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SUSTAINABILITY BASELINE REPORT 2025

Building the foundation for **sustainable growth.**





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Sustainability has become a defining factor for industrial companies. Customers, employees, business partners and regulators increasingly expect corporations to understand their environmental and social impact, demonstrate reliable governance and make progress visible through credible data.

For the KLINGER Group, this expectation is closely connected with our role as a long-standing industrial partner. Our solutions and services are used in demanding applications where reliability, operational safety and technical excellence matter. The same principles guide our approach to sustainability: Decisions must be based on a clear understanding of facts, responsibilities must be defined, and progress must be traceable over time.

The 2024 baseline marks an important milestone in KLINGER's sustainability journey. It provides the first consolidated Group-wide view of key environmental, social and governance indicators and creates the foundation for future comparison, improvement measures and target setting.

This baseline is the beginning of a more systematic sustainability journey. It helps KLINGER identify hotspots, recognize strengths and gaps, focus resources where they can have the greatest impact and build the data quality required for future reporting.

Above all, the baseline creates transparency which is the starting point for responsible action.



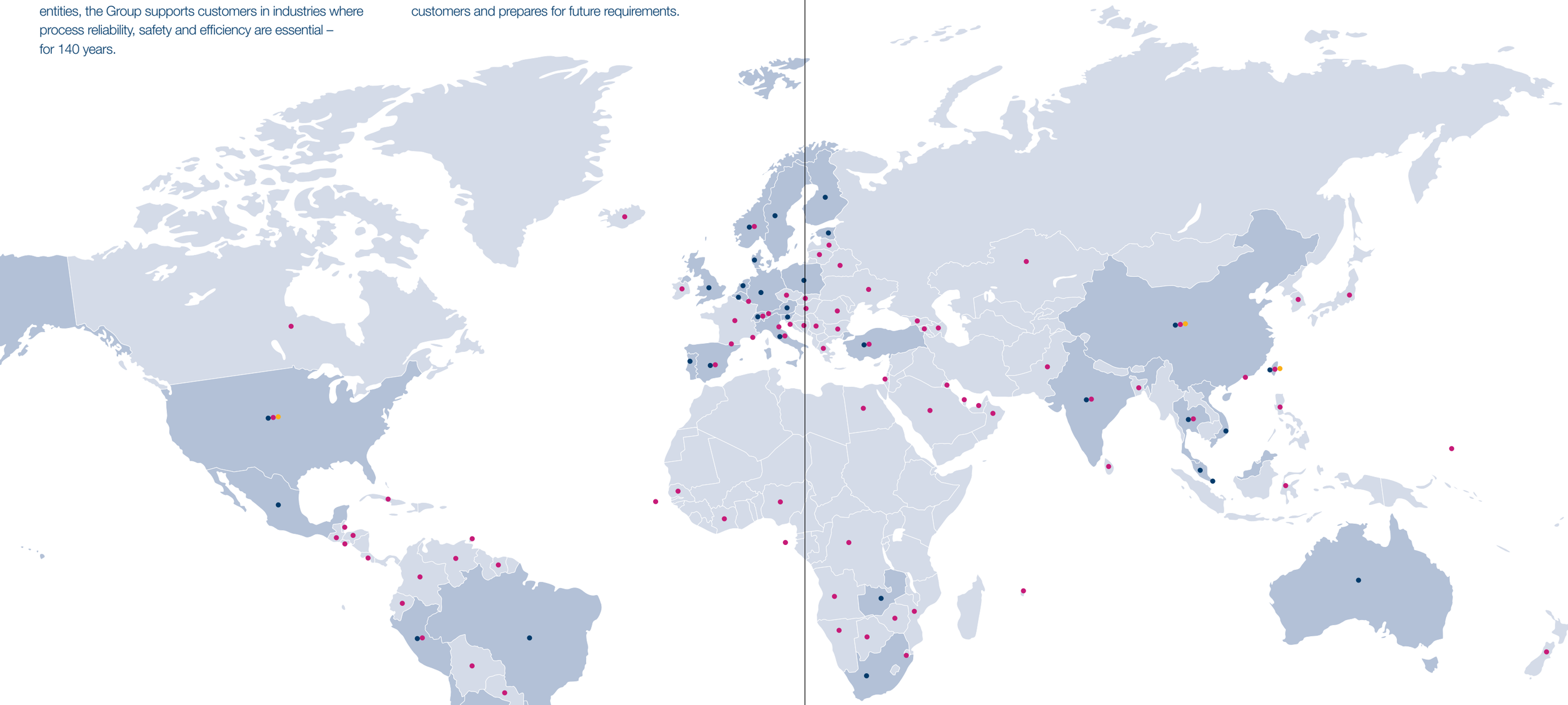
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"Transparency is the starting point for responsible action."

2. SUSTAINABILITY AT KLINGER

KLINGER is a global industrial group with a broad portfolio of sealing, fluid control and related technologies. Across its entities, the Group supports customers in industries where process reliability, safety and efficiency are essential – for 140 years.

Sustainability at KLINGER is linked to the way the Group operates, manages resources, develops products, supports customers and prepares for future requirements.



The key fields of action include energy and climate, water, waste, materials and circular economy, workforce indicators, occupational health and safety, compliance and governance. This report reflects how KLINGER approaches ESG:

with credible data, technical knowledge, responsible action and practical improvements for customers, employees and the Group.

3. OUR BASELINE

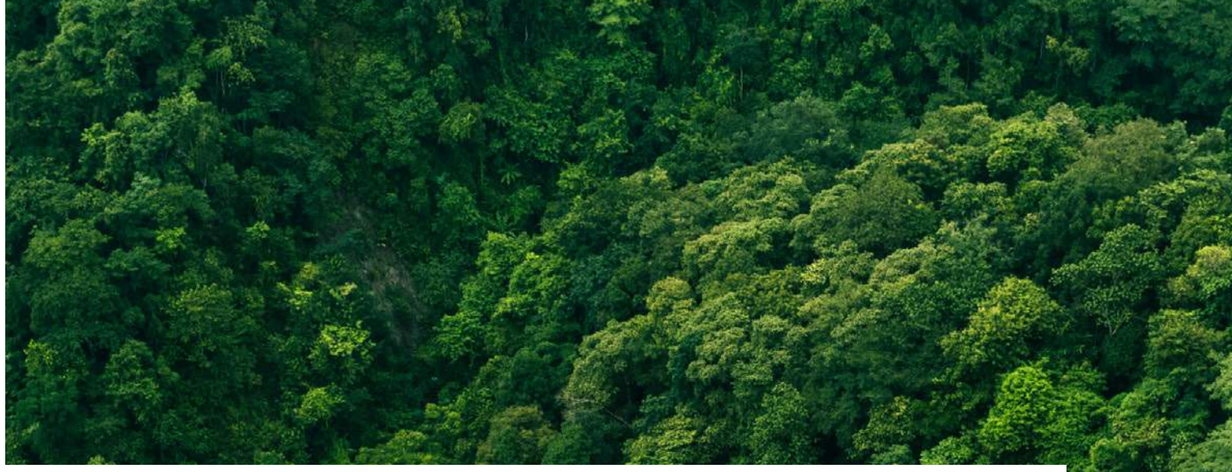
Transparency as a Starting Point

The 2024 reporting year marks the KLINGER Group's first consolidated Group-wide ESG baseline. For the first time, sustainability data across relevant environmental, social and governance topics have been collected, consolidated and reviewed in a structured way across the Group. This creates a common reference point for understanding the current ESG status and for measuring future progress consistently.

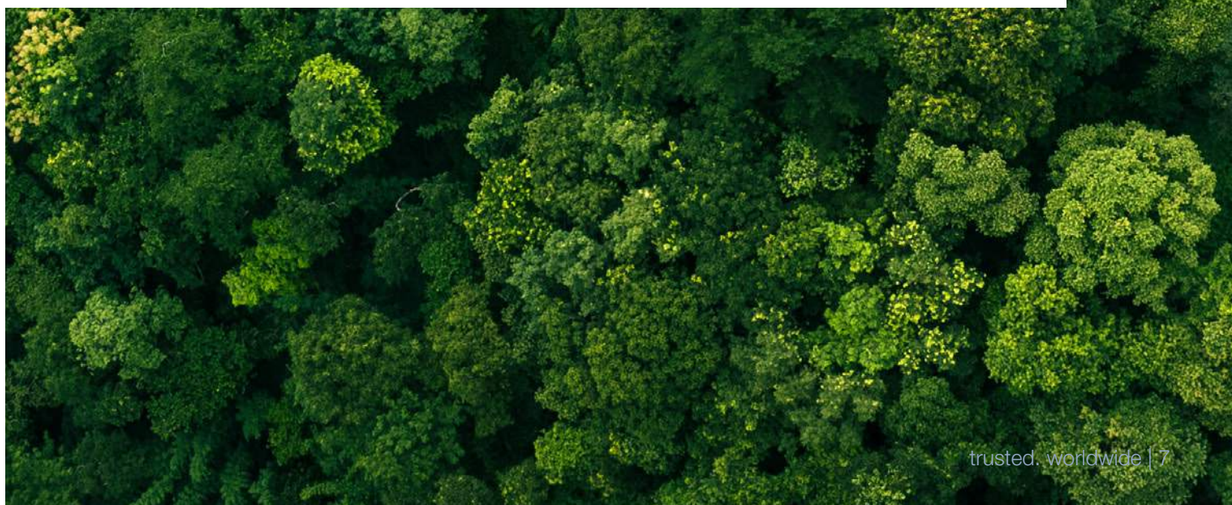
At this stage, KLINGER is not yet using the baseline as a final target framework, but as the starting point for systematic ESG steering. The Group is following a trendsetting approach for the reporting years 2024 to 2026. During this phase, the focus is on improving data quality, identifying hotspots, understanding efficiency and improvement potential, and developing a more robust basis for future targets, measures and KPIs.

Future ESG reporting will build on this baseline and become progressively more structured, comparable and action-oriented. Based on the insights generated during the trend-setting period, KLINGER intends to define Group-wide priorities, target areas and efficiency measures. This approach also supports preparation for upcoming regulatory reporting requirements. Under the current regulatory timeline, the KLINGER Group is expected to report on fiscal year 2027 data beginning with the 2028 reporting cycle.

The purpose of this baseline report is therefore twofold: to make the current sustainability position visible and to establish the foundation for future ESG management. By creating transparency today, KLINGER can move toward a more mature reporting model that connects reliable data, measurable progress and targeted action across the Group.



2024	2025	2026	2027	2028+	Beyond
BASELINE	**TRANSPARENCY**	**INTEGRATION**	**EXECUTION**	**PERFORMANCE**	**SUSTAINABILITY EXCELLENCE**
Carbon Footprint	ESG & Carbon Reporting	Global Data Platform	Decarbonization Projects	KPI-based Management	Continuous Improvement
» Scope 1-3 Assessment » Data Collection & Quality Check » Carbon Footprint Calculation » Group-wide Inventory	» ESG & Carbon Reporting » Data Quality Improvement » KPI Framework Development » CSRD Readiness	» Global Data Platform (Tagetik) » Process & Data Harmonization » Entity & System Integration » CSRD Readiness	» Energy Efficiency Initiatives » Renewable Energy Deployment » Emissions Reduction Projects » Engage Supply Chain Partners	» Emissions Reduction & Target Tracking » KPI-based Steering & Governance » Performance Monitoring » Measurable Impact	» Operational Excellence » Innovation & Technology » Value Chain Collaboration » Long-Term Sustainability
MEASURE	**REPORT**	**INTEGRATE**	**ACT**	**IMPROVE**	**SUSTAIN**

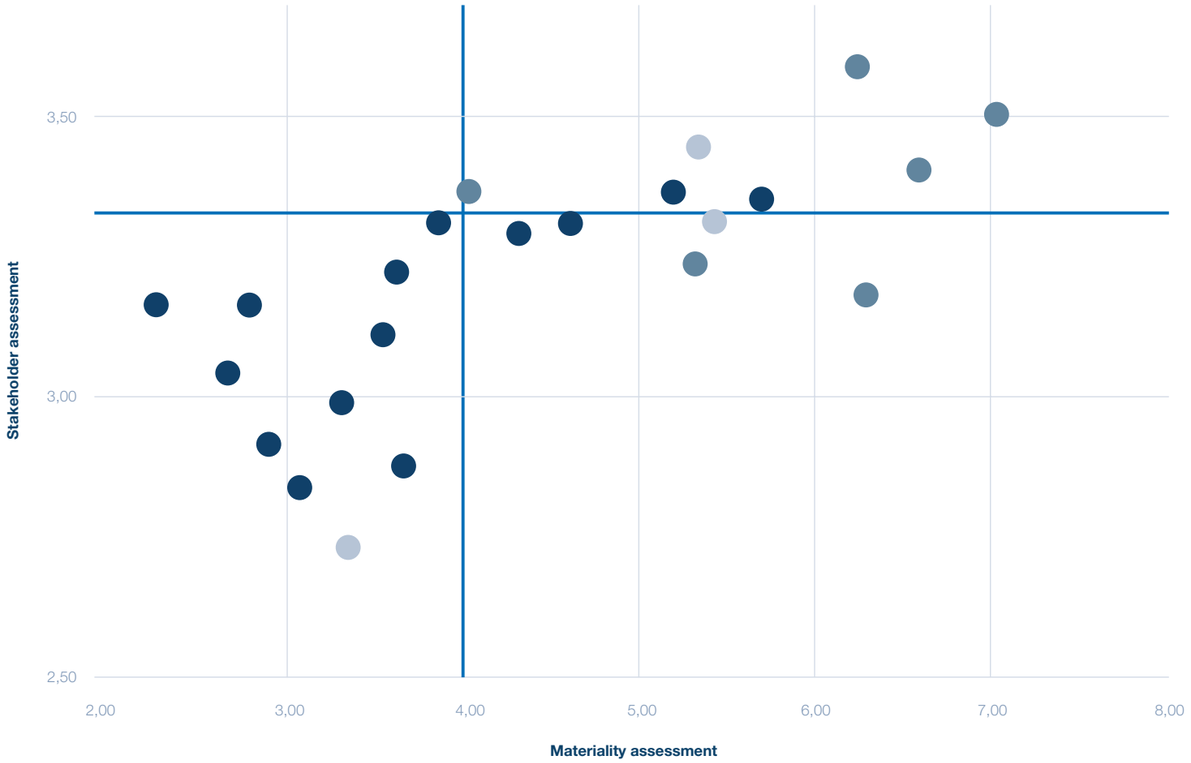


MATERIALITY ASSESSMENT

A meaningful sustainability strategy starts with understanding what matters most. In 2024, KLINGER conducted its first Group-wide materiality assessment to identify the ESG topics that are most relevant to both the business and its stakeholders, considering the significance of sustainability impacts as well as their importance and long-term success. The results provide the foundation for KLINGER's ESG reporting and future sustainability priorities. The most relevant topics were identified across three dimensions:

- **Environmental:** Climate Change, Circular Economy, Substances of Concern, Water Pollution, Water Consumption
- **Social:** Working Conditions, Customers and End Users, Workers in the Value Chain
- **Governance:** Corporate Culture and Values, Compliance

These topics will guide KLINGER's ESG management, reporting activities and continuous improvement efforts in the years ahead



4. ESG PERFORMANCE

At a Glance

A Group-wide baseline provides a compact overview of the most relevant ESG indicators for the 2024 reporting year. It brings together environmental, social and governance data in one consolidated view and makes KLINGER's current sustainability position visible across core topics. As the first baseline, the figures serve as the starting point for future comparison, trend analysis and targeted ESG steering.

74,828 MWh
Energy consumption

308.50 tCO_2/€1M
Greenhouse gas emissions

185,000 m^3
Water

3,390 t
Waste

59,000 kg
Controlled handling of pollutants

2,949 employees
Workforce

101
Work-related accidents

16,085 h
Training hours

Reporting year: 2024

5. ENVIRONMENT

The environmental baseline highlights KLINGER's main resource and climate-related impacts, creating transparency on energy use, emissions, water, waste, and material flows as the basis for targeted improvement.

5.1 ENERGY CONSUMPTION AND CLIMATE IMPACT

Energy use is a central environmental indicator for KLINGER's own operations and a key factor in understanding the Group's climate impact. In the 2024 reporting year, the KLINGER Group recorded a total energy consumption of 74,828 MWh. Non-renewable energy sources accounted for 61,282 MWh, representing 81.8% of total energy consumption, while renewable energy sources contributed 13,546 MWh, representing 18.2% of the total energy mix. Renewable energy consisted of 11,137 MWh of purchased renewable energy and 2,409 MWh of self-generated renewable energy, primarily from photovoltaic systems. In addition, 11,110 MWh of self-generated non-renewable energy were reported. The current energy mix reflects the Group's production requirements while also highlighting opportunities to further increase the share of renewable energy and improve energy efficiency across operations.

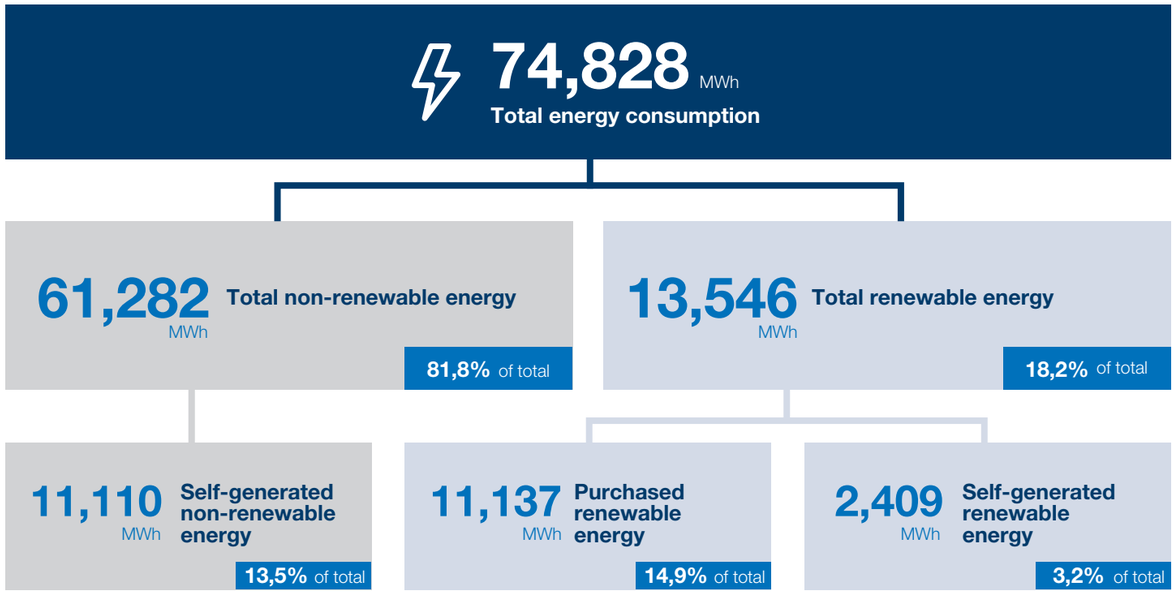
FROM OPPORTUNITIES TO ACTION

ENTITY	START-UP / AREA	SYSTEM SIZE	CAPACITY / GENERATION	CONTRIBUTION
KLINGER Holding	Start-up: 2023 Area: 575 m² carport roof area	Approx. 270 PV modules	113 kWp 120 MWh/year	Generates electricity equivalent to the average annual consumption of about 30 single-family homes and supports a more self-sufficient energy supply.
KLINGER Brazil	Start-up: 2023 Area: approx. 779 m²	274 modules rated at 550 W each; ABB PVS-100-TL SX2 inverter	150.7 kWp 199.3 MWh/year	Supports energy efficiency improvements and contributes to an estimated 14% reduction in energy consumption.
KLINGER South Africa	Start-up: 2023 Area: 2,900 m² system area; approx. 3,000 m² active module area	Two rooftop installations, T1 and T2; 1,080 high-efficiency 595 Wp modules	642.6 kWp DC 600–670 MWh/year	Reduces dependence on purchased electricity and helps lower operational Scope 2 emissions through on-site renewable energy generation.

Moving toward electromobility

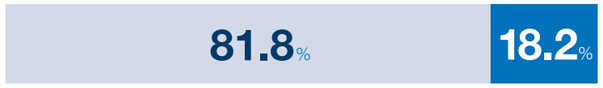
KLINGER is preparing to gradually shift parts of its company fleet toward electric mobility. This supports the reduction of direct emissions from vehicles and contributes to a more future-oriented, lower-emission mobility approach.

ENERGY CONSUMPTION AND ENERGY MIX



Distribution of renewable energy consumption





Purchased renewable energy consumption

Consumption of self-generated renewable not fuel-based energy

A clear baseline creates transparency.
Transparency creates progress.

GREENHOUSE GAS EMISSIONS

In terms of greenhouse gas emissions, the Group's total emissions amounted to 189,429 tCO_2e (location-based) and 192,436 tCO_2e (market-based). Direct Scope 1 emissions reached 11,426 tCO_2e, while Scope 2 emissions from purchased energy amounted to 4,674 tCO_2e location-based and 7,681 tCO_2e market-based. The largest share of the Group's emissions, however, lies in Scope 3, with 173,329 tCO_2e, mainly driven by purchased goods and services, logistics and capital goods. This shows that meaningful climate action will require both operational improvements within KLINGER's own sites and a deeper understanding of upstream value chain impacts.

SCOPE 1

11,426 tCO_2e

6.0% of total emissions

SCOPE 2

Location-based

4,674 tCO_2e

2.5% of total emissions

Market-based

7,681 tCO_2e

4.0% of total emissions

SCOPE 1 + 2

Location-based

16,100 tCO_2e

8.0% of total emissions

SCOPE 3

Total indirect (Scope 3) gross GHG emissions

173,329 tCO_2e

91.5 % of total emissions

Breakdown by category

3.1 Purchased goods and services
130,769 tCO_2e — **75.4%** of Scope 3 emissions

3.2 Capital goods
6,620 tCO_2e — **3.8%**

3.3 Fuel- & energy-related activities
4,610 tCO_2e — **2.7%**

3.4 Upstream transportation & distribution
15,760 tCO_2e — **9.1%**

3.5 Waste generated in operations
2,027 tCO_2e — **1.2%**

3.6 Business travel
1,769 tCO_2e — **1.0%**

3.7 Employee commuting
2,927 tCO_2e — **1.7%**

3.9 Downstream transportation & distribution
4 tCO_2e — **<0.1%**

3.12 End-of-life handling of sold products
8,234 tCO_2e — **4.7%**

tCO_2e = metric tons of CO_2 equivalent

Total Greenhouse Gas (GHG) Emissions

Location-based
189,429 tCO_2e

Market-based
192,436 tCO_2e

GHG Emissions and Intensity per Net Revenue

Location-based
308.50 tCO_2e/€1M

Market-based
313.40 tCO_2e/€1M

5.2 ENVIRONMENTAL HOTSPOTS

The baseline makes it possible to identify where the largest environmental impacts occur across the Group's operations and value chain. The most relevant environmental hotspots are connected to

- energy-intensive production processes,
- fossil fuel consumption,
- process-related emissions,
- material inputs,
- purchased goods and services,
- logistics,
- water use in manufacturing,
- and waste streams from production residues and packaging materials.

The data confirm that a significant part of KLINGER's environmental footprint is influenced by industrial production requirements, particularly in gasket manufacturing and other manufacturing-related processes, where process stability, quality assurance and technical reliability are essential.

Hotspot analysis will support KLINGER in moving from transparency to targeted action. By reviewing the data at entity level and comparing trends over future reporting cycles, the Group can better understand where efficiency measures, renewable energy projects, supplier engagement, process improvements or circular economy initiatives may create the greatest impact. This structured approach also helps strengthen data quality and prepares the organization for more mature ESG steering and future regulatory reporting requirements.

Heat recovery and RTO technology

KLINGER uses regenerative thermal oxidation technology (RTO) to clean process exhaust air and recover excess heat. The recovered heat can be reused in production, helping lower energy demand and reduce CO2 emissions while supporting cleaner operations.



5.3 WATER CONSUMPTION

Water is an important resource for KLINGER's manufacturing activities, particularly where technical processes and cooling applications are required to ensure stable production conditions. In the 2024 reporting year, the KLINGER Group recorded total water consumption of 185,000 m³. Of this amount, 600 m³ were recycled or reused, representing 0.32% of total water consumption. While this first consolidated figure creates transparency at Group level, it also shows that further analysis is needed to identify site-specific opportunities for improved water efficiency, reuse and process optimization.

The main areas of focus include
- optimizing cooling systems,
- improving production processes,
- modernizing energy- and water-intensive equipment
- and expanding concepts for water recycling and reuse where technically feasible.

In combination with energy efficiency and heat recovery measures, improved water management can contribute to more resource-efficient operations and support KLINGER's long-term objective of reducing environmental impacts across its production footprint.

Total water consumption

185,000 m³



600 m³
Total water recycled & reused

That's
0.32%
of total water consumption

Bioethanol and Closed Solvent Loop

KLINGER reduces VOC emissions and resource use through a closed solvent loop: Ethanol used in production is recovered, processed and reused multiple times. Since 2023, KLINGER Dichtungstechnik has also been using sustainable bio-ethanol made from Austrian wood residues, helping lower the carbon footprint of production while supporting a more resource-efficient manufacturing process.

5.4 WASTE, MATERIALS AND CIRCULAR ECONOMY

Waste and material use are important indicators for resource efficiency and circular economy potential. In the 2024 reporting year, the KLINGER Group generated a total of 3,390 tons of waste, consisting of 3,250 tons of non-hazardous waste and 140 tons of hazardous waste. A share of these waste streams was directed toward preparation for reuse or recycling, helping to keep valuable materials in circulation. The largest volumes arise from production sites, where
- offcuts,
- production residues,
- packaging materials
- and auxiliary materials

are generated as part of manufacturing operations.

KLINGER's circular economy approach focuses on avoiding waste where possible, increasing material efficiency and strengthening reuse and recycling loops. Examples include the refurbishment and reuse of pallets, the recycling of plastic film and used oil, and the use of production regenerates. In valve manufacturing, the use of steel also supports circularity due to its high recyclability. Continued optimization of material flows will help reduce waste volumes, conserve resources and support more sustainable value creation across the Group.

WASTE GENERATION & TREATMENT

3,390 t Total waste generated

3,250 t Non-hazardous waste **95.9%**

TREATMENT METHOD	AMOUNT (T)	
Preparation for reuse	477 t	14.7%
Recycling	465 t	14.3%
Incineration	630 t	19.4%
Landfill	274 t	8.4%
Other disposal operations	1,404 t	43.2%
Total	**3,250 t**	

140 t Hazardous waste **4.1%**

TREATMENT METHOD	AMOUNT (T)	
Preparation for reuse	3 t	2.1%
Recycling	106 t	75.7%
Incineration	31 t	22.1%
Total	**140 t**	



6. PRODUCT CARBON FOOTPRINT

Product-level climate transparency is becoming increasingly important for customers, suppliers and regulatory stakeholders. For industrial companies, reliable product-related emissions data build trust, strengthen value-chain transparency and support more informed decisions about lower-emission solutions.

- **Contributing companies:** The methodology was developed and implemented by the KLINGER Group together with KLINGER Dichtungstechnik and KLINGER Fluid Control.
- **Methodological basis:** The approach follows internationally recognized standards, including ISO 14067:2018 and the GHG Protocol Product Life Cycle Accounting and Reporting Standard.
- **Scope of assessment:** The Product Carbon Footprint considers relevant life-cycle stages, from raw material extraction and material processing to production, transportation and other applicable phases.
- **Purpose:** The standardized calculation method creates a transparent and reproducible basis for comparable product-level environmental information across selected in-house manufactured products.
- **Value for customers:** Product-specific emissions data can support customers in purchasing decisions, value chain transparency and Scope 3 climate reporting.
- **Future relevance:** The methodology prepares KLINGER for the gradual assessment of additional products, potential third-party verification and future requirements such as the Digital Product Passport and the Ecodesign for Sustainable Products Regulation.

PCF

7. PEOPLE, SAFETY & GOVERNANCE

Trust starts with people. The KLINGER Group's social and governance baseline reflects our commitment to putting people first, strengthening safety, building expertise and ensuring reliable, responsible business practices across the entire group.

7.1 OUR PEOPLE

The KLINGER Group's sustainability performance is shaped by its people. A skilled, experienced and engaged workforce is essential to delivering the technical reliability our customers expect. The social baseline provides a consolidated view of workforce structure, including

- headcount,
- gender distribution,
- age groups,
- agency workers
- and other key employee indicators.

It helps the Group better understand its workforce composition and identify where future people-related initiatives can strengthen employee development, retention, knowledge transfer and long-term organizational resilience.

WORKFORCE



2,136 male employees

female employees 813

PERSONS WITH DISABILITIES

51 employees

AGENCY WORKERS

57 Number of non-employees in own workforce

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

	no. of employees
covered by collective bargaining agreements, in the EEA	1,099
covered by collective bargaining agreements, outside the EEA	228
covered by workers' representatives, in the EEA	1,002
covered by workers' representatives, outside the EEA	155

AGE DISTRIBUTION OF EMPLOYEES



7.2 LEADERSHIP REPRESENTATION AND PAY INDICATORS

Leadership representation and pay indicators provide important insights into equal opportunity, diversity and fairness across the organization. These indicators need to be interpreted with the appropriate context, as they may be influenced by factors such as country mix, role structure, job level, seniority, functional area, employment model and local labor market conditions.

The baseline report supports a more transparent understanding of representation in leadership positions and helps identify where further analysis may be needed to strengthen inclusive career development, transparent progression paths and fair remuneration practices.

GENDER DISTRIBUTION IN TOP MANAGEMENT



75.34% male

female 24.66%

GENDER PAY GAP (unadjusted)



7.3 EMPLOYEE TURNOVER

Employee turnover data provide important context for workforce development, organizational stability and employer attractiveness. Turnover can reflect a variety of factors, including labor market dynamics, retirement, career development opportunities, leadership culture, working conditions and regional employment trends.

By monitoring this indicator over time and combining it with qualitative feedback, KLINGER can better understand retention patterns, identify potential improvement areas and strengthen initiatives that support engagement, development and long-term employee commitment.

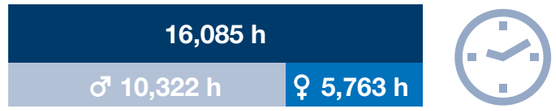
11.77% of employees left the company in 2024. (347 employees)

TRAINING AND SKILLS DEVELOPMENT METRICS

1,249 employees participated in regular performance and career development reviews, of these

895 are male & **354** are female.

total number of training hours



7.4 OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety are core responsibilities in industrial operations and a key expression of putting people first. Safe workplaces, preventive risk management, regular training and continuous learning from incidents are essential to protecting employees and maintaining reliable operations.

The baseline report creates transparency on safety performance and provides the foundation for analyzing accident patterns, strengthening prevention measures and promoting a proactive safety culture across all KLINGER sites.

HEALTH & SAFETY METRICS

Number of recordable work-related accidents in own workforce	101
Number of **fatalities** as a result of work-related injuries and ill health	0

3.43%
Work-related accident frequency rate (based on headcount)

WORK-LIFE BALANCE METRICS

Number of employees entitled to take family leave



202 male employees that took family leave

92 female employees that took family leave

7.5 GOVERNANCE AND REPORTING READINESS

KLINGER promotes a transparent and responsible workplace culture through established reporting channels. During the reporting period, 13 complaints were submitted through channels available to employees for raising concerns, and five incidents of discrimination were recorded.

These mechanisms support the early identification and appropriate handling of workplace-related concerns.

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

complaints filed through channels for people in own workforce to raise concerns	13
incidents of discrimination	5

8. FROM BASELINE TO TARGETED ESG STEERING

The 2024 baseline establishes KLINGER's ESG status quo. The next step is to turn this transparency into targeted action by reviewing results at entity level, improving data quality, identifying priority areas and preparing measures based on trends over time.

The coming reporting cycles will help KLINGER move from a first consolidated baseline toward a more mature ESG steering model. The roadmap will be developed based on confirmed milestones, validated data quality improvements and the priorities identified during the 2024 to 2026 trendsetting phase.

The direction is clear: measure consistently, understand priorities, act where KLINGER can create the greatest impact and make progress visible over time through reliable data and practical solutions.

Yusuf Avci - Sustainability Manager, KLINGER Group



9. GLOSSARY

TOPIC	DEFINITION
Baseline	Reference point for comparing future sustainability performance
GHG	Greenhouse Gas
ESG	Environment, Social, and Governance
CO2e	Carbon dioxide equivalent
Scope 1	Direct greenhouse gas emissions
Scope 2	Indirect emissions from purchased energy
Scope 3	Other indirect value chain emissions
PCF	Product Carbon Footprint
CCF	Corporate Carbon Footprint
LCA	Life Cycle Assessment
RTO	Regenerative Thermal Oxidation; a process exhaust-air treatment technology that destroys volatile organic compounds and recovers heat for reuse.
EEA	European Economic Area
VOC	Volatile Organic Components

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