



WE ARE FLENDER

SUSTAINABILITY REPORT 24

FLENDER

CONTENTS



1	ABOUT THE REPORT	3	4	OUR CSR STRATEGY: THE PARTNER OF CHOICE FOR A SUSTAINABLE FUTURE	21	7	GOVERNANCE	89
2	WELCOME AND HIGHLIGHTS	6	4.1	CSR: A core element of our business strategy	22	7.1	Corporate culture	94
2.1	Foreword by the CEO	7	4.2	Stakeholder dialog	27	7.2	Management of relationships with suppliers, partners and customers	103
2.2	Our CSR highlights for 2024	8	4.3	CSR Governance	30	7.3	Corruption and bribery	113
			4.4	CSR Strategy and Management	32	7.4	Taxes	115
3	OUR COMPANY	9	5	ENVIRONMENT	38	8	OUTLOOK	116
3.1	Who we are	10	5.1	Climate change	42			
3.2	Our mission and vision	12	5.2	Pollution	53	9	GRI/ESRS INDEX	118
3.3	Our history	13	5.3	Circular economy	54			
3.4	Our markets and business areas	14	5.4	EU Taxonomy	62			
3.5	Our products and services	18	6	SOCIAL	63		IMPRINT	131
			6.1	Our own workforce	67			
			6.2	Workers in the value chain	87			

1 ABOUT THE REPORT



1 ABOUT THE REPORT

GRI 2-1, 2-2, 2-3, 2-4 | ESRS 1 6.1, ESRS BP-1, BP-2

SUSTAINABILITY AT FLENDER

Sustainability and contributing to the energy transition have long been priorities for Flender. Together with our stakeholders, we strive to create long-term value and make a positive impact. Aware of our corporate responsibility, we address current and future challenges, including climate change, the energy crisis, supply chain shifts, health, poverty, education and diversity. Our goal is to contribute significantly to the energy transition and set industry standards.

This 2024 Sustainability Report is our fourth independent and voluntary report. It outlines our Corporate Social Responsibility (CSR) strategy, goals, past initiatives, progress and planned activities. The report has not undergone an external audit.

SCOPE OF CONSOLIDATION

Since our spin-off from Siemens AG in October 2020, Flender has operated as an independent limited liability company under German law. The shares of Flender Group GmbH are held 100% by CEP V Investment 9 S.à r.l. held indirectly by fund companies that are advised by the Carlyle Group.

Flender has also integrated Siemens AG's former wind generator business. Accordingly, historical data may cover different periods and entities, with disclosures provided where possible. In line with ESRS 2 BP-1, this report details the foundational principles and scope of our sustainability disclosures. It follows a consolidated approach, covering Flender Group operations, including Moventas Holdings Oy, acquired in 2022, and most recently the acquisition of Eickhoff Wind Asia Pvt Ltd (EWA) with its assembly plant in 2024 in Walajabad Taluk, India.

Deviations from this approach, such as reporting on key material locations, are noted in relevant sections. The consolidated report aligns with our financial reporting scope. Where complete data is unavailable, we use the best available estimates and highlight potential impacts. The report covers the full value chain, including significant environmental, social, and governance impacts from supplier operations to customer interactions.

TRANSITION FROM GRI TO ESRS

This report was prepared in reference to the Global Reporting Initiative (GRI) Standards 2021, the December 2023 Industrial Machinery

and Goods Standard and the December 2023 Wind Technology and Project Developers Standard as developed by the Sustainability Accounting Standards Board (SASB) to ensure transparency and comparability.

Moreover, the report reflects Flender Group's transition from GRI-aligned reporting to referencing the European Sustainability Reporting Standards (ESRS) in response to regulatory developments. While we integrate ESRS principles and data where possible, full compliance is not yet guaranteed. Flender continues to work toward full ESRS alignment in future reporting cycles while adhering to established frameworks such as the GRI standards during this transition. Where applicable, we refer to both respective reporting standards under the corresponding headlines to ensure continuity and comparability in our reporting. This approach allows for a smooth integration of ESRS requirements while maintaining alignment with globally recognized sustainability frameworks.

GENERAL BASIS FOR PREPARATION

Data in this report is compiled through robust internal systems and validation processes to ensure accuracy and reliability. The full value chain assessment identifies

FLENDER



The reporting scope covers all of Flender and aligns with the financial reporting scope.



The report covers the last fiscal year (October 1, 2023, to September 30, 2024) and demonstrates our evolving reporting practice.



Misstatements from past reports are corrected to ensure open and transparent communication of sustainability at Flender.



The report, successfully completed referencing both GRI and ESRS, showcases our commitment to transparency and reporting continuity.

1 About the Report

sustainability impacts, risks and opportunities across suppliers, operations and product lifecycles. Methodological adjustments related to ESRS adoption are documented for stakeholder clarity.

In line with ESRS 2 BP-2, this report details methodologies, assumptions and time frames for key sustainability metrics.

TIME FRAME

The report covers Flender Group's fiscal year from October 1, 2023, to September 30, 2024.

CORRECTION OF ERRORS

This reporting cycle includes a correction to previously disclosed waste management KPIs, addressing a calculation error found during internal validation. The error occurred due to an individual error of an employee who incorrectly assigned a type of waste. The correction leads to 1,137 t less hazardous waste, 209 t more non-hazardous waste and 928 t more rubble¹ for FY2023. This error will be avoided in the future by extending our existing internal controls with controls that will also mark waste data if a type of waste was not or newly reported by a Flender location in the reporting period. In that case, the local EH&S

Manager will have to check, confirm and justify the data as well as their correctness and completeness.

In addition, unfortunately last year no fugitive emissions (Scope 1 category) were reported due to a change within our greenhouse gas emissions reporting software. This mistake resulted in 2,605 t fewer scope 1 emissions and total emissions (representing 0.27% of the total CCF) which was retroactively corrected for FY2023 in this report. To avoid this error in the future we will extend our internal control system.

We reported incorrectly on the total sum of wastewater for FY2023. Instead of

357,529.33 m³ it must be 413,197 m³. The numbers per wastewater category were correct. This error will also be addressed by extending our internal control system.

Lastly, a human error led to the incorrect reporting of 87.7% instead of 60.9% coverage of our matrix certification for FY23. Our documentation has consistently recorded both KPIs: "employee-related" and "location-related" coverage of our ISO matrix certification. The mistake occurred when the correct value for employee coverage was mistakenly submitted in place of the location coverage, which is subject to the defined target. We will prevent this error in the future by clearly documenting the target along with the relevant KPI in our reporting system, making it understandable for the employee who reports the data to the CSR team, regardless of any staff changes.

ESTIMATIONS

Certain sustainability metrics rely on data from external partners, such as suppliers and service providers. Where complete or timely data was unavailable, estimations were applied using established methodologies and transparently disclosed where relevant.

¹As of this report, rubble is no longer reported separately but is included in the non-hazardous and hazardous waste KPI. In doing so, we are aligning with ESRS methodology.



2 WELCOME AND HIGHLIGHTS

IN THIS SECTION

- 2.1 Foreword by the CEO 7
- 2.2 Our CSR highlights for 2024 8



2.1 FOREWORD BY THE CEO

GRI 2-22 | ESRS 2 SBM-1



Andreas Evertz
FLENDER GROUP CEO

Dear Stakeholders,

2024 was once again a year marked with challenges in Flender's political and societal context. Conflicts in regions such as Ukraine and Gaza continue, protectionism grows in many countries across the globe, and the global energy market remains challenging for businesses.

While it may sometimes seem as if topics like climate protection, the combatting of inequalities or other sustainability-related issues have taken a back seat, this is not the case for Flender. In my opinion, businesses like Flender, must take responsibility and become more resilient to combat all these topics, which are highly interconnected.

For the benefit of our manifold stakeholders and as a global player in the mechanical industry, we remain committed to drive the industrial transformation further towards sustainability. The targets of the Paris Agreement and hereby the preservation of a liveable planet is always guiding us – in our daily operations and beyond.

We continually work on sharpening our CSR strategy and in 2024 revised our double materiality analysis according to the latest regulation to focus on what is material for Flender. We have arrived at a list of topics where we have the greatest impact on the environment and people, and those that pose the greatest risks and opportunities for Flender. This was also part of our preparation for the European Union's new Corporate Sustainability Reporting Directive (CSRD). While Flender does not fall under this reporting obligation yet, we have started to align our sustainability reporting in terms of structure and first contents, and we are working towards being able to comply fully – well in time before the obligation reaching Flender.

I am convinced that sustainability and competitiveness go hand in hand. At Flender, we believe that innovation is the key to future competitiveness and enables us to find sustainable solutions for industrial transformation. In our role as pioneer for the sustainable transformation, Flender is actively shaping the future of the industry by

innovating our approaches, processes and materials used to keep producing customized drive technology with the cost efficiency and quality level necessary for global competition. That being said: we constantly strive to become better.

In 2024, we took important steps towards improved sustainability, both with our products and within our operations. Our wind business is a prime example. With a spirit of innovation, we have increased the power density of our wind gear units. They now deliver more than twice the power within the same installation space as 10 years ago. To date, we have installed more than 400 gigawatts of capacity with our Winergy products – more than any other company in the industry. Regarding our operations, an example of progress in sustainability is the efficient repurposing of energy otherwise lost during production. At the German sites, we are now able to reuse energy that is generated as a byproduct during production to heat our facilities and thereby save a lot of energy and GHG emissions. This is an important achievement and great example of creative solution finding.

As an industrial company, we have a large responsibility to society and our climate to make our production as sustainable as possible.

Our commitment to CSR has once again been recognized externally. Flender has

again been awarded the platinum medal by EcoVadis, the world's most renowned provider of sustainability ratings for companies. Having already been awarded the gold medal in our first application in 2022 and the platinum medal in 2023, we have now received the highest possible award for the second time in a row. Since the last assessments, the overall score has risen in the beginning from 70 to 78, and now from 78 to 83 thanks to the implementation of additional guidelines and projects, particularly in the areas of environment and ethics.

With EcoVadis and the other achievements at hand, I don't want to forget our 125th anniversary in 2024. I am very grateful for all our partners, investors, and most importantly our employees, who bring their dedication, know-how and motivation to work, every single day. A big thank you to all of you for your engagement and commitment to successful sustainability!

Thus, we meet 2025 and the coming years with optimism and full of energy to continue to drive sustainable growth in all our business fields. On the following pages, you will find details on how we aim to do so.

Enjoy reading our Sustainability Report 2024!

Yours,

Andreas Evertz

2.2 OUR CSR HIGHLIGHTS FOR 2024



CELEBRATING 125 YEARS OF FLENDER

In 2024, we celebrated 125th company anniversary
#Thefutureisblue

➤ Read more on page 13

-18%

generated waste in 2024 in comparison to 2022, outperforming our targets

➤ Read more on page 59



BUSINESS HUMAN RIGHTS ACCELERATOR

Empowerment of employees for embedding human rights into corporate culture

➤ Read more on page 100

99%

of employees in our material locations are covered by our occupational health and safety management system

➤ Read more on page 74



HEATING SYSTEM INNOVATION

Efficiently reintegrating heat from production into the cycle

➤ Read more on page 43

75%

share of renewable energies in 2024, outperforming expectations of reaching 80% by 2030

➤ Read more on page 42

GLOBAL BUSINESS AWARD NORTH RHINE-WESTPHALIA

Demonstrating Flender's pioneering role regarding innovative and responsible business in the region and worldwide

➤ Read more on page 24



18h

training per employee in 2024

➤ Read more on page 83

ECOVADIS PLATINUM RECOGNITION

Improving the score while still striving for more

➤ Read more on page 23



99%

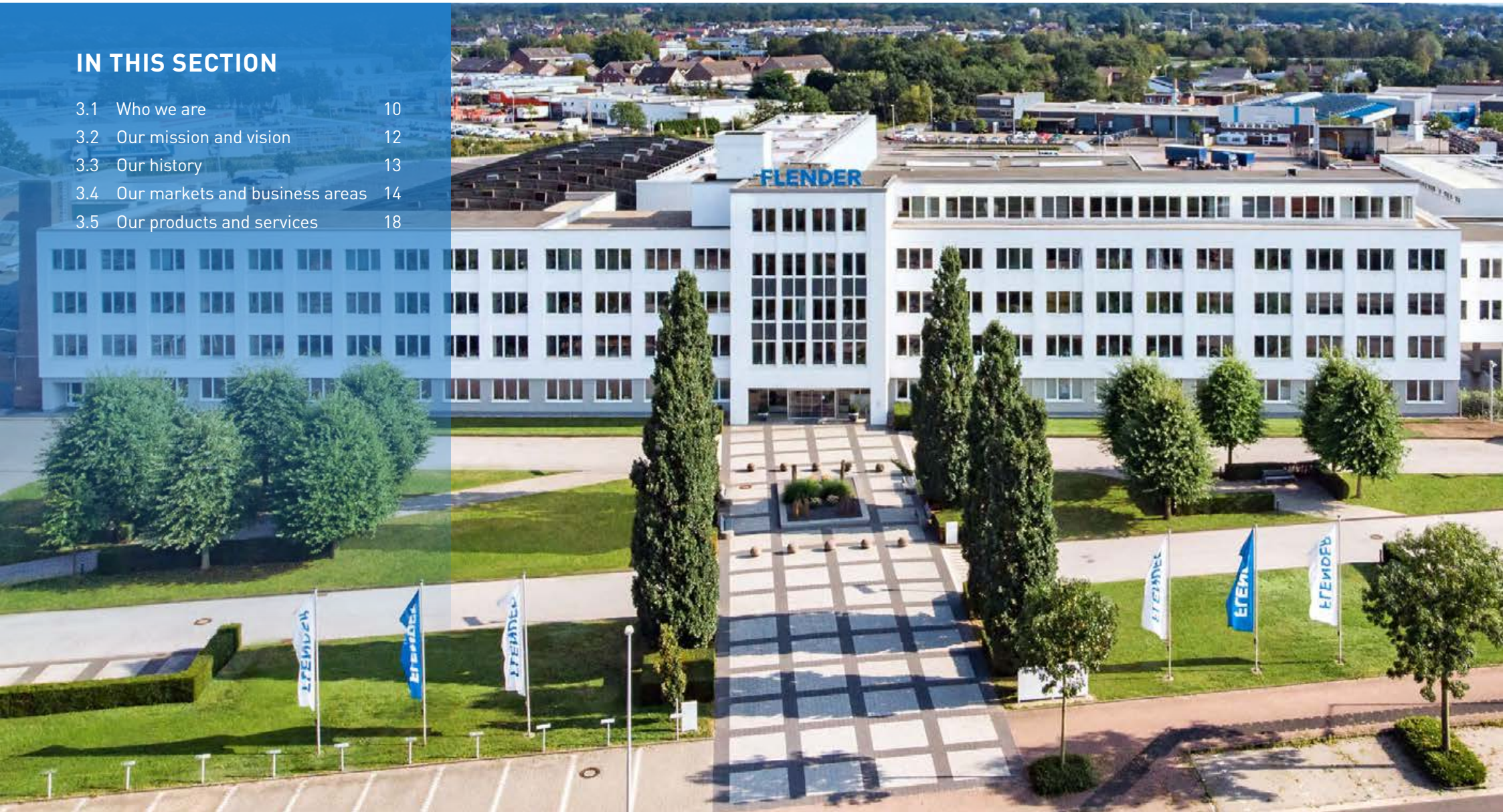
of Flender's key suppliers signed the Code of Conduct in 2024

➤ Read more on page 109

3 OUR COMPANY

IN THIS SECTION

- 3.1 Who we are 10
- 3.2 Our mission and vision 12
- 3.3 Our history 13
- 3.4 Our markets and business areas 14
- 3.5 Our products and services 18



3.1 WHO WE ARE

GRI 2-6 | ESRS 2 SBM-1

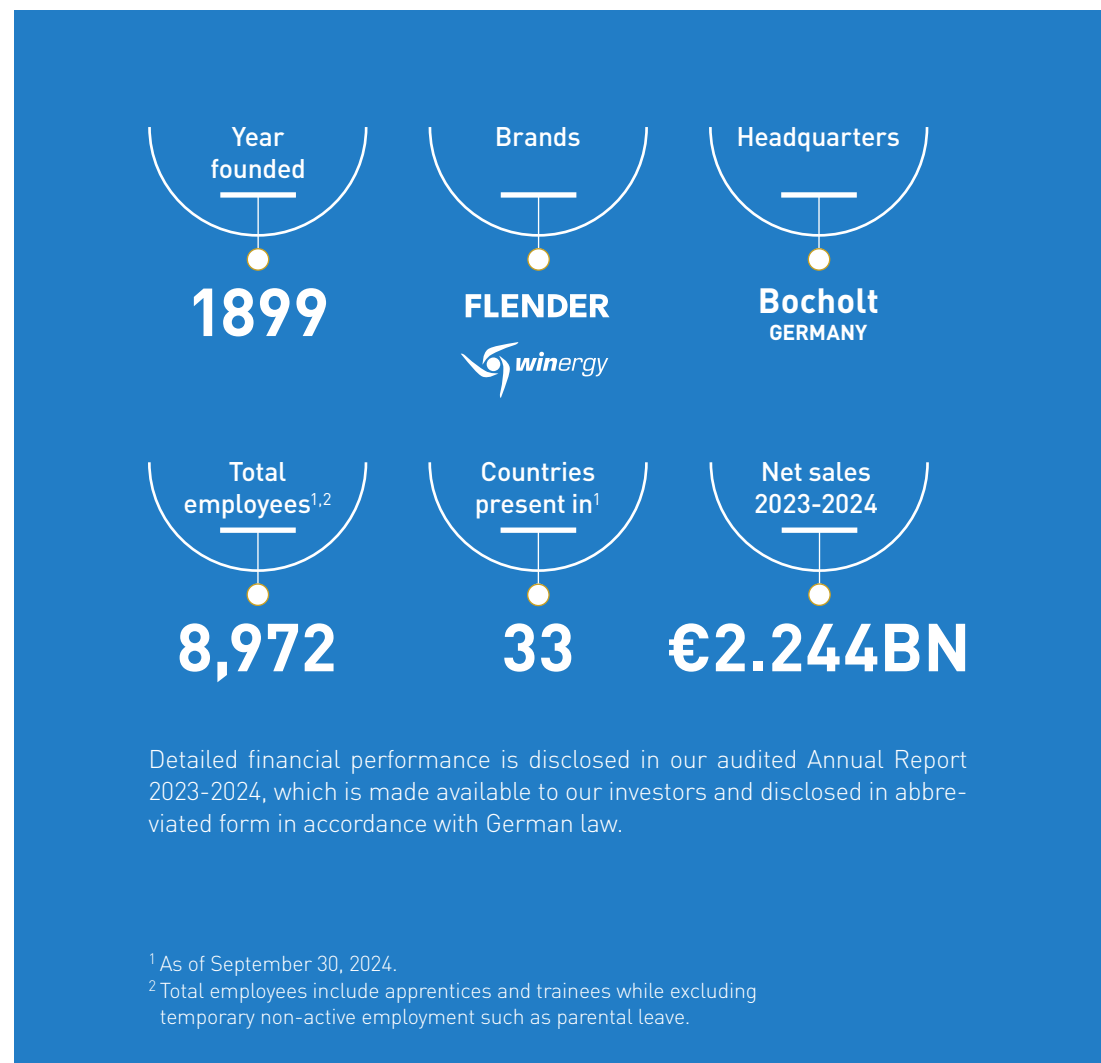


Flender is a leading global supplier for mechanical and electrical drive systems and has built its reputation for the highest performance, innovation and reliability of drive components over more than 125 years. Flender is the corporate umbrella of two brands: Flender and, since 2001, Winergy.

- Flender, a leading provider of drive technologies for many industry sectors.
- Winergy, a pioneer and leading supplier in the wind industry with a broad portfolio including gearboxes, generators, couplings, direct drive segments, and complete drive systems.

- In addition to the development and manufacture of products, we deliver services and digital solutions throughout the entire lifetime of the products under both of our brands.

With both brands, we see ourselves as an essential part of the sustainable transformation. Our ambition is to become the partner of choice for a sustainable future in all our business areas. We will actively drive the energy transition, with a focus on renewable energies in our Winergy brand, and with our sustainable product range under the Flender brand. We and our business partners can make a significant contribution to sustainability only if all areas of the company work together.



Flender Value Chain

GRI 2-6 | ESRS 2 SBM-1

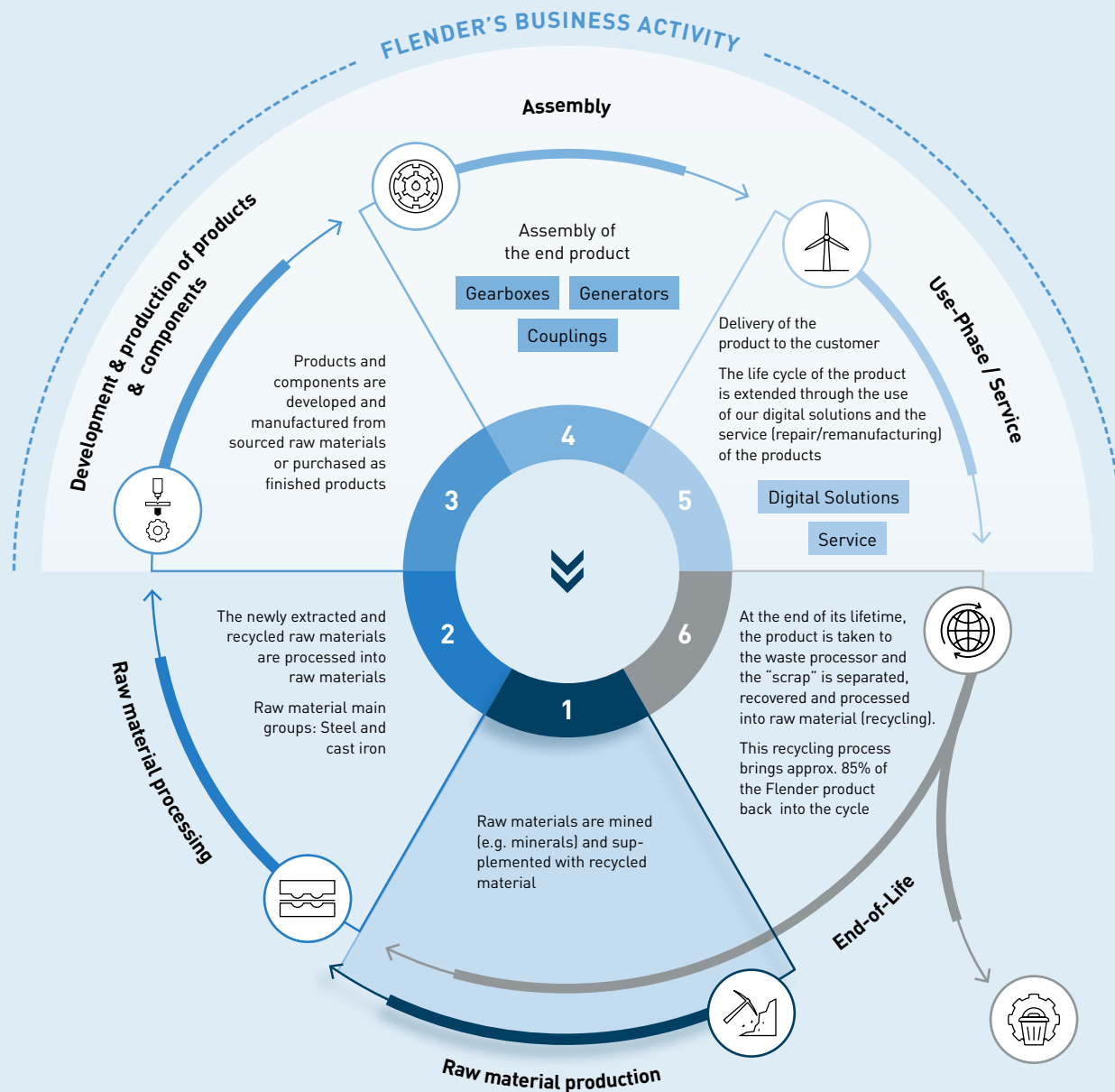
To provide a better understanding of the materials used, our business activities, our partners, as well as the end-of-life-treatment of our products, we have visualized our value chain in six steps.

EXTENDED LIFE CYCLE

through digital solutions
or other service solutions

~85%

of all material used
can be brought back to
the production cycle



3.2 OUR MISSION AND VISION



WE MOVE THE WORLD

Flender is a byword for innovation and setting new standards for years, continuously moving the bar and being a leader for our industry, also with regard to sustainability. Our almost unlimited product portfolio, our extensive knowledge in all aspects of mechanical and electrical drive technology, the highest quality products and services, and our highly qualified and committed employees, have always been the key to our success.



THE PARTNER OF CHOICE FOR A SUSTAINABLE FUTURE

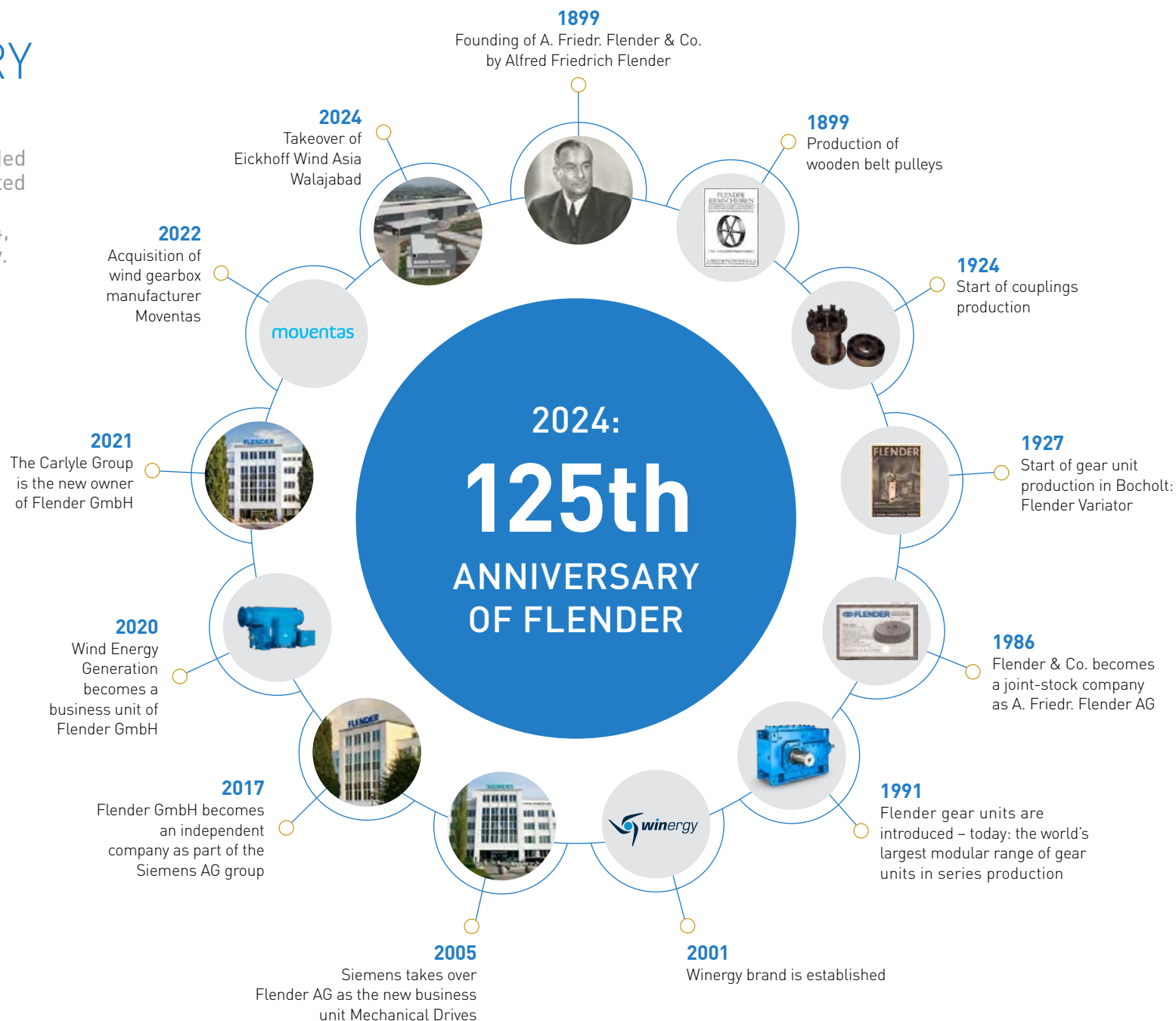
To realize this vision, to achieve added value for present and future generations and a planet worth living on, we work closely with all stakeholders and actively support the energy transition. For us, sustainable corporate success means taking responsibility for our environment, and our employees and society, at a company and product level as well as in our own supply chain.

3.3 OUR HISTORY

Since Alfred Friedrich Flender founded the business in 1899, we have supported the development of drive technology across numerous industries. In 2024, we celebrated our 125th anniversary.

THE FUTURE IS BLUE

➔ Visit our website!

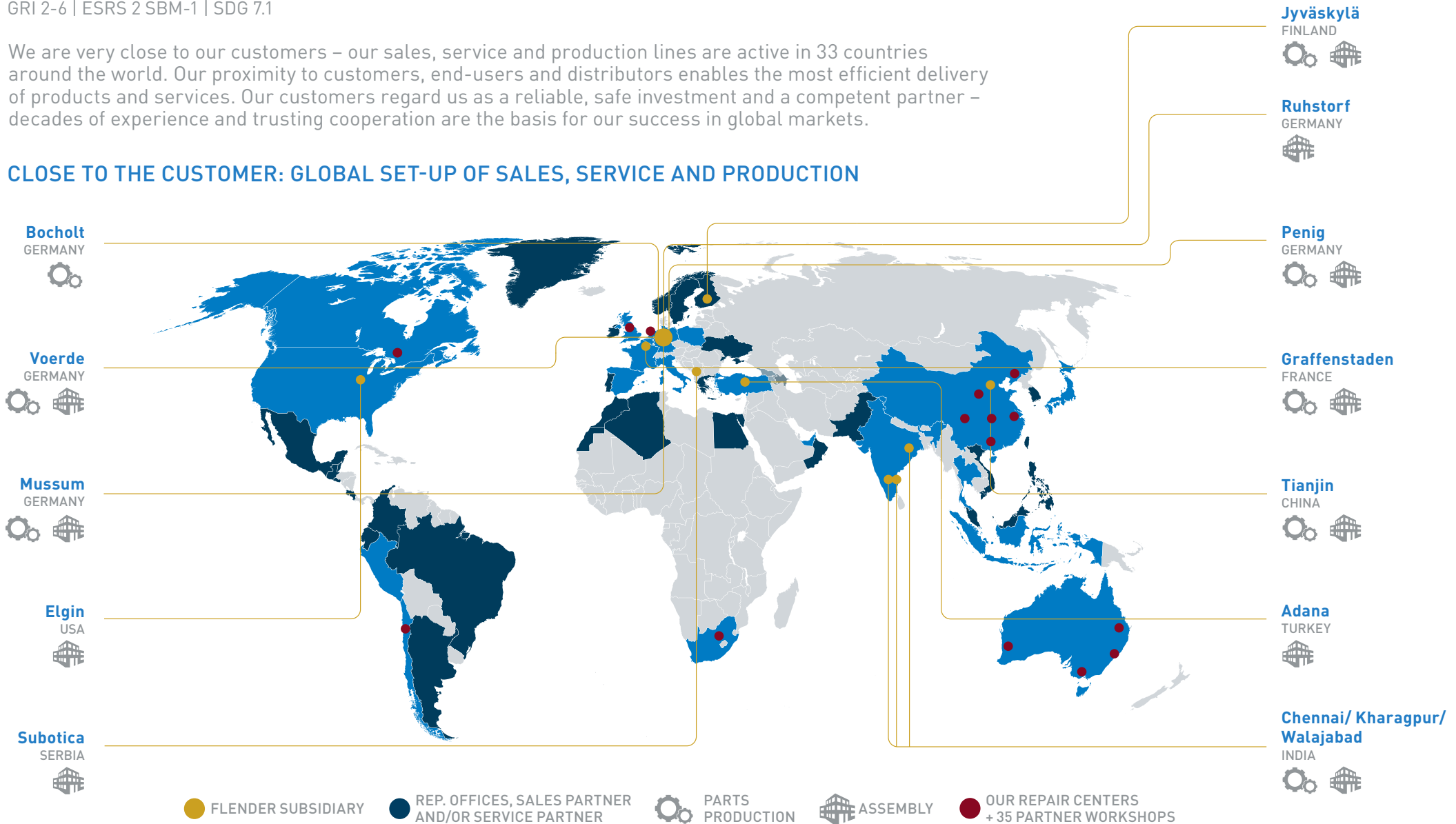


3.4 OUR MARKETS AND BUSINESS AREAS

GRI 2-6 | ESRs 2 SBM-1 | SDG 7.1

We are very close to our customers – our sales, service and production lines are active in 33 countries around the world. Our proximity to customers, end-users and distributors enables the most efficient delivery of products and services. Our customers regard us as a reliable, safe investment and a competent partner – decades of experience and trusting cooperation are the basis for our success in global markets.

CLOSE TO THE CUSTOMER: GLOBAL SET-UP OF SALES, SERVICE AND PRODUCTION



INVESTMENTS FOR THE FUTURE

We have further invested into and expanded our operations all over the world. In 2024, Flender has finalized an agreement to acquire Eickhoff Wind Asia Pvt Ltd in India, including its assembly plant in Walajabad Taluk. This acquisition along with further investments strengthens our ability to produce and localize wind turbine drive systems under the Winergy brand, meeting the growing demands of the renewable energy transition.

In Germany, Flender and Siemens Traction Gears celebrated a milestone at the Penig site, with the expansion of production facilities that are being heated with renewable energy exclusively. The new halls will support after-sales services, warehousing, quality control and logistics. The facilities are planned for completion and operational readiness by late 2025, with significant multi-million euro investments.

In South Africa, the Flender offices were relocated to a new building in Johannesburg. The new facility enhances Flender's ability to supply and maintain gear units, couplings and application-specific power packs across various industries.

All these investments are designed to improve the handling capability of the increasing demands Flender faces in all sectors. With the investments in our servicing capacities, we simultaneously strengthen our increasingly circular, innovative and efficient approach for our customers.



BUSINESS AREAS IN SHARES¹



~57%



¹ As of September 30, 2024.



~43%

FLENDER

ASSOCIATION MEMBERSHIPS

GRI 2-28 | ESRS G1.MDR-A

We are an active member of various professional associations around the world and aim to exchange ideas with these associations to learn from them and to make a contribution. Among others, Flender is a member of the following associations:

- American Gear Manufacturing Association (AGMA)
- FVA Forschungsvereinigung Antriebstechnik e. V. (FVA Research Association for Drive Technology)
- German Chamber of Commerce in China
- Global Wind Energy Council (GWEC)
- Responsible Minerals Initiative (RMI)
- United Nations (UN) Global Compact
- Unternehmerverband der Metallindustrie Ruhr-Niederrhein e. V. (Entrepreneurs' Association of the Metal Industry Ruhr-Niederrhein)
- VDMA Verband Deutscher Maschinen- und Anlagenbau e. V. (Association of German Mechanical and Plant Engineering)
- WindEurope



3.5 OUR PRODUCTS AND SERVICES

GRI 2-6 | ESRS 2 SBM-1

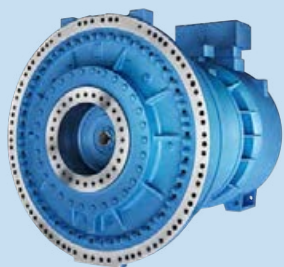
Flender serves a wide variety of industries – from the chemical and pharmaceutical industries to power generation and wind energy.

HERE IS OUR PRODUCT PORTFOLIO:

Wind turbine gearboxes

Over 270 GW of wind turbine gearboxes successfully delivered to satisfied customers worldwide. Our range of gearboxes includes the following:

- Two-staged planetary gearboxes
- Three-staged planetary gearboxes
- HybridDrive



BRANCHES

- Wind

Wind generators

For wind turbine concepts with gearboxes, our specialized generator systems offer the perfect combination of performance and quality. More than 135 GW of generators for wind turbines have already been delivered. Our range includes:

- Asynchronous and synchronous generators
- Direct Drive stator segments



BRANCHES

- Wind

Couplings

We are a leading supplier of industrial couplings. The diversity and depth of our portfolio are unique worldwide. This includes:

- Flexible couplings
- Gear couplings
- All-steel couplings
- Hydrodynamic fluid couplings
- Wind couplings
- Rail couplings
- Turbo couplings



BRANCHES

- All branches

Turbo gears

We have so far manufactured and installed more than 17,000 high-speed gear units worldwide. Every one of them is tailor-made to meet customer requirements.

- High-speed gear units



BRANCHES

- Power generation
- Natural gas

Industrial gears

Our portfolio of industrial gear units is world leading. Our knowledge of gear unit design and our application know-how make us a leading supplier which combines solution expertise with reliability, and from an early stage. This segment includes the following range:

- Standard gear units used in various applications:
 - Helical gear units, including the innovative, customizable solution FLENDER ONE
 - Bevel helical gear units
 - Planetary gear units

- Application-specific gear units: Some applications present unique requirements and challenges due to distinct operating conditions, for example high torques. Leveraging Flender's extensive expertise, we develop customized gear units tailored to meet these specific needs, for example:
 - Cement industry: Vertical mill drives, ball mill drives, drives for crushing and mixing
 - Minerals industry: Drives for stock yard equipment, bucket wheel excavators and mining trucks
 - Marine: Marine gearboxes, dredging gearboxes, jack-up systems
 - Rubber and plastics: Extruder drives



BRANCHES

- Cement and mining
- Rubber and plastics
- Marine
- Food and beverage

- Crane
- Material handling
- Water and wastewater

Customer services

Flender offers comprehensive services for gear units and couplings over their entire lifecycle. In addition to our classic services such as spare parts services, repairs and maintenance, technical support and various retrofit and modernization options, we help you shape your digital future with our diagnostic services.

- Retrofit
- Spare parts
- Repairs
- Field and Maintenance Services
- Digital Services
- Consulting



BRANCHES

- All branches

Digital solutions

Flender offers a comprehensive portfolio of digital solutions to monitor gear units, couplings and generators to ensure availability. The measurement of real operating loads of drives enables redefinition of specifications based on clear load spectra collected by AIQ core torque, often revealing oversizing and potential for considerable downsizing, making the drives more sustainable.

- AIQ Portfolio
- CMaS Evolution
- Remote expert



BRANCHES

- All branches

Product quality and safety

GRI 416-1, 416-2 | ESRs S4.MDR-A, S4-4

The outstanding quality and extended life-cycle of our products and solutions are key to the success of our CSR strategy. In 2024, there were no incidents of non-compliance concerning health and safety impacts of our products and services.

To ensure this, we work hard to maintain and iteratively improve key aspects of our products:

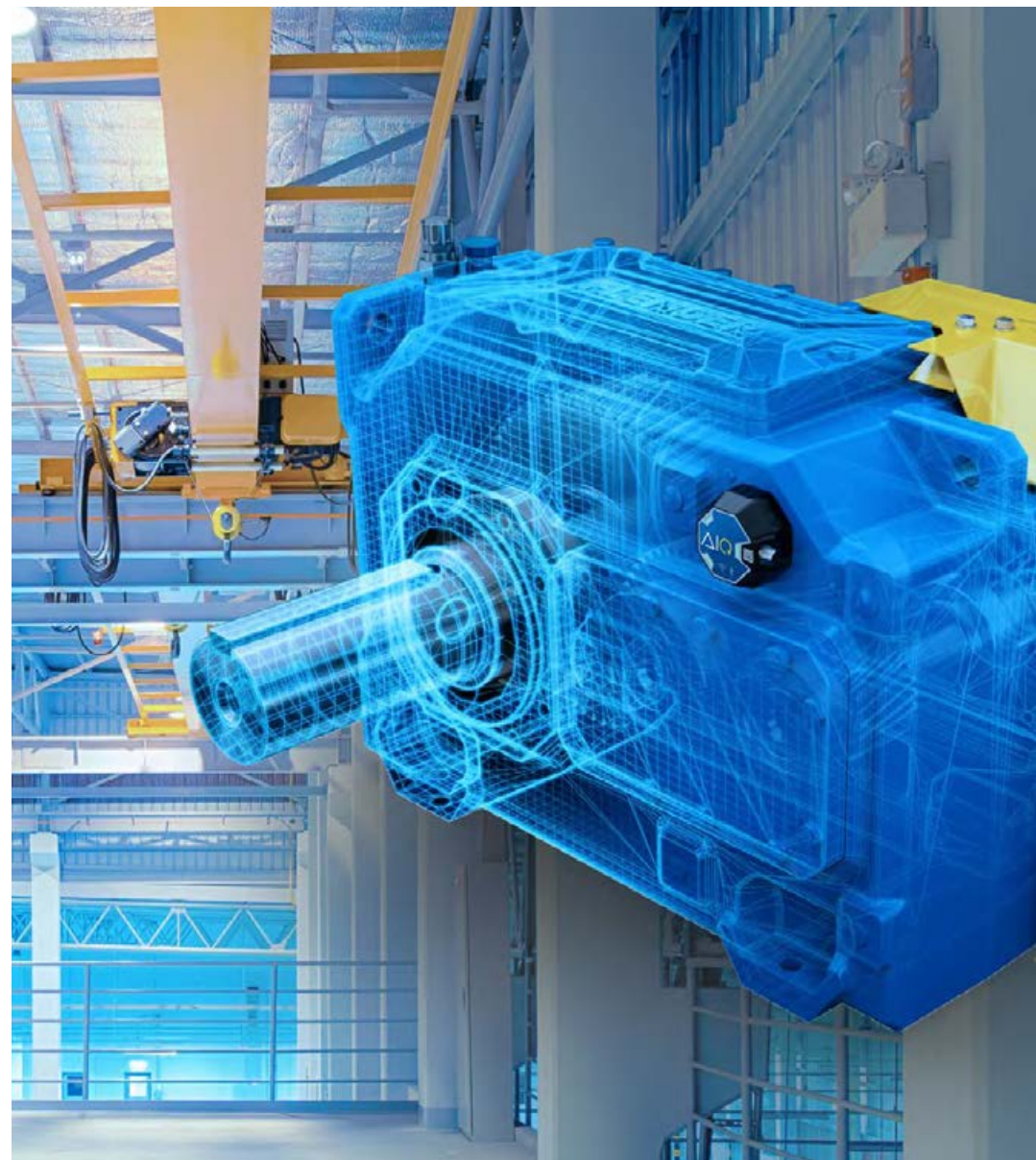
- a comprehensive service over the entire lifecycle of the product, including spare parts service, technical support and various retrofit and modernization options
 - a 24/7 emergency hotline is available to all our customers for urgent technical questions
 - a preventive maintenance service extends the life of our products and ensures all products are working under optimal operating conditions
- a systematic, certified quality management according to ISO 9001 at all production and service locations.

In addition, annual audits are carried out to guarantee the quality and safety of our products. We audit our suppliers along the value chain based on key indicators using process audits based on VDA 6.3. There is more information on this in the [7 “Responsible supply chain”](#) section. We implement:

- internal audits of our core processes and a comprehensive assessment program
- a centrally created product safety report for the entire group every year.

NO INCIDENTS

of non-compliance concerning health and safety impacts of our products and services in 2024.



4 OUR CSR STRATEGY: THE PARTNER OF CHOICE FOR A SUSTAINABLE FUTURE

IN THIS SECTION

- | | | |
|-----|--|----|
| 4.1 | CSR: A core element of our business strategy | 22 |
| 4.2 | Stakeholder dialog | 27 |
| 4.3 | CSR Governance | 30 |
| 4.4 | CSR Strategy and Management | 32 |



4.1 CSR: A CORE ELEMENT OF OUR BUSINESS STRATEGY

GRI 2-22 | ESRS 2 SBM-1

TWO BRANDS, ONE COMPANY, ONE VISION

As a leading company in drive technology for many industries under the Flender brand, and in the field of wind energy under the Winergy brand, we have one common goal: to be the Partner of Choice for a Sustainable Future.

CSR is our top priority and is integral to realizing our commitment for a sustainable future. Our products will help our customers and wider society to accelerate the transformation toward a low-carbon future. For us this means:

- long-term value creation for present and future generations
- long-term profitable growth
- achieving a positive impact on the economy, society and the environment
- being a leading partner in shaping a sustainable economy
- achieving our climate targets ahead of the Paris Agreement targets

We believe that there is no energy transition without industry. Therefore, we aim to set industry standards for CSR in our business areas in an effort to lead the charge toward sustainable industry practices. This orientation also supports our ambition to be the “Employer of Choice” for our current and future employees, who increasingly want to work for companies that focus on CSR.

This CSR orientation refers to operational sustainability, but of course also the contribution to sustainable development through products. Our CSR strategy focuses on conserving resources throughout the product lifecycle, extending the product’s life, reducing waste for disposal, increasing circularity and working toward carbon-neutral business operations.

Flender has already taken several initiatives to make our products, processes and supply chains more environmentally friendly and sustainable. For example, we have been ISO 14001:2015 certified for all production sites since 2009.

Investors and the media have a focus on the CSR agenda, recognizing its significance in shaping a sustainable future. By prioritizing CSR in our operations, we demonstrate our dedication to long-term sustainability and responsible business practices, making us an attractive choice for investors seeking to align their portfolios with their values and contribute to positive environmental and social impact. At the same time, we want to reduce risks for our business and for society. In addition to climate and environmental risks, these include social and ethical risks that are critical for a company such as Flender to address, which uses international supply chains and needs natural resources for the manufacturing process.

Doing business responsibly is in the interests of all our stakeholders. It is the key to an innovative, robust position in the market and the enabler for Flender to make a positive contribution for current and future generations.



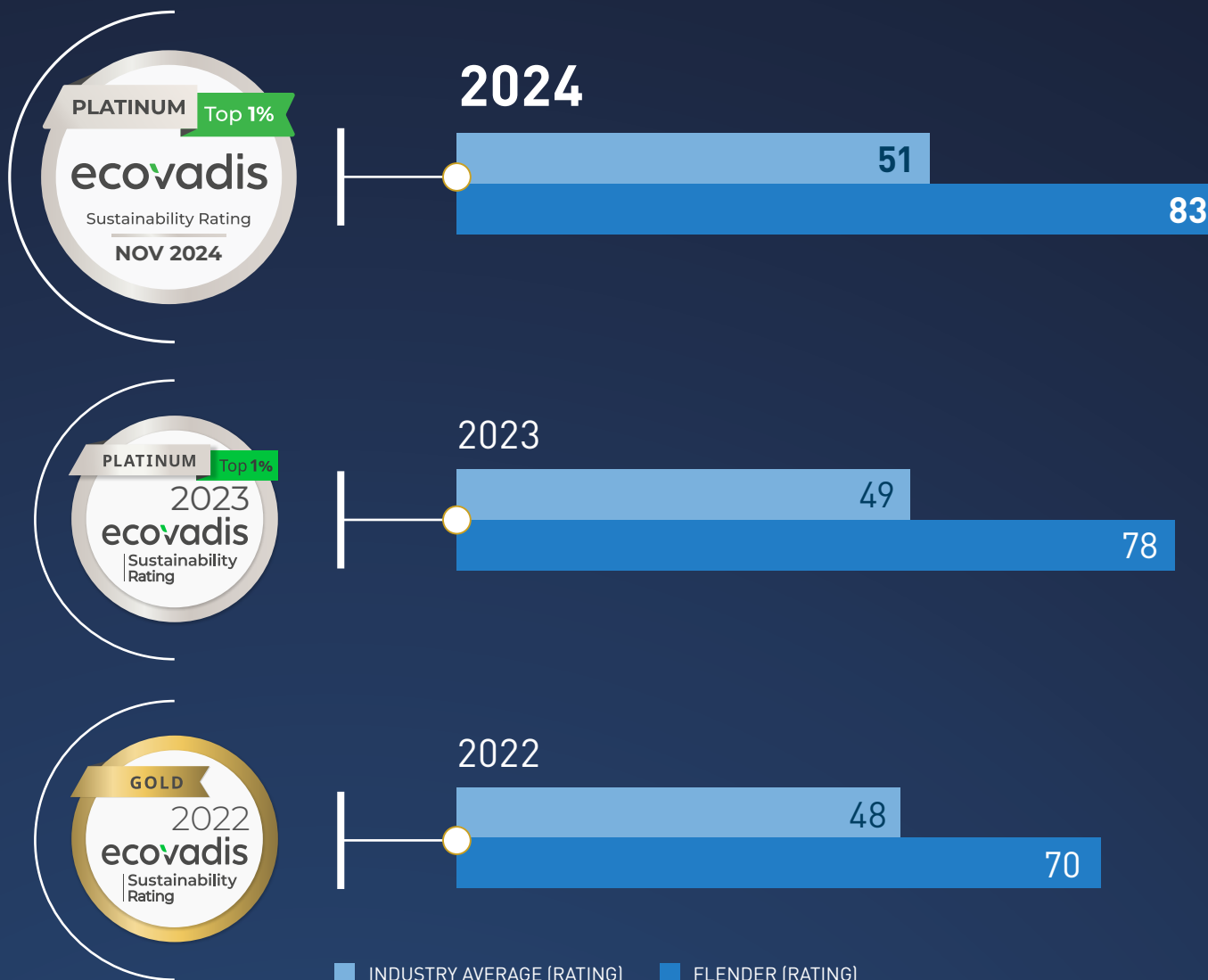
EXTERNAL RECOGNITION

Flender's commitment to CSR, innovation and operational excellence continues to be recognized globally. These awards affirm our strategic approach to corporate responsibility, digital transformation, and leadership in the energy transition.

EcoVadis Confirmation: Flender stays on the Right Track

Flender has been demonstrating its strong commitment to CSR, achieving increasing success and recognition over the years.

In 2024, we were proud to receive the [EcoVadis Platinum Medal](#) for the second year in a row, placing us among the top 1% of the most sustainable companies worldwide. Through targeted CSR initiatives, we improved our EcoVadis score from 78 to 83 points. Our most significant progress was in environmental performance, where we achieved an exceptional leap from 80 to 90 points and in ethics, where we improved from 70 to 80 points.





Further Recognition: Recognized for Innovation and CSR

Flender's dedication to technological progress and corporate responsibility has been honored through several prestigious awards:

- **➤ NRW.Global Business AWARD 2024** – Recognizing Flender's sustainable and global corporate strategy, presented by Mona Neubaur, North Rhine-Westphalia's (Flender's home state) minister of economy, industry, climate change mitigation and energy. This award highlights Flender's pioneering role in industrial innovation and the energy transition, reinforcing our commitment to North Rhine-Westphalia as a key industrial hub.
- **➤ Innovative Leader Conference AI Award Finalist** – Flender's AIQ solution for drivetrain digitalization was selected in the Super Heavyweight category, competing with Miele, E.ON Digital Technology, Juniper Networks, and Fraport AG.
- **➤ MHEA BulkEx Innovation Award 2024** – Awarded for AIQ Detect, which reduces downtime, enhances plant efficiency and lowers CO₂ emissions.
- **➤ German Sustainability Award 2024 Finalist** – Acknowledging our partnership with ArcVac Forge in India, supporting sustainable transformation in wind energy.

Several Supplier Awards

Flender's commitment to excellence and strong partnerships has been recognized through multiple supplier awards:

- **GE Vernova Supplier Excellence Award** – Honored for strong collaboration, operational efficiency and sustainability, achieving reduced lead times and a green supply chain.
- **Vestas 2024 LATAM Supplier Award** – Recognized for excellence in safety, quality, operations and sustainability in Latin America, in collaboration with Wärtsilä Brazil.
- **Goldwind 2023 Best New Supplier Award** – Great recognition as we were the only foreign supplier of core large components to win Goldwind's award in China.





Partner of Choice

Flender is recognized not only for its technological innovation and CSR efforts but also as a top employer and trusted partner:

- **Flender China Recognized as 2024 Best Employer by 51job** – Ranked among 506 companies in China for outstanding HR practices and workplace culture.
- **China Business Law Journal Awards** – Honored for excellence in Industrial & Chemicals, International Compliance & Sanctions and Environment, Social & Governance (ESG), reinforcing corporate governance leadership. [See the case study “FLENDER CHINA: RECOGNIZING EXCELLENCE IN LEGAL AND COMPLIANCE GOVERNANCE” on page 98.](#)
- **Flender Belgium Awarded Voka Charter for Sustainable Business (VCD0)** – Recognized for advancing the UN Sustainable Development Goals (SDG) through sustainable commuting, energy efficiency, and environmental initiatives.

4.2 STAKEHOLDER DIALOG

GRI 2-29 | ESRS 2 SBM-2

Trusted cooperation with all our stakeholders is the basis for our business model, which has been successful for over 125 years. Stakeholder needs and views are important to us and guide our future orientation. We develop our approach to CSR for and together with our stakeholders, and work on our energy transition goals collectively. A continuous exchange with our stakeholder groups is essential to us to secure long-term partnerships, to identify global trends and developments, and to support the growth of our business areas.

The stakeholders' input is also very relevant to our CSR strategy. As required by the CSRD regulation (Corporate Sustainability Reporting Directive by the European Union), we actively consider our stakeholders' perspectives via our internal proxies, meaning colleagues who are in regular exchange with them, when identifying impacts by Flender and risks and opportunities for Flender during the materiality analysis. For more information on CSRD and Flender's approach, [see the section CSRD Roadmap](#).

Our most important stakeholder groups include our employees, customers, business partners and suppliers, investors, analysts and other capital market participants.

After conducting an extensive CSR stakeholder survey in 2022, the results were validated for the reporting year in the regular stakeholder dialog and used to confirm the findings of the double materiality analysis, which we conducted in 2024.

The customer survey conducted in 2024 showed improvement in customer satisfaction when compared with the previous year and reaffirmed a high level thereof.





MECHANISMS OF STAKEHOLDER COMMUNICATION

STAKEHOLDER	MEDIA AND FORMATS FOR REGULAR EXCHANGE
Employees	Global town hall meetings, local town hall meetings, employee survey, Flender intranet, Flender website, company communicator, ad hoc communication, communication cascade, bulletin boards in the company, improvement suggestions by employees via idea management
Potential employees	Flender website, advertisements, trade fairs, cooperation with universities and schools, events, social media, job fairs
Works council	Meetings (in person, digital), personal communication (telephone, email), local town hall meetings
Customers	Flender website, meetings (in person, digital), personal communication (telephone, email), key account management, brochures, advertisements, trade fairs, social media
Business partners and suppliers	Flender website, brochures, trade fairs, conferences, supplier days, social media, webinars, newsletter, regular supplier visits/meetings (personal, virtually)
Political groups, associations, interest groups and NGOs	Personal communication, on-site visits, visiting external events, local media and press, website, social media, through associations or the economic development department
Educational institutions	Flender website, cooperation with universities and schools, fairs, advertisements, social media, donations and sponsorship, regional events
Press and media	Press releases, press conference, interviews, advertorials, site visits, website, personal communication, social media
Communities	Flender website, press, advertisements, regional events, sponsorship, donations, social media, school cooperations
Investors, analysts and other capital market participants	Flender annual report, sustainability report, quarterly investor presentations

CASE STUDIES

FLENDER AS A PROMOTER OF INDUSTRIAL PROGRESS

In the reporting year, Flender was part of various events in the industry. The following exemplary stories underscore Flender's commitment to sustainability, innovation and leadership in driving a more competitive and future-ready industrial landscape.

ESG EXCELLENCE FORUM 2024 IN GERMANY: ADVANCING SUSTAINABILITY IN BUSINESS

Flender participated in the inaugural ESG Excellence Forum 2024 in Bielefeld, Germany, where key topics such as the CSRD, EU Taxonomy, and CO₂ accounting were discussed. Flender's Head of Corporate Social Responsibility, Kimberley ten Broeke, contributed expertise in a panel discussion focused on adapting to current sustainability requirements. The event highlighted the practical challenges of compliance with regulations and emphasised that sustainability reporting is both a responsibility and an opportunity for shaping a future-ready economy.



WINDEUROPE CONFERENCE IN SPAIN: INNOVATION FOR A COMPETITIVE WIND ENERGY SECTOR

At the WindEurope annual event in Bilbao, Spain, Flender's CEO, Andreas Evertz, joined industry leaders to address challenges in the wind energy sector, particularly cost pressures and supply chain resilience. Discussions focused on reducing dependency on third-party countries and enhancing Europe's competitiveness. Flender showcased innovative solutions, including Winergy gearboxes, which have doubled their efficiency since 2010, with an expected improvement of 3.5 times by 2027. Additionally, the HybridDrive system reduces the need for rare earths by 87.5% and costs by 90% compared with traditional designs.



4.3 CSR GOVERNANCE

GRI 2-9, 2-13 | ESRS 2 GOV-1

GOVERNANCE STRUCTURE

Management composition

The management board of Flender consists of two members: Andreas Evertz (Chairman) and Dr. Christian Terlinde. The average age of the members of the Management Board is 53.5 years, with an average length of affiliation of 8 years.

Extended management

The extended management consists of seventeen male and three female members. The functions that are part of this group include the Group CEO and CFO, and the Presidents or Vice-Presidents of the business units Wind, Industrial Gears, Customer Service, Couplings, and Turbo Gears. Moreover, there are representatives of various group functions: Corporate Development & Communications, Parts Production, Procurement, Quality Management, Treasury, Planning & Controlling, Accounting & Tax, CSR, Digital Business, Human Relations, Legal & Compliance, Logistics, Mergers & Acquisitions, Program Management Office, Technology & Innovation and Information Technology.

The average age of the members of the extended management is 49.9 years, with an average length of affiliation of 12.9 years, and combines the international perspectives of five countries.

CSR BOARD AS THE CENTRAL STEERING COMMITTEE

GRI 2-12 | ESRS 2 GOV-2

Since Flender became independent in March 2021, CSR has been integrated at the highest level of the organization in the form of the CSR Board.

The CSR Board consists of the CEO (Chairman), CFO, the head of CSR, as well as representatives of relevant business units, group functions, and CSR strategy pillar owners.

The CSR Board is the central control body for the strategic evolution of CSR, and it decides and controls the implementation of the CSR strategy. The Board initiates strategic and innovative sustainability projects and ensures that the global initiatives are consistent with the group-wide CSR strategy. In addition, it promotes and demands the consideration of CSR topics in business decisions. The CSR Board met four times in the year under review.

CSR BOARD | Governance Structure





Key topics in 2024 were: Conducting the double materiality analysis according to CSRD; the implementation of initiatives from our CSR strategy; improved internal and continued focus on external CSR communication, cementing our pioneering role; achieving transparency regarding upcoming regulatory changes (for example regarding the CSRD, or the EU taxonomy); and advancing topics related to energy management, especially reducing energy consumption and the first surveillance audit regarding ISO 50001 of our German locations; and implementation of new talent and leadership programs and further development of the Inclusion & Belonging (I&B) program; and participation in the Business and Human Rights Accelerator of UN Global Compact for additional promotion of human rights in the company and further strengthening of the value-based compliance system.

As Chairman of this Board, the overall responsibility lies directly with the Group CEO, Andreas Evertz. He is supported by the CSR Management department. This department reports directly to the CEO as well as regularly to the entire CSR Board on progress and the need for action, and controls the implementation of the CSR strategy across the Flender Group. In addition, the department is responsible for CSR initiatives, tracking and monitoring trends and new regulatory requirements, data analysis, providing guidance for new initiatives and promoting pilot projects.

The CEO and the CSR Management department are supported by representatives from all relevant business areas and departments relevant to sustainability. Each business unit is responsible for the implementation and integration of CSR in its area. This also applies to the main topics of the CSR strategy, which are the responsibility of the respective business unit managers. Respective group functions govern the implementation of their topics, and define guidelines, targets and tools.

On CSR strategy level, the implementation and monitoring of each strategy pillar is headed by a CSR strategy pillar owner who play a central role in steering and further developing the CSR strategy.

GLOBAL CSR NETWORK AS COORDINATION HUB FOR CSR IMPLEMENTATION

Collaboration and joint progress are key success factors in the strategic and operational implementation of CSR. The CSR network was established in order to more effectively steer and coordinate our CSR-related operational activities across the globe.

It provides and promotes a regular exchange with all central and local CSR managers of the sites and departments at Flender. All CSR topics and projects are discussed in this network, successes and best practices are reported and the implementation of the CSR roadmap is developed together.

4.4 CSR STRATEGY AND MANAGEMENT

GRI 3-3 | ESRS 2 SBM-3

To achieve our CSR goals and reinforce our position as an industry leader in corporate social responsibility, we further enhanced our CSR strategy in 2024, driven in part by evolving regulatory requirements. Building on our existing approach, we have refined our CSR framework to ensure stronger alignment with both business priorities and global ESG standards.

Embedded within Flender’s corporate strategy, our four CSR pillars – “Environmental Sustainability”, “Employer of Choice”, “Governance & Compliance”, and “Health & Safety” – serve as the foundation of our CSR framework, reinforcing our commitment to sustainable business practices. This integration ensures that CSR considerations are embedded across all key business functions, aligning with regulatory requirements and stakeholder expectations.

Our strategy pillars align with the three ESG dimensions as follows:



CSRD Roadmap

The Corporate Sustainability Reporting Directive (CSRD) is an EU regulation applying to Flender starting with the report for FY 2025/2026, which mandates more comprehensive corporate sustainability disclosures by requiring companies to report structured, transparent and comparable sustainability information. It ensures that CSR reporting follows the same level of rigor as financial reporting, reinforcing accountability and long-term value creation.

The European Sustainability Reporting Standards (ESRS) serve as the foundation for CSRD compliance, outlining the specific environmental, social and governance (ESG) aspects that companies must disclose. By adhering to the ESRS, businesses provide a comprehensive view of their sustainability impacts, as well as the associated risks and opportunities, ensuring consistency and reliability in CSR reporting.

To further operationalize Flender’s CSR strategy and enhance transparency, we are proactively preparing for CSRD-compliant reporting already. The CSR team is leading Flender’s “CSRD Readiness” initiative, a structured roadmap designed to meet the new regulatory requirements under the CSRD, as seen in the graphic below. As part of this roadmap, we conducted a double materiality analysis to identify and prioritize key CSR topics, integrating them into decision-making, and ensuring that our focus lies on the correct CSR-related topics, and their management is embedded in business processes. To keep enhancing our CSR-related transparency, we are establishing a comprehensive data management system and strengthening internal controls for improved governance and reporting quality. The successful execution of these initiatives relies on collaboration across Flender, reinforcing our commitment to structured and transparent CSR compliance.

FOUR STEPS TO IMPLEMENT A CSRD-COMPLIANT ESG MANAGEMENT



Flender has made significant progress toward compliance with the CSRD throughout the reporting year. A key milestone in this journey was the completion of the double materiality analysis in 2024, which identified the most relevant material topics for Flender's business model. These results now serve as the foundation of our CSR strategy and sustainability reporting, ensuring that our approach is CSRD-aligned.

Building on this solid foundation, we are actively advancing the next phases of our CSRD roadmap, which remain a work in progress. This includes the operationalization of CSR management, where we are defining concrete targets, measures and key performance indicators (KPI) to manage the identified material topics effectively. Simultaneously, we are further developing our internal control system (ICS) to ensure systematic tracking of progress and CSR risks, while also enhancing data management and reporting processes to establish a continuous data flow for future reporting.

These ongoing efforts will further strengthen Flender's CSR performance, paving the way for our first CSRD-compliant report. While our reporting is already aligned with CSRD, we plan on achieving full reporting conformity next year, as we refine our internal processes and expand our reporting capabilities.

Double materiality analysis

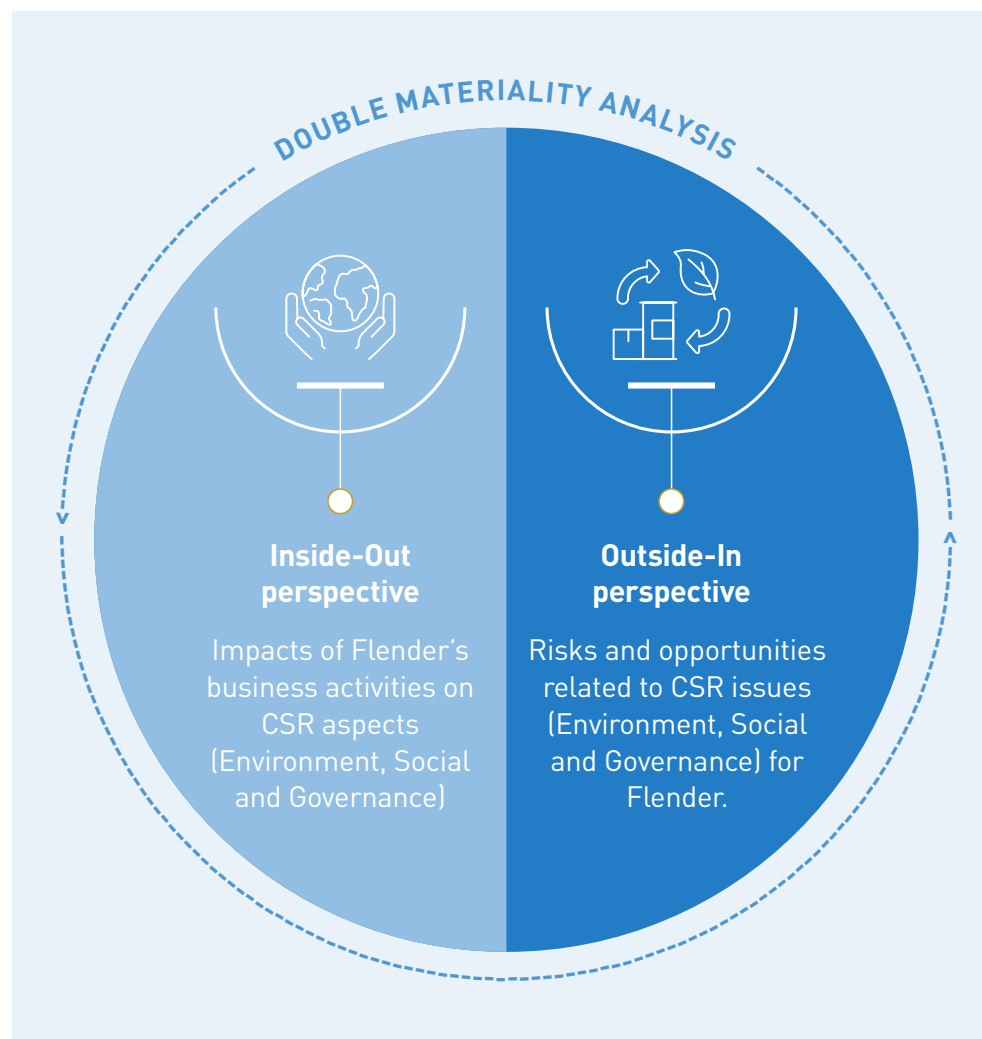
GRI 3-1 | ESRS 2 IRO-1

We have been conducting an annual materiality analysis with our stakeholders since 2021 with the aim of identifying the most relevant ecological, social, governance and economic issues for Flender and our stakeholders. The identified material topics form the basis for our CSR strategy and for our reporting. In addition, we use our material topics to review our contribution to the achievement of the United Nations Sustainable Development Goals.

In 2024, we updated our materiality analysis from the ground up in light of the CSRD and the corresponding reporting framework, the ESRS. This analysis was conducted to ensure full alignment with regulatory requirements and industry best practices, considering the following perspectives: Inside-out and Outside-In.

IN 2024,

our materiality analysis has been thoroughly updated to reflect the CSRD and the associated ESRS reporting framework.



The ESRS require the identification and assessment of CSR issues both in terms of the materiality of impacts and from the perspective of financial materiality, meaning risks and opportunities for Flender.

This approach ensures that both financial and non-financial aspects are systematically integrated into the company's CSR strategy and operational processes.

THE PROCESS FOLLOWS THREE STEPS:

1. Identification of impacts, risks and opportunities (IRO)

We identified Flender's impacts, risks and opportunities through a comprehensive analysis along the entire value chain, meaning Flender's own operations as well as those of our partners. By doing so, we ensured to include not only our own operations but also upstream and downstream activities, such as raw material extraction, supplier practices, product usage, and end-of-life management. We also considered the perspective of all potentially affected stakeholders.

This step of gathering potentially relevant IROs includes ESRS topics, which companies are obligated to review for potentially material IROs, industry benchmark data of existing Flender-specific information, as well as Flender's previous material topics. Based on these inputs, we identified actual and potential impacts by Flender, as well as risks and opportunities for Flender.

2. Assessment of identified impacts, risks and opportunities

The identified impacts, risks and opportunities were then evaluated against specific criteria. These evaluations helped distinguish the most significant ones from those less relevant. Subject matter experts from the respective departments supported the evaluation of IROs, enabling precise assessments of their severity. We assessed impacts regarding their severity and extent, while opportunities and risks were evaluated in terms of financial magnitude and probability of occurrence.

3. Discussion and validation of results on granular level (IRO) and topic level

As result, the impacts, risks and opportunities with the highest ratings by subject matter experts activated or failed to activate corresponding topics from the ESRS topic framework. This initial selection of material topics was used as basis for discussion in the next step of the double materiality analysis, the management workshop.

In this workshop, the CSR Board discussed, assessed and prioritized the topics and related IROs initially assessed as material in the previous steps. Moreover, the topics initially categorized as non-material were also discussed to ensure a comprehensive examination of potential material topics.

During this process, six topics were determined to be material for Flender and consequently post-validated by specialist departments before finally being approved by Flender's management. Based on the finalized topics, Flender has begun the process of defining targets and measures and has already derived the corresponding relevant ESRS data points to manage the material topics going forward, as well as prepare CSRD-compliant reporting. The material topics can be found in the next section and are described in more detail, including related targets and existing measures and metrics, in corresponding chapters and sections later in this report. In due time, new measures will be developed and, along with further ESRS metrics, will be included in next year's reporting.

Material Topics

GRI 3-2 | ESRS 2 SBM-3



The identified material topics, described in the section below, relate to all three categories of the ESG framework and have been identified most critical to Flender's stakeholders and its long-term business success. Detailed information on the management of the material topics is provided in the topical sections in accordance with the ESG framework.

ENVIRONMENT

Climate change

As a manufacturing company, Flender contributes to climate change across the entire lifecycle of its products – from raw material extraction to production, usage and eventual disposal. To counteract the negative impacts associated with these processes, Flender prioritises the reduction of greenhouse gas emissions throughout its entire value chain.

Furthermore, through its wind energy division, Winergy, the company plays a direct and active role in protecting the climate by contributing to the renewable energy transition.

In the long term, climate-related risks for Flender arise from the need to adapt its business model and strategy to address the effects of climate change. Extreme weather events in particular pose a significant risk as they can threaten the stability of production processes or supply chains. Recognizing these risks, Flender remains committed to embedding resilience and environmental sustainability at the core of its strategy to support global decarbonization efforts while adapting to climate-related challenges.

Pollution of air

Air pollution, particularly in the supply chain, is a material concern given Flender's

reliance on raw materials such as steel. The extraction and processing of raw materials result in pollution that negatively impacts air quality. By putting this topic on the strategic agenda, Flender wants to address this issue in the future and aims to collaborate with its partners to drive improvements.

Resource use and circular economy

Circular economy is a central vision of our industry and a highly important topic to us, given the ambition to transitioning away from finite raw materials such as iron ore and the high circular potential of our products. At the same time, secondary materials play a crucial role in enabling more sustainable steel production methods through electric arc furnaces. Accordingly, Flender pursues to further implement circular economy principles in both products and production processes.

SOCIAL

Own workforce

Flender's employees are at the heart of its innovative capacity. Ensuring equal treatment, diversity and safe working conditions is critical to maintaining high performance, attracting talents and fostering employee engagement. These efforts align with Flender's goal to be an Employer of Choice in its industry.

Workers in the value chain

Flender relies on a global network of suppliers and partners, so it is essential to ensure fair labor conditions and protect worker rights throughout the value chain. Strong supplier management practices mitigate reputational and operational risks, while encouraging shared responsibility for CSR.

GOVERNANCE

Business conduct

Ethical business practices are an integral element of all business decisions and activities of Flender and essential for maintaining trust with customers, suppliers and other stakeholders. The double materiality analysis identified corporate culture, anti-corruption, and supplier relationship management as critical governance areas. By prioritizing these topics, Flender aims for regulatory compliance, enhancing stakeholder confidence, and strengthening its market position.

Alignment with international initiatives

UN Global Compact (UNGC)

Flender has been a committed member of the United Nations Global Compact (UNGC) since 2023. Our voluntary membership shows the importance of aligning our operations with universal principles on human rights, labor standards, environmental protection and anti-corruption, and reinforces our commitment to transparent and responsible business practices.

UN Sustainable Development Goals (UN SDG)

To make our contribution to global sustainable development more tangible for ourselves and for our stakeholders, we show our commitment to the United Nations Sustainable Development Goals and highlight specific areas of contribution to their achievement in our sustainability reports. Our business activities mainly contribute to the achievement of the following UN SDG:

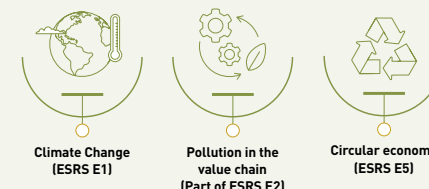


Throughout the report, when a section concerns a UN Global Compact (UN GC) principle, or when it details the concrete way in which we contribute to the achievement of an UN SDG, we refer to it below the corresponding headline.

OUR CSR APPROACH

OUR FOUR CSR STRATEGY PILLARS

Environmental Sustainability



Employer of Choice



Health & Safety

Governance & Compliance



OUR MATERIAL TOPICS

OUR KEY CONTRIBUTIONS TO THE UN SDG



Our CSR goals and key indicators

As seen in the previous section, the reassessment of material topics as part of our double materiality analysis confirmed most of our previous topics while incorporating new aspects, such as workers in the value chain (ESRS S2), to better reflect our business context and stakeholder expectations. At the same time, certain aspects, such as mobility, were reassessed and determined to no longer be material to Flender.

Building on these results, we have defined goals and key indicators for each material topic and are actively developing a CSR key performance indicator management system. This system will enable structured tracking of progress, ensuring that initiatives can be adjusted and optimized where necessary to meet our sustainability objectives effectively.

As a result of this process, specific targets for each material topic have been finalized and validated by management in early 2025. The corresponding measures and implementation plans will be developed and progressively integrated into the organization. To ensure a more streamlined and impact-driven approach, the previous pillar-based targets have now been consolidated into the following comprehensive target framework that aligns more closely with our evolving CSR strategy.

WE MOVE THE WORLD BY:

ENVIRONMENT	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> Reducing our environmental impact by focusing on renewable energy and eliminating emissions Minimizing pollution across our supply chain Optimizing resource-use and advancing our path towards circularity 	<ul style="list-style-type: none"> Moving and growing together Expanding knowledge and further training Promotion of inclusion and belonging Strengthening our employee engagement Raising the standard Creating trust and safety Promoting fair working conditions in the value chain 	<ul style="list-style-type: none"> Fostering a value-based compliance management system Promoting awareness for anti-corruption, anti-bribery and anti-competitive behavior Optimizing and promoting our incident reporting Tool "Tell Us" Minimizing risks by implementing compliance measures on a risk-based approach Increasing Community Engagement Promoting the sustainable industrial process

With a strengthened CSR strategy and a refined double materiality assessment, Flender has laid the foundation for a structured and impact-driven approach to CSR. To ensure transparency and accountability, the following sections of this report provide a detailed overview of each material topic, outlining the underlying activities, progress and commitments in alignment with the ESG structure.

As we transition toward full CSRD conformance, we continue to reference both the Global Reporting Initiative (GRI) and the European Sustainability Reporting Standards (ESRS) to ensure continuity and comparability in our reporting. This approach allows for a smooth integration of ESRS requirements while maintaining alignment with globally recognized sustainability frameworks. The disclosures in the following chapters follow the topical standards of ESRS, offering insights into how Flender integrates CSR across its operations, supply chain, and governance framework.

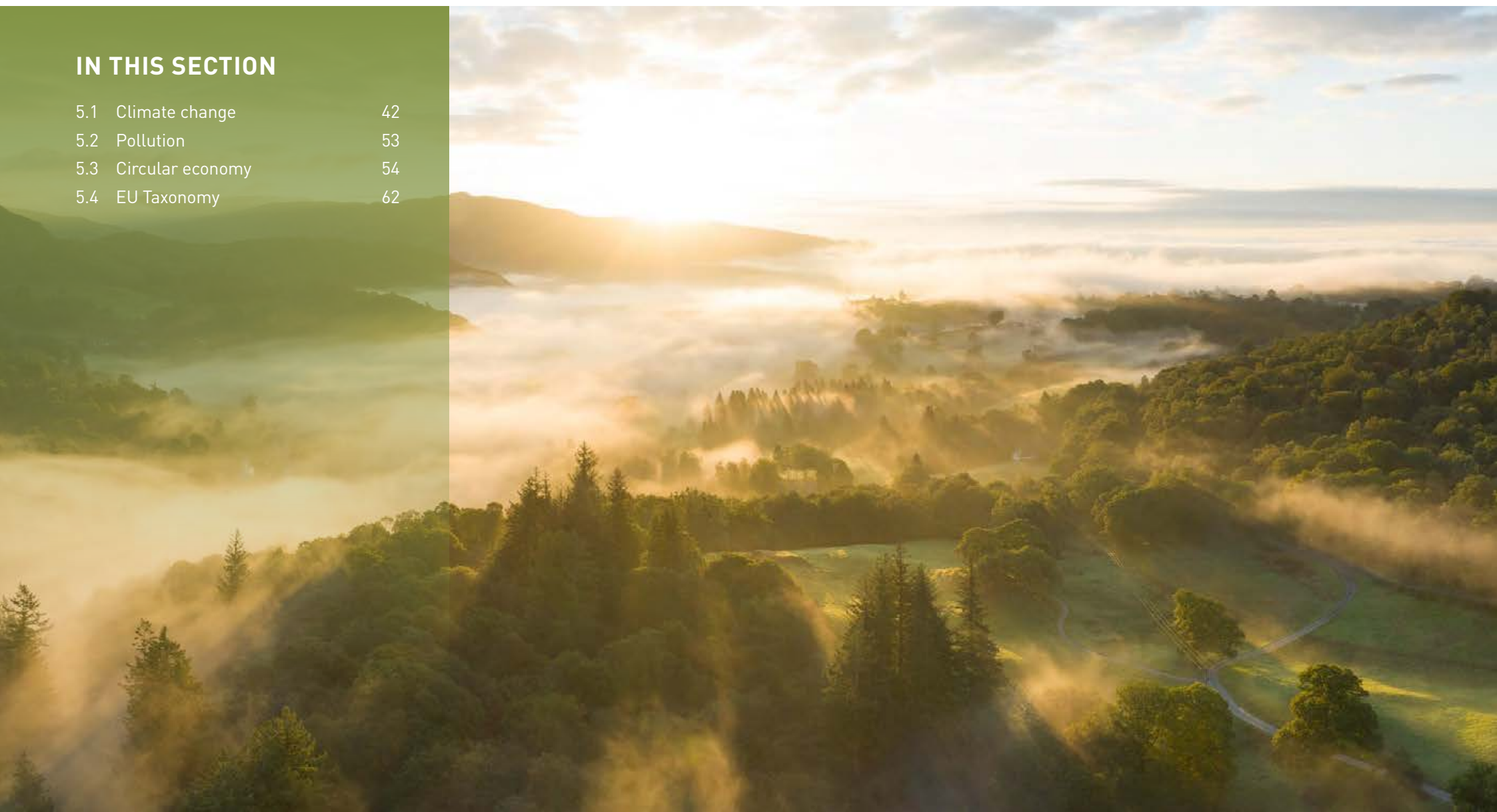
TARGETS

for each material topic have been finalized and validated by management in early 2025.

5 ENVIRONMENT

IN THIS SECTION

5.1	Climate change	42
5.2	Pollution	53
5.3	Circular economy	54
5.4	EU Taxonomy	62



5 ENVIRONMENT

WE MOVE THE WORLD BY:

- Reducing our environmental impact by focusing on renewable energy and eliminating emissions
- Minimizing pollution across our supply chain
- Optimizing resource-use and advancing our path towards circularity

Environmental sustainability means thinking about tomorrow in a future-oriented way. Every year, more resources are consumed worldwide than the earth can sustain ecologically in the long term. At the same time, greenhouse gas emissions are constantly increasing. The consequences can already be felt today: record heat, droughts, storms, floods and reduced biodiversity.

In our mind, there is **no energy transition without industry**. It is paramount that classic industry embraces becoming more and more sustainable. We take responsibility

for our contribution to protecting the environment and resources, and to support the goals of the Paris climate protection agreement, especially through innovative, low-carbon and energy-efficient solutions in all our products and operations. We want to fulfill our responsibility and build trust with our business partners. Environmental sustainability is foundational to our promise to be the partner of choice for a sustainable future. Our products stand for the highest reliability and quality, high efficiency and reduced use of resources and emissions. This guides us in every decision in all areas, including the upstream and downstream value chains – from purchasing to manufacturing to the disposal of our products.

In addition, as a pioneer in the field of wind power, we want to be an effective part of the energy transition with our Winergy brand and support the transformation to renewable energy sources. Furthermore, we are driving the energy transition with other products for industrial applications such as wastewater, rail, hydrogen and hydropower plants, which are essential for the successful transformation of energy production.

CORPORATE ENVIRONMENTAL PROTECTION







GRI 2-27 | ESRS 2 SBM-3

Our goal is to minimize environmental impacts across all material areas in order to protect the environment. To this end, we comply with all applicable legal and local requirements and have implemented our environmental management system in accordance with ISO 14001 at every one of our production and main development sites. We monitor this with our introduced software solutions for occupational safety and environmental protection.

FLENDER'S MATERIAL IMPACTS, RISKS AND OPPORTUNITIES REGARDING THE ENVIRONMENT

GRI 3-3 | ESRS 2 SBM-3

During Flender's double materiality analysis, climate change adaptation and mitigation, energy, air pollution, and resource inflows and outflows were identified as material environmental sub-topics. The findings highlight impacts, risks and opportunities across operations and the value chain, particularly regarding emissions, fossil fuel reliance, and sustainable resource use (as seen in the table to the right). While challenges exist in energy-intensive production and pollution, initiatives supporting the circular economy and renewable energy transition present significant impact and financial potential. These insights shape Flender's environmental strategy, overseen by the corresponding strategy pillar owner, ensuring a responsible and forward-looking approach to sustainability.

Sub-Topic according to ESRS	Description of Impact, Risk or Opportunity (IRO)	Type of IRO
 Climate change adaptation	Increasing temperatures globally	Risk
	Changing climate can potentially affect the whole value chain	Risk
 Climate change mitigation	Facilitation of energy transition by supplying wind turbine parts	Actual positive impact
	Impact from business travel: Emissions	Actual negative impact
 Energy	Use of fossil fuel-based electricity/energy at Flender (remaining sites)	Actual negative impact
	Use of fossil fuel-based electricity/energy in value chain	Actual negative impact
	Use of heat/energy that is a byproduct of production processes in different production steps or for heating (new heating concept)	Potentially positive impact
	Energy consumption in production processes	Actual negative impact
 Pollution of air	Air pollution in the value chain from production processes of sourced materials	Actual negative impact
 Resource inflows including resource use	Re-use of resources supports efficiency	Opportunity
	Recycled materials used in production	Actual positive impact
 Resource outflows related to products and services	Extension of lifecycle of Flender products by servicing, repair and remanufacturing services	Actual positive impact

FLENDER'S ENVIRONMENT-RELATED TARGETS

GRI 3-3, 302-4, 305-1, 305-2, 305-3, 305-5 | ESRS E1.MDR-T, E1-4, E2.MDR-T, E2-3, E5.MDR-T, E5-3

Based on the material topics and associated impacts, risks and opportunities identified in the double materiality assessment, Flender has reaffirmed its existing targets and defined new, ambitious targets as seen in the table below. This comprehensive set of objectives underscores our firm commitment and serves as a clear roadmap for advancing environmental sustainability and climate governance at Flender.



Climate change adaptation

New Targets

Conduct a resilience analysis including various climate scenarios by the end of 2025



Energy

Existing Targets

5% energy savings between 2022 and 2027

80% share of renewable energies by 2030

Status FY 2024

+4% compared with 2022

75%

New Target

100% renewable electricity for all facilities by 2030



Climate change mitigation

Existing Targets¹

Scope 1 and 2 emissions: Carbon neutrality by 2030

30% of CO₂ savings in Scope 3 compared with 2021 baseline by 2030 (1,080,251.00 t)

Status FY 2024

2024²: -26% compared with 2021
Scope 1: 13,831 t
Scope 2²: 1,942 t

2024: -17% compared with 2021
Scope 3: 892,259 t

New Targets

Primary data coverage (CCF) of hot-spot suppliers³: 65% by 2026, 85% by 2027

Roadmap for primary data coverage (PCF) of hot-spot suppliers³



Pollution of air

New Target

Define strategy for pollution management within supply chain by 2027



Circular economy

Existing Target

10% waste reduction between 2022 and 2027

New Target

Development of Circular Economy Strategy by 2027

Status FY 2024

-18% compared with 2022

¹ Targets will be discontinued once SBTi target validation is completed and will be replaced by new emissions reduction targets approved by SBTi.

² For Scope 2 emissions, a market-based approach is applied.

³ For more information about hot-spot suppliers [see chapter 2.1 Corporate Carbon Footprint reporting – hot-spot suppliers](#).

5.1 CLIMATE CHANGE

Climate change adaptation: Strengthening Flender's climate resilience

GRI 201-2 | ESRS E-1, E1-4, E1-9 | SDG 13.1

Flender has identified climate change adaptation as a material topic during its double materiality assessment, reflecting the growing need to address climate-related risks that could impact its operations and value chain. While Flender has already established strong climate mitigation targets, we recognize that adapting to climate change is equally critical to ensuring long-term business resilience.

An analysis carried out together with one of our insurance partners revealed that Flender was rated with an overall natural catastrophe score considered moderate to high. This indicates an elevated risk for Flender on average, taking into account all regions and locations. At the same time, it shows that Flender's diversified global presence with production facilities across all continents has a positive effect on the organization's resilience to regionally contained, climate-related risks.

CLIMATE RESILIENCE ANALYSIS

As communicated in our last Sustainability Report (2023), we defined a systematic way to assess climate-related physical risks at our production and servicing locations in 2024. A key milestone in this process is the initial resiliency analysis, which is planned to be completed by the end of 2025. This analysis evaluates various climate scenarios and assesses potential associated physical risks, such as extreme weather events, rising temperatures and water stress, and related transitional risks (including regulatory developments, market shifts and technological advancements). The insights gained from this study will guide the development of adaptation targets and actions to safeguard operations, enhance supply chain resilience and support the long-term sustainability of Flender's operations. This way, we want to ensure that Flender's business strategy remains resilient in the transition to a low-carbon economy. Starting with next year's report, we will be able to communicate relevant results and strategies to increase our resilience and adaptation strategies to climate change.

Management of energy: Usage and advancement of renewable energy

SDG 9.4, 13.1

MANAGEMENT OF OUR ENERGY CONSUMPTION

GRI 302-1, 302-3, 302-4 | | ESRS E1.MDR-A, E1-5 | SDG 7.2, 7.3

As a company and with our products, we want to make a significant contribution to the energy transition. Our goal is to cover 80% of our total energy requirements from renewable sources by 2030. In 2024, the share of renewable energy consumed was 74.7% (2023: 78.3%). The decrease is primarily caused by the acquisition of Eickhoff Wind Asia Pvt Ltd, our new location in Walajabad, India, as it was supplied with non-renewable electricity.

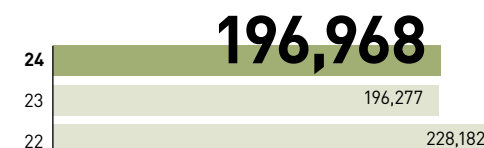
At the same time, we successfully increased the share of renewable electricity to 95.4% in 2024 due to further conversion of locations to renewable electricity. Moreover, we have enhanced our renewable electricity policy by orienting toward the RE100 criteria. We are committed to increasing the share of renewable electricity to 100% renewable electricity at all facilities by 2030. This will also support our target to cover 80% of our total energy consumption from renewable sources.

Overall, we decreased our total energy consumption by 1.5% (932,844 GJ compared

with 946,857 GJ in 2023). The most important source of energy for Flender is electrical energy. This is used for the operation of our machines and test benches as well as for heat treatment processes. Accordingly, we are focusing on reducing the consumption of this type of energy. This means promoting projects and initiatives to improve our energy efficiency at all key sites, which include modernizing compressed air infrastructure, insulation of ovens, installing solar panels on our factories, switching to energy-efficient LED lighting and exchanging other equipment for energy-efficient technologies, as well as improvements in our heat treatment facilities. Retrofitting existing equipment with energy-efficient pumps, drives and coolers is playing a significant role. With the help of these measures, we saved a total of 21,847 GJ in 2024.

Total fuel consumption within the organization from non-renewable sources (GJ)

GRI 302-1 | ESRS E1-5



Note: There was no fuel consumption within the organization from renewable sources.

CASE STUDY

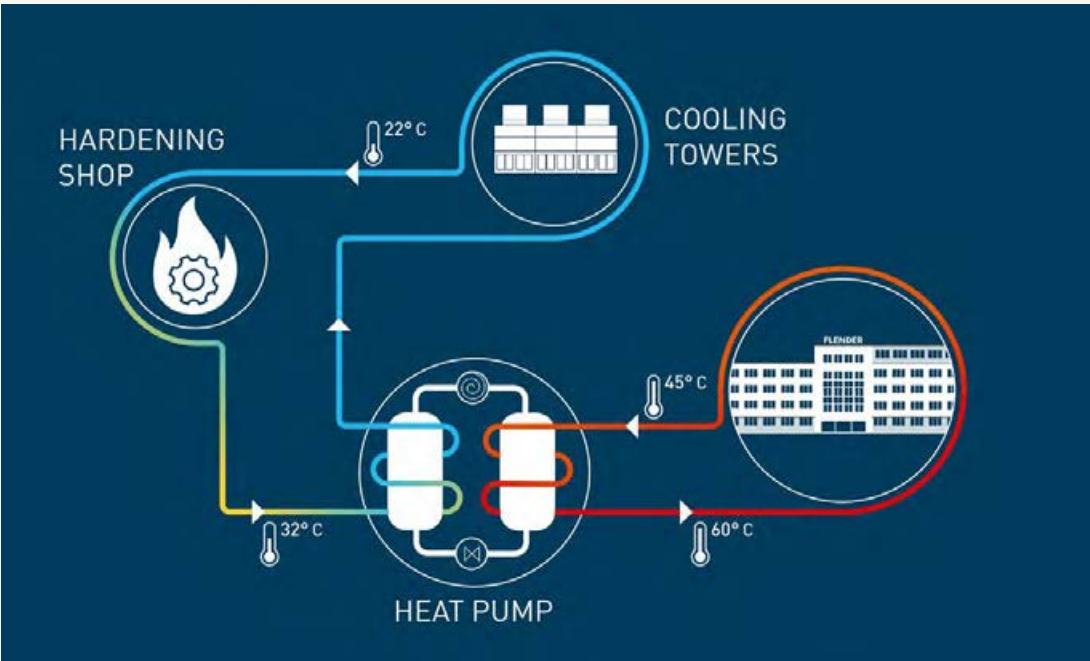
TRANSFORMING HEAT INTO SUSTAINABLE ENERGY

Heating system innovation in Bocholt, Germany:

Flender has introduced a groundbreaking heating system at its site in Bocholt, marking a significant milestone in decarbonizing the facility. By repurposing waste heat from hardening processes, most of the halls and buildings in Bocholt can be heated by the energy from this innovative system rather than conventional gas heating. Equipped with a heat pump of 622 kilowatt thermal capacity (roughly 75 times more powerful than the standard heat pump in a

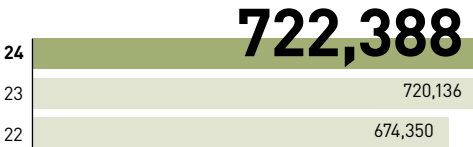
typical single-family home), integrated into the grid in October 2024, this initiative will reduce natural gas consumption by 2.4 million kWh annually, cutting CO₂ emissions by 400 tons. In addition, the entire periphery of the heating system was examined to modernize the system and make it as energy efficient as possible.

This initiative underscores Flender's focus on industrial transformation and sets new benchmarks for sustainable manufacturing.



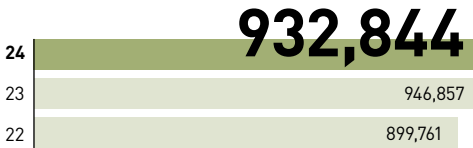
Electricity consumption (GJ)¹

GRI 302-1 | ESRS E1-5



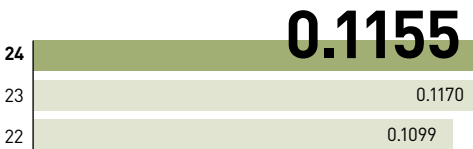
Total energy consumption within the organization (GJ)

GRI 302-1 | ESRS E1-5



Energy intensity (MWh/TEUR)²

GRI 302-3 | ESRS E1-5



¹Note: As in previous years, Flender did not sell any electricity or other energy in 2024.

²Starting this year, we use our net sales to calculate energy intensity to align with the ESRS methodology applied for calculating CO₂e intensity.

OUR CONTRIBUTION TO RENEWABLE ENERGY

We want to ensure access for all to affordable, reliable, sustainable and modern energy, working with and through our customers. As the climate changes, the development of renewable energy sources is increasingly important both from a mitigation and a resilience perspective.

Whether onshore or offshore, for over 40 years Winergy has been supplying a wide range of wind energy generation equipment with an installed base of approx. 400 GW. Following the acquisition of Moventas in 2022 and Eickhoff Wind Asia Pvt Ltd. in the current reporting year, we have further expanded our expertise and capacities to support the energy transition. With gearboxes, generators, couplings, integrated drivetrains

and a comprehensive multi-brand service portfolio, we are the perfect partner for our customers in the wind energy market.

In addition to expanding capacities to meet future global energy needs in renewable sources, we are investing in innovation to reduce energy costs and eliminate waste. A primary objective of our product development efforts is to consistently enhance the balance between torque and material weight, aiming to reduce electricity production costs and minimize our products' environmental footprint. We are actively working on new construction methods, manufacturing processes and product designs to achieve higher torque density. Over the past decade, we for example successfully doubled the torque density of our gearboxes, while simultaneously improving reliability.

OVER THE PAST DECADE

we successfully doubled the torque density of our gearboxes, while simultaneously improving reliability.

WHAT DOES ~400 GW MEAN?

~1100 GW¹

Installed wind capacity
worldwide



~400 GW²

Wind components delivered by

FLENDER



~290 GW¹

Installed wind capacity
in Europe



¹As of December 31, 2024 (source: Wood Mackenzie, 2025).

²As of September 30, 2024.

Climate change mitigation: Managing our carbon emissions

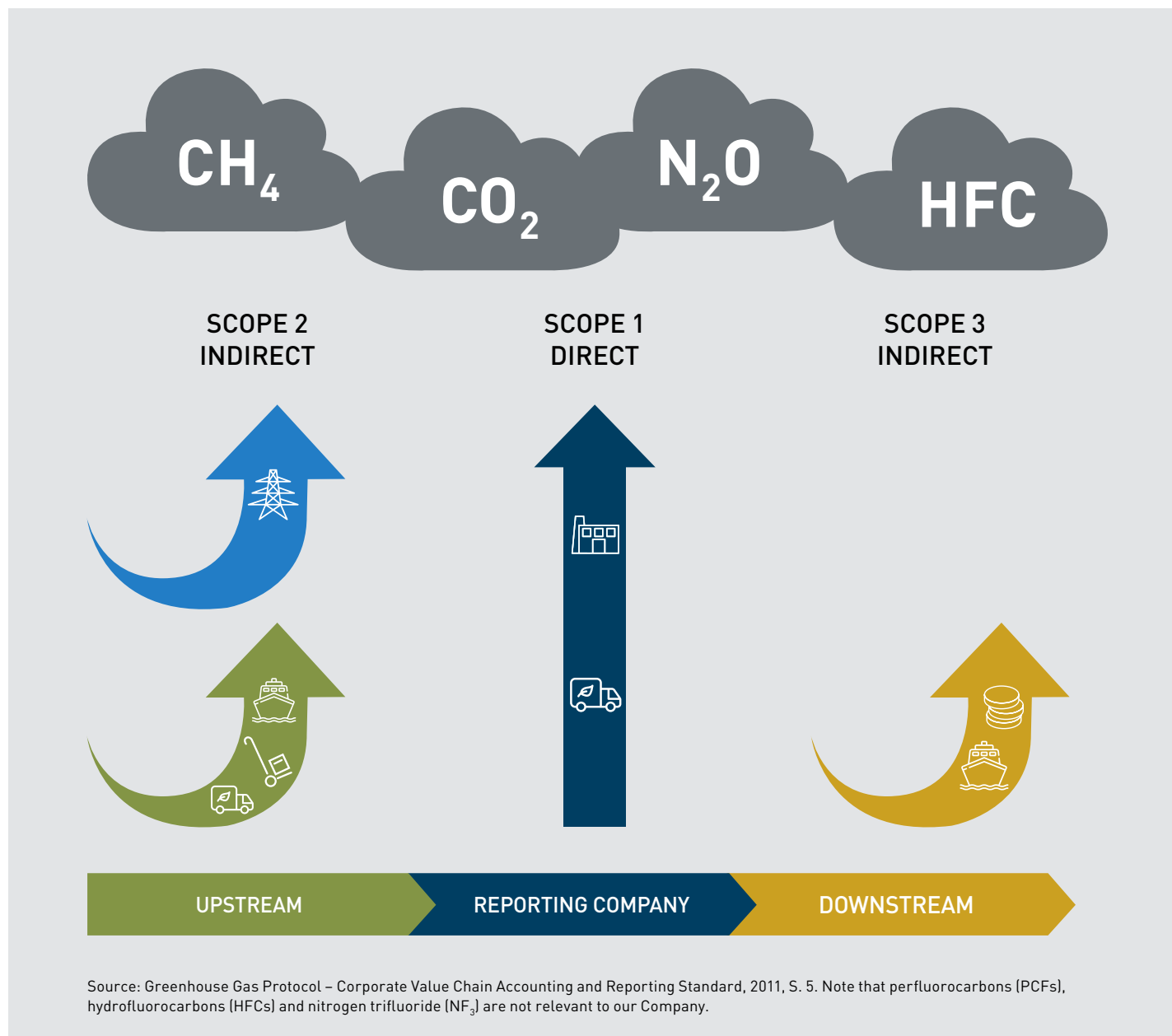
SDG 12.4, 13.1

Flender calculates its annual greenhouse gas footprint using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol), the most widely used international standard for accounting of greenhouse gas emissions.

Greenhouse gases (GHG) are expressed in carbon dioxide equivalents (CO₂e) and may include methane (CH₄), nitrous oxide (N₂O), fluorinated greenhouse gases (F-gases) and nitrogen trifluoride (NF₃).

FLENDER'S DIRECT AND INDIRECT GHG EMISSION SOURCES:

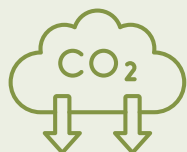
- **Scope 1 emissions:** Those directly related to fuel consumption, including natural gas, LPG, motor fuels, heating oil and acetylene, and emissions of other greenhouse gases from manufacturing operations.
- **Scope 2 emissions:** The consumption of purchased electricity and district heating energy for product manufacture.
- **Scope 3 emissions:** Emissions from upstream and downstream processes outside of Flender's operational control, such as those caused by business travel, investments, transport and sales, but also emissions caused by purchasing products and services from suppliers.



OUR TARGETS TO REDUCE OUR CO₂ FOOTPRINT BY 2030:



Become **carbon-neutral**
in Scope 1 and Scope 2



Reduce Scope 3
by about **30%**

OUR EMISSIONS COMMITMENTS

GRI 302-4, 305-1, 305-2, 305-3, 305-5 |
ESRS E1.MDR-T, E1-4

Flender is committed to achieving CO₂ neutrality by 2030 by reducing Scope 1 and Scope 2 emissions. This commitment forms a key element of Flender's broader climate change mitigation strategy, aimed at reducing its environmental impact in line with global efforts to limit temperature rise under the Paris Agreement. To meet this target, Flender implements energy-saving initiatives and actively works to minimize emissions from its own operations. A critical component of this effort is the establishment of detailed data baselines. With the support of an external partner, Flender previously introduced new environmental reporting for global data collection of Scope 1 and 2 emissions, enabling more accurate tracking of emissions and countermeasures.

Many of our buildings are currently heated with natural gas. To further reduce Scope 1 and 2 emissions, we are planning to replace natural gas where possible with renewable energy sources, including heat pumps and waste heat recovery. Since full conversion will not be feasible in all cases, we plan to offset all remaining emissions after 2030. To minimize reliance on carbon offsets, we are implementing an energy management system designed to reduce overall energy consumption. This includes globally coordinated and locally implemented CO₂ reduction measures for energy-related emissions, with regular progress reporting from all sites. In addition to reducing emissions within its own operations, Flender is pursuing a multipronged strategy to lower its carbon footprint across the supply chain.

Recognizing the importance of a comprehensive emissions reduction approach, Flender is expanding its carbon footprint measurement beyond operations to include

Product Carbon Footprint (PCF) assessments. By integrating PCF alongside operational emissions tracking, the company aims to enhance data-driven decision-making, improve supplier engagement, and drive more effective Scope 3 emissions reductions. Moreover, we aim to expand primary data coverage from key suppliers.

As part of this commitment, Flender has aligned its climate strategy with the Science Based Targets initiative (SBTi), committing in

2022 to set near- and long-term company-wide emission reduction targets. At this point in time, we are in the final validation phase of the adopted targets, which we will report on comprehensively next year. Through the current measures and future advancement of those, Flender underscores its dedication to climate change mitigation and strengthens its role as a leader in sustainable manufacturing, ensuring transparency, accountability, and meaningful progress toward climate neutrality.



CORPORATE CARBON FOOTPRINT¹

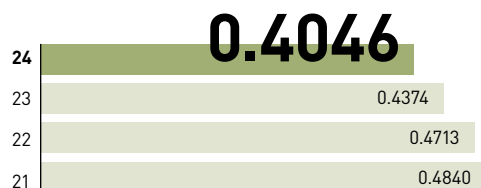
GRI 305-1, 305-2, 305-3 | ESRS E1-6

CO ₂ e EMISSIONS IN TONS	2022	2023	2024
Scope 1	15,834	13,870	13,831
Mobile combustion	1,073	931	759
Stationary combustion	11,683	10,335	10,503
Fugitive emissions ²	3,079	2,605	2,570
Scope 2³	935	2,816	1,942
Purchased electricity	609	769	1,545
Purchased heating	326	2,047	398
Scope 3	1,054,696	966,180	892,259
3.1: Purchased goods and services	1,002,796	882,861	821,321
3.2: Capital goods ⁴	18,717	35,638	22,397
3.3: Fuel- and energy-related activities	7,290	7,915	10,597
3.4: Upstream transportation and distribution	17,292	17,091	13,109
3.5: Waste generated in operations	7,502	18,000	16,354
3.6: Business travel	1,098	4,675	8,481
Total³	1,071,465	982,866	908,033

¹ For the Moventas data of 2023 and ahead, we rely on spend-based data.² Corrected data input for 2023, as fugitive emissions were not included in the 2023 report.³ For Scope 2 emissions, a market-based approach is applied.⁴ Emissions from Capital Goods are not considered in further Scope 3 key figures due to their volatility.

GHG emissions intensity ratio (tCO₂e/TEUR)¹

GRI 305-4 | ESRS E1-6



Change from base year
2021 to 2024

-16%

The GHG emissions intensity is derived from the energy intensity and footprint of each country where energy is purchased and consumed. The production footprint is mainly influenced by the needs of customers, as well as national production and purchasing requirements.

¹ Adjustment in calculation methodology: Starting this year, we use net sales to calculate our CO₂e intensity and take into account all three scopes from the GHG protocol. In doing so, we are aligning with ESRS methodology.

CASE STUDIES

FLENDER USA: 10 NEW ELECTRIC VEHICLE CHARGERS ON SITE

The installation of ten new Electric Vehicle (EV) chargers at our office building in the US demonstrates our commitment to clean energy solutions.

The chargers were fully operational in May 2024. By offering EV charging stations, we make it easier for our employees and eco-conscious visitors to embrace zero-emission transportation options and send a clear message about our dedication to reducing carbon emissions. Installing EV charging stations is a powerful way to reduce environmental impact and support corporate social responsibility efforts. By providing charging infrastructure, Flender demonstrates a clear commitment to sustainability and encourage the adoption of electric vehicles, helping to reduce greenhouse gas emissions.

In celebration of Earth Day, Flender USA additionally introduced reusable mugs for employees to encourage eco-friendly practices and reduce waste within our community. These initiatives reflect our worldwide dedication to protecting the environment and fostering a sustainable future.



SOLAR POWER INSTALLATION IN INDIA: ADVANCING RENEWABLE ENERGY CONSUMPTION

As part of our commitment to renewable energy and environmental responsibility, we have successfully implemented a 160 kW solar power system at our site in Chennai, India. This initiative generates around

234 MWh of clean energy annually, leading to 189 tons of CO₂ emissions avoided each year.

Furthermore, the system is designed not only to generate energy but also

to provide sun and rain protection for parking areas. The robust, locally adapted mounting structure ensures stability, while subtle design elements help direct rainwater and enhance the system's durability.

REDUCING THE CO₂ FOOTPRINT OF OUR OPERATIONS

GRI 305-1, 305-2, 305-5 | ESRS E1-3, E1-4, E1-6

While emissions from 2015 are hard to compare with our current carbon footprint because of acquisitions and significant growth, we can still observe a substantial decrease.

Since 2015, we have reduced Scope 1 and 2 CO₂ emissions by 84.6%, mainly by switching to CO₂-neutral energy sources.

In 2024, Flender had a negligible decrease in Scope 1 emissions compared with the previous year. This can be attributed to lower worldwide production hours and ongoing CO₂-reduction projects.

In order to achieve the CO₂ footprint reduction of our global operations to date, and further decrease it in the years to come, we need to implement many different measures simultaneously. Energy management is a central pillar for us. We have implemented an energy-saving strategy that extends to various areas. On the technology and infrastructure side, we have certified energy management systems (ISO 50001) at all our German sites.



CASE STUDY

FLENDER GERMANY: SECURING GREEN ENERGY THROUGH PARTNERSHIP WITH ECO2GROW

Flender has taken a major step toward its sustainability goals by partnering with ECO₂GROW to source 12% of the electricity demand for its German locations directly from wind and solar farms. Through Power Purchase Agreements (PPA), the company secures renewable energy from carefully selected sites, including a wind farm powered by Flender's own gear technology.

This initiative reduces Flender's carbon footprint by 7,500 tons of CO₂ annually, supporting its commitment to achieving carbon neutrality by 2030. It builds on previous decarbonization efforts that have already lowered emissions in Flender's operations by 84.6%.

Beyond direct green power procurement, this collaboration strengthens Flender's long-term sustainability strategy and sets the foundation for future renewable energy projects.





Additionally, all our production sites are supervised by local energy management coordinators. Many systems, machines and lighting have been and continue to be replaced by more energy-efficient solutions. Of course, behavioral change is also part of the equation. We try to make it as easy as possible for energy-efficient behavior and have therefore implemented energy efficiency programs and are equipping our major production facilities with energy meters. To be accountable, each site has its own energy consumption and saving targets to limit the share of non-renewable energy consumed. Overall, we aim to achieve 5% energy savings (KWh) in total between 2022 and 2027. This commitment is reflected in the implementation of our newly developed heating concept at our Bocholt production site, where surplus heat from our hardening furnaces is now being repurposed using a new heat pump [\(see case study on page 43\)](#). This marks an important step toward our goal of developing innovative heating solutions for our main production facilities.

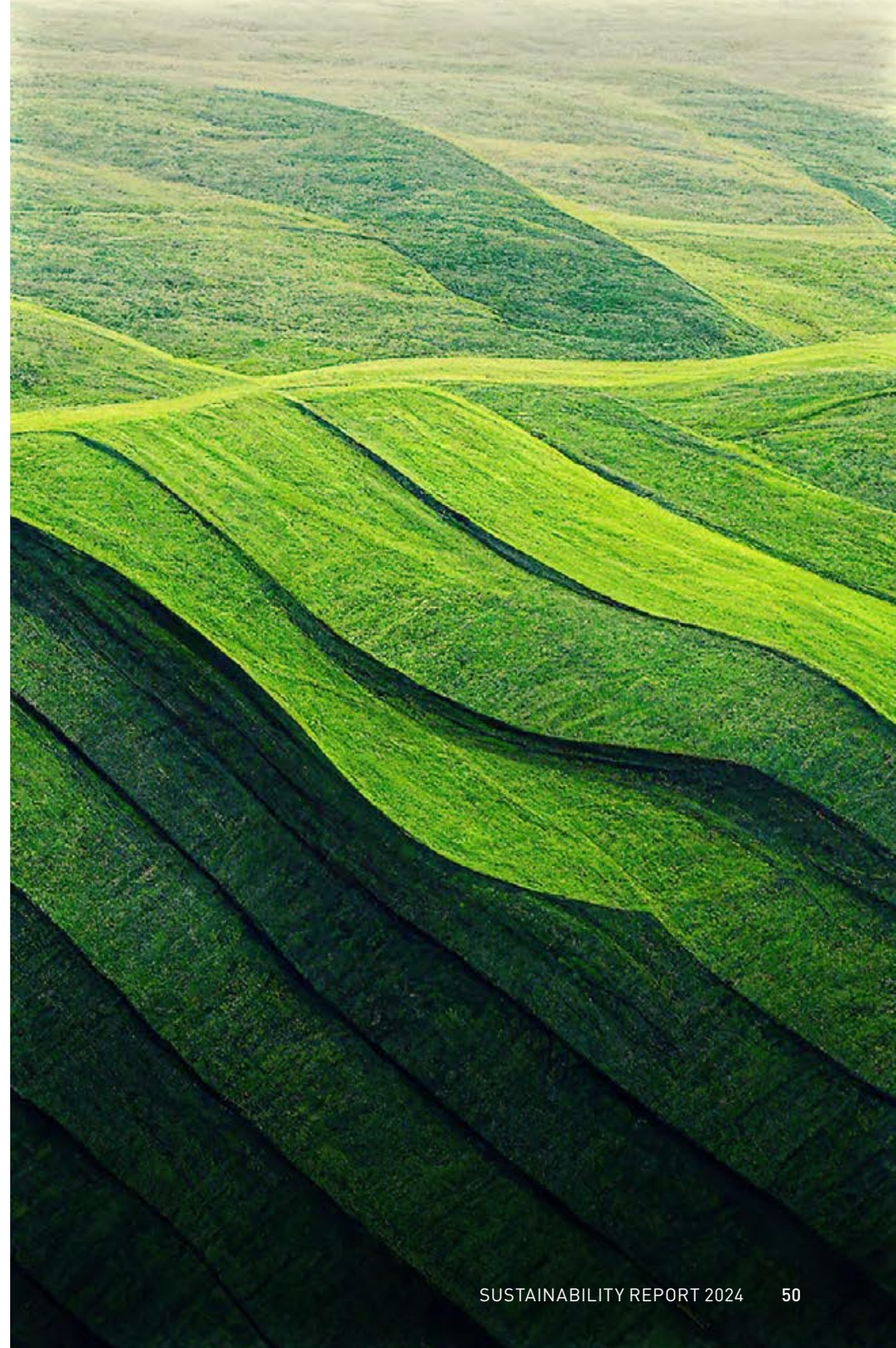
Green Weeks

In addition, we again had our “Flender Green Weeks” in 2024 as part of our travel policy to raise awareness of CSR among employees. They take place once a quarter for one week where the following principles are applied:

- Restricted travel activities are applied across the company
- During this time, employees are asked to avoid driving to the office or forming carpools. Urgent customer visits and services are the only exceptions during “Flender Green Weeks”.

21,847 GJ

energy savings in FY 2024
compared to the prior year
through measures of our
energy management



CASE STUDY

FLENDER CHINA: PROVIDING SHUTTLE BUSES FOR EMPLOYEES

The shuttle bus service in China provides a reliable and convenient transportation option for employees, ensuring seamless travel between Flender locations and their preferred pick-up station. The highly appreciated service, used by 55% of the employees in Tianjin daily, operates on a fixed schedule, that is based on feedback from an employee survey and takes into account employees' variable working hours and shifts. With 20 buses the shuttle service offers multiple routes, 19 routes for regular day-shift employees and 9 routes for three-shift employees.

Moreover, the shuttle bus service comes with a digitalized system, offering a range of essential functions for employees to enhance their commuting experience. With the help of the system, employees can easily navigate to their designated station location and check the shuttle bus schedule. Upon registration, they receive a QR code that serves as their identification for boarding the bus. The system also allows irregular passengers to reserve a seat when needed. Additionally, employees receive important updates and

information and can give feedback directly via the system, ensuring continuous improvement of the shuttle bus service.

For sustainability reasons, the shuttle buses all have China's National VI emission standards, resulting in 50% less exhaust pollutants compared to the National V standard.



REDUCING THE CARBON FOOTPRINT IN OUR SUPPLY CHAIN

GRI 305-3, 305-5, 308-2 | ESRS 2 SBM-3, E1-3, E1-6

We are committed to acting responsibly throughout our value chain, including for Scope 3 emissions. To this end, we are continuing to work on creating CO₂ transparency in our complex supply chain.

In the supply chain for our gearboxes, couplings and generators, our raw material and component suppliers use and source mainly ferrous and non-ferrous base materials such as copper, iron ore, nickel and steel scrap. These come from foundries, steel mills, ring rollers and forging shops, and roller and journal bearing suppliers.

For our purchasing volume in 2024, our Scope 3.1 "Purchased Goods and Services" emissions amounted to just over 821,000 (2023: 883,000) tons of CO₂ equivalents, which is around 7% below 2023 (2023: 12% below 2022: 1,003,000 tons CO₂ equivalents).

Following the 12% reduction in emissions from 2022 to 2023, the further decrease in 2024 can be attributed to two key developments. Firstly, lower overall spending and a reduction in purchased tons contributed to an absolute decrease in emissions. Secondly, improvements in emissions intensity were observed compared with 2023, reversing the deteriorations seen in 2022 and 2021.

However, when analysing emissions intensity based on physicalized values (t CO₂e per purchased ton), a relative increase in 2024

compared with 2023 is observable. This is primarily driven by an increased share of sourcing from China and India, where emissions factors are higher. Despite this, positive effects were realized through an improved energy mix in key sourcing countries, such as Germany. Additionally, reported Scope 1 and Scope 2 emissions from top suppliers showed improvements, further supporting the overall positive trend in emissions performance.

Additionally, it should be noted that actual emissions are significantly lower than reported as several steel mills and foundries that supply us are already using electric arc furnaces and/or are sourcing renewable energy. This has been verified by initial comparisons we made based on the results of our Carbon Web Assessments.

To achieve long-term net-zero emissions, we recognize that close collaboration across our supply chain and a focus on specific savings opportunities are essential. Based on our CO₂ emissions assessment of our supply chain, we identified that more than 90% of our total upstream CO₂ emissions are generated in Scope 3 (excluding Scope 3.2 "Capital Goods"). Following this, 85% of our scope 3.1 emissions can be attributed to 169 suppliers, or 2.65% of our total of more than 6,436 active suppliers relevant for Scope 3 reporting. In order to direct our efforts most efficiently, in 2024 we focused on reducing the emissions of our 13 largest suppliers, with CO₂ emissions of over 10,000 tons of CO₂ equivalent. These suppliers are mainly steel mills and foundries.

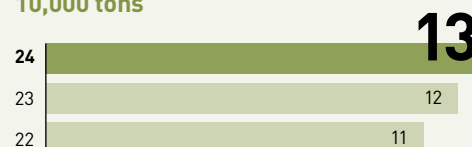
In 2024, we continued to implement an efficient transparency program, including measurement and reporting standards as well as training for our suppliers, to enable

them to track their CO₂ footprint and initiate appropriate reduction measures ([➤ more information in the section "Responsible Supply Chain"](#)).

NUMBER OF SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE ENVIRONMENTAL IMPACTS

GRI 305-3, 308-2 | ESRS 2 SBM-3, E1-6

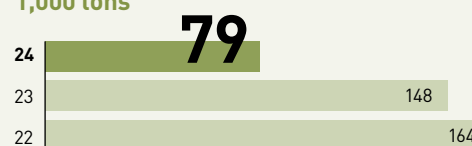
Suppliers identified with CO₂e emissions above 10,000 tons



Suppliers identified with CO₂e emissions above 3,000 tons



Suppliers identified with CO₂e emissions above 1,000 tons



5.2 POLLUTION

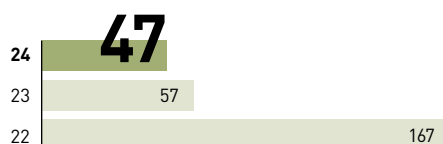
GRI 305-7 | ESRS E2.MDR-P, E2.MDR-A, E2.IRO-1, E2-1, E2-2, E2-4 | SDG 12.4

As part of its ongoing sustainability efforts, Flender has identified air pollution within the value chain as a material topic during the double materiality assessment. Internal production and assembly processes were assessed with no material findings. Many of Flender's suppliers operate in energy-intensive industries such as steel production, casting and machining, and manufacturing, where combustion-based energy sources can contribute to emissions such as Nitrogen Oxides (NOx), Sulfur Oxides (SOx) and particulate matter (PM), and volatile organic compounds (VOC). Furthermore, their procurement of raw materials and alloys involves mining, smelting and refining processes that might generate significant air pollutants, including fine dust.

To mitigate these impacts, Flender plans to address air pollution in the supply chain through supplier engagement, emission monitoring and targeted joint reduction initiatives.

Volatile organic compounds (t)

GRI 305-7 | ESRS E2-4



Change from the previous year **-18%**

CASE STUDY

FLENDER CHINA: VOC DEVICES INSTALLED IN TWO WORKSHOPS

Flender is continuously investing in energy-saving and waste-reduction technologies to enhance sustainability. Recent advancements focus on air pollution control and energy efficiency, aligning with our broader sustainability strategy.

To reduce air emissions, Flender has implemented the new catalytic combustion VOC project in two workshops. This system effectively minimizes volatile organic compound (VOC) emissions from

spray paint exhaust gases. Its working principle involves the discharge of spray paint exhaust gases from the workshop through a live catalytic combustion activated carbon box, where VOCs are adsorbed, desorbed and purified. The purified exhaust gas, meeting stringent environmental standards, is then safely released into the atmosphere. This technology significantly enhances air quality while ensuring compliance with regulatory frameworks.



5.3 CIRCULAR ECONOMY

SDG 8.4, 12.5

Our responsible resource management

UN GC Principle 9 | GRI 306-1 | ESRs E5.IRO-1, E5.MDR-P, E5.MDR-A, E5-1, E5-2, E5-3

At Flender, we take responsibility for our impact on society and the environment in all our product areas. We constantly strive to reduce and mitigate the negative environmental impact of our product lifecycle. Modern industrial applications not only have to be economical, but also sustainable. This applies to the actual production process as well as everything that precedes it in the upstream and downstream value chain.

We approach this challenge by reducing the resource intensity of our products, increasing their lifespan through our global service network with repair and remanufacturing or

refurbishment, and designing and developing our products to be easily recyclable at their end-of-life. To ensure the durability and sustainability of our products, we complement these efforts with comprehensive quality management, risk analyses and extensive product testing. At the same time, we are constantly working to make our products better and to develop innovative, sustainable products.

Flender is responsible for the design of all its products and applies sustainability criteria right at the start of the product design and development process. A checklist that supports product engineers during the development process to create environmentally conscious products is embedded into our design framework. This checklist helps to support the consideration of impacts and risks to the environment originating from

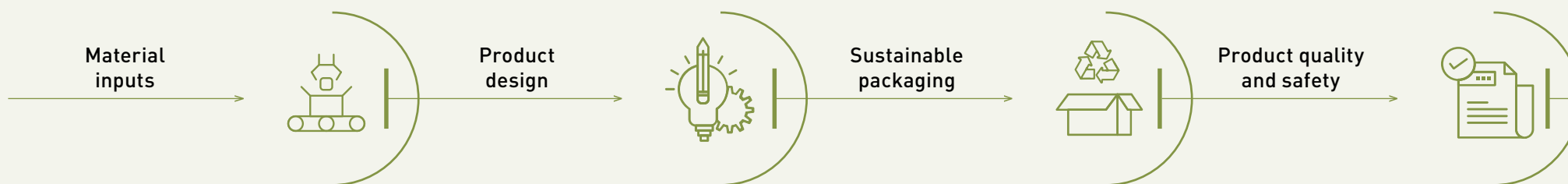
Conservation of resources and other advantages of the modular designs of our gearboxes and generators:

- Replacement of individual parts and not just the entire unit is possible
- Reduced transport costs
- Less material waste
- Extended lifecycle
- Upgrade option

Aspects of the sustainability checklist in the development process/product design:

- Consideration of environmental impacts and risks originating from
 - our products
 - systems
 - packaging
- Definition of measures to minimize or eliminate risk – criteria such as REACH, RoHS, variety of materials and removable design.

OUR PRODUCTION PROCESS



our products, systems and packaging, in order to define measures that minimize or eliminate risks. Preventive measures are defined, and their fulfillment will be checked and approved as part of the process.

Flender engineers are supported by our Corporate Technology and Innovation (TI) function, while each business unit takes responsibility for sustainable innovation at operational level. Our priority is to increase product power density to generate the same performance with fewer resources.

The basis for this – transmitting more torque with the same or less weight – lies in technology development.

New manufacturing technologies, combined with the optimized use of materials for gear teeth and structural components, offer sustainability potential by enabling components to be designed smaller or with less material input. Our calculation programs keep our products state-of-the-art and are continuously being developed further.

We are also working on reducing the weight of parts by specifying the cast and forged parts in near-net shape, which means that the part is designed in such a way that as little material as possible has to be removed during manufacturing processing. In addition, with its fundamental studies into new technologies, the TI department is helping to ensure that, beyond the recycling of our products, the repair of our products is further analyzed and that components can therefore remain in use for longer.

Our products are designed so that the unit is largely recyclable after the usage phase, since our products are mainly from steel and cast-iron materials. For this reason, our products have a modular design for the ease of dismantling and are mostly recyclable except for the lubricant.

To further embed circularity in our operations, we aim to develop a comprehensive circular economy strategy by 2027. As part of this process, we will develop a systematic approach on how Flender can actively contribute to circular processes and product systems.

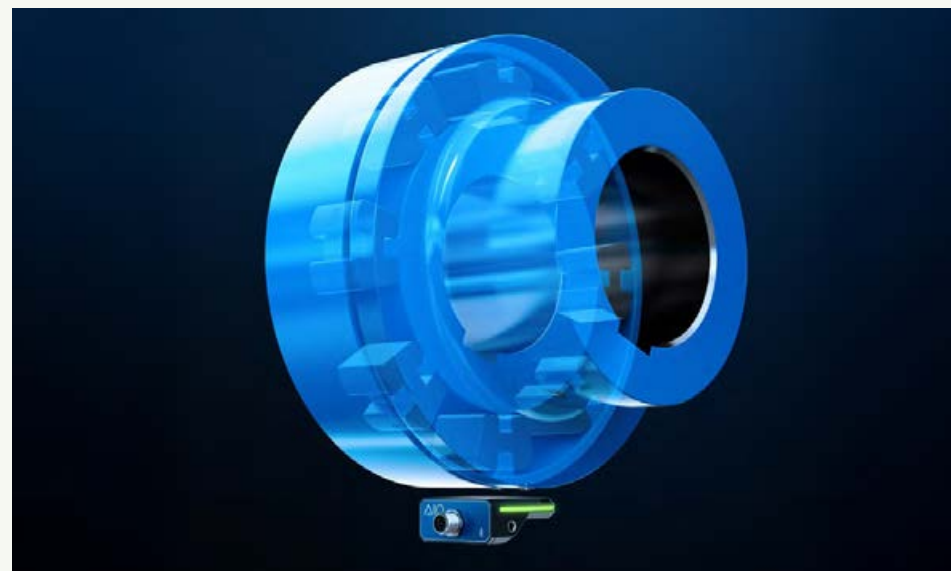
CASE STUDIES

ENHANCING RELIABILITY WITH AIQ DETECT SENSORS

Our customers depend on high-performance machinery, where unexpected downtime can lead to significant costs and disruptions. To improve operational reliability, Flender has introduced the AIQ Detect Sensor, now shipping to our customers in various industries worldwide.

These digital sensors work with Flender's N-EUPEX® and RUPEX® semi-elastic couplings, continuously monitoring the wear condition of elastomers and tracking rotational speed. By providing real-time data, they enable predictive maintenance, allowing operators to detect potential issues before they cause failures.

With the AIQ Detect Sensor, unplanned downtime can be reduced, maintenance schedules optimized, waste due to unnecessary exchange of elastomers minimized, and the lifespan of equipment extended. This technology helps create more efficient and sustainable operations while reinforcing Flender's commitment to digital innovation in industrial applications.



OUR RESOURCE INFLOW MANAGEMENT

GRI 301-2 | ESRS E5.MDR-A, E5-2, E5-4

We are focused on optimizing our use of materials to conserve valuable resources and minimize the use of environmentally harmful resources. To avoid the inflow of excessive resources and ensure resource management, we apply the 3R waste hierarchy: Reduce, Re-use, Recycle.

In the design and engineering process of our products, we consistently try to reduce the amount of material used and with that the weight of our products. For example, in the Wind Gearbox business unit we launched a multi-year program to systematically increase the power density, increasing the output (torque) with the same or less material used by introducing proven or innovative technologies that significantly increase the gear load capacity.

Steel and cast iron are important resources in the manufacture of our products – they account for over 85% of the weight of most of our products. All steel parts (mainly

gearwheels, iron castings and bearings) are recyclable at the end of their lifetime. Scrap steel is used as a valuable input as it is used in steel mills or foundries to produce the next generation of components. As a result, more than 85% of a Flender product is recyclable, indicative of a high level of circularity. Flender is in the ongoing process of developing a database to evaluate all the materials used in our products and is also engaged with its main bearing suppliers to set up a remanufacturing program for bearings wherever possible.

We have full transparency about the use of materials when using Substances of Very High Concern (SVHC) according to Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) or restricted substances (according to Restriction of Hazardous Substances (RoHS)) and are committed to continually increase the proportion of recycled material. After our due diligence on PFAS (per- and poly-fluoroalkyl substances) in 2023, we now have first transparency about PFAS in our products.

APPROX. 85%

of a Flender product is recyclable

MATERIALS PURCHASED IN 2024

GRI 301-1 | ESRS E5-4



Cast iron:

93,600 t

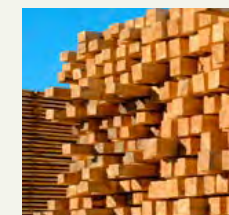
(2023: 99,600 t)



Steel:

128,900 t

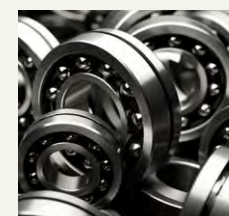
(2023: 122,300 t)



Wood:

19,300 t

(2023: 20,200 t)



Bearings:

7,300 t

(2023: 9,600 t)



Copper:

7,300 t

(2023: 8,400 t)

CASE STUDIES

FLENDER CHINA: DRIVING RESOURCE CONSERVATION AND EFFICIENCY

Flender is advancing sustainability and operational efficiency through various initiatives. Two key initiatives from Flender China are the implementation of a digital canteen system and the optimization of material use in pallet production.

Implementation of a digital canteen system

The digital canteen project at Flender China replaces traditional fixed-menu processes, providing employees with pre-paid cards for meal allowances. This enables our Chinese colleagues to choose dishes and portion sizes according to their preferences, reducing food waste by around 15,900 kg annually. This waste reduction translates into significant financial benefits which are redirected toward employee purchases such as coffee and milk from the on-site shop. Additionally, the system enhances employee satisfaction and well-being by providing greater flexibility and choice while also displaying the calorie intake of meals within an app.



Optimization of material use in pallet production



In parallel, Flender China has transitioned from wood pallets to optimized steel pallets, achieving substantial material and carbon savings. By redesigning the pallets for a customer project to smaller dimensions (2.4 m x 2.3 m) and reducing their weight from 2.2 tons to 0.71 tons, these innovations contribute to a lower carbon footprint, reducing CO₂ emissions by estimated 20 kg per shipment and around 10,000 kg for the whole project.

~10,000 kg

GHG emissions saved by
transitioning to steel pallets

Green steel and green castings

ESRS E5.MDR-A, E5-2

Throughout this fiscal year, Flender has continuously explored new solutions and projects to meet its climate objectives, including the increased purchase of “Green Steel.”

Until a global standard for the steel industry is established, Flender has defined an ambitious yet easily measurable standard for Green Steel. While various definitions for Green Steel exist and more will emerge regarding specific CO₂ thresholds, the significant influence of the smelting route and energy source will not impact Flender’s strategy or definition as it is considering these major influencing factors already. Until green hydrogen becomes widely available, Electric Arc Furnaces (EAF) remain the most viable option due to their compatibility with renewable energy sources and their fourfold reduction in CO₂ emissions compared with Blast Furnaces (BF).

Focusing on electrically powered furnaces also allows us to include iron castings in our sustainability efforts, thereby promoting the popularity of Green Castings.

Green Steel and Green Castings, as defined by Flender, are produced using processes that minimize greenhouse gas emissions through low-emission technologies such as EAF for steel and Electric Induction Furnaces (EIF) for castings, both powered by renewable energy sources. These products must rely on renewable primary energy carriers such as wind or solar power, and secondary energy carriers such as green electricity or green hydrogen. Additionally, Flender prioritizes suppliers who use recycled materials and closed-loop circular systems. With this approach, Flender aims to establish Green Castings in the same manner as Green Steel, ultimately leading to greener gearboxes.

A major forthcoming step is the integration of circular economy principles into Flender's supply chain. At our factory in India, Flender has initiated an innovative circular economy process. Here, hundreds of tons of machining-chips are being remelted by our supplier using EAF.

Looking ahead, this process will be further enhanced by powering the EAF with green energy, demonstrating our commitment to sustainable manufacturing.

Flender is actively screening the market for green technologies and collaborates closely with its suppliers and encourages them to invest in these technologies to enhance competitiveness.

Through evaluation and in-depth discussions with suppliers about detailed CO₂ emissions at various process steps, straightforward measures regarding steel sourcing have been identified. These efforts have led to a broader adoption of green continuous casting at Flender for Europe and is adopted for its global sourcing as well. This was made possible by having CO₂ data on different raw material sources and processes, by evaluating and comparing Product Carbon Footprints (PCF).

Packaging

GRI 301-3 | ESRS E5-4

Sustainable packaging is also an important factor in reducing our carbon and material footprint, and we are continuously working on sustainable and innovative packaging solutions.

Around 30% of our products have reusable packaging, which we plan to roll out to our partners in our supply chain.

CASE STUDIES

FLENDER GERMANY: SUSTAINABLE OFFICE SUPPLY INITIATIVE

To enhance the sustainability of our procurement practices, we have transitioned to a local German office supplier, Valk. This company operates with a strong focus on CO₂ neutrality, using electric vehicles for deliveries and reusable plastic packaging boxes to reduce waste and support a circular economy.

This shift has already delivered measurable environmental benefits. By using reusable plastic boxes instead of disposable packaging, we have saved around 1,553 kg of CO₂, while the use of electric vehicles for deliveries has resulted in an additional 1,728 kg CO₂ reduction. Furthermore, the initiative has significantly cut packaging waste, saving around 1 tonne of cardboard.

As a local supplier, Valk not only helps us lower transport emissions but also reinforces our commitment to supporting small businesses in our region. Through this collaboration, we continue to make tangible progress toward our sustainability goals while ensuring efficient and responsible office supply management.



FLENDER INDIA: EMBRACING CIRCULAR ECONOMY THROUGH INNOVATIVE PACKAGING SOLUTIONS

Flender India has implemented a resource conservation initiative by reusing incoming packaging wood for in-house parts packaging. This practice resulted in total savings of 120 m³ of wooden waste between October 2023 and September 2024. By saving natural re-

sources through re-use, this approach integrates circular economy principles into our business processes. Additionally, this initiative has achieved direct cost savings, showing that environmental stewardship and economic efficiency often go hand in hand.

Our resource outflow management

GRI 306-2, 306-3, 306-4, 306-5 | ESRS E5-2, E5-5

OUR APPROACH TO WASTE MANAGEMENT

Through sustainable waste management, we not only minimize our environmental pollution but also conserve resources and make a positive contribution to the environment. We are therefore actively committed to reducing waste volumes, minimizing resource outflows through material re-use, and ensuring proper disposal. A key aspect of this commitment is reducing resource outflows related to our products by extending their lifecycle through servicing, repair and remanufacturing services. Through the integration of these circularity practices and a comprehensive waste management and recycling system, we can reduce our ecological footprint and shape a sustainable future.

We have set a goal to reduce the volume of hazardous and non-hazardous waste. Most of the waste we produce is generated at our manufacturing sites. In the current year, we were able to reduce our total waste volume by -4.5% (2023: -14.1%). In order to achieve

our goal of reducing waste by 10% by 2027 compared with 2021, we have launched and implemented various workstreams at our sites under a global waste reduction program. We strive to consistently measure, evaluate and reduce waste and implement recycling programs at all major sites. Local measures to further tackle waste reduction are linked to packaging, recycling stations for paper, plastics, glass, metals and wood, and improved collaboration with suppliers. In the CSR network, country CSR managers share experience reports regarding these measures, which in turn inform programs in all our locations.

All waste from Flender companies is exclusively disposed of by qualified disposal companies. We carry out regular cross-checks on the information provided by each location, and we maintain international reporting in our environmental reporting tool. About 10% (2023: 11%) of hazardous waste and 84% (2023: 92%) of non-hazardous waste was either recycled or re-used.

WASTE (tons)¹

GRI 306-3, 306-4, 306-5 | ESRS E5-5

	NON-HAZARDOUS		HAZARDOUS		TOTAL	
	2024	2023	2024	2023	2024	2023
Total Waste	34,922	35,883²	6,429	7,424²	41,351	43,307
Waste diverted from disposal	29,621	33,079	625	818	30,246	33,897
Recycling	29,621	33,079	625	818	30,246	33,897
Waste directed to disposal	5,301	2,804	5,804	6,606	11,105	9,410
Incineration	4,965	2,451	5,199	6,133	10,164	8,584
Landfill	336	353	605	473	941	826
Total non-recycled waste	5,301	2,804	5,804	6,606	11,105	9,410
In %	15%	8%	90%	89%	27%	22%

¹As of this report, rubble is no longer reported separately but is included in the non-hazardous and hazardous waste KPI. In doing so, we are aligning with ESRS methodology.

²Corrected data input for 2023, as an incorrect assignment of a waste type occurred last year. The correction results in less hazardous waste and more non-hazardous waste for FY2023, accounting for 3% of total non-hazardous waste after correction.

-18%

Since 2022, we were able to reduce our total waste volume by -18%.

OUR APPROACH TO WATER USE AND WASTEWATER

GRI 303-2 | ESRs E3-3 | SDG 6.3

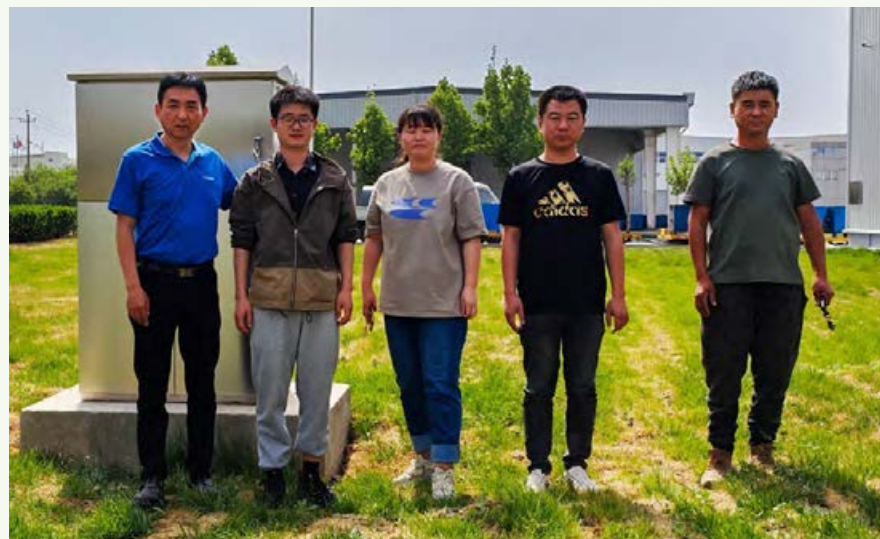
Water is a vital resource and is not available in sufficient quantity and quality everywhere in the world. We are therefore committed to the sustainable and efficient use of water.

At our production sites, water is mainly used for surface treatment processes, washing, rinsing and cleaning, as a coolant or for non-production-related purposes such as sanitary water, drinking water in the canteen and in construction projects. Wastewater is usually discharged into the public sewer system and then treated in local sewage treatment plants.

Recently we have initiated our global water efficiency program. In 2024, we analyzed our water and wastewater streams and continued to implement various water-saving measures at our sites to improve water efficiency. These include regular testing and maintenance of appliances, rainwater collection, and installation of water meters.

We are counting on our employees and partners and are including them in the management process to find possible measures to further improve our water use efficiency. Similarly to our approach with the global waste reduction program, country delegates report their experiences to the CSR network which informs further action at our other locations.

CASE STUDY



FLENDER CHINA: IMPLEMENTATION OF RAINWATER COLLECTION SYSTEM

Flender China's innovative rainwater collection system was constructed in 2024 to reduce water usage and costs. This includes large buckets for rainwater re-use and two underground reservoirs with a combined capacity of 1,000 m³. These reservoirs can be replenished after moderate rainfall and are projected to save at least 4,000 m³ of water annually.

The collected rainwater is now used for irrigation, replacing tap water. A convenient tubing system has been installed for easy access, improving efficiency for workers, reducing water costs for the company and – above all – supporting sustainable water management within the company.

OUR WATER CONSUMPTION

GRI 303-1, 303-2, 303-3, 303-4, 303-5, 306-1 |
ESRS E3-4, E3-3, E5-4

The primary source of water at all our sites is municipal supply. At some sites, water from surface and ground water is used for cooling processes. A total of 403.3 megaliters (ML) or 403,333 m³ (2023: 432.5 megaliters (ML) or 432,550 m³) of water was withdrawn worldwide in 2024, of which 60% (2023: 56%) came from freshwater supply and 40% (2023: 44%) from groundwater withdrawal. This means an overall decrease in our water withdrawal of 6.8% (2023: 10.5%).

Total water consumption from the municipal supply (third-party water) has remained at a stable level in 2024 after a significant increase in the preceding year, due to the integration of Moventas – and a large increase in production and ongoing expansion projects (2023: almost 6.5%).

We have already optimized our water management in recent years, and it is checked annually. In 2022, we set ourselves a specific goal of reducing our water withdrawals by 10% by 2027. Our global water efficiency program will help us to consistently minimize our water consumption at all sites in the future.

The total and specific wastewater volumes worldwide have also increased in the last four years due to the integration of Moventas, ongoing expansion projects (especially in Asia) and the significant increase in production. As our output is contaminated wastewater, prior in-house pretreatment is required before the wastewater is discharged into the public sewage system.

For all treatment plants, we have the necessary approvals from the responsible water authorities and monitor the treatment and pollutant parameters for compliance with all specified discharge limit values. We do not discharge wastewater into natural bodies of water or groundwater.

-7%

Since the previous year, we were able to reduce our total water withdrawals by 7%.

WATER CONSUMPTION (m³)

GRI 303-5 | ESRS E3-4

	2022	2023	2024
Water consumption	2,710	19,353	15,224

WATER WITHDRAWAL (m³)

GRI 303-3 | ESRS E3-4

	2022	2023	2024
Total Water withdrawal	391,532	432,550	403,333
Fresh water supply	226,878	241,563	241,807
Groundwater withdrawal	164,654	190,675	161,074
Other water	0	312	452

WATER DISCHARGE (m³)

GRI 303-4 | ESRS E3-4

	2022	2023	2024
Total wastewater	388,094	413,197 ¹	388,109
Sanitary wastewater	202,563	150,110	139,701
Production wastewater pretreated	5,180	7,160	8,762
Production wastewater not pretreated	3,091	4,194	4,222
Evaporation	9,135	29,028	33,275
Discharged cooling water	137,475	182,098	132,756
Other	30,650	40,607	69,393

¹ In the last report, we incorrectly reported a total wastewater of 357,529.33 m³. The correct total for 2023 is 413,197m³, as now corrected.

5.4 EU TAXONOMY

EU TAXONOMY: ENVIRONMENTAL OBJECTIVES



1. Climate change mitigation



2. Climate change adaptation



3. The sustainable use and protection of water and marine resources



4. The transition to a circular economy



5. Pollution prevention and control



6. The protection and restoration of biodiversity and ecosystems

With the European Green Deal from 2019, EU member states set themselves the goal of achieving climate neutrality by 2050. To achieve this goal, it is necessary to steer financial flows and investments toward sustainability. This will possibly be done with the help of the EU taxonomy – a set of rules that defines the binding standards for sustainable management.

With the implementation of the CSRD, Flender will be obliged to create a sustainability report and align with the EU taxonomy in the short-term future. The current status of the requirements will not affect us before fiscal year 2026. However, we are already now preparing for the requirements of the EU taxonomy, so that we can be ready to report our economic activities for the EU taxonomy regulation related to the established six environmental objectives in the future.

In a first step, we have screened our operations and corresponding revenues, as well as our capital and operational expenditures of our reporting year for taxonomy-eligibility. This term refers to all revenues and expenditures which fall under the scope of the EU taxonomy and contribute to one of the six environmental objectives. In the reporting period, 57% (2023: 56%) of our revenues, 57% (2023: 55%) of our operational expenditures (consisting of maintenance and renovation expenses), as well as 66% (2023: 72%) of our capital expenditures were taxonomy-eligible.

In the coming years, we will additionally assess our taxonomy-alignment, for which three additional criteria have to be met. Namely, this concerns activities that also meet the technical screening criteria laid down in the EU taxonomy, do no significant harm to the other objectives and comply with the minimum social safeguards described in the EU taxonomy regulation.

FLENDER'S TAXONOMY ELIGIBILITY IN 2024:

57%

of revenue
(+1pp vs. PY driven by growth in the segment Wind)

57%

of OpEx
(+2pp vs. PY following the growth in the segment Wind)

66%

of CapEx
(-6pp vs. PY driven by relatively lower expansion investments in the segment Wind)

6 SOCIAL

IN THIS SECTION

- 6.1 Our own workforce 67
- 6.2 Workers in the value chain 87



6 SOCIAL

WE MOVE THE WORLD BY:

- Moving and growing together
- Expanding knowledge and further training
- Promotion of inclusion and belonging
- Strengthening our employee engagement
- Raising the standard
- Creating trust and safety
- Promoting fair working conditions in the value chain

Our company acknowledges the central role of social responsibility in the value chain, within our organization, and in the broader societal context. We are therefore committed to understanding and addressing the impacts of our business activities on employees, communities and other stakeholders. We continue to view our workforce as a key priority, ensuring good and safe working conditions and strong development opportunities. Additionally, our complex supply chain involves many individuals who may not be directly employed by us but still contribute to our operations. We recognize our responsibility in this area and are committed to upholding high social standards throughout our value chain. Our areas of focus will follow the IROs that we identified as material in the double materiality analysis.





OUR EMPLOYEES

continue to be our top priority, as we want to offer them good and safe working conditions as well as excellent development opportunities.



MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO SOCIAL ASPECTS

GRI 3-3, 408-1, 409-1 | ESRs S1.SBM-3, S2.SBM-3

Sub-topic according to ESRs	Description of Impact, Risk or Opportunity (IRO)	Type of IRO
 Working conditions of own workforce	Health and safety incidents (own operation)	Potentially negative impact
	Managing challenging working conditions in production (safety)	Potentially negative impact
	Working conditions during own production (especially social aspects)	Potentially positive impact
 Equal treatment and opportunities for own workforce	Qualification, training and development	Actual positive impact
	Safeguarding good working conditions in offices	Actual positive impact
	Diverse workforce and equal opportunities	Potentially positive impact
	Potential financial benefit due to employee development	Opportunity
	Benefits of diversity in the workforce	Opportunity
 Other work-related rights for own workforce	Data security regarding employee data	Potentially negative impact
 Working conditions for workers in the value chain	Working conditions in the value chain (suppliers)	Potentially negative impact
	Health and safety in the value chain (supply chain)	Potentially negative impact
	Human rights violations in the value chain	Potentially negative impact

TARGETS RELATED TO SOCIAL ASPECTS

GRI 3-3, 403-6 | ESRS S1.MDR-T, S2.MDR-T, S1-5, S2-5

To manage these topics, we identified targets for short-, mid- and long-term development (see table on the right). Measures and KPI will follow in the ongoing process.

¹ eNPS: The Employee Net Promoter Score (eNPS) is a widely used metric in HR used to measure employee engagement and loyalty toward a business. Scoring ranges from -100 to 100.

² The delay can be attributed to unplanned internal resource shortfalls, namely personnel changes in a key ISO function and a change of the global certifier.

³ Target value was adjusted from 84% to 70% for 2026 as new locations were included due the recent acquisitions of our locations in India (Walajabad) and Finland.

⁴ In 2023, a human error led to the incorrect reporting of 87.7% instead of 60.9% coverage for FY23. Our documentation has consistently recorded both KPIs: "employee-related" and "location-related" coverage of our ISO matrix certification. The mistake occurred when the correct value for employee coverage was mistakenly submitted in place of the location coverage, which is subject to the defined target.



Working conditions of own workforce

Existing Targets	Status FY 2024
Achieve an overall participation rate (PR) of 75% by 2027 and 80% by 2030 and an Employee Net Promoter Score (eNPS) ¹ of 55% by 2027 and 60% by 2030	PR 2024: 71% eNPS 2024: 54%
Reduction of the global total Recordable Injury Rate (TRIR) to the value of 1.40 by 2023, 1.20 by 2027 and <1 by 2030	2024: 1.74
Conduct specific customized EH&S compliance audits and training to increase awareness in every location and department by 2027	Postponed to next year ²
Audits & CIP: Timely completion of actions >85% by 2027 and >90% by 2030	2024: 76%
Implementation of the global Flender Matrix certificate for the ISO standards 9001 QM and 14001 Environment and 45001 Health and Safety in our certified locations: 70% ³ (2026) and 100% one common global ISO certifier for the entire Flender organization (2030)	2024: 63% ⁴
New Target	
Define strategy for living wages by 2027	



Equal treatment and opportunities for own workforce

Existing Targets	Status FY 2024
Achieve the number of training hours per employee by 20 hours/year by 2027 and 25 hours/year by 2030	2024: 18h per employee
Proportion of women in the workforce: 20% by 2027 and 25% by 2030	2024: 15%
Proportion of women in manager positions: 27% by 2027 and 33% by 2030	2024: 12%
New Targets	
Define strategy for equal pay for equal work by 2027	
Establish a cross-cultural/cross-location development program for global talents by 2026	



Working conditions in the value chain

Existing Targets	Status FY 2024
Key suppliers have signed our Code of Conduct: 100% by 2027	2024: 99%
CSR conformance rate: 50% by 2025 and 100% by 2030	2024: 24%
New Targets	
Provide human rights training to high-risk suppliers by 2026, and extend such training to relevant medium- and low-risk suppliers by 2030	
Develop transparency of certified health and safety program of suppliers by 2027	

6.1 OUR OWN WORKFORCE

SDG 5.1, 8.5, 10.3

Employer of Choice – how we attract and retain talents

ESRS S1-1

A sense of togetherness, teamwork, mutual appreciation and support, a strong community, and a common passion for our products, our business partners and customers. This is what Flender and our employees around the world – our “Flenderans” – stand for, and they are who we call “the heart” of our company and the basis for our more than 125 years of corporate success.

In today’s job market, we encounter numerous challenges. In our digital, interconnected world, remote work is increasingly feasible. While this offers many benefits, it also amplifies the competition for top talents to unprecedented levels. Given the decrease in the number of younger people, it is vital to find ways to attract the right people to work for Flender, namely those talented individuals who are eager to grow with us; who can identify with our company values and goals; and who are eager to join us in moving the world toward a sustainable future. This is especially important as these days young talented individuals have different expectations about work and what it means, compared with previous generations.

To counteract this development, Flender is committed to continuously investing in and

strengthening its global employer brand. Recognizing that a strong brand is built on clear values, we launched a strategic initiative in 2023 to define our unique Employer Value Proposition (EVP). Through global workshops, we engaged employees across locations to gain a comprehensive understanding of what it means to be part of Flender – both practically and emotionally. This initiative aims to enhance employee engagement, foster a strong sense of belonging, and increase long-term loyalty, ultimately contributing to greater job satisfaction and lower staff turnover.

OUR CSR GOALS AS EMPLOYER OF CHOICE

Considering all impacts, risks and opportunities, our aim is to be and remain the Employer of Choice for current and also potential employees. With a history of more than 125 years and around 9,000 people at 33 locations worldwide working for Flender, we are fully aware of our corporate responsibility. It is our aim to offer people the opportunity to develop to the best of their ability. We also carry our values and goals beyond the boundaries of the company. As a globally active company, we see ourselves having a responsibility not only for our employees, but also for the partners and society with which we interact.

Inclusion and belonging (I&B), as being addressed in our I&B program, is only one focus topic with regard to our employees. Working conditions, as well as training and education are also central aspects of our CSR strategy and are building blocks for a sustainable future. How we manage these topics is outlined in the **7 chapters “Working conditions” and “Equal treatment and equal opportunities for all”**.

Our employees¹

GRI 2-7, 2-8, 401-1 | ESRS S1-6, S1-7 |
SDG 5.1, 8.5, 10.3

In the reporting year, a total of 8,972 people were employed at Flender worldwide – 97% (2023: 97%) of them full-time and 89% (2023: 85%) on permanent contracts. After a slight increase in employee numbers in 2023, the decline in 2024 can be explained by multiple factors.

This development is predominately due to normal workforce fluctuation, particularly retirements, as many employees have enjoyed long and fulfilling careers at Flender. Additionally, the company has strategically adjusted its capacity while enhancing efficiency through innovation, automation, and digitalization. These advancements enable Flender to optimize workflows, improve productivity, and strengthen its position as a future-oriented employer.

At fiscal year-end 2024, we worked with 284 individuals who were not our employees² (2023: 188). Most of them were contract workers performing production work.

8,972

Employed
by Flender worldwide

97%

Full-time employees

89%

Employees on permanent
contracts

¹ Employees by headcount, as of the reference date from the personnel master data.

² This figure excludes apprentices, who are categorized as employees, but includes external consultants (white collar), temporary workers (production/assembly/logistics). A distinction within this figure is currently not possible, but the system will be adjusted in the future.

CASE STUDY



CELEBRATING 125 YEARS OF FLENDER – A GLOBAL MILESTONE

In 2024, we proudly celebrated 125 years of Flender with our colleagues, partners, and customers around the world. From Bocholt to Tianjin, from Taipei to our international sites, this milestone was honoured in a way that reflects our global unity, shared values, and forward-thinking spirit.

Each location brought its own unique touch to the festivities, highlighting the local culture, history and achievements that have shaped our journey. Our anniversary was not just a celebration of our past but a testament to the strength and dedication of our employees, whose unwavering commitment has driven our success for more than a century.

Whether through grand ceremonies, employee events, or special initiatives, the Flender family came together to mark this significant occasion. With 33 international sites joining in, our global presence was stronger than ever, symbolising our unity in innovation and progress.

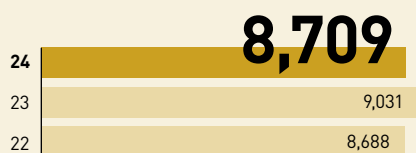
As we continue to move the world, we look ahead to the future – built on 125 years of excellence, driven by passion and strengthened by the bonds we share.



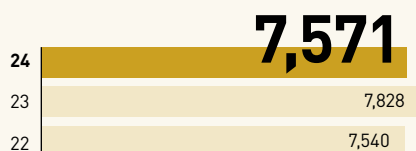
FLENDER EMPLOYEES IN NUMBERS

GRI 2-7 | ESRS S1-6

Total employees on full-time contracts



Full-time contracts – male



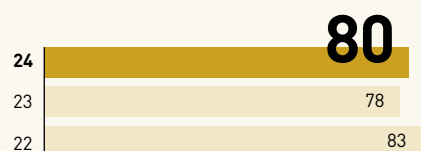
Full-time contracts – female



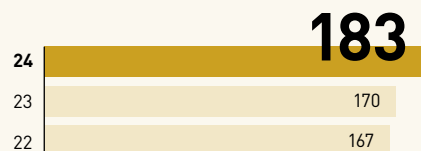
Total employees on part-time contracts



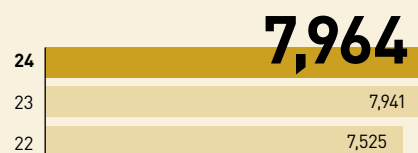
Part-time contracts – male



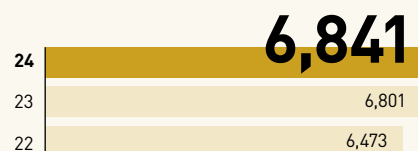
Part-time contracts – female



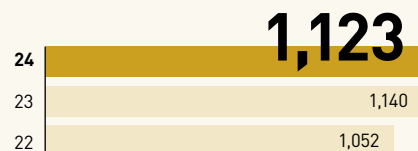
Total employees on permanent contracts



Permanent contracts – male



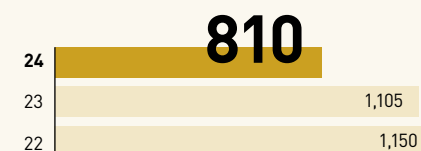
Permanent contracts – female



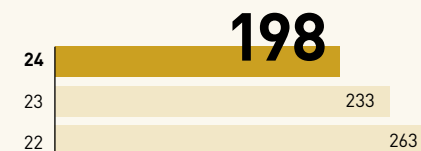
Total employees on fixed-term contracts



Fixed-term contracts – male



Fixed-term contracts – female

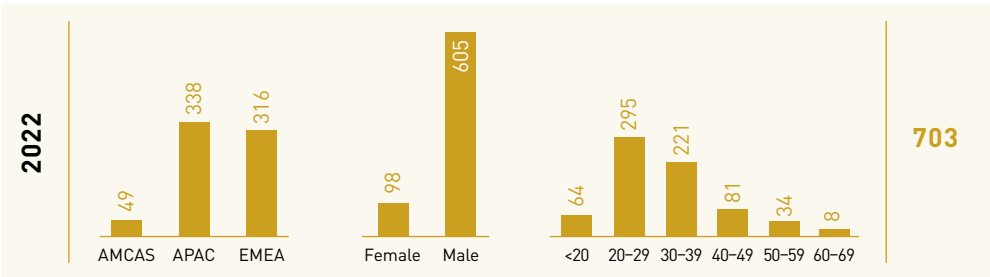
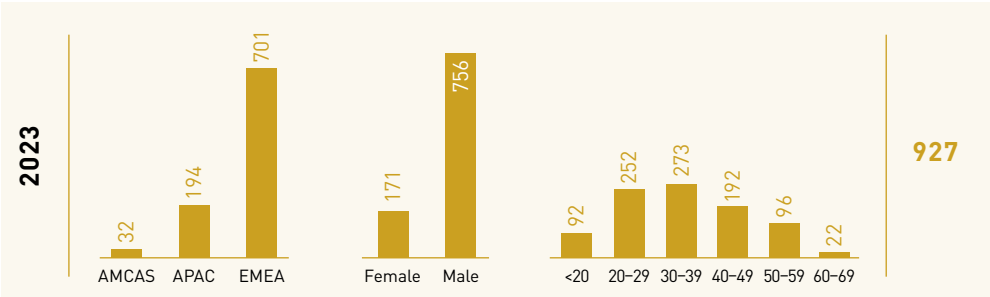
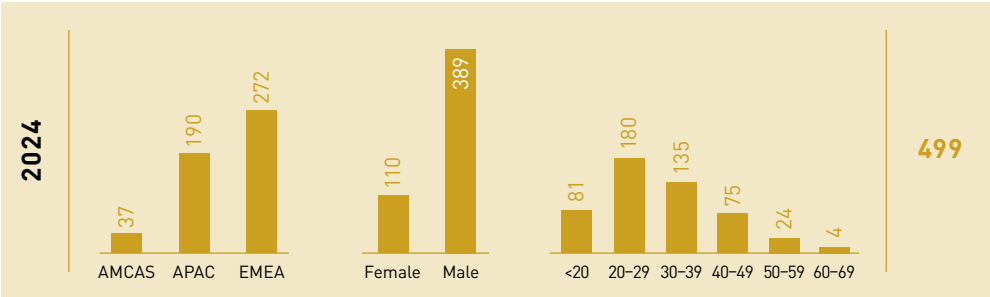


NEW HIRES AND EMPLOYEE TURNOVER

GRI 401-1 | ESRS S1-6

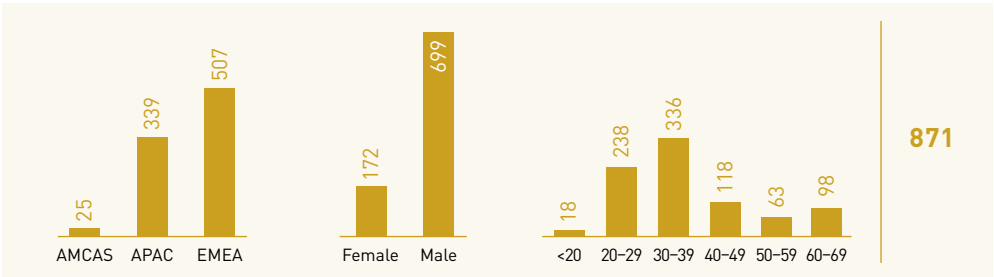
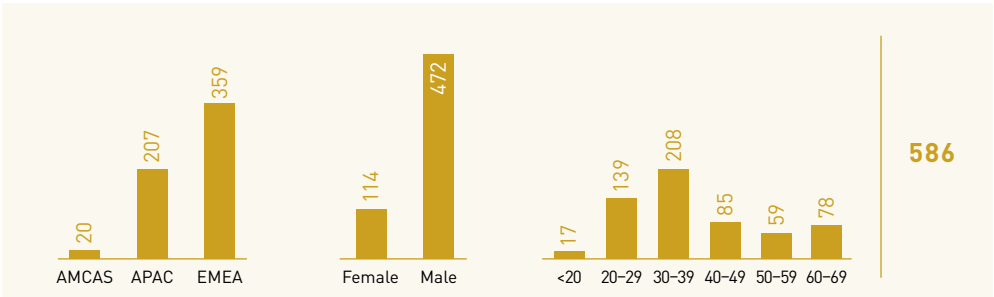
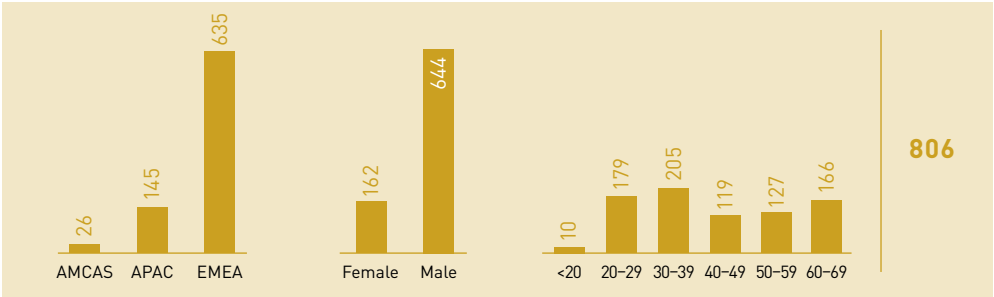
NEW HIRES

Year	By region 	By gender 	By age group 	Total
------	---	---	--	-------



EMPLOYEE TURNOVER

By region 	By gender 	By age group 	Total
---	---	--	-------



THE IMPORTANCE OF EMPLOYEE SATISFACTION

We all work in a dynamic environment with constant changes and new opportunities. Our environment requires employees to be flexible and proactive not only to contribute to the success of the company, but also to shape a sustainable future. To understand the needs of our employees, we have been conducting global employee surveys regularly since 2021. In 2024, we launched our third survey. All Flender employees are eligible to participate. In our surveys, we not only inquire about employee satisfaction and topics such as commitment, meaningful work and peer relationships, but also include topics related to employee wellbeing.

In 2024, the focus was on questions relating to I&B at Flender. We are very proud of the fact that we not only achieved a very high score of 8.2 in the I&B area for satisfaction but were also 0.2 above the benchmark. In particular, the feeling of belonging (8.1) and the feeling of being valued (7.9) were particularly high in comparison to the benchmark (0.6 and 0.5 respectively).

By participating in the survey, employees can help shape their personal work environment while contributing to the overall success of the company. Together, we want to create a workplace that promotes growth, collaboration and wellbeing for everyone.



IDEA MANAGEMENT AT FLENDER

GRI 2-29 | ESRs S1-2

A healthy work environment also includes individual participation in driving the company's progress. At Flender, there are opportunities to introduce new ideas and innovations via our idea management program. The ideas are then assigned to the department which might benefit most from the idea. Each idea is then assessed for implementation opportunities, and, if implemented, the benefits are captured with a proportion of the benefit passed on to the submitter as a financial bonus.

Since July 2023, two-thirds of the workforce have been using a unified idea management tool. This includes Germany, Austria, Serbia

and India. Regular contact is maintained with other countries, such as China, to exchange ideas with global potential. A further rollout of the idea management tool is under review.

In 2024, our colleagues using the common idea management tool worldwide submitted a total of 1,913 (2023: 963) ideas for improvements, and 49% (2023: 62%) were realized.

The significant increase in submitted ideas is primarily due to the system's implementation in Serbia last year. Many ideas were in the queue and have been entered and evaluated in the new system. Last year 30% of the completed ideas included inputs on the topic of EHS. Such numbers make us eager to see the valuable ideas

our colleagues will submit in the future. We express our sincere appreciation to all our "Flenderans" for their valuable input and ideas.

1,913 IDEAS

were submitted by our
colleagues in 2024.

Working conditions

ATTRACTIVE WORKING CONDITIONS

GRI 401-2, 401-3, 405-2 | ESRS S1-16, S1-11, S1-15

Our aim is to reward the performance of our employees fairly, appropriately and in line with applicable benchmarks within the sector. Our compensation packages, regularly reviewed for competitiveness, are based on the requirements of the position, education and the performance of the individual employee. These also include the appreciation of work with a corresponding wage adjustment to support the development of each employee.

As we are aware of possible gender-specific differences in remuneration, we started a project to compare job descriptions and requirements. Even though we are sure that we do not have systematic discrimination, we want to take this topic seriously and aim to pay everyone fairly, regardless of gender or any other distinction.

As a global operating company, wage differences exist between locations. Accordingly, we are also looking at the topic of living wages in prospective countries. By 2027, we aim to finalize a strategy to manage this topic systematically. It is our goal to analyze living wages in detail, to guarantee financial safety to all our employees.

No matter on which site our “Flenderans” work for our corporate success, we appreciate it. This is why we also pay financial bonuses every year, ensuring everyone benefits.

In addition, depending on the location, various additional benefits such as car and food allowances, childcare allowance, collective bargaining success components and pension schemes are offered.

We place a lot of emphasis on a healthy work-life balance for our employees. Flender offers various parental leave, childcare and home-office arrangements, depending on the country and location. At our German sites, we offer flexible working options and childcare for our employees. If possible, we offer this to all staff returning after parental leave. During the reporting year, 132 men and 47 women in Germany took parental leave.¹ 143 male and 25 female employees returned to work after their parental leave ended.

PERFORMANCE MANAGEMENT

GRI 404-2, 404-3 | ESRS S1-1, S1-13

Closely linked to the personal development of our employees, the giving and receiving of feedback is a high priority. In March 2023, we introduced “Compass Dialog”, a global structured feedback process. In addition to facilitating mutual feedback, it encourages reflection on cooperation and

the establishment of non-financial development and performance objectives. The performance and potential rating, another part of the Performance Management process at Flender, evaluates an employee’s performance and potential in the current financial year. Based on the rating, targeted

measures are derived to systematically support and develop employees.

The Compass Dialog and performance, as well as potential rating for all employees, takes place once a year.



¹ Parental leave is granted in other regions as well. Although data availability is limited, we aim to report this figure more comprehensively going forward.



HEALTH AND SAFETY

GRI 403-1 | ESRS S1-1 | SDG 3.9, 8.8

Flender's global environmental, health and safety management system (EHS) is used to analyze, evaluate and eliminate or minimize all EHS risks. We comply with and exceed legal requirements and standards worldwide, as well as local EHS regulations.

Our central EHS department is responsible for our EHS management system and reports directly to the CEO. Local EHS experts ensure that our global sites comply with all laws and regulations relating to EHS protection and initiate projects and campaigns on site.

We have also been working on keeping up our worldwide third-party safety-related certification for around 15 years to meet current and future requirements and constantly improve our management systems. In 2024, we continued to work on improving data transparency and systems in our internal and external networks, especially regarding our key performance indicators, like TRIR (Total recordable incident rate). We have established monthly reporting to the top management at group and country level for improved transparency and communication of critical information.

As producing industrial company with almost 9,000 employees, many of which working in production capacities, health and safety is a particular focus topic. The targets integrated in the table at the beginning of the **7 chapter "Social"** show the ongoing dedication and ambitions related to the topic.

Health and safety management

How to do: Continuously optimizing the status quo

Together with our internal and external network partners we work continuously to improve our management systems in the areas of quality, environmental protection and occupational safety. The work's effectiveness is shown by our having had no legal violations of occupational safety and environmental regulations at our sites. We have achieved this through continuous tracking and root cause analysis. Our EHS network ensures that subsequent findings are shared throughout the company.

NO LEGAL VIOLATIONS

of occupational safety and environmental regulations at our sites in 2024.

OUR EHS MANAGEMENT SYSTEM: HIGH STANDARDS, LEARNING AND DEVELOPING TOGETHER

GRI 403-1 | ESRs S1-1

Our central EHS team and our local EHS experts form a common, interdisciplinary network. Monthly meetings are held with all those responsible for EHS, where we discuss incidents, security factors and KPIs, derive appropriate measures and work to constantly improve our system – all driven by the principle of learning from and with one another.

We have established a worldwide common EHS management system with reference to ISO 14001 and ISO 45001, which ensures standardized, shared processes for all sites. Once a year this management system is audited by a third-party certification body (DQS, Frankfurt) to maintain our multi-site ISO 14001 and ISO 45001 certificates (Matrix certificates). In the reporting year, we carried out audits for Chennai and Kharagpur (India), Penig and Bocholt (Germany), and Tianjin (China). Overall, we have not identified any legal violations of environmental laws and regulations at any of our sites.

OUR APPROACH TO INCREASING OCCUPATIONAL SAFETY AND AVOIDING INCIDENTS

GRI 403-2, 403-4, 403-5, 403-8, 403-9 |
ESRS S1.MDR-A, S1-3, S1-14

At Flender, we see our employees as our most important asset. Safe jobs, avoiding incidents at work and promoting the health of our employees are of central importance. This is how we protect our people – our priority and a key factor in our CSR strategy.

We continually invest in resources and have created a database to maintain a high level of health and safety awareness and compliance, and to ensure that all our manufacturing facilities meet stringent safety standards and requirements.

Around 99% of employees in our material locations are covered by our occupational health and safety management system, which is certified according to ISO 45001. This includes 100% of our production and service sites but excludes sales offices.

In addition, we are working toward a full, Flender-wide matrix certification by 2030. In 2024, 63% of locations were included.

With site- and country-specific training courses, we are increasing the overall safety awareness of our employees. All our staff is required to complete mandatory health and safety training annually, with the scope of this training dependent on the respective function of the employee. We also offer a wide range of support to maintain and promote the physical and mental wellbeing of our employees. Depending on the site, various additional measures are adopted.

We also see health and safety as a shared responsibility. We therefore regularly involve all employees in the topic of occupational safety:

- In addition to our location-specific quarterly occupational safety meetings and monthly health working group, employees are involved in risk assessments and the follow-up to accidents, along with the corresponding manager and an EHS expert.
- Employees can use the idea management concept (to submit suggestions for improvement on this topic [\(↗ see section “Idea management at Flender”\)](#)).

- Sites have an established reporting system in which all employees can document and report unsafe conditions or hazards in occupational, environmental and health protection. These threats are then reviewed and the necessary measures to manage any risks are implemented across the organization.

In 2024, 109 accidents were reported and successfully solved (2023: 87, 2022: 90).

Employees from external companies receive onboarding training for the site and carry out risk analyses together. After an accident involving an employee from an external company, an accident follow-up is carried out with all those involved.

CASE STUDIES

FLENDER INDIA: DIGITALIZED PROGRAM FOR SYSTEMATIC HEALTH CHECKS

Flender India has implemented a digitalized program to streamline health checks and introduce a comprehensive wellness process for employees. This initiative addresses several challenges, including sporadic health checks, manual interventions, minimal transparency and a lack of follow-up procedures for health improvements. Additionally, the absence of a holistic wellness program highlighted the need for a structured approach to employee health and wellbeing.

Key improvements resulting in a workflow:

1. Health check digitalization: Employees now receive automated notifications via the HR management system one month before their health check due date, ensuring timely awareness and preparation.

2. Employee ownership: Employees can book their health check appointments independently at their preferred locations, fostering greater autonomy and convenience.

3. Automated scheduling: The HR management system automatically closes the health check cycle and schedules the next due date, ensuring continuity without manual intervention.

This initiative, amongst others, in this program fosters a culture of wellbeing by prioritizing employee health.



1. Health check digitalization



2. Employee ownership



3. Automated scheduling

FLENDER CHINA: ENVIRONMENT, HEALTH & SAFETY (EHS) DIGITAL PLATFORM

At Flender China, in 2024 the Environment, Health & Safety (EHS) function established a dedicated section within the company's intranet, providing employees with easy access to EHS information and resources. The EHS website, accessible via the company internal homepage, serves as a centralized platform to enhance awareness, foster communication and support a strong safety culture. Topics include, for example, rules and regulations, and upcoming events concerning safety and health.

SAFETY CERTIFICATIONS AND INCIDENT COUNTS AT OUR SITES

GRI 403-1, 403-2, 403-9, 403-10 |
ESRS S1-1, S1-3, S1-14

Our safety standards are based on international standards and are firmly anchored in our management system. All our production facilities and service locations are certified according to the ISO 45001:2018 standard for occupational health and safety. The certification process helps us to identify weaknesses and potential for improvement.

In addition to these legal requirements, all indications and deviations from the audits are tracked, implemented and remedied with appropriate measures. We monitor our EHS KPIs, including the number (by type) and frequency of incidents, incident severity, near misses and lost-time incidents.

Our accident-related downtime increased by 34.5% worldwide (2023: -9.1% 2022: -38.1%). After detailed analysis, we couldn't find specific causes which is why we continue to raise awareness across all locations. By continuously adapting to new safety requirements now and in the future, we aim to provide a safe working environment for everyone.

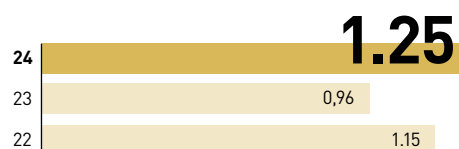
In addition, our occupational diseases remain scarce: Three cases in the past three years.

We maintain zero work-related fatalities.

HEALTH INCIDENTS AND LOST TIME

GRI 403-2 | ESRS S1-3

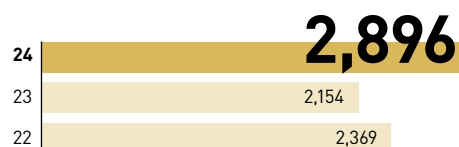
Lost time injury frequency rate (LTIFR)



Total recordable injury rate (TRIR)¹



Lost time days (LTD)

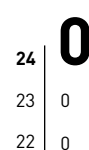


¹ Per 200,000 hours worked

Occupational diseases



Work-related fatalities



EMPLOYEE RIGHTS AND COMPLAINTS MECHANISM

GRI 2-26, GRI 2-30 | ESRS S1-3, S1-8 |
UN GC Principle 3

Through our Business Conduct Guidelines (BCG), we ensure that all employees are aware of their rights to engage in unions and union activities. Our employees are also guaranteed free participation in collective wage agreements and collective bargaining. All employees of Flender GmbH and Flender International GmbH in Germany are paid according to the IG Metall collective agreement unless they are paid outside of the collective agreement. Flender Industriegetriebe GmbH (Penig site) has an in-house wage agreement. In China and USA, the employees are also represented by unions, however, no collective agreements are installed there. No record of complaints or violations of the Business Conduct Guidelines relating to association and representation rights has been made in the past year.

Apart from feedback systems or performance dialogs, employees are always enabled to raise complaints if needed. Through Flender's reporting tool "Tell Us", all employees are invited to report complaints anonymously. This tool is made available via our website to all stakeholder and internally via our company-wide intranet and is accessible in ten different languages. **For more information see the section »Our "Tell Us" compliance reporting system« in the "Governance" chapter.**



Equal treatment and equal opportunities for all

SDG 5.1, 5.5, 8.5, 10.3

INCLUSION AND BELONGING

GRI 406-1 | ESRS S1-1, S1-17 | SDG 5.1, 5.5, 8.5 |

UN GC Principle 6

We believe that inclusion and belonging (I&B) enriches the workplace and significantly benefits overall business performance. I&B is not only the right thing to do as humans but also makes our company more innovative and resilient and is therefore a priority area of Flender's CSR approach.

Around 9,000 people from a wide variety of nations work together at Flender in 33 countries worldwide, and we have always been a company characterized by diversity. We aim to establish a culture in which we find and promote personal development pathways for every employee, and in which everyone can make a valuable contribution to the development of our company.

As we embrace and encourage each individual's differences, their life experiences and their capabilities, we pursue a zero-tolerance policy toward discrimination based on age, gender, nationality, sexual orientation, religion, or any other characteristic.

The fight against discrimination is anchored in our Business Conduct Guidelines, Supplier Code of Conduct and corporate principles and affects not only employees, but also business partners, suppliers and customers. In 2024, Flender did not record any incidents of discrimination through the Flender "Tell Us" reporting tool. [Further details can be found in the "Governance" chapter.](#)

AROUND 9,000 PEOPLE

from a wide variety of nations
work together at Flender in
33 countries worldwide.

GLOBAL I&B PROGRAM

ESRS S1.MDR-P, S1-1

In 2023, we published our first annual global Inclusion and Belonging (I&B) program in response to input from the 2022 employee survey. With input from all departments and business units worldwide as well as our CEO, a I&B statement was published. Since then, this statement has been shared throughout the company and is part of the corporate culture:

At Flender, we value and promote **INCLUSION & BELONGING**. As “Flenderans”, we share a special spirit and aim to collectively move the world – irrespective of age, gender, nationality, sexual orientation, religion, or any other characteristic.

 DIVERSITY	 INCLUSION	 BELONGING
We are all unique. We know that our differences, namely our skills, experiences, perspectives and opinions, make us better, smarter, more innovative and ultimately successful. At Flender, we cultivate and foster a diverse workforce, now and in the future.	At Flender, we stand for fairness. We are committed to identify and eliminate barriers, ensure fair treatment, and ensure there are equal opportunities for everyone, regardless of status and identity. We strive to create and sustain a culture of inclusiveness characterized by mutual respect and appreciation.	At Flender, everyone shall feel safe, welcomed, accepted and valued for who they truly are. We want everyone to feel comfortable and to have a deep sense of belonging to Flender.

Regarding our I&B statement, in 2024 we created our I&B policy to set out Flender’s fundamental commitment to I&B and also list the responsibilities of employees, managers and the HR department. The policy provides guidance, consistency, accountability, efficiency and clarity on how I&B is pursued within our organization and is therefore itself a tool for increasing I&B at Flender.

In addition to these first steps, access to each topic is of great importance. The creation of a SharePoint enables all employees to find information about this program. The company language, which is in texts and photos, is also improved by using an inclusive, gender-neutral approach – not only for the creation of the I&B section, but also for general communication purposes. For such an important and comprehensive undertaking, it is equally important to have the management fully committed. In line with the motto “It begins with us”, the management convened and committed to serving as role models and embodying these cultural values.

To underline Flender’s commitment to I&B, we invest in great initiatives. We have been proud member of the UN Global Compact since 2022, and in 2023 we signed the “Charta der Vielfalt”, a German initiative to promote diversity in the workplace.

From this starting point, various measures influencing all business areas, especially recruitment, training and development, as well as stakeholder engagement, have been initiated. **➤ More details are provided in the “People Development” section.**

Our I&B initiatives apply in our approach to recruitment, selection, compensation and benefits, and professional development. We aim to develop a working environment where all employees have a responsibility to treat each other equally and with dignity and respect.

All measures have been made available to all “Flenderans” worldwide via our annual I&B program.

OUR MEASURES AND PROJECTS TO PROMOTE I&B

GRI 405-1 | ESRS S1.MDR-A, S1-4, S1-9

We support various initiatives to promote inclusion and a sense of belonging. Flender sponsors annual events to promote inclusion and belonging, which are open to employees and external visitors. Events in 2024 included:

CELEBRATING DIVERSITY DAY ON MAY 17

After signing the Charter of Diversity, we were part of the diversity day with our own poster campaign and checkpoints all over our Flender locations in Germany.



INTERNATIONAL WOMEN'S DAY



- Celebration and charity event at Flender Australia – collection of donations for Share the Dignity campaign
- Global celebration under the theme of #InspireInclusion

CULTURAL INCLUSION EVENTS



A local culture event was hosted at the newly acquired Finland production site to promote integration and collaboration as part of the global Flender community, by fostering intercultural relationships and teamwork.

WOMEN IN MANUFACTURING PROJECT

To provide equal opportunities, all women at the Subotica, Serbia, location, were explicitly invited to train for the positions of welders and brazing operators, positions typically filled by male employees.



ONE GLOBAL COMMUNITY – THE “FLENDERANS”

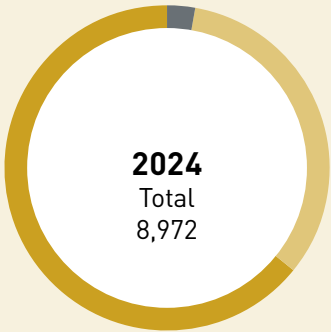


As part of the international Women@Flender event on November 5, we celebrated global collaboration and exchange between women at Flender.

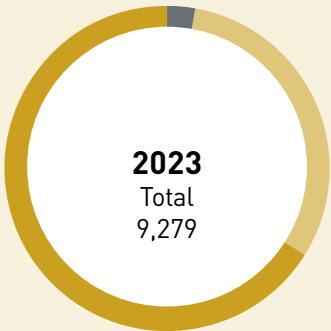
Information on employees

GRI 2-7 | ESRS S1-6

By region:



AMCAS	APAC	EMEA
238	2,958	5,776
3%	33%	64%

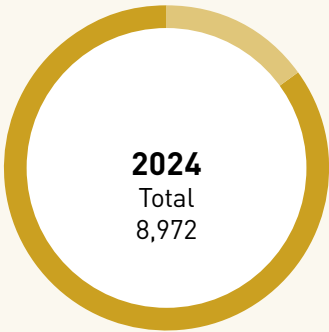


AMCAS	APAC	EMEA
3%	31%	66%

Information on employees

GRI 2-7 | ESRS S1-6

By gender and region:



FEMALE			MALE		
1,321 15%			7,651 85%		
AMCAS	APAC	EMEA	AMCAS	APAC	EMEA
21%	13%	15%	79%	87%	85%

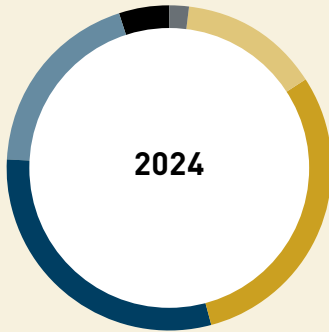


FEMALE	MALE
15%	85%

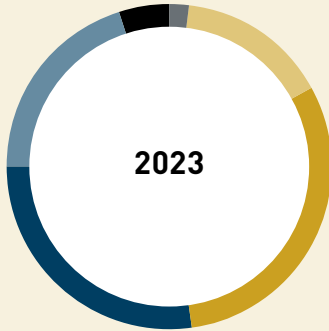
Diversity of governance bodies
and employees

GRI 405-1 | ESRS S1-9

Employees by age:



<20	20-29	30-39	40-49	50-59	>60
193	1,284	2,690	2,624	1,731	450
2%	14%	30%	30%	19%	5%

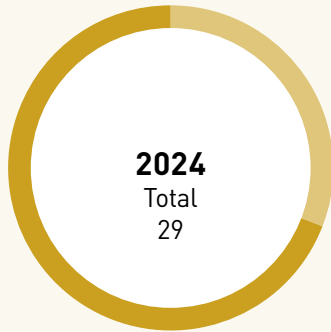


<20	20-29	30-39	40-49	50-59	>60
2%	15%	31%	27%	20%	5%

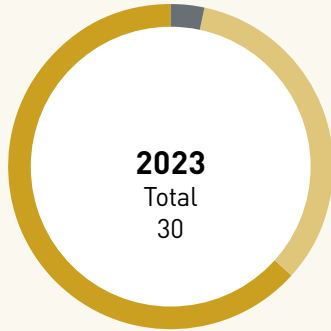
Diversity of governance bodies
and employees

GRI 405-1 | ESRS S1-9

Governance body members by age:



<30	30-50	>50
0	9	20



<30	30-50	>50
1	10	19

PROMOTION OF DIVERSITY

GRI 401-1, 405-1 | ESRs S1.MDR-A, S1-4, S1.MDR-T, S1-5, S1-6, S1-9 | UN GC Principle 6

At present, 15% of our employees world-wide are women, with around 12% in manager positions.¹ As part of our CSR strategy, we have set ourselves the goal of reaching 33% women in our manager positions by 2030 and will be planning suitable measures to achieve this.

The “Women@Flender” network, established over a decade ago, promotes equal opportunities and unbiased support for female employees, and facilitates discussions on personal development, leadership, new work and work-life balance through regular international meetings. The network is endorsed by the management through their presence at events, advocacy and sponsorship of initiatives. In recent years, the network has expanded internationally and there is a Serbian local network in addition to the German one.

At every other Flender location, women are offered the opportunity to network with other women as there is the “International Women’s Network” working group within Women@Flender. The highlight was the international network meeting in November, where six videos of Flender women were presented providing insights into their daily work, career paths and global collaboration.

¹ In the 2023 sustainability report, we reported this figure to be 11%. This was a rounding error. The correct figure for 2023 is 10%.

CASE STUDY

FLENDER GLOBAL: CELEBRATING INTERNATIONAL WOMEN IN ENGINEERING DAY

On June 26, 2024, Flender celebrated International Women in Engineering Day, honoring the contributions of women in engineering and encouraging more women to pursue careers in this field.

While women have historically been under-represented in engineering, this is gradually changing as more women choose technical careers, paving the way for future generations. Petra Beckmann, a training supervisor at Flender, highlights the importance of diversity: “Women bring different perspectives to tasks, enhancing diversity and innovation within companies.”

Women are equally capable of solving complex technical problems and driving innovation. It is essential to recognize and support their talents in engineering disciplines such as electrical and mechanical engineering and computer science.

Petra Wiersch, an engineer at Flender, stresses the need to redefine the image of engineering: “Engineering involves interdisciplinary, intercultural teamwork and developing exciting new solutions. It’s a dynamic and enriching career with something for everyone.” She recalls her decision to enter engineering with confidence and encourages others to take the leap.



We at Flender ensure age diversity around the world. We are proud that more than half of our new hires in 2024 were under the age of 30 (2024: 52%, 2023: 37%), showing that we continue to attract younger people into our workforce. We are equally full of admiration for our older staff and their commitment demonstrated by their frequently lifelong employment at Flender. Equal opportunities through mixed-aged teams is another important aspect for us. This is because employees of different ages bring different

skills, experiences and perspectives to the table, helping to increase innovation and creative problem-solving. The success and excellent reputation of Flender products have been made possible by generations of "Flenderans" throughout the company's entire history: It is our highly qualified, committed employees who have always been the key to innovative strength for Flender.

Our experienced older workers are truly experts in their specialist areas and share

their knowledge and train our younger employees. They offer mentorship and leadership, interpersonal skills, and have their own approaches to problem-solving which have proved their worth over many years. Our younger and older workers build teams that complement one another. This strengthens the company culture and loyalty among employees and ensures that the next generation of "Flenderans" are well equipped and receive precisely the skills and qualifications required

to continue Flender's success. We are convinced that, as with other forms of diversity, improving age diversity in the workplace has a direct impact on the success of Flender and is proved by its effects on employee engagement, retention and motivation. For example, the trainees benefit from the age diverse instructor team that brings network and experience as well as different perspectives, up-to-date technology know-how and a more easy way to connect with the young trainees.



Slobodan Sinadinovic
HEAD OF HR SERBIA

"I STRONGLY BELIEVE IN THE POSITIVE IMPACT AND SUCCESS THAT DIVERSITY FOSTERS."

Slobodan Sinadinovic

CASE STUDY

FLENDER GERMANY: EMPOWERING WOMEN THROUGH SELF-ASSERTION AND DEFENSE TRAINING

As part of our commitment to Inclusion and Belonging (I&B), in 2024 Flender hosted a special Women@Flender evening under the theme "Self-Assertion and Self-Defense". The event provided an opportunity for participants to learn practical techniques for handling challenging situations confidently and effectively.

Led by experienced trainers, the 1.5-hour session covered vital topics such as leveraging voice and body language, reacting to threatening situations with composure, escaping holds and grabs, and regaining control in critical moments. Through interactive exercises and group practice, participants explored these skills in pairs and small groups, making visible progress throughout the evening.



PEOPLE DEVELOPMENT

GRI 404-1, GRI 404-3, | ESRS S1.MDR-P,
S1.MDR-A, S1-1, S1-4, S1-13 | SDG 4.7, 8.2

With people development, we aim to enhance the strategic development of our employees. We offer continued education at the Flender Academy on site, but also online via on-demand webinars or lectures. In addition to mandatory training courses on occupational safety and compliance, as well as providing regular performance and career development reviews, we offer a wide range of specialist and personal development courses, for example on CSR, and maintaining mental health and personal wellbeing.

Motivated, satisfied and high-performing employees are our most important success factor. Our company operates in a very dynamic environment, with the demands on us as an employer increasing just as much they are on our employees. We see it as our responsibility to offer our employees an extensive range of training and further education that secures and promotes both their personal and professional skills.

Further development and continued education not only have personal and professional advantages for individual employees, but also secure our continued position as market leader. With well-trained specialists, we can enhance our ability to innovate and increase efficiency in all business areas.

Our HR vision is to be the Employer of Choice where people can develop and demonstrate their full potential. HR People Development supports the achievement of this vision by offering various training and development programs.

For example, a stand-alone and evergreen project management training program offers learning modules as diverse as the ways individuals learn, including in-depth videos, webinars and face-to-face training on the most important topics. Such training series have been established as a fixed learning component for all new project managers and project team members. Experienced project leaders with a history of handling large-scale projects can pursue

official certification for their expertise. The application process for this certification starts in the first quarter of each year.

According to our I&B actions and to highlight its importance, microaggression training has been mandatory for all managers worldwide. A total of 530 managers have completed the training. At the Elgin site in the US, 200 employees have also been trained on the topic of sexual harassment.

In addition to these special programs, HR has its own learning management system (LMS), which lists all training courses and records training needs. The LMS is also used at the local sites to conduct their

own training content and courses. This is implemented with the aim of raising awareness of various topics, training and developing employees, and adapting the training and cultural needs of the various locations. All employees have the opportunity to submit training requests to HR and receive support in selecting and planning in-house training courses.

On average, each employee took part in further training measures for 18 hours per year in 2024 (2023: 15; 2022: 11).

Of course, the training catalogue is constantly expanded and regularly updated to meet business requirements. A few excerpts from the training catalogue developed in 2024 are:

- Lean training
- Intercultural training for managers
- Efficient prompting for generative AI tools



YOUNG PROFESSIONALS AND TALENT MANAGEMENT

We are proud of our longstanding tradition of providing thorough professional education to our youngest employees at Flender. Throughout their educational programs, we offer personalized and optimal support, ensuring equal opportunities and assistance for those facing disadvantages. We highly prioritize the development and success of our young talents as they bring new perspectives into the organization and equip us with new, innovative ideas and perspectives. In the reporting year, 319 apprentices and trainees were working in various fields within the business including technical, commercial and administrative roles. To ensure the protection and wellbeing of minors in our programs, all trainers receive annual training to address the specific needs of underage apprentices and trainees and to remain mindful of their rights. Additionally,

minors are themselves educated about their rights and protections, empowering them to navigate their career at Flender with confidence. These key aspects are also documented in the apprentice information folder for easy reference.

Apart from this group, we aim to support talents in the best possible way on their journey at Flender. Our enhanced strategic people development includes better performance management, the continuous improvement of talents and manager programs, and mentoring mechanisms. From this, two initiatives implemented in 2024 are:

- **Program “Discover”**, aimed at young people with a high score in performance and potential. In this program, the talented individuals become more aware of their skills and “discover” their future potential role at Flender as a possible expert or leader.

- **Program “Lead”**, aimed at new managers or employees with management functions within the next six months. This mandatory training equips the participants with leadership basics and knowledge of change and culture, and future trends and how to deal with these.

There are two support industrial-focused programs to prepare talented employees for a possible management or specialist career:

- **“Go for Productivity”** program, aimed at industrial employees with a possible management perspective. This includes leadership and self-management seminars for 12 participants every year.
- **Industrial Development Program (IDP)**, a 2.5-year program aimed at Flender specialists and junior managers from production in which you work productively in up to 5 areas with the aim of broadening your horizons and network, understanding Flender better and contributing this experience to future roles.



Ronny Sparmann
HR LEAD GERMANY & EMEA

“WE HAVE ESTABLISHED A GLOBAL HR NETWORK TO SHARE OUR KNOWLEDGE AND ADOPT BEST PRACTICES FOR FLENDER.”

Ronny Sparmann



CASE STUDY



FLENDER GERMANY: FLENDER SHAPES FUTURE TALENTS

In 2024, Flender once again demonstrated its commitment to nurturing young talents by celebrating the successful graduation of 63 individuals from its training programs, including 45 apprentices and 18 dual students. With an average grade of 2.04 among the graduates and outstanding performances from dual students achieving top marks, these results reflect the high standards of Flender's talent development initiatives.

The graduation ceremony highlighted the importance of fostering the next generation of skilled professionals. Leadership and the works council commended the graduates for their achievements and stressed the critical role of quality education and training in addressing future challenges. The event also celebrated the teamwork and cultural experiences that are integral to Flender's training programs, with a guest speaker emphasizing the significance of tolerance and openness for societal and organizational success.



Other work-related rights

ESRS S1.MDR-A, S1-4

Flender places great emphasis on the privacy of its employees. The double materiality analysis in 2024 reaffirmed the significance of employee data privacy as a key CSR topic. The analysis, which integrates stakeholder perspectives and regulatory requirements, highlights the critical role of secure data handling in maintaining trust and compliance across the organization.

Employee data, including HR records, performance evaluations, and health-related information, is handled in strict compliance with applicable data protection laws including General Data Protection Regulation (GDPR) and other relevant regulations. The company ensures that all employee personal data is processed lawfully, fairly and transparently, with appropriate security measures in place to prevent unauthorized access or misuse.

A dedicated data privacy management system supports the secure handling of employee data, ensuring that only authorized personnel have access. To reinforce this, there is also a mandatory global data protection training that must be completed by all employees with a screen-based workplace.

By integrating robust technical and organizational measures, Flender guarantees a secure and compliant framework for handling employee data, aligning with both legal requirements and best practices in corporate data protection (for Flender's general approach regarding data protection, [↗ see the corresponding section in the chapter "Governance"](#)).

6.2 WORKERS IN THE VALUE CHAIN

SDG 8.7, 8.8

Flender operates within an intensive and complex value chain, engaging with a diverse network of suppliers, partners and stakeholders across the globe. As part of this interconnected network, Flender recognizes that its responsibilities extend far beyond its direct employees. It is indisputable today that companies, including Flender, must take greater accountability for the entire value chain, ensuring fair and

forward in this area and has accordingly identified the topic of “Workers in the value chain” as material for the first time. The underlying impacts, brought in by topic experts and proxies, can be aggregated to “Working conditions” and “Other work-related rights”, which incorporate human rights, health and safety, and labor standards within the supplier network.

Working conditions and other work-related rights

GRI 2-25, GRI 2-26 | ESRs S2.MDR-P, S2.MDR-A, S2-1, S2-3, S2-4

To safeguard fair working conditions, Flender adheres to its Code of Conduct, which serve as a binding framework for ethical business practices. These guidelines outline clear expectations for workplace safety, fair wages and equal treatment, ensuring that all workers in the value chain are treated with dignity and respect. Discrimination, forced labor, and child labor are strictly prohibited, and compliance with internationally recognized human rights standards, including the International Labour Organization (ILO) conventions and the UN Global Compact principles, is an integral part of supplier agreements (for Flender’s general approach regarding human rights, [see the corresponding section in the chapter “Governance”](#)).

To ensure appropriate implementation of our guidelines, Flender conducts regular risk assessments, audits and training sessions to ensure that suppliers and business partners meet Flender’s ethical and legal requirements.

Occupational health and safety also play a central role in Flender’s ambition regarding workers in the value chain. The company works closely with suppliers to enforce rigorous safety standards, ensuring that workers in the value chain operate in environments that minimize risk and protect their wellbeing. Digital tools and reporting mechanisms enable continuous monitoring of workplace safety, and grievance mechanisms provide employees at all levels with a platform (“Tell Us”) to voice concerns or report violations confidentially (for more details regarding the “Tell Us” platform, [see the corresponding section in the chapter “Governance”](#)). By embedding ethical working conditions into its value chain management, Flender is not only mitigating risks but also reinforcing its commitment to social responsibility. The company remains focused on improving transparency, strengthening due diligence processes, and driving long-term sustainability efforts to ensure that all individuals contributing to its business activities benefit from fair and safe working conditions.

In the reporting year, Flender made progress in meeting the requirements of the German Supply Chain Due Diligence Act (LkSG). Flender has been within the scope of the law since January 1, 2025 and has continuously implemented the required due diligence obligations as an integral part of our corporate governance structure as well as in the relationships with our business partners.

For this reason, a governance model has been developed for the implementation of human rights due diligence within the Flender Group that includes the Flender’s CSR Board as the “competent body” within the meaning of the LkSG, responsible for monitoring risk management. At an operational level, a Human Rights Working Group is responsible for the implementation of human rights due diligence obligations. This working group includes employees from various departments such as Compliance, Procurement, Quality Management, Human Relations, and CSR.

To further promote the protection of human rights within the Flender Group and to develop processes that exceed legal requirements, Flender participated in the Business Human Rights Accelerator program in 2024.

“TELL US”

our digital reporting tool gives also workers in the value chain a voice.

ethical working conditions for all individuals contributing to their operations, whether directly or indirectly. True to its pioneering spirit, Flender aims to take decisive steps

CASE STUDY

FLENDER GERMANY: BUSINESS HUMAN RIGHTS ACCELERATOR PROGRAM

As a participant in the UN Global Compact, Flender always aims to improve its impact. The UN Guiding Principles on Business and Human Rights represent the first global framework for addressing and preventing adverse human rights impacts linked to business activities. These principles are structured around three key pillars:

1. State duty to protect human rights:

Governments are responsible for protecting individuals against human rights abuses by third parties, including businesses.

2. Corporate responsibility to respect human rights:

Businesses must prevent, mitigate and address any human rights violations connected to their operations.

3. Access to remedy:

Victims of business-related human rights abuses must have access to effective remedies.

While these principles are non-binding (soft law), they serve as a foundational framework for corporate human rights accountability. Based on this, the organization offers a Business Human Rights Accelerator program to carry the principles into businesses.

Over six months (February–July 2024), the program provided participants with essential knowledge on:

- Identifying and assessing negative human rights impacts within the company
- Translating findings into actionable measures and assessing their effectiveness

- Engaging stakeholders constructively and implementing effective remediation mechanisms

- Communicating the company's commitment to human rights

In 2024, two Flender representatives successfully completed both online and onsite sessions. Participants were required to complete e-learning modules and submit an action plan to obtain certification.

**Targets regarding workers in the value chain**

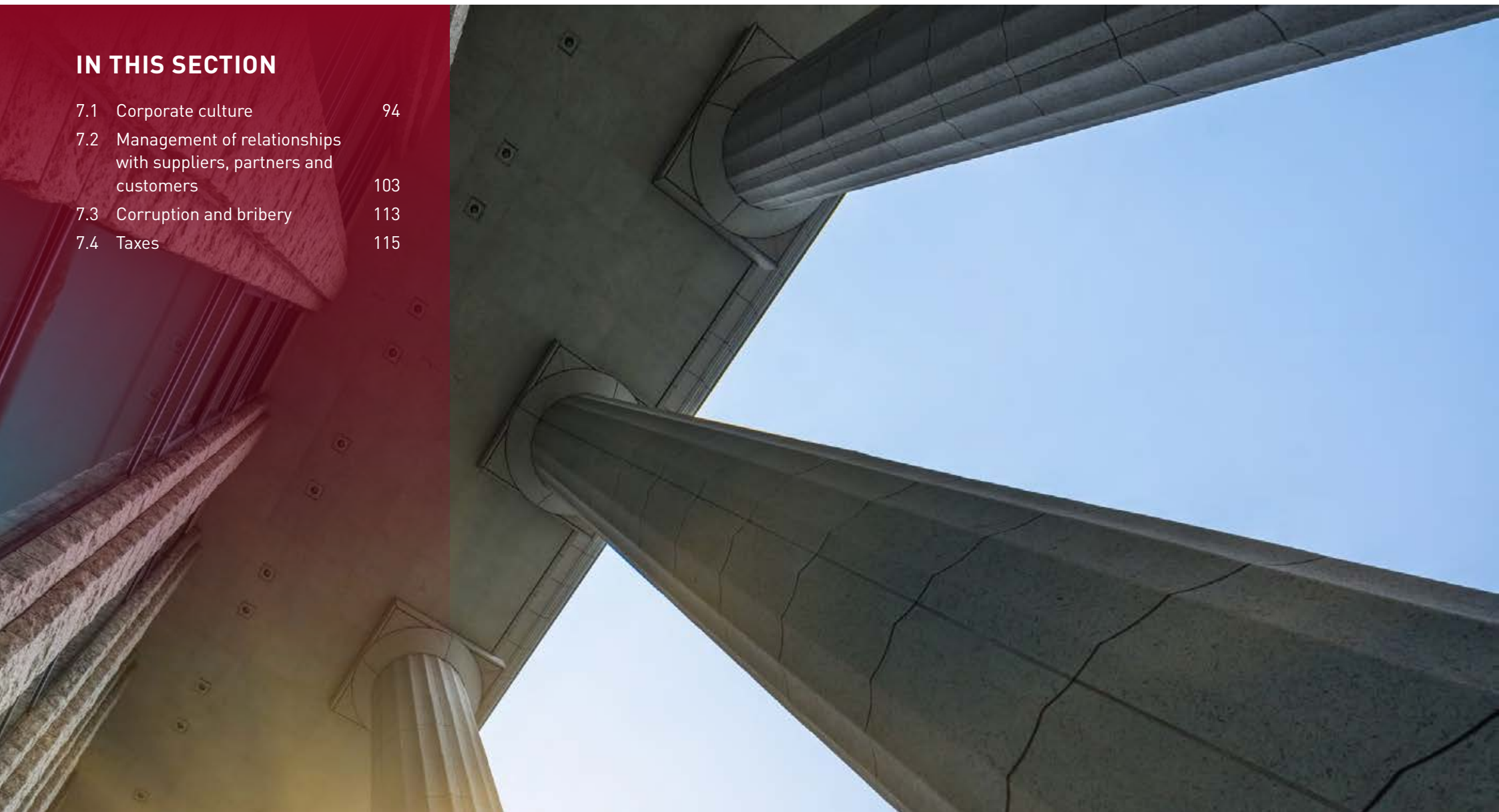
GRI 3-3 | ESRS S2.MDR-T, S2-5

In order to develop Flender further, we have defined four targets to be achieved in the future, increasing the accountability of Flender's supply chain. They include achieving 100% adherence of key suppliers to the renewed Supplier Code of Conduct by 2027, full CSR compliance by 2030, and implementing human rights training for all relevant supplier risk levels by the same year. Transparency in health and safety certification will also be prioritized, with full visibility by 2027.

7 GOVERNANCE

IN THIS SECTION

7.1	Corporate culture	94
7.2	Management of relationships with suppliers, partners and customers	103
7.3	Corruption and bribery	113
7.4	Taxes	115



7 GOVERNANCE

WE MOVE THE WORLD BY:

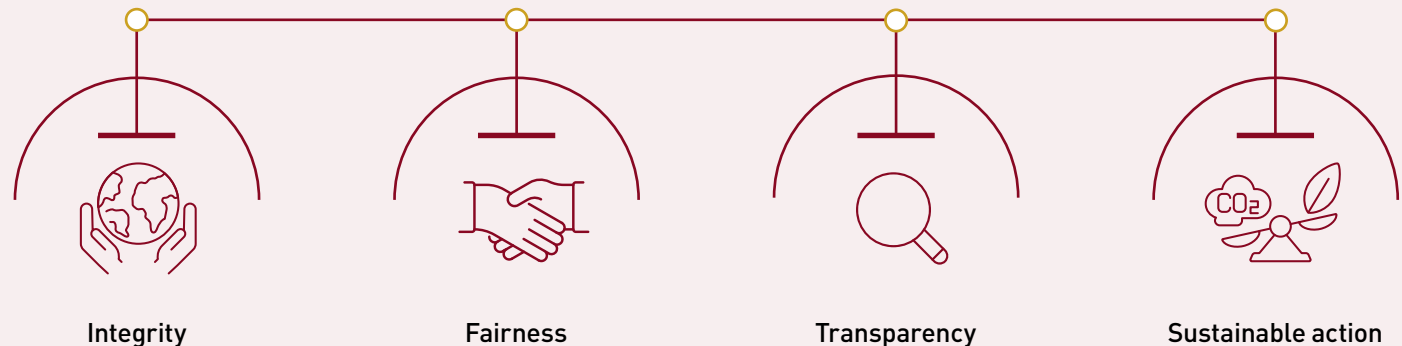
- Fostering a value-based compliance management system
- Promoting awareness of anti-corruption, anti-bribery and anti-competitive behavior
- Optimizing and promoting our incident reporting tool "Tell Us"
- Minimizing risks by implementing compliance measures on a risk-based approach
- Increasing Community Engagement
- Promoting the sustainable industrial process

Responsible corporate management is an essential building block for our sustainable success and the achievement of our goals. For Flender, this means integrity, fairness, transparency and sustainability: always acting in an exemplary and correct manner, in the interests of the company, our employees, customers and business partners and taking into account our social responsibility towards our fellow human

beings, and the planet. This includes legally compliant behavior and the prevention of risks in the company. To ensure this, Flender continuously innovates its governance structures and enhances its compliance mechanisms, by applying a value-based approach. The guiding principle is zero tolerance of violations, and, when they do occur, Flender takes immediate and appropriate action.

However, at Flender responsible business conduct and value-driven governance means more than simply adhering to laws and regulations. We strive to always do the right thing beyond rules and regulations. Our values and beliefs are deeply rooted in our organizational and corporate culture.

OUR BASIC VALUES



MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO GOVERNANCE ASPECTS

GRI 3-3 | ESRs G1.SBM-3

Sub-topic according to ESRs	Description of Impact, Risk or Opportunity (IRO)	Type of IRO
 Corporate culture	Strong ethics, corporate governance and compliance management (upstream + own operation)	Actual positive impact
	Deficiencies or lapses in corporate governance practices	Risk
	IT resilience	Risk
	Legal risks	Risk
	Regulatory risks	Risk
 Management of relationships with suppliers including payment practices	Crises and conflicts affect Flender's businesses	Risk
	Disruption or inefficiencies in the supply chain	Risk
	Contracts	Risk
	Shortage of finite materials leading to higher prices	Risk
 Corruption and bribery	Strong anti-corruption & anti-money-laundering mechanisms	Actual positive impact
	Cases of corruption and bribery	Actual negative impact

Sub-topic according to ESRS	Description of Impact, Risk or Opportunity (IRO)	Type of IRO
 Company-specific topics	Value chain transparency (upstream)	Opportunity
	Proactive, responsible business partner management (downstream)	Actual positive impact
	Strong digitalization & data usability	Actual positive impact
	Communicating and promoting sustainable industrial progress	Potentially positive impact
	Cases of non-compliance with environmental regulation	Potentially negative impact
	Cases of non-compliance with social regulation	Potentially negative impact
	(Major) Information security incidents	Actual negative impact
	Value chain transparency (own operations + downstream)	Actual positive impact
	Proactive, responsible business partner management (downstream)	Potentially positive impact
	Strong ethics, corporate governance and compliance management (downstream)	Actual positive impact
	Value chain transparency (own operation)	Actual positive impact
	Circular approaches in Flender's business activities	Opportunity
	Digitalization brings forward new products / innovation	Opportunity
	New market shares due to high demand in sustainable topics (such as renewable energy)	Opportunity

FLENDER'S GOVERNANCE-RELATED TARGETS

GRI 3-3 | ESRS G1.MDR-T

Based on the material topics and associated impacts, risks and opportunities identified in the double materiality assessment, Flender has reaffirmed its existing targets and defined new, ambitious targets as seen in the table below. Targets related to the material topic of management of relationships with suppliers are covered under section 7 **“Workers in the value chain” (ESRS S2)**. This comprehensive set of objectives underscores our firm commitment to responsible corporate management and serves as a clear roadmap for advancing sustainability and governance at Flender.



Corporate culture

Existing Targets	Status FY 2024
Conduct regular compliance surveys starting in 2025	None was carried out in 2024, as it only takes place every two years
Perform internal compliance audits at 80% of all key Flender sites by 2026, achieving full coverage (100%) by 2028	Audits have started with high-risk countries
Implement compliance communication initiatives at all key Flender sites by 2027	Communication initiatives implemented (LinkedIn campaign to anti-corruption, internal communication via articles)
Provide on-site compliance training focused on Flender's value-based compliance approach at all key Flender sites by 2027, following a three-year cycle	Compliance Training have started with high-risk entities; in the next FY's mid- and low-risk countries will follow
New Targets	
90% of employees complete information security training by 2027 and 95% by 2030	
Click rate <7.0% for phishing test by 2027 and <6.5% by 2030	
Promoting Community Engagement of employees through incentives by 2026	
Ensure that 90% of selected internal target groups complete web-based human rights training by 2026	



Corruption and bribery

New Targets
Conduct annual audits and optimizations of Flender's whistleblower system to ensure full accessibility, functionality, anonymity and compliance with legal requirements
Provide compliance training on anti-competitive practices for selected internal target groups, achieving a 70% completion rate by 2026 and a 90% completion rate by 2028
Provide compliance training on anti-corruption and anti-bribery for selected internal target groups, with a 70% completion rate by 2026 and a 90% completion rate by 2028



Company-specific topics

New Target
Define communication strategy to promote sustainable industrial progress by 2027

7.1 CORPORATE CULTURE

GRI 2-24 | ESRS G1-1

A strong corporate culture is the cornerstone of ethical business conduct and sustainable success. At Flender, corporate culture serves as a critical enabler of compliance, shaping not only internal practices but also the organization's external reputation among customers and stakeholders. By embedding compliance and risk awareness into the organizational mindset, Flender actively mitigates potential deficiencies in corporate governance, IT resilience, legal risks, and regulatory compliance. These elements are integral to fostering trust, maintaining operational integrity, and ensuring resilience in the face of evolving challenges. Cultivating a culture that prioritizes governance, compliance, and risk management underscores the company's commitment to both organizational excellence and stakeholder confidence. In addition to this, we see Community Engagement as an important part of our culture.

CASE STUDY

FLENDER CHINA: GOVERNANCE IN ACTION – STRENGTHENING COLLABORATION AND MANAGING RISKS

In June 2024, Flender showcased its value-driven governance and commitment to global collaboration by participating in a high-level delegation visit to China, led by the German Federal Minister for Economic Affairs and Climate Action, Dr. Robert Habeck. Geertje Richter, Flender's CFO for the Chinese locations, represented the company at a roundtable organized by the German Chamber of Commerce in China.

During this meeting, Ms. Richter engaged with key stakeholders, including Maximilian Butek, Executive Director of the German Chamber of Commerce in China, and Bernhard Kluttig, Director General for Industry Policy. These discussions focused on strengthening bilateral economic relations while ensuring compliance with Flender's value-based governance framework. Opportunities to address global challenges, such as climate action and sustainable industrial growth, were explored within a risk-minimizing and structured approach.



Community Engagement

GRI 201-1

In line with our CSR strategy, we are particularly committed to giving people around the world access to the same educational opportunities, increasing awareness of environmental protection and supporting social projects. To us, our Community Engagement has to take place on site. We want to strengthen local actors, apply humanitarian principles and we aim to create value for our local communities through our activities.

Together with our employees, we are committed to resilient and sustainable societies and are involved in a variety of charitable initiatives. Our employees can find an overview of all activities in our annual Community

Engagement program. In the future, we want to foster employees' engagement even more by offering incentives [\(see table on page 93\)](#).

OUR COMMITMENT TO SOCIAL PROJECTS

In the 2024 reporting year, we initiated non-financial and financial aid in various projects including:

- **€45,000 raised through the annual charity soccer tournament in Germany.** The proceeds were donated to regional organizations such as the Bocholter Tafel and the Rheder Laden, with the event marking a new record in its 35-year history of over €850,000 in total donations.

“WE ARE AWARE OF OUR RESPONSIBILITY. SUPPORTING DISADVANTAGED CHILDREN IS A CORE COMPONENT OF OUR COMMUNITY ENGAGEMENT.”

Rani Sakthi



Rani Sakthi
HR LEAD INDIA

- **The “Wish-Christmas-Tree” initiative at our Penig site in Germany,** where employees fulfilled the holiday wishes of children and families in need. This brought joy to numerous families and fostered a spirit of giving within the community.

- **Donation of care packages in the USA** to support homeless individuals through PADS in Elgin and the organization “Feed My Starving Children,” which delivers essential nutritional aid to children in need worldwide.

- **Santa School Stationery Box Donations in South Africa,** benefiting the MCK School for the Blind. This initiative provided crucial educational supplies and spread holiday cheer to students, creating memorable moments for the community.

- **Participation in “Ride a Mile in My Wheels” during Intellectual Disability Awareness Month in South Africa.** This initiative raised awareness about mobility challenges and generated funds for families of children and adults with profound intellectual disabilities.

- **Holiday CSR campaign for the homeless in Serbia,** collecting necessities for shelters in Subotica in collaboration with the Red Cross, and showcasing the collective effort of employees and local communities.

- **Donation Event in Chile to Aldeas SOS.** Our team had the pleasure of donating custom-designed football uniforms and healthy snacks to the children of Aldeas SOS in Antofagasta. The uniforms, designed by the children themselves, were a huge hit, and the day was filled with energy and joy as the kids played football with our colleagues.

For more than 125 years, Flender has supported training and education programs for young people in the communities in which we operate, for example our apprenticeships and traineeships [\(see section “People Development” for details\)](#). Extensive collaboration with universities and high schools is also a key element in promoting our employer brand and attracting young talents.

The following examples showcase the variety of and lasting commitment to our Community Engagement – everywhere where Flender is at home:

- **School support in Chennai, India:** A dedicated group of 13 Flender volunteers actively supported a local school by providing tutoring, purchasing workbooks, developing curricula, and promoting reading skills. This initiative demonstrates Flender's commitment to education and youth development.

- **Welcome Day for apprentices in Graffenstaden, France:** The Welcome Day for apprentices at Flender Graffenstaden in France offered new trainees an engaging introduction to the company, featuring presentations, expert discussions, a shared lunch, insights from former apprentices, and a factory tour.
- **“Outstanding Training company” award for Penig, Germany:** Our production site in Penig, Germany, received this award from the Chemnitz Chamber of Industry and Commerce, recognizing its high-quality training, strong apprentice support, and commitment to future employment.
- **Global experience for dual students:** Three dual students gained valuable international experience through practical placements at Flender locations in Madrid, Subotica and Rotterdam, where they expanded their professional skills, cultural understanding and industry knowledge.
- **Opening of training center at Shandong University, China:** In summer 2024, Flender inaugurated a state-of-the-art training center in collaboration with Shandong University of Science and Technology (SDUST). This milestone underscores Flender’s commitment to advancing engineering education in China and fostering technical expertise for future generations.

These examples reflect Flender’s lasting dedication to Community Engagement, promoting positive change and sustainability wherever Flender is present.



Our compliance management

GRI 2-15, 2-23, 2-24, 2-25, 2-27, 205-3, 412-1, 412-2 |
ESRS G1-1, G1-4 | SDG 16.3, 16.5

As a global company, we place high demands on a responsible and effective compliance management system (CMS). The goals are to identify risks at an early stage, prevent violations of legal and internal company rules, and derive measures and protect our company and every employee. However, it is imperative and central to our ethos to ensure that our “Flenderans” continuously strengthen and uphold their

value-based inner compass, ensuring they are guided not solely by rules, but notably by our unique values, endeavoring always to act with integrity and for the right reasons. When implementing our CMS, we are guided by international standards and use the EQS Compliance Case Management Tool, one of the leading systems to support compliance management processes which is designed to cover the entire cycle of a compliance case. To report violations of laws or regulations, we use the EQS-based whistleblower portal “Tell Us” for all stakeholders.



Our compliance system is based on four pillars:

- Effective compliance work requires full clarification: With “Tell Us”, we guarantee a uniform reporting channel and a comprehensive and fair investigation.
- Consequences and reactions: Misconduct is punished immediately, and measures are taken directly to eliminate deficiencies.
- Constant improvement: Together with all business areas, we work on constantly correcting and improving our processes.
- Effective preventive measures: With measures such as risk management, policies and procedures, training and communication, we avoid systematic misconduct.

We are proud that, due to our value-based compliance approach, no incidents of corruption or violations of applicable social or economic laws or regulations were recorded in the reporting period.



Andreas Evertz
FLENDER GROUP CEO

“BUILT ON A FOUNDATION OF TRUST AND INTEGRITY, WE ARE WORKING TIRELESSLY TO SECURE A BRIGHTER FUTURE FOR FLENDER AND THE COMMUNITIES WE SERVE. THIS COMMITMENT GOES BEYOND THE PRODUCTS AND SERVICES WE PROVIDE; IT IS REFLECTED IN HOW WE OPERATE, CONSISTENTLY UPHOLDING THE HIGHEST STANDARDS OF ETHICAL INTEGRITY IN EVERYTHING WE DO.”

Andreas Evertz

CASE STUDY

FLENDER CHINA: RECOGNIZING EXCELLENCE IN LEGAL AND COMPLIANCE GOVERNANCE

Flender Ltd. China's Legal & Compliance Department was honored with three prestigious awards at the 2024 China Business Law Journal In-House Counsel Awards. The team received recognition as a highly commended team in the Industrial & Chemicals Category, International Compliance & Sanctions Category and Environment, Social & Governance (ESG) Category, underscoring Flender's exceptional governance and compliance framework.

These awards celebrate the most outstanding legal professionals and firms operating in China, highlighting their ability to navigate complex regulatory environments and implement robust compliance measures. By excelling in these categories, Flender has demonstrated its commitment to a value-based compliance management system, risk mitigation, and ethical business practices.

This achievement reinforces Flender's position as a leader in governance, setting benchmarks for compliance excellence while supporting sustainable and responsible business operations globally.



RESPONSIBILITIES

GRI 2-12 | ESRS G1.GOV-1

Compliance has the full support of all Flender managers, directors, the board and the supervisory board, the advisory board as well as the Carlyle Group (our shareholder). The active engagement of the Management Board ensures clear compliance structures and an effective system through the appointment of a global and local compliance organization, which is equipped with the necessary resources and support.

Flender operates a two-tiered compliance structure. At the Group level, responsibility lies with the Legal & Compliance Department, with the Chief Compliance Officer and Head of Compliance, and an additional Compliance Officer. The Chief Compliance Officer reports directly to the CEO of Flender. The objective of the Legal & Compliance Department is to ensure compliance with laws and regulations and support Flender in preventing, detecting, and responding to violations and misconduct. The focus areas of the Compliance Organization include the fight against corruption and money laundering, anti-trust law, data protection, export control, the observance of human rights, as well as the handling of criminal misconduct at Flender. The Legal & Compliance Department also supports the decentralized local entities in preventing, detecting, and responding to incidents of violations and misconduct.

Compliance risks and mitigation measures are identified via Compliance Risk Assessments (CRA). The managing directors of the respective entities are responsible for carrying out the assessments and ensuring the appropriate implementation of defined mitigation measures with the support of Compliance.

At the local level, we have assigned a Compliance Officer to all legal entities. In addition, each legal entity is assigned a local Compliance Ambassador, who is the local contact for all issues concerning compliance. The tasks include:

- (a) support for local management and executives
 - in the realization of the compliance program across Flender companies by implementing the necessary compliance regulations and their continuous improvement and development
 - in the introduction and coordination of suitable measures to monitor compliance with the compliance program and to identify undesirable developments at Flender companies at an early stage
 - in the necessary measures and coordination of investigations to rectify identified legal violations and misconduct at local level
- (b) preventive awareness-raising and training of employees on the topic of compliance, emphasizing how important this is in the context of CSR.

COMPLIANCE ORGANIZATION



RESPECT FOR HUMAN RIGHTS

ESRS G1.MDR-P, G1-2 |

UN GC Principles 1, 2, 4, 5, 6

As a global company, Flender is responsible for respecting human rights throughout the value chain. We are committed to respecting them throughout our sphere of influence and ensuring that our business activities do not violate them.

Our commitment to respecting human rights is anchored in our Business Conduct Guidelines (BCG), which all our employees must sign and comply with. We also require our suppliers and business partners to comply with our Code of Conduct for suppliers and business partners with intermediary functions.

In 2023, we have introduced our human rights policy, which embeds fundamental human rights as part of the corporate policy of all companies of the Flender Group and respective affiliated companies. It outlines commitments, principles, and implementation measures to ensure that Flender respects and promotes human rights.

Our commitments, policies and guiding principles align with our commitments under the UN Global Compact, the International Bill of Human Rights, the European Convention on Human Rights, and International Labour Organization (ILO) standards. These principles are the premise on which we maintain our zero-tolerance policy towards human rights issues like e.g., child labor, forced labor discrimination, and harassment.

Flender has also been a signatory to the United Nations Global Compact since 2022. We are committed to the ten principles that form the basis for integrity in corporate management and a future-oriented economic system. With this voluntary commitment, Flender wants to contribute to a fair, sustainable and future-oriented economic system and is therefore part of the world's largest initiative for responsible corporate management.



Gao Cen
COMPLIANCE OFFICER CHINA

“HUMAN RIGHTS ARE NOT JUST A MORAL OBLIGATION BUT A CORNERSTONE OF OUR BUSINESS STRATEGY. BY CHAMPIONING HUMAN RIGHTS, WE BUILD TRUST AND CREATE ENDURING VALUE FOR ALL STAKEHOLDERS OF OUR COMPANY. THIS COMMITMENT TO HUMAN RIGHTS ENSURES WE AVOID ANY VIOLATIONS OF THESE RIGHTS, AND HELPS US BUILD A POSITIVE REPUTATION, ATTRACT TOP TALENTS, AND FOSTER A CULTURE OF INTEGRITY AND RESPECT, CONTRIBUTING TO A BETTER WORLD.”

Michael Cardoso



Michael Cardoso
COUNTRY MANAGER SOUTH AFRICA

“AT FLENDER LTD., CHINA, WE PLACE GREAT PRIORITY ON PROTECTING HUMAN RIGHTS WITHIN THE COMPANY AND ALSO WORK VERY CLOSELY WITH OUR EXTENSIVE BUSINESS PARTNERS INCLUDING SUPPLIERS THROUGHOUT THE ENTIRE SUPPLY AND VALUE CHAIN.”

Gao Cen

EMPLOYEE SUPPORT AND TRAINING

ESRS G1.MDR-A, G1-3

Our ethical values, which are defined in our BCGs, constitute the foundation of our business and demonstrate our position as a sustainable business player, respectful employer and a reliable business partner. They give all employees worldwide orientation and practical recommendations for

behavior towards colleagues, business partners, customers, society and the environment. All Flender employees are trained in the basic content of the BCGs, and they agree to comply with them.

Based on the BCGs and various compliance directives and guidelines such as circulars and handbooks, our CMS reflects our values, describes risks involved in our

business activities, and provides concrete instructions and advice on proper conduct. These internal rules and guidelines apply worldwide and cover topics such as gifts and invitations, rules against restraint of competition, measures against corruption, compliance with export control laws, criminal misconduct, human rights, and fair treatment of employees and business partners.

We constantly evaluate possible compliance issues, and implement and communicate new policies to all employees when needed. Since 2023, we have adopted a new whistleblower policy, an anti-harassment policy and a human rights policy.



OUR “TELL US” COMPLIANCE REPORTING SYSTEM

GRI 2-16, 2-26 | ESRS G1.MDR-P, G1-3

With our “Tell Us” incident reporting system, we provide our employees and all other stakeholder groups with a special communication channel to anonymously report complaints, for example about human rights violations or corruption. These reports are forwarded directly to our compliance organization and processed as set out in our whistleblowing policy. With “Tell Us”, we promote transparency, openness and trust among our employees, business partners and other stakeholders. Reports can be submitted via “Tell Us” in 10 different languages.

DATA PRIVACY AND DATA PROTECTION IN A DIGITAL WORLD

GRI 418-1 | ESRS G1.MDR-A | SDG 16.10

Data security and the privacy of our customers are of utmost importance, especially as processes become more digital than ever before. Flender has a company-wide data protection management system to ensure compliance with applicable data protection law. Internal guidelines, such as the internal data protection guideline, are based on the GDPR and ensure a uniform level of data protection within the entire Flender Group. This ensures that when personal data is handled all principles of legality, processing in good faith, purpose limitation, data economy, storage limitation, confidentiality, integrity, availability, intervenability, transparency and non-chaining are observed by every employee in a legally secure manner.

A tool-based directory of processing activities has been expanded to include important functions, including the documentation of all processing and compliance with legal requirements and internal guidelines. A global team of local data protection managers supports the management of all Flender companies on-site in implementing the obligations arising from internal guidelines and from applicable data protection laws. The Head of Data Privacy is part of the central Legal & Compliance Department, which guides the data protection managers and supports them in their tasks. Our data breach incident process ensures that all data protection incidents are registered, processed and archived in an audit-appropriate manner.

A company-wide awareness and training program is essential to ensure that users are aware of their data protection responsibilities and can apply the relevant rules and regulations correctly. We offer classroom and online training courses as well as web-based training modules and video clips on data protection topics for various target groups, which are both mandatory and voluntary. In addition, the data privacy managers support the global workforce with consulting services.

The robustness of our data protection systems is evidenced by the fact that we have not received any substantiated complaints of breaches of our customers’ privacy from external parties or regulators.

No data leakage, theft or loss of customer data occurred during reporting year 2024.

Information security

Information security is one of the key Governance, Risk & Compliance functions within Flender. To counteract the threat of manipulation of data or the unintentional publication of data which could result from a system failure, even leading to possible financial losses or image damage, protective measures are taken on several levels, such as:

- Provision of secure business processes
- Secure IT infrastructure and systems
- Protection of business-relevant information
- Mandatory training courses for all employees (90% participation rate in 2024)
- Transparency of risks and opportunities
- Prevention and minimization of security incidents

Our information security aims to achieve the following strategic goals:

- Minimizing the impact of security incidents on the business
- Guaranteeing and optimizing business continuity

Due to the growing complexity of networked systems and applications, security requirements are evolving at the same rate as the resulting threat situation. Therefore, it is important that security is viewed holistically and mapped in all company processes, whether digital or analogue. However, networked systems that also communicate with the world outside of Flender and have become indispensable also increase Flender’s attack surface.

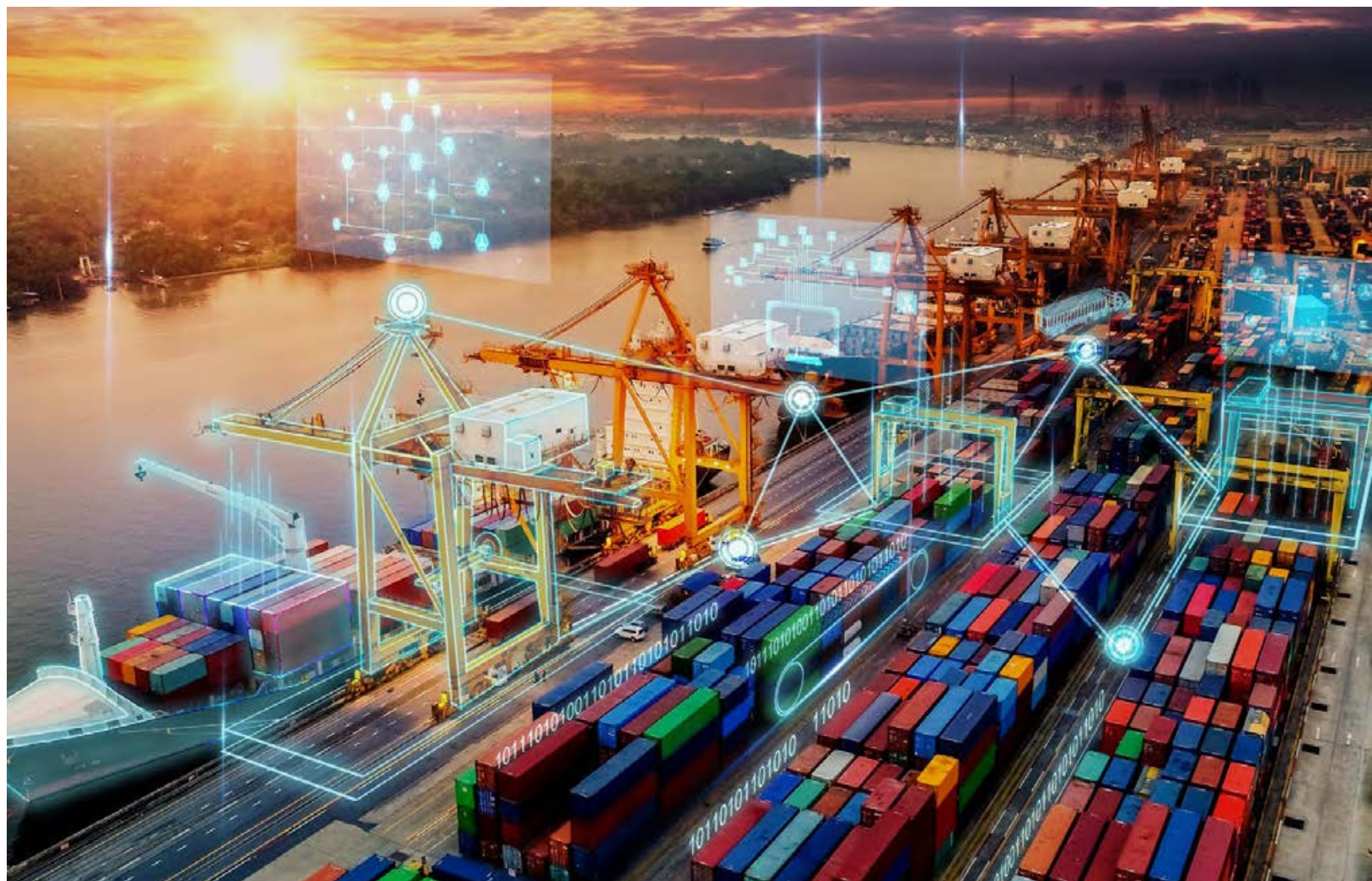
For this reason, we operate an information security management system oriented on ISO 27001. This means that all business-critical applications and systems are analyzed and documented on a risk basis so that it is always clear which protective measures are appropriate for which systems to ensure the protection goals of confidentiality, integrity and availability.

NO INCIDENT OF

data leakage, theft or loss of customer data occurred in 2024.

7.2 MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS, PARTNERS AND CUSTOMERS

The management of supplier relationships is a vital element of Flender's operational strategy, ensuring stability and efficiency throughout the supply chain. Crises and conflicts present significant risks, potentially threatening supplier reliability and business continuity. Supply chain disruptions, inefficiencies, and shortages of finite materials can escalate costs and hinder the seamless delivery of products and services. Careful oversight of supplier contracts is essential to aligning partnerships with business objectives and mitigating associated risks. Through strong collaboration and robust management practices, Flender is dedicated to navigating these challenges while ensuring resilience and long-term supply chain stability.



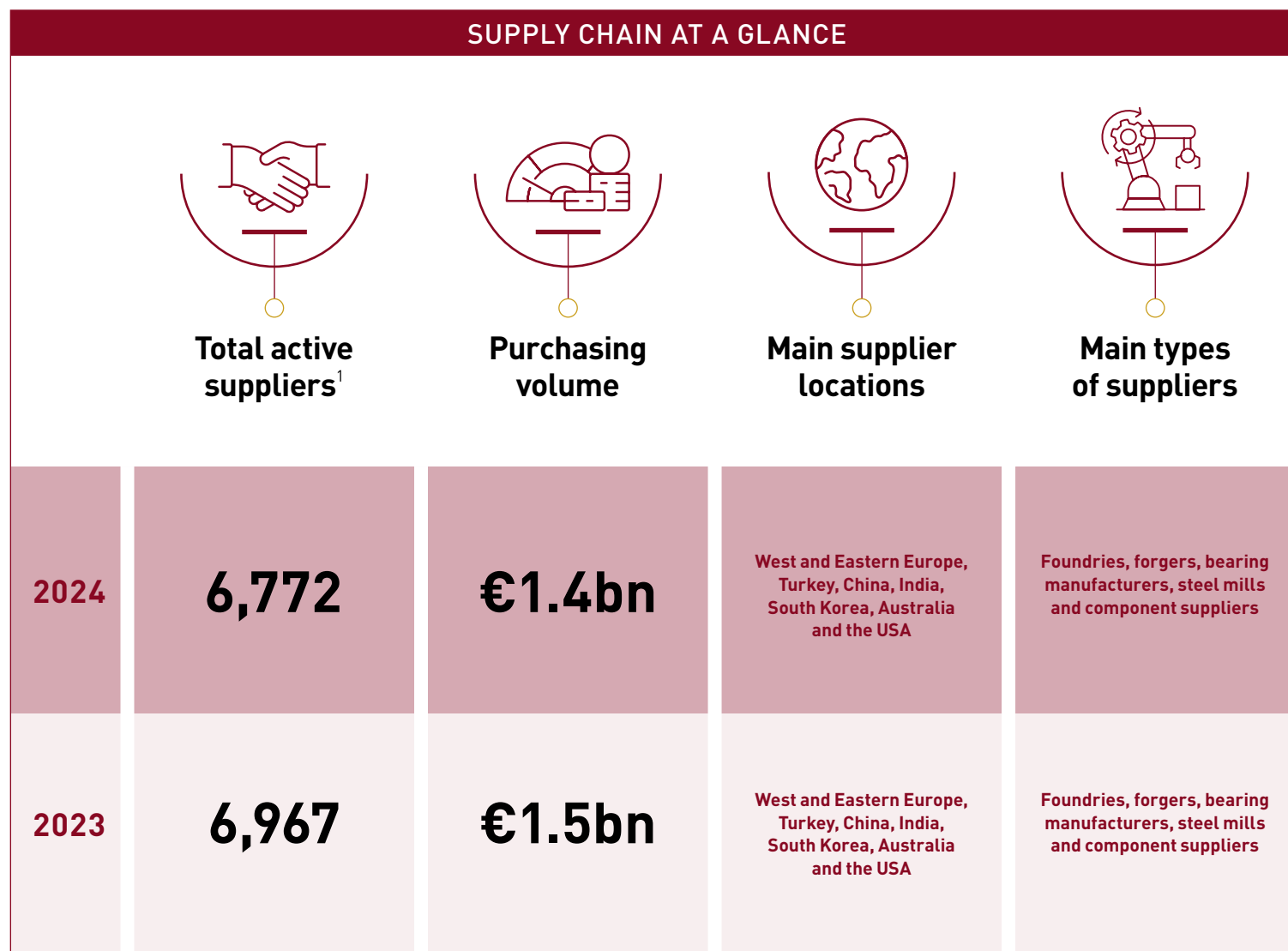
Responsible supply chain

GRI 207-1, 207-2 | ESRS G1-2 | SDG 8.7, 8.8, 9.4

Our supply chain in view: More sustainability throughout the value chain – this is what our customers, business partners, investors, legislators and, increasingly, society are demanding. As a business, we are responsible for our supply chain interactions, and we are convinced that we can only be a sustainable company and a partner for a sustainable future if we consider the entire supply chain.

A responsible and stable supply chain is also the basis for the successful design, production and delivery of our products. Trustful relationships with our suppliers are a cornerstone.

The upstream value chain is an important aspect of our entire product portfolio. As a large steel consumer and with suppliers all over the world, our potential environmental impact in the supply chain includes high energy consumption and resulting CO₂ emissions production, and with a lack of ecological industry standards it is a challenge to reduce this adequately with joint forces. There is also a risk of child labor, human rights, and health and safety violations, as materials are sometimes sourced from countries that do not have adequate social standards. For information about workers in the value chain, [see the corresponding chapter in the “Social” section of this report.](#)



¹ Active suppliers are those suppliers who supplied Flender with goods or services during the reporting year.

CASE STUDY

FLENDER CHINA: BUILDING A RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN

Flender underscores its commitment to a responsible supply chain by actively promoting safety, sustainability and transparency among its contractors and suppliers. The Annual Supplier Safety Meeting at Flender China in January 2024 focused on enhancing contractors' safety awareness through interactive sessions, ensuring compliance with Flender's high health and safety standards. This initiative aligns with the company's dedication to fostering a secure working environment across its value chain.

In parallel, Flender China organized a Supplier Webinar on Corporate Carbon Footprint (CCF) Transparency for local contractors. The webinar provided insights into carbon accounting and sustainability practices, emphasizing the importance of reducing environmental impact. By equipping suppliers with the tools and knowledge needed to track and minimize their carbon footprint, Flender promotes collaboration and accountability in achieving a sustainable future.



INCREASING TRANSPARENCY, REDUCING RISKS IN OUR SUPPLY CHAIN

GRI 308-1, 308-2, 414-1, 414-2 |

ESRS G1.SBM-3, G1.MDR-P, G1.MDR-A, G1-2 |

UN GC Principles 2, 7, 8, 9, 10

Our supplier management process enhances transparency and accountability across the supply chain while fostering compliance with environmental and social standards. Through this commitment, we promote responsible business practices on a global scale, contributing meaningfully to human rights protection and environmental stewardship.

To achieve these objectives, we have established a comprehensive Procurement CSR strategy with clearly defined measures and goals. A dedicated procurement team is responsible for driving sustainability across the entire supply chain, particularly through our Scope 3 transparency and mitigation roadmap.

Since 2023, we have been advancing three key initiatives for a responsible supply chain:

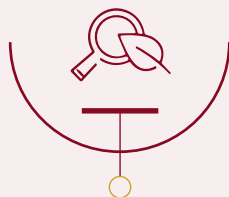
1. **Assure responsible sourcing and compliance of existing and new suppliers**
2. **Develop our CO₂ transparency and reduction program**
3. **Engage, enable and empower the supply chain management organization to act and decide sustainably.**

A major pillar of our approach is the Cost and Value Engineering (CVE) methodology, which enhances transparency into material cost structures and enables sustainable optimization in collaboration with suppliers. We actively engage with foundries, steel mills, ring rollers, and forgers to identify cost drivers and inefficiencies within manufacturing processes. This collaboration supports the adoption of energy-efficient technologies, process optimization, and the selection of improved aggregates, thereby reducing energy consumption and encouraging more sustainable production practices.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT



1. Assure responsible sourcing and compliance of existing and new suppliers



2. Development of CO₂ transparency and reduction program



3. Engage, enable and empower the supply chain management organization to act and decide sustainably

1. Assure responsible sourcing and compliance of existing and new suppliers

1.1 Verification of suppliers

At Flender, we are committed to conducting business in a socially responsible manner that supports the UN Sustainable Development Goals (SDG).

As part of this commitment, we take great care in selecting our suppliers to ensure that they share our values and operate in a socially and environmentally responsible way.

To achieve this goal, we have a rigorous assessment process in place for new suppliers. This includes two key requirements for onboarding suppliers:

I. Code of Conduct (CoC)

All new suppliers of indirect material and services with an expected annual purchasing volume above €5,000, and all suppliers of direct material, are required to sign a Code of Conduct that commits them to operating their businesses in a responsible and sustainable way, in line with UN Sustainable Development Goals. [➔ See section 1.2 “An important tool: our Supplier Code of Conduct”](#) for more information.

II. Corporate Responsibility Self Assessment (CRSA)

In addition to signing our Code of Conduct, suppliers that have an anticipated business volume in excess of €50,000 and are supplying us from a non-OECD country or a country listed by Transparency International with a compliance country rating below 50, need to complete a Corporate Responsibility Self Assessment.

The CRSA has several chapters that need to be completed. These cover a range of topics that are critical to our commitment to sustainability and social responsibility:

A. Legal Compliance and Fair Operating Practices:

This chapter gauges the supplier's commitment to legal compliance and fair operating practices, including its adherence to laws and regulations related to labor, health and safety, and the environment.

B. Human Rights and Labor Practices:

This chapter assesses the supplier's practices related to human rights and labor practices, including its approach to preventing forced labor, child labor, and discrimination, as well as its efforts to ensure fair wages and working conditions.

C. Health and Safety of Employees:

This chapter examines the supplier's policies and practices related to the health and safety of its employees, including its approach to preventing accidents and ensuring a safe working environment.

D. Environmental Management:

This chapter evaluates the supplier's environmental management practices, including its efforts to minimize its environmental impact and promote sustainable practices.

By asking suppliers to complete the Corporate Responsibility Self Assessment, we can gain a comprehensive understanding of their practices related to sustainability and social responsibility.

219 NEW SUPPLIERS

were required to complete the Corporate Responsibility Self Assessment in 2024.

ESG assessments: together towards greater sustainability

GRI 408-1, 409-1 | ESRS S2.SBM-3

We regularly evaluate the Corporate Social Responsibility (CSR) conformance of our suppliers and collaborate to improve sustainability performance. Suppliers identified as having CSR risks, including country-specific or commodity-related risks, are subject to enhanced assessments:

CSR Conformance Assessment Procedures

1. Regular Re-Assessment

High-risk suppliers undergo a Corporate Responsibility Self Assessment every three years.

2. CSR Ratings & Certification Maintenance

We actively request suppliers to obtain an EcoVadis rating and maintain their certification status in our Supplier Relationship Management (SRM) system.

3. Supplementary CSR Due Diligences for high-risk suppliers

Suppliers with specific risks related to conflict-affected minerals, global warming, or product-related environmental concerns (for example REACH, RoHS, PFAS, deforestation) must disclose additional details through a supplementary questionnaire, including the Conflict Minerals Reporting Template (CMRT) and the PFAS Reporting Evaluation Process (PREP).

4. Extended Code of Conduct & ESG Audits

As part of our standard VDA 6.3 Audit, we assess suppliers for ESG risks through an Extended Code of Conduct Questionnaire. Additionally, External Sustainability Assessments (ESA) conducted by third-party organizations provide independent evaluations of supplier sustainability performance.

Our goal is to have a CSR Conformance Rate (CCR) of 50% by 2025. This KPI describes the ratio of suppliers with positive audit or rating results compared with the total number of targeted suppliers to be audited or rated. In 2024, the CCR was 24% (2023: 35%).

We have a lower rate compared with last year because we had a lower number of new suppliers where a CRSA was required and we did not yet require suppliers to repeat the self-assessment minimum once every three years. The 50% target for FY2025 should be reached as all relevant existing suppliers will be invited to self-assess again. Our long-term goal is to have 100% of the targeted suppliers audited or rated regarding ESG aspects by 2030.

In 2024, we audited 148 suppliers according to VDA 6.3 (2023: 152). A total of 147 suppliers were also assessed during the VDA 6.3 audit for EHS and Code of Conduct compliance (2023: 150). In addition, an External Sustainability Assessment (ESA) was carried out for five suppliers by a third party (2023: 3).

Important note: All suppliers delivering material used in our products ("direct material") must pass the VDA 6.3 audit before they are allowed to supply. In fiscal year 2024, we did not identify any suppliers with a significant risk of child, forced or compulsory labor and did not have to ban suppliers due to environmental pollution.

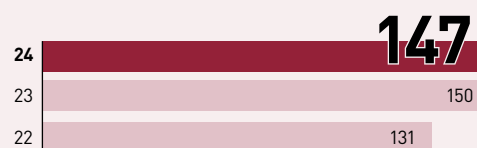
NUMBER OF SUPPLIERS ASSESSED FOR ENVIRONMENTAL IMPACTS

GRI 308-2, 308-1 | ESRS G1.SBM-3, G1-2

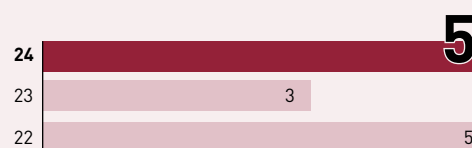
Suppliers audited according to VDA 6.3:



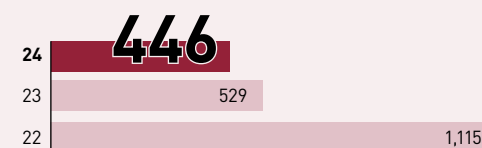
Suppliers assessed during VDA 6.3 audit for EHS and Code of Conduct compliance:



Suppliers assessed for sustainability by third party:



New onboarded suppliers that signed compliance with Code of Conduct:



Note: All new suppliers are included in these figures and were screened using environmental criteria.

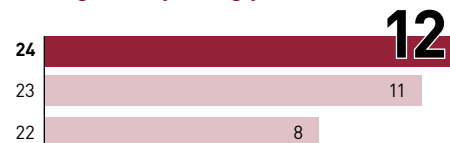
ENVIRONMENTAL IMPACTS IDENTIFIED IN THE SUPPLY CHAIN

GRI 308-2 | ESRS G1.SBM-3

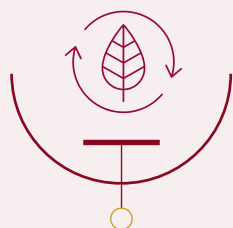
Major categories of environmental impact identified:



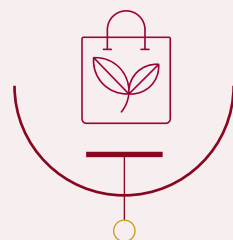
Number of sustainable actions taken during the reporting period:



MAJOR CATEGORIES OF ENVIRONMENTAL IMPACT



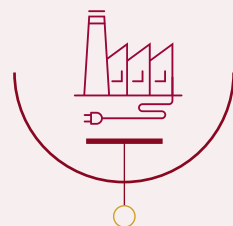
1. CO₂ emission in the supply chain



2. Packaging / office supply



3. Weight reduction of parts



4. Manufacturing process / energy consumption

For each of these categories, we are working together closely with our partners in the supply chain in order

to find solutions to improve and reduce our negative environmental impact.

RISK SCORE¹ OF COUNTRIES WITH FLENDER BUSINESS LOCATIONS AND SUPPLIERS²

GRI 409-1 | ESRS G1.SBM-3

CATEGORY	RISK SCORE ¹ FY2023	RISK SCORE ¹ FY2024
India	61	53
Romania	52	52
Italy	47	49
Turkey	45	45
France	44	45
Slovakia	42	42
Poland	41	41
Slovenia	41	41
China	41	41
Spain	45	40
UK	41	40
Lithuania	45	39
USA	39	39
Austria	36	37
Netherlands	29	37
Czech Republic	39	37
New Zealand	35	35
Norway	33	33
Belgium	33	33
Germany	37	31
Switzerland	27	25
Denmark	26	24

¹ Risk score with a scale of 1 to 100 provided by our 3rd party supply chain risk management provider.

² Included are suppliers covering 80% of overall purchasing volume.

1.2 An important tool: our Supplier Code of Conduct

We attach particular importance to requiring our suppliers to comply with environmental and social standards through our Supplier Code of Conduct, and to invest time in moving beyond compliance. The code is based on the Flender Code of Conduct and the principles of the UN Global Compact.

The Code of Conduct must be signed by all new suppliers of:

- direct materials
- or non-product-specific material and services if its annual business volume with Flender exceeds €5,000.

These suppliers have all been screened against basic environmental criteria such as the implementation of environmental management systems, training and compliance with environmental regulations. Existing supplier relationships are reviewed at least every three years.

In 2024, 446 new suppliers signed compliance to our Supplier Code of Conduct. Overall, we have exceeded our target of 75% of our most important suppliers signing the Code of Conduct by 2024 and achieved a signing rate of 99%. We aim to achieve a 100% signing rate by 2025.

CONTENTS OF THE CODE OF CONDUCT FOR SUPPLIERS:

• Human rights and labor practices

- Prohibition of forced labor
- Prohibition of child labor
- Non-discrimination and respect for employees
- Working hours, wages and benefits for employees
- Health and safety of employees
- Grievance mechanism

• Environmental protection

• Fair operating practices

- Anti-corruption and bribery
- Fair competition, anti-trust laws and intellectual property rights
- Conflicts of interest
- Anti-money laundering, terrorism financing
- Data privacy
- Export control and customs

• Responsible minerals sourcing

• Compliance with the Code of Conduct in the downstream supply chain

In addition to transparency, diversification of the supply chain is important to us in order to minimize risks. Our approach is to position ourselves more broadly in the supply chain – in terms of suppliers and countries. Among other things, we were able to significantly increase the degree of localization in procurement in China to over 99% (2023: 96%); in India, where we are expanding our manufacturing capacities, we are also developing a local supply base. In addition, we have reduced the single source situation in many areas of drive technology and hydraulic components, therefore ensuring a broader supply base in these areas. Furthermore, we have optimized the dependencies of direct and sub-suppliers in certain regions (Ukraine, China, Turkey, India) and identified and qualified new suppliers to reduce the risk in the supply chain logistically and geopolitically.

We also need raw materials for the manufacture of our products and tools, which might include tin, tantalum, tungsten and gold as well as cobalt, mica, nickel and copper and other so-called potentially conflict-affected minerals. Therefore, we are committed to asking our suppliers to exclude potentially conflict-affected materials from our supply chain. We are a member of the Responsible Minerals Initiative (RMI) and use the RMI form to assess potential risks related to conflict-affected minerals in our supply chain. We have implemented

our own supply chain due diligence process to ensure transparency on the origin of the minerals. For copper specifically, we make sure we procure only from organizations registered in the London Metal Exchange (LME) that have implemented the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict affected and high-risk areas, and who are certified according to ISO 14001 for environmental management and ISO 45001 for health and safety management (or equivalent certificates).

To exchange data and documents on CSR-related topics efficiently, we have implemented an extended feature type in our Supplier Management Software Solution. The new features for document exchange and document approvals help us to keep track of the return of requested supplier documents such as the Conflict Minerals Reporting Template, and simplify the validation process.

99%

signing rate of our
Supplier Code of Conduct.

2. Development of CO₂ transparency and reduction program

In 2023, we launched our supplier engagement program. As 98% of our emissions stem from processes in our supply chain, we are committed to ensuring sustainable and responsible operations throughout our entire supply chain. Our goal is to reduce our Scope 3 emissions by 30% by 2030. We are driving this via three major projects:

2.1 Corporate Carbon Footprint reporting – hot-spot suppliers

85% of the CO₂ emissions in our supply chain come from 169 suppliers, our so-called hot-spot suppliers, on which we focus in our engagement program for Scope 3 CO₂ emission transparency and reduction. With all these hot-spot suppliers we have signed (or are in the process of signing) a Memorandum of Understanding (MOU) in which the supplier commits to provide us with primary emission data for its Corporate Carbon Footprint (CCF) as well as the Product Carbon Footprint (PCF) for the relevant products supplied to us by a certain date.

We track the supplier commitment (MOU status) as well as monitor and validate the primary data reporting for CCF and PCF for the last three financial years. In this engagement with suppliers, we review the impact of already initiated emission reduction measures as well as plan for new initiatives or investments to reach the 30% reduction target.

To support a systematic assessment and reporting of CO₂ emissions of hot-spot and other suppliers, we are driving key initiatives aimed at improving process efficiency, data transparency and compliance with evolving sustainability regulations:

- **Streamlining supplier Corporate Carbon Footprint (CCF) data exchange**

We have introduced a digital exchange of Corporate Carbon Footprint (CCF) data in a pilot mode with SiGREEN. This digital solution enhances efficiency in data collection, and simplifies validation, allowing for accurate tracking and monitoring of supplier-related emissions.

- **Partnership with third-party provider for sustainability due diligences and data management**

To strengthen data collection from our suppliers, validation and reporting, we have partnered with a third-party service provider (in conjunction with our Business Process Outsourcing program) to develop a streamlined process for sustainability data management.

Both solution and partnership enable real-time insights and data-driven decision-making, supporting regulatory compliance and targeted improvement actions.

EMISSIONS FROM FLENDER'S SUPPLIERS

GRI 308-1 | ESRS G1-2

79

In the reporting year, we identified 79 suppliers with a considerable negative environmental impact.

3

Following our Scope 3 CO₂ emissions report, covering all global suppliers, we cluster suppliers in three different categories: exceeding 10,000, 3,000 or 1,000 tons of CO₂ emissions per year for business with Flender.

169

Flender Procurement has initiated a Supplier Emissions Transparency Program initially focusing on 169 suppliers, which cover 85% of Flender's Scope 3.1 carbon emissions, to obtain primary emissions data from them.

2.2 Primary data provision – supplier PCFs

We have launched several initiatives to improve supplier Product Carbon Footprint (PCF) transparency and data reliability and to comply with customer requirements and legal regulations:

- **Enabling Product Carbon Footprint (PCF) data exchange**

To enable seamless data exchange and validation of supplier Product Carbon Footprint (PCF) data, we conducted a pilot with the specialized software SiGREEN. This initiative has established a framework for tracking and ensuring the quality and transparency of supplier PCF data.

- **Supplier training for EU CBAM compliance**

In response to the EU Carbon Border Adjustment Mechanism (CBAM) regulations, we have conducted training programs for non-European suppliers. As of October 2024, all relevant suppliers were enabled to report (and have actually reported) primary data instead of using standard industry factors, ensuring compliance and improving emission accuracy.

Initial comparisons indicate that many of our suppliers are already outperforming industrial averages, reflecting proactive sustainability efforts.

2.3 Scope 3 reduction roadmap

To actively drive emissions reduction in our supply chain, we have set strategic initiatives focused on reducing Scope 3 emissions through energy optimization and green sourcing strategies:

- **Optimizing supplier energy mix and exploring green electricity adoption**

We engage with suppliers to explore opportunities for optimizing their energy mix and increasing the use of renewable energy sources. Our focus is on identifying feasible pathways for suppliers to transition toward lower-carbon energy solutions. By supporting awareness and knowledge-sharing on sustainable energy options, we aim to drive long-term reductions in supply chain emissions.

- **Supplier decarbonization support and incentives**

Our approach includes supporting suppliers in their transition to lower-emission production methods, setting clear expectations for emissions performance,

and exploring incentive mechanisms for suppliers that demonstrate strong sustainability performance.

3. Engage, enable and empower the supply chain management organization to act and decide sustainably

To drive sustainability across procurement and supply chain operations, we focus on engaging, enabling and empowering our organization to integrate sustainability into strategizing, decision-making and daily operations. This includes leveraging analytics and automation, redefining roles, building competence and enhancing training programs.

3.1 Modern Commodity Manager & Commodity Engineer and updated role and task split

We have redefined the Commodity Manager & Commodity Engineer role in Strategic Procurement. This increases clarity on responsibilities related to sustainability aspects in the tasks of strategic procurement, such as supplier strategy, supplier relations and performance management.

This also scales operational capabilities through outsourcing administrative tasks to our BPO partner, for example for CSR assessments.

We also established a specialized procurement sustainability task force to drive governance, improve processes, and focus on sustainability-critical areas such as Green Steel.

Procurement teams have nominated dedicated resources, others assigned a topic owner role to manage sustainability transformations, particularly in supplier decarbonization, circular economy, and ESG risk mitigation.

3.2 Enhancing supply chain sustainability through training and certification

To empower procurement professionals with the skills needed to drive sustainability initiatives, we have implemented:

- **XU Learning Platform and Sustainability Certification Program**

- A structured learning framework that trains key personnel across commodity management groups on sustainability

principles, carbon footprint assessment, and supplier engagement strategies.

- The Sustainability Manager Certification Program equips procurement teams with expertise in:

- Assessing primary carbon data and identifying emission hot-spots.
- Integrating sustainability criteria into sourcing and supplier selection.
- Leveraging supplier sustainability data to inform procurement decisions.

- **Continuous learning and knowledge sharing via Procurement Leaders Network**

- Procurement professionals participate in interactive training sessions, expert webinars, and real-world case studies to ensure sustainability best practices are consistently applied.
- Cross-functional collaboration with internal sustainability teams and external partners strengthens the ability to drive impact at scale.



3.3 Implemented Risk Analysis and Action Management Cockpit

To enhance transparency and risk management within the supply chain, we have successfully deployed a Risk Analysis Cockpit in conjunction with an integrated CSR Risk Management approach, leveraging the Supplier Relationship Management (SRM) module in our Source to Contract (S2C) system (Jaggaer). This provides:

- **Comprehensive ESG risk monitoring**

- Risk assessment dashboards on supplier, region, or business/location level enable monitoring of environmental, social and governance (ESG) risks across the supply chain.
- Automated risk alerts via Sphera (formerly RiskMethods) identify suppliers with sustainability-related issues, ensuring timely intervention.

- **Data-driven decision-making and corrective action/mitigation measure tracking**

- Centralized risk insights ensure procurement teams can proactively mitigate supplier risks and react fast if events occur that could have an impact related to CSR through data-backed strategies.
- SRM Action Module for Risk Mitigation: Our SRM system facilitates corrective action planning, ensuring transparency and effective project management in supplier risk management.

This integrated approach strengthens supply chain resilience, enhances compliance with sustainability standards, and enables proactive risk mitigation.

AUTOMATED RISK ALERTS

identify suppliers with sustainability-related issues and ensure timely intervention.

7.3 CORRUPTION AND BRIBERY

SDG 16.5

Flender is committed to upholding the highest standards of ethical business conduct, with a robust framework in place to combat corruption and bribery. Through the implementation of a strong approach in favor of anti-corruption and against anti-competitive behavior, the organization ensures compliance across its operations, generating positive impacts through enhanced trust and strengthened stakeholder relationships. Key components of the approach involve operating and monitoring anti-corruption and anti-competitive behavior mechanisms.

ANTI-CORRUPTION

GRI 2-15, 205-1, 205-2 | ESRS G1-3 |
UN GC Principle 10

A “Compliance Risk Assessment” is carried out every three years in order to identify and evaluate potential compliance risks for all Flender entities and operations globally. The fight against corruption is seen as a focus area as Flender conducts business and is represented in countries where a higher risk of corruption is identified.

The following aspects, among others, were taken into account to identify high-risk countries: the Transparency International

Corruption Perception Index ranking of each of our country markets, the susceptibility to corruption of the respective business entities, and the number of known cases of corruption in the past. All Flender operations (100%) were checked for corruption risks.

A crucial aspect in our effort to tackle corruption is the avoidance of actual and potential conflicts of interest. The topic is extensively covered in the Flender Compliance Handbook. It details the different types of potential conflicts, requirements to disclose these, and the need to involve the compliance organization as soon as possible and initiate mitigating measures. Conflicts of interest are also the subject of various compliance training courses for our employees.

In general, Flender has a comprehensive set of policies and processes in place to avoid all forms of corruption as well as conflicts of interest in its business dealings anywhere in the world, which include rules for gifts and hospitality as well as sponsoring, donations and memberships. With regards to engagement with outside parties, we have defined designated rules for business partners.

CASE STUDY

FLENDER GLOBAL: FLENDER’S COMMITMENT TO ETHICAL BUSINESS PRACTICES ON INTERNATIONAL ANTI-CORRUPTION DAY

Flender actively promotes integrity, transparency and accountability, reinforcing its zero-tolerance policy against corruption. In alignment with the United Nations International Anti-Corruption Day, Flender reaffirmed its commitment to ethical business conduct under the theme “Uniting with Youth Against Corruption: Shaping Tomorrow’s Integrity”. By implementing robust compliance systems and fostering a culture of integrity across all divisions, the company ensures adherence to anti-corruption principles in all aspects of its global operations.

Through initiatives such as the Flender Integrity Initiative, employees are encouraged to take an active role in upholding ethical standards, creating a work environment where compliance is embedded in daily operations. By standing united against corruption, Flender strengthens its global reputation as a reliable and responsible

business partner, reinforcing the importance of ethical leadership in driving sustainable success.

“PREVENTING CORRUPTION IS A COLLECTIVE RESPONSIBILITY THAT REQUIRES THE EFFORT OF ALL MEMBERS OF SOCIETY. AT FLENDER, WE EXPECT EVERYONE ACROSS ALL LOCATIONS, DIVISIONS, AND DEPARTMENTS TO ACT TRANSPARENTLY, WITH INTEGRITY AND ACCOUNTABILITY, AS WE STAND UNITED IN OUR FIGHT AGAINST CORRUPTION.”

Daniel Mehari

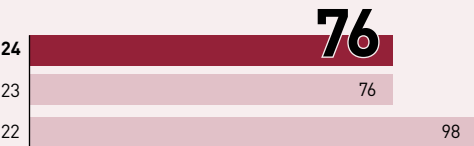
OPERATIONS ASSESSED FOR
RISKS RELATED TO CORRUPTION

GRI 205-1 | ESRS G1-3

Operating facilities



Assessed facilities



Percentage of audited facilities



Anti-competitive behavior

GRI 206-1

Competitive behavior, taking anti-trust law into account, is important to Flender, which is also reflected in the BCGs. Flender never enters into anti-competitive agreements with competitors because we fully support open competition in our relationships with customers, distributors and suppliers. We do not hire companies in which our employees have a personal interest or where it could benefit them personally.

COMPLIANCE CASES IN 2024

GRI 2-27 | ESRS G1-4

In the reporting period there were a total of nine allegations of non-compliance, and four open investigations. By the end of the reporting period, all cases were reviewed, resolved and closed without criminal proceedings.



7.4 TAXES

GRI 207-1, 207-2 | SDG 10.4, 17.1

Flender takes its obligation seriously to comply responsibly with tax laws (including the principles of the Organisation for Economic Co-operation and Development, OECD) and tax practice in each country, to declare and pay the statutory amounts of tax, and to maintain open and constructive relationships with the tax authorities. We believe that tax compliance is a core element of social responsibility for society and free markets.

Approach to tax risk management and governance arrangements

As the global headquarters, Flender holds ultimate responsibility for the taxation affairs of Flender entities. Responsibility for detailed oversight of taxation is partially delegated to local finance departments. Flender entities approve, own and oversee the development and implementation of our tax strategy and ensure that it is consistent with the Flender BCGs. Our tax strategy is reviewed continuously by the global tax team and our external consultants.

On site, entity-level finance departments are responsible for the day-to-day management of Flender's tax affairs, including managing compliance processes and our

tax contributions. In fulfilling its tax obligations, Flender is supported by external tax advisors who help us to meet our compliance obligations and identify, manage and, where possible, eliminate tax risks. However, responsibility for managing tax risk remains with the global tax team and its global management team.

Tax-planning approach

Flender pursues tax-planning measures that are as realistic as possible. We strive to be efficient in our tax affairs and will therefore use all available reliefs such as tax write-offs and incentives, but in the way in which they were intended. This means that all commercial and economic factors related to Flender's reputation, taxpayer responsibility and potential risk to the brand are taken into account.

Amount of accepted tax risk

Flender is a global brand that values its reputation and business success in its industry very highly, which is why it is important to us that we have a low tolerance for tax risks worldwide. If local tax risks are identified, these are addressed to the global

tax department. The tax department will work with the local finance team and external tax advisors to manage these risks. Flender has robust procedures for managing tax matters.

Financial assistance

GRI 201-4

In the 2024 reporting year, Flender did not receive material state grants or investment grants, for example for research and development, and did not obtain any loan agreement programs or receive any other financial awards.

8 OUTLOOK



8 OUTLOOK

As we continue to advance our CSR strategy, we remain committed to strengthening our environmental, social and governance performance while preparing for regulatory requirements due to the Corporate Sustainability Reporting Directive. Our focus will be on expanding key programs, integrating sustainability criteria into de-

cision-making processes, and enhancing transparency in our reporting.

To meet the **ESRS requirements**, we will further develop our data collection and reporting capabilities, particularly regarding climate-related risks, emissions reductions, and supply chain transparency.

This includes improving our methodologies for measuring and disclosing Scope 1, 2, and 3 greenhouse gas emissions, integrating sustainability criteria into supplier assessments, and aligning our compliance and governance structures with regulatory expectations. Additionally, we will enhance our stakeholder engage-

ment processes to ensure that material ESG topics are systematically identified and addressed.

In the following graphic you will find our focus tasks for each category and pillar for the coming year:


Environment

- Roll out the energy management system at our largest international production sites, analogous to the ISO 50001 certified system at the German sites
- Continuation of our global water and waste prevention program
- Global roll-out of SiGREEN to collect primary data from suppliers (Product Carbon Footprint)
- Use Bocholt site waste heat from the hardening process, saving 2.4 million kWh and reducing CO₂ by 400 tons
- Go-live of 1 MWp rooftop solar in Voerde and further PV expansion (0.2 MWp) in India
- Prioritize the use of green steel
- Establish joint CO₂ reduction measures with hot-spot suppliers
- Implement sustainability criteria in yearly supplier evaluation
- Conduct climate resilience analysis












Social




- Develop a talent program for global talents
- Foster a culture of lifelong learning
- Further development and communication of I&B
- Promote Community Engagement of employees
- Integrate the newly acquired locations into our incident reporting system
- Conception and planning of a global EHS conference for 2026
- Establish Health Working Groups with various programs such as flu and covid vaccinations, skin screenings, diabetes check-ups and healthy sleep training
- Continued global communication to strengthen the stakeholder network and exchanges, aiming to prevent repetitive incidents and maintain high safety. Together with our new certifier for our management systems (9001, 14, 45, 50) we are currently underway to achieve our goal of "ONE GLOBAL ISO Certifier"




Governance

- Conduct a new Compliance survey in 2025 to analyze the effectiveness of the implemented measures
- Roll out the new human rights web-based-training for Flender employees
- Next wave of onsite training for high-, low- and medium-risk countries
- Roll out a compliance awareness campaign for blue-collar workers, including a new poster campaign
- Develop reporting readiness to comply with CSRD requirements
- Increase engagement and response rates of suppliers on CSR transparency requirements

9 GRI/ESRS INDEX



GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
2-1	Organizational details	/	/	About this report	74	
		/	/	Imprint	7118	
2-2	Entities included in the organization's sustainability reporting	ESRS 2 BP-1	General basis for preparation of sustainability	About this report	74	
2-3	Reporting period, frequency and contact point	ESRS 1 6.1	Reporting period	About this report	74	
2-4	Restatements of information	ESRS 2 BP-2	Disclosures in relation to specific circumstances	About this report	74	
2-6	Activities, value chain and other business relationships	ESRS 2 SBM-1	Strategy, business model and value chain	Who we are	710	
		ESRS 2 SBM-1	Strategy, business model and value chain	Flender Value Chain	711	
		ESRS 2 SBM-1	Strategy, business model and value chain	Our markets and business areas	714	
		ESRS 2 SBM-1	Strategy, business model and value chain	Our products and services	718	
2-7	Employees	ESRS S1-6	Characteristics of the undertaking's employees	Our employees	767	
		ESRS S1-6	Characteristics of the undertaking's employees	Flender employees in numbers	769	
		ESRS S1-6	Characteristics of the undertaking's employees	Information on employees by region	780	
		ESRS S1-6	Characteristics of the undertaking's employees	Information on employees by gender and region	780	
2-8	Workers who are not employees	ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Our employees	767	
2-9	Governance structure and composition	ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	CSR Governance	730	The highest governance body of Flender International GmbH (subject and scope of this sustainability report) with regard to sustainability-related impacts and reporting is its management board, specifically the CSR Board. For more information, see also 7 https://www.flender.com/de/company/management

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
2-10	Nomination and selection of the highest governance body	/	/	/	/	The owner appoints the management board, pending approval of the supervisory board of Flender GmbH.
2-11	Chair of the highest governance body	/	/	/	/	The CEO is the head of the management board and of the CSR Board.
2-12	Role of the highest governance body in overseeing the management of impacts	ESRS G1.GOV-1	The role of the administrative, management and supervisory bodies	Responsibilities	7198	
		ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	CSR Board as the central steering committee	7130	
2-13	Delegation of responsibility for managing impacts	ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	CSR Governance	7130	
2-14	Role of the highest governance body in sustainability reporting	/	/	/	/	The voluntary sustainability reporting is currently overseen and coordinated by the Head of CSR. Before publishing, the Chairman of the CSR Board approves the report.
2-15	Conflicts of interest	/	/	Our compliance management	7197	
		/	/	Anti-corruption	7113	
2-16	Communication of critical concerns	ESRS G1-3	Prevention and detection of corruption and bribery	Our "Tell Us" compliance reporting system	7102	
2-22	Statement on sustainable development strategy	ESRS 2 SBM-1	Strategy, business model and value chain	Foreword by the CEO	717	
		ESRS 2 SBM-1	Strategy, business model and value chain	CSR: A core element of our business strategy	7122	
2-23	Policy commitments	ESRS G1-1	Business conduct policies and corporate culture	Our compliance management	7197	
2-24	Embedding policy commitments	ESRS G1-1	Business conduct policies and corporate culture	Corporate culture	7194	
		ESRS G1-1	Business conduct policies and corporate culture	Our compliance management	7197	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
2-25	Processes to remediate negative impacts	ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Working conditions and other work-related rights	187	
2-26	Mechanisms for seeking advice and raising concerns	ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Employee rights and complaints mechanism	176	
		ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Working conditions and other work-related rights	187	
		ESRS G1-3	Prevention and detection of corruption and bribery	Our compliance management	197	
		ESRS G1-3	Prevention and detection of corruption and bribery	Our "Tell Us" compliance reporting system	102	
2-27	Compliance with laws and regulations	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Corporate Environmental Protection	139	
		ESRS G1-4	Confirmed incidents of corruption or bribery	Our compliance management	197	
		ESRS G1-4	Confirmed incidents of corruption or bribery	Compliance cases in 2024	114	
2-28	Member associations	ESRS G1.MDR-A	Actions and resources in relation to material sustainability matters	Association memberships	117	
2-29	Approach to stakeholder engagement	ESRS 2 SBM-2	Interests and views of stakeholders	Stakeholder Dialog	127	
		ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	Idea Management at Flender	171	
2-30	Collective bargaining agreements	ESRS S1-8	Collective bargaining coverage and social dialog	Employee rights and complaints mechanism	176	
3-1	Process to determine material topics	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality analysis	134	
3-2	List of material topics	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material Topics	135	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
3-3	Management of material topics ¹	ESRS 2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	CSR strategy and management	732	
		ESRS 2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Flender's material impacts, risks and opportunities regarding the environment	740	
		ESRS E1.MDR-T	Tracking effectiveness of policies and actions through targets	Flender's environment-related targets	741	Includes the corresponding disclosure in accordance with ESRS E1-4
		ESRS E2.MDR-T	Tracking effectiveness of policies and actions through targets	Flender's environment-related targets	741	Includes the corresponding disclosure in accordance with ESRS E2-3
		ESRS E5.MDR-T	Tracking effectiveness of policies and actions through targets	Flender's environment-related targets	741	Includes the corresponding disclosure in accordance with ESRS E5-3
		ESRS S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities related to social aspects	765	
		ESRS S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities related to social aspects	765	
		ESRS S1.MDR-T	Tracking effectiveness of policies and actions through targets	Targets related to social aspects	766	Includes the corresponding disclosure in accordance with ESRS S1-5
		ESRS S2.MDR-T	Tracking effectiveness of policies and actions through targets	Targets related to social aspects	766	Includes the corresponding disclosure in accordance with ESRS S2-5
		ESRS S2.MDR-T	Tracking effectiveness of policies and actions through targets	Targets regarding workers in the value chain	788	Includes the corresponding disclosure in accordance with ESRS S2-5
		ESRS G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities related to governance aspects	791	
		ESRS G1.MDR-T	Tracking effectiveness of policies and actions through targets	Targets related to governance aspects	793	

¹ The Management of material topics is included in multiple chapters. Corresponding ESRS can be found on top of the chapters including the MDR (Minimum Disclosure Requirements), meaning:

- MDR-P (standing for policies),
 - MDR-A (standing for actions)
 - and/or MDR-M (standing for metrics)
 in order to manage each material topic comprehensively. For overview purposes, only SBM-3 and MDR-T (standing for targets) are to be found in this index.

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
201-1	Direct economic value generated and distributed	/	/	Community engagement	795	
201-2	Financial implications and other risks and opportunities due to climate change	ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Climate change adaptation: Strengthening Flender's climate resilience	742	Further information can be found in the annual report upon request.
201-3	Defined benefit plan obligations and other retirement plans	/	/	/	/	Information can be found in the annual report upon request.
201-4	Financial assistance received from government	/	/	Financial assistance	7115	
205-1	Operations assessed for risks related to corruption	ESRS G1-3	Prevention and detection of corruption and bribery	Anti-corruption	7113	
		ESRS G1-3	Prevention and detection of corruption and bribery	Operations assessed for risks related to corruption	7114	
205-2	Communication and training about anti-corruption policies and procedures	ESRS G1-3	Prevention and detection of corruption and bribery	Anti-corruption	7113	
205-3	Confirmed incidents of corruption and actions taken	ESRS G1-4	Confirmed incidents of corruption or bribery	Our compliance management	797	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	/	/	Anti-competitive behavior	7114	
207-1	Approach to taxes	/	/	Taxes	7115	
207-2	Tax governance, control, and risk management	/	/	Taxes	7115	
301-1	Materials used by weight or volume	ESRS E5-4	Resource inflows	Materials purchased in 2024	756	
301-2	Recycled input materials used	ESRS E5-4	Resource inflows	Our resource inflow management	756	
301-3	Reclaimed products and their packaging materials	ESRS E5-4	Resource inflows	Packaging	758	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
302-1	Energy consumption within the organization	ESRS E1-5	Energy consumption and mix	Management of our energy consumption	142	
		ESRS E1-5	Energy consumption and mix	Total fuel consumption within the organization from non-renewable sources (GJ)	142	
		ESRS E1-5	Energy consumption and mix	Electricity consumption (GJ)	143	
		ESRS E1-5	Energy consumption and mix	Total energy consumption within the organization (GJ)	143	
302-3	Energy intensity	ESRS E1-5	Energy consumption and mix	Management of our energy consumption	142	
		ESRS E1-5	Energy consumption and mix	Energy intensity (MWh/EUR)	143	
302-4	Reduction of energy consumption	ESRS E1.MDR-T	Tracking effectiveness of policies and actions through targets	Flender's environment-related targets	141	
		ESRS E1.MDR-T	Tracking effectiveness of policies and actions through targets	Our emissions commitments	146	
		ESRS E1.MDR-A	Actions and resources in relation to material sustainability matters	Management of our energy consumption	142	
303-1	Interactions with water as a shared resource	ESRS E3-3	Targets related to water and marine resources	Our water consumption	161	
303-2	Management of water discharge-related impacts	ESRS E3-3	Targets related to water and marine resources	Out water consumption	161	
		ESRS E3-3	Targets related to water and marine resources	Our approach to water use and waste water	160	
303-3	Water withdrawal	ESRS E3-4	Water consumption	Our water consumption	161	
		ESRS E3-4	Water consumption	Water withdrawal (m³)	161	
303-4	Water discharge	ESRS E3-4	Water consumption	Our water consumption	161	
		ESRS E3-4	Water consumption	Water discharge (m³)	161	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
303-5	Water consumption	ESRS E3-4	Water consumption	Our water consumption	761	
		ESRS E3-4	Water consumption	Water consumption (m³)	761	
305-1	Direct (Scope 1) GHG emissions	ESRS E1-4	Targets related to climate change mitigation and adaptation	Flender's environment-related targets	741	
305-2	Energy indirect (Scope 2) GHG emissions	ESRS E1-4	Targets related to climate change mitigation and adaptation	Our emissions commitments	746	
305-3	Other indirect (Scope 3) GHG emissions	ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Corporate carbon footprint	747	
		ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Reducing the CO ₂ footprint of our operations	749	
		ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Number of suppliers identified as having significant actual and potential negative environmental impacts	752	
305-4	GHG emissions intensity	ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	GHG emissions intensity ratio (CO ₂ e/TEUR)	748	
305-5	Reduction of GHG emissions	ESRS E1-3	Actions and resources in relation to climate change policies	Reducing the CO ₂ footprint of our operations	749	
		ESRS E1-3	Actions and resources in relation to climate change policies	Reducing the carbon footprint in our supply chain	752	
		ESRS E1-4	Targets related to climate change mitigation and adaptation	Flender's environment-related targets	741	
		ESRS E1-4	Targets related to climate change mitigation and adaptation	Our emissions commitments	746	
		ESRS E1-4	Targets related to climate change mitigation and adaptation	Reducing the CO ₂ footprint of our operations	749	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESRS E2-4	Pollution of air, water and soil	Pollution	753	
		ESRS E2-4	Pollution of air, water and soil	Volatile organic compounds (t)	753	
306-1	Waste generation and significant waste-related impacts	ESRS E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Our responsible resource management	754	
		ESRS E5-4	Resource inflows	Our water consumption	761	
306-2	Management of significant waste-related impacts	ESRS E5-2	Actions and resources related to resource use and circular economy	Our resource outflow management	759	
		ESRS E5-5	Resource outflows	Our resource outflow management	759	
306-3	Waste generated	ESRS E5-5	Resource outflows	Our resource outflow management	759	
		ESRS E5-5	Resource outflows	Waste (tons)	759	
306-4	Waste diverted from disposal	ESRS E5-5	Resource outflows	Our resource outflow management	759	
		ESRS E5-5	Resource outflows	Waste (tons)	759	
306-5	Waste directed to disposal	ESRS E5-5	Resource outflows	Our resource outflow management	759	
		ESRS E5-5	Resource outflows	Waste (tons)	759	
308-1	New suppliers that were screened using environmental criteria	ESRS G1-2	Management of relationships with suppliers	Increasing transparency, reducing risks in our supply chain	7105	
		ESRS G1-2	Management of relationships with suppliers	Number of suppliers assessed for environmental impacts	7107	
		ESRS G1-2	Management of relationships with suppliers	Emissions from Flender's suppliers	7110	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
308-2	Negative environmental impacts in the supply chain and actions taken	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Reducing the carbon footprint in our supply chain	752	
		ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Number of suppliers identified as having significant actual and potential negative environmental impacts	752	
		ESRS G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Increasing transparency, reducing risks in our supply chain	7105	
		ESRS G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Number of suppliers assessed for environmental impacts	7107	
		ESRS G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental impacts identified in the supply chain	7108	
401-1	New employee hires and employee turnover	ESRS S1-6	Characteristics of the undertaking's employees	Our employees	767	
		ESRS S1-6	Characteristics of the undertaking's employees	Promotion of diversity	781	
		ESRS S1-6	Characteristics of the undertaking's employees	New hires and employee turnover	770	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1-11	Social protection	Attractive working conditions	772	
401-3	Parental leave	ESRS S1-15	Work-life balance metrics	Attractive working conditions	772	
403-1	Occupational health and safety management system	ESRS S1-1	Policies related to own workforce	Health and safety	773	
		ESRS S1-1	Policies related to own workforce	Our EHS Management System: High standards, learning and developing together	774	
		ESRS S1-1	Policies related to own workforce	Safety certifications and incident counts at our sites	776	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
403-2	Hazard identification, risk assessment, and incident investigation	ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Our approach to increasing occupational safety and avoiding incidents	174	
		ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Safety certifications and incident counts at our sites	176	
		ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Health incidents and lost time	176	
403-4	Worker participation, consultation, and communication on occupational health and safety	ESRS S1.MDR-A	Actions and resources in relation to material sustainability matters	Our approach to increasing occupational safety and avoiding incidents	174	
403-5	Worker training on occupational health and safety	ESRS S1.MDR-A	Actions and resources in relation to material sustainability matters	Our approach to increasing occupational safety and avoiding incidents	174	
403-6	Promotion of worker health	ESRS S1.MDR-T	Tracking effectiveness of policies and actions through targets	Targets related to social aspects	166	
403-8	Workers covered by an occupational health and safety management system	ESRS S1-14	Health and safety metrics	Our approach to increasing occupational safety and avoiding incidents	174	
403-9	Work-related injuries	ESRS S1-14	Health and safety metrics	Our approach to increasing occupational safety and avoiding incidents	174	
		ESRS S1-14	Health and safety metrics	Safety certifications and incident counts at our sites	176	
403-10	Work-related ill health	ESRS S1-14	Health and safety metrics	Safety certifications and incident counts at our sites	176	
404-1	Average hours of training per year per employee	ESRS S1-13	Training and skills development metrics	People development	183	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
404-2	Programs for upgrading employee skills and transition assistance programs	ESRS S1-1	Policies related to own workforce	Performance management	772	
404-3	Percentage of employees receiving regular performance and career development reviews	ESRS S1-1	Policies related to own workforce	People development	783	
		ESRS S1-13	Training and skills development metrics	Performance management	772	
405-1	Diversity of governance bodies and employees	ESRS S1-9	Diversity metrics	Our measures and projects to promote I&B	779	
		ESRS S1-9	Diversity metrics	Promotion of diversity	781	
		ESRS S1-9	Diversity metrics	Diversity of governance bodies and employees Employees by age	780	
		ESRS S1-9	Diversity metrics	Diversity of governance bodies and employees Governance body members by age	780	
405-2	Ratio of basic salary and remuneration of women to men	ESRS S1-16	Compensation metrics (pay gap and total compensation)	Attractive working conditions	772	Work in progress – KPI will be reported in the future.
406-1	Incidents of discrimination and corrective actions taken	ESRS S1-17	Incidents, complaints and severe human rights impacts	Inclusion and belonging	777	
408-1	Operations and suppliers at significant risk for incidents of child labor	ESRS S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities related to social aspects	765	
		ESRS S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities related to social aspects	765	
		ESRS S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESG assessments: Together toward greater sustainability	7107	

GRI STANDARD	GRI DISCLOSURE NAME	CORRESPONDING ESRS	ESRS DISCLOSURE NAME	REPORTING (SUB)CHAPTER	PAGE NUMBER	COMMENT
409-1	Operations and suppliers at significant risk for incidents or forced or compulsory labor	ESRS S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities related to social aspects	765	
		ESRS S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities related to social aspects	765	
		ESRS S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESG assessments: together towards greater sustainability	7107	
		ESRS G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Business locations and suppliers with a significant risk of incidents of forced or compulsory labor	7108	
414-1	New suppliers that were screened using social criteria	ESRS G1-2	Management of relationships with suppliers	Increasing transparency, reducing risks in our supply chain	7105	
414-2	Negative social impacts in the supply chain and actions taken	ESRS G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Increasing transparency, reducing risks in our supply chain	7105	
416-1	Assessment of the health and safety impacts of product and service categories	ESRS S4.MDR-A	Actions and resources in relation to material sustainability matters	Product quality and safety	720	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Product quality and safety	720	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESRS G1.MDR-A	Actions and resources in relation to material sustainability matters	Data privacy and data protection in a digital world	7102	
ESRS only						
/	/	ESRS E1-1	Transition plan for climate change mitigation	Climate change adaptation: Strengthening Flender's climate resilience	742	

IMPRINT

GRI 2-1, 2-2, 2-3, 2-4

The Sustainability Report 2024 is published in English.

The publication date is June 3, 2025.

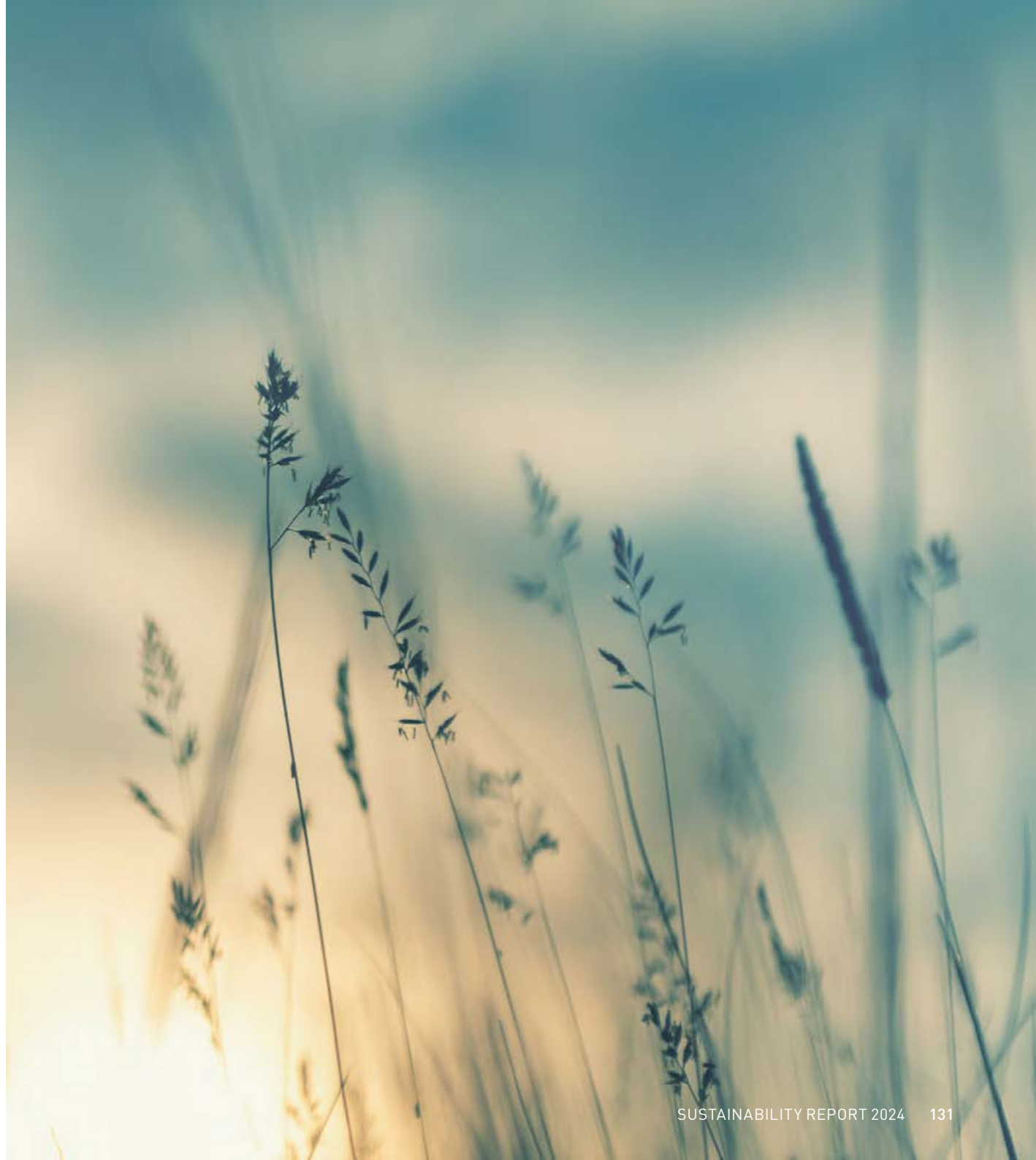
If you have any comments or questions about this report, please contact our CSR team at: csr@flender.com

ESG CONSULTING AND DESIGN

Silvester Group, Hamburg
🔗 www.silvestergroup.com

PHOTO CREDITS

Flender International GmbH
Adobe Stock
Freepik



Flender International GmbH
Alfred-Flender-Straße 77
46395 Bocholt
Germany