2025 Sustainability Report

FETTE COMPACTING



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Introduction

Sustainability is a core component of the Fette Compacting Group and is firmly anchored in our corporate strategy. As part of the LMT Group, we view sustainability as a long-term responsibility – for the economic stability of our company, technological progress, and our ecological and social accountability along the value chain.

This report provides insight into our sustainability activities and achievements for the 2025 fiscal year. Our goal is to report transparently on our progress, actions, and challenges in the field of sustainability and thereby fulfill our corporate responsibility.

The amendments to the European legal framework for sustainability reporting adopted in 2025 have changed the scope of the Corporate Sustainability Reporting Directive (CSRD). As things stand, the LMT Group is under no legal obligation to report in accordance with the CSRD's requirements. Regardless, the Fette Compacting Group continues to pursue the goal of transparent and comprehensible sustainability reporting and voluntarily aligns itself with the European Sustainability Reporting Standards (ESRS).

We are convinced that transparent and structured reporting makes an important contribution to responsible corporate governance. It enables comparability for our stakeholders, supports dialogue with customers, employees, business partners, and promotes the continuous improvement of our sustainability management.

At the same time, our alignment with the ESRS enables us to consistently develop the processes and structures we have built up in recent years and remain prepared for future regulatory requirements. In doing so, we consider the simplifications to the ESRS proposed by the Europena Financial Reporting Advisory Group (EFRAG), which aim to place greater emphasis on the material sustainability issues and reduce the complexity. The Fette Compacting Group intends to gradually align its reporting with these simplified requirements in the future while maintaining a high degree of transparency and traceability.

The report is based on the European Sustainability Reporting Standards (ESRS). These standards establish a uniform framework for the disclosure of material information on environmental, social, and governance (ESG) issues and promote the comparability of sustainability information.

This report continues to be based on the Double Materiality Assessment (DMA) conducted at the LMT Group level. This analysis is a key management tool for specifically identifying the most important sustainability issues for our company and our stakeholders. It considers both the financial impacts of sustainability issues on our company and the impacts of our business activities on the environment and society.

In the 2025 reporting year, we assessed whether there had been any significant changes in the business model, the market environment, or our stakeholders' expectations that would require an adjustment to the results of the materiality analysis. The review confirmed the previous findings. Consequently, no new materiality analysis was conducted, and the identified material impacts, risks, and opportunities continue to form the basis of our sustainability reporting.

A key component of the materiality analysis is the concept of impacts, risks, and opportunities (IROs). It enables us to assess sustainability issues holistically and to identify those aspects that are of particular importance for the long-term development of our company and our stakeholders.

As part of the materiality analysis, eleven material ESG issues were identified. Close collaboration with representatives from relevant business units – such as Finance, Environmental and energy management, occupational safety, human resources, IT, supply chain management, legal, and compliance was crucial for systematically analyzing material impacts, risks, and opportunities and conducting a well-founded assessment in line with the principle of double materiality.

The Fette Compacting Group is continuously improving its sustainability reporting. Our goal is to ensure high data quality, transparency, and traceability, and to provide our stakeholders with reliable information on our company's material sustainability issues.

This report has not been subject to an external assurance.

Fette Compacting at a Glance

360

million euros: annual turnover of the LMT Group

75

thousand euros: Donations for charitable causes

~700

patents and patent applications

>6,000

machines installed worldwide

50 5

sales network in 50 countries across 5 continents

14

locations

1,090

employees worldwide

71

apprentices and students worldwide

General disclosures

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In our general disclosures, we outline the scope of our reporting and address governance-related topics such as management responsibilities, sustainability oversight, incentive systems, sustainability due diligence, and sustainability risk management. We also explain our strategy, business model, value chain, and stakeholder interests – always in the context of the double materiality assessment (DMA).

This report is available on the Fette Compacting website. If you would like further information on specific topics covered in this report, or if you have any questions or feedback, please contact us at: sustainability@fette-compacting.com.

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General basis for preparation of the sustainability statement

ESRS 2/BP-1

General information on the undertaking's sustainability reporting

This sustainability statement was prepared on a voluntary basis and is aligned with the European Sustainability Reporting Standards (ESRS). The amendments to the European legal framework for sustainability reporting adopted in 2025 mean that, as of currently has no legal reporting obligation under the Corporate Sustainability Reporting Directive (CSRD). Regardless, the Fette Compacting Group continues to pursue the goal of creating transparency on material ESG issues, promoting the comparability of sustainability information, and further developing the processes and structures for ESRS-aligned reporting that have been established in recent years.

The sustainability disclosures relate to Fette Compacting Holding GmbH and cover the Group's major operating and production sites of the group. These includes the headquarters and production site of Fette Compacting GmbH in Schwarzenbek (Germany) as well as the production entity Fette Compacting (China) Co., Ltd. in Nanjing (China). Other subsidiaries of Fette Compacting Holding GmbH will be gradually integrated into the systematic data collection. To the extent that relevant data is available, reporting is increasingly conducted at the level of Fette Compacting Holding GmbH and thus on a consolidated basis for the corporate group.

The scope of consolidation for the Fette Compacting Group's financial reporting includes, in addition to Fette Compacting GmbH, headquartered in Schwarzenbek, the parent company as well as all fully consolidated subsidiaries and sister companies, and and thus differs from the scope of sustainability reporting.

The disclosures cover the key segments of the Fette Compacting Group's value chain, including the impacts, risks, and opportunities (IROs) identified in upstream, downstream, and the Group's own business operations.

The extent to which policies, measures, key performance indicators, and goals extend beyond our own business activities varies depending on the topic. This is explained in the topic-specific disclosures.

ESRS 2/BP-2

Information in relation to specific circumstances

Time horizons

The time horizons considered in this report correspond to the standards set forth in the ESRS: short-term (up to 1 year), medium-term (1–5 years), and long-term (over 5 years). No deviating definitions are used.

Corrections

Corrections are made based on a materiality assessment. They are clearly identified in connection with the corrected data or information.

External assurance

The 2025 Sustainability Statement has not been subject to an external assurance. An external assurance engagement is planned once the legal reporting obligation becomes effective.

Use of estimates

When estimates are used, they and the underlying methods are described – including any measurement uncertainties. Some disclosures are partially based on approximations or external data sources. The applied methodologies follow the GHG Protocol and recognized industry standards. The degree of accuracy varies depending on the data source; continuous improvement measures have been initiated.

Changes and errors

The Fette Compacting Group is continuously refining its sustainability reporting. If methods, assumptions, or data sources change from the previous year and have a material impact on the comparability of the disclosures, these changes are explained in the respective section. Material errors in previously published disclosures are identified, assessed, and corrected, as necessary.

Governance

ESRS 2/GOV-1

The role of the administrative, management and supervisory bodies

Fette Compacting follows a values-based approach to corporate governance that promotes efficiency, responsibility, sustainability, and long-term success at all levels. The Management Board of Fette Compacting serves as the highest executive body and defines the company's global strategy. It sets financial and non-financial performance indicators and drives sustainable business development. The highest supervisory body is the Supervisory Board of the LMT Group.

Supervisory Board

The Supervisory Board of the LMT Group consists of eight non-executive members. The Supervisory Board oversees, monitors, and advises the Management Board on the management of the company and regularly discusses business performance, planning, strategy, and risks with the executive team. The Supervisory Board performs an independent review function.

- Each member is appointed for a five-year term and may be reappointed.
- The chairperson is elected by the board members.
- The external members of the Supervisory Board are appointed and elected by the shareholders.
- The proportion of women remained unchanged at 37.5 % in the reporting year.

Committees of the Supervisory Board

- Supervisory Board committees assist the board in preparing specific matters and formulating recommendations, which are subsequently resolved by the full board.
- The responsibilities and mandates of the committees are governed by internal charters, which are reviewed regularly and updated as needed.
- The respective committee chairs regularly report to the full Supervisory Board on the committee's work.
- Committee members, including the chairs, are appointed by the Supervisory Board from among its members.
- Oversight of IROs (key areas such as financial reporting, internal control, and risk management) is embedded primarily in the Audit Committee.

Audit Committee

- The Audit Committee consists of three members of the Supervisory Board.
- It supports the Supervisory Board in overseeing financial, sustainability-related, and statutory audit matters, internal control, and risk management - including business ethics and whistleblowing systems.
- Its responsibilities include monitoring the independence of the external auditor and the auditor selection process, as well as assessing the adequacy of the control and governance systems.
- The committee reports regularly to the Supervisory Board

Personal Committee

- The Personnel Committee consists of three members of the Supervisory Board.
- It supports the Supervisory Board in preparing personnel-related decisions, particularly with regard to the Management Board.
- Its responsibilities include drafting proposals for employment contracts, compensation policies, and fundamental issues of human resources strategy, as well as regularly reviewing of the compensation policy and ensuring compliance with it, monitoring incentive programs and specific targets
- The committee reports regularly to the Supervisory Board

Management Board

- As of the end of the 2025 reporting period, the management of Fette Compacting consisted of three managing members registered in the German Commercial
- At the time of this report's publication, there are two members.
- Their responsibility is the operational management of Fette Compacting, in accordance with the strategic direction set by the Supervisory Board.
- The members of the Management Board are appointed by the shareholders' meeting.
- Certain actions require approval by the Supervisory Board or the shareholders' meeting in accordance with the Articles of Association and the rules of procedure.
- The Management Board reports regularly to the Supervisory Board

Governance

Works Council

- The Works Council of Fette Compacting GmbH at the Schwarzenbek site consists of 13 elected members.
- It represents the interests of the workforce vis-à-vis the Management Board and carries out its duties in accordance with the German Work Constitution Act (BetrVG). These include co-determination, participation, and the monitoring of legal regulations, collective agreements, and works agreements.
- The works council is organized into several committees, including the Works Council Committee, the Social Committee, the Education Committee, the Compensation Committee, the Training Committee, and the Occupational Safety Committee
- The works council is regularly informed about the company's economic affairs by the Economic Committee established pursuant to Section 106(1), first sentence of the Works Constitution Act (BetrVG).

The LMT Group regularly reviews the composition and independence of its governing bodies to ensure that the corporate governance structures comply with regulatory requirements and best practices. The goal is independent and balanced decision-making process that considers the interests of both shareholders and employees.

Oversight of IROs (impacts, risks, and opportunities) and responsibilities within management

For the sustainable success of the LMT Group and its business divisions LMT Tools and Fette Compacting, it is essential to identify risks and opportunities at an early stage, assess them appropriately, and implement effective mitigation measures. The LMT Group operates a globally implemented and integrated risk management system that is embedded in corporate governance. This system is used to identify, quantify and monitor risks and is supported by the IT-based risk management tool RIMIKSX.

The system is reviewed annually and adapted to the specific global risk landscape. To ensure comprehensive coverage of non-financial risks – particularly those related to environmental, social and governance matters – a targeted further development of the existing risk management system is planned.

The responsibility for overseeing IROs (impacts, risks and opportunities) lies with the Supervisory Board, particularly with the Audit Committee. The Management Board holds overall responsibility for the operational implementation of the risk management system. It delegates the subject-specific management of material IROs to designated Risk Owners, who are responsible for identifying and assessing risks within their respective areas.

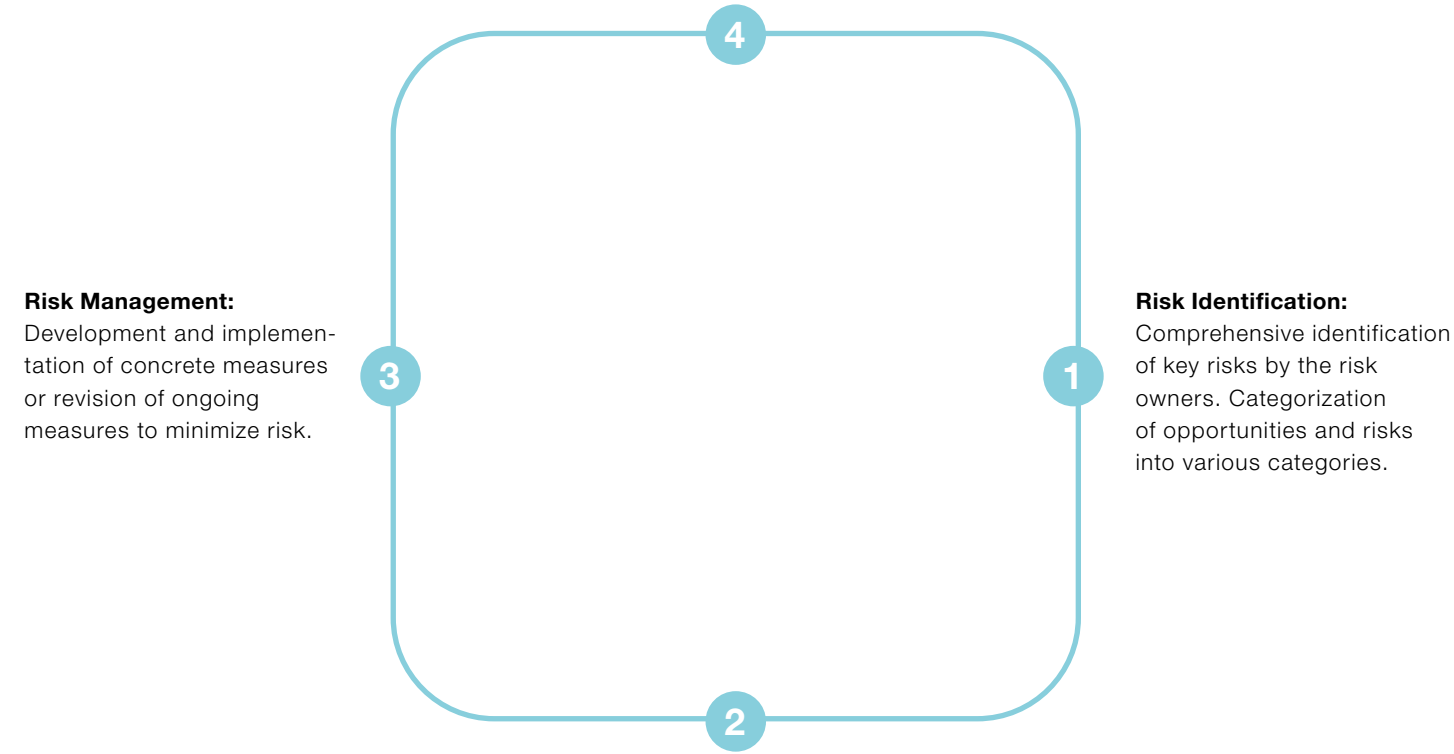
The Risk Manager is centrally responsible for coordinating the entire risk management process. Annual risk workshops support the continuous evaluation and control of risks.

Governance

Risk management process
The opportunity and risk management system is established as a group-wide, continuous, and active process to identify, assess, manage, and monitor risks and opportunities. The process is based on the Plan-Do-Check-Act (PDCA) cycle and forms an integral part of our values-based corporate governance.

The operational business units are required to review their risk exposure annually (changes, additions, or removal of risks). The Risk Owners are responsible for identifying, assessing, and managing risks within their respective areas.

The Risk Manager provides an annual report on the overall risk landscape, including the top risks, risk clusters, and the status of key mitigation measures. Ad hoc risks are reported directly as needed. The Management Board reports to the Supervisory Board at least once per year on the most significant risks and their distribution across various thematic areas. In the case of significant risks, additional ad hoc reporting is conducted.



Governance

Sustainability targets
Management bears overall responsibility for the Fette Compacting Group's sustainability strategy and the qualitative and quantitative goals derived from it. The technical design, implementation, and monitoring are carried out by the respective business units. The goals are integrated into existing management and control processes and are regularly reviewed and refined.

The specific objectives, their scope, the associated key performance indicators, and – where available – the status of goal achievement are presented in the respective topic-specific chapters of this report. Where quantitative targets have not yet been established, the qualitative objectives, the associated measures, and the status of further development are explained there.

Sustainability-related expertise
The LMT Group ensures that the administrative, management and supervisory bodies possess the necessary expertise to oversee sustainability matters and that this expertise is continuously developed. This is achieved through regular specialised board trainings conducted in cooperation with certified training providers. These trainings are tailored to the company's specific needs and are based on briefings provided by the Chair of the Supervisory Board or the Chair of the Audit Committee.

In addition, external sustainability experts and consultants are engaged to support informed decision-making and to integrate best practices in the areas of environment, social responsibility, and governance (ESG) into corporate management. These measures ensure that sustainability knowledge is not viewed in isolation, but is systematically embedded into the long-term corporate strategy and the risk management system.

The knowledge acquired enables sound evaluation and management of ESG risks within the existing risk management system (RMS). The systematic integration of sustainability aspects into the risk assessment process allows financial and operational impacts to be identified at an early stage and regulatory require-ments to be implemented efficiently.

The expertise of the governing bodies contributes to aligning the company's strategic objectives with ESG requirements – with the dual aim of minimizing risks and leveraging sustainable business opportunities. In this way, the LMT Group ensures that sustainability expertise is not only considered in risk management, but is firmly embedded as an integral part of long-term strategy and day-to-day decision-making.

ESRS 2 / GOV-2

Information and sustainability matters addressed by the administrative, management and supervisory bodies
The administrative, management and supervisory bodies of the LMT Group are gradually being integrated into sustainability reporting and the management of material ESG impacts, risks and opportunities (IROs).

In the future, the Supervisory Board and its Audit Committee will be informed about relevant sustainability topics as part of the annual sustainability reporting process. This includes the key content and developments in the report as well as the impacts, risks, and opportunities relevant to Fette Compacting.

This is based on the results of the double materiality analysis (DMA). As part of the annual reporting process, an assessment is made to determine whether significant changes to the business model, the business environment, or the expectations of relevant stakeholders necessitate an update to the identified IROs or the reporting priorities.

Regardless of the annual reporting cycle, material sustainability issues that warrant immediate action are communicated to the appropriate management and supervisory bodies through the existing reporting and escalation channels.

Governance

Consideration of ESG matters in strategy and decision-making
Sustainability aspects are considered within the framework of existing strategy, investment, and decision-making processes to the extent that they are relevant to the business activities or the long-term development of the Fette Compacting Group. The impacts, risks, and opportunities identified as part of the double materiality analysis serve as a guiding framework and are assessed within the respective responsible business units.

Sustainability-related risks are already incorporated into the existing Group-wide risk management system, RIMIKSX. The Fette Compacting Group identifies and assesses these risks as part of the established risk management processes. Operational management is the responsibility of the respective risk owners. The central risk manager consolidates and monitors the reported risks and reports to management at least annually and as needed on an ad hoc basis to the Management Board. The Management Board informs the Supervisory Board accordingly about the material risks.

Focus topics during the reporting period
In 2024, the LMT Group conducted a double materiality analysis (DMA) for the first time. In the process, the significant sustainability-related impacts, risks, and opportunities (IROs) were systematically identified, assessed, and consolidated. The results were discussed with management and the Supervisory Board. Further consideration of the identified IROs is conducted within the framework of existing responsibilities and established corporate processes.

In the 2025 reporting year, the results of the analysis were reviewed to continued validity. This review did not reveal any material changes that would have required an update. They therefore continue to serve as the guiding framework for addressing relevant sustainability issues.

The substantive handling of key sustainability is managed by the respective responsible business units. Information on developments during the reporting period, as well as the respective strategies, goals, measures, and key performance indicators, is provided in the topic-specific chapters of this report.

ESRS 2 / GOV-3

Integration of sustainability-related performance in incentive schemes
The Fette Compacting Group currently does not have any explicit incentive mechanisms linked to sustainability targets.
The existing remuneration system is based on the principle of performance-based and market-competitive compensation. ESG-related criteria are not yet part of the system.

Considering the increasing relevance of sustainability-related performance indicators, the company is evaluating how ESG targets could meaningfully be integrated into the existing incentive structures. These considerations are still at an early stage and consider both internal corporate objectives and evolving regulatory requirements.

Governance

Responsibility for the design and potential adaptation of remuneration systems is assigned to different governance levels:

- The shareholders' meeting is responsible for determining the remuneration of Supervisory Board members.
- The Supervisory Board is responsible for determining the remuneration of the Management Board.
- The Management Board is responsible for the remuneration structure for employees.

At present, the performance of governing body members is not assessed based on specific sustainability indicators, and no variable compensation is tied to ESG targets. Any future adjust-ments would be introduced gradually and developed in alignment with the overarching corporate strategy.

ESRS 2 / GOV-4

Due diligence in the area of sustainability

Core Elements of Due Diligence	Paragraphs in the Sustainability		
a) Integration of due diligence into governance, strategy, and the business model	ESRS 2 GOV-2 ESRS 2 GOV-3 ESRS 2 SBM-3	ESRS 2 SBM-3 / E1 ESRS 2 SBM-3 / E5-6 ESRS 2 SBM-3 / S1	ESRS 2 SBM-3 / S2 ESRS 2 SBM-3 / S4
b) Engagement with affected stakeholders in all relevant steps of the due diligence process	ESRS 2 GOV-1 ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 SBM-2 / S1 ESRS 2 SBM-2 / S2	ESRS 2 SBM-2 / S4 ESRS 2 IRO-1 ESRS 2 MDR-P ESRS 2 MDR-P / E1-2 ESRS 2 MDR-P / E5-1	ESRS 2 MDR-P / S1-1 ESRS 2 MDR-P / S2-1 ESRS 2 MDR-P / S4-1
c) Identification and assessment of actual and potential negative impacts	ESRS 2 IRO-1 ESRS 2 IRO-1 / E1 ESRS 2 IRO-1 / E5	ESRS 2 IRO-1 / G1 ESRS 2 SBM-3 ESRS 2 SBM-3-E1	ESRS 2 SBM-3-S1 ESRS 2 SBM-3-S2 ESRS 2 SBM-3-S4
d) Actions taken to address those actual and potential negative impacts	ESRS 2 MDR-A / E1-3 ESRS 2 MDR-A / E5-2 ESRS 2 MDR-A / S1-4	ESRS 2 MDR-A / S2-4 ESRS 2 MDR-A / S4-4 E1-1	G1-1 G1-2 G1-3
e) Tracking the effectiveness of these actions and communication accordingly	ESRS 2 MDR-M / E1-5 ESRS 2 MDR-M / E1-6 ESRS 2 MDR-M / E1-9 ESRS 2 MDR-M / E5-4 ESRS 2 MDR-M / E5-5 ESRS 2 MDR-M / E5-6 ESRS 2 MDR-M / S1-6 ESRS 2 MDR-M / S1-7 ESRS 2 MDR-M / S1-8 ESRS 2 MDR-M / S1-9	ESRS 2 MDR-M / S1-10 ESRS 2 MDR-M / S1-11 ESRS 2 MDR-M / S1-12 ESRS 2 MDR-M / S1-13 ESRS 2 MDR-M / S1-14 ESRS 2 MDR-M / S1-15 ESRS 2 MDR-M / S1-16 ESRS 2 MDR-M / S1-17 ESRS 2 MDR-M / G1-4 ESRS 2 MDR-M / G1-6	ESRS 2 MDR-T / E1-4 ESRS 2 MDR-T / E5-3 ESRS 2 MDR-T / S1-4 ESRS 2 MDR-T / S1-5 ESRS 2 MDR-T / S2-4 ESRS 2 MDR-T / S2-5 ESRS 2 MDR-T / S4-4 ESRS 2 MDR-T / S4-5

Governance

ESRS 2/GOV-5

Risk management and internal controls over sustainability reporting

The controls for sustainability reporting are integrated into the Fette Compacting Group's annual reporting process. They relate to the collection, preparation, consolidation, review, and approval of the qualitative and quantitative information contained in the sustainability report. The necessary information is provided by the respective responsible business units and subsidiaries.

The risks associated with reporting are assessed qualitatively. Particular attention is paid to disclosures where there is an increased risk of incomplete, inconsistent, or erroneous information due to manual data collection, varying data sources, estimates, or changes in calculation methods. These risks are addressed through clearly defined responsibilities, coordination with the departments providing the data, documentation of key data sources and calculation methods, as well as completeness and plausibility checks.

Any identified discrepancies or outstanding issues are clarified with the relevant business units and considered upon completion of the report. Significant findings are presented to management as part of the review and approval of the sustainability report. The Supervisory Board and its Audit Committee are informed in connection with the annual reporting; in the case of significant matters, the existing ad hoc reporting and escalation channels may be used.

Strategy

ESRS 2/SBM-1

Our business model and how we create value

With over 6,000 systems installed and more than 12,000 machines produced, Fette Compacting is the global market leader in tablet presses and integrated solutions for industrial tablet manufacturing. Headquartered in Schwarzenbek near Hamburg, with a technology and production facility in Nanjing, China, the company supports customers worldwide in the pharmaceutical, nutrition, and chemical industries.

Fette Compacting pursues the strategic direction “together – from lab to production” and is continuously evolving from a machine manufacturer into an integrated solutions and process partner. The goal is to support customers throughout the entire development and production process – from analysis and formulation development through process development, scale-up, and Technology transfer through to commercial tablet production and its continuous optimization. By tightly integrating these process steps, Fette Compacting helps its customers shorten development times, accelerate technology transfers, and establish stable and efficient production processes.

The strategic focus “together – from lab to production” is reflected in Fette Compacting’s service portfolio. In the R&D Solutions division, the company supports customers in the analysis and characterization of powders, formulation development, process development, and technology transfer. The offering is complemented by training, laboratory, and development technologies, as well as digital tools for process analysis and decision support. The goal is to make development processes more efficient, reduce risks during scale-up, and support the transition of new products into production.

In the Production Solutions division, Fette Compacting offers tablet presses, process equipment, and technologies for industrial tablet manufacturing. In addition the company supports its customers with comprehensive services throughout the entire lifecycle of the equipment – from commissioning through technical support and process optimization to retrofits and spare parts management. This supports long-term equipment availability, product quality, and process efficiency.

The service portfolio combines machines, services, digital applications, and process expertise into an integrated solution approach. In this way Fette Compacting helps its customers to meet regulatory requirements, efficiently design development, production processes, and ensure reliable and cost-effective tablet production.

Since 2025, CMIC, a leading CDMO in the U.S., has been one of Fette Compacting’s strategic partners. Together, the two companies put “Together – from lab to production” into practice, combining technology and expertise throughout the pharmaceutical development and manufacturing process. At CMIC’s GMP-certified facilities, Fette Compacting’s Continuous Direct Compression line – consisting of the FE55 tablet press and the FE CPS continuous processing system. The partnership enables more efficient processes, shorter development times, and an elevated level of regulatory security.

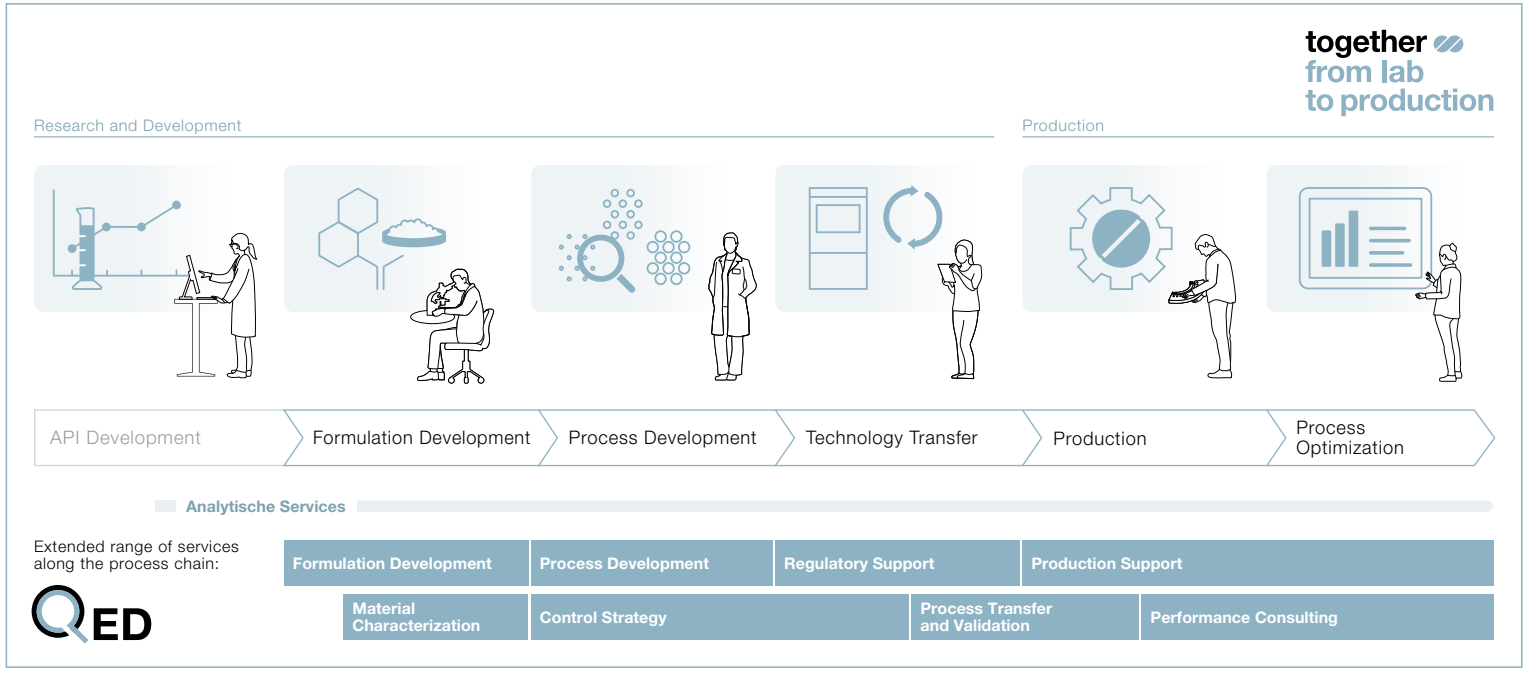
In May 2025, the groundbreaking ceremony for the Customer Development Center (CDC’25) took place at the Schwarzenbek site. The center is part of Fette Compacting’s strategic expansion and is intended to further strengthen “Together – from lab to production.” Planned to include state-of-the-art laboratory and cleanroom areas for production-oriented formulation and process development, technology transfer, and the testing of new production processes under GMP conditions. The CDC'25 is intended to further expand collaboration with customers throughout the development and production process.

Fette Compacting’s value creation is based on a combination of technology, process knowledge, engineering expertise, and customer-oriented services throughout the entire development and production process.

Strategy

Fette Compacting is part of the LMT Group, an internationally active family-owned group of companies, and operates as an independent business unit within the LMT Group. The LMT Group is managed as a management holding company by LMT GmbH & Co. KG. Worldwide, 1,900 people work for the companies of the LMT Group at over 20 locations. In the reporting year 2025 the Group generated revenue of 360 million euros.

The companies of the LMT Group share a location in Schwarzenbek near Hamburg. The member companies are legally, economically, and organizationally independent, but they pool their resources and thus pursue common goals at the group level in fulfilling their social and environmental responsibilities. For this reason, some of the information in this report refers to the activities of the LMT Group.



Strategy

In addition to Fette Compacting GmbH, the Fette Compacting Group includes thirteen operating subsidiaries active in the most relevant markets. Fette Compacting is represented in more than 50 countries and markets its products and services close to its customers through a global network of subsidiaries and sales partners.

In addition to its headquarters in Schwarzenbek, the company has a second technology and production site in Nanjing (China). As the world's only manufacturer of tablet presses, Fette Compacting operates a global network of fully equipped, digitally connected competence centers in Germany, Brazil, China, India, and the U.S.

Region	State	Company
Europe	Germany	Fette Compacting GmbH
	Italy	Fette Compacting Italia Srl
	France	Fette Compacting France SAS
	Spain	Fette Compacting Ibérica S.L.
	Belgium	Fette Compacting Belgium BVBA
	United Kingdom	EuroPharma Machinery Ltd.
	North Africa	Fette Compacting North West Africa
Asia	China	Fette Compacting (China) Co., Ltd.
	India	Fette Compacting Machinery (India) Pvt. Ltd.
	Singapore	Fette Compacting Asia Pacific Pte. Ltd.
	UAE	Fette Compacting Middle East FZE
America	USA	Fette Compacting America, Inc.
	Mexico	Fette Compacting México S.A. de C.V.
	Brazil	Fette Compacting América Latina Ltda.

The Fette Compacting Group has 1,090 employees worldwide (excluding apprentices and students), the vast majority of whom work domestically at Fette Compacting GmbH. The company's headquarters are in Schwarzenbek, near Hamburg.

Strategy

Key inputs and dependencies

Natural Resources

For the development and production of our machinery and equip-ment, we rely on high-quality materials such as steel, aluminum, and electronic components. Supply is ensured through framework agreements, careful supplier selection, and increasingly regional sourcing strategies.

Human and financial capital

More than 1,000 qualified employees worldwide contribute daily to development, production, and customer service – guided by our values, commitment to quality and strategic direction. Our business model is based on long-term capital resources, which we invest purposefully in innovative technologies, digital tools, and the global expansion of our solutions portfolio.

Stakeholder relationships and partnerships

We maintain close and trusted relationships with customers, suppliers, authorities, research institutions, and technology partners. Sustainability, regulatory compliance, and proximity to customers are central to these partnerships.

Key outputs and value created

Customers

Through innovation and sustainable solutions, we support our customers not only in the production of tablets, but also by offering comprehensive, future-oriented solutions across the entire pharmaceutical value chain.

Employees

We provide a safe, fair, and motivating work environment – with a focus on professional development, health and international collaboration. A values-based leadership culture, targeted development opportunities and strong job security promote long-term retention and low employee turnover.

Society

The machines and equipment produced by Fette Compacting make a meaningful contribution to health and quality of life for people around the world. At the same time, we help uphold labor, social and environmental standards through responsible corporate governance and fair supply chains.

Company

Our transformation from a machinery manufacturer to an integrated solutions provider strengthens our competitiveness and market position. Our business model – driven by technological innovation, digital services and international presence – contributes to the company’s economic stability and resilience.

Our business model in the context of sustainability

Sustainability is a core element of our corporate strategy and is in-extricably linked to the long-term development of Fette Compacting. We are convinced that long-term business success can only be achieved through a corporate strategy that gives equal weight to environmental, social and economic factors. The mutual rein-forcement of economic objectives and sustainability has become increasingly evident in today's world. Without commitment to a sustainable future, long-term success is not possible.

Our goal is to create long-term value for our stakeholders while minimizing the negative impacts of our business activities on people and the environment. In doing so, we aim to continuously strengthen our positive contribution to the sustainable transfor-ma-tion – particularly through our products and services.

By firmly embedding sustainability topics into our strategy, we can identify and manage interactions with other company-wide objectives at an early stage. This ensures that sustainability is integrated into all business processes and continuously developed in a structured manner.

Strategy

Key sustainability challenges
Fette Compacting faces a number of significant challenges that will shape our business activities in the years to come. These include the increasing physical impacts of climate change, stricter regulatory requirements, rising expectations for sustainable and transparent supply chains, and global competition for skilled professionals.

At the same time, we are aware of the environmental and social impacts associated with our business model and value chain. The development and production of our machinery and equipment require the use of energy-intensive materials such as steel and aluminum. In addition, we must meet human rights due diligence obligations and ensure fair working conditions along international supply chains.

These developments are accompanied by growing expectations for product responsibility, transparency, and social engagement – especially in highly regulated markets such as the pharmaceutical and food industries.

Resource and energy efficiency (ESRS E1 and E5)
The manufacture and modernization of high-performance tablet presses require the targeted use of materials such as steel, aluminum and electronic components. The challenge lies in continuously reducing energy and resource consumption – both in our own operations and at customer sites – while increasingly integrating circularity principles.

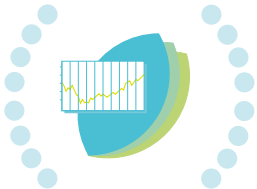
Climate action and environmental responsibility (ESRS E1 and E5)
As a manufacturing company, Fette Compacting bears a particular responsibility to minimize environmental impacts along the value chain. Key areas include energy efficiency, emission reduction and material efficiency – especially considering tightening regulatory requirements.

Talent attraction and working conditions (ESRS S1, S2 and S4)
Retaining skilled employees, providing a safe and healthy working environment, and promoting qualifications and collaboration across sites are core challenges in an increasingly competitive labor market.

Regulatory compliance and supply chain due diligence (ESRS G1 and S2)
Fette Compacting must comply with international compliance standards, regulatory reporting obligations and human rights due diligence requirements. At the same time, we must ensure fair and transparent supply chains and manage related risks systematically.

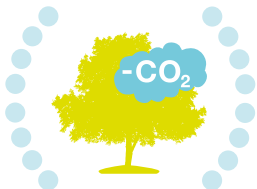
How we respond to these challenges
We address the identified sustainability challenges through a clearly defined strategy based on four fields of action:

Strategy



Economy
With innovative products and services, we are working to continuously make tablet production more sustainable.

Energy-efficient innovations in new developments contribute to the conservation of resources just as much as the continuous modernization of existing systems. With our service and consulting otters, we also help to reduce energy consumption and keep material lasses as ICM' as possible. We also focus on sustainability across all processes and the entire supply chain in our own production.



Ecology
We are reducing our ecological footprint by focusing on energy, climate protection, materials, waste and water.

As a manufacturing company, we have a special responsibility to act ecologically. By paying strict attention to the careful use of natural resources, we make an effective contribution to environmental and climate protection at all our sites.



People and Society
Corporate success is achieved when all those who contribute to it experience equal respect, appreciation and excellent working conditions.

Highly qualified, motivated employees and managers are the foundation of our success. For this reason – and as part of our social responsibility – we do a Jot to create attractive, sale and fair conditions for people to work for Fette Compacting. Our cooperation is one of the most important reasons why we can be pleased about our extremely low fluctuation rate.



Responsible Corporate Governance
Our values, national and international laws determine the integrity of our actions, as do recognized ethical principles.

We ensure our values-based corporate governance through an overarching, binding guideline for all employees. This Code of Conduct covers 100 percent of our locations. It is guarded throughout the company by an established compliance management system.

Strategy

ESRS 2/SBM-2

Engagement with stakeholders

Sustainability management at Fette Compacting includes regular engagement with various stakeholder groups that participate in the development of our company. Our success depends on understanding the needs of our stakeholders and integrating them into our daily operations. Through dialogue with our stakeholder groups, we identify strategically relevant topics, trends and developments in society and within our business sectors. Based on these insights, we derive expectations for Fette Compacting and incorporate them into our decisions.

Fette Compacting regularly reviews its strategic direction and adjusts business processes to meet the evolving expectations of relevant stakeholders. Regulatory developments, changing customer requirements and societal expectations have led to the deeper integration of sustainability aspects into our corporate strategy. Insights gained from stakeholder dialogue are also incorporated into the double materiality assessment (DMA) and form a central foundation for the company's strategic development.

Key stakeholders of the company

The key stakeholders of Fette Compacting include employees, customers and business partners, shareholders, suppliers, regu-la-tory authorities, and other societal groups along the value chain.

These groups were identified and categorized through a structured stakeholder analysis. While employees, customers, suppliers and business partners have direct business relationships with the company and are directly affected by corporate decisions, share-holders exert major influence on the sustainability strategy due to their financial and strategic interests. Local communities are indirectly affected, for example through the environmental impacts or social engagement of the company. Workers in the value chain are subject to the labor and social standards defined by Fette Compacting for its supply chain. The works council and trade unions play a key role in safeguarding employee rights and co-de-termination. Applicants, the public and the media use sustainability information to assess employer attractiveness and ESG perfor-mance. Governments, policymakers and regulatory authorities define the legal framework and monitor compliance.

Our Key Stakeholders

The following table provides an illustrative overview of how Fette Compacting engages with its most relevant stakeholder groups.

Strategy

Stakeholder Group	Why we involve them	How we involve them	Value of integration
Employees (own workforce) S1, SBM-2	› To promote a safe, healthy and motivating work environment › To strengthen engagement, productivity and long-term retention › To harness internal knowledge and ideas for innovation › To support cultural development and the ability to change › To identify challenges at an early stage (shortage of skilled workers, overload)	› Regular feedback processes and employee surveys › Involvement of the works council and co-determination committees › Workshops, intranet communication and management dialogs › Health and safety management incl. prevention & inclusion (BEM) › Further development and career development programs	› Increasing employee satisfaction, loyalty and motivation › Promoting a resilient, innovative corporate culture › Strengthening employer attractiveness and employee retention › Contribution to health, safety and social stability in the company
Applicants	› To attract specialists who identify with the company values › To strengthen the employer brand and position the company as a sustainable employer › To understand and incorporate the expectations of future employees › To promote an attractive, diversity-oriented application environment	› Communication of sustainability content in recruiting › Use of feedback in the application process › Employer branding on digital platforms › Integration of ESG aspects in HR marketing and talent acquisition	› Improved perception as an attractive, responsible employer › Higher quality and accuracy of fit of new hires › Contribution to securing skilled workers in the long term › Support for a diverse, inclusive corporate culture
Customers and end users	› To further develop products and services in line with demand › To promote quality, safety and regulatory compliance › To address sustainability and innovation requirements at an early stage › To strengthen long-term customer relationships and market acceptance	› Structured customer feedback processes and surveys › Co-development initiatives for new technologies › Operation of a certified quality management system › Integration of ESG criteria in product development › Digital tools for process optimization and transparency	› Increasing customer satisfaction and brand loyalty › Development of future-proof and regulatory-compliant products › Competitive differentiation through innovation and sustainability › Improving operational safety and efficiency for customers
Shareholders	› To meet ESG expectations and long-term interests of shareholders › To increase trust and transparency › To ensure sustainable value creation in the long term › To promote an active dialog on strategic issues	› Regular financial and sustainability reporting › Strategic dialog formats on ESG topics › Reporting on risks, opportunities and performance › Participation in Supervisory Board and Audit Committee meetings	› Transparency on corporate and sustainable performance › Compliance with regulatory disclosure requirements (e.g. CSRD) › Supporting a stable, growth-oriented corporate strategy
Business partner	› For the joint development of sustainable and innovative solutions › To systematically anchor ESG criteria in partnerships › To promote long-term, resilient business relationships › To increase impact through industry-wide cooperation	› Integration of ESG criteria in contracts and cooperation › Joint innovation projects and specialist dialogs › Compliance standards and transparency agreements › Regular strategic coordination"	› Promotion of common sustainability and innovation goals › Building strategic partnerships with added value › ESG risk reduction through harmonized standards › Creation of stable, sustainable value chains
Workforce in the value chain S2, SBM-2	› To ensure decent working conditions in the supply chain › To comply with international social and environmental standards › To identify risks such as human rights violations and defaults at an early stage › To promote fair and resilient business relationships	› Anchoring a supplier code of conduct and ESG criteria in purchasing processes and contracts › Conducting audits and assessments along the supply chain › Training on labor rights and sustainable procurement › Establishment of complaints mechanisms (e.g. “Speak Up”) › Promotion of regional supplier networks (“Local for Local”)	› Improvement of working conditions and human rights along the supply chain › Greater transparency and trust through ESG monitoring › Reduction of reputational and supply default risks › Strengthening sustainable partnerships and local economic cycles

Strategy

Stakeholder Group	Why we involve them	How we involve them	Value of integration
Governments, policy makers and regulators	› To ensure regulatory Compliance and legal implementation › To participate in political and industry-specific developments › To promote transparency and trust towards authorities › To actively shape sustainable framework conditions	› Participation in industry dialogs › Compliance reporting and transparency offensive › Engagement via industry associations and networks	› Ensuring Compliance with regulatory requirements › Early detection of political developments › Building a trusting relationship with public authorities › Positioning as a responsible company in the industry context
Communities concerned S3, SBM-2	› To promote social acceptance and local trust › To reduce the social and environmental impact of business activities › To support local educational, environmental and social projects › To promote sustainable development in the regions	› Dialogue formats with local stakeholders › Support for regional educational and social projects › Environmental and biodiversity projects at locations › Partnerships with local institutions and suppliers › Measures to reduce emissions and conserve resources	› Building social acceptance and local trust › Promoting education, social cohesion and environmental protection › Positive local impact through social engagement › Strengthening sustainable development in the regions
Public and media	› To strengthen trust in the brand and ESG performance › To promote transparency and credible Communication › To actively shape public perception and reputation › To Support the dialog with civil society groups	› Publication of sustainability and annual reports › Media relations via press releases and interviews › Participation in public events and dialogues › Presence in digital information channels	› Positive perception in society and the Media › Protection and Strengthening of corporate reputation › Greater credibility through transparent ESG Communication
Trade unions	› To promote fair working conditions and social justice › To actively shape co-determination and social partnership › To prevent conflicts and strengthen dialog within the company › For the joint further development of labor and social standards	› Participation via company co-determination structures › Dialogue on working conditions and social standards › Joint development of company agreements › Regular exchange on future topics and transformation	› Improvement of labor relations and conflict avoidance › Strengthening co-determination and trust in the company › Joint further development of labor standards › Supporting fair, socially balanced business operations

Strategy

Initiatives and memberships
To foster a shared understanding of sustainability, Fette Compacting participates in a variety of initiatives and associations. Through standardized measures and processes, we aim to contribute to effective sustainability management. Our engagement reflects our conviction that sustainability can only be advanced in cooperation with internal and selected external stakeholders. The following overview presents a selection of our memberships and partnerships.

Blue Competence
In the 2025 reporting year, we were a partner of the Blue Competence initiative of the German Engineering Federation (VDMA). In 2026, the VDMA discontinued the initiative due to changes in regulatory requirements. With the discontinuation of the initiative, our partnership within the framework of Blue Competence also ends.

DGQ e.V.
Since 2017, Fette Compacting GmbH has been actively engaged in one of Germany's largest quality management networks – the DGQ (German Society for Quality). Through network events and expert circles, companies contribute to shaping the future of quality management.

VDMA
Fette Compacting has been a long-standing member of the VDMA (German Engineering Federation), which represents the economic, technical and scientific interests of the mechanical and plant engineering industry in Germany, Europe and worldwide.

DICO
Fette Compacting GmbH joined the German Institute for Compliance (DICO) in December 2022. DICO is a network of compliance professionals that develops recognized standards and best practices as practical tools for compliance departments.

BME (German Association for Supply Chain Management, Procurement and Logistics)
Since 2019, Fette Compacting has been a member of BME, the leading professional association and network for supply chain, procurement and logistics professionals in Germany and Europe.

Strategy

EcoVadis
Through our membership with EcoVadis – a platform for sustainability ratings – we provide maximum transparency for our customers and commit to continuously improving ethical, social and environmental practices across our supply chain. This is confirmed by our regular participation in the EcoVadis sustainability rating.

Research partnership with the University of Hamburg
Fette Compacting promotes collaboration between academia and industry. In cooperation with the University of Hamburg, we address new research questions – supporting both practice-oriented education for future professionals and the transfer of academic insights into our own development processes.

Carbon Disclosure Project (CDP)
Our membership in the Carbon Disclosure Project (CDP) enables us to transparently document our environmental performance, identify risks and opportunities related to climate change, and develop targeted measures to reduce greenhouse gas emissions.

CyberVadis
With the cybersecurity assessment by CyberVadis, we gain a comprehensive view of our IT security. The assessment highlights which risks are most relevant to our company and what their potential impacts could be. Based on these findings, we continuously enhance our IT security.

German Design Council (Rat für Formgebung)
The German Design Council has been a leading global institution for communication and knowledge transfer in the fields of design, branding and innovation since 1953. Fette Compacting is one of more than 330 corporate members.

Science Based Targets Initiative (SBTi)
By joining the Science Based Targets initiative (SBTi), we have committed to setting science-based climate targets that align with the Paris Agreement – thereby reducing our CO_2 emissions and contributing to effective climate action.

Strategy

ESRS 2/SBM-3

LMT Group's double materiality assessment

In the first quarter of 2024, the LMT Group conducted a comprehensive double materiality assessment (DMA). This assessment was based on the requirements of the European Sustainability Reporting Standards (ESRS 1) and the EFRAG implementation guidelines.

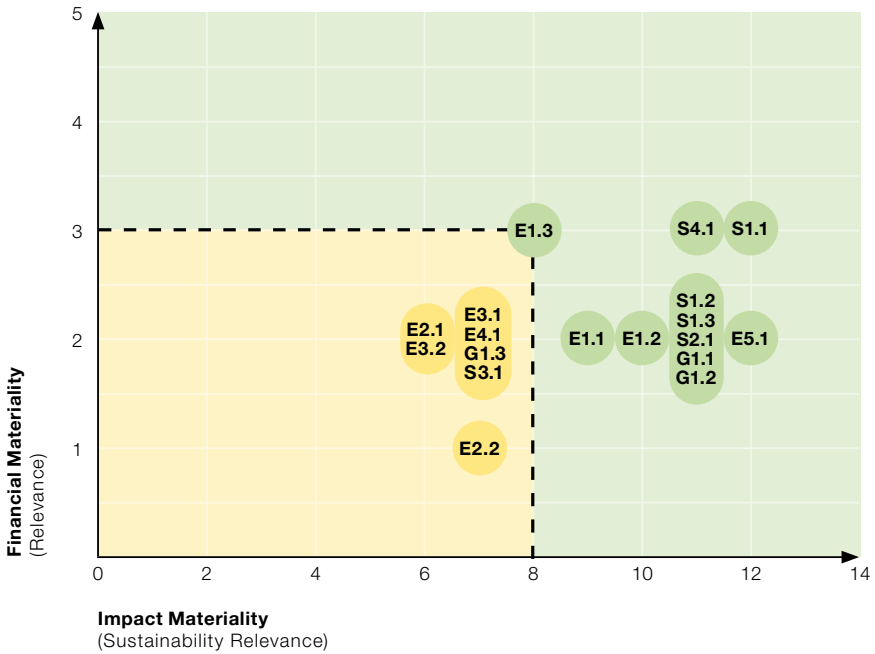
As part of the materiality assessment, the project team of the LMT Group worked with representatives from relevant departments – including Environment and Occupational Health & Safety, Human Resources, Legal and Compliance – to evaluate which sustainability topics are material to the LMT Group and its operating business units, both from the company's own perspective and from that of various stakeholders.

The results of the DMA are visualized in a materiality matrix and form the basis for the LMT Group's sustainability reporting. Fette Compacting will highlight the most relevant topics identified during the materiality assessment in its annual sustainability report.

Six thematic ESRS standards – comprising 11 out of 18 sub-topics – have been identified as material for the LMT Group: Climate change (E1), Resource use and circular economy (E5), Own workforce (S1), Workers in the value chain (S2), Consumers and end-users (S4), and Governance (G1).

Strategy

Materiality matrix



not material

- **E2.1** Air, water and soil pollution
- **E2.2** Substances of concern/ very high concern
- **E3.1** Water
- **E3.2** Marine resources
- **E4.1** Biodiversity and ecosystems
- **S3.1** Local communities
- **G1.3** Political influence, lobbying and anti-competitive behavior

material

- **E1.1** Energy
- **E1.2** Climate change mitigation (emissions)
- **E1.3** Climate change adaptation
- **E5.1** Resource use & circular economy
- **S1.1** Working conditions
- **S1.2** Equality/Non-discrimination
- **S1.3** Other work-related rights
- **S2.1** Workers in the value chain
- **S4.1** Consumers / (End) users
- **G1.1** Business conduct policies and corporate culture
- **G1.2** Prevention and detection of corruption or bribery

Material Impacts, risks, and opportunities (IROs) of the LMT Group

Overview of our material IROs

The following tables present the IROs (Impacts, Risks, and Opportunities) that were identified as material as part of the LMT Group's double materiality assessment (DMA).

For each relevant ESRS thematic standard (e.g. E1 "Climate change"), the related sub-topics and respective IROs are indicated.

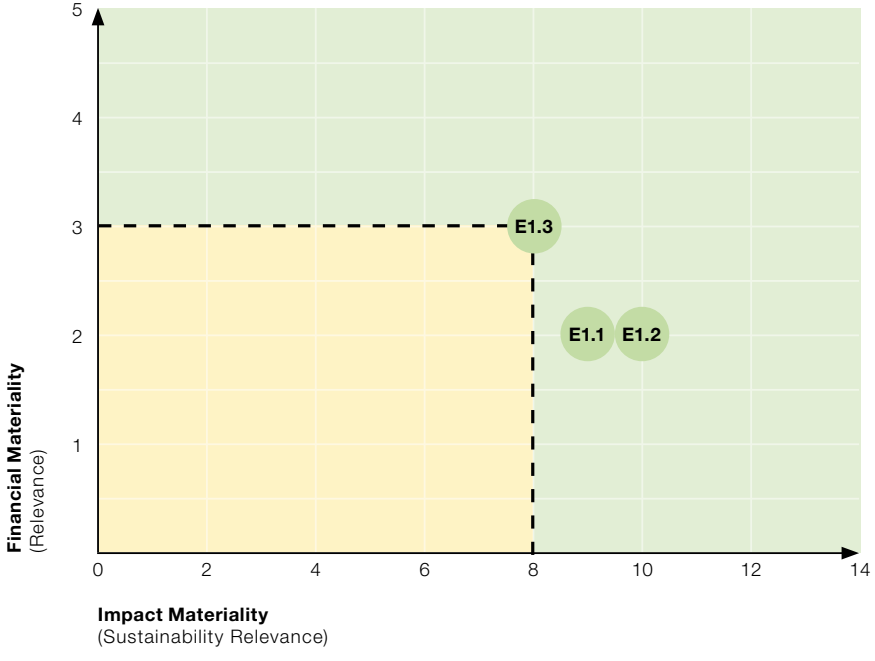
Short descriptions of the material IROs are included in the tables, along with an indication of whether the IRO relates to our own operations (OO) or to the value chain (VC). In the case of impacts, we also show whether they are positive (+), negative (–), actual (A) or potential (P).

Further details on each IRO, including our approach to addressing them, can be found in the thematic sections under "Environment," "Social," and "Governance."

Strategy

E1 Climate Change

Materiality Matrix



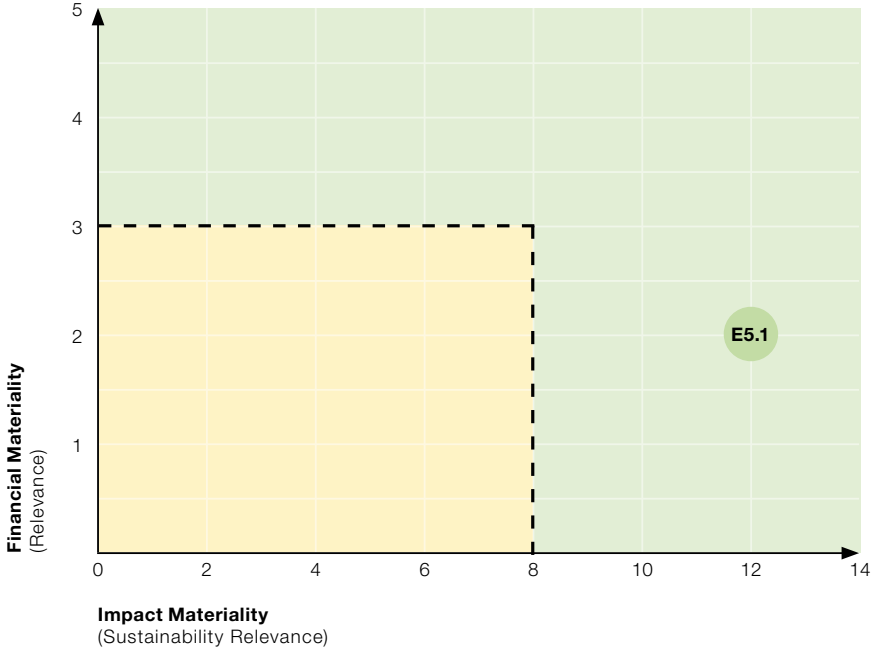
I	Impact	**A**	Actual
R	Risk	**P**	Potential
O	Opportunity		
+	Positive	**OO**	Own operations
-	Negative	**VC**	Value chain

LMT Group IRO Analysis

IRO Title	IRO	+/-	A/P	Time horizon	OO/VC	Materiality
Energy						
Energy efficiency in own operating processes	I	+	A	short-term	OO	Material
Energy efficiency in the customer environment	I	+	A	short-term	OO	Material
Fossil dependency and volatility	I	-	A	short-term	OO / VC	Material
Mitigation of climate change (emissions)						
Reducing emissions through energy efficiency	I	+	A	short-term	OO	Material
Climate strategy as an emissions reduction pathway	I	+	P	mid-term	OO	Material
Decarbonization through innovation and digitalization	I	+	P	long-term	OO / VC	Material
Health risks from emissions	I	-	A	short-term	OO	Material
Limited controllability in the supply chain	I	-	A	short-term	VC	Material
Physical risks for processes and locations	I	-	P	long-term	OO	Material
Adaptation to climate change						
Systematic environmental measures through environmental management	I	+	A	short-term	OO	Material
Climate risk management strengthens health protection	I	+	P	short-term	OO	Material
Operating costs burdened by energy prices and levies	R	-	P	short-term	OO	Material
Investment pressure due to infrastructure requirements	R	-	P	mid-term	OO	Material
Location risks due to extreme weather events	R	-	P	long-term	OO	Material

Strategy

E5 Resource utilization and circular economy
Materiality matrix



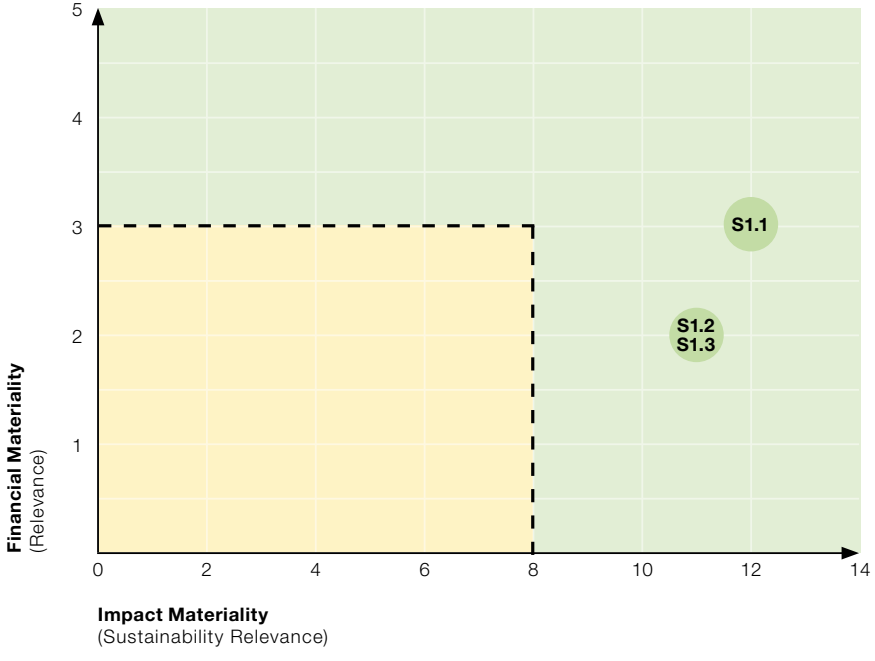
I	Impact	**A**	Actual
R	Risk	**P**	Potential
O	Opportunity		
+	Positive	**OO**	Own operations
-	Negative	**VC**	Value chain

LMT Group IRO Analysis

IRO Title	IRO	+/-	A/P	Time horizon	OO/VC	Materiality
Resource utilization and circular economy						
Efficient resource management	I	+	A	short-term	OO	Material
Competitive advantages through resource-saving processes	I	+	P	short-term	OO	Material
Environmental and customer benefits through sustainable packaging	I	+	P	short-term	OO / VC	Material
Conserving resources through durable products and modernization	I	+	A	mid-term	OO	Material
Digital solutions to save resources and optimize processes	I	+	A	mid-term	OO	Material
Regulatory environmental transparency through digital product information	I	+	P	long-term	OO	Material
Conservation of natural resources through recycling structures	I	+	A	mid-term	OO	Material
Environmental impact due to intensive use of raw materials and energy	I	-	A	short-term	OO / VC	Material
Resource losses due to inadequate recycling and recovery systems	I	-	P	mid-term	OO	Material
Sustainability risks due to inadequate supply chain management	I	-	P	mid-term	OO / VC	Material
Reputational impact through environmental transparency in the product life cycle	I	-	P	short-term	OO / VC	Material

Strategy

S1 Workforce of the company
Materiality matrix



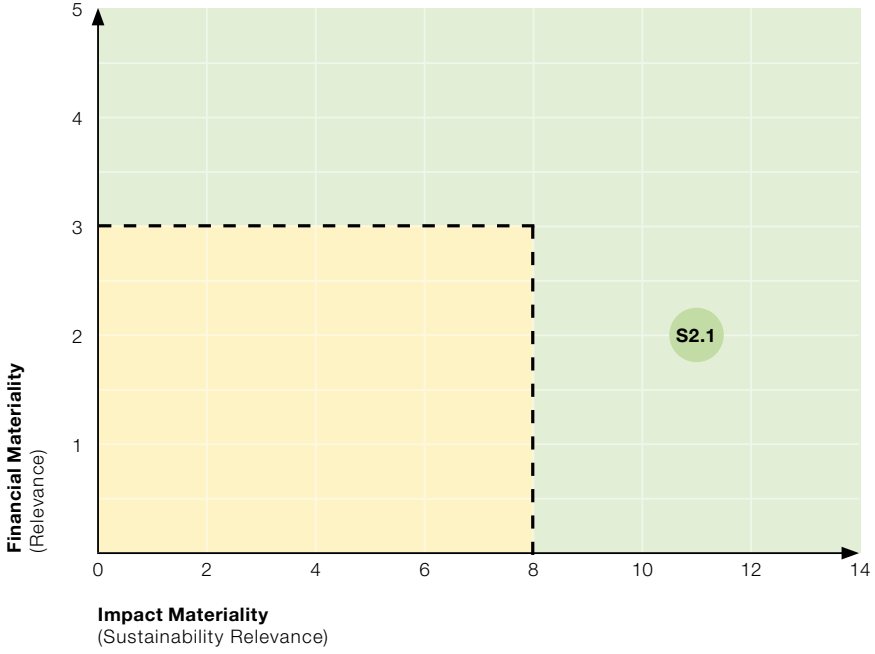
I	Impact	**A**	Actual
R	Risk	**P**	Potential
O	Opportunity		
+	Positive	**OO**	Own operations
-	Negative	**VC**	Value chain

LMT Group IRO Analysis

IRO Titel	IRO	+/-	A/P	Zeithorizont	OO/VC	Wesentlichkeit
Working conditions						
Employer attractiveness through modern working conditions	I	+	A	short-term	OO	Material
Productivity through satisfied employees	I	+	A	mid-term	OO	Material
Culture of trust through open communication	I	+	P	mid-term	OO	Material
Cultural change through shared values	I	+	P	long-term	OO / VC	Material
Equality / non-discrimination						
Employer attractiveness through diversity	I	+	A	short-term	OO	Material
Equality as a trust factor	I	+	P	short- / mid- / long-term	OO	Material
Performance through inclusion	I	+	P	long-term	OO	Material
Diversity as development potential	I	-	A	short-term	OO	Material
Other work-related rights						
Protection of human rights in the world of work	I	+	A	short-term	OO	Material
Confidence protection for employees through whistleblower systems	I	+	A	short-term	OO	Material
Employer attractiveness through transparent HR communication	I	+	P	mid-term	OO	Material
Competitiveness through sustainable care	I	+	P	long-term	OO	Material

Strategy

S2 Workforce in the value chain
Materiality Matrix



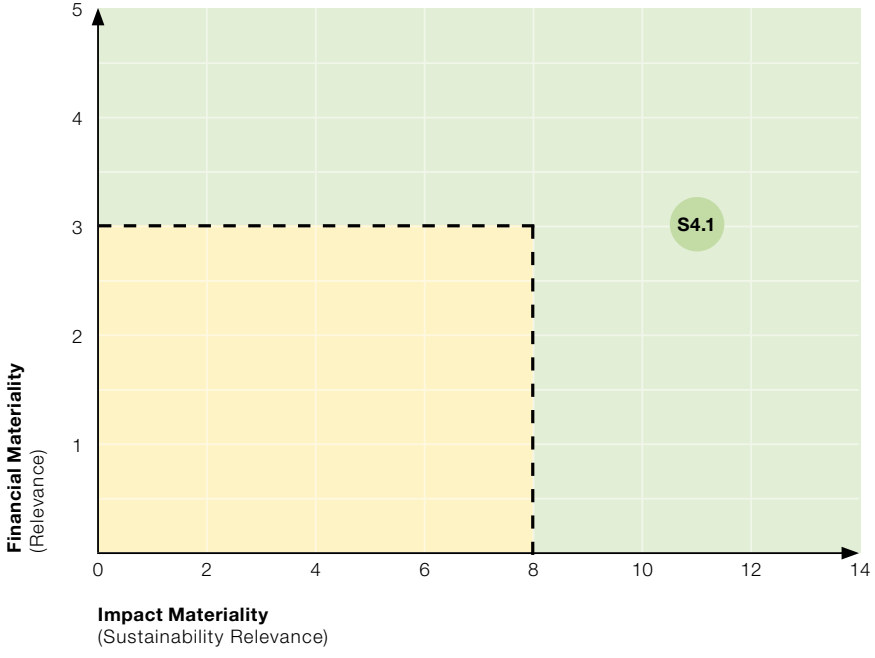
I	Impact	**A**	Actual
R	Risk	**P**	Potential
O	Opportunity		
+	Positive	**OO**	Own operations
-	Negative	**VC**	Value chain

LMT Group IRO Analysis

IRO Title	IRO	+/-	A/P	Time horizon	OO/VC	Materiality
Employees in the value chain						
Labor rights and safe working conditions along the value chain	I	+	A	short-term	OO / VC	Material
Health protection and product safety along the value chain	I	+	P	mid-term	OO	Material
Raising awareness of human rights risks in the value chain	I	+	P	short- & long-term	OO / VC	Material

Strategy

S4 Consumers and end users
Materiality Matrix



I	Impact	**A**	Actual
R	Risk	**P**	Potential
O	Opportunity		
+	Positive	**OO**	Own operations
-	Negative	**VC**	Value chain

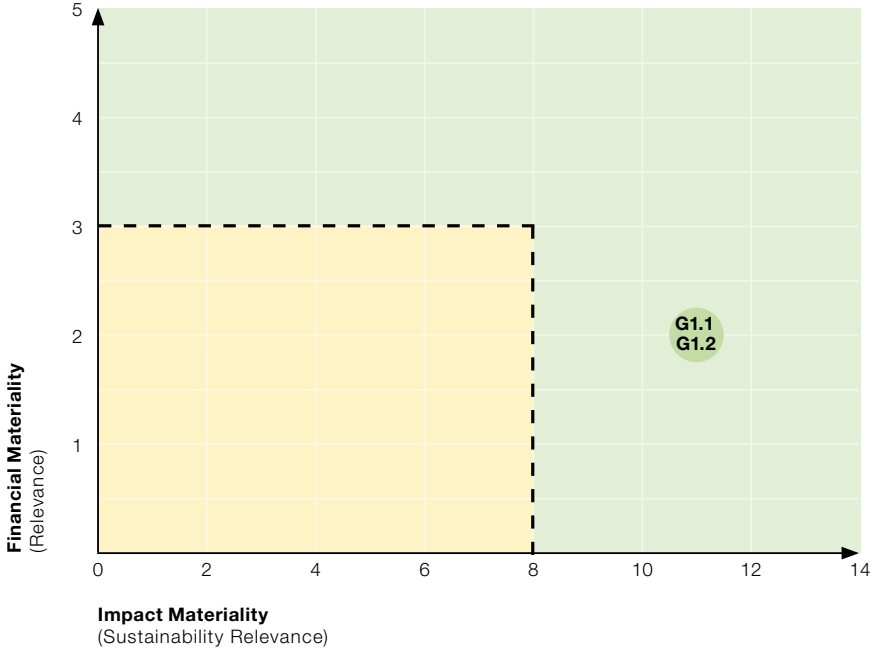
LMT Group IRO Analysis

IRO Title	IRO	+/-	A/P	Time horizon	OO/VC	Materiality
Consumers and end users						
Trust through data protection, information security and integrity	I	+	A	short-term	OO	Material
Product quality and service as the basis for customer satisfaction	I	+	A	short-term	OO	Material
Customer feedback and responsiveness as a trust factor	I	+	P	mid-term	OO	Material
Long-term customer loyalty through partnership-based relationships	I	+	P	long-term	OO	Material

Strategy

G1 Corporate Management

Materiality Matrix



I	Impact	**A**	Actual
R	Risk	**P**	Potential
O	Opportunity		
+	Positive	**OO**	Own operations
-	Negative	**VC**	Value chain

LMT Group IRO Analysis

IRO Title	IRO	+/-	A/P	Time horizon	OO/VC	Materiality
Code of conduct and corporate culture						
Integrity through compliance and anti-corruption measures	I	+	A	short-term	OO	Material
Credibility through transparent business practices	I	+	P	short- / mid-term	OO	Material
Trust and loyalty through stakeholder relationships of integrity	I	+	P	long-term	OO	Material
Prevention and detection of corruption and bribery						
Prevention of corruption through systematic control mechanisms	I	+	A	short-term	OO	Material
Behavioral safety through clear standards	I	+	P	short- / mid-term	OO	Material
Competitiveness through business integrity	I	+	P	long-term	OO	Material

Management of impacts, risks and opportunities

ESRS 2/IRO-1

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

In 2024, the LMT Group conducted a comprehensive materiality assessment to comply with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The objective of the assessment was to systematically evaluate all material, actual or potential impacts of the company on the environment and society (impact materiality, inside-out perspective), as well as financial risks and opportunities related to sustainability (financial materiality, outside-in perspective). The results of the assessment determine which ESG topics are considered material and must be disclosed in the company's sustainability report.

Step 1: Stakeholder Analysis

The process began with the development of a stakeholder matrix based on a power-interest framework, classifying stakeholder groups according to their level of influence and affectedness. A distinction was made between affected stakeholders (e.g. employees, suppliers, customers) and users of sustainability information (e.g. the public). Engagement took place indirectly through internal subject-matter experts who maintained regular contact with stakeholders. No direct consultation took place as part of the initial implementation of the double materiality analysis. The further development of stakeholder engagement is reviewed on an ongoing basis.

Step 2: Identification of impacts, risks, and opportunities (IROs)

The analysis covered all phases of the value chain – from upstream suppliers to own operations and downstream impacts. Geographic focus was placed on production sites in China, India, the USA and the company headquarters in Germany. Thematically, the analysis focused on ESG-relevant aspects of the two business units Fette Compacting and LMT Tools, including energy consumption, emissions, supply chain responsibility, and labor and human rights.

Step 3: Assessment of the IROs

The assessment of impact materiality was conducted using ESRS criteria:

- Scale (severity of the impact),
- Scope (reach or number of people/resources affected),
- Remedy (ability to remedy the impact),
- Likelihood (probability of occurrence, applicable only for potential negative impacts).

In the area of human rights, severity was prioritized over likelihood. Positive impacts were assessed separately based on their magnitude and likelihood.

The financial materiality assessment followed a two-step approach: first, the probability of occurrence (considering existing mitigation measures) was assessed, followed by an estimate of the financial magnitude. Thresholds were aligned with the group-wide risk management system, which classifies individual risks into five categories – from "Very Low" (< € 1.5 million) to "Very High" (≥ € 50 million). Short-term (up to 1 year), medium-term (1–5 years) and long-term (> 5 years) time horizons were considered.

Application of the double materiality principle

An ESG topic was considered material if it involved either a significant impact (impact materiality) or a material financial risk or opportunity (financial materiality) – or both. Both direct and indirect interdependencies were considered, such as the influence of environmental impacts on regulatory costs or reputational risks arising from social misconduct.

Governance, Validation, and Approval

All identified IROs were assessed using a standardized evaluation framework and prioritized by a cross-functional project team with the support of external advisors. The results were validated with the relevant departments and approved by the LMT Group Management Board. The materiality results will be integrated into strategic planning, operational management, action planning, and KPI definition going forward.

Management of impacts, risks and opportunities

Consolidation scope and scoping model

The LMT Group's scope of consolidation for non-financial reporting includes all relevant domestic and international subsidiaries as well as the headquarters in Schwarzenbek. The selection of entities included in the scope of consolidation is based on a risk- and impact-based scoring model. This model applies ESG criteria to identify the entities that make a material contribution to them and enables the identification to the Group's sustainability objectives.

On this basis, operating companies with a significant sustainability focus are included in the scope of consolidation for non-financial reporting. Pure holding and management companies without operating activities are not included.

The scope of consolidation covers more than 95 % of the relevant financial criteria (DR coverage) of the LMT Group, thereby ensuring a consistent and comprehensive picture of the Group's sustainability performance.

Special consideration is given to companies with significant investment projects or particular social and environmental impacts. This approach ensures that the reporting not only meets legal requirements but also supports the group's strategic sustainability goals. The information presented in this report apply to the operating companies of the Fette Compacting Group within the scope of consolidation.

Review and further development

The double materiality analysis conducted in 2024 was subjected to an internal review during the reporting year. Changes in the regulatory environment, the business model, and the material impacts, risks, and opportunities were assessed. The review did not reveal any material changes that would require an update to the results of the materiality analysis. The identified material sustainability issues therefore continue to form the basis of this sustainability report.

Management of impacts, risks and opportunities

ESRS 2/MDR-P

Overview of Guidelines

Guideline	Description of Key Content (65a)	Scope (65b)	Responsible for Implementation (65c)	Recognized Standards/Norms (65d)	Involvement of Stakeholders in Development (65e)	Involvement of affected stakeholders in decision-making processes (65f)	Availability
Code of Conduct	› Defines binding basic rules for lawful, ethical, and responsible conduct › Commits to respecting human rights and prohibits child labor, forced labor, and discrimination › Addresses environmental and climate protection, sustainable procurement, and product safety and quality › Includes principles on fair competition, the prevention of corruption and fraud, money laundering, conflicts of interest, and export controls › Promotes fair working conditions, equal opportunity, occupational safety, and data protection › Establishes guidelines for open communication and reporting channels via the “Speak-Up” whistleblower system	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries	Management, executives, all employees, Legal, Compliance	OECD Guidelines, UNGPs, ILO, UN Charter on Human Rights, national and international legislation, internal policies	Developed by management, Legal, and Compliance in collaboration with managers, HR, and the works council	Engagement through mandatory compliance training, management dialogues, an open culture of communication and error tolerance, and the “Speak-Up” whistleblower system	Intranet & Website
Legal and Compliance Guideline	› Defines responsibilities and procedures for the legally compliant design, review, and documentation of legal processes › Describes the tasks, obligations, and structure of the Compliance Management System (CMS) › Covers prevention, detection, and response to compliance violations (“Prevent, Detect, Respond”) › Establishes procedures for using the whistleblower channels (Speak Up)	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries	Legal, Risk Management, Compliance (Internal Audit), local management teams, compliance responsibles at subsidiaries	Principles of sound corporate governance, IDW PS 980, LkSG, EU Whistleblower Directive	Coordination with senior management, Legal, compliance compliance responsibles, and the works council	Training, compliance audits, annual compliance declarations, option to report via the whistleblower system	Intranet
Rules for the complaints procedure	› Regulates procedures, protections, and communication within the “Speak Up” whistleblower system in accordance with Section 8 of the LkSG › Offers internal and external stakeholders various reporting channels (online, email, mail) › Ensures anonymity, protection against retaliation, data protection in accordance with the GDPR, and structured handling › Includes standardized review, investigation, and feedback processes, including root cause analysis and tracking of corrective actions	Internal and external individuals throughout the entire supply and value chain of the LMT Group	Legal, Compliance	LkSG, GDPR, HinSchG	Involvement of Legal, compliance responsibles, and the works council	Opportunity for anonymous communication and active participation in defining and evaluating measures	Intranet & Website

Management of impacts, risks and opportunities

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Overview of Guidelines

Guideline	Description of Key Content (65a)	Scope (65b)	Responsible for Implementation (65c)	Recognized Standards/Norms (65d)	Involvement of Stakeholders in Development (65e)	Involvement of affected stakeholders in decision-making processes (65f)	Availability
Anti-Corruption and Integrity Policy	› Prohibits all forms of corruption and bribery, as well as fraud, money laundering, and terrorist financing › Governs interactions with business partners and government authorities, particularly with public officials, sales agents, and other third parties acting on behalf of the Fette Compacting Group › Includes red flags, dos and don'ts, and specific guidelines for typical high-risk situations › Regulates expedited payments, kickbacks, gifts, and invitations using a binding traffic-light system › Contains guidelines for avoiding and disclosing conflicts of interest, as well as for donations and sponsorship › Establishes requirements for risk-based business partner due diligence, particularly regarding the identification of the business partner, beneficial owners, politically exposed persons, sanctions lists, and high-risk countries › Regulates reporting channels, monitoring, and possible consequences in the event of violations	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries	Legal, Risk Management, Compliance (Internal Audit), local management teams, compliance responsibles at the subsidiaries, managers and employees within their respective areas of responsibility, Selected provisions also apply to business partners acting on behalf of or in the interest of the Group	UK Bribery Act, US FCPA, German Criminal Code (StGB), OECD Guidelines for Combating Bribery, LkSG	Legal and Compliance Team in collaboration with management and functional departments	Mandatory training, escalation mechanism, feedback via the whistleblower system, compliance checks as part of risk management	Intranet
Antitrust and Competition Law Policy	› Sets forth principles for fair competitive conduct and for avoiding antitrust risks › Prohibition of agreements that restrict competition, concerted practices, and the abuse of market power › Guidelines for horizontal and vertical business relationships, particularly with competitors, customers, sales representatives, and suppliers › Includes specific rules of conduct ("Do's & Don'ts") for, among other things, sales, purchasing, tenders, information exchange, and association meetings › Practical collection of case studies for typical antitrust risk situations › Rules of conduct and local points of contact in the event of regulatory audits and searches › Reporting channels via the "Speak-Up" whistleblower system › Mandatory for all employees worldwide, with a particular focus on EU and U.S. antitrust law	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries	Legal, Risk Management, Compliance (Internal Audit), local management teams, compliance responsibles at the subsidiaries, managers and employees in their respective areas of responsibility	EU antitrust law, U.S. antitrust law, applicable national antitrust and competition laws of the countries where business activities impact competition, internal guidelines	Legal & Compliance in collaboration with management and training sessions	Mandatory training, compliance feedback, speak-up system, escalation for high-risk business decisions	Intranet

Management of impacts, risks and opportunities

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Overview of Guidelines

Guideline	Description of Key Content (65a)	Scope (65b)	Responsible for Implementation (65c)	Recognized Standards/Norms (65d)	Involvement of Stakeholders in Development (65e)	Involvement of affected stakeholders in decision-making processes (65f)	Availability
Human Rights Statement (LkSG)	› Commitment to protecting human rights and fulfilling environmental obligations in our own business operations and supply chain › Defines strategy, risk management, and responsibilities in accordance with the LkSG › Describes procedures for risk analysis, preventive and remedial measures, as well as monitoring and reporting › Foundation for all human rights-related measures of the LMT Group	LMT GmbH & Co. KG and all domestic and foreign affiliated companies (“LMT Group”)	Human Rights Officers from the Fette Compacting & LMT Tools divisions, Executive Management	LkSG UN Charter on Human Rights, DICO Standard 16	Coordination by Legal & Compliance, with the involvement of the divisions and relevant departments	Feedback loops through complaint procedures (Speak Up), supplier communication, and escalation mechanisms for risks	Intranet & Website
UK Modern Slavery Act	› Implements requirements to prevent modern slavery and human trafficking in accordance with Section 54 of the UK Modern Slavery Act (MSA) › Describes risk analysis and measures for the Group’s own business activities and within the supply chain › Refers to the Code of Conduct and Supplier Code of Conduct regarding respect for human rights › Integrates MSA implementation with existing management systems (including compliance, environment, and occupational safety) › Contains guidelines on auditing, prevention, remediation, and supplier training › Integrates the “Speak-Up” whistleblower procedure, including anonymous case handling and root cause analysis	LMT GmbH & Co. KG and all domestic and foreign affiliated companies (“LMT Group”) with a particular focus on subsidiaries in the United Kingdom in accordance with Section 54 of the UK MSA	Legal, Compliance, Management of the LMT Group, Human Rights Officer	UK Modern Slavery Act (2015), UN Charter on Human Rights, Supply Chain Due Diligence Act (LkSG)	Coordination by Legal & Compliance	Use of the “Speak Up” whistleblower system, supplier communication, risk assessment, audits, and escalation mechanisms in the event of violations	Intranet & Website
Supplier Code of Conduct	› Mandatory minimum requirements regarding human rights, working conditions, fair compensation, equal treatment, and health and safety › Guidelines on environmental and climate protection, resources, chemicals, circular economy, and conflict minerals › Requirements regarding integrity, prevention of corruption and money laundering, fair competition, data protection, and information security › Commitment to appropriately disseminate these principles throughout the company’s own supply chain › Risk-based verification through self-reports, supplier assessments, document reviews, monitoring, on-site visits, and audits › Preventive, corrective, and remedial measures, as well as contractual consequences for serious violations › Reporting options via the “Speak-Up” whistleblower system	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries, suppliers, service providers, subcontractors, and other business partners who provide goods or services to Group companies, Appropriate dissemination of the principles to our own suppliers and business partners	Supply Chain Management, Suppliers and business partners for implementation within their own organization and supply chain	OECD Guidelines, UNGPs, ILO UNGC, UN Convention on the Rights of the Child, including ISO 9001, ISO 14001, and ISO 50001, REACH and RoHS, as well as other relevant environmental and raw material standards	Coordinated by Legal & Compliance and Supply Chain, in collaboration with relevant departments	Self-disclosures, assessments, information and documentation requirements, as well as supplier audits, Partnership-based dialogue and joint prevention, corrective action, and improvement plans, Reporting channel for suppliers and other stakeholders via “Speak-Up”	Intranet & Website

Management of impacts, risks and opportunities

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Overview of Guidelines

Guideline	Description of Key Content (65a)	Scope (65b)	Responsible for Implementation (65c)	Recognized Standards/Norms (65d)	Involvement of Stakeholders in Development (65e)	Involvement of affected stakeholders in decision-making processes (65f)	Availability
Sustainable Procurement Policy	› Principles for sustainable, fair, and responsible procurement and supplier collaboration › Consideration of human rights, working conditions, and environmental and energy aspects in the supply chain › Evaluation of strategic suppliers based on environmental and social criteria › Giving preference to recognized certifications when offers are equivalent › Consideration of energy efficiency and life-cycle costs in energy-related procurement › Regular supplier evaluation and collaborative dialogue	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries, All employees and managers with procurement responsibilities, All procurement activities; the principles also apply to suppliers and business partners	All employees and managers with procurement responsibilities	UN Charter of Human Rights, UN Global Compact, including ISO 9001, ISO 14001, and ISO 50001, internal guidelines and Code of Conduct for suppliers	Procurement management in collaboration with relevant departments and Legal	Supplier evaluations and meetings, collaborative dialogue, exchange of information with functional departments and decision-makers	Intranet
General Terms and Conditions of Purchase	› Legally binds key terms and conditions for procurement and supplier relationships (including quotes, purchase orders, delivery times, prices, warranties, liability, and confidentiality) › Requires suppliers to comply with the Supplier Code of Conduct and the minimum standards defined therein › Sets forth information and remedial obligations in the event of violations of the Supplier Code of Conduct › Includes escalation mechanisms for violations, including extraordinary termination and damages	Supplier Relationships of LMT GmbH & Co. KG, Fette Compacting Holding GmbH, Fette Compacting GmbH, and LMT Immobilien GmbH & Co. KG	Purchasing and Legal (implicitly through operational and legal provisions)	German civil and commercial law (BGB, HGB), Product Liability Act, applicable local law	Procurement management in collaboration with relevant departments and Legal	Ensured through the obligation to confirm orders, to report violations of the Supplier Code of Conduct, and to comply with contractual provisions including escalation mechanisms	Intranet & Website
Corporate Policy – Quality, Health, Safety and Environment (QHSE)	› Defines principles and objectives for quality, health, occupational safety, environmental protection, and climate protection › Requires continuous improvement of QHSE performance as well as the identification and minimization of opportunities and risks › Promotes safe and sustainable products, resource efficiency, emissions reduction, and responsible procurement › Embed QHSE and sustainability standards in management systems and business processes › Regulates monitoring, corrective and preventive actions, and regular reporting	Binding worldwide for all employees and governing bodies of the Fette Compacting Holding GmbH and all domestic and foreign subsidiaries; the principles also apply to suppliers, service providers, customers, and other business partners	Executive Management, managers, all employees, departments responsible for QHSE	ISO 9001, ISO 14001, ISO 50001, ISO 45001, legal and industry-specific requirements, standards, and national regulations	Development of QHSE and sustainability standards in dialogue with employees, customers, suppliers, and other stakeholders	Engagement through stakeholder dialogue, employee training and communication, as well as goal setting, monitoring, and improvement measures	Intranet & Website

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Data Protection Policy	› Regulates the protection and processing of employees' personal data › Applies to all data processing operations at Fette Compacting GmbH › Defines the responsibilities and role of the Data Protection Officer › Includes principles such as data minimization, purpose limitation, and transparency › Establishes the rights of data subjects (e.g., right of access, erasure, objection) › Contains guidelines on data sharing, data processing by third parties, and data breaches	Fette Compacting GmbH	Legal, Data Protection Officer (DPO)	EU General Data Protection Regulation (GDPR), Federal Data Protection Act (BDSG)	DBS, IT, Legal	Incorporating feedback from management and business units into data protection-related procedures and system implementations	Intranet
Information Security Policy (ISMS)	› Governs the Fette Compacting Group's ISMS (organization, objectives, measures) › Protects corporate assets such as information, IT systems, applications, and know-how › Defines protection objectives: confidentiality, integrity, availability › Covers authorization, emergency preparedness, secure communication, and reporting processes	Fette Compacting Holding GmbH and all companies in which it holds a majority stake (> 50 %)	Management, Information Security Officer (ISO), IT, Data Protection, Compliance, Risk Management	ISO/IEC 27001:2022, internal security policies, BSI guidelines	Coordination with executive management, IT, compliance, data protection, risk management, and the works council	Involvement via the ISMS role structure, awareness training, management reviews, and feedback processes	Intranet
Inclusion Agreement LMT Group	› Promotes participation, equality, and accessibility for people with severe disabilities › Regulates measures regarding workplace design, training, transfers, qualifications, and health promotion › Defines processes for involving the representative body for people with severe disabilities in decision-making › Includes protective mechanisms, training measures, wage compensation, and testing accommodations › Sets targets for employment and structural inclusion throughout the entire corporate group"	All employees and trainees of the LMT Group in Germany, including those assigned abroad	HR, Representatives for People with Severe Disabilities, Management, Inclusion Team	SGB IX, UN Convention on the Rights of Persons with Disabilities (UN CRPD), BGG	Developed by the Group Employee Representative Committee, the Group Works Council, and management; implementation supported by the Inclusion Team	Involvement of the Representative Body for People with Severe Disabilities in job applications, workplace accommodations, training programs, and examinations in accordance with legal requirements	Intranet
Business Continuity Management – Manual	› Regulates business continuity management (BCM) across the Group to ensure business operations during crises and emergencies › Establishes standardized procedures for prevention, response, and recovery › Based on the PDCA cycle (Plan-Do-Check-Act) in accordance with ISO 22301	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries	Management, BCM Coordinator, Department Heads	ISO 22301:2019	Involvement of departments in risk analyses and BIAs, coordination with relevant internal stakeholders	Involvement of affected departments in the crisis management team, participation in emergency response, recovery planning, and lessons learned	Intranet

Management of impacts, risks and opportunities

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Overview of Guidelines

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Business Continuity Management Policy – IT	› Establishes procedures for serious IT disruptions (e.g., cyberattacks, power outages) › Describes business impact analysis, role allocation in the event of a crisis (Security Board, CMT), and recovery planning	Fette Compacting Holding GmbH and all domestic and foreign subsidiaries	IT Security Board, Executive Management, IT, ISB, Data Protection, Legal, BCM Officers	ISO/IEC 27001:2022	Involvement of internal employees and external IT service providers in the context of incident reporting and security training	Involvement of the Crisis Management Team, business units, Legal, HR, Communications, and external partners in the escalation and decision-making process	Intranet
Company Agreements and Regulatory Agreements on Working Conditions and Personnel Development	› Policies regarding working conditions, work-time models, remote work, training and continuing education, employee development, occupational health and safety, workplace health promotion, company bicycle leasing, and other labor- and social-related topics. › The agreements support the creation of fair working conditions, work-life balance, and long-term workforce development.	Fette Compacting GmbH	Executive Management, Human Resources, Managers, Works Council	Works Constitution Act (BetrVG), Occupational Safety and Health Act (ArbSchG), Working Hours Act (ArbZG), Social Code (SGB IX), collective bargaining agreements, and recognized principles regarding fair working conditions, health protection, and employee development.	Development and coordination among management, Human Resources, and the works council, with the involvement of the relevant departments	Employee participation through their employee representatives as well as through regular coordination and consultation processes.	Intranet
Work and Conduct Guidelines (Employee Handbook)	› Regulations regarding standards of conduct, integrity, and compliance; working conditions; working hours; compensation; training and continuing education; occupational health and safety; data protection; equal treatment; whistleblower procedures; and protection against harassment and discrimination.	Fette Compacting (China) Co., Ltd.	Management, Human Resources, Supervisors	Chinese labor law, recognized principles regarding fair working conditions, occupational health and safety, and employee development.	Development and coordination between management and Human Resources, with the involvement of the relevant departments	Involvement of relevant departments as well as through regular coordination and consultation processes.	Intranet

Environment

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E1 Climate Change

Global climate change is one of the greatest challenges of our time. As a manufacturing company, Fette Compacting bears a particular responsibility for reducing industrial emissions to limit global warming and mitigate climate change.

ESRS 2 SBM-3/E1

Our material impacts, risks, and opportunities (IROs)
As part of the Group-wide Double Materiality Assessment (DMA), all ESG topic defined by the European Sustainability Reporting Standards (ESRS) were systematically assessed regarding their related impacts, risks, and opportunities (IROs).

For the topic “E1 Climate Change”, the LMT Group identified fourteen IROs as material. These primarily relate to improving energy efficiency in our own operations and in customer environ-ments, implementing an effective climate strategy, and reducing emissions along the value chain. In addition, climate resilience and measures to enhance environmental and health protection in the context of long-term climate change are among the key topics.

The table below provides a structured overview of the material IROs in the area of climate change, as well as Fette Compacting’s respective management approaches for addressing these issues. Other potential impacts and risks were considered as part of the DMA but were classified as immaterial due to effective preventive measures.

Management of material IROs

IRO Title	IRO Description	How do we manage this IRO?
Energie		
Energy efficiency in own operating processes	Targeted energy efficiency measures reduce energy consumption, which both reduces the environmental impact and leads to lower operating costs.	We implement energy optimization programmes in our production processes throughout the Group, including modern plant technology, monitoring systems and employee training. These measures reduce energy requirements and at the same time promote cost efficiency and resource conservation
Energy efficiency in the customer environment	The use of efficient technologies by customers reduces their energy consumption and carbon footprint, which improves their sustainability performance.	We develop and market technologies with optimized energy efficiency and lower CO_2 emissions. We support the use of these technologies by our customers with targeted advice, digital tools (e.g. emulators) and training courses.
Fossil dependency and volatility	The use of fossil fuels results in direct emissions and dependence on volatile energy markets, which increases economic risks.	We are increasing the proportion of renewable energies at our locations and are focusing on long-term energy contracts with stable conditions. We are also driving forward the electrification of our processes and regularly analyze energy market risks.
Mitigation of climate change (emissions)		
Reducing emissions through energy efficiency	Reducing energy consumption reduces pollutant emissions, which improves environmental and health protection.	We combine technical measures such as waste heat recovery and modern control technology with organizational improve-ments (e.g. ISO 50001) to sustainably reduce emissions.
Climate strategy as an emissions reduction pathway	The implementation of the climate strategy systematically reduces greenhouse gas emissions and strengthens the company's ecological responsibility.	We are currently developing a Group-wide climate strategy focusing on emissions targets and management. In April 2026, Fette Compacting Holding GmbH committed to developing and submitting science-based near-term targets under the Science Based Targets initiative (SBTi).
Decarbonization through innovation and digitalization	The use of innovative technologies and digital solutions will decarbonize production in the long term.	We are making targeted investments in R&D and digitalized production solutions to replace CO_2-intensive processes. Pilot projects are being rolled out across the Group.

E1 Klimawandel

ESRS E1-1

Transition plan for climate change mitigation and resilience to climate-related risks

As for the reporting date, the Fette Compacting Group does not yet have a transition plan as defined by ESRS E1-1, which would ensure alignment of our business strategy with the goal of a climate-neutral economy and the 1.5 °C target of the Paris Agreement. Nevertheless, Fette Compacting is currently engaged in a structured evaluation process to develop such a plan. The key foundation for this is the complete and systematic disclosure of our greenhouse gas emissions (Scopes 1, 2, and 3).

In 2026, a Corporate Carbon Footprint (CCF) was calculated for the first time for all companies within Fette Compacting Holding GmbH. The calculation covers the 2025 reporting year and was conducted in accordance with the requirements of the Greenhouse Gas (GHG) Protocol.

Based on the global Corporate Carbon Footprint calculated for the first time for the 2025 reporting year, we are currently developing a climate action plan. This plan is intended to define specific measures, responsibilities, and timelines for reducing our greenhouse gas emissions and to support the achievement of our science-based climate targets.

Management of material IROs

IRO Title	IRO Description	How do we manage this IRO?
Health risks from emissions	Higher energy consumption generates emissions that negatively affect employee health and the environment.	We monitor relevant emissions at our sites in accordance with legal requirements. In addition, air quality and health protection measures are implemented as part of the QHSE system (e.g. technical filter systems)
Limited controllability in the supply chain	Limited control options in the supply chain make it difficult to reduce indirect emissions.	Scope 3 emissions were accounted for globally as part of the carbon footprint assessment. Going forward, climate-related requirements will be systematically integrated into the supplier evaluation process as part of the implementation of the LkSG.
Physical risks for processes and locations	Processes, infrastructure and locations are affected in the long term by environmental changes caused by climate change.	We analyze climate risks at site level and integrate physical resilience requirements into new planning and investment decisions. In addition, business continuity plans are regularly updated.
Adaptation to climate change		
Systematic environmental measures through environmental management	A certified environmental management system ensures the systematic implementation of ecological adaptation measures.	Our environmental management in accordance with ISO 14001 ensures that climate adaptation is integrated into processes, responsibilities and target systems. Regular audits ensure effectiveness.
Climate risk management strengthens health protection	Adaptation measures to climate risks improve occupational health and safety for employees.	We systematically assess climate risks as part of HSE management and take preventive measures (e.g. heat protection, emergency planning).
Operating costs burdened by energy prices and levies	Rising energy prices and CO_2 levies increase operating costs and affect profitability.	We rely on energy efficiency measures, tenders, energy monitoring and long-term contract models to secure costs.
Investment pressure due to infrastructure requirements	The development of sustainable infrastructure results in high initial investments that are ecologically beneficial in the long term.	Investment decisions are made on the basis of TCO considerations and ESG criteria. Funding opportunities are consistently utilized.
Location risks due to extreme weather events	Climate change-related extreme weather events create operational risks for locations and supply chains.	Site analyses, protective measures (e.g. flood protection) and supplier evaluation ensure resilience to extreme weather events.

E1 Klimawandel

ESRS 2 IRO-1 / E1

Assessment Resilience to climate-related risks

In 2024, the LMT Group conducted an initial site-specific climate risk assessment for selected production locations, including Schwarzenbek (Germany) and Nanjing (China). The assessment was based on regional climate projections provided by the service provider MeteoBlue, using internationally recognized IPCC scenarios (CMIP6).

The aim of the analysis was to identify and better understand physical climate risks at an early stage. The results obtained provide an important starting point for systematically evaluating the resilience of our sites.

According to current findings, the results do not indicate any immediate impacts on the production capability or supply processes of the Fette Compacting Group. At the same time, they highlight the need to contextualize external model projections within actual operational settings.

The results of the 2024 climate risk analysis were reviewed in 2025 and remain valid for the 2025 reporting year.

Fette Compacting is committed to transparent handling of climate-related risks. The current results mark the starting point of a continuous improvement process aimed at strengthening our long-term resilience to climate change.

ESRS E1-2

Policies related to climate change mitigation and adaption

Fette Compacting has implemented a group-wide QHSE policy (Quality, Health, Safety, Environment) that provides the overall framework for addressing environmental and climate-related matters. In addition, certified environmental and energy management systems (ISO 14001 and ISO 50001) are in place. These define requirements and procedures to systematically assess environmental impacts, comply with legal obligations, and enable continuous improvement in the operational context. In the systems currently in place, the focus is particularly on energy consumption, resource use, and the emissions balance. Individual elements that contribute to the implementation of climate protection and energy efficiency. We are currently developing a climate protection action plan that defines concrete measures to reduce greenhouse gas emissions and supports their implementation. A particular focus is on reducing emissions along the supply chain, particularly among customers and suppliers.

QSHE policy in the context of climate change mitigation

The Fette Compacting Group's QHSE policy is globally binding for all employees and corporate bodies. It sets forth fundamental principles for dealing with quality, health, safety, and environmental protection and provides a company-wide framework for managing environmental issues, including energy consumption, emissions, and resource conservation.

In the context of climate protection, the QHSE policy specifically emphasizes the prudent use of natural resources, the continuous improvement of environmental performance and the prevention of environmental damage as key areas of focus. Furthermore, it commits the company to complying with applicable laws and internal guidelines, as well as to the systematic monitoring and evaluation of environmentally relevant processes within the framework of existing management systems. The QHSE policy is currently being revised and expanded to include specific commitments in the areas of climate, environmental, and energy management. These include the continuous reduction of CO_2 emissions with the long-term goal of climate neutrality, the reduction of energy consumption, the improvement of energy efficiency, and the increased use renewable energy sources. Other priorities include the prevention of environmental damage and pollution through appropriate preventive, control, and emergency measures, as well as the responsible use of natural resources and the prevention and reduction of waste.

E1 Klimawandel

Environmental management
To implement its QHSE policy, Fette Compacting operates structured environmental management systems at selected sites. The production facilities in Schwarzenbek (Germany) and Nanjing (China) are certified according to DIN EN ISO 14001. These systems enable the systematic identification and management of environmental aspects – particularly in the areas of energy, emissions, materials, and waste.

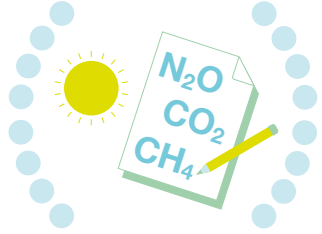
Environmental management includes defined procedures for identifying and assessing environmental impacts, ensuring compliance with legal requirements, and the continuously improving environmental performance. It provides the organizational foundation to integrate environmental aspects into processes, responsibilities, and internal audits.

Responsibility for implementing the environmental management system lies with various departments and functions within the respective business units. At the Schwarzenbek site, an Environmental Management Officer has been appointed who, together with the environmental management team, coordinates operational tasks. These include, among others, the collection of environmental data, support in internal audits, and the implementation of environmental improvement measures. The effectiveness of the environmental management system is regularly reviewed and documented internally.

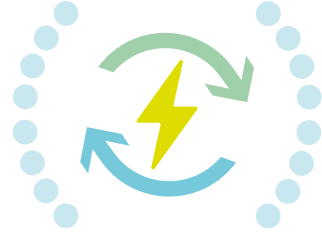
Energy Management
Since 2015, we have been operating an energy management system certified to DIN EN ISO 50001 at our production site in Schwarzenbek. The system enables structured recording, analysis, and control of operational energy consumption with the aim of identifying savings potential and improving energy use efficiency. Energy management is embedded in the QHSE policy and complements the environmental management system with a dedicated mechanism for energy performance control.

As part of the energy management system, energy consumption is systematically recorded, analyzed, and reduced. This provides us with the key tools to monitor our energy efficiency closely and achieve significant long-term improvements. We are currently working to refine our energy data classification by differentiating our analysis according to process chains and product families. This approach enhances our data quality and forms the basis for developing further optimization measures.

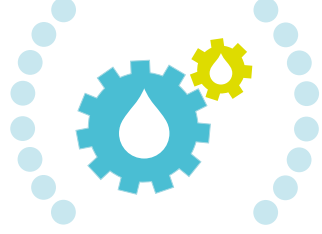
Responsibility for developing and implementing energy efficiency measures and projects lies with various departments and functions within the respective business units. At the Schwarzenbek site, an Energy Management Officer and an energy management team have been appointed. They report regularly to the management board and monitor the effectiveness of implemented efficiency measures.



Greenhouse Gas Accounting and Verification
DIN EN ISO 14064-1 : 2018



Energy Management System
DIN EN ISO 50001 : 2018



Environmental Management System
DIN EN ISO 14001 : 2015

ISO 50001
Fette Compacting has been ISO 50001 certified since 2015.

E1 Climate Change

ESRS E1-3

Actions and resources in relation to climate change policies

Fette Compacting implements targeted measures to lower its own energy consumption, reduce emissions, and increase resilience to climate-related risks. The focus is on technical, organizational, and infrastructural approaches aimed at continuous efficiency improvement and initiative-taking climate adaptation.

To improve energy efficiency, various measures have been implemented at the production sites, including the switch to LED lighting, the automation of lighting systems, and the expansion of metering technology for detailed consumption monitoring. At the production site in Schwarzenbek, the operating times of individual production machines were also optimized to reduce energy consumption outside of actual operating hours. At the production site in China, the existing compressor was replaced in 2025 with fixed-speed compressor with an energy-efficient, variable-frequency air compressor.

Demand-based control is intended to reduce the compressed air system's electricity consumption. To monitor and control energy consumption more efficiently, the implementation of a central energy management system platform was also advanced at the site in China. In addition, energy usage is being analyzed in an increasingly detailed manner by process chains and product families to identify and implement targeted optimization opportunities.

In the area of electric mobility, the charging infrastructure at the Schwarzenbek site was expanded in 2025. In addition, new electric vehicles were added to the company fleet. As a result, the share of electric vehicles in the company fleet rose from 31 % in 2024 to 50 % in 2025. With these measures, Fette Compacting is promoting more climate-friendly mobility. Emissions from the Group-wide vehicle fleet are recorded as part of our CO_2 accounting and are included in the assessment of our transportation-related emissions.

In energy management, energy consumption is continuously and evaluated based on monthly key performance indicator reports. The resulting measures range from operational efficiency initiatives to investments in modern plant technology to raising employee awareness to promote responsible energy use and environmentally conscious behavior in the workplace.

In 2025, an energy-efficient renovation concept for a production hall was developed as part of a pilot project. Based on the insights gained from this project, the concept is to be expanded to other production areas and buildings. In addition, new electricity meters were installed when new machinery was purchased, and the existing meter infrastructure was expanded to further improve.

Fette Compacting Group's management systems

Certification	Name	Fette Compacting GmbH Schwarzenbek	Fette Compacting China, Nanjing	Location Coverage	Number of Employees	Number of Employees
ISO 14001	Environmental Management System	+	+	100 %	100 %	877
ISO 14064-1	Verification of the GHG inventory (Scopes 1–3)	–	+	50 %	18.10 %	159
ISO 50001	Energy Management System	+	+	100 %	100 %	877
ISO 45001	Occupational Health and Safety Management	–	+	50 %	18.10 %	159
SA8000	Social Responsibility and Working Conditions	–	+	50 %	18.10 %	159
ISO 9001	Quality Management System	+	+	100 %	100 %	877

Methodology/Scope

- Site coverage = Number of certified material operating or production sites (Number of sites in the reporting scope: 2)
- Employee coverage = Employees at certified sites (Number of employees in the scope: 877)
- Workforce in 2025: Schwarzenbek 718; Nanjing 159; excluding apprentices, students, and temporary workers in each case.

E1 Climate Change

In the area of renewable energy, an open-field photovoltaic plant with a planned capacity of 1.6 MW is currently being constructed at the Schwarzenbek site. Commissioning is scheduled for 2026. Once operational, the plant is expected to cover approximately ten percent of the site's electricity needs. With this project, Fette Compacting aims to become less dependent on volatile energy markets in the long term and to improve its own carbon footprint. Heat energy consumption at the site is continuously monitored and analyzed to identify opportunities for operational efficiency.

The company is also focusing on low-emission logistics solutions in its supply chain. The "local for local" strategy is being gradually expanded to shorten transport routes and reduce delivery times. Procurement processes are increasingly being geared toward sourcing goods as close as possible to where they are produced.

In 2025, regional procurement for the German production site was significantly expanded. A larger proportion of the required goods was sourced from suppliers in Germany, thereby shortening transport distances. This helped to reduce Scope 3 Category 4 "Upstream Transportation and Distribution" emissions by more than 80 % compared to the previous year.

To address physical climate risks, a site-specific climate risk analysis was conducted. Based on this, measures to safeguard the site are being evaluated, such as in the areas of flood protection, infrastructure, or emergency preparedness. The results are incorporated into existing planning and risk management processes and form the basis for further adaptation measures.

These measures are implemented on a site-by-site basis and in close coordination between central functional units and local environmental and energy management officers. Funding is allocated on a project-by-project basis. An expansion of existing activities – particularly in the area of renewable energy – is planned.

ESRS E1-4

Goals Related to Climate Protection and Adaptation

Fette Compacting aims to reduce its greenhouse gas emissions over the long term and to systematically address the impacts of climate change. The focus is on collecting reliable emissions data and establishing a well-founded management and target system.

In early 2026, the Fette Compacting Group committed to setting science-based near-term climate targets as part of the Science Based Targets initiative (SBTi). Corresponding climate targets for the relevant Scope 1, 2, and 3 emissions are currently being developed.

In 2026, a Corporate Carbon Footprint (CCF) was calculated for the first time for all companies within Fette Compacting Holding GmbH. The calculation covers the 2025 reporting year and was conducted in accordance with the requirements of the Greenhouse Gas Protocol (GHG). The group-wide CCF serves as a key data foundation for the development and management of our climate targets.

E1 Climate Change

In the reporting year, we set the following specific goals to reduce our greenhouse gas emissions and to further transition our energy supply to renewable energy sources:

- Reduce Fette Compacting Holding's absolute Scope 1 greenhouse gas emissions by at least 42 % by 2035 compared to the base year 2025.
- Gradually increase the share of electricity from renewable energy sources in the total electricity consumption of our global production sites to 100 % by 2030.

These specific corporate goals should be distinguished from the near-term targets currently under development as part of the SBTi.

At a higher level, Fette Compacting pursues a series of strategic objectives in the environmental and climate sectors, which currently serve as a substantive framework within the environmental and energy management system.

In the 2025 reporting year, there were no violations of legal environmental requirements. No fines were imposed and no complaints regarding environmental impacts were reported.

Key Environmental Protection Goals at Fette Compacting



Continuous reduction of CO_2 emissions: Striving for climate neutrality through systematic measures



Reducing energy consumption: Implementing measures to continuously reduce total energy consumption and increased use renewable energy



Prevention of environmental damage: Active measures to prevent environmental pollution.



Responsible use of resources: Careful handling of natural resources, including the involving our business partners and stakeholders



Waste management: Systematic reduction of waste generation and optimization of separated recycling and waste management.



Resource-efficient products: Development and promotion of resource-efficient products and services, as well as the use of environmentally friendly technologies



Promoting environmental awareness: Strengthening for environmental protection and energy efficiency within the company and encouraging employee participation in improving these Areas



Climate Protection Projects Support: Commitment to Climate Protection Projects and initiatives



Sustainable Procurement: Promoting responsible procurement, including the avoidance of conflict minerals from conflict regions

E1 Climate Change

ESRS E1-5

Energy consumption and mix

In the 2025 reporting year, total energy consumption of the Fette Compacting Group amounted to 14,279.17 MWh. Of this total, 11,701.74 MWh was attributable to the Schwarzenbek site (Germany) and 1,182.86 MWh to the Nanjing site (China). For the Schwarzenbek site, the reported energy consumption is 37.46 % higher than the previous year's figure (2024: 8,513.12 MWh). This increase is primarily attributable to the expanded reporting scope in the reporting year and the resulting more comprehensive tracking of natural gas consumption. At the Nanjing site, total energy consumption was reduced by 15.25 % compared to the previous year.

Note on the data basis:
In accordance with the GHG Protocol, natural gas consumption for all subsidiaries located at the Schwarzenbek site was consolidated for the 2025 reporting year, and the resulting direct greenhouse gas emissions were reported as Scope 1 emissions of the Fette Compacting Group. To this end, the organizational reporting scope at the Schwarzenbek site was expanded from Fette Compacting GmbH to the Fette Compacting Group, and LMT Immobilien GmbH & Co. KG was included in the reporting. Due to this change in methodology, the reported energy consumption for 2025 is only partially comparable to the previous year's figure.

Starting in 2025, Fette Compacting will source 100 % renewable electricity at both of its production sites. This is intended, in particular, to significantly reduce Scope 2 emissions and increase the share of renewable energy in the overall energy mix.

Energy Mix 2025 (purchased energy)

Energy Source Mix for 2025 at the Schwarzenbek Site	2025
Fossil fuels	0 %
Nuclear power	0 %
Renewable energy	100 %

Energy mix in 2025 at the Nanjing site, China	2025
Fossil fuels	0 %
Nuclear power	0 %
Renewable Energy	100 %

Energy consumption and mix				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2025
(1) Fuel consumption from coal and coal products (MWh)		§38a	MWh	NR	NR		NR	NR		NR	NR		NR
(2) Fuel consumption from crude oil and petroleum products (MWh)	Scope 1.2	§38b	MWh	298.72	231.68	-22.44	122.65	107.07	-12.70	421.36	338.74	-19.61	1,236.44
(3) Fuel consumption from natural gas (MWh)	Scope 1.1	§38c	MWh	3,476.20	775.95	-77.68	NR	NR		3,476.20	775.95	-77.68	5,463.94
(4) Fuel consumption from other fossil sources (MWh)		§38d	MWh	NR	NR		NR	NR		NR	NR		0.00
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	Scope 2.0	§38e	MWh	1,559.83	0.00	-100.00	1,273.14	0	-100.00	2,832.97	0.00	-100.00	285.44
Entity spec: Consumption of purchased electricity for electric vehicles (externally charged) from fossil sources (MWh)	Scope 2.0	§38e	MWh	4.03	9.04	124.50	NR	NR		4.03	9.04	124.50	9.04
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)		§37a	**MWh**	**5,338.78**	**1,016.66**	**-80.96**	**1,395.78**	**107.07**	**-92.33**	**6,734.56**	**1,123.73**	**-83.31**	**7,073.88**

Energy consumption and mix				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2025
Share of fossil sources in total energy consumption (%)		§36 / §37, AR34	**%**	**62.71**	**17.95**		**100.00**	**9.05**		**67.96**	**16.41**		**49.54**
(7) Consumption from nuclear sources (MWh)		§37b	MWh	378.14	0	-100.00	0	0	0	378.14	0.00	-100.00	21.73
Entity spec: Consumption of purchased electricity for electric vehicles (externally charged) from nuclear sources (MWh)	Scope 2.0	§37b	MWh	0	0		NR	NR		NR	NR		**NR**
Share of consumption from nuclear sources in total energy consumption (%)		§36 / §37, AR34	**%**	**4.44**	**0**		**0**	**0**		**3.82**	**0.00**		**0.15**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)		§37c i	MWh	NR	NR		NR	NR		NR	NR		NR
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	Scope 2.0	§37b	MWh	2,788.79	4,635.22	66.21	0	1,075.80		**2,788.79**	**5,711.02**	**104.78**	**7,170.49**
Entity spec: Consumption of purchased electricity for electric vehicles (externally charged) from renewable sources (MWh)	Scope 2.0		MWh	7.41	13.07	76.40	NR	NR		**7.41**	**13.07**	**76.40**	**13.07**
(10) The consumption of self-generated non-fuel renewable energy (MWh)		§36 / §37, AR34	MWh	NR	NR		NR	NR		NR	NR		NR
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)		§37 c	**MWh**	**2,796.21**	**4,648.29**	**66.24**	**0**	**1,075.80**	**0**	**2,796.21**	**5,724.09**	**104.71**	**7,183.56**
Share of renewable sources in total energy consumption (%)		§36 / §37, AR34	**%**	**32.85**	**82.05**		**0**	**90.95**		**28.22**	**83.59**		**50.31**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)		§35	**MWh**	**8,513.12**	**5,664.96**	**-33.46**	**1,395.78**	**1,182.86**	**-15.25**	**9,908.91**	**6,847.82**	**-30.89**	**14,279.17**
Energy intensity per net revenue		§40	**MWh / Dkkm**	NS	NS		NS	NS		NS	NS		NS

NR Not relevant
NS Not stated

E1 Climate Change

ESRS E1-6

Gross Scopes 1, 2, and 3 and Total GHG emissions

For the 2025 reporting year, Fette Compacting calculated a global Corporate Carbon Footprint (CCF) for the first time in accordance with the requirements of ESRS E1-6. The calculation of greenhouse gas emissions is based on the guidelines of the GHG Protocol and is broken down into the categories Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and Scope 3 (other indirect emissions along the value chain).

In addition to the production sites in Schwarzenbek (Germany) and Nanjing (China), the assessment now includes, for the first time, all other subsidiaries of the Fette Compacting Group. As a result, the Corporate Carbon Footprint for the 2025 reporting year was calculated on a global scale for the first time.

Assessing the Fette Compacting Group's GHG emissions is essential for understanding the company's climate impact and making sustainable improvements. GHG emissions are divided into the following three categories:

Scope 1 encompasses all direct greenhouse gas emissions from stationary and mobile combustion as well as fugitive emissions. In the 2025 reporting year, Scope 1 emissions totaling 1,577 metric tons of CO_2e.

Scope 2 (market-based) includes indirect emissions from purchased electricity, considering the contractually allocated electricity mix. In the 2025 reporting year, market-based Scope 2 emissions totaled 129 metric tons of CO_2e. Compared to the previous year, emissions have decreased significantly. This reduction is primarily attributable to the use of green electricity at both production sites. The remaining Scope 2 emissions result primarily from electricity consumption at the other subsidiaries, particularly at the office locations.

Scope 3 accounts for by far the largest share of total emissions. In the 2025 reporting year, Scope 3 emissions were calculated at 128,972 metric tons of CO_2e. Of this total, 66 % was attributable to the use of products sold, 20 % to purchased goods and services, and 5 % to downstream transportation.

Total market-based GHG emissions from Scopes 1, 2, and 3 amounted to 130,678 metric tons of CO_2e in the reporting year 2025.

Methodological Notes:

In the 2025 reporting year, the data sources, emission factors, and calculation assumptions for several Scope 3 categories were updated:

- Scope 3.1, 3.5, and 3.7: Update of the emission factors used
- Scope 3.6: Additional tracking of emissions from hotel stays
- Scope 3.11: Adjustment of assumptions regarding the operating life and load factor of machines sold
- Scope 3.12: Update of emission factors for the treatment of steel and wood waste.

Changes in Scope 3 emissions compared to the previous year are therefore partly attributable to methodological adjustments. Direct comparability with the figures for the 2024 reporting year is accordingly limited. At the same time, the adjustments contribute to a more complete and up-to-date accounting of greenhouse gas emissions.

E1 Climate Change

Gross GHG emissions by category (Scope 1, 2, and 3) and total GHG emissions				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group	
				2024	2025	%-share	2024	2025	%-share	2024	2025	%-share	2025	%-share
Scope 1 GHG emissions														
Gross Scope 1 GHG emissions		**§44 a, §48 a**	**t CO_2e**	**794.46**	**211.21**	**0.31**	**132.42**	**149.32**	**0.27**	**926.88**	**360.54**	**0.29**	**1576.99**	**1.21**
Percentage of Scope 1 GHG emissions from regulated emission trading schemes		§44 a, §48 b	%	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
Stationary Combustion	**Scope 1.1**		t CO_2e	698.72	142.19	0.21	0.02	0.05	0	698.74	142.24	0	1,132.35	0.87
Mobile Combustion	**Scope 1.2**		t CO_2e	85.20	56.51	0.08	32.30	28.54	0.05	117.50	85.05	0	297.08	0.23
Process Emissions	**Scope 1.3**		t CO_2e	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
Fugitive Emissions	**Scope 1.4**		t CO_2e	10.55	12.51	0.02	100.10	120.74	0.22	110.65	133.24	0	147.56	0.11
Scope 2 GHG Emissions														
Location-based Scope 2 gross GHG emissions (Purchased energy, electricity mix of the region/country)	**Scope 2.0**	**§44 b, §49 a**	**t CO_2e**	**2,094.01**	**1,548.80**	**2.27**	**NS**	**570.82**	**1.02**	**2,094.01**	**2,119.62**	**1.71**	**2,731.47**	**2.09**
Market-based Scope 2 gross GHG emissions (Purchased energy, electricity mix purchased by the company)	**Scope 2.0**	**§44 b, §49 b**	**t CO_2e**	**1,332.99**	**–**	**0**	**683.16**	**–**	**0**	**2,016.15**	**–**	**0**	**129.03**	**0.10**
Significant Scope 3 GHG emissions														
Total indirect (Scope 3) gross GHG emissions		**§44 c**	**t CO_2e**	**30,192.68**	**68,109.49**	**99.69**	**1,995.34**	**55,779.15**	**99.73**	**32,188.02**	**123,888.64**	**99.71**	**128,971.95**	**98.69**
1 Purchased goods and services	**Scope 3.1**	§51	t CO_2e	8,550.92	22,598.00	33.08	1,238.18	1,936.36	3.46	9,789.10	24,534.36	19.75	26,414.38	20.21
2 Capital goods	**Scope 3.2**	§51	t CO_2e	609.80	741.82	1.09	NS	462.65	0.83	609.80	1,204.47	0.97	2,775.79	2.12
3 Fuel- and energy-related activities (not included in Scope 1 or 2), upstream	**Scope 3.3**	§51	t CO_2e	150.21	304.17	0.45	NS	60.49	0.11	150.21	364.66	0.29	723.92	0.55
4 Upstream transportation and distribution	**Scope 3.4**	§51	t CO_2e	3,217.09	454.81	0.67	312.13	1,040.84	1.86	3,529.22	1,495.64	1.20	1,636.34	1.25
5 Waste generated in operations	**Scope 3.5**	§51	t CO_2e	60.43	167.70	0.25	15.60	16.56	0.03	76.03	184.26	0.15	254.05	0.19
6 Business travel	**Scope 3.6**	§51	t CO_2e	321.41	330.68	0.48	151.08	123.67	0.22	472.49	454.35	0.37	1,224.98	0.94
7 Employee commuting	**Scope 3.7**	§51	t CO_2e	1,039.14	1,462.00	2.14	248.80	25.28	0.05	1,287.94	1,487.28	1.20	1,778.88	1.36

Gross GHG emissions by category (Scope 1, 2, and 3) and total GHG emissions				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group	
				2024	**2025**	**%-share**	**2024**	**2025**	**%-share**	**2024**	**2025**	**%-share**	**2025**	**%-share**
8 Upstream leased assets	**Scope 3.8**	§51	t CO_2e	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
9 Downstream transportation and distribution	**Scope 3.9**	§51	t CO_2e	3,199.01	4,567.71	6.69	29.55	1,821.82	3.26	3,228.56	6,389.53	5.14	6,389.53	4.89
10 Processing of sold products	**Scope 3.10**	§51	t CO_2e	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
11 Use of sold products	**Scope 3.11**	§51	t CO_2e	12,997.17	36,126.85	52.88	NS	50,131.49	89.64	12,997.17	86,258.34	69.42	86,258.34	66.01
12 End-of-life treatment of sold products	**Scope 3.12**	§51	t CO_2e	47.49	1,355.74	1.98	NS	160.00	0.00	47,49	1,515.74	1.22	1,515.74	1.16
13 Downstream leased assets	**Scope 3.13**	§51	t CO_2e	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
14 Franchises	**Scope 3.14**	§51	t CO_2e	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
15 Investments	**Scope 3.15**	§51	t CO_2e	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
Total GHG emissions														
Total GHG emissions (location-based)		**§44d, §52 a**	**t CO_2e**	**33.081.14**	**69,869.51**		**2,127.76**	**56,499.29**		**35,208.90**	**126,368.80**		**133,280.41**	
Total GHG emissions (market-based)		**§44d, §52 b**	**t CO_2e**	**32.320.13**	**68,320.71**	**100.00**	**2,810.92**	**55,928.47**	**100.00**	**35,131.05**	**124,249.18**	**100.00**	**130,677.97**	**100.00**

NR Not relevant
NS Not stated

E5 Resource use and circular economy

ESRS 2 IRO-1 / E5

Our material impacts, risks, and opportunities (IROs)

As part of the group-wide double materiality analysis (DMA), all ESG topic areas of the European Sustainability Reporting Standards (ESRS) were systematically assessed for their impacts, risks, and opportunities (IROs).

For the topic “E5 Resource Use and Circular Economy,” the LMT Group identified a total of eleven IROs as material. The focus area is include resource efficiency, durable products, recycling and circular systems, regulatory environmental transparency, and environmental impacts within the supply chain.

The table below provides a structured overview of the material IROs related to resource use and the circular economy, as well as the corresponding management approaches implemented by Fette Compacting to address these issues.

Other potential impacts and risks – for example in connection with resource scarcity and rising raw material costs, increased qualification requirements due to sustainable production processes, or logistical challenges related to take-back and recycling – were considered in the DMA but assessed as not material due to their currently limited relevance, existing control mechanisms or low probability of occurrence.

Management of material IROs

IRO Title	IRO Description	How do we manage this IRO?
Efficient resource management	By implementing systematic resource efficiency measures - for example to avoid waste, optimize production processes or reduce the use of materials - Fette Compacting reduces both environmental pollution and operating costs in its own value chain.	We continuously analyse material consumption and process losses and implement measures such as process optimization or material substitution. Progress is documented and regularly evaluated as part of environmental management.
Competitive advantages through resource-saving processes	Through resource-saving production processes – such as the use of durable components or energy-efficient machines - Fette Compacting reduces material consumption and at the same time increases its own competitiveness and the efficiency of its customers.	Resource conservation is an integral part of our technology and consulting approach. Through analytical services, formulation and process development, technology transfer, and technology-based development and analytical solutions, we help customers make their manufacturing processes more efficient, reduce material losses, and use resources more effectively. In addition, training and technical consulting support the sustainable optimization of production processes.
Environmental and customer benefits through sustainable packaging	By increasing the use of recyclable packaging materials and integrating environmental criteria into the supply chain, Fette Compacting aims to reduce the environmental impact of packaging solutions and increase customer satisfaction.	As part of an internal project, alternative packaging materials are being evaluated, pilot projects are being carried out to implement environmentally friendly shipping solutions and environmental aspects are gradually being integrated into the supplier selection process.
Conserving resources through durable products and modernization	The targeted development of durable, modular products reduces the consumption of raw materials and minimizes waste throughout the life cycle.	Designing our products for durability, upgradability, and repairability is an integral part of our development and service approach. Spare parts management, technical support services, retrofits, upgrades, and modular designs help customers keep their systems up to date technologically, extend their service life, and use resources efficiently throughout the entire product life cycle.
Digital solutions to save resources and optimize processes	The use of digital solutions reduces resource consumption and makes customers' production processes more sustainable.	Digital solutions help our customers analyze, monitor, and continuously optimize production processes based on data. Digital process analytics, real-time data, networked production systems, and solutions for continuous manufacturing help reduce material losses, stabilize processes, and use resources more efficiently. These digital solutions are continuously being developed and integrated into our service portfolio.

E5 Resource use and circular economy

ESRS E5-1

Policies related to resource use and circular economy

Fette Compacting manages the topic of resource use and circular economy based on the group-wide QHSE Policy (Quality, Health, Safety, Environment). This policy applies globally to all organizational units and defines binding principles for the responsible use of natural resources, the prevention of environmental pollution, and the continuous improvement of environmental performance.

In addition, certified management systems for the environment (ISO 14001) and energy (ISO 50001) are in place, as described in Chapter E1-2, and these also apply to the area of resource use and circular economy. These systems establish structured procedures for the identification, assessment, and monitoring resource-related environmental aspects. In connection with the strategic focus “From Lab to Production,” Fette Compacting aims to promote resource efficiency from formulation development through technology transfer to industrial production. This covers both the development and optimization of manufacturing processes and supporting customers in the efficient use of materials and energy. Analysis and development services, process optimization, continuous manufacturing solutions, and digital analysis and process tools all help reduce material losses, improve process stability, and increase resource efficiency.

IRO Title	IRO Description	How do we manage this IRO?
Regulatory environmental transparency through digital product information	The development of digital product information increases environmental transparency and promotes regulatory compliance.	Fette Compacting monitors current regulatory developments (e.g. the introduction of digital product passports in accordance with the Ecodesign Regulation) and examines the integration of digital environmental information into future product concepts
Conservation of natural resources through recycling structures	The separate collection and return of waste to recycling processes conserves natural resources and reduces environmental pollution.	Fette Compacting operates a structured waste management system at central locations with a focus on sorting and recycling. Recycling potential and return routes are continuously evaluated and optimized as part of environmental management.
Environmental impact due to intensive use of raw materials and energy	The extraction and energy-intensive processing of raw materials has a direct impact on the environment, particularly through emissions and resource consumption along the supply chain.	To reduce environmental risks in the supply chain, we address environmental requirements via basic standards of conduct and delivery conditions. In the future, the integration of environmental aspects such as resource conservation and energy use into supplier evaluations and procurement processes will be systematically developed further.
Resource losses due to inadequate recycling and recovery systems	The lack of return and recycling systems in the product life cycle increases the use of resources and potentially reusable materials are lost.	In the future, the gradual establishment of take-back and recycling systems will be considered in order to identify recyclable components and increase reuse potential in the medium term. The existing used machinery business can serve as a possible starting point for future return mechanisms.
Sustainability risks due to inadequate supply chain management	A lack of sustainability standards in the supply chain can result in ecological and reputational risks, particularly with regard to environmental pollution or a lack of resource conservation on the part of suppliers.	We establish binding standards for environmental criteria as part of the German Supply Chain Due Diligence Act (LkSG). Suppliers are assessed using systematic tools and evaluation methods.
Reputational impact through environmental transparency in the product life cycle	Comprehensible environmental information throughout the product life cycle fulfills customer expectations of sustainability and strengthens credibility in the market.	The environmental communication of product features is being gradually expanded. The aim is to create a higher degree of environmental transparency throughout the product development process in future, including through systematic data collection and ESG criteria during development.

E5 Resource use and circular economy

Another focus is on extending product life cycles. Through retrofits, technical support, spare parts management, and modular and upgradeable machine designs, Fette Compacting supports the long-term use of existing equipment and helps ensure the efficient use of resources throughout the entire life cycle.

The existing concepts form the conceptual framework for managing the material impacts, risks, and opportunities related to resource use and the circular economy, as identified in the Group-wide double materiality analysis.

ESRS E5-2

Actions and resources related to resource use and circular economy

The Fette Compacting Group implements a variety of measures to increase the resource efficiency of its products and processes and to minimize potential environmental impacts. The measures described are linked to the material impacts, risks and opportunities presented in chapter ESRS 2 IRO-1 / E5, as well as to the related management approaches.

Sustainability criteria are considered as early as the product development stage to ensure that machines and systems operate efficiently and conserve resources. The goal is to improve not only our own manufacturing processes but also our customers' tablet production from a sustainability perspective.

As part of the "From Lab to Production" approach, Fette Compacting supports customers in more tightly integrating development, scale-up and production to create robust, transferable, and efficient processes. Analytical and development, formulation, process development and technology transfer all support this approach. The resulting higher process stability and efficiency make an important contribution to reducing material losses and the targeted use of resources throughout the manufacturing process.

Another focus is on extending the service life of machines and systems. To this end, Fette Compacting offers technical support services, targeted retrofits, upgrades and comprehensive spare parts management. The goal is to keep existing systems technologically up-to-date, ensure their long-term performance and support their availability throughout their entire life cycle. Modular machine designs and retrofit solutions promote the long-term use of existing machines and systems and contribute to the resource-efficient management of capital goods.

Digitalization supports the collection, evaluation, and use of process data throughout the development and production process. Digital analysis and process tools enable data-driven decision-making and provide transparency regarding key process parameters. Technologies such as digital process analytics, emulators and solutions for continuous manufacturing support the ongoing development of manufacturing processes and contribute to the efficient use of resources.

E5 Resource use and circular economy

Fette Compacting also ensures the efficient use of materials in its own production. Analyses of the corporate carbon footprint show that material use has a significant impact on greenhouse gas emissions. Against this backdrop, Fette Compacting pursues the goal of use materials in a needs-based manner and continuously improve resource efficiency in production processes. In addition, opportunities for the reuse and recycling of materials are continuously evaluated to conserve natural resources and gradually strengthen the principles of the circular economy.

In addition, resource- and environment-related requirements in the supply chain are governed by the Supplier Code of Conduct. Among other things, this code includes requirements regarding resource efficiency, waste prevention, recycling and suppliers' environmental management.

ESRS E5-3

Targets related to resource use and circular economy

In the 2025 reporting year, Fette Compacting established quantifiable goals for resource use, circular economy and waste prevention. The year 2025 serves as the starting point for the systematic tracking and evaluation of goal achievement. The responsible departments determine the relevant key performance indicators at least once a year, assess target achievement and report on the progress made in the sustainability report.

Topic	Target	Performance indicator
Reusable transport packaging	By 2030, the share of reusable transport packaging among the relevant transport packaging formats for the EU market is to be increased to at least 40 %.	Share of reusable transport packaging among the relevant transport packaging formats for the EU market
Optimization of product and transport packaging	By 2030, 100 % of the relevant product and transport packaging for the EU market is to be assessed and, where technically and economically feasible, optimized in terms of weight and volume.	Share of relevant product and transport packaging for the EU market assessed
Hazardous production waste	The share of hazardous production waste in total waste is to be reduced from 25% in the 2025 base year to no more than 15 % by 2035.	Share of hazardous production waste in total waste
Water consumption	Water consumption per employee at the production sites is to be reduced by 10% by 2035 compared with the 2025 base year.	Water consumption per employee per year (m^3); 2025 base year: 12.5 m^3 per employee.

E5 Resource use and circular economy

ESRS E5-4

Resource inflows

As part of the preparation of the Corporate Carbon Footprint (CCF), Fette Compacting tracks the key material flows for the manufacture of its machines, equipment, tools, and components. In addition, the packaging materials used for shipping and delivery are considered. The analysis serves to understand the key resource inflows and identify opportunities to improve resource efficiency.

The most important materials used are steel, plastics, electronic components, and other technical materials such as bronze, aluminum, and copper. Steel represents the most significant material input due to the high requirements for stability, precision and durability. Plastics are used, among other things, for technical components and assemblies, while electronic components are required for control, measurement and automation functions. Bronze, aluminum, and copper are used in various mechanical and electro-technical applications. In addition, wooden packaging is used for shipping machines and components.

The primary materials used at Fette Compacting consist exclusively of engineering materials. Biological materials are limited to wooden packaging and, within the scope of the materiality analysis, are not drivers of significant impacts, risks, or opportunities.

			Fette Compacting GmbH, Schwarzenbek			Fette Compacting China, Nanjing			Fette Compacting Production Sites (Operating Sites)		
Resource Inflows – Key Materials			**2024**	**2025**	**Δ in %**	**2024**	**2025**	**Δ in %**	**2024**	**2025**	**Δ in %**
Total weight of key materials used (including packaging)	**§13b**	**t**	**1,921.62**	**1,527.99**		**125.76**	**279.50**		**2,047.38**	**1,807.49**	
Steel	§13c	t	1,506.32	1,167.49	-22	91.38	118.07	29	1,597.70	1,285.56	-20
Plastic	§13c	t	84.60	86.49	2	15.88	21.88	38	100.48	108.37	8
Electronics	§13c	t	65.65	25.99	-60		62.74		65.65	88.73	35
Bronze	§13c	t	57.58	38.93	-32	14.48		-100	72.06	38.93	-46
Aluminum	§13c	t	38.81	38.98	0	3.69	6.00	63	42.50	44.98	6
Brass	§13c	t	28.36	30.23	7	0.33	18.35	5461	28.69	48.58	69
Copper	§13c	t	17.16	15.36	-11				17.16	15.36	-11
Rubber	§13c	t	6.21	5.78	-7		2.47		6.21	8.25	33
Wood (Packaging)	§13c	t	116.93	118.73	2		49.99		116.93	168.72	44
Weight of secondary resources used (reused or recycled components, products and materials, including packaging)		**t**									
Share of secondary resources used in the total weight of key materials	§13d	t	NS	NS		NS	NS		NS	NS	

NR Not relevant
NS Not stated

E5 Resource use and circular economy

ESRS E5-5

Resource outflows, waste

Fette Compacting places significant importance on the responsible disposal of production and commercial waste generated at its two production sites in Schwarzenbek and Nanjing. Our focus is on waste prevention. Through efficient production processes and optimized material use, we strive to prevent waste from the outset. Where this is not possible, we prioritize reduction and recycling.

Unavoidable waste is recycled whenever possible. Most of the waste is sent for material or thermal recycling. We also use recycling processes to treat construction debris, biodegradable waste, and metal scraps in accordance with the principles of the circular economy and to recover valuable resources.

Only when all recovery options have been exhausted is waste disposed of in a proper and professional manner by certified waste management companies in compliance with EU regulations and German waste legislation. Our aim is to keep the share of non-recoverable waste permanently low

An important part of our strategy is raising awareness among our employees. Through training and information campaigns, we promote awareness of the importance of avoiding unnecessary waste and of proper recycling.

We are continuously working to further develop our environmental management system. This includes regular reviews and adjustments to our waste and recycling processes to ensure that we meet the highest standards and achieve our environmental goals. Through these measures, Fette Compacting actively contributes to protecting the environment and promoting the circular economy.

Resource outflows, Waste				**Fette Compacting GmbH Schwarzenbek**			**Fette Compacting China Nanjing**			**Fette Compacting Production Sites (Operating Sites)**		
				2024	**2025**	**Δ in %**	**2024**	**2025**	**Δ in %**	**2024**	**2025**	**Δ in %**
Total Amount of Hazardous Waste		§37b, §39	**t**	**276.89**	**245.14**	**-11.47**	**14.65**	**15.17**	**3.61**	**291.54**	**260.52**	**-10.64**
Amount Diverted from Disposal (Recovery)		**§37b**	**t**	**259.71**	**224.06**	**-13.73**	**3.13**	**2.66**	**-15.02**	**262.85**	**226.72**	**-13.74**
Preparation for Reuse		§37b i	t	0	0	0	0	0	0	0.00	0.00	0.00
Recycling		§37b ii	t	246.46	211.86	-14.04	3.13	2.66	-15.02	249.59	214.53	-14.05
Other Recovery Operations	AR31	§37b iii	t	13.25	12.20	-7.96	0	0	0	13.25	12.20	-7.96
Amount Destined for Disposal (Disposal)		**§37c**	**t**	**17.18**	**21.08**	**22.69**	**11.51**	**12.51**	**8.68**	**28.69**	**33.79**	**17.78**
Incineration		§37c i	t	17.18	21.08	22.69	2.01	5.34	165.99	19.19	26.42	37.69
Landfilling		§37c ii	t	0	0	0	0	0	0	0.00	0.00	0.00
Other disposal operations	AR32	§37c iii	t	0	0	0	9.50	7.17	-24.56	9.50	7.37	-22.41

E5 Resource use and circular economy

Resource outflows, Waste				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Total Amount of Non-Hazardous Waste		§37b	**t**	**956.65**	**733.25**	**-23.35**	**31.64**	**41.20**	**30.22**	**988.29**	**774.53**	**-21.63**
Amount Diverted from Disposal (Recovery)		§37b	t	917.67	680.83	-25.81	31.26	39.96	27.84	948.93	720.80	-24.04
Preparation for Reuse		§37b i	t	0	0	0	0	0	0	0.00	0.00	0.00
Recycling		§37b ii	t	839.13	600.62	-28.42	12.08	16.43	36.04	851.21	617.06	-27.51
Other Recovery Operations	AR31	§37b iii	t	78.55	80.21	2.12	19.18	23.53	22.68	97.73	103.74	6.15
Amount Destined for Disposal (Disposal)		**§37c**	**t**	**38.98**	**52.42**	**34.48**	**0.38**	**1.24**	**225.86**	**39.36**	**53.73**	**36.52**
Incineration		§37c i	t	38.98	52.42	34.48	0	0.00	0	38.98	52.42	34.48
Landfilling		§37c ii	t	0	0	0	0.38	1.24	225.86	0.38	1.31	245.43
Other disposal operations	AR32	§37c iii	t	0	0	0	0	0	0	0.00	0.00	0.00
Total Waste Generation		§37a	**t**	**1,233.54**	**978.39**	**-20.68**	**46.29**	**56.38**	**21.80**	**1,279.83**	**1,035.05**	**-19.13**
Amount Diverted from Disposal		§37b	t	1,177.38	904.89	-23.14	34.39	42.63	23.94	1211.78	947.52	-21.81
Share of Waste Diverted from Disposal in Total Waste Generation			%	95.45	92.49		74.31	75.61		94.68	91.54	
Amount Destined for Disposal		§37c	t	56.16	73.50	30.87	11.89	13.75	15.62	68.05	87.53	28.62
Share of Waste Destined for Disposal in Total Waste Generation			%	4.55	7.51		25.69	24.39		5.32	8.46	
Total Amount of Non-Recycled Waste		§37d	**t**	**147.96**	**165.91**	**12.13**	**31.07**	**37.28**	**19.98**	**179.03**	**203.47**	**13.65**
Indication of the Percentage of Total Waste Generated			%	11.99	16.96		67.13	66.13		13.99	19.66	

E5 Resource use and circular economy

Side Note on ESRS E3

Water

Water is an indispensable resource, the protection of which is significant for sustainable development. Worldwide, the availability of clean water is limited. Climate change and global population growth are contributing to increasing scarcity of this resource. Responsible water management is therefore of the utmost importance.

At Fette Compacting, production processes operate without the use of water. Water is primarily used as an auxiliary agent, for example in cooling or cleaning processes. Water consumption is therefore concentrated at points of use such as restrooms, kitchen areas and the company cafeteria.

As part of the double materiality analysis, water was not classified as a material issue for Fette Compacting. Regardless, the company is committed to managing water consumption responsibly and capitalizing on opportunities for savings.

To identify opportunities for water savings, the main water supply at the Schwarzenbek site was upgraded and equipped with additional water meters. This allows water consumption to be recorded and monitored on a hall-by-hall basis. The improved data foundation supports the identification and implementation of targeted measures to reduce water consumption.

Protection against water-polluting substances

At Fette Compacting, the handling of hazardous substances is regulated by standardized processes for handling, labeling, storage, and transport. The hazardous substances used are recorded in a hazardous substances registry and regularly reviewed. As part of this process, we also assess whether hazardous substances can be replaced with less hazardous alternatives.

To protect soil and water, substances hazardous to water are stored or transferred exclusively on suitable surfaces equipped with appropriate containment systems. In the event of a spill, established procedures are in place, and employees have been trained accordingly.

Water consumption				**Fette Compacting GmbH Schwarzenbek**			**Fette Compacting China Nanjing**			**Fette Compacting Production Sites (Operating Sites)**		
				2024	**2025**	**Δ in %**	**2024**	**2025**	**Δ in %**	**2024**	**2025**	**Δ in %**
total water consumption		§28a	m^3	5,962.30	8,448.50	41.70	3,707.00	2,536.00	-31.59	9,669.30	10,984.50	13.60
total water consumption in areas with water stress		§28b, AR 28	m^3	NR	NR		NR	NR		NR	NR	
total water discharge	AR31	§28, AR 32	m^3	5,962.30	8,448.50	41.70	3.707.00	2,536.00	-31.59	9,669.30	10,984.50	13.60
total water recycled and reused		§28c	m^3	NR	NR		NR	NR		NR	NR	
total water stored		§28d	m^3	NR	NR		NR	NR		NR	NR	

NR Not relevant
NS Not stated

Social

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S1 Own workforce

The employees of the Fette Compacting Group are the foundation of our business success. To retain them in the long term and unlock their potential, we strive to offer attractive working conditions, foster an inclusive corporate culture, and uphold human rights due diligence across all our locations worldwide.

ESRS 2 SBM-3 / S1

Our material impacts, risks and opportunities (IROs)

As part of the group-wide double materiality assessment (DMA), all ESG topic areas of the European Sustainability Reporting Standards (ESRS) were systematically assessed for their impacts, risks, and opportunities (IROs).

For the topic "S1 Own workforce," the LMT Group has identified twelve IROs as material. These relate to the establishment of fair and safe working, the promotion of equality and diversity and respect for labor rights throughout our value chain.

The table below provides a structured overview of the material IROs in the company's workforce, as well as Fette Compacting's respective management approaches for addressing these issues.

Other potential negative impacts and risks – such as the inability to attract potential employees in the job market or health and performance risks resulting from mental or physical strain – were considered as part of the DMA but were not material.

Management of material IROs

IRO Title	IRO Description	How do we manage this IRO?
Working conditions		
Employer attractiveness through modern working conditions	Attractive working conditions strengthen employee loyalty and improve the company's position in the market for skilled workers.	We offer attractive framework conditions such as mobile working, modern working time models, company pension schemes and social benefits.
Productivity through satisfied employees	Satisfied employees increase motivation, process efficiency and product quality.	Employee satisfaction is regularly surveyed and analyzed as part of feedback formats such as employee appraisals and team dialogues. These elements are integrated into central HR processes.
Culture of trust through open communication	Trust and the working atmosphere are improved through open communication and an established feedback culture.	Fette Compacting promotes an open communication culture through regular feedback formats. Managers are gradually sensitized to feedback and motivation techniques.
Cultural change through shared values	A value-based cultural change promotes cooperation, identification and sustainable relationships within the company in the long term.	Our corporate values are anchored in the Code of Conduct and form the basis for respectful, trust-based cooperation. The cultural change is supported by communication formats and leadership development.

S1 Own workforce

IRO Title	IRO Description	How do we manage this IRO?
Equality / non-discrimination		
Employer attractiveness through diversity	A diverse and fair working environment increases the attractiveness for applicants and employees.	As part of our HR strategy, we promote diversity through age-independent recruitment, international teams and consideration of individual life situations.
Equality as a trust factor	Fair development opportunities and equal rights strengthen trust and loyalty within the company.	We ensure fair development opportunities through transparent HR processes and promote equal treatment in everyday working life. Further training opportunities are provided in line with requirements.
Performance through inclusion	Practicing diversity and inclusion promotes an open, high-performance corporate culture	We strive for an inclusive corporate culture and create suitable framework conditions for this – e.g. through mixed teams and open communication in everyday working life.
Diversity as development potential	Promoting diversity and equal opportunities strengthens the company's development potential and supports its ability to innovate.	Measures such as flexible working models, childcare options, the appointment of an equal opportunities officer and initiatives such as Girls' Day promote equal opportunities and diversity.
Other work-related rights		
Protection of human rights in the world of work	Implementing human rights standards strengthens compliance and promotes the trust of employees and stakeholders.	Human rights due diligence obligations are ensured by the LkSG declaration of principles, internal guidelines, mandatory training and the appointment of a human rights officer.
Confidence protection for employees through whistleblower systems	Established regulations and whistleblower systems strengthen employees' trust in the integrity and fairness of the company.	The Fette Compacting Group's Group-wide whistleblower system "Speak Up" enables anonymous reporting of violations worldwide. Any information received is treated confidentially in accordance with the compliance guidelines and supported by defined review, response and training processes.
Employer attractiveness through transparent HR communication	Openness and transparent communication increase credibility and strengthen the trust of employees and applicants.	Fette Compacting reports regularly on relevant HR topics and continuously improves the database for internal and external transparency.
Competitiveness through sustainable care	Robust due diligence systems for compliance with human rights standards strengthen our reputation as a responsible employer in the long term.	The Fette Compacting Group's compliance management is supported by clear responsibilities, risk analyses and monitoring processes. The processes are closely linked to the LkSG approach and also serve to ensure employer attractiveness.

S1 Own workforce

ESRS S1-1

Policies related to own workforce

The Fette Compacting Group is committed to complying with internationally recognized standards for human rights due diligence, fair working conditions and responsible corporate governance. Our core policies and processes, particularly the Code of Conduct, are consistent with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the core conventions of the International Labor Organization (ILO). By adhering to global principles, we foster a corporate culture based on integrity, respect, and dignity for all employees.

These standards include, among other things, freedom of association, the prohibition of child and forced labor, equal treatment, fair compensation, anti-discrimination, corruption prevention and compliance with the law. By making these standards binding in the Code of Conduct, we ensure consistent application across all locations.

Our guidelines for addressing human resources issues, as outlined in the attached overview, address key aspects with potential implications for our employees. The goal is to prevent negative impacts on employees, effectively mitigate existing risks and actively leverage opportunities in connection with a fair, inclusive and safe work environment.

Management of material IROs

Policy overview S1	Scope	Collective bargaining coverage (S1-8)	Social dialogue (S1-8)	Diversity (S1-9)	Adequate wages (S1-10)	Social Protection (S1-11)	Persons with disabilities (S1-12)	Health and Safety (S1-14)	Work-life balance (S1-15)	Human Rights (S1-17)	Complaint procedures (S1-17)	Data protection
Code of Conduct	Fette Compacting Group	■	■	■	■		■	■	■	■	■	■
Works agreements	Fette Compacting GmbH, Schwarzenbek	■	■	■	■	■	■	■	■	■	■	■
Rules for the complaints procedure	LMT Group			■				■		■	■	■
Human Rights Statement (LkSG)	LMT Group							■		■	■	
UK Modern Slavery Act	LMT Group							■		■	■	
QHSE Policy	Fette Compacting Group							■				
Inclusion Agreement LMT Group	LMT Group			■			■					
Data Protection Policy	Fette Compacting GmbH, Schwarzenbek											■

For more information on our policies, see also MDR-P

S1 Own workforce

Our policies on equal treatment and inclusion address various forms of discrimination – including ethnic origin, skin color, gender, sexual orientation, gender identity, disability, age, religion or belief, political opinion, national origin and social background – and are aligned with applicable EU and national anti-discrimination legislation. Our Inclusion Agreement and HR principles promote a non-discriminatory work environment and aim to ensure fair development opportunities, particularly for underrepresented groups. The objective is to strengthen and structurally embed equal treatment throughout the entire employment relationship.

To promote the health, safety, and well-being of our employees, we have a structured occupational safety and health management system in place. The production site in China is already certified to DIN EN ISO 45001. At our headquarter in Schwarzenbek and at other locations, occupational safety and health measures are implemented based on internal standards and legal requirements; certification to ISO 45001 is planned for the future. All measures are aimed at minimizing work-related risks and ensuring a safe workplace.



Occupational Health and Safety Management
DIN EN ISO 45001 : 2018



Social Responsibility and Working Conditions
SA8000 : 2014

In addition, the production site in Nanjing is certified to SA8000 for social responsibility and working conditions.

An overview of the certified management systems at the production sites and their scope can be found on page 47.

Reports of discrimination, harassment, legal violations, or other misconduct that is inconsistent with our values and policies can be submitted in several ways: confidentially via the anonymous whistleblowing system “Speak-Up”. All reports are carefully reviewed in accordance with our Group-wide compliance process. Appropriate corrective measures are implemented, and the insights gained are incorporated into the further development of our policies and management systems. In this way, we ensure that our principles are not merely stated on paper but are effectively put into practice.

More information about the “Speak-Up” whistleblower system

ESRS S1-2

Processes for engaging with own workforce
Engaging with our employees is a key element of our corporate culture. Our aim is to promote satisfaction, motivation and long-term retention, to leverage innovation potential, and to actively support cultural development processes. The underlying procedures are diverse, systematically established, and continuously refined.

A central format for employee engagement is the Culture Journey, which has been implemented internationally across all sites since 2022. In interactive workshops, employees actively engage with the values and principles that shape our daily interactions. The focus is not only on developing individual perspectives, but on building a shared mindset that we see as the foundation for an innovative and successful future. The Culture Journey is an integral part of onboarding for all new employees.

An important process for the structured engagement of our employees is the annual performance and development reviews. They provide a space for mutual exchange between employees and managers – not only regarding professional development but also for feedback on working conditions, collaboration and leadership. The standardized review form promotes a culture of open dialogue, strengthens mutual understanding, and makes it possible to feedback to be directly translated into HR-related measures.

S1 Own workforce

In addition, we rely on the company-wide “Brutal Facts” workshops, where challenging topics are openly discussed and solutions are developed collaboratively. The feedback is directly incorporated into concrete measures for improving working conditions, leadership and collaboration. To support this, employees at all locations worldwide have access to standardized feedback cards that support respectful, direct feedback in day-to-day work and strengthen the active feedback culture within the company.

As a digital platform for exchange, we use the group-wide intranet “Fette Connecting,” which strengthens internal communication and creates transparency regarding current developments, change processes and cultural initiatives. With a reach of approximately 85% (2025), the intranet is a key instrument for cross-site employee engagement.

In addition, the workforce participates in operational decision-making processes through legally established co-determination bodies. The elected works council of Fette Compacting GmbH plays an active role in matters of information, participation and co-determination, particularly regarding work-related issues and the implementation of measures for the benefit of employees. The elected representatives conduct the general tasks of monitoring laws, regulations, accident prevention rules, collective bargaining agreements and company agreements, as well as matters of participation and co-determination, and address specialized committees. Fette Compacting involves the works council in all matters related to information, participation and co-determination. Within the framework of this trusting collaboration, employer and employee are regularly addressed through works agreements.

All the above-mentioned procedures are designed to systematically incorporate employee perspectives into corporate decisions and cultural developments. They form the basis for a healthy, motivating work environment and enable the early identification of challenges – for example about skills shortages, excessive workloads or the need for change.

ESRS S1-3

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

Fette Compacting utilizes various channels for dialogue, complaints and reporting to identify potential negative impacts on its own employees at an early stage and address them appropriately. Incoming concerns and reports are reviewed by the respective responsible departments. If a need for action is identified, appropriate personnel, organizational, or process-related measures are initiated depending on the circumstances. Findings from the review process are also incorporated into the further development of internal guidelines and processes.

The “Speak-Up” whistleblower system serves as the central reporting channel available to all employees of the Fette Compacting Group. This system can be used to report actual or suspected violations of the law, violations of the Code of Conduct, or internal guidelines, as well as other misconduct – particularly in connection with discrimination, harassment, human rights, or compliance, can be reported confidentially and, if desired, anonymously. Reports can also be submitted to supervisors, the management of the respective company, the compliance responsible, or the Legal & Compliance department, as well as to the central compliance mailbox. Individuals who submit a report in good faith shall not be subject to any sanctions or other adverse treatment as a result.

At the headquarters of Fette Compacting GmbH in Schwarzenbek, employees also have access to the HR department, the Works Council, the youth and trainee representatives (JAV), the representatives for employees with severe disabilities, and the grievance office established under the General Equal Treatment Act (AGG) as internal points of contact. In addition, employees can use the company suggestion program to point out areas for improvement.

At the Fette Compacting China production site in Nanjing, local complaint structures supplement the Group-wide reporting channels. For complaints related to workplace bullying in the workplace and sexual harassment, a dedicated committee serves as a local point of contact for employees.

All employees are informed about the existing points of contact and reporting channels as part of the onboarding process, through internal communication channels, and via the applicable guidelines. Reports and complaints are managed confidentially and in compliance with applicable data protection regulations.

More information on the “Speak-Up” whistleblower system

S1 Own workforce

ESRS S1-4

Taking action on material impacts, risks and opportunities

Based on the double materiality assessment conducted, the Fette Compacting Group has identified specific impacts, risks and opportunities related to its own workforce. A structured overview of all material IROs and the corresponding management approaches is provided in chapter S1-SBM3. The IROs outlined in S1-SBM3 are implemented through targeted activities, which are described in detail in the thematic subchapters S1-6 to S1-17.

More information on our material impacts, risks, and opportunities (IROs)

ESRS S1-5

Targets

Fette Compacting has established specific goals for the further development of its workforce. These goals focus on employee development and training, as well as occupational health and safety. Progress toward these goals is regularly monitored using defined performance indicators.

Topic	Target	Performance indicator
Employee and Development Discussions	The standardized process for employee and development discussions introduced at the Schwarzenbek site in 2026 is to be gradually rolled out to the international sites of the Fette Compacting Group. By 2028, at least 95 % of eligible employees are to regularly participate in structured employee and development discussions.	Percentage of eligible employees who regularly participate in employee and development discussions
Training and Qualification	By 2030, the centrally provided training and qualification offering is to be continuously expanded. In particular, the range of professional and personal development measures beyond mandatory training content is to be expanded.	Number of training and qualification measures offered
Occupational Health and Safety	By 2030, the number of reportable occupational accidents at the production sites is to be reduced to zero, while continuously strengthening the safety culture.	Number of reportable occupational accidents at the FCG and FCN production sites

S1 Own workforce

ESRS S1-6

Characteristics of the Company's Employees

In the 2025 reporting year, the Fette Compacting Group employed a total of 1,090 employees worldwide at fourteen locations in Europe, Asia, and the Americas. The largest unit is Fette Compacting GmbH at the headquarters in Schwarzenbek, with 718 employees (65,87 % of the total workforce).

Own workforce				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Characteristics of the undertaking's employees (S1-6)															
Total number of employees (excluding apprentices, students, and temporary workers)	S1-6	§50a	Number	698	718	2.87	152	159	4.61	850	877	3.18	1,037	1,090	5.11
of which male	S1-6	§50a, AR55	Number	562	582	3.56	115	119	3.48	677	701	3.55	823	872	5.95
share of total	S1-6	§50a, AR55	%	81	81	0.67	76	75	-1.08	79.65	49.94	-37.29	79.36	80.00	0.80
of which female	S1-6	§50a, AR55	Number	136	136	0	37	40	8.11	173	176	1.73	214	218	1.87
share of total	S1-6	§50a, AR55	%	19	19	-2.79	24	25	3.35	20.35	20.07	-1.4	20.64	20.00	-3.08
of which under 30 years	S1-9	§66b	Number	105	107	1.90	21	16	-23.81	126	123	-2.38	152	158	3.95
of which 30 to 50 years	S1-9	§66b	Number	383	387	1.04	120	129	7.50	503	516	2.58	611	639	4.58
of which over 50 years	S1-9	§66b	Number	210	224	6.67	11	14	27.27	221	238	7.69	274	293	6.93
Total new hires in the reporting period			Number	54	63	16.67	12	7	-41.67	66	70	6.06	87	111	27.59
of which male			Number	45	53	17.78	11	5	-54.55	56	58	3.57	70	96	37.14
of which female			Number	9	10	11.11	1	2	100.00	10	12	20.00	17	15	-11.76
Permanent employees (employees on permanent contracts)	S1-6	§50bi, AR55	Number	678	687	1.33	94	97	3.19	772	784	1.55	944	979	3.71
of which male	S1-6	§50bi, AR55	Number	543	556	2.39	68	70	2.94	611	626	2.45	744	782	5.11
of which female	S1-6	§50bi, AR55	Number	135	131	-2.96	26	27	3.85	161	158	-1.86	202	197	-2.48

S1 Own workforce

Own workforce				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Temporary employees (employees on temporary contracts)	S1-6	§50bii, AR55	Number	20	31	55.00	4	56	1,300.00	24	87	262.50	24	87	262.50
of which male	S1-6	§50bii, AR55	Number	19	26	36.84	1	45	4,400.00	20	71	255.00	20	72	255.00
of which female	S1-6	§50bii, AR55	Number	1	5	400.00	3	11	266.67	4	16	300.00	4	16	300.00
Non-guaranteed hours employees (employees without guaranteed working hours who are paid based on hours worked, e.g. on-call workers, casual workers and similar arrangements)	S1-6	§50 biii, AR55	Number	15	9	-40.00	NR	NR	0.00	15	9	-40.00	15	15	0.00
of which male	S1-6	§50 biii, AR55	Number	12	8	-33.33	NR	NR	0.00	12	8	-33.33	13	12	-7.69
of which female	S1-6	§50 biii, AR55	Number	3	1	-66.67	NR	NR	0.00	3	1	-66.67	2	3	50.00
Total number of employees who have left the undertaking during the reporting period	S1-6	§50 c	Number	27	53	96.30	5	4	-20.00	32	57	78.13	40	27	-32.50
Rate of employee turnover in the reporting period	S1-6	§50 c	%	3.87	7.38	90.83	3.20	2.50	-21.38	3.76	6.50	72.64	3.86	2.48	-35.78
Full-time employees	S1-6	§52 a, AR55	Number	618	642	3.88	152	159	4.61	770	801	4.03	901	938	4.11
of which male	S1-6	§52 a, AR55	Number	523	543	3.82	115	119	3.48	638	662	3.76	736	766	4.08
of which female	S1-6	§52 a, AR55	Number	95	99	4.21	37	40	8.11	132	139	5.30	165	172	4.24
Part-time employees	S1-6	§52 b, AR55	Number	80	76	-5.00	NR	NR	0.00	80	76	-5.00	85	82	-3.53
of which male	S1-6	§52 b, AR55	Number	39	39	0.00	NR	NR	0.00	39	39	0.00	39	40	2.56
of which female	S1-6	§52 b, AR55	Number	41	37	-9.76	NR	NR	0.00	41	37	-9.76	46	42	-8.70
Number of apprentices and students			Number	75	71	-5.33	4	0	-100.00	79	71	-10.13	80	71	-11.25

NR Not relevant
NS Not stated

S1 Own workforce

ESRS S1-8

Collective bargaining coverage and social dialogue

Fette Compacting GmbH is a long-standing member of the employers' association Nordmetall and is subject to collective bargaining agreements. The company applies the remuneration and employment provisions of the metal and electrical industry (IG Metall, Coastal District, Hamburg region). Job classification is conducted in accordance with the collective agreement on remuneration structure (Entgeltrahmen-Tarifvertrag, ERA-TV), based on the requirements of each specific role. This ensures that all employees receive task related, fair, and transparent remuneration. Equal treatment in terms of remuneration is also ensured for temporary agency workers.

In 2025, 636 of Fette Compacting's 1,090 employees were covered by a collective bargaining agreement. This corresponds to a collective bargaining coverage rate of approximately 58.35 %. This coverage applies exclusively to employees based in Germany. In all other countries where the Fette Compacting Group operates, no collective bargaining agreements are in place. At international sites, the respective national labor law frameworks apply. In addition, internal standards are implemented to ensure fair working conditions.

For the site in China (Fette Compacting China Co., Ltd.) with 159 employees (approximately 14.6 % of the total workforce), there are no collective bargaining agreements. However, there is a formal employee representative body with three elected representatives.

Collective Bargaining Coverage and Social Dialogue (AR70)

Coverage rate	EEA – Collective bargaining coverage (countries with more than 50 employees and more than 10 % of total workforce)	Non-EEA – Collective bargaining coverage (estimated) (countries with more than 50 employees and more than 10 % of total workforce)	EEA – Workplace representation (countries with more than 50 employees and more than 10 % of total workforce)
0–19 %	–	–	–
20–39 %	–	–	–
40–59 %	–	–	–
60–79 %	–	–	–
80–100 %	Germany	–	Germany, China

Note: The table is based on the requirements in Appendix E of ESRS S1, paragraph 70. It includes all countries in which the Fette Compacting Group employs more than 50 employees and which, at the same time, account for more than 10 % of the total workforce (Germany and China). For China, the coverage rate was estimated.

S1 Own workforce

We respect our employees' right to freedom of association and recognize their right to collective bargaining. In economically challenging situations, we collaborate with workers' representatives and social partners to develop viable solutions that best reflect the interests of all parties involved.

A works council exists in Germany. No employee representation bodies have been established at the level of a European Company (SE) or a European Works Council.

Arbeitskräfte des Unternehmens				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Collective bargaining coverage and social dialogue (S1-8)															
Total number of employees (excluding apprentices, students, and temporary workers)	S1-6	§50a	Anzahl	698	718	2.87	152	159	4.61	850	877	3.18	1,037	1,090	5.11
Employees covered by collective agreements	S1-8	§60a	Anzahl	622	636	2.25	NR	NR	NR	622	636	2.25	667	680	1.95
Percentage of employees covered by collective bargaining agreements	S1-8	§60a, AR66	%	89.11	88.58	-0.60	NR	NR	NR	73.18	72.52	-0.90	64.32	62.39	-3.01
Employees covered by workers' representatives	S1-8	§63a, AR69	Anzahl	697	717	2.87	NR	NR	NR	697	717	2.87	697	717	2.87
Percentage of employees represented by employee representatives	S1-8	§63a, AR69	%	99.86	99.86	0,00	NR	NR	NR	82.00	81.76	-0.30	67.21	65.78	-2.13

NR Not relevant

S1 Own workforce

ESRS S1-9

Diversity metrics: Diversity, equal opportunities and inclusion
We believe that diversity makes us stronger. Fette Compacting is a company shaped by diversity. We are aware that we can only be successful if we create a working environment that promotes equal opportunities, actively embraces inclusion, and consistently opposes discrimination.

We are committed to preserving and further strengthening our diversity. Therefore, we take a clear stand against all forms of discrimination and advocate worldwide for fair working conditions and equal respect for all people within our company.

This commitment applies to everyday interaction as well as to leadership. Respectful behavior, consideration of cultural differences, protection of personal integrity, and the consistent prevention of insults, humiliation or sexual harassment are binding principles

Our commitment to fair working conditions excludes any form of disadvantage based on gender, sexual orientation, ethnic origin, skin color, age, disability, or other personal characteristics.
For us, living diversity also means inclusion: we place great value on ensuring that people with disabilities are fully integrated into working life on an equal footing.

As a traditional mechanical engineering company, we have a low proportion of women, which is typical for our industry. Nevertheless, we recognize the value of diverse perspectives for team performance and innovation. We view it as a key task for the future to structural imbalance.

An equal opportunity officer further raises awareness of equal opportunity and supports the implementation of appropriate measures.

S1 Own workforce

						LMT Group Schwarzenbek
				2024	2025	Δ in %
Diversity metrics (S1-9)						
Number of members of the Supervisory Board (LMT Group)	GOV-1	§21d	Number	8	8	0.00
of which independent board members	GOV-1	§21e	Number	3	3	0.00
share of total	GOV-1	§21e	%	37.50	37.50	0.00
of which executive	GOV-1	§21a	Number	0	0	0.00
of which non-executive	GOV-1	§21a	Number	8	8	0.00
of which male	GOV-1	§21d	Number	5	5	0.00
share of total	GOV-1	§21d	%	62.50	62.50	0.00
of which female	GOV-1	§21d	Number	3	3	0.00
share of total	GOV-1	§21d	%	37.50	37.50	0.00
of which under 30 years	GOV-1	§21d	Number	0	0	0.00
of which 30 to 50 years	GOV-1	§21d	Number	2	2	0.00
of which over 50 years	GOV-1	§21d	Number	6	6	0.00
Number of members of the Audit Committee (LMT Group)	GOV-1	§21d	Number	3	3	0.00
of which male	GOV-1	§21d	Number	2	2	0.00
of which female	GOV-1	§21d	Number	1	1	0.00
Number of members of the Personnel Committee (LMT Group)	GOV-1	§21d	Number	3	3	0.00
of which male	GOV-1	§21d	Number	2	2	0.00
of which female	GOV-1	§21d	Number	1	1	0.00

S1 Own workforce

				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Diversity metrics (S1-9)															
Number of executive management members	GOV-1	§21d	Number	3	3	0.00	1	1	0.00	4	4	0.00	16	16	0.00
of which male	GOV-1	§21d	Number	2	2	0.00	1	1	0.00	3	3	0.00	16	16	0.00
share of total	GOV-1	§21d	%	67	67	0.00	100	100	0.00	75.00	75.00	0.00	100.00	100.00	0.00
of which female	GOV-1	§21d	Number	1	1	0.00	0	0	0.00	1	1	0.00	1	1	0.00
share of total	GOV-1	§21d	%	33	33	0.00	0	0	0.00	25.00	25.00	0.00	6.25	6.25	0.00
of which under 30 years	GOV-1	§21d	Number	0	0	0.00	0	0	0.00	0	0	0.00	0	0	0.00
of which 30 to 50 years	GOV-1	§21d	Number	1	1	0.00	0	0	0.00	1	1	0.00	7	7	0.00
of which over 50 years	GOV-1	§21d	Number	2	2	0.00	1	1	0.00	3	3	0.00	9	10	11.11
Number of employee representatives	GOV-1	§21d	Number	13	13	0.00	3	3	0.00	16	16	0.00	19	20	5.26
of which male	GOV-1	§21d	Number	9	9	0.00	3	3	0.00	12	12	0.00	14	15	7.14
share of total	GOV-1	§21d	%	69	69	0.00	100	100	0.00	75	75	0.00	73.68	75.00	1.79
of which female	GOV-1	§21d	Number	4	4	0.00	0	0	0.00	4	4	0.00	5	5	0.00
share of total	GOV-1	§21d	%	31	31	0.00	0	0	0.00	0	0	0.00	26.32	25.00	-5.00
Frequency of works council elections			Jahre	4	4	0.00	NR	NR	0.00	4	4	0.00	4	4	0.00
Number of executive leadership team members	S1-9	§66a	Number	4	4	0.00	11	12	9.09	15	16	6.67	14	14	0.00
of which male	S1-9	§66a	Number	4	4	0.00	8	9	12.50	12	13	8.33	12	12	0.00
share of total	S1-9	§66a	%	100	100	0.00	73	75	3.13	80.00	81.25	1.56	85.71	85.71	0.00
of which female	S1-9	§66a	Number	0	0	0.00	3	3	0.00	3	3	0.00	5	5	0.00
share of total	S1-9	§66a	%	0	0	0.00	27	25	-8.33	20.00	18.75	-6.25	35.71	35.71	0.00
of which under 30 years	GOV-1	§21d	Number	0	0	0.00	0	0	0.00	0	0	0.00	0	0	0.00
of which 30 to 50 years	GOV-1	§21d	Number	3	3	0.00	9	8	-11.11	12	11	-8.33	16	15	-6.25
of which over 50 years	GOV-1	§21d	Number	1	1	0.00	2	4	100.00	3	5	66.67	9	11	22.22
Number of leadership positions	S1-9	§66a	Number	79	81	2.53	9	11	22.22	88	92	4.55	123	131	6.50
of which male	S1-9	§66a	Number	70	73	4.29	6	6	0.00	76	79	3.95	109	116	6.42
Share of male managers as a percentage of total managers	S1-9	§66a	%	89	90	1.71	67	55	-18.18	86.36	85.87	-0.57	88.62	88.55	-0.08
of which female	S1-9	§66a	Number	9	8	-11.11	3	3	0.00	12	11	-8.33	14	13	-7.14
Share of female managers as a percentage of total managers	S1-9	§66a	%	11.39	9.88	-13.31	33	27	-18.18	13.64	11.96	-12.32	11.38	9.92	-12.81
Share of female managers as a percentage of total workforce	S1-9	§66a	%	1.29	1.11	-13.59	2	2	-4.40	1.41	1.25	-11.16	1.35	1.19	-11.66

S1 Own workforce

ESRS S1-10

Adequate wages

Fette Compacting ensures that all employees receive fair, market-based compensation that is appropriate given the respective country-specific framework conditions. The applicable statutory minimum wages, collective bargaining agreements, and where applicable, other national benchmarks are particularly decisive. In addition compensation is based on transparent criteria such as the requirements and importance of the job, qualifications, and individual performance.

For all companies in the Fette Compacting Group, an annual group-wide survey documents whether the applicable statutory compensation standards are being met. The base pay of all employees is at least equal to the applicable statutory minimum wage. In countries without a statutory minimum wage, a country-specific benchmark for a living wage is used as a basis.

At the main location in Germany, the compensation of employees covered by collective bargaining agreements is based on the collective bargaining agreement for the metal and electrical industry. This employee group accounts for 88.58 % of the global workforce. For the remaining employees, compensation is based on local guidelines or agreements in compliance with the applicable statutory and national requirements.

ESRS S1-11

Social protection

All permanent employees of Fette Compacting are covered under the statutory social security systems of the Federal Republic of Germany against loss of income due to significant life events such as illness, unemployment, workplace accidents, parental leave and retirement. This coverage is supplemented by benefits under collective bargaining agreements for the metal and electrical industries, as well as by selected company-specific agreements.

For employees outside Germany, the respective national minimum standards apply. There is currently no systematic survey and disclosure of supplemental benefits in the international units is currently not available.

ESRS S1-12

Persons with disabilities

True diversity also means inclusion. Fette Compacting is committed to integrating people with disabilities into the company's daily work life on an equal footing. In November 2022, elections were held once again for the representative body for employees with severe disabilities at Fette Compacting GmbH's Schwarzenbek site.

Through targeted integration measures, the representative body for employees with severe disabilities ensures that employees with severe disabilities, treated as equivalent and colleagues at risk of disability receive the necessary support. It monitors regulations, agreements and laws that apply to the support of people with severe disabilities and supports measures that promote the health of people with severe disabilities.

Currently, 5.43 percent of our workforce at the Schwarzenbek site is severely disabled as defined by law. This means we meet the legally required quota of five percent. A gender-specific analysis of the proportion of severely disabled employees is not currently conducted.

				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Persons with disabilities (S1-12)															
Persons with disabilities	S1-12	§77	Anzahl	41	39	-4.88	2	2	0.00	43	41	-4.65	43	42	-2.33
Percentage of persons with disabilities amongst its employees	S1-12	§77	%	5.87	5.43	-7.53	1.32	1.26	-4.40	5.06	4.68	-7.59	4.15	3.85	-7.07

S1 Own workforce

The inclusion agreement between the LMT Group and the Group's representative body for employees with severe disabilities ensures that the management, works councils, human resources departments and representatives for employees with severe disabilities promote the integration of people with disabilities into our business processes. An inclusion team at the Schwarzenbek location manages and monitors the implementation processes for agreed-upon integration measures.

Return-to-work programme (BEM)
Our return-to-work programme (Betriebliches Eingliederungsmanagement, BEM) supports employees on long-term sick leave in reintegrating into working life. Together with the affected individuals, we plan a gradual return to work, which may be supported by adjustments to the workplace, working arrangements, or working hours. In addition, we collaborate with employees to identify ways of preventing future incapacity for work.

ESRS S1-13

Training and skills development metrics
Fette Compacting places significant importance on the continuous training and skills development of its employees. Their knowledge and capabilities are a key resource for the company's success. Both professional and personal development are actively supported – through structured performance and development reviews as well as a wide range of training programmes and development opportunities. Our goal is to ensure the long-term innovative capacity and competitiveness of the company while enabling our employees to achieve their full personal potential.

Annual performance and development reviews are a fixed component of our approach to human capital development. In these dialogues, employees and their supervisors engage on an equal footing to discuss qualifications, identify training needs, and provide mutual feedback. Strengths and development opportunities are systematically identified. The company-developed review template encourages both employees and managers to engage in self-reflection. These dialogues allow us to better leverage individual strengths and foster both personal and professional growth in line with our corporate culture and business success. We place great value on open and honest communication and are convinced that dialogue-based development reviews make a key contribution to employee satisfaction and retention.

In the 2025 reporting year, the conduct of employee development and performance review meetings at the production production site in China. This corresponds to a 100 % coverage rate at the China site. For the Schwarzenbek site, no centralized record of the conducted reviews was available in 2025, so a reliable coverage rate cannot be reported for the reporting year.

Starting in 2026, a newly and standardized process for employee performance reviews will be introduced at the Schwarzenbek production site. This will also lay the groundwork for the systematic recording of the reviews conducted. The goal is to subsequently expand the process step by step to the Fette Compacting Group's international locations and, by 2028, to regularly include at least 95 % of eligible employees in structured employee and qualification reviews. Progress will be measured annually based on the coverage rate of eligible employees.

Professional and personal development and continuing education are highly valued at Fette Compacting. A large number of employees take advantage of opportunities for lifelong learning within the context of their careers. This benefits them in their daily work and in their long-term development. It also brings advantages to the company, as employees who pursue further training and receive support are a key competitive advantage.

Digital training and instruction
At Fette Compacting, digital training and job-specific instruction are conducted via various learning platforms. At the Schwarzenbek production site, the SAM digital learning platform is used for this purpose. The production site in China uses both the SAM learning platform and its own training portal. The training content is created and regularly updated by the respective subject matter experts.

The program features learning modules specifically tailored to the Fette Compacting Group on a wide range of relevant topics – including compliance, occupational safety, health and environmental protection, data protection, AI literacy and information security. The content is based on the requirements of legislative bodies, occupational safety associations and management.

S1 Own workforce

				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Training and skills development metrics (S1-13)															
Number of employees that participated in regular performance and career development reviews	S1-13	§83a, AR77	Number	NS	NS	0.00	152	159	4.61	152	159	4.61	325	356	9.54
of which male	S1-13	§83a, AR77	Number	NS	NS	0.00	115	119	3.48	115	119	3.48	255	280	9.80
of which female	S1-13	§83a, AR77	Number	NS	NS	0.00	37	40	8.11	37	40	8.11	70	76	8.57
Percentage of employees that participated in regular performance and career development reviews	S1-13	§83a, AR77	%	NS	NS	0.00	100.00	100.00	0.00	17.88	18.13	0.00	31.34	32.66	4.21

NS Not stated

Fette Compacting aims to continuously develop its training and qualification offerings. In particular, the company intends to expand centrally provided training programs that are available group-wide and to strengthen professional and personal development initiatives beyond mandatory training content. By 2030, the centrally provided training and qualification offerings are to be continuously expanded. Progress will be regularly monitored based on the number of training and qualification programs offered.

Securing the future through vocational training and academic study

At Fette Compacting, we view our commitment to apprenticeships as a sustainable investment in the future of our company, our employees, our industry, and our business community. Across all divisions, we ensure that all our apprentices feel taken seriously from the very beginning and are regarded as full members of the team.

Fette Compacting offers two paths into a career: First, we offer a dual degree program in six different fields (StudiLe in Electrical Engineering, StudiLe in Mechanical Engineering, Industrial Engineering, Business Informatics, Business Administration, and Applied Computer Science). For this, we collaborate with the Nordakademie in Elmshorn and the Technical University of Applied Sciences in Lübeck. Second, we provide a pathway into the workforce through vocational training in the following trades: machining technician, industrial mechanic, mechatronics technician, warehouse logistics specialist, industrial clerk, and technical product designer.

Particularly dedicated trainees may even have the opportunity to complete part of their training at a subsidiary abroad. Upon successful completion, trainees and dual students have good chances of be hired by the company.

To inspire young people to work at Fette Compacting, we offer a wide range of opportunities to gain insight into our company and the various professions. We reach out to students early on through student internships, school partnerships (“taster days”), and participation in nationwide career exploration days for girls (“Girls’ Day”) and boys (“Boys’ Day”).

The apprentices at Fette Compacting represent their interests through a youth and apprentice representative body (Jugend- und Auszubildendenvertretung).

71

trainees and students were employed by the Fette Compacting Group at the end of 2025

S1 Own workforce

ESRS S1-14

Health and safety metric

At Fette Compacting, the safety and health of our employees is a top priority. As an employer, we have a fundamental duty to protect our workforce from risks and hazards in the work-place. A safe working environment is essential to maintaining the health of our employees, ensuring the quality of our products, and contributing to customer satisfaction.

Our goal is to create and continuously improve safe and healthy working conditions for our employees to completely prevent workplace accidents and work-related illnesses. A particular focus is placed on preventing reportable workplace accidents at our production sites. Progress is assessed annually, based on the number of workplace accidents, reportable work-related accidents and accident-related lost workdays.

To achieve this goal, we focus on managing, monitoring, and improving health and safety standards in connection with the development and implementation of company-wide guidelines based on ISO 45001. In this context, we define and actively pursue measures to prevent incidents and to appropriately manage emergencies, incidents, and their consequences.

Another key objective of Fette Compacting is to ensure the continuous development and expansion of our health management system to promote the health of our employees and to encourage them to adopt a health-conscious lifestyle. To this end, we are implementing company-wide measures to improve the safety culture and promote health.

Our principles regarding occupational health and safety are set forth in the Fette Compacting Group's Quality, Health, Safety, and Environment (QHSE) Policy. The policy is further detailed in further guidelines and operational instructions. It covers all activities necessary to comply with national occupational safety and health regulations – such as workplace risk assessments and regular occupational safety and health analyses. They also include health services for our employees on-site. All relevant regulations and information regarding occupational safety and health at Fette Compacting are available to our employees at any time via the Fette Connecting intranet.

The Occupational Safety Specialist advises and supports management in monitoring and continuous improvement of health and safety standards at the Schwarzenbek site. Several individuals (employees with additional training) support these efforts: the safety representatives and first aid responders, the fire safety officer, the fire safety and evacuation assistants, the explosion protection officer, and the external company physician.

Mental health risk assessment

In 2025, a mental health risk assessment was conducted at the Schwarzenbek site. Based on the results, areas for action were identified and specific improvement measures were developed in workshops with management. The measures are documented in the risk assessment and their implementation and effectiveness are regularly reviewed. Plans are in place to expand the survey to international sites in 2026.

Occupational health and safety committee

The Occupational Health and Safety Committee (ASA) meets regularly to address various matters related to occupational safety and accident prevention. Based on the outcomes of these meetings, appropriate measures are initiated. The committee includes the occupational safety specialist, representatives of the management, members of the works council, safety officers, and the company medical service.

29

safety officers were active in 2025 at the Schwarzenbek site

Risk Assessments

Regular risk assessments help us identify potential health hazards at an early stage and implement suitable protective measures. This enables us to prevent accidents, reduce strain, improve working conditions, and increase employee motivation.

42

Risk Assessments at the Schwarzenbek site in 2025

S1 Own workforce

Training and awareness-raising measures
Our experience shows that most workplace accidents can be prevented through appropriate behavior. It is therefore crucial for our occupational health and safety that our employees are qualified and trained on relevant topics. Mandatory annual training sessions on health and safety topics are held for all employees.

To further strengthen our culture of prevention and safety, management training on workplace safety and health-oriented leadership is planned for 2026. In addition, training sessions organized by the workers' compensation association will begin in October 2026. Furthermore, an annual, company-wide standardized occupational safety and health briefing is to be introduced.

The implementation of these measures will be tracked based on participation and coverage rates.

Accident statistics
We view occupational safety and health protection as a comprehensive and preventive management responsibility. Ensuring the safety and physical integrity of our employees is one of our company's highest priorities. For this reason, we are constantly working to further reduce the number of workplace accidents. To achieve this, we regularly analyse our processes for potential hazards and avoidable risks, considering technical, organizational and human factors.

Together with the occupational safety specialist, the management board conducts an annual review of all incidents and accident data. All reported cases are summarized in an annual report and discussed and evaluated in meetings of the Occupational Health and Safety Committee (ASA).

For the year 2025, Fette Compacting recorded the following key figures at its two production sites:

Key Figures for Occupational Health and Safety

			Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing		
			2024	2025	Δ in %	2024	2025	Δ in %
Own Employees								
Number of own employees (incl. apprentices, students, temporary workers)		Number	788	813		156	167	
Number of hours worked & reported	§88c, AR89, AR90	Million hours	1.005.958	1.001.719		309.956	317.653	
Work Accidents								
Total number of work accidents		Number	11	14	3	3	0	-100.00
Number of notifiable work accidents	§88c, AR83, AR89	Number	7	10	42.86	0	0	0.00
Number of non-notifiable work accidents		Number	4	4	0.00	3	0	-100.00
Number of work accidents with lost time (LTI)	§88c, AR83, AR89	Number	8	14	75.00	0	0	0.00
Number of work accidents without lost time		Number	3	0	-100.00	3	0	-100.00
Number of fatal work accidents (FAT)	§88b, AR82 bis AR88	Number	0	0	0.00	0	0	0.00
Total number of lost days caused by work accidents	§88e, AR95	Number	73	228	212.33	0	0	0.00

S1 Own workforce

				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing		
				2024	2025	Δ in %	2024	2025	Δ in %
Work Accident Rates									
Number of work accidents with lost time per 1 million working hours	LTIR 1 million working hours	§88c, AR89	Rate	7.95	13.98	75.74	0	0	0.00
Number of work accidents without lost time per 200,000 working hours	LTIR 200,000 working hours		Rate	1.59	2.80	75.74	0	0	0.00
Number of lost days due to work accidents per 1 million working hours	LWDR 1 million working hours		Rate	72.57	227.61	213.65	0	0	0.00
Number of lost days due to work accidents per 200,000 working hours	LWDR 200,000 working hours		Rate	14.51	45.52	213.65	0	0	0.00
Number of notifiable work accidents per 1 million working hours	Accident frequency rate 1 million working hours	§88c, AR83, AR89	Ratio	6.96	9.98	43.46	0	0	0.00
Number of notifiable work accidents per 200,000 working hours	Accident frequency rate 200,000 working hours		Ratio	1.39	2.00	43.46	0	0	0.00
Total number of lost days / total number of work accidents = Accident Severity / Severity Rate	SR		Rate	6.64	16.29	145.40	0	0	0.00
Total number of lost days due to work accidents per employee	Lost days per employee		Number	0.09	0.28	202.72	0	0	0.00
1,000-man rate	1,000-man rate		Ratio	9.03	12.30	38.46	0	0	0.00
Lost Time Injury Severity Rate	LTISR		Rate	0.07	0.23	213.65	0	0	0.00
Commuting Accidents									
Total number of commuting accidents			Number	2	5	150.00	2	1	-50.00
Number of notifiable commuting accidents			Number	1	3	200.00	2	1	-50.00
Number of commuting accidents without lost time			Number	1	1	0.00	0	1	0.00
Number of commuting accidents with lost time			Number	1	4	300.00	2	0	-100.00
Number of fatal commuting accidents			Number	0	0	0.00	0	0	0.00
Number of lost days caused by commuting accidents			Number	11	89	709.09	77	36	-53.25
Notifiable Work-Related Illnesses									
Number of notifiable work-related illnesses	AR83 to AR88, AR92 to AR94	§88d	Number	0	0		0	0	

S1 Own workforce

		Fette Compacting GmbH Schwarzenbek		Fette Compacting China Nanjing	
		2024	**2025**	**2024**	**2025**
Hazard Identification, Risk Assessment and Incident Investigation					
Workplace evaluations / risk assessments	Number	42	42	73	59
Degree of implementation	%	85.71	85.71	100.00	100.00
Employee Participation, Consultation and Communication					
Occupational Safety Committee (ASA) meetings	Number	4	4	12	12
Degree of implementation	%	100.00	100.00	100.00	100.00
Safety officers	Number	21	29	4	4
Ratio	%	2.66	3.57	2.56	2.40
First aiders	Number	94	90	22	22
Ratio	%	11.93	11.07	14.10	13.17
Fire protection and evacuation assistants	Number	26	38	17	17
Ratio	%	3.30	4.67	10.90	10.18

S1 Own workforce

Occupational medical care
The health of our employees and the provision of occupational medical care are significant to Fette Compacting, as they contribute significantly to employee motivation, satisfaction, and performance – and thereby to the company's long-term success. At the Schwarzenbek site, occupational medical care is provided by an external service provider, B·A·D Betriebsärzte. This provider appoints the company physician and manages employees' health data.

The duties of the company physician include individual consultations during occupational health office hours as well as the performance of preventive medical examinations. The occupational medical service is available by telephone and with priority access for all employees and is regularly on site in accordance with legal requirements.

11,07 %
first-aider rate in 2025

Workplace addiction prevention and counseling
Fette Compacting addresses the issue of addiction in the workplace through targeted prevention and personalized support. Since substance abuse impairs performance and increases the risk of accidents, the company has enrolled two employees in a training program to become workplace addiction support specialists. The training comprises several modules and sessions spread over the course of a year and provide in-depth knowledge on how to address addiction-related issues in a workplace setting. Even while they are still in training, these designated contacts are available to provide confidential and easily accessible. The goal is to support those affected early on, raise awareness, and further strengthen preventive health measures within the company.

Company Sports and Recreational Groups at Fette Compacting
Sports enthusiasts at Fette Compacting can join one of the many company sports groups, which include football, bowling, fitness, triathlon, golf, cycling, and participation in the Hamburg Marathon. All these groups receive financial support from the company.

Regular physical activity not only promotes physical well-being but also strengthens team spirit and a sense of community. The company sports groups are an integral part of our corporate culture and contribute to a healthy and balanced work environment.

5
company sports and leisure groups in 2025

S1 Own workforce

ESRS S1-15

Work-life balance metrics
As a responsible employer, we respect the personal circumstances of our employees and take their preferences into account wherever possible within the framework of a medium-sized family-owned business. Wherever feasible, we support our employees in achieving a meaningful balance between work and personal life through flexible working hours.

Flexible working arrangements
Based on the collective bargaining agreement on mobile work (TV MobA), Fette Compacting GmbH has established a framework for remote work to enable flexible arrangements regarding working hours and location. In total, employees can apply for up to eight days per month to work remotely (typically two days per week).

Part-time positions also make it easier to balance family and career. In 2025, 76 employees worked part-time. Various company agreements further enhance the balance between work and personal life.

Support for parents and employees with caregiving responsibilities
Fette Compacting supports employees with children or dependent family members through a range of measures.

Under the current collective bargaining agreement on a collective bargaining supplement (TV T-ZUG), employees with children or family members in need of care, as well as shift workers, can, under certain conditions, convert a collective bargaining supplement into eight additional vacation days.

In addition, employees in Germany can take advantage of an extended company parental leave programme, allowing them to extend the statutory parental leave by up to three years.

As early as 2015, the Arbeiter-Samariter-Bund (ASB), the LMT Group and the town of Schwarzenbek jointly established the company-affiliated childcare centre “Knöpfchen” at the Schwarzenbek site. As a result, LMT Group employees can benefit from available local childcare slots. The daycare centre focuses on science and technology, offering children the opportunity to explore and nurture their curiosity in specially designed activity rooms.

Own workforce				Fette Compacting GmbH Schwarzenbek			Fette Compacting China Nanjing			Fette Compacting Production Sites (Operating Sites)			Fette Compacting Group		
				2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %	2024	2025	Δ in %
Work-life balance metrics (S1-15)															
Number of employees entitled to take family-related leave	S1-15	§93a	Number	698	718	2.87	152	159	4.61	850	877	3.18	951	984	3.47
Percentage of employees entitled to take family-related leave	S1-15	§93a	%	100.00	100.00	0.00	100.00	100.00	0.00	100.00	100.00	0.00	91.71	90.61	-1.20
Number of entitled employees that took family-related leave	S1-15	§93b	Number	NS	33	0.00	33	26	-21.21	33	59	78.8	121	88	37.50
of which male	S1-15	§93b	Number	NS	24	0.00	26	19	-26.92	26	19	-26.92	76	73	-3.95
of which female	S1-15	§93b	Number	NS	9	0.00	7	7	0.00	7	7	0.00	12	15	25.00
Percentage of entitled employees that took family-related leave	S1-15	§93b	%	NS	4.60	0.00	21.71	16.35	-24.68	3.88	2.96	-23.64	9.25	8.94	-3.35

NS Not stated

S1 Own workforce

ESRS S1-17

Incidents, complaints and material impacts related to human rights

Fette Compacting systematically and confidentially investigates all reports of discrimination and human rights violations within the organization. Given the sensitivity of these issues, no details regarding individual incidents are disclosed. All reports and complaints are treated with the utmost confidentiality. The existing whistleblower system (“Speak-Up”) enables employees to raise concerns safely and anonymously at any time.

Further information on the whistleblower system can be found in Chapter G1-1.

In the 2025 reporting year, no reports related to child labor, forced labor, or human trafficking were received within our own business unit. Furthermore, no confirmed serious human rights incidents related to our own workforce. Accordingly, no fines, sanctions, or compensation payments were incurred because of serious human rights incidents.

In addition, human rights risks within our own business unit are systematically assessed as part of the annual LkSG risk analysis. The adequacy and effectiveness of the LkSG risk management is monitored by the Human Rights Officer and reported to management at least once a year. As part of the 2025 risk analysis, no significant risks related to child labor, forced labor, or modern slavery were identified for Fette Compacting.

For more information on human rights due diligence and the Statement of Principles, see Chapter G1-1.

S2 Workers in the value chain

ESRS 2 SBM-3/S2

Our material impacts, risks and opportunities (IROs)
As part of the Group-wide materiality analysis (DMA), all ESG topic areas of the European Sustainability Reporting Standards (ESRS) were systematically assessed for their impacts, risks, and opportunities (IROs).

For the topic “S2 Labor in the Value Chain,” the LMT Group has identified three IROs as material. These relate to the protection of labor rights and safe working conditions throughout the value chain, raising awareness of human rights risks, and health and safety standards.

The table below provides a structured overview of the material IROs in the area of labor in the value chain, as well as Fette Compacting’s respective management approaches for addressing these issues. These positive IROs play a key role in strengthening the resilience and integrity of the supply chain, promoting decent working conditions, and identifying and preventing potential violations at an early stage.

Management of material IROs

IRO Title	IRO Description	How do we manage this IRO?
Employees in the value chain		
Labor rights and safe working conditions along the value chain	The Group-wide application of standards of conduct, guidelines and legal requirements ensures labor rights and safe working conditions along the entire value chain.	The requirements are derived from the Code of Conduct, the Supplier Code of Conduct and specific guidelines on occupational health and safety standards. Implementation is managed and regularly reviewed by means of risk analyses, audits, contractual clauses, the “Speak Up” whistleblower system and other governance instruments.
Health protection and product safety along the value chain	The application of binding health and safety standards and technical protective measures reduces the risk of work-related injuries and ensures product safety along the entire value chain.	Health and safety requirements are implemented through internal guidelines, risk assessments, product-specific protection concepts and technical precautions. Suppliers are obliged to comply with corresponding standards via the Code of Conduct for Suppliers and contractual agreements. The effectiveness of the measures is ensured through audits, feedback loops and review processes.
Raising awareness of human rights risks in the value chain	The integration of human rights due diligence obligations into company-wide standards, contractual conditions and complaints procedures raises awareness along the entire value chain and reduces the risk of violations.	All relevant players in the value chain – including suppliers, partners and internal units – are addressed via the Code of Conduct, the Code of Conduct for Suppliers and supplementary guidelines on human rights and occupational safety. Compliance is monitored through risk analyses, contractual regulations, supplier audits and the “Speak Up” whistleblower system.

S2 Workers in the value chain

ESRS S2-1

Policies related to value chain workers

Fette Compacting Group is fully committed to respecting internationally recognized human rights throughout the entire value chain. This commitment is based on the Universal Declaration of Human Rights of the United Nations, the Core Labor Standards of the International Labor Organization (ILO), and the UN Guiding Principles on Business and Human Rights. Our efforts focus on the prevention of all forms of forced and child labor, the right to fair working conditions, and the principle of sustainable business practices in line with ecological boundaries.

This understanding is embedded in our Group-wide Code of Conduct and applies both to our own operations and to our suppliers and business partners. We expect all partners to respect these principles and to actively incorporate them into their own processes and supply chains.

The LMT Group and its two operating divisions, Fette Compacting and LMT Tools, are subject to the requirements of the German Supply Chain Due Diligence Act (LkSG). Human rights and environmental due diligence obligations are implemented based on Group-wide standardized policies and processes. These include the LMT Group's Statement of Principles, the Supplier Code of Conduct for the Fette Compacting Group, and the Guidelines for Purchasing and Sustainable Procurement.

Human Rights Statement (LkSG)

A central element of the human rights and environmental due diligence process is the Human Rights Statement (LkSG). It describes the Group's human rights and environmental strategy as well as the procedures used to identify, assess and manage human rights and environmental risks within its own business operations and throughout the supply chain. These include risk management and regular risk analysis, preventive and remedial measures, the grievance procedure, the monitoring and review of the effectiveness of risk management. The Policy Statement applies to the LMT Group, including its domestic and foreign affiliates.

In addition, a person responsible for monitoring risk management has been designated for each operational division. For the Fette Compacting Group, the Human Rights Officer assumes this role and oversees the implementation of the relevant due diligence obligations, including those of domestic and foreign subsidiaries. Reports are submitted to the responsible management at least annually and as needed.

Supplier Code of Conduct

The Fette Compacting Group's Supplier Code of Conduct forms an essential foundation for the responsible management of our global procurement processes. It sets forth requirements for suppliers and other business partners in the areas of human rights, working conditions, health and safety, environmental, climate protection and ethical business conduct.

Among other things, the Code addresses the prohibition of forced and child labor, fair and safe working conditions and access to confidential and effective complaint whistleblower systems. Suppliers are expected to protect their employees and business partners from discrimination and retaliation in connection with reports.

The requirements of the Supplier Code of Conduct are integrated into collaboration with suppliers. Compliance can be verified on a risk-based basis through appropriate verification measures, including self-reports and audits.

Sustainable Procurement Policy

In addition, the Sustainable Procurement Policy specifies the principles of responsible procurement within the Fette Compacting Group. It applies to the entire Fette Compacting Holding GmbH, including all domestic and foreign group entities and production sites. It is binding for all employees and managers who make procurement decisions or participate in procurement processes and covers all procurement activities – direct and indirect materials, services and capital goods.

The policy places a trust-based, open and fair approach – as well as respect for human rights, ethical principles, working conditions and environmental protection at the heart of supplier relationships. Compliance with these principles is also expected of suppliers, contractors and business partners as well as their upstream suppliers in the supply chain.

S2 Workers in the value chain

In addition, the LMT Group publishes an annual statement in accordance with Section 54 of the UK Modern Slavery Act 2015. This statement transparently outlines the measures taken to prevent modern slavery and human trafficking within the company's own operations and throughout the supply chain.

Further details can be found in Chapter G1-2, Management of Supplier Relationships.

ESRS S2-2

Processes for engaging with value chain workers

The perspectives and interests of workers in the value chain are considered as part of our human rights due diligence process and sustainable supplier management. Engagement currently takes place primarily indirectly through our suppliers and business partners, as well as through established risk analysis, audit, assessment and grievance processes. There is currently no group-wide standardized process for the regular direct consultation of workers in the value chain or their employee representatives.

Key procedures include the incorporation of human rights and social requirements into the Supplier Code of Conduct and procurement processes, risk-based supplier evaluations and audits, as well as training and awareness-raising measures on labor rights and sustainable procurement. The insights gained from these efforts are used to identify potential human rights impacts along the supply chain and to incorporate them into the further development of measures. The corresponding forms of engagement are also anchored within our stakeholder analysis.

In addition, the Group-wide whistleblower system "Speak-Up," a complaint channel through which external stakeholders and potentially affected individuals can also submit reports regarding human rights or labor-related risks and violations. As part of the process of addressing a report, whistleblowers – to the extent possible – be involved in the development of solutions and measures, as well as in the assessment of their effectiveness.

The insights gained from these processes are incorporated into the human rights risk analysis and the further development of the corresponding preventive and remedial measures. Responsibility for monitoring human rights risk management lies with the Human Rights Officer of the Fette Compacting Group.

ESRS S2-3

Channels to raise concern

Workers in the value chain and other external stakeholders can report human rights or environmental risks and violations through the Group-wide "Speak-Up" whistleblower system. The system also serves as a grievance procedure within the framework of human rights and environmental due diligence obligations.

The complaint channel is open to employees of business partners and indirect business partners, as well as other external stakeholders. Reports may be submitted regarding, among other things, human rights, occupational health and safety, environmental risks and violations. The process enables confidential reporting and, upon request, anonymous reporting. Whistleblowers are protected from discrimination and retaliation because of a report.

Incoming reports are reviewed and processed according to a defined procedure. If the review reveals sufficient grounds to suspect a human rights or environmental breach of obligations, appropriate preventive, remedial measures are developed and implemented. To the extent possible and appropriate, whistleblowers may be involved in the development of suitable solutions as well as in the evaluation of the effectiveness of the measures implemented.

The effectiveness of the complaint procedure is reviewed at least annually and as needed is further developed as necessary.

The specific structure of the whistleblower system, as well as further information on the complaint procedure are described in Chapter G1-1.

ESRS S2-4

Mitigation and remediation measures

Fette Compacting Group aims to proactively prevent human rights and environmental risks along the value chain and, in cases of identified violations, to take effective and appropriate remedial action. Implementation is aligned with the requirements of the German Supply Chain Due Diligence Act (LkSG), in particular Sections 6 and 7 on preventive and remedial measures.

S2 Workers in the value chain

Our preventive measures include:
- Adoption of a Group-level human rights policy statement in accordance with Section 6(2) LkSG and its communication within the company and to suppliers
- Adoption of a “Supplier Code of Conduct” as well as its incorporation into contracts and communication to direct suppliers
- Training within our own division, conducted by the Human Rights Officer and/or Compliance Officer, for relevant employees who come into operational contact with LkSG obligations and risks
- Occupational safety measures such as training and risk assessments

These measures are designed to identify risks at an early stage, foster a culture of prevention, and establish a shared understanding of due diligence responsibilities throughout the supply chain.

Remedial measures are defined on a case-by-case basis and depend on the nature and severity of the identified violation. If substantiated indications of violations arise within our own operations or at direct or indirect suppliers, an ad hoc risk analysis is conducted without delay. Based on this assessment, appropriate remedial measures are implemented, which may include:
- Developing concrete improvement actions with the supplier
- Setting deadlines for the implementation of agreed standards
- Involving alternative suppliers in cases of severe or repeated breaches

Human Rights Risk Analysis
The basis for determining appropriate preventive and remedial measures is a risk-based analysis approach implemented uniformly across the Group, risk-based analytical approach implemented uniformly across the Group in accordance with the requirements of the Supply Chain Due Diligence Act (LkSG). Within our own business, a risk analysis is conducted at least once a year and as needed. This analysis covers all operating companies within the LMT Group. The assessment is conducted by the respective risk managers and is based on a standardized assessment methodology aligned with the guidelines of the Federal Office for Economic Affairs and Export Control (BAFA). Factors considered include country- and industry indices, as well as the company-specific risk situation.

The results of the risk analysis are evaluated and prioritized based on the established criteria. If the analysis indicates a need for action, the respective departments responsible define and implement appropriate preventive or corrective measures. The nature and scope of these measures on the respective risk assessment. The implementation and effectiveness of the measures are tracked and regularly reviewed as part of the LkSG risk management process.

LkSG Risk Analysis of Own Operations

		2024	2025
Operating companies within the scope of the risk analysis	Number	14	15
Of which covered by the annual risk analysis	Number	14	15
Coverage rate of the risk analysis	%	100.00	100.00

*incl. LMT immobilien GmbH & Co. KG

S2 Workers in the value chain

For direct suppliers, a software-supported, risk-based process is used annually or as needed. First, an initial macroeconomic assessment is conducted based on country- and sector-specific risks. Depending on the results, additional information is collected from public sources or from the suppliers themselves. Criteria such as the ability to influence, contribution to the cause, severity, probability and reversibility of potential risks are factored into the assessment. Based on this assessment, individual preventive and corrective measures are defined as necessary and coordinated with the supplier.

Ad hoc risk analyses, including the assessment of indirect suppliers in accordance with Section 9 of the LkSG, are conducted whenever there is substantiated knowledge of potential violations – e.g., through press reports, internal tips, or reports via the "Speak-Up" whistleblower system. These analyses are documented in a structured manner and may lead to a reassessment of the entire supplier relationship.

Human Rights Officer
The Fette Compacting Group's Human Rights Officer oversees risk management to ensure compliance with human rights and environmental due diligence obligations and reviews the adequacy and effectiveness of the measures taken for this purpose. This oversight covers the Group's own business operations, including domestic and foreign subsidiaries, as well as the relevant processes along the supply chain.

The Human Rights Officer reports at least once a year, as well as on an ad hoc basis, to the responsible management regarding the implementation of due diligence obligations, the results of risk analyses, and the status and effectiveness of preventive and remedial measures. Findings from the monitoring and the grievance procedure are incorporated into the the continuous improvement of risk management, the measures, and the underlying processes.

ESRS S2-5

Targets
The targets for addressing human rights and labor-related risks in the value chain are integrated into the Fette Compacting Group's sustainable supplier management. They include the systematic risk analysis of suppliers as well as verification of a recognized code of conduct for strategic suppliers.

Further details on the objectives, measures, and key performance indicators can be found in Chapter G1-2, "Management of Supplier Relationships."

S4 Consumers and end-users

ESRS S4-1

Understanding and Strategic Approach

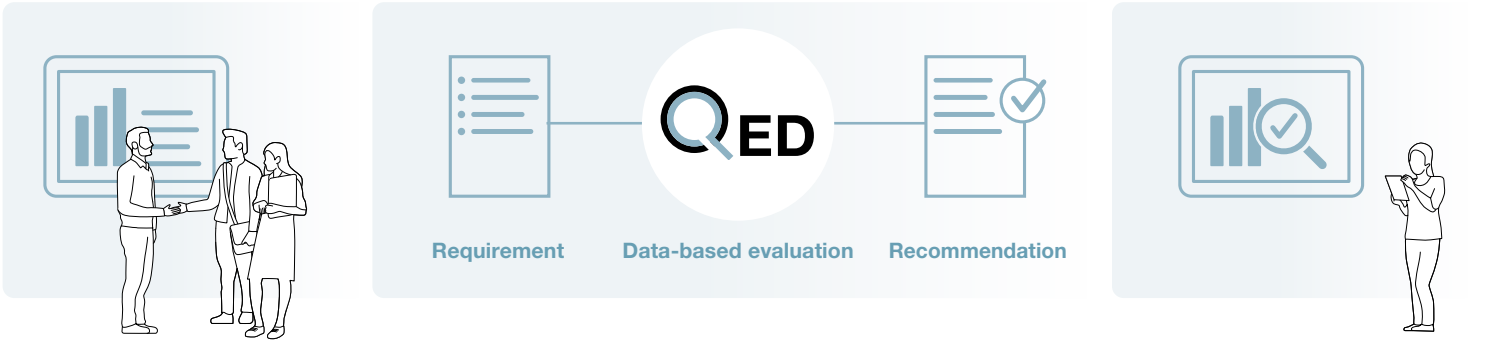
Fette Compacting sees itself as a long-term process and development partner to its customers. Our goal is to support customers with high-quality products and services and to incorporate their technological and regulatory requirements at an early stage in the development of suitable solutions. Continuous communication with our customers forms an essential foundation for this.

With its “Together – from lab to production” approach, Fette Compacting continues to expand its role as a comprehensive process partner. Its range of services combines formulation and process development with technology transfer, production and process optimization. This enables the company to support customers from the early stages of development through the transition to production and on to subsequent optimization.

The increasing complexity of technological and regulatory requirements necessitates close collaboration between customers and Fette Compacting. Development and analytical services, for example, make it possible to identify material and process risks early on, evaluate quality-relevant properties, and establish a solid foundation for process development, scale-up, and technology transfer.

For Fette Compacting, long-term customer relationships are also based on product and service quality, reliability, and continuous support throughout the lifecycle of the machines and systems. The range of services extends from early development phases to support during ongoing production operations and continuous process optimization.

Optimized formulation and process development with QED



QTPP	CQAs	CMAs	CPPs	CPPs
	Customer provides materials and requirements	Material characterization and analysis	Prediction of process parameters	Verification and optimization of predicted process parameters

QTPP = Quality Target Product Profile
CQAs = Critical Quality Attributes
CMAs = Critical Material Attributes
CPPs = Critical Process Parameters

The optimal solution with minimal investment of time and material

S4 Consumers and end-users

ESRS 2 SBM-3/S4

Our material impacts, risks, and opportunities (IROs)
As part of the Group-wide double materiality assessment (DMA) all ESG topic areas of the European Sustainability Reporting Standards (ESRS) were systematically assessed for their impacts, risks, and opportunities (IROs).

For the topic “S4 Consumers and End Users,” the LMT Group has identified four IROs as material. These relate to fostering long-term customer loyalty through collaborative relationships, ensuring product quality and service as the foundation for customer satisfaction, protecting personal data, as well as information security and customer-oriented feedback processes and responsiveness as a factor in building trust.

The table below provides a structured overview of the material IROs in the area of consumers and end users, as well as Fette Compacting’s respective management approaches for addressing these issues.

Management of material IROs

IRO Title	IRO Description	How do we manage this IRO?
Consumers and end users		
Trust through data protection, information security and integrity	Securing digital infrastructures, protecting personal data and compliance standards ensures regulatory conformity and strengthens customer confidence.	Our information security is based on ISO/IEC 27001 and is safeguarded by guidelines on data protection, access controls and emergencies. The IT Security Board, training courses and risk analyses ensure implementation. Other guidelines (e.g. Code of Conduct, anti-corruption guidelines) promote integrity in our dealings with customers.
Product quality and service as the basis for customer satisfaction	High product quality and transparent communication ensure product safety and customer satisfaction.	We ensure product quality through a certified quality management system (ISO 9001), structured complaints processes and ongoing monitoring. Technical information and training courses increase transparency for customers.
Customer feedback and responsiveness as a trust factor	Structured feedback systems and a fast, solution-oriented response to customer concerns strengthen trust and promote customer loyalty.	We systematically record and analyze feedback from our customers (e.g. complaints, surveys) and derive improvements in product quality, information provision and service from this.
Long-term customer loyalty through partnership-based relationships	We improve our competitive position and promote long-term business success through sustainable and trusting customer relationships.	We focus on long-term partnerships through a global service presence, global account management and technical consulting. Sustainability, reliability and proximity to the customer are the focus of our sales and service organization.

S4 Consumers and end-users

ESRS S4-1

Policies related to consumers and end-users

The Fette Compacting Group's corporate policy provides the overarching framework for our responsible conduct and consolidates our strategic goals in the areas of quality, health, safety, environment and sustainability. It is binding worldwide for all employees and governing bodies of the Fette Compacting Group. We expect suppliers, service providers, customers and other business partners to observe the principles set forth therein and to support them within the scope of their activities.

Key objectives include compliance with legal and industry-specific requirements, applicable regulations, standards, and national norms, as well as the identification, analysis, and management of QHSE opportunities and risks throughout our value-added processes and product life cycles. In addition, Fette Compacting is committed to the further development of safer and more sustainable products and services, as well as to the continuous improvement of product and process quality.



Download the "Corporate Policy according to DIN EN ISO 9001. of the Fette Compacting Group" brochure for more information

The corporate policy provides for continuous monitoring of our QHSE systems, performance and impacts. To this end, targets are reviewed, and appropriate corrective and preventive actions are initiated in the event of deviations. QHSE and sustainability standards are further developed in dialogue with employees, customers, suppliers and other stakeholders and integrated into the corporate strategy, management systems and processes.

To address the issues that are most important to customers and end users, this overarching framework is implemented through specific management systems, processes, and regulations. These include quality management and product safety processes, as well as regulations and management approaches related to information security and data protection. These are explained in more detail in the following sections.

To the MDR-P Guidelines Overview.

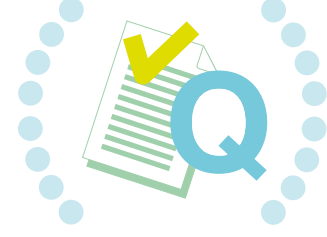
High quality and safety of our products

Quality and safety are essential prerequisites for our customers' trust in the products and services offered by Fette Compacting. The organizational framework is provided by our process-oriented quality management system based on DIN EN ISO 9001. Processes and responsibilities are documented in our digital management manual, iPaQ (integrated Processes and Quality). Key performance indicators, as well as the continuous monitoring and improvement of processes help us monitor our quality standards and continuously improve our products, processes and services.

Product safety is embedded in our quality management system through defined processes. The product safety process includes, among other things, the assessment of product safety risks, the required documentation and established procedures for informing our customers. If potential safety-related issues are identified, they are assessed according to defined procedures, and necessary measures are initiated.

Quality and process reliability are considered throughout the various phases of the development and production process. As part of our "Together – from lab to production" approach, we support our customers in addressing quality-related parameters and process risks at an early stage and to develop robust, controllable and regulatory-compliant processes.

Our management system has been certified to DIN EN ISO 9001 since 1993. We have also been a member of the German Society for Quality (DGQ) since 2017.



Quality Management System: Since 1993, our quality management system has been certified according to DIN EN ISO 9001.

S4 Consumers and end-users

Standards for Information security and data protection
The protection of information and IT systems is an essential prerequisite for reliable business processes and trusting customer relationships. The goal of information security is to ensure the confidentiality, integrity and availability of sensitive information and IT systems. This includes protecting information from unauthorized access loss, and unauthorized modification. The Fette Compacting Group's IT infrastructure, IT systems and IT processes are centrally coordinated and managed. The Group's companies primarily use shared IT systems and IT infrastructures.

Information security is managed through coordinated technical and organizational measures. These include, among other things, policies on identity, access management, requirements for multi-factor authentication and password protection, as well as measures to secure IT systems and manage IT emergencies.

The Chief Information Security Officer (CISO) is responsible for managing information security. Management is regularly informed about the status of information security. In addition, employees receive regular training on information security and the secure use of IT systems and sensitive information.

IT policies
Information security at Fette Compacting is implemented through internal guidelines and policies. A central framework is the Information Security Policy (ISMS), which defines the organization, objectives, and measures of information security management and includes, among other things, requirements for access rights, emergency preparedness, secure communication and reporting processes. In addition, the Business Continuity Management Policy – IT governs the procedures for serious IT disruptions and the restoration of critical IT functions. The relevant guidelines and information are available to employees via the intranet.

Go to the MDR-P policy overview.

Data protection
The protection of personal data is an essential component of responsible information handling at Fette Compacting. The applicable data protection requirements are further specified through internal regulations and defined processes.

The Data Protection Policy specifies the requirements and processes for handling personal data and forms an essential foundation of data protection management at Fette Compacting. Among other things, it contains guidelines on the the collection, processing, and use of personal data, as well as for handling data subjects' rights, data transfers, and data breaches. Data breaches are documented and assessed according to established procedures. For reportable data breaches, there are defined reporting processes to the relevant supervisory authorities.

Fette Compacting Group's Global Data Protection Training

Global Data Protection Training			**2024**	**2025**
Locations within the reporting scope	ESRS 2 / MDR-M	Number	13	14
of which: significant operating/production locations	ESRS 2 / MDR-M	Number	2	2
Employees Required to Complete Data Protection Training (Worldwide)	S4-4	Number	NS	813
Employees Who Have Completed Data Protection Training (Worldwide)	S4-4	Number	NS	793
Data Protection Training Completion Rate (Worldwide)	S4-4	%	NS	97.00
Of which, training completed via the SAM Online Portal (Germany)	S4-4	Number	548	770
Training completion rate via the SAM Online Portal (Germany)	S4-4	%	96.00	97.00
Of which: training completed via First Privacy (International)	S4-4	Number	NS	23
Training completion rate via First Privacy (International)	S4-4	%	NS	53.00
Confirmed data protection incidents	S4-4	Number	0	11
Of which: data breaches subject to mandatory reporting to supervisory authorities	S4-4	Number	0	0

S4 Consumers and end-users

The Fette Compacting Group is also supported by an external data protection officer in ensuring compliance with national data protection regulations.

To the MDR-P Policy Overview

The existing report already documents the data protection policy, basic training and the support provided by an external data protection officer.

ESRS S4-2

Process for engaging with consumers and end users

Continuous communication with our customers is an essential component of Fette Compacting's customer relationships. Customers are engaged through various touchpoints throughout the business relationship. These include direct communication as part of sales, service activities, customer meetings, trade shows and customer surveys. In this way, our customers' requirements, experiences and feedback are gathered and can be considered in the further development of our products, services, and processes.

To systematically measure customer satisfaction, Fette Compacting conducts regular customer surveys. These are conducted, among other things, following selected customer interactions. At trade shows as well, feedback forms are used to gather customer feedback and requirements. In addition, there is an ongoing direct exchange during customer meetings. In this context, Fette Compacting also receives feedback and evaluations on various topics. Identified areas for improvement are addressed and necessary measures are derived.

Responsibility for coordinating customer engagement and collecting customer feedback lies primarily with the Customer Development Center (CDC). In addition, feedback from the respective sales, project, and service contacts is incorporated into the dialogue with customers.

Direct dialogue with customers also helps Fette Compacting identify technological, regulatory, and application-related requirements at an early stage. Particularly in the context of development, service activities, customer requirements and experiences can be incorporated into the development and optimization of suitable solutions.

ESRS S4-3

Processes to remediate negative impacts and channels to raise concerns

We view our customers' claims and complaints as an important foundation for the continuous improvement of our products and services. Structured claim and repair management is an integral part of our quality management system. Incoming customer complaints are systematically recorded, evaluated and processed. Among other options, the central contact address claim-repair@fette-compacting.com is available for this purpose. Depending on the specific circumstances, the necessary corrective and remedial actions are initiated. Insights gained from handling customer complaints are used to prevent problems from recurring and to continuously improve.

The customer complaints and their resolution are regularly evaluated and reported to management. This allows us to track developments and identify areas requiring action in claim and repair management and to support necessary measures.

S4 Consumers and end-users

In addition, customers and business partners have access to another reporting channel through the “Speak-Up” whistleblower system. This system allows potential violations of applicable law, internal regulations, or codes of conduct to be reported, even anonymously. The whistleblower system is expressly available to external stakeholders as well, including our customers. The rules of procedure define the process for managing incoming reports and describe the principles for treating reports confidentially as well as for protecting whistleblowers from retaliation.

Customers can thus raise their concerns either through direct communication with Fette Compacting, via the claim and repair management system, or through the whistleblower system. Incoming concerns are managed in accordance with the established procedures.

In the reporting year, no serious human rights-related issues or incidents involving our customers were reported to Fette Compacting. Our customers are regularly informed about existing reporting and feedback channels.

ESRS S4-4

Measures on material impacts and risks related to consumers

Based on the described concepts, management systems and procedures to manage the impacts that are material to customers and end users. These measures address the protection of personal data and information, product and user safety, the quality and reliability of our products and services, and the continuous support and involvement of our customers. They thus contribute to managing the IROs identified in the materiality analysis.

Information Security and Data Protection

IT Business Continuity Plan

To ensure operational capability in the event of serious IT disruptions, Fette Compacting has an Continuity Plan (BCP) for IT. This plan includes the identification and assessment of relevant risks, as well as defined procedures and responsibilities for restoring critical IT functions and minimizing downtime. This includes, among other things, established reporting and communication channels, as well as priorities for restoring the IT infrastructure and services. The Business Continuity Plan is reviewed and updated. The existing report already documents these preparedness and recovery measures.

IT Security Board

The IT Security Board is a well-established body responsible for managing and monitoring information security. It evaluates relevant threat and risk analyses, reviews security incidents, and supports the implementation of necessary measures. In the event of a crisis, the IT Security Board assumes the role of a crisis management team, thereby facilitating a coordinated response to serious IT security incidents. The committee includes representatives from relevant corporate functions as well as the Chief Information Security Officer (CISO).

CyberVadis

Fette Compacting has its information and cybersecurity regularly assessed as part of the CyberVadis assessment. This external evaluation helps us assess the maturity level of our information security management and identify opportunities for further development. The results are used to continuously improve existing information and cybersecurity.

Data Protection Training

All employees in Germany complete basic data protection training at the start of their employment and subsequently participate in mandatory annual data protection training. For the foreign subsidiaries, annual data protection training is provided for a defined group of employees in roles relevant to data protection. This includes employees from sales, marketing, product management and human resources. The training sessions for this group are conducted by the external provider First Privacy.

The delivery of and participation in the data protection training sessions are documented and form the basis for the regular evaluation of the training participation rate.

When interpreting the international training rate, it should be noted that the training sessions initially began in Europe at the end of 2025 and continued in the Americas and Asia in 2026.

S4 Consumers and end-users

Product and user security and Customer Support

Protecting Users Through Safe Product Design

When developing our machines and systems, we consider the specific hygiene and safety requirements of pharmaceutical and nutraceutical production. Depending on the application and the material being processed, the focus is particularly on user protection, the prevention of contamination, and safe and efficient cleaning.

Specific requirements apply when processing highly active pharmaceutical ingredients (HPAPI). For such applications, Fette Compacting offers containment and wash-in-place solutions. These help reduce of operators to potentially hazardous substances, prevent cross-contamination and enable safe product changeovers.

The design of our machines and the selection of materials that meet the product also contribute to hygienic and safe process operation. These include, among other things, the rotor change system and the use of stainless steel and suitable FDA-compliant materials for parts that meet the product. The design supports fast and efficient cleaning and compliance with the cGMP and FDA requirements relevant to the respective application. The corresponding technical fundamentals are already included in the existing product safety documentation.

Support throughout the development and production process

As part of our R&D Solutions, we support customers as early as the initial development phases with material analysis as well as formulation and process development. Material properties and quality-relevant parameters can be systematically analyzed, and process risks assessed at an early stage. In process development, relevant material, process, and quality parameters are linked to developing robust and controllable processes.

The subsequent technology transfer supports the structured transition of developed processes into production. This involves, among other things, preparing test and validation activities, evaluating data, and assessing deviations. During machine implementation and the ramp-up phase, process parameters and interfaces are examined, and qualification and acceptance phases are supported. The goal is to minimize risks early on and to support a stable and regulatory-compliant production routine.

We also support our customers with technical service and support during ongoing operations. Field service and remote support enable needs-based on-site and remote support tailored to their needs. Inspections, maintenance, Calibrations, repairs, and the analysis of fault causes help ensure stable and reliable machine operation and reduce recurring faults. Modernization measures also make it possible to adapt existing existing systems to meet current safety, technology, and IT requirements and extend their lifecycle.

Customer Training

In addition, we provide our customers with application-specific machine and process knowledge through training sessions. This includes content on the safe operation of systems and the proper interpretation of process and measurement data. In this way, we support customer teams in better understanding processes and operate equipment safely and reliably.

The training sessions are offered both on-site at customer locations and on training machines at our international Competence Centers. Among other things, they support the safe operation and maintenance of machines, fault detection, and improving machine availability and production quality. All training sessions conclude with an assessment.

Fette Compacting Group's Global Training Program

Worldwide Training			**2024**	**2025**
Customer Training Sessions	S4-2	Number	154	168
Percentage of client training sessions that included a performance review		%	100.00	100.00

S4 Consumers and end-users

Customer feedback, responsiveness, and collaborative partnerships

The procedures for customer involvement described under S4-2 and the complaint and corrective action procedures outlined under S4-3 complement the measures for product and service quality. Feedback from customer surveys, customer meetings, trade show contacts and service activities is used to identify opportunities for improvement. Customer complaints are systematically processed and evaluated through the claim and repair management system. Insights gained from these processes can be incorporated into the further development of products, services, and processes.

Through a combination of development and process support, technical assistance, training and continuous customer dialogue, Fette Compacting supports its customers through various phases of the product and process life cycle. The measures described support both product and service quality as well as responsiveness and long-term, partnership-based customer relationships.
This is in line with the management approaches outlined in the double materiality assessment, which include, among other things, customer feedback, technical consulting and a global service presence.

ESRS S4-5

Targets

Fette Compacting has defined specific goals for key aspects of data protection, information security, and cybersecurity, with a target horizon extending through the end of 2030. Progress toward achieving these goals is tracked using the respective performance indicators and evaluation methods.

Topic	Target by the end of 2030	Performance indicator
Data protection training	Achieve and maintain an annual training completion rate of at least 95 % within the defined target group (Sales, Marketing, Product Management, HR).	Training completion rate within the defined target group
Data protection breaches	Maintain the number of reportable personal data breaches notified to the competent supervisory authorities at zero per year.	Number of reportable personal data breaches
Information and cybersecurity	Continuously develop the achieved level of information and cybersecurity and maintain at least the CyberVadis maturity level “Developed”.	CyberVadis maturity level
Customer training and safe product use	The share of customer training courses completed with a learning assessment is to be maintained at 100 %.	Share of customer training courses with a completed learning assessment

Governance

101 G1 Business conduct
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ESRS 2 MDR-M/G1-6
ESRS G1-3
ESRS 2 MDR-M/G1-4
ESRS G1-5



G1 Business conduct

ESRS G1-1

Integrity as a core principle of corporate governance
To be successful together, we rely on the trust of our employees, customers, business partners and society at large. We are aware of this responsibility and are committed to responsible and sustainable corporate governance. We conduct our business in compliance with national and international laws as well as universally recognized ethical principles.

Fette Compacting's corporate activities are based on clearly defined responsibilities, rights and duties, transparent internal and external communication, and a responsible approach to risk. An effective internal risk management system and a comprehensive compliance management system (CMS) are key components of our corporate governance. These systems enable us to identify risks at an early stage, assess them appropriately and respond accordingly – thereby strengthening integrity and trust over the long term.

Our expectations regarding lawful and ethical conduct are defined in a binding, Group-wide policy framework. This includes our corporate Code of Conduct, the "Speak-Up" whistleblowing system, and supplementary guidelines covering specific areas of law – such as anti-corruption, antitrust, and data protection. These documents are integral parts of our corporate governance framework, as defined in the MDR-P governance standard, and they provide a clear basis for lawful, ethical and responsible conduct – both within our organization and in our interactions with external partners.

To the MDR-P Policy Overview.

Our governance structure supports our decision-making processes, promotes ethical conduct and ensures that we meet the expectations of our stakeholders. The effectiveness of the compliance management system is assessed based on training participation, annual compliance declarations, regular compliance reviews and audits, as well as reports received and the resulting actions taken.

Code of Conduct of the Fette Compacting Group
To be successful together, we rely on the trust of our employees, customers, business partners, and society. We are fully aware of this responsibility.

Our Code of Conduct establishes an overarching, binding policy that reflects our corporate values and the expectations of our stakeholders. It translates our shared principles into clear standards of behavior. These standards ensure compliance with laws and internal policies across the organization, provide guidance to all employees, and promote a working environment characterized by integrity, respect, fairness, and responsible conduct. The Code of Conduct is binding worldwide for all employees and governing bodies of the Fette Compacting Group.

We expect our executive management, leadership and staff to act with integrity, to make decisions in line with applicable national and international laws, and to uphold universally recognized ethical standards. The same expectations apply to our business partners.

The Code of Conduct is supplemented by specific guidelines and training programmes on key legal topics such as anti-corruption, antitrust law and data protection. It is available to all employees and business partners via our company website and intranet.

After the end of the reporting period, the Fette Compacting Group's Code of Conduct was fundamentally revised and introduced group wide. It was expanded to include specific requirements for fraud prevention as well as the prevention of money laundering and terrorist financing. The funding framework was expanded and supplemented with updated compliance guidelines. The implementation was accompanied by mandatory compliance training.
In addition, acknowledgment and confirmation of the contents of the Code of Conduct and the associated guidelines are formally documented by the employees.



Download Brochure "Code of Conduct" for more information

G1 Business conduct

Clear values: the foundation for collective action
Fette Compacting's machines and systems make an important contribution to the health and quality of life for people all over the world. All our business activities are geared towards this goal. This is reflected in our values. They guide our behavior and the standards we set for ourselves and our partners as a company: together – for quality of life.

Shared values to which everyone at Fette Compacting committed to determine how we act every day. We respect one another, communicate openly and fairly, deliver our best performance, we can and take on leadership responsibilities. On this basis, we pursue our goals. These values are the foundation of our corporate culture.



Passion

We pursue our goals with heart and soul.
Outstanding technology inspires us as much as the common good we achieve with it.



Integrity

Our word means our commitment – always and everywhere.
In relationships with each other or with customers and partners: 100 % genuine – 360° reliable.



Appreciation

Excited Customers are the result of teamwork –
Our cooperation is characterized by mutual understanding and trust: respectful, open and fair.



Zukunftsfreude

Variety makes us strong.
When knowledge, curiosity and courage are coming together, innovation and progress will happen – for generations to come.

G1 Business conduct

ESRS 2 IRO-1 / G1

Our material impacts, risks, and opportunities (IROs)
As part of the Group-wide double materiality assessment (DMA) conducted in 2024, all ESG topics defined in the European Sustain¬ability Reporting Standards (ESRS) were systematically evaluated regarding their material impacts, risks, and opportunities (IROs). For the topic of “G1 Governance”, the LMT Group identified six IROs as material. These relate to promoting an ethical corporate culture, ensuring transparent business practices, and effectively preventing and detecting corruption and bribery.

The table below provides a structured overview of the material IROs in the area of governance, along with the corresponding management approaches implemented by Fette Compacting to address these topics.

Other potential impacts and risks – such as corruption within the value chain or financial consequences arising from legal violations – were also assessed as part of the DMA. However, due to the existing preventive measures (e.g., compliance management system, policies, training, whistleblowing mechanism), they were not classified as material.

Management of material IROs

IRO Title	IRO Description	How do we manage this IRO?
Code of conduct and corporate culture		
Integrity through compliance and anti-corruption measures	Group-wide anti-corruption guidelines, training and compliance standards promote the integrity of the company and reduce the risk of liability.	The Group-wide Anti-corruption and Integrity Policy contains clear guidelines on gifts, invitations, conflicts of interest and sponsorship. It applies to all employees and managers worldwide. Training and control processes raise awareness and reduce legal risks.
Credibility through transparent business practices	Transparent communication of standards of conduct, open handling of rule violations and a consistent set of rules strengthen corporate credibility, promote trust in the corporate culture and provide comprehensive support for compliant behavior.	Our Group-wide Code of Conduct sets out binding rules for acting with integrity and is supplemented by guidelines on antitrust and competition law, data protection and whistleblowers, among other things. Reports of breaches of rules are documented, evaluated and addressed internally using defined processes.
Trust and loyalty through stakeholder relationships of integrity	Long-term relationships with integrity with employees, customers, suppliers and business partners and a value-oriented corporate culture strengthen trust and promote sustainable corporate success.	We cultivate trusting partnerships with employees, customers, suppliers and business partners through value-based conduct based on integrity. This is based on our human rights and compliance standards (e.g. Code of Conduct, Supplier Code of Conduct, LkSG Declaration of Principles), transparent communication and feedback and training formats. These strengthen trust and promote long-term cooperation.
Prevention and detection of corruption and bribery		
Prevention of corruption through systematic control mechanisms	An effective anti-corruption system promotes ethical behavior and reduces the risk of legal consequences.	Our compliance management system (CMS) ensures prevention, training, risk analysis and monitoring. All employees complete mandatory training courses, including on anti-corruption. Auditing and control processes ensure the effectiveness of the measures.
Behavioral safety through clear standards	Openly communicated standards of conduct, training and control mechanisms reduce the risk of corruption and strengthen trust in the company.	The Code of Conduct defines binding standards for legally compliant and ethical behavior. All employees receive training on how to apply the guidelines in their day-to-day work. Internal control mechanisms are used to check their effectiveness.
Competitiveness through business integrity	Responsible business conduct strengthens our market position and increases stakeholder trust in the long term.	Integrity is an integral part of our corporate culture and a prerequisite for cooperation with customers, authorities and international business partners. Our compliance structures are actively referenced in offers, tenders and audits.

G1 Business conduct

ESRS G1-1

Compliance organization of the Fette Compacting Group

All employees and managers of the Fette Compacting Group are responsible for complying with all applicable laws and internal policies. Overall responsibility for compliance rests with management. Management establishes an organizational framework for compliance with legal and internal requirements and for the prevention of legal violations.

The Legal and Compliance Department is responsible for developing, monitoring, and refining the group-wide compliance program in the following relevant areas: corruption prevention and the handling of conflicts of interest, fair competition and antitrust law, respect for human rights and environmental protection in accordance with the LkSG, as well as managing the whistleblower system. It supports managers and local compliance responsibles and serves as a point of contact for all employees.

In the subsidiaries, the respective managing directors also serve as local compliance responsible. They monitor compliance with relevant legal regulations and guidelines and coordinate the handling of compliance issues within their company. In addition, they serve as direct points of contact for employees and work closely with the Legal and Compliance Department. In cases of suspected violations or significant compliance issues, the Legal and Compliance Department must be involved.

The Legal and Compliance Department reports regularly – at least once a year – to the Management Board on its activities. The annual compliance report includes, among other things, the key focus areas of the current reporting year, the status of the compliance program, any compliance incidents that have occurred and government investigations, as well as an outlook on planned activities for the following year. In cases of significant compliance violations or at the request of the Supervisory Board, a direct reporting to the Supervisory Board.

G1 Business conduct

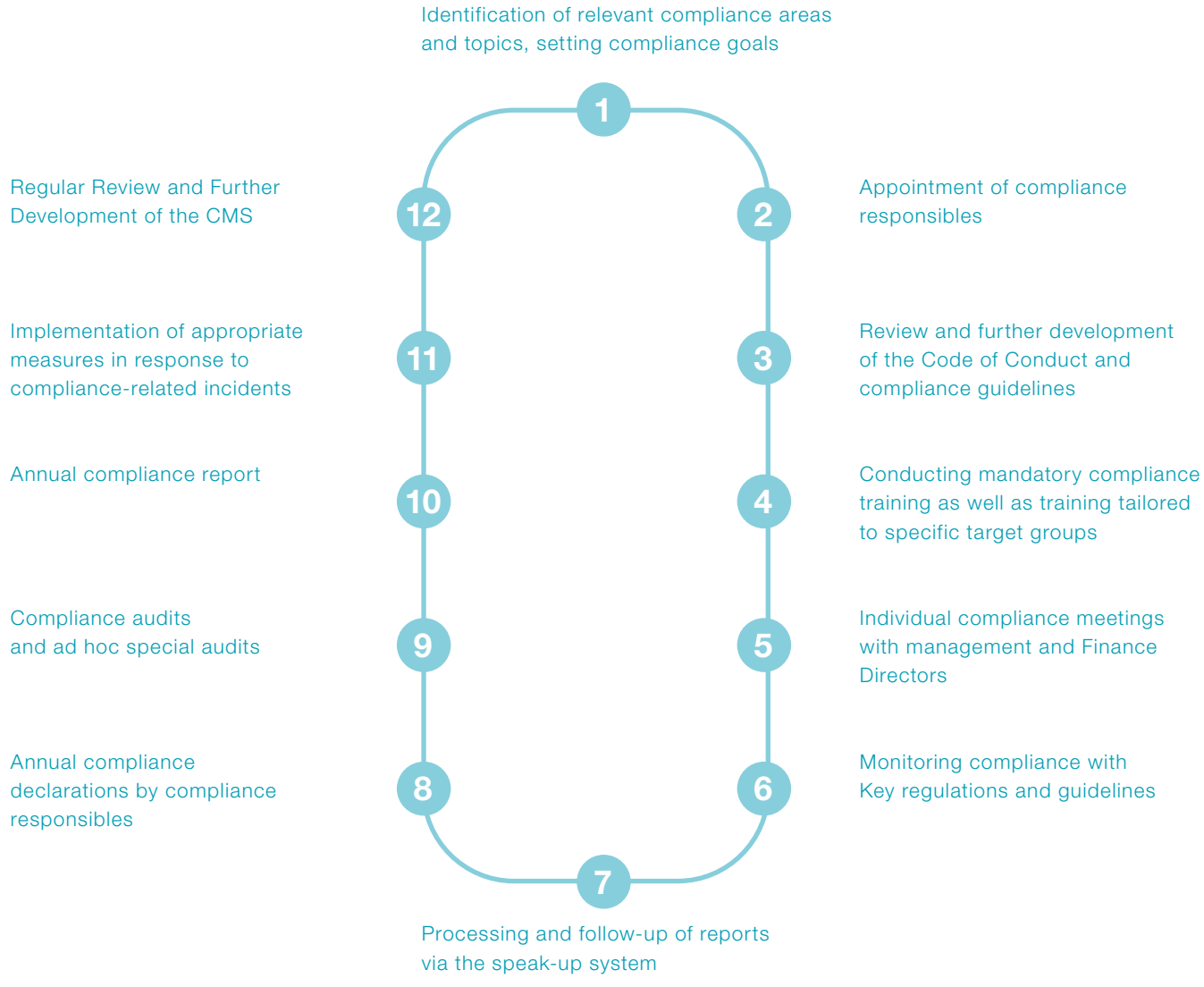
Company-wide compliance management system (CMS)

Establishing an active, comprehensive, and effective compliance management system (CMS) is a key factor in ensuring the company's success. It is an integral part of implementing corporate governance at the Fette Compacting Group. Given the constantly changing legal, social, and economic conditions, its structure is regularly reviewed and adjusted as needed.

In the reporting year, 100 % of the sites within the defined scope were covered by the CMS. A site is considered covered if local compliance responsibilities have been selected, employees have access to the Code of Conduct and the relevant compliance guidelines, the designated reporting channels are available, and the relevant target groups are included in compliance training.

The following diagram illustrates the key elements and the continuous improvement process of the CMS.

100 %
of all locations are covered by an established compliance management system



G1 Business conduct

Training and awareness

A principal component of the compliance organization is raising awareness among our employees, drawing attention to critical compliance issues, and providing guidance on compliance matters in day-to-day operations. The goal is to heighten awareness of critical issues and promote legally compliant and ethical conduct across all areas of the company.

Our training strategy follows a target-group- and risk-oriented approach and distinguishes between basic training for employees, in-depth training for managers, and event-specific training for risk functions:

- Employee training: All employees are required to complete a mandatory annual online training course. This course covers the contents of the Code of Conduct and the Group-wide policies (e.g., anti-corruption, data protection, antitrust law, and the whistleblowing system). Participants are informed about ethical standards and expectations, potential consequences of non-compliance, available reporting channels (e.g., Speak-Up hotline), and how to access the relevant policies. A mandatory quiz ensures that the content is understood. The training also includes practical case studies to help reflect on typical ethical dilemmas.

- Leadership training: Managers participate in dedicated compliance leadership training that addresses their specific responsibilities as role models and their function within the compliance system. Key topics include reporting obligations, delegation of duties, and supervisory responsibilities.

- Deep dive training: For specific risk functions (e.g., Sales, Procurement), targeted in-depth training sessions are conducted on an event- or role-specific basis – for example on anti-money laundering, supply chain due diligence, or competition law. These formats are initiated by the Legal & Compliance department and form part of the individual qualification programmes.

Fette Compacting regularly reviews the training needs of its employees, particularly with regard to new regulatory requirements. The training programs are continuously refined and adapted to changes in the law as well as to the responsibilities of the target groups. In this way, we ensure that all employees have the necessary knowledge to actively help shape a value-based, legally compliant corporate culture.

The Fette Compacting Group's goal is to achieve an annual training participation rate of 100% among employees required to participate in the respective training cycle. Full coverage is also targeted for employees in high-risk roles as well as for members of management.

The Compliance department regularly monitors participation and completion rates based on the data recorded in the digital training portal. Outstanding training completions are systematically tracked. The relevant employees are reminded to participate; if the specified completion deadlines are exceeded, the responsible managers are involved in further follow-up.

After the end of the reporting period, a new compliance training program with expanded content was introduced in 2026. This established, for the first time, a Group-wide, standardized process for formally acknowledging and confirming the Code of Conduct and the associated guidelines. The goal is to obtain formal confirmation from 100 % of the employees required to do so by the end of 2026. For the years 2023 through 2025, this metric has not yet been systematically tracked; the corresponding table values are therefore reported as "NS."

Global Compliance Training at the Fette Compacting Group

Compliance and Business Ethics KPIs of the Fette Compacting Group			**2024**	**2025**
Locations within the reporting scope	ESRS 2 / MDR-M	Number	13	14
of which: significant operating / production locations	ESRS 2 / MDR-M	Number	2	2
Percentage of locations covered by an established compliance management system	G1-1	%	100.00	100.00
Percentage of locations covered by a risk assessment on business ethics issues	G1-3	%	100.00	100.00
Managing Directors / compliance responsibles who have submitted a compliance declaration	G1-1	Number	13	14
Employees required to participate in compliance training on the Code of Conduct and business ethics	G1-1	Number	975	1078
Employees who have completed compliance training on the Code of Conduct and business ethics	G1-1	Number	972	1048
Percentage of employees who have participated in compliance training on the Code of Conduct and business ethics (including anti-corruption, money laundering, fraud, conflicts of interest, antitrust law, human rights, discrimination, and harassment)	G1-1	%	99.69	97.22
Percentage of high-risk roles covered by annual compliance training	G1-3	%	100.00	100.00
Employees who have formally acknowledged the Code of Conduct and related policies	G1-1	Number	NS	NS

G1 Business conduct

Detection and reporting mechanisms
The adequacy and effectiveness of the compliance management system are reviewed as part of ongoing monitoring, through regular discussions with the compliance responsibles of the subsidiaries, as well as through ad hoc or risk-based compliance audits and internal audits. The insights gained from these are used to further develop existing processes, controls, and preventive measures.

Fette Compacting has established a “speak-up” culture that promotes honest and transparent reporting within the Group and to regulatory authorities. Unethical, illegal, and irresponsible conduct would harm the company and its stakeholders – including customers, shareholders, suppliers, partners, and employees –. Therefore, all governing bodies and employees are required to report potential violations or suspicious activities conscientiously, completely, and in a timely manner.

Employees, managers, and executives – as well as as well as all external stakeholders – can report violations or suspected violations by contacting their supervisors, management, the compliance responsibles, or the Legal and Compliance department.

Reports can also be submitted anonymously via the LMT Group’s “Speak-Up” compliance hotline or by email tocompliance@fette-compacting.com. The anonymity and protection of the whistleblower are guaranteed, and data is stored in accordance the General Data Protection Regulation (GDPR).

All incoming reports are received in a structured manner, reviewed for plausibility, and, if there is sufficient suspicion, referred to an internal investigation. The LMT Group’s of the LMT Group regarding the complaint procedure govern the process, the protection of whistleblowers, and communication within the “Speak-Up” whistleblower system in accordance with Section 8 of the LkSG. Where necessary, confirmed violations will result in organizational, disciplinary, or legal measures, as necessary.

The goal is to ensure that 100% of locations have permanent access to the whistleblower system and that all reports falling within its scope are managed confidentially and in accordance with the established procedure.

Whistleblower reports
In 2025, six reports reports of potential legal violations or breaches of internal policies were submitted through various reporting channels. Upon completion of the investigations, three reports were deemed substantiated; three reports were not confirmed. Findings from the processed cases were incorporated into the continuous improvement of processes and measures within the compliance management system.

Internal Audit
Internal audit reviews are an integral part of the Fette Compacting Group’s internal control and monitoring system. They serve to systematically review processes and controls, as well as to ensure their design and application comply with regulations. The responsibilities of Internal Audit are managed centrally within the Legal & Compliance department.

Audits are conducted on an ad hoc or risk-based basis at the request of management or upon request from business units. Regular audits are conducted the audit plan. In addition, special audits may be initiated if there are grounds for suspicion of significant compliance violations. Compliance audits conducted as part audits serve to verify the effectiveness of the compliance program and to identify potential areas for improvement.

G1 Business conduct

“Speak-Up” Whistleblower System – Coverage and Reports from the Fette Compacting Group

Coverage and Reporting Statistics			**2024**	**2025**
Locations within the reporting scope	ESRS 2 / MDR-M	Number	13	14
of which: major operating/production sites	ESRS 2 / MDR-M	Number	2	2
Percentage of locations with access to the Group-wide “Speak-Up” whistleblower system	G1-1	%	100.00	100.00
Percentage of employees worldwide with access to the Group-wide “Speak-Up” whistleblower system	G1-1	%	100.00	100.00
Reports received via established compliance reporting channels	G1-1	Number	4	6
Compliance cases confirmed as substantiated following the conclusion of the investigation	G1-1	Number	1	3
Reports classified as unsubstantiated	G1-1	Number	3	3
Reports related to child labor, forced labor, or human trafficking within our own business unit	S1-17	Number	0	0
Of these, substantiated cases related to child labor, forced labor, or human trafficking	S1-17	Number	0	0
Reports related to discrimination, including harassment	S1-17	Number	2	1
Of these, substantiated cases of discrimination or harassment	S1-17	Number	1	0
Reports related to possible corruption or bribery	G1-1	Number	0	2
Of these, substantiated cases of corruption or bribery	G1-4	Number	0	0

G1 Business conduct

Response to compliance violations
An effective compliance management system requires consistent measures in response to identified violations. In the event of confirmed compliance violations, the Legal & Compliance department coordinates with Human Resources and the Works Council as necessary and provides recommendations for action to management.

Investigations are coordinated by the Legal & Compliance Department and are conducted outside the operational area of responsibility directly involved. Significant findings from the investigation are reported to management and, where necessary, to the Supervisory Board.

In addition, a root cause analysis is initiated to identify the reasons for the violation. Internal processes, guidelines, and working practices are reviewed, particularly with regard to potential systemic weaknesses, and appropriate Corrective actions have been initiated to prevent similar violations in the future. The implementation of the approved measures is being monitored by the respective departments.

Sanctions for Violations
Proven violations of applicable laws, the Code of Conduct, or internal compliance guidelines are not tolerated at Fette Compacting. They will be sanctioned appropriately, considering the nature and severity of the specific circumstances. Possible disciplinary actions range from warnings and reprimands to termination of employment. Depending on the individual case, additional legal consequences may follow. The selection of measures is made in accordance with the principle of proportionality and in consultation with the relevant departments and management. Allegations that are not substantiated during the investigation will not result in sanctions.

Compliance declarations
The management of the Fette Compacting Group, as well as the management teams of domestic and foreign subsidiaries, each submit a written compliance declaration at the beginning of the year for the preceding fiscal year. This obligation is set forth in the Fette Compacting Group's Legal and Compliance Guideline.

The compliance statements cover the status of implementation of the applicable compliance guidelines and processes, the conduct of the scheduled training sessions, and information on any compliance violations that have become known, regulatory investigations, and measures taken. They are submitted to the Legal & Compliance department and support the central monitoring and further development of the compliance management system, as well as compliance reporting to management and the Supervisory Board.

Legal and compliance guideline
The Fette Compacting Group's Legal and Compliance Guideline governs the general compliance guidelines and requirements for the corporate group. It applies to all employees, executives, and members of the management boards of the Fette Compacting Group's domestic and foreign subsidiaries.

The purpose of the policy is to raise awareness of legal and compliance issues and to clarify when the Legal & Compliance department must be involved. It also describes the compliance organization, the responsibilities within the corporate group, and the key elements of the compliance management system. Furthermore, it specifies whom employees can contact if they need advice or suspect a compliance violation. The policy is reviewed annually and as needed.

ESRS G1-2

Management of relationships with suppliers
As a manufacturing company, we rely on collaboration with suppliers. We view it as part of our social and environmental responsibility to hold our partners in the supply chain to the standards of sustainable corporate governance that also underpin our own business activities. These include respect for human rights, labor standards, protection of the environment, protection of the climate and compliance with ethical and legal requirements.

Fette Compacting maintains a partnership-based relationship with its suppliers and relies on continuous dialogue and close cooperation to continually advance sustainability standards. This collaboration also serves to ensure high product quality and security of supply.

G1 Business conduct

Our goal is a sustainable, responsible and secure supply chain that meets our customers' requirements and contributes to the protection of the environment and society. Sustainability-related risks and impacts are therefore considered.

Sustainable Procurement Policy
In 2026, the Group-wide Sustainable Procurement Policy was revised. It applies to all domestic and foreign subsidiaries and production sites of the Fette Compacting Group, as well as to all employees and managers involved in procurement processes. The policy covers the procurement of direct and indirect materials, services, and capital goods.

In addition to quality, delivery reliability, and cost-effectiveness, Fette Compacting also takes social and environmental criteria into account. These include respect for human rights and labor standards, environmental and climate protection, energy, and resource efficiency, as well as integrity and compliance with the law. When offers are comparable, recognized management systems and certifications – such as ISO 9001, ISO 14001, or ISO 50001, – in the case of energy-related procurements – energy efficiency and costs over the entire life cycle are considered.

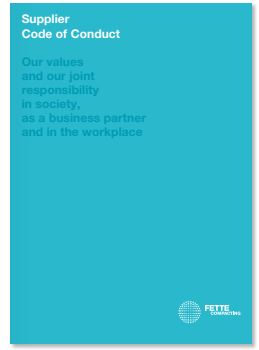
Responsibility for the policy and the objectives derived from it lies with the Purchasing Management. Its operational implementation is conducted by the relevant procurement functions. The policy is reviewed regularly and whenever significant changes occur. Implementation is monitored through supplier evaluations, risk analyses, and internal controls.

Supplier Code of Conduct
The Supplier Code of Conduct forms the basis for the responsible management of our global procurement processes. It is intended for suppliers, service providers, subcontractors, and other business partners and contains binding expectations, particularly regarding human rights and working conditions, occupational safety, environmental and climate protection, responsible sourcing of raw materials, corruption prevention, fair competition, data protection, and information security.

Business partners are also required to appropriately incorporate the requirements of the Code of Conduct into their own supply chains and to pass them on to their contractors and subcontractors.

As early as 2025, the General Terms and Conditions of Purchase of the companies covered by this policy were supplemented with a binding reference to the applicable Supplier Code of Conduct. Suppliers are thereby obligated to report any violations of which they become aware and to take appropriate corrective action. Serious or unresolved violations may, depending on the circumstances, lead to further measures, including termination of the business relationship.

In 2026, the Supplier Code of Conduct was fundamentally revised and rolled out globally. In the process, the social, environmental, and ethical requirements were expanded, and the risk-based procedures for verifying compliance were made more specific.



Download the "Supplier Code of Conduct of the Fette Compacting Group" brochure for more information

G1 Business conduct

Supply chain responsibility and due diligence
Fette Compacting conducts risk-based audits of its suppliers to assess their compliance with the requirements for a sustainable and responsible supply chain.

The suppliers of the Fette Compacting Group are assigned to the risk analysis and supplier management. Together, these two supplier portfolios constitute the entire supplier network of the Fette Compacting Group.

Since 2024, a risk analysis of direct suppliers has been conducted at least annually – and as needed – using the PwC tool "Check Your Value Chain" has been used to conduct a risk analysis of direct suppliers at least once a year and as needed. The initial assessment is based primarily on country- and industry-specific risks. Depending on the results, additional publicly available or supplier-specific information is considered and suppliers posing potential risks are subjected to an in-depth review.

In fiscal year 2025, the risk analysis of the company's own business unit and the risk analysis of its direct suppliers were updated and reviewed. No relevant human rights or environmental risks were identified, nor were any material violations of the due diligence obligations under Section 3 LkSG. The statutory minimum requirements for LkSG risk management were met. Identified areas for improvement relate to the further systematization and documentation of the risk analysis of direct suppliers, as well as the ongoing management of suppliers who were classified as potentially risky ("Risk Supplier") during the initial assessment.

Sustainable Procurement and Supply Chain			**Fette Compacting GmbH Schwarzenbek**		**Fette Compacting China Nanjing**	
			2024	**2025**	**2024**	**2025**
Direct suppliers within the scope of the risk analysis (Check-Your-Value-Chain)	G1-2	Number	1278	2061	244	259
Of which, those with a completed risk analysis	G1-2	Number	1278	2061	244	259
Coverage rate of the supplier risk analysis	G1-2	%	100.00	100.00	100.00	100.00
Identified material violations of due diligence obligations pursuant to Section 3 of the LkSG	G1-2	Number	0	0	0	0
Suppliers classified as potentially high-risk ("Risk Suppliers")	G1-2	Number	0	174	24	21
Supplier audits or site inspections conducted	G1-2	Number	16	23	9	5
Active A-suppliers according to internal supplier classification	G1-2	Number	67	67	13	10
Suppliers who have signed the Supplier Code of Conduct	G1-2	Number	NS	NS	119	124
Signing Rate for the Supplier Code of Conduct	G1-2	%	NS	NS	92.00	80.00
Active A-suppliers with valid ISO 14001 certification	G1-2	Number	9	15	7	6
Percentage of A-suppliers with valid ISO 14001 certification	G1-2	%	13.43	22.39	54.00	60.00
Percentage of purchasing volume from ISO 14001-certified A-tier suppliers	G1-2	%	10.67	24.93	87.00	89.00

G1 Business conduct

Depending on the respective risk classification or in the event of specific indications, further reviews may be initiated. These may include self-disclosure questionnaires, document reviews, sustainability assessments, site visits, or supplier audits to ensure compliance with ethical principles as well as working conditions and environmental impacts. If a need for improvement is identified, appropriate corrective and improvement measures – including responsibilities and deadlines – are defined, implemented, and monitored on a risk-based basis in collaboration with the affected suppliers, implemented and tracked on a risk-based basis.
The aim is to continuously further develop sustainability standards throughout the supply chain and to promote sustainable business practices.

In addition, we are continuously expanding our network of alternative suppliers to reduce potential procurement and supply risks. All suppliers are required to implement appropriate due diligence processes of their own and ensure that their contractors and subcontractors also comply with the established standards and requirements. When necessary, we also include the collaboration between suppliers and sub-suppliers into our assessment to achieve the greatest possible transparency all the way back to the source of origin in relevant high-risk supply chains.

In 2026, a new training course on sustainable procurement has been introduced. It helps employees incorporate human rights, environmental, and compliance requirements into operational procurement and supplier management processes.

At the Schwarzenbek site, nine employees from Supply Chain Management were assigned to the training; as of the the reporting date, 77.78 % had completed the training. At the Nanjing site, nine employees were also assigned to the training; the completion rate was 100 %. The goal is to achieve 100% training coverage for each defined target group.

Goals and Measures
of Conduct for all strategic suppliers within the defined scope. This can be achieved either by having suppliers sign Fette Compacting's Supplier Code of Conduct or by an equivalent code of conduct that covers the relevant European requirements. As a first step toward implementation, the goal was set for 2026 to obtain signatures on the Fette Compacting Code of Conduct from five suppliers. This goal had already been achieved as of the reporting date. Since the systematic collection of signatures and equivalent evidence was not introduced until 2026, no corresponding data is available for the fiscal years 2024 and 2025 at the Schwarzenbek production site. Further progress will be monitored based on the proportion of strategic suppliers for whom corresponding evidence is available.

In addition, Fette Compacting aims to subject all strategic suppliers within the defined scope to a risk analysis at least once a year as well as on an ad hoc basis. Suppliers posing potential risks are subjected to an in-depth review. If the risk assessment or specific indications, supplementary sustainability-related supplier audits, or on-site inspections are conducted. The goal of these measures is to identify human rights and environmental risks, as well as potential violations of due diligence obligations, at an early stage and to address them appropriately.

The risk analysis using the PwC tool "Check Your Value Chain," the risk-based supplier assessment, the Supplier Code of Conduct, the Sustainable Procurement Policy, and training for procurement staff constitute the key measures for achieving these goals.

The implementation and effectiveness of these measures are monitored based on the coverage rate of the supplier risk analysis, the number of potentially high-risk suppliers, the number of sustainability-related supplier audits or site inspections conducted, and the proportion of strategic suppliers adhering to a recognized code of conduct. In addition, the proportion of strategic suppliers with valid ISO 14001 certification and the proportion of purchasing volume covered by these suppliers are also tracked. These metrics help assess the extent to which environmental management systems are established at strategically important suppliers, although this is not currently linked to a mandatory certification requirement or a quantitative target.

G1 Business conduct

ESRS 2 MDR-M / G1-6

Payment practices

Our purchasing and invoice processing procedures follow a standardized process and consider the contractually agreed-upon payment terms. Unless otherwise agreed in writing, the payment terms set forth in the General Terms and Conditions of Purchase apply. Accordingly, properly submitted, and verifiable invoices are paid within 30 days of delivery and receipt of the invoice, with a 3 % discount, or within 60 days after receipt of the invoice without any deduction. If the supplier's performance under the contract is delayed, the agreed-upon payment dates are postponed accordingly.

To avoid overdue payments, incoming invoices are processed as part of defined verification and approval processes and scheduled for payment in accordance with their respective due dates. Discrepancies or missing information are clarified with the relevant supplier as promptly as possible.

Fette Compacting aims to settle properly submitted and verifiable invoices within the agreed-upon payment terms. Transparent and reliable payment practices are particularly important for small and medium-sized enterprises. Suppliers are treated according to the agreed-upon payment terms regardless of their size; small and medium-sized enterprises are not disadvantaged in invoice processing and payment.

ESRS G1-3

Prevention and detection of corruption and bribery

To ensure fair dealings with business partners and to avoid legal violations, Fette Compacting prohibits any form of active or passive corruption or bribery. The sustainable success of our company is based on the trust of our employees, customers, suppliers, and business partners. We are a dependable partner and expect and emphasize that applicable laws and regulations must be observed in all aspects of business.

This includes taking an initiative-taking approach to identify risks of corruption and bribery at an early stage. The Compliance Management Systems has established binding principles of conduct for Fette Compacting in this regard. These principles are consistent with the United Nations Convention against Corruption and other international standards and are implemented through the Code of Conduct and the Anti-Corruption Policy.

Compliance Risk Analysis

Compliance risks are identified and assessed as part of the annual risk management process. In addition, a group-wide compliance risk relevance analysis was conducted for the first time in the 2025 reporting year. Corruption and money laundering were classified as high compliance risks. Key risk drivers include international business relationships and the associated risks in sales, purchasing, and management. The results are considered in the risk-based further development of policies, control procedures, business partner reviews, and training measures.

Policy on Corruption Prevention and Integrity

The Corruption Prevention and Integrity Policy, which was comprehensively revised in 2026, applies to all domestic and foreign subsidiaries of the Fette Compacting Group as well as to all employees, managers, and members of executive management.

The objective of the policy – and thus the overarching goal of the Fette Compacting Group in the area of anti-corruption and integrity is to prevent corruption and bribery, fraud, money laundering, and terrorist financing, as well as any resulting conflicts of interest, to identify relevant risks at an early stage and to ensure the integrity of business decisions.

The policy specifies the requirements of the Code of Conduct and contains binding guidelines, regarding the handling of gifts and invitations, public officials, conflicts of interest, donations and sponsorship, as well as the selection and vetting of business partners. It covers both active and passive forms of corruption and bribery.

Clear guidelines and "dos and don'ts" help employees in recognizing potentially critical situations and acting appropriately. The policy also specifies when the Legal & Compliance department must be involved and which review and approval steps are required in cases of heightened risk.

Risk-Based Business Partner Screening

Fette Compacting follows a risk-based approach to vetting business partners. In cases of heightened risk – for example, due to the country of residence, the nature of the business relationship, or specific transaction characteristics – more extensive due

G1 Business conduct

diligence is conducted. This may include a standardized business partner questionnaire, verification of identity and ownership structures, as well as supplementary internal or external investigations. Sales agents and other business partners with an elevated risk profile are screened prior to establishing a business relationship. Depending on the identified risk, existing business relationships may also be reevaluated.

Functions at risk

At Fette Compacting, there are certain functions that, due to their responsibilities and operational activities, pose an increased risk with regard to corruption, bribery, or ethically critical business situations. This applies to areas involving decision-making authority, responsibility for financial transactions, or direct contact with customers, suppliers, and public authorities. These include Sales, Purchasing, Finance and Accounting, Export Control and Management.

There is also an increased risk potential associated with activities in countries with a substantial risk of corruption or low regulatory transparency – such as when entering new markets or collaborating with business partners in high-risk regions. The identified functions are given special consideration in the risk-design of compliance training.

In the 2025 reporting year, 100 percent of employees in high-risk functions and 100 percent of members of management received relevant training on corruption prevention.

Further details can be found in Chapter G1-1, Training.

ESRS 2 MDR-M / G1-4

Confirmed incidents of corruption or bribery

The Fette Compacting Group has set a goal to provide 100 % of employees in positions particularly vulnerable to corruption, as well as 100 % of members of the executive boards, with relevant training content on corruption and bribery prevention. In the base year 2025, the training rate for both target groups was already 100 %. Progress toward these goals is reviewed annually based on participation and completion data documented in the digital training portal.

Cases of Corruption and Bribery

In the 2025 reporting year, two reports with a connection to corruption or bribery were received through the established compliance reporting channels. The reports were investigated in accordance with established procedures. As a result, no confirmed cases of corruption or bribery were identified.

Confirmed cases are defined as incidents that, following the conclusion of the investigation, were assessed as substantiated and classified as violations of anti-corruption or anti-bribery regulations.

During the reporting year, there were no final convictions or fines for violations of anti-corruption or anti-bribery regulations. Since there were no confirmed cases of corruption or bribery, no employees were for this reason or subjected to disciplinary action. Likewise, no contracts with business partners were terminated or not renewed due to such violations.

In addition, as part of money laundering prevention efforts, two business partner due diligence reviews were conducted in accordance with money laundering laws. The reviewed cases did not reveal any grounds for reporting suspicious circumstances within the meaning of the Money Laundering Act. Reports to the Financial Intelligence Unit were therefore not required.

Further details can be found in Chapter G1-1, Whistleblower System.

ESRS G1-5

Political Influence and Lobbying Activities

Fette Compacting does not exert any direct political influence, does not make political donations, and does not finance any political organizations or parties. Nor does it engage in any politically related sponsorship activities. Fette Compacting GmbH is registered in the Transparency Register of the Federal Republic of Germany.

Our involvement is limited to participation in industry associations. These include the German Engineering Federation (VDMA), which represents the common economic, technical, and scientific interests of the machinery and plant engineering industry in Germany, Europe and worldwide. This participation serves to facilitate professional exchange and to represent the industry's common interests vis-à-vis legislators and institutions.

As of the reporting date, no member of the Management Board or the Supervisory Board holds a position in public administration or a comparable position in regulatory agencies. Likewise, no governing bodies of Fette Compacting are listed in lobbying registries or entrusted with political functions.

G1 Business conduct

Corruption or bribery Fette Compacting Group

Incidents of Corruption and Bribery, and Prevention Training				**2024**	**2025**
Locations within the reporting scope	ESRS 2 / MDR-M		Number	13	14
of which: significant operating/production locations	ESRS 2 / MDR-M		Number	2	2
Number of convictions for violations of anti-corruption and anti-bribery regulations	G1-4	§24 a	Number	0	0
Amount of fines imposed for violations of anti-corruption and anti-bribery regulations	G1-4	§24 a	Euro	0	0
Total number of confirmed cases of corruption or bribery	G1-4	§25 a	Number	0	0
Number of confirmed cases in which the company's own employees were dismissed or disciplined for corruption or bribery	G1-4	§25 b	Number	0	0
Number of confirmed cases involving contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	G1-4	§25 c	Number	0	0
Global Managing Directors / compliance responsibles	G1-1		Number	13	14
Percentage of management who received training on preventing corruption and bribery as part of the compliance training program	G1-3		%	100.00	100.00

Data Appendix

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ESRS 2/IRO-2

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ESRS 2/IRO-2

Disclosure requirements in ESRS covered by the undertaking sustainability statement

In our reports, we refer to other legal provisions to demonstrate how our sustainability reporting aligns with other laws and regulations.

List of data points in general and thematic standards resulting from other EU legislation

Disclosure Requirement	Datenpunkt	Beschreibung	EU Rechts-vorschriften	Seite
ESRS 2, GOV-1	21 (d) 21 (e)	Board's gender diversity Percentage of board members who are independent	SFDR/BRR BRR	8, 74–76 8–9, 75
ESRS 2, GOV-4	30	Statement on due diligence	SFDR	13
ESRS 2, SBM-1	40 (d) (i) 40 (d) (ii) 40 (d) (iii) 40 (d) (iv)	Involvement in activities related to fossil fuel activities Involvement in activities related to chemical production Involvement in activities related to controversial weapons Involvement in activities related to cultivation and production of tobacco	SFDR/P3/BRR SFDR/BRR SFDR/BRR BRR	NR NR NR NR
ESRS E1-1	14 16 (g)	Transition plan to reach climate neutrality by 2050 Undertakings excluded from Paris-aligned Benchmarks	EUCL P3/BRR	44 NS
ESRS E1-4	34	GHG emission reduction targets	SFDR / P3 / BRR	48–49
ESRS E1-5	38 37 40-43	Energy consumption from fossil sources disaggregated by sources Energy consumption and mix Energy intensity associated with activities in high climate impact sectors	SFDR SFDR SFDR	50–51 50–51 NS
ESRS E1-6	44 53-55	Gross Scope 1, 2, 3 and Total GHG emissions Gross GHG emissions intensity	SFDR / P3 / BRR SFDR / P3 / BRR	52–54 NS
ESRS E1-7	56	GHG removals and carbon credits	EUCL	NR
ESRS E1-9	66 66 (a) 66 (c) 67 (c) 69	Exposure of the benchmark portfolio to climate-related physical risks Disaggregation of monetary amounts by acute and chronic physical risk Location of significant assets at material physical risk Breakdown of the carrying value of its real estate assets by energy-efficiency classes Degree of exposure of the portfolio to climate- related opportunities	BRR P3 P3 P3 BRR	NS NS NS NS NS
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	SFDR	NM

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Disclosure Requirement	Datenpunkt	Beschreibung	EU Rechts-vorschriften	Seite
ESRS E3-1	9	Water and marine resources	SFDR	NM; 58, 62
	13	Dedicated policy	SFDR	NM
	14	Sustainable oceans and seas	SFDR	NM
ESRS E3-4	28 (c)	Total water recycled and reused	SFDR	NM; 62
	29	Total water consumption in m3 per net revenue on own operations	SFDR	NM
ESRS E4, SBM-3 (ESRS 2)	16 (a) (i)	Activities with negative impacts on biodiversity-sensitive areas	SFDR	NM
	16 (b)	Soil degradation, desertification or soil sealing	SFDR	NM
	16 (c)	Endangered species	SFDR	NM
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	SFDR	NM
	24 (c)	Sustainable oceans / seas practices or policies	SFDR	NM
	24 (d)	Policies to address deforestation	SFDR	NM
ESRS E5-5	37 (d)	Non-recycled waste	SFDR	61
	39	Hazardous waste and radioactive waste	SFDR	60
ESRS S1, SBM-3 (ESRS 2)	14 (f)	Risk of incidents of forced labour	SFDR	86
	14 (g)	Risk of incidents of child labour	SFDR	86
ESRS S1-1	20	Human rights policy commitments	SFDR	36, 38, 41, 66, 86, 88-90, 103, 109–110
	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	BRR	36, 38, 66, 88-90
	22	Processes and measures for preventing trafficking in human beings	SFDR	38, 86, 88-89
	23	Workplace accident prevention policy or management system	SFDR	39, 47, 66–67, 80–82
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	SFDR	36, 41, 68, 86, 89, 95–96, 107–108
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of workrelated accidents	SFDR / BRR	81–82
	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	SFDR	81–82
ESRS S1-16	97 (a)	Unadjusted gender pay gap	SFDR / BRR	NS
	97 (b)	Excessive CEO pay ratio	SFDR	NS
ESRS S1-17	103 (a)	Incidents of discrimination	SFDR	86, 108
	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	SFDR / BRR	66, 86, 88, 108
ESRS S2, SBM-3 (ESRS 2)	11 (b)	Significant risk of child labour or forced labour in the value chain	SFDR	88–90, 111
ESRS S2-1	17	Human rights policy commitments	SFDR	38–39, 88–89, 109–110
	18	Policies related to value chain workers	SFDR	38–39, 88–89, 109–110
	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	SFDR / BRR	88–90, 111
	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	BRR	38, 88–90, 111–112
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	SFDR	89–90, 111–112

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Disclosure Requirement	Datenpunkt	Beschreibung	EU Rechts-vorschriften	Seite
ESRS S3-1	16 17	Human rights policy commitments Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	SFDR SFDR / BRR	NM NM
ESRS S3-4	36	Human rights issues and incidents	SFDR	NM
ESRS S4-1	16 17	Policies related to consumers and end-users Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR SFDR / BRR	39–40, 93–95 96
ESRS S4-4	35	Human rights issues and incidents	SFDR	96
ESRS G1-1	10 (b) 10 (d)	United Nations Convention against Corruption Protection of whistleblowers	SFDR SFDR	113 36, 38, 41, 67–68, 86, 89, 96, 100, 107–108
ESRS G1-4	24 (a) 24 (b)	Fines for violation of anticorruption and anti-bribery laws Standards of anti-corruption and anti- bribery	SFDR / BRR SFDR	114–115 36–37, 66, 100, 102–106, 110, 113–115

Laws and regulations

SFDR Sustainable Finance Disclosure Regulation
P3 EBA Pillar 3 disclosure requirements
BRR Climate Benchmark Standards Regulation
EUCL EU Climate Law

Abbreviations

NR Not relevant
NS Not stated
NM Not material

Publishing information

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