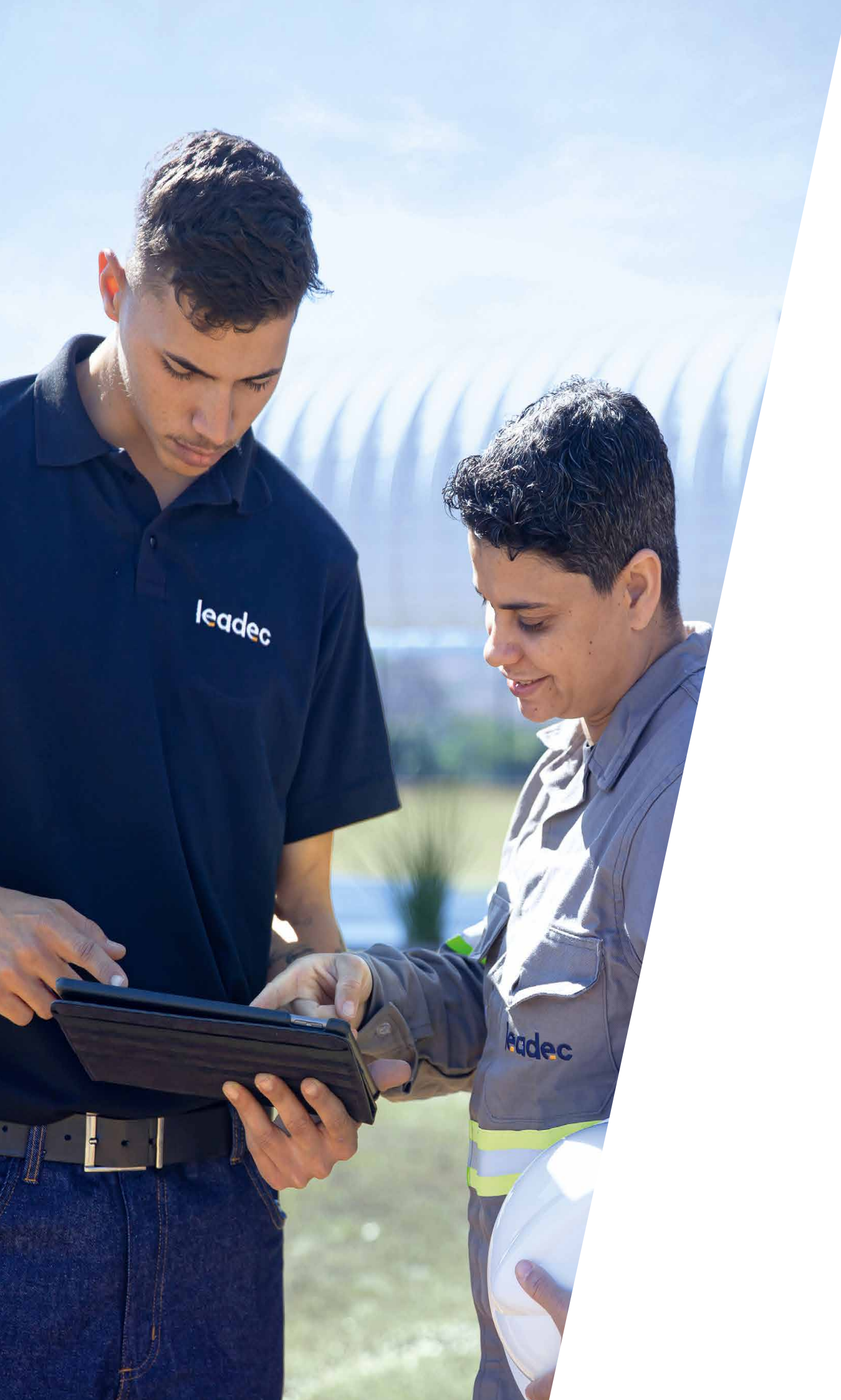


Sustainability Report 2023

Driving sustainable manufacturing together



leadelec



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Green transformation in manufacturing

Leadec's services keep factories around the globe running smoothly and make them fit for the future. This mission puts us right at the heart of the transformation towards decarbonization and circular economy solutions in manufacturing.

The industrial sector is a major source of greenhouse gas emissions and a considerable consumer of resources. In the coming years, manufacturing companies worldwide will face a huge transformation task requiring major investments. Leadec can make the greatest contribution to sustainable development by supporting its customers on this journey: in achieving their climate goals and in complying with new regulations.

Leadec has therefore strategically expanded Green Factory Solutions. We offer a whole range of services along the entire life cycle of the factory that promote both decarbonization, as well as the circular economy. In fact, they help our customers implement regulations such as the EU Green Deal in due time.

We have been working intensely in our own organization to integrate the new requirements systematically into our business, foremost the three central legislative components: the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy Regulation and the Corporate Sustainability Due Diligence Directive (CSDDD). Implementation of the EU Green Deal rules and regulations is fully on track.

Since 2023, Leadec has been subject to the German Supply Chain Sustainability Act (LkSG). In the reporting year, we further improved our processes, and we appreciate the strong commitment from our suppliers to fulfill our requirements.

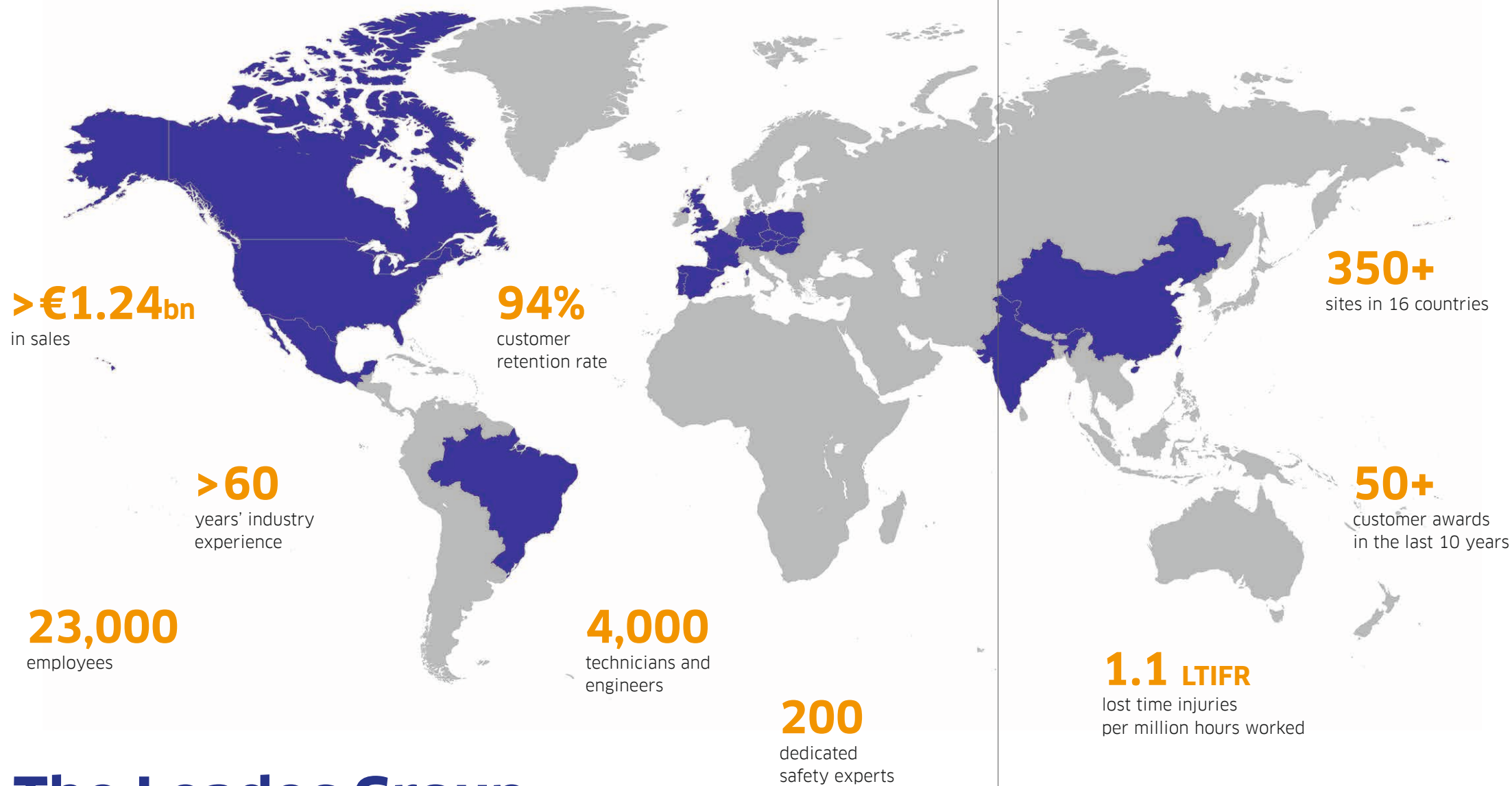
The multitude and complexity of recent regulations and laws affecting all aspects of sustainability – environmental, social and governance – make their implementation no easy task. Therefore, I am especially grateful to all of our employees who work in various fields to make Leadec more sustainable.



Markus Glaser-Gallion
CEO Leadec Group

“Decarbonization and the circular economy are the two pillars of Green Factory Solutions.”





The Leadec Group

Leadec has been supporting its customers along the entire production supply chain for more than 60 years. The service specialist accompanies its customers in the optimization and transformation of their factories and related infrastructure.

Headquartered in Stuttgart, the company employs more than 23,000 people worldwide and generated sales of 1.24 billion euros in 2023. Leadec is working at more than 350 sites in 16 countries, often directly at the customers' plants and facilities.

Leadec offers services from a single source for a wide range of industries such as the automotive, aerospace, and consumer goods industry, as well as for parcel and warehousing centers. The aim is to exploit the potential in factories and to make them fit for the future. For

example, this is done in the transition to electric vehicles, through solutions for the smart factory or by taking sustainability criteria into account.

Leadec's global services comprise:

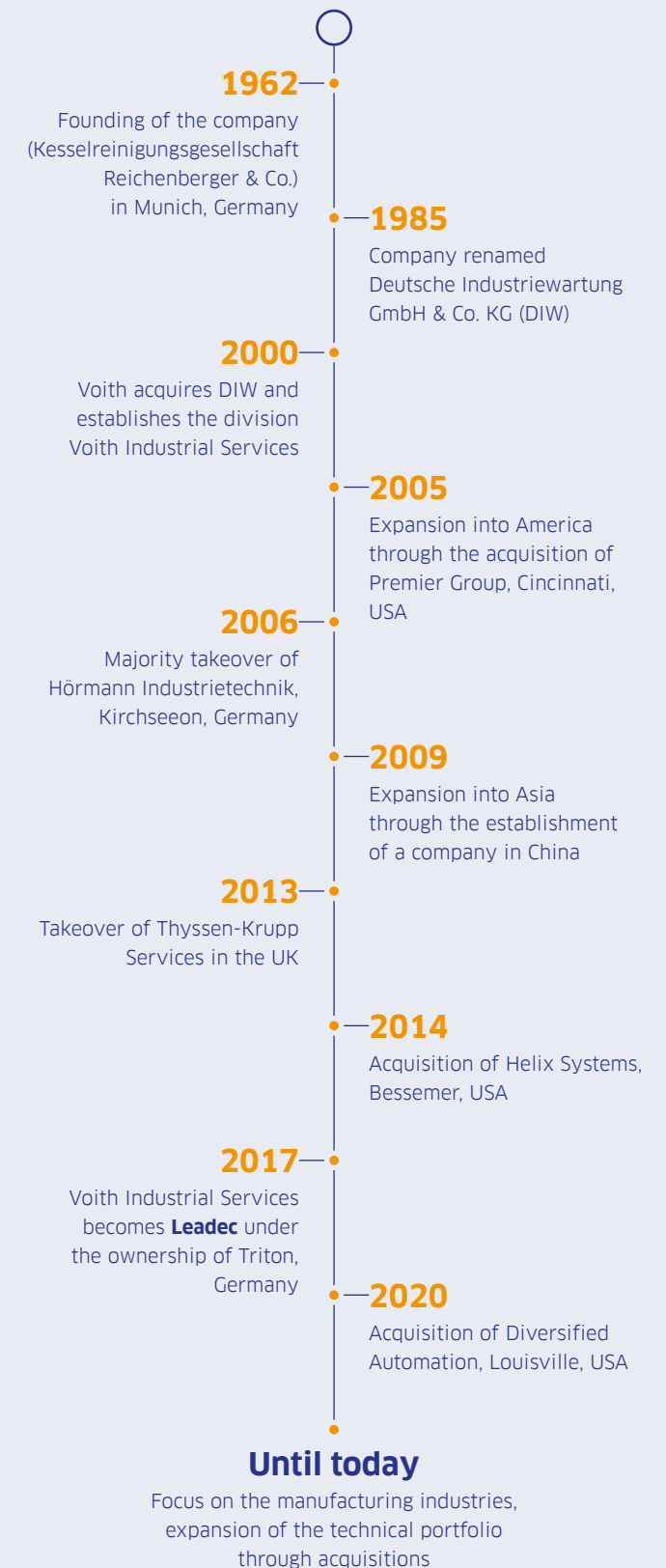
- ▶ Engineer: Production Planning and Optimization, Automation, and Production IT
- ▶ Install: Electrical Installation, Mechanical Installation, and Relocation

- ▶ Maintain: Production Equipment Maintenance and Technical Cleaning
- ▶ Support: Technical Facility Management, Infra-structural Facility Management, and Logistics

The digital business platform Leadec.os offers an end-to-end solution which digitizes all service processes across systems.

For more information about Leadec go to: www.leadec-services.com

Milestones in our history:



Our corporate culture

Our vision, mission and values

- ▶ **Our vision:** We are the leading service specialist for the factory of today and tomorrow.
- ▶ **Our mission:** We keep production running smoothly and make factories fit for the future. Our heart beats for your factory.
- ▶ **Our values:** Our values guide our actions and provide transparency about how we work. For everyone who works for the company, they are an important behavioral guideline.

Reliability: We stand by what we do and take responsibility. We work with our customers and colleagues honestly, respectfully and ethically. Our customers and our colleagues can rely on us to interact and work with them openly.

Commitment: Each of us knows what it means to represent the company. This means bringing our expertise, knowledge and skills to the table every day. We are ready to go the extra mile for our customer at any time. We do our utmost to perform every single order successfully.

Leading Edge: Our superior performance is the result of our passion, high standards, tools, our employees' qualifications and skills as well as our hard work. We want to make our business more attractive and valuable – for our employees, customers, suppliers, financial partners and shareholders.

Memberships in associations

Leadec is a member of more than 100 industry associations worldwide, including:

- AAMA - Alabama Automotive Manufacturers Association
 - aBB - automotive BerlinBrandenburg e.V.
 - ABRAMAN - Associação Brasileira de Manutenção e Gestão de Ativos (Brazilian Association of Maintenance and Asset Management)
 - ABRAVA - Associação Brasileira de Refrigeração, Ar Condicionado, Ventilação e Aquecimento
 - ACOD - Automotive Cluster Ostdeutschland e.V.
 - AHK - Câmara de Comércio e Indústria Brasil-Alemanha (Brazil-Germany Chamber of Commerce and Industry)
 - AHK - German Chamber of Commerce in China
 - AIA SR - Automotive Industry Association of the Slovak Republic
 - BCA - Bavarian Chips Alliance
 - BSC - British Safety Council
 - BVL - Bundesvereinigung Logistik e.V.
- BVMW - Bundesverband mittelständische Wirtschaft e.V.
 - CII - Confederation of Indian Industry
 - CIWM - Chartered Institution of Wastes Management
 - DIN - Deutsches Institut für Normung e.V.
 - FVGDBW - Fachverband Gebäudedienste Baden-Württemberg e.V.
 - GEFMA - German Facility Management Association e.V.
 - GfKORR - Gesellschaft für Korrosionsschutz e.V.
 - HFMS - Hungarian Facility Management Society
 - IFMA - International Facility Management Association
 - IGCC - Indo-German Chamber of Commerce
 - MAKE UK - The Manufacturers' Organisation (EEF Ltd.)
 - MCCIA - Mahratta Chamber of Commerce, Industries, and Agriculture
 - SiSax - Silicon Saxony e.V.
 - UNGC - United Nations Global Compact
 - VDA - Verband der Automobilindustrie e.V.
 - VDI - Verein Deutscher Ingenieure e.V.
 - WJA - The Water Jetting Association

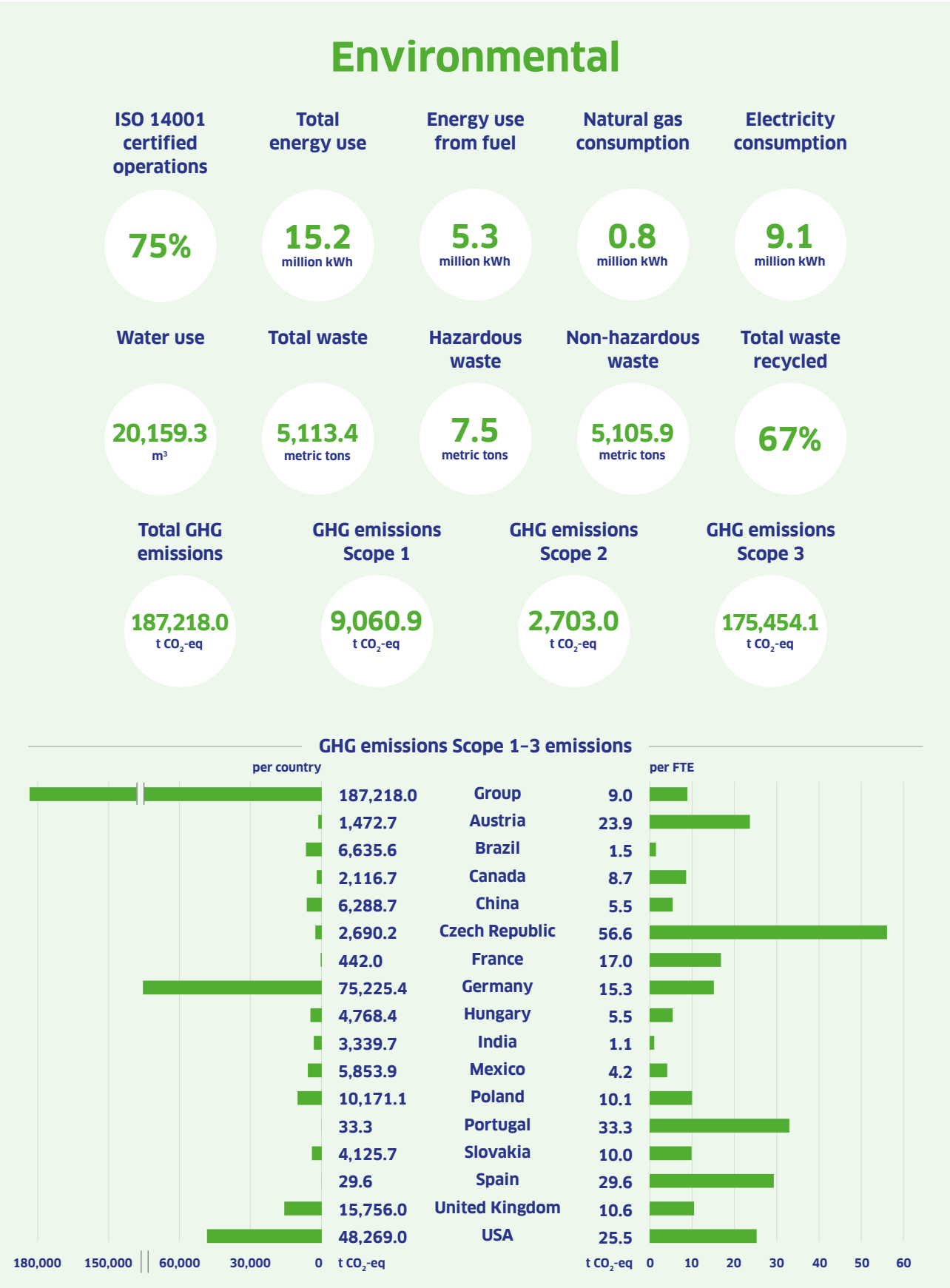
Our stakeholders

A stakeholder-driven approach to sustainability is an effective means of ensuring that our organization remains aware of all market expectations, can respond rapidly to the changing needs of all our stakeholder groups and adds value in everything we do. We identify our most important stakeholders through in-house discussions, external analyses and industry comparisons. To identify, inform and prioritize our sustainability strategy, we engage with our key internal and external stakeholders, employees, senior management, board, shareholders, customers and suppliers.

Our stakeholders



Reporting on what matters



“EU Green Deal Readiness – We are ahead of time.”

In 2019, a socio-environmental transformation of the European Union was launched with the EU Green Deal. The set goal: to reduce greenhouse gas emissions in the European Union to zero by 2050 and thus become the first continent to be climate-neutral. In this interview, Markus Bölke, Global Head of Green Factory Solutions, Sustainability & HSE at Leadec gives an insight into how the company has anchored the EU Green Deal in its strategy and how Leadec supports its customers with special services to make their own production more climate-neutral.

Leadec has managed to prepare for the regulations of the EU Green Deal at an early stage and ahead of the reportable period. How did you get this far?

Markus Bölke Well, it has to be said that Leadec was aware very early on of the importance of sustainability at both national and international level. We have analyzed the regulatory frameworks, but more importantly, we have anchored the EU Green Deal in our strategy and provided the necessary resources to implement this strategy. As a first step, we examined what relevant risks and opportunities exist for Leadec and what requirements have to be met to comply. From the outset, our aim has been to implement the extensive and complex regulations issued as part of the EU Green Deal on time and to systematically integrate the new requirements into our business processes. And with a view to our customers, we also see a concrete business opportunity here, which is reflected in our Green Factory Solutions.

What does that mean in real terms? What makes Leadec fit for the EU Green Deal?
There are three main pillars of legislation associated with the EU Green Deal. These

are the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy Regulation, and the Corporate Sustainability Due Diligence Directive (CSDDD). Leadec needs to report according to CSRD and EU Taxonomy for the first time for its fiscal year 2025. CSDDD will be applicable for Leadec as of fiscal year 2027. The German Supply Chain Due Diligence Act has applied to the Leadec Group since 2023. Accordingly, we have established three governance projects in-house with special working groups to ensure that Leadec complies with these regulations. We have adopted and implemented a detailed roadmap for the implementation of the aforementioned components of the EU Green Deal

Mr. Bölke, when you look at the reporting, would you say that Leadec is well prepared? Where do you stand today?

Because we started working on EU Green Deal Readiness at such an early stage, the implementation of the necessary processes in the Leadec Group was already well advanced by the end of the 2023 fiscal year. And the necessary measures for the 2024 fiscal year have also been defined. We



“Leadec as one of the leading companies in terms of EU Green Deal readiness.”

Markus Bölke
Global Head of Green Factory Solutions, Sustainability & HSE at Leadec Group

carried out a double materiality assessment (DMA) and defined an implementation roadmap to ensure auditable reporting as of January 1, 2025. Our approach, results and documentation have been validated and assured by our external auditor. We received an official expert judgement that our approach is in compliance with CSRD.

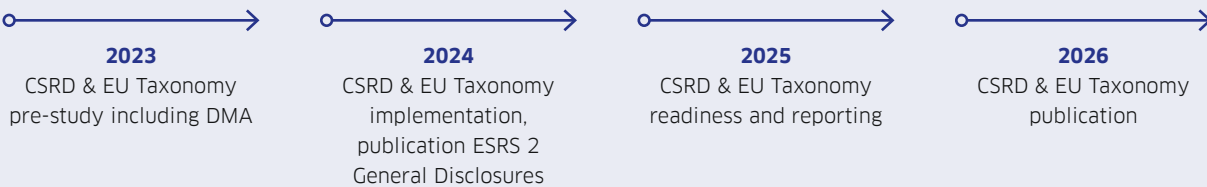
Making our reporting processes auditable requires substantial efforts from many supporting functions, but we are well prepared to complete the necessary preparations on time.

Our leading position in our industry is also acknowledged in our ESG ratings, e.g. Sustainalytics. Here we are one of the top rated companies in our industry and region.

How can you help your customers to prepare for the EU Green Deal?
We are fully aware of our customers' requirements regarding the EU Green Deal and their specific sustainability. With our Green Factory Solutions (GFS) service offering, we help customers to decarbonize their

factories, increase their share of circular economy activities, and achieve their sustainable transition goals. By combining our regulatory know-how, our technical expertise related to electrical installations and maintenance as well as waste management with the in-depth knowledge of the technical installations in the factories, we are able to help our customers transform their production to more climate-neutral operation.

Our EU Green Deal roadmap



From renewables to zero waste: touchpoints of a green factory

With “Green Factory Solutions” (GFS), Leadec offers its customers a green service portfolio along the entire factory life cycle. The services address what our customers need to achieve their sustainability goals and fulfill government regulations. We have been at the heart of the industry for more than 60 years and have gained the knowledge to implement decarbonization solutions and work towards a circular economy – the two main pillars of that portfolio.

How does it actually work? Let us step into the shoes of a plant manager, accompany him during a working day, and see the many touchpoints after initiating a GFS project with Leadec.

Starting his working day, the plant manager arrives at the parking lot, which has charging stations for electric vehicles (5). Walking through the gate, he passes recently installed photovoltaic systems on the roof (5) of the warehouse and notices the construction work being done to modernize the electricity grid (4).

Energy savings

As he enters the warehouse, the intelligent LED system detects his movements and turns on the lighting (6). Daylight sensors adjust the intensity as he moves on between the shelves to the main production hall. As a result of an energy audit, the high, medium, and low-voltage electricity grid is now constantly optimizing the energy load management and regulating the voltage at the site (4). He continues to his office desk and gets to work.

His first meeting is with a process engineer from his plant to review the heating, ventilation, air conditioning, and refrigeration upgrade proposals (4) and to decide on the new biodegradable chemistry for technical cleaning (3). All proposals will help to reduce the ecological footprint of the plant.

Automated waste treatment

Lunch time: On his way to the canteen, the plant manager passes the waste distribution center and watches the new electric forklifts collect and pick up waste bins and transport them to the distribution center. There, employees of the industrial service provider Leadec sort, compact, and weigh the waste before preparing it for shipment to the nearby recycling center. A big efficiency increase has resulted from the fully digital documentation system (2), which also makes it easy to have everything ready and legally compliant.

After lunch, he takes a stroll in the green area, passing wildflower islands, herb beds, beehives and nesting boxes, and he immediately notices that even the asphalt has been removed in selected places. New, unsealed surfaces allow microorganisms to thrive. (3)

Green Factory Solutions



Next step: recycling

After lunch, the plant manager drives to the nearby recycling facility. Here, the waste from the plant is further processed. He talks to the recycling manager about options for further increasing the share of recyclable materials. The recycling manager informs the plant manager that Leadec has upgraded the sorting line's automation and sensor system (1) of the recycling facility, which has helped to make significant efficiency gains.

Next, the plant manager heads out to meet representatives from Leadec's lithium-ion battery handling center, which is operated nearby. Arriving at the center, he observes the safe logistical procedures for handling and storing damaged batteries. He inspects various workstations – for example, one where damaged batteries are analyzed before a decision is

made whether the damaged battery can be repaired for reuse or a second life application, such as energy storage for PV systems, or whether it needs to be disassembled for recycling. (2)

At the end of the day, an electric vehicle charged with the power of the sun awaits the manager. The transition to more sustainable manufacturing is one thing above all: varied in all aspects.

Making batteries go that extra mile



Extending battery lifecycle for a circular economy

The world of driving is changing at a rapid pace with the electrification of mobility at its center. Together with our customers in the automotive industry, we play an active role in this transformation process – not just in factories, but along the entire life cycle of electric vehicles. Here we take a look at the very heart of e-mobility, the battery. Our repair service brings a vital added value, and makes batteries go that extra mile.

Enter Leadec's Battery Competence Center in Hoyerswerda. Set up in 2019, it supports customers in expanding their battery assembly capacities with services such as pre-assembly, leak tests, corrosion protection and logistics. A battery repair service, which is part of our Green Factory Solutions, was added in September 2022. This gives batteries and their components a second life which is imperative to circularity, as it saves primary resources. Repairing and reusing used electric vehicle batteries makes sense from both a sustainability and an economic perspective.

80%

charge capacity is the minimum that a battery must have after repair in order to be used in the vehicle again.

The Hoyerswerda Battery Repair Center is certified to IATF 16949.

The key components in Leadec's battery repair service

- **Fault analysis**
Damage type and intensity are analyzed, right down to the cell level if required. The outcome determines whether to repair, reuse, or recycle the battery.
- **Battery repair**
Depending on the fault analysis, defective battery parts are replaced. Counting the tools prevents foreign objects from getting trapped inside the battery housing, then cleaning, assembling, filling the housing with coolant, and testing follow.
- **Second-life application**
If testing shows the repaired battery has at least 80 percent capacity, it is built back into the vehicle it came from. If not, the lifecycle does not end there, as batteries can be reused in stationary applications in the energy sector.

► Breakdown for recycling

Another option is recycling, which helps mitigate raw material shortages. Leadec ensures responsible breakdown and processing of batteries for recycling, as well as safe collection, dismantling of the battery components, transportation, and collaboration with the recycling facilities.

► Documentation

Stringent documentation throughout ensures that every end customer receives their own battery back. This end-to-end traceability is provided for by software specially designed by Leadec for this purpose.

► Highest occupational safety standards

Safety is a top priority when handling electric vehicle batteries due to high voltages. All employees in the repair team are given high voltage training, and all are trained as first aiders and fire safety assistants. The BRC also has its own separate fire protection system. High occupational safety requirements are secured by the two-man rule.

Looking ahead to the future

Battery repair and the related standards will continue to evolve. Leadec already published a [white paper](#) on the technical background and requirements in 2023. Other planned battery services in the coming years are to establish manufacturer-independent centers, providing a flying field service at customer sites, and repairing older modules down to cell level for the growing reuse sector. All true to the motto "our heart beats for electrification".



Environmental protection in many facets

At Leadec, we have developed a number of services to help our industrial customers make their production processes more environmentally friendly. But we are every bit as committed to environmental protection at our own 350 sites – whether in our use of renewable energy, conducting energy audits, electrifying our fleet, or in our waste management and activities for more biodiversity.

Exchanging chemicals for better resource efficiency and climate protection

In 2022, Leadec Austria intensively assessed the hazardous chemicals it uses during the annual internal audit seeking an alternative. The site changed its usual coolant for a new medium that can be diluted twice and is more durable. This leads to savings in disposal of approximately 66%, and a drop in consumption from a calculated 2,000 liters of the previous medium to 700 liters of the new one in 2023.



Employees worldwide exercise sustainability firsthand

There was a true debut in September 2023: During the first “Global Cleanup Week”, 500 Leadec employees from various locations worldwide cleaned up litter in their local environment. It was not only a great team-building exercise, but 350 bags of litter were collected as well as larger objects and bottles.

Mobile without fossils

The most important steps are the ones that get the momentum going in the right direction. Which is exactly what our HSE team in Brazil did recently when it converted part of its fleet to ethanol, a cleaner fuel with lower emissions than gasoline.



Protecting local ecosystems

Bees pollinate flowers and crop plants, making a vital contribution to our ecosystem. But negative climate impacts pose a great threat to bees. Our Leadec colleagues in the UK decided to do something about this by taking part in a beekeeping course. Afterwards they set up their own hives at our UK headquarters in Coventry, where they now give students guided tours, teaching them about pollination and beekeeping.



“Together, we can make a difference!”

Bernard Sextus
Director Operations,
Leadec India



There is a broad consensus that we must do everything we can to protect our environment. How can we, as individuals, make a positive impact?

Bernard Sextus While environmental protection can seem like a large-scale issue, it is actually the collective effort of individuals that drives real change. I believe that a data-driven approach could be key to identifying 3-4 key areas where even small changes in daily habits can make a big difference. Whether it is reducing your daily water usage at home or recycling waste.

India faces challenges in environmental protection. What are some of the biggest hurdles you see?

A significant challenge lies in bridging the gap between awareness and action. Many people lack a clear understanding of how environmental issues directly affect their lives. There is also a misconception that environmental protection is solely the responsibility of engineers or policymakers. The key here is education.

We need to equip people with the knowledge and tools to act in their everyday lives. This means explaining complex environmental issues in simple terms, focusing on practical solutions. For example, instead of just talking about the importance of energy conservation, we can show people how switching off lights in unoccupied rooms can save electricity. People must understand that saving electricity doesn’t mean only saving costs, but it primarily means saving natural resources.

You mentioned awareness as a key. How can you improve this?

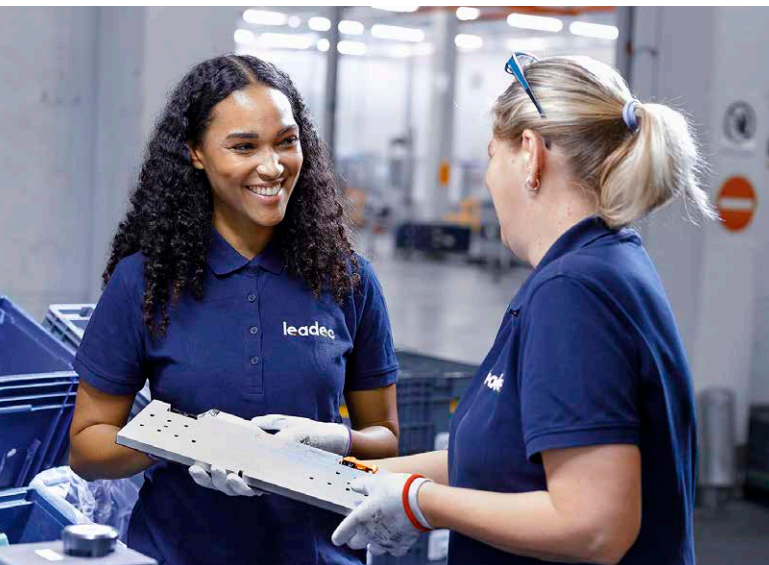
Data helps us to make the invisible visible. One strategy is to set key performance indicators (KPIs) for environmental impact at each of our sites. These targets track metrics like energy and water consumption. By monitoring these KPIs closely, we can identify areas for improvement and track our progress over time.

Can you share a specific example of an environmental initiative undertaken by your team?

In 2023, we launched a comprehensive environmental awareness campaign targeting 2,000 of our employees in India. The campaign incorporated educational elements to empower employees to make informed choices. We provided practical tips on how to conserve energy and water in the workplace. This initiative proved highly successful, and we saw a significant increase in employee engagement in environmental issues.

Making a difference for the people and the world around us

Leadec is first and foremost about the people that are involved in our business. Our corporate culture is driven by our values reliability, commitment and leading edge. These are in our corporate DNA and are the strong foundation of our success. Diversity and inclusion are a key part of this foundation.



Leadec signs diversity charter

In 2023, Leadec signed the “Charta der Vielfalt” (German Diversity Charter), underscoring its commitment to an appreciative working environment free of prejudice. The charter aims to advance the recognition, appreciation, and inclusion of diversity in the workplace in Germany. Leadec CEO Markus Glaser-Gallion explained what signing the charter means for our company: “At Leadec, we promote a diverse workforce, equal opportunities, and a welcoming workplace for all. Signing the diversity charter is a clear

Numbers that matter

85

nationalities are represented in the Leadec workforce.

49%

of all women working at Leadec belong to the young and upcoming generation, clearly showing the trend towards more gender equality in future.

commitment that we take into account the diverse needs and perspectives of people at Leadec and create a work environment where everyone can fully develop their talent and skills.”

“My Journey” from all over the world

The aim of the “My Journey” interview series is to highlight the opportunities at Leadec. Regardless of entry level, country, origin, or profession. To date, there have been interview partners from Brazil, United Kingdom, China, India, Poland, and Germany, among others, from the IT, occupational safety, facility management and finance departments. The series is one of the most successful posts on the website and employee app.



Making Leadec an attractive workplace for women

Leadec employs around 4,500 women in very different positions all over the world, accounting for about 23% of the total workforce. This is in line with the global average, but we want to be better than that. Which is why we are determined to do everything we can to offer women a workplace where they can get ahead on an equal footing with their male counterparts. We are aiming for a quota of 30% of women in top 100 leadership levels by 2030.

Paving the way for women in maintenance with “Elas PODEM”

Leadec colleagues in Brazil have introduced the “Elas PODEM” program, with the aim of developing women in maintenance. The program offers comprehensive training as well as support and mentoring from Leadec’s HR team in five modules, covering electrical, hydraulics, civil, HVAC (heating, ventilation & air conditioning), and management. The first class has already successfully completed the training.

“Our employees are what defines us.”



Christof Baumgart
SVP Global HR & Organization

The products Leadec sells are our services. What is special about this compared to “products you can touch”?

Christof Baumgart Around 1,000 customers entrust us with the heart of their production. Leadec is responsible for providing qualified employees at the right place at the right time for every customer contract. And as a global HR department, it is our job to actively contribute to this.

What does it take for employees to feel at home in a large international company?

Our corporate culture is crucial and the people are our backbone. We asked them in 2023 “How does it feel to work for Leadec?”. And the unanimous feedback was that Leadec is unique in terms of respect, team spirit and variety. Respect means recognizing the diversity of our employees. We all pull together to achieve common goals. We look out for each other – that is team spirit. And variety describes our working environment as well as the wide range of people who work for and with us.

And what role does diversity play at Leadec?

We are convinced that diverse teams achieve better results and find more creative solutions. Already, we are already doing well in terms of internationality as people with more than 85 nationalities work here, but we want to do even better when it comes to the proportion of women in management positions.

This requires data transparency. How do you manage this?

In 2023, we launched “HR connect”. It is a digital platform bringing together the personnel data of 23,000 employees in 16 countries. We are now able to access all relevant information centrally with just one click. That allows us new insights and reliable information when it comes to reporting matters.

Health and safety first

As a people-centered business, the lives, health, and safety of our employees and business partners are a top priority at Leadec. By putting Health & Safety at the heart of our daily operations, we have reduced our lost time injury frequency rate (LTIFR) from 1.6 in 2019 to 1.1 in 2023 – well above average and setting new standards. Our declared goal is zero fatalities.

Raising awareness of H&S through communication

Our global “Safety – It’s Your Life” campaign creates a strong health & safety mindset as an integral part of our corporate culture through clear communication and a variety of awareness-raising activities. These range from more conventional measures like a safety board at sites to more modern tools like our global employee app with regular information about H&S topics.

Turning good intentions into effective action

Leadec has approximately 200 dedicated safety experts in operation groupwide, as well as people responsible for safety at all sites. They ensure H&S on the ground every single day by carrying out systematic and comprehensive risk assessments in the form of “safety walks”. Internally, safety in the workplace is analyzed using an HSE software, which is used, e.g., to record incidents, document audits and inspections, and perform risk assessments. Externally, we have our operating businesses regularly certified according to ISO 9001, 14001 und 45001.

Rewarding safe behavior

Positive behaviors and achieving best outcomes in health and safety are incentivized by rewarding them. H&S is structurally embedded at Leadec in two ways: firstly, in target agreements combined with a bonus scheme for more work safety. And secondly, by Leadec’s HSE Awards program. Sites are encouraged to submit an award entry outlining the best practices they have established at their place of work.

“We at Leadec hold the health and safety of our employees, customers, and business partners in the highest regard.”

Markus Glaser-Gallion
CEO Leadec

“It’s all about a ‘safety first’ culture.”

Gordana Djurdjevic
EHS Director, Americas



Occupational safety is paramount for any company. How can we create a safety culture across all areas of operation?

Gordana Djurdjevic The most effective way to improve occupational safety is to foster a “safety first” culture that calls for educating our workforce and providing them with meaningful safety initiatives. All of this rounds out with an environment of collaboration that secures a working trust between all stakeholders to address any challenges and to drive any changes needed.

What are the strategies to address challenges like emerging safety hazards?

Innovation is key to staying ahead of the curve in occupational safety. Virtual reality (VR) technologies provide an immersive training experience, while

robotics and automation can take on risky tasks for humans. We also use digital solutions that provide us with all the information we need directly on mobile devices. For example, our HSE suite or our “PPE App”, which we have developed in-house.

Leadec implements global safety audits. Can you elaborate on the reasoning behind this practice?

The audits are the foundation for the collaboration of our strong HSE safety community. Not only do you get to see a different perspective on how safety and employee engagement are happening in various countries and divisions, but also at various customer sites specifically. It’s always beneficial for both sides. Local laws may differ, but the questions and engagement culture do not!

How do you measure the success of your occupational safety efforts?

We not only look at incident rates, but also at the results of various internal audits and inspections and look at the ROI in our safety initiatives. We also consider other topics, such as the engagement and reporting conduct of our teams. By combining these measurement tools, we gain a comprehensive understanding of the effectiveness of our safety efforts. One thing is always certain: when it comes to occupational safety and our team, there is no room for compromise!

Leadec Mexico demonstrates best practices

In 2023, Leadec Mexico’s success secured them a health & safety customer award. The hard work put into health and safety matters by our workforce brings a tangible added value for an automotive customer. The H&S program introduced there encourages employees to be responsible protagonists on their own occupational health & safety journey. This includes teaching them how to analyze and document risks, how to share and report data, and informing them of their rights and obligations. H&S contents are communicated using posters, videos, talks, and by participating in the client’s safety policy.



Supply chain due diligence: setting highest standards for us and our suppliers

A paradigm shift is taking place, requiring companies to look beyond their own internal obligations and take on responsibility for their supply chain, and for society as a whole. Leadec is very aware of its responsibility in this respect, and we work proactively to ensure that our business operations are fair, sustainable for the environment, and respectful for the people they impact upon. We work to fulfill regulatory demands even before the respective legislation comes into force.

Compliance ahead of legislation

To this end, we have codified our expectations of employees in our Code of Conduct of the Leadec Group, which contains provisions governing daily work routines and a commitment by the Board of Management to act in accordance with Leadec values. For our suppliers, we provide guidance and education about supply chain topics in our Business Partner Code of Conduct.

Leadec was already operating in compliance with the regulations of the German Supply Chain Due Diligence Act (LkSG) before it entered into force in 2023. And we are currently bringing our business operations into line with the EU's Corporate Sustainability Due Diligence Directive (CSDDD). We agree with the principles expressed in EU supply chain law and do everything to source raw materials responsibly in our supply chain in strict adherence with legislation. This is underscored by our commitment for upholding human rights and our endeavor to prevent human rights violations in all areas of our business and supply chain.

Translating commitment into action

To be able to better assess risks along the supply chain, we introduced a software-supported supply chain risk management system, which risk-analyzes the approximately 20,000 suppliers we are involved with. Suitable measures can be derived from the information this provides. Ensuring their efficacy then requires building a governance structure to oversee the overall process from analysis to action to results. As part of this, Leadec created a Human Rights committee in 2022.

An important tool to raise awareness about ethical and sustainable supply chain management among Leadec employees are training sessions on sustainable procurement, environmental regulations, sustainability at Leadec and the relevant directives, standards, and regulations that govern all dealings with suppliers and other business partners. An official complaints procedure for human rights and environmental issues has been set up. It is available to everyone in our supply chain and accessible via the Leadec website. Employees can help protect human rights and environmental



Leadec Integrity Line

An important component in our compliance practices is the [Leadec Integrity Line](#). It offers all stakeholders an anonymous and confidential easy channel in several languages for reporting matters relevant to ethical supply chain management such as:

- risks related to human rights and the environment
- violations of human rights or environmental obligations, esp. within the supply chain
- violations of statutory provisions or other legal regulations
- other compliance infringements, e.g. of internal guidelines or the Leadec Code of Conduct.

regulations by reporting violations, especially along the supply chain, using the whistleblowing channel provided by the Leadec Integrity Line.

Going forward, our intention is to teach and inform our workforce about relevant human rights topics such as modern slavery as well as relevant environmental regulations, using e-learning programs for example. And compliance with human rights requirements and environmental standards is to become an integral part of our internal audit topics.

Ensuring global compliance

In 2023, we published a policy statement, that is aligned with the Ten Principles of the UN Global Compact. We are committed to practicing and promoting safe, environmentally sustainable, and legally compliant business practices worldwide:

Human Rights

- ▶ Businesses should support and respect the protection of internationally proclaimed human rights; and
- ▶ make sure that they are not complicit in human rights abuses.

Labor

- ▶ Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- ▶ the elimination of all forms of forced and compulsory labor;
- ▶ the effective abolition of child labor; and
- ▶ the elimination of discrimination in respect of employment and occupation.

Environment

- ▶ Businesses should support a precautionary approach to environmental challenges;
- ▶ undertake initiatives to promote greater environmental responsibility; and
- ▶ encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- ▶ Businesses should work against corruption in all its forms, including extortion and bribery.

WE SUPPORT



General Disclosures



Markus Glaser-Gallion
CEO

“As the world’s leading service specialist for the entire life cycle of a factory, Leadec prioritizes ESG principles for a sustainable future. Our target is to lead our industry by example.”

The Environmental, Social, and Governance (ESG) principles that guide our company are more than just a framework; they are a commitment to responsible stewardship of the resources and communities we impact. As the world’s leading service specialist for the entire life cycle of a factory and the related infrastructure, I am acutely aware of the role our operations play in shaping a sustainable future.

In the past year, we have seen significant advancements in our ESG initiatives, driven by a collective determination to not only meet but exceed our sustainability goals. Our commitment is about leading by example and fostering a culture of innovation and resilience – always aiming at positively influencing the markets where we operate. We are investing in technologies and practices that minimize our environmental footprint, enhance social well-being, and ensure robust governance structures.

Keeping our own people engaged and motivated to deliver sustainable results across the business is therefore our utmost priority. Our journey is ongoing, and we are committed to continuous improvement and transparent reporting of our ESG performance.



General information

General basis for preparation of the sustainability statements

This sustainability reporting for 2023 includes the Corporate Sustainability Reporting Directive (CSRD) of Leadec Holding S.à.r.l., further referred as the Leadec Group or Group. The CSRD is in accordance with Article 68a(2) of the Luxembourg Law of the December 19, 2022 on the Trade and Company Register and companies on bookkeeping, annual accounts of companies, and amending certain legal provisions, the EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council, and the delegated acts adopted in this respect. The Leadec Group presents the sustainability issues of major relevance to its business activities together with the impact of those activities on a comprehensive set of sustainability matters. The current report references the Global Reporting Initiative (GRI) Standards 2021. The GRI content index is available in the form of an appendix on the Group's sustainability website, outlining the specific GRI Standard Disclosures addressed.

Leadec Holding S.à.r.l. is a privately owned corporation domiciled in Luxembourg (2, rue Edward Steichen, 2540 Luxembourg). The reporting period for the sustainability report is the fiscal year 2023. Unless otherwise specified, the information of the sustainability report covers all fully consolidated companies of the Leadec Group (refer to page 62). The sustainability report was prepared according to the requirements of the European Sustainability Reporting Standards (ESRS). The Leadec Group didn't use the option to omit specific pieces of information corresponding to intellectual property, know-how or the results of innovation in accordance with ESRS 2 BP-1 and ESRS 1.105.

Regarding the preparation of the sustainability report, the upstream and downstream value chain has been covered as well as all own operations. Especially through identifying and assessing impacts, risks, and opportunities (IROs) within the Leadec Group's direct and indirect supplier network, as well as throughout the upstream value chain activities. Upstream value chain components encompass service providers for personnel, capital goods such as forklifts, as well as packaging and chemical suppliers. Own operations focused on identifying and assessing IROs within the Leadec Group's offices and operational stations. Downstream value chain activities included identifying and assessing IROs associated with the Leadec Group's four global service offerings (Engineering, Maintenance, Support, Installation) at client sites, as the Group predominantly serves large manufacturing firms, particularly within the automotive industry as well as in the distribution & warehousing sector, and the food & beverage industry.

The sustainability report was prepared according to the requirements of the European Sustainability Reporting Standards (ESRS).



Expert judgement of external auditor

CSRD

Leadec is currently in the process of implementing the CSRD content. The implementation is carried out in accordance with the approaches described in the section "Impact, risk, and opportunity management". The progress of implementation and the approaches chosen by Leadec correspond to the current requirements for implementation in accordance with the directive. Leadec also involves external consulting and auditing services to ensure an objective assessment of progress. Regarding Leadec's materiality analysis, this was assessed by an external audit as part of a "CSRD Readiness Assessment of the materiality analysis" project. The results of this were discussed together and comments were integrated into the implementation, although no errors with a material impact were identified during the review and the approach was classified as comprehensible. However, due to the dynamic development of regulation and the fact that the CSRD has not yet been transposed into national law, it cannot be ruled out that statements will have to be adjusted as at the reporting date.

EU taxonomy

Leadec is currently in the process of implementing the EU taxonomy content. The implementation is carried out in accordance with the approaches described in the section "EU Taxonomy Readiness Assessment". The progress of implementation and the approaches chosen by Leadec correspond to the current requirements for implementation in compliance with the directive. Leadec also involves external consulting and auditing services to ensure an objective assessment of progress. Regarding Leadec's taxonomy readiness analysis, this was assessed by an external audit as part of an "EU Taxonomy Readiness Assessment – Eligibility" project. The results of this were discussed together and comments were integrated into the implementation, although no significant deviations from the EU delegated act were identified during the review and the approach was deemed to be comprehensible. However, due to the dynamic development of regulatory requirements, it cannot be ruled out that statements may need to be adjusted as at the reporting date.

Strategy

Strategy, business model and value chain

The Leadec Group is a leading global service specialist for factories across their entire life cycle and related infrastructure. For more than 60 years, the Group has been supporting its customers in the manufacturing industry along the entire production value chain. The Leadec Group is familiar with the specific demands of manufacturing sites today and develops solutions for the factory of tomorrow.

The Leadec Group is led by the Board of Management (BoM)¹, which consists of the Chief Executive Officer (CEO), Chief Financial Offer (CFO), and Chief Operating Officer (COO). The BoM is supported by the Leadec Group Advisory Committee, which consists of four Members².

The BoM and Advisory Committee have a strong focus on sustainability, as this topic is at the heart of the Group's service offering. The Leadec Group is aware of its growing importance on a global and national level and its increasing relevance for internal and external stakeholders such as its customers, investors, and employees. At the same time, the Leadec Group strives to integrate sustainability into all decisions in its day-to-day business. As a result, the Leadec Group is setting new standards in sustainable development, guided by a measured and precautionary approach that ensures long-term success. Furthermore, the Group is committed to seizing sustainability opportunities to make progress for its business and its stakeholders, to manage operational risks, to mitigate its negative impacts, and to make a positive contribution to the communities in which the Group operates. The Leadec Group also aspires to help its customers become more sustainable by providing Green Factory Solutions (GFS). Leadec offers a whole series of green services along the entire life cycle that promote climate neutrality, resource efficiency, and a circular economy.

¹ All members of Leadec's Group BoM are male.
² All members of Leadec's Group Advisory Committee are male.

Leadec is based at more than 350 sites, often directly at the customers' plants and facilities, supporting them along the entire production supply chain. Leadec is active in 16 countries in Europe, Asia and the Americas with a decentralized organizational governance. The Group's employees work on-site with the customers – either on a permanent basis for location-based services or flexibly for the needs of specific projects.

In 2023, a total Headcount of 23,324 employees were working within the Leadec Group:

	Male	Female
Europe	8,517	2,677
Americas	5,553	2,390
Asia	3,995	192
Total	18,065	5,259

At the same time, the global footprint enables the Leadec Group to share its specialist knowledge across its network of experts. The Group offers customers an extensive service portfolio covering a wide range of competencies: engineers plan new facilities, IT specialists develop software for production management, and optimization as well as automation solutions. The Leadec Group technicians assemble and install new facilities and put them into operation. Once the factory is ready for operation, the Group keeps the production and facility infrastructure running and supports all peripheral processes. In this way, the Group releases its customers from having to deal with secondary processes, enabling them to concentrate on their core business.

The Leadec Group's four service clusters logically follow a factory's life cycle, from planning, installation, automation, and commissioning through to operation of the factory.

The operating business of the Leadec Group is organized in three regions: Europe, the Americas, and Asia. The Group is parent to the wholly owned subsidiary Leadec Holding BV & Co. KG along with the latter's subsidiaries. The majority of the Leadec Group is held by the investment firm Triton. The Group primarily

houses central functions which develop processes of importance to the entire organization. These processes are implemented by the decentralized units and adapted to the local needs of each region. Over and above this, the Smart Factory Group and the Production IT operating unit are managed centrally.

The Leadec Group is not part of a high climate impact sector, the revenues over all divisions relate to the real estate and service sector. During the reporting period none of the operating divisions of the Leadec Group was active or generated sales out of fossil fuel production, chemical production, the cultivation and production of tobacco, and the production of controversial weapons.

Sustainability is of fundamental importance for the well-being of future generations and a global task that is currently of great concern for politics, society, and business. The Leadec Group is aware of the great significance of sustainability at an international and national level as well as for its stakeholders – first and foremost, customers, investors, employees, and the company.

As a signatory to the United Nations Global Compact, the Leadec Group is committed to the 17 United Nations Sustainable Development Goals (UN SDGs) as well as the ten principles of the UN Global Compact and, as a company, the Leadec Group intends to contribute to their fulfilment. As part of the Leadec Group's individual sustainability strategy, a materiality analysis is carried out every two years involving consultations with important stakeholders since 2018.

The Group has set itself the goal of contributing to the sustainable development of the world and taking leading action in the necessary changes. The Leadec Group wants to use the opportunities arising to increase its Group and stakeholders' success and to counter risks. Everywhere the Leadec Group operates, it wants to make a positive contribution to the local communities and avoid any possible negative impact of its business operations to the greatest possible extent. What is more, the Group supports its customers in achieving their sustainability goals through environmentally friendly services like Green Factory Solutions that enhance the sustainable value for them.

Building up a sustainable business and creating long-term value necessitates establishing a sustainable way of thinking across all levels of the Leadec Group by means of a corresponding governance structure. The overall responsibility for sustainability as well as issues relating to health, safety, and the environment (HSE) lies with the Leadec Group's BoM. This includes, but is not limited to, defining, reviewing, and adapting objectives and strategies. Over and above this, the BoM is responsible for empowering all employees to participate in fulfilling our sustainability goals.



2025 sustainability goals

In the year 2018, the Group defined the following sustainability goals for 2025:

Environmental



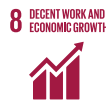
	Goal (2025)	Actual (2023)
Carbon efficiency		
We want to reduce our energy consumption and carbon footprint.		
Reduce our carbon footprint		▶ -54%
-15% CO ₂ emissions relative to total output (Scope 1 & Scope 2)		
We want to reach		▶ 64%
65% total electricity from renewable sources		
Reduce our emissions intensity		▶ 17%
>2% per year		
Resource efficiency		
We will reduce waste and use resources efficiently.		
Reduce consumption of non-recyclable materials:		▶ -73%
-75% reduction of waste to landfill relative to total output		
Contributing to reducing packaging waste, water use and water pollution		
Reduce total waste		▶ 40%
-15% relative to total output		
Reduce hazardous waste		▶ -99%
-15% relative to total output		
ISO 14001		▶ 75%
>75% of our operations ISO 14001 certified		
Customer focus		
We want to strengthen customer relationships and provide services that meet our customers' needs.		
Maintain customer retention rate		▶ 94%
>90% customer retention rate		
Support customers in becoming more sustainable		▶ 3%
Increase the share of environmentally friendly services (Green Factory Solutions) of total output		

Social



	Goal (2025)	Actual (2023)
Health and safety		
We want to establish safe and healthy workplaces for our employees and customers.		
We want to reach		▶ 1.1
<1.5 lost time injuries per million hours worked (LTIFR)		
Zero fatalities is our long-term goal		▶ 1
We want to strengthen prevention.		
Carry out at least		▶ 31
24 global HSE site audits per year		
Conduct a minimum of		▶ 29,121
15,000 safety walks per year		
We want to increase digitization and real-time transparency of HSE by ensuring that at least over 90% of our sites are using our HSE suite		▶ 91%
ISO 45001		▶ 79%
>75% of our operations ISO 45001 certified		
Employee development & diversity		
We will provide development opportunities for employees and treat all employees fairly.		
Improve gender diversity		▶ 23%
30% women in corporate leadership positions		
Provide		▶ 93%
Training & development to provide opportunities and ensure the continued development of our employees		
Supplier sustainability		
We want to promote sustainability throughout our value chain.		
Promote sustainability		▶ 53%
A suppliers (account for 80% of the annual spend volume) commit to principles within the Leadec supplier sustainability policy including environment, health & safety, human rights and working conditions		

Governance



	Goal (2025)	Actual (2023)
Compliance		
We want to ensure compliance with the law and build trust with all stakeholders.		
Maintain compliance training rate		▶ 93%
90% of employees trained on topics such as: data protection, anti-bribery, cyber security, etc.		
Human rights		
We support the protection of internationally proclaimed human rights.		
Strengthen human rights		▶ 97%
>90% employees trained on relevant human rights topics, e.g., modern slavery		
Leadership & culture		
We ensure strategic oversight of ESG-related risks, opportunities and strategies.		
ESG oversight at Board level		▶ achieved
ESG standing agenda at all Board of Management meetings		
ESG accountability at Board level		▶ achieved
ESG deep-dive sessions at least bi-annually at Board of Management level		
Corporate governance & ethics		
We actively steer and govern ESG-related risks, opportunities and strategies.		
UN Global Compact		▶ published
commitments are reported annually		
Steer relevant ESG topics via dedicated committees, such as: Diversity & Inclusion Committee, Human Rights & Supply Chain Committee, Compliance Committee, etc.		▶ regular meetings took place
Transparency & credentials		
We proactively report on ESG-related risks, opportunities, strategies, initiatives, progress and recognitions.		
ISO 9001		▶ 79%
>75% of our operations ISO 9001 certified		
Transparency		▶ published
Publish sustainability report annually & publish sustainability disclosures on Leadec website		
Annual ESG ratings		
Be above 70/100 points in EcoVadis rating		▶ 60/100
Be below 10/100 points in Sustainalytics rating		▶ 8.4/100
Achieve an A CDP rating		▶ C-rating

In 2024, the Leadec Group will reassess the sustainability goals defined in 2018 and adapt them to the current legal requirements and the modified service offerings.

Stakeholder review

The Leadec Group identified the most important stakeholders through in-house discussions, external analyses, and industry comparisons. To identify, inform and prioritize the sustainability strategy, they engaged with key internal and external stakeholders, employees, senior management, board, shareholders, customers, and suppliers. The stakeholder engagement is based on priority levels and the impact of the relevant stakeholder. For the stakeholder group of customers, workshops and interviews have been held to identify their key challenges and risk on their sustainability transformation. As result of those stakeholder engagements, the Leadec Group developed the Green Factory Solutions, which drive the sustainable business growth of the Group as well as directly address the needs of the Group's stakeholders. The focus over all four business divisions is to further develop solutions that strengthen the Leadec Group's market position and drive the sustainable transformation.

How Leadec's Green Factory Solutions pay into EU taxonomy

The Group offers a series of green services across the entire factory life cycle that promote climate neutrality, decarbonization, circular economy, and resource efficiency. These services are labeled as Green Factory Solutions. The Leadec Group experience from hundreds of manufacturing sites it serves was integrated into the development of this series of sustainable services. In the 2023 fiscal year, the Group won several Green Factory Solutions orders – valuable customer references that will also help to further enhance the portfolio of offerings in this area.

The Green Factory Solutions portfolio consists of seven selected green solutions. One of the most frequently requested services is "Zero Waste Services," which

aim to implement waste recycling practices, zero waste strategies, and sustainable operations in factories. A sustainable facility management approach called "Sustainable Facility Services" supplements the cleaning service offered by the Leadec Group. Its main purpose is to ensure, e.g., the use of biodegradable and phosphate-free agents and preserve biodiversity through implementing ecological solutions to ensure a harmonious coexistence between industry and nature. The Group also helps its customers conduct energy audits and implement energy management systems that comply with international standards. Energy metering, calibration, and installation of effective filtering systems yield energy savings that can significantly contribute to a reduction in carbon emissions from factories. The Leadec Group offers the corresponding "Energy Efficiency Solutions" for this. Most factories are now transitioning from fossil fuel-based energy sources to renewable energy sources such as photovoltaics, battery solutions, and heat pumps. These activities are offered by the Group's "Renewable Energy Solutions." The Leadec Group's "Intelligent Lighting" offering helps customers slash the electricity consumed by their lighting applications through use of LED technology and implementation of lighting designs that are in line with international standards. Leadec delivers for sustainability related industries, cutting-edge automation solutions by providing the best combination of electrical engineering, automation, and IT. With "Green Industrial Automation" Leadec helps its customers in automating its recycling systems, biomass utilization, PowerToX systems, and production systems for batteries, solar or fuel cells. From project management, software, and hardware engineering to electrical installation, Leadec offers support at every step of its customers' automation projects. Industrial companies' climate goals include not only actions to mitigate the effects of climate change (incl. drought, heatwaves, flooding, and storms) but also actions to adapt to and strategies to analyze the effects of climate change. These measures fall under the Leadec Group's "Climate Change Adaptation" offering.

EU taxonomy readiness assessment

The project approach taken by Leadec consists of the following steps:

- 1. Eligibility assessment of economic activities
- 2. Alignment assessment of economic activities
- 3. Determination of Turnover, CapEx and OpEx share

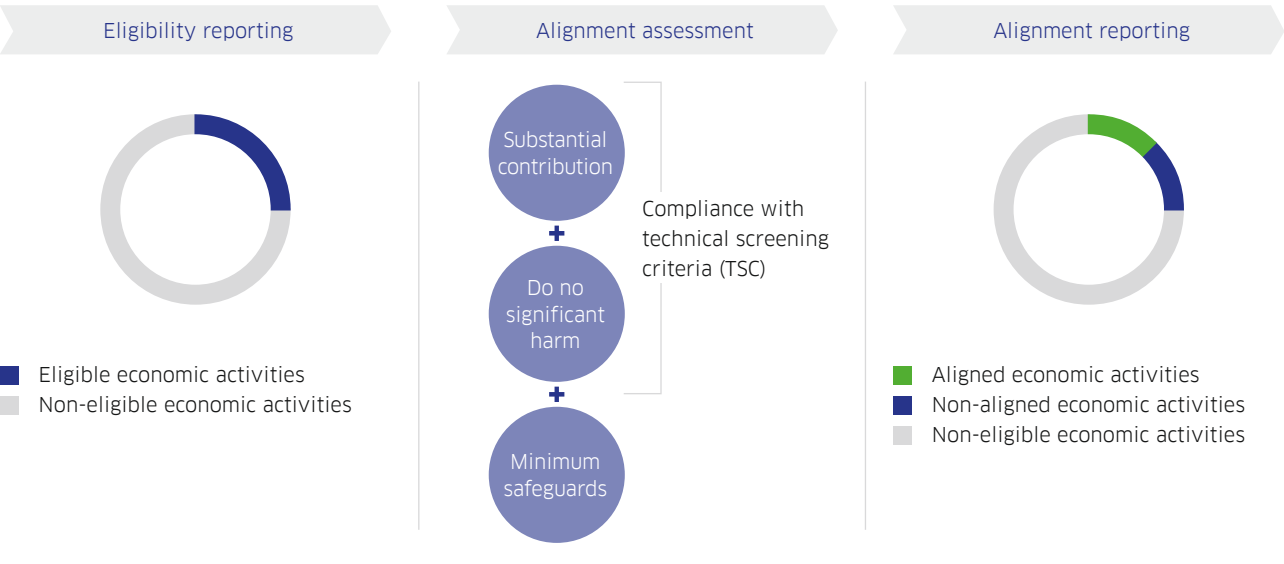
The eligibility assessment resulted in a list of activities that could be identified as taxonomy eligible ranging from the environmental objective "climate change mitigation", "circular economy" to "pollution" and "biodiversity".

The Green Factory Solutions service offering is aligned with the identified eligible economic activities and represents the basis of the alignment assessment:

- ▶ Conservation, including restoration, of habitats, ecosystems and species
- ▶ Collection and transport of hazardous waste (Pollution)
- ▶ Collection and transport of non-hazardous and hazardous waste (Circular Economy)

- ▶ Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution
- ▶ Installation and operation of electric heat pumps
- ▶ Repair, refurbishment and remanufacturing
- ▶ Preparation for re-use of end-of-life products and product components
- ▶ Collection and transport of non-hazardous waste in source segregated fractions (CCM)
- ▶ Product-as-a-service and other circular use- and result-oriented service models
- ▶ Installation, maintenance, and repair of energy efficiency equipment
- ▶ Installation, maintenance, and repair of charging stations for electric vehicles in buildings
- ▶ Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- ▶ Installation, maintenance, and repair of renewable energy technologies
- ▶ Professional services related to the energy performance of buildings

EU taxonomy alignment

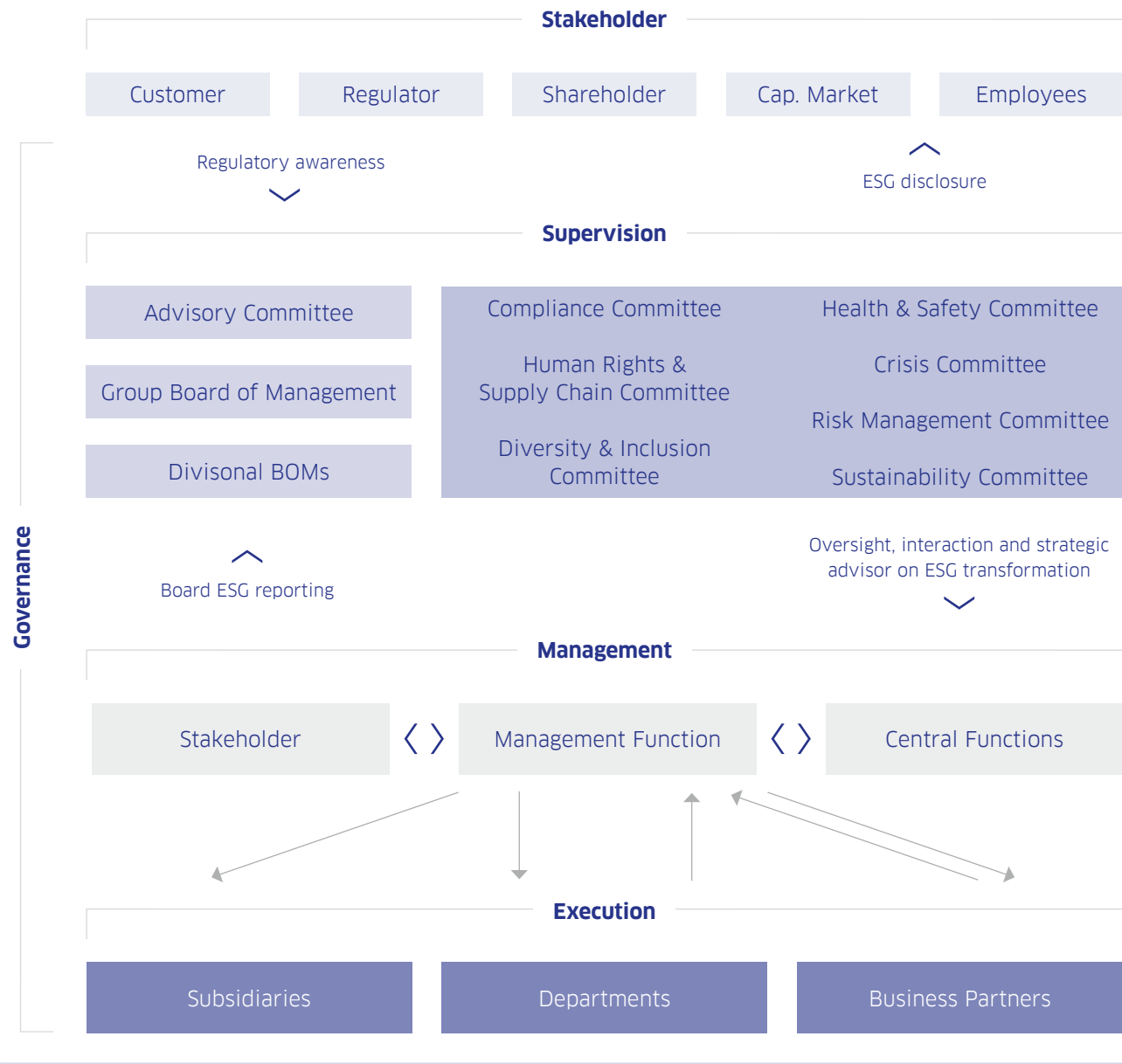


Governance

The BoM is responsible for the Leadec Group’s overall sustainability performance, establishing, and reviewing its sustainability goals and strategies. The BoM is also responsible for implementing directives and empowering all employees to contribute to and fulfill the Group’s social and environmental objectives. This responsibility is one of the core values embedded in the Leadec Group’s Code of Conduct. The sustainability function is executed by the COO, who is responsible for all environmental and social matters together with

the CFO, who is responsible for all governance matters. Both report directly to the CEO. The CEO, CFO and COO have received specialized training and acquired valuable experience in sustainability efforts. This includes the creation, revision and update of sustainability targets and strategies. Moreover, they have developed expertise in ESG measurement, reporting, and ratings, which enhances transparency and accountability. Taking charge of initiatives in local decarbonization and energy efficiency, they actively work towards environmental goals.

Governance model



Name	Frequency per year	Description
Group Advisory Committee	8×	The Advisory Committee consists of shareholder representatives and industry experts and acts as an advisory body for the Leadec Group. It is updated on key topics.
Board of Management	15×	The BoM is responsible for the strategic and operational management of the Group. The steering of the Group is performed by monthly management review calls and quarterly strategic reviews.
Human Rights & Supply Chain Committee	4×	The HR&SC Committee is in charge of all risk related to human rights & supply chain and ensures that protected legal positions in Human Rights & Environment are observed.
Compliance Committee	4×	The Compliance Committee is composed of the leading Group functions of finance (CFO), Human Resources (Head of HR), Legal (Head of Legal), and the Head of Internal Audit. The committee is responsible for all relevant compliance cases.
Diversity & Inclusion Committee	3×	The D&I Committee is sponsor for D&I together with the BoM. It reviews the status of D&I activities as well as outlines the direction for future activities.
Health & Safety Committee	1×	The Global H&S Committee is in charge of activities to increase health and safety activities on the Leadec Group sites. It is supported by local committees to ensure all requirements relating to workplace safety are fulfilled.
Crisis Committee	1×	The Crisis Committee is responsible for an ongoing establishment and the maintenance of the crisis management organization. It acts as steering committee in cases of a crisis.
Risk Management Committee	6×	The RM Committee is the central function and decision-making body for the appropriateness and effectiveness of the Risk Management Process. They review all reported risks and are in charge of maintaining and updating the process.
Sustainability Committee	4×	The Sustainability Committee is responsible for the steering and integration of sustainability into all divisions and aspects of the Group’s business.

The Global Head of Green Factory Solutions, Sustainability & HSE, who directly reports to the COO, is responsible for enshrining sustainability in all regions and business operations. This is realized and ensured through a group-wide network consisting of a sustainability team, which is organized as a central holding function, as well as global and divisional HSE officers and other executives. At least once a year, the Advisory Committee and Triton are presented with in-depth information on sustainability.

The Leadec Group’s principles and directives are reflected, amongst others, in the House of Governance, which is accessible to all employees worldwide. The topics covered in the House of Governance include sustainability, information security, occupational health & safety, procurement, and risk management.

Compliance with the Code of Conduct and the directives of the House of Governance is overseen by the compliance officers of the respective legal entities. The officers send regular compliance reports to the CFO of the Leadec Group, who is also the Chief Compliance Officer.

A Compliance Committee, which comprises the Head of Legal, the Head of HR, the Head of Internal Audit, and the CFO of the Leadec Group (who holds the chair), meets every quarter to discuss existing compliance events and how they should be managed. The Committee also discusses any necessary training measures and improvements to the compliance system. In addition, the CFO regularly reports to the Advisory Committee.

Furthermore, management bodies as well as the Advisory Committee are informed on a monthly basis through the monthly reporting on the latest figures of work & safety KPI's as well as on the development of the Leadec Group's Green Factory Solutions.

Building up a sustainable business and creating long-term value necessitates establishing a sustainable way of thinking across all levels of the Group by means of a corresponding governance structure. The overall responsibility for sustainability as well as issues relating to health, safety, and the environment (HSE) lies with the Leadec Group's BoM. Leadec's end-to-end green transformation is driven by the Global Head of Green Factory Solutions, Sustainability & HSE who is responsible for the operating, customer related green transformation through the establishment of Green Factory Solutions services as well as for the Group's transformation to comply with the legal requirements over sustainability, health, and safety. This includes, but is not limited to, defining, reviewing, and adapting objectives and strategies.

The Leadec Group's risk management system was reassessed in 2023 in accordance with the updated legal requirements of the CSRD. For example, a Risk Management Committee was established to further strengthen the monitoring of risks and controls on sustainability matters. In addition, a central risk data-base was set up which contains at least five top risks per business segment. The structures and processes were implemented to establish a comparable governance for a compliant sustainability reporting as the Group has it on financial reporting. The internal control system throughout the entire organization was updated to ensure the identification and mitigation of risks on sustainability reporting by setting up targets, policies, manuals, and internal controls. The amount of the measures increases the transparency of the risk management and the awareness through an overview of the risks which is up-to-date, comprehensive, and consolidated.



Further adjustments of the bonus scheme towards sustainability goals are planned, especially to include the corporate carbon footprint as measurable KPI in upcoming periods.

The Group top managers are incentivized by a bonus scheme with annually updated target values. The scheme and the aggregated targets for FY 2023 were approved by the Board of Management, the Supervisory Board was informed and the specific targets were communicated by Human Resources at the beginning of 2023. The scheme is based on financial as well as non-financial KPI's over four strategic factors. Those factors include the group financial result (normalized

EBITDA), the financial result (normalized EBITDA & normalized operating cash flow) of the manager's respective division or legal entity, up to two individual defined measurable strategic goals. Furthermore, compliance with safety standards expressed as a combined safety KPI, which considers the lost time injury frequency rate (LTIFR) and Safety Walks Ratio¹ (SW), functions as a multiplier.

The KPI figures are updated on an annual basis. The bonus scheme is directly linked to sustainability goals through the safety KPI as well as indirectly through the success of the Green Factory Solutions which affects the results over all divisions. The integration of the combined safety KPI into the bonus scheme is one of the mechanisms used to achieve less than 1.5 accidents per one million hours worked. Further adjustments of the bonus scheme towards sustainability goals are planned, especially to include the corporate carbon footprint as measurable KPI in upcoming periods.

¹ Safety Walks Ratio measures the ratio of number of conducted safety walks against the number of planned safety walks in a workplace.

Bonus scheme

Top Management	Leadec Group financials		Division/BU financials		Strategy	Safety			
Division Management	<div>Group nEBITA 20%</div>	+	<div>Division nEBITA 60%</div>	+	<div>Division nOCF 20%</div>	+	<div>Strat. goals</div>	×	<div>Combined Safety Multiplier</div>
Business Unit Management	<div>Group nEBITA 20%</div>	+	<div>BU nEBITA 60%</div>	+	<div>LE/Division nOCF 20%</div>	+	<div>Strat. goals</div>	×	<div>Combined Safety Multiplier</div>

Impact, risk, and opportunity management

Scope

As a key element of CSRD-compliant reporting, the Leadec Group has developed a methodology with reference to the principles in the draft ESRS from November 2022 and available guidelines for conducting the Double Materiality Assessment (DMA). Learnings from the 2023 process, dialogue with peers, and network and industry association meetings together with the final ESRS and newest guidance will help refine the process to ensure full alignment with the DMA-related requirements in 2024.

For the Group's own operations, it identified and assessed impacts on people and the environment as well as potential risks to its business, focusing on specific activities where impacts are more relevant. Furthermore, the Leadec Group assessed its value chain impacts and risks, primarily focusing on upstream activities. Value chain assessments were based on internal knowledge as well as stakeholder interviews and mainly focused on first-tier suppliers and customers. In the impact assessment, the Group considered both, positive and negative impacts as well as actual and potential impacts related to sustainability matters. In the financial assessment, the Group assessed potential sustainability-related risks that could trigger a negative financial impact on its business.

Scoring

As per the ESRS guidance, three parameters of 'scale', 'scope', and 'irremediable character' have been used in the scoring of the 'severity' of the Group's actual impacts: When scoring 'scale', it was assessed how great the impact is on the environment or people, after consideration of mitigation actions already in place. When scoring 'scope', the Group assessed how widespread the impact is based on parameters such as percentage of sites, employees, or financial spend that the impact relates to. When scoring 'irremediable character', it was assessed how difficult it is to reverse the damage in terms of cost and time horizon. For potential impacts, an additional parameter of 'likelihood' was scored.

When scoring risks, the Group assessed the potential magnitude of financial effects based on different triggers, including normalized EBITDA, normalized operating cashflow which constituted on part of the risk scoring. The second scoring part is based on the likelihood of occurrence. Likelihood of occurrence was scored as one to five using relevant time horizons of short-, mid-, or long-term in accordance with ESRS 1.

The Leadec Group's Sustainability Committee defined the materiality threshold at 8 out of 15 for impacts and 2 out of 5 for risk and opportunities.

The Group identified the following material impacts (impact materiality), risks, and opportunities (financial materiality) in the IRO assessment:

Overview of material topics

	Environmental	Social Own workforce	Social Workers in the value chain	Governance
Impact Materiality	- Climate change mitigation	- Secure employment - Working time - Adequate wages - Collective bargaining	- Collective bargaining - Health and safety - Forced labor	- Corporate culture
Financial Materiality	- Climate change adaptation - Energy		- Health and safety	

The following impacts and financial materiality were the basis of the Leadec Group's conclusion:

- **Environment (E1 – Climate change):**
 - Climate change mitigation – Negative actual impact: Despite the Group's relatively low Scope 1 and Scope 2 emissions, it still contributes to climate change through emissions in its upstream and downstream value chain (Scope 3 emissions accounted for 87.6% of the corporate carbon footprint in 2022).
 - Energy – Opportunity: Through Green Factory Solutions, the Group supports customers in improving energy efficiency, offering services like energy consulting, smart lighting, customized solar installations, and battery solutions. These solutions are expected to substantially reduce energy consumption or promote renewable energy usage, offering promising growth prospects for the Group.
 - Climate change adaptation – Opportunity: As part of the Group's climate change adaptation service, it conducts risk analyses to evaluate climate change's potential impacts, enabling proactive measures for their customers. The Group aids in preparing customer facilities for extreme weather conditions, such as storms, heatwaves, and flooding, minimizing damage. This service expansion presents lucrative revenue opportunities for the Leadec Group.
- **Social (S1 – Own workforce):**
 - Secure employment – Positive actual impact: Regardless of location, the Group's staff is offered long-term/unrestricted employment opportunities. The Group's offerings and service lines provide additional access to the labor market for unskilled workers.
 - Working time – Negative actual impact: Working hours vary depending on tasks and locations. Blue-collar workers may also work night shifts, though the Group implements country-specific measures to monitor working hours and ensure legal compliance. While overtime is uncommon, it can lead to psychological issues such as burn-out or reduced focus, as well as physical harm.
 - Adequate wages – Negative actual impact: The Leadec Group typically provides competitive salaries for white-collar workers, exceeding minimum wage and outperforming most competitors. Leadec focuses on fair wages for blue-collar workers in accordance with national minimum wage legislation. Leadec assumes that defined minimum wages cover adequate living expenses. Securing employment in alignment with national legislation provides the opportunity to participate in the local labor market.

- Collective bargaining – Negative potential impact: Failure to adhere to standardized collective bargaining agreements may result in the violation of workers’ social and economic rights, including fair wages, work hours, benefits, job security, working conditions, and grievance procedures.
 - Health and safety – Negative potential impact: Failure to provide the appropriate health and safety measures can result in incidents which cause physical or psychological harm during working hours. While minor incidents are common, the severity of injuries varies, and in some unfortunate cases, there have been casualties. This is why the Group’s entire workforce is dependent on adequate health and safety measures and are at risk of physical or psychological harm if appropriate means are not enforced.
- **Social (S2 – Workers in the value chain):**
- Collective bargaining – Potential negative impact: Non-compliance with standard collective bargaining agreements may lead to the infringement of workers’ social and economic rights, risking inadequate wages, work hours, benefits, job security, working conditions, and grievance procedures. The Leadec Group is aware of the potential negative impacts in its value chain and is committed to ensuring that they do not occur.
 - Health and safety – Potential negative impact: Inadequate provision of health and safety measures during working hours can result in incidents causing physical or psychological harm. The severity of these incidents varies, with minor ones being common and quickly remedied, but some cases resulting in casualties. The Leadec Group acknowledges the potential negative impact within its value chain and is dedicated to preventing its occurrence.

529

material data points were identified for Leadec.

- Health and safety – Risk: Failure to ensure adequate safety measures could lead to legal and market challenges, negatively affecting the Group financially, particularly given potential supplier shortages.
 - Forced labor – Potential negative impact: The potential employing of individuals against their will and without contracts respecting human rights could lead to physical harm, restrict freedoms, and contribute to negative psychological consequences such as PTSD. Even with the commitment of the Group’s top 100 suppliers to the principles defined in the Leadec Group supplier sustainability policy including environment, health & safety, human rights and working conditions this risk is higher in the upstream value chain, especially with smaller suppliers where oversight is challenging but expected due to limited governance systems. The Leadec Group acknowledges the potential negative impact within its value chain and is dedicated to preventing its occurrence.
- **Governance (G1 – Business conduct):**
- Corporate culture – Positive potential impact: The corporate culture fosters employee well-being, job satisfaction, personal development, and promotes ethical conduct among employees.
 - Corporate culture – Negative potential impact: A harmful corporate culture can result in stress and burnout, exacerbating psychological distress, and impacting overall well-being negatively.

- In addition to material impacts, risks, and opportunities, the Leadec Group has chosen to voluntarily report on the following topics:**
- **Social (S1 – Own workforce):**
- Measures against violence and harassment in the workplace – Negative potential impact: Harassment or violence directed towards employees can lead to profound effects on mental well-being, including long-term psychological consequences, as well as physical injuries and economic repercussions resulting from an inability to fulfill work duties or termination of employment. The Leadec Group acknowledges the potential negative impact and is dedicated to preventing its occurrence.
 - Diversity – Negative potential impact: Considering gender, ethnicity/race, or age in recruitment/promotion decisions can exacerbate socio-economic disparities, resulting in immediate and long-term economic consequences. Additionally, such practices can psychologically affect individuals with disabilities by diminishing their social influence. It must be emphasized in this context, that the Leadec Group is not aware of such cases in the past, and various measures and policies have been developed to prevent this kind of discrimination.
 - Child labor – Negative potential impact: Utilizing child labor undermines fundamental human rights and ethical standards. It exposes children to physical and emotional harm, denies them access to education and opportunities for personal development, and perpetuates cycles of poverty. Furthermore, it contributes to a culture of exploitation and inequality, hindering societal progress and perpetuating intergenerational cycles of poverty and deprivation. It must be emphasized in this context that there have been no such cases at the Leadec Group in the past, and various measures and policies have been developed to prevent child labor.

- Forced labor – Negative potential impact: Engaging individuals without their consent and without contracts that respect human rights may lead to physical harm (due to lack of human rights safeguards), restrict freedoms, and contribute to adverse psychological effects. It must be emphasized in this context that there have been no such cases at the Leadec Group in the past, and various measures and policies have been developed to prevent forced labor.
- **Social (S2 – Workers in the value chain):**
- Child labor – Negative potential impact: Utilizing child labor undermines fundamental human rights and ethical standards. It exposes children to physical and emotional harm, denies them access to education and opportunities for personal development, and perpetuates cycles of poverty. Furthermore, it contributes to a culture of exploitation and inequality, hindering societal progress and perpetuating intergenerational cycles of poverty and deprivation. It must be emphasized in this context that the Leadec Group is not aware of such cases in its value chain in the past, and various measures and policies have been developed to prevent child labor.

The Leadec Group has set a focus on climate actions for several years. The Group is, for example, asset-light and its Green Factory Solutions provide products and services that contribute to environmental objectives. The services within the Green Factory Solutions will be further developed based on the Leadec Group’s identified IRO’s. The Group invests in its employees and service portfolio to strengthen its position in the sustainable transformation. The Leadec Group is planning to extend its services offerings within the Green Factory Solutions, especially with high-demand service offerings in the areas of zero waste, energy efficiency, and renewable energy during 2024.

Environmental



Markus Hucko
COO

“Our commitment to sustainability is a fundamental aspect of our operating philosophy. In 2023, our initiatives spanned from reducing waste and emissions to enhancing biodiversity around our and our customers’ sites.”

Our commitment to sustainability is not just a response to global challenges, but a fundamental aspect of our operating philosophy. As COO, I am responsible for overseeing our operating strategies and their impact on the environment.

In 2023, we intensified our focus on minimizing our environmental footprint in our daily business, understanding that the health of our planet is critical to our collective future. Our initiatives span from reducing waste and emissions to conserving natural resources and enhancing biodiversity around our and our customers’ sites.

In the following “Environmental” chapter, you will find detailed accounts of our initiatives, challenges, and solutions. Looking ahead, we are excited about the opportunities to further integrate sustainable practices into our own operations.



187,218 Metric tons CO ₂ -eq total GHG emissions (Scope 1-3)	67% Share of total waste recycled	75% ISO 14001 certified operations
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Climate change

We are constantly working to minimize our environmental impact. This vital goal helps us protect the environment, mitigate the effects of climate change, use resources more wisely, and contribute to a circular economy. At the same time, it makes us more competitive, efficient, and better able to manage risk and create value for our customers. Leadec is committed to using all resources and raw materials efficiently and sustainably, increasing our reuse and recycling rates, and managing chemicals responsibly, for example, by replacing harmful chemicals with biodegradable equivalents. As part of our sustainability focus, we improve our performance by setting, tracking, and reporting on our environmental KPIs.

Climate change mitigation

Not only is the importance of the Science Based Target initiative (SBTi) growing, but Leadecs’ awareness of climate change mitigation has also increased over the past year. We understand our biggest levers and therefore want and need a behavioral change. The goal is to implement realistic and pragmatic solutions to ensure that our actions are meaningful and in line with the SBTis, but also fit with our business activities.

In our view, one of the first steps in the fight against climate change is to increase our transparency. Which is why we have been calculating our carbon footprint for several years now. For the first time in 2022, we calculated not only our Scope 1 and Scope 2 emissions, but also our Scope 3 emissions with the support of an external agency. The focus of our carbon footprint calculation for the fiscal year 2023 was to increase the share of primary data. This means that, for Scope 3, we mainly used spend-based data. In the next calculation, we plan to move from spend-based to consumption-based data, which will allow Leadec to have an even more accurate corporate carbon footprint. We have already been able to harmonize the spend-based data by using a harmonized product code, such as the United Nations Standard Products and Services Code (UNSPSC) globally. The next step will be to implement measures to reduce our corporate carbon footprint. In addition, Leadec considers sustainable parameters, such as various eco-labels, in its daily business.

Scope	Emission source	Metric tons CO ₂ -eq
Scope 1	- Direct emissions from company facilities	867.0
	- Direct emissions from company vehicles	8,193.9
Scope 2	- Purchased electricity for own use	2,297.3
	- Purchased heating, steam and cooling, for own use	405.7
Scope 3	- Business travel	3,034.7
	- Employee commuting	32,271.8
	- Fuel and energy related activities	2,867.6
	- Purchased goods and services	58,429.7
	- Upstream transportation and distribution	3,728.9
	- Waste generated in operations	1,191.5
	- Others	73,929.9
Leadec Corporate Carbon Footprint 2023 (total)		187,218.0



First report to CDP

In line with its firm commitment to mitigating the climate change impacts of its business, Leadec took part in its first CDP (Carbon Disclosure Project) assessment in 2023. This involved submitting corporate data on subjects such as CO₂ emissions, climate risks as well as reduction targets and strategies.

Leadec currently holds a “C” rating in this climate change rating, which is consistent with the industry average. This means that we are in an environmental and sustainability awareness stage throughout the company. Our aim is to achieve an “A” score.

CDP is a not-for-profit charity that focuses on measuring and acting on the environmental impact of investors, companies, cities, and governments. It covers various environmental aspects, including climate change, deforestation, water, biodiversity, plastics, and oceans. CDP evaluates companies based on their disclosed data. Each company receives a score ranging from A (leadership) to E (failure to disclose) for their environmental performance. The scores are relative, allowing benchmarking against peers within the same industry. Companies are assessed on various criteria, such as emissions reduction targets, risk management, transparency, and innovation.

At Leadec, the climate change CDP rating is important because it helps us not only strengthen our sustainability leadership, increase investor confidence, identify and mitigate risks but also to elevate our market reputation. We constantly enhance our carbon disclosure while improving our ecological performance.

Our key focus areas are:

- ▶ Enhance the environmental and sustainability skills of our senior management team including the Board of Management.
- ▶ Commit to having at least one Board Member with advanced experience and training on environmental and sustainability topics.
- ▶ Regularly update our geolocations analysis to be able to identify potential climate-related risks that may have an impact in our business.
- ▶ Create and update regularly our climate transition plans.
- ▶ Align our targets with SBTi criteria.
- ▶ Grow our Green Factory Solutions business, focusing on decarbonization and circular economy solutions.
- ▶ Increase consumption-based primary data in our corporate carbon footprint calculation (Scope 1–3).

In 2023, we started preparing for the SBTi process. In addition, we will consider available environmental data points per geolocation code for the development of climate risk scenarios. This will help us to further improve, collect and report consumption data at a legal entity level.

187,218
Metric tons CO₂-eq
total GHG emissions
(Scope 1-3)



Climate change adaptation

We want to help our customers increase their resilience. In special cases, Leadec, as a service specialist, can react to extreme weather conditions, such as storms, heatwaves, and flooding, minimizing damage for our customers immediately. We see our business opportunity either in the expansion of our GFS portfolio in the direction of climate change adaptation or in entering new markets, e.g. partnering with insurance companies. We are promoting our service offering already and measure our progress by analyzing the order intake and turnover of specific GFS services.

Energy

We strategically positioned our Green Factory Solutions portfolio in the market and hired several energy auditors to meet demand. In the 2023 fiscal year, we closed several contracts with customers for technical building management and the corresponding energy management. Leadec helps customers to reduce energy consumption, implement energy conservation measures, minimize line losses, and optimize energy load management. Leadec also installs renewable energy technologies such as photovoltaic systems or heat pumps to increase the share of renewable energy in the customer’s energy mix. Leadec upgrades the necessary infrastructure beforehand so that the energy efficiency measures can be implemented.

In addition to helping our customers decarbonize their factories and achieve their own sustainability goals, we also implement internal measures to improve energy efficiency, such as internal EU EED (Energy Efficiency Directive) audits.

Leadec aims to increase the share of renewable energy in the energy mix. We aim to purchase at least the minimum national average share of renewable energy in the total national energy mix. In 2023, 64% of our electricity came from renewable sources.



Fuel consumption is one of the largest contributors to our carbon footprint. We are working to reduce the carbon emissions of our fleets by selecting more fuel-efficient vehicles and transitioning to electric and plug-in hybrid models where possible. In addition, we consider fuel efficiency when selecting commercial vehicles for our services and plan to complement these efforts by providing fuel-efficient driver training and optimizing our logistical route planning.

Approximately 75% of our operations hold ISO 14001 certifications, which brings significant benefits to our customers. This globally recognized standard for environmental management not only benefits the environment, but also supports strong due diligence performance. A company can benefit financially by avoiding liability for environmental negligence or through lower insurance premiums. In addition, ISO 14001 certification increases employee engagement, resulting in lower employee turnover and systematic identification of improvement opportunities among employees.

How we achieve our environmental goals:

- ▶ Reduce carbon emissions by adding more low-emission vehicles to our fleets
- ▶ Increase the percentage of renewable energy we purchase
- ▶ Expand our use of biodegradable cleaning fluids and train staff in resource efficiency
- ▶ Set CO₂ limits for different modes of transport
- ▶ Increase share of operations that hold ISO 14001 certifications
- ▶ Link remuneration to performance against environmental targets

Social



Markus Glaser-Gallion
CEO

“People are our most valuable asset. This is why our commitment to social sustainability focuses on creating a positive, safe and empowering work environment, fostering diversity and inclusion, and investing in the well-being of our employees.”

At Leotec, we recognize that people are our most valuable asset. Their leading-edge expertise, commitment, and reliability are the driving force behind our success. This is why our commitment to social sustainability focuses on creating a positive and empowering work environment, fostering diversity and inclusion, and investing in the well-being of our employees.

Health and safety remain our top priority. We have invested in comprehensive health and safety programs that exceed industry standards, ensuring a safe working environment for everyone.

Our commitment to social responsibility is a continuous journey, and we are dedicated to advancing our efforts, listening to feedback, and adapting our strategies to meet the evolving needs of society.



1.1

Lost time injury
frequency rate (LTIFR)

200

Dedicated safety experts

79%

ISO 45001 certified
operations

Own workforce

We rely on our employees’ unique skills and expertise to provide specialized industrial services to our customers. As a global company with more than 23,000 employees in 16 countries, Leadec is dedicated to promoting occupational health and safety, diversity, equity, and inclusion to ensure that every employee feels safe, respected, and valued in their working environment.

One of the main objectives for 2024 is to develop a global Human Rights Policy. This will include our human rights policy commitments that are relevant to our own workforce, as well as those processes and mechanisms to monitor compliance with relevant standards. The policy will also cover our respect for the human rights of our employees. And it will set out how we engage with our employees and the measures we will take to provide and/or enable remedy for human rights impacts.

Health and safety

At the Leadec Group, the health and safety of our employees is our top priority. Our global “Safety – It’s Your Life” campaign integrates safety into our company culture, operating processes, and management systems. Our health and safety managers work with our site and operations teams to proactively control risks by identifying circumstances that may place people in danger, and by taking all necessary corrective actions. We are dedicated to preventing serious injuries and fatalities by providing comprehensive employee training, conducting regular safety walks and audits, and conducting thorough equipment inspections to ensure high safety standards.

Safety is a core component of our integrated HSEQ management system. A corresponding Group directive outlines the minimum binding requirements and

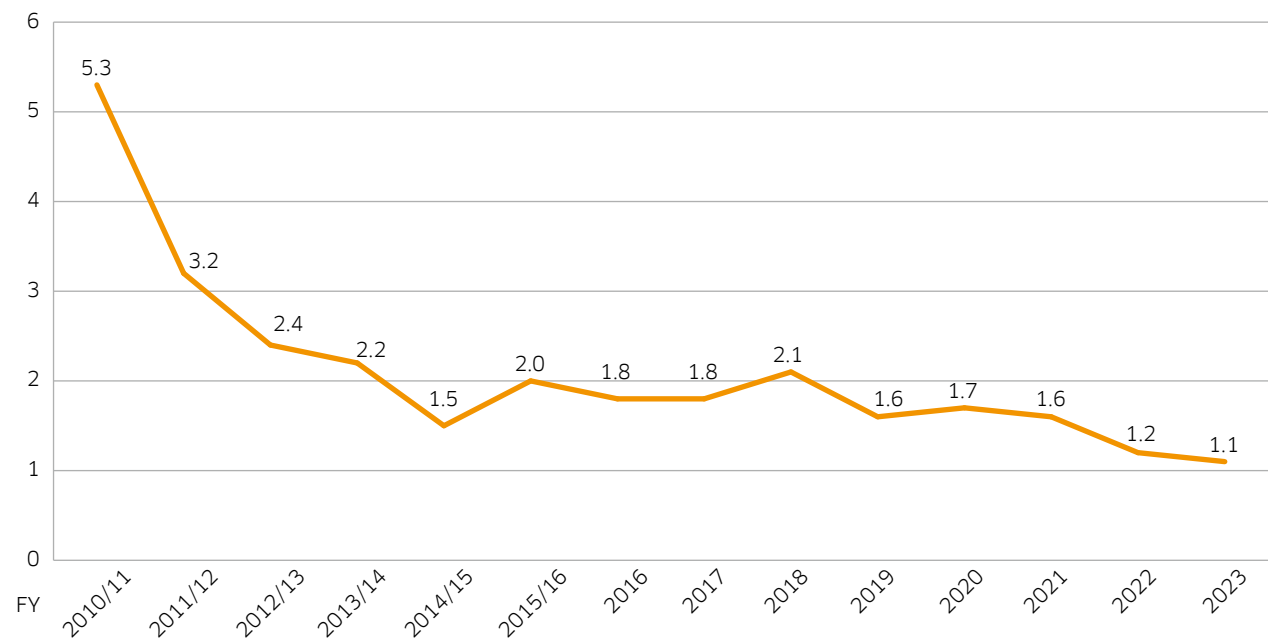
To support our HSE targets, we run the following active management programs:

- ▶ HSE KPIs reflected in the remunerations of all managers at all hierarchies
- ▶ Strong preventive work, including risk assessments and safety inspections
- ▶ Certification of our sites according to international HSE standards
- ▶ Extensive HSE audits
- ▶ Ongoing updates to our HSE policies through research and identification of best practices
- ▶ H&S training sessions (such as evacuation exercises, first aid courses, etc.)
- ▶ Comprehensive HSE reporting
- ▶ Regular updates and improvements of our employees’ personal protective equipment



LTIFR over time

Reported lost time injuries per 1 million hours worked



standards for the Leadec Group. In 2023, we developed further specific global HSE policies and directives, e.g. the safe maintenance of lifts and elevators or the safe operation and maintenance of boilers.

In 2021, we implemented a global HSEQ software that digitizes various occupational health and safety processes, including accident and incident management, audits, inspections, training, permits, compliance, risk management, and emergency management. Our long-term target is to achieve fewer than 1.5 accidents per million hours worked. In 2023, we achieved an LTI rate of 1.1, which places us in a leading position in our industry. To ensure robust, company-wide health and safety leadership, we have linked the remuneration of our executives, senior managers, and site managers to this safety target. Approximately 80% of our operations hold an ISO 45001 certification.

Secure employment

We are aware, that our industry brings physically intense work with it, that is why we have to ensure safe and attractive work. Regardless of the location, Leadec offers long-term and unrestricted employment opportunities to its staff. We are continuously striving to enhance our recruitment strategies. In addition, our offerings and service lines provide additional access to the labor market for unskilled workers.

We invest in our employees and foster continuous learning to keep pace with technological change and the strict customer and quality requirements of the industries we serve. Furthermore, we prioritize the growth of our own young technical and commercial talents to fulfill the increasing demand for qualified employees within our company. Furthermore, evolving demographics necessitate the monitoring and adaption of our workplace conditions to better accommodate

an aging workforce. To achieve these objectives, our ongoing efforts focus on enhancing our attractiveness as an employer and fostering the long-term retention of our skilled employees. This includes measures such as company pension schemes, numerous benefits for employees, including local health and sports offers, and the option of leasing a company car that is also available for private use. Regular performance development dialogues allow us to understand our employees' needs and development possibilities. In comparison to the industry average, Leadec's employee turnover rate is rather low.

Working time

We adhere to collective bargaining agreements. Working hours may vary depending on tasks and locations. Specific employees may also work night shifts, though Leadec implements country-specific measures to monitor working hours and ensure legal compliance. Monitoring actual hours worked and comparing them to planned working hours helps us track KPIs and implement any necessary measures.

Adequate wages

Leadec is in compliance with all applicable laws, regulations, and collective agreements. One of our key objectives is to avoid a shortage of staff by being an attractive employer. Regular benchmarks demonstrate that our white-collar employees are remunerated above the industry average, salaries are adjusted regularly, and good performance is rewarded.

Collective bargaining

Leadec is in compliance with all applicable laws, regulations, and collective agreements. It is Leadec's understanding that failure to adhere to standard collective bargaining agreements may result in the violation of employees' social and economic rights, including, but not limited to, fair wages, working hours, benefits, job security, working conditions, and grievance procedures. Therefore, we aim to continue without any conflicting interests that could potentially have a negative impact on any parties involved.

How we will achieve our social goals:

- ▶ Strengthen employee health & safety awareness and training through trainings and instructions
- ▶ Define safety standards for business-critical operations
- ▶ Improve risk awareness and focus on preventing key hazards
- ▶ Strengthen prevention by carrying out global HSE site audits, conducting safety walks and increasing digitization and real-time transparency of HSE by using our HSE suite
- ▶ Use of the analytical capabilities of the global HSE software solution to derive customized safety measures
- ▶ Link remuneration to performance against safety targets
- ▶ Obtain OSHAS 18001 and ISO 45001 certification
- ▶ Share information and experiences globally
- ▶ Enhance the Leadec training campus to offer more workplace-specific training
- ▶ Strengthen our employee branding
- ▶ Foster stronger employee engagement
- ▶ Conduct employee and leadership training, e.g., training on digitization related to our services
- ▶ Acknowledge generation-specific requirements

Workers in the value chain

As of the 2023 fiscal year, Leadec has been subject to the German Supply Act (LkSG) and we fully comply with the requirements of this legislation. We further optimized our processes, replacing our top supplier audit program with a software-supported supply chain risk management system. The software was deployed to approximately 20,000 suppliers with whom we had a business relationship in 2022 and 2023, and abstract risk analyses were conducted. Additionally, the purchasing teams were trained in relation to the LkSG.

53%
of our “A suppliers”
(account for 80% of Leadec's spend volume)
signed the Business Partner Code of Conduct.

The next step is the implementation of the European Corporate Sustainability Due Diligence Directive (CSDDD). The CSDDD contains provisions on the obligations of large companies with regard to actual and potential adverse effects on human rights and the environment. This extends to the entire chain of their activities and concerns upstream business partners of the company as well as, in some cases, downstream activities such as sales or recycling.

Collective bargaining, health and safety and forced labor

Standardized structures regarding collective bargaining, health and safety as well as forced labor regarding workers in the value chain need to be further established. These principles must not only be embedded within our workforce, but also expanded to our value chain. In general, we must work to gain transparency, fulfill all reporting requirements, and develop new systems.

The aforementioned topics have already been incorporated into our Business Partner Code of Conduct. The next steps require a detailed analysis to identify relevant suppliers, enhance our supply chain management, further improve our risk assessments, abstract risk analysis, and continue with our self-assessment questionnaires.

Compliance is the foundation of fair and transparent business practices. At Leadec, we rely on our employees' diligent and responsible actions to strengthen the reputation and performance of our entire organization. Therefore, compliance is a core aspect of our long-term success and forms the foundation of our business relationships. Maintaining compliance also gives our employees additional security and confidence in their daily activities and protects individuals and the Leadec Group from unnecessary risks. Our Code of Conduct serves as a comprehensive guide for maintaining compliance across all aspects of our business operations. It outlines our standards of ethical conduct and behavior, providing guidance in navigating unclear situations and acting as the foundation for trust. Previously, the Leadec Code of Conduct applied equally to all employees and business partners. In 2021, we created a separate Business Partner Code of Conduct to provide enhanced support and guidance to our business partners. Furthermore, we continuously monitor new developments and regulations and review the Code of Conduct regularly.

Leadec strictly forbids forced labor, which is embedded not only in the Code of Conduct of the Leadec Group but also in the Business Partner Code of Conduct. Additionally, we published our policy statement, further established the compliance committee, and have our whistleblower hotline in place.

Governance



Christian Geißler
CFO

“Building a sustainable future requires a comprehensive approach. Through transparent reporting, ethical decision-making, and a focus on long-term value creation, we build trust and confidence with all stakeholders.”

We believe that strong, transparent and accountable leadership is the foundation of sustainable success. As CFO, I am committed to ensuring our financial operations not only adhere to legal and regulatory requirements, but also support our broader sustainability goals. Through transparent reporting, ethical decision-making and a focus on long-term value creation, we want to build trust and confidence with all our stakeholders – investors, employees, customers, and the communities we touch.

We have established a strong governance framework to oversee compliance. This includes a dedicated compliance committee composed of senior executives, along with clear policies and procedures that guide our decision-making across all financial activities.

In the last year, we made significant progress in improving our reporting mechanisms. External ratings make it easier for our stakeholders to access detailed information about our strategies, activities, and performance. As you explore the Governance chapter, you will find detailed insights into the policies and practices that underpin our commitment to strong governance.



8.4
Negligible risk
Sustainalytics Rating

94%
Site retention rate

79%
ISO 9001 certified
operations

Business conduct

At Leadec, we are committed to working with our customers and colleagues with honesty, respect, and strong ethics. We do not tolerate any form of bribery or corruption. In 2023, there were no such instances recorded at Leadec. We also comply with all data protection principles defined in the General Data Protection Regulation (GDPR).

The Leadec Code of Conduct applies to all employees worldwide and defines clear standards of behavior toward third parties such as business partners, com-

petitors, political parties, and government authorities. Our Leadec Code of Conduct outlines our respect for human rights and labor laws worldwide. We also adhere to the legal reporting requirements of the UK Modern Slavery Act. In 2021, we conducted a comprehensive review of the Code of Conduct and plan to specify additional social and environmental requirements in the future. We ensure that all employees understand and comply with our Code of Conduct through mandatory annual training sessions. The principles and directives of Leadec are reflected in the



93%

of our employees received training on topics such as: compliance, anti-bribery data protection, cyber security, human rights, etc.

House of Governance, which is accessible to all employees worldwide. The topics covered in the House of Governance include sustainability, information security, occupational health & safety, procurement, and risk management. The Leadec Code of Conduct is equally binding on all employees worldwide and provides clear-cut rules of behavior toward third parties such as business partners, competitors, political parties, and government authorities. Compliance with Leadec’s Code of Conduct and the directives of the House of Governance is overseen by the compliance officers of the respective legal entities.

Our obligation to maintain responsible and lawful behavior extends beyond our company’s walls. Therefore, we have defined our expectations of our business partners in a corresponding Business Partner Code of Conduct. Each supplier must also complete our supplier self-assessment, which includes ESG topics.

Corporate culture

As a global company, we collaborate with employees, customers, and business partners from diverse nationalities, genders, cultures, and customs. The collective sum of individual differences, life experiences, knowledge, perspectives, and unique capabilities that our employees bring to their work is a significant part of both our company culture and our sustainable success. Leadec is committed to equal opportunities. We recognize that a diversity of backgrounds and experiences makes us better able to understand the needs of our employees and customers.

At Leadec, we understand that job satisfaction is not solely dependent on remuneration. Our comprehensive approach to employee well-being encompasses occupational health and safety, development opportunities, and a range of employee benefits. Additionally, our Leadec Campus offers a wide range of training programs that are not only job-related, but also cover topics such as physical and mental health.

How we will achieve our governance goals

- ▶ Utilize e-learning to train employees on relevant human rights topics, e.g., modern slavery
- ▶ Compliance with human rights requirements is part of Internal Audits topics
- ▶ Whistleblowing hotline for internal and external stakeholders
- ▶ Conduct a global employee survey
- ▶ Repeat the global learning week introduced in 2023

Sustainability ratings

Sustainalytics: negligible risk rating

Sustainalytics, a Morningstar company, is a global research and data firm that rates companies based on their ESG performance. Banks and lenders can use its ESG Risk Ratings and data to analyze their clients and provide sustainability-linked loans. Investors can also use these ratings to identify, understand, and manage ESG risks and performance development. Sustainalytics primarily focuses on financially material ESG issues relevant to a company's value.

In its 2022 fiscal year assessment of Leadec, Sustainalytics rated our risk of significant financial impacts from ESG factors as “negligible,” with 8.4 points on a scale of up to 100. Compared to our 2021 assessment, we have improved by 2.4 points. For the second time in a row, we have improved our ranking and made it into the best risk level category for companies with “negligible risk.” This is achieved by only around two percent of the companies in the rating. With this score from September 2023, Leadec ranks 109th worldwide out of the 15,500 companies reviewed by Sustainalytics. Within our industry and region, we are one of the highest rated companies.

ESG Risk Rating

8.4
Negligible risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+



Of note, we significantly enhanced our results in the areas of Corporate Governance, Human Capital, Carbon (Own Operations), and measures to prevent Bribery and Corruption. Our positive rating reflects Leadec's commitment to improving its sustainability performance, and we now proudly hold one of the best ratings in the commercial services industry.

Combined indicators

Our Sustainalytics rating considers the ESG risks we face as a factory service specialist as well as how we manage these risks. Sustainalytics looks at ESG indicators from the following eight areas: Corporate Governance, Human Capital, Data Privacy and Security, Bribery and Corruption, Emissions, Effluents and Waste, Product Governance, Carbon (Own Operations), and Occupational Health & Safety. One of Sustainalytics' key performance indicators is an evaluation of a company's ecological footprint. In the area of CO₂ emissions, Leadec is making positive contributions by procuring more energy from renewable sources, improving energy efficiency, and using environmentally friendly cleaning agents.

EcoVadis: 60 out of 100 points

EcoVadis is one of the world's leading independent ESG assessment agencies. Its company ESG ratings give buyers and suppliers reliable indicators of their business partners' sustainability performance and development over time. In 2023, we maintained our performance and scored 60 out of 100 points (as of March 2024).

Informed sustainable supply chain decisions

Leadec achieved a score of 60 points, with above-average results in the four key areas of Labor and Human Rights, Environment, Ethics, and Sustainable Procurement. We will continue working to improve these results, as our EcoVadis certifications help us provide transparency and value to our customers,

business partners, and stakeholders. In 2023, we focused specifically on our Labor and Human Rights policies and programs. Furthermore, we have placed an emphasis on our sustainable procurement reporting.

As part of our sustainability approach, we perform supplier due diligence and risk assessments and train our purchasing staff on relevant sustainability topics. Additionally, we are working to reduce our CO₂ emissions further through measures such as increasing the share of EVs in our company fleet, increasing the share of renewable energy, and conducting energy efficiency audits.

We also seek to be even more diligent and proactive in the areas of decarbonization and sustainable procurement by enhancing the transparency of our Scope 3 emissions along the supply chain. For 2024, we are working on transitioning from the GRI framework towards CSRD readiness under the EU Green Deal, as well as increase our efforts in our climate change mitigation and adaptation projects.



Legal entities of Leadec

The company’s consolidated financial statements include the company itself and its subsidiaries.

Company	Country	Share of voting rights and capital as of Dec 31, 2023	Consolidation method
Leadec Holding S.à r.l. (Group parent)	Luxembourg		Full consolidation
Leadec Holding BV & Co. KG	Germany	100%	Full consolidation
Leadec Beteiligungen GmbH	Germany	100%	Full consolidation
Leadec Austria GmbH	Austria	100%	Full consolidation
Leadec Servicos Industriais do Brasil Ltda.	Brazil	100%	Full consolidation
Leadec Servicos Industriais do Parana Ltda.	Brazil	100%	Full consolidation
Leadec (CA) Corp.	Canada	100%	Full consolidation
BAIC Leadec Industrial Services (Beijing) Co., Ltd.	China	50%	Full consolidation
Leadec Industrial Services (Shanghai) Co., Ltd.	China	100%	Full consolidation
Leadec s.r.o.	Czech Republic	100%	Full consolidation
Leadec SAS France	France	100%	Full consolidation
Leadec Automation & Engineering GmbH	Germany	100%	Full consolidation
Leadec BV & Co. KG	Germany	100%	Full consolidation
Leadec FM BV & Co. KG	Germany	100%	Full consolidation
Leadec Management Central Europe BV & Co. KG	Germany	100%	Full consolidation
Markasit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Germany	Share of voting rights 23.5% share of capital 94%	Associate
Projektlogistik Kölleda GmbH	Germany	100%	Full consolidation
SRE Schulz & Reichl Elektrobau GmbH	Germany	100%	Full consolidation
FISS Automatika Korilátolt Felelősségű Társaság	Hungary	100%	Full consolidation
Leadec Kft	Hungary	100%	Full consolidation
Leadec India Private Limited	India	100%	Full consolidation
Leadec Mexico S. de R.L. de C.V.	Mexico	100%	Full consolidation
Leadec Sp.z.o.o.	Poland	100%	Full consolidation
Leadec Unipessoal Limitada	Portugal	100%	Full consolidation
Leadec s.r.o.	Slovakia	100%	Full consolidation
Leadec S.L.U.	Spain	100%	Full consolidation
Elmleigh Electrical Systems Limited	UK	100%	Full consolidation
Leadec Limited	UK	100%	Full consolidation
Diversified Automation Inc.	USA	100%	Full consolidation
Leadec Automation & Engineering Holding, Corp.	USA	100%	Full consolidation
Leadec Corp.	USA	100%	Full consolidation
Meiners Electrical Services, LLC	USA	100%	Full consolidation



About this report

The Sustainability Report was prepared and published by the Global Sustainability and Global Communications teams and approved for publication by the Board of Management. It provides a summary of our sustainability-related activities in the 2023 calendar year, covers all Leadec companies and is published annually.

Being a signatory of the UN Global Compact, Leadec is committed to aligning its business targets with the UN Sustainable Development Goals.

The current report references the Global Reporting Initiative (GRI Standards 2021). The GRI content index is available in the form of an appendix on our sustainability website, outlining the specific GRI Standard Disclosures addressed.

From 2024, the ‘Corporate Sustainability Reporting Directive’ (CSRD), a new EU directive, will require companies to report on their environmental and social impact activities. To meet these requirements, a set of European Sustainability Reporting Standards (ESRS) have been adopted by the EU. In 2023, we decided to develop the ‘Sustainability statements’ with reference to the ESRS. In 2023, our aim was to adapt as much as possible of the fundamental structure of the standards in the best way possible.

Contact
Global Sustainability
Leadec
Phone +49 711 7841 122
info@leadec-services.com

Head Office

Leadec Holding BV & Co. KG
Meitnerstraße 11
70563 Stuttgart, Germany
Phone +49 711 7841 0
info@leadec-services.com

Austria

Leadec Austria GmbH
Betriebspark 21
4400 St. Ulrich
Phone +43 7252 41 600 0
info-austria@leadec-services.com

Brazil

Leadec Serviços Industriais do Brasil Ltda.
Av. das Nações Unidas, 22.833
Torre Ibirapuera, 1º andar, Unidade 11 Jurubatuba
04696-005 São Paulo|SP
Phone +55 11 5683 4444
info-brazil@leadec-services.com

Canada

Leadec (CA) Corp.
181 Bay Street, Suite 4400, Brookfield Place
Toronto ON M5J 2T3
ca-info@leadec-services.com

China

Leadec Industrial Services (Shanghai) Co. Ltd.
Room 1501B, Building C
1582 GuMei Road
Shanghai 200233
Phone +86 21 3367 8811
info-china@leadec-services.com

Czech Republic

Leadec s.r.o.
Debrská 378/30
293 06 Kosmonosy
Phone +420 326 733 645
info-czech@leadec-services.com

France

Leadec SAS
65 Rue des 3 Fontanot
92000 Nanterre
Phone +33 155 513190
info-france@leadec-services.com

Germany

Leadec Management Central Europe BV & Co. KG
Meitnerstraße 11
70563 Stuttgart
Phone +49 711 7841 0
info@leadec-services.com

Hungary

Leadec Kft.
Csipkegyári út 2-4
9025 Győr
Phone +36 96 550 640
info-hungary@leadec-services.com

India

Leadec India Pvt. Ltd.
2nd floor, Godrej Millenium, Koregaon Park Road
Pune 411001
Phone +91 20 4140 1000
info-india@leadec-services.com

Mexico

Leadec México S. de R.L. de C.V.
Blvd. Nazario Ortiz Garza 2060, local 812 y local 813
Colonia los lagos, Saltillo, Coah., 25253
Phone +52 81 1505 1669
info-mexico@leadec-services.com

Poland

Leadec Sp. z o.o.
ul. Toszecka 101
44-100 Gliwice
Phone +48 32 33854 70
info-poland@leadec-services.com

Portugal

Leadec Unipessoal Limitada
Rua Castilho 50
1250 071 Lisbon
Phone +351 919 993 756
info@leadec-services.com

Slovakia

Leadec s.r.o.
Drobného 27
841 02 Bratislava
Phone +421 2 6010 3901
info-slovakia@leadec-services.com

Spain

Leadec S.L.U.
Calle Velazquez 50
28001 Madrid
Phone +34 691 66 51 24
info@leadec-services.com

United Kingdom

Leadec Limited
Torrington Avenue
Coventry, CV4 9HL
Phone +44 1926 623550
info-uk@leadec-services.com

United States of America

Leadec (US) Corp.
9395 Kenwood Road, Suite 200
Cincinnati, OH 45242
Phone +1 513 731 3590
us.info@leadec-services.com

www.leadec-services.com

