



**NEXT LEVEL
In Agility**





Profile

GESCO Group bundles the power of the technology-driven SME sector into one share. The spectrum ranges from tool steel to stainless steel containers, from paper sticks to support arms for medical technology. Many of the subsidiaries are market leaders, some in special niches, but all are recognised players with established brands. The ten companies are assigned to three segments oriented towards end-customer markets.

582.3

€ million sales
(previous year: € 488.1 million)

For
25
years

GESCO has been listed
on the Stock exchange.

49.4

€ million EBIT
(previous year: € 44.6 million)

3.12

€ earnings per share
(previous year: € 2.48)

1,841

employees worldwide
(as of the balance sheet date)

33

locations worldwide

Editorial

“A world-leading company is exploring the future while making impressive use of the present. It fosters a culture of innovation for superior business models and a leadership culture that transcends traditional boundaries.”

We develop our companies according to this standard. This year's annual report is also designed with this idea in mind. It offers you a comprehensive insight into each of our subsidiaries and our extensive activities. In the past business year, our focus was on the development of a common leadership culture with the objective of developing high performance teams.

The business year already underway is entitled “In Agility”. We associate this with a further increase in our speed of adaptation to the challenges of the markets and the tasks that our customers set us. We are working intensively on highlighting society's contributions in order to achieve sustainability in the best sense of the word.

I hope you enjoy reading.



Ralph Rumberg, CEO GESCO SE



NEXT LEVEL In Agility

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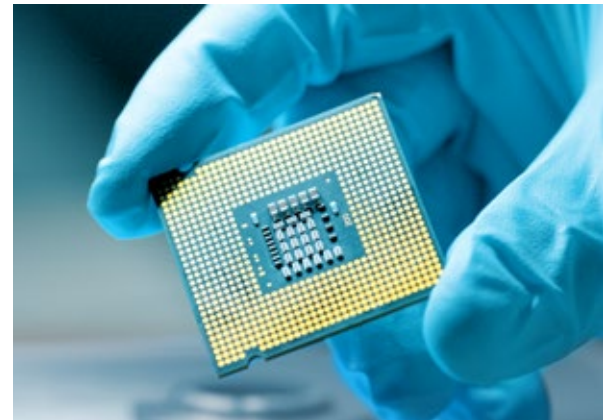
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THE POWER

OF AGILITY

The world is undergoing a rapid transformation process. Everything is changing – including GESCO's portfolio. What part does agility play in success – and what contribution will increasing digitalisation make? We put these questions to CEO Ralph Rumberg and the new CFO Andrea Holzbaur.

While other companies were struggling with the effects of the Ukraine war, the Corona pandemic and rising interest rates, you are reporting top figures for the second year in a row. Is GESCO Group immune to these adverse conditions?

RR No, that would be nice, but GESCO Group is certainly not immune to adverse economic conditions. We feel the effects just as much as by all other market participants. For example, we have lost significant projects, sales and even earnings in 2022 due to the discontinuation of business in Russia. For us, the concept of Excellence Programmes, which we launched in 2019, has emerged as a success factor.

By running the programmes ahead of time, we were already able to achieve good effects in 2021. These have intensified even further in 2022. For us, agility in leadership is essential in this regard, which is why the current financial year is also under the heading “In Agility”. We understand agility as the continuous increase in the speed of adaptation to current challenges.

All GESCO Group companies know how important the topic of speed of adaptation is. Only those who are able to react quickly to changes and adapt their business model accordingly remain on track for success. Largely, we have already managed to do this quite well.

Is GESCO on track to achieve its goals by 2025?

RR Our goals for 2025 are a balanced and robust portfolio with 3 anchor and 12 basic holdings. In addition to inorganic growth, we are striving for organic growth with our subsidiaries for this purpose and expect a target EBIT margin of 8-10% for GESCO Group and a calculated sales figure of around € 1 billion.

As far as the planned organic growth is concerned, we see ourselves fully on target. This is impressively demonstrated by the figures presented for the 2022 business year. In terms of inorganic growth, we did not achieve the planned acquisition volume in 2022. The reason is simple: sometimes the purchase price demanded was too high to generate long-term value added with our methods. Much more often, we were not completely convinced of the prospects of success in turning these companies into genuine global market leaders. Our top motto remains: We do not make bad deals. Rising interest rates are visibly changing the M&A environment. Internally, we have once again intensified our direct approach activities. We are convinced that our well-filled M&A pipeline will provide opportunities to further strengthen the GESCO portfolio in the near future.

The group-wide rollout of the LEADDEX programme took place in 2022. What progress has been made and what is planned for the future?

RR We started the process by working out a common understanding of what we mean by high performance teams and what distinguishes them in a number of workshops. High performance teams are particularly goal-oriented, set ambitious goals and achieve them in the shortest possible time. They are hungry for success, highly energetic and anticipate emerging changes early on. And most importantly: they act as a team!

In 2022, we started with the analysis of the respective starting situation in each subsidiary and had many discussions with the management teams about what we want to achieve with high-performance teams. It is essential to take our employees along with us on our journey.

With the management teams, we carried out individual analyses according to the Insights Discovery® method and coaching sessions to continuously improve their impact in the organisation. Insights Discovery® is about getting to know yourself better, but also about understanding other people better. Recognising the other person and being able to adjust to them requires not only intuition but also knowledge of different types of people. If entire teams are to work together optimally, so-called team matching is crucial. In addition to the necessary and complementary qualifications, it is particularly important that a personal match is created among the team members. We have already made good progress in this area in the past business year.

In the current business year, the interaction in the teams and the focus on goals will be further strengthened through training. Further methods and implementation training are planned for next year. By 2025, we want to see the first high-performance teams in the subsidiaries.

What progress has been made in the MAPEX and OPEX programmes?

RR As mentioned above, we have managed to compensate quite well for the crisis-related influences in the 2021 and 2022 financial years. Let us take three typical examples for MAPEX programmes.

At Kesel, we decided in 2019 to develop a new generation of machines that offers at least a 20% increase in performance and also follows a modular principle. These new develop-



ments naturally take some time. The first new machines were presented to customers in mid-2021, but the full effect only emerged last year. With this new generation, Kesel has additionally managed to enter a new market segment. In addition to the traditional milling machines, Kesel has also introduced grinding machines to the market since 2021. The customer campaign with Kesel Connect is also helping to excite more customers. All activities together led to pleasing growth in 2022.

As part of the MAPEX programme, the MAE group has identified a number of new regions from a comprehensive 2021 market analysis on the topic of global mobility concepts in rail transport. These are being tackled consistently with a strengthened team and new dealer network. This resulted in significant gains in market share last year. At the same time, the machine concept of the wheelset presses was significantly further developed and improved in terms of energy, thus strengthening the competitive position of the MAE group.

Pickhardt & Gerlach started the programme in 2020 with a comprehensive market analysis. A key finding was that the level of awareness of Pickhardt & Gerlach and the product positioning had significant potential for improvement. Both points were addressed with corresponding activities; on the one hand, there has been a new product positioning since 2021 and, on the other hand, new developments such as EMONI®. EMONI® stands for Electro-Mobility Nickel and offers a particularly high degree of efficiency, which is of interest especially in electro-mobility. Overall, Pickhardt & Gerlach was again able to record volume growth in 2022.

All three examples show the multi-layered activities that intertwine and have significantly influenced the progress of the respective subsidiary. However, the progress in the OPEX programmes has also made a good contribution in the last two years.

At INEX – solutions, the focus was primarily on increasing efficiency in order to meet the significantly increased customer requirements. At HUBL, the production capacity for stainless steel containers was increased by more than 30 % by optimising the production concept according to LEAN aspects. Similar steps were taken at Sommer & Strassburger in the production of pressure pipes for biogas plants, for example.

A special example is AstroPlast, where progress has been made on several levels at the same time. The production of sophisticated plastic parts requires an interlocking workflow. This has now been converted from a manually processed work process at several points into an efficient digital workflow. Digitally controlled material preparation, shop floor performance live tracking for employees, online quality checklists, employee terminals for digitised employee scheduling. There are no “physical” limits. In addition to being able to wow customers with the digitalisation advances, the digital workflow at AstroPlast has led to a significant reduction in throughput times, which in turn has led to a reduction in working capital. Both contribute to efficiency gains.

These examples show how we generate new products and additional market share from the MAPEX programmes and become more efficient in the production process with the OPEX measures.

What else is on the agenda in 2023?

RR Besides the MAPEX and OPEX programmes just described, the LEADEX and DIGITEX programmes are the main focus. While the LEADEX programme for 2023 is firmly anchored and the same for all participants, the activities in DIGITEX are very complex.

Particularly in the German SME sector, the level of digitalisation is not yet state-of-the-art and this also applies to a large extent to our subsidiaries. We are well positioned in many individual solutions, but the consistency of a digital workflow still offers many opportunities. We think of the process from the customer enquiry to the end of the life cycle of our products. This end-to-end approach offers us many new opportunities in digital business models as well.

In the past business year, we looked at the current situation and worked intensively on a common goal orientation. This year we will start the implementation activities together with all subsidiaries.

Only one small acquisition was made with BAV in 2022. What are the plans for the current year?

RR In addition to further add-on investments, our acquisition roadmap for the current year also includes the purchase of basic investments. Our M&A team continuously screens incoming offers from the M&A network. In the past, GESCO received around 200 projects per year from our network and made an average of one acquisition from them. In order to increase the number of acquisitions, we have significantly intensified our direct approach to entrepreneurs in particular, and have also enthused our managing directors of the subsidiaries about add-ons. The more interesting companies we approach, the greater the chances that we will find one or two attractive companies for our portfolio. We see ourselves well positioned here.



How have the general conditions changed, among other things due to the war in Ukraine and rising interest rates, and what consequences does this have for GESCO?

RR The war in Ukraine has only a minor impact on the M&A market. Some companies that could be interesting for us may have had business relations with Russia, Belarus or even Ukraine and are then more affected as a result. The influence of rising interest rates is much greater. Here we see that private equity companies in particular have become more price-sensitive. Even though refinancing costs have also become more expensive for GESCO, this development is positive for GESCO overall. After all, we do not acquire companies in order to sell them again after three to five years. We take a long-term approach and are therefore interested in the value of the company and the expansion of the respective business model.

Why should an entrepreneur decide to sell his company to GESCO in particular?

RR With GESCO, he is handing his company over to reliable hands. He knows that his life's work and the jobs are secure. The corporate identity remains. When we buy a company, we do not have an EXIT plan. The entrepreneur also does not have to fear that his company will be broken up or sold on after a few years. GESCO SE is a long-term investor that successfully develops his company. In addition, we are one of the few industry groups that offers comprehensive methodological expertise for all areas of the business model. The resulting best practices in the Group can help all companies.

How did you celebrate the 25th IPO anniversary at GESCO?

RR We have, of course, thought about how to celebrate such an important milestone in a fitting manner. However, in these times, especially against the backdrop of the ongoing war in Ukraine and the humanitarian disaster in the earthquake zone in Turkey and Syria, we did not feel like celebrating. Instead, we decided to donate € 25,000 to "Bündnis Entwicklung Hilft" and "Aktion Deutschland Hilft".

To share the anniversary with our employees and to increase the TEAM spirit in the group of companies, we had printed T-shirts made for all our employees. This resulted in very nice photos being shot.

Were there any congratulations and if so, which one did you particularly like?

RR To be honest, there were only a good dozen good wishes. On the one hand, we were particularly pleased with the greeting from Deutsche Börse. On 24 March, a congratulatory message appeared on the large display board in the trading hall. We were also pleased to receive a letter from a shareholder who told us that he has been a shareholder since the IPO and has thus experienced all the ups and downs of our stock market history so far. At the age of

78, he is looking forward to the next 25 years. That is the right spirit.

What are your expectations for the 2023 business year?

RR I expect the 2023 financial year to be another year of growth and expansion. I expect the subsidiaries to enter new markets and offer new products and services to strengthen their business. I also expect our companies to increasingly exploit the possibilities of digitalisation and automation of work processes.

In addition, I expect the demand for sustainable and environmentally friendly products and services to increase. Some of our companies are excellently positioned to benefit from this trend.

This means that our internal activities are clearly geared towards growth; we will experience together what challenges the market has in store for us. With our focus on a high speed of adaptation, we feel well prepared.

How does the topic of sustainability develop in a group as diversified as GESCO?

RR Sustainability must not become a compulsory topic, but requires a corresponding mindset in the management teams. With this perspective, it is easier to advance sustainability development in a group with currently 10 different business models than with one-dimensional KPI targets. Our teams have been able to make remarkable progress, especially in 2022. GESCO Group's total energy consumption decreased by over 17% while sales increased by 19%. We made a particular contribution to natural gas, which is sometimes in short supply, with an absolute saving of 29% compared to the previous year. We have also made significant progress in the proportion of green electricity, which now accounts for almost 75% of our total electricity consumption.

But of course, we see further potential that we will jointly exploit in the coming years. This includes, for example, increasing our own electricity production through photovoltaic systems and further expanding the share of pur-

chased green electricity. In addition to our own energy balance, however, the main focus is on our product portfolio. Wherever we bring machines and systems to market, we pay attention to energy efficiency and sustainability in the sense of the circular economy. The best example is the MAE group, where we have reduced the energy consumption per machine by more than 40% and the oil requirement by more than 30% at the same time with an innovative hydraulic concept. In addition, MAE accompanies the plants throughout their entire life cycle and takes them back for general overhauls if necessary. After that, most of the machines have a second life ahead of them. This is how we understand sustainability.

You were solely responsible for managing GESCO for 5 months. A new CFO, Ms Holzbaur, has been on board since the end of September 2022. Has this changed your daily routine and how does the cooperation with her work?

RR I was glad that Andrea Holzbaur filled the CFO vacancy at the end of September. During the transition phase, I was not able to attend to some issues as intensively as I would have liked. Accordingly, the focus has now changed again considerably. Above all, I can once again concentrate more on our M&A activities and the development of the subsidiaries.

Andrea quickly settled into GESCO and our collaboration is going exactly as I had hoped: uncomplicated and goal-oriented.

Ms Holzbaur, you have only been on board for a short time: why don't you tell us a little about yourself?

AH In addition to the figures, it is important for me to have an eye on the Company as a whole and its environment, to be able to act strategically and operationally and to take people with me. Because success can only be achieved together with a strong team. My studies in business administration in Stuttgart had a formative influence on me. In my focus on controlling, I learned to think outside the box

and to see the controller as a co-pilot. I enjoy tackling issues quickly and purposefully, and actively promoting change. My professional career was mainly characterised by phases of change. I accompanied process optimisations, system introductions, but also restructurings and growth.

After graduating college, I started at Honeywell in 1996 as a financial analyst and worked at the corporate headquarters in the US as an internal auditor. This was followed by various positions in industry and textile retail. At CareFusion, an American medical technology group, I was responsible for numerous restructuring and M&A projects as Finance Director and Director Program Management in addition to Finance Europe. In 2013, I joined Güntner Group Europe GmbH, a global leader in the manufacture of heating and cooling solutions, as CFO. In 2018, I was appointed Managing Director of the European holding company, Güntner GmbH & Co KG, and in 2020 of the internal IT and digitalisation company Spark Radiance GmbH.

What was your first impression of GESCO?

AH GESCO is an extremely exciting industrial group. We have a wide range of companies covering different industries; medium-sized companies, but with the ambition to remain or become global market leaders. This is no easy task in these volatile and disruptive times. GESCO has a clear goal and strategy with NEXT LEVEL 25. That is essential. The long-term orientation and active role distinguishes GESCO from private equity and traditional investment companies. And this active role of GESCO SE in the further development of the subsidiaries convinced me.

GESCO offers a remarkable interplay of medium-sized character, long-term orientation and stock market listing. I know the German SME sector quite well and have come to appreciate many things. However, the stock exchange listing and the associated requirements of the capital market were new to me. However, I have to say I enjoy meeting investors and introducing them to GESCO's business model.

I visited all the subsidiaries in the first few days and got to know the management teams there. Not only was the pleasant working atmosphere great, but also the constructive way in which challenges are met. Overall, my first impression of GESCO and the subsidiaries was very positive and I am happy to now be part of this success story.

What surprised you the most?

AH I was positively surprised by the high adjustment speed in the subsidiaries. This can be seen, for example, in how quickly inflation was passed on last year. GESCO Group is characterised by a high level of performance orientation and dynamism. At the same time, you immediately feel the very appreciative and familiar corporate culture. I immediately felt well received and like I belonged. It is impressive with what agility our Group adapts to the constantly changing market conditions, and the team spirit has even increased in the process.

What attracted you to take on the CFO position?

AH The CFO position is not new to me. What attracted me was GESCO Group. On the one hand, to have the different sectors united in one industrial group. On the other hand, the clear focus on NEXT LEVEL 25, which is a challenging phase for the group transformation, growth and increased international orientation. This has piqued my interest. Here I can use my extensive experience as CFO, in various industries and areas such as IT and digitalisation in a target-oriented way. Actively driving change has accompanied me throughout my career. I am successful in this environment and can make a valuable contribution to the further development of GESCO Group and its teams.

A new aspect for me is the stock market listing. At GESCO, I now have the opportunity to get to know the capital market side intensively. Not to be neglected, however, is the cultural fit, that we share the same values and that the corporate culture matches my convictions and values.

Overall, I had a good feeling about the position and GESCO Group right from the start.

What are your most important topics besides finance?

AH In addition to finance, my focus is on topics such as investor relations, legal and compliance, IT and HR. Of course, successful strategy development is also very important.

To drive the Company's strategy forward, we take various initiatives. The promotion of digitalisation and the consideration of ESG factors are just two examples here. An important focus here is the establishment of flexible and optimal structures for data collection and measurability. Only in this way can informed decisions be made.

Another important issue is the creation of high performance teams also in the area of finance. We need to be able to quickly deal with complex financial issues and set the Com-



pany up for a successful financial future. CFO and Finance should also be role models. Making strategies measurable by defining and monitoring KPIs and demanding target achievement only works if you lead by example. I cannot credibly promote digitalisation if I have mountains of paper piling up on my desk.

Where do you focus your work in the short / medium and long term?

AH First of all, it was important for me to quickly familiarise myself with all the relevant topics and gain as comprehensive an understanding as possible of the requirements of our subsidiaries. The focus now in the short term is on ensuring the results, financial stability and liquidity of GESCO and the subsidiaries. This includes strengthening liquidity by optimising working capital. The higher inventories that we had deliberately built up due to the global supply chain problems are being gradually reduced again.

In the medium term, I focus on implementing the corporate strategy and ensuring the long-term competitiveness of the companies. Aspects such as the optimisation of the financing structure, the implementation of controlling and reporting systems as well as the promotion of innovations and digitalisation play an important role. This also includes the development of high performance teams and establishing the role model function in the area of finance. I also work on the preparation of financial and investment plans as well as the evaluation of business developments and projects.

In the long term, I focus on securing and increasing the value of the Company. This involves identifying and exploiting growth potential and ensuring the creation of sustainable value for stakeholders. The strategic planning and implementation of measures in the area of sustainability and corporate social responsibility (ESG/CSR) also plays an increasingly important role here.

As CFO, I strive to keep an eye on both operational and strategic issues and thus cover all three time horizons.

How does the cooperation with your fellow board member, Mr Rumberg, work?

AH The cooperation with my Board colleague, Mr Rumberg, is going very well. What is amazing is that we come from completely different backgrounds and experiences. Ralph brings a lot of experience from motorsport and was influenced by high performance teams. I come from a controlling and finance background and have experience in medical technology and plant engineering. Compared to motorsport and the automotive supply industry, things are rather leisurely there. Nevertheless, we have a common vision and very similar ideas about teams, cooperation, performance and speed. We look at issues from different angles and complement each other very well. The cooperation is a lot of fun and is based on trust and respect. Our common goal is to strengthen our teams, optimise processes and thus achieve maximum performance and thus value for our shareholders. We agree that every employee in the Company is important and that teamwork and cooperation are the key to success.

What about GESCO's financial possibilities to finance inorganic growth?

AH GESCO's financial opportunities for inorganic growth remain very good, even in the current market conditions with rising interest rates.

Due to GESCO's structure, we see financing from own funds as well as debt as realistic and feasible, as communicated earlier. With a high equity ratio of 58% and a low net debt ratio of currently 0.9, we have a solid balance sheet structure and a good rating. Long-term bank liabilities have also been consistently reduced in recent years. Under these conditions, debt financing is very feasible, even in the current market environment. In addition, we want to refocus on optimising working capital in 2023. After the deliberate increase in inventories to ensure the ability to deliver, the focus is now back on reducing them. This will increase our liquidity. In addition, we are buying healthy companies that also directly make a positive contribution to EBITDA and cash flow. We are thus well positioned and can quickly seize potential opportunities in the market.

What impact will rising interest rates have on GESCO's ability to finance inorganic growth?

AH Interest rates have risen rapidly in recent months. Of course, this increases the cost of debt financing. However, we do not expect any restriction on our inorganic growth. We are striving to finance as much as possible with our own funds. It is important here to focus on the availability of own funds, for example, by reducing working capital.

In addition, there are also positive effects. The overheating in the M&A market with the previously very high multiples is slowly receding. This can create the opportunity for GESCO to acquire healthy companies again at more realistic prices. Overall, GESCO can therefore look to the future with optimism and drive inorganic growth even as interest rates rise.

Why did you decide on a dividend proposal of €1.00?

AH Our proposal is based on our long-term dividend strategy, which provides for a payout of between 20% and 60% of net profit. We thus offer our shareholders a substantial payout. At the same time, we take into account our financing requirements.

We want to grow inorganically and only resort to debt capital to the extent necessary. We are currently looking at a number of attractive companies and are confident that we will be able to acquire one or two of them. Especially in view of rising interest rates, it makes sense from our point of view to keep the need for debt capital as low as possible.

By retaining around two thirds of the net profit for the year in the Company, we strengthen the substance of the Company and lay the foundation for future growth. This also gives us the financial flexibility to react quickly to unforeseen events and market opportunities. Our decision is based on a careful consideration of long-term strategic goals and financing needs.

NEXT LEVEL DIGITEX

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DIGITEX is the name of the excellence programme that has been added to the NEXT LEVEL 25 strategy. It is about new digital business models, but also about the efficiency of work processes. What individual subsidiaries have already achieved – and what they are still planning – they explain themselves.

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What is Digital Excellence for an industrial group like GESCO SE?

For classification: The targeted strategic development of the subsidiaries starts with the business model development according to CANVAS, the first building block in the NEXT LEVEL 25 strategy. The respective strategy of the subsidiary is derived from this. The agreed implementation steps are then distributed among the well-known and established development programmes OPEX for operational excellence and MAPEX for market and product excellence. These programmes focus on optimising production processes and developing innovative products. As we strive to develop our subsidiaries into world market leaders, the demands on our management teams also increase enormously. We take this into account with our Leadership Excellence programme by training all first and second-level managers of the subsidiaries on the requirements of today's working world.

If you now closely observe the changes in the world of work, but also in the private sphere, you cannot escape the term digitalisation. But what does this mean in concrete terms for an industrial group like GESCO SE?

“Connectivity is the megatrend that focuses on digitalisation for us,” says Ralph Rumberg. This refers to the changes brought about by networked communication technologies that have a fundamental influence on our lives, work and the economy. Connectivity is one of the twelve long-term developments that the Zukunftsinstitut (German Future Institute) summarises under the term megatrends.

For us, this means using DIGITEX to exploit the opportunities arising from the networking of the world and information for our subsidiaries. Therefore, DIGITEX is divided into two programmes:

- Programme one is focused on the internal networking of all available information
- Programme two focuses on the development of new digital business models with innovative solutions

Programme one forms the basis for successful digital business models of the future, programme two then accesses the networked and automated data world.

For the internal networking of the data world, we use our business model analyses according to CANVAS and use the findings to develop the most efficient, digitally supported work process for our subsidiaries. It is essentially a matter of making information, once available digitally, immediately available in a closed loop wherever it is needed in the work process. This reduces errors, ensures an automated and targeted flow of information, and significantly shortens processing times.

DIGITEX stands for Digital Excellence and is an essential part of the Excellence Programmes within the NEXT LEVEL 25 strategy. Digitisation of workflows along the value creation processes – from customer enquiry to the end of the product life cycle. This includes the development of digital business models and the associated networking of all available information.



“Complex software programmes control the safety-relevant operations in each wheelset press. By digitally networking the machine at the customer’s site, maintenance times can be planned in good time, wear parts can be provided and software updates can be installed.”

Claas Jorde, Managing Director MAE

In daily work, this means, for example, that order data is digitally transferred directly from the customer and automatically imported into the Company’s internal ERP system. The resulting internal orders can then directly trigger order requirements at suppliers. The current order and production status can be tracked at any time, ensuring simple and transparent delivery tracking. At the same time, the order data is available everywhere, i.e. independent of place and time, thus facilitating the step into the mobile working world. Another simple example is digital invoice processing. While in many cases invoices from suppliers are still sent by e-mail, printed out and manually approved and then scanned back into the Company’s internal system for documentation, this workflow can also be done completely digitally with simultaneous documentation. These two simple examples clearly show the potential that DIGITEX alone brings from programme one. In the GESCO Group, our subsidiary AstroPlast currently acts as a benchmark for digital production control.

“Our future is paperless, and not just for sustainability reasons,” **AstroPlast** says André Krichel, Managing Director of AstroPlast. “In addition to our strengthened market position through digital efficiency gains, we can position ourselves as a modern employer in times of a labour shortage vis-à-vis new employees.”

AstroPlast is a specialist for high-precision technical plastic injection moulded parts. Manufacturing requires a coordinated and efficient digital workflow – digitally controlled material preparation, shop floor performance live tracking for employees, online quality checklists, employee terminals for digitised employee scheduling – there are no “physical” limits.

“Positive additional effect: For customer visits, our progress in digitalisation has become tangible on the shop floor,” says plant manager Marco Rondinelli. The positive customer feedback proves him right. In addition to the possibility of impressing customers with their own progress in digitalisation, AstroPlast’s digital workflow enables a reduction in throughput times and a concomitant reduction in working capital.

MAE group

DIGITEX programme two uses the end-to-end digital flow of information as the basis for new digital business models that emerge from it. A simple example to illustrate this: our subsidiary MAE is the world market leader for wheelset presses. In each wheel press, complex software programmes control the safety-relevant operations. The possibility of digitally networking the machine at the customer’s site will make it possible in the future to plan maintenance times in advance and also to provide wear parts if necessary. But also the further

development of machines through software updates, for example to further reduce energy consumption, can then be carried out remotely if the customer so wishes. These two simple examples show the potential of digital business models. The solution already established at our subsidiary Kesel, which we present below, serves as a pioneer and best practice in GESCO Group.

“As a global market leader, it is our responsibility and task to digitally connect customers around the globe with us,” says Jean Christ, Managing Director of the Kesel group.

**Kesel
group**

Kesel develops, designs and builds milling and grinding machines for customers all over the world. They expect round-the-clock service, no matter where they are in the world.

The online platform “Kesel Connect” offers customers access to their individual, protected portal at any time. Here, customers can independently select their purchased machines by means of a picture and unique serial number and view all specifications, instructions and data sheets. Furthermore, the customer has the possibility to detect the right spare part for his machine by means of exploded views and to order it directly from Kesel by mouse click. Furthermore, FAQs offer assistance, and should the customer get stuck, he can contact a service technician directly via “Kesel Connect”.

Another important component of the digital business model is the use of augmented reality (AR). Kesel combines reality, i.e. the real environment, with the virtual product. By digitising the products, they can be projected to any location, e.g. to the customer's later, planned place of use in the production facility. The linking of the real and virtual worlds offers unlimited possibilities, e.g. for trade fairs or demonstrations, resources no longer have to be wasted on bringing machines on site at great expense. This not only delights our customers, but also contributes to sustainability.

Further ideas for expanding the digital business model are already being planned, because at Kesel it is important to be a step ahead of the market and its requirements.

These examples impressively illustrate the potential of the DIGITEX programmes. To further increase the speed of implementation, we use the individual best practice solutions from GESCO Group and transfer them to our other subsidiaries. Thanks to the extensive experience gained from implementation, we are forming so-called competence centres for individual digital modules within GESCO Group. With this solution, we ensure that we are optimally equipped for the future with the DIGITEX programmes and thus also offer an attractive basis for new subsidiaries.

“The Kesel brand stands for innovation and performance. We anticipate the global market and develop the future for our customers and ourselves. This is demonstrated not only by the launch of the new generation of grinding machines, which is already delighting numerous international customers, but also by the digital connectivity with Kesel Connect.”

Jean Christ, Managing Director Kesel group



Focus: Hydrogen



The energy transition is in full swing. Green hydrogen will play an important role in the future. The potential is huge, as are the technological challenges. With its loading technology, SVT occupies a key position in the global hydrogen economy – and is significantly driving the energy transition.



“Green” hydrogen is produced when water is split into oxygen and hydrogen with the help of green electricity. If fossil oil or natural gas is used, “grey” hydrogen is produced – but it can become “blue” if the CO₂ produced is captured and permanently stored (see graphic CCS).

October 2022. Federal Chancellor Olaf Scholz, Federal Minister of Economics Robert Habeck and Dr Sultan al Jaber, Climate Commissioner and Minister of Industry and High Technology of the United Arab Emirates, visit the Port of Hamburg. The exclusive travel group watches the loading of an inconspicuous-looking container. There are good reasons for organising such a solemn ceremony: It is the first delivery of ammonia from the Emirates to Germany –

possibly the most important carrier medium for hydrogen in the future.

Soon, not just individual containers, but millions of tonnes of ammonia will be landing in Germany and all over the world. Produced in sunny or windy regions, the deserts of Africa or the Arabian Peninsula, in Australia and Chile, as well as in the vicinity of many offshore wind farms world-

wide. Ammonia is a chemical compound of nitrogen and hydrogen. Ammonia offers advantages over the transport of pure hydrogen: It already becomes liquid at minus 33°C. Pure hydrogen only liquefies at minus 253°C. Many experts assume that transporting hydrogen in the form of the derivative ammonia is ultimately more cost-effective.

Development of new loading arms The question of whether ammonia or pure hydrogen will become the global standard for transport in the future has not yet been decided. What is clear, however, is that SVT – one way or another – will play a central role in the energy transition. And it will do so at one of the critical points: loading, when the element is loaded from or onto the ship, truck, train or into pipelines. There, SVT will offer a safe solution with its loading arms and thus be one of the guarantors of the global energy transition.

The challenge is enormous, as Volker Stoetzel, Head of Construction and Development at SVT GmbH, emphasises: “There are already initial technical transport solutions for liquid hydrogen as an energy carrier, but there is a lack of suitable ships as well as suitable solutions and capacities for loading and unloading.”

SVT is working to realise this vision. Volker Stoetzel says: “Whoever is the first to bring reliable products to the market has great chances of being successful in a completely new business field. But part of the truth is that there is currently not a single proven component, not even a seal or a ball valve that has been tested and proven for commercial use for cryogenic liquid hydrogen.”

However, SVT is not starting from scratch: With experience as a world market leader from 50 years of loading technology and 25 years of experience in the loading of Liquid Natural Gas (LNG) and Compressed Natural Gas (CNG), the Company has great expertise for technically challenging applications in safety-sensitive facilities.

“Those who are the first to bring reliable products to market have great opportunities to succeed in a completely new business field.”

Volker Stoetzel, Head of Development SVT

-253 °C

Hydrogen becomes liquid at minus 253 °C and a pressure of 650 bar – that is almost 300 times the pressure in a car tyre.



This applies above all to the handling of materials that can withstand very low temperatures and extreme pressure. These are already used in the loading facilities manufactured today for LNG, which is transported at minus 164 °C after all. “With hydrogen, however, we are already moving in physical border areas,” says Volker Stoetzel. The extreme temperatures of minus 253 °C reduce the volume in a ratio of 1:800. The stress on the materials that come into contact with hydrogen is incredibly high. For example, the cold leads to so-called hydrogen embrittlement, normal steel quickly becomes brittle as a result. Therefore, special materials and insulation are required for loading arms that are to transport hydrogen.

Another problem is that the cold also has an effect beyond the pipelines. In order to prevent this icing of the systems, so-called vacuum pipes are used. The actual loading pipes are sheathed, and a vacuum prevails in the intermediate space for insulation. So far, this technology has only been tested in practice in long and rigid pipe systems for liquid hydrogen. As with the previous products, SVT also relies on its own production in the area of key components for the

Knowhow in dealing with cold and pressure

loading of hydrogen. This applies, for example, to safety disconnect couplings and swivel joints, whose “Made by SVT” quality is a real unique selling point on the market.

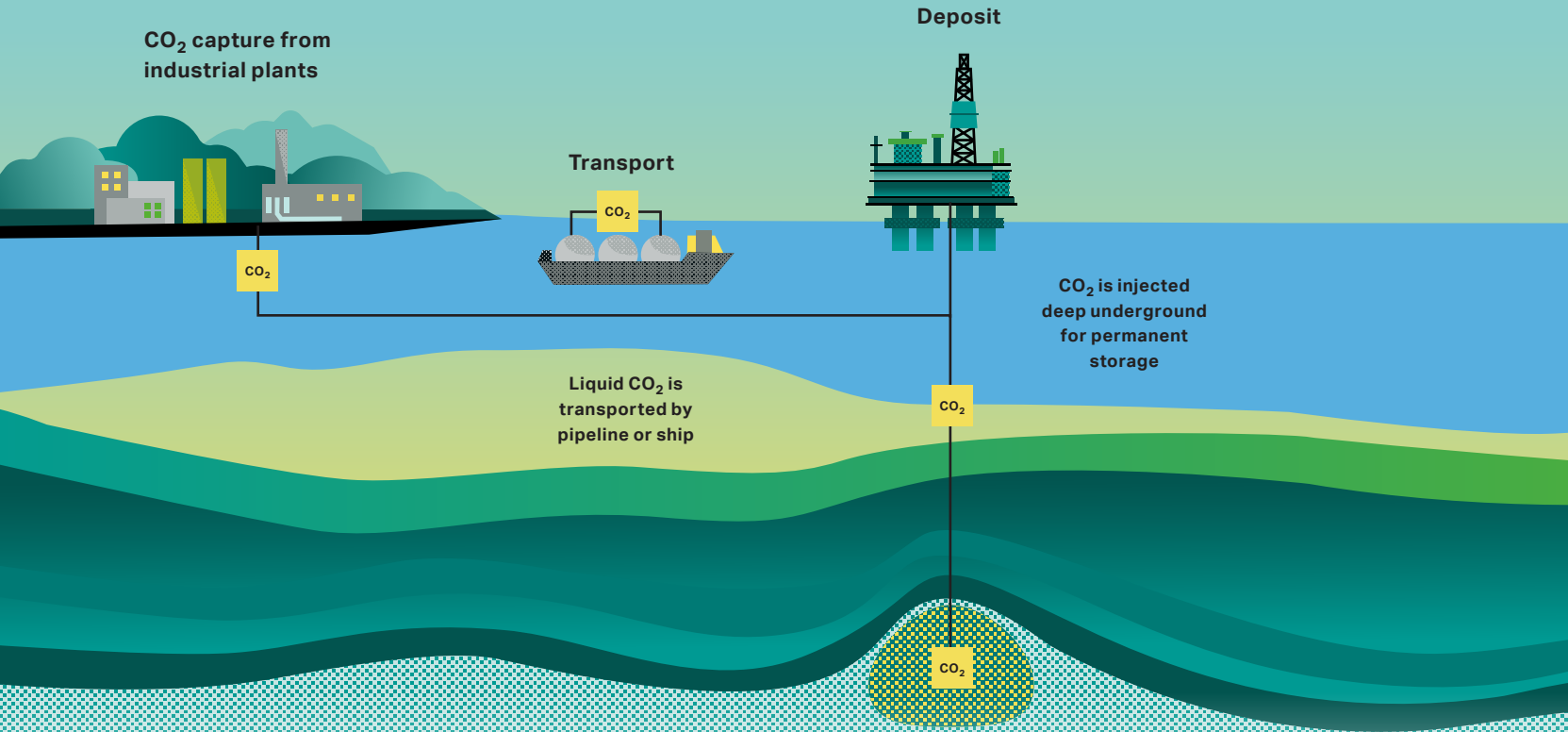
Developing the infrastructure for the transport and use of hydrogen as an energy carrier is a task of such magnitude that it is only possible through joint efforts. SVT is part of a research project funded by the Federal Ministry of Economics and Climate Protection in which the various partners are developing precisely such technological solutions.



World's leading manufacturer of loading arms for the safe loading of liquids and gases

Carbon Capture Storage

From the atmosphere into the depths



In addition to the use of new low-emission energy sources such as hydrogen, another approach to reducing greenhouse gases is being pursued: the targeted extraction of carbon dioxide from industrial waste gases. This is achieved, for example, by capturing it

directly at the source of generation, such as in an industrial plant, for example in waste incineration plants or cement plants. The gas is then liquefied for transport in a similar way to LNG and finally injected into underground repositories. Here, too, SVT

supplies appropriate loading technologies to transport the climate gas by ship, for example – another significant contribution to climate protection by SVT.

New culture and new markets The path to the new technologies for the hydrogen economy will also require SVT to change its own culture. “We have to change fundamentally. It will not be enough to just improve and adapt our existing products a little – we need completely new ideas for loading systems to meet future requirements,” says Volker Stoetzel. After all, the new sources of green hydrogen are in regions of the world that are affected by climatic extremes and in some cases have hardly any technological infrastructure. One only has to think of the Sahara region in Africa, where several countries and companies are setting up hydrogen production.

These world regions also mean new markets for SVT, as Uwe Schwarz, Director Technical Sales, emphasises: “Hydrogen will lead us into new geographical markets and also to new partners.” Africa, the Middle East, Australia and South America are currently the most active regions in the production of green hydrogen. Since large corporations implement many projects, SVT is usually quickly on board with these projects through its contacts from current LNG projects. “However, we are also observing numerous new and small players, especially in Africa, where we see new opportunities.” Through its global network, the company is well positioned to closely follow all these developments and provide essential input.

Enthusiasm is definitely high: if the energy transition is to succeed, huge quantities of hydrogen will have to be produced and transported in the future. Germany will never be able to produce its consumption on its own, says Volker Stoetzel. He speaks of “unimaginable quantities of hydrogen” that will be transported around the world in the coming years.

“Hydrogen will take us into new geographical markets and also to new partners.”

Uwe Schwarz, Director Technical Sales, SVT

Scientists from Project Management Jülich and the VDI Technology Centre expect Germany alone to import more than ten million tonnes of green hydrogen in 2030, and even more than 45 million tonnes by the middle of the century. This requires highly efficient loading facilities that can load the energy carrier quickly and safely in these large quantities. It is irrelevant for SVT's prospects in this market whether it is transported via pipelines or tankers. At some point the liquid hydrogen, in pure form or as a derivative, will have to be loaded from one transport route to another – and SVT will supply the best technologies for this.

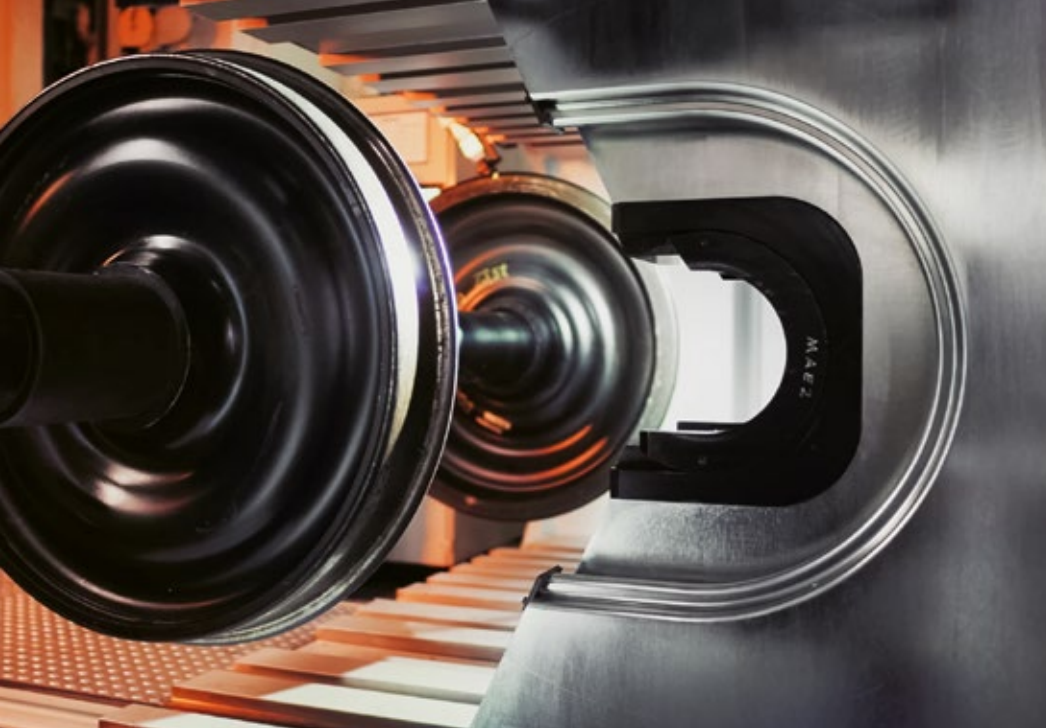
Volker Stoetzel is convinced that it will take another ten years until the necessary technological infrastructure is in place to transport liquid hydrogen in sufficient quantities. The global community would then be a big step further on the road to an emission-free future. A project for which SVT will provide elementary and valuable support.

SAFELY ON TRACK



In Europe, Australia, China, India, Egypt and very soon also in New York City – worldwide, MAE group is increasing the momentum of the transport revolution with its know-how. The GESCO subsidiary’s special machines put wheels, brake discs and transmission components for trains onto the shafts. The technology ensures that the trains can realise their full potential and reach their destination safely at top speed.





MAE wheelset presses work worldwide with micrometre precision.

The high-speed train is travelling at more than 300 kilometres per hour. Gigantic forces are at work here. Anyone who has ever seen an ICE train whiz past at full speed knows that. In the compartment of the train, however, little of this can be felt, so quietly and elegantly does it lie in its tracks. Many people therefore use the train as a mobile office, working in a concentrated manner - while the train rapidly approaches its destination. And in a climate-neutral way. This is exactly what makes the train an elementary component of the mobility of the future. Rail passengers in Germany, Europe and worldwide can rely on one

thing: If the wheelset presses from GESCO subsidiary MAE are used on the trains, the trains bring their maximum potential to the rails and offer the highest level of safety.

But how do the wheels get onto the axles in the first place? They cannot be welded or bolted, because neither method would withstand the high stresses of everyday life with millions of train kilometres. That is why hydraulic wheelset presses are used, like the ones MAE develops and builds at its headquarters in Erkrath, located between Düsseldorf and Wuppertal. With an enormous pressing force of up to 150 tonnes, these systems press the wheels onto the shafts, which is roughly equivalent to the weight of 120 VW Golfs. The wheels

Enormous pressing force required

then sit so firmly on the axle that only the machine itself can press them off again.

MAE is the world market leader in the market for wheelset presses for rail transport. 95 percent of all trams and underground trains as well as almost all express trains in Germany benefit from MAE's mechanical engineering know-how. The latest commuter trains in Perth and Shanghai as well

Safety knows no compromises – even at 330 km/h of an ICE train



as railways in Egypt and India also roll on wheels pressed onto shafts by equipment from Erkrath. In addition, the company is currently entering the American market and is implementing a major order from New York.

MAE advances the transport turnaround The fast-growing business field of railway technology has become an important second pillar for MAE. The other is straightening: For the automotive industry and mechanical engineering, the company develops and supplies special machines with which steering parts and drive shafts for electric motors are straightened. These machines are needed because the components deform after the necessary hardening process, hardly visible but problematic because their use requires extreme precision. The machines bring these parts back into perfect shape: fast, energy-efficient, automated. MAE machines therefore ensure that cars also stay safely on track. They guarantee

elementary safety – whether on the road or on the rail. Today, the company generates a good 70 percent of its sales in the business fields of rail and electro mobility, and the trend is rising. MAE is thus an agile contributor to the transport revolution. “We have

excellent opportunities to grow further in the field of climate-neutral mobility,” says MAE Managing Director Claas Jorde.

No more energy consumption than a kettle

Watching a wheelset press in action at the factory in Erkrath, one is surprised at how quietly and elegantly the machine works. The two press cylinders are driven by a digitally controlled hydraulic system developed by MAE, which not only presses the wheels onto the axles amazingly quietly, but also highly efficiently. “Thanks to the intelligent software, the system controls itself so that the maximum pressing force only occurs when it is needed,” explains Technical Manager Oliver Kaiser.

“We combine the will to innovate with our know-how.”

Claas Jorde, Managing Director of the MAE group

This precise use of energy – based on the patented BiPAC inteQ drive – saves hydraulic oil and electricity. The previous generations of MAE wheel presses already consumed less energy than competitors' machines. The new machines have more than halved their energy requirements: MAE's wheel presses thus consume on average no more electricity for a pressing process than a kettle in the kitchen at home. “The careful use of resources is more important today than ever,” says Christian Busch, general sales manager at MAE. This efficiency of the machines helps the climate, but also the customer: “Our machines reduce costs, which is why the investments pay off after just a few years.”

The fact that many transport companies, in addition to train manufacturers, also purchase wheelset presses

from MAE is also due to their convenience in daily use.

“Train maintenance has to be fast so that trains are back on the rails as soon as possible,”

says Christian Busch. “If you have to take the trains to an external facility to have the wheels pressed off, renewed and pressed on, you lose time and money. It's cheaper to invest in our wheelset presses, so it can be done on site.”

The environment and climate also benefit from the short maintenance times: rail transport is a key to CO₂-neutral mobility, and the number of passengers will continue to grow. If the transport turnaround is to succeed, the trains belong on the rails, not in the depot, which is why more and more transport companies are showing immense interest in MAE's wheelset presses. “Our machines make a decisive contribution to the fact that the railways are used all over the world,” says Technical Manager Oliver Kaiser.

More and more transport companies are acquiring their own wheelset presses

Managing Director Claas Jorde has just returned from a business trip to the USA, where MAE landed

the order in question together with its US subsidiary MAE Eitel: Starting in 2024, a MAE machine will bring the wheels of all the metropolis's underground trains onto the shafts for the customer New York City Transit. After rail transport in the USA was overshadowed by the car for a long time, a rethink is now taking place: The United States will also make its mobility more climate-friendly, and rail transport plays a key role in this. Accordingly, railway companies are investing in efficient technologies on a grand scale – like New York City Transit in wheelset presses from Erkrath.

Conquering the USA from Erkrath

All MAE machines are designed individually and in close consultation with the customer.



“The order is highly exciting for us,” says Christian Busch. “One of the most important metropolises in the world relies on our machines – that has a huge appeal.” The MAE sales manager confirms that the order from New York has already resulted in many new enquiries: “Since a lot of infrastructure projects will be realised in the USA in the near future, we are optimistic that we will be able to sell many more machines to the United States.” The prospects for growth are excellent.

The example of the order from New York shows MAE’s customer focus. “All our machines are designed individually and in close consultation with the customer,” explains Technical Manager Oliver Kaiser. In New

York, the machine is set up directly in the depot of New York City Transit, which is why it has to adapt to the local conditions there. “We are therefore currently frequently at the customer’s site to plan the installation.” The deal: MAE designs and develops the machine to fit exactly. Once the preliminary planning is complete, the GESCO subsidiary gives permission to proceed and has exactly six weeks from then on to install the new sys-

tem, set the parameters and finally put the machine into operation. “Six weeks – and not a day longer,” says Managing Director Claas Jorde. “Otherwise, the customer’s maintenance will stall, and New York will be short of underground trains.”

Isn’t that a lot of pressure for him and his team? “No,” says Claas Jorde and smiles. “We would feel pressure if we were unsure whether our machines perform what they promise.” But this is not the case, he says: “We know how to combine know-how with the will to innovate.”

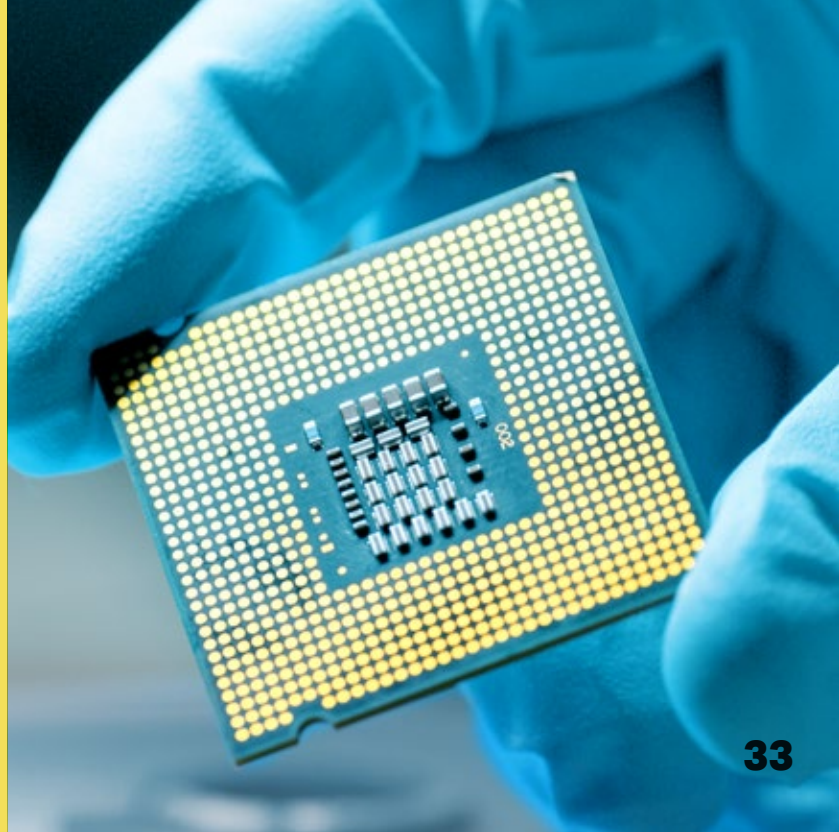
In the race for chip relevance

The availability of microchips for industrial production is essential. However, Europe hardly has any production capacities of its own any more. The last two years have more than made clear how dangerous this trend is. The necessary production know-how still exists in Europe. Equipment manufacturers and suppliers like INEX - solutions are making sure that Europe regains its chip autonomy.



Plant engineering for chip production – in contrast to semiconductor production itself – is very strongly anchored in Europe and especially in Germany.

Global corporations trust the excellence of their suppliers.



The market for microchips is gigantic. In 2022, sales of the semiconductor industry worldwide was 573.5 billion US dollars. By 2030, however, it is expected to grow to more than one trillion US dollars. The reason is simple: microchips are at the heart of almost all industrial products. Virtually nothing works without them, whether it is a smartphone, a car or a washing machine. One driver is the megatrend of connectivity.

“People connect in social media, they interact with machines, machines connect with each other and exchange information. This makes smart solutions possible that are needed to solve the challenges of today: from e-mobility and autonomous driving to intelligent power grids and the use of artificial intelligence,” says Rainer Kiefer. Alongside Stefan Kuhn, he is the Managing Director of INEX - solutions GmbH. The holding company has bundled two highly specialised stainless steel processors from GESCO Group since March 2022: Hubl and Sommer & Strassburger. As INEX - solutions, they jointly produce excellent components and systems for four industries. One of these is the semiconductor industry with its considerable potential for the coming years.

Enormous investments

Economies that control their production not only help decide who is ahead in future technologies. They also secure their own supply of a key element of industrial production. “However, if you hardly have any production capacities of your own, as Europe does, interrupted supply chains entail high risks,” says Stefan Kuhn, joint managing director of INEX - solutions. The Corona pandemic has shown how high this risk

is: German carmakers, for example, had to cut their production by a third in the meantime. The reason: a large part of European semiconductor production has been outsourced to Asia over the past twenty years. In 2020, China, Hong Kong and Taiwan accounted for fifty percent of the global export trade value in microchips.

The EU and the USA have now responded with large investment programmes. The United States is investing 52 billion dollars in the domestic semiconductor industry. The EU has provided around 43 billion euros in public investment with the so-called “Chips Act”.



50 %

In 2020, China, Hong Kong and Taiwan accounted for 50 per cent of the global export trade value in microchips.



Highest quality and precision of the components are basic requirements for a smooth working process.

The EU's share of the world semiconductor market is expected to more than double to 20 percent by 2030. With twice the market volume, this means a quadrupling of production. "This is an ambitious goal," says Rainer Kiefer, "for which all stakeholders in the European semiconductor industry must work together."

Plant engineering is an essential know-how for chip production. And this is - in contrast to semiconductor production itself - very strongly anchored in Europe and especially in Germany. The market giants in the microchip industry such as Intel, Apple or Samsung source large parts of their production lines from European industry leaders. Moreover, these industry leaders in turn rely on the excellence of their suppliers.

Plant engineering is in a key position

"If, like Europe, you hardly have any production capacity left of your own, interrupted supply chains carry high risks."

Stefan Kuhn, Managing Director
of INEX – solutions group



Against the backdrop of compromised supply chains, the importance of reliability and security is increasing again.

20 %

The EU's global market share of semiconductor production is expected to grow to 20 per cent by 2030, more than doubling.

INEX - solutions supplies solutions for the filtration of high-purity media as well as complex assemblies made of stainless steel. The name INEX - solutions stands for Inox, stainless steel, Excellence, the claim of the newly founded holding company, and solutions for plant solutions. This is exactly what sets the GESCO subsidiary apart from its competitors: "We offer manufacturing quality scaled to industrial levels. Components that are supplied to us and already meet the highest quality standards have to be re-worked by us to meet our standards," says Stefan Kuhn.

New factories, new production lines

INEX - solutions responds to the megatrend of connectivity and its challenges with highly reliable solutions. A characteristic that, as Rainer Kiefer finds, is becoming a European locational advantage in a world increasingly shaped by geopolitical and trade rivalries. "Of course, the EU's investment subsidies are very interesting for chip manufacturers; moreover, Western Europe is safer as a production location than, say, Taiwan or Eastern Europe. We experience every day how quickly the political situation can turn," says Rainer Kiefer. Even the wage level is not as strong an argument as it was years ago. The difference is no longer so serious that it would make up for the security issues in any case.

“We experience every day how quickly the political situation can turn.”

Rainer Kiefer, Managing Director of
INEX – solutions group

And indeed: market leaders like Apple or Intel are creating new production and research capacities in Germany and Europe. Intel is building a so-called mega-fab – two inter-linked plants for semiconductor production – in Magdeburg for 30 billion euros. Further plants are to be built in France and Spain. Apple is also investing: The Company is investing around one billion euros in a new development centre in Munich. This is not a production facility. However, for suppliers from the plant-engineering sector, participation in such a research location has enormous potential in the medium term. This is because the chips developed there must, according to the industry's “copy exactly” specifications, be produced everywhere with identical equipment in later series production, even at contract manufacturers. “Very often,” says Stefan Kuhn, “the developers' systems contain INEX components.”

In this way, INEX – solutions is making a significant contribution to making Europe much more visible and resilient again on the map of the chip industry in the coming years. “The dependence on Asian manufacturers has long since ceased to be a trivial matter,” finds Rainer Kiefer, just like his colleague Stefan Kuhn: “It's good that Europe has understood this.”



**WORLD
CLASS! _**

**Why wander off into the distance?
There are many good answers to the
proverbial question: International-
isation is an important success factor
for GESCO Group companies. Four
examples show which milestones the
subsidiaries have already reached
on the way there – and where they
still want to go.**





Setter group

Focus on growth markets in South America and Asia

Ear sticks and lollipops, many people pick up these products every day. What few people know: Setter produces the paper sticks needed for these products. With a market share of about 80%, Setter is the undisputed world market leader.

In order to be able to meet the increasing global demand, Setter produces in several plants worldwide and continuously increases its production volumes. As a result of the relocation within the USA, capacities there were increased more than fivefold. The site in Mexico is also being massively expanded. And the next growth steps are already planned: In Asia, a location is being sought for the local market, and in Germany, a new site is to be occupied in 2025, which will result in a further increase in efficiency.

Now that single-use plastic has been banned in Europe and North America for some time, more and more countries are taking this path. This means that the Setter group is now increasingly focusing on the growth markets in South America and Asia. In both regions, the company expects demand to double in the next few years. Setter will serve the South American market by expanding the capacity of its plant in Mexico, and a local plant will also supply the Asian market in the future.





CERTIFICATE OF AUTHORIZATION

The named company is authorized by The American Society of Mechanical Engineers (ASME) for the scope of activity shown below in accordance with the applicable rules of the ASME Boiler and Pressure Vessel Code. The use of the ASME Single Certification Mark and the authority granted by this Certificate of Authorization are subject to the provisions of the agreement set forth in the application. Any construction stamped with the ASME Single Certification Mark shall have been built strictly in accordance with the provisions of the ASME Boiler and Pressure Vessel Code.

COMPANY:

Hubl GmbH
Reutwiesenstrasse 44-50
Vaihingen an der Enz 71665
Germany

SCOPE:

Manufacture of pressure vessels at the above location only

AUTHORIZED:

December 16, 2022

EXPIRES:

December 16, 2025

CERTIFICATE NUMBER: 60550

The American Society of Mechanical Engineers



Ronald B. Caplan
Board Chair, Conformity Assessment

LM Eisenberg
Managing Director, Standards & Engineering Services

INEX – solutions group

With ASME to the USA

The newly formed INEX – solutions from the two GESCO companies Hubl and Sommer & Strassburger has reached an important milestone on its way to opening up new markets: Worldwide certifications have always been a strength of Sommer & Strassburger. In 2022, HUBL has now also received ASME certification for pressure vessels, which is a prerequisite for supplying the USA and Canada. This opens the door for INEX – solutions and its stainless steel systems to enter one of the world's largest healthcare markets.

Through the strategic merger to form the INEX – solutions group, the industry expertise has expanded to four high-growth markets of the future. In the Healthcare, Semiconductor, Energy & Environmental and Food & Beverage sectors, the group already serves the big players in the respective industries. However, the export share is rather low, which is mainly due to the fact that the customers currently take over the export of the plants. In order to be able to further expand the scope of value creation for the customers, the steps towards internationalisation are now on the agenda. First of all, the step into the USA is planned in order to support one of the big players there on its growth path.

Through cooperation and knowledge transfer with other GESCO subsidiaries, INEX – solutions benefits from existing experience with foreign locations in the USA.





SVT group

Markets with potential: Asia, Africa and Australia

Internationality is part of the daily business for the world market leader in the field of ship and land loading systems for liquid and gaseous media: SVT's export share is around 80 percent. The company designs, manufactures and assembles in Germany. Its decentralised sales structure ensures proximity to customers, most recently with the founding of its own company for customers in the Asia-Pacific region, SVT APAC Pte. with headquarters in Singapore.

The very good international market position is also exemplified by the subsidiary Connex SVT Inc. based in Houston, Texas with the numerous loading arms installed throughout the Gulf of Mexico.

SVT is even more diversified when it comes to the future technology of green hydrogen. The specialist for loading liquefied natural gas (LNG) is already researching the materials for tomorrow's terminals. This will open up completely new markets, for example in Africa, South America or Australia.





Dörrenberg group

Strengthening engagement in Asia and America

The Dörrenberg group recognised many years ago that there was an international market for its tool steel. With its own companies in China, Korea, Taiwan and Singapore, Dörrenberg has a focus on Asia. Another focus is on the USA, where Dörrenberg founded its own company in 2018. Not least due to the Inflation Reduction Act, the USA has become an even more attractive location and this has increased the pressure to expand local activities. Therefore, both the expansion of existing capacities and inorganic growth are planned.

Overall, the group will further strengthen its international commitment in the coming years. In Asia, in addition to the expansion of existing markets, the expansion in Southeast Asia will be pushed forward. Furthermore, the stainless steel specialist wants to gain a foothold in Central America. In particular, the trading sector with tool steel and with investment castings is to be further internationalised and thus also scaled up. Another trend that promises growth for the Dörrenberg group is reshoring/nearshoring. Tense and broken supply chains have made many decision-makers aware of the dependencies they have entered into. These risks are partly reduced by the fact that production is being relocated back to Europe. The Dörrenberg group intends to benefit disproportionately from this development.



**Agile.
Powerful.
Leading.**

The world is in the midst of a rapid transformation process. Everything is changing – or is being put to the test. Turbulent times like these require high-speed adaptation: recognising trends, tackling challenges, developing solutions. This is exactly what our ten subsidiaries are good at. An overview.

GESCO Group at a glance

Subsidiaries by sales

Process Technology



Resource Technology



Health and Infrastructure Technology



Company	Sales 2022 in € million	Staff 12/31/2022	Shares of capital in %
Process Technology			
INEX – solutions group	58.5	313	100 %
• Sommer & Strassburger	31.3	152	100 %
• Hubl	27.2	161	80 %
MAE group	31.5	170	100 %
Kesel group	15.1	59	100 %
Resource Technology			
Dörrenberg group	213.3	492	95 %
Pickhardt & Gerlach	62.7	50	100 %
SVT group	54.0	197	100 %
Health and Infrastructure Technology			
Setter group	81.4	256	100 %
Franz Funke	24.8	98	100 %
UMT group	23.1	96	100 %
AstroPlast	17.9	89	100 %

Process Technology

The Process Technology segment comprises the companies SOMMER & STRASSBURGER and HUBL under the umbrella of INEX - solutions group as well as the MAE and Kesel group. These companies address dynamically growing markets with a high degree of innovation. As system suppliers, the subsidiaries deal with high-quality solutions in plant and process solutions in plant and process vessel construction. With their products and services, they essentially support series and process manufacturers in their production processes.



3

companies

€ 105.1

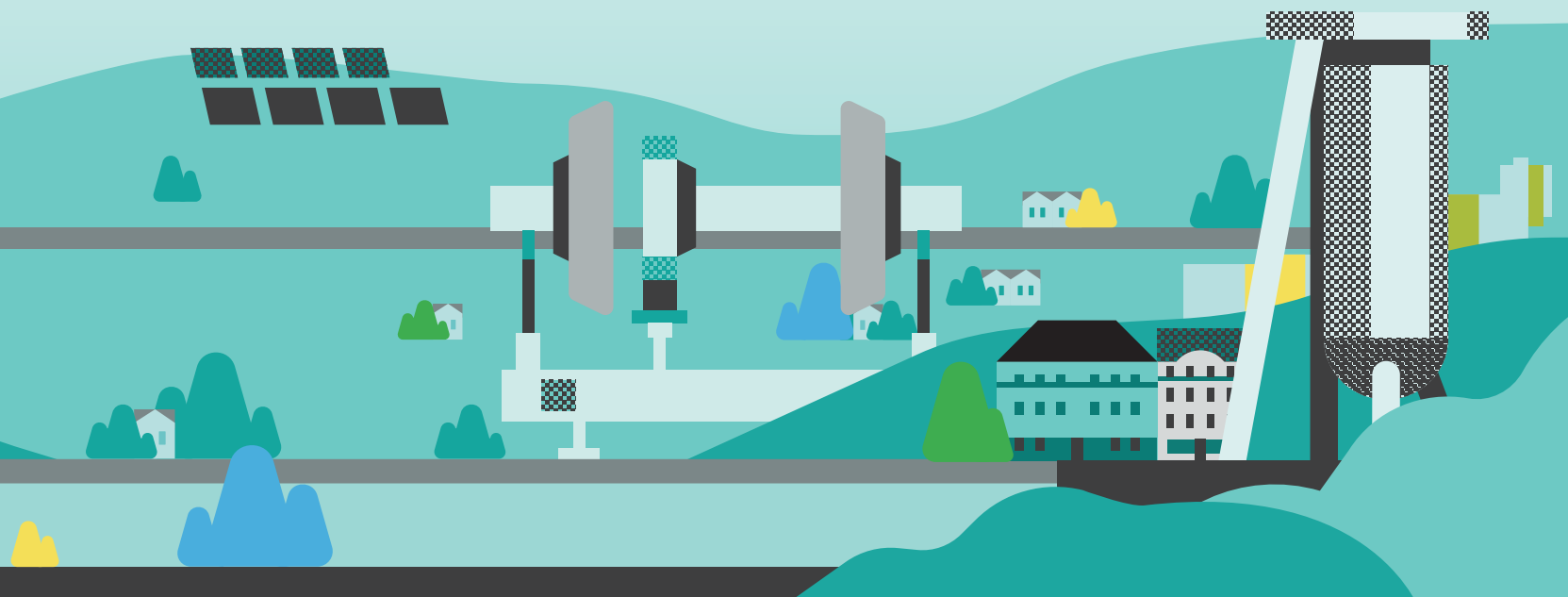
million sales (previous year: € 87.8 million)

18 %

share of GESCO Group sales

542

employees 12/31/2022
(previous year: 534)



INEX – solutions group

“Concentrated power is the right expression! Two very strong companies united under INEX are just the beginning. The energy released by the holding company enables us to reach the NEXT LEVEL. Our customers thus experience a stronger partner at their side with great growth potential. Together we are developing new solutions for the global market.”

Jean Christ, Investment Manager INEX – solutions group





“In a time with major challenges such as climate change and demographic development, we need to be agile as a German industrial company. We optimally support our customers with innovative solutions on their way into the future.”

Stefan Kuhn, Managing Director, Sommer & Strassburger

INEX – solutions group

Sommer & Strassburger

152

Employees
12/31/2022
(previous year: 161)

—

€ 31.3

million sales
(previous year:
€ 28.2 million)

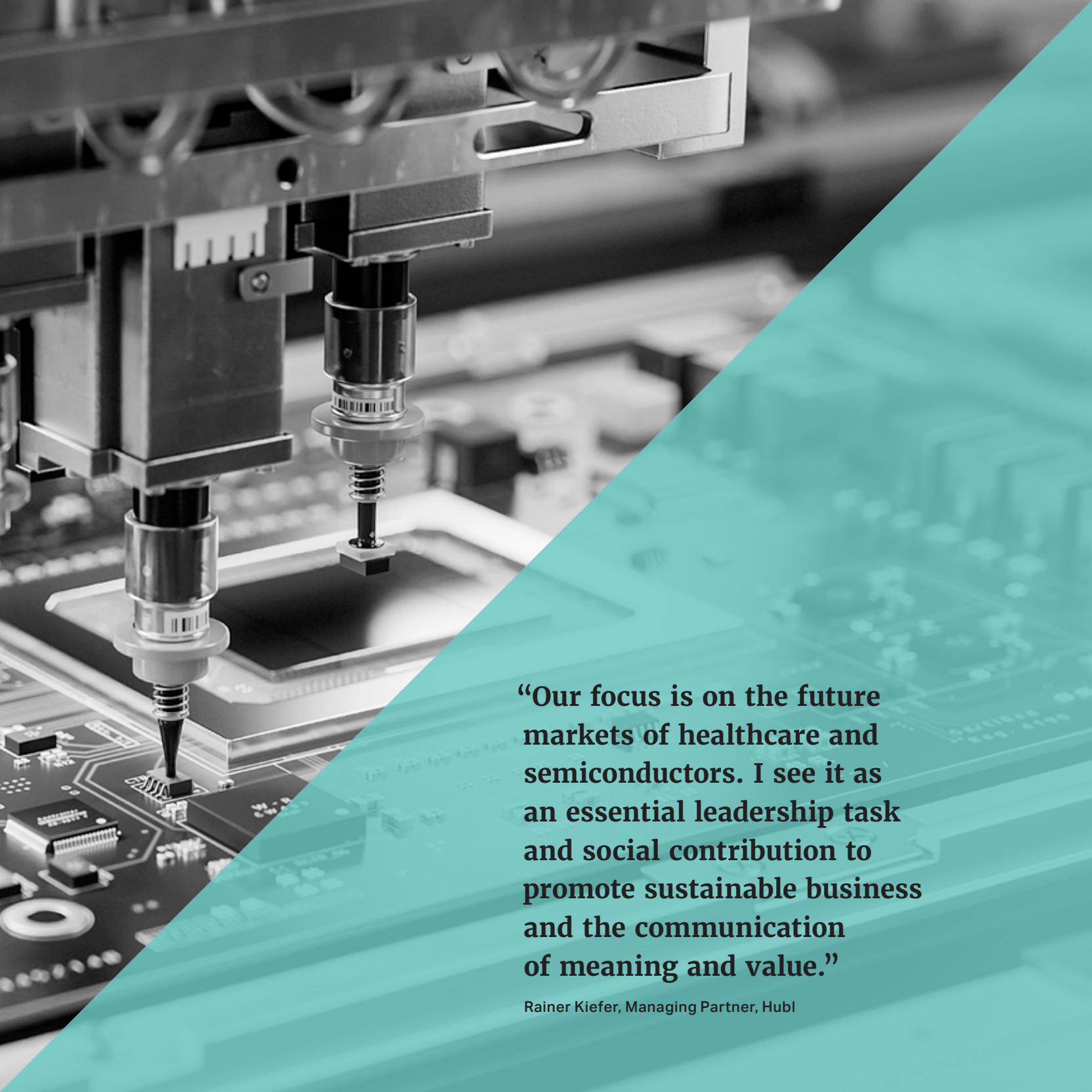
NEXT LEVEL IN AGILITY

Contribution to society

Our products can be found in numerous production processes in the very promising Healthcare, Energy & Environmental and Food & Beverage industries. We support our satisfied customers worldwide with membrane and filter housings, stainless steel components and complete systems that have received extensive approvals and certifications. With us, well-founded know-how meets years of industry experience and the highest standards of quality. We also bring extensive projects to a successful conclusion in a goal-oriented manner. Our experts with in-depth process expertise and the highest standards for themselves know the specific challenges of our customers and find the right solutions in each case.



Stefan Kuhn, Managing Director



“Our focus is on the future markets of healthcare and semiconductors. I see it as an essential leadership task and social contribution to promote sustainable business and the communication of meaning and value.”

Rainer Kiefer, Managing Partner, Hubl

INEX – solutions group

Hubl

161

Employees
12/31/2022
(previous year: 137)

€ 27.2

million sales
(previous year:
€ 22.5 million)

NEXT LEVEL IN AGILITY

Contribution to society

With our involvement in the Semiconductor segment, we are helping “Made in Germany” to reach a qualitatively higher dimension and create a new value – independence. Supply bottlenecks of market-dominating foundries, contract manufacturers of semiconductor groups, have made us painfully aware of our dependence on the Asian market in recent years.

Microchips are the basis for computer technology, electric cars, smartphones, the Internet of Things and artificial intelligence. The megatrend connectivity, the connection from person to person via new communication systems, is also based on this technology.

Hubl develops and produces together with market leaders of process equipment for the semiconductor industry. In this way, we create high-end stainless steel products that strengthen our autonomy in the innovative semiconductor market and at the same time meets favourable social response.



Rainer Kiefer, Managing Director



“Mobility is undergoing a transformation. The way we get around is changing. And as diverse as this change is, so are our solutions with which we help our customers to actively shape this change.”

Claas Jorde, Managing Director, MAE group

Employees
12/31/2022
(previous year: 170)

€ 31.5

million sales
(previous year:
€ 27.1 million)

Contribution to society

Among other things, the company supplies customers in the field of railway technology and electro mobility, the two central sectors of the transport transition for climate-friendly mobility.

Rail passengers in Germany, Europe and worldwide can rely on one thing: If wheelset presses from MAE are used on the trains, the trains bring their maximum potential to the rails and offer the highest level of safety. MAE machines are the benchmark for quality and process efficiency.

The MAE group is an internationally active technology leader for wheelset presses and straightening machines. With its innovative products and service solutions, it is the number 1 on the world market. MAE stands for innovation, solution orientation, flexibility and reliability, in short: MAE stands for the values of the Deutsche Mittelstand (German SME sector).



Claas Jorde, Managing Director



“The Kesel brand stands for innovation and performance. We anticipate the global market and develop the future for our customers and ourselves. This is demonstrated not only by the launch of the new generation of grinding machines, which is already exciting numerous international customers, but also by the digital connectivity with Kesel Connect.”

Jean Christ, Managing Director Kesel group

Kesel group

59

Employees
12/31/2022
(previous year: 56)

€ 15.1

million sales
(previous year:
€ 10.0 million)

NEXT LEVEL IN AGILITY

Contribution to society

With our high-precision machines, we support our global customers in the sawmill, industrial and automotive sectors and help them to make their work processes as resource-efficient and highly productive as possible. We are passionate about giving our customers a competitive edge, not only through productivity and quality, but also flexibility. We have established a comprehensive service support system that uses augmented reality, among other things. In this way, we save effort and protect the environment.

We are the world market leader and represented worldwide. Our team is extremely innovative and has the ambition to make the very good even better.



Jean Christ, Managing Director

Resource Technology

The subsidiaries of the Resource Technology segment supply mostly material-intensive industrial companies with a focus on niches and customer service. The companies provide the customer-specific supply of input materials, for example in material supply or loading technology.



3

companies

€ 330.0

million sales (previous year: € 277.7 million)

57 %

share of GESCO Group sales

739

employees 12/31/2022
(previous year: 728)





“Our technological competence paired with a global presence generates real customer benefits – worldwide. Through our DIGITEX measures, we are currently expanding this even further.”

Marc Breidenbach, Managing Director, Dörrenberg group

Dörrenberg group

492

Employees
12/31/2022
(previous year: 490)

€ 213.3

million sales
(previous year:
€ 183.4 million)

Contribution to society

Without steel from the Dörrenberg group, many of the products that we take for granted today would not exist, or would only exist in a different form. Almost all production processes today use machines whose tool steel very often comes from Dörrenberg. In addition, the internationally active Dörrenberg group is active in the Special Steels, Steel Foundry, Casting Products and Coating & Hardening business areas. The company offers its customers a wide range of industries expert application advice, which often starts at the design stage. The customer industries are broadly diversified. The main focus is on machine and plant construction, toolmaking and the automotive industry. The company has decades of in-depth metallurgical know-how, conducts research and development in cooperation with universities and institutes, and holds numerous patents on steels developed in-house. Dörrenberg Edelstahl GmbH and its subsidiaries have a global presence. It has had a local presence for many years with holdings in the USA, Singapore, Taiwan, China and Korea, Spain and Turkey.



Marc Breidenbach,
Managing Director



Gerd Böhner,
Managing Director

“Dörrenberg Edelstahl stands for technical innovation and competence. Whether steel structures in the nanometre range or finished products in the metre range, Dörrenberg Edelstahl is the right contact for sophisticated products.”

Gerd Böhner, Managing Partner, Dörrenberg group





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2 x 31
Technische Zeichnung
Seite 1/1

“Our products with the established brands EMONI[®], NIFIN[®], BRAFIN[®], MULITIN[®], ZIFIN[®] are installed in numerous end products of SMART homes. PGW has been involved with the megatrends of society from a very early stage. Applications in which our high-performance materials have been processed can be found in every household.”

Guido Müller-Späh, Managing Director, Pickhardt & Gerlach



Pickhardt & Gerlach

50

Employees
12/31/2022
(previous year: 48)

€ 62.7

million sales
(previous year:
€ 43.6 million)

Contribution to society

Our products can be found in applications in almost every household and business and make smart home solutions possible. Our customers also rely on our expertise in strip steel refinement for battery technology and electro mobility. We are aware of our social responsibility and the importance of sustainable business and are not only constantly developing innovations with our highly motivated team that lead to an even more resource-efficient use of materials, but we already cover 100% of our own energy needs from green electricity. With an export quota of more than 70%, not only our partners in Germany, but all over the world benefit from our expertise and our responsibility, which we also feel for future generations.



Guido Müller-Späß, Managing Director (right)
Dr Paul Braun, Technical Managing Director
(left)

“The year 2022 has presented Europe with enormous challenges. SVT GmbH’s technology has secured a large share of the required LNG supply from the USA to Europe. We will continue to ensure that Europe remains independent of Russian gas.”

Michael Schauerte, Managing Director SVT GmbH



Employees
12/31/2022
(previous year: 190)

€ 54.0

million sales
(previous year:
€ 50.6 million)

Contribution to society

Security of energy supply concerns us all. This has once again been made abundantly clear to us in the last 12 months. SVT plays an extremely important role in this topic. With the complete loading systems we have developed for the safe loading of liquids and gases for refuelling ships as well as tank and tank wagons, we ensure a secure supply; today with LNG / CNG and tomorrow with hydrogen.

As the world market leader, we have the technical expertise to design and build complex plants that meet the highest standards in order to be able to load environmentally friendly fuels such as hydrogen in the future. In this way, we make an important contribution to a sustainable future.



Michael Schauerte, Managing Director

Health and Infrastructure Technology

The Health and Infrastructure Technology segment comprises companies that supply suppliers for mass markets close to the end consumer in the medical, hygiene, food or sanitary sectors. These markets prove to be less cyclical and relatively robust to economic fluctuations. The companies mostly supply components, assemblies or preliminary products.



4

companies

€ 147.2

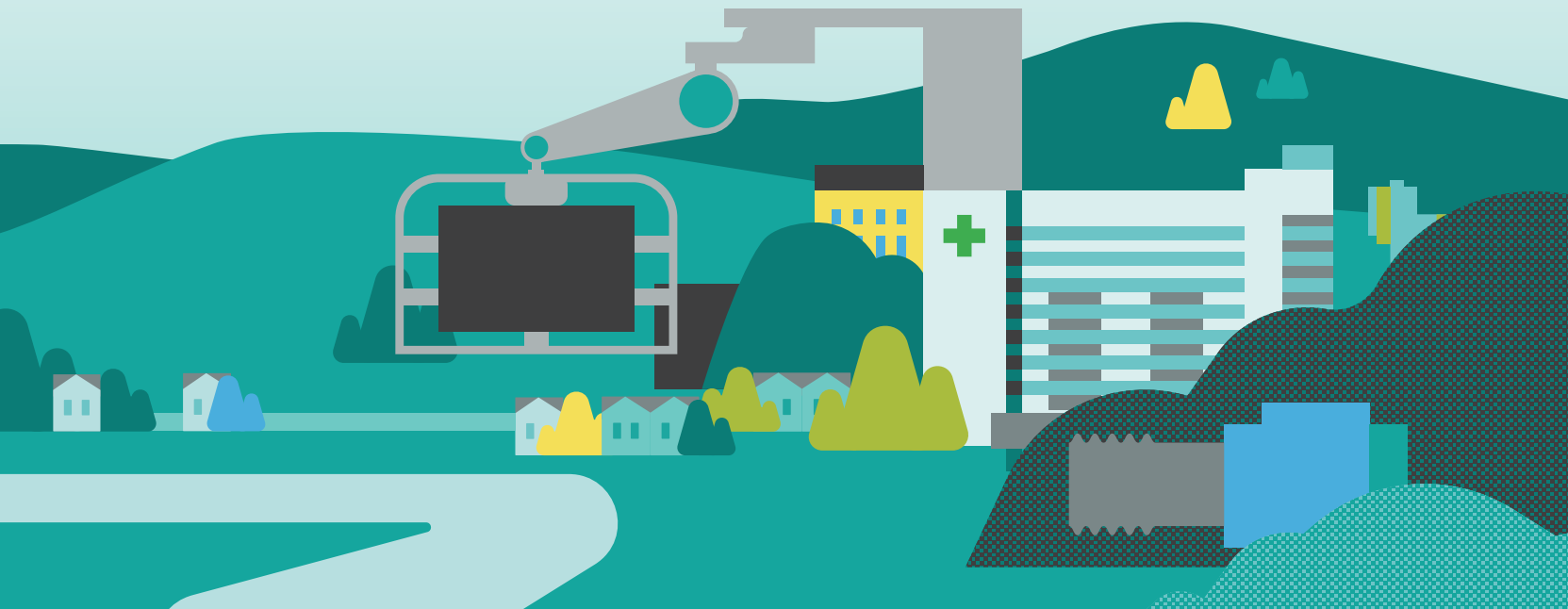
million sales (previous year: € 122.6 million)


25 %

share of GESCO Group sales

539

employees 12/31/2022
(previous year: 509)





“We are leaders in sustainability and proud of it. Our 100 % bio-degradable products can already be purchased on 3 continents.”

Steffen Grasse, Managing Director Setter group

Setter group

256

Employees
12/31/2022
(previous year: 225)

€ 81.4

million sales
(previous year:
€ 59.2 million)

Contribution to society

The pollution of our environment and especially the world's oceans by plastic waste is a tragedy. At Setter, we have made it our mission to significantly reduce micro plastic waste. As the world market leader, the Setter group develops and produces 100% biodegradable paper sticks as supplier articles for the confectionery and hygiene industry. The sticks are used, for example, in lollipops, as stirrers, ice cream sticks, for cake pops or cotton buds.

Setter stands for sustainability, innovative strength, technical know-how and high competitiveness. The Setter group owes its increasing international success to its quality leadership and the good processability of the sticks.



Steffen Grasse, Managing Director

“We connect elements! We produce high-precision connecting elements made of non-ferrous metals for all areas of life – whether water, gas or electricity. Our products stand for freedom from loss and harmful substances, they offer our customers and the end consumers the good feeling of efficiency and sustainability in everyday life.”

Frank Henschel, Managing Director Franz Funke



Franz Funke

98

Employees
12/31/2022
(previous year: 96)

€ 24.8

million sales
(previous year:
€ 27.3 million)

Contribution to society

As a system supplier, we not only offer loss-free and sustainable fasteners of outstanding quality, but also work with our customers to find the optimal solution for the product.

We are a major manufacturer of complex fasteners and are firmly established in the market. Thanks to our many years of expertise in the machining of various materials, we are able to offer our customers not only first-class products but also individual advice in the area of product design and material selection and have therefore become a trusted problem solver for our customers.



Frank Henschel, Managing Director



AMTRION
VALUES IN MOTION

“United MedTec Holding is the backbone for medical technology and industry. Our innovative support arm systems form the perfect interface between man and machine and increase the productivity of our partners.”

Andreas Mühlenbeck, Managing Director UMT group

Employees

12/31/2022

(previous year: 102)

€ 23.1

million sales

(previous year:

€ 20.9 million)

Contribution to society

The UMT group sees itself as a value-added partner for healthcare and industry. Our products simplify work on patients and form the ideal interface between man and machine. The durability and perfect ergonomics of our products conserve resources, relieve the burden on staff and save a considerable amount of time when working with patients. Medical staff become more efficient, patients receive optimal care and recover more quickly, and social trust in medical treatment increases. Sustainable added value is created at all levels. This also applies to our industrial products. The physical relief of employees in the performance of their work and thus the minimisation of absenteeism due to illness are direct advantages of our ergonomic systems.

Our support arms and holding systems can be found in the core areas of hospitals such as operating theatres, intensive care units and diagnostic areas. The sub-division Industry supplies manufacturers of machining centres with ergonomic operating terminals and support arms and also ensures increasing value creation worldwide.

UMT stands for safe and durable products that are used in all system-relevant areas worldwide. For a sustainable society.



Andreas Mühlenbeck, Managing Director (left)
Jürgen Roth, Managing Director (right)



“Digitalisation is our opportunity - the transformation to a sustainable circular economy cannot be managed on paper.”

André Krichel, Managing Director, AstroPlast

Employees

12/31/2022

(previous year: 86)

€ 17.9

million sales

(previous year: € 15.2 million)

Contribution to society

For almost 50 years, AstroPlast has been involved in the processing of plastics of all kinds. We supply the construction, electrical, logistics and coil industries. Our customers have access to modern machinery, leading finishing processes and an affiliated toolmaking shop.

We place the highest demands on quality as well as on our services. Through innovative products, processes and material compositions, we have already achieved a leading position today. Our recycle share is over 40%. We always pay attention to the careful use of our energy and raw materials throughout the entire process.

We develop products until they are ready for series production, build tools ourselves and produce and sell plastic products of all kinds. Thanks to our wide range of machinery, we can manufacture products weighing from a few grams to several kilograms with the highest precision.



André Krichel, Managing Director



Sustain- ability

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

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

Non-financial report / DNK statement

General information

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

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

Process Technology

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

Resource Technology

- Dörrenberg group
- SVT GmbH
- Pickhardt & Gerlach group

Health and Infrastructure Technology

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

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

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

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

Criteria 1 – 10: Sustainability concept

Criteria 1 – 4 on strategy

1. Strategic analysis and measures

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

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

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

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

2022,

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

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

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

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

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

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

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

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

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

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

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

2. Materiality

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

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



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

Environment

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

Social

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

Governance

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

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

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

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

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

These criteria apply particularly to the provisionally prioritised topics.

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

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

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

3. Targets

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

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

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

In 2023,

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

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

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

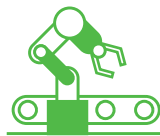
As part of the continuation of the strategy process, it is being examined whether GESCO SE wants to relate its sustainability management to the United Nations Sustainable Development Goals. At present, this is not yet the case.

4. Depth of the value chain

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

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

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



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



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

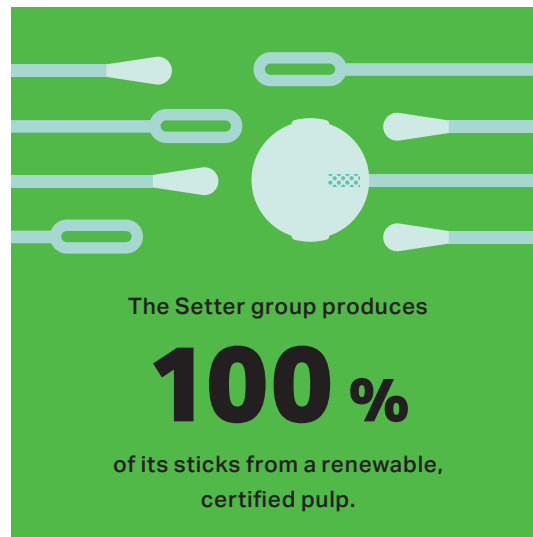


The Health and Infrastructure Technology segment comprises companies that supply suppliers for mass markets close to the end consumer in the fields of medical technology, hygiene, food or construction. The companies mostly supply components, assemblies or preliminary products. Beyond metal processing,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

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

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

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



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

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

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

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

Criteria 5 – 10 on process management

5. Responsibility

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

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

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

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

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

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

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

6. Rules and processes

The subsidiaries of GESCO SE are generally able to identify their own focal points and, adapted to these set up suitable regulations and processes for the management of sustainability-related issues. GESCO SE supports all efforts, including those that go beyond compliance with legal standards and regulations, as long as they are justifiable from an economic perspective. This is also anchored in the Group's Code of Conduct.

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

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

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

7. Control

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

The non-financial performance indicators cover the following areas:

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

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

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

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

Performance indicators for criteria 5 to 7

Performance indicator GRI SRS-102-16: Values

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

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

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

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

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

8. Incentive systems

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

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

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

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

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

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

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

Performance indicators for criterion 8

Performance indicator GRI SRS-102-35: Remuneration policy

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

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

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

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

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

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

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

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

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

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

9. Stakeholder participation

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

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

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

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

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

Performance indicators for criterion 9

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

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

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

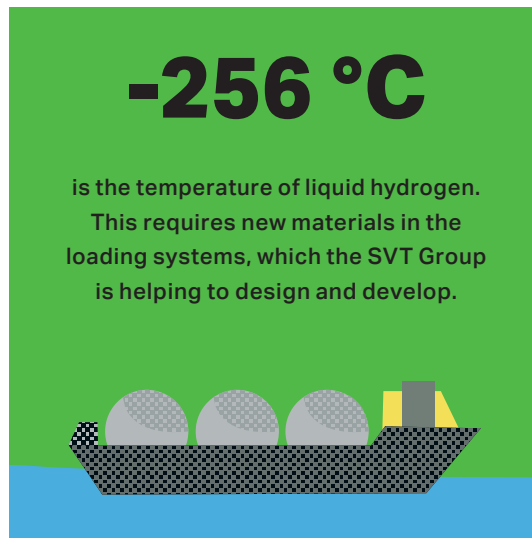
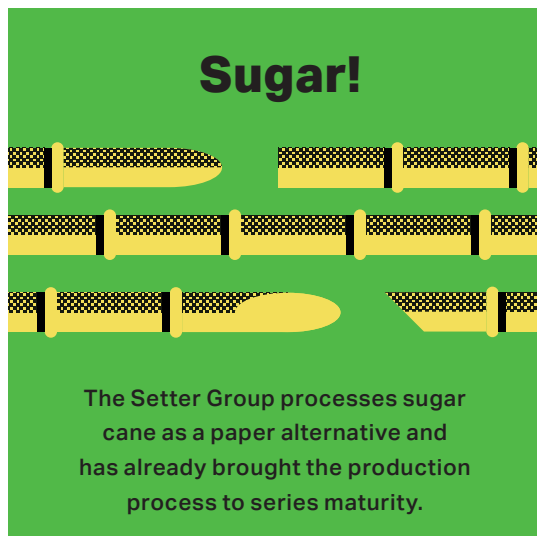
There were also many concerns that EU regulation would put European businesses at a disadvantage vis-à-vis other international competitors and that competitiveness would suffer.

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

10. Innovation and product management

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

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



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

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

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

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

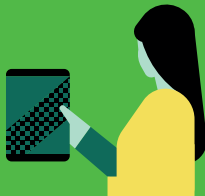
Performance indicators for criterion 10

Performance indicator G4-FS11

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

In contact

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



Criteria 11 – 20:

Sustainability aspects

Criteria 11 – 13 on environmental concerns

11. Consumption of natural resources

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

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

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

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

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

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

12. Resources management

The overarching environmental goals of GESCO Group are:

- Reduction of energy consumption
- Saving resources

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

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

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

The resource-saving measures focus predominantly on the areas:

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

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

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

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

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

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

Circular economy		Strategies	
↑	Smarter product use and manufacture	R0 Refuse	Make a product redundant by abandoning its function or by offering the same function with a completely different product
		R1 Rethink	Intensify product use (e. g. through sharing)
		R2 Reduce	Efficiency in production or use by using fewer resources / materials
	Extend the life of the product and its components	R3 Reuse	Reuse of a discarded product that is still in good condition and fulfils its original functions
		R4 Repair	Repair and maintenance of a defective product so that original functions are retained
		R5 Refurbish	Restore an old product and bring it up to date
		R6 Remanufacture	Use of parts of a discarded product in a new product with the same function
		R7 Repurpose	Use of parts of a discarded product in a new product with a different function
Linear economy	Useful use of material	R8 Recycle	Processing of materials to obtain the same (high quality) or a lower (inferior) quality
		R9 Recover	Combustion of materials with energy recovery

(Source: Potting et al., 2017)

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

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

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

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

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

The above measures pay towards the qualitative objectives

- Reduction of energy consumption
- Savings of resources.

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

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

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

Performance indicators for criteria 11 to 12

Performance indicator GRI SRS-301-1: Materials used

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

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

* exclusive GESCO SE

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

Performance indicator GRI SRS-302-1:**Energy consumption****Energy consumption of GESCO SE**

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

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

** exclusive GESCO SE and W. Krömker GmbH

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

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

Energy consumption of the vehicle fleet

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

** exclusive W. Krömker GmbH

*** Electricity generated from own production from photovoltaic systems

Performance indicator GRI SRS-302-4:**Reduction of energy consumption**

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

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

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

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

Performance indicator GRI SRS-303-3:

Water withdrawal

GESCO SE water consumption

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

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

** exclusive GESCO SE and W. Krömker GmbH

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

Accrued waste

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

Waste (by type)

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

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

** exclusive GESCO SE and W. Krömker GmbH

13. Climate-relevant emissions

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

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

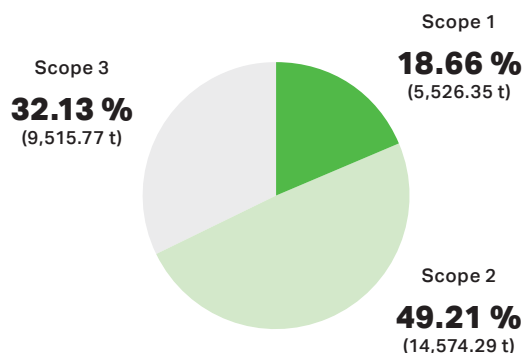
In 2021, GESCO began to record energy consumption in all companies according to uniform guidelines. Based on these results and in coordination with the subsidiaries, it will be examined by 2024 whether concrete targets can be set from 2024 onwards. In the previous surveys (2020 & 2021), Scope 1 and 2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

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

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

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

Distribution of GHG emissions in scopes CO₂e [t]



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

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

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

Performance indicators for criterion 13

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

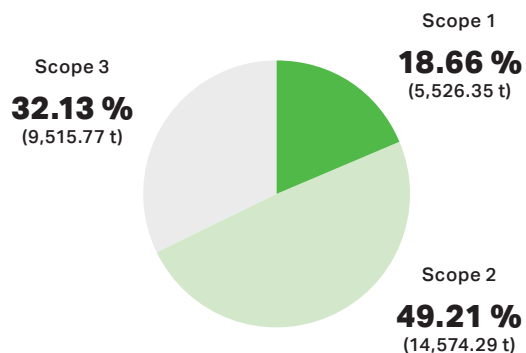
The indirect emissions (Scope 3) are 9,515.77 CO₂e [t] excluding upstream and downstream logistics, which were only collected in parts as described above, are at 3,845.87 CO₂e [t].

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

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

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

Overall view of GHG emissions



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

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

EU taxonomy

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

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

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

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

I. Sales revenue

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

II. Capital expenditure (CapEx)

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

III. Operating expenses (OpEx)

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

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

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

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

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

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

Sales was accrued for these two economic activities.

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

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

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

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

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

2. Taxonomy conformity check

a. Technical test

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

b. Do No Significant Harm criteria (DNSH)

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

c. Minimum social standards

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

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

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

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

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

3.1. Sales

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

3.2. Capital expenditure (CapEx)

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

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

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

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

3.3. Operating expenses (OpEx)

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

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

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

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

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

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

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

Criteria 14 – 20 on society

Criteria 14 – 16 on workers' issues

14. Workers' rights

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. Equal opportunities

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

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

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

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

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

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

16. Qualification

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

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

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

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

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

Performance indicators for criteria 14 to 16

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

Number and rate of documentable work-related injuries:

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

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

* exclusive W. Krömker GmbH

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

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

* exclusive W. Krömker GmbH

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

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

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

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

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

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

* exclusive GESCO SE

** exclusive GESCO SE and W. Krömker GmbH

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

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

30.8

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

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

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

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

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

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

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

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

Criterion 17 on human rights

17. Human rights

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

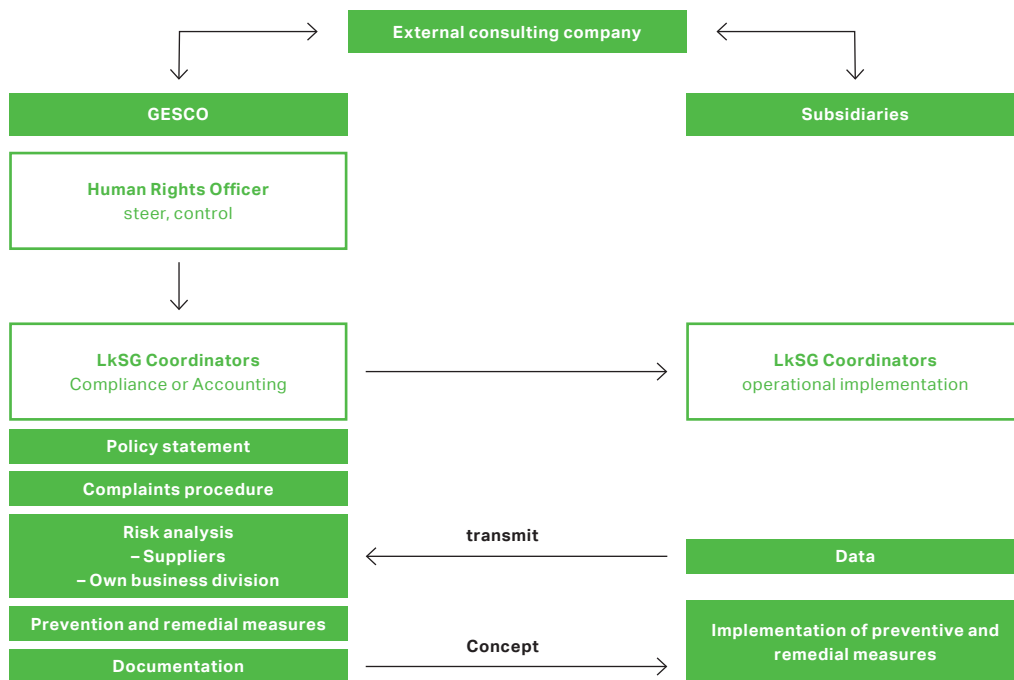
GESCO Group is subject to the German Supply Chain Sourcing Obligations Act (LkSG) from 01 January 2024. The aim is to avoid human rights violations in the value chain and in its own business operations.

Management concept

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

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

Process Flow Supply Chain Due Diligence Act @GESCO



Measures

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

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

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

Goal and derived strategies

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

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

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

Identification of risks

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

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

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

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

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

Declaration in the sense of the NAP Business and Human Rights

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

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

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

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

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

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

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

Performance indicators for criterion 17

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

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

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

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

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

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

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

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

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

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

Criterion 18 on social / community affairs

18. Community

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

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

€ 60,000



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

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

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

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

Performance indicators for criterion 18

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

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

Criteria 19 – 20 on compliance

19. Political influence

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

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

Performance indicators for criterion 19

Performance indicator GRI SRS-415-1:
Party donations

GESCO Group makes no political donations.

20. Conduct in accordance with the law and the directive

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

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

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

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

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

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

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

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

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

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

Performance indicators for criterion 20

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

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

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

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

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

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



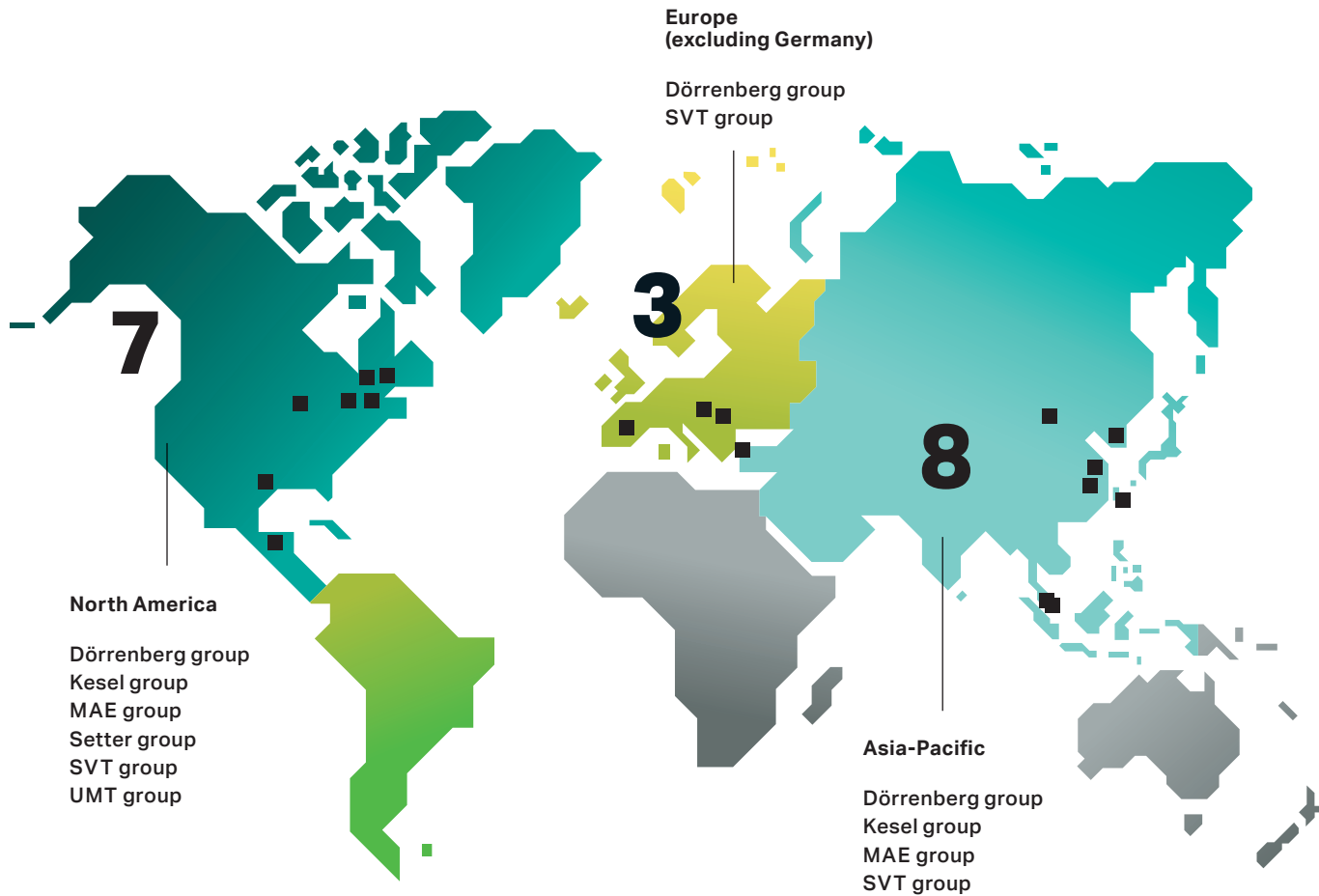
The
SUSTAINABILITY
Code
Signatory 2022



prepared according to
CSR Directive
Implementation Act

GESCO global

GESCO Group locations



Dörrenberg group

- Bucharest, Romania
- Uharte-Arakil, Spain
- Macedonia, Ohio, USA
- Gyeonggi-do, South Korea
- Istanbul, Turkey
- Jiashan, China
- Singapore, Singapore
- Yongkang, Taiwan

Kesel group

- Milton, Wisconsin, USA
- Jiaxing City, China

MAE group

- Orwigsburg, Pennsylvania, USA
- Beijing, China

Setter group

- Fountain Inn, South Carolina, USA
- San Luis Potosi, Mexico

SVT group

- Tatabánya, Hungary
- Houston, Texas, USA
- Singapore, Singapore

UMT group

- Fountain Inn, South Carolina, USA



Germany

INEX – solutions group: Sommer & Strassburger (Bretten)

INEX – solutions group: Hubl (Vaihingen/Enz)

MAE group (Erkrath)

Kesel group (Kempten)

Dörrenberg group (Ründeroth, Dieringhausen,
Weiershagen, Gummersbach, Herford)

Pickhardt & Gerlach (Finnentrop)

SVT group (Schwelm)

Setter group (Emmerich)

Franz Funke (Sundern)

UMT group (Porta Westfalica)

AstroPlast (Meschede)

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