ISABELLENHÜTTE

2025

SUSTAINABILITY-REPORT

CONTENTS

With our aim to ensure a sustainable future for our grandchildren, sustainability has been a fundamental part of our company's history for generations. This is also symbolized by Mr. Conrad Heusler (upper left) and Princess Isabella Charlotte of Nassau (upper right), after whom the Isabellenhütte has been named since 1728.

Dr Felix Heusler
Managing Director & Shareholder, CFO

Thilo Gleisberg
Managing Director, COO/CTO

PREFACE

Dillenburg, April 2026

Dear Sir or Madam,
Dear customers, suppliers, employees, shareholders and other stakeholders of Isabellenhütte,

for us, sustainability means conducting our business in a way that creates economic value while respecting people and the environment, in order to ensure the long-term viability of our company. With the publication of our first structured sustainability report, we are making our activities in the areas of the environment, social responsibility and corporate governance transparent to you.

We are producing this report on a voluntary basis, in line with the European Union's requirements for sustainability reporting. In doing so, we are establishing a robust foundation for structured, comparable and reliable disclosure, and preparing ourselves for any future regulatory requirements.

In the 2025 reporting year, we focused intensively on the key sustainability issues of the Isabellenhütte. It became evident that long-term economic success, as well as environmental and social responsibility, can only be achieved and sustained through collective effort. We have also faced challenges, particularly in supply chains and due to market volatility. These challenges underline the importance of a robust strategy.

We have once again made further progress in advancing our sustainability efforts; for example, we have continuously improved our EcoVadis score – an independent and authoritative assessment of sustainability performance in the areas of the environment, labor and human rights, ethics, and sustainable procurement. We have currently been awarded a Silver rating, which officially places us among the top 10% of all assessed companies worldwide.

This report marks the start of a comprehensive reporting process through which we intend to document our progress on an annual basis going forward. We have set ourselves targets for the period up to 2030: we will reduce our direct CO_2 emissions to net zero levels and meet 100% of our electricity needs from renewable energy sources.

We would especially like to thank our employees, whose daily dedication has made this progress possible. We would also like to extend our sincere thanks to Mr. Ralf Gawenda for taking responsibility to produce this report, and to Mr. Jens Rippke, who, as Sustainability Manager, played a key role in the operational implementation of the reporting process.

We would like to invite you to read the following sections to gain a comprehensive understanding on the topic of 'sustainability at Isabellenhütte'.

We look forward to continuing our journey together.

Illustration 1: Managing Director of Isabellenhütte (Source: own illustration)

ISABELLENHÜTTE HEUSLER GMBH & CO. KG

Isabellenhütte Heusler GmbH & Co. KG is a medium-sized company operating in the metal and electrical engineering sector. It was first mentioned in a document in 1482 and is therefore regarded as the oldest industrial company in Hesse, Germany. It has been owned by the Heusler family without interruption since 1827 and is now run by the eighth generation of the owners.

Our company is one of the leading manufacturers of electrical resistance materials, thermoelectric materials for temperature measurement, and passive components for the automotive, electrical and electronics industries. The Precision Measurement Technology division sets standards in the measurement of current, voltage and temperature in cars and lorries, as well as in hybrid and electric vehicles and in industrial and renewable energy generation systems. We combine our expertise in the three product areas of alloys, resistors and sensors to implement innovative solutions for technological challenges. A crucial foundation for this is research and development, which holds a very special place within our company.

As an internationally recognized specialist and technology leader, we consistently set the standard for state-of-the-art technology with our innovative products and demonstrate Isabellenhütte's expertise in technology and innovation. Key factors for success are the ongoing development of innovative products and technologies and manufacturing processes, as well as our comparatively very high vertical integration. This ranges from the production of the alloy through to forming technology, wet chemical processes and assembly technology, right through to complex automated testing and packaging machines.

Our manufacturing structure combines tradition and innovation: by fully integrating every stage of production – from the melting process to the finished sensor – we maintain complete control over the quality of our products. Today, we also leverage the synergies between our locations in Germany and abroad to flexibly and independently expand our capacity and reliably serve our customers worldwide.

For further details on the company's history, see Isabellenhütte (2012).

Illustration 2: Isabellenhütte Heusler – Purpose (Source: own illustration)

ABOUT THE REPORT

This report describes Isabellenhütte's sustainability performance in the 2025 financial year, in accordance with the European Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). It is published on a voluntary basis and has not been subject to external verification by, for example, an independent audit firm. The reason for this voluntary approach is the adjustment of the thresholds under the so-called EU Omnibus Decisions of December 2025, which were adopted to simplify and harmonise various EU regulations. As our company's annual turnover falls below the new threshold of €450 million, the legal obligation to report does not apply for the time being. We are nevertheless applying the ESRS in order to proactively develop our sustainability reporting and prepare ourselves as effectively as possible for future regulatory requirements. The amendments to the ESRS made by the European Financial Reporting Advisory Group (EFRAG) in the wake of the Omnibus Decisions have already been largely incorporated into our reporting.

We have prepared this report ourselves. Unless otherwise stated, the information and key figures contained in this sustainability statement have not been externally validated. However, information and key figures that must be reported independently of the sustainability reporting and are subject to legal requirements have been independently verified.

The blue highlights used in the report serve as direct references to the ESRS disclosure requirements. They make it easier to link the content to the regulatory requirements and enhance the report's readability.

ESRS REFERENCE SYSTEM

To aid understanding, the margin notes include references to the relevant requirements of the European Sustainability Reporting Standards (ESRS).

Disclosure requirements: e. g. S1-3, GOV-1, etc.
Paragraph: e. g. P 5, etc.

This abbreviated notation is used to quickly link the report's content to the regulatory requirements.

For the sake of readability, we use the generic masculine form in this sustainability report. Unless otherwise indicated, the terms used to refer to people apply to all genders.

Reporting period and consolidation
The reporting period covers the fiscal year from 1 January 2025 to 31 December 2025. The scope of consolidation is based on the annual financial statements and includes all companies and sites of Isabellenhütte Heusler GmbH & Co. KG, namely: see illustration 3.

Should any information differ from the scope of consolidation set out above, this will be explicitly stated. Source: Isabellenhütte (2026)

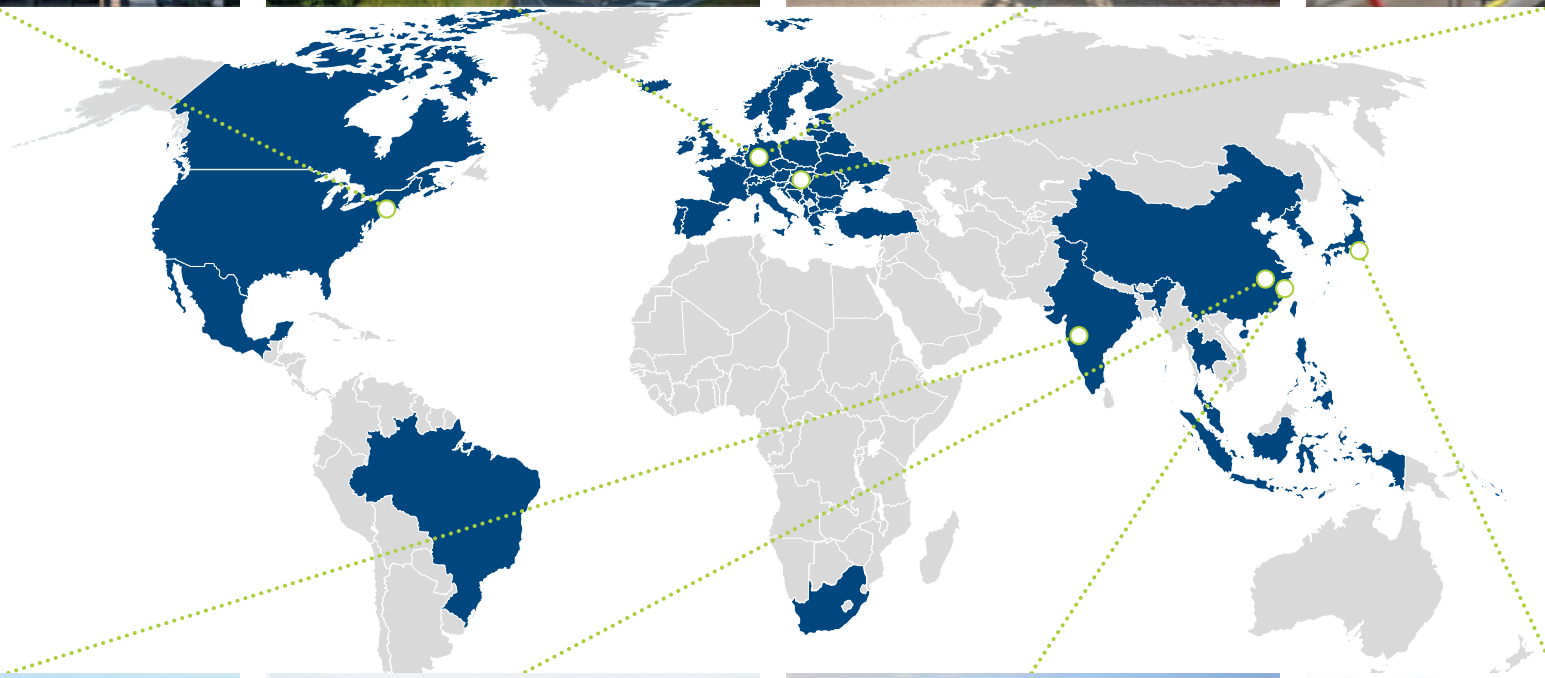
OUR LOCATIONS

Isabellenhütte USA, Inc.
Sales office in Swansea, Massachusetts (USA).

Isabellenhütte Heusler Ltd.
two production sites in Dillenburg (headquarters, Germany), and a development office in Bochum (Germany).

Rathgeber Ltd
Production site in Ballersbach (Hesse, Germany), acquisition at the end of 2024.

Rathgeber Kft.
Production site in Székesfehérvár (Hungary), acquisition at the end of 2024.



Isabellenhütte India Pvt. Ltd.
Sales office in Pune (India), Opening in Q1 2025.

Isabellenhütte Electronic Technology Co. Ltd.
Production site in Changzhou (China), opening in Q3 2025.

Isabellenhütte Electronics Technology Trading Co. Ltd.
Sales office in Shanghai (China).

Isabellenhütte K.K.
Sales office in Tokyo (Japan).

Illustration 3: Geographical distribution of Isabellenhütte sites

SCOPE OF THE REPORT AND REPORTING STANDARDS

2 BP-2

In the following report, we describe our strategies, initiatives, objectives and key performance indicators relating to the environmental, social and governance issues that are material to us.

Any data, metrics or key figures relating to the upstream and downstream value chain that have been derived from secondary or average data, or estimated approximately, are disclosed in the relevant sections of the report. Furthermore, the resulting degree of accuracy and any planned measures to improve this are described. The sources and the assumptions made for the estimates are explicitly stated.

Statements in this report relating to future developments, objectives or expectations are based on assumptions and assessments at the time of publication. The actual results, developments and performance may differ from these forecasts due to unknown factors.

1. GENERAL REPORTING INFORMATION

In this section, we outline our company's strategic direction and organizational framework. We also describe the results of the materiality analysis, which forms the basis for our sustainability reporting.

1.1. GOVERNANCE

2 GOV-1

G1 P 5

The administrative, management and supervisory bodies consist of the management team and a non-executive advisory board.

Our management team consists of the CFO and the COO/CTO and is responsible for the overall management of the company. It sets the objectives and strategic direction and, as the highest operational decision-making body, oversees business operations. The Advisory Board is the highest non-executive supervisory body. It comprises the ordinary Advisory Board (currently four members) and the Family Advisory Board (currently three members in total). Its role is to make fundamental decisions on corporate and sustainability strategy and to oversee their implementation. This also includes approving significant investments that advance the company's corporate and sustainability goals. The relevant key figures on the composition and gender distribution of the Management Board and the Advisory Board are set out below (see Table 1). Key figures relating to the gender category 'diverse' are not currently reported separately. The relevant personal data is not collected internally for data protection reasons. This restriction applies uniformly to all subsequent personal details and key figures in this report.

ESRS reference	Description	Unit	2024	2025
2 GOV-1 21. a), d)	Administrative, management and Supervisory bodies[1)]	Number of people	10	9
	of whom are female	in %	0	0
	of whom are currently in office	Number of people	3	2
	of whom are female	in %	0	0
21.e)	independent board members[2)]	in %	57,1	57,1

Table 1: Key figures on the composition of the management board and the advisory board of Isabellenhütte

[1)] Management and Advisory Board

[2)] independent members of the advisory board, i. e. excluding members of the family advisory board

The management team is supported by a leadership team, divisional and functional managers, and staff functions, all of whom posses the necessary expertise in business management and sustainability. The following overview sets out the names, qualifications and areas of responsibility of the management team (see illustration 4).

Dr Felix Heusler (CFO)

Qualification:
Graduate in Industrial Engineering (Mechanical Engineering), Ph.D. in Economics

Areas of responsibility:
Finance, Management Accounting, IT, Marketing, Human Resources & Organizational Development, Subsidiaries

THILO GLEISBERG (COO/CTO)

Qualification:
Graduate Engineer (Mechanical Engineering)
MBA in General Management

Areas of responsibility:
Research & Development, Production, Quality management, industrial engineering, Supply Chain Management, Sales

Illustration 4: Qualifications and responsibilities of the management board at Isabellenhütte (Source: own illustration)

Within steering groups and committees, information is regularly exchanged with senior management, progress on the implementation of established strategies and targets is assessed, and specialist topics are discussed. The Sustainability Steering Group meets quarterly to discuss environmental, social and governance issues, while the CO_2 Steering Group meets specifically to address emissions reduction. Responsibility for sustainability matters lies with the 'Sustainability Management' organizational unit. This unit operates under the leadership of the CFO and is managed by a staff unit. Its role is to define sustainability targets, coordinate measures and monitor progress. The Sustainability Management team works closely with relevant departments across the entire company. Once a year, Sustainability Management conducts a dual materiality analysis and prepares the sustainability report at group level. The results are reviewed and approved by the Management Board.

In addition to sustainability management, there are other functional areas and responsible parties that report on implemented measures, key performance indicators and targets to senior management during annual reviews and work to further develop them. Environmental, Occupational Health and Safety, and Energy Management (EHS & E Policy), for example, works on the continuous improvement of the integrated management system in accordance with the ISO 14001, ISO 45001 and ISO 50001 standards and reports directly to the CFO and COO/CTO. The work and topics of other departments and areas of responsibility are explained in the relevant sections.

1.1.1. ORGANIZATION, MONITORING AND SUSTAINABLE MANAGEMENT

The Management Board integrates the assessment of sustainability impacts, risks and opportunities into the business strategy, risk management and decision-making regarding significant transactions.

2 GOV-2

Strategic decisions and decision-making processes:
During the reporting period, Management Board made several strategic decisions. For example, Rathgeber GmbH/Kft. was acquired, a local subsidiary was established in India, and Isabellenhütte Electronic Technology Co. Ltd. was set up in Changzhou, China, as an additional production site. These decisions take into account not only economic opportunities to expand value creation, the product portfolio and global brand presence, but also potential sustainability risks and opportunities. This includes reviewing and ensuring compliance with social and environmental standards in new potential value chains. In 2025, significant organizational changes were also implemented to ensure the company's competitiveness and secure long-term employment.

Monitoring and risk management:
The Management Board sets the strategic framework for managing sustainability issues. This includes approving climate-related investments – such as the targeted expansion of photovoltaic systems to increase the proportion of self-generated electricity – as well as monitoring global supply chain risks arising from regulatory or geopolitical disruptions.

Reducing energy consumption, continuously improving health and safety at work, and achieving other defined sustainability targets are binding principles of conduct for all employees. We are convinced that sustainable action is a shared responsibility, which is promoted by our company-wide goals. For this reason, we have not established a separate remuneration policy comprising variable remuneration schemes that are explicitly linked to sustainability- or climate-related performance indicators for the management or our employees.

2 GOV-3

E1 P 13

Our risk management and internal control system ensures the completeness, accuracy and reliability of our corporate reporting. It covers all relevant business areas and group companies and is based on a clearly defined governance structure, well-defined responsibilities and a systematic data collection and validation process.

The general risk assessment is carried out on a qualitative and quantitative basis by the relevant departments. It is assessed on the basis of the probability of occurrence and the impact (potential damage). Risks are prioritised on the basis of this classification. For risks with a high probability of occurrence and a significant impact, those responsible for risk management must identify measures to mitigate the risk. We carry out this process on a quarterly basis.

2 GOV-5

Risks relevant to sustainability were identified as part of the double materiality analysis. This process is described in the third section of this chapter. The results of this analysis and the findings of general risk management are regularly incorporated into the Sustainability Steering Group and specialist committees. The resulting sustainability targets are integrated into operational processes and the continuous improvement process and implemented, for example, in the CO_2 control loop. This ensures that risk mitigation measures are embedded in day-to-day operations and that all relevant data for reporting is available in a consistent and reliable manner. This structured approach supports strategic decision-making and the tracking of progress towards achieving our sustainability targets.

KEY FIGURES

>1.200 Staff

213 millions of € Turnover

2025 **18** millions of € Investments

2 SBM-1

Illustration 5: Key Company Figures (Source: own compilation)

Illustration 6: Isabellenhütte headquarters in Dillenburg (Source: own illustration)

ESRS reference	Description	Unit	2024	2025
2 SBM-1 40. a) iii.	Employees by geographical area			
	Europe	Number of people	1166	1142
	North America	Number of people	16	15
	Asia	Number of people	31	49

Table 2: Employees at Isabellenhütte by geographical area

STRATEGIC BUSINESS AREAS AND PRODUCTS

Our operational business is divided into two strategic business segments (SBS). This structure is based on a specific market focus and individual manufacturing technologies tailored to product development and production. Through this diversification, we create a resilient business model and ensure stability in the face of industry-specific and global market fluctuations.

Alloys

Development, production and distribution of semi-finished products made from special alloys: The main areas of application for these are resistors (resistor alloys), heating elements and high-temperature measurement applications (thermocouple alloys, thermocouples).

Resistors & Sensors

Development, production and distribution of passive electrical components for precise current measurement, as well as assemblies and sensors for the precise measurement of current, voltage, temperature and resistance. The technological basis of these product families is formed by our resistance alloys, which are manufactured either using the ISA-PLAN® process or as laser- or electron-beam-welded resistance materials (ISA-WELD®). These modules are used in the automotive sector as well as in the renewable energy, drive technology and power supply industries (see illustration 7).

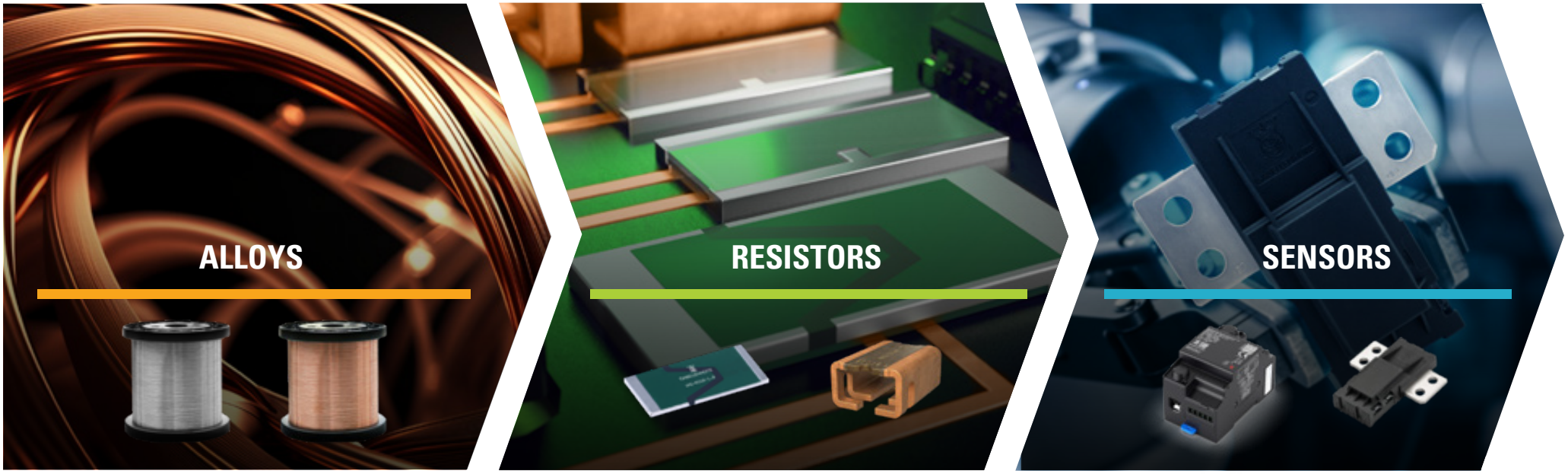
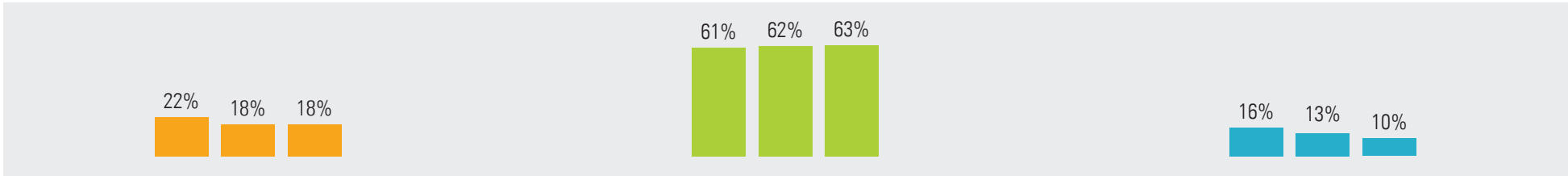


Illustration 7: Isabellenhütte's strategic business areas (Source: own illustration)



Revenue by strategic business segment, 2023–2025.

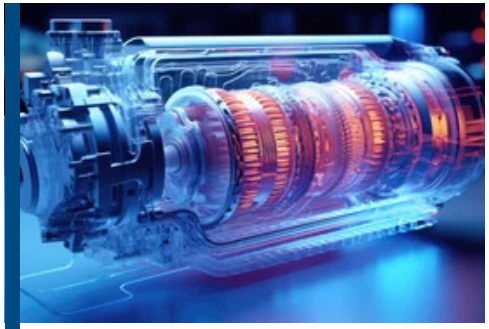
INDUSTRIES

Our business model is also characterised by our supply to key industrial sectors. In the key sectors shown, our alloys, resistors and sensors make a significant contribution to the precision, efficiency and safety of the end applications.

The high relevance of our components underpins our position as a reliable partner within the respective value chains. The key markets and sectors we serve are:

Mobility:
We supply resistors and sensors for the control and monitoring of vehicle systems. This makes us a key partner in the development and manufacture of components for efficient and reliable drive technologies.

Aerospace:
Our products are safety-critical components that must ensure the highest levels of precision and reliability in aviation systems. The stringent quality requirements of this industry underscore the reliability of our technology.



Motion:
Our precision components enable efficient drive systems in industrial applications: from robotics to complex production lines. We help to boost productivity and energy efficiency in the field of industrial automation.

Industry:
We supply components for specialised industrial applications that are often subjected to extreme demanding conditions and require highest quality.

Medical technology:
Our products are used in precise diagnostic devices where highest reliability and safety are crucial.

Consumer goods:
Our components contribute to the energy efficiency of electronic devices and tools, thereby supporting sustainability goals in this sector.

Energy infrastructure:
We supply components that are essential for the cost-effectiveness and sustainability of energy projects, such as those in electricity generation and distribution.

1.2.1. VALUE CHAIN

Our value chain is structured as shown below (see illustration 8) and is organised here, for the purposes of this report, into the overarching phases of 'upstream', 'own business activities' and 'downstream'. The respective CO_2 emissions are allocated to the individual phases (Scope 1 to 3, see Section 2.1). Vertically, the diagram is differentiated according to our product families – alloys, resistors and sensors. This structure illustrates which specific activities occur in the respective process steps for the business segments. In addition, the structure of each phase identifies the relevant stakeholders (e.g. suppliers, logistics partners, customers) as well as the geographical areas (location) in which the respective value creation takes place.

Particular attention is paid to those business areas characterised by a very high degree of vertical integration. The illustration of our internal value creation process demonstrates that material flows and manufacturing processes are directly linked. Thus, the outputs of the upstream stage (e.g. alloys) serve as direct inputs for the subsequent stages (resistors and sensors). This vertical integration within our own business operations enables us to consistently manage the internal process chain, reduce our dependence on external intermediate products and make targeted use of synergy effects, for example in terms of resource efficiency.

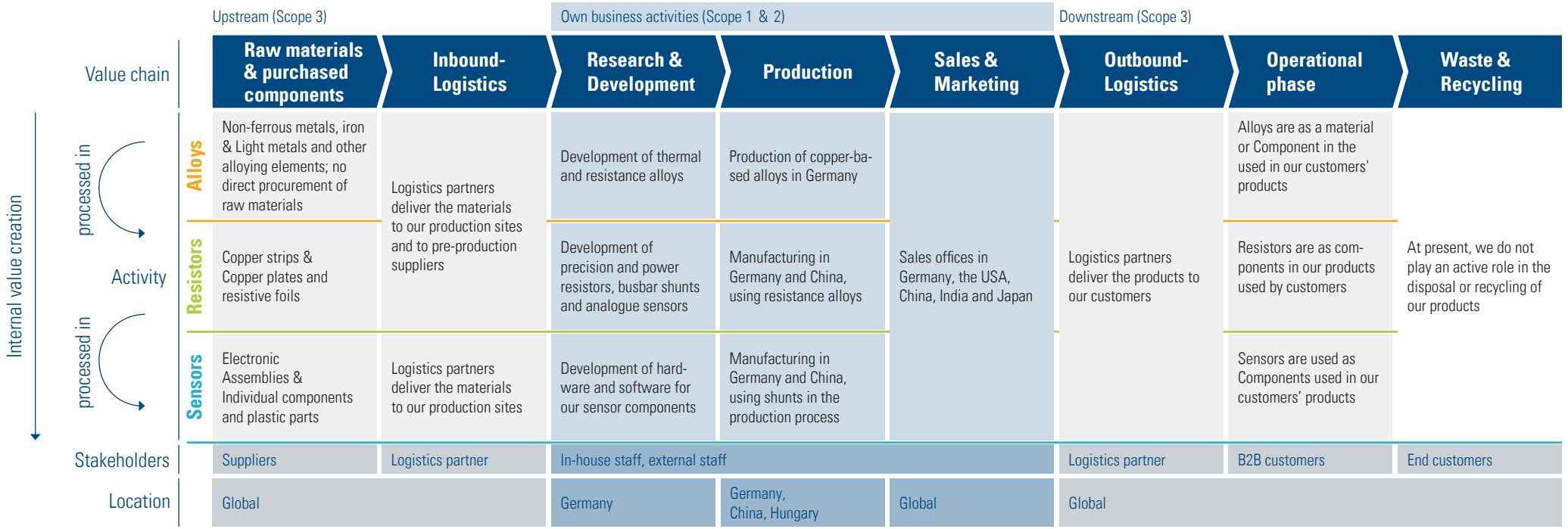


Illustration 8: The Isabellenhütte value chain (Source: own illustration)

1.2.2. OBJECTIVES AND APPROACHES

Guided by the principle of 'sustainability for future generations', we focus our actions on handing over a stable, independent and successful company to future generations. Our strategy focuses on long-term decisions and sustainable profitability. We aim to secure independence and deliver lasting shareholder value. This responsibility is also reflected in our fair cooperation with our customers, suppliers, employees and partners. Our aim is to achieve economic success in harmony with environmental and social sustainability – both today and in the future.

Our company's sustainability is underpinned by five key elements:

I. Our **purpose**, which explains how we are helping to create a better world (see the section below on the sustainability strategy.)
II. Our **vision**, which outlines our vision for the future.
III. Our **mission**, which sets out our commitment to our customers.
IV. Our **values**, which shape the way we behave towards one another.
V. Our **guiding principles**, which set out the principles of 'good governance'.

Our mission – Moving resolutely into the future
Together with our customers, we develop new materials, innovative products and smart solutions that set global standards in the fields of current, voltage and temperature measurement technology. This comprehensive technology portfolio forms the basis for a unique market position. Combined with our expertise and first-class service, we position ourselves as the partner of choice in the global market. For generations, our promise has been: quality and reliability – today and in the future.

Our Vision 2030 – A vision for the future of Isabellenhütte
For us, innovation rooted in tradition means that we have been, are, and will continue to be a reliable and competent partner. We are a world-class, family-run, independent company with sustainable, profitable growth. Highly qualified and dedicated employees drive the company forward with enthusiasm. Our successes and our culture of mutual respect make us proud of one another. Driven by our pioneering spirit, we play a key role in promoting efficiency the generation and use of electrical energy.

Purpose
Innovation rooted in tradition – we combine team spirit with technology to power our connected world.

Our guiding principles – corporate principles
Trust, development and agility form the foundation of our leadership culture. An explanation of this mission statement can be found in Chapter 4.

Our values – employee conduct
Our corporate values are constantly evolving and form the foundation for a future fit for our grandchildren. The values we uphold today – from customer focus and knowledge-sharing, through innovation and agility, to humanity, trust and individual responsibility – underpin our sustainable actions in the long term. They combine tradition with a forward-looking approach and guide us on our path towards sustainability for future generations (see illustration 9).

Illustration 9: Interaction between the five core elements (Source: Isabellenhütte Strategy Handbook (2025))

OUR PURPOSE

Our sustainability strategy is closely linked to our corporate purpose. We firmly believe that long-term economic success goes hand in hand with responsible conduct. For this reason, we have chosen the United Nations Sustainable Development Goals (SDGs) as the framework for our sustainability strategy (see illustration 10). We strive to align our actions and our responsibilities towards our stakeholders and throughout the entire value chain with these goals. Based on our corporate purpose

INNOVATION ROOTED IN TRADITION – WE BRING TECHNOLOGY TOGETHER WITH TEAM SPIRIT, TO ELECTRIFY OUR CONNECTED WORLD.

Source: Purpose Isabellenhütte (2022)

We have identified the SDGs most relevant to our business activities and aligned our goals and actions with them. Through this approach, we integrate our sustainability efforts with our vision, mission and values.

Innovation rooted in tradition – ...

... represents our centuries of experience and expertise, which form the foundation for forward-looking solutions. As a company steeped in tradition, we combine proven expertise with modern technology, thereby creating products that meet the highest quality standards.

... we blend technology ...

... represents our contribution to sustainable technical innovations and our approach to combine a company steeped in tradition with sustainable entrepreneurship (SDGs 7, 9 and 12).

... with team spirit, ...

... describes our culture of respectful coexistence, diversity and the development potential of every individual – for healthy, fair and sustainable working conditions (SDGs 3, 4, 5 and 8).

... to shape our interconnected world electrify.

... this means we are driving the digitalization of our world. Through our technologies, we promote sustainable development and, together with our partners, create opportunities that will endure for future generations (SDGs 13 and 17).

We combine progress with responsibility and make sustainability the benchmark for our Action. Our sustainability report shows how we put these concepts into practice – with the SDGs serving as our guide.

SUSTAINABLE DEVELOPMENT GOALS

Illustration 10: Relevant SDGs for the Isabellenhütte (Source: SDGs (2026))

1.2.3. STAKEHOLDERS

We maintain an ongoing dialogue with our stakeholders and take their interests and viewpoints – including those relating to sustainability issues – into account in our business decisions. As a responsible company, it is of paramount importance to us to establish and maintain close and trusting business relationships. We strive to gather feedback on our sustainability-related activities and respond appropriately. Regular customer-focused dialogue enables us to take our stakeholders' expectations into account, including in our sustainability reporting.

2 SBM-3
S1 P 12
S2 P 9
S3 P 7

The insights gained in this way are directly incorporated into our continuous improvement process. Progress in implementing our strategic sustainability projects, including engagement with our stakeholders and consideration of their expectations, is regularly reported to management through the Sustainability Steering Committee to ensure transparent and effective governance. The following list provides an overview of our company's key stakeholders (see Table 3).

Stakeholders	Expectations	Measures	Commitment
Customers	▪ On-time delivery and quality ▪ Transparent communication & service ▪ Sustainable & ethical practices	▪ Systematic incorporation of customer needs into Sales & Development Processes ▪ Targeted customer focus through strategic Business areas	▪ Customer meetings ▪ Trade fairs ▪ Projects
Staff & Representatives	▪ Fair working conditions & pay ▪ Employee participation & equal opportunities ▪ Health and Safety & Professional Development	▪ Practical Occupational Health and Safety Management: ISO 45001 ▪ Strategic HR development ▪ Collective agreements & long-term incentives	▪ Performance reviews ▪ Meetings ▪ ISAgram
Suppliers & service providers	▪ Long-term & fair partnerships ▪ Transparent communication ▪ Payment security; reliable, fair & payments made on time	▪ Supply chain risk management with EcoVadis ▪ Responsible supplier selection and evaluation ▪ Local sourcing ▪ Collaboration & active dialogue	▪ Audits & Assessments ▪ Trade fairs ▪ Projects
Owners & Committees	▪ Sustainable entrepreneurship the future generations ▪ Forward-looking approach & innovative strength ▪ Profitability & Growth	▪ Conrad Heusler Academy ▪ Transparent management through strategic Investment planning	▪ Meetings ▪ Advisory board meetings
Finance & Insurance partner	▪ Reliability & adherence to contracts ▪ Risk management & financial stability ▪ Transparency & Reporting	▪ EcoVadis ESG rating ▪ Group-wide risk management ▪ Cash flow & investment planning	▪ Ratings ▪ Qualifications ▪ Projects
Environment	▪ Conserving resources ▪ Protecting the climate and the environment	▪ ISO 14001 & 50001 ▪ Sustainable resource management	▪ Monitoring ▪ Reporting
Government departments & agencies	▪ Compliance with legal and regulatory Requirements ▪ Transparency & Reporting ▪ Active contribution to the SDGs	▪ Compliance management ▪ Sustainability management ▪ CSRD/ESRS reporting ▪ Internal steering circles	▪ Dialogues ▪ Membership of the associations (ZVEI, IHK, etc.)
Society & NGOs	▪ Transparency & Dialogue ▪ Involvement in civil society & for the environment ▪ Upholding social responsibility	▪ Commitment to the community CSR ▪ Participation in regional sustainability networks	▪ Public relations ▪ Sponsorships ▪ Partnerships

Table 3: Stakeholders of the Isabellenhütte

1.3. MATERIALITY ANALYSIS

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SBM-3

2
IRO-2
P 58

This report outlines the key impacts, risks and opportunities (IROs) in the areas of environment, social and governance. It is based on a two-pronged materiality analysis in accordance with ESRS standards, which covers both our direct business activities and our company's upstream and downstream value chain. We have analysed the impacts our actions have on people and the environment, and how external factors (risks and opportunities) may influence our financial position. The aim is to identify the sustainability issues that are material to us, to create transparency and to ensure comprehensive sustainability reporting.

The overview below (see Table 4) sets out the findings regarding the company's identified material IROs. The assessment methodology used is described in the section 'ASSESSMENT PROCEDURE FOR MATERIALITY ANALYSIS'. The identified IROs are explained in detail in the respective topic-specific chapters. As part of our analysis, we have excluded ESRS topics S3 (Affected Communities), S4 (Consumers and End Users) and E4 (Biodiversity and Ecosystems) as immaterial. We justify these exclusions as described in the following paragraph:

Our production and distribution sites are located in established industrial areas around the world, where we also maintain an open and transparent dialogue with local communities. We are not aware of any negative impacts, nor do we anticipate any that go beyond the usual scope of site operations. Furthermore, there are no direct business relationships or projects in regions considered to be ecologically or socially sensitive. No significant actual or potential negative impacts in relation to affected communities are to be expected. As we are a purely B2B company and supply our products exclusively to commercial customers, the issue of consumers and end-users has neither significant impacts nor risks or opportunities for us. The potential and actual impacts of our business activities and production processes on biodiversity and ecosystems are considered to be low and do not go beyond the reported topics on air and water pollution (ESRS E1) or water resources (ESRS E3). The topic ESRS S2 (labor in the value chain) is not addressed separately in this voluntary sustainability report for the 2025 financial year. Instead, material disclosures and key figures in this context are integrated and described in the chapters on Social Issues (ESRS S1) and Corporate Governance (ESRS G1).

The results of our materiality analysis form an integral part of our company's sustainability strategy. The material IROs identified are discussed annually by the Sustainability Steering Committee and monitored by the Management Board. Building on this, measures are developed and driven forward by the company's sustainability management as part of the continuous improvement process. In this way, we ensure that our sustainability strategy is resilient to the identified impacts and risks and that identified opportunities are effectively exploited.

1.3.1. IMPACTS, RISKS AND OPPORTUNITIES

ID	Type	Description	Value chain	Time horizon
ESRS E1 Climate Change				
1	Acutal negative impact	Direct and indirect CO_2 emissions (Scope 1, 2 & 3)	upstream, internal & downstream	short term
2	Actual negative impact	High energy consumption due to production processes	upstream, internal & downstream	short term

ID	Type	Description	Value chain	Time horizon
3	Risk	Physical environmental risks caused by flooding, extreme weather events, heatwaves and droughts	upstream, internal & downstream	short term
4	Risk	Rising and volatile energy prices are driving up operating costs and making it harder to plan ahead	internal	medium term
5	Opportunity	Development of innovative technologies for the electrification of industry and transport	internal	medium term
6	Opportunity	Reducing electricity costs through efficiency measures and energy management	internal	medium term
ESRS E2 Environmental pollution				
7	Acutal negative impact	Emissions of pollutants and air pollution resulting from our production processes	internal	short term
8	Potential negative impact	The use and handling of hazardous chemicals can pose a risk to people and the environment	upstream, internal & downstream	short term
9	Risk	Regulatory restrictions or environmental incidents at suppliers result in additional costs or lead to supply bottlenecks	upstream, internal & downstream	medium term
ESRS E3 Water Resources				
10	Actual negative impact	High water consumption due to production processes	upstream & internal	short term
11	Potential negative impact	Untreated wastewater can degrade water quality and threaten biodiversity	upstream, internal & downstream	long term
12	Risk	Scarce water resources jeopardise the continuity of production processes and result in additional costs	upstream & internal	medium term
13	Opportunity	The implementation of water-saving technologies, recycling systems and efficiency measures reduces costs	internal	medium term
ESRS E5 Resource Use and the Circular Economy				
14	Potential negative impact	Improper handling of hazardous waste can cause serious damage to the environment and human health	upstream, internal & downstream	short term
15	Risk	Disruption to production caused by supply bottlenecks, restrictions on critical materials and volatility in raw material prices	upstream & internal	medium term
16	Opportunity	The use of recycled materials and scrap reduces the demand for primary raw materials and cuts costs	internal	long term

ID	Type	Description	Value chain	Time horizon
ESRS S1: Company staff				
17	Acutal positive impact	Long-term employment contracts and job security contribute to our employees' financial well-being and mental health	internal	long term
18	Acutal positive impact	Involving employee representatives promotes communication and collaborative problem-solving across the entire workforce	upstream, internal & downstream	short term
19	Acutal positive impact	Collective agreements ensure legal certainty and standardised, clearly defined working conditions	internal	short term
20	Acutal positive impact	By improving the quality of work and establishing high safety standards, the number of staff absences due to work-related injuries and illnesses is reduced	upstream & internal	medium term
21	Acutal positive impact	Integrated training and development programs ensure long-term viability, promote the continuous development of skills and help retain qualified young talent within the company	internal	medium term
22	Acutal positive impact	Strict adherence to internationally recognized labor standards protects vulnerable groups	upstream, internal & downstream	long term
23	Opportunity	Proactive health and safety measures reduce healthcare costs, minimise the risk of production downtime and reputational damage, and help avoid legal consequences	upstream & internal	medium term
24	Opportunity	Integrated training strategies and targeted support for young talent help to counteract the effects of the demographic skills shortage and ensure long-term competitiveness through continuous professional development, innovation and staff retention	internal	medium term
ESRS G1 Corporate Governance				
25	Potential negative impact	A lack of integrity and transparency leads to a loss of trust among stakeholders and internal conflicts	upstream, internal & downstream	short term
26	Potential negative impact	Loss of efficiency, quality and innovation potential due to outdated technology and a lack of digitalisation	internal	short term
27	Acutal positive impact	Promoting an open corporate culture, communication and a values program strengthen commitment and trust	internal	long term
28	Risk	Cybersecurity risks arising from hacker attacks, data theft and attacks on production systems	upstream, internal & downstream	short term
29	Opportunity	The use of artificial intelligence to improve efficiency and optimise processes	internal	short term

Table 4: Key IROs at the Isabellenhütte

1.3.2. ASSESSMENT PROCEDURE FOR MATERIALITY ANALYSIS

Our methodology for identifying material IROs is based on a systematic, multi-stage approach. We use the topics defined in Annex ESRS 1 AR16 as the basis for our analysis. These sustainability topics were first narrowed down to those that are potentially material. The results of this preliminary selection are summarised below (see Table 5). The topics are color-coded into the different categories of Environment (E), Social (S) and Governance (G). Based on these topics, IROs were then identified that potentially result from or influence our business activities. The outcome of these steps resulted in a long list of IROs, which was subsequently evaluated and condensed into a shortlist of material aspects.

ESRS E1 Climate change	Adaptation to climate change	
	Climate action	
	Energy	
ESRS E2 Environmental pollution	Air and water pollution	
ESRS E3 Water resources	Water	Water consumption
		Water abstraction
		Water drainage
ESRS E5 Circular economy	Inflows and outflows of resources	
	Waste	
ESRS S1 the company's workforce	Working conditions	Secure employment
		Working hours
		Fair pay
		Social dialogue
		Freedom of association, works councils and employees' rights to information, consultation and co-determination
		Collective bargaining, including the proportion of the workforce covered by collective agreements
		Work-life balance
		Health and Safety
	Equal treatment and equal opportunities	Gender equality
		Further training and skills development
		Employment and inclusion of people with disabilities
		Measures to combat violence and harassment in the workplace
		Variety and diversity
	Employment rights	Child labor, forced labor
		Data protection

2 IRO-1
2 IRO-2 P 59
E2 P 11
E3 P 8
E5 P 11
G1 P 6

ESRS G1 Corporate governance	Corporate culture	
	Protection of whistleblowers	
	Supplier Relationship Management	
	Corruption and bribery	Prevention and detection, including training
		incidents
	Digitalisation	

Table 5: Preliminary analysis of the key ESRS themes

Targeted surveys were conducted to incorporate the perspectives of interested parties into the materiality analysis. To this end, relevant stakeholder groups were provided with the previously identified long list of potentially material IROs and asked to assess their relevance. To ensure a comprehensive view, the assessment was carried out by internal experts who represented the interests of the respective stakeholders.

The final assessment of the IROs was ultimately carried out by the sustainability management team using specific assessment criteria based on ESRS guidelines, while also taking into account the results of the stakeholder survey. The application of the ESRS-specific assessment methodology is described below: We distinguish between potential and actual impacts, as well as positive and negative impacts. Each impact was assessed on the basis of its severity, which is determined by its magnitude, scope and – in the case of negative impacts – irreversibility. For potential impacts, the probability of occurrence was also taken into account. Prioritisation was carried out using an assessment framework that assigns a classification value to each of these factors (low = 1, medium = 2, high = 3). These values were summed. An impact was ultimately classified as significant if the sum of the individual classification values exceeded a predetermined threshold. The temporal classification of the aspects is based on the ESRS definition. The short-term horizon covers a period of up to one year, the medium-term period extends to up to five years, and the long-term perspective covers all periods exceeding five years. Risks and opportunities were assessed in a similar manner, but with a focus on financial materiality. For this purpose, only the probability of occurrence and the potential extent of the financial effects served as assessment criteria.

The detailed criteria for the assessment and the determination of the materiality threshold are set out in the tables below (see Tables 6–8). A specific criterion applied here: an issue was classified as material if at least one of the factors assessed – with the exception of the likelihood of occurrence – was rated ‘high’, regardless of the total score.

UNDERLYING EVALUATION FRAMEWORK

Impact	Extent	Scope	Irrevocability (only negative)	Probability of occurrence (only potentially)
low	<0.025% of turnover OR <10 people OR minimal environmental, social or governance impacts	localised	<5 years	<30%
medium	0. 025%–0.25% of turnover OR 10–1 ,000 people OR moderate environmental, social or governance impacts	national	>5 years	30 - 70%
high	>0.25% of turnover OR >1,000 people OR significant environmental, social or governance impacts	international	irreversible	>70%

Table 6: Assessment frameworks for the dual materiality analysis

Risk/Opportunity	Probability of occurrence	Potential scale
low	<30%	<0.025% of turnover
medium	30 - 70%	0. 025–0.25% of turnover
high	>70%	>0.25% of turnover

Table 7: Assessment frameworks for the dual materiality analysis

Materiality		MIN	MAX	threshold
Positive	Potential	3	9	>6
	Acutal	2	6	>4
Negative	Potential	4	12	>8
	Acutal	3	9	>6
Opportunity		2	6	>4
Risk				

Table 8: Materiality thresholds

The thresholds are reviewed annually as part of an audit carried out in collaboration with senior management and the finance department, and are adjusted where necessary. This review ensures that the thresholds reflect the company's current financial situation and risk appetite.

Where risks have been mitigated or opportunities realised, the assessments are adjusted in the annual review of the materiality analysis. This means that issues are removed from the shortlist or new issues are added if they exceed or fall below the specified thresholds. This iterative process ensures the continuous improvement of our risk and sustainability management.

2. ENVIRONMENT

To ensure sustainable business practices, we focus on minimising our impact on climate change, actively preventing environmental pollution and managing water resources responsibly. In addition, we are reducing our consumption of resources and closing material loops through circular economy approaches. These topics are explained in detail in the following section.

View of the Wilhelmsturm in Dillenburg from the direction of Weinberg.

2.1. CLIMATE CHANGE

As a manufacturing company, we feel a responsibility to play an active role in combating climate change. We recognize our environmental responsibility, particularly in light of our energy-intensive production processes, and are working systematically to implement measures that will enable us to meet our climate targets in the future.

By helping to ensure the efficient use of electrical energy through our products, we also indirectly support the sustainable transformation of various industries. Our strategy is geared towards operating in an environmentally sustainable manner in the long term and fulfilling our responsibilities as a global company.

TRANSITION PLAN FOR CLIMATE ACTION

Global climate change is one of the greatest challenges of our time. We recognize our responsibility and are aligning our sustainability strategy and targets so that we can contribute to the goal of limiting global warming to 1.5°C. Specific absolute reduction targets underpin this commitment and are in line with the official EU targets for achieving climate neutrality. By 2030, we aim to reduce our Scope 1 and Scope 2 emissions by 100% compared to the base year of 2019. For our indirect Scope 3 emissions, we are aiming for a 90% reduction by 2040, with the aim of achieving complete carbon neutrality by 2050 at the latest. The underlying concept and classification system for Scope 1, 2 and 3 is explained in more detail at the end of Section 2.1 (see pages 32 and 33).

E1-1

E1-4
P 34

Prevention before reduction, reduction before offsetting.

Reducing emissions by investing in advanced, efficient technologies and by eliminating unnecessary processes, movements, losses or requirements.

Reducing emissions through integrated environmental and energy management in accordance with ISO 14001 and 50001, technical energy efficiency measures and by increasing the amount of energy we generate ourselves.

Offsetting unavoidable emissions by purchasing high-quality CO_2 allowances.

CLIMATE STRATEGY AND TRANSITION PLAN: HOW WE WILL ACHIEVE NET ZERO

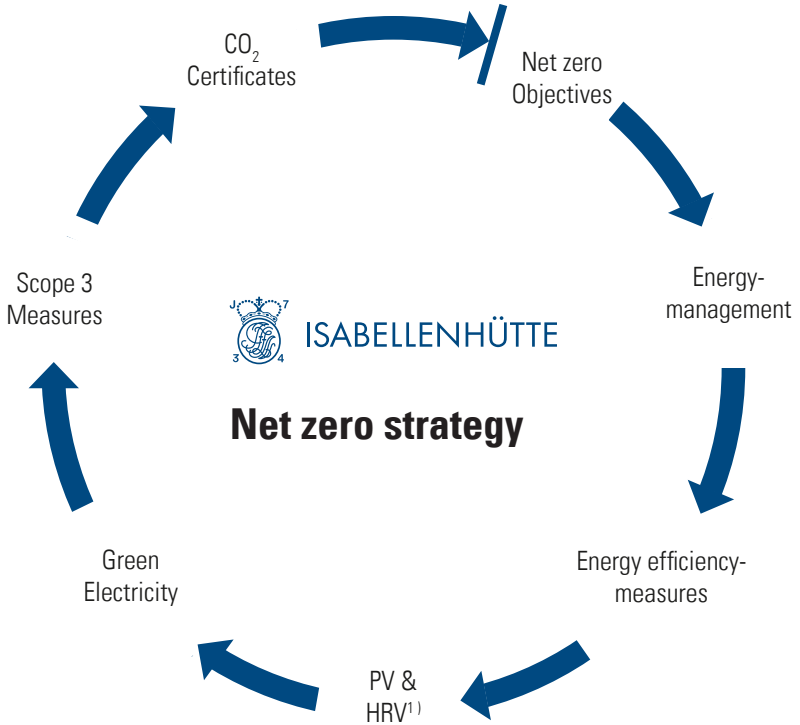


Illustration 11: Isabellenhütte's net zero strategy (Source: own illustration)

[1)] HRV: Heat recovery

To achieve our goals, we are relying on a range of decarbonisation measures (see illustration 11). Specific measures include, for example, the switch to renewable energies as well as the optimisation and electrification of our production processes. This enables us to reduce our dependence on fossil fuels such as natural gas and make targeted use of 'green' electricity.

2030 Goals		2040 Goals		2050 Goals	
absolute (vs. 2019)		absolute (vs. 2019)		absolute (vs. 2019)	
Scope 1	-100%	Scope 3	-90%	Scope 3	-100%
Scope 2	-100%				

As a manufacturer of copper-based alloys, resistors and sensors, the emissions we generate are primarily linked to the raw materials and other materials we use. To monitor this aspect, we are currently analysing our emissions in the 'purchased goods and services' category under Scope 3. With the aim of minimising emissions, we are already working to increase the proportion of secondary raw materials used and to raise the recycling rate of purchased raw materials, materials and packaging.

Our company's transition plan forms part of our sustainability strategy and is therefore integrated into our business strategy and financial planning. Implementing the transition plan requires targeted investment in new technologies and infrastructure. The funds required for this are included in the annual financial planning and, in conjunction with the climate protection measures implemented, are quantified in accordance with ESRS E1-3.

Our climate action transition plan was drawn up by the Sustainability Steering Group in close consultation with the management board and is continuously being refined. Progress and the achievement of targets are regularly monitored and assessed within this framework. We report on our progress in reducing emissions in the sections on ESRS E1-3 and E1-4.

RESILIENCE ANALYSIS AND IMPACTS, RISKS AND OPPORTUNITIES FOR CLIMATE PROTECTION

2 SBM-3

E1 P 18, 19 & 20

To understand how sustainable and resilient our company is in the face of climate change, we have conducted an in-depth analysis of our key impacts, risks and opportunities, and critically reviewed our business strategy against the backdrop of various development scenarios. Two contrasting climate scenarios were considered in order to provide a qualitative perspective on the results of our climate change materiality analysis:

A Scenario A: 'Consistent climate protection': In this scenario, global warming is strictly limited. For us, this means that we must transform our business model quickly and consistently in order to become carbon neutral. This gives rise primarily to transition risks (e.g. new legislation or higher energy prices) and opportunities (e.g. new markets for climate-friendly products).

B Scenario B: 'Limited climate action': In this scenario, there are hardly any new measures to combat climate change. For us, this means we will hardly need to adapt our business model. However, we must be prepared for physical risks, such as natural disasters and extreme weather events, which could threaten our sites or supply chain.

This comparison helps assess our resilience under different climate scenarios. Physical climate risks were identified by analysing the potential impacts of extreme weather events and long-term climate change on our machinery and equipment, production processes, and our upstream and downstream supply chain. Climate-related transition risks and opportunities arise from the global shift towards a low-carbon economy. We have identified these by anticipating potential changes in policy, technology and markets. We assess the vulnerability of our business model to these risks. On the other hand, opportunities arise, such as the development of new markets or the strengthening of our competitive position through our sustainability strategy. The following table lists and describes our key IROs relating to climate change (see Table 9).

(Source: UN Global Compact Network Germany e. V. (2024))

ID	Description
Impact on climate change	
1	This impact includes the release of direct CO_2 emissions from stationary or mobile combustion sources, as well as from production processes (Scope 1). Our Scope 2 emissions are caused exclusively by the electricity we purchase. Significant indirect CO_2 emissions (Scope 3) result primarily from purchased goods and services in the upstream supply chain, which account for the majority of our overall footprint.
2	Our energy-intensive production processes – particularly alloy production in the smelter – result in significant energy consumption, which has a major impact on our Scope 2 emissions. We are addressing this impact by electrifying our manufacturing processes. This enables us to actively manage and continuously minimise emissions through the use of green electricity and by improving efficiency.
Physical risks associated with climate change	
3	Environmental risks such as floods, heatwaves, droughts and other extreme weather events have a direct impact on our operational resilience. Under Scenario B in particular, the likelihood of serious damage to our infrastructure and critical operational disruptions increases. Climate-related production losses at our suppliers may also pose a risk, which would impact our value creation through supply bottlenecks.
Transitional risks associated with climate change	
4	The transition of our energy supply from fossil fuels to renewable sources carries the risk of new dependencies, as well as rising and volatile procurement costs. Price fluctuations in the energy market place an immediate strain on our operating costs due to our energy-intensive production processes. This volatility also complicates long-term budget planning and requires agile adjustments to our strategy – a challenge that is further exacerbated by the structural dependencies involved in the transition to renewable energy sources.

ID	Description
(Transitional) opportunities arising from climate change	
5	Our innovative technologies support the electrification of industrial processes and mobility. In this changing market environment, we are able to actively position our product solutions to support our customers through their transformation processes. In this way, we indirectly contribute to the decarbonisation of the downstream value chain. At the same time, we tap into revenue opportunities by supplying efficient components that are essential for electrical engineering.
6	By continuously improving our energy efficiency and refining our energy management systems, we are unlocking potential for cost savings. These measures directly reduce our operating costs and indirectly strengthen our price competitiveness. By lowering specific energy consumption per unit of production, we are decoupling our value creation from volatile energy markets and enhancing our business resilience.

Table 9: Key IROs at Isabellenhütte relating to climate change

CONCEPTS RELATED TO CLIMATE PROTECTION AND ADAPTATION TO CLIMATE CHANGE

We have a range of strategies and guidelines in place to address and tackle the challenges arising from the identified IROs on climate change. There are five strategic objectives for implementing our climate action transition plan:

- **Monitoring** via an energy management system. Transparency regarding our energy consumption and CO_2 emissions.
- **Efficiency** through targeted measures, optimisation of our processes and reduction of our energy consumption.
- **Generation** of energy from renewable sources (e.g. photovoltaic systems).
- **Switch** to carbon-neutral energy sources (green electricity).
- **Offsetting** as a last resort for remaining, unavoidable emissions.

As part of our sustainability strategy, we address climate change by incorporating SDGs 7 and 13. Our goal of safeguarding the future for generations to come and acting responsibly requires us to develop measures to minimise our environmental footprint in order to mitigate climate impacts. We fulfill this commitment through the approaches described below.

The Environmental, Health and Safety and Energy Policy (EHS&E Policy) forms part of our integrated management system. Among other things, this system combines the requirements of the ISO 14001 (Environmental Management) and ISO 50001 (Energy Management) standards. This policy commits us to reducing CO_2 emissions and promoting the use of renewable energy. We fulfill these commitments by optimising emissions while taking economic efficiency into account. The EHS & E Policy applies to all Isabellenhütte production sites. The integrated management system and the EHS & E Policy are regularly audited and reviewed. Each year, measures to improve performance are defined, implemented and reported to senior management.

As part of our sustainable procurement strategy, we have incorporated approaches that also have a positive impact on climate change and climate protection. We recognize that our responsibility extends beyond our own operational boundaries. To reduce our Scope 3 emissions, we work closely with our business partners, promote resource-efficient practices and improve efficiency throughout our value chain. A key focus here is on the impact of the raw materials and materials we purchase. Through the strategic selection of suppliers, consistent adherence to recycling targets, and the increased use of secondary materials, we are already managing our upstream emissions today. We intend to expand these approaches to optimise our Scope 3 emissions in a targeted manner in the future. Our responsibility in procurement is guided by the SDGs, in line with our general sustainability strategy. In procurement, we also prioritise local sourcing to contribute to climate protection. Our purchasing terms and conditions form the legal framework for implementing our strategies. They ensure that our suppliers comply with relevant laws and standards, thereby indirectly supporting the reduction of climate impacts within the supply chain. By combining these strategic and operational tools, we ensure that our climate protection efforts are embedded both in our corporate values and in our business relationships.

MEASURES AND RESOURCES RELATED TO CLIMATE STRATEGIES

To achieve our goals and implement the concepts and strategies outlined in relation to climate change and climate protection, we are planning and taking various measures. The basis for this is our action plan to improve energy efficiency, which has been drawn up in accordance with ISO 50001 and is continuously being refined. In this plan, we document measures that we are implementing to improve the energy efficiency of our production processes and other business activities, and which contribute directly to reducing emissions. The table below lists key measures from recent years that have a significant impact on achieving our climate targets (see Table 10). The 'Impact' column illustrates the extent of the savings achieved by a measure and shows how these are specifically reflected in a reduction in CO_2 emissions.

Measure	Impact	Invest	Year
LED lighting	Electricity, Scope 2 158,000 kWh/year, 92 tCO_2/year	162.000 €	2024
Heat recovery	Gas, Scope 1 1,660,000 kWh/year, 334 tCO_2/year	550.000 €	2023
Photovoltaics (1030 kWp)	Electricity, Scope 2 930,900 kWh/year, 544 tCO_2/year	1.940.000 €	2023
Heating, local heating	Gas, Scope 1 250,000 kWh/year, 50 tCO_2/year	120.000 €	2022

Table 10: Measures and investments undertaken by Isabellenhütte in connection with its climate strategies

Electric melting furnace (MFIII)

To improve energy efficiency and integrate renewable energy into our production processes, we have implemented targeted measures to gradually replace fossil fuels in our production and infrastructure facilities. For example, in the 2025 reporting year, we replaced a gas-fired melting furnace with an electric furnace (MFIII). Due to a lack of reference data for the old melting furnace, the exact savings resulting from this investment cannot be precisely quantified. However, we expect a significant improvement in efficiency as well as a substantial reduction in energy consumption and emissions. The switch from gas to electricity as the primary energy source is an important step towards our climate targets and helps us to reduce our emissions in the long term.

Lighting

In the 2024 fiscal year, we completed the switch to LED lighting throughout all our production and administrative buildings. As a result, we are saving just under 160,000 kWh of electricity annually.

Heat recovery

To make efficient use of the waste heat from the molten blocks, which have solidified after casting but are still hot, we have installed a heat recovery system. We feed this waste heat, with temperatures ranging from 80°C to 140°C, into our existing heating system, where it is used for heating or to preheat the materials to be melted. This measure reduces our annual gas consumption at the Dillenburg site by up to 600,000 kWh, which makes a direct contribution to reducing our emissions. Another form of heat recovery is achieved through the utilisation of waste heat from our compressed air systems. This additional energy is also fed into the central heating system to heat our administrative and production buildings and is also used to preheat the process water required in production. As a result, the waste heat recovered from the compressed air systems can completely replace gas consumption at the Dillenburg-Manderbach site during the warmer summer months. In total, the use of heat recovery in our compressed air systems saves approximately 1,060,000 kWh of gas annually.

Photovoltaics

Since 2021, we have been continuously expanding our photovoltaic systems for generating renewable energy at our two production sites in Germany. In the current phase of expansion, we have installed a maximum system capacity of 1,030 kWp since 2023, enabling us to save or generate almost 1,000,000 kWh of electricity per year from renewable sources. In doing so, we are reducing our energy requirements and direct electricity consumption at our energy-intensive production sites.

Heating and local heating network

Our heating system has also been continuously upgraded and optimised. We have installed local heating networks in our production buildings to distribute and utilise heat from heat recovery and other sources in line with demand. In this way, we use our heating systems efficiently and intelligently, reducing the overall heating requirement. Furthermore, the number of heating sources required has been reduced, thereby lowering maintenance and operating costs. The savings amount to around 250,000 kWh of gas per year.

Use of green electricity

We see significant potential for decarbonisation in the procurement and use of 'green' electricity, as the switch involves minimal effort and leads directly to a reduction in CO_2 emissions. In future, we plan to steadily increase the proportion of green electricity we purchase and thus continuously reduce Scope 2 emissions by 2030. This transition goes hand in hand with the modernisation and electrification of our production processes. We plan to expand the proportion of purchased 'green' electricity to achieve decarbonisation in the Scope 2 category as follows.

50%	Certified green electricity until the end of	**2027**
75%	Certified green electricity until the end of	**2028**
100%	Certified green electricity until the end of	**2029**

In the medium term, we plan to make further investments in energy and efficiency measures.

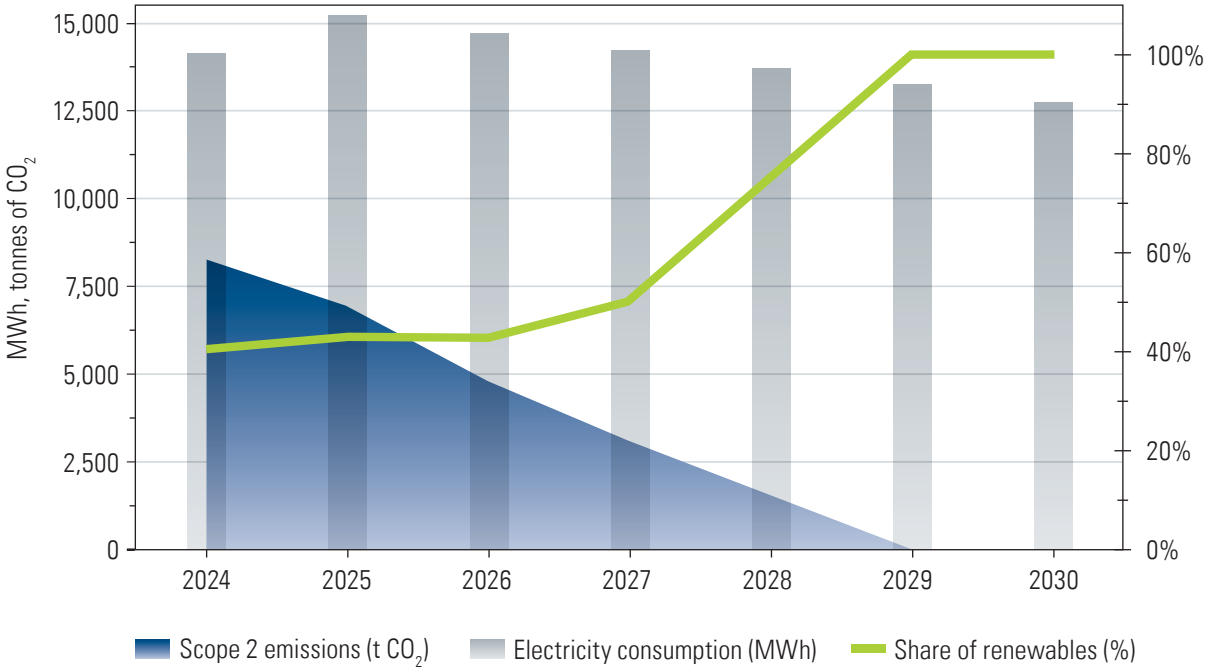


Illustration 12: Scope 2 reduction pathway for Isabellenhütte's two production sites in Dillenburg (Source: own illustration)

Reduction pathway up to 2030

The diagram (see illustration 12) illustrates our company's Scope 2 reduction pathway for the two production sites in Dillenburg. It shows electricity consumption, the resulting Scope 2 emissions, and the share of renewable energy in our electricity mix from 2024 up to the target year of 2030. By then, we aim to reduce electricity consumption by just under 15% compared with the current reporting year. Electricity consumption for the years 2026 to 2030 has been interpolated linearly. Scope 2 emissions are to be reduced to 0 t CO_2 by the end of 2029. A prerequisite for this is the continuous expansion of the share of renewable energies in our electricity mix, as shown in the illustration.

OBJECTIVES RELATED TO CLIMATE PROTECTION AND ADAPTATION TO CLIMATE CHANGE

Below, we explain the methodological basis and strategic direction of our climate change objectives in order to ensure full transparency regarding our approach.

The base year for our absolute reduction targets in the Scope 1 and Scope 2 categories is 2019. This year was chosen because the corresponding emissions inventory included Scope 1, Scope 2 and a proportion of Scope 3 emissions for the first time. Since then, our company has grown steadily. The expansion of production capacity, the growth in our workforce and the opening of new sites have all influenced our absolute emissions. Since 2024, we have intensified our accounting processes and professionalised them in accordance with the GHG Protocol standard (GHG: Greenhouse Gas Protocol). We have produced detailed inventories for Scope 1 and 2 and enriched data for various Scope 3 categories. In future, we plan to further advance the breakdown and quantification of our Scope 3 emissions. Our base year for Scope 3 is 2024.

In setting our Scope 1 & 2 targets, we have drawn on the reduction pathways of industrial companies in comparable sectors and of a similar size. For our Scope 3 targets, we are guided by the European Union's guidelines. We reserve the right to make changes to our base year should future accounting practices provide a more robust basis. We will provide transparent information on any adjustments in our future reports. The chosen approach enables us to make active use of current data.

To achieve our emissions reduction targets, we are pursuing a core strategy on which both the measures already implemented and those planned are based. The focus is on modernising our plants and machinery using energy-efficient technologies, as well as on the electrification of production processes. In parallel, we are consistently driving forward the continuous increase in the share of renewable energy by 2030. Our targets for Scope 3 are currently being worked out in detail. To this end, we are planning specific operational implementation steps to meet the requirements of the EU reduction pathway sustainably by the target year of 2050. The targets currently cover only our two production sites in Germany (Dillenburg and Dillenburg-Manderbach). The impact of our sales sites on the climate was assessed as immaterial as part of the double materiality analysis and is only minor, which is why it is not taken into account. The production site in China, which opened in the 2025 reporting year, is not yet included in the targets but will be taken into account from the 2026 reporting year onwards. The relevance of the acquisition of Rathgeber at the end of 2024 to our financial statements and targets regarding climate change and climate protection is currently being assessed. A position on this will be taken in the 2026 reporting year.

Notwithstanding the limitations described, we estimate that our targets and measures cover more than 75% of the company's total emissions. This gives us the necessary reliability to present our climate change impacts and targets in a credible manner.

ENERGY CONSUMPTION AND ENERGY MIX

Our key figures on energy consumption and energy mix are recorded on the basis of primary data (e.g. bills, meter readings) and processed in a central energy management system. The data is regularly verified during internal and external audits and is of a high standard of accuracy and quality. Currently, the information on energy consumption and energy mix comprises data from our two production sites in Germany only. The same restrictions apply as for our targets in Section E1-4. The table below provides an overview of our key energy indicators in accordance with the ESRS (see Table 11).

ESRS reference	Description	Unit	2024	2025
E1-5 37.	Energy consumption (total)	MWh	17.695	19.043
37. a)	Energy consumption from fossil fuels	MWh	11.647	12.465
37. b)	Energy consumption from nuclear sources	MWh	212	115
37. c)	Energy consumption from renewable sources	MWh	5.837	6.463
i.	of which fuel consumption (biomass, biofuels, biogas and hydrogen)	MWh	0	0
ii.	of which electricity, heat, steam and cooling purchased and received	MWh	5.737	6.356
iii.	of which self-generated energy (excluding fuels)	MWh	100	108
E1-5 38. a)	Fuel consumption from coal and coal products	MWh	0	0
38. b)	Fuel consumption from crude oil and petroleum products	MWh	0	0
38. c)	Fuel consumption from natural gas	MWh	3.482	3.717
38. d)	Fuel consumption from other fossil sources	MWh	0	0
38. e)	Consumption of electricity, heat, steam or cooling purchased or received from fossil fuel sources	MWh	8.165	8.747
E1-5 39.	Production			
	non-renewable energy	MWh	0	0
	renewable energy	MWh	99,6	107,80
E1-5 40.	Energy intensity[1)]	MWh/€ million	86	89

Table 11: Key figures on energy consumption and the energy mix at the Isabellenhütte

[1)] Calculated as the ratio of total energy consumption to net sales revenue in € million

EMISSIONS PROFILES: SCOPE 1, 2 AND 3 AT A GLANCE

Scope 1 covers all direct emissions from activities under our financial and operational control. In addition to the stationary and mobile combustion of fossil fuels, this also includes emissions from physical or chemical processes. The fuel-specific consumption data were determined internally and calculated using the relevant emission factors provided by the Federal Office of Economics and Export Control (BAFA). Depending on the data available, the consumption data had to be adjusted in accordance with the requirements of the GHG Protocol.

In our company**, Scope 2** emissions consist exclusively of indirect emissions resulting from the use of purchased electricity. We do not purchase any heat, steam or cooling. The energy-specific consumption data from our electricity supplier's bills was multiplied by emission factors. We distinguish between site-specific and market-related emissions in the Scope 2 category. For site-specific emissions, we used the emission factor for the German electricity mix from 2024 provided by the Federal Environment Agency, and for market-related emissions, we used our electricity supplier's individual emission factor.

In accordance with the GHG Protocol, the **Scope 3** category takes into account all emissions from the upstream and downstream value chain. Our Scope 3 inventory currently comprises only emissions associated with purchased goods and services, as well as waste from day-to-day operations, including wastewater. To calculate these figures, we analyse the physical quantities or monetary value of transactions relating to our purchased goods and services via our merchandise management system. In accordance with the GHG Protocol guidelines, we use either average data or accounting records and documentation to estimate emissions. A comparison with industrial companies in comparable sectors and of a similar size shows that emissions from purchased goods and services account for the majority of emissions in this category. We have therefore initially focused on calculating these emissions. We estimate that Scope 3 emissions account for more than 75% of our total emissions (see illustration 13).

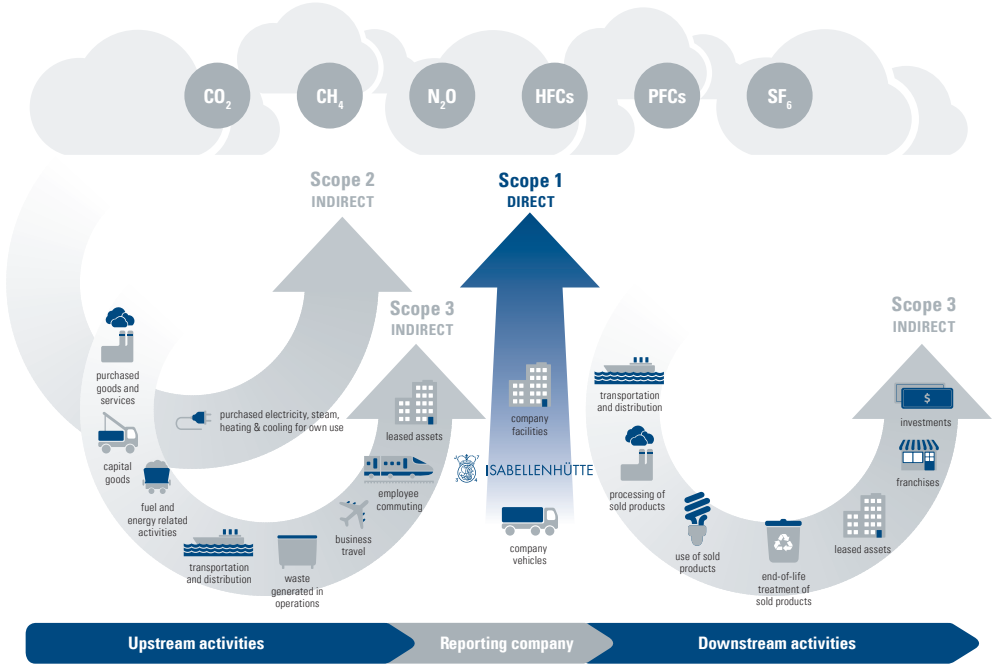


Illustration 13: Overview of scopes and emissions along the value chain (Source: own illustration based on the GHG Protocol (2026))

SCOPE 1, 2 AND 3 EMISSIONS

Our calculations and reports on Scope 1, 2, and 3 emissions are based on the Greenhouse Gas Protocol's standards for Corporate Accounting and Reporting, Scope 2 Guidance, Corporate Value Chain (Scope 3) Accounting and Reporting, and Technical Guidance for Calculating Scope 3 Emissions (see list of sources). The emissions calculations have not yet been independently verified. The same boundaries and limitations apply to the emissions inventory as to the data on energy consumption and energy mix. The following table presents our emissions along with all key metrics in accordance with the ESRS (see Table 12). For better comparability and tracking of targets, the emission values from the base year 2019 are also provided.

ESRS reference	Description	Unit	2019 Base year	2024	2025
E 1-6 44. a) 48. a)	Scope 1 gross emissions	tCO_2	1.335	986	1.139
48. b)	Proportion from regulated emissions trading schemes	in %	0	0	0
E 1-6 44. b)	Scope 2 gross emissions				
49. a)	location-specific	tCO_2	7.495	6.024	6.498
49. b)	market-oriented	tCO_2	5.649	8.239	6.945
E 1-6 44. c)	Scope 3 gross emissions	tCO_2	10.878	13.716	13.185
51.	3.1 Goods and services purchased	tCO_2	9.340	11.300	11.048
	3.5 Waste from day-to-day operations	tCO_2	1.538	2.416	2.137
E 1-6 44. d)	CO_2 emissions (total)				
52. a)	including Scope 2 emissions by site	tCO_2	19.708	20.726	20.822
52. b)	including Scope 2 emissions	tCO_2	17.862	22.941	21.269
E 1-6 53.	CO_2 intensity (location-specific) [1)]	tCO_2/€ million	125	101	98
	CO_2 intensity (market-based) [2)]	tCO_2/€ million	113	112	100
E 1-7 56. a)	capture and storage of CO_2 emissions	tCO_2	0	0	0
56. b)	Reduction or offset of CO_2 emissions through the actual or intended purchase of CO_2 allowances	tCO_2	17.862	22.941	21.269

Table 12: Key figures on CO_2 emissions for Scope 1, 2 and 3 categories at Isabellenhütte

[1)] [2)] Calculated as the ratio of total GHG emissions to net sales revenue in € million

2.2. ENVIRONMENTAL POLLUTION

The manufacture of our high-precision resistive materials, alloys and sensors requires specific metallurgical and chemical processes. We are committed to consistently avoiding or minimising any negative environmental impact resulting from our industrial activities. This chapter addresses the requirements of ESRS E2 Environmental Pollution and explains our approaches, measures, targets and key performance indicators in this regard.

IMPACTS AND RISKS RELATED TO ENVIRONMENTAL POLLUTION

ID	Description
Impact on environmental pollution	
7	Our air pollution stems primarily from high-temperature metallurgical processes in the smelter and from electroplating processes. These processes generate nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOCs) and mineral dusts containing metals (e. g. copper or nickel alloys). Without appropriate countermeasures, these emissions can impair local air quality and pose a risk to health.
8	The use of chemicals as solvents or cleaning agents in the manufacture of our electronic and metal components can potentially pose a risk to people and the environment. In particular, process water from etching and coating processes may contain traces of heavy metals, organic substances or treatment residues.
Risks posed by environmental pollution	
9	Regulatory restrictions and potential environmental incidents in the upstream value chain pose a significant risk of additional costs and supply bottlenecks. To prevent environmental pollution in our own business operations, we strictly prohibit the use of hazardous substances (such as PFAS, PoP, REACH or RoHS) in our processes and products. However, a critical risk remains in the raw material extraction and manufacturing processes of our direct and indirect suppliers. There, environmental pollution can lead to stricter environmental regulations or operational disruptions.

Table 13: Key impacts and risks associated with the Isabellenhütte in relation to environmental pollution

CONCEPTS RELATED TO ENVIRONMENTAL POLLUTION

As part of our sustainability strategy, we address the issue of environmental pollution by incorporating SDGs 12 and 13. We are therefore committed to the sustainable use of natural resources, the environmentally sound management of chemicals and waste, and the prevention of environmental pollution as a climate factor in relation to emissions from machinery, plant and processes.

E2-1

In our EHS & E Policy, we are also committed to proactive environmental protection that goes beyond legal requirements. We aim to continuously reduce air pollution, particularly process-related emissions such as nitrogen oxides and metal dust. We also strive to continuously improve water quality through optimised wastewater treatment processes. We design and manufacture with the environment in mind to minimise emissions and environmental impacts within our direct sphere of influence throughout the product life cycle. Furthermore, we put organizational measures in place as part of our emergency management system to ensure we can respond quickly and appropriately in the event of incidents. To prevent such incidents, we have established clear regulations governing the handling of chemicals and other potentially environmentally harmful substances. We regularly simulate incidents involving hazardous substances and practise procedures to limit potential environmental impacts and act proactively.

To prevent and mitigate potential environmental impacts in the upstream value chain, we have established a policy on the responsible sourcing of raw materials to avoid the procurement of minerals – in particular tantalum, tin, tungsten and gold (3TG) – from conflict-affected and high-risk areas. We document our due diligence obligations in this context using the standardised Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) to systematically record information on the origin of the minerals we use and the smelters involved. This enables us to identify potential risks at an early stage and manage our supplier base accordingly. Our commitment to sustainable procurement indirectly ensures that our indirect raw material suppliers comply with environmental regulations and that our involvement in supply chains with significant environmental impacts is excluded. The selection of our suppliers is also carried out in accordance with the requirements of our EHS & E Policy and the defined objectives of our procurement department in relation to relevant SDGs.

With regard to substances of concern, we hold comprehensive declarations of conformity covering a wide range of relevant regulations, which preclude their use in our products and processes. These include, among others, declarations regarding: REACH, RoHS, PoP, PFAS / PFOA, ozone-depleting substances (CFCs) and TSCA / Prop65. Through continuous monitoring and compliance with these regulations, we ensure the marketability of our products, minimise regulatory risks and prevent potential environmental pollution associated with these substances.

MEASURES AND RESOURCES RELATED TO ENVIRONMENTAL POLLUTION

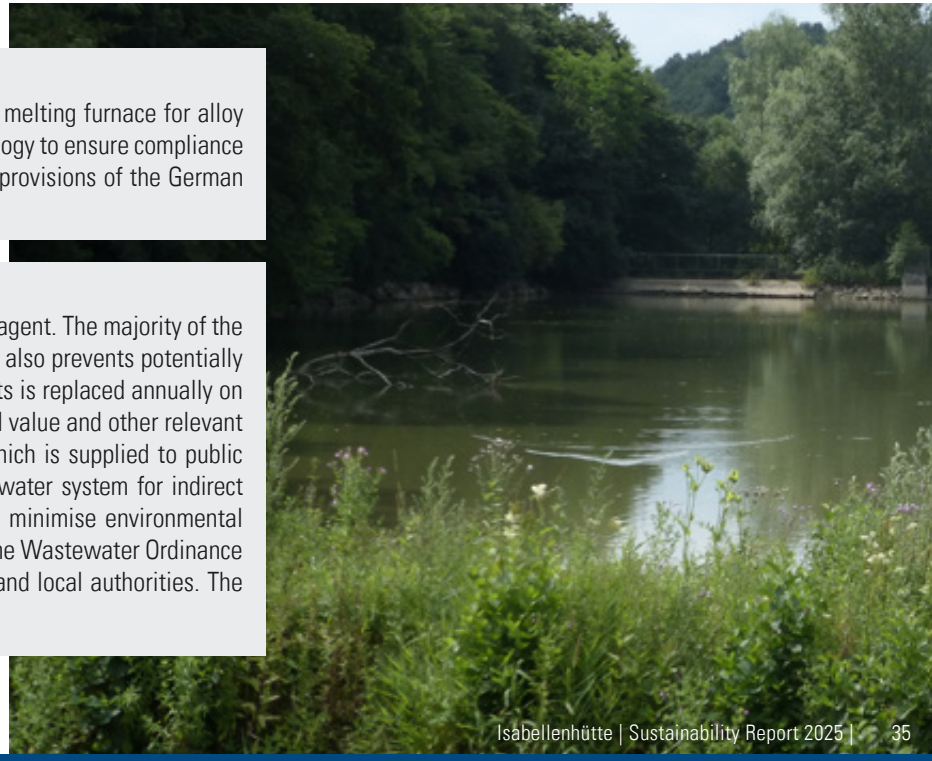
Thanks to our ISO 14001 environmental management system, which has been in place since 2013, and our strategy on environmental pollution, we have not experienced any reportable environmental incidents to date. Nevertheless, there are always potential risks of environmental impact, which is why we have implemented preventive measures to avoid such incidents.

E2-2
P 16
& 18

We take environmental factors into account right from the start when commissioning or making changes to our processes, machinery, plant and other facilities. Environmental assessments are carried out to determine whether any critical factors exist in this context and need to be addressed. Critical environmental factors may arise, for example, from hazardous waste and hazardous substances, or from contaminated wastewater. These potential risk factors are addressed in specific hazard and work instructions or emergency plans. The implementation and monitoring of the defined operational measures are carried out through clearly defined responsibilities and designated officers. For example, there are hazardous substances officers who monitor compliance with applicable safety regulations relating to hazardous substances and are specially trained in emergency procedures.

Measures to prevent air pollution
To limit and reduce air emissions, we continuously invest in state-of-the-art plant technology. For example, a new electric melting furnace for alloy production was installed during the reporting year. Exhaust air and gases are treated using high-performance filtration technology to ensure compliance with the applicable emission limits at all times. Compliance is regularly monitored and carried out in accordance with the provisions of the German Federal Immission Control Act (BImSchG).

Measures to protect water resources
Water is used in the manufacture of our electronic and metal components as a coolant, a solvent for chemicals or a cleaning agent. The majority of the water used is circulated in closed-loop systems for cooling purposes and reused. This not only reduces our consumption but also prevents potentially contaminated process water from being discharged uncontrolled and untreated. The process water from these closed circuits is replaced annually on a regular basis. Pure cooling water, which is uncontaminated, is then discharged directly into water bodies. Temperature, pH value and other relevant parameters are continuously monitored during this process. Contaminated process water outside closed-loop systems, which is supplied to public sewage treatment plants for further treatment (indirect discharge), is additionally analysed and treated by us. Our wastewater system for indirect discharge is equipped with filtration systems to effectively retain pollutants and harmful residues in the wastewater and minimise environmental impact. During the post-treatment of process water, compliance with the requirements of the Federal Water Act (WHG) and the Wastewater Ordinance (AbwV) is reviewed on a quarterly basis. Compliance with the specified limit values is monitored by independent experts and local authorities. The impacts described occur exclusively in connection with our production sites.



A view of Heusler Weiher in Dillenburg.

Emergency preparedness measures
Another key component of our environmental management system is the development of detailed emergency plans and the conduct of regular drills on the safe handling of hazardous substances. During the reporting year, for example, procedures for dealing with a spill of chemicals and hazardous substances into water were tested and set out in an emergency plan. In addition, there are specific work instructions on the safe Handling chemicals and other hazardous substances.

Measures relating to substances of concern and the upstream supply chain
Our approach to substances of concern and the upstream supply chain is focused on proactive compliance and responsible sourcing. We rule out the use of hazardous or prohibited substances in our products and processes from the outset.

RoHS REACH

TARGETS RELATED TO ENVIRONMENTAL POLLUTION

We are committed to the continuous improvement of our environmental management system and to the consistent implementation of our environmental policy. Our objectives and commitments in this regard are set out in the section on our approach.

E2-3

There are no quantitative reduction targets for environmental pollution relating to emissions (other than CO_2) into the air or water pollution. Instead, the effectiveness of our strategies and measures is monitored through compliance with approved limit values and regular audits of our environmental management system. Through regular dialogue with authorities, environmental service providers and other stakeholders, we ensure that we continually take into account expectations regarding potential new targets.

KEY FIGURES ON ENVIRONMENTAL POLLUTION

Our production facilities at the smelting plant in Dillenburg are subject to the requirements of the Federal Immission Control Act (BImSchG). We operate two facilities that are subject to monitoring: a conventional electric smelting furnace and an electric vacuum smelting furnace.

E2-4

To ensure compliance with the limit values, comprehensive emissions measurements are carried out every three years by independent, certified testing organizations. In particular, the mass concentrations of the following groups of substances are monitored:

- **Total dust** (including fine dust fractions)
- **Inorganic dust** (including cobalt, nickel, chromium, copper, manganese and tin)
- **Gaseous organic compounds** (reported as total carbon)

This sustainability report does not include any specific figures on air pollutant emissions for the current reporting year. Due to the three-year audit cycle under the Federal Immission Control Act (BImSchG), we will begin reporting on current air emissions data from the 2026 financial year onwards.

As there are no direct discharges into water bodies, no specific indicators for water are reported. All wastewater generated is disposed of via the public sewerage system in accordance with applicable local regulations and sent for professional treatment.

2.3. WATER RESOURCES

Our production processes require the targeted use of water, particularly in cooling processes, cleaning stages and other procedures. As part of our responsibility, we are committed to managing water consumption as efficiently as possible, protecting water quality at our sites, and consistently avoiding and minimising any negative impact on water resources. This chapter addresses the requirements of ESRS E3 and explains our approaches, measures, targets and key performance indicators in this regard.

IMPACTS, RISKS AND OPPORTUNITIES RELATING TO WATER RESOURCES

ID	Description
Impact on water resources	
10	Some of our production processes, machinery and facilities have high specific water consumption, which can have an environmental impact. This can have a negative effect on local water resources, deplete them and reduce them to critical levels.
11	The discharge of process wastewater into natural ecosystems can potentially jeopardise water quality and biodiversity through chemical or thermal pollution. This impact is relevant at the Dillenburg site, as cooling water is discharged directly into a local watercourse there.
Risks posed by environmental pollution in relation to water resources	
12	Water shortages jeopardise production stability and drive up operating costs. At the Dillenburg production site in particular, low water levels mean that less water can be drawn from local water sources, which sometimes forces the company to purchase more expensive drinking water.
Opportunities relating to water resources	
13	The implementation of water-efficient technologies, closed-loop systems and the use of natural wastewater (e.g. rainwater) offer significant potential for cost reduction. Through these optimisations, we reduce our reliance on expensive fresh water supplies and minimise wastewater charges. At the same time, we improve our resource efficiency, making our production more resilient to water shortages and price rises for fresh water supply, or stricter regulatory requirements for wastewater treatment.

Table 14: Key IROs at the Isabellenhütte relating to water resources

Sampling in the local watercourse, the Nanzenbach.

CONCEPTS RELATED TO WATER RESOURCES

E3-1

We take a systematic approach to the management and conservation of water resources as part of of our environmental management system. In our environmental policy, we are committed to the responsible and sustainable use of water resources. We strive to consistently minimise the risks our industrial activities pose to water resources, while actively seizing opportunities to use water sparingly. The continuous improvement of water efficiency is a key objective of our environmental management system in accordance with ISO 14001.

MEASURES AND RESOURCES IN CONTEXT WATER RESOURCES

E3-2

The continuous improvement of water efficiency is managed through our resource efficiency action plan, which is based on the requirements of our environmental management system (ISO 14001). Our measures are primarily aimed at reducing our water consumption.

Measures for water abstraction and resource conservation

The water supply at our production site in Dillenburg is partly sourced from a local watercourse, the Nanzenbach. This watercourse feeds into a retention pond, which is directly connected to our premises via an inlet. The water drawn from this source is primarily used for cooling purposes. To ensure that local water resources are not depleted, we continuously monitor the water levels of the retention pond and the Nanzenbach. When water levels are low, we immediately reduce the volume of water extracted and instead increase the proportion of water sourced from the local municipal utilities. The water extracted does not cause any local water stress. The volume of cooling water used is cooled and returned to the local watercourse, thereby ensuring almost complete replenishment of the local water resource. The extraction of water from natural sources is a distinctive feature of our production site in Dillenburg and does not occur at our other facilities. There, we regularly source water from public sources and local suppliers. In every type of wastewater discharge, the protection of water quality is the top priority. The measures for monitoring water quality and properties are described in Section ESRS E2-2.

Structural and systemic measures to improve efficiency, investment and cost savings
The management of water resources has been systematically professionalised in recent years, starting with the installation of metering points and basic optimisation measures. The widespread installation of water meters now enables us to accurately record consumption levels in individual production sections and processes. This transparency regarding consumption serves as a basis for identifying anomalies in water usage at an early stage and initiating targeted measures to improve efficiency. In this way, for example, leaks have been detected in the past, particularly in cooling lines. By readjusting water consumers, significant losses have thus been avoided. Additionally, installed water buffers now enable the recirculation, storage and reuse of cooling water in closed-loop systems.

In recent years, we have made strategic investments to modernise our water infrastructure in order to further reduce our water consumption. Our measures have focused on implementing closed-loop systems at our production facilities. Since 2024, this has enabled us to save approximately 135,000 cubic metres of water annually. The total investment required to implement these measures amounted to approximately €96,000. During the reporting year, existing water cooling systems were further optimised through targeted automation measures and consumption control. This technical measure has enabled us to save an additional 25,000 cubic metres of water per year.

Future measures
We are planning further water-saving measures for the future, including:

- **Process optimisation:** Optimising cleaning programs, rinsing and cleaning processes to reduce water consumption
- **Water consumption control:** The ongoing expansion of the system that links water consumption to active machine operation in order to eliminate consumption during idle periods.

GOALS RELATED TO WATER RESOURCES

E3-3

Our key objective is to use resources and utilities sparingly in order to reduce consumption, optimise processes and use water efficiently and economically. This includes limiting water withdrawals from the reservoir and local watercourses at our production site in Dillenburg to the minimum necessary for operations, so as not to place a long-term strain on local water resources. In the long term, we aim to gradually convert all essential cooling processes that are currently fed with fresh water and are technically suitable for this purpose to closed-loop systems.

At present, there are no quantitative targets relating to water resources. Instead, our achievements and progress are monitored on the basis of the efficiency measures successfully implemented and made transparent through the annual documented water savings. In future, we plan to link water efficiency measures to specific, quantitative savings targets and incorporate them into our efficiency action plan.

Testing the water quality of the Nanzenbach.

WATER CONSUMPTION

We report annually on the volumes of water abstracted and discharged to the relevant local authorities in accordance with the requirements of the National Water Resources Act. Water consumption is calculated as the difference between water abstraction and water return (see Table 15). The reported figures are officially verified, and relevant parameters and limit values are determined. The data covers only water consumption at the German sites in Dillenburg and Dillenburg-Manderbach.

ESRS reference	Description	Unit	2024	2025
E3-4 28. a)	Total water consumption	in m³	319.199	331.647
28. b)	in areas prone to flooding	in m³	0	0
28. c)	Total volume of water recovered and reused1)	in m³	44.107	98.997
E3-4 29.	Water intensity	m³/€ million	1.553	1.558

Table 15: Key figures on water consumption at the Isabellenhütte

1) Water that is returned to the retention ponds reservoir

2.4 USE OF RESOURCES

The manufacture of our products requires the use of a wide range of raw materials and other materials. In light of global challenges such as resource scarcity and supply uncertainties, we are committed to consistently maximising material efficiency in our processes and actively promoting the principles of the circular economy. This chapter addresses the requirements of ESRS E5 Resource Use and Circular Economy and explains our concepts, measures, targets and key performance indicators in this context.

IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO RESOURCE USE AND THE CIRCULAR ECONOMY

ID	Description
Impacts relating to resource use and the circular economy	
14	The improper handling of hazardous waste can cause serious environmental damage. This includes the contamination of soil and water, as well as irreversible damage to local ecosystems. Furthermore, exposure to pollutants can pose significant health risks to employees and the surrounding population.
Risks associated with resource use and the circular economy	
15	The volatility of commodity prices and potential supply bottlenecks for critical materials, such as rare earths, pose a significant risk to our production stability and planning reliability. Geopolitical dependencies and the limited substitutability of these materials can lead to cost increases and operational disruptions.
Opportunities relating to resource use and the circular economy	
16	The use of recycled materials and production waste offers an opportunity to reduce our reliance on virgin raw materials while minimising the product's carbon footprint. By establishing closed-loop material cycles, we can improve our resource efficiency and reduce our manufacturing costs in the long term.

Table 16: Key IROs at Isabellenhütte relating to resource use and the circular economy

CONCEPTS RELATING TO RESOURCE USE AND THE CIRCULAR ECONOMY

E5-1

Our production process is characterised by a high degree of vertical integration, with our alloys division forming the foundation of our value chain. Here, for example, we manufacture the resistive material that is used later in the process to produce the sensors. As the key to resource efficiency and circular manufacturing, the strength of our alloying division lies in the use of return material (commonly known as scrap). Around 40% of the material used in our alloys comes from internal production waste generated during our manufacturing process (e. g. during stamping). This waste material is sorted by type, returned, remelted and used to produce new alloys. Where possible, purchased secondary materials are also used for alloy production. However, due to the strict requirements regarding the technical properties of our electrical components and in specific applications, the use of secondary materials is limited in some cases. In these cases, we must use pure primary material.

As part of our sustainability strategy, we address the issues of resource use and the circular economy by incorporating SDGs 9 and 12, with the aim of using resources sparingly, reusing them or recycling them. This commitment is also enshrined in our EHS & E Policy. In terms of our environmental management, this means optimising processes for resource use, reducing waste generation and developing measures for recycling materials.

Our sustainability policy for procurement sets the promotion of sustainable resource use and the circular economy within our supply chain as a key objective. This is ensured through targeted engagement and contractual commitments from our suppliers. We select our suppliers on the condition that they use environmentally friendly production processes and ensure the use of recyclable or biodegradable packaging. By specifically commissioning local producers and suppliers, we also promote short and efficient supply chains, strengthen the use of regional resources and, at the same time, optimise our procurement efficiency.

E5-2

MEASURES AND RESOURCES RELATING TO RESOURCE USE AND THE CIRCULAR ECONOMY

In the practical implementation of our concepts relating to resource use and the circular economy, we are guided by what are known as value retention strategies (R-strategies). This approach aims to systematically reduce, slow down or close material cycles. Our focus is on the following strategies to effectively optimise our material cycles and promote sustainable resource use: R1-Rethink, R2-Reduce, R3-Reuse and R8-Recycle (see illustration 14).

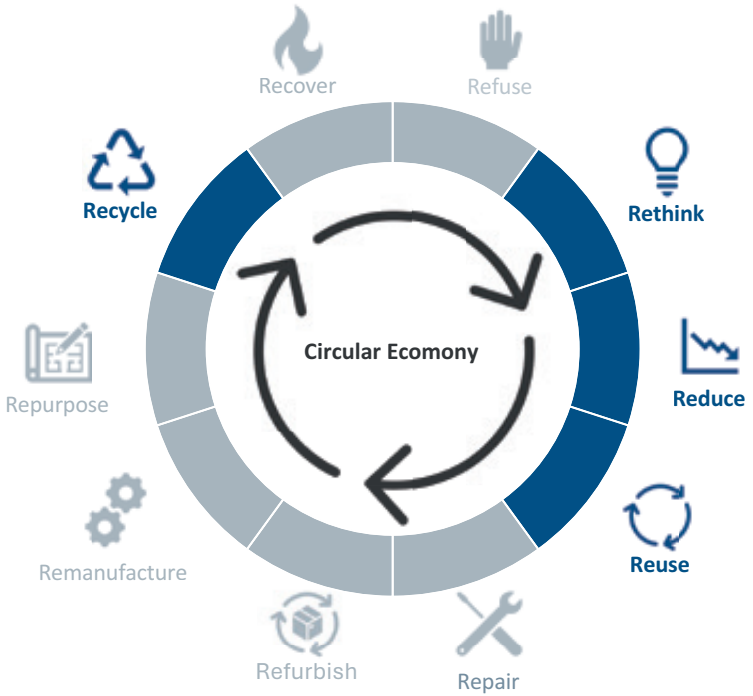


Illustration 14: Relevant value retention strategies (Source: own illustration)

Targeted strategies: R2-Reduce and R3-Reuse
Reduction through closed-loop systems (R2-Reduce): We are implementing closed-loop cooling systems on our machines and plant (ESRS E3-2). This measure is designed to establish circular systems for liquid media, thereby significantly reducing the demand for fresh water and improving water efficiency.

Reuse of materials (R3-Reuse): Our processes specify the separate collection and reintroduction of returned materials into our alloys. This is an effective measure for promoting internal material cycles. The scrap metal used already accounts for 40% of the material input for new batches, thereby making a significant contribution to resource conservation.

Projects in 2024: R1-Rethink and R8-Recycle
In 2024, we implemented two projects specifically designed to reduce waste streams and recover recyclable materials:

1 **Copper extraction from electropolishing sludge (R8 recycling)**
We have developed a new recycling method for tumbling sludge – a waste product of the vibration polishing process. This solution completely eliminates the need to send the sludge to landfill, as was previously the case. Through a special extraction process, carried out by an external service provider, the copper contained in the sludge can be processed into a copper concentrate. This enables the recovery of a valuable secondary material, which can then be reused in industrial production processes. The measure thus leads to a reduction in our waste volume and disposal costs.

2 **Recycling of furnace slag/foundry waste (R1-Rethink/R8-Recycle)**
The foundry scrap (material that has broken away from the furnace lining) generated in our smelter as a result of thermal and mechanical stresses is no longer disposed of, but is instead fed into a special recycling process. Due to its high aluminium oxide content, this slag is ideally suited as a secondary raw material for the refractory industry, where aluminium oxide is required for the manufacture of refractory products. By closing this material loop, a waste stream has been transformed into a value-adding process. This leads to the elimination of transport and disposal costs.

TARGETS RELATING TO RESOURCE USE AND THE CIRCULAR ECONOMY

E5-3

Our quality objectives regarding the responsible use of resources – from raw materials and utilities, such as water, to packaging – are derived from our EHS & E Policy. We aim to expand and sustainably establish the circular economy across all relevant areas of the business. This includes:

- Maximising the use of recycled and secondary materials, particularly in our alloys division, to reduce the depletion of resources.
- Minimising waste generation and increasing the material recovery rate through the ongoing application of the relevant R strategies (Rethink, Reduce, Reuse, Recycle).
- Actively promoting environmentally friendly and reusable packaging solutions to reduce waste.

There are currently no quantitative targets relating to resource use and the circular economy. Instead, our achievements and progress are monitored and made transparent on the basis of the measures successfully implemented and the quantitative outcomes.

INFLOWS OF RESOURCES

We report on the total weight of the technical and biological materials used in order to disclose our reliance on primary resources and the material intensity of our production. The recording and reporting of the total weight of the materials used is based on data from our merchandise management system and analyses of relevant material data. We record all purchased goods, categorised by product groups. The figures given reflect the actual goods receipts recorded for the quantities of goods procured across the entire company during the reporting period (see Table 17). The analysis of the total weight of materials used is closely linked to the accounting of our emissions for purchased goods and services (Scope 3). The same quantities used for emissions accounting serve as the data basis. This ensures data consistency across all relevant areas.

ESRS reference	Description	Unit	2024	2025
E5-4 31. a)	Total weight of the technical and biological materials	in kg	4.497.068	4.537.037
	of which metals	in kg	3.122.544	2.812.475
	of which polymers	in kg	161.959	54.764
	of which minerals	in kg	3.194	1.027
	of which chemical substances	in kg	178.574	311.077
	of which composite materials	in kg	690.685	985.874
	of which natural substances	in kg	340.113	371.820

Table 17: Key figures for the Isabellenhütte regarding resource inflows

OUTFLOWS OF RESOURCES

We report on waste in accordance with the National Circular Economy Act (KrWG) within our company. This includes documenting all waste streams and the quantities generated. In addition, for each type of waste, it is known which the waste disposal procedure to be followed. The lists are organised according to divided into non-hazardous and hazardous waste fractions. The volume of waste disposed of corresponds exactly to the non-recyclable portion, as all waste is checked in advance to determine its recyclability. The data covers exclusively the Outflows of resources at the two German sites in Dillenburg and Dillenburg-Manderbach (see Table 18).

ESRS reference	Description	Unit	2024	2025
E5-5 37. a)	Total amount of waste	in kg	2.495.799	2.461.577
E5-5 38.	of which hazardous waste	in kg	273.643	237.957
E5-5 37. b)	amount of waste recycled	in kg	2.163.560	2.189.448
i.	Amount of waste for recycling	in kg	1.688.664	1.643.826
	of which hazardous waste	in kg	0	15.317
	of which non-hazardous waste	in kg	1.688.664	1.628.509
ii.	Amount of waste for recycling	in kg	474.896	315.452
	of which hazardous waste	in kg	223.664	186.135
	of which non-hazardous waste	in kg	251.232	129.317
iii.	Waste volume for other recovery processes	in kg	0	0
	of which hazardous waste	in kg	0	0
	of which non-hazardous waste	in kg	0	0

ESRS reference	Description	Unit	2024	2025
37. c)	amount of waste disposed of	in kg	332.219	272.129
i.	amount of waste disposed of by incineration	in kg	267.299	230.169
	of which hazardous waste	in kg	49.979	36.505
	of which non-hazardous waste	in kg	217.320	193.664
ii.	volume of waste disposed of in landfill	in kg	64.920	41.960
	of which hazardous waste	in kg	0	0
	of which non-hazardous waste	in kg	64.920	41.960
iii.	the amount of waste disposed of by other means	in kg	0	0
	of which hazardous waste	in kg	0	0
	of which non-hazardous waste	in kg	0	0
37. d)	amount of non-recyclable waste	in kg	332.219	272.129
		in %	13,3	11,1
E5-5 38. b)	composition of waste by material			
	metallic waste	in kg	1.868.300	1.651.589
	mixed waste/residual waste	in kg	188.720	208.265
	ceramic waste	in kg	0	0
	mineral waste	in kg	0	0
	chemical waste	in kg	276.829	231.264
	composite/plastic waste	in kg	12.410	8.687
	natural waste[1)]	in kg	98.490	82.080
	PPK waste[2)]	in kg	51.030	49.523

Table 18: Key figures from the Isabellenhütte on resource outflows

[1)] Wood and organic waste

[2)] Paper, cardboard, paperboard

Moulds on the production site in Dillenburg.

3. SOCIAL

Our employees are at the heart of our company. They are the key factor in our sustainability and long-term value creation, innovation and resilience. In accordance with ESRS S1, we disclose how we identify, assess and manage the material impacts, risks and opportunities in this regard. We disclose our policies, strategies, measures and key performance indicators to ensure fair working conditions, promote the development of our talent, safeguard diversity and inclusion, and proactively protect health and safety in the workplace.

IMPACT AND OPPORTUNITIES RELATING TO THE COMPANY'S WORKFORCE

For the purposes of our materiality analysis and reporting in accordance with ESRS S1, we define the company's workforce as all employees who are formally employed by us and who, directly or indirectly, perform work within the scope of our business activities. Their working conditions, health and safety are significantly influenced by our decisions. The company's workforce also includes external workers, i.e. individuals who are not formally employed by us but who regularly or permanently perform work that is material to our business activities.

S1
P 13-16

The material IROs identified in relation to health and safety do not affect all employees uniformly, but occur primarily in our production-related areas. They are characteristic of our sector within the manufacturing industry and result directly from our business model, which is why they are particularly relevant from a systemic perspective. The other IROs are of broader relevance and affect all employees and all areas of the business.

2
SBM-3

ID	Description
Impact on the company's workforce	
17	Long-term employment contracts help to ensure job security and have a lasting positive impact on our employees' financial well-being and mental health. This stability fosters a trusting working environment and promotes the resilience of our workforce.
18	The active involvement of employee representatives promotes a transparent flow of information within the company and solution-oriented cooperation. This form of co-determination ensures that decision-making processes are participatory in nature and leads to a lasting increase in the efficiency of collaborative problem-solving.
19	Collective agreements ensure high standards of working conditions and provide a high degree of legal certainty for all parties involved. These binding framework conditions ensure that pay and working hours are structured in a transparent and non-discriminatory manner, which promotes internal fairness.
20	The ongoing reduction in workplace accidents and work-related illnesses makes a significant contribution to the long-term physical health of our employees. Establishing safety standards and improving the quality of work not only promotes a healthy working environment, but also enhances the quality of life and social security of our employees and their families.
21	Through our comprehensive training and development programs, we fulfill our social responsibility by ensuring the long-term employability of our workforce in an ever-changing world of work. We promote a culture of lifelong learning that offers secure career prospects to qualified young professionals, thereby making a significant contribution to securing the regional supply of skilled workers.
22	By adhering strictly to internationally recognized labor standards, we ensure fairness and protect human dignity. Our policies commit us to creating and maintaining a working environment that is free from exploitation and discrimination. By rigorously implementing international standards, we help to prevent precarious working conditions in the long term.
Opportunities relating to the company's workforce	
23	A proactive approach to health and safety at work offers the opportunity to significantly reduce a company's costs associated with continued pay during sick leave by systematically lowering the sickness absence rate. In the long term, this helps to optimise direct healthcare costs and minimise the financial risk of production stoppages and the associated loss of revenue.
24	An integrated training strategy enables us to proactively address the demographic skills shortage and thus safeguard the company's long-term operational capacity. By actively retaining young talent and providing ongoing training for the workforce, future costs associated with recruiting externally can be reduced and the company's market position strengthened in the long term be consolidated.

Table 19: Key IROs at the Isabellenhütte relating to the workforce

CONCEPTS RELATING TO THE COMPANY'S WORKFORCE

The findings of our materiality analysis have identified key strategic areas for action in the fields of health and safety at work, as well as the training, development and advancement of our workforce. These form the central pillars of our success and of ensuring our company's sustainability for future generations. Our approaches regarding our workforce and key IROs are embedded in policies, principles and management systems which are explained below.

Code of Conduct
The Code of Conduct (CoC) forms the overarching binding framework for our policies and sets out the minimum ethical and legal requirements for our conduct. Our policies are derived from the CoC and enshrine our commitment to integrity, fairness and respect. In them, we commit to complying with applicable laws, ethical principles, industry standards, the expectations of our stakeholders and the rules we have set for ourselves. Its key elements are:

a **Human dignity and non-discrimination**
We are committed to actively promoting and upholding human rights, in accordance with the Universal Declaration of Human Rights (UN Resolution 217 A (III), 1948). Our actions are based on integrity, honesty and respect for human dignity. We do not tolerate discrimination – whether on the grounds of gender, religion, ethnic or social origin, or other identity characteristics. This commitment is underpinned by a specific company agreement which defines our social commitment to the integration and support of people with severe disabilities, thereby embedding inclusion as an integral part of our corporate culture.

b **Fair working conditions**
We are committed to complying with the core labor standards of the International Labor Organization (ILO) and guarantee fair working conditions. This includes, in particular:

- A strict ban on child labor and forced labor
- A commitment to fair pay that complies with applicable legal requirements and labor standards
- Protection of working hours and compliance with all applicable working time regulations
- Unconditional respect for and support of the freedom of association, as well as the right to collective bargaining and the formation of trade unions

c **Health, safety and occupational health and safety**
We are actively committed to the health and safety of our employees. Furthermore, protection against harassment is a key element of our workplace culture, ensuring a respectful working environment.

d **Integrity, transparency and rights**
Corruption and bribery are strictly prohibited, and the provisions of Article 2 of the UN Convention against Corruption (2003) apply. We promote transparency, ethical conduct and responsible management and control. Our actions are geared towards identifying and avoiding conflicts of interest at an early stage, as well as consistently preventing fraud and money laundering. Furthermore, we respect every individual's right to privacy and freedom of expression.

e **Open communication: monitoring, training and complaints procedures (due diligence)**
We communicate openly and engage in dialogue regarding the requirements of our Code of Conduct and its implementation. In this way, we ensure that our principles are widely accepted and put into practice. To ensure compliance with our obligations and to carry out effective due diligence, we have established the following mechanisms:

- Compliance training on the Code of Conduct, particularly for high-risk roles
- Whistleblowing and reporting system (see Chapter 4)

Social sustainability
Our employees' commitment to our corporate purpose and the principle of sustainability for future generations forms the basis of our social responsibility. Our employees are the most valuable asset of our company and a key factor in our long-term success. They are therefore a central component of our sustainability strategy. We are committed to:

- Respectful interaction and the promotion of diversity.
- Harnessing the development potential of every individual.
- Ensuring healthy, safe and fair working conditions that are fit for the future.

In line with the United Nations' Sustainable Development Goals (SDGs), we would like to highlight the following concepts in particular, which relate to our workforce:

- **SDG 3 (Good Health and Well-being):** Focus on health and safety at work.
- **SDG 4 (Quality Education):** Promoting skills development and personal growth.
- **SDG 5 (Gender Equality):** Ensuring equality of opportunity and diversity.
- **SDG 8 (Decent Work and Economic Growth):** Compliance with labor standards and fair pay.

Health and Safety Policy
Our commitment to safe and healthy working conditions is formalised in our company-wide integrated EHS & E Policy. This policy sets out specific obligations and objectives in the field of occupational health and safety in accordance with our ISO 45001 management system.

Our main commitments to occupational health and safety are:

- Providing safe and healthy working conditions to prevent accidents and occupational illnesses.
- Proactively minimising occupational and health risks, and systematically identifying opportunities to improve the working environment.
- Regular review and assessment of the applicable legal and regulatory requirements, as well as other relevant provisions.

The policy sets out operational objectives to foster a culture of prevention:

- Carrying out individual risk assessments and developing specific operating instructions for machinery, plant and work equipment.
- Optimal health and safety equipment for all staff and production processes.
- Ongoing training and awareness-raising for staff on health and safety at work (e. g. through induction sessions), including clear information on stressors and hazards.
- Development of comprehensive emergency plans, as well as organizational arrangements and countermeasures for accidents and incidents.

PROCEDURES FOR INVOLVING THE COMPANY'S WORKFORCE AND EMPLOYEE REPRESENTATIVES

Our workforce and their perspectives, needs and concerns are systematically incorporated into the development and management of our strategies, as well as into our decision-making processes. We ensure this involvement through both independent employee representatives and direct dialogue channels. Operational responsibility for employee involvement, monitoring processes and incorporating the results into corporate strategies lies with the HR management. This function is part of the executive management, ensuring that employees' concerns are embedded at the highest management level and directly integrated into corporate governance. HR management also maintains close contact with the works council (see Table 20).

Type of involvement	Format and frequency	Stages of involvement
Indirectly via employee representatives	**Works Council:** An independent body representing employees that monitors, communicates and upholds the rights, needs and concerns of the workforce. There is an ongoing dialogue with senior management based on partnership.	Identification (risk assessment), design (drafting of workplace agreements) and review (monitoring of effectiveness).
	Staff meeting: Quarterly meetings are held to provide comprehensive information and facilitate dialogue between staff, management and employee representatives.	Information and consultation on strategic changes.
Direct (Informal channels)	**Management and Works Council Breakfast:** Regular meetings held several times a year that facilitate direct contact between management and staff, enabling them to discuss concerns, fears, suggestions and questions.	Early identification of risks and the initiation of Suggestions for improvement.
	ISAgram: An agile, in-house digital communication tool ('digital noticeboard') for sharing information, announcements and ad hoc discussions across all levels.	Ad hoc communication and a direct feedback channel.
	Shop floor rounds/daily meetings: Daily discussions and reviews held by teams at the production level. These sessions provide a forum for communicating and raising current issues and their implications, particularly regarding health and safety matters, and for expressing concerns.	Ongoing operational monitoring, risk prevention and immediate mitigation of impacts, preventive measures and a proactive approach.
Direct (Formal channels)	**Annual performance review:** An annual process involving an individual interview, a feedback session and the setting of targets between a line manager and an employee.	Personalised needs assessment, development planning and performancerating.
	360-degree feedback: Enabling employees to provide anonymous feedback to their line managers. The feedback is assessed and action plans drawn up by an independent third party.	Review of the leadership culture and assessment of behaviour in relation to the Code of Conduct and, for example, non-discrimination.

Table 20: Involvement of the workforce and employee representatives at Isabellenhütte

As a company bound by collective agreements, Isabellenhütte Heusler GmbH & Co. KG is a member of the Hessenmetall employers' association and bases its operations on collective agreements with IG Metall. These collective agreements, together with the works agreements developed in collaboration with the works council, formalise our obligations with regard to:

- Working hours, pay and social benefits.
- Health and safety measures (including those required for ISO 45001 certification).
- Principles, in particular regarding the integration of people with severe disabilities, equal treatment and protection against discrimination, in accordance with the general human rights obligations of the UN Charter of Human Rights.

Staff members in Dillenburg-Manderbach in conversation.

We are committed to complying with the agreed terms and conditions at all of the company's sites in Germany. Our works council oversees the involvement of the entire workforce and represents them as a whole.

The effectiveness of our efforts to engage our own workforce is continuously monitored and assessed: the results from all feedback and dialogue channels (e.g. 360-degree feedback, annual appraisals) are documented and evaluated confidentially by the HR department. In the annual HR report, key findings and measures are compiled by the HR department and reported directly to senior management. Senior management and the works council then establish resolutions resulting from this collaboration and dialogue. These agreements are made available to all staff to ensure transparency and binding implementation.

METHODS FOR IMPROVING NEGATIVE IMPACTS AND CHANNELS THROUGH WHICH THE COMPANY'S WORKFORCE CAN RAISE CONCERNS

S1-3

We have established procedures to address potential or actual adverse impacts, as well as channels – including for the company's own employees – through which concerns can be raised. The structures, processes and channels for raising concerns, as well as the associated due diligence procedures for investigating and addressing breaches, are explained in detail in Chapter 4, Corporate Governance, of the ESRS G1.

MEASURES RELATING TO THE THE COMPANY'S WORKFORCE

S1-4

A range of measures are being implemented to ensure that the concepts and strategies outlined above are consistently applied in relation to our workforce. In this way, we guarantee high-quality working conditions, the healthy development of our workforce, and the health and safety of our employees at all our sites and across all areas of the business. These measures include:

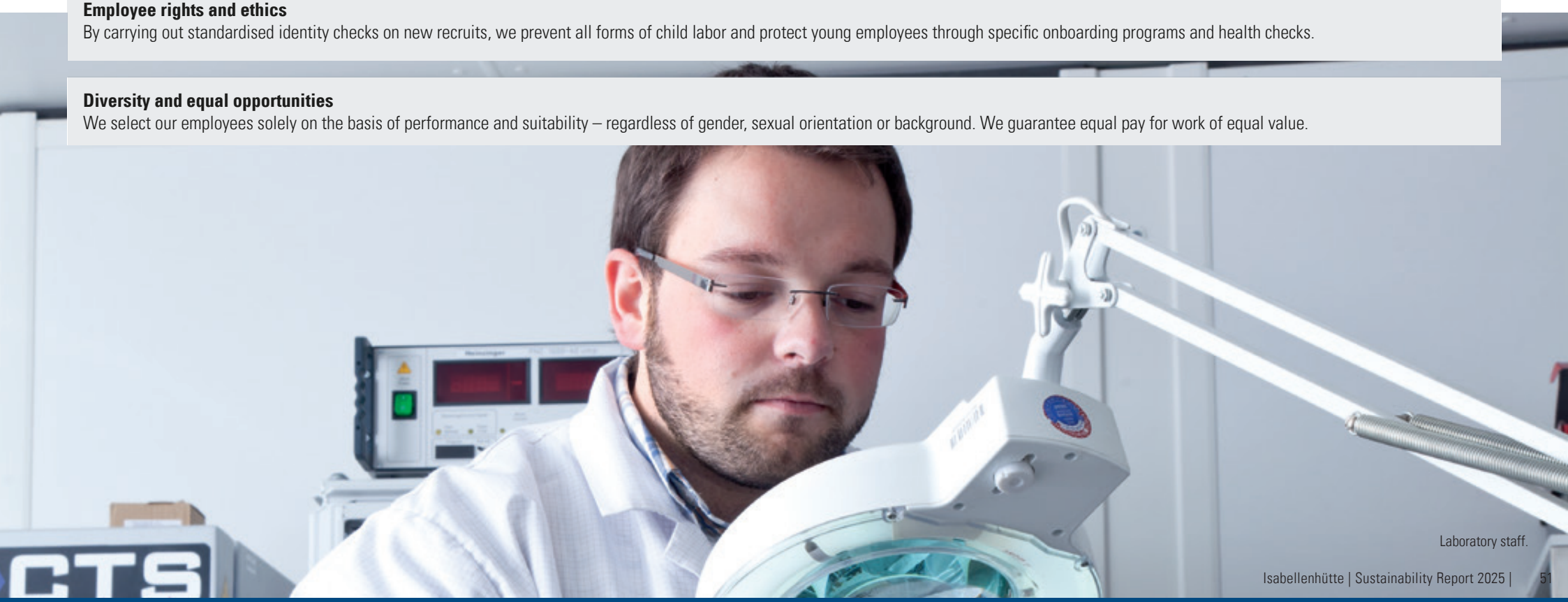
Working conditions
We promote a healthy work-life balance through flexible working time arrangements. At our German sites, this includes flexitime schemes (working hours between 06:00 and 19:00, excluding shift work) and the use of working time accounts to allow for flexible time off in lieu. Company agreements also cover mobile working and teleworking, for which we provide the necessary IT equipment. All employees – regardless of whether they work full-time or part-time – benefit equally from our company benefits. These include, among other things, healthcare provision with various options as well as subsidised canteen meals.

Family-friendliness and social support
We support our employees at every stage of their lives. In addition to the benefits provided under our collective agreement, we offer comprehensive support:

- Parental leave & childcare: We provide active advice on parental leave and help with applying for parental allowance. Through local partnerships (e.g. with the Roteberg School in Dillenburg), we facilitate reliable holiday childcare.
- Additional leave for caregiving: Under certain conditions, parents and family carers are entitled to additional leave in accordance with IG Metall collective agreements and supplementary company agreements. Take annual leave (up to 8 additional days per year in total).
- Advisory services: Through Viva FamilienService, a service provider contracted externally by Isabellenhütte, staff receive professional support on matters such as childcare and school-related issues as well as in the care of relatives.

Employee rights and ethics
By carrying out standardised identity checks on new recruits, we prevent all forms of child labor and protect young employees through specific onboarding programs and health checks.

Diversity and equal opportunities
We select our employees solely on the basis of performance and suitability – regardless of gender, sexual orientation or background. We guarantee equal pay for work of equal value.



Laboratory staff.

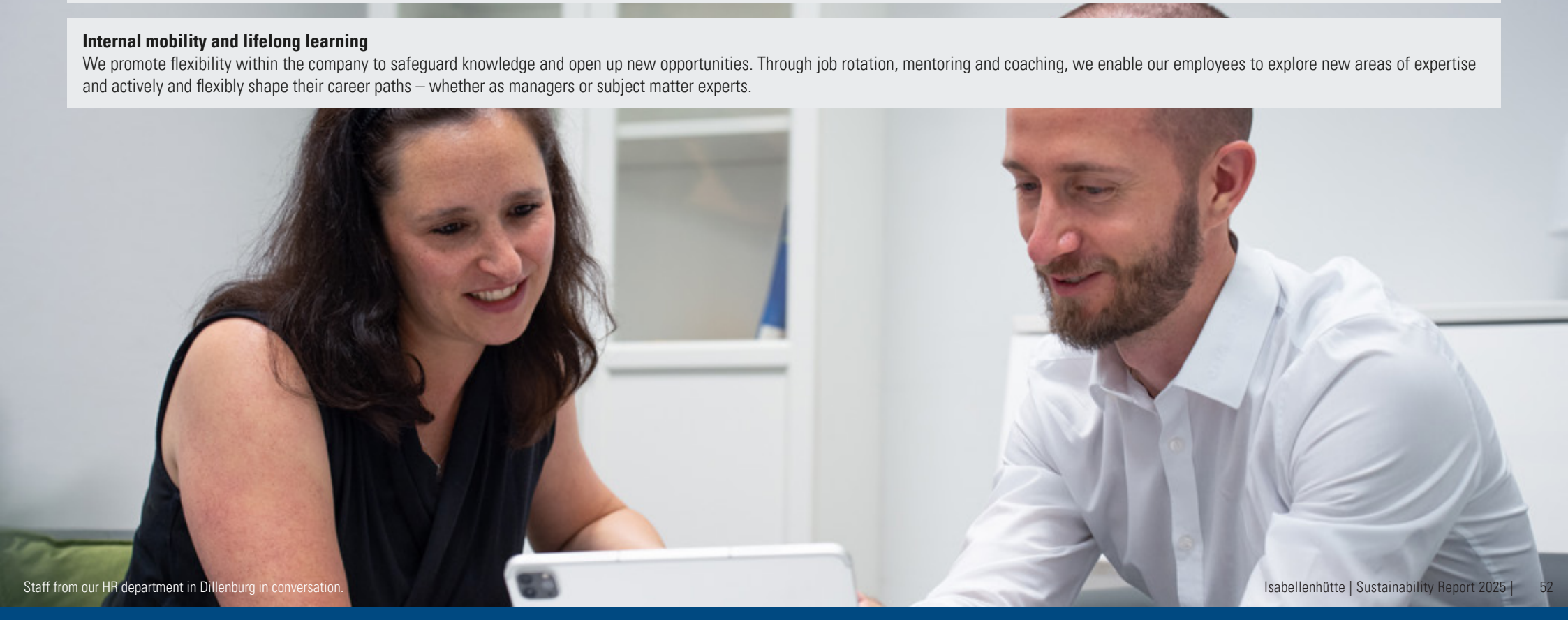
Further training and skills development

- Diversity: We offer fourteen apprenticeship programs and five dual degree programs. Our staff development is based on a training program that has regularly been recognized since 2016 as has been awarded the title of 'outstanding training company'.
- Practical focus: Trainees have their own training workshop and are given responsibility and involved in day-to-day operations from day one.
- Academic partnerships: Through partnerships with universities (e. g. University of Applied Sciences Mittelhessen, University of Siegen, etc.), guest lectures and the funding of scholarships, we promote academic exchange and provide targeted support for talented individuals.

Structured staff development
Our HR strategy is based on a pillar model that covers all stages of a career:

- Onboarding: A structured process makes it easier for new colleagues to settle in.
- Training opportunities: An annual training catalogue and our online learning platform provide access to subject-specific and cross-disciplinary qualifications.
- Career paths: We support individual career development in the areas of management, specialist expertise and project management.
- Career development: We actively support further professional training leading to qualifications as a technician or master craftsman, as well as academic bachelor's and master's degree programs.
- Focus on strengths: For high-performing employees, we rely on development reviews to accurately identify and nurture their individual talents.

Internal mobility and lifelong learning
We promote flexibility within the company to safeguard knowledge and open up new opportunities. Through job rotation, mentoring and coaching, we enable our employees to explore new areas of expertise and actively and flexibly shape their career paths – whether as managers or subject matter experts.



Staff from our HR department in Dillenburg in conversation.

Health and safety at work

We pursue a zero-accident strategy. Through regular inspections and audits, we ensure that workplaces and work processes comply with the established safety standards. Work-related hazards are systematically identified through site inspections, specialist safety line walks or shop floor meetings.

- Site inspections: These involve checking the physical conditions and working conditions on site.
- Line Walks: During these walks along the production lines, staff contribute their valuable expertise to identify potential hazards in day-to-day operations at an early stage.
- Shop floor stand-up meetings: Current issues relating to safety, quality and efficiency are discussed during regular meetings. Managers and staff work together to identify areas for improvement identify potential areas for improvement and develop specific measures.

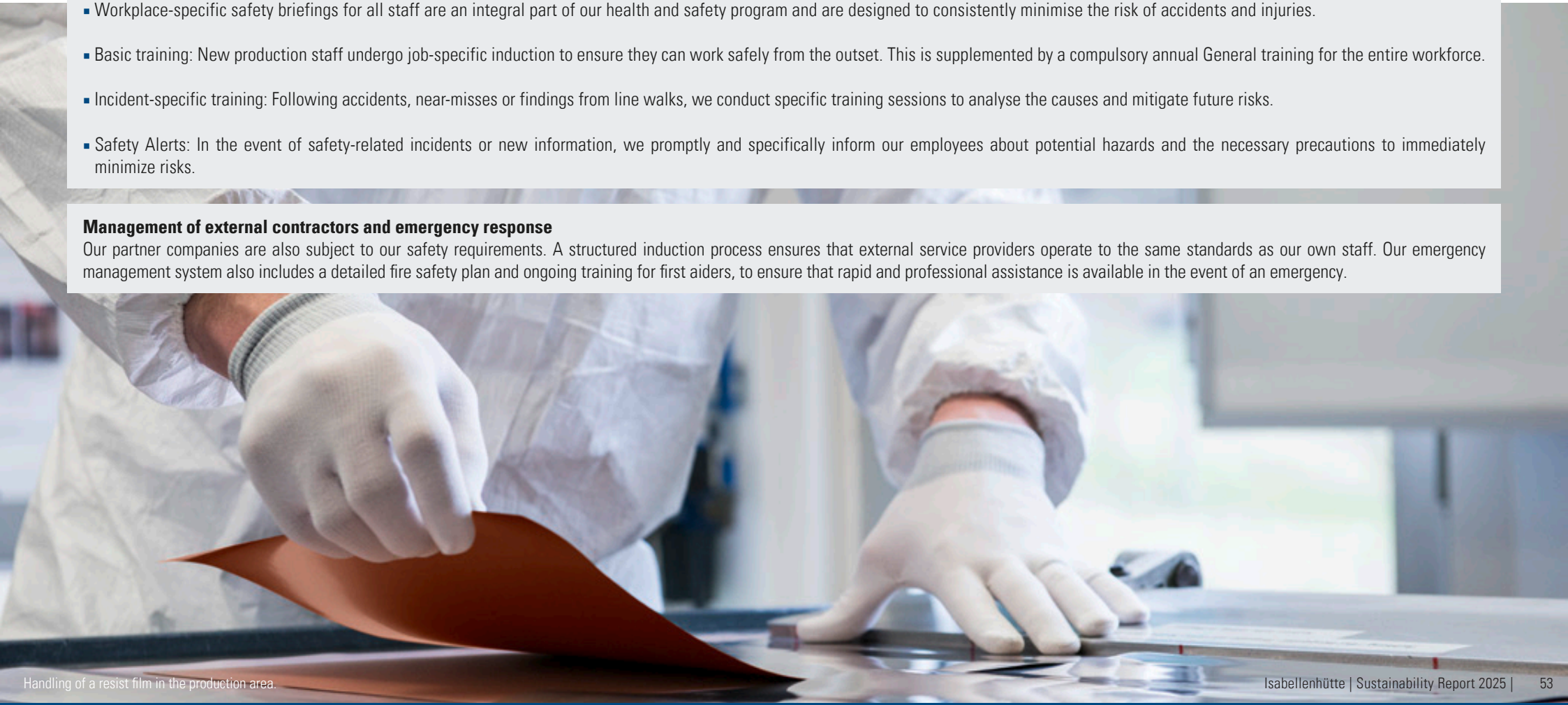
Identified risks are assessed according to their likelihood of occurrence and severity. Based on this, we implement risk mitigation measures in accordance with the TOP principle (technical, organizational, personal). These range from mechanical safety devices and safety guidelines to personal protective equipment (PPE).

Health and safety briefings and training

- Workplace-specific safety briefings for all staff are an integral part of our health and safety program and are designed to consistently minimise the risk of accidents and injuries.
- Basic training: New production staff undergo job-specific induction to ensure they can work safely from the outset. This is supplemented by a compulsory annual General training for the entire workforce.
- Incident-specific training: Following accidents, near-misses or findings from line walks, we conduct specific training sessions to analyse the causes and mitigate future risks.
- Safety Alerts: In the event of safety-related incidents or new information, we promptly and specifically inform our employees about potential hazards and the necessary precautions to immediately minimize risks.

Management of external contractors and emergency response

Our partner companies are also subject to our safety requirements. A structured induction process ensures that external service providers operate to the same standards as our own staff. Our emergency management system also includes a detailed fire safety plan and ongoing training for first aiders, to ensure that rapid and professional assistance is available in the event of an emergency.



Handling of a resist film in the production area.

Health protection
Under the ISAfit program, we bring together our initiatives to promote physical and mental wellbeing. Through this program, we aim to minimise stress at an early stage and promote long-term health.

Prevention of physical strain
We place particular emphasis on targeted prevention, especially when it comes to repetitive strain injuries:

- Ergonomics: We ensure an ergonomic workplace design through height-adjustable desks and chairs, as well as optimally positioned work equipment, to prevent strain injuries.
- Breaks and exercise breaks: In sensitive areas such as final inspection, for example, employees are entitled to a five-minute eye break every hour.
- Education: As part of our training programs, we teach correct lifting techniques and raise awareness of the physical warning signs of overexertion.

Workplace health management

- Active leisure activities: We encourage physical fitness through company sports groups and initiatives such as the 'BusinessBikes' scheme.
- Healthcare: Our in-house medical service offers smoking cessation programs, nutritional advice and specialist eye health check-ups.
- Early detection: We encourage open communication so that staff can raise any concerns at an early stage, enabling us to take preventive action before chronic damage occurs.
- We also offer vaccination services and blood donation days.

Mental health and resilience
We place great importance on mental wellbeing. To help reduce stress and improve quality of life in the workplace, we also offer the following support:

- Counselling: An occupational psychologist is available for confidential discussions regarding work-related or personal stress and can refer you to further support if necessary.
- Skills development: Training courses on stress management, mindfulness and resilience help employees cope with the challenges of everyday working life in a healthy way. Managers are also trained in the area of "Healthy Leadership" certification.

We provide transparent information about all our services via our internal platform, 'ISAgram', and through regular health and wellbeing days. The Health and Safety Committee acts as the central body for ongoing dialogue.

The Isabellenhütte team at the Siegen Company Run.

OBJECTIVES RELATING TO THE COMPANY'S WORKFORCE

By defining strategic and operational objectives in the social sphere, we promote continuous improvement, make progress measurable and identify areas for development in relation to our company's workforce. Pursuing specific objectives also helps to motivate our employees and increase their sense of value, as the company actively commits to their safety and development. We use the Hoshin Kanri strategic management method to break down the overarching corporate objectives across all organizational levels and translate them into concrete operational measures for achieving those objectives.

Based on our materiality analysis, we have found that employees in direct, production-related areas are most affected by issues relating to occupational health and safety.

Our strategic objective in this area is to reduce the number of reportable workplace accidents to fewer than three cases per year by 2027. In this context, operational sub-targets have been defined, which will be implemented through specific measures and control loops within the relevant departments:

a **Safety briefings:**
Ensuring that annual safety briefings are delivered to 100% of the company's workforce. This process is already being carried out and monitored without exception. We achieved this target during the reporting year.

b **Risk assessment:**
We carry out comprehensive risk assessments covering all relevant activities, processes, machinery and equipment.

c **Training courses:**
Delivering specific training courses (e. g. on hazardous substances and other identified risks) and raising awareness among staff and managers in areas where there are occupational risks.

d **Continuous improvement process:**
Establishment of control mechanisms (e.g. health and safety committee) to identify, assess and manage risks, carry out effectiveness checks and accident analyses, and determine further measures.

e **Daily implementation:**
Implementation of targets at shop floor level through daily incident reports, awareness-raising initiatives and site inspections.

Operational responsibility for setting, achieving and implementing objectives lies with the Health and Safety Officer. This role ensures compliance with and management of the requirements set out in our Occupational Health and Safety Management System (ISO 45001) and reports directly to Human Resources and senior management. The consistent pursuit of these objectives ensures compliance with our duty of care and promotes proactive, preventive occupational health and safety within our company.

We are also committed to continuously increasing the proportion of women within the company, particularly in management roles. With women accounting for 26% of the total workforce, we are already above the average for comparable STEM-oriented companies. Nevertheless, we want to specifically promote the development of women in order to systematically strengthen existing potential. To this end, we plan to set up a working group to identify concrete support measures and remove structural barriers to development.

CHARACTERISTICS OF THE COMPANY'S EMPLOYEES AND AGENCY WORKERS, COLLECTIVE AGREEMENT COVERAGE AND SOCIAL DIALOGUE

The following quantitative indicators are based on the actual number of staff and not on full-time equivalents (FTEs). The data is calculated and reported as an average for the reporting period (see Table 21).

ESRS reference	Description	Unit	2024	2025
S1-6 50. a)	Employees (total)	Number of people	1.213	1.206
	of whom are female	in %	25,5	26,1
50. b) i.	permanent employees	Number of people	1.114	1.130
	of whom are female	in %	26,3	26,1
ii.	fixed-term employees	Number of people	66	47
	of whom are female	in %	23,3	31,7
iii.	Temporary staff[1)]	Number of people	33	23
	of whom are female	in %	60,6	58
S1-7 55. a)	Foreign workers	Number of people	0	6
S1-6 50. c)	Resignations	Number of people	79	102
	Staff turnover	in %	6,5	8,5

Table 21: Employees at Isabellenhütte by type of employment contract

[1)] On-call workers are employed by the company without a guaranteed minimum or a fixed number of working hours. Employees must be available for work as required, but the company is not contractually obliged to offer them a minimum number of working hours or a specific number of hours per day, week or month (e.g. temporary staff, students, cleaning staff (all without fixed working hours)).

The data on collective bargaining coverage and social dialogue (ESRS S1-8) currently only include figures for the two German production sites (see Table 22).

ESRS reference	Description	Unit	2024	2025
S1-8 60. a)	Employees covered by a collective agreement	in %	92,7	93,1
S1-8 63. a)	Coverage of employees by Employee representation	in %	100	100

Table 22: Key figures on collective agreement coverage for employees at Isabellenhütte

DIVERSITY METRICS

ESRS reference	Description	Unit	2024	2025
S1-9 66. b)	Employees by age group			
	under 30	in %	19	16,2
	30–50 years	in %	54,4	56,1
	over 50 years	in %	26,6	27,7
S1-9 66. a)	Gender distribution at management board level[1)]			
	Employees at management level	Number of people	72	68
	of whom are female	Number of people	9	8

Table 23: Key figures on the age structure and gender distribution at management level at Isabellenhütte

[1)] The management level comprises all individuals one or two levels below the administrative and supervisory bodies (management and advisory board). The management and advisory board are covered by the ESRS2 GOV-1 21.a indicator.

FAIR PAY

S1-10

We confirm that all our employees at all of the company's sites (Germany, Hungary, the USA, China, Japan and India) are paid in accordance with the nationally applicable benchmarks for fair pay. In Germany, fair pay is ensured through strict adherence to the collective agreements of the IG Metall trade union and through supplementary works agreements.

In addition to our standard remuneration package, we support the long-term financial security of our workforce through our award-winning pension scheme, "ISAcare". Since 2018, this system has offered an attractive occupational pension scheme based on a matching model: a fixed employer contribution is supplemented by voluntary contributions from employees. In addition, employees benefit directly from the company's success through a profit-sharing scheme, which further enhances the fairness of the overall remuneration package.

ISACARE ALTERSVERSORGUNGS- UND ERFOLGSBETEILIGUNGSMODELL

PEOPLE WITH DISABILITIES

S1-12

ESRS reference	Description	Unit	2024	2025
S1-12 77.	Employees with disabilities	in %	5,1	5,1

Table 24: Key figures on employees with disabilities at Isabellenhütte

KEY FIGURES FOR CONTINOUS PROFESSIONAL DEVELOPMENT AND SKILLS DEVELOPMENT

S1-13

The number of employees who took part in performance and career appraisals covers only the two German production sites in the two reporting years, 2024 and 2025.

ESRS reference	Description	Unit	2024	2025
S1-13 83. a)	Employees who have taken part in performance and career appraisals	in %	63,8	63,9
	of whom are female	in %	22,8	23,1

Table 25: Key figures on skills development among employees at Isabellenhütte

KEY FIGURES FOR HEALTH AND SAFETY

S1-14

The information provided in ESRS S1-14, paragraph 88(a), describes the scope of the DIN ISO 45001 management system within our company. The figure is calculated as the ratio of the number of employees at our both German production sites and the total number of employees (see Table 26). To date, only our two German production sites are certified to DIN ISO 45001. As these two sites employ the majority of our company's workforce and the majority of staff in production-related areas, our DIN ISO 45001 certification ensures a high level of coverage within our company.

ESRS reference	Description	Unit	2024	2025
S1-14 88. a)	Employee coverage through health and safety management systems Safety	in %	86,8	85
88. b)	Deaths due to work-related injuries and illnesses[1)]	Number of cases	0	0
88. c)	Workplace accidents subject to mandatory reporting	Number of cases	28	17
		in ‰[2)]	23,1	14,1
88. d)	Notifiable work-related illnesses[3)]	Number of cases	0	0
88. e)	Absences due to work-related injuries, illnesses and Deaths[3)]	Number of cases	610	202

Table 26: Key figures on health and safety at Isabellenhütte

[1)] This figure also includes non-permanent staff, agency workers and all other personnel deployed across the company's various sites.

[2)] Workplace accident rate (accidents per 1,000 employees)

[3)] This information applies only to the company's direct employees.

WORK-LIFE BALANCE AND PERSONAL LIFE

S1-15

ESRS reference	Description	Unit	2024	2025
S1-15 93. b)	Proportion of employees taking leave of absence for family reasons	in %	7,3	7,5
	of whom are female	in %	32,6	36,7

Table 27: Key figures on work-life balance at Isabellenhütte

[1)] This information applies only to the German sites in Dillenburg, Dillenburg-Manderbach and Bochum.

PAY FIGURES (PAY GAPS AND (TOTAL REMUNERATION)

The gender pay gap quantifies the percentage difference in average gross pay between men and women. The figure cited in our reporting refers to the unadjusted (overall) gender pay gap: this measures the general pay disparity across the entire workforce. It is generally higher and reflects not only unequal pay for equal work, but also structural factors such as the higher representation of women in lower-paid roles (e.g. part-time work, lower representation in management). The figure for ESRS S1-16 paragraph 97 b) is calculated as the ratio of the total annual remuneration of the highest-paid individual in the company to the median of the total annual remuneration of employees (excluding the highest-paid individual) (see Table 28).

ESRS reference	Description	Unit	2024	2025
S1-16 97. a)	Gender pay gap	in %	9,8	10,7
97. b)	Ratio of total annual remuneration of the highest earner to the median of the total annual remuneration of all employees	in %	650	640

Table 28: Key remuneration figures for Isabellenhütte

INCIDENTS, COMPLAINTS AND SERIOUS CONSEQUENCES RELATING TO HUMAN RIGHTS

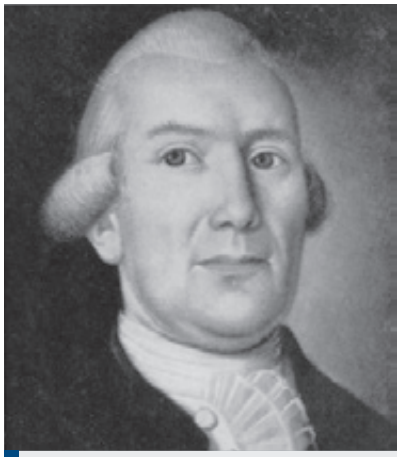
ESRS reference	Description	Unit	2024	2025
S1-17 103. a)	Actual cases of discrimination and harassment involving the company's workforce	Number of cases	0	0
103. b)	Cases of discrimination and harassment involving the company's workforce reported through the complaints channels	Number of cases	0	1
103. c)	Fines, penalties and compensation payments arising from discrimination and harassment	in €	0	0
S1-17 104. a)	Serious incidents of human rights violations involving the company's workforce	Number of cases	0	0
104. b)	Fines, sanctions and compensation payments arising from human rights violations	in €	0	0
S2-4 36.	Serious incidents of human rights violations in connection with the upstream and downstream value chain	Number of cases	0	0
S3-1 17.	Cases of non-compliance with internationally recognized guiding principles	Number of cases	0	0

Table 29: Key figures on incidents, complaints and impacts relating to human rights at Isabellenhütte

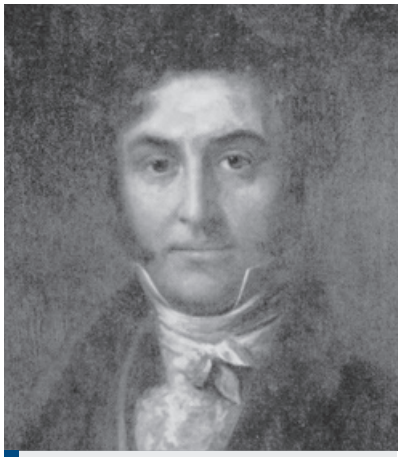
Our whistleblowing scheme is available to all employees, as well as external staff, stakeholders, customers and suppliers, enabling them to submit reports or complaints regarding any labor law issues anonymously and confidentially (see Chapter 4).

4. CORPORATE GOVERNANCE

With a history stretching back over 500 years, we are committed to a form of leadership that looks beyond short-term success. We regard responsible governance and compliance as an integral part of our management processes. Through values-based leadership – both within our own organization and throughout our supply chains – we are setting the course for ensuring that our actions are sustainable for future generations. Our focus is on consistent anti-corruption measures and on combining economic growth with ethical integrity.



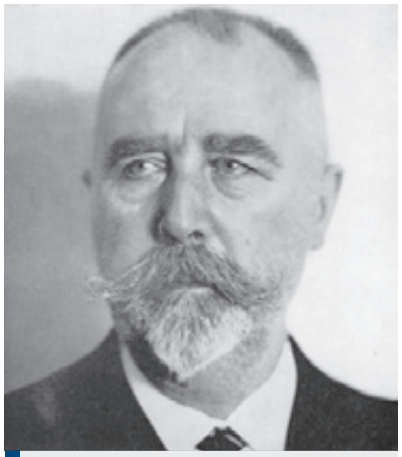
Johann Jacob Heusler
*1727 - †1799



Carl Ludwig Heusler
1827 - 1851

Friedrich W.O. Heusler
1851 - 1873

Conrad Heusler
1873 - 1907



Dr Fritz Heusler
1907 - 1937

Dr Otto Heusler
1937 - 1939 & 1946 - 1966

Ernst Heusler
1937 - 1976

Fritz Heusler
1975 - 2000

Dr Felix Heusler
since 2012

Isabellenhütte –
run by the eighth generation of the family.

IMPLICATIONS, RISKS AND OPPORTUNITIES RELATING TO CORPORATE GOVERNANCE

ID	Description
Impact on corporate governance	
25	Integrity and transparency form the basis of our corporate governance. Any shortcomings in this regard can jeopardise the trust of investors and customers. Internally, they undermine staff loyalty and give rise to conflicts. Furthermore, unethical behaviour risks legal sanctions and operational instability, which undermine our reputation and our ability to operate effectively.
26	A technological gap and a delayed digital transformation can undermine our operational performance. Outdated systems lead to inefficient processes, higher costs and quality issues. Furthermore, a lack of digital infrastructure hinders innovation and agility. In the long term, this results in a critical loss of competitiveness compared to more digitally advanced market players.
27	Open communication and clear values strengthen our organizational resilience and build stakeholder trust. Internally, this boosts staff engagement and innovation while reducing staff turnover. Externally, values-based transparency strengthens customer loyalty, enhances our employer brand and secures long-term competitive advantages.
Risks for corporate management	
28	Cyberattacks threaten our business continuity and data confidentiality. Attacks on our production systems can cause operational disruptions and financial losses. Furthermore, data breaches lead to reputational damage and legal sanctions, which jeopardise our market position and operational capacity.
Opportunities for business leaders	
29	AI technologies can optimise our processes through automation and data-driven decision-making, thereby reducing costs and shortening lead times. More accurate forecasts also improve the quality of our production and administration. This strengthens our innovative capacity and secures long-term competitive advantages.

Table 30: Key IROs at Isabellenhütte relating to corporate governance

CONCEPTS FOR CORPORATE GOVERNANCE AND CORPORATE CULTURE

G1-1

Corporate Principles and Code of Conduct
We have a Code of Conduct that applies to both our company and our business partners, and which defines and sets out our core corporate values and principles (see Chapter 3, 'Social', of ESRS S1-1 on concepts relating to the company's workforce)

In addition, we have clear corporate guidelines (see illustration 15) that are aligned with our principles of leadership culture and which our senior decision-makers and managers and guide employees in the performance of their duties. These guiding principles serve as a binding framework for responsible conduct, sustainable working practices and sound business practices within the alignment of our strategic objectives. They not only shape decision-making processes, but also foster a shared understanding of sustainable value creation within the the entire company.

The development of our leadership culture is guided by clear principles. In line with the acronym 'ISA-CLEAR', we promote collaboration as follows (see illustration 16):

Trust

- Have faith in your team's achievements.
- Set an example and act in a responsible manner.

Develop

- Enable your team and yourself to learn from mistakes.
- Develop yourself and your staff.
- Communicate tasks on an equal footing and encourage mutual feedback.

Take action

- Deliver services that delight our customers.
- Think like an entrepreneur and seize opportunities.
- Set clear goals with your team.

Illustration 15: Isabellenhütte's corporate principles (Source: own illustration)

Illustration 16: The management culture at Isabellenhütte (Source: own illustration)

Whistleblowing and whistleblower schemes, training courses

To identify breaches of our principles, values and guidelines, as well as general ethical standards and labor and human rights, we have established a whistleblowing system within our company. This system complies with the requirements of the EU Whistleblower Directive (2019/1937) and the German Whistleblower Protection Act (HinSchG). In this way, we ensure that concerns are addressed consistently and fairly.

The system is available to both internal staff and external stakeholders (such as customers, suppliers and other stakeholders). We refer to this system in our CoC, on our website and on our social intranet, thereby ensuring barrier-free access. It enables the reporting of incidents relating to all key issues, such as corruption and bribery, discrimination and harassment, fraud and economic crime, breaches of the Code of Conduct, risks concerning occupational health and safety, and information security. To ensure the independence and objectivity of our system, we use an external service provider. This acts as an upstream reporting center, thereby ensuring the anonymity of whistleblowers vis-à-vis internal bodies. Reports can be submitted via the following channels:

- Online registration form
- Telephone helpline
- Personal communication

All reports received are processed by our internal compliance committee, which is chaired by the compliance officer. The process adheres to strict principles:

1. **Confirmation of receipt:**
Whistleblowers will receive confirmation within the statutory time limits. Our external service provider forwards the reported cases to the Compliance Committee.

2. **Study:**
The Compliance Officer conducts an independent and objective investigation into the matter. Significant cases are dealt with internally and confidentially by the Compliance Committee.

3. **Measures:**
If the suspicion is confirmed, appropriate action will be taken – ranging from procedural changes and disciplinary measures to legal consequences.

4. **Feedback:**
Where requested and where legally permissible, the whistleblower will be kept informed of the progress and outcome of the investigation.

We guarantee that employees and other whistleblowers who raise concerns in good faith will not suffer any professional or personal detriment. The identity and concerns of whistleblowers and those affected will be treated as strictly confidential throughout the entire process and will only be disclosed where required by law. Any form of reprisal is prohibited.

We place great importance on ensuring that our employees are fully familiar with both the structures of the whistleblowing system and the ethical guidelines of our management. Through targeted training and the regular communication and publication of key notices and announcements on the intranet or via notices displayed at our sites, we ensure that these procedures and values are firmly embedded in our day-to-day practice. Online training enables specific programs to be assigned on an individual basis, tailored to the needs of each role and area of responsibility. The training content is continuously updated and is usually made available to staff on an annual basis. The program includes both mandatory basic training, such as compliance training (see chapter ESRS G1-3 for details), and voluntary courses.

IT security and data security

For us, the confidentiality, availability and integrity of information are our top priority. Our information security infrastructure is certified to the TISAX standard (Trusted Information Security Assessment Exchange). This framework is based on the German Association of the Automotive Industry's (VDA) assessment catalogue (VDA-ISA, Information Security Assessment) and is closely aligned with the requirements of the international ISO 27001 standard. By consistently adhering to this standard, we meet the highest information security requirements and ensure effective protection of our company's data as well as that of our business partners. To continuously strengthen our defences against current threats, we are also an active participant in the Cyber Security Alliance of the Federal Office for Information Security (BSI) (see illustration 17).

Illustration 17: Logos of the TISAX standard (https://enx.com/tisax; TISAX is a registered trademark and is owned by the ENX Association)

SUPPLIER RELATIONSHIP MANAGEMENT

We regard responsible supplier management as a key means of minimising risks in the upstream value chain and promoting sustainable standards.

Our approach is based on the systematic classification and monitoring of our strategic suppliers. To proactively identify risks, we use the EcoVadis IQ Plus tool to continuously monitor all strategically important suppliers. A central sustainable procurement dashboard also enables us to analyse key performance indicators on a monthly basis, such as the proportion of local suppliers (Germany).

Sustainability considerations are incorporated into our procurement process at an early stage. We work exclusively with suppliers who support and commit to our Code of Conduct (CoC) or an equivalent standard. This means, for example, that we consistently rule out forced labor, compulsory labor and child labor. In addition, the following criteria apply in the selection and evaluation process:

Environmental criteria:
We give preference to suppliers who use resource-efficient production processes and, where possible, require them to have an ISO 14001 management system in place.
In accordance with our terms and conditions of purchase, suppliers are required to use environmentally friendly packaging and processes.

Social criteria:
Compliance with statutory minimum wages, fair working conditions and human rights, in accordance with the principles of the UN Global Compact, is mandatory.

Diversity:
We award contracts on the basis of merit and promote diversity in the supply chain by eliminating discrimination and actively exploring ways to integrate disadvantaged groups (e. g. workshops for people with disabilities).

To ensure that ESG criteria are integrated into our suppliers' management practices, we use the EcoVadis Academy. Our buyers undertake specific training courses there on topics such as human rights, environmental standards and ethical procurement practices.

Avoiding late payments
We are committed to fair payment practices, particularly towards small and medium-sized enterprises. Through automated processes in our financial accounting department, we ensure that invoices are settled within the agreed payment terms. Regular monitoring of accounts payable and clear communication channels in the event of discrepancies in invoices help to prevent payment delays and safeguard our partners' cash flow.

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

We have a zero-tolerance policy towards corruption and bribery. To ensure this, we have established comprehensive prevention, monitoring and investigation procedures. Our anti-corruption system is based on a combination of technical controls, organizational guidelines and personal checks:

Due diligence on business partners:
We continuously monitor the EU sanctions lists through a screening process. We ensure that we do not engage in any business with sanctioned companies; any discrepancies result in the immediate suspension of deliveries or contractual relationships.

Internal controls:
A binding approval policy governs signing authorities and business processes. Sensitive transactions are consistently subject to the dual-control principle. In addition, our financial accounts are audited annually by an independent auditor, whose audit report is published in the Companies Register.

Identification of incidents:
The compliance officer conducts regular interviews with selected employees in order to identify potential breaches at an early stage. This covers 100% of the overseas subsidiaries and a random selection of sites in Germany.

Any suspected cases or incidents are documented in a compliance log. This log contains detailed descriptions of the incidents, identifies those responsible and sets out remedial measures. The log serves as a direct source of information for the management, which is regularly updated on the results and the effectiveness of the measures. The investigation and assessment of potential issues is carried out by our compliance committee, chaired by the compliance officer.

Anti-corruption training programs
To foster a high level of awareness of ethical conduct, we have introduced a mandatory compliance training program:

Target groups and frequency:
All employees in high-risk roles are required to attend compliance training at least once every two years. This includes all employees in sales and procurement, those with power of attorney or authorised signatory status, as well as all management and executive bodies of the company and its subsidiaries.

Content and depth:
The training programs provide in-depth coverage of the Code of Conduct and specific compliance issues encountered in day-to-day business. Key areas of focus include the prevention of corruption, dealing with the acceptance of gifts, donations and sponsorship, information security, and the protection of human rights and labor standards.

ESRS reference	Description	Unit	2025
G1-3 21. b)	Proportion of high-risk functions covered by training programs	in %	72,1

Table 31: Key figures on anti-corruption training programs at Isabellenhütte

CASES OF CORRUPTION OR BRIBERY

ESRS reference	Description	Unit	2025
G1-4 24. a)	Convictions for corruption offences	Number of cases	0
G1-4 25. a)	Total number of confirmed cases of corruption and bribery	Number of cases	0
25. b)	of which cases involving the dismissal or disciplinary action against the company's own staff	Number of cases	0
25. c)	of which cases where contracts or business relationships were terminated or not renewed	Number of cases	0

Table 32: Key figures on corruption at Isabellenhütte

POLITICAL INFLUENCE AND LOBBYING

G1-5

In accordance with our Code of Conduct, we operate on the principle of political neutrality and independence. Nevertheless, in order to promote professional dialogue and play an active role in shaping the framework conditions of our industry, we are involved in the following organizations and trade associations, such as:

- Hessenmetall Employers' Association
- German Association for Materials Management, Purchasing and Logistics (BME)
- The Family Entrepreneurs Association
- Hessian Chamber of Industry and Commerce (HIHK)
- Lahn-Dill Chamber of Industry and Commerce (IHK)
- Family Business Foundation
- German Electrical and Digital Industry Association (ZVEI)
- Association of German Engineers (VDI)

PAYMENT PRACTICES

G1-6

ESRS reference	Description	Unit	2025
G1-6 33. b)	Payments to which standard payment terms apply	in %	99,5
33. c)	Legal proceedings for late payment	Number of cases	0

Table 33: Key figures on payment practices at Isabellenhütte

APPENDIX

ESRS INDEX

The following table lists all material disclosure requirements for Isabellenhütte Heusler GmbH & Co. KG, with a reference to the relevant information in this sustainability report. The material sustainability topics were identified on the basis of the criteria set out in ESRS 2 IRO-1. The topics ESRS E4, S3 and S4 were assessed as immaterial and are therefore not included in this index. The information provided refers to European Union Directive 2024/90457 of 9 August 2024.

2
IRO-2
P 56

Disclosure requirements	Description	Chapter/Section
ESRS 2 General Information		
ESRS 2, BP-1	General principles for the preparation of the sustainability statement	About this report
ESRS 2, BP-2	Information relating to specific circumstances	About this report
ESRS 2, GOV-1	The role of the administrative, management and supervisory bodies	1.1. Governance
ESRS 2, GOV-2	Information and sustainability issues addressed by the company's administrative, management and supervisory bodies	1.1.1. Organization, monitoring and sustainable management
ESRS 2, GOV-3	Incorporating sustainability performance into incentive schemes	1.1.1. Organization, monitoring and sustainable management
ESRS 2, GOV-5	Risk management and internal controls for sustainability reporting	1.1.1. Organization, monitoring and sustainable management
ESRS 2, SBM-1	Strategy, business model and value chain	1.2. Strategy
ESRS 2, SBM-2	Stakeholders' interests and viewpoints	1.2.3. Stakeholders
ESRS 2, SBM-3	Key impacts, risks and opportunities, and how they interact with strategy and the business model	1.3. Materiality analysis
ESRS 2, IRO-1	Description of the procedure for identifying and assessing significant impacts, risks and opportunities	1.3.2. Assesment procedure for materiality analysis

Disclosure requirements	Description	Chapter/Section
ESRS 2, IRO-2	Disclosure requirements contained in the ESRS and covered by the company's sustainability statement	1.3.2. Assessment procedures for materiality analysis, Annex: ESRS Index
ESRS E1 Climate Change		
ESRS 2, GOV-3 ESRS E1, p. 13	Incorporating sustainability performance into incentive schemes	1.1.1. Organization, monitoring and sustainable management
ESRS E1-1	Transition plan for climate action	2.1. Climate change
ESRS 2, SBM-3 ESRS E1, p. 18 ff.	Key impacts, risks and opportunities, and how they interact with strategy and the business model	2.1. Climate change
ESRS 2, IRO-1 ESRS E1, p. 20 ff.	Description of the procedures for identifying and assessing material climate-related impacts, risks and opportunities	2.1. Climate change
ESRS E1-2	Concepts relating to climate protection and adaptation to climate change	2.1. Climate change
ESRS E1-3	Measures and resources relating to climate strategies	2.1. Climate change
ESRS E1-4	Targets relating to climate change mitigation and adaptation	2.1. Climate change
ESRS E1-5	Energy consumption and energy mix	2.1. Climate change
ESRS E1-6	Gross GHG emissions from Scope 1, 2 and 3 categories, as well as total GHG emissions	2.1. Climate change
ESRS E1-7, p. 60	Greenhouse gas removals and greenhouse gas reduction projects financed through carbon credits	2.1. Climate change
ESRS E2 Environmental pollution		
ESRS 2, IRO-1 ESRS E2, p. 11	Description of the procedures for identifying and assessing the significant impacts, risks and opportunities associated with environmental pollution	1.3.2. Assessment procedures for materiality analysis
ESRS E2-1	Concepts relating to environmental pollution	2.2. Environmental pollution
ESRS E2-2	Measures and resources relating to environmental pollution	2.2. Environmental pollution
ESRS E2-3	Targets relating to environmental pollution	2.2. Environmental pollution
ESRS E2-4	Air, water and soil pollution	2.2. Environmental pollution
ESRS E2-5	Substances of concern and substances of very high concern	2.2. Environmental pollution

Disclosure requirements	Description	Chapter/Section
ESRS E3 Water and Marine Resources		
ESRS 2, IRO-1 ESRS E3, P 8	Description of the procedures for identifying and assessing the significant impacts, risks and opportunities associated with water and marine resources	1.3.2. Assessment procedures for materiality analysis
ESRS E3-1	Concepts relating to water and marine resources	2.3. Water resources
ESRS E3-2	Measures and resources relating to water and marine resources	2.3. Water resources
ESRS E3-3	Objectives relating to water and marine resources	2.3. Water resources
ESRS E3-4	Water consumption	2.3. Water resources
ESRS E5 Resource Use and the Circular Economy		
ESRS 2, IRO-1 ESRS E5, p. 11	Description of the procedures for identifying and assessing the significant impacts, risks and opportunities associated with resource use and the circular economy	1.3.2 Assessment procedures for materiality analysis
ESRS E5-1	Concepts relating to resource use and the circular economy	2.4. Resource use and Circular economy
ESRS E5-2	Measures and resources relating to resource use and the circular economy	2.4. Resource use and Circular economy
ESRS E5-3	Targets relating to resource use and the circular economy	2.4. Resource use and Circular economy
ESRS E5-4	Inflows of resources	2.4. Resource use and Circular economy
ESRS E5-5	Outflows of resources	2.4. Resource use and Circular economy
ESRS S1: The company's workforce		
ESRS 2 SBM-2 ESRS S1, p. 12	Stakeholders' interests and viewpoints	1.2.3. Stakeholders
ESRS 2 SBM-3 ESRS S1, p. 13 et seq.	Key impacts, risks and opportunities, and how they interact with strategy and the business model	3. Social
ESRS S1-1	Concepts relating to the company's workforce	3. Social
ESRS S1-2	Procedures for involving the company's workforce and employee representatives regarding the implications	3. Social
ESRS S1-3	Measures to mitigate negative impacts and channels through which the company's employees can raise concerns	3. Social

Disclosure requirements	Description	Chapter/Section
ESRS S1-4	Taking action in relation to material impacts on the company's workforce, and approaches to managing material risks and capitalising on material opportunities relating to the company's workforce, as well as the Effectiveness of these measures	3. Social
ESRS S1–5	Objectives relating to addressing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	3. Social
ESRS S1–6	Characteristics of the company's employees	3. Social
ESRS S1-7	Characteristics of the company's migrant workforce	3. Social
ESRS S1–8	Collective bargaining coverage and social dialogue	3. Social
ESRS S1-9	Diversity indicators	3. Social
ESRS S1-10	Fair pay	3. Social
ESRS S1-12	people with disabilities	3. Social
ESRS S1-13	Key figures for continuing professional development and skills development	3. Social
ESRS S1-14	Key figures for health and safety	3. Social
ESRS S1-15	Key figures on work-life balance	3. Social
ESRS S1-16	Remuneration indicators (pay gaps and total remuneration)	3. Social
ESRS S1-17	Incidents, complaints and serious consequences relating to human rights	3. Social
ESRS G1 Corporate Governance		
ESRS 2 GOV-1 ESRS G1, p. 5	The role of the administrative, management and supervisory bodies	1.1. Governance
ESRS 2, IRO-1 ESRS G1, p. 6	Description of the procedure for identifying and assessing significant impacts, risks and opportunities	1.3.2 Assessment procedures for materiality analysis
ESRS G1-1	Concepts for corporate governance and corporate culture	4. Corporate governance
ESRS G1-2	Supplier Relationship Management	4. Corporate governance
ESRS G1-3	Prevention and detection of corruption and bribery	4. Corporate governance
ESRS G1-4	Cases of corruption or bribery	4. Corporate governance
ESRS G1-5	Political influence and lobbying	4. Corporate governance
ESRS G1-6	Payment practices	4. Corporate governance

ESRS S1-11 is omitted on the grounds of immateriality

ECOVADIS® SUSTAINABILITY ASSESSMENT

Founded in France in 2007, EcoVadis is one of the world's leading providers of sustainability ratings and is now regarded as the global industry standard. It assesses corporate performance in the areas of the environment, labor and human rights, ethics, and sustainable procurement. The methodology is based on internationally recognized standards such as the CSRD/ESRS, the Global Reporting Initiative (GRI), the UN Global Compact, as well as the ISO 26000 and OECD guidelines. A key feature of the process is the strict requirement for supporting evidence: information is only included in the assessment if it is substantiated by official documents – such as guidelines, codes of conduct or certified management systems. This approach makes our performance objectively measurable and comparable across industries. It also creates a transparent framework for reliably demonstrating progress to our partners and stakeholders.

Why we use EcoVadis

Transparency in the supply chain:
To ensure compliance with ethical and environmental standards throughout the entire value chain, our customers expect a transparent and comparable assessment of our sustainability performance. EcoVadis enables us to identify risks at an early stage, such as breaches of environmental regulations or labor rights, thereby establishing a reliable foundation of trust with our business partners.

Competitive advantage and reputation:
Our performance is summarised in a detailed assessment and, where appropriate, recognized with EcoVadis medals. We make targeted use of these awards in our communications with partners and stakeholders. They serve as a key differentiator in the market, highlighting our efforts in the ESG area and building trust in the long term.

Continuous improvement process:
This in-depth analysis identifies specific areas for improvement. Based on these findings, we develop a targeted roadmap to continuously improve our sustainability performance and actively drive forward transformation processes. The annual assessment, conducted in accordance with international Recognized standards serve as the driving force behind our sustainability management and ensure that we consistently pursue our goals.

We firmly believe that an independent, external ESG assessment is increasingly becoming a prerequisite for successfully establishing and sustainably strengthening long-term, trust-based business relationships. For our customers, suppliers, employees, shareholders and investors, the results serve as a key indicator of our company's future viability and risk profile. A transparent assessment provides the necessary certainty in a dynamic market environment. Furthermore, a good rating strengthens our reputation and gives us an advantage in the competition for talent, positioning us as a responsible and attractive employer that makes its own sustainability measurable.

Our EcoVadis assessment results

In the latest assessment for 2025, we were able to increase our score to **75 out of** a possible **100** points. We have thus successfully improved on last year's result (71 points) and consolidated our position in international comparisons: we are now officially among the top decile (top 10%) of companies assessed worldwide (see illustration 18).

Overall:	**75/100**
Environment:	79/100
Labor & human rights:	75/100
Ethics:	75/100
Sustainable procurement:	70/100

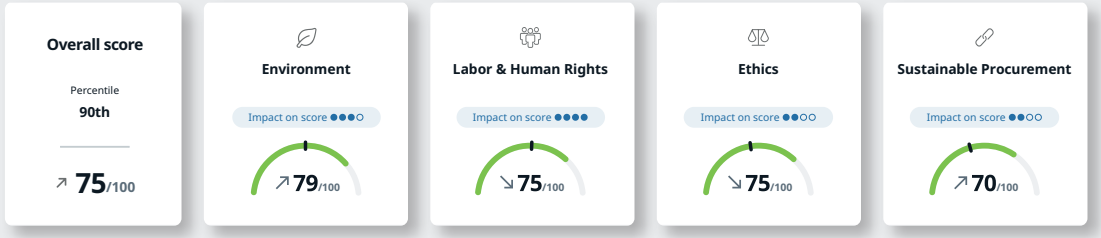


Illustration 18: Our EcoVadis rating for the 2025 reporting year

This ranking is recognized by the EcoVadis medal system, which awards medals at the Bronze, Silver, Gold and Platinum levels. A medal is only awarded to organizations ranked within the top 35% (the Bronze threshold). While Platinum represents the highest possible recognition for the top 1%, our result has established us firmly among the leaders. The improvement seen in recent years stems from the consistent implementation of identified potential in our sustainability work (see illustration 18). In particular, the targeted further development of our sustainability management and the professionalisation of our reporting have contributed to this significant progress over the last few years. The EcoVadis medals shown in the illustration below do not always correspond exactly to the bars representing the scores achieved, as the assessment process takes place with a time lag. For example, an assessment initiated in December 2025 for the year 2025 may not be completed and awarded until 2026.

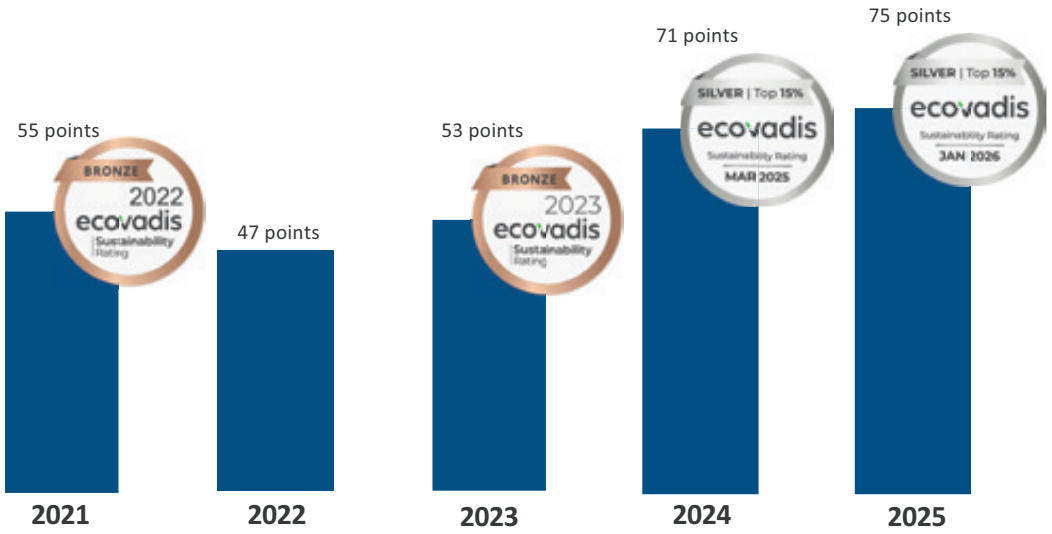


Illustration 19: Isabellenhütte's EcoVadis assessment results for the years 2021–2025. The decline in 2022 was primarily due to procedural factors.

As the global benchmark continues to rise and the requirements for the respective rating categories have become more stringent over the years, this result is clear evidence of the effectiveness of our measures. It underscores the fact that continuous improvement remains essential to maintaining our market position in an increasingly demanding ESG environment. This success is the result of a close integration of strategy and operational implementation across all departments and forms the foundation for the further exploitation of future potential.

LIST OF ABBREVIATIONS

B2B	Business-to-business
BAFA	Federal Office for Economic Affairs and Export Control
BME	German Association for Materials Management, Purchasing and Logistics
CFO	Chief Financial Officer
CMRT	Conflict Minerals Reporting Template
CoC	Code of Conduct
COO	Chief Operating Officer
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Technology Officer
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standard
EFRAG	European Financial Reporting Advisory Group
EU	European Union
GHG	Greenhouse gas
ILO	International Labor Organization
IRO	Impacts, Risks and Opportunities
ISA	Isabellenhütte
ISO	International Organization for Standardisation
LED	Light-emitting diode
PFAS/PFOA	Per- and polyfluoroalkyl compounds / Perfluorooctanoic acid
PoP	Persistent Organic Pollutants
PV	Photovoltaics
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
RoHS	Restriction of Hazardous Substances
SBS	Strategic Business Segment
SDGs	Sustainable Development Goals
TISAX	Trusted Information Security Assessment Exchange
TSCA/Proposition 65	Toxic Substances Control Act / California Proposition 65
EHS & E	Environmental, health and safety, and energy policy
UN	United Nations
VDA-ISA	German Association of the Automotive Industry Information Security Assessment
WRG	Heat recovery
ZVEI	Association of the Electrical and Digital Industry

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Dillenburg, June 2026

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