

The image features three tall, slender wind turbines that appear to be made of a translucent blue material. Each turbine has three blades, and the central hub of each is a bright, glowing blue light source, creating a starburst effect. The turbines are set against a dark, deep blue background. In the lower right foreground, a small child stands with their back to the camera, looking up at the turbines. The child is wearing a light blue shirt and dark shorts. The ground is a smooth, reflective surface that mirrors the blue light from the turbines. The overall mood is futuristic and hopeful, emphasizing sustainable energy.

WE MOVE THE WORLD

Sustainability Report 2025

FLENDER

CONTENTS

WELCOME AND HIGHLIGHTS	3	SOCIAL	66
Foreword by the CEO	4	Social	67
Flender's CSR highlights in 2025	5	Flender's own Workforce S1	68
		Workers in the Value Chain S2	87
GENERAL DISCLOSURES	6	GOVERNANCE	92
Basis for preparation	7	Governance G1	93
Governance	8		
Strategy	10	OUTLOOK	109
ENVIRONMENT	38	Outlook	110
Environment	39	ESRS/GRI Index	111
Climate Change E1	40	Imprint	118
Pollution E2	54		
Circular Economy E5	56		
EU Taxonomy	62		



WELCOME AND HIGHLIGHTS



IN THIS SECTION

Foreword by the CEO	4
Flender's CSR highlights in 2025	5



FOREWORD BY THE CEO

GRI 2-22

Dear Stakeholders,

The year 2025 was shaped by geopolitical uncertainty, volatile markets, and an increasingly complex regulatory environment. At COP30 in Brazil, the world reaffirmed the urgency of climate action – while the challenge of global alignment remained. In times like these, resilient and forward-looking governance is more important than ever.

As a global industrial company, it is our responsibility to drive sustainable transformation while delivering strong operational performance. In 2025, we demonstrated exactly that: we strengthened our position as a global technology leader while making measurable progress on our sustainability commitments. This is how we create lasting value.

Our decarbonization roadmap was refined and aligned with the Science Based Targets initiative (SBTi), and our updated emissions reduction targets were officially validated. This confirms our commitment to the 1.5°C pathway – not as aspiration, but as action. We also further aligned our reporting with the Corporate Sustainability

Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), ensuring our disclosures provide you with clear, decision-useful information.

Equally important: we continued to invest in our people – the true drivers of our progress. We strengthened health and safety standards, expanded training and development programs, and secured the long-term competitiveness of our sites worldwide.

Innovation remains at the heart of what we do. With FLENDER ONE®, FLENDER AIQ, and REVO, we are setting new technological benchmarks by combining automation, digitalization, AI, and resource efficiency. REVO, our new drive concept for wind energy, enables more compact turbine designs, reduces material use, and increases system efficiency – supporting the energy transition and reinforcing our leadership in the global wind market.

Our service business plays a key role in advancing sustainability. In 2025, repairs within our wind service operations increased

significantly, extending asset lifetimes, reducing downtime, and avoiding premature replacements. Digital solutions such as AIQ facilitate predictive maintenance and further efficiency gains, while our global service network ensures reliable customer support across regions.

External recognition confirms our progress: Flender received the EcoVadis Platinum Medal for the third consecutive year, placing us among the top one percent of assessed companies globally.

These achievements belong to our employees, partners, customers, and stakeholders worldwide. Thank you for your trust and commitment.

Looking ahead, we remain focused: sustainable growth, customer-centric innovation, operational excellence – and the ambition to lead our industry toward a more sustainable future. Together.

Andreas Evertz



Andreas Evertz
FLENDER GROUP CEO

FLENDER'S CSR HIGHLIGHTS IN 2025



ECOVADIS PLATINUM RECOGNITION

for the third consecutive year

➤ Read more on page 27

-48%

Reduction of Scope 1 and 2 emissions compared to base year

➤ Read more on page 47



SBTi APPROVAL REINFORCES DECARBONIZATION GOALS

By strengthening Flender's strategy, the company is aligned with SBTi's Net-Zero ambitions.

➤ Read more on page 46

-17%

Reduction of Scope 3 emissions intensity compared to base year

➤ Read more on page 47



PRODUCT DESIGN

Successfully doubled the torque density in Flender's wind gearboxes

➤ Read more on page 59

98%

Share of renewable electricity at material locations in 2025

➤ Read more on page 48

GLOBAL LEARNING WEEK

with more than 165 classes and 1,550 participants from all over the globe.

➤ Read more on page 84



59%

Employee Net Promoter Score of 2025

➤ Read more on page 76

NEW TRAINING CENTER IN VOERDE

highlights Flender's engagement for future-oriented talent management.

➤ Read more on page 85



99%

of Flender's key suppliers signed the Code of Conduct in 2025.

➤ Read more on page 106

GENERAL DISCLOSURES



IN THIS SECTION

Basis for preparation	7
Governance	8
Strategy	10



BASIS FOR PREPARATION

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

Corporate Social Responsibility (CSR) and contributing to the energy transition have long been priorities for Flender. Together with its stakeholders, Flender strives to create long-term value and make a positive impact. Aware of its corporate responsibility, the company addresses current and future challenges, including climate change, the energy crisis, supply chain shifts, health, poverty, education and diversity. The goal is to contribute significantly to the energy transition and set industry standards.

This consolidated Sustainability Report 2025 covers the Flender Group's fiscal year (FY) from October 1, 2024, to September 30, 2025, and is the fifth independent and

voluntary report. It outlines the company's Corporate Social Responsibility strategy, goals, past initiatives, progress and planned activities. The report has not undergone an external audit.

In terms of reporting scope and boundary, the consolidated report aligns with Flender's financial reporting perimeter. Any deviations from this approach, such as reporting on selected key material locations,¹ are explicitly disclosed in the relevant sections together with the rationale. The report covers the full value chain and is based on a full value chain assessment as part of the double materiality assessment (DMA) – from upstream supplier operations to the entire

lifecycle of products. Flender has not used the option to omit material information corresponding to intellectual property, know-how or the results of innovation.

This report has been prepared with reference to the European Sustainability Reporting Standards (ESRS) 2023, taking into account the content adjustments introduced by the Draft ESRS published on November 30, 2025, and with reference to the Global Reporting Initiative (GRI) Standards. Additionally, the December 2023 Industrial Machinery and Goods Standard and the December 2023 Wind Technology and Project Developers Standard as developed by the Sustainability Accounting

Standards Board (SASB) has been applied to ensure transparency and comparability. Where applicable, the respective reporting standards are referred to under the corresponding headlines to ensure continuity and comparability in reporting. This approach allows for a smooth integration of ESRS requirements while maintaining adherence to globally recognized sustainability frameworks.

¹ Material locations are sites required to report EHS performance data to the headquarters because they represent the majority of our energy and water use, emissions and waste. They include all production and service facilities, while small sales offices and individual home offices are considered non-material due to their limited impact.

FLENDER



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



The report covers the last fiscal year (October 1, 2024, to September 30, 2025) and demonstrates our evolving reporting practice.



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



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

GOVERNANCE

The role of the administrative, management and supervisory bodies

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

GOVERNANCE STRUCTURE AND COMPOSITION

ESRS 2 GOV-1

The management board of Flender consists of two members: Andreas Evertz (Chairman) and Dr. Christian Terlinde. Employee participation in management at Flender GmbH takes place at the level of the co-determined supervisory board, which consists of twelve members, half of whom are employee representatives. At the level of the parent company, the advisory board of Flender Group GmbH consists of five members.

CSR BOARD AT FLENDER

ESRS 2 GOV-1, GOV-2 | GRI 2-12, 2-16

The CSR Board, chaired by the Group CEO, is Flender's central governance body for CSR and oversees CSR strategy development and implementation, including due diligence governance under the German Supply Chain Due Diligence Act (LkSG). It ensures alignment of key initiatives with the Group-wide

CSR strategy and integrates sustainability considerations into major business decisions. The CSR Board consists of the CEO (Chairman), the CFO, the Head of CSR, and representatives from relevant business units, group functions, and CSR strategy pillar owners. Through this composition, the CSR Board ensures appropriate coverage of the Group's material ESG topics.

Responsibilities, scope of authority and operating principles of the CSR Board are defined in internal policies within the Group's governance framework and are updated as needed to reflect material changes in requirements, priorities and risk profile.

The CSR department reports directly to the CEO and to the CSR Board on progress, required actions, and emerging CSR developments. It coordinates the implementation of the CSR strategy, manages key initiatives, analyses CSR data, monitors regulatory trends, and provides guidance for new activities and pilot projects. Business units are responsible for integrating CSR into their respective operational areas and advancing the topics assigned to their managers. Group functions define the guidelines, targets, and tools for their domains. On CSR strategy level, the implementation and monitoring of each strategy pillar is headed

by the respective CSR strategy pillar owner who plays a central role in steering and further developing the CSR strategy.

CSR-related topics are assessed either with the relevant department head or directly with the CSR department, and a decision is taken on whether the topic is escalated to the CSR Board agenda. The CSR Board meets four times per year on a regular cadence, with additional meetings convened if required. In 2025, key matters addressed included the DMA and related impacts, risks and opportunities (IROs), monitoring progress on CSR strategy initiatives and KPIs, due diligence under the LkSG, selected external ratings, regulatory preparedness (including CSRD and EU Taxonomy), and updates on energy management and climate risk analysis.

The CSR Board oversees the DMA, which undergoes departmental reviews and assessment by the CSR team and topic experts, and management review prior to final validation. Throughout the year, CSR Board members are kept informed about material impacts, risks, and opportunities, the implementation status of due diligence measures, and relevant policies, actions, metrics, and targets. Progress towards CSR objectives and mitigation plans is monitored using defined KPIs. Sustainability-related

risks are aligned with the Enterprise Risk Management (ERM) system when they exceed defined thresholds, including risks identified through the DMA.

Trade-offs may arise between economic, environmental and social objectives when overseeing strategy, major decisions and risk management, including in relation to material impacts, risks and opportunities. Such trade-offs are discussed within the CSR Board and managed through balanced decision-making approaches designed to align sustainability, competitiveness and innovation.

The CSR Board determines whether appropriate sustainability-related skills and expertise are available or will be developed and ensures access to expertise through internal experts and, where necessary, external support or specialist advice. Members receive regular briefings and training, and Flender considers how relevant skills relate to material IROs identified through the DMA.

A global CSR network supports implementation by enabling regular exchange and consolidating input that is channeled via the CSR department into CSR Board reporting and decision-making where relevant.



Risk management and internal controls over sustainability reporting

ESRS 2 GOV-5

Flender is currently in the process of expanding the internal control system (ICS) to strengthen the reliability of its sustainability reporting by introducing dedicated controls over sustainability reporting (ICSR). Building on internal controls that have long been embedded in the sustainability reporting process, these controls are being progressively integrated into the overarching control framework to create an integrated system covering both financial and non-financial information.

As part of the existing control environment, quantitative data submitted by the functional departments are subject to a review process within the reporting cycles. These include plausibility checks and deviation analyses using historical data.

The further development and full integration of the non-financial ICS will continue in the coming reporting periods, with the aim of formalizing and documenting risk assessment procedures and related reporting to the management bodies.

STRATEGY

Strategy, business model and value chain

ESRS 2 SBM-1 | GRI 2-6

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

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

In addition to the development and manufacture of products, Flender delivers services and digital solutions throughout the entire lifetime of the products under both Flender brands.

Flender sees itself as an essential part of the sustainable industrial transformation. The company's ambition is to become the Partner of Choice for a Sustainable Future in all business areas. Flender will actively drive the energy transition, with a focus on renewable energies in the Winergy brand, and with its sustainable product range under the Flender brand. Flender and its business partners can make a significant contribution to sustainability only if all areas of the company work together.

More information on employees (also broken down by geographical area) can be found in the "Social" chapter under [➤ "Characteristics of the undertaking's employees."](#)



FLENDER'S MISSION AND VISION



WE MOVE THE WORLD

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



THE PARTNER OF CHOICE FOR A SUSTAINABLE FUTURE

Guided by its commitment to Corporate Social Responsibility and shaping the future, Flender collaborates closely with all stakeholders to advance the energy transition, ensure its security, and drive the critical industries that society depends on. Sustainable success, for Flender, means embracing responsibility – across the company, products, and supply chain – for the environment, its people, and the enduring strength of the sectors and communities it serves.



FLENDER'S HISTORY

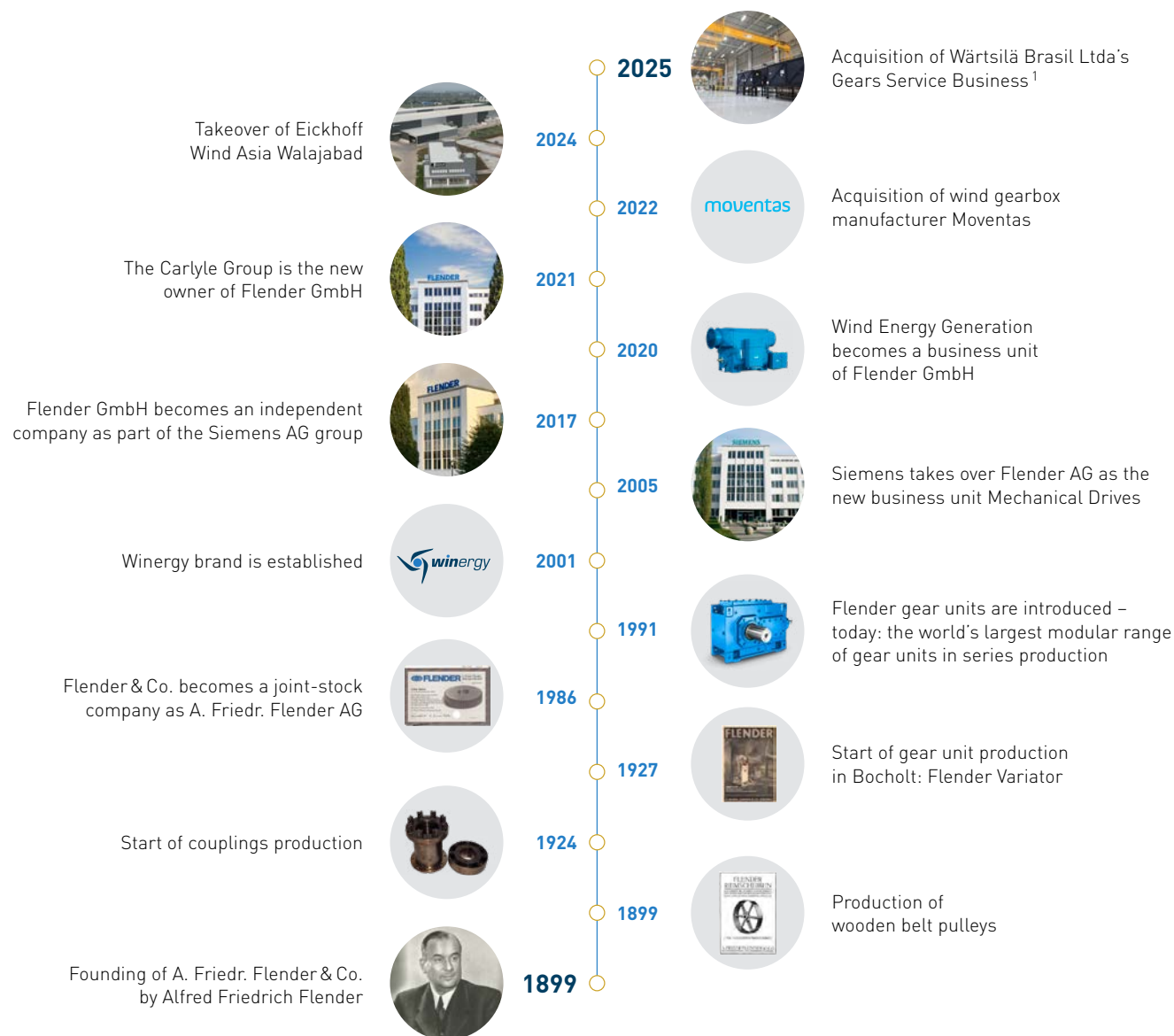
Since Alfred Friedrich Flender founded the business in 1899, the company has supported the development of drive technology across numerous industries. In 2024, Flender celebrated its 125th anniversary.

THE FUTURE IS BLUE

➔ Visit our website!

¹ Transaction is still pending.

DRIVING THE FUTURE



BUSINESS AREAS IN SHARES ¹

ESRS 2 SBM-1



~56%



~44%

FLENDER

¹ As of September 30, 2025.

FLENDER'S PRODUCTS AND SERVICES

ESRS 2 SBM-1 | GRI 2-6

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

Here is the product portfolio:

Wind business

In the wind business, the product portfolio includes solutions for wind drivetrains of all kinds and MW ratings. With more than 40 years of experience and more than 400 GW installed base, Flender combines system expertise with high quality standards:

Wind turbine gearboxes

The range of gearboxes includes two- and three-staged planetary gearboxes in all common MW ratings.



Industries:

Onshore and offshore wind

Wind generators

For wind turbine concepts of all kinds, Flender's specialized generator systems offer the perfect combination of performance and quality. The range includes:

- Asynchronous generators in all common MW ratings
- Synchronous generators in all common MW ratings
- Direct Drive stator segments

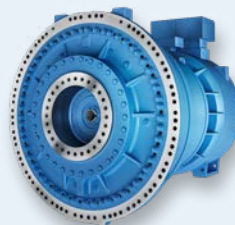


Industries:

Onshore and offshore wind

HybridDrive

The HybridDrive is a connection of a two- or three-stage planetary gearbox and a permanent-magnet synchronous generator.



Industries:

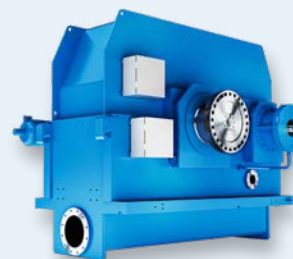
Onshore and offshore wind

Turbo gears

The company develops and manufactures high-precision turbo gears. Each one is tailor-made to meet customers' needs. The product portfolio includes:

- Turbo gears with two parallel shaft lines
- Integral turbo gears with multiple shaft lines
- Planetary gear units
- FGPOWER+®: Flender's energy-saving package with vacuum technology enables optimum use of power and lowers gear unit power loss by approx. 50% compared with a standard gear unit.

In addition to its products, the company also offers specialized service in turbo gears.



Industries:

Power generation, Natural gas, Decarbonization, Nuclear

Industrial gears

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

Standard gear units used in various applications

- Helical and bevel-helical gear units, including FLENDER ONE® – the company's revolutionary platform that combines full customization with series production efficiency through end-to-end digitalization and AI-driven configuration
- Planetary gear units



Application-specific gear units

Some applications present unique requirements and challenges due to distinct operating conditions, for example high torques. Leveraging Flender's extensive expertise, the company develops customized gear units tailored to meet these specific needs.



Industries:

Cement, Chemicals and pharmaceuticals, Defense, Food and beverages, Harbor, Marine, Metals, Minerals and mining, Natural gas, Paper and pulp, Passenger transport, Power generation, Rubber and plastic, Sugar, Water and wastewater

Couplings

Flender is a leading supplier of industrial couplings. The diversity and depth of its portfolio are unique worldwide. This includes:

- Elastomeric couplings
- Gear couplings
- All-steel lamella couplings
- Hydrodynamic couplings
- Wind couplings
- Rail couplings
- Turbo couplings



Industries:

All industries

Service

Flender offers comprehensive services for gear units, couplings and generators over their entire lifecycle – whether in the industry or wind business. In addition to classic services such as spare parts services, repair services, maintenance services, technical support and various retrofit and modernization solutions, Flender helps you shape your digital future with its diagnosis services.

- Spare parts services
- Repair services
- Field and maintenance services
- Retrofit and modernization services
- Diagnosis services
- Multibrand services
- Repowering



Industries:

All industries

Digital Solutions

Flender offers a comprehensive portfolio of digital solutions to monitor gear units, couplings and generators and to ensure operational availability.

With Flender AIQ, Flender combines mechanical drive technology with digital intelligence. AIQ continuously records and evaluates operating data directly in the gearbox, providing transparency on actual load conditions and component health.

By understanding real load spectra through AIQ Core and AIQ Core Torque, drive specifications can be refined based on measured operating conditions. This data-based approach often reveals oversizing and opens potential for downsizing and resource-efficient design. AIQ supports predictive maintenance, lifetime estimation and optimized service planning, creating measurable benefits for both system efficiency and sustainability.

- AIQ portfolio
- CMaS Evolution
- Remote expert



Industries:

All industries

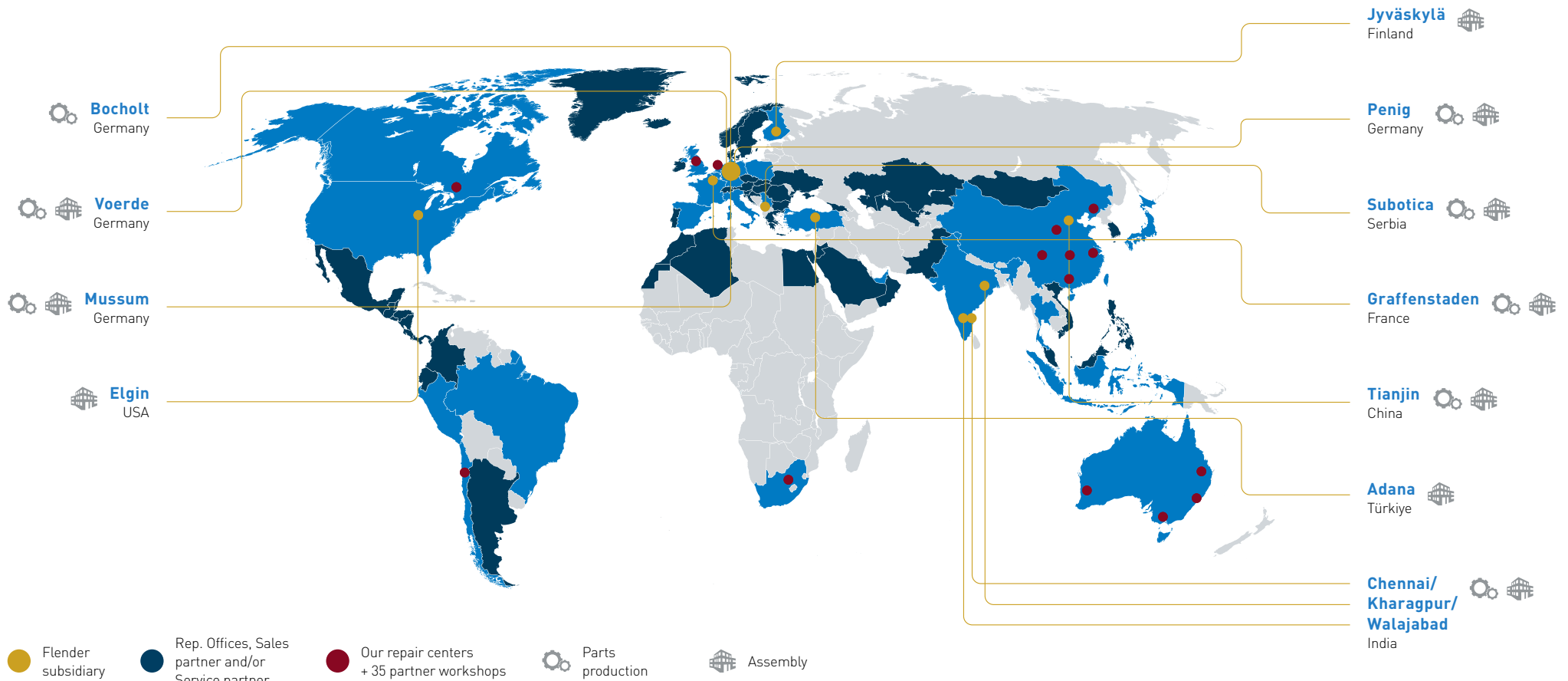
FLENDER'S MARKETS AND BUSINESS AREAS

ESRS 2 SBM-1 | GRI 2-6

Flender is very close to its customers – the company's sales, service and production lines are active in 34 countries around the world. Proximity to customers, end-users and distributors enables the most efficient delivery

of products and services. The customers regard the company as a reliable, safe investment and a competent partner – decades of experience and trusting cooperation are the basis for Flender's success in global markets.

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



ASSOCIATION MEMBERSHIPS

GRI 2-28

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

- American Gear Manufacturing Association (AGMA)
- Bundesverband der Deutschen Sicherheits- und Verteidigungsindustrie e.V. (BDSV)
- FVA Forschungsvereinigung Antriebs-technik e. V. (FVA Research Association for Drive Technology)
- VDMA Verband Deutscher Maschinen- und Anlagenbau e. V. (Association of German Mechanical and Plant Engineering)
- Global Wind Energy Council (GWEC)
- Responsible Minerals Initiative (RMI)
- United Nations (UN) Global Compact
- Unternehmerverband der Metall-industrie Ruhr-Niederrhein e. V. (Entrepreneurs' Association of the Metal Industry Ruhr-Niederrhein)
- WindEurope



FLENDER CSR STRATEGY

ESRS 2 SBM-1 | GRI 2-22, 3-2

Flender's CSR strategy is embedded in the corporate strategy and links sustainability-related goals to Flender's significant products and services, customer groups, global footprint and stakeholder relationships.

In FY 2025, Flender further enhanced its CSR strategy based on the results of the double materiality assessment and in response to evolving regulatory requirements and stakeholder expectations.

The CSR strategy pillars align with the ESG dimensions which translate priorities into targets, actions and responsibilities across the organization.

- **Environment:**
Environmental Sustainability
- **Social:**
Employer of Choice, Health & Safety
- **Governance:**
Governance & Compliance

To support consistent steering and review, Flender is developing a CSR KPI management system to track progress and enable management review and adjustments where necessary.

Flender is a member of the United Nations Global Compact since 2023 and aligns its approach with its principles on human rights, labor standards, environmental protection and anti-corruption.

Flender also references the UN Sustainable Development Goals (SDGs) in its reporting and highlights contributions particularly to the following SDGs:

- **SDG 7:** Affordable and clean energy
- **SDG 8:** Decent work and economic growth
- **SDG 9:** Industry and infrastructure
- **SDG 12:** Responsible consumption and production
- **SDG 13:** Climate action

OUR CSR APPROACH

Our four CSR strategy pillars	Our material topics	Our key contributions to the UN SDG
Environmental Sustainability	 Climate Change (ESRS E1)  Pollution in the Value Chain (Part of ESRS E2)  Circular Economy (ESRS E5)	    
Employer of Choice	 Own Workforce (ESRS S1)  Workers in the Value Chain (ESRS S2)	
Health & Safety		
Governance & Compliance	 Business Conduct (ESRS G1)	 

CSR ambitions and focus areas

Flender's CSR ambitions are structured along Environmental, Social and Governance outcomes, with detailed targets, metrics and progress disclosed in the respective topical chapters in line with the ESRS reporting structure.

Following the double materiality assessment, Flender confirmed most material topics and refined selected aspects (e.g. pollution) to reflect business context and stakeholder expectations.

Environment

- Value-chain decarbonization, including supplier emissions transparency (e.g., Product Carbon Footprint (PCF) data roadmap), and progress towards the SBTi-validated Net-Zero targets by FY 2045.
- Renewable energy transition (80% renewable total energy and 100% renewable electricity by 2030).
- Resource efficiency and circularity across the product lifecycle, including the Circular Design Strategy planned for 2027.

Social

- Workforce development (target: 20 training hours per employee per year by 2027) and initiatives to support engagement and capability building.
- Inclusion and diversity (target: >20% women in leadership roles by 2027).
- Occupational health and safety (maintaining ISO 45001 certification; target: reduction in TRIR¹ to 1.2 by 2027).
- Fair working conditions in the value chain and risk-based compliance measures.
- Responsible supply chain targets (100% of key suppliers signing the Supplier Code of Conduct by 2027; CCR² >50% by 2027).

Governance

- Value-based compliance culture and reporting mechanisms covering key conduct risks.

Further information on goals, actions and implementation plans is provided in the Environment, Social and Governance chapters later in this report.

WE MOVE THE WORLD BY:



Environment

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



Social

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



Governance

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

¹ Total Recordable Incident Rate

² CSR Conformance Rate



Challenges and solutions to Flender's strategy and impact on sustainability

ESRS 2 SBM-1

Flender's strategic direction is influenced by challenges including value-chain decarbonization and supplier emissions transparency, climate-related risks, resource efficiency and circularity, workforce transformation and talent attraction, and occupational health and safety in complex technical environments.

Regulatory developments under the European Green Deal framework introduce additional uncertainty while also supporting the sustainable transition of European industry and creating opportunities, particularly for Flender's Wind business.

Key initiatives to address these challenges and opportunities include the PCF Data Roadmap, the renewable energy transition targets for 2030, the expansion of digital and service solutions (AIQ) to support predictive maintenance and energy optimization, and workforce and safety initiatives including training and diversity targets and continued strengthening of the ISO-45001-aligned health and safety management system.

DESCRIPTION OF BUSINESS MODEL AND VALUE CHAIN

ESRS 2 SBM-1

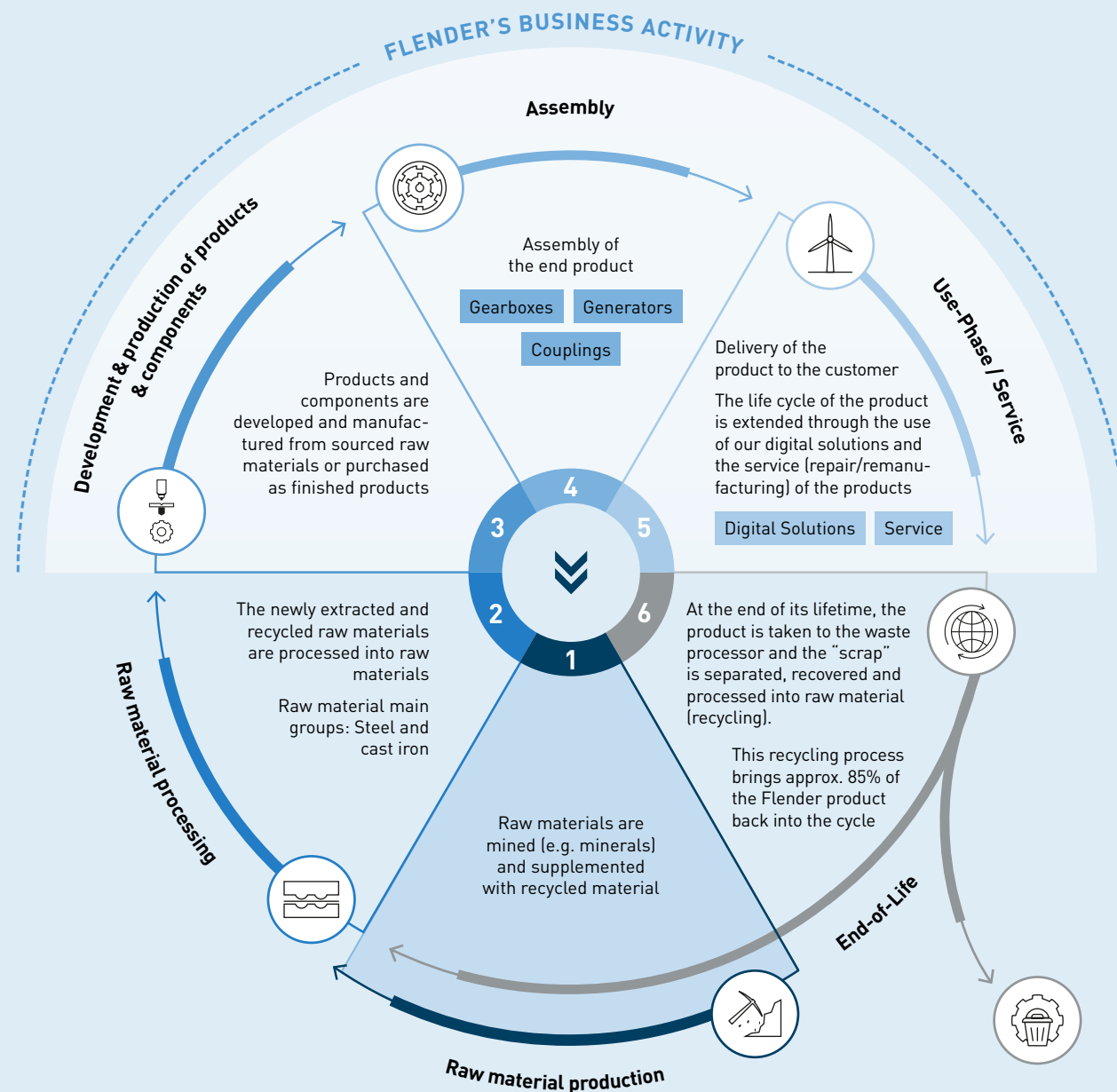
Upstream Activities

ESRS 2 SBM-1

Flender's upstream value chain begins with the extraction and processing of raw materials. Minerals and other inputs are mined and supplemented with recycled materials, which together form the basis for the company's primary raw material groups: steel and cast iron. These newly extracted and recycled materials undergo processing to produce raw materials suitable for component manufacturing.

Flender collaborates with 6,748 suppliers worldwide, delivering a variety of different components (e.g. casted or welded housings, forged parts for gears, bearings, etc.), of which the majority is steel related. CSR and compliance expectations in the supply chain are anchored in three core instruments: the Supplier Code of Conduct, which is mandatory for all suppliers,¹ the CSR Conformance Rate, which serves as the quantitative indicator for supplier

¹ All new suppliers of indirect material and services with an expected annual purchasing volume above EUR 5,000 and all suppliers of direct material are required to sign a Code of Conduct that commits them to operating their businesses in a responsible and sustainable way, in line with UN Sustainable Development Goals.



EXTENDED LIFE CYCLE

through digital solutions
or other service solutions

sustainability performance and is targeted to exceed 50% by 2027, and the PCF roadmap, which supports structured emissions data collection in the supply chain. Regular supplier assessments and audits address ESG risks, and Flender works with key suppliers to develop low-carbon materials and components.

Own Operations

ESRS 2 SBM-1

Flender's operational value chain covers the development and production of products and components manufactured from sourced raw materials. Activities include machining, processing, and assembly work for gearboxes, generators, and couplings. The company also purchases finished products that form part of upstream activities.

Major production sites are located in Germany, India, China, Serbia, Finland, France, Türkiye, and the United States. All production sites are certified according to ISO 14001 for environmental management and ISO 45001 for occupational health and safety. Flender's operations are aligned with its SBTi Net-Zero target, including the transition to renewable energy and the continuous improvement of the energy efficiency of production processes. A circular economy strategy is planned for implementation by 2027.

Downstream Activities

ESRS 2 SBM-1

Downstream activities begin with the delivery of finished products to customers across the wind and industrial sectors. During the use phase, Flender's digital solutions support condition-based maintenance, performance analytics, and lifetime extension. Retrofit and service activities further extend product life cycles and enhance resource efficiency by enabling repair, remanufacturing, and optimized operations. These digital and service solutions connect operational performance with sustainability outcomes across the installed base.

At the end of a product's lifetime, end-of-life processes involve the collection and separation of components at waste-processing facilities. Scrap materials can be recovered and recycled, returning approximately 85% of a Flender product to the material cycle. Circular design principles support these recycling outcomes and contribute to the company's broader circularity objectives.

~85%

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



Interest and views of stakeholders

ESRS 2 SBM-2 | GRI 2-29

Trusted cooperation with all stakeholders is the basis for Flender's business model, which has been successful for more than 125 years. Stakeholder needs and views are important to the company and guide its future orientation.

THESE ARE FLENDER'S STAKEHOLDERS

ESRS 2 SBM-2

In Flender's stakeholder analysis conducted in 2025, stakeholders were assessed with regard to their affectedness by Flender and their interest in sustainability information. As a result, the most relevant stakeholder groups for Flender's CSR Management have been identified:

- Employees
- Customers
- Suppliers
- Investors, lenders and other financial institutions
- Works council
- Business partner (Sales & service partner)
- Regulatory authorities
- Political groups, associations, interest groups and NGOs
- Press & Media
- Local communities
- Environment

STAKEHOLDER ENGAGEMENT

ESRS 2 SBM-2

Flender develops its approach to CSR in close collaboration with its stakeholders and pursues its energy transition objectives through collective efforts. Continuous dialog with relevant stakeholder groups is considered essential to maintaining long-term partnerships, identifying global trends and developments, and supporting the sustainable growth of the company's business areas.

Flender integrates stakeholder perspectives into its CSR management and DMA. The company's key stakeholder groups – employees, customers, and suppliers – were identified through a structured stakeholder analysis conducted as part of the DMA.

As part of the assessment, internal departments with regular stakeholder interaction such as HR, Procurement, Business Units, and Corporate Development, acted as proxies to provide representative insights on stakeholder expectations, impacts, risks, and opportunities. Where no direct engagement was feasible, secondary sources including market analyses, regulatory developments, scientific publications, and public stakeholder positions were used to supplement the assessment.

The findings were consolidated and validated for completeness by mapping stakeholder interests against Flender's actual and



potential impacts, as well as related risks and opportunities. This process ensures that stakeholder views are systematically incorporated into strategic and business model considerations.

BOARD INVOLVEMENT

ESRS 2 SBM-2

The CSR Board is kept up to date about the views and interests of stakeholders regarding the company's CSR-related impacts, risks and opportunities by means of high-level summaries from stakeholder engage-

ment via the company's proxies. Information is gathered and analyzed through structured ESG reporting and governance processes, including regular updates by the CSR Department to the management board and CSR Board. These reports consolidate insights from the double materiality assessment, stakeholder feedback, and key ESG performance indicators.

MEDIA AND FORMATS OF STAKEHOLDER EXCHANGE



Employees

- Global and local town hall meetings
- Employee survey
- Flender intranet
- Flender website
- Company communicator (Teams)
- Ad hoc communication
- Communication cascade
- Bulletin boards
- Improvement suggestions by employees (idea management)
- Incident reporting/whistle-blowing system "Tell Us"
- Follow-up to accidents occurred
- Local safety walks/on-site inspections
- Reporting of unsafe conditions, hazards or accidents that almost occurred



Works council

- Meetings (in person, digital)
- Personal communication (telephone, email)
- Local town hall meetings
- Announcements and notices via the Flender Intranet and bulletin boards



Customers

- Meetings and customer visits (in person, digital)
- Other personal communication (telephone, email)/Key account management
- Brochures
- Advertisements
- Trade fairs
- Social media
- Flender website
- Incident reporting/whistle-blowing system "Tell Us"



Suppliers

- Regular supplier visits/ meetings (personal & virtual)
- Trade fairs
- Conferences
- Supplier days
- Supplier Audits
- Social media
- Webinars
- Flender website
- Brochures & Publications
- Incident reporting/whistle-blowing system "Tell Us"



Business partners (Sales & Service partners)

- Meetings (in person, digital)
- Other personal communication (telephone, email, in person on-site)
- Workshops & Trainings
- Incident reporting/whistle-blowing system "Tell Us"



Regulatory authorities

- Through associations
- Dialog with politicians (fairs, groups etc.)



Investors, lenders and other financial institutions

- Flender annual report
- Sustainability report
- Quarterly investor presentations
- Debt investor conferences



Political groups, associations, interest groups and NGOs

- Personal communication
- On-site visits
- Visiting external events
- Local media and press
- Website
- Social media
- Through associations or the economic development department



Press and media

- Press releases
- Press conference
- Interviews
- Advertorials
- Site visits
- Website
- Personal communication
- Social media



Local communities

- Press
- Regional events
- Sponsorship
- Donations
- School cooperations
- Advertisements
- Social media
- Flender website
- Incident reporting/whistle-blowing system "Tell Us"



Environment¹

- Scientific information and publications
- Legal cadastral register
- Analysis of local environmental condition, e.g. protection areas regarding water or biodiversity
- Participation in expert working groups
- Exchange and collaboration with customers and suppliers regarding environmental matters

¹ Silent stakeholder

CASE STUDY

FLENDER AS A PROMOTER OF INDUSTRIAL PROGRESS



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

Hannover Messe 2025

At Hannover Messe 2025, Flender presented its digitalization capabilities, including FLENDER ONE and AIQ predictive technologies, during high-profile visits by German then-Chancellor Olaf Scholz, Minister Robert Habeck, and international representatives. These engagements highlighted how digital transformation strengthens competitiveness by enabling customized gearbox production, predictive maintenance, and faster delivery times.

**VDMA Wind Supply Chain Day at Flender**

Flender hosted the VDMA Wind Supply Chain Day in Voerde, facilitating intensive exchanges on technological progress, market developments, and current energy and industrial policy topics. A panel with representatives from European institutions, regional and federal government, industry associations, and Flender management underlined the sector's shared commitment to advancing wind energy.

**VDMA Sustainability Committee Meeting**

Flender welcomed the VDMA Sustainability Committee for its first fully in-person meeting, addressing key topics such as the EU Commission's Omnibus proposal, product carbon footprint methodologies, and climate resilience analysis. The meeting included a site tour and fostered knowledge exchange that will inform future sustainability initiatives and strengthen industry/EU dialog.



EXTERNAL CSR RECOGNITION

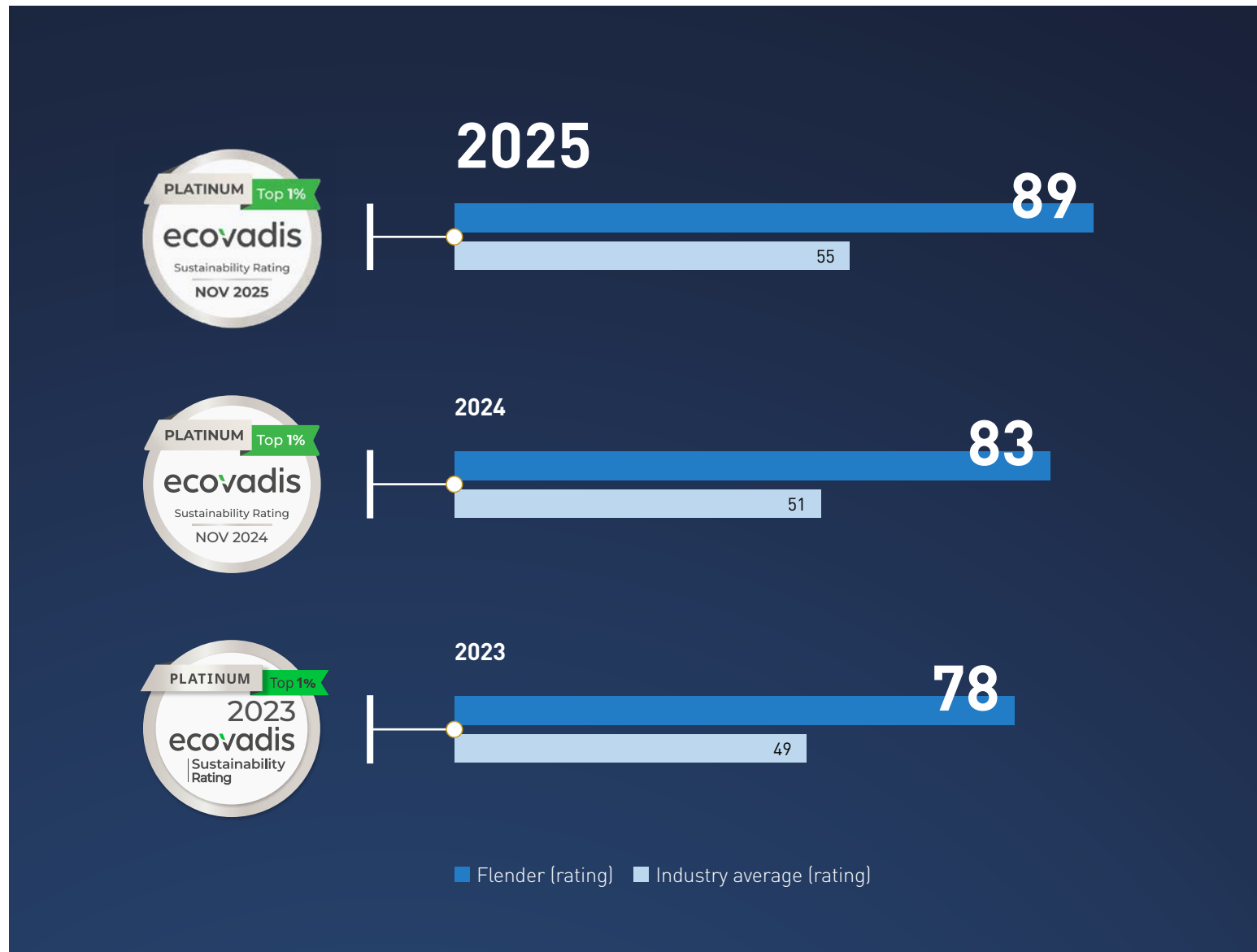
The approach to stakeholder engagement extends beyond dialog and collaboration, it also includes transparent performance benchmarking and recognition of Flender's sustainability efforts. By participating in external assessments such as EcoVadis and by earning awards in social and environmental categories, the company demonstrates accountability and responsiveness to stakeholder expectations. These initiatives not only validate its progress but also strengthen trust among customers, partners, and society at large, making them an integral part of Flender's engagement strategy.

EcoVadis confirmation:

Flender stays on the right track

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

In 2025, Flender received the **➤ EcoVadis Platinum Medal** for the third consecutive year, placing the company within the top 1% of the organizations assessed globally for their sustainability performance. Through targeted CSR initiatives and systematic enhancements to its CSR management system, the company increased its overall EcoVadis score from 83 to 89 points. Flender achieved its most notable progress in the Labor & Human Rights and Sustainable Procurement categories. In both categories, Flender advanced from 82 to 89 points.



Further recognition:**Recognized for innovation and CSR**

In the reporting period, Flender and its global sites received several external awards recognizing excellence in sustainability, safety, social responsibility, innovation, and operational performance. These acknowledgments reflect the company's commitment to responsible business practices, high-quality standards, and continuous improvement across its international operations.

National Green Factory Award in China (top)

Awarded by the Ministry of Industry and Information Technology of the People's Republic of China, the recognition reflects high performance in areas such as energy efficiency, clean production, resource utilization, emissions performance, and environmental management.

**April 28 Charter award (bottom)**

This award places Flender's Subotica site among the top three companies in Serbia for excellence in occupational safety and health. The award, granted by the Ministry of Labor, recognizes outstanding achievements in workplace safety, preventive measures, and continuous improvement in EHS performance.





dena Energy Efficiency Award

Flender's project to reuse waste heat from its heat treatment was nominated for the dena Energy Efficiency Award in the category "Von clever bis digital! – Die Bandbreite der Energieeffizienz." At the Bocholt site, Flender implemented a high-capacity heat pump system that recovers waste heat from Europe's largest hardening operation with shaft furnaces. The system transfers 32°C cooling water from the furnaces into the site's heating circuit and raises it to 60°C. With a thermal output of 622 kW, the solution is far more powerful than standard residential heat pumps. This approach enables annual savings of 3.6 million kWh of natural gas and avoids approximately 654 tons of CO₂ emissions, strengthening Flender's decarbonization and energy-efficiency performance.

**Mercer China DEI Best Practice Award**

Selected from 165 international companies, the award recognizes Flender China's outstanding achievements in Diversity, Equity and Inclusion (DEI), including the successful integration of DEI strategies into business operations and the implementation of innovative, high-impact measures that create a more inclusive workplace.



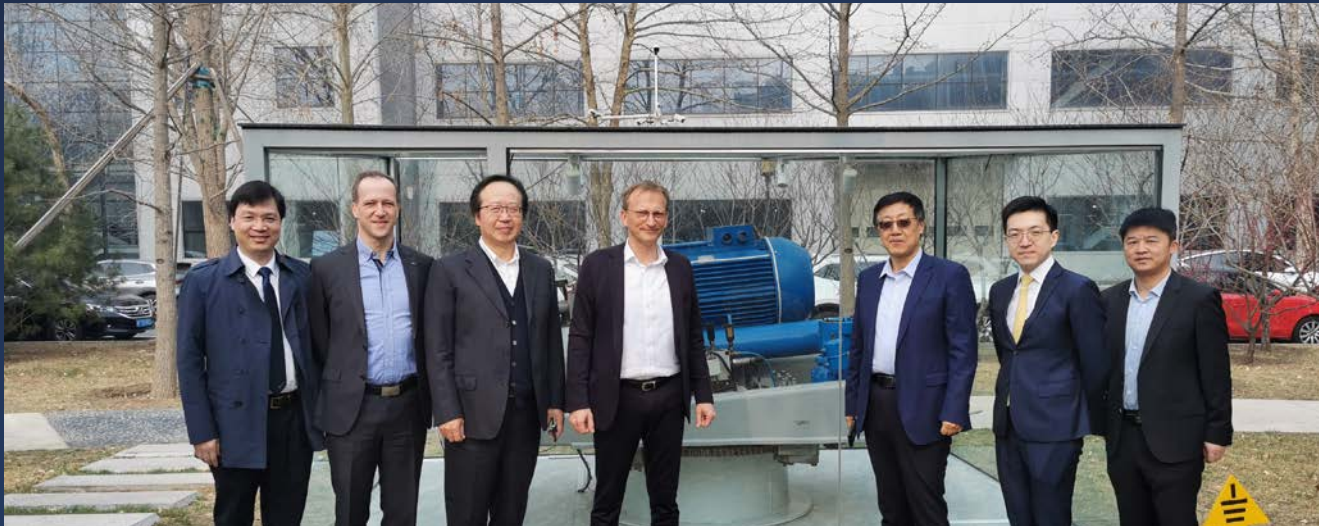


Bocholt Award for Family Friendliness (top left)

For the first time, Flender was recognized for its commitment to a family-oriented corporate culture. The jury highlighted Flender's CSR strategy, flexible working models, and the "Career & Family" platform, as well as the company's support for education, equality, and social initiatives, including its on-site kindergarten.

Green Supplier Level 4 Award from Goldwind (top right and bottom)

Flender Winergy participated in Goldwind's global supplier conference and, with the award, was rewarded for its contribution to sustainable supply chain practices and its strong technological cooperation with one of the world's leading wind turbine manufacturers.



COMMUNITY ENGAGEMENT

In line with its CSR strategy, Flender is particularly committed to giving people around the world access to the same educational opportunities, increasing awareness of environmental protection and supporting social projects. For Flender, community engagement has to take place on site: The company wants to strengthen local actors, apply humanitarian principles and aims to create value for its local communities.

Together with its employees, Flender is committed to resilient and sustainable societies and is involved in a variety of charitable initiatives. The employees can find an overview of all activities in the annual Community Engagement program. In the future, Flender wants to foster employees' engagement even more by offering incentives.

Flender's commitment to social projects

In the 2025 reporting year, Flender initiated non-financial and financial aid in various projects (see boxes on this and the following page).



Charity Tournament Fundraising (Germany)

Flender's charity football tournament raised EUR 45,000 enabling donations to multiple local social organizations, including food banks and disability workshops. Over the event's 35-year history, approximately EUR 850,000 have been raised for community causes.



Support for Children's Home of Hope (India)

The company has provided long-term financial assistance and sponsorships for an organization caring for disadvantaged girls. Recent engagement included on-site visits and planning educational opportunities, such as inviting two students for a STEM-related internship.



"Maca Cancer 200 Ride" Fundraising (Australia)

A team of employees cycled 200 km over two days and raised more than AUD 40,000 to support cancer research and services for people affected by the disease. The initiative combined physical endurance with community-driven fundraising.

Nelson Mandela Day Activities (South Africa)

Employees supported an elderly care facility with donated gifts, participation in community events, and direct engagement with residents. The organization's involvement was recognized by the care home as bringing significant joy and social upliftment.



DKMS Stem Cell Donor Registration (Germany)

Flender conducted a DKMS stem cell donor registration campaign across its North Rhine-Westphalian sites. Supported by volunteers and DKMS materials, 122 employees registered as potential donors. The well-organized initiative was positively received and demonstrated strong employee engagement.



Student Housing Project (China)

Flender provided financial support to renovate a local student dormitory, improving living conditions and safety. Upgrades included wall painting, waterproof ceiling work, floor repairs, LED flat-panel lighting replacement, new blackout curtains, and selected furniture renewal such as desks and stools. The project enhanced student well-being and improved the facility's long-term usability.



Supporting the education of the next generation

For more than 125 years, Flender has supported training and education programs for young people in the communities in which the company operates, for example with apprenticeships and traineeships (see section 7 “People Development” for details). Extensive collaboration with universities and high schools is also a key element in promoting Flender's employer brand and attracting young talents.

During the reporting period, the company supported several education-focused community initiatives aimed at strengthening learning opportunities for children and young students.

In Germany, students participating in the dual study program developed an educational concept to introduce sustainability topics to kindergarten-aged children, creating illustrated stories that explain issues such as rainforest destruction and resource waste in an age-appropriate way.

The project was recognized with a local sustainability award, reflecting strong engagement in early childhood environmental education.

In India, the company provided targeted support to a state school in Chennai through tutoring, the purchase of workbooks, curriculum development activities, and initiatives to strengthen reading skills. Feedback from the school highlighted improved student confidence, problem-solving skills, and exam preparedness, demonstrating the positive impact of structured academic support.

At all Flender sites, Flender welcomes visits by schools and engineering students, and facilitates internships such as the Women Internship for Mechanical Engineering in Flender India.

Altogether, these initiatives illustrate Flender's commitment to advancing education of the next generation and contributing to long-term community development.

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 SBM-3 | GRI 3-2

In accordance with the ESRS requirements, Flender conducted a double materiality assessment to identify and prioritize its material sustainability impacts, risks and opportunities, which form the basis for the focus and disclosures in this sustainability

statement. Based on the results of the DMA, Flender has identified material sustainability topics as the key focus areas for its strategy, actions and reporting (see box on the right).

INVESTMENTS FOR THE FUTURE

ESRS 2 SBM-3



To be the global Partner of Choice it strives to be for the sustainable industry transformation, Flender has further invested into its operations all over the world. In 2025, the company expanded the FLENDER ONE platform for industrial gear units, enabling comprehensive end-to-end automation through investments in advanced technologies such as a new configurator and automated machinery. Further progress was achieved by increasing the torque density of wind gearboxes and advancing wind generator technologies, reducing material use and the environmental footprint of products. Operational efficiency was also

strengthened through the introduction of an Automated Guided Vehicle (AGV) system at the Mussum couplings plant and the expansion of production facilities in Penig with new halls heated exclusively by renewable energy.

All the investments (see following page) are designed to improve the handling capability of the increasing demands Flender faces in all sectors. With the investments in its servicing capacities, the company simultaneously strengthens its increasingly circular, innovative, and efficient approach for customers. These strategic expansions not only enhance Flender's ability to support customers more efficiently but also reduce travel emissions by allowing to provide services closer to customers' operational sites.

MATERIAL TOPICS

ESRS 2 SBM-3 | GRI 3-2



➤ **Climate Change**
(ESRS E1)



➤ **Pollution in the Value Chain**
(Part of ESRS E2)



➤ **Circular Economy**
(ESRS E5)



➤ **Own Workforce**
(ESRS S1)



➤ **Workers in the Value Chain**
(ESRS S2)



➤ **Business Conduct**
(ESRS G1)

The identified material impacts, risks and opportunities (IROs) are set out in detail in the relevant Environment, Social and Governance chapters.

CASE STUDY

STRATEGIC GLOBAL INVESTMENTS TO STRENGTHEN OPERATIONAL CAPACITY

Americas Region

In the United States and Canada, Flender is expanding its service capabilities through the enlargement of the Elgin, Illinois facility – featuring a new warehouse, in-house gear regrinding, and consolidated storage – with operations planned to begin in early 2026. In parallel, the Cambridge, Ontario service center is undergoing a major upgrade that integrates Industry and Wind repair operations, adds significant crane and floor capacity, and improves service efficiency across both segments.

**Latin America**

In Brazil, Flender has agreed to acquire Wartsilä Brasil Ltda's gears service business, expanding access to advanced local repair capabilities in Cabo de Santo Agostinho. Until the transaction closes, both companies will continue to operate independently with no changes to customers, suppliers, pricing, or personnel.

Asia-Pacific Region

In India, Flender is increasing production capacity in Kharagpur and modernizing key processes such as heat treatment, machining, assembly, and warehousing. At Walajabad, the company is expanding production following the 2024 site integration, adding facilities for future growth – including a 13.5-MW test bench – to meet rising global demand for wind drive components. Melbourne, Australia, is also one of the locations in which Flender invested in servicing capabilities.

**Africa Region**

Flender's new service workshop in Johannesburg, South Africa, opened in November 2024, enhances response times and technical support for industrial and wind customers across Africa. The facility serves as a strategic hub for maintaining wind turbine gear units, supporting the region's growing renewable energy sector.



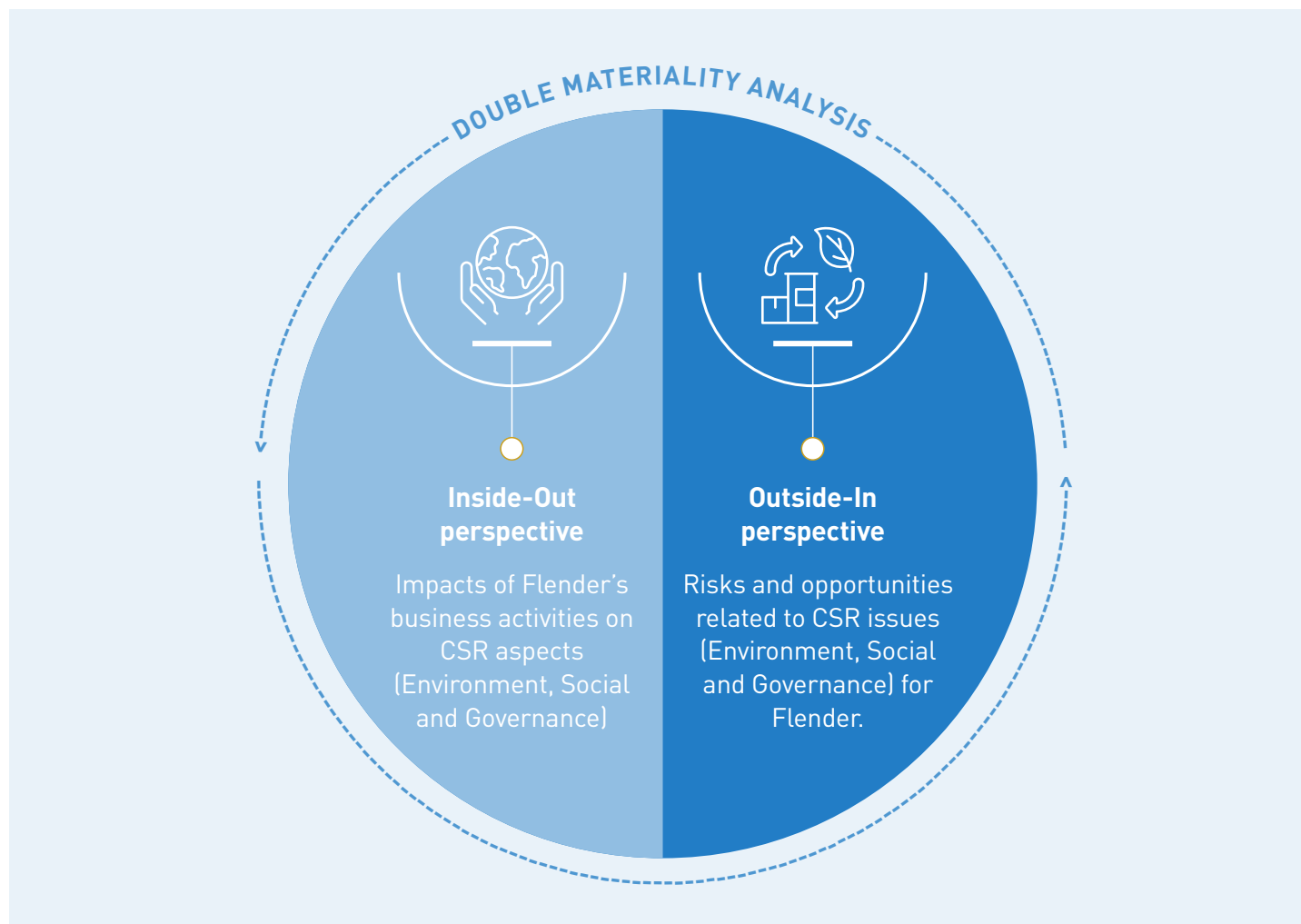
Description of the process to identify and assess material impacts, risks and opportunities

ESRS 2 IRO-1, IRO-2 | GRI 3-1, 3-2

Since 2021, Flender has been conducting an annual materiality analysis with the aim of identifying the most relevant ecological, social, governance and economic matters for Flender and its stakeholders. The identified material topics form the basis for its CSR strategy and for its reporting. In addition, Flender uses its material topics to review its contribution to the achievement of the United Nations Sustainable Development Goals.

In 2025, in preparation of this second iteration of the double materiality analysis according to the ESRS, a dedicated stakeholder analysis was performed in order to continue to improve Flender's understanding and assessment of its IROs (see chapter 7 **"Stakeholder dialog"** for more details). Moreover, processes were aligned so that CSR-related risks tracked through Enterprise Risk Management were integrated into the IRO assessment, and vice versa. This development helps achieving a holistic management approach of Flender's activities that integrates all impacts, risks and opportunities related to CSR.

The updated materiality analysis in full alignment with regulatory requirements and industry best practices considers the following perspectives:



The ESRS require companies to assess sustainability topics from both an impact perspective and a financial perspective, ensuring that non-financial and financial aspects are systematically integrated into Flender's CSR strategy and processes. Flender conducts this assessment in the following three steps:

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

Flender identified IROs through a comprehensive value-chain analysis covering its own operations and upstream and downstream activities, including raw material extraction, supplier practices, product use, and end-of-life management. The assessment also considered the perspectives of all potentially affected stakeholders.

The list of potentially relevant IROs was developed using ESRS topic requirements, industry benchmark data, existing Flender-specific information, and topics from previous materiality analyses. This year, inputs from the ERM system were added to integrate CSR-related risks already monitored internally. Based on these sources, Flender identified actual and potential impacts caused by the company, as well as risks and opportunities affecting the company.

2. Assessment of identified impacts, risks and opportunities

Subject-matter experts from the relevant departments evaluated each IRO using specific criteria. Impacts were assessed regarding their severity, meaning scale, scope, and in the case of negative impacts, their irreversibility. Potential impacts were additionally rated by probability of occurrence. Risks and opportunities were assessed according to probability and financial magnitude, aligned with ERM parameters. CSR-related risks are managed under the same ERM framework as other risks and are equally treated.

IROs from the previous year were reviewed and adjusted where needed, and all new or modified IROs were reassessed. Impacts were rated on scales reaching from 1 to 5. Their average score determined the materiality score, based on which they were categorized as important but not material (1 – 1.99), medium (2 – 2.99), or material (3 – 5). Risks and opportunities received scores for the assessment criteria between 0 and 25. The ratings determined their categorization as important but not material (0–4), medium (5–14), or material (15–25). Medium and material IROs were carried forward for discussion in the management workshop, while important but not material IROs were briefly revisited to ensure completeness.

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

IROs with the highest subject-matter ratings activated corresponding ESRS topics or additional company-specific topics. This initial topic selection formed the basis for the management workshop. During the workshop, the CSR Board and CSR Team discussed all potentially material topics, their underlying IROs and topics assessed as not material.

Following this discussion, the CSR Board validated the expert assessments. As a result, six ESRS topics were determined to be material for Flender.

➤ **Climate Change** (ESRS E1)

➤ **Pollution in the Value Chain**
(Part of ESRS E2)

➤ **Circular Economy** (ESRS E5)

➤ **Own Workforce** (ESRS S1)

➤ **Workers in the Value Chain** (ESRS S2)

➤ **Business Conduct** (ESRS G1)

This year's results vary slightly compared with the 2024 analysis. For the previous status, please see the 2024 report.

The identified material topics relate to all three categories of the ESG framework and have been identified as most critical to Flender's stakeholders and its long-term business success. Given the diversity of material IROs, their effects vary across different areas of the business model, value chain, and strategy. All identified IROs are systematically assessed, and corresponding targets, actions, and policies have been established to address and manage their potential impacts effectively. Detailed information is provided in the topical sections that follow, in accordance with the ESRS framework.

ENVIRONMENT

IN THIS SECTION

Environment	39
Climate Change E1	40
Pollution E2	54
Circular Economy E5	56
EU Taxonomy	62



ENVIRONMENT

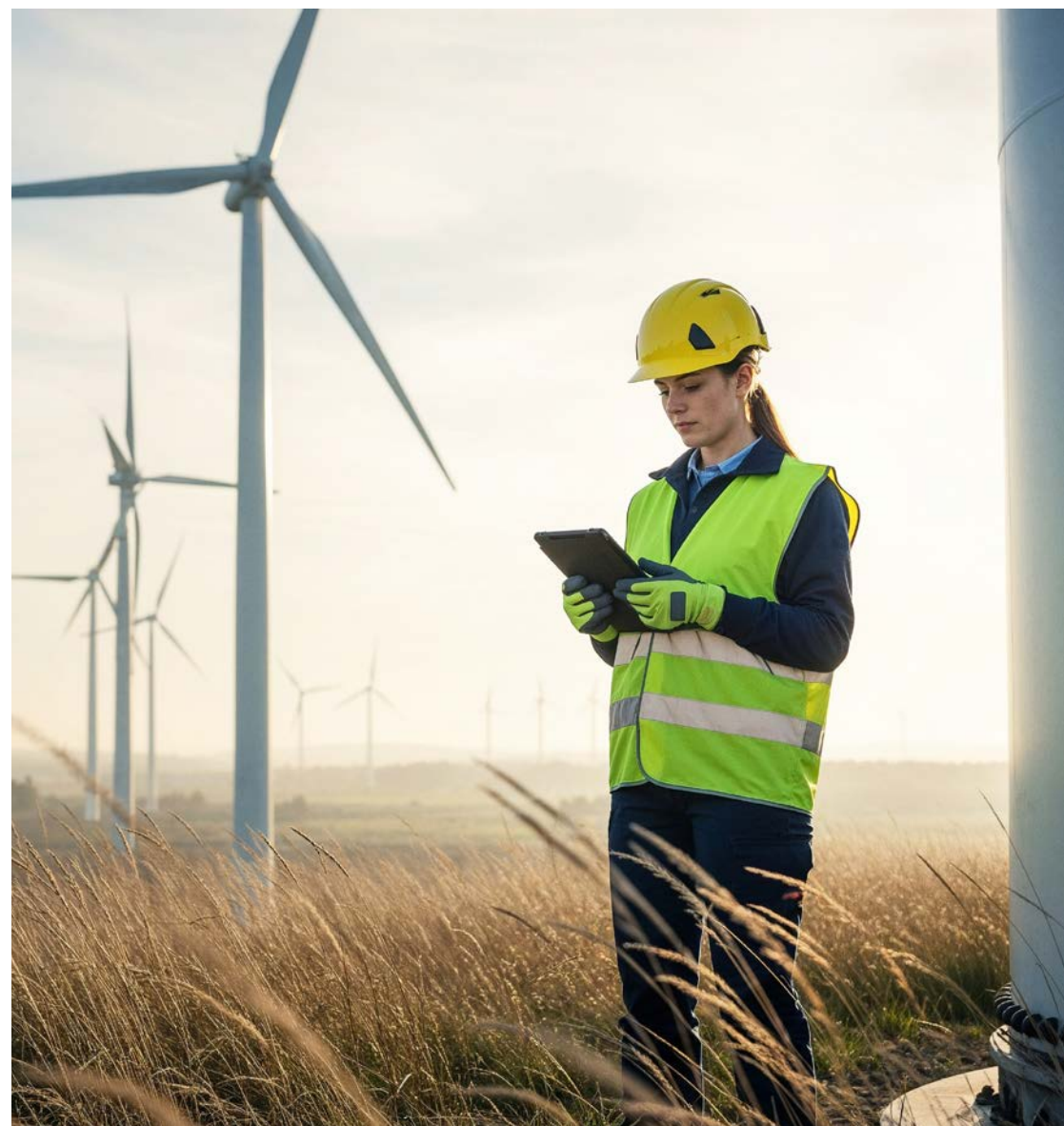
WE MOVE THE WORLD BY:

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

Environmental sustainability means making decisions today with a clear view of tomorrow. Globally, more resources are consumed each year than the planet can regenerate in the long term, while greenhouse gas emissions continue to rise. The consequences are already evident: record heat, droughts, storms, floods, and declining biodiversity.

"There is no energy transition without industry." It is therefore essential that traditional industrial sectors advance their sustainability performance. Flender takes responsibility for its contribution to protecting the environment and conserving resources, and supports the goals of the Paris Climate Agreement – particularly through innovative, low-carbon and energy-efficient solutions across products and operations. Environmental sustainability is fundamental to the company's promise to be a trusted partner for a sustainable future and guides decisions along its entire value chain, from purchasing and manufacturing to the end-of-life phase of Flender products.

As a pioneer in wind power, Flender contributes to the energy transition through the Winergy brand and supports the shift towards renewable energy sources. The company also advances the energy transition through solutions for industrial applications such as wastewater, rail, hydrogen, and hydropower facilities, which play a key role in transforming energy systems.



CLIMATE
CHANGE

E1

**Material impacts, risks and opportunities and their interaction with strategy and business model**

ESRS E1.SBM-3, E1.IRO-1

As a result of Flender's double materiality analysis, climate change mitigation and adaptation, energy, and environmental governance have been identified as material sub-topics (environmental governance is rather ESRS-aligned but company-specific). The findings highlight impacts, risks and opportunities across operations and the value chain, particularly regarding

emissions, fossil fuel reliance, and intensifying regulation (as outlined in the table below). While challenges exist in energy-intensive production, initiatives supporting the renewable energy transition present significant positive impact and financial potential.

Transition plan for climate change mitigation

ESRS E1-1

The climate transition plan is currently under development. Building on the science-based emission reduction targets approved in 2025,

Flender is translating its strategic climate ambitions into an operational framework for implementation. The high-level measures already defined (see section [7 "Targets and actions related to climate change"](#) in this chapter) provide the foundation for this work. The transition plan will be based on these measures by assessing systematic emission reduction potentials at site and measure level, thereby creating a more detailed pathway for achieving Flender's climate targets.

Policies related to climate change mitigation and adaptation

ESRS E1-2, MDR-P

Flender has a Group-wide policy framework that guides its approach to climate mitigation, renewable energy use and energy efficiency across operations and the value chain. Core policies outline principles for environmental and energy management, establish the framework for GHG accounting and science-based emission reduction targets, and set expectations for responsible operational practices. Complementary guidelines support low-carbon mobility and the procurement of renewable electricity. Together, these policies provide a consistent governance structure for managing climate impacts and advancing decarbonization efforts, with a climate adaptation policy to follow upon completion of the company's climate risk and resilience analysis in 2026.

Topic	Sub-topic according to ESRS	Description of impact, risk or opportunity (IRO)	IRO category
 Climate Change	Climate change adaptation	Subsidence can cause adaption costs	Risk
		Electricity blackout lasting longer than a day	Risk
		Flooding risk	Risk
	Climate change mitigation	Use of fossil-fuel-based energy/electricity in the upstream value chain	Actual negative impact
		Greenhouse gas emissions from sourced materials and goods	Actual negative impact
		Greenhouse gas emissions from production processes	Actual negative impact
		Facilitation of energy transition by supplying wind turbine parts	Actual positive impact
	Energy	Energy consumption in production processes	Actual negative impact
	Environmental governance (company-specific)	Intensified environmental regulations for the value chain, e.g. higher standards for energy efficiency and emissions control	Risk
		Reputational damage caused by environmentally harmful practices in the supply chain	Risk
		Liability for climate-related damages resulting from supply chain activities	Risk
		Invalid ISO 14001 certification	Risk

Targets and actions related to climate change

ESRS E1-3, E1-4, MDR-T, MDR-A

Sub-topic	Targets	Status 2025	Actions
Climate change mitigation	Scope 1 & 2 emissions reduction targets:¹ Near-term target: Flender commits to reduce absolute Scope 1 and 2 GHG emissions by 63% by FY 2030 from a FY 2021 base year Net-Zero target: Flender commits to reduce absolute Scope 1 and 2 GHG emissions by 90% by FY 2045 from a FY 2021 base year	-48% compared with 2021	Switch to green electricity at all facilities
			Transition to renewable/sustainable heating systems: • Switch to heat pumps or renewable district heating systems • Heat recovery: Use of waste heat from heat treatment processes at production sites
			Improve energy efficiency through energy efficiency measures and building automation
			Electrification of the vehicle fleet
			Switch to HVO100 or other sustainable fuels for internal truck and forklift operations
	Scope 3 emissions reduction targets: Near-term target: Flender commits to reduce Scope 3 GHG emissions by 51.6% per ton of sold product by FY 2030 from a FY 2021 base year Net-Zero target: Flender commits to reduce Scope 3 GHG emissions by 97% per ton of sold product by FY 2045 from a FY 2021 base year	-17% compared with 2021	Incentivize & support low-carbon transformation: Push and advocate technological change in the production of steel to assure a low emission process and promote the use of renewable energy, establish (financial) incentives when awarding for low-carbon input sourcing
			Strategic Supplier Engagement & Accountability: Establish a combination of rigorous procurement standards for low emission steel, climate-clauses in contracts with reduction targets and regular carbon reporting and performance reviews
	Roadmap for primary data coverage (PCF) of hot-spot suppliers ² by calendar year 2025	Work in progress	Develop supplier engagement PCF program by 2025
			Onboard BPO partner for data collection and define supplier PCF validation rules by 2025
			Roll out system for PCF data collection with relevant suppliers by 2025
Climate change adaption	Complete a risk and resilience analysis including various climate scenarios by end of calendar year 2025	Physical risk analysis according to the SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5 scenarios was completed in March 2025; subsequent resilience analyses and transition risk analyses are still in progress.	Identification of physical risks at Flender locations
			Resilience analysis: Risk analysis and interpretation on site-level
			Definition of adaptation measures
Energy	5% energy savings (kWh) between 2022 and 2027	+8% compared with 2022 ³	Energy efficiency measures at all production locations
	100% renewable electricity for all facilities by 2030	98% at material locations ⁴	Conversion of all material locations to renewable electricity
	80% share of renewable energies ⁵ by 2030	76% at material locations ⁴	Conversion of all material locations to renewable electricity

¹ Our emission reduction targets are based on our market-based Corporate Carbon Footprint data.

² For more information about hot-spot suppliers see chapter 7 “Corporate Carbon Footprint reporting – hot-spot suppliers.”

³ The further increase in energy consumption can be attributed to the expansion and higher utilization of our sites, especially in Walajabad and Kharagpur (India), with Walajabad being a recent acquisition from 2022. Additionally, the scope of energy metrics has been expanded and now also includes energy consumption from the vehicle fleet when refueled externally (see chapter 7 “Energy consumption and mix”).

⁴ Material locations are sites required to report EHS performance data to the headquarters because they represent the majority of energy and water use, emissions and waste. They include all production and service facilities, while small sales offices and individual home offices are considered non-material due to their limited impact.

⁵ Compared to the share of renewable electricity, the scope of this indicator includes not only electricity but also all other energy carriers, such as natural gas, crude oil and petroleum products, and heat.

NOTES REGARDING TARGETS FROM THE 2024 REPORT:

- **GHG emission reduction targets:** With the validation of Flender's SBTi targets, the old emission reduction targets (see previous sustainability report) have been replaced.
- **Primary data coverage (CCF) of hot-spot suppliers:** Flender has discontinued the target "Primary data coverage (CCF) of hot-spot suppliers: 65% by 2026,

85% by 2027" due to the imprecision of the CCF data, the limited insights, and corresponding low benefits, and the ineffectiveness of the CCF supplier query. Instead, Flender now focuses on obtaining and assessing the PCF of its suppliers. The use and evaluation of PCF software SiGREEN has shown that PCF data are significantly more accurate, easier to assess, and can also be used for supplier component emission

values. As a result, with this primary data, it is easier and indeed more accurate to create Flender's own CCF and PCF reports. Additionally, PCF have proven to be the superior metric for comparing different suppliers which provide the same product. Flender is currently initiating PCF benchmarking for suppliers and implementing it internationally.

ACTIONS RELATED TO CLIMATE CHANGE

ESRS E1-3, E1-8, MDR-A



Reducing the CO₂ footprint of own operations

Energy management remains a central pillar of Flender's efforts to reduce the CO₂ footprint of its global operations. Achieving sustained emissions reductions requires the parallel implementation of multiple measures across technology, infrastructure, and organizational processes. The company operates certified energy management systems in accordance with ISO 50001 at all German sites, supported by local energy

management coordinators at every production location. This structure enables consistent monitoring and optimization of energy performance.

Flender continues to replace systems, machinery, and lighting with more energy-efficient alternatives. Behavioral aspects also form part of the approach. Flender tries to make it as easy as possible for energy-efficient behavior and has therefore implemented energy efficiency programs and is equipping its major production facilities with energy meters, also to strengthen data transparency. A global energy management

organization oversees and coordinates these initiatives to ensure continuous improvement.

Several practical measures are already in place. For example, a heat pump in Bocholt harnesses waste heat from the in-house hardening plant for building heating. In addition, Flender has launched solar power installations at sites in Germany and India to expand the share of renewable energy in its consumption profile.

Another recurring example of carbon saving practices are the "Flender Green Weeks" in 2025 as part of the company's travel

policy to raise awareness of CSR among employees. They take place once a quarter for one week where the following principles are applied:

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

CASE STUDY

FLENDER GERMANY: PHOTOVOLTAIC SYSTEM COMMISSIONING

In the reporting year, Flender has achieved a significant milestone in its renewable energy strategy: A new photovoltaic system at the Voerde site was successfully connected to the grid in September 2025.

The installation consists of 2,420 modules with a total capacity of 945 kWp, covering the entire roof area of the new 200-by-40-meter logistics hall which opened in 2023. Seven inverters feed the generated electricity directly into the facility, supported by control technology designed to enable future expansion to additional halls.

The system is expected to produce around 788,000 kWh of renewable electricity per year, equivalent to the annual consumption of roughly 233 average German households. This output enables Hall O and adjacent Halls J to L to operate their lighting, heating, and office equipment fully on solar power.

The project demonstrates Flender's ongoing commitment to promoting on-site renewable generation and strengthens the long-term sustainability of its operations in Voerde.



Energy actions

Flender's energy objectives drive energy efficiency actions worldwide. The most important source of energy for Flender is electrical energy. This is used for the operation of machines and test benches as well as for heat treatment processes. Accordingly, Flender is focusing on reducing the consumption of this type of energy. This means promoting projects and initiatives to improve energy efficiency at all key sites, which include modernizing compressed air infrastructure, insulation of ovens, installing solar panels on factories, switching to energy-efficient LED lighting and exchanging other equipment for energy-efficient technologies, as well as improvements in heat treatment facilities. In particular, this entails expanding the use of waste heat from heat treatment in Flender's global facilities where possible. Retrofitting existing equipment with energy-efficient pumps, drives and coolers is also playing a significant role. Additionally, Flender is enhancing charging infrastructure across global locations to support the transition to low-emission mobility.

Examples of key measures completed during the reporting year included the switch to 100% renewable electricity at Flender's locations in Walajabad (India) and Rotterdam (Netherlands) as well as the implementation of waste heat use from the heat treatment process in Bocholt (Germany).

Reducing the CO₂ footprint in the supply chain: CO₂ transparency and reduction program

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

Flender's supply chain for gearboxes, couplings, and generators relies primarily on ferrous and non-ferrous base materials such as copper, iron ore, nickel, and steel scrap. These materials are sourced through a global network of foundries, steel mills, rolling and forging facilities, and journal-bearing suppliers. Given this material profile, the majority of Flender's greenhouse gas emissions occur in upstream Scope 3.

Hence, Flender is committed to acting responsibly throughout its value chain, including Scope 3 emissions. To this end, Flender continues to work on creating CO₂

transparency in its complex supply chain and launched a supplier engagement program in 2023. Flender's goal is to reduce the Scope 3 emissions intensity per ton of sold product by 51.6% by 2030.

The company is driving this via three major projects:

1. Product Carbon Footprint reporting – hot-spot suppliers

During 2025, Flender continued to strengthen carbon transparency within its supply chain by expanding the Supplier CO₂ Transparency Program. 85% of the CO₂ emissions in Flender's supply chain come from 162 suppliers, so-called hot-spot suppliers,¹ on which Flender focuses on in its engagement program for Scope 3 CO₂ emission transparency and reduction. With all

these suppliers Flender has signed or is in the process of signing a Memorandum of Understanding (MOU) in which the supplier commits to providing supplier emission data for the relevant products supplied by a certain date. In addition, two pilot projects were launched to obtain product-level carbon footprints for several thousand materials that account for the majority of embedded emissions in Flender's products.

Flender tracks the supplier commitment (MOU status) and monitors and validates the data reporting for the last three financial years. As part of this engagement, Flender reviews the impact of already initiated emission reduction measures and plans new initiatives or investments to achieve the near-term and long-term emission reduction targets.

To support a systematic assessment and reporting of CO₂ emissions of hot-spot and other suppliers, Flender is advancing key initiatives to improve process efficiency, data transparency and compliance with evolving sustainability regulations:

- **Shift from CCF to PCF:** With gaining of experience during the last years, Flender has transitioned from using Corporate Carbon Footprint (CCF) to Product Carbon Footprint (PCF) as the basis for emissions reporting. PCF provides a more accurate and product-specific view of emissions compared to CCF. The CCF of a supplier can be influenced by activities unrelated to Flender's business (e.g., production

for the defense industry), which does not reflect the emissions of the products Flender purchases. By focusing on PCF, Flender ensures that its assessments are relevant and precise.

To comply with customer requirements and legal regulations, and to achieve seamless data exchange and validation of supplier PCF data, Flender has established a framework for tracking and ensuring the quality and transparency of supplier PCF data. The company requires PCF information for purchased materials to assess data quality and incorporate carbon performance into sourcing decisions. Supplier-specific PCFs help guide reduction efforts and improve the precision of Flender's own product footprints.

- **Partnership with third-party provider for sustainability due diligences and data management:** To strengthen data collection from suppliers, validation and reporting, Flender has partnered with a third-party service provider (in conjunction with the Business Process Outsourcing program) to develop a streamlined process for sustainability data management.

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

¹ Hot-spot suppliers cover 85% of Flender's Scope 3.1 carbon emissions.

EMISSIONS FROM FLENDER'S SUPPLIERS

GRI 308-1 | ESRS G1-2

162

Flender Procurement has initiated a Supplier Emissions Transparency Program now focusing on 162 suppliers, which cover 85% of Flender's Scope 3.1 carbon emissions, to obtain primary emissions data from them.

73

In the reporting year, Flender identified 73 suppliers with a considerable negative environmental impact.

2. CBAM – Compliance with Carbon Regulation

The EU Carbon Border Adjustment Mechanism (CBAM) introduces a carbon price on certain imported goods to ensure that products entering the EU reflect comparable climate-transition costs to those produced domestically. To comply with this regulation, Flender works with suppliers to ensure quarterly reporting of supply-chain emissions for CBAM-relevant goods. Since July 2024, supplier-specific emissions data are mandatory, and since January 2024, CBAM-related imports must already be reported to EU authorities. Beginning in 2026, Flender must purchase CBAM certificates based on verified supplier emissions, which require high-quality, product-level carbon data across the supply chain.

3. Scope 3 reduction roadmap

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

- **Optimizing supplier energy mix and exploring green electricity adoption:** Flender engages with suppliers to explore opportunities for optimizing their energy mix and increasing the use of renewable energy sources. The focus lies on identifying feasible pathways for suppliers to transition towards lower-carbon energy

solutions. By supporting awareness and knowledge-sharing on sustainable energy options, Flender aims to drive long-term reductions in supply chain emissions.

- **Supplier decarbonization support and incentives:** The approach includes supporting suppliers in their transition to lower-emission production methods, setting clear expectations for emissions performance, and exploring incentive mechanisms for suppliers that demonstrate strong sustainability performance.

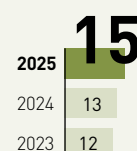
Approximately 85% of the Flender's Scope 3.1 emissions originate from 162 suppliers, representing only 1.90% of the total 6,748 active suppliers relevant for Scope 3 reporting. To maximize impact, engagement efforts during the reporting year were directed at the 15 largest contributors, each accounting for more than 10,000 tons of CO₂ equivalents in 2025. These suppliers are predominantly steel mills and foundries.

It should be noted that actual supplier-level emissions are likely lower than reported. Several key steel mills and foundries already operate electric arc furnaces and/or source renewable electricity. Initial comparisons conducted through Flender's Carbon Web Assessments confirm this trend, indicating that reported figures currently overestimate the true upstream footprint.

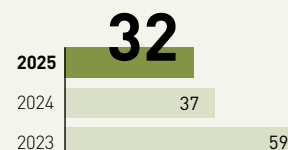
NUMBER OF SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE ENVIRONMENTAL IMPACTS

GRI 305-3, 308-2

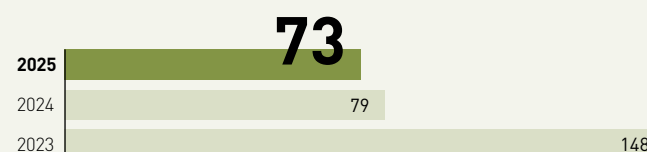
Suppliers identified with CO₂e emissions above 10,000 tons



Suppliers identified with CO₂e emissions above 3,000 tons



Suppliers identified with CO₂e emissions above 1,000 tons



Low-emission steel and castings

Major aspects of CO₂ reduction in sourcing are low-emission steel and castings. Flender has defined a clear and measurable internal standard for low-emission ("Green") steel in the absence of a globally established definition for the steel industry. While various CO₂-based classifications are emerging, the company's approach already considers the most influential factors – namely the smelting technology and the energy source used – ensuring long-term applicability as industry standards evolve. Until green hydrogen becomes widely available at scale, Electric Arc Furnaces (EAF) remain the most viable low-emission production route due to their compatibility with renewable energy and their significantly lower CO₂ emissions compared with conventional Blast Furnace (BF) technology.

Focusing on electrically powered furnaces also enables Flender to extend its approach to iron castings. The company applies a consistent definition for Green Steel and Green Castings: materials produced through low-emission technologies – EAF for steel and Electric Induction Furnaces (EIF) for castings – powered by renewable primary energy carriers such as wind or solar power, and secondary carriers such as green electricity or green hydrogen. In addition, Flender prioritizes suppliers that incorporate recycled materials and

operate closed-loop systems, supporting the broader transition towards circular production and contributing to lower-emission gearboxes.

A notable development in this context is the introduction of a circular material process at Flender's factory in India, where several hundred tons of machining chips are remelted by a supplier using EAF technology. This process will be further enhanced as these furnaces transition to renewable energy sources, reinforcing Flender's commitment to sustainable manufacturing practices.

Flender actively monitors the market for low-emission steelmaking technologies and collaborates closely with suppliers to encourage investments that improve both environmental performance and competitiveness. Through detailed assessments of process-step CO₂ emissions and in-depth supplier dialogs, the company has identified practical measures for decarbonizing steel sourcing. These efforts have led to the expanded use of green continuous casting for European operations, with adoption now being extended across global sourcing. Progress is supported by improved availability of CO₂ data at raw-material and process level and by the systematic evaluation of Product Carbon Footprints.

TARGETS RELATED TO CLIMATE CHANGE**Flender's commitments regarding climate change mitigation**

ESRS E1-4, MDR-T

GRI 302-4, 305-1, 305-2, 305-3, 305-5

In 2025, Flender achieved a big milestone shaping its climate strategy: Flender's near-term and Net-Zero climate targets were approved by the Science Based Targets initiative (SBTi). Accordingly, Flender's previous climate targets, reported in its Sustainability Report 2024, have now been replaced by science-based emission reduction targets that are in line with what is needed to keep global warming below critical levels. Flender now follows the overall key target to achieve Net-Zero emissions by 2045 – which is even ahead of the Paris Agreement timeline. This confirmation strengthens the scientific foundation of Flender's sustainability strategy and reinforces Flender's commitment to credible, measurable emissions reductions.

Own operations

By fiscal year 2030, Flender aims to reduce absolute Scope 1 and 2 GHG emissions by 63% compared to the fiscal year 2021 baseline. To meet this target, Flender actively works to minimize emissions from its own operations, especially through the

implementation of energy initiatives. A crucial component to making Flender's emission reductions measurable and reliable was the establishment of detailed data baselines. With the support of an external partner, Flender previously implemented an environmental reporting system for global collection of Scope 1 and 2 emissions data, enabling more accurate tracking of activity data and related emissions.

Supply chain

In addition to its own operations, Flender is pursuing a multipronged strategy to lower its carbon footprint across the supply chain. In numbers, Flender strives to cut Scope 3 greenhouse gas (GHG) emissions by 51.6% per ton of sold product by fiscal year 2030. Besides emissions reduction, Flender focuses on expanding the primary data coverage within its CCF. Flender plans to develop a roadmap to achieve this among its hot-spot suppliers by the end of 2025. By collecting PCF data of its suppliers, Flender aims to enhance data-driven decision-making, supplier engagement, and the visibility of supplier reduction initiatives.

Looking ahead, Flender has set a Net-Zero target by fiscal year 2045. To achieve this, Flender aims to reduce absolute Scope 1 and 2 emissions by 90% and drive a 97% reduction in Scope 3 emissions per ton of sold product, both from the fiscal year

2021 as base year. These ambitious targets underscore Flender's long-term commitment to climate responsibility, aligning its business strategy with international climate goals and stakeholder expectations.

By ensuring transparency, accountability, and meaningful progress towards Net-Zero GHG emissions, Flender's newly adapted climate strategy underscores its dedication to climate change mitigation and strengthens its role as an industry leader in sustainable manufacturing.

Progress on GHG emission reduction targets¹

ESRS E1-4, MDR-T

In 2025, Flender continued to make progress towards achieving its emission reduction targets. Since the base year 2021, Flender has reduced Scope 1 and 2 emissions by 48%, putting the company ahead of its planned Scope 1 and 2 reduction pathways.

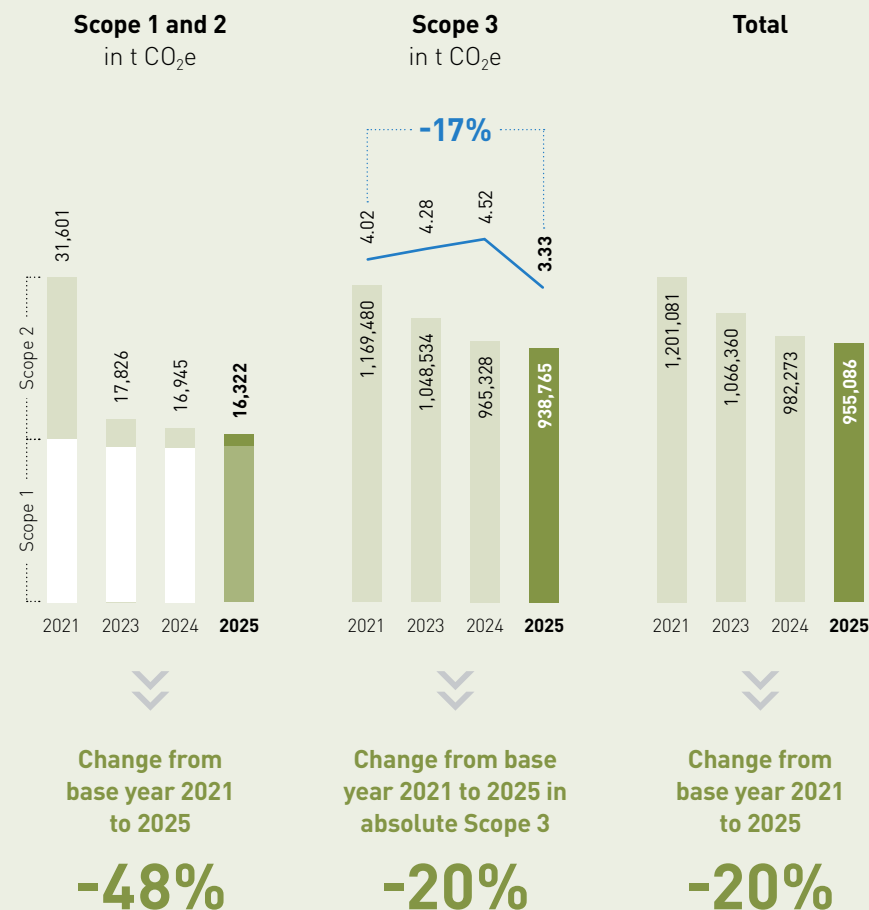
Compared to the previous year, Flender's Scope 1 emissions slightly increased by 1%. While Scope 1 emission reductions were realized through efficiency measures, emissions at other locations increased due to higher production capacities and a colder winter in central Europe, which led to higher

heating demand. At the same time, Scope 2 emissions have reduced from 1,942 t in 2024 to 1,209 t in 2025 (-38%). This significant reduction is driven by the conversion of Flender's locations in Walajabad (India) and Rotterdam (Netherlands) to 100% renewable energy.

While emissions from 2015 are hard to compare with the current carbon footprint because of acquisitions and significant growth, Flender can still observe a substantial decrease. Since 2015, Flender has reduced Scope 1 and 2 CO₂ emissions by 84% (2015: 102,375 t), mainly by switching to renewable energy sources.

Flender has also achieved progress towards its Scope 3 intensity target. Since 2021, the Scope 3 emission intensity decreased by 17%. This can be attributed to two factors: a reduction in absolute Scope 3 emissions and an increase in the tonnage of products sold. The decrease in absolute Scope 3 emissions is mainly driven by a reduction of Scope 3.1 emissions due to lower overall spending, reduced purchased tonnage and an improved emissions intensity per ton purchased compared to 2024. The increase in tonnage sold is attributed to higher product delivery volumes and enhanced data transparency.

GHG EMISSION REDUCTION PROGRESS SINCE 2021



— Scope 3 intensity in t CO₂e per ton of sold product

¹ Our emission reduction targets are based on our market-based Corporate Carbon Footprint data.

Ensuring consistency and reliability

ESRS E1-4, MDR-T

Flender acknowledges that organizational or methodological changes can affect the consistency and comparability of reported GHG emissions. To ensure transparency, the GHG Emissions Accounting & Reduction Targets Policy defines recalculation rules aligned with the GHG Protocol and SBTi criteria. A base year recalculation is required when structural or methodological changes – such as restructurings, acquisitions, divestments, or updated calculation methods – alter base year emissions by 5% or more. Target recalculations follow the same 5% threshold within the defined boundary. These guidelines ensure that the emissions targets' baselines remain accurate and reflect evolving business conditions.

Flender's ambitions in climate change adaption

While Flender has already established strong climate mitigation targets, it recognizes that adapting to climate change is equally critical to ensuring long-term business resilience. An upcoming milestone in this process will be the finalization of the climate risk and resilience analysis which was planned to be completed by the end of the calendar year 2025. The physical risk analysis was completed in March 2025. However, further assessment and interpretation of the identified risks were needed, particularly with regard to the impact on

Flender's operations and assets. Consequently, additional analyses were required that were not fully anticipated in the initial project planning. Therefore, Flender plans to finalize the analysis and complete the initial assessment in FY 2026.

Energy reduction and renewable energy targets

ESRS E1-3, MDR-A, E1-5

GRI 302-1, 302-3, 302-4



Being a manufacturing company with its products, Flender wants to make a significant contribution to the energy transition. Flender's goal is to cover 80% of total energy requirements from renewable sources by 2030. In 2025, the share of renewable energy consumed was 76% (2024: 75%). This increase can primarily be attributed to the conversion of the facilities in Walajabad (India) and Rotterdam (Netherlands) to using 100% renewable electricity. In addition, new photovoltaic systems in Chennai (India) and Voerde (Germany) were brought into operation this year, enabling Flender to cover a portion of its renewable electricity consumption with on-site generation.

Thanks to these efforts, Flender simultaneously increased the share of renewable electricity to 98% in 2025 (2024: 95%). Flender is committed to increasing this number to 100% renewable electricity at all facilities by 2030. This will also support the company's target to cover 80% of its total energy consumption from renewable sources.

CASE STUDY**FLENDER INDIA: SOLAR WATER HEATER INSTALLATION**

In the reporting year, Flender commissioned a 2,000-liter-per-day solar water heater at its Chennai facility to reduce electricity use for canteen vessel-sterilization processes. Installed on a 40-square-meter terrace area and operational since October 2024, the system generates an estimated 80 kWh of energy savings per day and roughly 24,000 kWh annually. The project also contributes to Flender's decarbonization targets by avoiding approximately 27 tons of CO₂ emissions each year.¹

This initiative is just one example demonstrating the company's on-going projects in India to advance on-site renewable energy generation, such as the continued expansion of photovoltaic electricity production.

¹ This impact is only reflected in Flender's location-based Corporate Carbon Footprint as the company has already been using 100% renewable electricity at its location in Chennai. Flender expects a reduction of 1 ton CO₂e in its market-based CCF.



Furthermore, each Flender site is assigned specific savings targets to help limit the proportion of non-renewable energy used. Overall, Flender aims to achieve total energy savings of 5% between 2022 and 2027. Since 2022, Flender's total energy consumption increased by 8% (269,342 MWh compared with 249,934 MWh in 2022). This can primarily be attributed to the expansion and

higher utilization of Flender's sites, especially in Walajabad and Kharagpur (India), with Walajabad being a recent acquisition from 2022. Additionally, the scope of the energy metric "Fuel consumption from crude oil and petroleum products" has been expanded and now also includes energy consumption from the vehicle fleet when refueled externally.

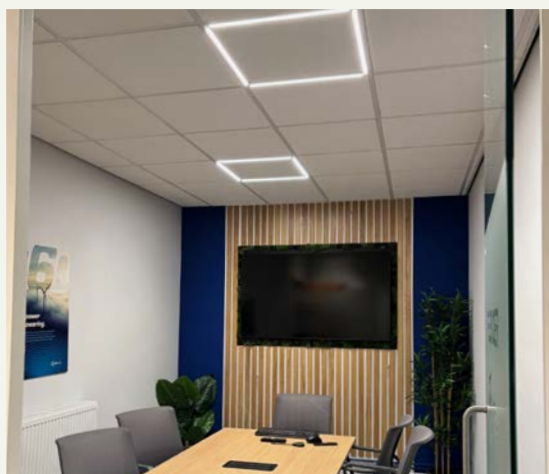
CASE STUDIES

FLENDER UK: SUSTAINABLE LIGHTING UPGRADE

During the reporting year, Flender upgraded lighting in the workshop and office areas at its location in Leeds by replacing inefficient fluorescent and halogen fixtures. The former systems consumed excessive electricity, provided inadequate brightness in key work zones, and required frequent maintenance, affecting both operations and employee comfort.

Flender Leeds introduced energy-efficient LED fixtures with optimized lumen levels and integrated smart controls to reduce energy consumption during non-operational hours.

The upgrade has the potential to achieve up to 87% energy savings annually compared to the previous lighting system. Flender is already observing reduced maintenance needs and employees are reporting improved visibility and comfort, particularly for precision tasks. The project highlights how targeted efficiency measures can strengthen environmental performance while enhancing workplace conditions.



FLENDER CHINA: LAUNCH OF THE ENERGY COCKPIT

In the reporting year, Flender introduced a digital Energy Cockpit at the Flender China site to replace manual meter readings and fragmented data sources. The platform integrates electricity, water, gas, and photovoltaic data into a single dashboard.

For colleagues in China, it provides real-time visualization of energy flows, green-electricity shares, and consumption trends, supported by analytics for building-level and business-unit comparisons.

The system reduces manual reporting effort, improves decision-making, and increases transparency on emission-reduction performance. It also supports forecasting and anomaly detection. The Energy Cockpit strengthens data-driven and low-carbon site operations.



Energy consumption and mix

ESRS E1-5

Energy consumption and mix in MWh	2023	2024	2025
1. Fuel consumption from coal and coal products	0	0	0
2. Fuel consumption from crude oil and petroleum products	5,088	4,419	9,181 ¹
3. Fuel consumption from natural gas	49,388	50,234	49,923
4. Fuel consumption from other fossil sources	45	60	46
5. Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	2,595	3,460	2,888
6. Total fossil energy consumption (calculated as the sum of lines 1 to 5)	57,116	58,173	62,039
Share of fossil sources in total energy consumption in %	22	22	23
7. Consumption from nuclear sources	0	7,341	3,567
Share of consumption from nuclear sources in total energy consumption in %	0	3	1
8. Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	0	0	0
9. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	205,900	193,610	202,584
10. The Consumption of self-generated non-fuel renewable energy	0	0	1,152
11. Total renewable energy consumption (calculated as the sum of lines 8 to 10)	205,900	193,610	203,736
Share of renewable sources in total energy consumption in %	78	75	76
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	263,016	259,123	269,342
Energy intensity per net revenue in MWh/TEUR net revenue	0.1170	0.1155	0.1212



¹ Starting from the 2025 reporting year, fuel consumption from crude oil and petroleum products also includes energy used by the vehicle fleet when refueled externally. This change aligns the scope of our energy metrics with the scope of our Corporate Carbon Footprint (CCF), which was aligned with the requirements of the Science Based Targets initiative (SBTi) this year and includes these energy consumptions in Scope 1. Data from 2023 and 2024 have not been restated, as the impact on total energy consumption is not material.

+8%

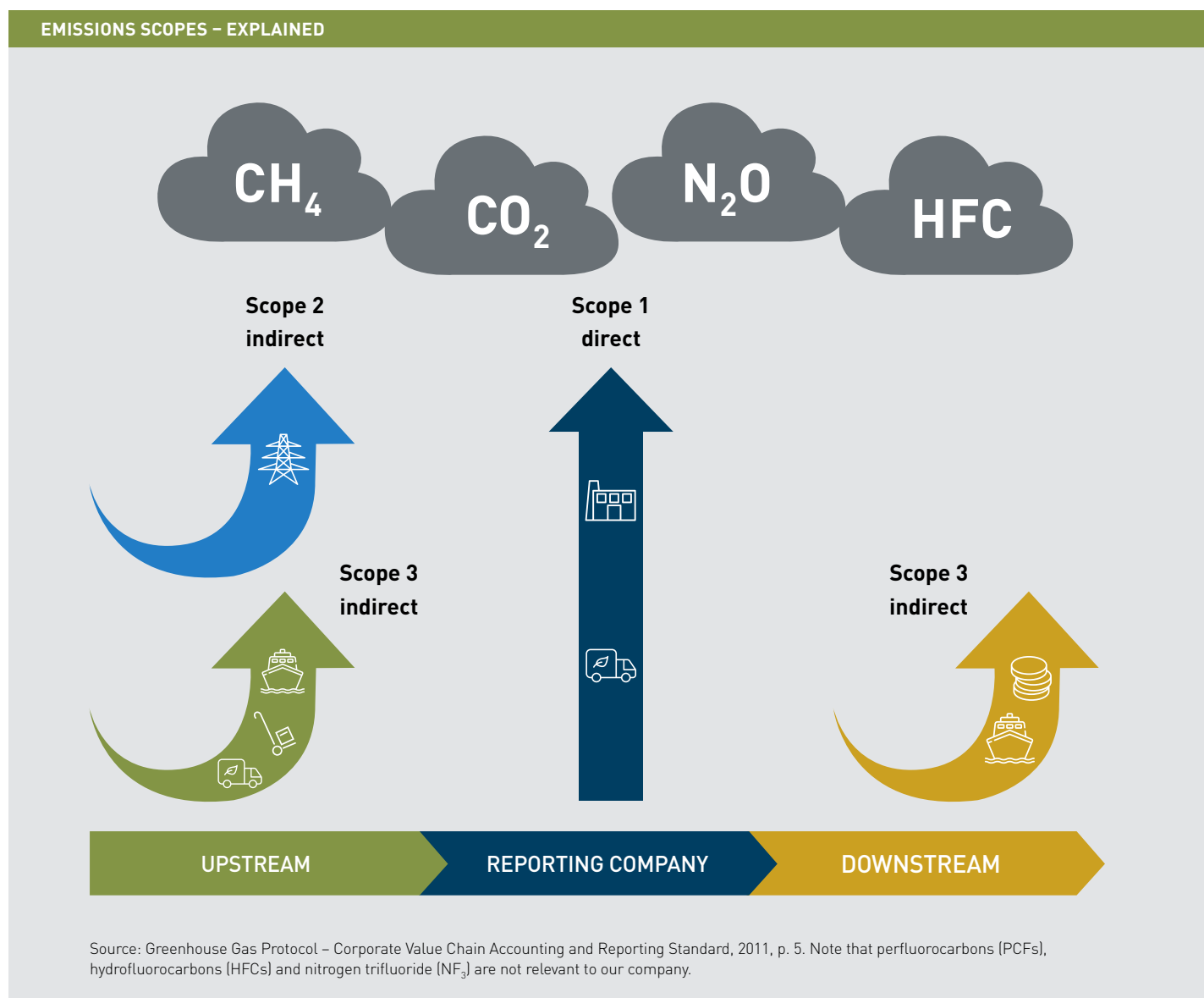
Total energy consumption compared with 2022 (249,934 MWh)

Gross Scopes 1, 2, 3 and total GHG emissions

ESRS E1-6

FLENDER'S DIRECT AND INDIRECT GHG EMISSION SOURCES

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



CORPORATE CARBON FOOTPRINT¹

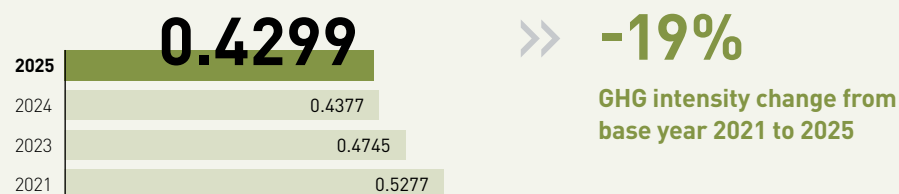
ESRS E1-6 | GRI 305-1, 305-2, 305-3

Market-based CO ₂ e emissions in t	2021 (Base year)	2023	2024	2025
Scope 1	15,863	15,010	15,003	15,113
Mobile combustion	1,653	2,103	1,930	2,253
Stationary combustion	12,333	10,302	10,503	10,230
Fugitive emissions	1,877	2,606	2,570	2,631
Scope 2	15,738	2,816	1,942	1,209
Purchased electricity	15,414	769	1,545	789
Purchased heating	324	2,047	398	419
Scope 3²	1,169,480	1,048,534	965,328	938,765
Cat. 1: Purchased goods and services	1,027,941	882,861	821,321	769,380
Cat. 2: Capital goods ³	12,436	35,638	22,397	13,473
Cat. 3: Fuel- and energy-related activities	15,287	8,197	18,817	10,610
Cat. 4: Upstream transportation and distribution	19,596	17,091	13,109	35,182
Cat. 5: Waste generated in operations	2,791	18,000	16,354	13,450
Cat. 6: Business travel	1,273	4,675	8,481	4,013
Cat. 7: Employee commuting	7,206	11,583	10,983	10,774
Cat. 9: Downstream transportation and distribution	24,006	20,983	18,654	24,769
Cat. 10: Processing of sold products	40,169	33,760	29,463	38,910
Cat. 12: End of life treatment of sold products	18,336	15,410	13,414	17,841
Cat. 13: Downstream leased assets	439	335	335	362
Total²	1,201,081	1,066,360	982,273	955,086

Location-based CO ₂ e emissions in t	2021 (Base year)	2023	2024	2025
Scope 1	15,863	15,010	15,003	15,113
Scope 2	107,958	107,311	107,183	106,413
Scope 3	1,228,146	1,079,533	996,660	968,641
Total	1,351,967	1,201,874	1,118,846	1,090,167

GHG emissions intensity ratio in t CO₂e/TEUR^{4,5}

ESRS E1-6 | GRI 305-4

¹ For the data included in the 2023 figures and ahead from Moventas, Flender relies on spend-based data.² The emissions presented may deviate from those reported in the Sustainability Report 2024, as the Corporate Carbon Footprint (CCF) has been updated to incorporate all applicable GHG Protocol emission categories and align with SBTi criteria (see [↗ "Corporate Carbon Footprint methodology"](#)).³ Emissions from Capital Goods are not considered in further Scope 3 key figures due to their volatility.⁴ The intensity ratios for 2023 and 2024 deviate from those reported in the Sustainability Report 2024, as the Corporate Carbon Footprint (CCF) has been updated to incorporate all applicable GHG Protocol emission categories and align with SBTi criteria (see [↗ "Corporate Carbon Footprint methodology"](#)).⁵ Total GHG emissions in t CO₂e per net revenue in TEUR.

**CORPORATE CARBON FOOTPRINT
METHODOLOGY**

ESRS E1-6

The annual greenhouse gas (GHG) emissions are calculated in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol), the most widely used and globally recognized framework for corporate GHG accounting.

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

For emission factors, the following data sources are applied: Ecoinvent 3.10, GEMIS 5.0, publications by the German Federal Environment Agency (UBA), the IPCC Sixth Assessment Report (2021), estell by Sustain, and DEFRA (2023). Where available, supplier-specific Product Carbon Footprints (PCFs) are used to calculate Scope 3 emissions. Flender aims to gradually increase the share of primary, product-specific data in future reporting cycles.

The Scope 3 emissions include all indirect GHG emissions occurring along the value chain, both upstream and downstream. Following the GHG Protocol, Flender assesses all 15 Scope 3 categories for relevance. Based on the business model, the following categories were identified as not applicable: 3.8 Upstream leased assets, 3.11 Use of sold products, 3.14 Franchises, and 3.15 Investments.

This is a relevant methodological update compared to the last Sustainability Report: All Scope 3 emission categories from the GHG Protocol that are applicable for Flender have now been included in the Corporate Carbon Footprint. This expanded scope accounts for the higher figures for total Scope 3 emissions, total emissions and emissions intensity presented in this report compared to those reported in the Sustainability Report 2024.

In line with the GHG Protocol Scope 3 guidance, categories 1, 2, 4, and 6 are calculated using either a spend-based or, where possible, an activity-based approach. For all other relevant categories, an activity-based approach is applied, supported by estimations and average values.



POLLUTION E2



Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS E2.SBM-3, E2.IRO-1

As a result of the double materiality analysis, Flender has identified air pollution and water pollution within the value chain as a material topic (as outlined in the table below). Internal production and assembly processes were assessed with no material findings.

Many of Flender's suppliers operate in energy-intensive industries such as steel production, casting and machining, and manufacturing, where combustion-based energy sources can contribute to emissions such as Nitrogen Oxides (NOx), Sulfur Oxides (SOx) and particulate matter (PM), and volatile organic compounds (VOC). Furthermore, their procurement of raw materials and alloys involves mining, smelting and refining processes that might generate significant air pollutants, including fine dust.

Policies related to pollution

ESRS E2-1, MDR-P

Flender manages pollution risks in its upstream value chain through a set of policies that define environmental expectations for suppliers and ensure compliance with substance regulations.

The Supplier Code of Conduct establishes fundamental environmental standards for relevant suppliers, including requirements to minimize pollution and implement environmental management practices suited

to their risk profile. Complementing this, a substance-related commitment requires suppliers to comply with international and national substance restrictions and reporting obligations.

Together, these policies provide a structured framework for consistent environmental stewardship by supporting pollution prevention, strengthening pollution management across the supplier network, and promoting responsible material use to reduce harmful substances in purchased materials.

Topic	Sub-topic according to ESRS	Description of impact, risk or opportunity (IRO)	IRO category
 Pollution	Air pollution (value chain)	Air pollution associated with mining/extracting raw materials	Actual negative impact
		Air pollution from upstream production processes with sourced materials	Actual negative impact
	Water pollution (value chain)	Water pollution from production processes with sourced materials	Potentially negative impact

Targets and actions related to pollution

ESRS E2-2, MDR-A, E2-3, MDR-T

Flender has set a process target to develop a comprehensive strategy for pollution management within the value chain. This strategy will define specific actions, which are

expected to include supplier engagement, emission monitoring, and targeted joint reduction initiatives to mitigate material impacts on air and water quality.

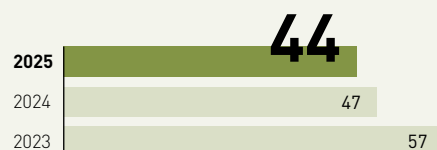
Sub-topic	Targets	Status 2025	Actions
Pollution of air and water in the supply chain	Define strategy for pollution management within supply chain by calendar year 2027	Work in progress	Analyze and identify material commodities, industries and highly polluting technologies in the supply chain by 2027
			Identify high-risk suppliers and develop Due Diligence approach to assess status quo by 2027
			Set targets and create an improvement plan by 2027

Pollution of air, water and soil E2-4

ESRS E2-4 | GRI 305-7

Volatile organic compounds in t

ESRS E1-6 | GRI 305-4



>> -6%

Change from the previous year

CASE STUDY

FLENDER GERMANY: SOLVENT RECOVERY IN GEAR UNIT COATING

At the Voerde site, we have implemented a solvent distillation unit to enhance the environmental and cost performance of cleaning and coating processes for wind and industrial gear units.

The device enables closed-loop recovery of used solvent: After cleaning work with a solvent (e.g. the cleaning of components), the contaminated solvent-paint mixture is poured into the distiller. The distillation cycle for a 25-liter batch requires approximately four to five hours plus cooling time. After that, the recovered solvent can be used again without any loss of quality. The boiled-out residual material is safely collected in a foil bag during the distillation process and disposed of afterwards.

During a three-week test in April 2025, residues from cleaning 51 gear units were processed. Of 110 liters of contaminated solvent, 84 liters were recovered and reused, achieving a 76% recovery rate. The test demonstrated significant ecological and economic benefits: The reduced demand for fresh solvent lowers

environmental impacts, while the distillation unit is expected to amortize within 1 to 1.5 years.

Based on the successful results, Flender plans to roll-out solvent distillation globally to improve the resource efficiency of our cleaning and coating processes.



A solvent distillation unit has enabled closed-loop recovery of solvents from cleaning and coating processes in Voerde since its implementation in September 2025.

CIRCULAR ECONOMY E5

UNGC Principle 9



Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS E5.SBM-3, E5.IRO-1

As a result of Flender's double materiality analysis, resource inflows and outflows including waste have been identified as material environmental sub-topics. The findings highlight impacts, risks and opportunities across operations and the value chain, particularly regarding fossil fuel reliance and sustainable resource use (as outlined in the table below).

Policies related to resource use and circular economy

ESRS E5-1, MDR-P

Flender supports resource efficiency and the transition to a circular economy through a set of Group-wide policies that guide environmental management, product design and responsible use of materials.

The Quality, Energy, Environment and Health and Safety (QEEHS) Policy and the EHS Principles provide the overarching framework for circular economy ambitions by setting expectations for environmentally

responsible operations. Product-related requirements are defined through a procedure for Environmentally Compatible Product Design, Environmental Aspects and Material Declarations, and the associated Checklist for Environmentally Conscious Product Design. These documents require to consider environmental aspects in product design, including an environmentally friendly material selection, environmentally compatible dismantling and disposal in order to enable the reuse and continued use of products. Flender is focused on optimizing the use of materials to conserve valuable resources and minimize the

use of environmentally harmful resources. To avoid the inflow of excessive resources and ensure resource management, Flender applies the 3R waste hierarchy: Reduce, Reuse, Recycle.

Together, these policies and principles drive the efficient use of resources and the integration of circular economy principles across Flender's products and operations.

Topic	Sub-topic according to ESRS	Description of impact, risk or opportunity (IRO)	IRO category
 Circular economy	Resource inflows	Regulatory restrictions regarding share of recycled materials vs. raw materials used in production	Opportunity
		Recycled materials used in production	Actual positive impact
		Reuse of resources supports efficiency	Opportunity
		Material cost inflation risk	Risk
	Resource outflows related to products and services including waste	Waste creation during production	Actual negative impact
		Extension of life cycle of Flender products by servicing, repair and remanufacturing services	Actual positive impact

Targets and actions related to resource use and circular economy

ESRS E5-2, MDR-A, E5-3, MDR-T

Sub-topic	Targets	Status 2025	Actions
Resource inflows	Development of Circular Economy Strategy by calendar year 2027	Work in progress	Analyze potentials to implement and improve circular economy approaches at Flender by 2027
			Set up Circular Economy Strategy by 2027
Resource outflows related to products and services including waste	10% of waste reduction between 2022 and 2027	-15% compared with 2022	Revision of the Global waste reduction program

Flender takes responsibility for the impact on society and the environment in all its product areas. The company constantly strives to reduce and mitigate the negative environmental impact of its product life-cycle. Modern industrial applications do not only have to be economical, but also sustainable. This applies to the actual production process as well as everything that precedes it in the upstream and downstream value chain.

The company approaches this challenge by reducing the resource intensity of products, increasing their lifespan through a global service network with repair and remanufacturing or refurbishment, and designing and developing products to be easily recyclable at their end-of-life. To ensure the durability and sustainability of products, Flender complements these efforts with comprehensive quality management, risk

analyses and extensive product testing. At the same time, employees constantly strive to develop improved, innovative and sustainable products.

Through sustainable waste management, Flender not only minimizes its environmental pollution but also conserves resources and makes a positive contribution to the environment. The company is therefore actively committed to reducing waste volumes, minimizing resource outflows through material reuse, and ensuring proper disposal. A key aspect of this commitment is reducing resource outflows related to products by extending their lifecycle through servicing, repair and remanufacturing services. Through the integration of these circularity practices and a comprehensive waste management and recycling system, Flender aims to reduce its ecological footprint and to shape a sustainable future.

To achieve the goal of reducing waste by 10% by 2027 compared with 2022, Flender has launched and implemented various workstreams at its sites under a global waste reduction program. The company strives to consistently measure, evaluate and reduce waste and implement recycling programs at all major sites. Most of the waste Flender produces is generated at manufacturing sites. Local measures to further tackle waste reduction are linked to packaging, recycling stations for paper, plastics, glass, metals and wood, and improved collaboration with suppliers. In the CSR network, country-level CSR managers share experience reports on these measures, which in turn inform programs across all locations.

In the current year, Flender's total waste volume increased by 4% compared to the previous year. This can be explained by the

ongoing expansion of several production locations, especially in Asia, also leading to increased waste volumes. Moreover, data quality and data coverage has improved for certain service locations in China. Nonetheless, compared with 2022 (50,399 tons), waste volumes have still decreased by 15% to 43,037 tons, putting Flender ahead of its schedule for target achievement. In addition, about 6% (2024: 10%) of hazardous waste and 92% (2024: 85%) of non-hazardous waste were recycled, resulting in less total non-recycled waste.

To further strengthen circularity, Flender aims to establish a comprehensive circular economy strategy by 2027. This strategy will define a systematic approach for contributing to circular processes and product systems across the organization.

-15%

Total waste reduction
since 2022

Resource inflows

ESRS E5-4, MDR-A, E5-2, E5-4, E5-5 | GRI 301-2

Steel and cast iron are the most important resources in the manufacture of Flender's products – they account for over 85% of the weight of most products. All steel parts (mainly gearwheels, iron castings and bearings) are recyclable at the end of their life-time. Scrap steel is used as a valuable input as it is used in steel mills or foundries to produce the next generation of components.

As a result, more than 85% of a Flender product is recyclable, indicative of a high level of circularity. Flender is in the ongoing process of developing a database to evaluate all the materials used in its products and is also engaged with its main bearing suppliers to set up a remanufacturing program for bearings wherever possible.

CASE STUDY

GLOBAL SHIFT TO RECYCLED PAPER ACHIEVES 22% ANNUAL EMISSIONS REDUCTION

In 2024, Flender implemented a global transition across all locations from virgin fiber paper to FSC-certified (or comparable) 100% recycled fiber paper. This change covers approximately 37.5 tons of paper per year, equivalent to around 7.5 million sheets.

According to the carbon impact assessment, emissions associated with virgin fiber paper amount to 50 t CO₂e per year, while the use of 100% recycled fiber paper results in 39 t CO₂e annually. This corresponds to an annual reduction of 11 t CO₂e,¹ representing a 22% decrease in emissions compared with the previous solution.



¹ This impact is not directly reflected in our Corporate Carbon Footprint because Flender uses a spend-based methodology to account office supplies in Scope 3.1, whereas this value is calculated using physical quantities and corresponding weight-based emission factors.

MATERIALS PURCHASED IN 2025

ESRS E5-4 | GRI 301-1



CAST IRON

98,600 t

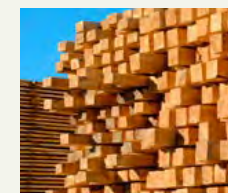
2023	2024
99,600 t	93,600 t



STEEL

130,800 t

2023	2024
122,300 t	128,900 t



WOOD²

19,600 t

2023	2024
20,200 t	19,300 t



BEARINGS

7,600 t

2023	2024
9,600 t	7,300 t



COPPER

4,600 t

2023	2024
8,400 t	7,300 t

² Wood is primarily used as packaging material such as wooden pallets and wooden boxes.

Resource outflows

ESRS E5-5

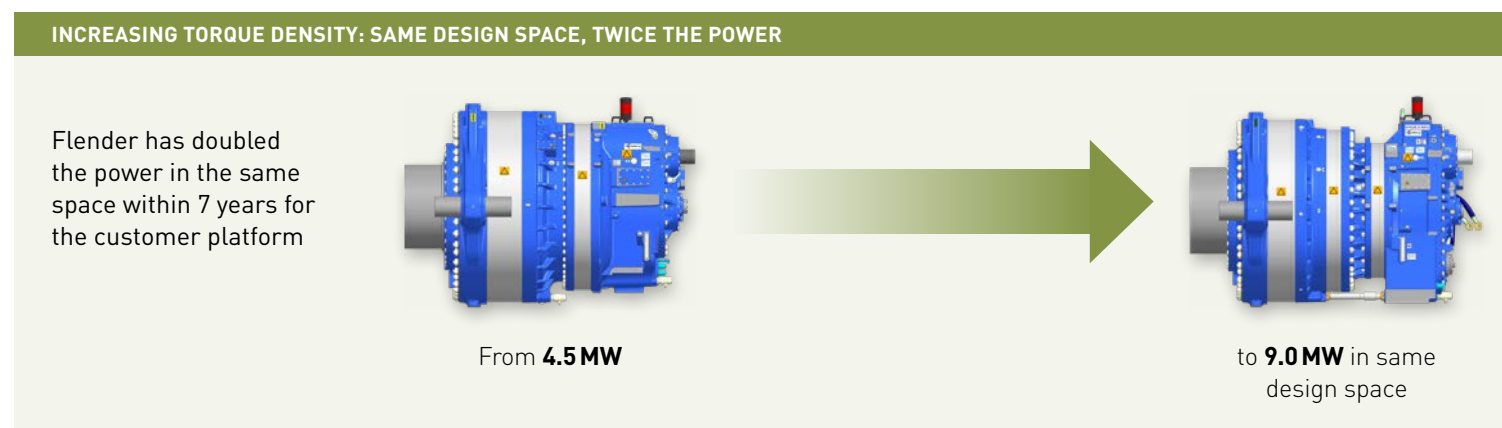
PRODUCT DESIGN AND MATERIALS

ESRS E5-2, E5-5

Flender is responsible for the design of all its products and applies sustainability criteria – including circular design principles such as repairability and recyclability – right at the start of the design and development process to extend product lifetimes and reduce environmental impacts across the value chain.

A standardized checklist guides engineers in evaluating potential environmental impacts originating from the product and defining preventive measures. Completion of these measures is verified and approved as part of the design process. Flender engineers are supported by the Corporate Technology and Innovation (TI) function, while each business unit takes responsibility for sustainable innovation at operational level.

A core priority is increasing power density to deliver equivalent performance with fewer resources. Advances in manufacturing technologies and optimized material use for gear teeth and structural components enable reduced component size and material input. Calculation tools are continuously



enhanced to maintain state-of-the-art product design. For example, in the Wind Gearbox business unit, Flender launched a multi-year program to systematically increase the power density, increasing the output (torque) with the same or less material used by introducing proven or innovative technologies that significantly increase the gear load capacity.

Over the past decade, the torque density of Flender gearboxes has doubled while simultaneously improving reliability. With the latest product generation, Flender is set to make another significant leap in increasing torque density and reducing CO₂ emissions. These advancements will further reduce material input and the associated environmental impact.

Resource efficiency and waste minimization are central design principles. Drawing on field data and innovation roadmaps, products are developed to be as compact as possible to conserve critical materials, as reflected in solutions such as FLENDER ONE, and new generator designs. Material use is further reduced through specifying the cast and forged parts in near-net shape, which means that the part is designed in such a way that as little material as possible has to be removed during manufacturing processing.

Flender is recognized for the quality and reliability of its products, as confirmed by the 2025 Customer Satisfaction Survey. Products are designed for their specified lifetime, with continuous improvement in

reliability forming a key aspect of innovation. Examples include the increased bearing lifetime in FLENDER ONE products and the use of journal bearings in wind applications. Fundamental research within the Technology and Innovation function also further analyzes and supports the repairability of components to extend their use time.

Since Flender products are mainly from steel and cast-iron materials, they are largely recyclable after the usage phase, except for the lubricant. To support this, Flender applies design-for-disassembly principles to facilitate dismantling.

PRODUCT LIFECYCLE

Circular economy aspects during the lifecycle of Flender products:

1. Returned products are either repaired, remanufactured, recycled, or safely disposed of, achieving a high recyclability rate of over 85%. The company aims to further increase this rate wherever possible.
2. Global Service Network: With the widest global service network among its competitors, Flender promotes local repairs whenever feasible. This approach reduces transportation-related emissions and supports the company's sustainability objectives by utilizing regional service centers.
3. Global Repair Manual: A comprehensive service framework tailored to customer and market needs while maintaining global standards. It focuses on minimizing waste and extending product lifetimes and includes, in addition to repairs, detailed guidelines for refurbishments and upgrades.
4. Digital Solutions and Proactive Outreach: Digital tools and proactive customer engagement help prevent product failures and minimize downtime.
5. Continuous Improvement: Lessons learned from field operations are continuously integrated into product enhancements and service offerings to improve performance and reliability.

PRODUCT DESIGN PRINCIPLES

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

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

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

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



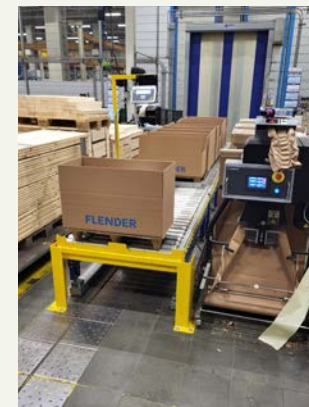
CASE STUDY

FLENDER GERMANY: OPTIMIZATION OF PACKAGING FOR TRANSPORT

At the Mussum plant, Flender ships approximately 350 to 450 customer order items per day, using around 80 cardboard packages, 120 reusable pallets, and 50 disposable pallets daily. To improve efficiency and reduce material use, the site introduced a new packaging approach that replaces shrink-wrap on disposable pallets with cartons on Inka pallets.

The new packaging variant is stackable, enabling more efficient space utilization in transport containers and trucks. Packaging materials from goods receipt can now also be reused through this method, contributing to circular-economy practices at the site. Process times remain largely unchanged, and plastic usage has been reduced compared with the previous solution. As a result, the change supports more efficient logistics processes, generates significant cost savings, and leads to more sustainable packaging solutions.

Within Europe, shipments from Mussum using disposable pallets have already been eliminated. These account for around 80% of all disposable pallet shipments from the site. For shipments outside the EU, initial pilot projects are currently being implemented and reviewed with partners and customers.



WASTE

ESRS E5-5

Waste metrics

	Non-hazardous			Hazardous			Total		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Total Waste in t	35,883	34,922	37,116	7,424	6,429	5,921	43,307	41,351	43,037
Waste diverted from disposal	33,079	29,621	34,272	818	625	380	33,897	30,246	34,652
Recycling	33,079	29,621	34,272	818	625	380	33,897	30,246	34,652
Waste directed to disposal	2,804	5,301	2,843	6,606	5,804	5,542	9,410	11,105	8,385
Incineration	2,451	4,965	2,492	6,133	5,199	5,005	8,584	10,164	7,497
Landfill	353	336	351	473	605	536	826	941	888
Total non-recycled waste	2,804	5,301	2,843	6,606	5,804	5,542	9,410	11,105	8,385
In %	8	15	8	89	90	94	22	27	19

Waste streams and materials

Flender's non-hazardous waste mainly consists of metal scrap and machining residues, wood waste, packaging materials (paper, cardboard, plastics, metals, mixed packaging), construction and demolition waste, municipal and biodegradable waste, sludge from on-site wastewater treatment, cables and non-hazardous used equipment.

The hazardous waste mainly consists of oil- and lubricant-based waste, machining emulsions and contaminated process fluids, solvent- and paint-containing residues, acids and chemical solutions from surface treatment, contaminated absorbents and filter materials, as well as components from equipment such as batteries and other electronic parts.

Waste data methodologies and assumptions

Most material locations use direct documentation from disposal partners, such as weighing protocols or disposal reports. Where this is not available, particularly at smaller service sites, waste volumes are estimated based on bin capacity and either the agreed pickup frequency or recorded pickup protocols.

81%

of waste was recycled
in 2025.



EU TAXONOMY

Background

Launched in 2019, the European Green Deal sets the overarching goal for the EU to become the first climate-neutral continent by 2050. Supporting this ambition, the EU Sustainable Finance Action Plan, introduced in 2018, seeks to align financial fund flows with the Union's climate and environmental objectives. Together, these initiatives provide the strategic framework for directing investments towards a more sustainable and resilient economy.

Within this framework, the EU Taxonomy serves as a central steering and controlling instrument to channel financial flows specifically towards environmentally sustainable economic activities. Regulation (EU) 2020/852, together with its accompanying delegated acts – collectively referred to as the EU Taxonomy – establishes a binding and standardized classification system for determining which activities qualify as environmentally sustainable. Rather than encompassing all potentially sustainable activities, the EU Taxonomy focuses on sectors that are either emission-intensive or play a critical role in the transition towards a sustainable economy.

The EU Taxonomy differentiates between “taxonomy-eligible” and “taxonomy-aligned” activities. An activity is taxonomy-eligible if it can be mapped to one of the activity descriptions outlined in the delegated acts of the EU Taxonomy. An activity is taxonomy-aligned if it meets the criteria for substantial contribution to at least one of the six environmental objectives defined in the EU Taxonomy:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Sustainable use and protection of water and marine resources (WTR)
- Pollution prevention and control (PPC)
- Protection and restoration of biodiversity and ecosystems (BIO)
- Transition to a circular economy (CE).

In addition, the economic activity must not significantly harm any of the other objectives (“Do No Significant Harm”), and must comply with the minimum safeguards, which relate to the protection of human rights (including labor rights), the prevention of corruption and bribery, the promotion of fair competition, and responsible taxation.

EU TAXONOMY: ENVIRONMENTAL OBJECTIVES



1. Climate change mitigation



2. Climate change adaptation



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



4. The transition to a circular economy



5. Pollution prevention and control



6. The protection and restoration of biodiversity and ecosystems

Fundamentals

Flender has already proactively begun preparing for these reporting requirements and has voluntarily disclosed the taxonomy-eligibility of its economic activities since fiscal year 2023.

To ensure the integrity of the EU Taxonomy reporting, Flender has implemented a structured process that is designed to maintain consistency and transparency across the entire reporting process and aligns with the requirements set out in the EU Taxonomy Regulation and its delegated acts. In cases where a single economic activity contributes to multiple environmental objectives, a clear allocation methodology was applied to avoid double counting and overlapping disclosures.

It is important to note that the EU Taxonomy includes terminologies and definitions that are currently subject to interpretation. Future clarifications by the European Commission may therefore result in adjustments to reporting practices. As a consequence, the updated process for fiscal year 2025 already led to a slightly differing assessment of the activities compared to prior years. In the upcoming years, Flender will additionally assess whether its economic activities meet the criteria for taxonomy-alignment.

Identification of taxonomy eligible economic activities

The present identification of taxonomy-eligible economic activities includes the Climate Delegated Act (EU) 2021/2139, which defines economic activities for the environmen-

tal objectives “climate change mitigation” and “climate change adaptation.” It further includes the amendments introduced by the Climate Delegated Act (EU) 2023/2485, as well as the Environmental Delegated Act (EU) 2023/2486, which covers the remaining four environmental objectives: “sustainable use and protection of water and marine resources,” “transition to a circular economy,” “pollution prevention and control,” and “protection and restoration of biodiversity and ecosystems.”

A comprehensive analysis conducted in fiscal year 2025 revealed that climate change mitigation remains the most relevant environmental objective for Flender in terms of taxonomy-eligibility due to its business model and economic activities. Additionally, the objective of circular economy is also applicable.

As a result, the following activities have been identified as taxonomy-eligible core business activities¹:

- Through the manufacture of its technologies, namely gearboxes, generators² and couplings, Flender enables electricity generation using wind power, and thus

the use of renewable energies. Flender’s entire Wind equipment business as well as the wind couplings are therefore taxonomy-eligible under activity 3.1. (CCM) “Manufacturing of renewable energy technologies.”

- In connection with economic activity 3.19. (CCM) “Manufacture of rail rolling stock constituents,” activities suitable for taxonomy reporting have also been identified. Specifically, the manufacture, maintenance and repair of couplings for fully electric rail vehicles is considered taxonomy-eligible.
- The economic activity 4.1. (CE) “Provision of IT/OT data-driven solutions” is relevant for Flender due to its technical consulting and services for condition monitoring and predictive maintenance. These services are based on the integration of electronic hardware³ and software systems designed to collect, analyze, and interpret operational data from Flender products during their use phase. The insights generated are used to optimize performance, extend product lifetime, and reduce resource consumption and waste.



¹ Core business activities refer to Flender’s primary economic activities through which revenue is generated. Taxonomy-eligible core activities are associated with taxonomy-eligible revenue, CapEx and OpEx.

² Wind generators would have been eligible in connection with activity 1.2. (CE) “Manufacture of electrical and electronic equipment” as well but are considered only under this activity to avoid double counting.

³ Manufactured hardware would have been eligible in connection with activity 1.2. (CE) “Manufacture of electrical and electronic equipment” as well but is considered only under this activity to avoid double counting.

- Moreover, services in certain industries as well as the supply of spare parts for wind generators are taxonomy-eligible. This relates to the economic activities 5.1. (CE) "Repair, refurbishment and remanufacturing" and 5.2. (CE) "Sale of spare parts."

In addition, taxonomy-eligible cross-cutting activities¹ have been identified. Capitalized real-estate-related investments that are not associated with assets or processes linked to taxonomy-eligible core economic activities have been classified as CapEx related to economic activity 7.7. (CCM) "Acquisition of ownership of buildings" in the reporting year. The same applies for activated installation and repair expenditures which were allocated to economic activity 7.3. (CCM) "Installation, maintenance and repair of energy efficiency equipment." For fiscal year 2024, the activity 7.6. (CCM) "Installation, maintenance and repair of renewable energy technologies" has also been identified as relevant due to capitalized investments related to photovoltaic energy production.

¹ Cross-cutting activities are EU-Taxonomy-listed activities that support operations but do not directly generate turnover. Taxonomy-eligible cross-cutting activities are associated with taxonomy-eligible CapEx and OpEx.

EU Taxonomy key performance indicators

The proportion of taxonomy-eligible revenue for fiscal year 2025 is 52% (2024: 54%), with the biggest share being attributable to the Wind business. The proportion of taxonomy-eligible CapEx for FY 2025 is 70% (2024: 77%). The CapEx amounts relate to

investments in connection with Flender's core economic activities, as well as those in cross-cutting activities. The proportion of taxonomy-eligible OpEx for FY 2025 is 72% (2024: 74%). Operating expenses relate to assets or processes associated

with taxonomy-eligible economic activities as well as expenses for buildings in conjunction with economic activity 7.7. (CCM) "Installation, maintenance and repair of energy efficiency equipment."

FY 2025 Revenue in EUR m	3.1. CCM	3.19. CCM	4.1. CE	5.1. CE	5.2. CE		Total
Absolute taxonomy-eligible revenue	1,087.5	19.1	3.1	35.1	5.0		1,149.8
Proportion of taxonomy-eligible revenue in %	49.0	0.9	0.1	1.6	0.2		51.8
Total revenue							2,221.6

FY 2025 CapEx² in EUR m	3.1. CCM	3.19. CCM	4.1. CE	5.1. CE	7.3. CCM	7.7. CCM	Total
Absolute taxonomy-eligible CapEx	52.4	0.2	1.8	0.3	1.2	11.3	67.1
Proportion of taxonomy-eligible CapEx in %	54.6	0.2	1.8	0.3	1.3	11.7	69.9
Total CapEx							96.0

FY 2025 OpEx³ in EUR m	3.1. CCM	3.19. CCM	4.1. CE	5.1. CE	7.3. CCM	7.7. CCM	Total
Absolute taxonomy-eligible OpEx	46.0	0.3	0 ⁴	0.3	1.1	9.2	56.3
Proportion of taxonomy-eligible OpEx in %	58.8	0.4	0	0.4	1.4	11.7	71.9
Total OpEx							78.3

² In line with the EU Taxonomy requirements, CapEx figures include leasing according to IFRS16.

³ In line with the EU Taxonomy requirements, OpEx figures include direct, non-capitalized costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenditures required for the day-to-day servicing of property, plant and equipment to ensure their continued and effective functioning.

⁴ Rounded to zero due to allocation.

EU TAXONOMY KEY PERFORMANCE INDICATORS IN ANNUAL COMPARISON

Taxonomy-eligible in %	FY 2024	FY 2025
Revenue	54 ¹	52
CapEx	77 ¹	70
OpEx	74 ¹	72

The decrease in taxonomy-eligible revenue is primarily driven by a reduced proportion of revenue from the Wind segment in total revenue. The reduction in CapEx and OpEx is mainly due to a lower share of attributable CapEx to 3.1. (CCM) "Manufacturing of renewable energy technologies."

¹ Due to additional information and specifications of regulations the assessment process for 2025 led to slightly differing approaches. Consequently, the 2024 data was re-assessed and adjusted. As a result, revenues were adjusted from 57% to 54%, CapEx from 57% to 77% and OpEx from 66% to 74%. For fiscal year 2025, the same information has been considered, so that the reported figures in the table are comparable.



SOCIAL

IN THIS SECTION

Social	67
Flender's own Workforce S1	68
Workers in the Value Chain S2	87



SOCIAL

WE MOVE THE WORLD BY:

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

Flender recognizes the central role of social responsibility within its value chain and broader society. The company is committed to understanding and addressing the impacts of its business activities on employees, communities and other stakeholders.

Flender's workforce remains a key priority, and the company strives to ensure safe working conditions and strong opportunities for development. Flender also acknowledges the responsibility it holds towards the many individuals involved in its complex

supply chain and commits to upholding high social standards across all tiers. Areas of focus are guided by the impacts, risks and opportunities identified as material in the double materiality assessment.



FLENDER'S OWN WORKFORCE S1

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

Flender is committed to continuously investing in and strengthening its global employer brand. Recognizing that a strong brand is built on clear values, the company has defined a unique Employer Value Proposition (EVP). These values aim to enhance employee engagement, foster a strong sense of belonging, and increase long-term loyalty, ultimately contributing to greater job satisfaction and lower staff turnover. Considering all impacts, risks and opportunities, the aim is to be and remain the Employer of Choice for current and also potential employees.

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS S1 SBM-3, S1.IRO-1 | GRI 408-1, 409-1

Topic	Sub-topic according to ESRS	Description of impact, risk or opportunity (IRO)	IRO category
 Own workforce	Working conditions	Health and safety incidents (own operations)	Potentially negative impact
		Working conditions in production (occupational safety aspects such as noise, heat, etc.)	Potentially negative impact
		Working conditions (social aspects such as working times, remuneration, collective bargaining)	Actual positive impact
		Employee health and well-being	Actual positive impact
		Fair payment	Actual positive impact
		Invalid ISO 45001 certification	Risk
	Equal treatment and opportunities	Qualification, training and development of employees	Actual positive impact
		Diverse workforce	Potentially positive impact
		Equality and inclusion in the workplace	Potentially positive impact
		Training and apprenticeships offered	Actual positive impact
		Benefits of diversity in the workforce	Opportunity

Flender assessed actual and potential impacts, risks and opportunities related to its own workforce in line with the ESRS 1 disclosure requirements. The assessment covers individuals across global operations, excluding temporary workers.

The impacts, risks, and opportunities affecting the workforce are closely tied to Flender's business model, which depends on a highly skilled and safety-oriented workforce to deliver technologically advanced products and services. The company's strategy emphasizes workforce development and safe working environments as critical enablers of long-term performance. The positive outcomes generated through training and development directly support Flender's capability needs, while health

and safety risks if unmanaged, could affect productivity, workforce availability, or operational continuity.

During the reporting period, no actual negative impacts were identified. This conclusion draws on internal reporting channels, HR data, and regular engagement with worker representatives including the double materiality analysis. However, potential negative impacts were identified in the form of differentiated health and safety risks between production employees and office-based staff. Production workers face higher exposure to physical and operational risks due to the nature of their tasks, while office roles involve significantly lower physical risk levels. These insights allow to direct risk mitigation measures where they are

most needed, in line with a prevention-first approach (see chapter 7 **"Working conditions in own Workforce"** for details).

Flender also conducted an abstract risk assessment to identify potential exposure to human rights topics across its operating sites. No evidence that risks have materialized at Flender locations or that they should be classified as significant was found. Flender remains attentive and continues to apply due-diligence measures to ensure that its operations uphold internationally recognized labor standards.

In the reporting year, several positive impacts on Flender's own workforce that result from the ongoing commitment to employee development, fair working con-

ditions, and occupational safety were identified. All employees participate in mandatory training and qualification programs. In addition, targeted talent and management development initiatives are offered that support career progression and strengthen long-term employability.

Looking forward, Flender assessed whether its environmental transition measures, including decarbonization initiatives, create material impacts, risks, or opportunities for its workforce. At present, no restructuring, job losses, or significant changes are expected. Should future measures require reskilling or create new roles, Flender will assess and communicate these developments transparently.



Policies related to own workforce

ESRS S1-1, MDR-P

Flender maintains a Group-wide policy framework that protects employee health and safety, upholds ethical conduct and human rights, and fosters an inclusive and development-oriented working environment. Foundational policies define occupational safety expectations, ethical behavior, diversity and inclusion principles such as the Inclusion & Belonging (I&B) program and fair performance management. Additional guidelines support employee development, engagement and continuous improvement. Human rights commitments align with internationally recognized standards (see chapter 7 “**Workers in the Value Chain**”). Access to policies is ensured through internal platforms, and dialog and grievance channels enable open communication. Collectively, these policies promote safe, fair and inclusive working conditions in line with ESRS S1 requirements.

Building on the foundations of the I&B policy, which internally defines the program's application, the I&B statement was reinforced across all locations and integrated more firmly into Flender's corporate culture. Departments and business units continue to embed these principles in their daily operations, supporting the broader commitment to equal treatment and equal opportunities for all employees. The I&B statement, which has been shared throughout the organization and forms part of Flender's corporate culture, is based on three core principles: Diversity, Inclusion and Belonging.

As Flender embraces and encourages each individual's differences, their life experiences and their capabilities, the company pursues a zero-tolerance policy towards discrimination based on age, gender, nationality, sexual orientation, religion or any other characteristic.



INCLUSION AND BELONGING STATEMENT

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



Diversity

We are all unique. We know that our differences, namely our skills, experiences, perspectives and opinions, make us better, smarter, more innovative and ultimately successful. At Flender, we cultivate and foster a diverse workforce, now and in the future.



Inclusion

At Flender, we stand for fairness. We are committed to identify and eliminate barriers, ensure fair treatment, and ensure there are equal opportunities for everyone, regardless of status and identity. We strive to create and sustain a culture of inclusiveness characterized by mutual respect and appreciation.



Belonging

At Flender, everyone shall feel safe, welcomed, accepted and valued for who they truly are. We want everyone to feel comfortable and to have a deep sense of belonging to Flender.

Processes for engaging with own workers and workers' representatives about impacts

ESRS S1-1, S1-2 | GRI 2-29

Flender maintains a structured and transparent approach to engaging with its workforce to ensure that employees' perspectives are systematically reflected, including the company's assessment of impacts, risks, and opportunities. As part of the yearly double materiality analysis, internal experts from relevant departments acted as internal proxies and provided informed input on sustainability-related topics. Their involvement supports a comprehensive understanding of areas where the organization may generate significant positive or negative effects. With this endeavor Flender maintains structures that promote equal opportunities and inclusion, in the materiality analysis and beyond. For severely disabled employees a representative body safeguards their interests and supports necessary workplace adjustments to enable full participation. In addition, a women's network strengthens internal exchange and professional development for women, supported by sponsors who help advance gender equality within the organization.

Flender engages with employees both directly and, where applicable, through their elected representatives. Communication

formats include regular information exchange, the collection of employee opinions, and participation in structured events and meetings. The company also applies measures and key performance indicators defined within the ISO-based interested-party context analysis. These instruments help ensure that internal stakeholder expectations are consistently assessed and integrated into decision-making processes. Concrete dialog formats for employees can also be found in the chapter [➤ "Interest and views of stakeholders."](#)

IDEA MANAGEMENT

Serving as one example of employee engagement, Flender operates an established idea management system that encourages employees to introduce new ideas and innovations. The ideas are then assigned to the department, which might benefit most from the idea. Each idea is then assessed for implementation opportunities, and, if implemented, the benefits are captured with a proportion of the benefit passed on to the submitter as a financial bonus.

Since July 2023, two-thirds of the workforce have been using a unified idea management tool. This includes Germany, Austria, Serbia and India. Regular contact is maintained with other countries, such as China,

to exchange ideas with global potential. A further rollout of the idea management tool is under review. The next step will be the implementation of the tool in Finland.

In 2025, Flender employees using the common idea management tool worldwide submitted a total of 1,080 ideas for improvements, and 54% of them were realized. Some of those have had significant impact and almost EUR 385,000 has been paid to the submitters. Last year, 45% of the completed ideas included input on the topic of EHS. These figures underscore the strong engagement of employees and highlight the potential for further valuable contributions in the future. Flender expresses its appreciation to all employees for their constructive input and ideas.

EMPLOYEE SURVEY

GRI 2-30, 401-2

All employees work in a dynamic environment with constant changes and new opportunities. To understand the needs of its employees, Flender has been conducting global employee surveys regularly since 2021. In 2025, the fourth survey was completed with a participation rate of 73% (+10% compared to 2021). In these surveys, Flender inquires not only about employee satisfaction and topics such as commitment,

meaningful work and peer relationships, but also includes topics related to employee well-being.

On a 10-point scale (1 = very low, 10 = very high), Flender achieved an I&B satisfaction score of 8.5 in 2025 (2024: 8.2), 0.4 points above the benchmark (2024: 0.2). In particular, the sense of belonging scored 8.3 (2024: 8.1), 0.6 points above the benchmark.

By participating in the survey, employees can help shape their personal work environment while contributing to the overall success of the company. By communicating the results to the employees and creating space to discuss them together, employees' trust and loyalty in the organization is strengthened.

1,080 ideas

were submitted worldwide by Flender employees using the common idea management tool.

CASE STUDY

FLENDER GERMANY: TRAINEE-DRIVEN IDEA TO IMPROVE SAFETY

As part of restoring three milling machines in the training workshop, trainees not only repaired the equipment but also used the opportunity to rethink safety aspects. During their work, they noticed that clamping keys could easily remain on the milling head and might be thrown across the room when the spindle was switched on.

Instead of accepting the risk, the trainees developed their own idea: They designed a simple solution that prevents the keys from being left on the machine during operation. Their idea was quickly implemented and now helps reduce the risk of accidents.

This case shows how actively involving trainees in problem-solving fosters a culture of ideas and continuous improvement – while strengthening everyday safety in the workplace.



PERFORMANCE MANAGEMENT

ESRS S1-1 | GRI 404-1

To manage Flender's collective and individual performance, giving and receiving feedback is a high priority. The Compass Dialog is a global structured feedback process that promotes mutual feedback, reflection on cooperation, and the definition of non-financial development and performance objectives. The performance and potential rating, another element of Flender's performance management, assesses each employee's performance and potential for the financial year and serves as the basis for targeted development measures. Both the Compass Dialog and the performance and potential rating are conducted once a year for all employees.

Processes to remediate negative impacts and channels for own workers to raise concerns

ESRS S1-3

Flender has established processes to address potential negative impacts on its workforce and to ensure that employees can raise concerns openly and safely. Flender's case-based remediation process, outlined in the Compliance Handbook, sets out the roles and steps to be followed when compliance violations are confirmed through internal investigations. Employees may report concerns through several internal

channels, including managers, the Head of Compliance, Legal & Compliance, Human Resources, and employee representatives. In addition, the "Tell Us" Reporting tool, established by Flender and operated by an external provider, offers an anonymous and multilingual platform for raising concerns such as human rights issues. All reports are forwarded directly to the Compliance organization. Employee-related complaints are managed in accordance with the whistleblowing policy. For more information, see section [7 "Flender's 'Tell Us' compliance reporting system"](#) in the "Governance" chapter. White-collar employees receive regular compliance training that includes guidance on available reporting channels. Blue-collar employees are informed through managers and town hall meetings.

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

ESRS S1-17

Besides hands-on training, the fight against discrimination is anchored in Flender's Business Conduct Guidelines, Supplier Code of Conduct and corporate principles apply not only to employees, but also to business partners, suppliers and customers. In 2025, Flender did not record any incidents of discrimination through the Flender "Tell Us" Reporting tool.

Targets and actions related to Flender's own Workforce

ESRS S1-4, MDR-A, S1-5, MDR-T

To manage the topics related to the own workforce, Flender has set targets and defined actions for short-, mid- and long-term development (see table below). Details

can be found in the corresponding chapters [↗ “Working conditions”](#) and [↗ “Equal treatment and opportunities.”](#)

Sub-topic	Targets	Status 2025	Actions
Working conditions in own workforce	Achieve an overall participation rate (PR) of 75% by 2027 and 80% by 2030 and an Employee Net Promoter Score (eNPS) ¹ of 55% by 2027 and 60% by 2030	PR: 73% eNPS: 59%	Annual global communication on the employee survey with reminders and manager support Identify issues and define improvements for example in workshops
	Reduce the global Total Recordable Injury Rate (TRIR) to the value of 1.20 by 2027 and of <1 by 2030	1.50	Develop an additional health and safety training program with the involvement and support of the Flender Academy
	Conduct specific customized EH&S compliance audits and trainings to increase awareness in every location and department: • 40% of all material locations that are not part of the matrix or not certified by 2027 and • 100% of all material locations that are not part of the matrix or not certified by 2030 ²	Started: 13% of material locations have been audited that are not part of the matrix certification. In fiscal year 2025, in addition to the matrix internal audit program, audits and trainings were conducted in Isando (South Africa) and Changzhou (China).	Audit all locations that are part of the matrix certification as part of the internal audit (as defined in internal audit program) Audit all material locations that are not yet part of the matrix certification or not ISO-certified by 2029
	Audits & CIP: Timely completion of actions >85% by 2027 and >90% by 2030	74%	Send automated reminder emails two weeks before completion date of measures Revise the escalation matrix
	Implement the global Flender Matrix certificate for the ISO standards 9001 QM and 14001 Environment and 45001 Health and Safety in certified locations: 70% (2026) and 100% one common global ISO certifier for the entire Flender organization (2030)	67%	Integrate all ISO-certified locations into the matrix certification Location/s in: • South Africa by 2025 • Finland by 2026 • Australia by 2027 • Chile by 2029 • France by 2030
	Define strategy for living wages by 2027	This year, the living wages at three locations were reviewed. The results still need to be evaluated. Based on the results, a strategy will be drawn up as to how Flender can ensure living wages at all locations.	Analyze salaries at key locations in reference to market by mid-2025 Define a Living Wage standard for key locations by end of 2025 Define and implement an analysis/audit plan for key locations by end of 2026

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

² Target was adjusted: Due to capacity constraints from recent acquisitions, including Flender's location in Walajabad (India), the onboarding of a new certifier, and the ISO 50001 implementation, the company needed to adjust and extend the timeline for this target.

Sub-topic	Targets	Status 2025	Actions
Equal treatment and opportunities for all in own workforce	Achieve the number of training hours per employee by 20 hours/year by 2027 and 25 hours/year by 2030	18h per employee	Offer diverse training formats globally, including on-site, online, and mandatory manager training (annual)
			Launch Global Learning Week from 2025 and provide a new e-learning library by end of 2025
	Proportion of women in manager positions: 27% by 2027 and 33% by 2030	12%	Continuation of women's working group as well as global mentoring and talent pool programs for future managers to increase female participation
			Conduct a management workshop by end of 2025 to raise awareness regarding women in management and define relevant measures
	Proportion of women in the workforce: 20% by 2027 and 25% by 2030	15%	Continuation of global women's network as well as cooperation with schools and universities
			Carry out annual mandatory diversity training for managers
			Implement gender quota for headhunters globally by 2026
	Define strategy for equal pay for equal work by 2027	A new job architecture project has been launched and started with a pilot project in India.	Establish project group by end of 2025 to sharpen job profiles
			Identify relevant measures and define implementation roadmap
	Establish a cross-cultural / cross-location development program for global talents by 2026	Identifying the global talents in Q1/2026; preparation of the program has started and is ongoing.	Identify and select talents annually through performance evaluations and manager consultations from 2025 onwards
			Define program content and timeline by end of 2025

CASE STUDY

GLOBAL HUMAN RELATIONS CONFERENCE – STRENGTHENING INTERNATIONAL COLLABORATION AND FUTURE-READY HR PRACTICES

This year's Global Human Relations Conference brought together Flender's HR leaders from several countries to review key developments in international personnel management and align upcoming projects. In workshops and exchange formats participants collaborated closely and explored topics such as digital personnel files, data protection requirements, and the role of HR in sustainability and transformation processes. The conference strengthened the global HR community, facilitated knowledge sharing, and supported further alignment of international HR processes to prepare for future organizational needs.



Characteristics of the undertaking's employees

ESRS S1-6 | GRI 401-1a

In the reporting year¹ a total of 8,698 people were employed at Flender worldwide – 97% (2024: 97%) of them full-time and 91% (2024: 89%) on permanent contracts.

In 2025, 738 employees (8.4%) left the company (7.3% on a voluntary basis). After a slight increase in employee numbers in 2023, the continuous decline in this year can be explained by multiple factors.

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

¹ All figures are derived, as of the reporting date, directly from system records and do not involve estimates (S1-6 50d, dii). Total employees include apprentices and trainees (in total 311) while excluding temporary non-active employment such as parental leave.

FLENDER'S EMPLOYEES

8,698

employed by Flender worldwide

97%

full-time employees

91%

employees on permanent contracts

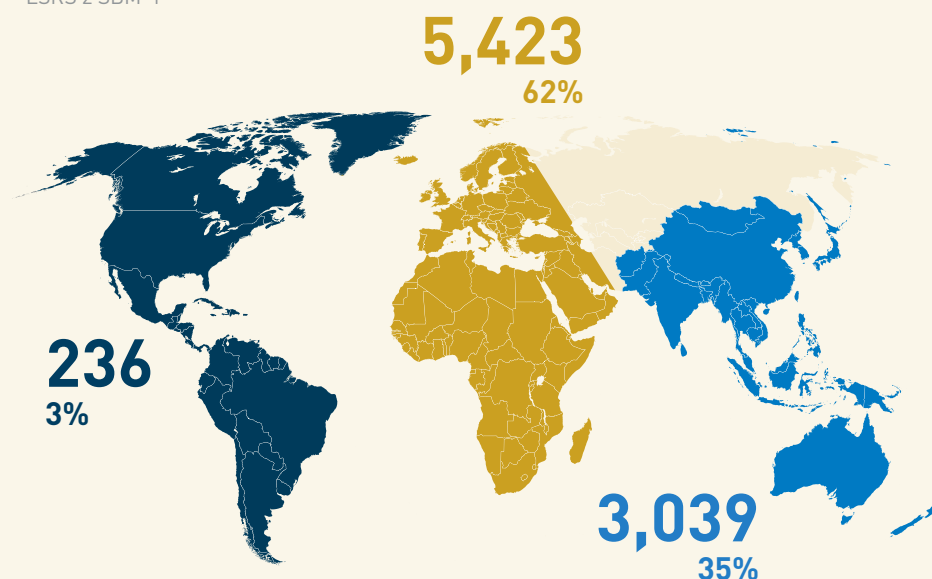
8.4%

turnover rate



NUMBER OF EMPLOYEES BY GEOGRAPHICAL AREA²

ESRS 2 SBM-1



Head count	2024	2025
AMCAS	238 [3%]	236 [3%]
APAC	2,958 [33%]	3,039 [35%]
EMEA	5,776 [64%]	5,423 [62%]
Total headcount of employees	8,972	8,698

² Further diversity metrics can be found in the chapter [➤ "Diversity metrics"](#)

Characteristics of non-employee workers in the undertaking's own workforce

ESRS S1-7 | GRI 2-8

At fiscal-year end 2025, Flender engaged 97 non-employees (2024: 204). These contract workers supported operational and project-based activities across several functions, mostly production work.

Working conditions

UNGC Principle 3

ESRS S1-10, S1-11, S1-16

GRI 401-3, 405-2



As an Employer of Choice, Flender wants to create attractive working conditions for both, white- and blue-collar employees, and continues to improve them. Attractive working conditions include multiple aspects such as health & safety remuneration, work-life balance and job satisfaction. Flender is advancing working conditions by strengthening employee engagement, safety performance and global management standards. The aim is to increase participation and satisfaction levels across the organization, including reaching an Employee Net Promoter Score (eNPS) of 55% by 2027. In health & safety, the company continues to reduce the global Total Recordable Incident Rate (TRIR) towards long-term targets below 1. To expand EH&S awareness, Flender will roll out tailored audits and trainings, covering a significant share of

relevant locations by 2027 and all by 2030. Flender is also progressing towards a unified global ISO certification framework and will define a company-wide living wage strategy by 2027. These measures collectively support a safe, fair and consistently high-quality work environment.

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOG

ESRS S1-8 | GRI 2-30

Through its Business Conduct Guidelines (BCG), Flender ensures that all employees are aware of their rights to engage in unions and union activities. In Germany, 100% of employees are guaranteed free participation in collective wage agreements and collective bargaining. Employees of Flender GmbH and Flender International GmbH in Germany are covered by the IG Metall collective agreement including remuneration except for employees whose compensation is agreed outside of the collective framework. At Flender Industriegetriebe GmbH (Penig site), an in-house wage agreement applies. In China and the United States, employees are represented by unions, however, no collective agreements are in place. During the reporting year, no complaints or violations related to association and representation rights were reported.

Flender does not maintain a single global framework agreement with workers' representatives. Instead, employee representation

is governed by locally applicable agreements, such as the "Betriebsvereinbarung" in Germany, which are developed jointly with local works councils.

ADEQUATE WAGES

ESRS S1-10

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

As a global operating company, wage differences exist between locations. Accordingly, Flender is also looking at the topic of living wages in respective countries. By 2027, Flender aims to finalize a strategy to manage this topic systematically. The objective is to conduct a detailed assessment of living wages in order to ensure financial security for all employees. Selected locations are currently being reviewed to understand the existing conditions. Based on these findings, the company will define its strategy and determine further measures.

No matter on which site "Flenderans" work for the corporate success, the company appreciates it. This is why Flender also pays financial bonuses every year, ensuring everyone benefits. Depending on the location, various additional benefits such as car and food allowances, childcare allowance, collective bargaining success components and pension schemes are offered.

COMPENSATION METRICS (PAY GAP AND TOTAL COMPENSATION)

ESRS S1-16

As the company is aware of possible gender-specific differences in remuneration, it has started a project to compare job descriptions and requirements. Even though there is no systematic discrimination, Flender wants to take this topic seriously and aims to pay everyone fairly, regardless of gender or any other distinction.

WORK-LIFE BALANCE METRICS

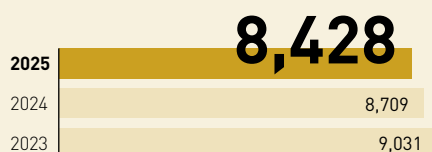
ESRS S1-15

Flender places a lot of emphasis on a healthy work-life balance for its employees. Offers include parental leave, childcare and home-office arrangements, depending on the country and location. At German sites, the company offers flexible working options and childcare for its employees. If possible, this is offered to all staff returning after parental leave.

FLENDER EMPLOYEES IN NUMBERS

ESRS S1-6

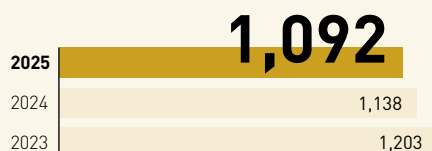
Total employees on full-time contracts



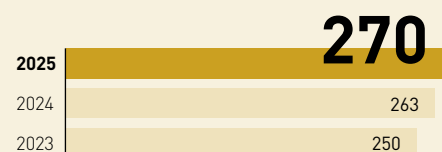
Full-time contracts – male



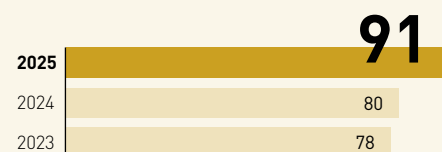
Full-time contracts – female



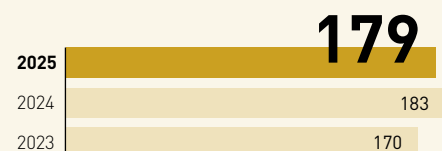
Total employees on part-time contracts



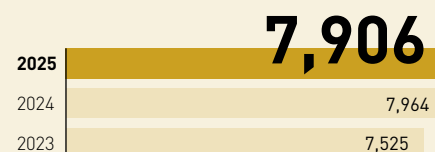
Part-time contracts – male



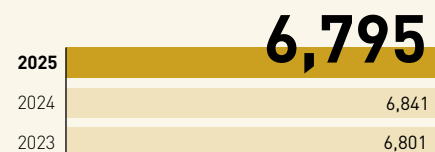
Part-time contracts – female



Total employees on permanent contracts



Permanent contracts – male



Permanent contracts – female



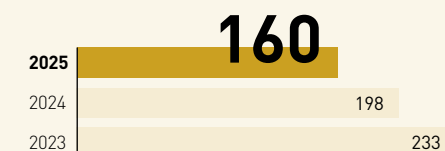
Total employees on fixed-term contracts



Fixed-term contracts – male



Fixed-term contracts – female



HEALTH AND SAFETY

ESRS S1.MDR-A, S1-3, S1-14 | GRI 403-1, 403-2, 403-5, 403-8, 403-9

As an industrial company with around 8,700 employees, many of which working in production capacities, health and safety is a central priority for Flender. The targets (see section 7 “**Targets and actions related to Flender's own Workforce**”) show the ongoing dedication and ambitions related to the topic.

For around 15 years, Flender has maintained worldwide third-party safety-related certifications and continues to improve transparency and data quality, including for key indicators such as the Total Recordable Incident Rate (TRIR). Since 2025, monthly reporting to top management at group and country level has strengthened oversight and the communication of critical information.

The central EHS department reports directly to the CEO and local EHS experts ensure that all sites meet EHS regulations and implement site-specific initiatives. Central and local EHS teams form an integrated global network. Monthly meetings with all responsible EHS personnel facilitate the

review of incidents, risk factors and KPIs and support the continuous improvement of Flender's processes. Knowledge gained from root-cause analyses is systematically shared across the organization to ensure learning and consistent implementation.

Flender invests continuously in training and awareness measures. All employees complete mandatory annual health and safety training, while additional programs support physical and mental well-being depending on local requirements. Health and safety are a shared responsibility: employees participate in risk assessments, accident follow-ups and improvement processes. At site level, reporting systems enable staff to document unsafe conditions, which are promptly reviewed and addressed.

External contractors undergo site-specific onboarding and joint risk assessments. If incidents occur involving contractors, structured follow-up procedures are carried out with all parties involved.

Flender monitors key EHS indicators, including incident numbers by type, frequency and severity, near misses and lost-time incidents. In 2025, 127 accidents were reported and resolved (2024: 109). Accident-related

lost-time days decreased by 17% to 2,418 (2024: 2,896), reflecting improved safety awareness and preventive measures across Flender's locations. Occupational diseases remain rare, with three cases recorded over the past three years. Flender continues to maintain zero work-related fatalities.

17%

decrease of accident-related lost-time days



Certified EHS management system

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

Flender operates a global environmental, health and safety (EHS) management system designed to analyze, evaluate and eliminate or minimize all EHS-related risks while meeting and exceeding applicable legal requirements.

The company has established a worldwide common EHS management system with reference to ISO 14001 and ISO 45001, which ensures standardized, shared processes for all sites. Once a year this management system is audited by a third-party certification

body (DQS, Frankfurt) to maintain the multi-site ISO 14001 and ISO 45001 certificates (Matrix certificates). In the reporting year, third-party audits were carried out for Voerde, Bocholt and Ruhstorf (Germany), Tianjin (China), Subotica (Serbia), and Isando (South Africa).

Flender's occupational health and safety standards are firmly embedded in its management system and aligned with international requirements. All production facilities and service locations are certified in accordance with ISO 45001:2018. The certification process supports the detection of weaknesses and improvement opportunities,

and findings from audits are systematically tracked and addressed through corrective measures.

Protecting its employees is a key pillar of Flender's CSR strategy. Approximately 99% of employees at material locations are covered by the ISO-45001-certified health and safety management system. This includes 100% of the production and service sites but excludes sales offices. Flender is working towards full matrix certification across all sites by 2030. The integration of the Isando (South Africa) site in 2025 increased matrix certification coverage to 67% (2024: 63%).

CASE STUDY**FLENDER CHINA: EMPLOYEE MENTAL HEALTH ACTIVITY ON HR CSR DAY 2025**

In August 2025, the Flender location in Tianjin (China) held its first HR CSR Day to strengthen stress awareness and emotional resilience among employees. The program included a seminar on managing workplace pressure, led by a certified psychological expert, and a hands-on workshop encouraging self-reflection and team communication. Through practical techniques and guided discussions, the initiative helped employees improve emotional regulation, enhance well-being and foster stronger team cohesion.

**CASE STUDY****FLENDER INDIA: WORK-PLACE HEALTH AND WELL-BEING INITIATIVES**

In 2025, Flender India strengthened employee well-being through several targeted health initiatives. The site organized a Yoga Day to promote physical and mental balance and created a new walking pathway on the premises to encourage regular movement during the workday. In addition, the Occupational Health Centre (OHC) was upgraded with improved facilities to enhance on-site medical support. The OHC conducts monthly wellness programs to promote employee health awareness. Regular physiotherapist-led shopfloor assessments and ergonomic sessions further reinforce safe work practices and help prevent workplace injuries. On Women's Day, a dedicated health camp was organized for female employees, emphasizing the company's commitment to their well-being.



CASE STUDY

FLENDER CHINA: LAUNCHING AN ACTIVITY CENTER FOR EMPLOYEES

In 2025, Flender established a new Employee Activity Center by transforming an unused storage room into a multifunctional space designed to support employee well-being. With management approval, the facility on the second floor was renovated to include table tennis areas, a dedicated yoga room, rowing and running machines, and upgraded bathing facilities. The center became operational in May 2025, accompanied by guidelines to ensure safe and inclusive use.

The Activity Center aims to strengthen physical health, reduce work-related stress and offer employees accessible options for movement and relaxation during the workday. By creating opportunities for shared activities, the center also enhances team cohesion, fosters stronger workplace relationships and contributes to a positive corporate culture.



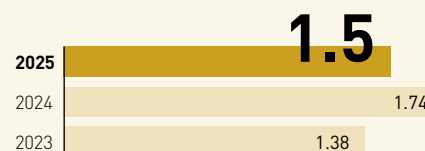
HEALTH AND SAFETY METRICS

ESRS S1-14 | GRI 403-9, 403-10

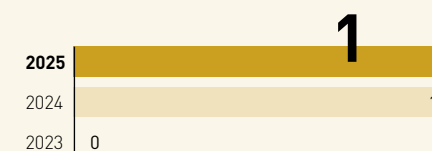
Work-related fatalities



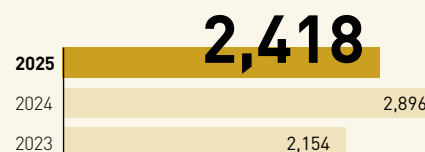
Work-related accidents

Total Recordable Injury Rate (TRIR)¹

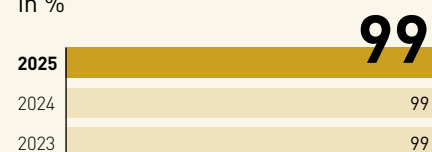
Occupational diseases



Lost Time Days (LTD)



Employees covered by health and safety management system in %

¹ Per 200,000 hours worked.

Equal treatment and opportunities

ESRS S1-4, MDR-A, S1-5, MDR-T

UNGC Principle 6



Flender is also committed to fostering a fair, inclusive, and opportunity-driven workplace. In 2025, employees completed an average of 18 training hours, supporting the targets of 20 hours per year by 2027 and 25 hours per year by 2030. Gender diversity remains a key focus, with women representing 12% of managers and 15% of the workforce, guiding progress towards the company's 2027 and 2030 goals. Structural initiatives continued as well: a new job architecture project supports the development of the equal-pay strategy, and preparations for a global cross-cultural talent program are underway, with talent identification planned for early 2026.

INCLUSION AND BELONGING

ESRS S1-1, S1-17 | GRI 406-1

Around 8,700 people from a wide variety of nations work together at Flender in 34 countries worldwide, and this is why the company has always been characterized by diversity. Flender believes that I&B enriches the workplace and significantly benefits overall business performance. Beyond its social importance, I&B supports innovation and organizational resilience and therefore represents a priority area within Flender's CSR approach.

To fight discrimination and harassment of any kind, Flender aims to strengthen the understanding of possible discrimination forms including their foundations to raise awareness within the organization. For example, unconscious bias training is mandatory for all managers worldwide. In 2025, a total of 602 managers have completed the training. The management commitment plays a central role in embedding I&B. In line with the motto "It begins with us," the management met and committed to acting as role models and living these values.

Flender supports a range of initiatives to promote inclusion and a sense of belonging influencing all business areas, especially recruitment, training and development. For example, to ensure broad access to information, a dedicated SharePoint page has been created, providing employees worldwide with information on the I&B program. Inclusive and gender-neutral language has also been introduced – both within the I&B content and more broadly in company communications. Flender's commitment to I&B is also reflected in external initiatives. The company has been a proud member of the UN Global Compact since 2022, and signed the Charta der Vielfalt in 2023, a German charter promoting workplace diversity.

CASE STUDY

FLENDER GERMANY: INCLUSION BEYOND WORK – HOW FLENDER SUPPORTED A PERSONAL MILESTONE

Flender's commitment to inclusion extends beyond daily work, as illustrated by the experience of N. Muthukumaran, an engineering trainee from India. Shortly after arriving at the Mussum site, he mentioned to his colleague Mario Hölker that he had never learned to swim and wished to achieve this goal while in Germany. Mario Hölker arranged a week of daily swimming lessons at the public pool in Hammin-keln-Dingden, supported by two experienced trainers, and coordinated all logistics. By the end of the week, N. Muthukumaran swam his first independent laps – fulfilling what he described as a lifelong dream.

He reflected: "Late in life, learning to swim became a dream. Thanks to Flender Mussum, it has come true. My colleagues encouraged and supported me, helping me overcome barriers and build self-confidence I never imagined."

The experience shows how inclusion at Flender is lived through everyday actions that promote personal growth, intercultural support and a sense of belonging.



The company also sponsors annual events that are open to employees and, in some cases, external participants. Events in 2025 included:

- **Diversity Day 2025:** Employees participated in a company-wide raffle over four weeks, answering the question "What does WE ARE FLENDER mean to you?."
- **Privilege Walk:** An interactive exercise designed to raise awareness of systemic inequality and encourage reflection on individual privileges and disadvantages.
- **International Women's Day:** Flender marked the occasion with a dedicated video, recognizing women's contributions and reaffirming its commitment to gender equality.

PROMOTION OF DIVERSITY

ESRS S1-4, MDR-A, S1-5, MDR-T, S1-6, S1-9

Gender equality

At present, 15% of Flender employees worldwide are women, with around 12% in manager positions. As part of the CSR strategy, the company has the goal of reaching 33% women in manager positions by 2030 and will be planning suitable measures to achieve this.

CASE STUDY

PARTICIPATING IN THE TARGET GENDER EQUALITY ACCELERATOR

Flender participates in the **UN Global Compact's Target Gender Equality Accelerator**, an international, no-cost program designed to help companies set and advance ambitious gender-equality objectives. The program supports participating organizations through a structured approach that begins with an internal assessment of existing gender-equality measures. This inventory

enables companies to identify strengths, gaps, and priority areas in their current policies and practices.

Participants also engage in a blended learning experience that includes e-learning modules, global expert Q&A sessions, and local workshops that facilitate exchange with other companies. Based on the insights gathered throughout the

program, each participating company develops a targeted action plan that outlines measurable objectives and concrete measures for improving gender equality. The two participating Flender colleagues started with the gap-analysis and will be creating the action plan next year, ensuring both internal capacity building and the integration of international best practices into the company's I&B ambitions.

One measure is the "Women@Flender" network, established over a decade ago, which promotes equal opportunities and unbiased support for female employees. The network facilitates discussions on personal development, leadership, new work and work-life balance through regular international meetings and is actively endorsed by the management. In recent years, the network has expanded internationally, including a local network in Serbia alongside the German network. At other locations, women can connect through the International Women's Network working group, which organizes annual events such as International Women's Day activities, sponsor meetings and health workshops.



Age diversity

Flender promotes age diversity across all regions. In 2025, 51% of new hires were under the age of 30, reflecting the company's continued ability to attract younger talent. At the same time, long-tenured employees contribute deep expertise, mentorship, and leadership, supporting knowledge transfer and workforce continuity. Younger employees add new perspectives, digital skills, and adaptability, fostering innovation and continuous improvement. The collaboration of mixed-age teams has been a key factor in the long-standing success and strong reputation of Flender products, driven by the commitment and qualifications of employees across generations.



Marlene Schulz
I&B RESPONSIBLE

Employees with disabilities

Flender is committed to enabling equal participation for employees with disabilities. Beyond statutory requirements, Flender provides tailored, case-specific support, such as workplace adaptations, task modifications or assistive tools, to enable employees to perform their roles effectively and with dignity. Where feasible, Flender also promotes barrier-free access across physical, digital and communication environments. Measures include subtitled internal training videos and sign-language interpretation at works assemblies, ensuring equal access to information and meaningful participation.

“An inclusive culture drives innovation and lasting success. I am proud that we are actively working to ensure a diverse workforce in which all employees feel like a Flenderan.”

DIVERSITY METRICS

ESRS S1-9 | GRI 405-1

Employees by region

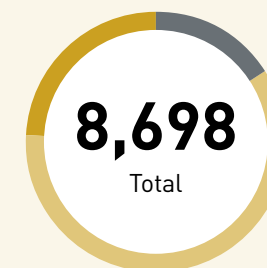
ESRS S1-6 | GRI 2-7



AMCAS	APAC	EMEA
236	3,039	5,423
3%	35%	62%

Employees by age

ESRS S1-9



<30	30-49	>50
1,414	5,212	2,072
16%	60%	24%
(2014 14%)	(2014 59%)	(2014 24%)

Governance body members by age and gender:

ESRS S1-9 | GRI 405-1



Male	Female
27	2



<30	30-49	>50
0	9	20

PEOPLE DEVELOPMENT

ESRS S1-1, MDR-P, S1-4, MDR-A, S1-13

GRI 404-1, 404-3, 403-6

Motivated, satisfied and high-performing employees are a key success factor for Flender. In a dynamic environment with rising expectations for both the company and its workforce, it is the company's responsibility to provide extensive training and development that strengthens personal and professional skills.

Flender's people development approach supports the strategic growth of its employees. The company's vision is to be the Employer of Choice where people can develop and demonstrate their full potential. Flender contributes to this through a broad range of training programs, offered at the Flender Academy on site and online via on-demand formats. In addition to mandatory training courses on occupational safety and compliance, as well as providing regular performance and career development reviews, a wide selection of specialist, job-specific and personal development courses are offered, including CSR topics and measures to support mental health and personal well-being. Next to stand-alone, evergreen programs like the project management program tailored for all new project managers and team members, the training catalogue is constantly expanded and regularly updated to meet business requirements.

CASE STUDIES

GLOBAL LEARNING WEEK

Flender's first "Global Learning Week" was held from March 10th to 14th, 2025. The event was a resounding success, embodying the motto "Flenderans learn from Flenderans" and fostering a culture of knowledge sharing and lifelong learning across the company's global community. Highlights include:

- | | |
|---|--|
| 1. Participants:
>1,550 "Flenderans" joined from around the world | 3. Courses Offered:
>165 diverse and enriching sessions |
| 2. Enrollments:
> 6,400 enrollments in various courses | 4. Learning Hours:
An impressive total of almost 6,300 hours dedicated to learning |

Feedback highlighted practical relevance, topic diversity and the inspiring exchange of expertise: "I particularly appreciated the courses for their exceptional quality, which by far exceeded my expectations. They were concise, clear and to the point, focusing on current and relevant topics that are extremely important for increasing daily work efficiency." (Participant)

"The expert knowledge sharing was fantastic."

"The variety of topics covered was impressive!"

TRAINING CENTER CHINA

In September 2025, Flender celebrated the opening of its new Training Center in China, marking an important milestone in its long-term talent development strategy. The center strengthens Flender China's transition into a learning-oriented organization and to support people development and knowledge transfer. Launched in early 2024, the project involved careful planning of training concepts, learning environments, and classroom layouts, resulting in multiple dedicated training rooms for up to 40 participants each. The facility features modern tools, including VR-based safety training, enabling employees to experience realistic workplace scenarios and strengthen safety awareness. During the opening ceremony, senior leaders highlighted the center's role in promoting a culture of respect, continuous learning, and shared excellence. The strong engagement and positive atmosphere on the day of the inauguration reflected the importance of this investment for Flender's future workforce capabilities and fostering an environment where employees can develop the skills needed for long-term organizational success.



A learning management system (LMS) has been installed, which lists all training courses and records training needs. The LMS is also used at the local sites to conduct their own training content and courses. This is implemented with the aim of raising awareness of various topics, training and developing employees, and adapting the training and cultural needs of the various locations. All employees have the opportunity to submit training requests and receive support in selecting and planning in-house training courses.

Training and skills development metrics

ESRS S1-13

Further training measures in h/employee



311

apprentices and trainees were employed across technical, commercial, and administrative functions in the reporting year.



Young professionals and talent management

Flender maintains a long-standing commitment to providing comprehensive professional education for early-career employees. Across apprenticeship and dual study programs, participants receive individualized support aimed at ensuring equal opportunities, including targeted assistance for those facing disadvantages. The development of young talent is regarded as a priority, as these employees contribute new perspectives to the organization.

In the reporting year, 311 apprentices and trainees were employed across technical, commercial, and administrative functions. To safeguard the protection and well-being of minors, all trainers complete annual training focused on the specific needs and rights of underage participants. In addition, minors are informed about their rights and available protections, enabling them to pursue their professional development within the company with confidence.

CASE STUDY

FLENDER GERMANY: NEW TRAINING FACILITY IN VOERDE

The opening of a new facility in Voerde highlights Flender's engagement in young talents. Practice-oriented, modern and highly integrated in organizational processes, the new apprenticeships value young talents and strengthen their retention while it also got attention from the employer's association: The association honored Flender with a "AusgezeichnetAusbilden!" certificate. Flender Voerde was recognized as an exemplary training company by the Unternehmerverband, a major employer association, for its outstanding vocational training commitment. The award acknowledges Flender's new training workshop, modern equipment, and strong practical, team-oriented approach to developing skilled talent, including the new program for "Fachkraft für Metalltechnik."





Thorsten Fahrland
HEAD OF PROFESSIONAL EDUCATION

“Professional education is a high priority at Flender. We train the skilled workers of tomorrow and thus cushion the impact of demographic change.”

Apart from this group, Flender aims to support talents in the best possible way on their journey at Flender. Enhanced strategic development includes better performance management, the continuous improvement of talents and manager programs, and mentoring mechanisms. From this, two initiatives implemented in 2025 are:

- **Global Mentoring Program:**
This program promotes the exchange between experienced managers and Flender's talents. Both nationally and internationally, mentors provide support and report on their own experiences.
- **Program “Lead EMEA,”** aimed at new managers or employees with management functions within the next six months in the EMEA region. This mandatory training equips the participants with leadership basics and knowledge of change and culture, and future trends and how to deal with these.

Moreover, there are two established industrial-focused programs to prepare talented employees for a possible management or specialist career:

- **“Go for Productivity”** program, aimed at industrial employees with a possible management perspective. This includes leadership and self-management seminars for twelve participants every year.



- **Industrial Development Program (IDP),** a 2.5-year program aimed at Flender specialists and junior managers from production in which one works productively in up to five areas with the aim of broadening the horizons and network, understanding Flender better and contributing this experience to future roles.

12

employees can participate in the “Go for productivity” program every year.

WORKERS IN THE VALUE CHAIN S2



Flender acknowledges its responsibility towards workers in the value chain and is committed to upholding high social standards across all tiers of its supply chain.

Flender seeks to understand and address material impacts, risks and opportunities related to value chain workers, as identified through the double materiality assessment.

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS S2.SBM-3, S2.IRO-1 | GRI 407-1

Topic	Sub-topic according to ESRS	Description of impact, risk or opportunity (IRO)	IRO category
 Workers in the value chain	Working conditions	Working conditions in the value chain (upstream)	Potentially negative impact
		Health and safety in the value chain (upstream)	Potentially negative impact
		Human rights violations in the value chain (upstream)	Potentially negative impact
		Ethical recruitment practices (upstream)	Potentially negative impact

Flender operates within an intensive and complex value chain, engaging with a diverse network of suppliers, partners and stakeholders across the globe. In the assessment of sustainability-related impacts, risks and opportunities, all workers

across the value chain were included, represented by topic experts and proxies. This coverage incorporates all employees and contractors of suppliers, service providers, and other business partners. By applying this comprehensive scope, Flender aims to

identify material social risks and safeguard due diligence processes across all relevant tiers of its supply chain.

In the context of the Human Rights and Environmental Due Diligence Process (HREDD), risks are equated with potential negative impacts as defined by the ESRS. The risks described below are abstract risks. The HREDD process did not reveal any concrete risks of negative impacts on employees in the value chain.

Several countries were identified, based on a general compliance risk approach, as having a significant compliance risk including child, forced or compulsory labor. The geographic breadth requires a structured and risk-based due diligence process, as regulatory environments, labor conditions, and human-rights challenges vary significantly across these countries. Moreover, several raw material- and commodity-related risk areas within the supply chain were identified, including copper and copper-based products (raw copper, semi-finished products), cables and electrical distribution equipment, plastic resins, magnets and other electronic components, as well as for

steel products (bearings, forgings, castings) and coatings. In the reporting year, a total of 7,625 suppliers (2024: 6,570) were screened and evaluated: 566 of them (7%) were identified as general commodity risks and 689 suppliers (9%) were identified as having country-specific risks. Of the total, 738 suppliers are direct material suppliers and are therefore specifically managed and monitored through risk analysis.

These comprehensive assessments of country- and commodity-specific risks – such as child labor, forced labor, environmental impacts, occupational health and safety, and compliance with the Flender Supplier Code of Conduct – form the basis of Flender's corporate social responsibility approach. This assessment helps to prioritize due-diligence actions, further concrete risk assessments and strengthen monitoring mechanisms where workers may be exposed to heightened labor, health, or human-rights risks.

Policies related to value chain workers

ESRS S2-1, S2.SBM-3, MDR-P

Flender maintains a comprehensive set of policies that promote responsible sourcing and protect human and labor rights across its global value chain. Flender's Supplier Code of Conduct defines the social, ethical and environmental expectations all business partners must meet, while dedicated policies address responsible mineral sourcing and due diligence requirements in high-risk supply chains. Complementary frameworks for supplier quality management support consistent evaluation, approval and continuous development of suppliers in line with Flender's sustainability and compliance expectations.

Human rights commitments are embedded across the organization through overarching policies and statements aligned with internationally standards and regulations such as the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, including zero tolerance for forced labor and human trafficking. Flender's commitment to respecting human rights is for example anchored in its Business Conduct Guidelines (BCG), which all employees must sign and comply with.

Collectively, these policies ensure a consistent standard of ethical conduct, strengthen transparency, and reinforce Flender's commitment to responsible and sustainable supply chain practices. They outline clear expectations for workplace safety, fair wages and equal treatment, ensuring that all workers in the value chain are treated with dignity and respect.

Processes for engaging with value chain workers about impacts

ESRS S2-2

Flender engages with workers in the value chain indirectly through structured, risk-based due diligence processes. These include external sustainability audits, Code of Conduct questionnaires conducted during VDA 6.3 process audits, and Corporate Responsibility Self-Assessments (details can be found in the chapter [↗ “Management of relationships with suppliers”](#)). Additionally, their perspective is included in strategic analyses using internal proxies, for instance during the double materiality analysis.

Any deviations identified through these procedures result in preventative and remediation measures. Operational responsibility for these engagement activities lies with the CPO function.

Processes to remediate negative impacts and channels for value chain workers to raise concerns ESRS S2-3

ESRS S2-3 | GRI 2-25

Digital tools and reporting mechanisms enable continuous monitoring of workplace safety, and grievance mechanisms provide

employees at all levels with a platform (“Tell Us”) to voice concerns or report violations confidentially including policies in place to protect individuals from retaliation (for more details regarding the “Tell Us” platform, see the corresponding section in the chapter [↗ “Governance”](#)).



Targets and actions related to value chain workers

ESRS S2-4, MDR-A, S2-5, MDR-T

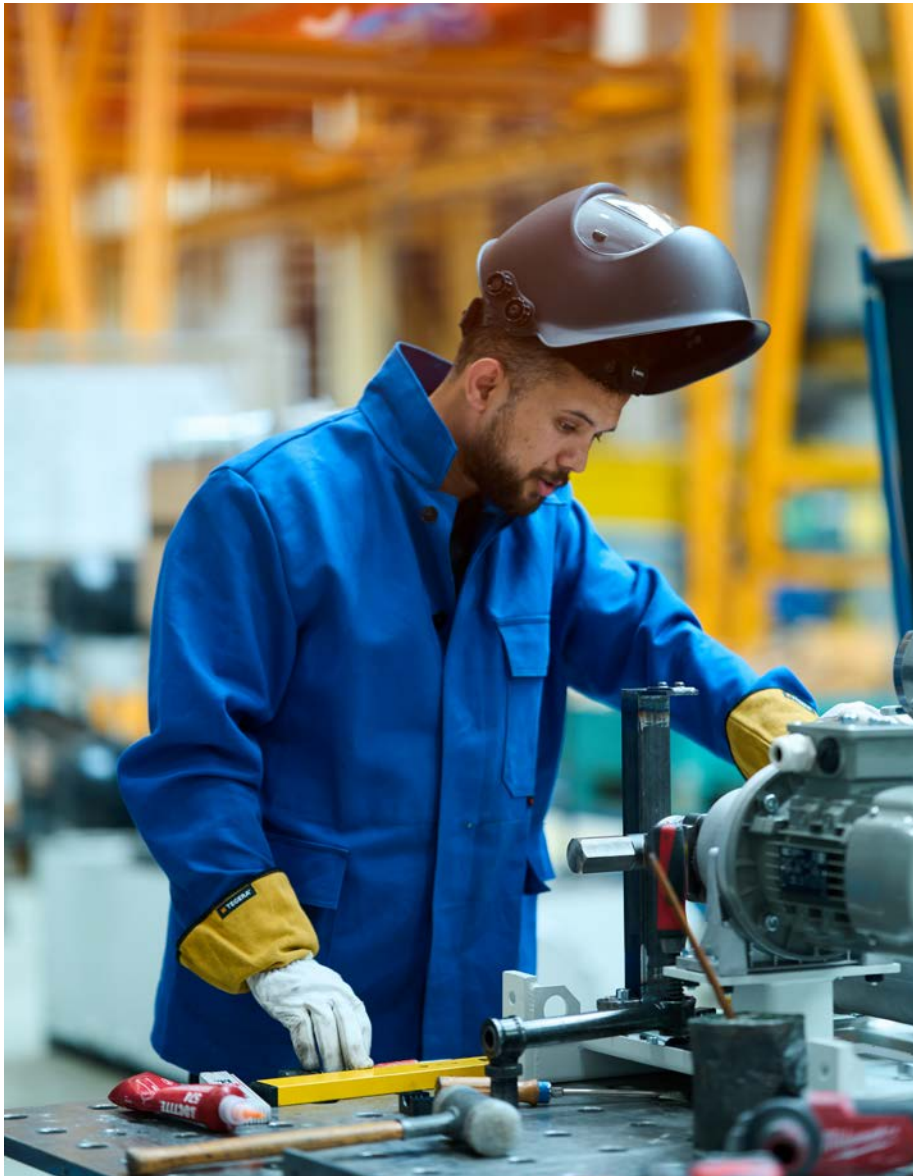
Targets and actions were defined to increase accountability in the supply chain. In the target-setting process, the Procurement department acts as a proxy representing the interests of the workers in the value chain (upstream). As the topic of workers in the

value chain downstream was not assessed as material, no targets were developed for this area.

To manage the topics, targets for short-, mid- and long-term development were identified:

Sub-topic	Targets	Status 2025	Actions
Working conditions for workers in the value chain	Key suppliers ¹ have signed the Code of Conduct: 100% by 2027	99%	Revise and approve the Supplier Code of Conduct by mid-2025
			Identify relevant key suppliers and distributors by end of 2025
			Ensure signing by key suppliers by 2027
	CSR conformance rate: 50% by 2027 and 100% by 2030	37%	Reassess Corporate Responsibility Self-Assessment (CRSA) of risk suppliers and improve response rates in CSR Due Diligences by 2025
			Launch supplier engagement campaign for conducting an EcoVadis rating by 2027
			Revise VDA 6.3 Audit and continue External Sustainability Assessments (ESA)
			Develop CSR Conformance Rate Cockpit to improve transparency of non-conformant suppliers
	Provide human rights training to high-risk suppliers by 2026, and extend such training to relevant medium- and low-risk suppliers by 2030	Rollout will start in 2026.	Set up human rights training for suppliers' employees by end of 2025
			Identify relevant suppliers based on risk assessment by end of 2025
			Implement and offer training to high-risk suppliers by end of 2026
	Develop transparency of certified health and safety program of suppliers by 2027	First evaluation of certified health and safety programs of suppliers will start in FY 2026.	Define acceptable health and safety standards and certifications by end of 2025
			Request certification status of suppliers by end of 2027

¹ Suppliers of indirect material and services with an expected annual purchasing volume above EUR 5,000 and all suppliers of direct material.



Working conditions

To safeguard fair working conditions in its value chain, Flender ensures that its suppliers and business partners adhere to its Code of Conduct for Suppliers and Third-Party Intermediaries. These guidelines outline clear expectations for workplace safety, fair wages and equal treatment, ensuring that all workers in the value chain are treated with dignity and respect.

RISK ASSESSMENT AND AUDITS

ESRS S2-3, S2-4

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

Occupational health and safety also play a central role in Flender's ambition regarding workers in the value chain. The company works closely with suppliers to enforce rigorous safety standards, ensuring that workers in the value chain operate in environments that minimize risk and protect their well-being.

Additionally, a supply chain risk management tool enables Flender to obtain timely and comprehensive insights into its multi-tier supplier network. By integrating both internal and continuously updated external data into a dynamic risk-scoring system, suppliers are monitored, and daily information on CSR-related risks can be retrieved. This transparency allows potential issues to be identified early and proactive measures to be taken to mitigate disruptions or social and environmental risks across the value chain.

SUPPLY CHAIN DUE DILIGENCE ACT

Flender has been within the scope of the Supply Chain Due Diligence Act (LkSG) since January 1, 2025, and has continuously implemented the required due diligence obligations as an integral part of its corporate governance structure as well as in the relationships with its business partners. In the reporting year, Flender is meeting the law's requirements and continues to further develop and improve its due diligence processes.

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

To further promote the protection of human rights within the Flender Group and to develop processes that exceed legal requirements, Flender implemented a specific training during the reporting year (see Case Study).

This case illustrates how targeted training enhances internal capabilities, increases risk awareness, and reinforces Flender's commitment to responsible value creation in line with established ESG and human rights frameworks.

CASE STUDY

EMPOWERING EMPLOYEES THROUGH HUMAN RIGHTS AWARENESS TRAINING

The Flender Group implemented a structured Human Rights Training Program to strengthen employee awareness of human rights risks across the value chain. The program supports Flender's human rights due diligence under the LkSG and CSRD and aligns with international standards, including the UN Guiding Principles on Business and Human Rights. Delivered as an online training to ensure global accessibility, the program equips employees with practical knowledge to identify, assess and address human rights risks in their daily work. The training is targeted at employees in Sales, Procurement and Human Resources whose roles directly influence human rights due diligence. It comprises five modules from which module 4 and 5 will be rolled out during 2026.



1. General due diligence obligations, introducing legal and regulatory expectations for responsible business conduct.



4. Hazardous workplaces, addressing health and safety risks and related mitigation responsibilities.



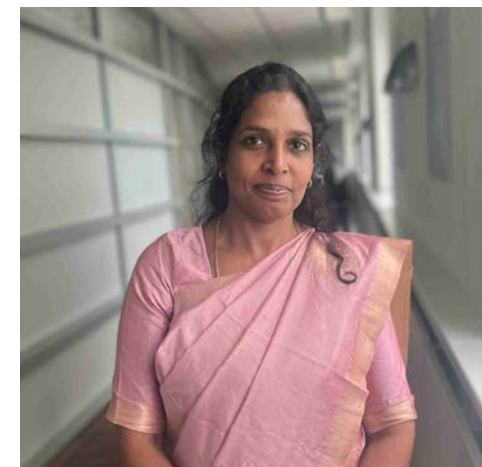
2. Child labor, including key indicators and prevention mechanisms.



5. Implementation of human rights due diligence within the Flender Group, presenting internal processes, reporting pathways, and response protocols.



3. Wage dumping, focusing on identifying unfair or exploitative remuneration practices.



Himabindu Sadras
COMPLIANCE OFFICER INDIA

"We at Flender India reaffirm our unwavering commitment to human rights, practicing fairness, ethical conduct, and respect for every individual in our daily operations, and upholding dignity, equality, inclusiveness, and integrity throughout our workplace and beyond, including our entire supply chain."

GOVERNANCE



GOVERNANCE G1¹

WE MOVE THE WORLD BY:

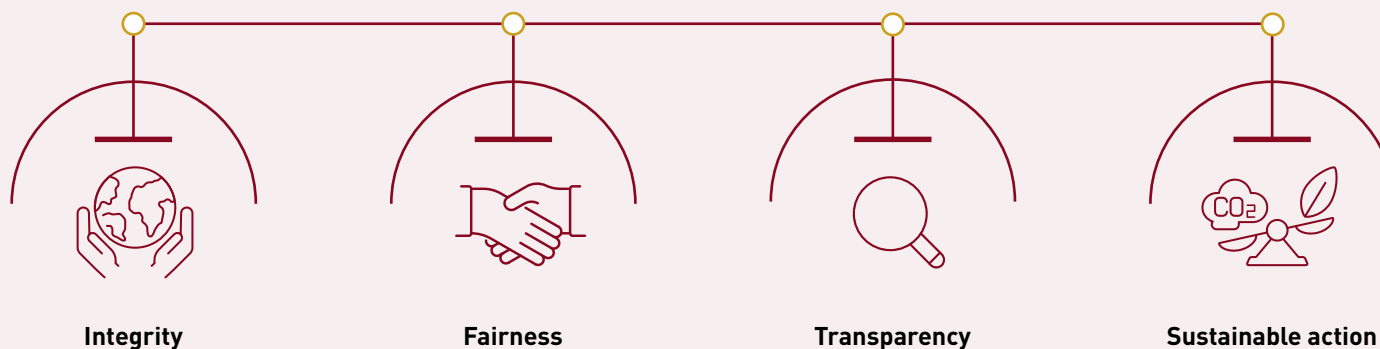
- Fostering a value-based compliance management system
- Promoting awareness of anti-corruption, anti-bribery and anti-competitive behavior
- Optimizing and promoting Flender's incident reporting tool "Tell Us"
- Minimizing risks by implementing compliance measures on a risk-based approach
- Increasing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

Responsible corporate management is essential to sustainable success and to achieving the company's goals. For Flender, this means integrity, fairness, transparency and sustainability: acting correctly and responsibly in the interests of the company, its employees, customers and business partners, while acknowledging the social responsibility towards people and the

planet. This includes legal compliance and the prevention of risks within the company. To ensure this, Flender continuously develops its governance structures and strengthens its compliance mechanisms using a value-based approach. The guiding principle is zero tolerance for violations, and when they occur, Flender takes immediate and appropriate action.

At Flender, responsible conduct and value-driven governance go beyond legal compliance. The company strives to do the right thing even beyond formal requirements. Values and beliefs are deeply rooted in Flender's organizational and corporate culture.

OUR BASIC VALUES



¹ The ESRS G1 standard, which addresses business conduct, originally featured a structural layout that differed from the other ESRS standards. This inconsistency posed challenges for maintaining coherence and comparability across the sustainability report. Recognizing this, EFRAG addressed the issue in its draft revisions published on November 30, 2025, aligning G1 with the common structure applied throughout the ESRS framework.



Andreas Evertz
FLENDER GROUP CEO

“Integrity, respect, and responsibility are the cornerstones of our daily activities. They determine how we interact with each other, how we make decisions, and how we are perceived by others. Each of us represents Flender – regardless of position or role. Our conduct shapes the trust that our customers, partners, and society place in us.”

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS G1.SBM-3

In Flender’s double materiality assessment corporate culture including compliance, supplier relationship management, and corruption and bribery were identified as key

focus areas requiring targeted attention to strengthen and advance the governance and compliance framework.

Topic	Sub-topic according to ESRS	Description of impact, risk or opportunity (IRO)	IRO category
 Business conduct	Corporate culture	Communicating and promoting sustainable industrial progress	Potentially positive impact
	Management of relationships with suppliers	Supply chain transparency (upstream)	Actual positive impact
		Value chain transparency (downstream)	Opportunity
		Proactive, responsible supplier management	Potentially positive impact
		Value chain transparency (own operations)	Actual positive impact
		Logistics & Transportation Risk (Supply Chain)	Risk
	Corruption and bribery	Strong anti-corruption and anti-bribery mechanisms to ensure fair business practices	Actual positive impact
		Cases of corruption and bribery	Actual negative impact
	Company-specific topics¹	Carbon Border Adjustment Mechanism (CBAM)	Risk
		Cases of non-compliance with environmental regulation	Potentially negative impact
		Strong ethics, corporate governance and compliance management (own operations)	Actual positive impact
		Strong ethics, corporate governance and compliance management (downstream)	Actual positive impact
		Strong ethics, corporate governance and compliance management (upstream)	Actual positive impact
		Cases of non-compliance with social regulation (upstream)	Potentially negative impact
		Cases of non-compliance with social regulation (own operations)	Potentially negative impact
		Strong anti-competitive practices	Actual positive impact

¹ Most topics raised here relate to compliance management; see respective chapter.



Policies related to business conduct

ESRS G1-1, MDR-P, G1-3 | GRI 2-23

Flender maintains a Group-wide governance framework that defines principles for ethical conduct, compliance, risk management, supplier standards, cybersecurity, and innovation. These policies establish clear expectations for responsible behavior, transparent decision-making and effective oversight across all business activities and entities.

Core conduct and compliance policies set standards for integrity, lawful behavior and respect for human rights, supported by procedures that enable reporting of concerns and protect whistleblowers. Additional policies regulate cybersecurity practices, enterprise risk management and supplier quality, ensuring consistent controls and accountability throughout the organization and its value chain.

The governance framework also includes guidelines for corporate social responsibility, product and solution security, and innovation management, enabling structured processes for strategic development and operational implementation. Policies are made accessible to employees through internal platforms, with key conduct standards publicly available. Together, these instruments promote a culture of compliance, fairness and accountability and support timely identification and remediation of misconduct through established reporting channels.

Targets and actions related to business conduct

ESRS G1-2, G1-3, MDR-T

Based on the material topics and associated impacts, risks and opportunities, Flender has reaffirmed its targets and actions as seen in the table below. This comprehensive set of objectives and actions underscores

Flender's firm commitment to responsible corporate management and serves as a clear roadmap for advancing sustainability and governance at the company. Targets and actions with respect to the management

of suppliers are covered by corresponding measures in the chapter [↗ “Workers in the Value Chain \(ESRS S2\)”](#) for social aspects and in the chapter [↗ “Climate Change \(ESRS E1\)”](#) for environmental issues.

Sub-topic	Targets	Status 2025	Actions
Corporate culture	Define communication strategy to promote sustainable industrial progress by 2027	Engaged with industry groups and relevant trainings to align on trends and gather best practices for the upcoming communication strategy	Development of project governance by end of 2025 and communication strategy with focus topics and corresponding measures by end of 2026
Corruption and bribery	Conduct annual audits and optimizations of Flender's whistleblower system to ensure full accessibility, functionality, anonymity and compliance with legal requirements	Will start in 2026	Devise systematic review and adaptation cycle of the “Tell Us” tool with focus on accessibility, functionality, anonymity and compliance with legal requirements
	Provide compliance training ¹ on anti-competitive practices for selected internal target groups, achieving a 70% completion rate by 2026 and a 90% completion rate by 2028	Training on anti-competitive practices has been provided during regular on-site trainings in 2024. Compliance training especially designed for selected target groups will start in 2026.	Define target group connected to external partners and implement on-site training as part of the 3-hour training by end of 2026 accompanied by intranet articles
	Provide compliance training ¹ on anti-corruption and anti-bribery for selected internal target groups, with a 70% completion rate by 2026 and a 90% completion rate by 2028	Training on anti-corruption and anti-bribery has been provided during regular on-site trainings in 2024. Compliance training on anti-corruption and anti-bribery, especially designed for selected target groups, will start in 2026.	Define target group connected to external partners and implement on-site training as part of the 3-hour training by end of 2026 accompanied by intranet articles
Company-specific topics²	Conduct regular compliance surveys starting in 2025	The first Compliance Survey was conducted in summer 2023. The second survey was initiated in 2025 and will be rolled out in 2026.	Establish a systematic biannual global employee survey cycle from 2025 onwards
	Perform internal compliance audits at 80% of all key Flender sites ³ by 2026, achieving full coverage (100%) by 2028	Audits have started with entities located in high-risk countries. Audits will continue in 2026.	- Integrate compliance audits into other audits - Identify weaknesses through compliance questionnaires and consultations with country managers and provide targeted training - Establish a three-year audit cycle for all key locations from 2028 onwards
	Implement compliance communication initiatives at all key Flender sites by 2027	Communication initiatives implemented (internal communication via articles, poster campaign) as well as info and compliance sessions during visits by Chief Compliance Officer and Head of Compliance outside of the headquarters	Plan and execute multimodal compliance communication initiatives
	Provide on-site compliance training focused on Flender's value-based compliance approach at all key Flender sites by 2027, following a three-year cycle	Compliance training has started with entities in high-risk and middle-risk countries. In the next FYs, compliance trainings in mid- and low-risk countries will continue.	Initiate and start implementing value-based compliance training program recurring in 3-year-cycle
	Ensure that 90% of selected internal target groups ⁴ complete web-based human rights training by 2026	Training was rolled out in 2025 to internal target groups and this will continue in 2026.	Implement one-time human rights training for relevant target groups by end of 2026, accompanied by awareness enhancing measures

¹ Compliance training is provided primarily to white-collar Flender employees. The only exception applies to certain business partners, such as distributors in China since China is considered a high-risk country according to the TI/CPI, these distributors are therefore trained once a year on compliance matters.

² Most topics raised here relate to compliance management; see respective chapter.

³ Key Flender sites are those locations that include both production and assembly lines, in addition to having a procurement and/or sales department.

⁴ All Flender employees who are active in the areas of Procurement, Sales, Legal & Compliance, Quality Management, or Human Resources are considered part of the target group.

FLENDER'S COMPLIANCE MANAGEMENT SYSTEM

ESRS G1-1, MDR-P, G1-2, G1-3

GRI 2-15, 2-23, 2-24, 2-25, 2-27, 205-1, 205-3

UNGC Principle 1, 2, 4, 5, 6



As a global company, Flender places high demands on a responsible and effective compliance management system (CMS). The goals are to identify risks at an early stage, prevent violations of legal and internal company rules, and derive measures and protect the company and every employee. However, it is imperative and central to Flender's ethos to ensure that "Flenderans" continuously strengthen and uphold their value-based inner compass, ensuring they are guided not solely by rules, but notably by Flender's unique values, endeavoring always to act with integrity and for the right reasons. When implementing the CMS, the company is guided by international standards and uses the EQS Compliance Case Management Tool, one of the leading systems to support compliance management processes which is designed to cover the entire cycle of a compliance case.

The compliance system is based on four pillars:

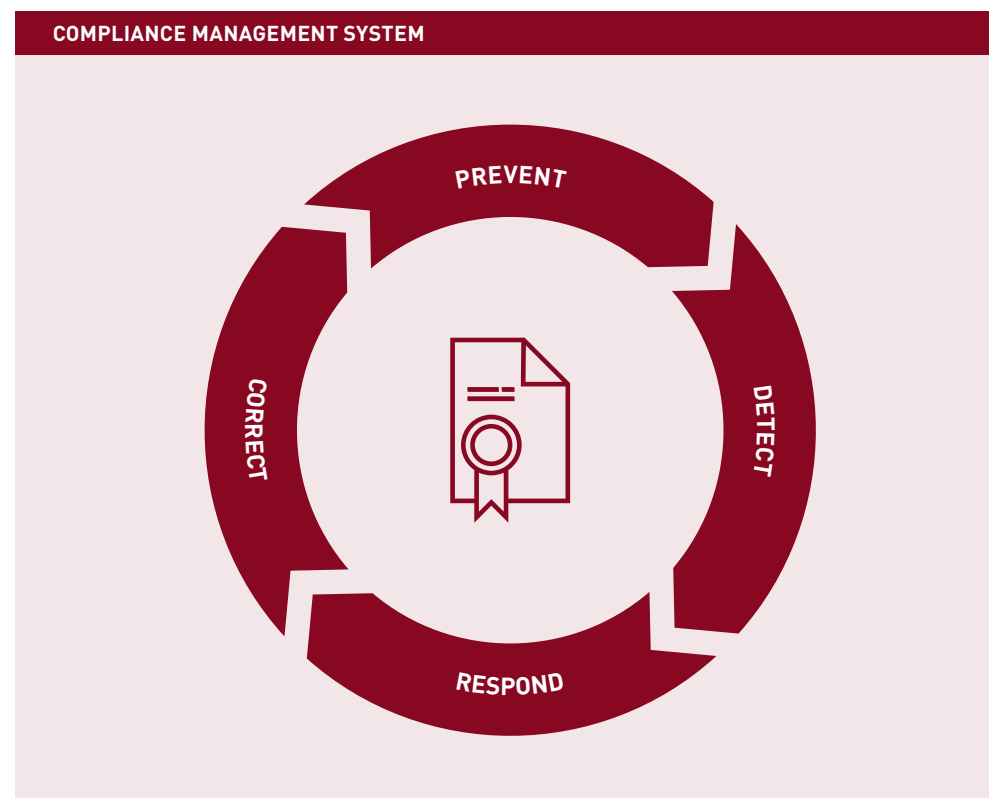
- Effective compliance work requires full clarification: "Tell Us" guarantees a uniform reporting channel and a comprehensive and fair investigation.

- Consequences and reactions: Misconduct is punished immediately, and measures are taken directly to eliminate deficiencies.
- Constant improvement: Together with all business areas, the company continuously reviews, corrects, and improves its processes.
- Effective preventive measures: Systematic misconduct is avoided through measures such as risk management, policies and procedures, training and communication.

The compliance management system is also structured into four levels of action – **Prevent, Detect, Respond and Correct** – to address allegations or incidents of corruption or bribery.

Prevention: Preventive measures include compliance risk management, the provision of policies and procedures, and employee counseling and training. An integral part of the preventive measures are regular "Compliance Risk Assessments (CRA)" that are carried out for all Flender entities worldwide in order to identify and evaluate potential compliance risks.

Detection: Regular audits and checks as well as professional and fair investigations are essential for the detection and thorough investigation of misconduct. To become



aware of any misconduct, Flender has several reporting channels available to internal and external reporters. Compliance violations can therefore be reported in person, by phone or email, and via the incident reporting tool "Tell Us" – around the clock, in various languages, and anonymously if preferred.

Respond and correct: To respond appropriately to proven compliance violations, any misconduct is consistently punished. In this regard, Flender pursues a zero-tolerance approach. Finally, correcting weaknesses ensures continuous improvement and adaptation of the compliance management system leads to the prevention of further compliance violations.

Compliance responsibilities

ESRS G1 GOV-1, GRI 2-12

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

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

The managing directors of the respective entities are responsible for carrying out the CRA and ensuring the appropriate implementation of defined mitigation measures with the support of Compliance.

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

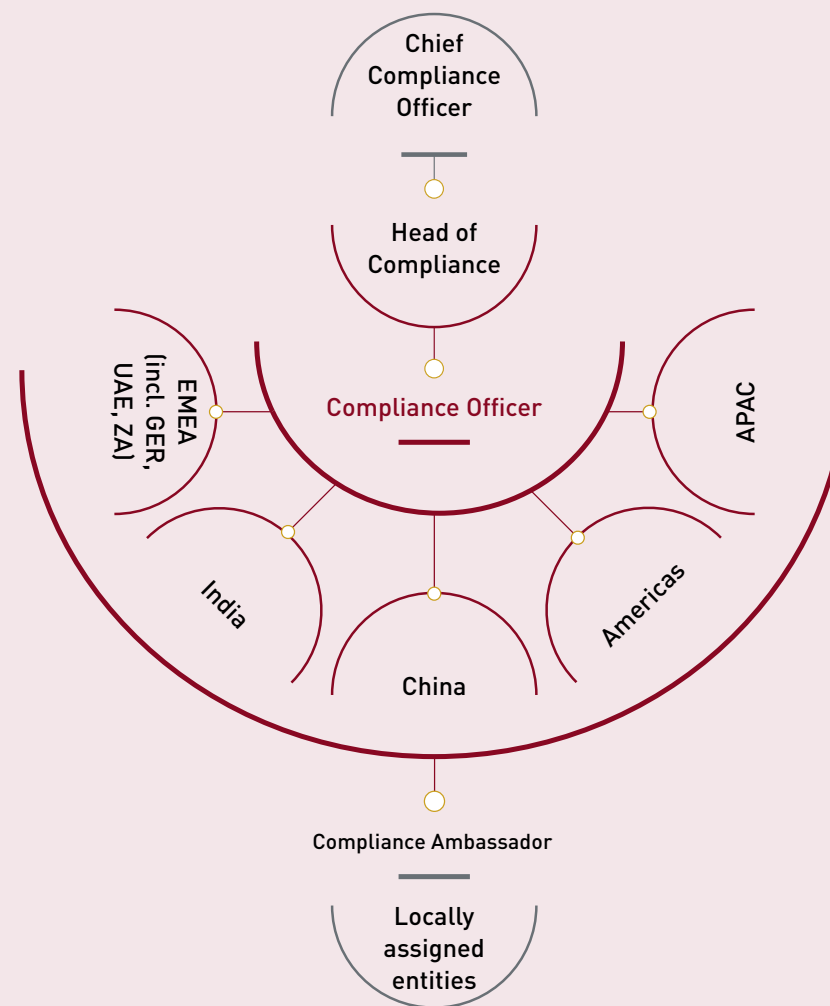
- (a) support for local management and executives
- (b) preventive awareness-raising and training of employees on the topic of compliance, emphasizing how important this is in the context of CSR.

Corruption and bribery

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

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

COMPLIANCE ORGANIZATION





The fight against corruption is seen as a focus area for Flender as Flender conducts business and is represented in countries where a higher risk of corruption is identified by the Transparency Corruption Perceptions Index (TCPI). The following aspects, among others, were taken into account: the Transparency International ranking of each of Flender's country markets, the susceptibility to corruption of the respective business entities, and the number of known cases of corruption in the past. Regarding departments with a risk potential, the sales department and the procurement department are seen as key functions that are considered most prone to corruption and bribery.

A crucial aspect in the effort to tackle corruption is the avoidance of actual and potential conflicts of interest. The topic is extensively covered in the Flender Compliance

Handbook. It details the different types of potential conflicts, requirements to disclose these, and the need to involve the compliance organization as soon as possible and initiate mitigating measures. Conflicts of interest are also the subject of various compliance training courses for employees. With regards to engagement with outside parties, Flender has defined designated rules for business partners.

Flender's "Tell Us" compliance reporting system

ESRS G1-1, MDR-P | GRI 2-16, 2-26

With the ["Tell Us"](#) incident reporting system, employees and all other stakeholder groups are provided with a special communication channel to anonymously report complaints, for example about human rights violations or corruption. Individuals may also use "Tell Us" to report concerns relat-

ing to conflict minerals, working conditions, and other relevant issues. These reports are forwarded directly to Flender's compliance organization and processed as set out in the whistleblowing policy. With "Tell Us," the company promotes transparency, openness and trust among employees, business partners and other stakeholders. Reports can be submitted via "Tell Us" in ten different languages.

The company upholds strong protections for individuals who report concerns in good faith, allowing anonymous submissions through the Flender reporting channel "Tell Us" while recommending contact details to support effective follow-up. Whistleblower identities are safeguarded to the greatest extent possible, and retaliation is strictly prohibited. Any employee who believes they have faced retaliatory conduct is encouraged to report it through the

designated channels, where all cases are thoroughly reviewed. Confirmed retaliation results in firm disciplinary action, reflecting the organization's commitment to maintaining a safe and trustworthy reporting environment.

The "Tell Us" tool is available to all employees through Flender's website, and annual audits ensure that accessibility and reliability standards are maintained. The system is technically operated by the independent provider EQS Group AG and hosted on secured servers in Germany. Annual audits confirm compliance with accessibility requirements.

Compliance case handling

ESRS G1-1, G1-3

The Compliance Organization holds overall responsibility for managing identified or reported compliance cases. It determines

whether investigations are required and initiates disciplinary or remediation measures when chargeable violations by Flender employees or other stakeholders are confirmed.

Each compliance case handled by the Compliance Organization is assigned to a case handler for its full lifecycle. The case handler conducts the preliminary review, prepares the investigation brief for the Head of Compliance, clarifies facts with the investigator when needed, and collaborates with an employment lawyer if required to address legal aspects before the case is closed.

The Head of Compliance reports regularly on procedures to the Chief Compliance Officer, who in turn provides direct updates to the management of the Flender Group. In addition, the Compliance Organization reports directly to the CSR Board on the status and progress of the Compliance Management System. Compliance matters are also presented annually to the supervisory board of Flender GmbH, ensuring that oversight bodies receive consistent and comprehensive information on compliance performance.

Employee support and training

ESRS G1-1, G1-3, MDR-A

Flender maintains a structured and comprehensive approach to compliance training to ensure that all employees understand and adhere to the company's Business Conduct Guidelines (BCGs). They give all

employees worldwide orientation and practical recommendations for behavior towards colleagues, business partners, customers, society and the environment. All employees are introduced to the basic content of the BCGs at the start of their employment and are required to reaffirm their commitment to these principles on a regular basis. The

web-based training module "Our BCG – Our Core" serves as the foundational training for all compliance activity fields and is mandatory for every Flender employee. For employees who do not have access to Workday, the Compliance Organization delivers the same content through in-person training sessions.



Building on the BCGs and relevant compliance directives – such as circulars and handbooks – Flender provides targeted training to employees in functions that are considered exposed or vulnerable to corruption and bribery risks. These specialized training measures are risk-based and developed to address the needs of sensitive functions. The specific target groups vary by topic and are defined jointly by the Compliance Organization and the relevant specialist department to ensure that training content reflects operational requirements and underlying risk exposures. Flender constantly evaluates possible compliance issues and implements and communicates new trainings to all employees when needed.

Metrics related to compliance including corruption or bribery

ESRS G1-4 | GRI 2-27, 205-1, 205-3

In the reporting period, there were a total of 18 allegations of non-compliance worldwide, that fell within the responsibility of the Compliance Organization. By the end of the reporting period, all cases were reviewed and 16 cases resolved and closed without criminal proceedings.

Moreover, all business sites (100%) were checked for corruption risks.

CASE STUDIES

CORPORATE AND COMPLIANCE CULTURE TRAINING

As part of the 12-month Flender LEAD program for new and prospective managers, the company delivered a training module focused on strengthening understanding of organizational and compliance culture. The session introduced Edgar Schein's Three Levels of Culture to illustrate how shared values influence daily work, supported by insights from recent culture interviews that highlighted strong identification with the company and a sense of pride in being "Flenderans." Participants also explored similarities and differences across departments and countries through group exercises and discussed the importance of a robust compliance culture for effective governance. The training introduced key theoretical concepts, reviewed findings from the 2023 compliance survey, examined the Flender Business Conduct Guidelines as the foundation of ethical behavior, and concluded with group discussions of practical compliance case studies.



STRENGTHENING COMPLIANCE CULTURE ACROSS FLENDER CHINA

During the reporting period, Flender China conducted a series of in-person compliance training sessions across several branches to reinforce the organization's commitment to responsible business conduct. The trainings covered key compliance topics – including anti-corruption, anti-monopoly, data privacy, and human rights – ensuring that teams in customer service, sales, operations, and key account management understand both regulatory requirements and internal policies. The sessions were well received and supported by positive feedback from participants, who highlighted the relevance of compliance for day-to-day operations and customer service. By offering consistent and branch-level training, the company is strengthening its compliance culture, enhancing internal awareness, and safeguarding the integrity of its business activities in China.



DATA PRIVACY AND DATA PROTECTION IN A DIGITAL WORLD

ESRS G1 MDR-A | GRI 418-1

Data privacy

Data security and the privacy of stakeholders are central to Flender, particularly as digitalization increases. Flender operates a company-wide data protection management system to ensure compliance with applicable legislation. Internal guidelines, including the data protection guideline based on the GDPR, establish a uniform level of protection across the Group. These guidelines ensure that all principles – lawfulness, good-faith processing, purpose limitation, data minimization, storage limitation, confidentiality, integrity, availability, intervenability, transparency and non-chaining – are applied consistently when handling personal data.

A tool-based record of processing activities documents all processing operations and supports adherence to legal and internal requirements. A global network of local data protection managers advises Flender companies in implementing data protection obligations. Oversight lies with the Head of Data Privacy within the Legal & Compliance Department. All data protection incidents are recorded, assessed and archived in an audit-compliant manner through a defined incident process.

Flender maintains a comprehensive awareness and training program to ensure employees understand and correctly apply data protection requirements. Classroom and online training, web-based modules, and video formats are available for various target groups on both mandatory and voluntary bases. Data protection managers additionally provide consulting support to the global workforce.

No complaints of major breaches were received from external parties or supervisory authorities. No major data leaks, thefts or losses of data occurred in the 2025 reporting year.

Information security

Information security is one of the key functions within Flender. To counteract the threat of manipulation of data or the unintentional publication of data which could result from a system failure, even leading to possible financial losses or reputational damage, protective measures are taken on several levels, such as provision of secure business processes, secure IT infrastructure and systems, protection of business-relevant information and mandatory training courses for all employees.



Flender's information security aims to achieve the following strategic goals:

Targets	Status 2025	Actions
90% of employees complete information security training by 2027 and 95% by 2030	A participation rate of 90% was achieved for three training courses held in 2025.	Annual global communication & optimization of the training campaign and content Automated reminders & targeted follow-ups to increase participation rates as well as managerial escalation from 2025
Click rate <7.0% for phishing test by 2027 and <6.5% by 2030	In the phishing simulation carried out, a click rate of 8.17% was achieved.	Annual global communication & training through intranet articles and four online sessions to raise phishing awareness Continuous optimization & targeted support via improved phishing simulations and follow-up training for unsuccessful attempts

As interconnected systems become more complex and threat landscapes evolve, security requirements develop accordingly. Flender therefore applies a holistic approach across digital and analog processes. The increasing connectivity of systems – particularly those interfacing externally – expands the attack surface and requires systematic

risk management. Flender operates an information security management system aligned with ISO 27001. All business-critical systems and applications are analyzed and documented on a risk basis to define appropriate protective measures and ensure the protection goals of confidentiality, integrity and availability.

CASE STUDY

RAISING AWARENESS IN CYBERSECURITY AWARENESS MONTH

During the reporting period, the company supported Cybersecurity Awareness Month with a targeted internal campaign aimed at strengthening employee awareness of digital risks, in line with ESRS governance expectations relating to information security and internal controls. A central component of the initiative was the introduction of the educational video series "The Inside Man," which uses narrative, scenario-based storytelling to illustrate common cyber threats and demonstrates practical mitigation behavior. New episodes were released weekly on the internal learning platform, enabling employees to engage with the content in short, structured intervals that supported better retention and sustained participation throughout the campaign. Complemented by concise guidance articles, this format helped reinforce secure digital practices across the organization and contributed to enhancing the company's overall resilience to cyber threats.



Management of relationships with suppliers

ESRS G1-2

UNGC Principles 2, 7, 8, 9, 10



The management of supplier relationships is a vital element of Flender's operational strategy, ensuring stability and efficiency throughout the supply chain. Crises and conflicts present significant risks, potentially threatening supplier reliability and

business continuity. Supply chain disruptions, inefficiencies, and shortages of finite materials can escalate costs and hinder the seamless delivery of products and services. Careful oversight of supplier contracts is essential to aligning partnerships with business objectives and mitigating associated risks. Through strong collaboration and robust management practices, Flender is dedicated to navigating these challenges while ensuring resilience and long-term supply chain stability.

The following principles apply to Flender's cooperation with its partners:

- We work closely with our suppliers and business partners.
- We partner with our suppliers and help them improve.
- We constantly analyze our current business relationships and react immediately to emerging risks.
- We only work with suppliers who are prepared to eliminate problems or implement risk reduction measures.
- We conduct appropriate due diligence reviews, including compliance with export controls and anti-money laundering laws.
- We assess project risks when deciding whether to bid on a project.

SUPPLY CHAIN AT A GLANCE



Total active suppliers¹



Purchasing volume



Main supplier locations



Main types of suppliers

	Total active suppliers ¹	Purchasing volume	Main supplier locations	Main types of suppliers
2025	6,748	EUR 1.3 bn	Western and Eastern Europe, Türkiye, China, India, South Korea, Australia and the USA	Foundries, forgers, bearing manufacturers, steel mills and component suppliers
2024	6,772	EUR 1.4 bn	Western and Eastern Europe, Türkiye, China, India, South Korea, Australia and the USA	Foundries, forgers, bearing manufacturers, steel mills and component suppliers

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

INCREASING TRANSPARENCY, REDUCING RISKS IN THE SUPPLY CHAIN

ESRS G1.SBM-3, MDR-P, MDR-A, G1-2 | GRI 308-1, 308-2, 414-1, 414-2

UNGC Principles 2, 7, 8, 9, 10

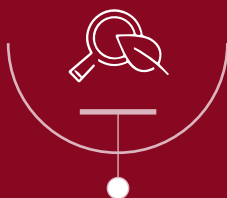
Flender's supplier management process strengthens transparency and accountability across the supply chain and supports compliance with environmental and social standards. A comprehensive Procurement CSR strategy with defined measures and goals guides this work. Since 2023, the focus lied on three key initiatives:

RESPONSIBLE SUPPLY CHAIN MANAGEMENT



1.

Assure responsible sourcing and compliance of existing and new suppliers



2.

Development of CO₂ transparency and reduction program (see section **➤ "Reducing the CO₂ footprint in the supply chain: CO₂ transparency and reduction program"**)



3.

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





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

Flender conducts business in a socially responsible manner and supports the UN Sustainable Development Goals (SDGs). This commitment extends to its supply chain, where the company carefully selects suppliers that share its values and act in a socially and environmentally responsible way.

New suppliers

To ensure this, a rigorous assessment process for all new suppliers is applied. Supplier onboarding requires compliance with two key prerequisites:

I. Code of Conduct (CoC)

All new suppliers of indirect material and services with an expected annual purchasing volume above EUR 5,000, and all suppliers of direct material, are required to sign a Code of Conduct that commits them to operating their businesses in a responsible and sustainable way.

In 2025, 422 new suppliers signed the Supplier Code of Conduct. Flender exceeded its 2024 target of a 75% signing rate among its most important suppliers, achieving 99%, and aims for full compliance by 2027.

II. Corporate Responsibility Self-Assessment (CRSA) ESRS G1-2 | GRI 414-1

In addition to signing the Code of Conduct, suppliers that have an anticipated business volume in excess of EUR 50,000 and are supplying the company from a non-OECD country or a country listed by Transparency International with a compliance country rating below 50, need to complete a Corporate Responsibility Self-Assessment. The CRSA has several chapters that need to be completed. These cover a range of topics that are critical to Flender's commitment to sustainability and social responsibility:

- A. Legal Compliance and Fair Operating Practices:
Review of compliance with labor, health, safety and environmental laws, and adherence to fair business conduct.
- B. Human Rights and Labor Practices:
Assessment of measures to prevent forced labor, child labor and discrimination, and to ensure fair wages and working conditions.
- C. Health and Safety of Employees:
Review of policies and practices that ensure a safe workplace and prevent accidents.
- D. Environmental Management:
Evaluation of efforts to reduce environmental impacts and implement sustainable practices.

CONTENTS OF THE CODE OF CONDUCT FOR SUPPLIERS:

- Human rights and labor practices
 - Prohibition of forced labor
 - Prohibition of child labor
 - Non-discrimination and respect for employees
 - Working hours, wages and benefits for employees
 - Health and safety of employees
 - Grievance mechanism
- Environmental protection
- Fair operating practices
 - Anti-corruption and anti-bribery
 - Fair competition, anti-trust laws and intellectual property rights
 - Conflicts of interest
 - Anti-money laundering, terrorism financing
 - Data privacy
 - Export control and customs
- Responsible minerals sourcing
- Compliance with the Code of Conduct in the downstream supply chain



By asking suppliers to complete the Corporate Responsibility Self-Assessment, Flender gains a comprehensive understanding of their practices related to sustainability and social responsibility. In the reporting year, 44 (2024: 43¹) new suppliers were required to complete the Corporate Responsibility Self-Assessment in 2025.

¹ In the Sustainability Report 2024, we reported this figure to be 219. This was a calculation error.

Existing suppliers

ESG assessments: Together towards greater sustainability

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

For existing suppliers, Flender regularly evaluates the Corporate Social Responsibility (CSR) conformance of its suppliers and collaborates to improve their sustainability performance. Suppliers identified as having CSR risks, including country-specific or commodity-related risks, are subject to enhanced assessments.

CSR Conformance Assessment Procedures:

- 1. Regular Re-Assessment:** High-risk suppliers execute a Corporate Responsibility Self-Assessment every three years.
- 2. CSR Ratings & Certification Maintenance:** Flender actively requests suppliers to obtain an EcoVadis rating and maintain their certification status in the Supplier Relationship Management (SRM) system.
- 3. Supplementary CSR Due Diligences for high-risk suppliers:** Suppliers with specific risks related to conflict-affected minerals, global warming, or product-related environmental concerns

(for example REACH, RoHS, PFAS, deforestation) must disclose additional details through a supplementary questionnaire, including the Conflict Minerals Reporting Template (CMRT) and the PFAS Reporting Evaluation Process (PREP).

4. Extended Code of Conduct & ESG

Audits: As part of Flender's standard VDA 6.3 Audit, suppliers are assessed for ESG risks through an Extended Code of Conduct Questionnaire. Additionally, External Sustainability Assessments (ESA) conducted by third-party organizations provide independent evaluations of supplier sustainability performance.

The goal was to have a CSR Conformance Rate (CCR) of 50% by 2025. This KPI describes the ratio of suppliers with positive audit or rating results compared with the total number of targeted suppliers to be audited or rated. In 2025, the CCR was 37% (2024: 24%). Due to capacity constraints, this target could not be reached.

The 50% target should be reached in 2027 as all relevant existing suppliers will be invited to self-assess again. Flender's long-term goal is to have 100% of the targeted suppliers audited or rated regarding ESG aspects by 2030.

In 2025, 127 suppliers were audited according to VDA 6.3 (2024: 148). A total of 127 suppliers were also assessed during the VDA 6.3 audit for EHS and Code of Conduct compliance (2024: 147). In addition, an External Sustainability Assessment (ESA) was carried out for six suppliers by a third party (2024: 5).

Important note: All suppliers delivering material used in Flender products ("direct material") must pass the VDA 6.3 audit before they are allowed to supply. In fiscal year 2025, Flender did not identify any suppliers with a significant risk of child, forced or compulsory labor and did not have to ban suppliers due to environmental pollution.

Mineral responsibility

Flender needs raw materials for the manufacture of its products and tools, which might include tin, tantalum, tungsten and gold as well as cobalt, mica, nickel and copper and other so-called potentially conflict-affected minerals. Therefore, the company is committed to asking its suppliers to exclude potentially conflict-affected materials from the supply chain. As a member of the Responsible Minerals Initiative (RMI), Flender uses the RMI reporting template to assess risks and applies its own due diligence process to ensure transparency regarding mineral origin. For copper, the

NUMBER OF SUPPLIERS ASSESSED FOR ENVIRONMENTAL IMPACTS

127

suppliers audited according to VDA 6.3

127

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

6

suppliers assessed for sustainability by third party

422

new onboarded suppliers that signed compliance with Code of Conduct

company procures exclusively from organizations registered under the London Metal Exchange (LME) that follow the OECD Due Diligence Guidance and hold ISO 14001 and ISO 45001 certifications or equivalent.

Cost and value engineering

Another central element is the Cost and Value Engineering (CVE) methodology, which improves transparency into material cost structures and supports sustainable optimization with suppliers. Flender works closely with foundries, steel mills, ring rollers and forgers to identify cost drivers and inefficiencies. This collaboration facilitates energy-efficient technologies, process optimization and improved aggregates, reducing energy consumption and supporting more sustainable production practices.

To support efficient CSR-related data and document exchange, Flender has implemented an extended feature within its Supplier Management Software Solution. This functionality enables structured exchange and approval of documents, including the Conflict Minerals Reporting Template, and streamlines the validation process.



2. Development of CO₂ transparency and reduction program

See section [➤ "Reducing the CO₂ footprint in the supply chain: CO₂ transparency and reduction program"](#).



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

In order to advance sustainability in procurement and supply chain operations, Flender focuses on engaging, enabling, and empowering its organization to integrate sustainability into strategy, decision-making, and daily work. This includes using analytics and automation, redefining roles, developing competencies, and strengthening training programs.

Flender has redefined the Commodity Manager and Commodity Engineer roles in Strategic Procurement to clarify responsibilities related to sustainability, including supplier strategy, supplier relations, and performance management. Operational capacity is further enhanced by outsourcing administrative tasks – such as CSR assessments – to the company's Business Process Outsourcing (BPO) partner. A specialized

procurement sustainability task force has also been established to strengthen governance, improve processes, and concentrate on sustainability-critical areas such as low-emission steel. Procurement teams have nominated dedicated resources and designated topic owners to manage sustainability transformations, particularly in supplier decarbonization, circular economy initiatives, and ESG risk mitigation.

Enhancing supply chain sustainability through training and certification

To equip procurement professionals with the skills needed to drive sustainability, Flender uses the XU Learning Platform and the Sustainability Manager Certification Program. This framework trains personnel in sustainability principles, carbon-footprint assessment, and effective supplier engagement. Procurement professionals also benefit from ongoing learning through the Procurement Leaders Network, which offers interactive trainings, expert webinars, and case studies. Cross-functional exchange with internal sustainability teams and external partners supports consistent application of responsible supply-chain practices and strengthens the organization's overall impact.

Implemented Risk Analysis and Action Management Cockpit

To strengthen transparency and risk management in the supply chain, Flender has implemented a Risk Analysis Cockpit

with an integrated CSR risk-management approach using the Supplier Relationship Management (SRM) module in its Source-to-Contract (S2C) system (Jaggaer).

This provides two key benefits:

1. Comprehensive ESG risk monitoring enhances oversight across the supply base. Dashboards at supplier, regional, and business-unit levels enable systematic tracking of environmental, social, and governance risks. Automated alerts through Sphera (formerly RiskMethods) flag potential sustainability issues, enabling timely follow-up and mitigation.
2. Centralized, data-driven insights support proactive supplier-risk management. Procurement teams can identify CSR-related risks early and respond quickly to emerging events. Corrective actions are documented and monitored through the SRM Action Module, ensuring transparency and disciplined project management throughout the risk-mitigation process.

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

OUTLOOK



OUTLOOK

As the CSR strategy progresses, the company remains focused on strengthening sustainability performance while preparing for CSRD requirements. Key priorities include expanding core programs, embedding sustainability criteria into

decision-making, and improving reporting transparency. To meet ESRS requirements, data collection and reporting capabilities will be further developed, with emphasis on climate-related risks, greenhouse gas emissions (Scope 1, 2, and 3),

and supply chain transparency. In parallel, supplier assessments, governance structures, and stakeholder engagement processes will be enhanced further to ensure material ESG topics are systematically identified and addressed. In the

following graphic you will find Flender's focus tasks for each category and pillar for the coming year:



Environment

- Roll out the energy management system at Flender's largest international production sites, analogous to the ISO 50001 certified system at the German sites
- Global roll-out of SiGREEN to collect primary data from suppliers (Product Carbon Footprint)
- Go-live of 1 MWp rooftop solar in Voerde and further PV expansion (0.2 MWp) in India
- Promote the use of low-emission steel
- Establish joint CO₂ reduction measures with hot-spot suppliers
- Conduct climate resilience analysis



Social

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



Governance

- Initiate a new Compliance survey in FY 2025 to analyze the effectiveness of the implemented measures
- Roll out of the second part of the human rights web-based-training for Flender employees
- Next wave of on-site training for high-, low- and medium-risk countries
- Roll out a compliance awareness campaign for blue-collar workers, including a new poster campaign
- Develop reporting readiness to comply with CSRD requirements
- Increase engagement and response rates of suppliers on CSR transparency requirements.
- Update of the Flender reporting channel "Tell Us" with a modern user interface and Flender customized features
- Joining Transparency International as a corporate member
- Implement sustainability criteria in annual supplier evaluation



ESRS/GRI INDEX

ESRS	Disclosure name ESRS	Corresponding GRI Standard	Reporting (sub)chapter	Page number
General Disclosures				
ESRS 2 BP-1	General basis for preparation of sustainability statements	2-2	Basis for preparation	7
ESRS 2 BP-2	Disclosures in relation to specific circumstances	2-3	Basis for preparation	7
		2-4	Basis for preparation	7
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	2-9	The role of the administrative, management and supervisory bodies	8
		2-13	The role of the administrative, management and supervisory bodies	8
			Governance structure and composition	8
			CSR Board at Flender	8
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	2-12	CSR Board at Flender	8
		2-16	CSR Board at Flender	8
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	/	Risk management and internal controls over sustainability reporting	9
ESRS 2 SBM-1	Strategy, business model and value chain	2-6	Strategy, business model and value chain	10
			Business areas in shares	13
			Flender's products and services	14
			Flender's markets and business areas	17
		2-22	Flender CSR Strategy	19
		/	Challenges and solutions to Flender's strategy and impact on sustainability	21
		/	Description of business model and value chain	22
		/	Upstream Activities	22
		/	Own operations	23
		/	Downstream activities	23

ESRS	Disclosure name ESRS	Corresponding GRI Standard	Reporting (sub)chapter	Page number
ESRS 2 SBM-2	Interests and views of stakeholders	2-29	Interest and views of stakeholders	↗ 24
		/	These are Flender's stakeholders	↗ 24
		/	Stakeholder engagement	↗ 24
		/	Media and formats of stakeholder exchange	↗ 25
		/	Board involvement	↗ 24
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3-2	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 34
			Material Topics	↗ 34
			Investments for the future	↗ 34
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	3-1	Description of the processes to identify and assess material impacts, risks and opportunities	↗ 36
ESRS 2 IRO-2	Description of the processes to identify and assess material impacts, risks and opportunities	/	Description of the processes to identify and assess material impacts, risks and opportunities	↗ 36
Environment				
E1 Climate Change				
ESRS E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 40
ESRS E1.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 40
ESRS E1-1	Transition plan for climate change mitigation	/	Transition plan for climate change mitigation	↗ 40
ESRS E1-2 (MDR-P)	Policies related to climate change mitigation and adaption	/	Policies related to climate change mitigation and adaption	↗ 40
ESRS E1-3 (MDR-A)	Actions and resources in relation to climate change policies	/	Targets and actions related to climate change	↗ 41
		305-5	Reducing the CO ₂ footprint in the supply chain: CO ₂ transparency and reduction program	↗ 44
		/	Energy reduction and renewable energy targets	↗ 48
ESRS E1-4 (MDR-T)	Targets related to climate change mitigation and adaptation	/	Targets and actions related to climate change	↗ 46
		302-4 305-1 305-2 305-3	Flender's commitments regarding climate change mitigation	↗ 46
		/	Progress on GHG emissions reduction targets	↗ 47
		/	Ensuring consistency and reliability	↗ 48

ESRS	Disclosure name ESRS	Corresponding GRI Standard	Reporting (sub)chapter	Page number
ESRS E1-5	Energy consumption and mix	302-1 302-3 302-4	Energy reduction and renewable energy targets	↗ 48
		/	Energy consumption and mix	↗ 50
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	305-3	Reducing the CO ₂ footprint of our operations	↗ 42
		/	Gross Scopes 1, 2, 3 and Total GHG emissions	↗ 51
		305-1 305-2 305-3	Corporate carbon footprint	↗ 52
		305-4	GHG intensity based on net revenue	↗ 52
		/	Corporate carbon footprint methodology	↗ 53
ESRS E1-8	Internal carbon pricing	/	Actions related to climate change	↗ 42
E2 Pollution				
ESRS E2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 54
ESRS E2.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 54
ESRS E2-1 (MDR-P)	Policies related to pollution	/	Policies related to pollution	↗ 54
ESRS E2-2 (MDR-A)	Actions and resources related to pollution	/	Targets and actions related to pollution	↗ 55
ESRS E2-3 (MDR-T)	Targets related to pollution	/	Targets and actions related to pollution	↗ 55
ESRS E2-4	Pollution of air, water and soil	305-7	Pollution of air, water and soil	↗ 55
E5 Circular Economy				
ESRS E5.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 56
ESRS E5.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 56
ESRS E5-1 (MDR-P)	Policies related to resource use and circular economy	/	Policies related to resource use and circular economy	↗ 56

ESRS	Disclosure name ESRS	Corresponding GRI Standard	Reporting (sub)chapter	Page number
ESRS E5-2 (MDR-A)	Actions and resources related to resource use and circular economy	/	Targets and actions related to resource use and circular economy	↗ 57
		/	Resource inflows	↗ 58
		/	Product design and materials	↗ 59
ESRS E5-3 (MDR-T)	Targets related to resource use and circular economy	/	Targets and actions related to resource use and circular economy	↗ 57
ESRS E5-4	Resource inflows	301-2	Resource inflows	↗ 58
		301-1	Materials purchased in 2025	↗ 58
ESRS E5-5	Resource outflows	/	Resource inflows	↗ 58
		/	Resource outflows	↗ 59
		/	Product design and materials	↗ 59
		/	Waste	↗ 61
Social				
S1 Own Workforce				
ESRS S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	408-1	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 68
		409-1		↗ 68
ESRS S1.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 68
ESRS S1-1 (MDR-P)	Policies related to own workforce	/	Policies related to own workforce	↗ 70
		404-1	Performance management	↗ 72
		403-1	Health and safety	↗ 78
		/	I&B	↗ 70
		403-1	Certified EHS management system	↗ 79
		/	People development	↗ 84
ESRS S1-2	Processes for engaging with own workers and worker’s representatives about impacts	/	Processes for engaging with own workers and workers’ representatives about impacts	↗ 71
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	2-26	Processes to remediate negative impacts and channels for own workers to raise concerns	↗ 72
		403-2	Certified EHS management system	↗ 79
		/	Health and safety	↗ 78

ESRS	Disclosure name ESRS	Corresponding GRI Standard	Reporting (sub)chapter	Page number
ESRS S1-4 (MDR-A)	Actions related to Flender's own workforce	/	Targets and actions related to Flender's own workforce	73
		/	Equal treatment and opportunities	81
		/	Promotion of diversity	82
		/	People development	84
ESRS S1-5 (MDR-T)	Targets related to Flender's own workforce	/	Targets and actions related to Flender's own workforce	73
		/	Equal treatment and opportunities	81
		/	Promotion of diversity	82
ESRS S1-6	Characteristics of the undertaking's employees	401-1	Characteristics of the undertaking's employees	75
			Promotion of diversity	82
		2-7	Diversity metrics	83
ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	2-8	Characteristics of non-employee workers in the undertaking's own workforce	76
ESRS S1-8	Collective bargaining coverage and social dialog	2-30	Collective bargaining coverage and social dialog	76
ESRS S1-9	Diversity metrics	405-1	Promotion of diversity	82
		405-1	Diversity metrics	83
ESRS S1-10	Adequate wages	/	Working conditions	76
		/	Adequate wages	76
ESRS S1-11	Social protection	/	Working conditions	76
ESRS S1-13	Training and skills development metrics	404-1 404-3	People development	84
		/	Training and skills development metrics	85
ESRS S1-14	Health and safety metrics	403-9 403-10	Health and safety	78
		403-9 403-10	Health and safety metrics	80
ESRS S1-15	Work-life balance metrics	/	Work-life balance metrics	76
ESRS S1-16	Compensation metrics (pay gap and total compensation)	405-2	Working conditions	76
		/	Compensation metrics (pay gap and total compensation)	76
ESRS S1-17	Incidents, complaints and severe human rights impacts	/	Incidents, complaints and severe human rights impacts	72
		406-1	I&B	70

ESRS	Disclosure name ESRS	Corresponding GRI Standard	Reporting (sub)chapter	Page number
S2 Workers in the Value Chain				
ESRS S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	408-1 409-1	ESG assessments: Together towards greater sustainability	↗ 107
		407-1	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 87
		/	Policies related to value chain workers	↗ 88
ESRS S2.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 87
ESRS S2-1 (MDR-P)	Policies related to value chain workers	/	Policies related to value chain workers	↗ 88
ESRS S2-2	Processes for engaging with value chain workers about impacts	/	Processes for engaging with value chain workers about impacts	↗ 88
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	2-25	Processes to remediate negative impacts and channels for value chain workers to raise concerns	↗ 88
		/	Risk assessment and audits	↗ 90
ESRS S2-4 (MDR-A)	Actions related to value chain workers	/	Targets and actions related to value chain workers	↗ 89
		/	Risk assessment and audits	↗ 90
ESRS S2-5 (MDR-T)	Targets related to value chain workers	/	Targets and actions related to value chain workers	↗ 89
Governance				
ESRS G1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 94
		308-2	Increasing transparency, reducing risks in our supply chain	↗ 105
		414-2		↗ 105
ESRS G1.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	/	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ 94
ESRS G1.MDR-T	Tracking effectiveness of policies and actions through targets	/	Targets and actions related to business conduct	↗ 96
ESRS G1.MDR-A	Actions and resources in relation to material sustainability matters	/	Employee support and training	↗ 100
		418-1	Data privacy and data protection in a digital world	↗ 102
		/	Increasing transparency, reducing risks in our supply chain	↗ 105

ESRS	Disclosure name ESRS	Corresponding GRI Standard	Reporting (sub)chapter	Page number
ESRS G1-1 (MDR-P)	Business conduct policies and corporate culture	2-23	Policies related to business conduct	7 95
		2-23	Flender's compliance management system	7 97
		/	Corruption and bribery	7 98
		2-16	Our "Tell Us" compliance reporting system	7 99
		/	Compliance case handling	7 99
		/	Employee support and training	7 100
ESRS G1-2	Management of relationships with suppliers	308-1	Emissions from Flender's suppliers	7 44
		308-2		7 44
		/	Targets and actions related to business conduct	7 96
		/	Flender's compliance management system	7 97
		/	Management of relationships with suppliers	7 104
		308-1	Increasing transparency, reducing risks in our supply chain	7 105
		414-1		7 105
ESRS G1-3	Prevention and detection of corruption and bribery	/	Policies related to business conduct	7 95
		/	Targets and actions related to business conduct	7 96
		2-26	Flender's compliance management system	7 97
		/	Compliance case handling	7 99
		/	Employee support and training	7 100
		205-1	Corruption and bribery	7 98
ESRS G1-4	Confirmed incidents of corruption or bribery	2-27 205-1 205-3	Metrics related to compliance including corruption or bribery	7 101
GRI ONLY		2-1	Basis for preparation	7 7
		2-12	Compliance responsibilities	7 98
		2-15	Flender's compliance management system	7 97
			Corruption and bribery	7 98

IMPRINT

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

ESG CONSULTING AND DESIGN

Silvester Group, Hamburg

➤ www.silvestergroup.com

PHOTO CREDITS

Flender International GmbH

Adobe Stock



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