



# SUSTAINABILITY REPORT 2024

FISCAL YEAR 2023



 **SGB-SMIT**  
Group

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# ABOUT THIS REPORT

## THE SGB-SMIT GROUP SUSTAINABILITY REPORT: THE WHO AND THE WHY

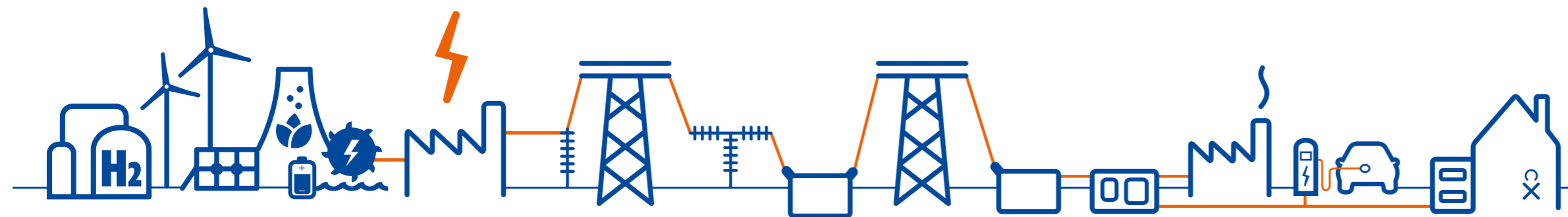
At SGB-SMIT Group, sustainability is the result of a collective effort which involves customers, employees, stakeholders, suppliers, and partners.

This Sustainability Report presents SGB-SMIT Group's sustainability strategy and endeavors to date, their outcomes, and the ways in which sustainability defines the future of the group. The sustainability reporting boundaries include all group companies worldwide, including wholly owned and majority-owned subsidiaries, only

excluding SGB-SMIT Power Matla. All data in this report relates to the financial year 2023 from January 1 to December 31. Data was collected via internal reporting systems from all locations. The data is being reported at SGB-SMIT group level. All reported information has been compiled in reference to the standards of the Global Reporting Initiative (GRI), GRI 1: Foundation 2021. For further information about corporate sustainability or this report, please contact [sustainability@sgb-smit.group](mailto:sustainability@sgb-smit.group).

Environment, Social and Governance (ESG) are fundamental areas at SGB-SMIT Group. All global members demonstrate commitment to these areas, through various initiatives such as forward-looking actions and economic management, responsibility towards employees, job security, environmental protection, and compliance across the whole value chain following the provisions of the German Supply Chain Due Diligence Act.

As a global leader, SGB-SMIT Group recognizes that the supply of energy is one of the most important topics globally, especially the supply of clean energy coming from renewable sources. The energy transition poses large challenges for power generation, as well as for the transmission and distribution networks. As a response to this, SGB-SMIT Group offers a wide range of products and services for energy generation, transmission, and distribution, capable of being tailored for meeting present and future market requirements.



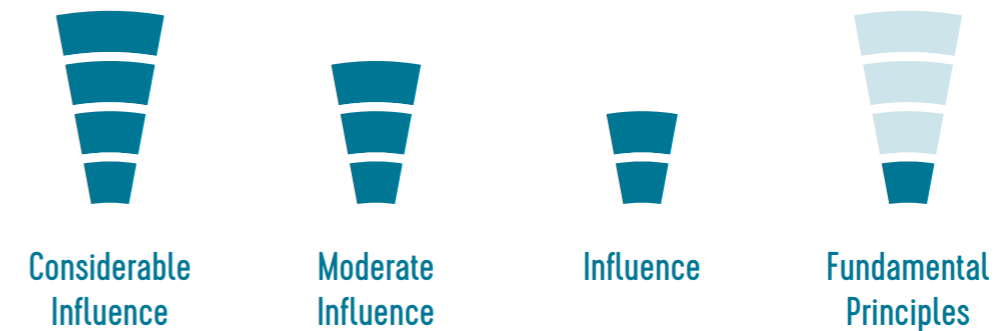
# CONTRIBUTION TO THE UN SDGs

In 2015, the United Nations Agenda 2030 with its 17 United Nations Sustainable Development Goals (SDGs) was set in place to protect the planet and create a safe and decent place for all human beings to live in peace. SGB-SMIT Group has acknowledged its responsibility and has been implementing clear actions to contribute to realizing the goals outlined Agenda 2030.

SGB-SMIT has mapped all 17 SDGs as per its area of influence. The group has identified seven SDGs on which it can have a considerable impact. And therefore, clear action plans and targets have been put in place to achieve these SDGs:



SGB-SMIT is led by the fundamental principle of acting responsibly in everything it does and therefore, strives to support the achievement of all the other SDGs:



# EDITORIAL | CEO'S & CFO'S MESSAGE



Holger Ketterer  
CEO – SGB-SMIT Group



Heinrich Uekermann  
CFO – SGB-SMIT Group

**“Embracing the energy transition and leading the way towards sustainability means embracing a significant expansion in reliable power generation.”**

The energy transition demands reliable solutions and substantial expansion in power generation, alongside with significant upgrades to the transmission, storage, and distribution infrastructure. Our products play a critical role in integrating renewable energy sources into the grid and enabling the electrification of transportation.

At SGB-SMIT, we offer innovative solutions for comprehensive energy transformation. Our aim is to help our customers accelerate the energy transition and the expansion of electrification, continuously striving to improve the energy efficiency of our products.

Acknowledging sustainability as the result of a collective effort from all stakeholders, we understand our responsibility as a shared one. Achieving our environmental

goals within our sector implies additional efforts and investments which should also be shared. A shared sense of responsibility is essential for a long-term success.

We have also set our focus on the social aspects of sustainability, fully committing to equality and inclusion. As an international group, we understand diversity is our strength. We envision an environment where everybody is capable to lead and has the same opportunities without regard of gender, nationality, age, or any other characteristic.

We have committed to integrate sustainability in all aspects of our business operations, and this commitment has been followed by clear targets and the optimization of our processes. Our efforts to drive progress in our Environmental, Social and Governance (ESG)

areas are now being guided by our preparation process to comply with the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy, standardizing sustainability reporting further and increasing the link between financial and non-financial reporting.

As for now, we believe embracing the energy transition and leading the way towards sustainability means embracing a significant expansion in reliable power generation. As a leading manufacturer in the energy sector, SGB-SMIT Group supports this expansion always working for a more sustainable future.

*Sincerely,  
Holger Ketterer, CEO – SGB-SMIT Group  
Heinrich Uekermann, CFO – SGB-SMIT Group*

# EDITORIAL | SUSTAINABILITY CORE TEAM MESSAGE



Julia Däumer  
VP Strategy &  
Sustainability

Sandra Marques  
Sustainability  
Manager

Ana Rojas  
Sustainability  
Manager

Our goal at SGB-SMIT is to build a more sustainable future for all. Notable progress has been achieved across every aspect of our strategy, reflecting our dedication to driving positive change. We have strengthened our Sustainability Core Team and appointed dedicated sustainability managers within each of our business units, leading our efforts at the local level, ensuring that sustainability remains a priority throughout the organization.

Collaboration is at the core of our strategy, as we continue to actively engage with joint industry initiatives to establish common standards. By being part of these, we capitalize on collective expertise and resources to drive progress towards shared sustainability goals and accountability within our industry.

As part of our approach, we are diligently preparing to ensure compliance with the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy. Our priority is to align our practices and operations with the evolving environmental regulations.

Transparency and effective communication are foundational elements of our sustainability approach, serving as the cornerstone to promote best practices and drive continuous improvement. Facilitating open dialogue and knowledge sharing among our entities and stakeholders has enabled us to identify and implement strategic measures.

We have continued to implement actions to reduce our environmental impact and improve

the well-being of our employees and promote equal opportunities among them. We have laid the groundwork for a diversity strategy, reduced greenhouse gas (GHG) emissions, improved waste management practices, and increased the share of renewable energy used. Compared to 2020, we have reduced our carbon footprint (Scope 1 and 2 per produced MVA) by 39%.

We thank all our employees, stakeholders and partners we are doing business with for being transparent, innovative, and continuously working with us in achieving SGB-SMIT's sustainability goals and transforming the future of energy.

# 1.0

## ABOUT SGB-SMIT GROUP



### 1.0 ABOUT SGB-SMIT GROUP

- 1.1 WHY SGB-SMIT?
- 1.2 SGB-SMIT AT A GLANCE
- 1.3 SGB-SMIT SITES
- 1.4 PRODUCTS
- 1.5 END CUSTOMER MARKET
- 1.6 SALES BY PRODUCTS 2023
- 1.7 SALES BY REGIONS 2023
- 1.8 CUSTOMER RELATIONS

## 1.1 WHY SGB-SMIT?

SGB-SMIT Group manufactures transformers in all power classes and for a wide range of applications. The coordination of the largely independent global sites is managed by the group's headquarters located in Regensburg, Germany.

The ultimate shareholding company of the Group is Dutch OEP Trafo Coöperatief U.A., located in Amsterdam, Netherlands. SGB-SMIT's production facilities, service and sales sites are spread across the key markets of Europe, North America, and Asia. Over the last few years, SGB-SMIT has strengthened its involvement in growth markets and increased its participation in the renewable energy market.

The individual sites specialize according to their local market conditions as well as product categories. These are standalone companies; however there is among others a strong transfer of know-how within supplier management and mutual involvement in the development of products at group level.

The group strategy regarding sustainability is centrally defined and executed at entity level.

SGB-SMIT Group, with over a century of experience, specializes in transformers and maintains a well-established presence at each of its locations. Globally, it offers world-class quality and market expertise. Locally, its customers benefit from lean structures and short distances in planning and production, optimized transportation, and exceptional service. SGB-SMIT embodies the best of both worlds with global expertise and local efficiency.

Its development and service are customer-oriented, and its international team is practice-oriented in its actions and pragmatic in its problem solving. SGB-SMIT Group is known for being an independent and reliable partner, contractor, and customer, who does not compromise on quality.

SGB-SMIT is a responsible partner, driven by sustainability in every aspect of its operations. Its commitment to ethical standards is demonstrated through its respect for both the environment and human rights.







## 1.2 SGB-SMIT AT A GLANCE

Status 2023

1913 

110 YEARS OF EXPERIENCE

3,083 

EMPLOYEES

80 

COUNTRIES

1<sup>ST</sup> 

TRANSFORMER MANUFACTURER IN EUROPE WITH WORLDWIDE LOCATIONS

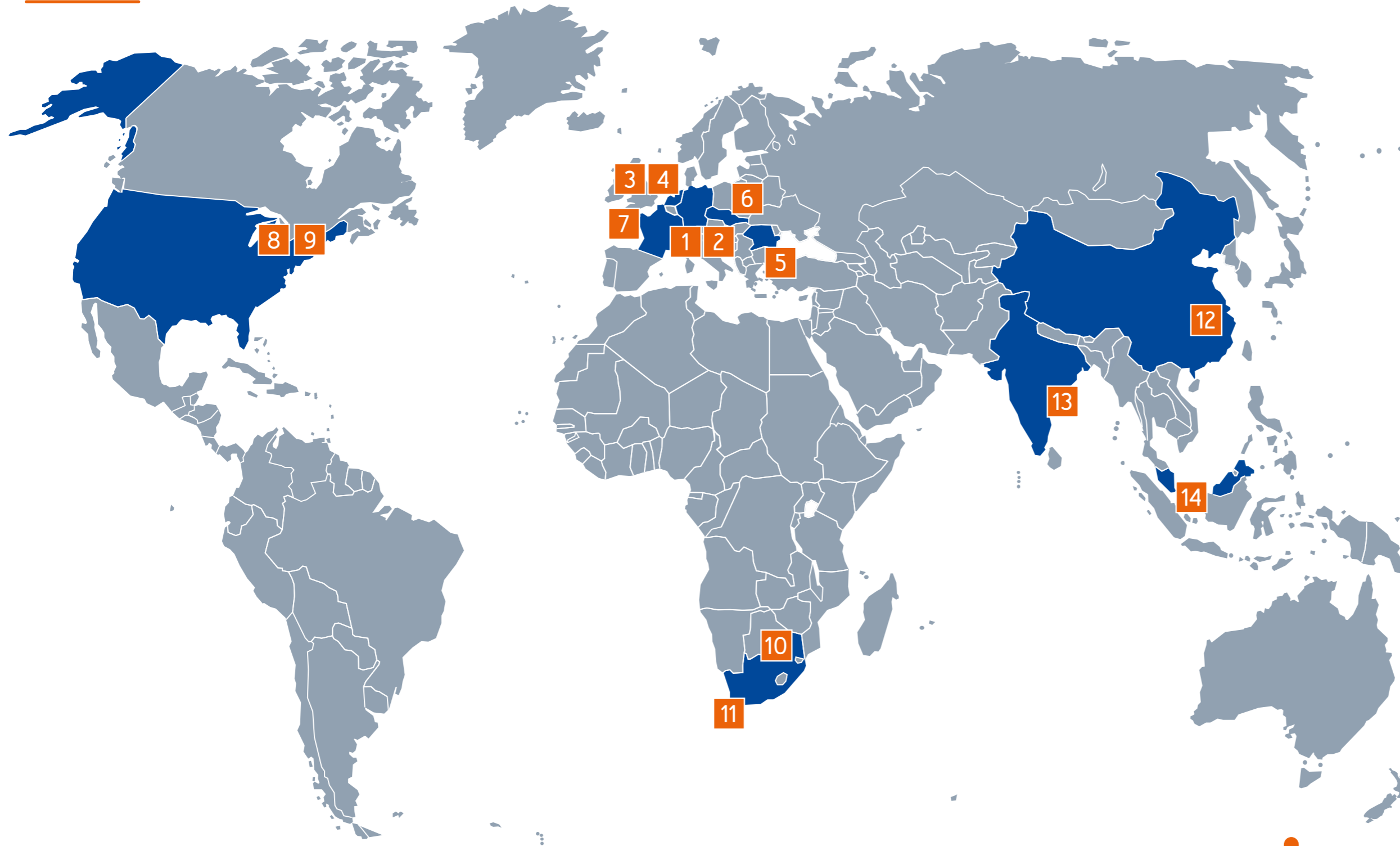
15,057 

TRANSFORMERS

1.24 

BILLION € TURNOVER

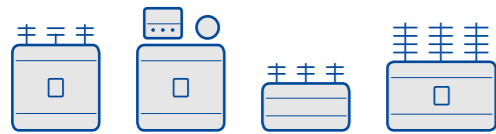
### 1.3 SGB-SMIT SITES



- 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 S.R.L.  
Sibiu (Romania)
- 6** SGB CZECH TRAF0 S.R.O.  
Olomouc (Czech Republic)
- 7** BCV TECHNOLOGIES S.A.S.  
Fontenay-le-Comte (France)
- 8** SGB USA INC.  
Louisville, OH. (USA)
- 9** OTC SERVICES INC.  
Louisville, OH. (USA)
- 10** SGB-SMIT POWER MATLA (PTY) LTD.\*  
Pretoria West (South Africa)
- 11** SGB-SMIT POWER MATLA (PTY) LTD.\*  
Cape Town (South Africa)
- 12** SGB CHINA  
Changzhou (P.R. China)
- 13** SGB TRANSFORMERS INDIA PVT. LTD.  
Chennai (India)
- 14** SGB MY SDN. BHD.  
Nilai (Malaysia)

\*outside of 2023 reporting boundaries

## 1.4 PRODUCTS



### POWER

- Large power transformers
- Medium power transformers
- Shunt reactors
- Series reactors
- Phase shifters
- Electrical arc furnace transformers

Transformers from 10 kVA up to incl. 1,200 MVA in the voltage range up to 765 kV.

### DISTRIBUTION

- Large liquid-immersed distribution transformers
- Liquid-immersed distribution transformers
- Dry type transformers
- Low voltage Transformers
- Lahmeyer-Compactstationen [compact substations]

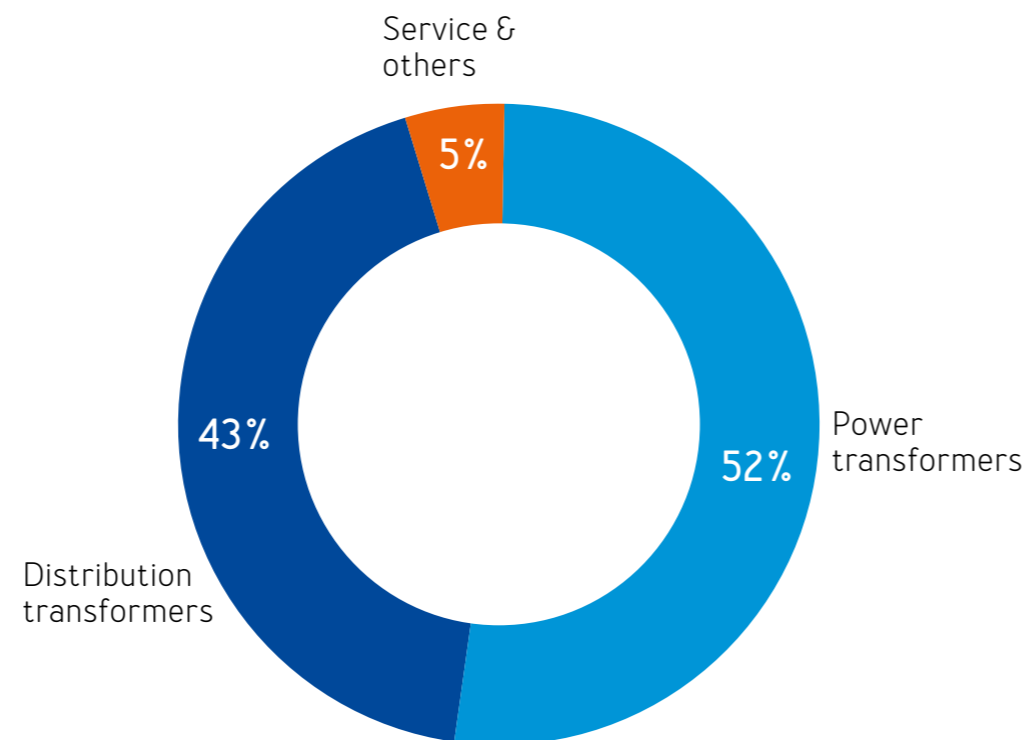
Transformers from 30 kVA up to including 25 MVA in the voltage range up to 66 kV.

## 1.5 END CUSTOMER MARKET

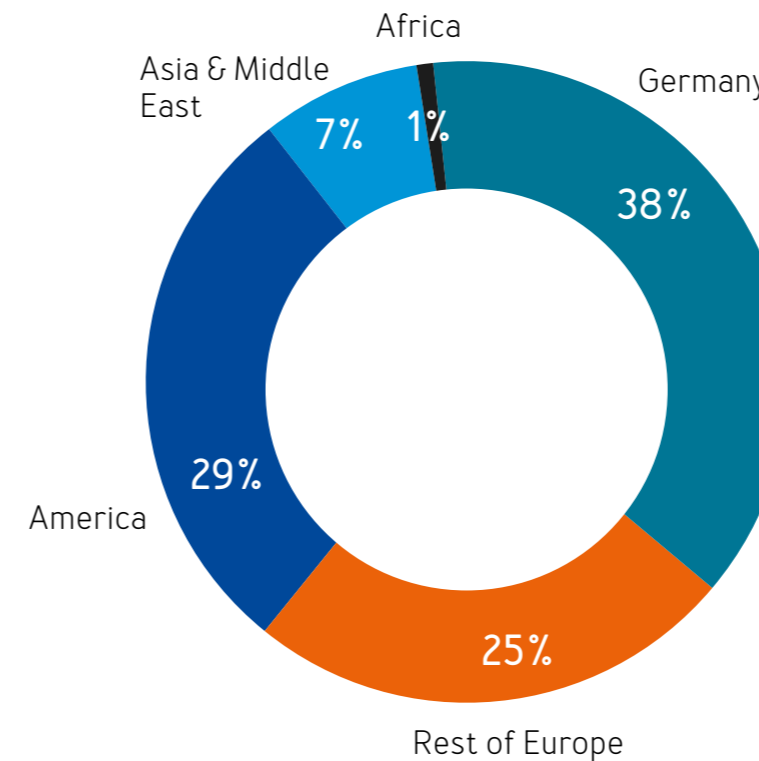
The customer market can be divided in following four segments:

- Energy Generation
- Energy Transmission (>=220kV)
- Energy Distribution (<=110kV)
- Energy Consumption, such as Industrials

## 1.6 SALES BY PRODUCTS 2023



## 1.7 SALES BY REGIONS 2023



## 1.8 CUSTOMER RELATIONS

Building strong and long-lasting customer relationships is part of the essence of SGB-SMIT Group. With its global presence, the group remains connected to its customers, ensuring proximity and responsiveness. Each business unit has dedicated sales and distribution teams that act as the main point of contact for each customer.

As part of the group's efforts to further increase customer satisfaction, a highly specialized service team has been set up. The service team can provide on-site diagnostics, including preventive maintenance as well as transformer health assessments. SGB-SMIT offers a wide range of refurbishing options which include rewinding services, replacing the windings and insulation parts of the transformer when needed. Additionally, SGB-SMIT provides its customers with support for the end-of-life recycling of transformers.

# 2.0

## SUSTAINABILITY MANAGEMENT



### 2.0 SUSTAINABILITY MANAGEMENT

2.1 STAKEHOLDERS

2.2 DOUBLE MATERIALITY ASSESSMENT

2.3 ESG RATINGS

2.4 GREEN PROGRAM



For sustainability efforts to truly make a difference, they must be implemented comprehensively and with enforceable standards and aligned processes. This is particularly vital for a global group like SGB-SMIT. At SGB-SMIT, sustainability management is about addressing emerging and existing issues and trends with social or environmental significance.

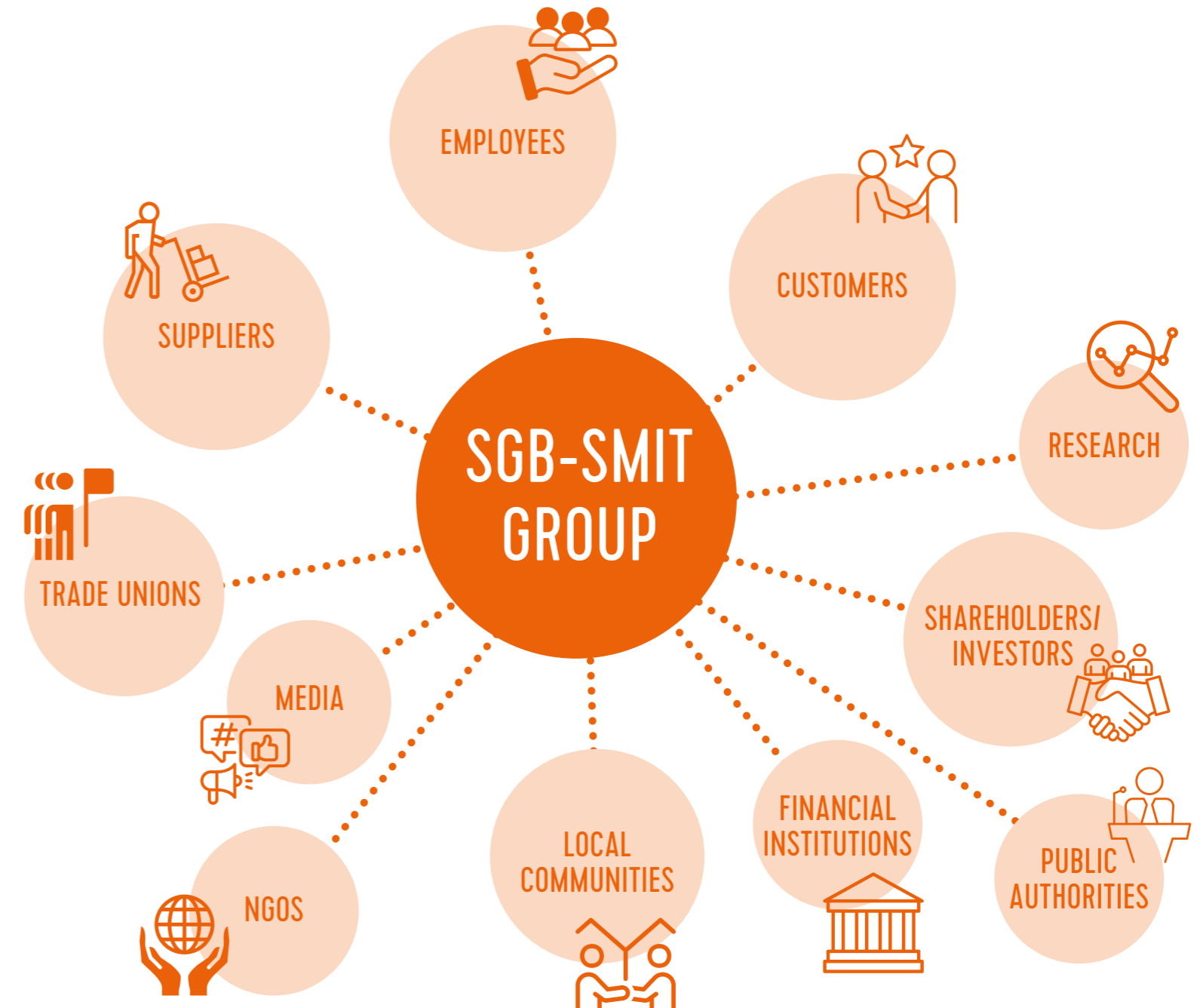
Sustainability is ingrained at every level of global SGB-SMIT operations, with overarching guidelines compiled at the C-level for the entire group. These guidelines are then implemented across individual sites and departments, with regular compliance audits ensuring adherence. This structured approach enables both controlled implementation of requirements and swift decision-making when immediate action is needed.

At SGB-SMIT, sustainability initiatives extend beyond mere compliance; they also influence product development. Given that the group manufactures transformers designed for long-term operation, prioritizing sustainable product development is essential. This ensures that our products have a lasting positive impact.

Furthermore, sustainability at SGB-SMIT covers social aspects including labor practices, fair wages, safe working conditions, and equal opportunities for all employees. Human rights considerations are a cornerstone at SGB-SMIT. Community engagement is another influence area of the group, with initiatives that support local communities through education, health, and other programs. Finally, SGB-SMIT focuses on diversity and inclusion policies, to ensure a diverse and inclusive workplace.

## 2.1 STAKEHOLDERS

The work of the global group is shaped by the desires and expectations of various stakeholders. The goal is to share value with all stakeholders. These are the key stakeholders involved in the group's sustainability efforts:





### Customers

We hold a constant, active dialogue with our customers in order to fulfill their expectations of high-quality, sustainable products and services. Order-related development and an integrated management system for quality, environment, and occupational safety strengthen customer relations.



### Employees

SGB-SMIT fosters a communicative corporate culture that values dependability and fairness towards its employees. Comprehensive health management and numerous of opportunities for personal development ensure that this will remain the case in the future.



### Suppliers

The quality of our products is also the result of the work of our suppliers. We create secure framework conditions and foster a culture of fair partnerships, which allows suppliers to participate in the success and further development of SGB-SMIT Group.



### Shareholders/Investors

The shareholders in SGB-SMIT Group benefit from our continuous growth and profitable development. We respond proactively to market trends, maintain extensive compliance management and are developing the topic of sustainability into a competitive advantage.



### Research

The mutual and lively exchange with universities and other research facilities allow academic access to practice and provide assistance with their research projects. In this way, ideas for a sustainable future can be enriched by practical experience.



### Media

An open, communicative corporate culture provides the media with relevant information and builds a positive perception of the group.



### NGOs

Working with associations, assisting with standardisation and standards as well as participation in transformer-specific events strengthens the industry and supports the SGB-SMIT Group's relevance.



### Local communities

We regard ourselves to be a regionally strong employer in each of our locations where we are integrated into community life. Local authorities and government institutions can in turn rely on a partner with integrity who is interested in the common good.



### Public authorities

The work of our business is fundamentally non-political but it does take place within the defined political and legal framework. We exchange views and help to form ideas in order to strengthen our position as a sustainable employer.



### Trade unions

The sustainable development of our group members is to a large extent by good cooperation with employee associations. Rather than viewing the consideration of employees' interests as an obstacle to sustainability, SGB-SMIT understands it as a prerequisite.



### Financial institutions

Sustainability also requires funding as well as new ways of thinking: SGB-SMIT Group invests today in order to be in the best position tomorrow. We strive for and establish long-term sustainable agreements, fairness and security on both sides when dealing with financial partners.

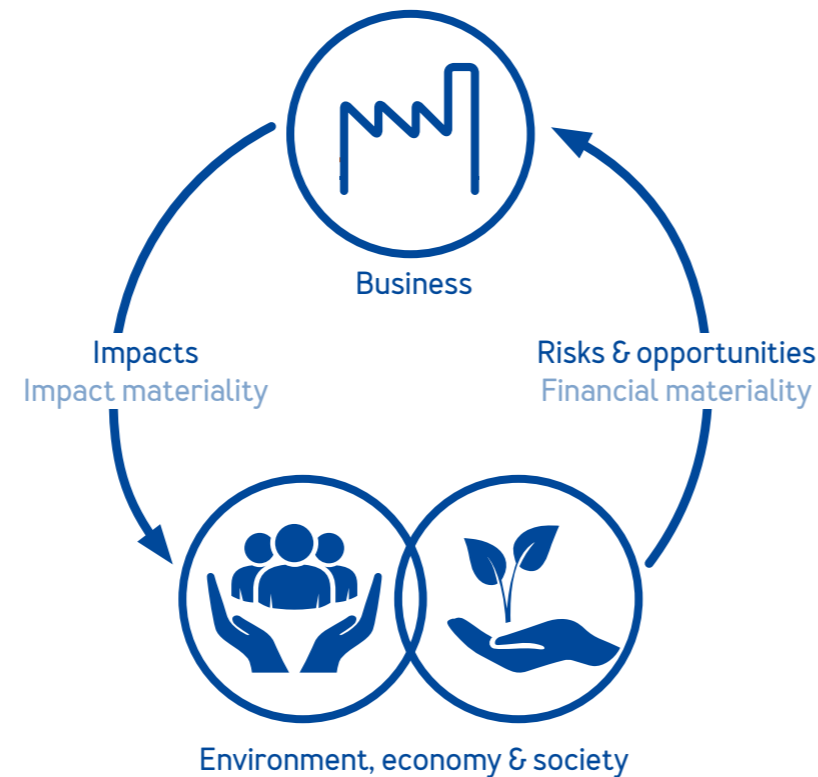
## 2.2 DOUBLE MATERIALITY ASSESSMENT

In 2023, SGB-SMIT group conducted a double materiality assessment, a more complex and comprehensive one than the single materiality conducted previously.

The double materiality assessment extends beyond a company’s internal operations and allows companies to consider how their actions impact both, people, and the planet (impact materiality/ inside-out perspective). Additionally, it is an assessment of how sustainability matters may potentially affect their financial wellbeing (financial materiality/ outside-in perspective).

The double materiality assessment was conducted in line with the EU’s Corporate Sustainability Reporting Directive (CSRD), recently entered into force to identify the relevant disclosure requirements for SGB-SMIT under the European Sustainability Reporting Standards (ESRS).

The concept of double materiality is the cornerstone of the EU’s Corporate Sustainability Reporting Directive (CSRD)



SGB-SMIT used the double materiality methodology to establish assessment boundaries and thresholds. Subsequently, sustainability matters from the ESRS lists that are relevant and material to SGB-SMIT have been identified via stakeholder engagement groups and extensive research, considering industry dynamics, location of operations, as well as the entire value chain.

Together with an external consultancy, SGB-SMIT has identified and categorized ten potential ESG material topics. Mapping of key impacts, risks, and opportunities (IROs) related to the proposed topics was used to identify the material topics.

All ten material topics have been mapped in the following matrix where the financial materiality and impact materiality are indicated by two axes.

### Double Materiality Assessment: Result Matrix

		high				
Financial Materiality	Material		S4 Consumers & End-users	E5 Resource use & Circular Economy	E1 Climate Change S1 Own Workforce	
				S2 Workers in the Value Chain		
	Non-material				G1 Business Conduct	
				E3 Water & Marine Resources S3 Affected Communities	E4 Biodiversity & Ecosystems	E2 Pollution
		low	Non-material		Material	high
				Impact Materiality		

After review and confirmation by external and internal stakeholders, via expert interviews, the six following sustainability matters were considered material from both perspectives, impact and financial under ESRS:

• Climate change - E1



• Resource use and circularity - E5



• Own workforce - S1



• Workers in the value chain - S2



• Consumers and end-users - S4



• Business conduct – G1



The double materiality assessment was critical to identify the sustainability topics with the highest impact for SGB-SMIT Group and will serve as basis to define a comprehensive action plan to manage environmental and social impacts for each identified material topic. Furthermore, topics which have not been deemed material from both perspectives will be closely monitored, such as pollution, water and marine resources, biodiversity, and ecosystems, as well as affected communities.

### 2.3 ESG RATINGS

ESG Ratings reflect the extent to which sustainability is integrated into the business activities and management of SGB-SMIT. The group engages in two ESG ratings processes.

**CDP**

SGB-SMIT actively participates in the Carbon Disclosure Project (CDP), a non-profit organization that gathers voluntary data submissions from companies and local authorities, including emissions data. SGB-SMIT takes part in the climate change and supplier

engagement questionnaire within this rating. Additionally, SGB-SMIT Group contributes to the largest global database of its kind by providing information on Carbon dioxide (CO<sub>2</sub>) emissions, risks, and sustainability strategies.



**ECOVADIS**

SGB-SMIT Group is registered with EcoVadis, the largest provider of sustainability ratings. EcoVadis utilizes international sustainability standards and evaluates sustainability performance across 21 criteria, spanning the categories of environment, labor and human rights, ethics, and sustainable procurement. In 2023, SGB-SMIT achieved a silver medal rating, belonging to top 25% rated companies in the manufacturing sector.



### 2.4 GREEN PROGRAM

SGB-SMIT’s sustainability program encompasses the three ESG pillars (Environment, Social, Governance) and comprises five focus areas: **Governance, Responsibility, Equality, Employees and Net Zero.**

These areas are further divided into subprograms, each with specific ambitions and targets. This Sustainability Report presents the accomplishments of SGB-SMIT Group for 2023, including initiatives and projects aimed at realizing defined ambitions in the coming years. The base year for all ESG measures is 2020.





# OUR JOURNEY TOWARDS SUSTAINABILITY

OUR  
SUSTAINABILITY  
PROGRAM

**G**OVERNANCE

Business Ethics – Compliance and Code of Conduct – Data management and Information security

**R**ESPONSIBILITY

Responsible decisions on resources & raw materials consumption to achieve a circular economy

**E**QUALITY

Equal opportunities – Diversity and Inclusion within our teams

**E**MPLOYEES

Health and Safety – Good working conditions, Trainings – Relationships build on trust and Integrity

**N**ET ZERO

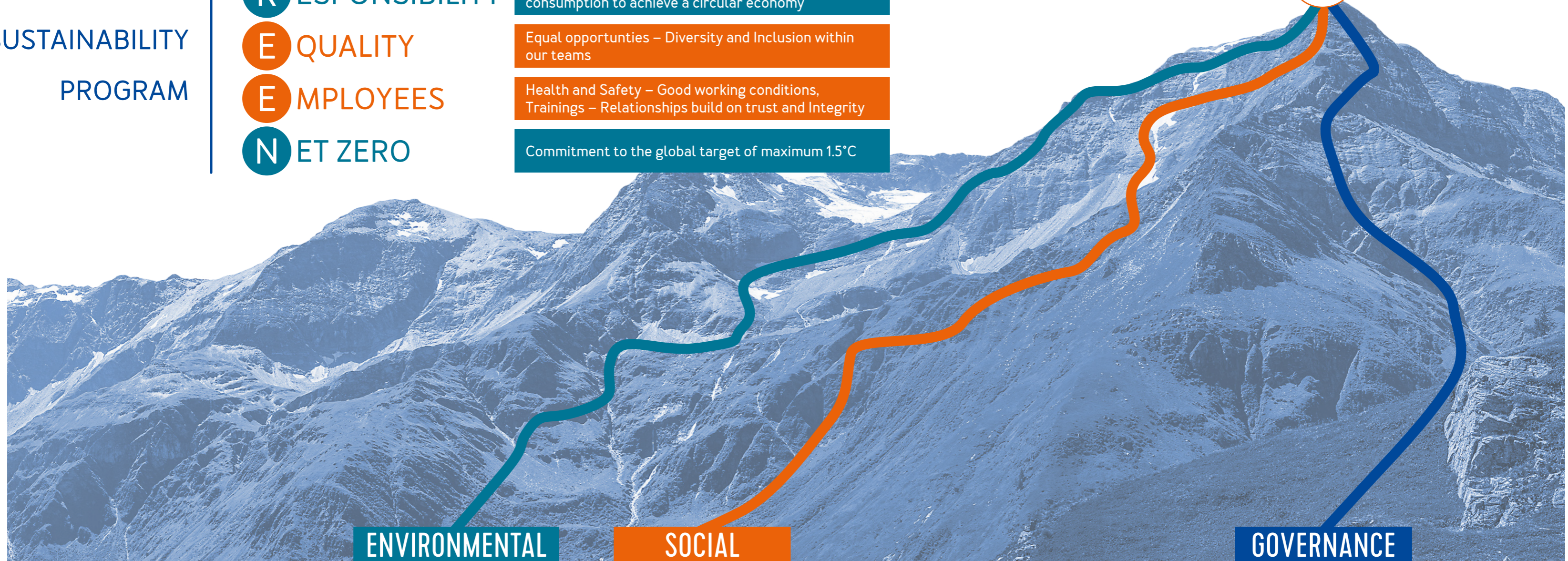
Commitment to the global target of maximum 1.5°C

**ESG**

ENVIRONMENTAL

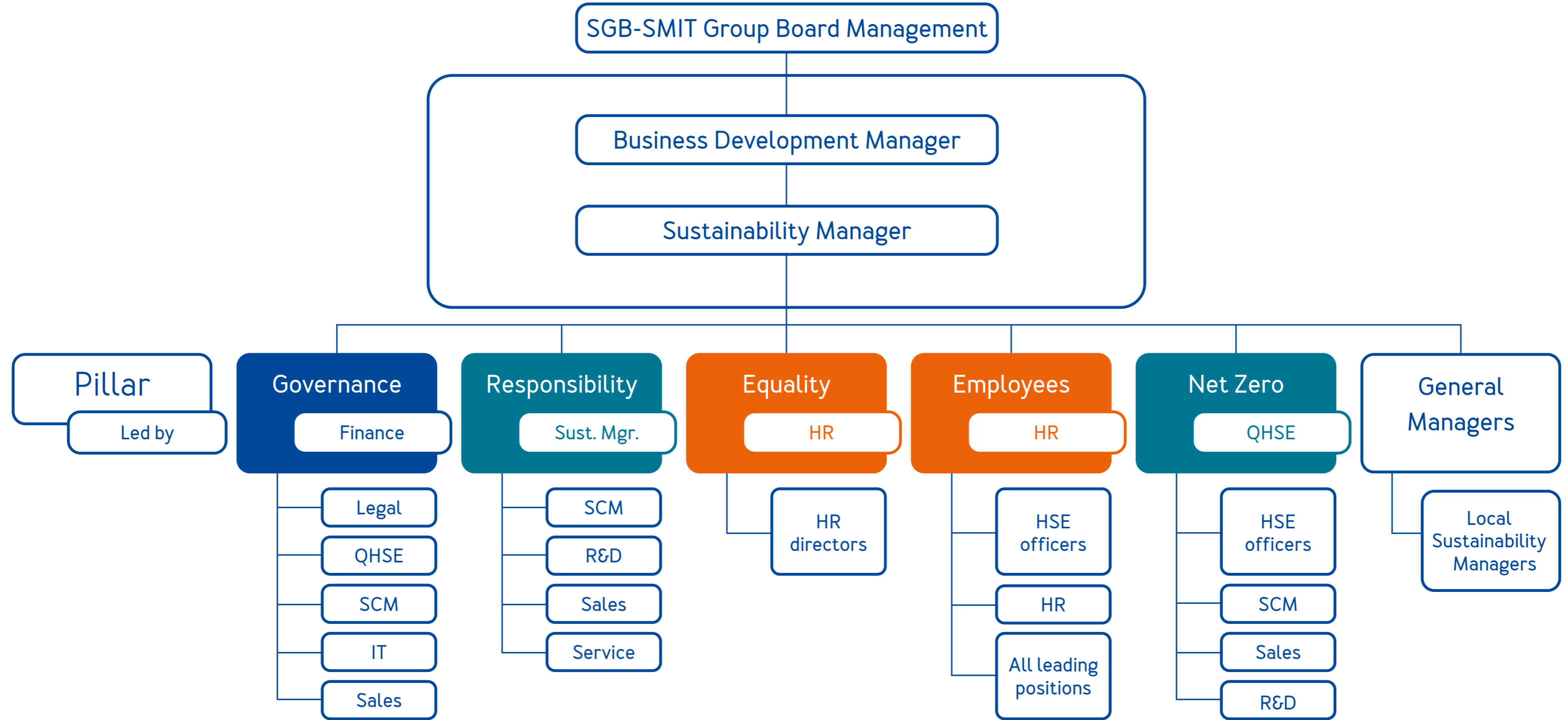
SOCIAL

GOVERNANCE


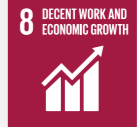















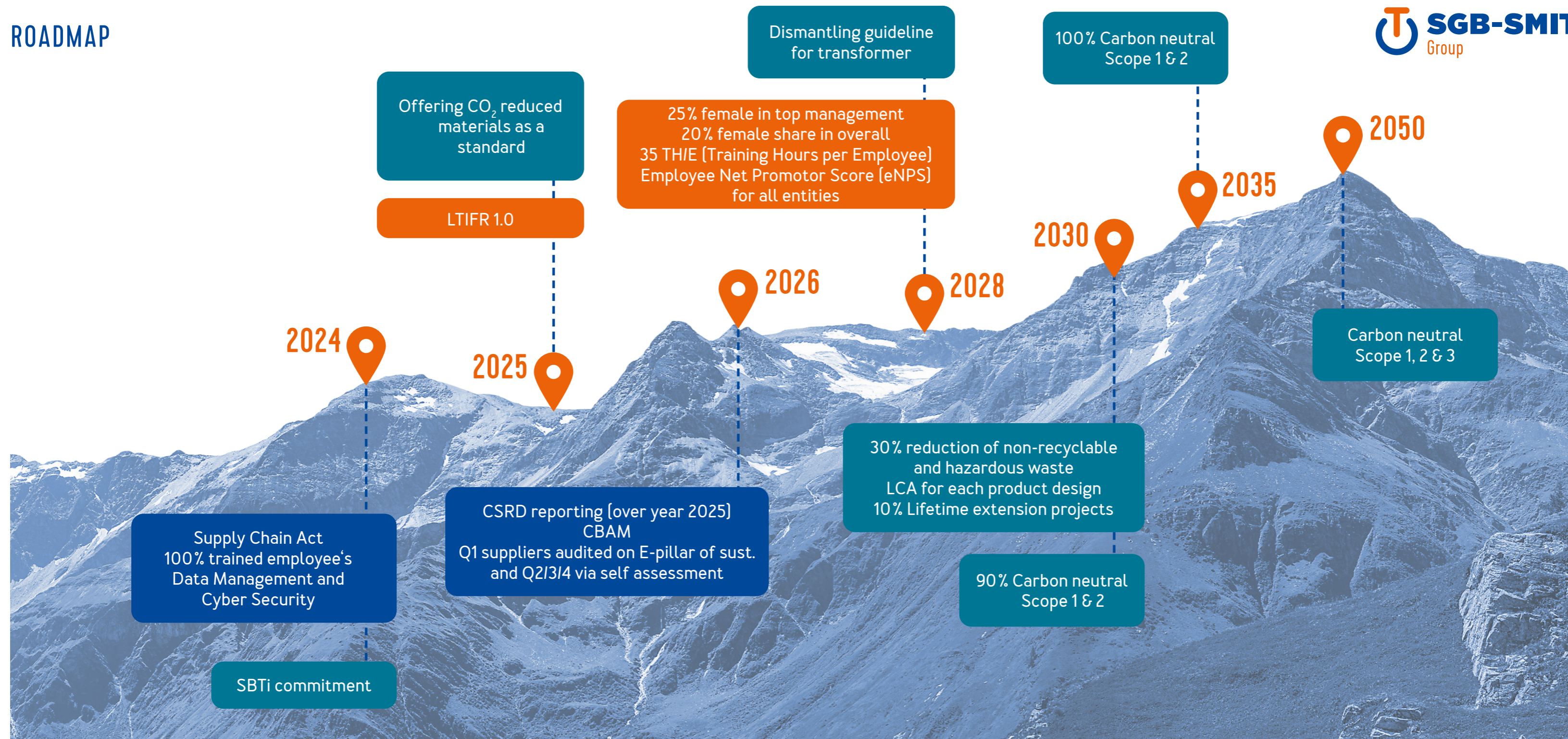
### SUSTAINABILITY TEAM ON GROUP LEVEL



# AMBITIONS AND TARGETS

PILLAR	Program	Sub-Program	Ambition	KPI	Target	Relevant SDGs
GOVERNANCE	Governance	Business Ethics	Build relationships based on trust	% of trained white collar employees	FY2025: 100% Trained white collar employees for Compliance basics	    
		Compliance	Comply with CSRD/EU Taxonomy	No. of KPIs included in Scorecard covered by CSRD	FY2025: Compliant with CSRD	
			Comply with Supply Chain Act	Report published	FY2024: Compliant with Supply Chain Act in 2023	
			Comply with CBAM	Inform customs about imported goods	FY2026: Compliant with CBAM	
		Supplier Code of Conduct	Guarantee commitment from suppliers to Supplier Code of Conduct	% of suppliers consenting Supplier Code of Conduct	FY2023: All suppliers received new Supplier Code of Conduct	
		Supplier Audits	Hold suppliers accountable	Supplier audits including sustainability criteria	FY2026: All Q1 suppliers audited on environmental pillar of sustainability and Q2/3/4 via self assessment	
Data Management and Information Security	Ensure Cybersecurity	No. of trained people for data management and information security	FY2024: 100% Trained employees for data management and information security			
ENVIRONMENT	Responsibility	LCA	Standardize LCA	No. of LCA per location % of LCAs done of product portfolio per location	FY2030: LCA for each product design	    
		Circular Product Design	Produce transformers with minimum environmental impact	Applied kg CO <sub>2</sub> reduced materials/MVA % non-recyclable waste /MVA % hazardous waste /MVA	FY2025: Offering CO <sub>2</sub> reduced materials for each transformer	
		Circular Business Models for Lifetime Extension	Extend life time & Dismantle environmentally friendly	No. of refurbished and remanufactured products	FY2030: 10% Lifetime extension projects for service FY2028: Dismantling guideline for transformer	
		Circular Waste Management	Support an economy without waste	% reduction of waste	FY2030: Reduce hazardous and non-recyclable waste by 30%	
SOCIAL	Equality	Diversity and Inclusion	Diversify workforce and promote inclusion	% female in top management positions	FY2028: 25% female in top management positions	
				% female employees	FY2028: 20% female share in overall	
	Employees	Health and Safety	Maintain a safe work environment for all employees	LTIFR	FY2025: LTIFR 1.0	
				Training	Train employees in key areas	TH/E (Training hours/employee)
ENVIRONMENT	Net Zero	Decarbonization	Set scientific based emission reduction targets	SBTi Targets	FY2025: SBTi targets	  
			Achieve carbon neutrality of own operations	CO <sub>2</sub> Emissions/MVA (Scope 1 & 2)	FY2030: 90% carbon neutral (Scope 1 & 2) FY2035: 100% carbon neutral (Scope 1 & 2)	
			Achieve carbon neutrality through the value chain	CO <sub>2</sub> Emissions/MVA (Scope 3)	FY2050: 100% carbon neutral (Scope 1,2 & 3)	

# ROADMAP





# 3.0

## ENVIRONMENT



### 3.0 ENVIRONMENT

#### 3.1 ENVIRONMENTAL MANAGEMENT

#### 3.2 RESPONSIBILITY

3.2.1 LIFE CYCLE ASSESSMENT (LCA)

3.2.2 CIRCULAR PRODUCT DESIGN

3.2.3 CIRCULAR BUSINESS MODELS FOR LIFETIME EXTENSION

3.2.4 CIRCULAR WASTE MANAGEMENT

#### 3.3 RAW MATERIAL PROCUREMENT IN THE SUPPLY CHAIN

#### 3.4 NET ZERO

3.4.1 SCOPE 1 & 2

3.4.2 SCOPE 3

#### 3.5 WATER MANAGEMENT

#### 3.6 WASTE MANAGEMENT

## 3.1 ENVIRONMENTAL MANAGEMENT

Environmentally sound action is essential for SGB-SMIT to meet its sustainability goals as well as the growing demands from regulators and customers. Several initiatives are being implemented to protect the environment such as the transition to renewable energy, currently 24% of the consumed energy comes from renewable sources.

The environmental management system at all the groups sites is third-party certified according to the international standard ISO 14001. A detailed overview of all certifications can be found in chapter 5.0. Certification to international standards sets clear objectives at group level to ensure that the environmental management system produces measurable results. Accordingly, no fines were imposed in 2023 due to environmental violations.

SGB-SMIT is committed to reduce the environmental impact of its products, comply with environmental standards under the Commission's Eco-design Regulation Tier 2 and prepare for the upcoming requirements such as EU Taxonomy and CSRD.

The group conducts regular environmental impact assessments of its products design, the components and materials used as well as the manufacturing process considering the entire life cycle. Continuous measures are taken to minimize environmental impact while meeting consumer needs and preferences.

### GREEN PROGRAM

The environmental pillar is divided in two focus areas part of the **GREEN** program of SGB-SMIT Group. In **Responsibility** all initiatives contributing to the development of a circular economy across the value chain are covered. **Net Zero** covers all initiatives contributing to the decarbonization of internal operations and among the complete value chain.

## R RESPONSIBILITY N ET ZERO

Responsible decisions on resources & raw materials consumption to achieve a Circular Economy

Commitment to the global target of maximum 1.5°C

## 3.2 RESPONSIBILITY

The group acts responsibly and is mindful of the impact its products and services have on climate change. In the focus area of Responsibility, the objective is to reach minimum environmental impact in the production process and across the value chain. Therefore, SGB-SMIT is committed to continuously reviewing and optimizing its product design and manufacturing processes as well as evaluating alternative eco-friendly materials with trusted suppliers. Furthermore, the group offers preventive maintenance services that allow customers to extend the life of their current products as well as options for refurbishment or recycling of transformers that reached end-of-life.

This is translated into four programs at group level:

1. Life Cycle Assessment (LCA)
2. Circular Product Design
3. Circular Business Models for Lifetime Extension
4. Circular Waste Management



### 3.2.1 Life Cycle Assessment (LCA)

Currently Life Cycle Assessment (LCAs) have been done based on customer requests. On one hand, the additional transparency that is created through LCAs allows the group to provide its customers with insights into the complete life cycle of its products from raw material sourcing to end-of life disposal. On the other hand, the R&D and product design team is equipped with detailed insights, enabling them to make the most optimal decisions when designing new products and exploring alternative eco-friendly materials.

Recognizing the importance of industry collaboration and standardization, SGB-SMIT is part of a Joint Industry Project (JIP) that aims to foster greater consistency within the power transformer industry, enabling comparison of materials and power transformers especially in tendering processes creating greater transparency for all stakeholders. Likewise, SGB-SMIT actively participates in the CIGRE working group focusing on “Life Cycle Assessment (LCA) of Transformers”.

### 3.2.2 Circular Product Design

The development of sustainable products is one of the main focal points of innovation at SGB-SMIT. The group has continuously improved the design of its transformers in recent years and can exert considerable influence on the transformers’ own energy consumption (or energy loss) through changes in design and production alone. Balancing environmental and economic requirements, SGB-SMIT follows the Eco-Design approach which considers environmental requirements and regulations at all stages of the product development process to reach the lowest possible environmental impact. And it closely linked to current requirements as well as upcoming ones like for example the EU Taxonomy reporting requirements.

SGB-SMIT Group works closely with its customers and constantly strives to provide transformers that operate with reduced losses – and therefore have greater efficiency. In this manner, it gives its customers, the opportunity to select the optimal transformer for their specific needs’, based on the environmental impact of the product. It is imperative to understand the economic and environmental benefits of each transformer.

These are the main objectives and the initiatives put into place at SGB-SMIT regarding Circular Product Design.

#### Initiatives:

##### Reduce energy losses of products

SGB-SMIT is part of joined working groups with leading suppliers of grain oriented electrical steel, amorphous metal cores, and insulating materials to develop new technology which will allow for further increase of the overall efficiency of transformers. Below two core projects:

- Material and Process Optimization to Increase the Efficiency of Laser-treated Grain-oriented Electrical Steel Sheet (Enhanced LMDR) research project, with funding from BMWK (Federal Ministry for Economic Affairs and Climate Action). Project partner Fraunhofer IWS is leading the project from the academic side in collaboration. SGB-SMIT as a project partner in Enhanced-LMDR collaborating with Fraunhofer IWS which is leading the project from academic side in association with other industrial partners.
- Simulation models’ development with a strategic supplier to enable precise vibrational analysis, facilitating the accurate prediction

of noise levels in transformer cores. The partnership provided enhanced understanding and optimization of the core design, ultimately leading to quieter and more efficient transformers.

Development of solutions which will allow reducing these no-load losses up to 30-50% (up to 21 Gt of CO<sub>2</sub> emissions per annum can potentially be eliminated).

##### Provide fast and precise voltage regulation for renewable energy

- Development of solutions for voltage regulation distribution grids (superior technical performance expected at costs 25-33% lower than solutions on the market).
- Implementation of very fast electronic on-load tap changer FASTAP technology into wind turbine transformers to increase the wind turbine operability while reducing wind’s leverage cost of energy. The main benefits include a reduction of future running costs (5,5% LCoE reduction) and an increment of productivity (+5% Annual Energy Production). [fastaproject.com]

### Introduce and support the widespread use of alternative materials

Introducing alternative fluids. These superior biodegradable insulating fluids exceed the IEC-60296 specification are 100% recyclable and demonstrates outstanding thermal performance making it possible to achieve the most uniform temperature profile possible.

### Develop advanced solutions for Wind Power

Providing a high efficiency and reliable integrated and compact design solution, combining power transformer and a low-voltage switchgear for the demand of the wind power market.

### Increase material savings

Development of innovative technologies like eCore™, utilizing laser cutting and welding in transformer and reactor core production, diminishing the amount of electrical steel scrap generated in manufacturing while also making notable strides in reducing power losses.

Group wide harmonization of design tools and guidelines for products will streamline and accelerate product development work, leading to optimized material solutions and reduce costs.

### Cooperate with Universities in R&D

SGB-SMIT Group R&D team supports and closely collaborates with several Technical Institutes and Universities. See below some of the ongoing collaborations:

- TU Delft:  
Testing and validation of alternative insulation fluids.
- TU Eindhoven:  
Development of medium frequency liquid immersed transformer prototypes.  
Development and prototyping voltage regulation products for distribution grids and modeling of magnetic fields in large power transformers and the characterization of grain-oriented electrical steels.
- TU Dresden:  
Verification of the influence of voltage harmonics on the electrical insulation system in oil-immersed transformers.
- Manchester University:  
Research on condition assessment, asset management, thermal modelling, discharge, and breakdown mechanisms.

- Lodz University of Technology:  
Inception and Breakdown Voltage of the Oil-Wedge Type Electrode Model Insulated with Bio-based Hydrocarbon and Mineral Oil.

### 3.2.3 Circular Business Models for Lifetime Extension

SGB-SMIT is providing service packages to its customers that include preventive maintenance as well as transformer health assessments that can be performed by our service team at the customer sites to extend the lifetime of a transformer. Furthermore, the group offers customers the option to refurbish existing transformers as well as the option to reuse some of the components of products that have reached end of life.

#### Initiatives:

#### Develop the circular potential of service

As transformer manufacturer SGB-SMIT Group has a dedicated service team that can support customers with repair and remanufacturing services.

SGB-SMIT offers a wide range of refurbishing options, that include rewinding services, replacing the windings and insulations parts

of the transformer when needed. As well as manufacturing that include electrical and mechanical design analysis to improve and optimized the performance of the transformer.

#### Support customers with the recycling of transformers

SGB-SMIT can also support customers by recycling transformers in the most sustainable way. To achieve this, the group works together with partners who recycle the components ensuring that they remain in the supply chain.





### 3.2.4 Circular Waste Management

Valuable materials are used in the production of transformers. SGB-SMIT Group strives therefore to minimize waste and strives to reuse or recycle as much as possible of the production waste, for both environmental and economic reasons. SGB-SMIT Group closely monitors and record waste details for every site. Many local initiatives have been initiated to reduce the waste to landfill and increase the recycling rate, currently 83% of waste is being recycled.

A large portion of the waste comes from packaging, the aim is to use reusable packaging as much as possible and to recycle any other waste. Whether within the own products, supplied parts or packaging: there are significant opportunities to avoid excessive raw materials and waste. At SGB-SMIT Group, waste prevention and reuse take priority over recycling and waste processing, which usually is avoided.

In close collaboration with the whole value chain the proportion of reused packaging materials has been rising over the years at SGB-SMIT Group. Further initiatives include optimizing our administrative processes to reduce the use of paper and printing. Whenever possible, the group promotes local sourcing.

**83%**  
**RECYCLING RATE**  
2023



#### Initiatives:

##### Minimize the use of packaging materials, to reuse packaging and to send unavoidable waste reliably for recycling

Purchasing departments are working closely with selected suppliers and transport companies on innovative and sustainable packaging solutions, such as return systems for load carriers and other packaging materials.

The group challenges its suppliers to reduce packaging material to a minimum and use biodegradable packaging materials.

##### Recycling and Environmental Compatibility

The group cooperates closely with partner companies to forge new paths in the areas of reclamation, raw material minimization and material conservation. The following measures and procedures based on environmentally focused cooperation have been setup:

- Documented life cycle assessments and product passports
- Return systems and packaging loops
- Increasing the proportion of recycled material (e.g. copper, aluminum and steel)
- Trialing recycled oils and development of biodegradable fluids and bio-based oil.

## 3.3 RAW MATERIAL PROCUREMENT IN THE SUPPLY CHAIN

The production of transformers requires certain raw materials that are in short supply – and which partially may come from suppliers in high risk countries. To minimize the use of such raw materials and to reduce the consumption of resources overall, the topics of raw material procurement and recycling take a leading role in the SGB-SMIT Supplier Code of Conduct and suppliers undertake to comply with the Supplier Code of Conduct as well as the German Supply Chain Act.

The goals of SGB-SMIT Group and its suppliers include:

- **Resource-optimized development and production,**
- **Large proportion of recycled materials,**
- **Establishment of a material loop,**
- **Issuing material passports.**

These requirements relate to finished products as well as their packaging and shipping materials.

### 3.4 NET ZERO

SGB-SMIT Group began to systematically record its GHG emissions in 2009. Since then, the carbon footprint has been determined in cooperation with a partner in line with the GHG Protocol and ISO 14064.

The group has set decarbonization targets and is planning to set targets to Science Based Targets initiative (SBTi) in 2024 to demonstrate the groups ambitions.

GHG emissions are classified into Scope 1, 2 and 3 in accordance with the GHG Protocol.

**Scope 1:**

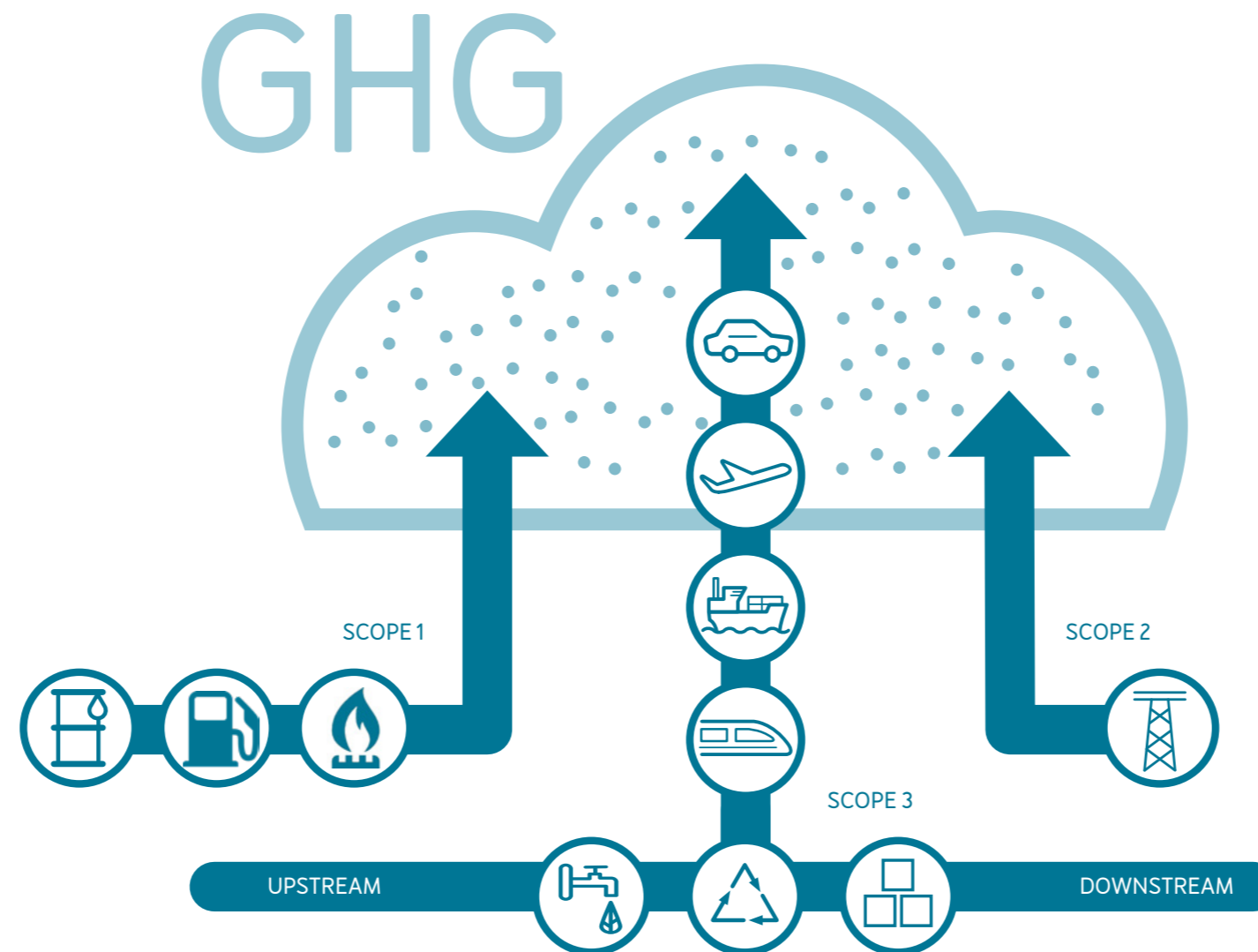
Direct emissions from owned and controlled sources by the reporting company.

**Scope 2:**

Indirect emissions from generation of purchased energy consumed by the reporting company.

**Scope 3:**

All other indirect emissions occurring in the value chain because of own activities but cannot be directly influenced, covering upstream and downstream activities.

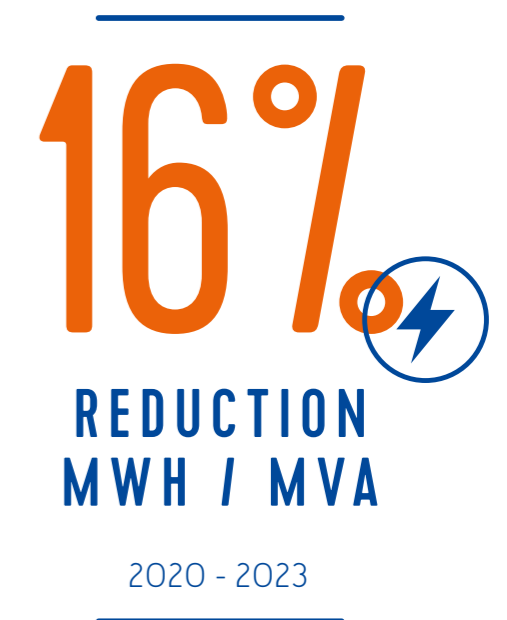


SGB-SMIT Group is accounting and reporting Scope 1 and 2 according GHG Protocol. For Scope 3, the group can until now only provide partial measures.

#### 3.4.1 Scope 1 & 2

##### Energy Efficiency

Energy is at the core of what SGB-SMIT does, and the group is firmly committed to use energy efficiently. The manufacturing and testing of transformers, is energy intensive and continued efforts are being put in place to reduce the use of energy, encompassing all departments and sites. Besides the centrally managed energy efficiency initiatives, a large number of activities are being driven and implemented by local teams. All activities have led to a reduction of 16% of energy consumed in 2023 across the entire group.



SGB-SMIT Group strives towards a sustainable and economic energy mix when it comes to its energy supply and is slowly transitioning to renewable energy sources, currently one quarter of the energy used is from renewable sources. The two installed on-site roof top solar photovoltaic (PV) systems have produced 370 MWh in 2023.

At SGB-SMIT energy management is part of the HSE Management system following HSE ISO standards: ISO 9001 – Quality Management and ISO 14001 – Environmental Management, EMAS Directive. In 2023, the total energy consumption of SGB-SMIT Group has reduced its energy consumption per MVA, by 15% from 2020 to 2023. This being the result of several individual energy efficiency measures implemented at each of the group’s sites.

More than 70% of all light have been switched to LED lighting across all sites.

Besides in the own operations, SGB-SMIT also looks at energy efficiency in its product portfolio. SGB-SMIT strives to provide its customers with the most energy efficient transformers.

TOTAL ENERGY CONSUMPTION (MWh per year)



SPECIFIC KPI (MWh per MVA produced)



GHG Emissions

As a global group of companies operating within the energy sector, SGB-SMIT is addressing energy transition on multiple levels and is acting among others to reduce its CO<sub>2</sub> emissions in production and administration as well as throughout the entire product life cycle. Carbon footprint reduction is one of the key parameters of sustainable manufacturing.

CO<sub>2</sub> emissions have decreased compared to the base year in 2020 by 49% within the group.

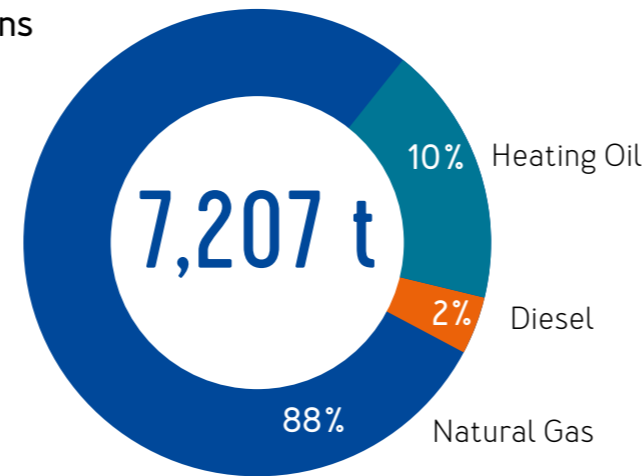
Even if a slight increase can be seen in Scope 1 emissions. Scope 2 emissions have reduced by 66% compared to base year and more than halved compared to 2022.

Scope 1 & 2 emissions are not considering any variations in production output. To enhance transparency and comparability, SGB-SMIT measures its CO<sub>2</sub> emissions in relation to the MVA, i.e. the rating of the produced transformers. The amount of CO<sub>2</sub> emissions for Scope 1 & 2 in 2023 was 0.187 tons CO<sub>2</sub>eq / MVA.

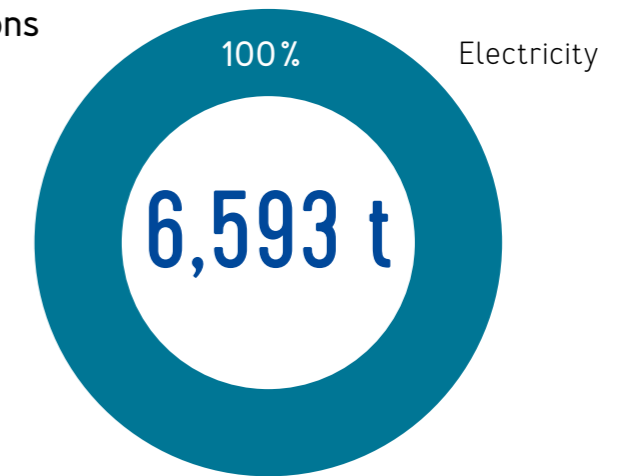
Scope 2 emissions calculations for electricity consumption is done based on the CO<sub>2</sub> emission factors of local sites according to the market-based approach including location-based data [sourced from ecoinvent 3.7] where market-based is not available.

**48%**  
REDUCTION CO<sub>2</sub> E/MVA  
2020 - 2023

Scope 1 Emissions [t CO<sub>2</sub>e]



Scope 2 Emissions [t CO<sub>2</sub>e]



TOTAL CO<sub>2</sub> EMISSIONS – SCOPE 1 [t per year]



TOTAL CO<sub>2</sub> EMISSIONS – SCOPE 2 [t per year]



CO<sub>2</sub> EMISSIONS BY TRANSFORMER RATING – SCOPE 1 & 2 [t CO<sub>2</sub> per MVA produced]



### 3.4.2 Scope 3

SGB-SMIT Group aims to disclose its Scope 3 emissions by 2025, currently the group is working on several initiatives to increase transparency on additional upstream and downstream emission categories.

In terms of quantifying and evaluating its Scope 3 emissions, the group has so far concentrated on the areas that wield the most significant influence.

The group works with more than 500 suppliers operating in more than 50 countries and an estimated 90% of its Scope 3 emissions can be attributed to “C1 - Purchased goods and services” and “C6 - Business travel” in the upstream activities.

The group is committed to measuring and addressing its Scope 3 emissions following the categories of the GHG Protocol which cover:

As for the remaining categories upstream and downstream emission categories, data collection has been initiated or commitment to start has been established.

To reduce its Scope 3 emissions, the group is actively:

- Addressing energy efficiency across the entire value chain.
- Identifying excess resource consumption in the supply chain.
- Providing guidance to employees regarding commuting and business trips (upstream).

	SCOPE 3 CATEGORY	2023 (1,000 metric tons CO <sub>2</sub> e)
SCOPE 3 UPSTREAM EMISSIONS	C1 – Purchased goods and services*	1,100,040
	C6 – Business travel	1,616

\*Due to the partially undefined material codes of the purchasing volume, approximately 15% of the CO<sub>2</sub>e emissions were extrapolated.

	SCOPE 3 CATEGORY
UPSTREAM	C1 – Purchased goods and services
	C2 – Capital goods
	C3 – Fuel-and-energy-related activities
	C4 – Transportation and distribution
	C5 – Waste generated in operations
	C6 – Business travel
	C7 – Employee commuting
	C8 – Upstream leased assets

	SCOPE 3 CATEGORY
DOWNSTREAM	C9 – Downstream transportation and distribution
	C10 – Processing of sold products
	C11 – Use of sold products
	C12 – End of life treatment of sold products
	C13 – Downstream leased assets
	C14 – Franchises
	C15 – Investments

## 3.5 WATER MANAGEMENT

Although water was not identified as a strategic topic during the double materiality assessment and the manufacturing process at SGB-SMIT uses very little water, the group still recognizes water preservation and the reduction of water withdrawal as an important topic. Only a very minimal percentage of water is attributed to production activities. The biggest portion is used for the facilities, drinking water and other general operations like cleaning and irrigation. All sites source their water from public utilities, no surface or ground water is being used.

Water withdrawal has gone up in 2023 compared to base year, although many initiatives to reduce water consumption have been implemented across all locations. The significant increase in water withdrawal is linked to a fire at one of the plants. The group is confident that water usage will be further reduced in the coming years. The group is not monitoring the discharge and is not able to disclose the details of the water consumption.

### TOTAL WATER WITHDRAWAL (m<sup>3</sup>)



### WATER WITHDRAWAL RATE (m<sup>3</sup> per MVA produced)



\* Value adjusted due to water withdrawal following a fire at one of the plants.

## 3.6 WASTE MANAGEMENT

Waste management is a focal point at SGB-SMIT Group, the aim is to optimize our operations to avoid and reduce waste. All waste is segregated and disposed in accordance with the local regulations. The group follows ISO 14001 standards, regular monitoring and as well as audits are conducted across all sites.

SGB-SMIT strives to replace all hazardous materials used in its operations with non-hazardous alternatives. Waste management policies and processes have been implemented and are being closely monitored. The group pays special attention to the amount of hazardous materials use and rigorously tracking the proper disposal of hazardous waste.

SGB-SMIT Group is committed to complying with all applicable regulations in the areas where it operates and has implemented policies and practices controlling the use of hazardous substances, which meet or exceed these regulations. The group is currently undertaking efforts to substitute high-risk substances with less hazardous alternatives. As of 2023, less than 10% of waste generated by the group was still classified as hazardous, a percentage which is expected to decline further in the future.

### TOTAL WASTE (t)



### WASTE FOR RECYCLING (t)



### WASTE FOR DISPOSAL (t)



### WASTE RATE (t per MVA produced)





# 4.0

# SOCIAL



## 4.0 SOCIAL

### 4.1 SOCIAL MANAGEMENT

### 4.2 EQUALITY

#### 4.2.1 DIVERSITY AND INCLUSION

#### 4.2.2 EQUAL OPPORTUNITIES

### 4.3 EMPLOYEES

#### 4.3.1 TRAINING AND DEVELOPMENT PROGRAMS

#### 4.3.2 STUDENT PROGRAMS

#### 4.3.3 HEALTH AND SAFETY

#### 4.3.4 EMPLOYEE SATISFACTION

### 4.4 COMMUNITY ENGAGEMENT



## 4.1 SOCIAL MANAGEMENT

SGB-SMIT recognizes that employees are the most valuable asset. Social sustainability, means among others, an on-going dedication to promote the well-being of our employees and investing in their growth. At SGB-SMIT, sustainability encompasses fair labor practices, safe working conditions, and equal opportunities, emphasizing human rights and community engagement through various initiatives. The group also prioritizes diversity and inclusion to maintain a diverse and inclusive workplace.

At SGB-SMIT Group, thinking and acting responsibly in terms of human rights means practicing equal treatment, the fair assessment of each employees' qualifications with reference to hard skills, soft skills and possibilities for personal development and further training, leading to increased employee satisfaction, mutual appreciation, and loyalty. As a global group of independent companies, SGB-SMIT Group is guided by strong leadership values that unite all its members. The group is committed to creating a fair and transparent work environment where each employee

is treated equally, with respect and dignity, regardless of age, gender, ethnicity, sexual identity, or any other characteristic.

SGB-SMIT encourages initiative and engagement amongst all employees, as they are the key to success. It acknowledges solution-oriented performance and motivates employees to grow. Each member of the group is responsible and held accountable to lead by example. The group sets clear and achievable goals, that are transparently communicated to all members of the group and employees by the management team.

Employee responsibility is crucial at the SGB-SMIT Group. A robust people management framework is set into place. To ensure fair working conditions, the group values strong cooperation with employee representation groups and promotes a respectful working environment as outlined in the group's Code of Conduct.

### E QUALITY E EMPLOYEES

Equal opportunities - Diversity and Inclusion within our teams

Health and Safety – Good working conditions, Trainings – Relationships build on trust and Integrity

3,083  
EMPLOYEES 2023

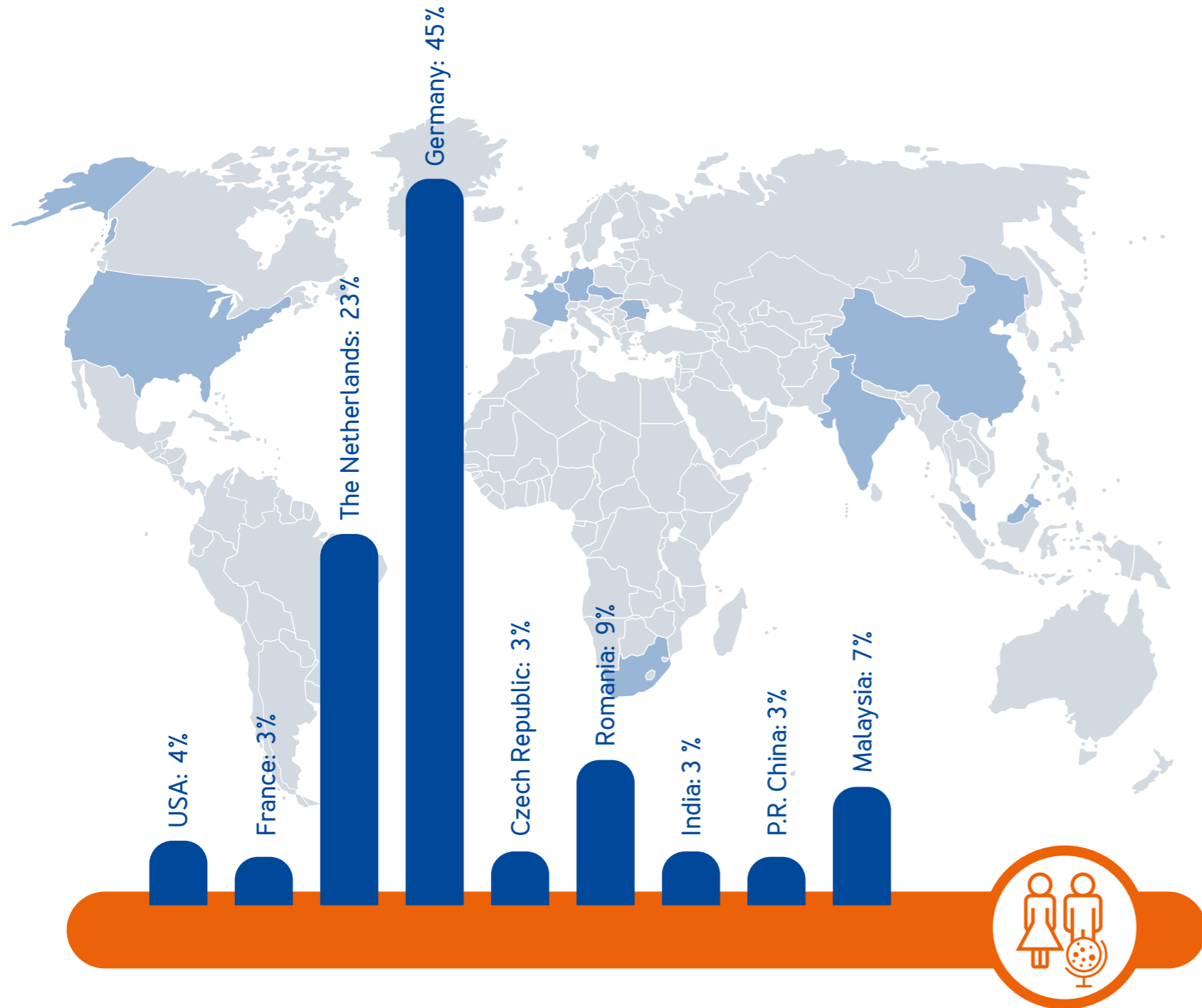
294  
NEW EMPLOYEES 2023



#### LEAVING THE GROUP [2023]



EMPLOYEE STRUCTURE BY COUNTRY (2023)



## 4.2 EQUALITY

At SGB-SMIT, equality is a core principle. The group strives to cultivate a workplace where every employee, regardless of age, gender, ethnicity, sexual orientation, or any other characteristic, is valued and treated with dignity and respect. This commitment translates into tangible actions across all aspects of operations, from recruitment and hiring to promotions and compensation.

The group recognizes and celebrates the unique perspectives and experiences that everyone brings to the table. The goal is to cultivate an inclusive environment where everyone has equal opportunities to succeed and thrive. By upholding these principles, the group aims to create a positive and supportive workplace where all employees can reach their full potential.



### 4.2.1 Diversity and Inclusion

SGB-SMIT recognizes the immense value of diversity in driving innovation and productivity within the workplace. Through a steadfast dedication to promoting inclusivity, the group aims to establish an environment where every individual can grow and maximize his capabilities.

The commitment to diversity and inclusion is a continuous journey, marked by specific targets to ensure progress.

By 2028, the group aims to achieve a 20% female representation across all roles within the organization. Currently, 13% is composed of women.

The organization proudly encompasses a diverse workforce representing over 30 different nationalities. These targets reflect SGB-SMIT's unwavering commitment to building a workforce that is representative, inclusive, and empowered to succeed.

### 4.2.2 Equal opportunities

Offering equal opportunities leads to a culture of fairness and motivation among employees, resulting in enhanced engagement, productivity, and job satisfaction. SGB-SMIT Group recognizes the crucial role of equal opportunities in its success.

The group has established a target to achieve a 25% representation of females in top management positions by 2028. This commitment reflects the dedication to promoting diversity and inclusion at all levels of the organization.

OVER  
**30**  
DIFFERENT  
NATIONALITIES



**13%**  
FEMALE SHARE

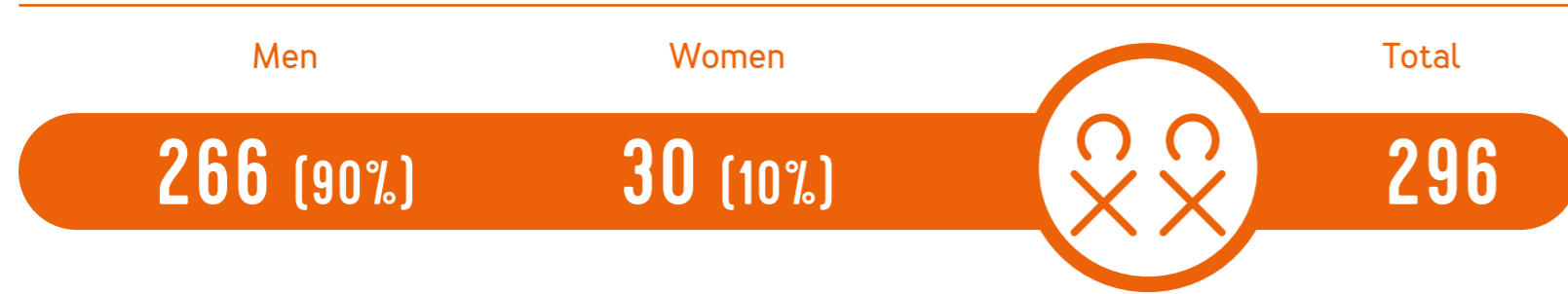
**19%**  
FEMALE IN  
TOP MANAGEMENT  
POSITIONS



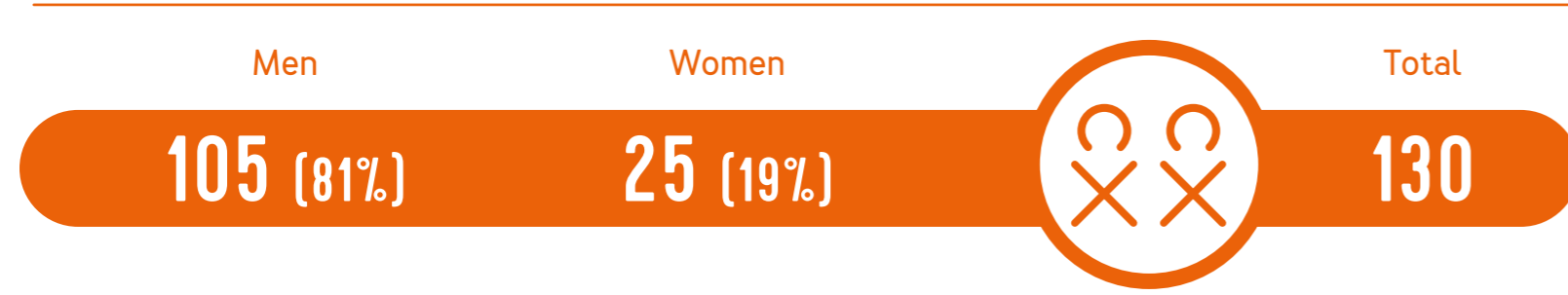
EMPLOYEES (2023)



LEADING POSITIONS (2023)



EXECUTIVE TEAM (2023)



DISABLED EMPLOYEES (2023)





### 4.3 EMPLOYEES

At SGB-SMIT, prioritizing employee well-being by offering access to wellness programs, health resources, and maintaining a safe and inclusive work environment. The group actively promotes open communication and feedback to consistently enhance employee well-being, ensuring everyone feels valued and supported. Additionally, where feasible, SGB-SMIT operates canteens at its sites, further contributing to the welfare by offering a wide range of healthy and balanced meal selection to all employees.

#### Flexible Work

In addition to the possibility of recruiting the best employees worldwide for the company, it enables every single employee to balance work and private life in the best possible way in the different phases of life. The group firmly believes that offering flexible working arrangements leads to greater employee satisfaction, heightened productivity and cost efficiency.

## Employees are the most valuable asset of SGB-SMIT



WORKING FROM HOME

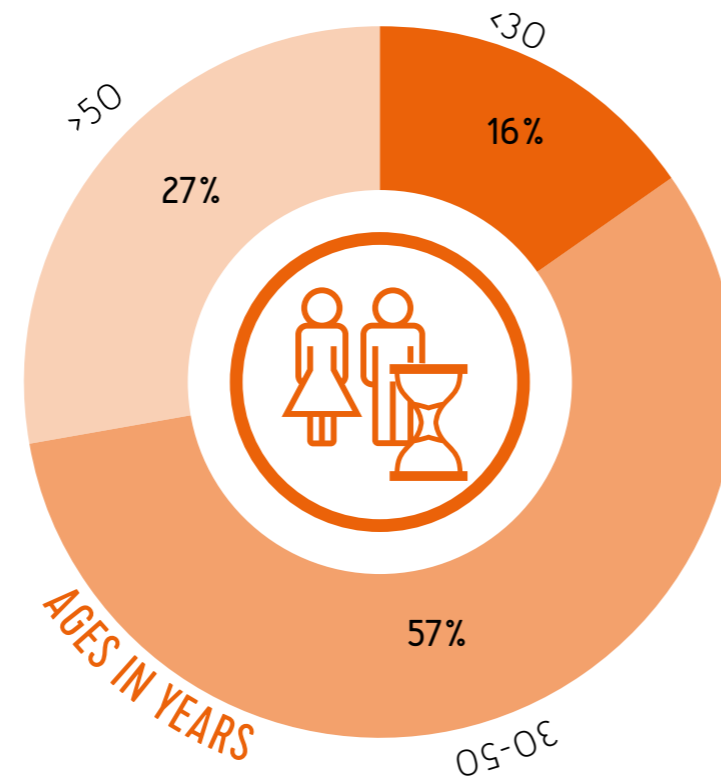


FLEXIBLE WORKING HOURS

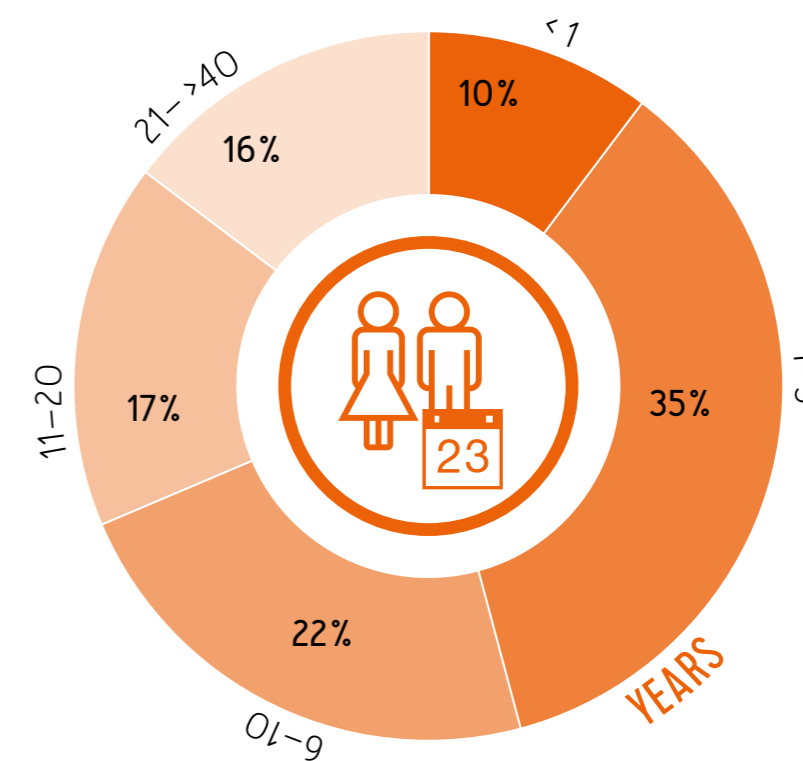


CANTEENS

AGE STRUCTURE (2023)



SERVICE (2023)



Different employee initiatives are being implemented across locations. Some examples are:

**Employee well-being:**

- Job Ticket (for public transportation)
- Bike Leasing Program
- Special conditions for sport activities
- Nutrition and metabolism program
- Ophthalmology screening
- Blood test screening
- Ergonomics programs: change the furniture in the offices
- Medical office in the company

**Employee development:**

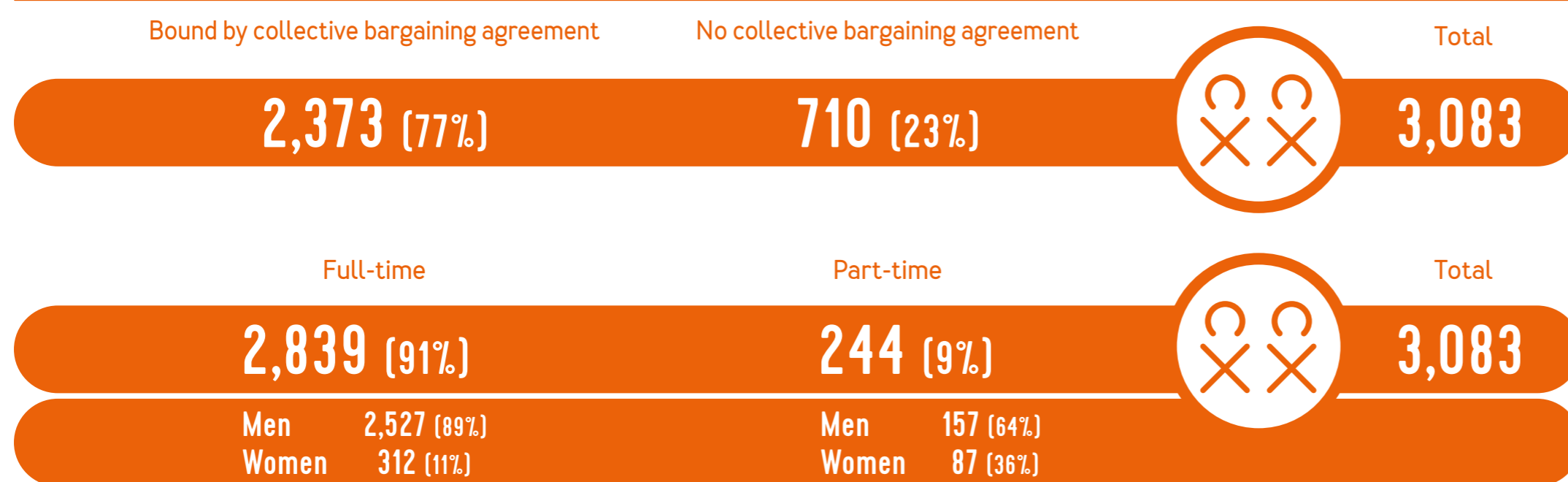
- Professional coaching
- Internal and external trainings such as First Aid Training, H&S training, technical skills, and Lean management
- Leadership programs
- Communication trainings
- Mentorship program
- Sponsoring or subsidy of postgraduate training possible

**Employee activities:**

- Family day, activities for children of the employees.
- H&S Day
- Environment day
- Women’s day
- Girl’s day
- Football Companies Competition
- Christmas party
- Special holiday celebration



**EMPLOYMENT [2023]**



### 4.3.1 Training and development programs

Employee development and training are cornerstones in cultivating a skilled and motivated workforce. By providing educational opportunities, the group ensures employees have the requisite knowledge and skills to excel in their roles.

Since 2020, the compliance measures have been accompanied by online on-demand training including tests. This training is mandatory for all management roles as well as all employees in sensitive areas such as sales and purchasing, etc. Trainings will be repeated with updated content on a regular basis.

The content has been tailored specifically to suit SGB-SMIT Group. In total, more than 3,400 trainings covering different compliance topics have been conducted in the years 2022 and 2023. The group has set as a target to reach a 100% of trained employees working in corresponding areas until 2024 at the latest.

In 2021, the SGB-SMIT Academy was launched as a comprehensive training initiative across the organization. To identify training needs, a skills management system has been implemented, with requirements monitored through an HR tool.

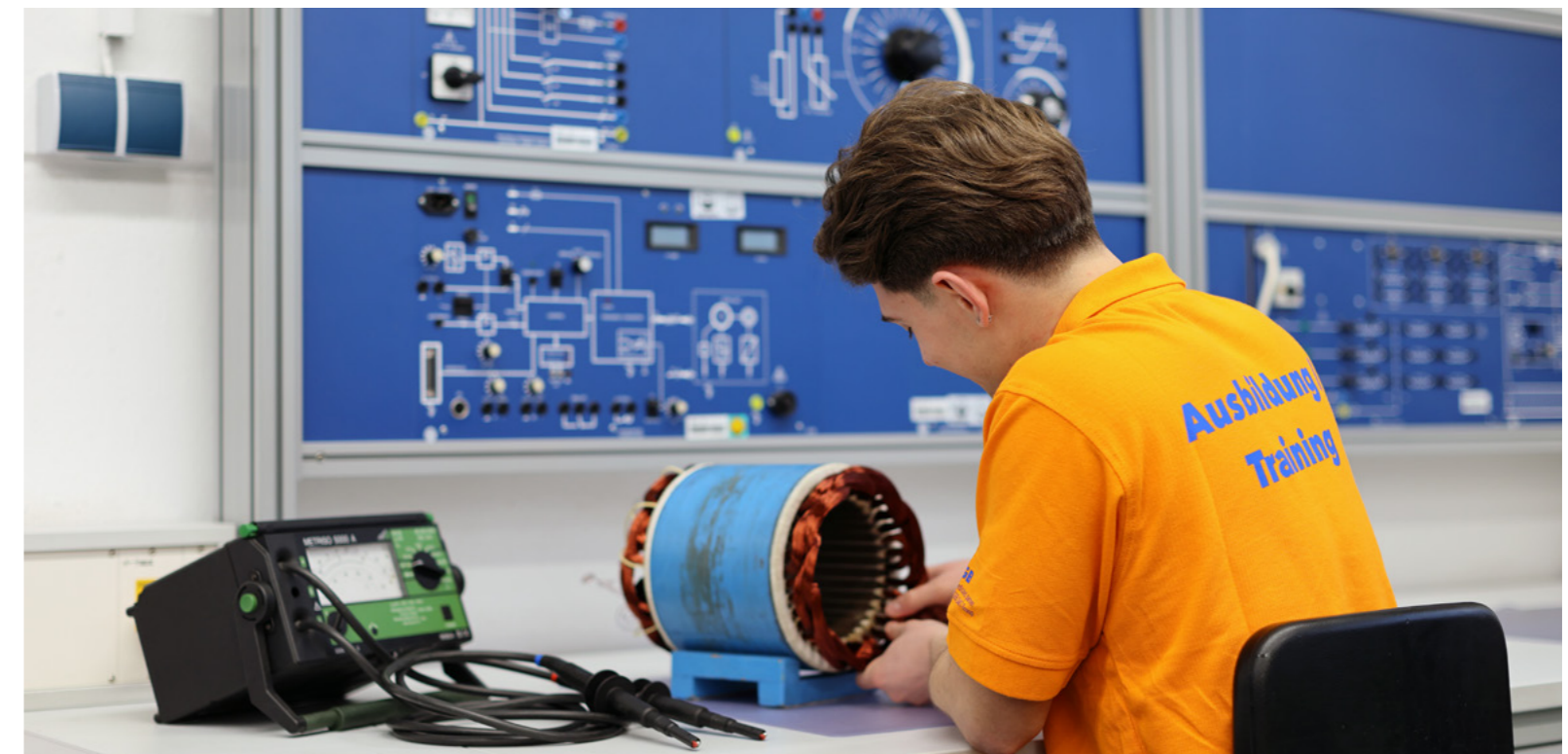
Acknowledging the significance of education, SGB-SMIT Group actively collaborates with universities. This includes expanding local partnerships to offer insights into the group, to potential future employees at an early stage.

Collaborating with universities allows SGB-SMIT to leverage the latest research and innovations. Furthermore, through working student positions, apprenticeships, and internships, students gain practical, hands-on experience in the industry. These initiatives benefit not only employees and students but also the organization itself.

### Goals of the Training Programs

1. Vocational Training: The aim of the in-company vocational training is to internally train skilled workers, thus securing qualified junior staff who already possess specific company- and industry-specific expertise upon hiring.
2. Personnel Development: The goal of the personnel development measures is to qualify employees so that they can contribute optimally to the company's success while remaining motivated through their development. This enables the company to secure its skilled and management workforce.

APPROX.  
**38,000**  
 TOTAL TRAINING HOURS  
 IN 2023



### About the Training Programs

Various vocational profiles in the commercial, technical, and business sectors are offered. This offer is mainly aimed at interested school leavers of all types. On average, around 50 people are trained in total. The provider of vocational training is Starkstrom-Gerätebau GmbH.

**Personnel Development:** A well-established development program is “Ready4Future,” offered to junior executives and potential candidates. It is a modular training series that typically takes place annually. This program is conducted by Starkstrom-Gerätebau GmbH in cooperation with SBG and SSG. Other programs and further training measures are provided on demand and are individually designed.

### Additional Personnel Development Programs

- Challenge for Young Technical Professionals
- Expert Career Path
- Financial/Time Support for Further Training Measures (e.g., Master Craftsman, Technician, Degree Programs)

### Training Content and Methods

The training content is conveyed in accordance with the training regulations and the corresponding in-company training plan. These can vary in form, scope, and approach depending on the vocational profession.

### Achievements and Results

The organization has a very high retention rate. Many former trainees now hold responsible positions such as foremen, managers, and department heads. Additionally, many are now active as trainers and support young people on the path they once took. All measures are constantly evaluated through feedback.

### Partnerships and Collaborations

Partners include responsible chambers, vocational schools, schools, and various occasion-based partners.

- Personnel Development: Collaboration with various further education providers and partners is established.
- Additional Partnerships:
  - Universities
  - Germany Scholarship Program

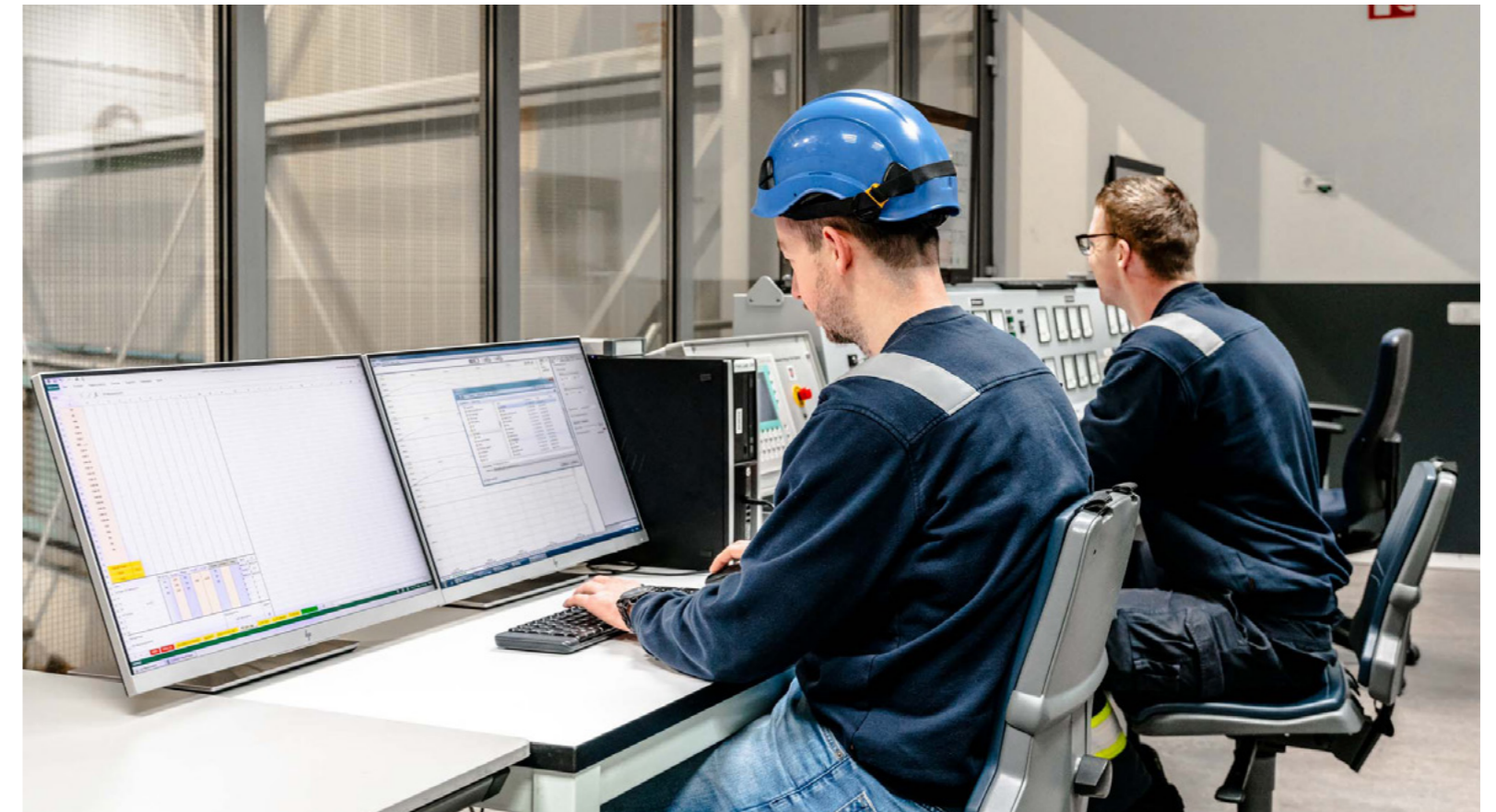
### Reports and Feedback

The training and personnel development programs are regularly evaluated and continuously improved through participant feedback. Demand-based evaluations and audits help ensure and further develop the quality of the programs.

### 4.3.2 Student programs

#### Goals of Student Programs

The primary goal of these programs is to address the need for support in specific professional areas or to explore topics that can be effectively tackled with the help of students. These programs represent a win-win situation for both parties: students gain their first work experience, build a network within the company, and the company gets to know potential future employees, fostering long-term collaboration.





### About the Student Programs

- Internships: Interns are expected to gain initial insights and experience in a specific professional area relevant to their field of study during a practical semester, typically lasting 20 weeks.
- Working Students: Working students support related professional areas on a part-time basis (maximum 20 hours per week) and gain specific experience related to potential career paths after graduation.
- Thesis Projects: Students work on specific topics with direct practical relevance in cooperation with the university. These projects can provide the company with valuable results on clear topics or problem areas.
- Target Groups: The programs are generally open to all students in fields that are relevant to the company's various departments, particularly electrical engineering, industrial engineering, mechanical engineering, business administration, computer science, etc.

### Students Programs Content and Methods

Key tasks vary significantly across departments. Typically, students have a specific supervisor from the professional area who is always

available for consultation. Often, the supervisor is also the direct manager, and task assignment is done through direct interaction.

### Achievements and Results

Within the company, there are numerous success stories where employees began as student assistants or interns during their studies, potentially completed a thesis in cooperation with the company, and were then hired directly.

### Prospects

Plans for the future include the regular engagement of students and the introduction of a dual study program at the company.

### Partnerships and Collaborations

The company is in regular contact with various educational institutions, particularly universities. For example, it participates in relevant career fairs for students. The company has also been sponsoring a German scholarship recipient at the OTH Regensburg for many years. Future plans include intensifying these collaborations, potentially through direct involvement of the professional areas.

### 4.3.3 Health and Safety

Ensuring workplace safety is a vital aspect of responsible business operations. At SGB-SMIT Group, prioritizing the well-being of employees to minimize workplace accidents is critical. Occupational health and safety are foundational pillars in the group's operations.

Under the direction of the CEO, the Health & Safety Manager at SGB-SMIT Group oversees the safety of all employees. At each site a Health & Safety Officer and a Committee is established, and actively engaged by senior management. The CEO personally reviews accident reports and industrial safety indicators and closely monitors the implementation of corrective actions where needed.

Additionally, every employee is integral to the health and safety management system. It is the duty of everyone to remain vigilant, promptly report any hazardous situations and halt work if necessary.

To reinforce safety awareness and enhance performance, senior management conducts monthly safety walks across all SGB-SMIT sites

worldwide. Internal and external audits ensure compliance with safety guidelines, with global workshops facilitating knowledge exchange on health, safety, and accident prevention.





Digitalization efforts within the group enable real-time access to accident data via dashboards, facilitating proactive risk management. Moreover, local programs are implemented at individual sites to promote occupational health and safety.

SGB-SMIT Group also maintains comprehensive Health & Safety Guidelines, outlining group-wide rules and campaigns. These initiatives encompass various aspects of employee health and safety, fostering a culture of well-being and protection across our organization. These initiatives can be classified into preventive and corrective measures.

**Preventive measures:**

- 14 rules to come home healthy and safe
- 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

Regularly published indicators document the current safety status and progress in meeting the organizational targets and regulatory requirements. Examples include LTIFR (Lost Time Incident Frequency Rate) and LTISR (Lost-Time Incident Severity Rate). To ensure objective evaluation of the groups Health & Safety rules' effectiveness, all sites undergo external certification to ISO 45001:2018\*.

\*SGB-USA not certified but compelled to implement the H&S Guideline.

**FREQUENCY RATE (LTIFR 200.000 h)**



**SEVERITY RATE (LTISR)**



The Zero Accidents Program (ZAP) mandates senior executives, site management, and individual employees to minimize and maintain accidents at the lowest possible level. ZAP incorporates components such as regular “GEMBA Walks,” management training, comprehensive analysis, and ongoing skill development. Additionally, ZAP requires prompt recording and digital forwarding of both accidents and near-misses to the central QHSE Manager.

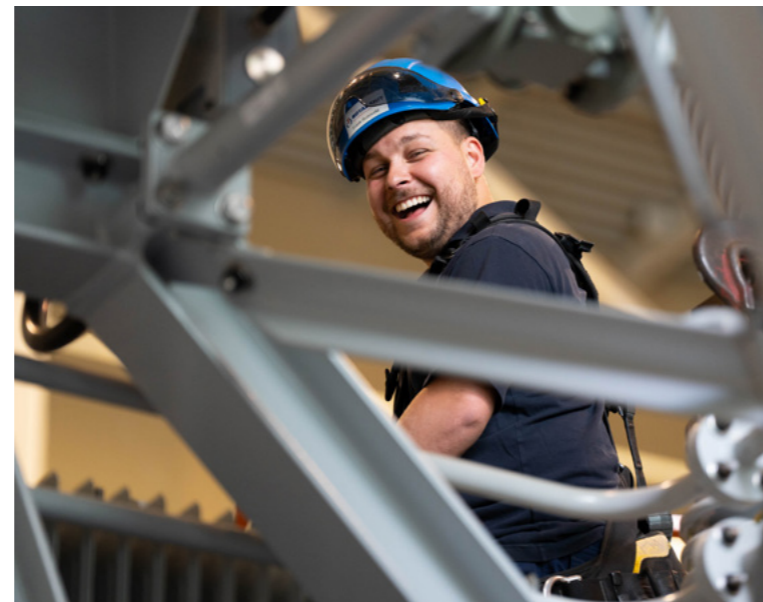


SGB-SMIT Group has undertaken significant measures to enhance safety, consistently reducing the number of accidents and incidents. The group has set a target to achieve a Lost Time Incident Frequency Rate (LTIFR) of 1.0 by 2025, as part of its dedication to ensuring a safe and secure working environment.

### Safety Culture Project

SGB-SMIT Group has launched a group-wide initiative aimed at enhancing workplace safety culture, supported by external specialists “WandelWerker.” This initiative marks a significant step towards achieving a sustainable and safe working environment across all units of the SGB-SMIT Group. The pilot project will be implemented at SBG Neumark.

A comprehensive and systematic strategy is developed to improve workplace safety processes and organization. The development strategy is tailored according to the existing state of the safety culture within the organization, ensuring relevance and effectiveness. Positive Key Performance



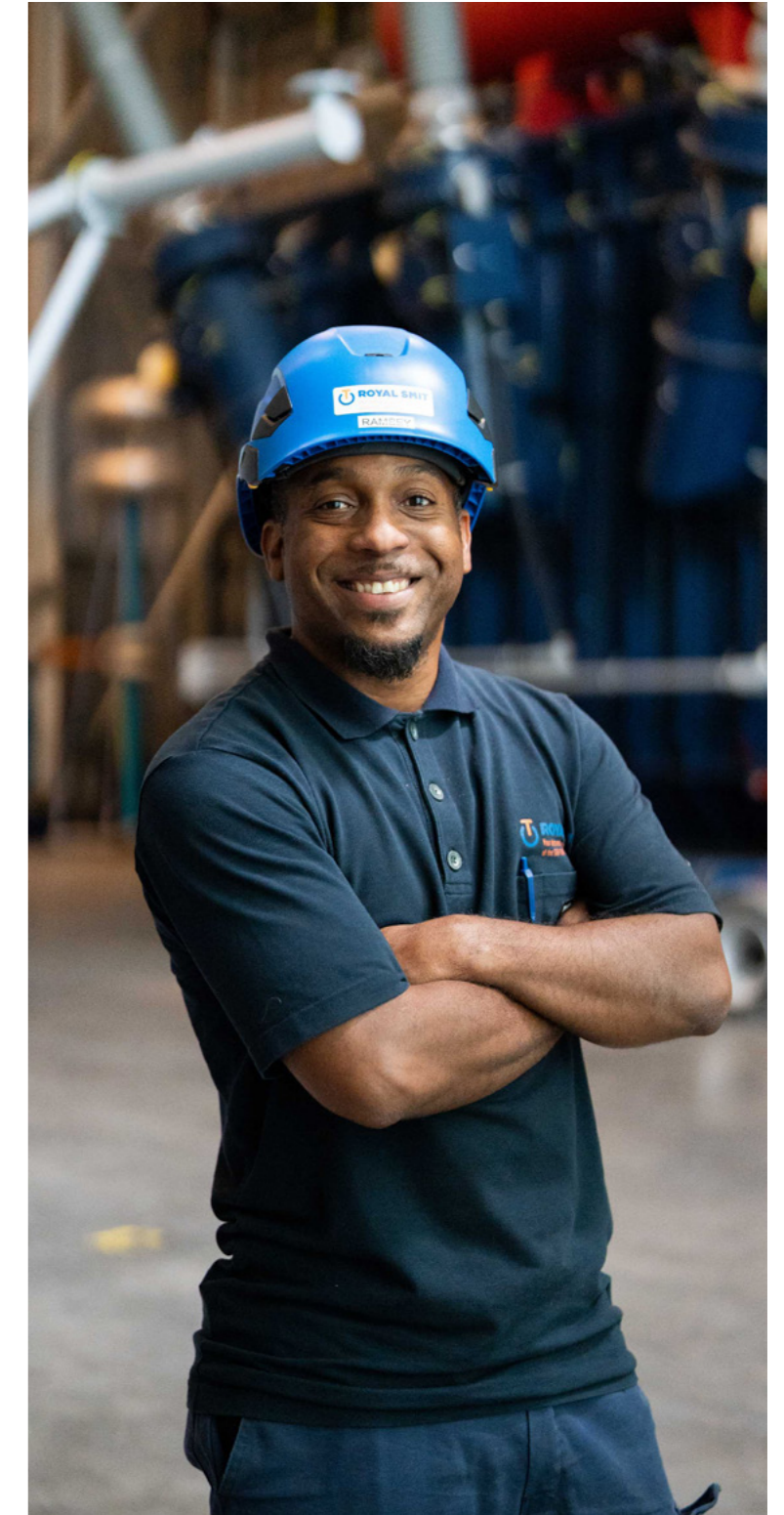
Indicators (KPIs) are identified and implemented to measure and ensure the success of the safety culture initiatives.

The project focuses on:

1. Focus on enhancing the competence and awareness of employees regarding safety practices.
2. Improving organizational structures and communication channels to foster a safer work environment.
3. Providing necessary tools and resources to support safe work habits and practices.

#### 4.3.4 Employee Satisfaction

At SGB-SMIT Group, all employees are encouraged to consistently provide feedback. This includes participating in periodic surveys and utilizing a 360-degree feedback system involving managers. Furthermore, employees have access to a whistleblowing system to report possible irregularities, allowing for early intervention. The group’s goal is to evaluate employee satisfaction across all entities using the employee Net Promoter Score (eNPS) by 2028.



## 4.4 COMMUNITY ENGAGEMENT

Besides prioritizing the well-being of its employees, SGB-SMIT engages closely with the local community, associations, and non-profit organizations to create a long-lasting and positive impact on the people, the planet, and the society at large.

The group actively encourages voluntary social and societal contributions through monetary or in-kind donations and promotes employee volunteering throughout all its locations via different local community engagement projects. The group's key community engagement projects can be clubbed under four areas of interest.



### Healthy lifestyle and mental well-being

Nurturing a healthy and balanced lifestyle through team sports and in raising awareness for rare diseases.



### Education of future generations

Promoting equal opportunities for all, with special focus on STEM career opportunities for girls.



### Donations and financial support

Providing financial support via scholarships for meritorious students and via local associations, charities, and NGOs that support people with disabilities.



### Humanitarian and natural disaster response

Supporting affected communities via donations to local NGOs and/or aid organizations.

# 5.0

## GOVERNANCE



## 5.0 GOVERNANCE

### 5.1 GOVERNANCE MANAGEMENT

### 5.2 INTERNATIONAL LEGAL FRAMEWORKS AND CONVENTIONS

### 5.3 BUSINESS ETHICS AND COMPLIANCE

#### 5.3.1 RESPONSIBILITIES

#### 5.3.2 HUMAN RIGHTS

#### 5.3.3 CODE OF CONDUCT

#### 5.3.4 SUPPLIER CODE OF CONDUCT

#### 5.3.5 WHISTLE-BLOWER SYSTEM

### 5.4 DATA MANAGEMENT AND INFORMATION SECURITY

### 5.5 PRODUCT QUALITY AND CERTIFICATIONS

### 5.6 SUPPLY CHAIN MANAGEMENT

#### 5.6.1 QUALITY ASSURANCE AGREEMENT

#### 5.6.2 SUPPLIER DUE DILIGENCE AND AUDITS

## 5.1 GOVERNANCE MANAGEMENT

A strong commitment to ethical and responsible business practices are reflected in SGB-SMIT Group's governance management system. This is revealed in the company policies that cover Business Ethics and Compliance, Code of Conduct, Supplier Code of Conduct, Data Management and Information Security. These policies focus on combating bribery and corruption and protection human rights.

### Governance framework

Employees and suppliers must comply with all applicable laws, regulations and contractual obligations. Considering the frameworks mentioned above the group's Code of Conduct and Supplier Code of Conduct define the basis for this behavior.

Following key elements are covered:

- 1 Environmental Guidelines:**  
Environmental protection and management of resources
- 2 Social Guidelines:**  
Ensuring optimal working conditions and safeguarding employee rights
- 3 Corporate Governance Guidelines:**  
Applicable legal and business ethical standards

SGB-SMIT's expectation towards its employees and external stakeholders is to act, if there is a suspected ethical or legal violation by reporting any non-compliance via the whistle-blower system.

## 5.2 INTERNATIONAL LEGAL FRAMEWORKS AND CONVENTIONS

SGB-SMIT Group adheres to several international frameworks and conventions which serve as the main guidelines and standards for its business practices across borders. These frameworks are part of SGB-SMIT Group's Governance program and compliance management policy.

These frameworks include:

- **United Nations' Guiding Principles on Business and Human Rights** (UNGPs) and the United Nations Convention Against Corruption
- **Organization for Economic Cooperation and Development** (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct as well as the OECD's Anti-Bribery Convention
- **International Labor Organization** (ILO) Core Conventions on Labor Standards, including ILO Convention No. 138 on minimum age for admission to employment and ILO Convention No. 182 on the worst forms of child labor, and ILO-IOE Child Labor Guidance Tool for Business.

SGB-SMIT follows several international conventions.

- **Stockholm Convention:** Protecting human health and the environment from persistent organic chemicals.
- **Basel Convention:** Regulation on the permissibility and control of exports of hazardous waste.
- **UN Civil Pact:** Regulation of protection and freedom rights, including the prohibition of torture and slavery, the right to protection of private life, the right to freedom of expression, the right to freedom of religion and freedom of assembly as well as the right to stand and vote.
- **UN Social Covenant:** Regulation of economic, social, and cultural rights.



### Supply Chain Act

The German Supply Chain Due Diligence Act obliges companies to monitor risks on human rights and environmental law in their supply chains and in their own area of responsibility. All entities of SGB-SMIT Group are complying with the German Supply Chain Due Diligence Act.

### Carbon Border Adjustment Mechanism (CBAM)

As a global group of companies, SGB-SMIT Group supports this mechanism that incentivizes manufacturers to adopt cleaner production practices and reduce their carbon footprint. Accordingly, the group considers CBAM in its import and export strategy and works on taking all necessary measures to ensure compliance. The group is already reporting in line with the CBAM requirements.

### Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy

As a group with headquarters in the European Union, SGB-SMIT Group understands that complying with the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy is essential. The aim of SGB-SMIT Group is to provide transparent and accurate information aligned with the reporting requirements of the CSRD and EU Taxonomy ensuring accountability and transparency

for stakeholders. Ultimately, compliance with CSRD and EU Taxonomy demonstrate its long-term commitment to sustainability and on creating transparency on SGB-SMIT's climate performance. In 2026, the group will be reporting as per CSRD and EU Taxonomy requirements for the financial year 2025.

## 5.3 BUSINESS ETHICS AND COMPLIANCE

SGB-SMIT is guided by ethical behavior in all decision-making processes, strong processes and systems have been implemented to ensure that everyone within the group is acting in a responsible and ethical manner. By prioritizing business ethics, the group has built strong relationships with all its stakeholders, ranging from customers, employees, shareholders, financing parties, and the wider community.

SGB-SMIT has clear standards on how to do business and combating bribery and corruption, protecting human rights and strict compliance with all laws are applicable to everyone that works for or with the group.

In 2023, 9 suspected cases of non-compliance have been reported through the dedicated channels. Out of the 9 cases, 5 cases turned out not to be founded, 2 cases are still being investigated, for one case proper corrective measures have been implemented. And for one case, criminal and civil law proceedings have been initiated and are ongoing.

For the case that was still pending from 2022, criminal and civil law proceedings have been initiated and are still running.

Continued measures to address and prevent future cases and potential risks are being identified and addressed with the implementation of specific procedures and policies. All the responsibilities and procedures regarding compliance are described in the group's Compliance Management Manual.

### 5.3.1 Responsibilities

Group Management has the overall responsibility for complying with the regulations. All employees must follow the company regulations applicable to their position and must report any relevant facts or violations to the responsible bodies group wide.

To ensure that all employees and suppliers comply with the regulations and customers' expectations following responsibilities are defined:

**1 Compliance Committee** for identifying human right risks in SGB-SMIT Group's own area of responsibility. The group has set in place a strong compliance management system with a Compliance Committee that meets every quarter to identify and monitor potential risks and implement preventive actions. Furthermore, the group has dedicated Compliance Officers at each of the group's locations. The compliance officers' main task is to make sure all employee and suppliers adhere to the code of conduct and undergo regular compliance trainings as well as Data Management and Information Security. Besides all the preventive measures the compliance officer will investigate all suspected cases. On a yearly basis compliance audits are conducted at each operational unit. This is done by conducting compliance audits on a yearly basis to identify own human rights impacts and compliance matters.

**2 Human Rights Committee** has been established to ensure that the due diligence obligations based the Supply Chain Due Diligence Act on are met. This committee is responsible for implementing the measures and maintaining and continuously developing the processes required to ensure due diligence.

**3 Quality Management Team** for identifying health & safety and environmental risks in SGB-SMIT Group's own area of responsibility and ensuring human rights and environmental laws are followed at suppliers. Strategic suppliers are audited every three years, other suppliers are audited demand driven. If a supplier is identified as critical an on-site audit will be planned on short notice to evaluate the actual situation. In case of deviations Supply Chain Act Committee and Management needs to be informed, counter measures need to be defined and followed up.

#### **4 Internal Compliance Audit and Risk Identification**

Risks are identified through various channels, including but not limited to, audits, document checks the whistle-blower system. All risks are continuously documented and assessed as part of regular internal compliance

audits by the compliance team (humans rights and compliance) and the (Quality, Environment, Health, and Safety) QEHS team (health & safety, environmental law).

Assessing compliance risks is done by the auditors and prioritized by

- extent of damage (economic and/or reputation) and
- likelihood of occurrence.

The identified risks are documented and prioritized, which is the base for monitoring, continuous improvement, and due diligence.

Appropriate measures to eliminate risks are defined and implemented. Implementation status of measures is reviewed quarterly with the respective entity and the compliance team. Management, committee, and Ombudsman are regularly informed.

#### **5.3.2 Human Rights**

SGB-SMIT Group is committed to socially responsible corporate management. In addition to compliance with general legal frameworks, this also includes respect for human rights. SGB-SMIT is committed to respecting human rights in its own business areas and in global

supply chains. From 2024, SGB-SMIT Group is obliged to implement the measures set out in the Supply Chain Act. To support and monitor this duty of care, the management of SGB-SMIT has appointed an interdisciplinary Human Rights Committee, in which purchasing, sustainability, compliance and legal are represented.

#### **5.3.3 Code of Conduct**

SGB-SMIT Group's Code of Conduct sets out clear requirements for the behavior of employees irrespective of location or country. Group Management has the overall responsibility and all employees must follow the company regulations and applicable laws and must report any relevant facts or violations to the responsible bodies.

#### **5.3.4 Supplier Code of Conduct**

The SGB-SMIT Supplier Code of Conduct defines standards covering environment, social and corporate governance that the group requires from its suppliers to comply with. The current version was updated in May 2023 to reflect additional requirements from the Supply Chain Act and stipulates the standards to be complied with, regarding fair working conditions in the supply chain and climate protection that applies to all suppliers.

SGB-SMIT Group's Supplier Code of Conduct is always referred to in purchase orders, individual contracts, or framework agreements. The group will only work with suppliers that comply accordingly. Any amendments or additions made to the Supplier Code of Conduct are immediately communicated in writing to all suppliers, these must then adopt them.

All new suppliers are screened with respect to environmental management and occupational health and safety before awarding initial contracts.

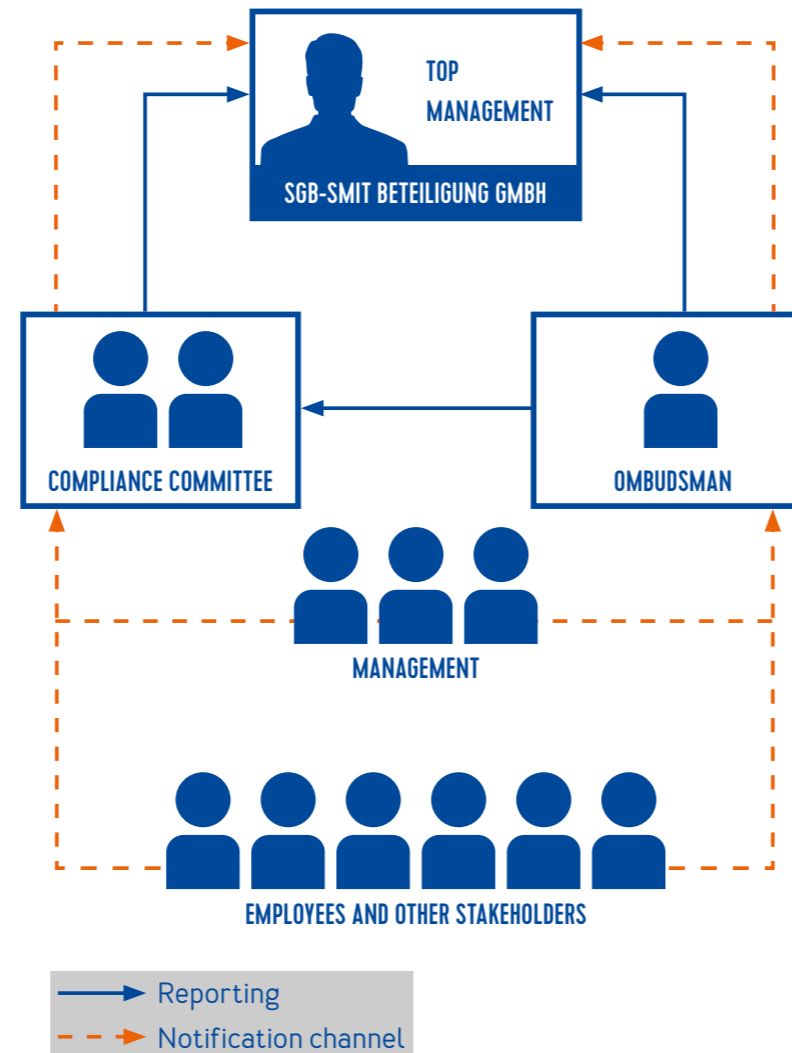
Companies, which do not pass the screening process and/or do not adhere to the Code of Conduct, cannot become a supplier and partner company to SGB-SMIT Group. The Supplier Code of Conduct covers rules, requirements, guidelines, and corporate statements.



### 5.3.5 Whistle-blower system

The ombudsman of SGB-SMIT Group is available as an independent contact to anyone (employees, suppliers, contractors and all other third parties) who wishes to raise a suspicion of an infringement, an offense or any violation to internal regulations and/or the codes of conduct of SGB-SMIT Group or as part of their business relationship with SGB-SMIT Group. A dedicated email [ombudsmann-sgb@sws-p.de](mailto:ombudsmann-sgb@sws-p.de) and a phone number +49 991 379175 292 have been set up that are operated by an external law firm to ensure full compliance with laws and local regulations. If the complainant wishes, the information can also be provided anonymously. The ombudsman proceeds to investigate the factual correctness and legal relevance of the information. After the investigation, the ombudsman suggests actions to those responsible in the Committee or, in serious cases, directly to the management.

#### Complaints Procedure:



## 5.4 DATA MANAGEMENT AND INFORMATION SECURITY

Effective data management and stringent information security protocols are essential elements of SGB-SMIT's operational strategy. An 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 the confidentiality, integrity, and availability of information assets. Information security is equally important to safeguard SGB-SMIT Group's information, protecting it 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, the NIST Framework, as well as to the recommendations of the German Federal Office for Information Security (BSI).

## 5.5 PRODUCT QUALITY AND CERTIFICATIONS

SGB-SMIT group has a strong commitment to quality, every single product is tested electrically and mechanically before leaving one of SGB-SMIT Group's factories. These are inspected in accordance with applicable standards, regulations and customer requirements. No product from SGB-SMIT Group leaves its production site without successfully passing every test in accordance with current standards and regulations.

Besides strong governance processes in quality, environmental protection, safety and energy management the group has sought certification in the relevant areas. Certification is carried out across the group. Some of the certificates, which have been attained are applicable to SGB-SMIT Group others are only relevant to individual members.

List of certificates:

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**ISO 9001:2015**

**Quality management**

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**ISO 14001:2015**

**Environmental management**

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**ISO 45001:2018**

**Health and safety management**

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**Certification to the Water**

**Management Act (WHG)**

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**German Federal Water Act**

**[German sites only]**

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## 5.6 SUPPLY CHAIN MANAGEMENT

SGB-SMIT Group expects compliance with the highest standards in quality, sustainability, ethics and compliance from all suppliers. At SGB-SMIT Group supply chain management flows into a permanent risk management process. The purpose is to detect risks in the supply chain, identify their potential impacts, and act accordingly with reactive or proactive measures to secure, strengthen and further optimize the sourcing process.

In 2023, SGB-SMIT Group generated a turnover of around 750 million Euros at all its suppliers. Whenever possible, the emphasis is put on local sourcing.

To support the groups commitment to ensure that human rights are respected along its value chain, SGB-SMIT Group has decided to use IntegrityNext, a digital platform to help the group manage its ESG risks and improve supply chain sustainability.

### 5.6.1 Quality Assurance Agreement

The Quality Assurance Agreement was introduced at SGB-SMIT Group as an additional measure of supplier appraisal in the context of sustainability and quality. This agreement is signed and fulfilled by key suppliers to the group. In the agreement, partner companies declare that they support SGB-SMIT Group's QEHS Management System (Quality, Environment, Health, and Safety) by compliance with or certification to the following standards, initiatives, and norms:

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**ISO 14001**

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**ISO 9001**

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**ISO 45001**

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**RoHS**

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**REACH**

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**CFSI [Conflict-Free Sourcing Initiative for minerals]**

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### 5.6.2 Supplier due diligence and audits

Compliance check items are already a major component of the supplier due diligence process and yearly evaluation.

SGB-SMIT Group has 500+ active suppliers. Not all of them can be audited, therefore there will be a yearly risk mapping performed to cluster and prioritize. Generally, suppliers who are not complying to applicable laws and regulations (for example Supply Chain Act) and universal declaration of human rights (SDGs and ILO) are not accepted.

SGB-SMIT Group focuses on:

Suppliers of production materials and services

Suppliers with a higher human rights risk situation, based on scoring lists and other sources of information

Suppliers using/producing critical, e.g. environmentally hazardous substances

Suppliers	Yearly due diligence process
100%	Abstract risk analysis based on country risk, industry risk and critical news.
5–20%	Concrete risk analysis and validation based on assessments, validation, and probability of occurrence.
3%	Impact analysis based on severity, influence, spend-to-sales ratio, and prioritization.
0,5%	Preventive and corrective actions based on standard measures and supplier communication.

All critical suppliers need to perform a self-assessment. New and existing suppliers who are not prioritized by the criteria above and are not categorized as uncritical within the risk analysis need to repeat the self-assessment every three years.

In 2023, 59 suppliers have been audited, these suppliers categorized as critical by the Quality Management Team as a result of the risk analysis in terms of human rights and environmental matters.

These audits focus on the following seven areas:

Compliance with laws and legal regulations

Respect for the employee’s fundamental rights

Ban on child labour

Minimum wage and maximum permissible working hours,

Employee health and safety

Working conditions and social facilities,

Prohibition of bribery and corruption

Furthermore, during the audit special emphasis is put on making sure the SGB-SMIT Group Supplier Code of Conduct is understood and suppliers commit themselves to comply. In case any non-compliance’s arised or is

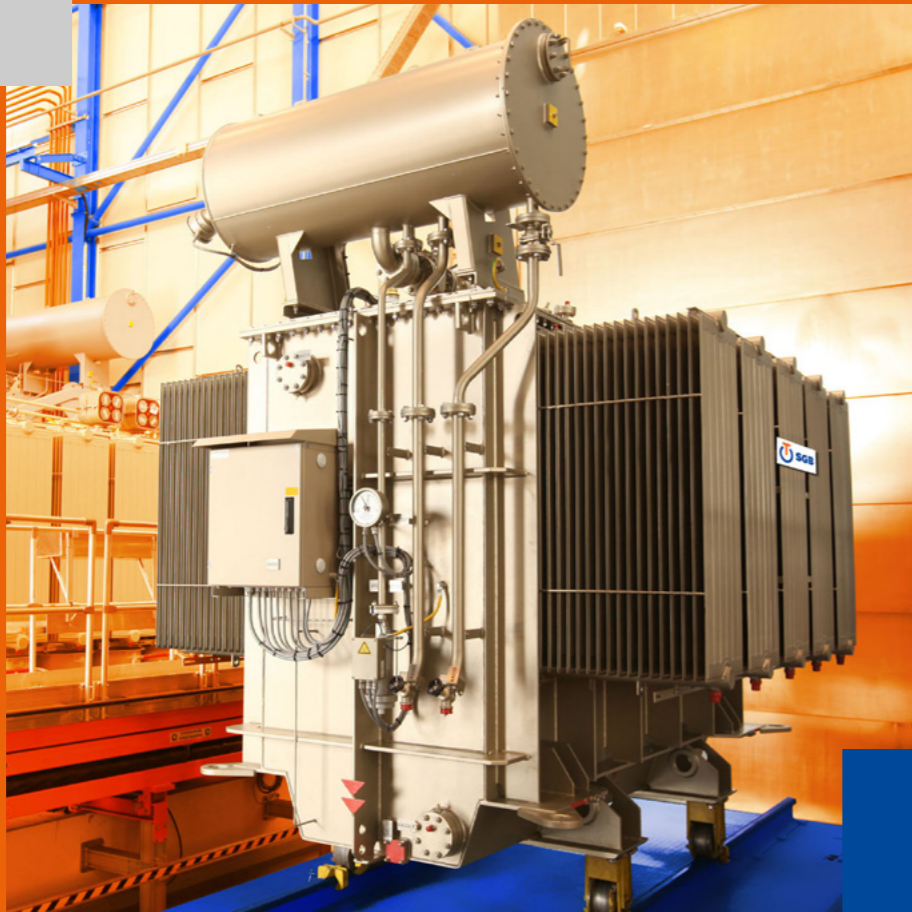
discovered during the audit, corrective / remediation measures are aligned with the respective supplier. In case sever breaches are discovered any further collaboration with the supplier will be terminated.

#### Procedure in case of identified risks

Observations and findings ascertained within the scope of the audits is transferred to an evaluation system to decide whether the cooperation with the respective supplier can be continued, improvement measures need to be implemented or further cooperation is not possible. In case of identifying any negative impacts on the above-mentioned areas during audit, based on self-assessment or via the Whistle-blower system these impact risks are assessed and documented. Together with the supplier counter measures are defined, implementation status will be regularly checked. Should there be no progress visible after time, business relation will be stopped.

# 6.0

## GRI INDEX





Statement of use	SGB-SMIT Group has reported the information cited in this GRI content index for the period from 01.01.2023 to 31.12.2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosures	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 8-11.
	2-2 Entities included in the organization's sustainability reporting	Page 3.
	2-3 Reporting period, frequency and contact point	Page 3.
	2-4 Restatements of information	Not applicable.
	2-5 External assurance	Not implemented.
	2-6 Activities, value chain and other business relationships	Page 11 -14.
	2-7 Employees	Page 33-43.
	2-8 Workers who are not employees	159 workers.
	2-9 Governance structure and composition	Page 18.
	2-11 Chair of the highest governance body	Page 18.
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 13.
	2-13 Delegation of responsibility for managing impacts	Page 18.
	2-14 Role of the highest governance body in sustainability reporting	Page 13. The Sustainability Report is checked and approved by the CEO.
	2-15 Conflicts of interest	Confidentiality constraints.
	2-19 Remuneration policies	Confidentiality constraints.
	2-20 Process to determine remuneration	Confidentiality constraints.
2-21 Annual total compensation ratio	Confidentiality constraints.	



GRI Standard	Disclosures	Location
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Page 3-6.
	2-23 Policy commitments	Covered in Social and Governance chapter.
	2-26 Mechanisms for seeking advice and raising concerns	Page 49.
	2-27 Compliance with laws and regulations	Page 46-48.
	2-28 Membership associations	CIGRE, IEEE, T&D Europe, Representation on National and IEC Committees, Bayme vbm, IHK Regensburg.
	2-29 Approach to stakeholder engagement	Page 13-14.
	2-30 Collective bargaining agreements	Page 38.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 15-16.
	3-2 List of material topics	Page 15-17.
	3-3 Management of material topics	Page 15-19.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Information unavailable / Confidentiality constraints.
	201-2 Financial implications and other risks and opportunities due to climate change	Information unavailable / Confidentiality constraints.
	201-3 Defined benefit plan obligations and other retirement plans	Confidentiality constraints.
	201-4 Financial assistance received from government	Not applicable.
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Confidentiality constraints.
	202-2 Proportion of senior management hired from the local community	Confidentiality constraints.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Not applicable.
	203-2 Significant indirect economic impacts	Not applicable.
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not available.
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 47-49.
	205-2 Communication and training about anti-corruption policies and procedures	Page 39, 47-48.
	205-3 Confirmed incidents of corruption and actions taken	Governance / Confidentiality constraints.



GRI Standard	Disclosures	Location
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance / Confidentiality constraints page 47-49.
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Information unavailable/incomplete.
	301-2 Recycled input materials used	Information unavailable/incomplete.
	301-3 Reclaimed products and their packaging materials	Information unavailable/incomplete.
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 26-27.
	302-2 Energy consumption outside of the organization	Information unavailable/incomplete.
	302-3 Energy intensity	Page 27.
	302-4 Reduction of energy consumption	Page 26-27.
	302-5 Reductions in energy requirements of products and services	Information unavailable/incomplete.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Information unavailable/incomplete.
	303-2 Management of water discharge-related impacts	Discharge is not monitored.
	303-3 Water withdrawal	Page 30.
	303-4 Water discharge	Discharge is not monitored.
	303-5 Water consumption	Consumption is not monitored.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 28.
	305-2 Energy indirect (Scope 2) GHG emissions	Page 28.
	305-3 Other indirect (Scope 3) GHG emissions	Page 29 – partial information.
	305-4 GHG emissions intensity	Page 28.
	305-5 Reduction of GHG emissions	Page 28.
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable. No ozone-depleting substances.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable. Given that the quantities are so small, their impact is negligible.



GRI Standard	Disclosures	Location
GRI 306: Effluents and Waste 2016	306-3 Significant spills	No significant spills.
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 50-51.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 33.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	None.
	401-3 Parental leave	28 employees took parental leave.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 41-43.
	403-2 Hazard identification, risk assessment, and incident investigation	Page 41-43.
	403-3 Occupational health services	Page 41-43.
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 41-43.
	403-5 Worker training on occupational health and safety	Page 41-43.
	403-6 Promotion of worker health	Page 41-43.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 41-43.
	403-8 Workers covered by an occupational health and safety management system	Page 41-43.
	403-9 Work-related injuries	Page 41.
	403-10 Work-related ill health	Page 42.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	12.3 hours per employee.
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 39-41.
	404-3 Percentage of employees receiving regular performance and career development reviews	Information unavailable/incomplete.





GRI Standard	Disclosures	Location
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 34-37.
	405-2 Ratio of basic salary and remuneration of women to men	Information unavailable/incomplete.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Information unavailable/incomplete.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 51, Supplier Code of Conduct.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 51, Supplier Code of Conduct.
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Declaration of principles.
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No incidents reported.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 14, 44.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 50-51.
	414-2 Negative social impacts in the supply chain and actions taken	Page 50-51.
GRI 415: Public Policy 2016	415-1 Political contributions	No political contributions made.
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Information unavailable/incomplete.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No known incidents of non-compliance.
GRI 417: Marketing and Labeling 2017	417-2 Incidents of non-compliance concerning product and service information and labeling	No known incidents of non-compliance.
	417-3 Incidents of non-compliance concerning marketing communications	No known incidents of non-compliance.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No known complaints.



## LIST OF ABBREVIATIONS


<b>AGG</b>	German General Act on Equal Treatment
<b>CBAM</b>	Carbon Border Adjustment Mechanism
<b>CDP</b>	Carbon Disclosure Project
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Finance Officer
<b>CFSI</b>	Conflict-Free Sourcing Initiative for minerals
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CSR</b>	Corporate Social Responsibility

<b>CSRD</b>	Corporate Sustainability Reporting Directive
<b>eNPS</b>	employee Net Promotor Score
<b>ESG</b>	Environment, Social and Governance
<b>EU</b>	European Union
<b>GHG</b>	Greenhouse Gas
<b>GRI</b>	Global Reporting Initiative
<b>HR</b>	Human Resources
<b>HSE</b>	Health, Safety and Environment

<b>ILO</b>	International Labor Organization
<b>IT</b>	Information Technology
<b>LCA</b>	Life Cycle Assessment
<b>LTIFR</b>	Lost Time Injury Frequency Rate
<b>LTISR</b>	Lost Time Incident Severity Rate
<b>MVA</b>	Megavolt ampere
<b>NGO</b>	Non-governmental organisation
<b>OEP</b>	One Equity Partners

<b>R&amp;D</b>	Research and Development
<b>SBTi</b>	Science Based Targets Initiative
<b>SCM</b>	Supply Chain Management
<b>SDGs</b>	Sustainable Development Goals
<b>Sust. Mgr.</b>	Sustainability Manager



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