

Secop Group
Holding GmbH



Sustainability Report as of 31 December 2023



1 Explanation of the content and framework	1
2 Business model	3
2.1 General information.....	3
2.2 Value added and its relevant forms	5
2.3 Risks and risk management system.....	5
2.4 Goals	7
3 Environment	8
3.1 Climate change.....	8
3.2 Pollution	15
3.3 Protection of ecosystems.....	17
3.4 Durability and production	18
4 Social matters.....	20
4.1 Employees	20
4.2 Human rights.....	22
4.3. Social equality	23
5 Governance.....	24
5.1 Code of Conduct and corporate culture.....	24
5.2 Corruption and bribery	26
6 EU taxonomy.....	28
6.1 Notes on the EU Taxonomy Regulation	28
6.2 Reporting.....	29
6.3 Definition of the key performance indicators.....	34
6.4 Key performance indicators as per the EU taxonomy.....	36

1 Explanation of the content and framework

As defined in the 2018 CSR Directive Implementation Act (CSR-RUG), since 2021 the Secop Group has been required to publish additional disclosures due to its involvement in a regulated market. The Act states that the Group is obliged to supplement the Group financial reporting with substantial non-financial aspects of the business activities in the areas of environmental matters, employee matters, combating corruption, social matters and human rights.

The separate non-financial Group statement ("non-financial report") of the Secop Group for the 2023 financial year was prepared in accordance with Sections 289b et seqq., 315b et seqq. of the German Commercial Code (HGB). The disclosures in this non-financial report relate to the subsidiaries included in the consolidated financial statements of Secop Group Holding GmbH over which Secop Group Holding GmbH has a direct or indirect possibility to exercise a controlling influence. As the company Secop Group Holding GmbH did not employ, on average, more than 500 staff in 2023, Secop Group Holding GmbH itself is not required to prepare a separate non-financial statement.

According to the CSR-RUG, the Secop Group is required to report on substantial risks linked to the Secop Group's own activities. These are risks whose occurrence is highly likely and which could have serious, negative effects on the non-financial aspects. In the assessment of the Management Board of Secop Group Holding GmbH a serious environmental risk exists, for which the Group is not responsible and from which it has been indemnified. Further risks could not be identified. Additional disclosures on the business risks are contained in the Group management report and notes.

The Secop Group takes its social and environmental responsibility within the scope of its business activities seriously. The Secop Group therefore employs a structured method to continuously monitor the developments on the global

technology market and analyses how these developments impact on the Secop Group's business activities. In light of this, Secop has identified substantial CSR topics.

The focus of the materiality analysis was on ensuring that the selected priorities are directly associated with the business activities and the economic development of the Secop Group. This analysis showed that the topics of environment, social matters and governance are directly related to the Secop Group's business activities. This separate non-financial statement is therefore focussed on these three topic areas.

The Secop Group Holding GmbH Management Board is responsible for the topics of the environment, social matters and governance. The key performance indicators concerning non-financial aspects of corporate governance are reviewed at appropriate intervals and evaluated by the Secop Group Holding GmbH Management Board. This ensures that possible negative developments are detected at an early stage and can be corrected by taking suitable countermeasures.

The sustainability reporting requirements of the public, standard setters and EU institutions are currently undergoing a period of sweeping and rapid change. Secop is attentively monitoring the changing requirements and as part of its sustainability strategy it has set itself the goal of improving the quality and scope of its reporting in line with requirements. This sustainability report meets the sustainability reporting requirements as defined in Section 315c HGB, while some sections also already draw on published drafts of the extended sustainability reporting standard of the EFRAG within the scope of CSRD guidelines (EU Directive 2022/2464 as well as delegated Regulation (EU) 2023/2772).

2 Business model

2.1 General information

The Secop Group develops, produces and sells hermetic compressors for cooling applications worldwide. In pursuing this business, it uses raw and input materials, such as steel, copper, aluminium and electrical components, which are essential for the compressor control systems. The raw materials are used to manufacture compressors for household appliances, commercial appliances and mobile appliances in the Group production facilities. The marketing and sales organisations are responsible for the global sale of the goods. The Application Engineering division provides customer service and technical marketing activities with engineering expertise for Group customers. The Group operates in three segments:

Stationary Cooling:

In the Stationary Cooling segment, Secop sells compressors for commercial cooling applications, which mainly include compressors for bottle coolers and glass door refrigerators, compressors for commercial refrigerators and compressors for supermarket freezers and marketing coolers. Local and global customers are served who, in their business models, supply customers with special cooling devices, e.g. in food retail or in hotels and restaurants.

Mobile Cooling:

In the Mobile Cooling segment, Secop sells compressors for mobile applications, which primarily include truck refrigerators, car minibars, spot coolers, battery/accumulator coolers in the telecommunications sector and cool boxes for private applications.

Medical Cooling

In the Medical Cooling segment with its stationary and mobile solutions, Secop is a reliable partner to leading companies that support the development of a global ULT (ultra-low temperature) supply chain and optimise the medical cooling chain with green and efficient solutions.

Legal organisation

Secop Group Holding GmbH (“SGH”) is the Group’s head office for directly and indirectly held wholly-owned subsidiaries, including Secop GmbH (Flensburg/Germany) as the administrative site and distribution centre, Secop Holding GmbH (Flensburg/Germany), Motor Competence Center Holding GmbH (Flensburg/Germany), as the R&D competence centre, Secop s.r.o. (Zlaté Moravce/Slovakia) as a production and R&D site, Secop Compressors (Tianjin) Co., Ltd. (Tianjin/China) as a production and R&D site and Secop Austria GmbH (Gleisdorf/Austria) as an R&D site. This is joined by Secop Inc. (Roswell/USA), a sales and service company, and Secop Italia S.r.l. (Milan/Italy), a sales and marketing support unit. Both Secop GmbH and Secop Inc. as well as the production sites sell compressors to third parties. The development expertise primarily resides in the Austrian site in Gleisdorf (near Graz) and the Motor Competence Center GmbH in Flensburg (Germany). The sales activities at the European sites are coordinated by the German company Secop GmbH. Secop Compressors (Tianjin) Co., Ltd. operates production facilities and also has its own sales organisation for the Chinese market. The USA operates a sales organisation as well as a separate warehouse for products that are imported from the Group’s own plants in Slovakia and China. In summary, the Group structure is as follows:

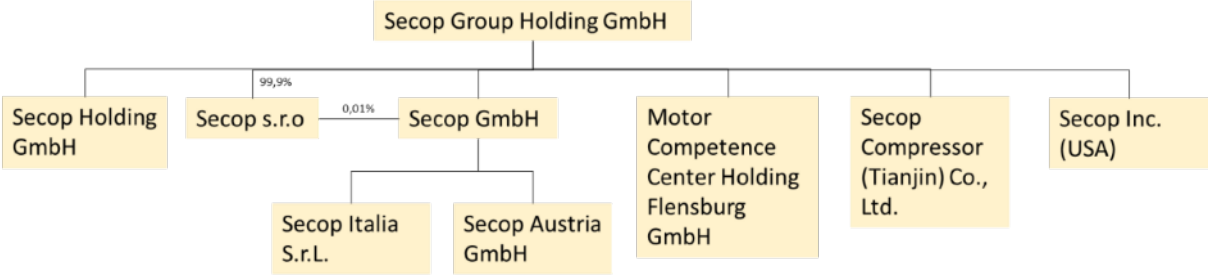


Figure 1: Secop Group organisational chart

The current core business is focussed on the global segments of Stationary Cooling, Mobile Cooling and Medical Cooling. In the coming years, Secop’s resources, investment funds and general focus will target these three segments.

Secop has a long history of successful projects in the introduction of new, energy-efficient and environmentally-friendly refrigerants as well as the

introduction of innovative solutions for compressors and control electronics. Secop is able to rely on exceptional know-how and reliable solutions to support cooling applications in core cooling segments, such as medical refrigeration, solar vaccination refrigerators and mobile medical solutions.

2.2 Value added and its relevant forms

The Secop Group analysed the various forms and risks based on the value chain, see figure 2.



Figure 2: Forms of the value chain

Protection of the environment in the value chain

Besides the economic challenges, Secop is also focussed on environmental matters. The artificial refrigerants still used in the industry, albeit at a declining rate, make a substantial contribution to pollution in the atmosphere and so directly to climate change, while the resources used also have a direct influence on climate change. The responsible use of resources is therefore extremely important to Secop. As a result, Secop has constantly optimised its products in particular, as well as its production methods over past decades to improve its contribution to climate change mitigation and reduce its environmental footprint. The protection of ecosystems as well as their raw materials, the durability of the products and the prevention of waste are extremely important to the Secop Group.

2.3 Risks and risk management system

Just like every corporate action, the business activities of the Secop Group are associated with risks that are split into financial and non-financial risks. All risks and their effects are regularly reviewed and have been included in the routine risk management activities. As a result of the risk assessment, no non-financial risks with a very high probability of occurrence and very serious negative effects on the non-financial concerns in relation to our own business activities as well as

business relationships, products and services were identified. With regard to the financial risks, reference is made to the disclosures in the Group management report.

Secop's risk management system supports the early identification and minimisation of potential financial and non-financial risks that threaten the achievement of the planned objectives or the continued existence of the company. The system enables risks to be quickly identified, assessed and adequate countermeasures to be taken. Due to its complex processes, external factors and an intensely competitive market environment, the company is exposed to business risks. The early detection and assessment of opportunities and risks is an integral part of the planning, controlling and reporting process. The identified risks are analysed and necessary countermeasures are taken depending on the probability of occurrence.

In accordance with Section 324 HGB, the Secop Group is required to establish an audit committee that is tasked with auditing the financial reports as well as monitoring risk management and compliance. Within this framework, a member with adequate experience in monitoring risk management and compliance was appointed. As part of its activities, the committee is regularly informed of all associated matters and requests relevant information from the Management Board. Within the scope of the introduction of the CSRD, the Secop Group will implement a further comprehensive risk screening.

The Secop Group recognises its responsibility to the public, future generations and the environment. It takes measures to reduce the emission of greenhouse gases and ensure the responsible handling of resources. Climate change may impact on the Secop Group in the following areas: firstly, on the intrinsic value of the facilities that generate carbon emissions and, secondly, on the inventory due to the refrigerants used, as a ban on refrigerants could have an impact on the intrinsic value of inventories. In this respect, the Group does not perceive a risk to the intrinsic value of its production facilities due to climate-related weather events such as flooding and storms as well as on the inventories, because the compressors are suitable for use with both natural and artificial refrigerants. The Group is faced with an additional aspect as a result of climate change, as the global temperature development will naturally also lead to increased demand for Secop cooling solutions.

Besides the climate change risks to the company, the Group's own contribution to climate change also needs to be considered. Energy efficiency is therefore critical for the Group. This is true for saving energy for its own production purposes as well as for ensuring that the compressors manufactured use as little energy as possible during operation. To achieve this while maintaining or improving the cooling power, the Group is constantly furthering the development of its compressors.

Another environmental aspect is the use of artificial refrigerants, which could also have a negative impact on the climate and creates sales risks. The Group is therefore committed to using more natural materials, such as “green” refrigerants with a low Global Warming Potential (GWP), to replace the artificial materials and protect the climate. Secop management assesses the associated environmental risk as low.

2.4 Goals

Innovation has been part of the Secop Group’s DNA since its foundation: from its pioneering role in the introduction of new, environmentally-friendly refrigerants to the significantly more energy-efficient compressors by replacing the start-stop control system with variable speed technology. The commitment to innovation is clearly reflected in the non-financial figures:

Goal 1: The Secop Group has set itself the goal of generating 45% of its turnover with products that use variable speed technology by 2027 so as to significantly reduce the greenhouse gas emissions of compressors over their life cycle.

Goal 2: The Secop Group is aware of its responsibility for climate change and has therefore set itself the goal of increasing the proportion of compressors with a low Global Warming Potential (GWP) to 65% by 2027. This includes the exclusive use of refrigerants with a GWP<200 in contrast to conventional refrigerants with a GWP>1000.

Goal 3: Employees are the key to the success of the Secop Group. In response, the Group has set itself the goal of further improving occupational health and safety and reducing the number of reportable work accidents to zero.

Goal 4: Health equity through innovations is another central concern of the Secop Group. In 2021, the Secop Group identified an opportunity that presented during the coronavirus pandemic and invested in this segment. The primary goal is to use innovations to secure the medical cold chain in areas with an unstable or absent electricity grid. The Group has set itself the goal of increasing the proportion of total turnover of the Medical Cooling segment to 10% in the coming years.

Goal 5: The quality of the products is an important goal for Secop in both financial and non-financial respects. The Group has therefore set itself the goal of continuing to improve the quality of its products and is targeting certification based on the automotive standard IATF 16949. This goal was achieved with the certification in 2023.

3 Environment

The Secop Group takes its responsibility towards society, future generations and the environment very seriously and takes measures to reduce greenhouse gas emissions and to support the responsible use of resources. This concerns both carbon emissions as well as the refrigerants used.

3.1 Climate change

The Secop Group is aware of its climate change responsibility and is constantly endeavouring to reduce its environmental footprint. The strategic framework is established by the Secop Group Management Board. In addition, the company has a central CTO (Chief Technology Officer) who is responsible for the entire R&D area, as well as a central Programme Management Office. This internal Group structure with a central CTO and a Programme Office allows the Secop Group to quickly develop and implement strategies for environmental matters.

The central strategy for environmental matters is developed under the following considerations:

- Secop recognises its responsibility to the public, future generations and the environment.
- Secop supports environmental protection and creates awareness of environmental matters.
- Secop is committed to reducing greenhouse gas emissions and waste as well as to the more efficient use of raw materials and energy.
- Secop is committed to the use of clean energy sources rather than fossil fuels.

- Secop is committed to regularly reporting on environmental matters and submitting itself to external audits.

The Secop Group has therefore set itself the following goals in this area: the efficient use of raw materials used as well as the reduction of greenhouse gas emissions. Greenhouse gas emissions are reduced by reducing the energy consumed by the refrigeration compressors produced and in the own production facilities as well as by reducing or replacing harmful artificial greenhouse gases (“artificial” refrigerants).

Secop has introduced the following measures to implement the goals:

Measure 1: Increase turnover of the “variable speed” technology

The Secop Group intends to further increase the share of compressors¹ with variable speed drive in 2023 and the following years². The goal for 2023 was for these compressors to reach a share of 37% of total turnover, which the Group achieved (see figure 3). However, absolute turnover in this segment as well as the Secop Group’s total turnover declined overall due to the difficult market environment.

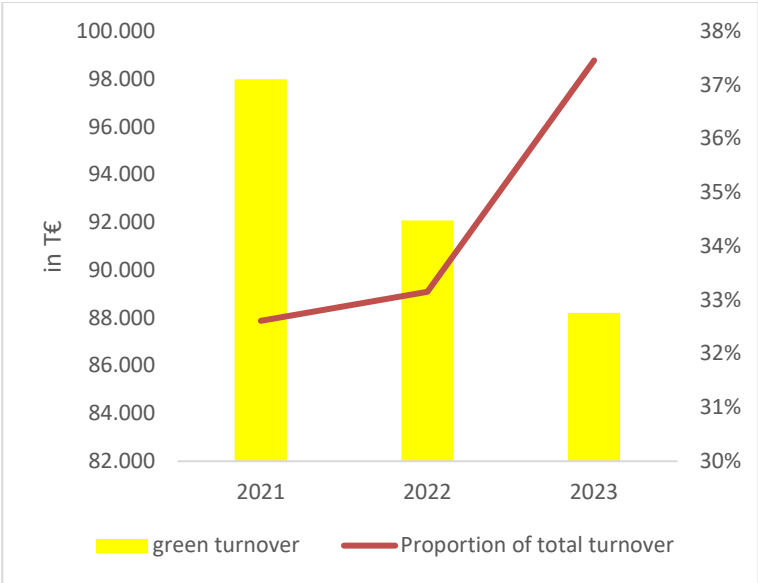


Figure 3: “Green” turnover VSD

Measure 2: Save energy and switch to renewable energy sources

By moving into its new headquarters in Flensburg, which are operated entirely on green power, Secop was able to reduce its environmental footprint in Germany. The site in Austria is also run entirely on green power.

¹All of the Group’s compressors with variable drive are classified as environmentally “green” compressors (numerator). The denominator is the IFRS turnover. Turnover is measured based on the respective IFRS standards adopted by the EU.

²The following time horizons are defined for the purposes of this report: “short-term” refers to one year, “medium-term” refers to a period of one to five years and “long-term” to a period of five to ten years. The term “very long-term” is used for projections beyond ten years.

In addition, the Secop Group endeavours to primarily use renewable energy at the production sites. At the production site in Slovakia, the proportion of purchased energy from fossil sources was further reduced from 12% in 2022 to 5% in 2023 (see figure 4).

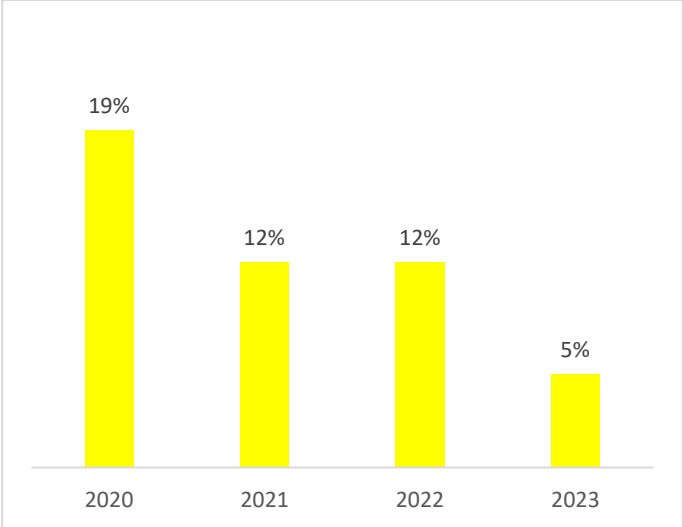


Figure 4: Proportion of fossil fuels Slovakia

Due to the necessary energy consumption, opportunities for installing photovoltaics on the plant roof of the production site in Slovakia have been explored to reduce the proportion of energy from fossil sources even further. For the production site in China, the local electricity mix offered does not currently provide Secop with any alternatives in the selection of energy sources for the plant’s power supply.

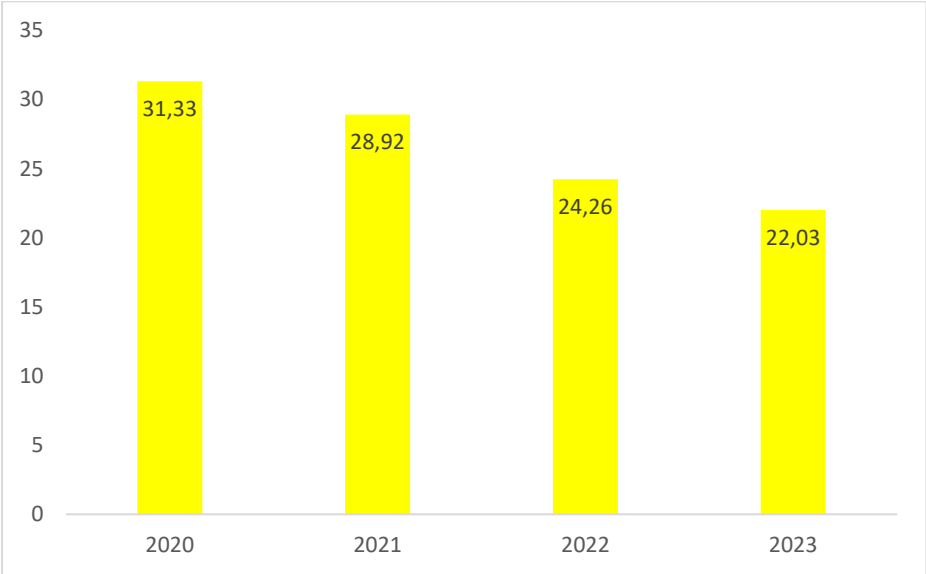


Figure 5: Overall consumption of electricity by production facilities in GWh

Lower production and energy saving measures have enabled a continued reduction in energy consumption in recent years (see figure 5). For instance, in

2020 31.33 GWh of electricity was consumed, which was reduced to 22.03 GWh in 2023.

Measure 3: Reduction of carbon emissions

The Secop Group's product developments and production improvements make a valuable contribution to reducing man-made climate change. Management has embraced the topic of climate change and this is reflected in the company's mission and vision.

Emissions have been reduced in two forms; first, the effects of the footprint along the supply chain and, second, the effects of the products sold.

In terms of the products, the Group's strategy is focussed on the development and introduction of energy-efficient compressors in order to reduce carbon emissions. Calculations of the carbon emissions of old products compared with the new Secop technology and the resulting reduction in carbon emissions were carried out. For example, the new KLF platform provides a low carbon footprint while simultaneously increasing power.

In 2024 the Group expects the introduction of the NLE and SCE platforms with advanced cooling capacity and improved variable-speed solutions in the Ultra Low Temperature business (ULT business) to enhance the Secop Group's environmental sustainability in the Stationary Cooling segment. The Mobile Cooling segment will benefit from the new BD Nano platform and the updated series of electronic control units that were developed for specific solutions in the automotive sector.

The second aspect is the carbon emissions within the Secop value chains: the operation of production facilities and administration buildings requires energy (e.g. heating and electricity), which is associated with environmental risks in the form of various emissions. This generates costs as well as harmful emissions in the form of CO₂ and other greenhouse gases as well as in the form of water consumption. In 2023, the Group focussed intensely on its carbon footprint and conducted a detailed analysis of the emissions with regard to the pending CSRD implementation. To do so, the Group purchased the "Envoria" software in order to calculate the carbon footprint for the entire Group.

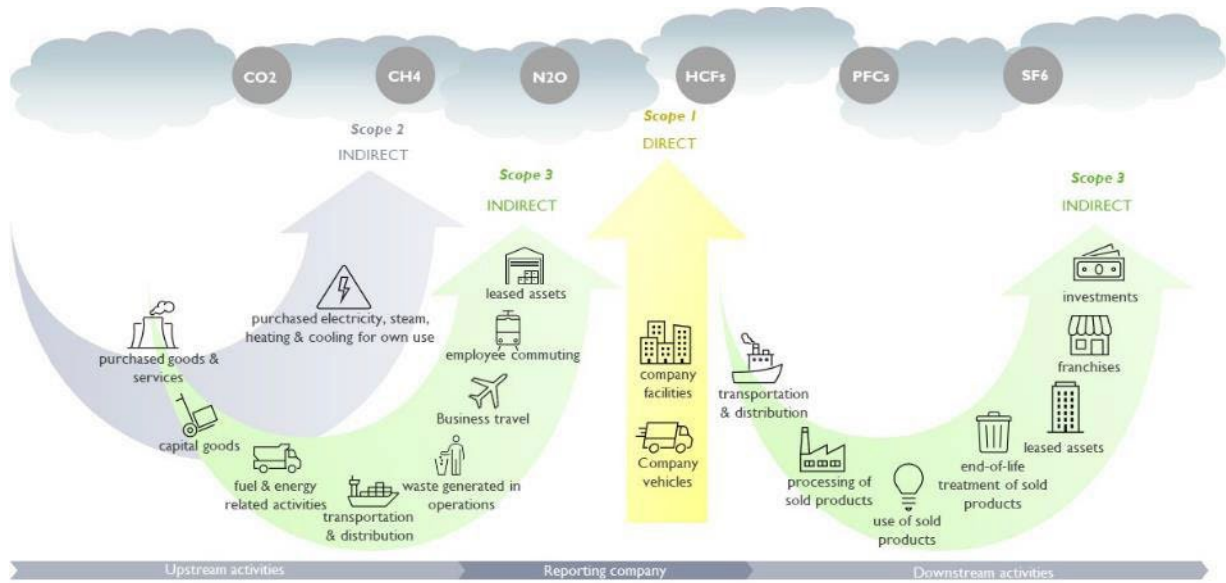


Figure 6: Overview of scope emissions

The emissions can be divided into three different scopes according to the Greenhouse Gas Protocol. The scopes differ with respect to where the emissions are produced and whether they can be controlled by the company (see figure 6). In Scope 1, the Group produces direct emissions for heating the relevant administration building and factories at the respective sites because the heat is produced on site, with the exception of the building in Flensburg. The site in Flensburg uses district heating (Scope 2). Scope 1 also includes the energy used by the Group’s fleet of company cars. The purchased energy (electricity) for all sites is classified in Scope 2, which accounts for the majority of emissions. Scope 3 covers business trips and hotel accommodations, the footprint of the canteen food and employee journeys to the relevant Secop sites.

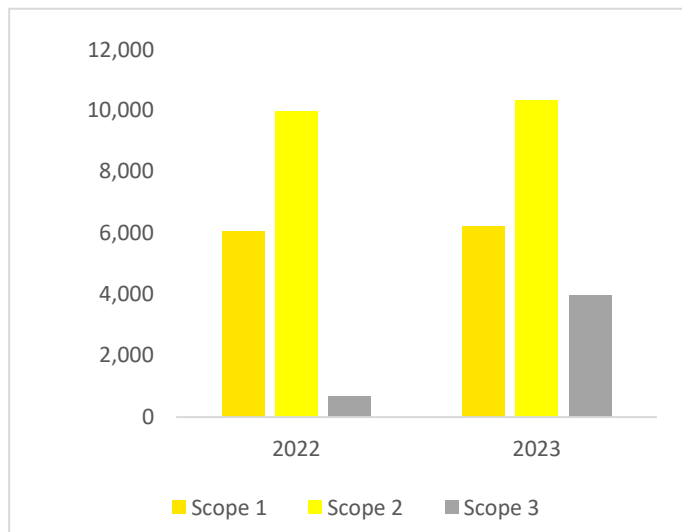


Figure 7: Breakdown of emissions in Scope 1, 2 and 3 in t

The Group produced a total of 20,506t CO₂-equivalent emissions in 2023, 6,211t CO₂-equivalent emissions in Scope 1 and 10,318t CO₂-equivalent emissions in Scope 2 (see figure 7). The Group also conducted a simple Scope 3 analysis in 2023, which revealed 3,977 t CO₂-equivalent emissions. The upstream and downstream supply chain (e.g. purchased products and services or the use phase of the products) in Scope 3 have not yet been analysed.

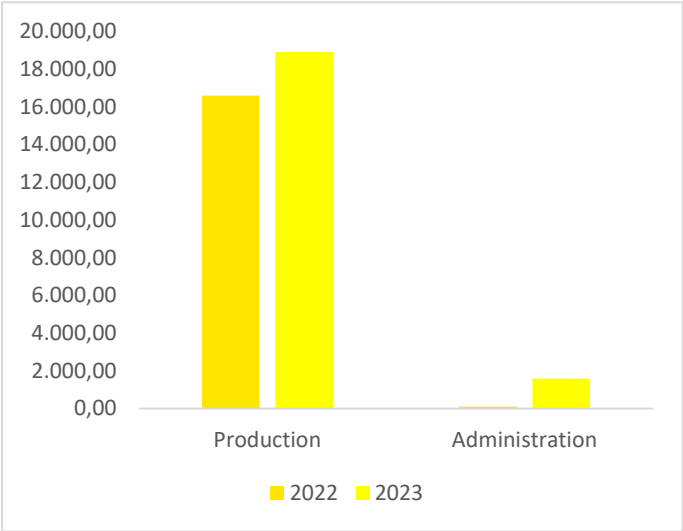


Figure 8: Production/administration emissions in t

The Scope 3 emissions are higher in 2023 compared to the previous year because the Group included additional categories (e.g. business trips and business flights) in the calculation for the first time during this period.

Most emissions are produced in the two plants in Slovakia and China (see figure 8 and figure 9), which account for a proportion of 92% of total emissions. Moreover, the emissions are distributed across Europe, the USA and China as follows.

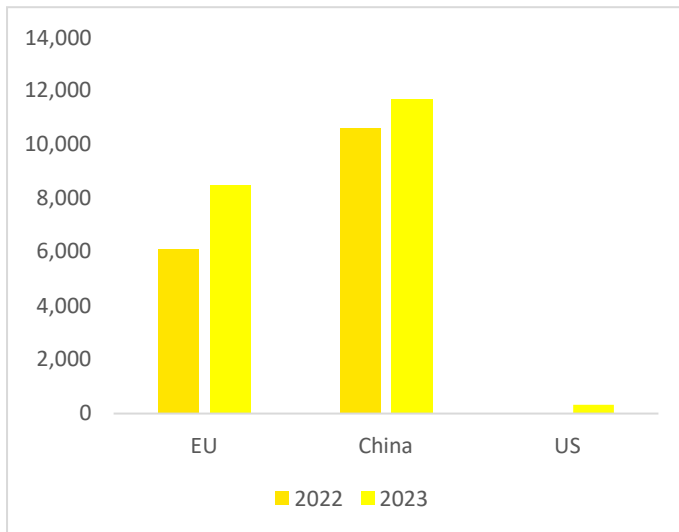


Figure 9: Regional distribution of emissions in t

As an initial emission reduction measure, in China for instance, the Group has introduced access restrictions for lorries and commercial vehicles to the plant in order to reduce emissions and improve the air quality. Only vehicles in the National IV class are now permitted to access the factory premises.

With regard to the new European CSR Directive, in 2024 the Group will work intensively on the Scope 3 emissions along the supply chain, which was not a mandatory requirement in 2023. As an initial measure for reducing Scope 3 emissions, in China for instance, the Group has introduced access restrictions for lorries and commercial vehicles to the plant in order to reduce emissions and improve the air quality. Only vehicles in the National IV class are now permitted to access the factory premises.

Measure 4: Monitoring environmental matters

To date, the Secop Group has focussed on the following key performance indicators to monitor environmental matters (e.g. emission quantity, energy consumption, water emissions as well as the types and quantities of harmful waste), but within the scope of implementing the CSRD it is working on identifying additional KPIs for environmental matters as well as their monitoring and improvement. In addition, the Group undergoes an external audit in relation to ESG criteria each year.

In preparation for the new European CSR Directive and in view of the importance of sustainable action, the Secop Group has created an in-house position for the topic of sustainability, which will handle all of the sustainability matters. In addition, environmental reporting will be established with the help of IT tools to keep the Management Board informed of the essential KPIs during the year and ensure compliance with the CSRD.

3.2 Pollution

The production of compressors generates waste. The company is endeavouring to further reduce this waste and keep it as low as possible. The Secop Group has already introduced a waste and disposal management system, including the separation of normal and harmful wastes as well as lubricant waste.

An environmental management system with ISO 14001 was introduced at the two production sites (Slovakia 2005 and China 2023), which also assigns environmental responsibility to dedicated, trained employees (e.g. EHS and environmental officers). A host of different environmental indicators, such as energy and water consumption as well as the quantities and types of waste, are monitored.

Operating materials and chemicals

Secop uses large amounts of metals and operating materials in production and for its products and is planning to reduce its footprint in this area. In both production sites in Europe and China, metals and operating materials are used in line with the European Union's REACH, RoHS and WEEE regulations, but the Group has also initiated additional measures. The Group has switched its lubricants to environmentally-friendly products and replaced boric acid with a new boric acid-free emulsion. Moreover, the Group planned to establish nickel-free phosphating in Slovakia in 2023, but this was postponed to 2024. The plant in China does not use nickel-based phosphating. At the same time, the company has developed a plan to prevent hazardous waste, such as slurry and mineral oils, in the production process.

Secop Group employees already sort waste generated in production and in the offices. Scrap metal, circuit boards and plastics are collected in separately marked waste containers and disposed of by certified waste management companies. The Group is effectively seeking to replace harmful operating materials with more environmentally-friendly substances. These activities led to a significant reduction in waste mineral oils and polluting substances. The above measures have led to a continuous reduction in harmful waste at the production sites in recent years. For instance, harmful waste has been able to be reduced by 36% since 2020, to 479.5 t (see figure 10).

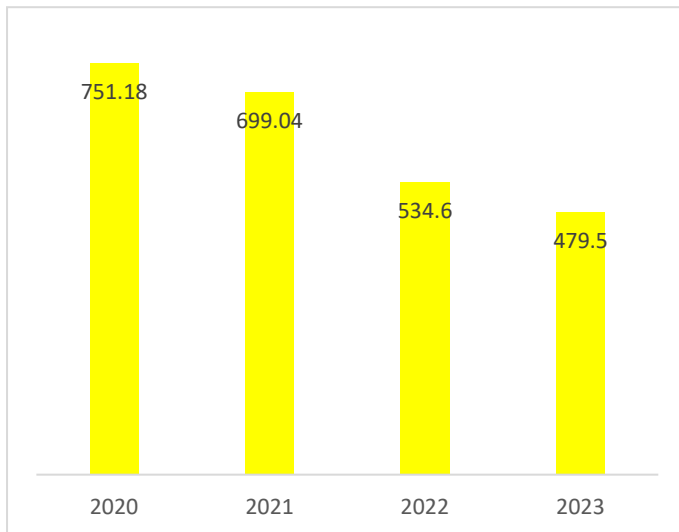


Figure 10: Harmful waste in t

Besides its own waste, the Group has also turned its focus to waste generated by customers in the supply chain. In China, the complex packaging system that in some cases led to greater quantities of waste for the customer was examined and measures analysed.

In Slovakia and China, the wastewater is monitored and tested for compliance with the threshold values. At the Slovakian site, the Group was audited for compliance with the environmental regulations twice in 2023 without this identifying any concerns. No external audit was conducted at the Chinese site, but the statutory provisions allow unannounced audits to be conducted at any time. There were no reportable occurrences in Slovakia or China in 2023. The permits for discharging wastewater were extended in China as well as Slovakia.

The overview of environmentally harmful substances is constantly updated by the Secop Group and applies for all production sites. The lubricants (mineral oils) used do not contain any substances that fall under the Californian (US) guideline for safe drinking water ("Proposition 65"). In addition, the Group ensures the clean and safe storage of liquid waste to prevent the pollution of drinking water catchments, particularly at the site in Slovakia. The drinking water at this site was monitored and given the all-clear by the authorities twice in 2023.

The premises in Slovakia were contaminated prior to 1990, for which the Secop Group is not responsible, as the Group only took over the factory at the end of the 1990s. The Group is not subject to any remediation obligations, which is guaranteed by government assurances. Despite this, the Group has set itself the goal of remediating the previously contaminated area and removing the only serious environmental risk: the measures taken will ensure that the premises in Slovakia are no longer considered contaminated in future. The Group expects the premises to be officially removed from the list of contaminated sites in 2023.

The remediation project has been officially completed by the Group and an audit in the 2023 financial year showed that the premises complies with all necessary threshold values. The Group is awaiting government confirmation of its removal from the register.

The Secop Group’s measures also extend to environmental concerns in the supply chain processes. It has introduced a Supplier Code of Conduct, which applies for all suppliers worldwide and demands appropriate behaviour (also refer to 5.1 Corruption and bribery). The Secop Group is also subject to the strict European and US environmental regulations (REACH, RoHS and Dodd-Frank Act), which also extends to all suppliers. Once again in 2023, the Secop Group audited numerous suppliers for compliance with environmental standards and did not identify any infringements. In China, the purchasing organisation also conducted on-sites audit within China.

3.3 Protection of ecosystems

Secop uses refrigerants manufactured on both an artificial as well as natural basis for its compressors. Artificial refrigerants in particular make a substantial contribution to climate change in addition to carbon emissions. Secop is therefore seeking to reduce the use of artificially produced refrigerants and switch to natural refrigerants. In the financial year the Group made a significant effort to launch new products based on natural refrigerants on the market. The new platforms, which are based on the natural refrigerant R290 (propane), reduce the carbon footprint by 5-10%.

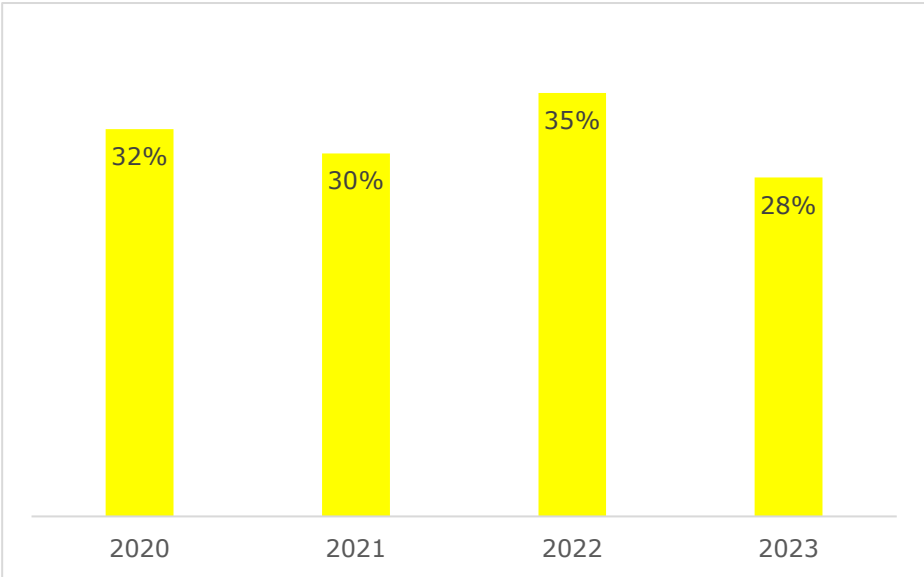


Figure 11: Proportion of refrigerants with low GWP

Secop is aiming to increase the share of compressors with “green” refrigerants³ to 65% by 2027, although the Group sells its compressors unfilled. In recent years, the share has averaged around 32%, but the difficult market environment in Europe and the USA led to a decline in this share in 2023 with lower turnover in these regions (see figure 11). Other regions, primarily China and emerging markets, still predominantly use older refrigerants with a Global Warming Potential >200 (GWP). As the turnover in China rose strongly in 2023 while turnover in Europe and the USA fell, the share of “green” refrigerants declined to 28%.

The European Union has announced the complete departure from hydrofluorocarbons (HFCs) by 2050, which will have an impact on the Secop Group, as the Group uses these kinds of refrigerants. The departure from hydrofluorocarbons is consistent with Secop’s focus on developing energy-efficient compressors and the replacement of artificial with natural refrigerants. Secop’s existing product lines for natural or “green” refrigerants puts the Group in a good position to satisfy the requirements imposed by this regulation ahead of time.

The increasing bans faced by “old” harmful refrigerants in many countries, such as in the EU and USA but increasingly also in emerging markets, means that reaching the goal of a 65% share by 2027 remains realistic.

3.4 Durability and production

Product quality is critical for Secop, as this supports the extended use of the products, which conserves the consumption of raw materials and protects ecosystems.

To ensure quality, the Secop Group has its own quality departments with in-house measuring and testing laboratories to permanently maintain this high quality. In addition, the Group has been operating a quality management system in line with ISO 9001:2015, which is regularly audited. Continuous quality controls are conducted during the manufacturing process to ensure a high quality of the products. If deviations from the defined quality standards are detected, the respective causes are identified and immediately eliminated. New technologies and processes are also constantly improving the characteristics and potential applications of the manufactured products, which is reflected in their durability among other things.

As a further step to increase quality, the Group set itself the goal of achieving certification in line with IATF 16949 in the automotive sector in 2023. This certification goes beyond the requirements of the ISO 9001:2015 standard. The IATF standard aims to effectively improve the system and process quality in

³The number of compressors with refrigerants with a GWP <200 is used as the numerator, while the total number of all compressors is the denominator.

order to increase customer satisfaction, identify errors and risks in the production process and the supply chain, eliminate its causes and review the effectiveness of implemented corrective and preventive actions. The focus is on avoiding errors rather than their detection. This important milestone will allow the Secop Group to offer an improved quality system with better quality management, quality awareness and expertise, a first-class quality monitoring system, the latest tools and better customer service support. The factory in China achieved this goal with its certification in February 2024.

4 Social matters

4.1 Employees

The employees are a decisive competitive factor for the Secop Group's business model. The continued success and development of our Group relies largely on well-trained and motivated employees. Their qualification, commitment, creativity and motivation are what shape the future viability and competitiveness of the company. Our work in the area of HR and organisational development is therefore constantly focussed on identifying talented individuals, attracting and retaining these individuals and ensuring their targeted ongoing development. To reinforce the importance of employee matters, the HR role is anchored directly in the Management Board through the CEO.

The primary goal for the Group in the area of employee matters is to build and maintain the strong identification and passion of employees for their own work, the relevant subsidiary and the entire Group.

Annual performance reviews and annual salary reviews are held with employees to further improve HR matters. There are also plans for an internal training programme to further expand and develop the skills of employees. Important KPIs are collected and controlled at the Group level (e.g. turnover) to monitor employee matters.

The Group has also conducted analyses on the "Gender Pay Gap" in recent years and is aiming to further reduce this gap after reducing it to 3% in 2022. In addition, the Group is looking to further expand the proportion of women in management positions. To achieve this, the Group has initiated local support programmes for female managers and adjusted the criteria for recruitment.

In Slovakia, more than half of the local management positions are already held by female employees.

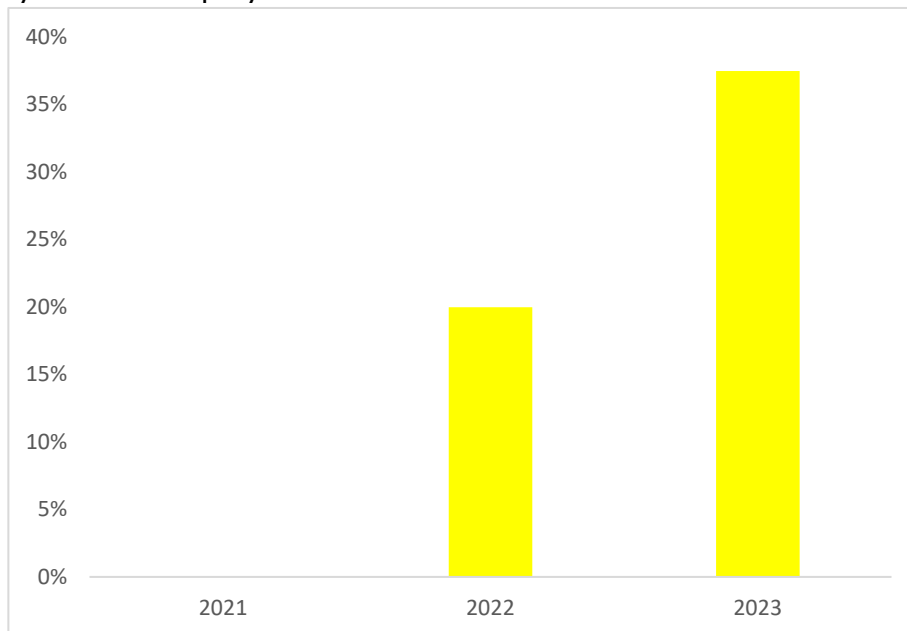


Figure 12: Proportion of women in management positions in the Group (supervisory board and global top management)

Since 2022, the proportion of women in top management has remained at 20% with one woman, while a supervisory board with 66% female members was installed in 2023, bringing the total number of women in top management and the supervisory board to three (see figure 12), which achieves the goal set the previous year. The Group is striving to further increase the proportion of women in executive committees. It has set itself the goal of achieving a proportion of 20% in the supervisory board, top management and in the subsequent management level (N-1).

In addition, the Group also voluntarily supports employee satisfaction, e.g. by organising or supporting staff parties (such as Christmas parties). The Secop Group is endeavouring to further increase its attractiveness as an employer with additional incentives (e.g. bike leasing in Germany), which are already being included in job advertisements. The Group is looking to attract more working students or interns by expanding its cooperation with universities in order to generate a future pool of suitable employees. For instance, the Group has entered into a cooperation with the University of Southern Denmark in Denmark to intensify its collaboration. The HR department in Slovakia has also participated in university open days in order to recruit graduates and interns. To make the company even more attractive, it plans to expand its HR marketing activities in 2024.

A further point concerning employees is occupational safety at the production sites, as working on machines presents a greater risk of accidents. At the Secop Group, encouraging and supporting occupational health and safety is therefore a vital factor for improving the well-being of employees. With respect to work safety, all Secop Group employees receive work safety training once a year.

In addition, the production facility in Slovakia is certified in line with ISO 450001 for occupational health and safety, while a similar local standard is in place at the production site in China.

No serious work accidents have occurred in the past three years. No reportable accidents of which the authorities needed to be notified occurred in China in 2021, 2022 and 2023. In 2023, three incidents with extended absences were registered, two of which were commuting incidents that are outside the company's sphere of influence and are therefore not considered direct work accidents. No accidents were registered in Slovakia in 2023, following the occurrence of a non-reportable incident in 2022, which led to lost working time. The Group set itself the goal of reducing the number of work accidents to zero, which was able to be achieved in Slovakia in 2023, but not in China. The Group has once again set itself the goal of achieving this zero rate for both plants in 2024.

Secop's goal is to further improve the already high level of occupational safety. To achieve this goal, employees are briefed on occupational safety in line with the legal regulations as well as receiving monthly training in specific areas. Moreover, this matter is also incorporated in the bonus system for the company's middle management. This is further enhanced by external audits in the production facilities. These are conducted quarterly in China and resulted in only minor suggestions for improvement in 2023. Two external audits were conducted in Slovakia in 2023, which did not lead to any concerns.

4.2 Human rights

It goes without saying that Secop Group is committed to respecting human rights and preventing forced and child labour. Secop does not tolerate any violations of the UN Universal Declaration of Human Rights either in its supply chain or in its Group.

The Secop Group's core business is directly affected by the classic supply chain risks of production companies. Secop suppliers are domiciled in Western industrialised countries (Europe and USA) as well as in China. These companies are subject to strict human rights laws in the Western industrialised countries. In the other countries, compliance with human rights is ensured by the acceptance of the General Terms and Conditions that suppliers are required to verify through appropriate certifications and measures, which are reviewed by the Secop Group. Secop has therefore established a specific concept and concrete measures in this area.

In addition, the Group initiated a project in 2022 in which a questionnaire, including ESG aspects, was developed and sent to suppliers. Of the 300 supplier questionnaires sent, more than 70% were returned, a pleasing result. The Group intends to include the ESG criteria in the supplier selection process to guarantee

the implementation of the standards at all times. As a result, ESG aspects were added to the General Terms and Conditions and will enter into force for all suppliers in April 2024. After the coronavirus restrictions were lifted around the world, in 2023 the Group resumed its on-site supplier audits, extended by ESG criteria. The Secop Group is not aware of any violations of human rights by suppliers or service providers at this time.

We have not identified any human rights risks that are likely to occur and which have or will have a material, negative impact on the reportable aspects.

4.3. Social equality

Supporting equal opportunity through innovations is another central concern of the Group. During the coronavirus pandemic, the Secop Group entered into a collaboration with the WHO and other partners in order to secure the medical cold chain in areas with an unstable or absent electricity grid. The Bill & Melinda Gates Foundation was also able to be acquired as a project partner. The Group’s long-term goal is for 10% of total turnover to be generated in the Medical Cooling segment. In 2023, despite the difficult market environment and the end of the coronavirus pandemic, the share was able to be increased to 2.8% (see figure 13). While a further increase was not possible for the time being as some partners encountered problems with the implementation, the Group continues to consider a long-term increase to 10% to be realistic.

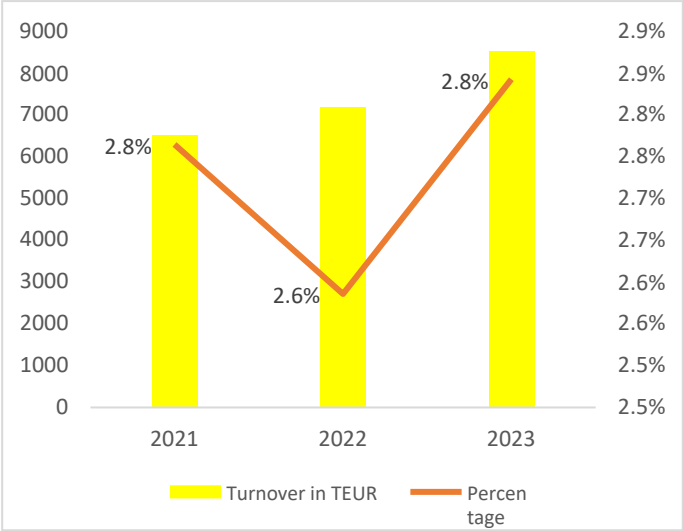


Figure 13: Medical Cooling turnover

5 Governance

5.1 Code of Conduct and corporate culture

The Secop Group has been committed to the UN Global Compact and its principles since 2011. The UN Global Compact is a voluntary initiative set up by the United Nations for companies to commit to supporting and implementing universally accepted principles in the areas of human rights, labour standards, environmental protection and anti-corruption. Through its involvement, Secop is committed to incorporating the ten principles of the Global Compact in its business strategies and activities and the associated reporting. These principles are divided into four categories:




	HUMAN RIGHTS	<p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2 make sure that they are not complicit in human rights abuses.</p>
	LABOUR	<p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4 The elimination of all forms of forced and compulsory labour;</p> <p>Principle 5 The effective abolition of child labour; and</p> <p>Principle 6 The elimination of discrimination in respect of employment and occupation</p>
	ENVIRONMENT	<p>Principle 7 Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8 Undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9 Encourage the development and diffusion of environmentally friendly technologies.</p>
	ANTI-CORRUPTION	<p>Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.</p>

Figure 14: UN Global Compact Rights

The Secop Group strives to provide a healthy and safe work environment in which employees can work without the risk of suffering an injury or illness. The

work environment encompasses all the conditions at the workplace that impact on employee health and influence the physical, chemical and psychological conditions. Efforts in this area are primarily preventative, meaning that, for instance, substances that have the potential to harm people or pollute the environment are handled with care at Secop. It also includes informing employees about safety measures, ensuring that these are followed and wearing the necessary protective equipment. Moreover, in Germany, the psychological strain on employees was also analysed and initial initiatives prepared.

The Secop Group places great importance on cultural diversity and treats all employees with respect and dignity. Discrimination is not tolerated at the workplace and measures are taken to ensure that employees do not engage in discriminatory practices. Secop's ethical guidelines are based on the principle of equality and prohibit any form of discrimination. It stresses that all persons must be treated equally and assessed according to their qualifications, efforts and performances. Discrimination based on gender, age, nationality, ethnic origin, religion, sexual orientation, disability, etc. is prohibited for the purposes of recruitment, wage regulations, career opportunities, further development or staff reduction.

Secop respects the right to privacy as anchored in the Universal Declaration of Human Rights. This means that health tests are only permitted with consent or within the scope of the statutory requirements and that questions on personal topics such as health, relationships or political affiliation are prohibited. Personal data are handled with care and in accordance with local laws, and all employees have the right to access the information collected about them. External agencies are informed of these guidelines.

In addition, the Secop Group is fully committed to the United Nation's 17 sustainable development goals (SDGs). They were adopted by the United Nations in 2015 in order to create a universal agenda for sustainable development until 2030. The SDGs provide a comprehensive framework for measures that are required to combat poverty, reduce inequality and manage climate change while also ensuring prosperity and a sustainable future for all.

Compliance with minimum standards, including within the supply chain, is very important to the Secop Group and the company is committed to the UN Global Compact rules as the Group does not fall under the thresholds of the German Supply Chain Act. Likewise, the Group will not fall within the thresholds of the European Corporate Sustainability Due Diligence Directive (CSDDD) and is therefore not required to disclose details under the CSDDD. If the thresholds or Secop's relevant KPIs change, the Group will take the necessary measures to satisfy the requirements stipulated in these regulations.

To increase responsibility in the supply chain, the General Conditions of Purchase were revised in 2023 and will be published and enter into force in the spring of 2024. The new General Conditions of Purchase contain additional requirements from the EU Taxonomy Regulation and the CSRD.

In addition, in 2023 the Group established an audit committee in line with Section 324 HGB, which is tasked with monitoring the financial reporting as well as monitoring the risk management system, internal control system and compliance. The committee held two meetings in 2023 and did not identify any violations.

5.2 Corruption and bribery

The Secop Group is committed to the principles of the free market economy and fair competition and therefore takes a firm stand against corruption. The Group operates its businesses exclusively based on the principle of performance and on the basis of free and unrestricted competition.

The Secop Group will not accept any form of corruption or other criminal offences, such as extortion, fraud, bribery or the acceptance or granting of advantages. The goal of the anti-corruption concept and measures is to prevent all cases of active or passive corruption. In this case, the performance indicator is the number of such violations.

We expect every employee to act in compliance with the law and in accordance with our internal guidelines to prevent even the mere appearance of corrupt behaviour. To enforce these principles, the Secop Group Management Board released an Ethics Manual back in 2012. The Ethics Manual was revised in 2022 and translated into all relevant languages. All Secop Group employees were also reminded of their obligation to comply with the ethical guidelines. The manual was also published on the company's homepage to make it accessible to external stakeholders, such as suppliers. Moreover, the Group introduced a whistleblower system.

The external evaluation in the ESG area, implemented by TAUW GmbH in 2021, was repeated in 2022 and at the start of 2024 in order to test the introduced internal control system as well as the newly introduced measures.

As neither passive nor active cases of corruption have had to be pursued at Secop to date, the Group assumes that the measures taken are effective. Preventing violations will also remain Secop's objective in the future. The Group has not identified any anti-corruption-related risks that are likely to occur and which have or will have a material, negative impact on the reportable aspects.

However, the Secop Group looked to continue to expand the compliance management system in 2023 by appointing a compliance officer. The Head of Global HR/Legal was appointed the Compliance Officer. In addition, an external consultant (equeoCompCor) conducted a Compliance Readiness Check for ISO 37301 certification in 2022 and 2023. This identified gaps and further measures were proposed. For instance, the Group Compliance Officer needs to be joined by compliance representatives at the production sites. Besides this, the internal structures still need to be adjusted for ISO 37301 certification. The Group has therefore postponed the certification of the enhanced compliance system in line with ISO 37301 from the end of 2024 to the end of 2025.

Moreover, a Compliance Board was established and will meet twice a year to discuss compliance issues, while compliance training was held for top management. The Group also set up an audit committee tasked with monitoring compliance.

6 EU taxonomy

6.1 Notes on the EU Taxonomy Regulation

The EU is pursuing the goal of climate neutrality by 2050 and the resulting "Sustainable Finance" action plan aims to support investments in sustainable economic activities. Regulation (EU) 2020/852 (the "Taxonomy Regulation" or "Taxonomy") is an essential part of the action plan and includes a classification system in which economic activities that contribute to the achievement of the following six environmental objectives are defined:

- (1) climate change mitigation,
- (2) climate change adaptation,
- (3) sustainable use and protection of water and marine resources,
- (4) transition to a circular economy,
- (5) pollution prevention and control and
- (6) protection and restoration of biodiversity and ecosystems.

According to the Taxonomy Regulation, economic activities are environmentally sustainable and taxonomy-aligned if they

- contribute substantially to the achievement of one or more of the six stipulated environmental objectives (substantial contribution),
- do not significantly harm the achievement of the five other EU environmental objectives (do no significant harm or DNSH) and
- comply with minimum social standards (minimum safeguards).

Every economic activity is assessed based on technical screening criteria, which the EU has published and legally implemented for all environmental objectives.

An economic activity is deemed to be taxonomy-eligible if it matches the description of the activity as per the delegated acts of the EU Taxonomy Regulation. Taxonomy-alignment additionally requires an economic activity to satisfy the technical screening criteria and that minimum safeguards are verifiably observed when carrying out the economic activity.

6.2 Reporting

In light of the Taxonomy Regulation, for the 2023 financial year Secop is providing a full report on the proportions of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) attributable to taxonomy-eligible and non-taxonomy-eligible economic activities as well as, for the first time, on proportions attributable to taxonomy-aligned and non-taxonomy-aligned economic activities.

The following assessment and reporting is based on Taxonomy Regulation (EU) 2020/852, which entered into force in July 2020. In addition, delegated Regulation (EU) 2021/2139 and (EU) 2023/2486 establishing the technical screening criteria of June 2021 and delegated Regulation (EU) 2021/2178 specifying the information to be disclosed of July 2021 are taken into account. All additional relevant publications associated with the Taxonomy Regulation were also taken into account.

The technical screening criteria as defined in the Taxonomy Regulation was used to conduct a comprehensive "Top Down" analysis of all of Secop's economic activities. The activities identified based on the analysis were then assigned to the economic activities defined in the Taxonomy Regulation and the other delegated Regulations. The newly identified activities from this "Top Down" analysis were then discussed, verified and, where applicable, supplemented by division managers at the production plants and the managers in charge based on the "Bottom Up" approach. To do so, the economic activities identified as taxonomy-eligible were reviewed with regard to the technical screening criteria as well as compliance with the minimum safeguards and finally assessed and documented.

A possible substantial contribution to the six environmental objectives was individually reviewed at the product level for every taxonomy-eligible economic activity. Within the scope of the analysis, Secop exclusively identified economic activities that make a substantial contribution to climate change mitigation and the circular economy.

The DNSH criteria primarily make reference to the legal requirements and regulations that apply in the EU and can be reviewed at the local level. Secop management discussed and assessed specific environmental requirements with local management or with the central functions, such as Quality, HSE, Compliance and Risk Management. To the extent that the Taxonomy Regulation requires individual criteria to assess the taxonomy-alignment, these were analysed and assessed for the specific product and location.

The Secop Group reviewed its product portfolio in line with the EU taxonomy and was able to identify several economic activities for the purposes of the EU taxonomy. An important goal when developing compressors is the contribution to climate change mitigation through energy efficiency and the protection of the ecosystem by reducing harmful greenhouse gases and using natural refrigerants.

Economic activity 1.2.: Manufacture of electrical and electronic equipment

While the Secop Group does not manufacture any electrical and electronic equipment, it purchases electrical equipment, such as test equipment or IT equipment, for its activities. In a first step, the Group identified the relevant equipment. It then reviewed the technical screening criteria and, based on the specific property of the products, cannot currently provide an Ecolabel, meaning that this economic activity can also be classified as merely taxonomy-eligible.

Economic activity 3.6.: Manufacture of other low carbon technologies

Low carbon technologies must aim to and demonstrate substantial life-cycle GHG emission savings in other sectors of the economy compared to the best performing alternatives available on the market in order to make a substantial contribution to climate change mitigation.

In this context, the Secop Group develops the variable speed technology as this technology provides a clear energy saving and resulting carbon emissions saving compared to the fixed speed segment. The Secop Group interprets a saving as substantial if there is a reduction in GHG emissions of at least 10%, which is considered standard in industry. The variable speed technology saves more than 10% of emissions over the life cycle, which Secop has demonstrated in tests in which it installed this technology in customer systems and was able to verify the potential savings.

According to the EU Taxonomy Regulation, the emissions saving is calculated based on the ISO 14067 or 14064-1 standards, but the described potential savings were calculated according to the industry standard for the coefficient of performance for mechanical cooling systems. Based on the current technical screening criteria for compliance with the EU Taxonomy Regulation, this turnover cannot be considered taxonomy-aligned and can therefore be classified only as taxonomy-eligible for 2022 and 2023.

In addition, the Group analysed the DNSH criteria for the economic activity, which also need to be reviewed from 2023. The group satisfied all the criteria: in particular Secop satisfies all the requirements with regard to the circular economy and the associated durability of the products, as the customer design specifications require the products to last for more than 10 years and the Secop Group exceeds these requirements. The technical criteria and the DNSH criteria are also joined by the requirement to comply with the minimum safeguards. The

Secop Group is fully committed to the UN Global Compact rules and protective regulations, but the EU Taxonomy Regulation contains additional criteria (OECD Guidelines for Multinational Enterprises), which the Group has not currently implemented, meaning that the turnover based on economic activity 3.6. can be classified as taxonomy-eligible and not as taxonomy-aligned.

Economic activity 3.18.: Manufacture of automotive and mobility components

The Secop Group further analysed its economic activities in accordance with the additional published acts of the EU Taxonomy Regulation in 2023. As a result, the manufacture of compressors for the automotive industry was removed from activity 3.6. and transferred to the new area of economic activity 3.18. Manufacture of automotive and mobility components.

Within the scope of the Mobile Cooling segment, the Group sells compressors to several automotive manufacturers. In the past, mobile compressors were primarily sold to lorry manufacturers as well as the manufacturers of mobile homes and caravans. Secop products have established themselves in various new projects for eCar applications and the demand for integrated refrigerators in new eCar concepts in China is increasing demand for associated Secop compressors. The new BD Nano platform is particularly well-suited for the needs of these projects.

The turnover from activity 3.18. is considered taxonomy-aligned if the corresponding compressors are installed in vehicles that themselves do not produce any emissions. The Secop Group sold the BD Micro/Nano compressors to various e-vehicle manufacturers in China that exclusively offer electric vehicles and do not produce any emissions themselves. All other applications, such as in conventional commercial and recreational vehicles, are considered taxonomy-eligible but not taxonomy-aligned. Besides the technical screening criteria that the Group satisfies, the DNSH criteria also needs to be reviewed, which the Group satisfies as well. Within the scope of the review of the minimum safeguards, the Group does not fully satisfy the strict criteria of the EU Taxonomy Regulation, but is fully committed to the UN Global Compact rules and protective regulations as per activity 3.6.

Economic activity 6.5.: Transport by motorbikes, passenger cars and light commercial vehicles

The Group fundamentally leases all vehicles that are used as company vehicles within the Group. In addition, the Group has light commercial vehicles in the form of forklifts that are used in the storage facilities of the production units as well as at the sites with warehouses.

According to Annex I of the delegated act, these vehicles are required to comply with certain thresholds for specific carbon emissions in order to make a substantial contribution to climate change mitigation. An initial review step

showed that some taxonomy-eligible vehicles satisfy these criteria and therefore make a substantial contribution to climate change mitigation. A second step reviews the Do No Significant Harm criteria, in which electrically powered light commercial vehicles and two hybrid vehicles in particular can be considered taxonomy-aligned. For the remaining vehicles, the thresholds required under Annex I were not able to be achieved so these vehicles can only be considered taxonomy-eligible.

Economic activity 7.2.: Renovation of existing buildings

As part of the introduction of the BD Nano line, refurbishments were carried out in the existing building in China, but these modifications do not satisfy the technical screening criteria of a primary energy reduction of 30%, so the activity can only be classified as taxonomy-eligible.

Economic activity 7.7.: Acquisition and ownership of buildings

The rental properties used by Secop do not satisfy the requirements for the overall energy efficiency of buildings, so economic activity 7.7. is taxonomy-eligible in the 2023 financial year.

Economic activity 8.1.: Data processing, hosting and related activities

The Secop Group hires the services of a data centre for data processing. The Group is currently not in possession of evidence that the provider implements the procedures required under Annex I of the delegated act. Accordingly, the technical screening criteria can be considered unfulfilled and the economic activity is merely classified as taxonomy-eligible.

<i>Economic activity for the purposes of the EU taxonomy</i>	<i>Description of economic activities in line with the EU taxonomy</i>	<i>Application of the economic activity at the Secop Group</i>
1.2. Manufacture of electrical and electronic equipment	Manufacturing of electrical and electronic equipment for industrial, professional and consumer use. This activity includes manufacturing of rechargeable and non-rechargeable portable batteries. The activity does not include manufacturing of other battery categories.	Purchase of IT equipment and test equipment for the R&D centres and fixed assets.
3.6. Manufacture of other low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in Sections 3.1 to 3.5 of the Annex of the EU Taxonomy.	Manufacture of air-conditioning compressors that use an electric motor as a drive source. Emissions savings through variable speeds in the electric motors to further reduce energy consumption.
3.18. Manufacture of automotive and mobility components	Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of mobility components for zero-emission personal mobility devices and of automotive and mobility systems, components, separate technical units, parts and spare parts.	Manufacture of air-conditioning compressors that can be used in cars and lorries with a purely electric, hybrid and fossil fuel-based drive system.
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1 and N1 or L.	Leasing of cars and forklift trucks
7.2. Renovation of existing buildings	Construction and civil engineering works or preparation thereof.	Expansion of the factory in China for the new BD Nano line
7.7. Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Rental of buildings
8.1. Data processing, hosting and related activities	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing.	Data processing in an external data centre

6.3 Definition of the key performance indicators

The definitions of the key performance indicators of turnover, capital expenditure and operating expenditure are essentially provided in the Taxonomy Regulation in accordance with Annex 1 of the act concerning the reporting obligations as per Art. 8 of the EU Taxonomy Regulation.

Turnover:

The turnover as reported in the consolidated statement of comprehensive income of the Secop Group is the denominator. The accounting and measurement policies are presented in the separate notes and apply accordingly. The numerator is the proportion of turnover that the Group companies have identified as taxonomy-eligible or taxonomy-aligned.

CAPEX

The additions in the financial year, which are reported in the "Additions" row in the schedule of fixed assets under property, plant and equipment and intangible assets are the capital expenditure and therefore the denominator of the KPI. The accounting and measurement policies are presented in the separate notes and apply accordingly. The numerator is the proportion of capital expenditure that the Group companies have identified as taxonomy-eligible or taxonomy-aligned.

All capital expenditure assigned to the variable drive project area is taxonomy-eligible. Secop is able to precisely determine capital expenditure for all R&D activities, as project overviews exist for all R&D activities and their expenditure is recorded in a Group-wide project tool.

OPEX

The denominator of the key performance indicator is comprised of

- the direct, non-capitalised expenditure from the area of research and development, training costs,
- operating expenditure attributable to the CapEx plan,
- from the purchase of services from taxonomy-aligned economic activities and individual measures with which decarbonisation or a greenhouse gas reduction can be implemented within 18 months for the target activities, including the expenses for building renovation.

The numerator is the part of the denominator that was identified as taxonomy-eligible or taxonomy-aligned (taxonomy-relevant) by the Group companies. The taxonomy-relevant operating expenditure includes the expenditure directly and

exclusively attributable to taxonomy-relevant products, technologies and applications. Examples include research and development costs, renovation costs for own buildings as well as the service and maintenance of machines and plants.

6.4 Key performance indicators as per the EU taxonomy

KPIs as per the EU taxonomy – turnover 2023

Financial year 01/01/ – 31/12/2023	2023		Substantial contribution criteria							DNSH criteria							Minimum, safeguards	Taxonomy-aligned proportion of turnover, 2022	Category (enabling activity)	Category (transitional activity)
	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems					
Economic activities																				
A. Taxonomy-eligible activities		97,808,671	41.5%																	
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0.0%																	
Thereof enabling activities		0	0.0%															E		
Thereof transitional activities		0	0.0%															T		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	3.6.	88,205,812	37.5%	EL	EL	N/EL	N/EL	N/EL	N/EL									0%		
Manufacture of automotive and mobility components	3.18.	9,602,860	4.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0%		
Taxonomy-eligible but not environmentally sustainable activities		97,808,671	41.5%																	
Total (A.1 + A.2)		97,808,671	41.5%																	
B. Taxonomy non-eligible activities		137,666,241	58.5%																	
Turnover not taxonomy eligible		137,666,241	58.5%																	
Total (A + B)		235,474,912	100.0%																	

	Proportion of turnover / total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	0.0%	22.8%
Climate change adaptation	0.0%	18.7%
Sustainable use and protection of water and marine resources	0.0%	0.0%
Transition to a circular economy	0.0%	0.0%
Pollution prevention and control	0.0%	0.0%
Protection and restoration of biodiversity and ecosystems	0.0%	0.0%

KPIs as per the EU taxonomy – CapEx 2023

Financial year 01/01/ – 31/12/2023	2023			Substantial contribution criteria						DNSH criteria						Minimum, safeguards	Taxonomy aligned proportion of CapEx, 2022	Category (enabling activity)	Category (transitional activity)
	Code(s)	Absolute capital expenditure	Proportion of capital expenditure	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems				
Economic activities																			
A. Taxonomy-eligible activities		11,702,123	61.6%																
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0.0%																
Thereof enabling activities		0	0.0%														E		
Thereof transitional activities		0	0.0%															T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	3.6.	3,581,937	18.8%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Renovation of existing buildings	7.2.	3,896,100	20.5%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	7.7.	656,154	3.5%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Transport by motorbikes, passenger cars and commercial vehicles	6.5.	1,014,494	5.3%	N/EL	EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of automotive and mobility components	3.18.	2,489,065	13.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of electrical and electronic equipment	1.2.	64,373	0.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
CapEx taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		11,702,123	61.6%																
Total (A.1 + A.2)		11,702,123	61.6%																
B. Taxonomy non-eligible activities		7,304,579	38.4%																
CapEx not taxonomy eligible		7,304,579	38.4%																
Total (A + B)		19,006,702	100.0%																

	Proportion of capital expenditure / total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	0.0%	31.1%
Climate change adaptation	0.0%	23.3%
Sustainable use and protection of water and marine resources	0.0%	0.0%
Transition to a circular economy	0.0%	7.2%
Pollution prevention and control	0.0%	0.0%
Protection and restoration of biodiversity and ecosystems	0.0%	0.0%

KPIs as per the EU taxonomy – operating expenditure (OpEx) 2023

Financial year 01/01/ – 31/12/2023	2023		Substantial contribution criteria						DNSH criteria						Minimum, safeguards	Taxonomy-aligned proportion of OpEx, 2022	Category (enabling activity)	Category (transitional activity)
	Code(s)	Absolute operating expenditure	Proportion of operating expenditure	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control				
Economic activities																		
A. Taxonomy-eligible activities		1,075,110	5.8%															
A.1 Environmentally sustainable activities (taxonomy-aligned)																		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0.0%															
Thereof enabling activities		0	0.0%													E		
Thereof transitional activities		0	0.0%														T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																		
Data processing, hosting and related activities	8.1.	1,075,110	5.8%	EL	EL	N/EL	N/EL	N/EL	N/EL							0%		
OpEx taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		1,075,110	5.8%															
Total (A.1 + A.2)		1,075,110	5.8%															
B. Taxonomy non-eligible activities		17,450,305	94.2%															
<i>OpEx not taxonomy eligible</i>		17,450,305	94.2%															
Total (A + B)		18,525,415	100.0%															

	Proportion of operating expenditure / total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation	0.0%	2.9%
Climate change adaptation	0.0%	2.9%
Sustainable use and protection of water and marine resources	0.0%	0.0%
Transition to a circular economy	0.0%	0.0%
Pollution prevention and control	0.0%	0.0%
Protection and restoration of biodiversity and ecosystems	0.0%	0.0%

Template 1 Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	Yes/No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

As Secop does not carry out any nuclear energy or fossil gas related activities indicated here, templates 2 to 5 from the supplementary delegated act for activities in certain energy sectors have not been presented.