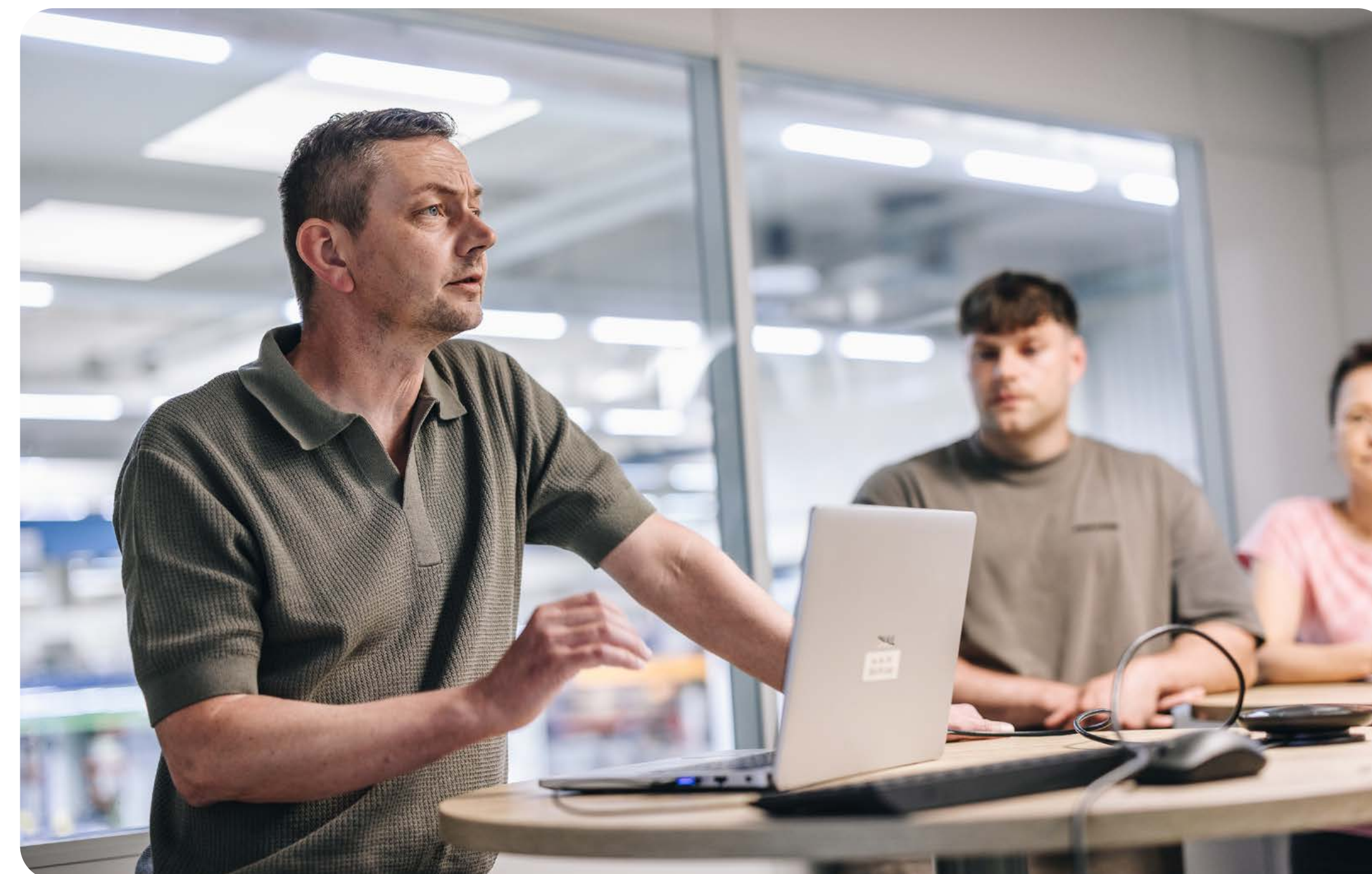
Despite these limitations, SGB-SMIT Group aims to ensure that performance and development discussions are widely practiced across the organization, supporting employee growth, continuous feedback, and long-term career development.

Training hours

In 2025, a total of 124,982 training hours were completed across the organization, corresponding to an average of approximately 32.5 training hours per employee. The reported figure includes onboarding and induction training hours, as well as a broad range of structured learning and development activities, such as technical, compliance, health and safety, and soft skills training, aimed at supporting continuous professional growth and employability.

The figure represents a global estimate based on the information currently available across the Group. Due to differences in training management systems, processes, and data traceability among locations, a fully consistent overview of all training categories and underlying training types is not yet available. As a result, while the reported total provides a reasonable representation of training activities across the organization, some limitations in data completeness and granularity remain. To enhance data quality, consistency, and reporting capabilities, the Group plans to introduce a global learning platform, in 2026 which is expected to improve transparency, traceability, and comparability of training data across all locations in future reporting periods.

This level of training reflects a strong focus on maintaining and enhancing employee capabilities across the workforce. Continuous learning is considered a key element in adapting to evolving business needs, supporting both individual development and long-term organizational performance.



S1-13 Health and safety metrics

	Own employees		Non-employees	
	2024	2025	2024	2025
Ill-health fatalities	0	0	0	0
Ill-health cases	0	0	0	0
Ill-health lost days	0	0	0	0
Fatalities (work-related)	0	0	0	0
Accidents (work-related)	63	55	9	2
LTIFR (200.000)	2.2	1.81	7.1	1.2

Workplace safety is a fundamental aspect of responsible business operations at SGB-SMIT Group. The Group places strong emphasis on preventive measures to reduce workplace accidents and provide safe and healthy working conditions across its operations. Occupational health and safety are embedded in the Group's management approach and support employee well-being, regulatory compliance, and continuous improvement.

In the reporting period, no work-related fatalities, occupational ill-health cases, or occupational ill-health-related lost days were reported among either own employees or non-employees (2024: 0). Data collection is performed in accordance with applicable legal requirements and local reporting obligations relating to occupational health and safety.

The number of reported work-related accidents among own employees decreased from 63 in 2024 to 55 in 2025. A similar trend was observed among non-employees, where the number of accidents decreased from 9 to 2 during the same period. This development was accompanied by an improvement in the Lost Time Injury Frequency Rate (LTIFR), which is calculated as the number of lost-time injuries per 200,000 hours worked. LTIFR decreased from 2.2 to 1.81 for own employees and from 7.1 to 1.2 for non-employees. Overall, the health and safety metrics indicate an improvement in workplace safety performance compared with the previous reporting period.

Despite the reduction in accident frequency, work-related lost days among own employees remained broadly stable, decreasing from 650 days in 2024 to 643 days in 2025. Lost days are calculated as calendar days and include the period from the first full day of absence until the individual returns to work, irrespective of scheduled working days. The relatively stable number of lost days suggests that some incidents resulted in longer recovery periods despite the lower number of accidents recorded. In addition to incident monitoring, SGB-SMIT Group continues to invest in preventive health and safety measures. During the reporting period, 78% of own employees received health and safety training in accordance with local regulatory requirements. The Group is also working towards further standardization of health and safety training practices throughout its operations to promote a consistent level of awareness and competence.

Furthermore, 40% of own employees underwent occupational health examinations during the reporting period. These examinations are conducted in accordance with local legislation and may vary based on factors such as job role, workplace risks, age, and regulatory requirements. As a result, occupational health examinations are performed according to risk-based and legal requirements rather than on an annual basis for all employees.

Overall, SGB-SMIT Group maintains a proactive approach to occupational health and safety management, focusing on prevention, compliance with applicable regulations, and the continuous improvement of workplace safety performance across its global operations.

S1-14 Work-life balance metrics

In 2025, all SGB-SMIT employees were entitled to family-related leave, reflecting the Group's commitment to supporting employees during important personal and family-related life events. During the reporting year, 97 employees made use of parental leave, representing approximately 3% of the total workforce of 3,850 employees, and 74 employees took sabbatical leave, representing approximately 2% of the total workforce. These figures show that family-related and personal leave arrangements are actively used within the workforce and form part of the Group's broader approach to work-life balance, employee well-being, and supportive working conditions.

S2: WORKERS IN THE VALUE CHAIN

This section provides disclosures related to SGB-SMIT Group's Workers in the Value Chain in accordance with ESRS S2.

The management of workers in the value chain is also embedded in the GREEN program, which provides the overarching framework for SGB-SMIT Group's sustainability strategy. In this context, the GREEN program supports a consistent approach to responsible sourcing, human rights due diligence, supplier engagement, and safe product use across the upstream and downstream value chain. This ensures that the Group's social responsibility extends beyond its own workforce and is reflected in how it manages supplier relationships, contractor expectations, and potential impacts on workers connected to its products and operations.

SGB-SMIT Group recognizes that its activities as a global transformer manufacturer extend beyond its own operations and can significantly impact workers across its upstream and downstream value chain. The Group therefore applies a comprehensive governance and due diligence framework to ensure that human rights, fair working conditions, and environmental standards are respected throughout its supplier network.

The foundation of SGB-SMIT's approach to workers in the value chain is a robust policy framework consisting of the Supplier Code of Conduct, the Declaration of Principles as well as Supply Chain Due Diligence Process that is in line with the German Supply Chain Due Diligence Act (LkSG).

SGB-SMIT Group does not directly interact with end-users although these would also be workers in the value chain; however, its products are installed, operated, and maintained by qualified personnel employed by customers or contractors within the downstream value chain.

Due to the indirect nature of its relationship with value-chain workers, SGB-SMIT relies primarily on supplier-mediated information, self-assessments, audits and external data sources, which may limit full visibility into all working conditions across the value chain.

Material impacts, risks, and opportunities (IROs) - workers in the value chain

The management of impacts on workers in the value chain is closely linked to SGB-SMIT's business model as a global manufacturer relying on complex, material-intensive supply chains, where responsible sourcing and supplier relationships are critical to operational resilience and long-term value creation.

Topic	Sub-topic	IRO type	Descriptions	Time horizon	Part of value chain
Workers in the value chain	Other labour-related human rights (child labour, forced labour, privacy and adequate housing, water and sanitation)	Positive Impact	Effective supplier management, supported by a clear Supplier Code of Conduct, enables the identification, assessment, and prevention of child labor and forced labor risks across the value chain. By promoting responsible sourcing and ethical practices, these measures safeguard human rights, ensure compliance, and strengthen operational continuity and brand reputation.	Short term	Upstream

S2-1 Policies related to workers in the value chain

SGB-SMIT Group's policies address material impacts, risks and opportunities related to value chain workers by setting Group-wide expectations on human rights, fair working conditions, non-discrimination, occupational health and safety, and the prohibition of forced labour, child labour and human trafficking.

The Supplier Code of Conduct establishes mandatory requirements for all suppliers, service providers, and contractors, covering environmental, social, and governance aspects. It explicitly requires suppliers to:

- Comply with applicable laws and contractual obligations
- Respect human rights and ensure fair working conditions
- Apply ethical business practices across their own supply chains

These requirements apply globally and extend beyond direct suppliers, as business partners are expected to cascade these standards further upstream. Besides the self-assessments that the suppliers update regularly, the Group reserves the right to verify compliance through audits and may take corrective actions, including suspension or termination of business relationships in case of non-compliance.

Human rights commitment and international alignment

SGB-SMIT's policies are aligned with internationally recognized frameworks, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, and the ILO Core Conventions, ensuring consistency with global standards on labor rights and human dignity.

The Group's Declaration of Principles formalizes its commitment to respecting human rights and environmental protection across both own operations and global supply chains. It emphasizes the prevention of adverse impacts and the provision of remediation where necessary.

Due diligence, impact management and risk prioritization

SGB-SMIT has implemented a structured human rights and environmental due diligence system to identify, assess, prevent, mitigate and, where necessary, remediate actual and potential adverse impacts on workers in the value chain. The approach is aligned with the LkSG and supports the Draft ESRS S2 disclosure focus on material impacts, risks and opportunities related to workers outside the Group's own workforce, including workers employed by suppliers, contractors, subcontractors and other business partners.

- Identification and assessment of worker-related human rights and environmental risks across upstream and downstream value-chain relationships
- Prioritization of impacts and risks based on severity, likelihood, scale, scope and remediability, as well as SGB-SMIT's leverage over the business relationship
- Integration of assessment results into procurement decisions, supplier qualification, supplier development and monitoring processes

An interdisciplinary Human Rights Committee, comprising representatives from procurement, sustainability, compliance and legal, oversees implementation and continuous improvement of due diligence measures. The committee reviews risk assessment results, monitors corrective actions, and supports escalation where severe or systemic risks to value-chain workers are identified.

Compliance checks are an integral part of supplier due diligence and the annual supplier evaluation process. SGB-SMIT Group has more than 500 active key suppliers. As not all suppliers can be audited with the same frequency, the Group applies a risk-based mapping approach to cluster and prioritize suppliers for further assessment, self-assessment, audit or corrective action. Suppliers that do not

comply with applicable legal requirements, including the LkSG, or with internationally recognized human rights principles, including the ILO Core Conventions, are generally not accepted or may be subject to remediation and escalation measures.

SGB-SMIT prioritizes the following supplier categories for enhanced due diligence:

- Suppliers of production materials and services with a significant connection to SGB-SMIT's products and operations
- Suppliers with elevated human rights risk exposure based on country, sector, commodity, media and other risk indicators
- Suppliers using, producing or handling critical or environmentally hazardous substances
- Suppliers with critical raw materials in their products or supply chains, where worker-related impacts may be more severe or difficult to remediate

ESG supply chain risk management process

Supplier coverage	Due diligence steps
100%	Abstract risk analysis based on country risk, sector risk, commodity exposure and critical news to identify potential material impacts on value-chain workers.
5–20%	Concrete risk analysis and validation through supplier self-assessments, evidence review and plausibility checks, including probability of occurrence and SGB-SMIT's leverage.
~ 3%	Impact analysis and prioritization based on severity, scale, scope, remediability, commercial relevance and supplier performance.
~ 0.5%	Preventive and corrective actions, including supplier communication, action plans, audits, escalation and, where necessary, restriction or termination of the business relationship.

All critical suppliers are required to complete a yearly self-assessment. New and existing suppliers that are not prioritized for enhanced due diligence but are also not categorized as low risk repeat the self-assessment at least every three years. Assessment outcomes are used to define preventive and corrective measures and to monitor the effectiveness of actions taken.

S2-2 Value Chain Worker Engagement & Remedy

SGB-SMIT engages with workers in the value chain primarily through its supplier management processes. All lead buyers are trained on ESG-related topics regularly. Where direct engagement with value-chain workers is not feasible, SGB-SMIT uses supplier self-assessments, audits, grievance channels and dialogue with suppliers or relevant representatives as sources of insight into worker-related impacts. The Group aims to strengthen these engagement and feedback mechanisms over time, particularly for higher-risk suppliers and commodities.

Remediation and grievance mechanisms

SGB-SMIT provides channels to identify and address potential violations, including an independent whistleblower system and formal procedures to investigate reported cases. Confirmed violations trigger corrective actions and remediation measures, with a focus on preventing recurrence and mitigating adverse impacts on affected individuals.

The effectiveness of engagement channels is assessed by reviewing whether reported concerns are acknowledged, investigated, resolved and followed up within defined timeframes. SGB-SMIT also considers the quality of dialogue with relevant stakeholders, the implementation of corrective actions, and whether similar issues reoccur over time. This approach helps determine whether value-chain workers' concerns are effectively addressed and whether additional measures are needed to strengthen prevention, remediation and supplier engagement.

S2-3 Actions and resources related to workers in the value chain

To prevent, mitigate and address material impacts and risks related to workers in the value chain, SGB-SMIT applies preventive, monitoring and corrective measures proportionate to the severity of the risk and the Group's leverage over the supplier relationship.

These measures include:

- Mandatory acceptance of the Supplier Code of Conduct as a prerequisite for business relationships
- Supplier screening and qualification processes covering human rights, environmental management, occupational health and safety, and ethical business conduct

- Risk-based supplier assessments, audits and follow-up reviews focused on labor standards, working conditions and prevention of severe human rights impacts, including child labor and forced labor
- Supplier communication, training and contractual requirements to promote awareness and implementation of SGB-SMIT's expectations
- Corrective action plans, escalation and monitoring of completion where gaps or violations are identified

SGB-SMIT recognizes that certain groups within the value chain may be more exposed to adverse impacts, including migrant workers, temporary workers, and workers in high-risk geographies or sectors. The Group considers these factors in its risk mapping by integrating country- and sector-specific risk indicators, including human rights risk indices and external data sources. Where relevant, supplier assessments and audits include specific questions on working conditions, recruitment practices, and treatment of vulnerable workers. In addition, findings from grievance mechanisms, audits and external sources are analyzed to identify patterns or risks affecting specific worker groups.

While SGB-SMIT does not directly employ downstream workers, the Group recognizes its responsibility to support the safe installation, operation and maintenance of its products throughout their lifecycle. To mitigate potential health and safety risks, SGB-SMIT integrates product safety requirements, documentation and handover elements into its delivery and commissioning processes. Only trained and authorized professionals are permitted to handle the equipment, and comprehensive operating manuals and safety instructions are provided to customers as part of the formal product handover. These materials set out mandatory safety measures for installation, operation, maintenance and emergency handling, helping to ensure that contractors and customer-employed workers have the necessary knowledge and instructions to manage occupational health and safety risks when interacting with SGB-SMIT products.

S2-4 Targets related to workers in the value chain

In accordance with ESRS 2 GDR T and Draft ESRS S2, SGB-SMIT tracks qualitative and quantitative targets related to workers in the value chain through its supplier due diligence and risk management processes. The targets are focused on strengthening supplier compliance with the Supplier Code of Conduct, improving the identification and prioritization of worker-related risks, monitoring the implementation of corrective actions, and enhancing the effectiveness of preventive and remedial measures.

Quantitative tracking is based on the Group's risk-based supplier coverage model. SGB-SMIT performs abstract risk analysis for 100% of relevant suppliers, conducts concrete risk analysis and validation for approximately 5–20% of suppliers through self-assessments, evidence review and plausibility checks, performs impact analysis and prioritization for approximately 3% of suppliers, and applies preventive or corrective actions to approximately 0.5% of suppliers where elevated or confirmed risks are identified. All critical suppliers are required to complete a self-assessment, while new and existing suppliers that are not classified as low risk repeat the self-assessment at least every three years.

The effectiveness of actions is monitored through supplier self-assessment results, audit findings, corrective action plans, escalation outcomes, grievance and whistleblowing channels, and regularly reviewed by the Human Rights Committee. These mechanisms enable SGB-SMIT to assess whether identified risks are being addressed, whether corrective actions are completed, and whether further preventive measures, supplier engagement or escalation are required.

Engagement with workers in the value chain, their legitimate representatives or credible proxies informs SGB-SMIT's understanding of the effectiveness of its actions where such engagement is feasible. Where direct engagement is limited, the Group relies on supplier dialogue, audits, self-assessments, grievance channels and other credible sources to obtain insight into actual or potential worker-related impacts. Lessons learned from these processes are used to refine risk mapping, update due diligence priorities, improve supplier requirements and strengthen corrective action monitoring over time.



A photograph of two men in an office setting. One man, wearing a black sweater, is standing and leaning over the other man, who is seated in an orange chair and wearing a red polo shirt. They are both looking at a document held by the seated man. The background is slightly blurred, showing office furniture and a wall with a large abstract painting.

GOVERNANCE MATTERS

G1: Business conduct

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SGB-SMIT Group is committed to conducting its business in an ethical, transparent and compliant manner across its global operations and value chain. Business conduct has been identified as a material topic through the Group's double materiality assessment, reflecting its relevance for ensuring regulatory compliance, maintaining stakeholder trust and managing risks related to business integrity and supply chain practices.

The Group operates as a global transformer manufacturer with a material intensive and internationally interconnected value chain. Key risk areas relate in particular to the sourcing of critical raw materials such as electrical steel, copper and aluminum, the management of a large and globally distributed supplier base, and project based business with industrial and energy sector customers. These characteristics require a structured approach to compliance, ethical conduct and responsible business relationships.

Business conduct is closely linked to SGB-SMIT's responsibilities in the value chain. Governance and compliance systems are designed not only to prevent corruption and ensure adherence to legal requirements, but also to support responsible sourcing practices and the protection of human rights and working conditions in the upstream supply chain, as further described under ESRS S2.

The Group's approach to business conduct is implemented through an established governance and compliance framework that includes defined policies, committees and control mechanisms, such as the Code of Conduct, the Supplier Code of Conduct, the Anti-Corruption Policy and structured due diligence processes. Responsibilities are clearly allocated across functions including Legal, Compliance, Procurement and Sustainability, supported by dedicated committees and regular monitoring processes.

This approach is closely linked to the governance pillar of the GREEN Program, which provides the framework for ethical business practices, compliance, data protection and responsible decision-making across the organization. By translating these principles into operational processes, management systems and employee responsibilities across all entities, the GREEN Program supports the consistent implementation of policies, actions and targets related to business conduct and ensures alignment between sustainability objectives and day-to-day business operations.

In addition, SGB-SMIT has implemented mechanisms for training, monitoring and reporting, including compliance training programs, supplier audits and an independent whistleblower system. These elements support the identification, management and remediation of potential risks and ensure continuous improvement of business conduct practices across the organization and its value chain.

Overall, SGB-SMIT's approach to business conduct reflects the need to manage complex global operations, ensure compliance with evolving regulatory requirements and maintain responsible relationships with suppliers, customers and other stakeholders, while supporting the Group's long term business strategy.

Material impacts, risks, and opportunities - Business conduct

Sub-topic	Type	Description	Time horizon	Scope
Corporate culture (including anti-corruption and bribery, protection of whistleblowers and animal welfare)	Positive Impact	SGB-SMIT's clearly defined global corporate culture with binding guidelines, unified branding, and training is essential to foster shared values, strengthen the employer brand, attract talent, and prevent employee turnover.	Short Term	All employees
Corporate culture (including anti-corruption and bribery, protection of whistleblowers and animal welfare)	Positive Impact	Corporate culture trainings as for example for the Code of Conduct are provided for all employees at SGB-SMIT and followed through.	Short Term	All employees

G1: BUSINESS CONDUCT

G1-1 Policies on business conduct

SGB-SMIT has established a comprehensive framework of policies governing ethical conduct, compliance and responsible business practices across its global operations and value chain. These policies are designed to address the specific requirements of a material-intensive manufacturing business with a complex international supplier network and project-based customer relationships.

Core elements of this framework include:

- The Code of Conduct, which defines principles for ethical behavior, integrity and compliance applicable to all employees,
- The Supplier Code of Conduct, which sets binding expectations for suppliers and business partners,
- The anti-corruption policy, establishing a zero tolerance approach to bribery, fraud and unethical conduct,
- The whistleblowing policy, which provides secure and confidential channels for employees and external stakeholders to report suspected misconduct without fear of retaliation,
- Internal policies on data protection, information security and compliance management. The data protection policy ensures adherence to the EU General Data Protection Regulation (GDPR) and other national data protection laws across all entities.

These policies are implemented Group-wide and are embedded in contractual arrangements, operational processes and internal guidelines. In particular, the Supplier Code of Conduct is systematically integrated into procurement processes and contractual agreements with key suppliers, who represent a significant share of the Group's direct material spend.

Given the importance of global sourcing of raw materials and components, the policy framework explicitly addresses risks relevant to the upstream value chain, including:

- Compliance with applicable laws and regulatory requirements
- Respect for human rights and labor standards
- Prevention of corruption and unethical business practices
- Environmental responsibility in sourcing and production

Data management and information security

Effective data management and stringent information security protocols are essential elements of SGB-SMIT's operational strategy. Effective data management ensures access and use of data in a way that supports operations and decision making processes. At the same time, information security is necessary to protect confidentiality, integrity, and availability of information assets. Information security is equally important to protect SGB-SMIT Group's information from unauthorized access, theft, or misuse.

By implementing effective information security measures, SGB-SMIT Group protects its valuable information assets from these threats and maintains the trust of its customers and stakeholders. Ultimately, effective data management and information security are crucial to operate in a secure and sustainable manner. The strategy for the data management and information security is aligned to the data protection regulations, the ISO 27001 standard, as well as to the recommendations of the German Federal Office for Information Security (BSI) and other established security organizations.

The policies therefore form the governance basis for managing both compliance risks (ESRS G1) and impacts on workers in the value chain (ESRS S2). In particular, they provide the foundation for addressing risks related to working conditions, health and safety and human rights in supplier operations.

The policy framework is aligned with relevant international standards and conventions, including:

- The United Nations Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises
- International Labour Organization (ILO) core conventions
- International anti-corruption frameworks

Policies are supported by regular updates, internal communication and training programs to ensure awareness and consistent application across the organization. Their implementation is monitored through established governance structures, including compliance functions, internal audits and supplier-related due diligence processes. Overall, SGB-SMIT's policy framework reflects the need to ensure consistent ethical standards across a global value chain, to manage regulatory and operational risks, and to support responsible business conduct in both own operations and the value chain.

G1-2 Actions related to business conduct

SGB-SMIT implements a structured set of actions to manage material risks related to business conduct across its operations and value chain. These actions are aligned with the Group's governance and compliance framework and focus on supplier management, prevention and detection of misconduct and employee training, reflecting the requirements of a global, material intensive and project based business environment.

SGB-SMIT has implemented structured processes to prevent, detect, investigate and respond to potential incidents of corruption, bribery and other forms of allegation of misconduct.

These actions include:

- Operation of a Group wide Compliance Management System
- Oversight through a Compliance Committee and a Human Rights Committee
- Risk identification through audits, document reviews and reporting channels
- Defined procedures for investigation and remediation of identified cases

In 2025, seven suspected cases were reported via the whistleblower system, of which three were substantiated. These cases related to topics including third party fraudulent behavior, suspected bribery, conflicts of interest. Corrective measures were implemented in all confirmed cases, and no regulatory penalties were imposed. These actions ensure that identified risks are addressed in a structured manner and support continuous improvement of business conduct practices across the Group. Additionally, responsibility for data protection is formally assigned through the appointment of a Data Protection Officer, who oversees compliance with applicable data protection requirements, monitors implementation, advises management, and acts as liaison with supervisory authorities

In the reporting year SGB-SMIT Group made significant progress in further developing its cyber security landscape, focusing on increased resilience, proactive risk management and the protection of critical business assets. The initiatives included technology upgrades, process improvements, and enhanced security awareness across the organization. Those activities will be carried out constantly to ensure a persistently high level of maturity.

Supplier management and value chain actions

Given the importance of global sourcing of raw materials and components, SGB-SMIT applies a structured, risk-based approach to managing relationships with suppliers and business partners.

The Group maintains a network of more than 500 key suppliers and applies a multi-stage due diligence process, including:

- Abstract risk analysis for the full supplier base
- Detailed risk validation and prioritization for selected suppliers
- Targeted audits for high risk suppliers

In 2025, SGB-SMIT conducted 44 on-site supplier audits, focusing on suppliers identified as critical. More than 70% of the findings show non conformities and areas of improvement to be made primarily in the areas of quality, 7% in environment, 10% in health and safety and 11% in the topic area of governance. Where non conformities are identified, corrective actions are defined in collaboration with suppliers and their implementation is monitored. In cases of severe or persistent non compliance, the Group may terminate the business relationship.

These actions support both compliance objectives (ESRS G1) and the management of impacts on workers in the value chain (ESRS S2), particularly with regard to working conditions, occupational health and safety and human rights.

Training and awareness actions

To support the effective implementation of business conduct requirements, SGB-SMIT conducts regular training and awareness activities for employees, particularly for functions exposed to higher risks.

Training programs cover topics such as:

- Anti corruption and business ethics
- Data protection and information security
- Compliance and regulatory requirements
- Supply chain due diligence and sustainability-related risks

During 2025, participation rates for key compliance trainings ranged between approximately 70% and 90% across relevant topics. Training programs are mandatory for management roles and employees in sensitive functions such as procurement and sales.

In addition, all lead buyers in procurement functions are trained on sustainability-related supply chain risks and lifecycle considerations. This enables the Group to actively engage with suppliers on ESG topics and to integrate compliance and sustainability considerations into sourcing decisions.

Use of reporting and control mechanisms

SGB-SMIT complements its preventive and operational actions with reporting and control mechanisms to identify and address potential issues at an early stage.

These actions include:

- The operation of an independent whistleblower system with external ombudsman function
- Structured processes for handling and investigating reported concerns
- Integration of findings into compliance management and risk assessment processes

These mechanisms provide a direct channel for identifying potential breaches of policies or legal requirements and support the Group's ability to respond effectively to emerging risks in both its own operations and its value chain. The combination of supplier-related due diligence, compliance and investigation processes, targeted training programs and reporting mechanisms constitutes SGB-SMIT's integrated approach to managing business conduct risks.

This approach reflects the Group's exposure to global supply chains and complex project environments and ensures that actions are aligned with its material impacts, risks and opportunities as identified in the double materiality assessment.

G1-3 Targets related to business conduct

SGB-SMIT has defined targets for its material business conduct matters, reflecting its commitment to strengthening compliance, ethical business practices and responsible value chain management. These targets address key areas including compliance and anti corruption, supplier and value chain management as well as training and awareness.

The defined targets are aligned with the Group's governance and compliance framework and support the structured management of material risks related to business conduct across its global operations and value chain. They are integrated into existing processes such as the Compliance Management

System, supplier due diligence procedures and internal training programs, ensuring consistency with the Group's overall sustainability strategy and governance structure.

The targets are designed to ensure:

- Effective prevention, detection and remediation of compliance-related risks
- Structured and risk based oversight of suppliers and business partners
- A high level of awareness and competence among employees in relation to business conduct requirements

An overview of the specific targets, including their scope and timelines, is provided on the table below.

Area	Target	Timeline
Compliance	100% of cases investigated and closed within 12 months	Rolling 12 months
Compliance	100% training for high-risk functions	Rolling 12 months
Supplier	100% of critical material suppliers screened	Every 3 years
Supplier	100% corrective actions implemented	Rolling 12 months
Training	≥ 90% participation in compliance trainings	Annual
Training	Annual refresh of trainings	Annual

G1-4 Metrics related to corruption or bribery

SGB-SMIT monitors and reports on incidents related to business conduct as part of its Compliance Management System. These metrics are used to assess the effectiveness of the Group's policies and actions in preventing, detecting and addressing cases of corruption, bribery and other forms of misconduct.

During the reporting period, a total of 2 suspected cases of corruption or bribery were reported through established reporting channels. Of these cases, none were substantiated following investigation.

None of the reported or confirmed cases involved incidents of corruption or bribery as defined under ESRS. Furthermore, no convictions or fines related to violations of anti-corruption or anti-bribery laws were recorded during the reporting period.

All reported cases were investigated in line with the Group's established procedures and appropriate corrective measures were implemented, where necessary.

These results demonstrate the application of the Group's target to ensure that all reported compliance cases are investigated and closed within a defined timeframe. The monitoring of case handling and remediation is an integral part of the Group's approach to achieving this target (see G1-3).

In addition, the absence of confirmed cases related to corruption or bribery supports the Group's objective of maintaining effective preventive and control mechanisms in this area. Training coverage and awareness measures for high-risk functions, as defined under G1-3, contribute to mitigating the likelihood of such incidents and are continuously monitored as part of the Group's compliance framework.

The Group continuously monitors compliance cases and integrates findings into its risk management and internal control processes. This includes the identification of root causes, the implementation of corrective and preventive measures and the continuous improvement of policies, training programs and control mechanisms.

Indicator	2025
Reported compliance cases	7
Substantiated cases	3
Unfounded cases	4
Cases related to corruption/bribery	2
Convictions for corruption/bribery	0
Fines related to corruption/bribery	0

G1-5 Metrics related to political influence, including lobbying activities

SGB-SMIT monitors activities related to political influence and lobbying as part of its governance framework and commitment to ethical business conduct. These disclosures provide transparency on the extent to which the Group engages in such activities and how these interactions are aligned with its business conduct principles and governance framework.

SGB-SMIT does not maintain a dedicated lobbying function and does not actively pursue structured lobbying activities aimed at influencing public policy or legislative processes. The Group does not engage in systematic efforts to shape regulatory outcomes.

Interactions with political stakeholders are primarily limited, ad hoc and event driven, for example in the context of site visits, facility openings or regional engagements. These interactions are conducted in a transparent and non preferential manner and do not constitute lobbying activities as defined under ESRS.

During the reporting period, SGB-SMIT did not provide any financial or in kind political contributions, neither directly nor indirectly. The Group does not support political parties, candidates or comparable organizations.

SGB-SMIT's external engagement is predominantly focused on technical and industry-related exchange platforms, including participation in industry associations and expert working groups (e.g. within the transmission and distribution sector). These activities are aimed at knowledge exchange, technical collaboration and staying informed about regulatory developments, rather than exerting political influence.

This approach reflects the Group's commitment to maintaining independence, integrity and transparency in its external engagements, while ensuring that interactions with public stakeholders remain aligned with its role as a technical expert and industrial partner.

No appointments of members of administrative, management or supervisory bodies with recent roles in public administration were identified during the reporting period.

G1-6 Metrics Related To Payment Practices

SGB-SMIT monitors its payment practices as part of its broader approach to responsible supplier relationships and ethical business conduct. These disclosures provide transparency on how the Group manages contractual payment terms and supports fair and reliable business relationships with its suppliers and business partners.

Payment practices are governed by established procurement and finance processes and are aligned with contractual agreements and applicable legal requirements. The Group's approach aims to ensure timely and transparent payments, thereby contributing to stable and long term supplier relationships.

SGB-SMIT applies standardized payment terms, which typically range between 30 and 90 days, depending on supplier category, geographical location and contractual arrangements. These terms are defined within procurement processes and are communicated transparently to suppliers as part of contractual agreements. In the reporting period, the average payment duration amounted to approximately 38 days across the Group. This reflects the Group's commitment to timely payments and responsible supplier relationships.

The Group continuously monitors adherence to agreed payment terms through its financial and controlling systems. This includes the tracking of payment performance and the identification of potential deviations, which are addressed through internal coordination between procurement and finance functions.

No significant legal proceedings related to late payments were identified during the reporting period. Payment practices are therefore considered to be in line with contractual obligations and internal requirements. SGB-SMIT continues to further enhance its monitoring and reporting processes in this area, including the potential introduction of more granular metrics related to payment performance and supplier categories.

Indicator		2025
Standard payment terms		30–90 days
Average payment duration		38 days
Payments aligned with agreed terms	Monitored (no material deviations identified)	
Legal proceedings for late payments		None



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ESRS Standard

ESRS Standard		Included (yes / partially / no and comment)	Page
General disclosures			
BP-1	Basis for preparation of the sustainability statement	Yes	6
BP-2	Specific information if the undertaking uses phasing-in options	Yes	7
GOV-1	The role of the administrative, management and supervisory bodies in relation to sustainability	Yes	7
GOV-2	Integration of sustainability-related performance in incentive schemes	Yes	10
GOV-3	Statement on due diligence	Yes	10
GOV-4	Risk management and internal controls over sustainability reporting	Yes	12
SBM-1	Strategy, business model and value chain	Partially	12
SBM-2	Interests and views of stakeholders	Yes	16
SBM-3	Interaction of material IROs with strategy and business model and financial effects	Partially	17
IRO-1	Description of the process to identify and assess material IROs and material information to be reported	Partially	18
IRO-2	Material IROs and disclosure requirements included in the sustainability statement	Yes	19
E1: Climate Change			
E1-1	Transition plan for climate change mitigation	No, currently under development	24
E1-2	Identification of climate-related risks and scenario analysis	Partially	24
E1-3	Resilience in relation to climate change	Partially	24
E1-4	Policies related to climate change mitigation and adaptation	Yes	25
E1-5	Actions and resources in relation to climate change mitigation and adaptation	Partially	26
E1-6	Targets related to climate change	Partially	27
E1-7	Energy consumption and mix	Yes	27
E1-8	Gross scope 1, 2, 3 GHG emissions	Yes	28
E1-9	GHG removals and GHG mitigation projects financed through carbon credits	Yes	30
E1-10	Internal carbon pricing	Yes	30
E1-11	Anticipated financial effects from material physical and transition risks and material climate-related opportunities	No, currently under development	31



ESRS Standard		Included (yes / partially / no and comment)	Page
E2: Pollution (non-material)			
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E5-5	Resource outflows	Yes	35
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S1-4	Targets related to own workforce	Yes	52
S1-5	Characteristics of the undertaking's employees	Partially	53
S1-6	Characteristics of non-employees in the undertaking's own workforce	Yes	54
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S1-8	Diversity metrics	Yes	55
S1-9	Adequate wages	No, under development	56
S1-10	Social protection	Yes	56



ESRS Standard		Included (yes / partially / no and comment)	Page
S1-11	Persons with disabilities	Yes	57
S1-12	Training and skills development metrics	Yes	57
S1-13	Health and safety metrics	Partially	58
S1-14	Work-life balance metrics	Yes	58
S1-15	Remuneration metrics	Partially	56
S1-16	Incidents of discrimination and other human rights incidents	No	-
S2: Workers in the value chain			
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G1-5	Metrics related to political influence, including lobbying activities	Yes	68
G1-6	Metrics related to payment practices	Partially	69

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement and related datapoint in ESRS	Pillar 3 (*)reference	Benchmark regulation(*) reference	EU Climate Law(*) reference
ESRS 2 GOV-1 Percentage of board members who are independent		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 GOV-3 Statement on due diligence			
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	Article 449a Regulation (EU) No 575/2013 read in conjunction with Article 435 of that Regulation; Commission Implementing Regulation (EU) 2024/3172 Table 1:	Delegated Regulation (EU) 2020/1818, Article 12(1)	
ESRS 2 SBM-1 Involvement in activities related to chemical production		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to prohibited weapons		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 GDR-P Human rights policy		Delegated Regulation (EU) 2020/1816 , Section 1 and 2 on Social factor in Annex II	
ESRS E1-1 Transition plan for climate change mitigation			Regulation (EU) 2021/1119, Article 2(1)
ESRS E1-6 GHG emission reduction targets	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/3172 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	
ESRS E1-7 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)			
ESRS E1-7 Energy consumption and mix			
ESRS E1-8 Gross Scope 1, 2, 3 GHG emissions	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/3172 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	
ESRS E1-9 GHG removals and carbon credits			Regulation (EU) 2021/1119, Article 2(1)
ESRS E1-11 Exposure of the benchmark portfolio to climate-related physical risks		Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	



Disclosure requirement and related datapoint in ESRS	Pillar 3 (*)reference	Benchmark regulation(*) reference	EU Climate Law(*) reference
ESRS E1-11 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/3172; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral		
ESRS E1-11 Degree of exposure of the portfolio to climate-related opportunities		Delegated Regulation (EU) 2020/1818	
ESRS E2-4 Amount of material pollutants emitted to air, water and soil			
ESRS E3-1 Water-related policies			
ESRS E3-1 Policy covering areas with-water stress			
ESRS E3-4 Total water recycled and reused			
ESRS E4-5 Activities negatively affecting biodiversity- sensitive areas			
ESRS E4-2 Policy covering sites in or near biodiversity- sensitive areas			
ESRS E5-5 Non-recycled waste			
ESRS E5-5 Hazardous waste and radioactive waste			
ESRS 2 IRO-2 Risk of incidents of forced labour			
ESRS 2 IRO-2 Risk of incidents of child labour			
ESRS 2 GDR-P Human rights policy commitments		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-1 Processes and measures for preventing trafficking in human beings			
ESRS S1-2 Grievance mechanism, including employee- related matters			
ESRS S1-13 Health and safety management system			
ESRS S1-13 Rate of work-related accidents		Delegated Regulation (EU) 2020/1816, Annex II	



Disclosure requirement and related datapoint in ESRS	Pillar 3 (*)reference	Benchmark regulation(*) reference	EU Climate Law(*) reference
ESRS S1-13 Number of days lost to injuries, accidents, illness			
ESRS S1-15 Unadjusted gender pay gap		Delegated Regulation (EU) 2020/1816, Section 1 and 2 on Social in Annex II	
ESRS S1-15 Annual total remuneration ratio			
ESRS S1-16 Incidents of discrimination			
ESRS S1-16 Human rights incidents		Delegated Regulation (EU) 2020/1816, Section 1 and 2 on Social in Annex II	
ESRS S2-1 Processes and measures for preventing trafficking in human beings			
ESRS S2-1 Code of Conduct			
ESRS S3-2 Grievance mechanism			
ESRS S2-3 Human rights incidents		Delegated Regulation (EU) 2020/1816, Section 1 and 2 on Social in Annex II	
ESRS S3-3 Human rights incidents		Delegated Regulation (EU) 2020/1816, Section 1 and 2 on Social in Annex II	
ESRS S4-2 Grievance mechanism			
ESRS S4-3 Human rights incidents		Delegated Regulation (EU) 2020/1816, Section 1 and 2 on Social in Annex II	
ESRS G1-1 Policies consistent with United Nations Convention against Corruption			
ESRS G1-1 Protection of whistle-blowers			
ESRS G1-2 Actions to address breaches of Standards of anti- corruption and anti- bribery			
ESRS G1-4 Convictions and Fines for violation of anti-corruption and anti-bribery laws		Delegated Regulation (EU) 2020/1816, Annex II	

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