TKMS

SUSTAINABILITY REPORT

2024/2025

Consolidated separate non-financial report under application of the European Sustainability Reporting Standards (ESRS)

Your Maritime Powerhouse

CONTENT

DEAR READER,

TKMS is a naval defense solutions providers from conventional submarines to naval surface vessels and maritime electronics. Given the specifics of our business model, we carry the responsibility that comes with constructing safety-relevant technologies and infrastructure with long lifecycles.

Our way towards transparent and responsible corporate sustainability during the past months was defining. With the implementation of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), we have reached another important milestone on our ESG journey.

The implementation of the ESRS was challenging as it required TKMS to adopt new methods, documentation, and data collection in many areas. At the same time, we have gained valuable insights, established new governance processes, and strengthened collaboration within the company. We are aware that we are only at the beginning of a longer journey and further adjustments will be necessary in the coming years.

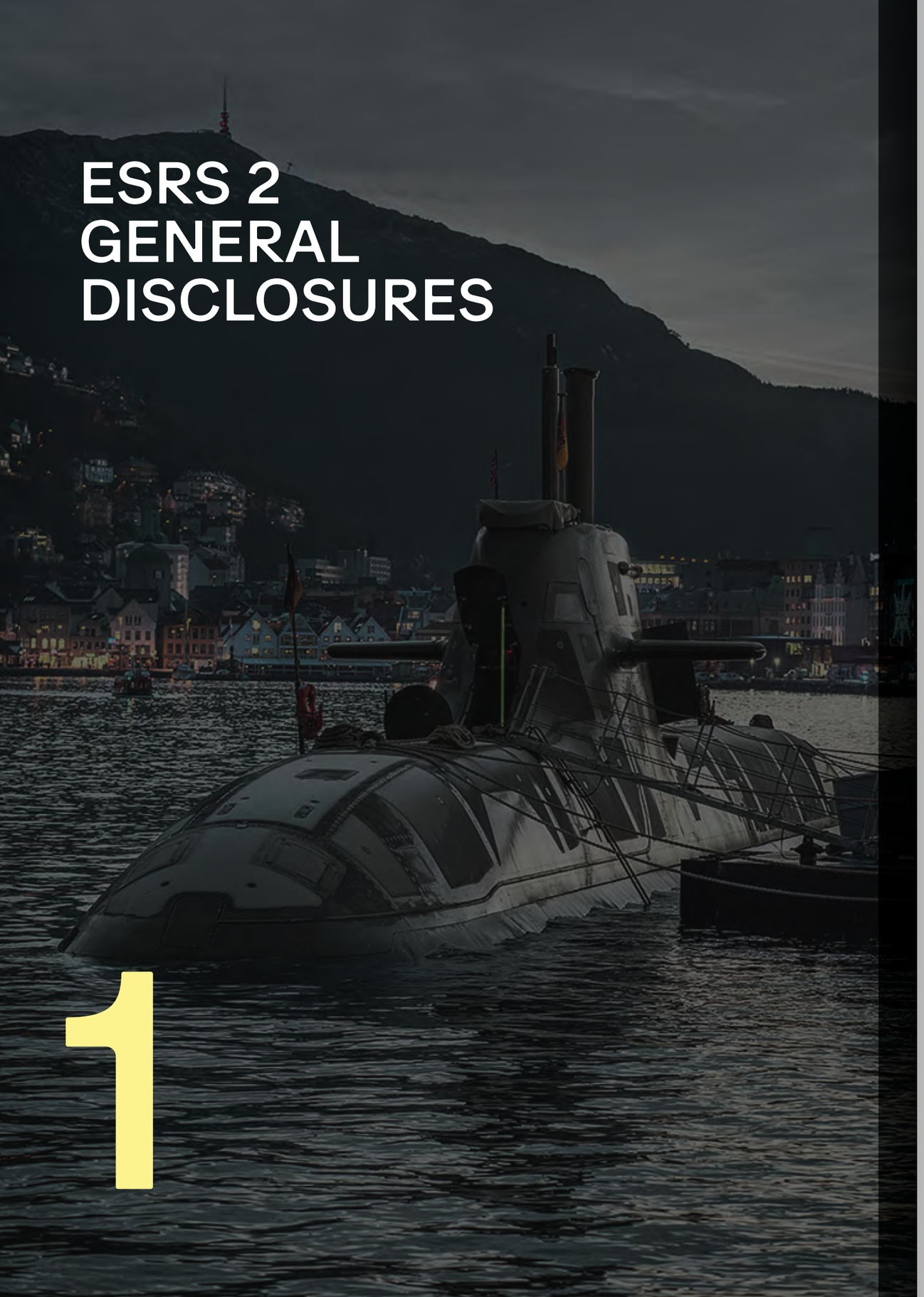
This report reflects the progress we have made and the challenges we continue to face as we align our business with these new requirements. The CSRD and the ESRS are more than reporting obligations, they provide us with opportunities to strengthen our structures, to question existing processes, and to integrate sustainability even deeper into the maritime industry.

Sustainability at TKMS is not only an external demand, but an internal conviction, that long-term success can only be achieved by taking responsibility for the environment and fostering a robust framework of social integrity in harmony with a constant pursuit of optimization of governance structures.

In the fiscal year 2025/2026, we will continue to pursue our targets and ambitions and further deepen the integration of sustainability into our entire workforce, our business processes, and our collaboration with our suppliers. We are convinced that our commitment to sustainability will ensure the success of our company in the years to come while contributing positively to the future of our planet and our communities. We remain committed to continuously aiming to improve our performance and transparency in all ESG dimensions. This report marks not the end, but another important step on a journey that will shape TKMS.

The sustainability report for the financial year from 1 October 2024 to 30 September 2025 was subject to a limited assurance engagement in accordance with ISAE 3000 (Revised) (Assurance Engagements other than Audits or Reviews of Historical Financial Information). The assurance statement can be accessed on page 216.

Dr. Marlene Fischer
Head of ESG



ESRS 2 GENERAL DISCLOSURES

1

BASIS FOR PREPARATION

BP-1 GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT

Basis of preparation and scope of the sustainability statement
BP-1 5

The sustainability statement of TKMS Group (TKMS GmbH) for fiscal year 10/01/2024 to 09/30/2025 has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS Set July 1, 2023). Any transitional provisions or reliefs applied are disclosed in the relevant sections. The scope of consolidation for this sustainability statement is the same as for the consolidated financial statements - any deviations are explained under BP-2. Subsidiary undertakings included in the consolidation that benefit from exemptions from individual or consolidated sustainability reporting are indicated under BP-2, if applicable. The statement covers the upstream and downstream value chains to the extent required by ESRS. Disclosures focus on upstream activities where material impacts, risks, and opportunities were identified; downstream coverage is limited due to lack of control over end-use, with boundaries and methodologies set out in the respective ESRS sections. The option to omit information due to classified and sensitive information, and information on intellectual property, know-how or results of innovation has been used (as of ESRS 1, 105 ff. (7.7)). This also includes for the downstream value chain the following topics: greenhouse gas emissions of scope 3.11 category, the climate risk analysis and affected communities as well as detailed information on the design and production process and the nature of the product. The Member State option to omit disclosures on impending developments or matters under negotiation was not used.

BP-2 - DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

Time horizons
BP-2 9a, b

TKMS defines time horizons for material sustainability information as follows: short-term < 1 year; medium-term 1–5 years; long-term > 5 years. These horizons align with recognized reporting standards and internal governance and reflect the planning and risk management cycles: short-term aligns with annual operational management and reporting; medium-term covers intermediate objectives and risk mitigation actions; long-term captures multi-year strategic sustainability objectives and structural changes in environmental and social factors. The same definitions are applied consistently across all disclosures in this reporting period; if a different definition is required for a specific topic in the future, the rationale will be explained in the relevant section.

Value chain estimation
BP-2 10a-d

Certain sustainability metrics include estimates derived from indirect sources. For site-level energy consumption and water, TKMS mainly applies a "10+2" approach, which does not apply to all sites: actual data for the first ten months of the reporting year supplemented by average monthly values from the final two months of the prior year to close timing gaps. These figures are drawn from internal energy and environmental systems and are verified and, if necessary, adjusted in the subsequent year when full actuals are available. For value chain metrics, particularly Scope 3 emissions, TKMS uses recognized emission factors and industry averages from external databases and public references. Where primary supplier data are unavailable, proxies based on purchase volumes and transportation services are applied. This preparation basis aims to provide a realistic representation of indirect impacts; uncertainties primarily relate to supplier data coverage and the quality/ applicability of emission factors, so reported figures may be subject to adjustment as better data become available. To improve accuracy over time, TKMS plans to expand supplier data collection, increase the share of primary data, and integrate digital data interfaces with key partners.

Sources of estimation and outcome uncertainty
BP-2 11a, b

In the collection of sustainability-related information, certain uncertainties exist that primarily arise from incomplete or unavailable supplier data, as well as from the use of standardized emission factors and extrapolation models for future emissions. The principal sources of these estimations include internal calculation models and assumptions, external databases and benchmarks, supplier-provided information, and publicly available data from environmental and research institutions. This refers to the climate risk analysis as well as the biodiversity and water risk analyses. Data unavailability means that data related to greenhouse gas emissions and data concerning small sites have been estimated.
Please note that due to corporate law and related changes in the management structure, further sustainability-related changes may result in the 2025/2026 fiscal year. This may affect both the policies and measures related to TKMS, particularly the bodies mentioned below, as well as the established goals.

Forward-looking information is inherently subject to uncertainties. Such information is often based on assumptions, expectations, or forecasts that rely on the current state of knowledge. Changes in underlying conditions, technological developments, or regulatory requirements, among other factors, may cause actual developments to differ from the expectations presented. In this context, it should be pointed out that forward-looking statements regarding both financial and non-financial matters do not guarantee the occurrence of expected results. Various systemic uncertainties and external factors related to the assessment of impacts, opportunities, and risks may lead to actual results or events differing from the assessments provided in the sustainability report.

Changes in preparation or presentation of sustainability information
BP-2 13a-c

This is TKMS's first sustainability report prepared according to CSRD and ESRS requirements, with no applicable changes in data preparation or presentation from previous periods. Any future variations will be documented transparently, and all current disclosures comply with the applicable ESRS standards.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements
BP-2 15

In addition to the ESRS, TKMS considers other legal reporting obligations, notably the EU Taxonomy (2020/852) and, where relevant, national regulations such as the German Supply Chain Due Diligence Act. Where practicable, these disclosures are integrated with ESRS disclosures to avoid overlaps and to establish consistency. Recognized frameworks and standards and other internationally acknowledged guidelines are used where they meet stakeholder information needs. The frameworks and standards considered are described in more detail in the following chapters. TKMS prepares integrated sustainability and non-financial disclosures within the Annual Report and accompanying sustainability documents; detailed EU Taxonomy calculations and methodological foundations are provided in the relevant chapters and Appendices.

Use of phased-in provisions in accordance with Appendix C of ESRS 1
BP-2 17a-e

The entity has not utilized any exemptions or deferrals outlined in Appendix C of ESRS 1. For further information on where the phase-in option has been used, please refer to the Content Index and Appendix B on page 44. All other disclosures mandated by the applicable ESRS standards have been fully prepared and are included in this report, adhering to the general requirements of ESRS 1 as well as the relevant topical standards. Where estimates, assumptions, or data models were employed, the underlying methodologies and the associated degree of estimation uncertainty are detailed within the respective sections of this report.

GOVERNANCE

GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Composition of the administrative, management and supervisory bodies
GOV-1 21a–e

The information listed in this section relates to the company's previous structure. This will change in financial year 2025/2026 due to changes in corporate and management structures. The Executive Board of TKMS consisted of a total of four members, comprising three men and one woman. This corresponded to a gender distribution of 75% male and 25% female members. The members of the Executive Board were appointed by the Supervisory Board. The composition of the Executive Board is expected to remain the same in the financial year 2025/2026.
When composing the Executive Board in the coming financial years, the Supervisory Board will aim to consider the diversity concept for the Executive Board, which should include additional diversity and qualification criteria. These criteria should encompass personal attributes, expertise and experience, internationality, educational and professional backgrounds, as well as age and gender.
The management body of TKMS is divided into the four areas 'Executive', 'Financial', 'Operating', and 'People & Culture', each of which is represented by its respective Chief Officer.
The supervisory board of TKMS was represented by 16 non-executive members, divided into employer side and employee side by 50%. Since 2022, a quota of 30% women must be achieved according to the Act on the Equal Participation of Women and Men in Leadership Positions in the private and the public sector. This corresponds to a gender distribution of 70% male and 30% female members. In the reporting year 5 women and 11 men are active in the Supervisory Board.

All members of the supervisory board will have access to regular trainings, e.g. from the German Corporate Governance Code (DCGK), in the future to gain expertise and skills on business relevant matters. Furthermore, the members incorporate many years of experience in the sector owning roles, e.g. in the field of corporate finance, auditing, compliance, executive management and their participation in works councils.

The leadership of TKMS has strong experience in strategically managing and overseeing an international technology company. Their expertise covers regulation, sustainable governance, operational excellence, and modern governance frameworks. The Executive and Supervisory Boards aim to proactively identify risks and opportunities, steer the company effectively, and promote long-term sustainability. Their focus lies on customer orientation, employee retention, efficient processes, and strict adherence to legal and ethical standards, particularly in safety-critical maritime technologies.

Responsibilities for sustainability matters
GOV-1 22 a

As the highest internal governance body, each member of the Executive Board is accountable for sustainability and incorporates dedicated expertise in the fields of sustainability. The Chairman of the Executive Board bears overall responsibility. Board committees are an important instrument to exercise oversight of the process to manage impacts, risks and opportunities on material matters and educate the Board on sustainability issues and align corporate commitments. Figure 1 shows the expertise of each executive manager. Non-executive members are not active in the current Executive Board. In June 2025, the composition of the Executive Board changed. Bernd Hartmann, Chief Human Resources Officer (CHRO), left the Executive Board, and Angelika Kambeck succeeded him in this role.

CEO
OLIVER BURKHARD
ESG Strategy, Good Governance, Human Rights

CHRO
ANGELIKA KAMBECK
Social Engagement, People, Health & Safety, Diversity & Inclusion

CFO
PAUL GLASER
Risk Management, Sustainable Financial Investments, Sustainable Procurement

CTO
DR. DIRK STEINBRINK
Eco-Design, Sustainable Innovation & Technology, Sustainable Production

Matrix of directors' expertise

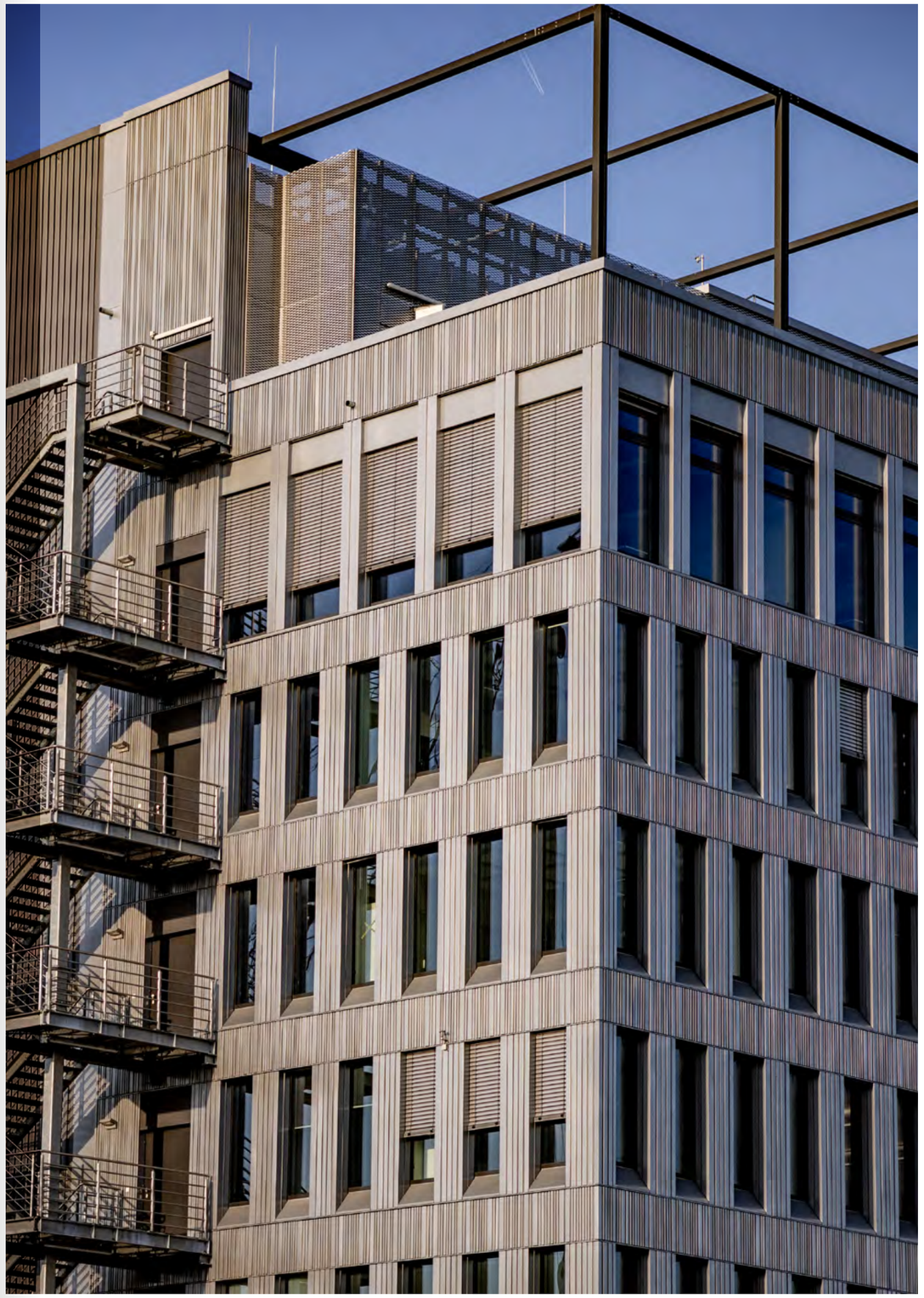
- International experience
- Banking and finance
- Digital technology
- Corporate social responsibility
- Research and development
- Public affairs
- Human resources

Figure 1: Board members and their expertise and responsibilities in relation to ESG

The company works within a matrix organization, where cross-company tasks and responsibilities have been centralized for the business unit as shown in figure 2. The business areas, so-called operating units, incorporate specific functions required for the dedicated economic activities. The company's core business is divided into the following four sectors. The CTO is only responsible for his department, production including quality management, and therefore does not represent a cross-company function. This means that there is no direct collaboration in the form of cross-functional teams with representatives of other departments.

		CEO	CFO	CTO	CHRO
Cross-company functions		e.g. Strategy	e.g. Procurement and Supply Chain Management		e.g. Occupational Safety & Health
Not cross-company functions				e.g. Quality Management	
Operating Units (OU)	SUB	Head of OU Submarines	Commercial Head of OU SUB		
	SVE	Head of OU Surface Vessels	Commercial Head of OU SVE		
	NXTGEN	Head of OU NXTGEN	Commercial Head of OU NXTGEN		
	NES	CEO OU Naval Electronic Systems	CFO OU NES		

Figure 2: Structure of the Core Business of the TKMS Group



Administrative, management and supervisory bodies

GOV-1 22b, 22ci–iii, 22d, 23a, b

TKMS embeds responsibility for sustainability-related impacts, risks and opportunities (IROs) in its core governance documents: the Rules of Procedure of the Executive and Supervisory Boards, division of responsibilities, committee charters, and company policies (e.g. Code of Conduct and Supplier Code of Conduct). The Head of Strategy and the Head of ESG report regularly to the CEO; based on these updates, the Executive Board sets the governance framework, makes directional decisions, and aims to consistently implement the sustainability strategy, including monitoring. Operational accountability for measures lies with the respective functions and divisions.

Management oversees IROs through defined processes, controls and bodies. The Executive Board bears overall accountability for sustainability performance. A central Risk Management function and the Internal Control System aims to identify, assess and control IROs. Coordination of strategic sustainability management is delegated to a cross-functional Sustainability Committee. Oversight of this committee should be exercised via approval of material decisions by the Executive Board, and reporting procedure of material IROs or target variations to the Supervisory Board. Sustainability controls and procedures should be integrated with Compliance, Internal Audit, Finance/Controlling, HSE, Procurement, P&C, LEX and IT/Cyber Security in the future to enable a holistic approach. This process is currently under development.

Reporting lines are clearly defined: functional heads report to the responsible Executive Board member; the CEO holds overall responsibility for sustainability performance and reports to the Supervisory Board on progress, key risks and target achievement. In line with the meeting calendar, the Executive Board provides structured updates to the Supervisory Board at least quarterly; ad hoc reporting occurs when material developments require immediate oversight.

Target setting and monitoring: The Executive Board sets sustainability targets for material IROs. Progress is to be monitored via KPIs, which are described in the following chapters as well as regular reviews in the future (at least once a year). Material variations trigger defined corrective actions (e.g. action plans, resource reallocation, timeline adjustments) and are escalated to the Supervisory Board where required. In 2024, TKMS focused on CSRD-compliant reporting, the double materiality assessment (including the full set of IROs), and mapping IROs to ESRS topics with clustering by high/low impact materiality and high/low financial materiality.

Skills and expertise: The Supervisory Board and Executive Board will aim to determine whether appropriate sustainability skills are available through a skills matrix, annual assessments against a defined competency profile, gap analyses and targeted training plans in the coming financial years. They also leverage internal specialists and external advisors as needed. The Executive Board collectively brings expertise in corporate management, finance, transformation, P&C, international operations and sustainability, while the Supervisory Board contributes sector, strategy, compliance, governance and sustainability knowledge. These capabilities directly relate to TKMS's material IROs (e.g. climate change, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, own workforce, workers in the value chain, affected communities, consumers and end-users as well as business conduct), enabling informed target-setting, oversight and progress monitoring.

GOV-2 - INFORMATION PROVIDED TO, AND SUSTAINABILITY MATTERS ADDRESSED BY, THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

GOV-2 26a-c

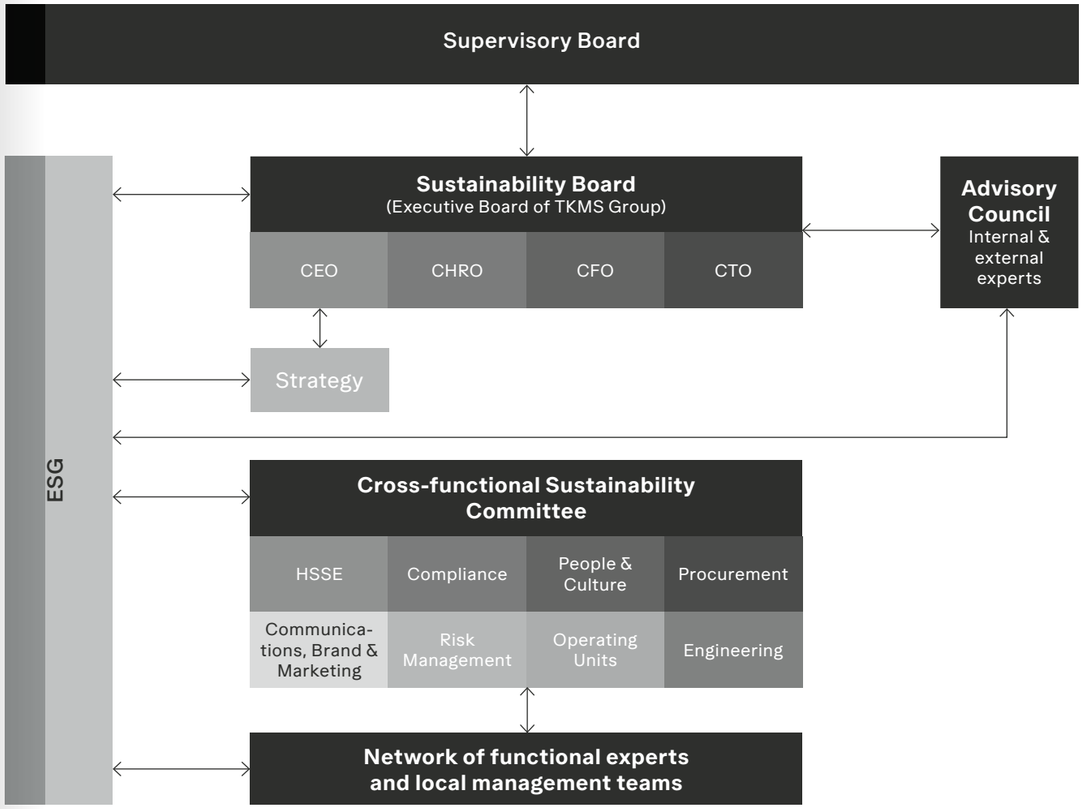


Figure 3: Overview of Sustainability-related Roles, Committees, and their Interactions within TKMS Group

TKMS's Executive Board and Supervisory Board, including relevant committees (e.g., Audit), are informed once a year about material impacts, risks and opportunities (IROs), implementation of due diligence, and the results/effectiveness of policies, actions, metrics and targets. The Head of ESG provides updates to the Head of Strategy at least bi-weekly and ad hoc as needed; structured management reporting complements this cadence. These reports cover the annual double materiality assessment (DMA) and IROs, progress against KPIs/targets, and findings from the Internal Control System and risk control matrix.

Governing bodies consider IROs when overseeing strategy, major transactions and risk management. The IROs are incorporated into risk management and are considered when adjusting the company's further strategy. The evaluation of IROs also includes, if applicable, identification of interactions and potential conflicts of interest between different IROs. If such conflicts arise, measures for mitigation and prioritization will be established. ESG principles are embedded in certified management systems and the ICS/ERM, aiming to ensure that sustainability factors are integrated into investment decisions, decarbonization measures, and new risk processes. The Executive Board approves the DMA/IROs and sets targets, actions and policies; the Supervisory Board reviews and monitors their adequacy and progress.

A cross-functional Sustainability Committee (procurement, operations, HR, HSE, finance, communications, product management) meets at least twice per year to review performance, adjust ESG targets and escalate significant issues to the Executive Board. An independent ESG Advisory Council convened in the FY 23/24 to provide external feedback on TKMS's sustainability strategy.

GOV-3 - INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

GOV-3 29, 29a-e

As of the reporting date, there are no specific sustainability-related compensation incentives for the Executive Board members. The existing remuneration systems comprise fixed and variable components, with target metrics aligned with traditional financial and operational performance indicators. An explicit linkage of sustainability or ESG targets to variable compensation is currently not foreseen.

The decision not to integrate sustainability-related objectives into incentive schemes at this stage is based on TKMS's current strategic focus, as well as the prioritization of establishing robust metrics and data foundations. TKMS intends to examine, while further developing its sustainability management, to what extent quantifiable sustainability indicators can be incorporated into variable remuneration in the future.

The Supervisory Board reviews the appropriateness of the remuneration systems once a year. This is aimed at the current design of Executive Board compensation not creating any counterproductive incentives with regard to the company's sustainable development.

GOV-4 - STATEMENT ON DUE DILIGENCE

Statement of due diligence and its mapping in the sustainability statement
GOV-4 30, 32

The following table indicates how and where the application of the main aspects and steps of the due diligence process is reflected in the sustainability statement:

Core Elements of Due Diligence	Cross-reference within the sustainability statement
a) Embedding due diligence in governance, strategy and business model	See ESRS 2 GOV-2, GOV-3, SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	See ESRS 2 GOV-2, SBM-2, IRO-1, MDR-P on significant topic-specific disclosures regarding concepts, topic-specific procedures for involving stakeholders
c) Identifying and assessing adverse impacts	See ESRS 2 IRO-1 (including topic-specific IRO-1 disclosures), SBM-3
d) Taking actions to address those adverse impacts	See ESRS 2 MDR-A on significant topic-specific disclosures regarding measures, topic-specific disclosures to remediate negative impacts and implementation of measures regarding significant impacts
e) Tracking the effectiveness of these efforts and communicating	See ESRS 2 MDR-M and MDR-T on significant topic-specific disclosures regarding indicators and targets, topic-specific disclosures on channels through which concerns can be raised

Table 1: Core Elements of Due Diligence and Corresponding ESRS References

GOV-5 - RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

GOV-5 36a-e

Sustainability-related IROs are presented and monitored by the ESG department in the corresponding risk management tool. If the risks are assigned to another department, the ESG department's area in the tool will be linked to these risks. This risk management process is to be expanded in the future to approach the goal of mapping, evaluating, and monitoring all relevant IROs. This risk management process is subject to the requirements of the internal control system.

TKMS operates a group-wide Enterprise Risk Management (ERM) and Internal Control System (ICS) for sustainability reporting aiming to disclose that non-financial data should be complete, accurate and reliable. The framework defines roles and responsibilities, documents end-to-end processes and maintains a risk–control matrix covering preventive and detective controls (such as management reviews, plausibility checks and system validations). An IT solution with traceable workflows and audit trails supports data collection and calculation. The system aims to align with internal policies (Risk Management and ICS) and applicable legal requirements (e.g., Stock Corporation Act/ AktG, Commercial Code/HGB, GDPR/BDSG). The Head of ESG coordinates governance, maintains the methodology for identifying, assessing and aggregating ESG-related risks, and aims to provide timely communication to decisionmakers.

Sustainability reporting risks are assessed using a structured approach that evaluates likelihood, potential impact (financial, operational, reputational, environmental and social) and time horizon, resulting in a composite rating to enable comparability. Materiality thresholds and strategic or stakeholder relevance guide the focus on high impact topics. The risk register and matrix are reviewed regularly to reflect emerging issues, including evolving CSRD/ESRS requirements, and responses are coordinated across functions to prioritize risks by materiality and strategic relevance and to align mitigation with the business model.

The principal risks for sustainability reporting include data completeness, consistency and timeliness across sites and systems; regulatory compliance with CSRD/ESRS and HGB/AktG requirements; information security and data privacy; capability and resource constraints for data collection and validation; and the reliability of HSE-related metrics. These risks were identified during the reporting process. Mitigation strategies comprise standardized definitions and data models, documented controls within the risk–control matrix (including plausibility checks, system validations and management reviews), use of a data platform, clear ownership and accountability for metrics, training for data owners, periodic reconciliations, and alignment with ISO 27001 for information security and ISO 45001 for occupational safety.

Findings from risk assessments and ICS testing should be integrated into relevant internal functions. Compliance, Finance/ Controlling, Sustainability, QHSE, P&C, Procurement, IT and Internal Audit—to adjust processes, strengthen controls, update the risk–control matrix and address skill or system gaps. These outcomes from FY24/25 should be embedded into business as usual through change management, process improvements and performance review routines, aiming to ensure that sustainability reporting is consistently integrated into operational activities.

Results of sustainability reporting risk assessments and ICS reviews are communicated annually to the Executive Board and the Supervisory Board, including the Audit Committee, in line with the meeting calendar, with ad hoc escalation for material findings. In addition, the Executive Board receives regular updates at least quarterly. The Executive Board, the Supervisory Board and the Audit Committee are briefed on CSRD/ ESRS readiness, key risks, control effectiveness, remediation progress and any impacts on reported metrics and targets.

STRATEGY

SBM-1 STRATEGY, BUSINESS MODEL AND VALUE CHAIN

The Group's profile and business model

SBM-1 40a, e-g, 42a-c

In the reporting period, TKMS had 8,585 employees worldwide. The number of employees reported in the sustainability statement differs from that in the financial section of the management report, due to application of different definitions. The following files do not include temporary workers or external employees.
Table 2 presents a precise breakdown of total employees by geographical areas:

Total employees and geographical breakdown	**Headcount (01.10.2024 to 30.09.2025)**
Total employees	8,585
Breakdown by geographical area	
Europe	7,447
North America	42
South America	989
Asia-Pacific	76
Africa	19
India	12

Table 2: Geographical breakdown of TMKS Employees including Total Headcount

TKMS is a maritime defense company, active as a systems supplier across submarines, naval vessels, maritime electronics, and security technologies, operating in fifteen countries worldwide (see Figure 4). With 185 years of heritage and its own research and development department, the company delivers tailored solutions to highly complex challenges worldwide, powered by its employees and thus plays a role in the global defense value chain. As security threats evolve, demand is rising for rapidly available, integrated system solutions as well as uncrewed, modular platforms and cutting-edge technologies. The German Navy's "2035+ target picture" signals the direction in which the maritime domain is moving; uncrewed platforms, connectivity, combat cloud, multi-domain operations, and artificial intelligence, with integrated systems becoming the norm. Competition is intensifying as established national players pursue global ambitions and new defense AI start-ups reshape the market with digital, software-led solutions, posing particular challenges for Germany's marine industry, including TKMS. TKMS aims to be the international benchmark. This ambition underpins Strategy 2033, addressing the multilayered challenges of our time.

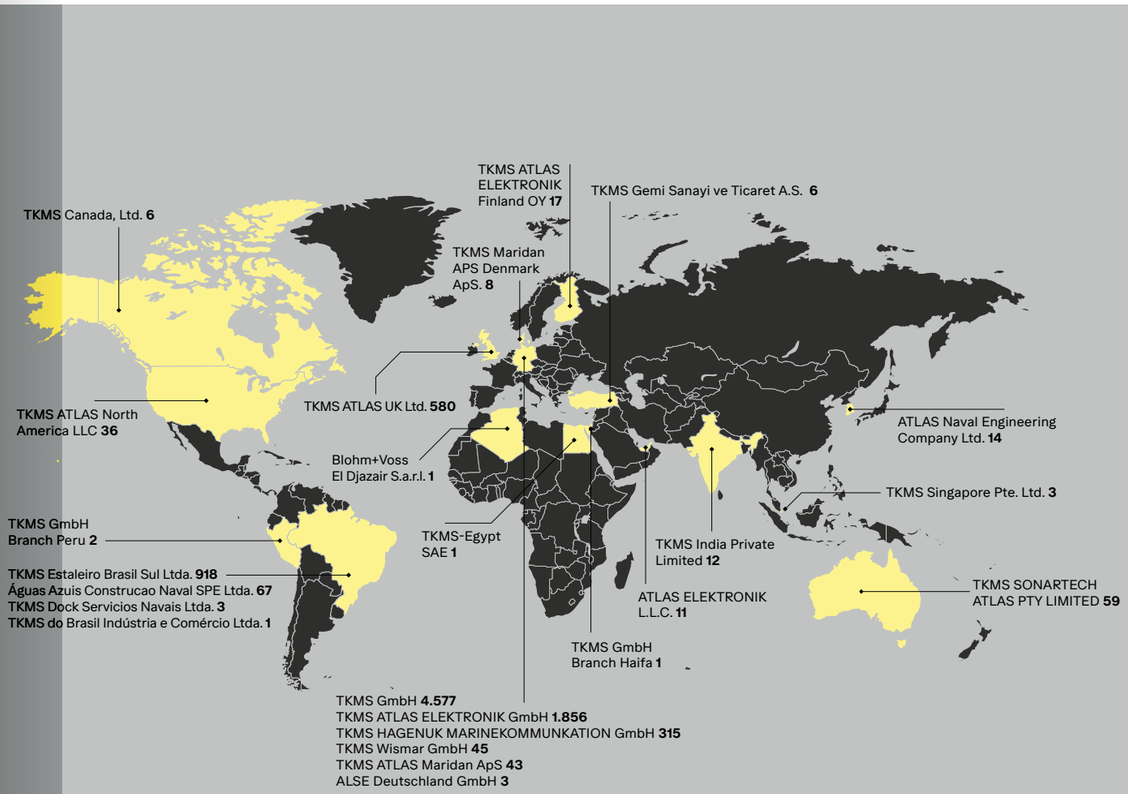


Figure 4: Global Presence of TKMS in 15 Countries, **including** Workforce Size by Country

*The given numbers (headcount) account for the entire workforce.

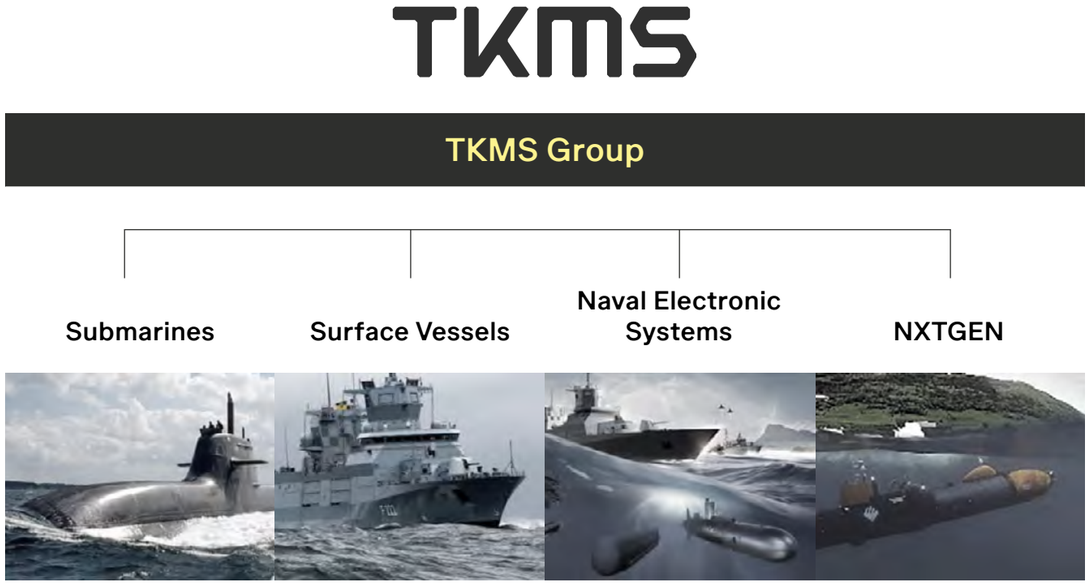


Figure 5: TKMS's four Operating Units

As of the reporting period, TKMS does not have clearly defined and quantified sustainability-related goals differentiated by significant product and service groups, customer categories, geographic areas or stakeholder relationships.

A systematic assessment of current significant products and services, including significant markets and customer groups, in respect of such sustainability objectives has yet to be performed because of gaps in life cycle data, industry-specific security and confidentiality restrictions, and the priority of government capability requirements, which only take environmental criteria into account in part.

TKMS integrates environmental, social and governance considerations as described in the following chapters of this report into its core business across design, sourcing, manufacturing and lifecycle support. Key sustainability strategy elements focus on decarbonizing operations and products, responsible sourcing and supply chain due diligence, lifecycle stewardship and circularity, and workforce and community priorities. The main challenges ahead include lifecycle data gaps, defense sector security and confidentiality constraints, energy intensive coastal manufacturing with climate exposure, and evolving regulatory and stakeholder expectations. TKMS thus created an integrated sustainability roadmap under Strategy 2033. This outlines strategic ideas and goals to make TKMS competitive, strengthen sustainability, and provide consistent product quality at the same time. Additionally, aspects such as stronger governance and ESG data capabilities, collaboration across the value chain to improve material and energy footprints should be the focus in the future.

Within thyssenkrupp AG, the Marine Systems business unit merged the two brands TKMS and ATLAS ELEKTRONIK this year as part of the Road to Independence. This forms the basis for the independence of the former business unit Marine Systems towards the TKMS Group. A milestone in this process is the Initial Public Offering (IPO) in October 2025. TKMS is organized into four operating units (see Figure 5). OU Naval Electronic Systems (ATLAS ELEKTRONIK) delivers sonars, sensors, command systems and lifecycle services. OU Submarines develops and delivers submarine platforms, while OU Surface Vessels develops and delivers surface ship platforms. OU NXTGEN serves as the central innovation hub for civilian opportunities, including maritime security, uncrewed surveying, ordnance disposal and specialized shipbuilding to protect infrastructure and support the energy transition. Additionally, TKMS Transrapid GmbH develops mechatronic systems and digital solutions and conducts simulations. TKMS designs its naval platforms and systems in-house, focusing on hydrodynamics, acoustic stealth, energy efficiency, survivability, modularity, and the integration of cutting-edge technologies and safety critical systems. It is engaged in related R&D in close collaboration with suppliers, public research institutions, and industry partners. Inputs include specialized materials (e.g., high grade steel and alloys), propulsion and energy systems, sensors and electronics, software and intellectual property, capital equipment, and a security cleared workforce. TKMS gathers, develops and secures these inputs through in-house engineering, long term and qualified supplier partnerships (including audits, dual or multi-sourcing in accordance with the fundamental principles of the Supplier Code of Conduct), workforce training and apprenticeships, export control and security clearance processes, and cyber and IP protection. Outputs comprise submarines, surface vessels, naval electronic systems and integrated lifecycle services (maintenance, upgrades, training and spare parts). The upstream value chain involves OEMs and Tier 1 suppliers for materials, propulsion, electronics and software as well as shipbuilding and construction services. Downstream, TKMS primarily serves navies and government agencies as prime system integrator or Tier 1 partner, with distribution via direct B2G tenders, government to government agreements, and industrial cooperation models (including local build and licensed production), where end users are naval crews and support organizations. TKMS operates one key value chain across its Submarines, Surface Vessels, Naval Electronic Systems and NXTGEN operating unit activities, as the underlying value creation steps are highly similar, and it typically acts as the system integrator coordinating a global supplier network and through life support.

Total revenue and revenues related to activities in controversial weapons

SBM-1 40b, d iii, 41

In the reporting period, consolidated revenue was €2.173 billion. TKMS is not active in the controversial weapons sector as defined in ESRS 2 paragraph 40(d)(iii) (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) and thus does not report revenue from such activities.

SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

Stakeholder engagement and views

SBM-2 45a, b

As part of the double materiality assessment, TKMS systematically incorporated the perspectives of its most relevant stakeholders. Topic experts from the business functions identified and evaluated IROs using stakeholder input, and validated results through reality checks. Insights feed into the DMA, IRO evaluations, targets and actions, and selected product and sourcing decisions.

In addition, TKMS aims to engage in structured dialogue with its key stakeholder groups. This is essential to implement their different perspectives on sustainability-related issues within the company. Further, TKMS aims to continuously improve its stakeholder engagement processes, including by regularly reviewing and, where necessary, updating the various principles it follows aiming to ensure that dialogue remains relevant and effective.
The key stakeholder groups identified are those that can exert considerable influence and have a particular interest in TKMS. These groups are presented below, and the engagement and dialogue taking place are described in more detail.

Key stakeholder group	Engagement
Employees	Employees are a cornerstone of the company's success, shaping both its culture and its long-term performance. Safeguarding the workforce includes protecting health and safety, aiming to ensure equal opportunities, and respecting personal rights. TKMS fosters an inclusive and supportive working environment by encouraging participation in training and improvement initiatives, promoting diversity and inclusion, and embedding fair and transparent practices. Regular dialogue with employees is conducted via various forms, such as work councils, employee reviews and surveys, events and working groups.
Management	TKMS's management plays a pivotal role in translating strategic objectives into operational practice and seeking alignment with sustainability goals. As decision-makers and role models, managers are expected to uphold the company's values, foster a culture of accountability and support the workforce in achieving high performance. Their responsibilities include overseeing the implementation of sustainability initiatives, monitoring progress and aiming for transparent communication across all organizational levels. Through continuous training, regular dialogue and clear governance structures, management engagement strengthens the integration of sustainability considerations into everyday business decisions.
Workers in the Value Chain	Workers employed by suppliers or other business partners are an integral part of the company's extended value creation. Their working conditions and rights are significant, as they directly influence the resilience and sustainability of supply chains. TKMS thus seeks respect for international labor standards, covering aspects such as child labor and forced labor. Engagement with value chain workers is further pursued through supplier assessments, audits and participation in sector initiatives. By promoting responsible practices and supporting continuous improvement among partners, TKMS contributes to protecting workers' rights and strengthening social sustainability across its value chain.
Affected Communities	Local communities in the regions where the company operates are key stakeholders whose trust and acceptance are vital for long-term success. Their concerns are centered on security-related impacts. Transparent communication and constructive engagement with local stakeholders aim to reflect community interests in decision-making processes and project development.
Customers	Customers are at the heart of TKMS's long-term success. They expect high-quality and safe and innovative products. Protecting customer rights, ensuring data security and privacy, and maintaining product integrity are thus essential. Continuous dialogue with customers through customer service and sales talks, industrial association roundtables or government dialogue enables the company to improve offerings and align with evolving expectations, thereby strengthening trust and long-term relationships.

Key stakeholder group	Engagement
Suppliers and Business Partners	Suppliers and business partners form a critical part of the value chain and play a decisive role in ensuring sustainable and resilient business operations. TKMS expects them to comply with ethical standards, environmental and social requirements, and engage in long-term, fair partnerships. At the same time, the company supports suppliers in improving practices through transparent collaboration, regular assessments and capacity-building. This cooperative approach fosters innovation and helps manage risks while promoting shared responsibility across the value chain. Regular engagement with suppliers and business partners occurs via sales interactions, industrial roundtables, procurement activities, and events such as Supplier Days and exhibitions.
Shareholders, Investors, Banks, and Credit Institutions	Shareholders and investors provide the financial foundation for the company's long-term development and expect transparency, accountability and sustainable value creation. Banks and credit institutions complement this role by aiming to gain access to financing and liquidity, requiring clarity on financial stability, risk profile and sustainability commitments. Stakeholders are engaged through investor dialogue, with a view to integrating their perspectives across sustainability-related topics into strategic decision-making and capital management.
Supervisory Body of TKMS Group and Sustainability Committee	Supervisory bodies oversee the company's strategic direction and ensure accountability for sustainability-related impacts. They receive regular updates through board meetings, committee sessions and dedicated reports, enabling them to integrate stakeholder perspectives into governance and guide the alignment of strategy and business model with long-term sustainability objectives.
Government and Regulatory Bodies	Government institutions and regulatory bodies set the legal and policy framework within which the company operates. Engagement with these stakeholders takes place through consultations and participation in industry associations. This is aimed at adhering to legal requirements, early awareness of regulatory developments and constructive contribution to sustainability-related policy discussions, with an emphasis on safe conditions for local communities.

Table 3: TKMS's Key Stakeholder and their Engagement

Further stakeholder perspectives considered

Societal perspectives, non-governmental organizations, industry associations and nature as a "silent stakeholder" are monitored primarily through media analysis, research and the review of external publications. This approach allows the company to identify emerging debates, expectations, scientific insights and best practices on sustainability matters without direct engagement, ensuring that relevant perspectives are considered in strategy, reporting and sustainability initiatives.

Amendments to strategy and business model
SBM-2 45c

During the reporting period, no amendments to TKMS's strategy or business model were made in response to stakeholder interests and views. Stakeholder perspectives are, however, regularly and continuously monitored and reviewed.

Involvement of administrative, management and supervisory bodies
SBM-2 45d

The administrative, management and supervisory bodies of TKMS are regularly informed about the views and interests of stakeholders regarding the company's sustainability-related impacts. Information is provided through structured reporting processes, including regular updates from the sustainability team, management reports and dedicated board or committee briefings.

SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The following table 4 provides an overview of the identified material impacts, risks, and opportunities (IROs) of TKMS. More detailed information on the individual IROs and the associated measures is presented in the respective topic-specific chapters. When describing where the significant impacts, risks, and opportunities are concentrated in the upstream and/or downstream value chain, the following aspects have been considered: geographic areas, facilities or types of assets, inputs, outputs, and distribution channels.

Material impacts, risks and opportunities in interaction with strategy and business model
SBM-3 48a-f

Sustainability Matter			Materiality		Value Chain Location		
			Impact	Financial			
Topic	**Sub-Topic**	**Sub-Sub-Topic**	**Negative/ Positive**	**Risk/ Opportunity**	**Upstream**	**Own Operations**	**Downstream**
E1 Climate Change	Climate change mitigation	-	Negative	Opportunity	✓	✓	✓
	Energy	-	Negative	Risk	✓	✓	✓
E2 Pollution	Pollution of air	-	Negative		✓		
E3 Water and Marine Resources	Water	Water consumption	Negative	Risk	✓	✓	
E4 Biodiversity and Ecosystems	Direct impact drivers of biodiversity loss	Climate Change	Negative		✓	✓	✓
	Direct impact drivers of biodiversity loss	Others	Negative				✓
E5 Resource Use and Circular Economy	Resources inflows, including resource use	-	Negative		✓		
	Waste	-		Risk			✓
S1 Own Workforce	Working conditions	Health and safety	Negative			✓	
	Equal treatment and opportunities for all	Training and skills development		Opportunity		✓	
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Negative	Opportunity/ Risk		✓	
	Equal treatment and opportunities for all	Diversity	Negative	Opportunity/ Risk		✓	
S2 Workers in the Value Chain	Other work-related rights	Child labour	Negative		✓		
	Other work-related rights	Forced labour	Negative		✓		
S3 Affected Communities	Communities' economic, social and cultural rights	Security-related impacts	Negative		✓		
S4 Consumers and End-users	Information-related impacts for consumers and/or end-users	Privacy	Negative	Risk			✓
	Personal safety of consumers and/or end-users	Health and safety		Risk			✓
	Personal safety of consumers and/or end-users	Security of a person	Negative				✓
G1 Business conduct	Political engagement and lobbying activities	Political engagement and lobbying activities		Opportunity		✓	
	Corporate culture	Corporate culture	Negative/ Positive	Risk		✓	
	Protection of whistle-blowers	Protection of whistle-blowers	Negative	Risk		✓	
	Corruption and bribery	Prevention and detection including training		Risk		✓	
	Corruption and bribery	Incidents	Negative	Risk		✓	

Table 4: Overview of TKMS's Identified Material Impacts, Risks and Opportunities (IROs)

Information about the current financial effects
SBM-3 48d

Finance processes include long-term planning that considers significant financial impacts, including those expected from addressing climate-related risks and opportunities, while reflecting the company's funding capacity. This supports resilience assessments and impairment testing. For the 2024/ 2025 financial year, no material financial effects from such risks and opportunities have been identified.

Information about the resilience
SBM-3 48f

TKMS conducted a resilience analysis to evaluate the resilience of its strategy and business model in responding to material impacts and risks and in leveraging material opportunities. The analysis draws on the outcomes of the double materiality and climate risk assessments conducted in the current financial year, using consistent time horizons. Key measures include internal risk analyses for pollution and water management, sustainable sourcing and resource use improvements, integration of sustainability principles, high-risk supplier identification, and scenario planning. Stakeholder dialogue, consumer surveys, and governance adaptations further support flexibility in workforce management, procurement, and product innovation while maintaining brand integrity and community trust. As this is TKMS's first CSRD reporting period, no comparisons with previous periods are available.

For the 2024/2025 fiscal year, even though financial risks were identified, no material impacts, risks, or opportunities have been identified for TKMS that would require a fundamental change to the business model or that could materially affect the company's financial position, performance, or cash flows in the short term from TKMS's actual perspective.

Coverage by disclosure requirements opposed to entity-specific disclosures
SBM-3 48h

As part of the materiality assessment, TKMS found no additional entity-specific disclosure requirements beyond the topical ESRS needed to appropriately reflect material impacts, risks and opportunities, so no entity-specific disclosures are included for this reporting period.

IRO – MANAGEMENT

IRO-1 DESCRIPTION OF THE PROCESS FOR IDENTIFYING AND ASSESSING THE MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The double materiality analysis for TKMS was prepared in accordance with ESRS standards. The analysis covers the consolidated group of the company as already described in ESRS 2 SBM-1, which includes all business areas, all business activities, and all regions of business activity. To identify the impacts, risks, and opportunities to be reported, key components of the value chain were identified, which form the focus of the double materiality analysis. Direct and indirect business relationships were both taken into account. The identified and evaluated IROs were assigned based on this value chain. Identification of relevant stakeholders as described in ESRS 2 SBM-2, as well as a detailed examination of the value chain, was thus a prerequisite. For more information about supply chain specifications and the basic structure of the company, please see chapter ESRS 2. The materiality analysis process is divided into four phases, which are presented below.

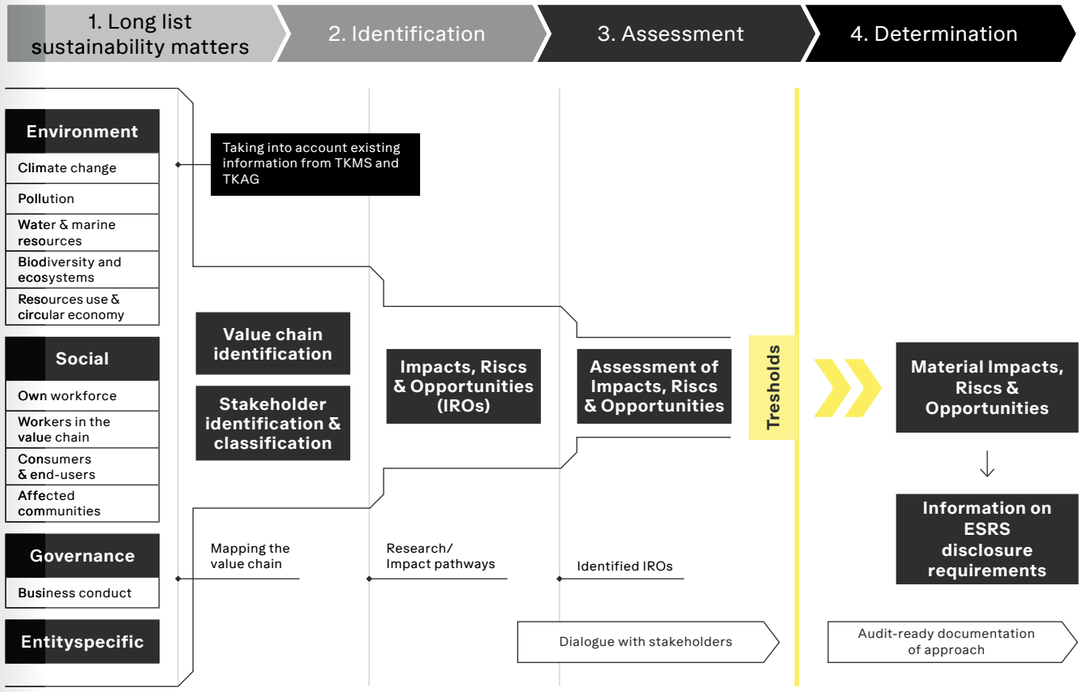


Figure 6: TKMS's Four phases during the Materiality Analysis Process

PHASE 1: LONG LIST OF SUSTAINABILITY MATTERS

IRO-1 53a, 53b i-ii, 53g

In phase 1, a list of all ESRS-relevant topics (ESRS 1 AR 16), was used as the basis for the materiality analysis. This included all sustainability-related sub- and sub-sub-topics and served as a starting point for identifying potentially relevant sustainability topics. In a second step, this list of topics (long list) was cleaned up to remove topics that are likely to be considered non-essential due to the business model. This was done in coordination with the responsible employees, external experts and external sources, particularly accessible information from the media. Geographical, country-specific, and sector-specific aspects were further considered based on the outcomes of the value chain identification. This includes the specifics that accompany defense-related activities, such as the need for extensive secrecy of sensitive information, a special risk of cyber-attacks, and specifics of the customer base, such as the great importance of safe and high-quality products. Additionally, factors were taken into account that are associated with specific requirements of the countries in which TKMS and its suppliers operate. This particularly refers to the aspects of human rights and environmental protection, which have negative impacts in the upstream in the context of supplier relationships. A mapping of the relevant ESRS sustainability topics to the value chain was also performed, taking into account the organizational structure of TKMS.

PHASE 2: IDENTIFICATION

IRO-1 53a, 53b i-iii, 53e-f

In Phase 2 the value chain, the relevant stakeholders and the potentially material IROs were identified.

IDENTIFICATION OF IMPACTS

To identify the impacts on sustainability matters, the short list was used as the primary analytical foundation of the process. The short list includes risks that could be fundamentally relevant to TKMS due to the business model. The specific relevance to TKMS was also examined and a corresponding categorization was made. All OUs and TKMS in its entirety, as well as the entire value chain, have been included. Irrelevant impacts were excluded from further analysis. However, it should be noted that in addition to the identified impacts, aggregated impacts at DMA level have also been considered. These aggregated impacts reflect overarching effects relevant to TKMS's entire value chain and operations. To enable a comprehensive list of impacts, a comparison with the long list mentioned above and an addition of new, relevant impacts have been carried out. No additional entity-specific impacts have been identified. Furthermore, the descriptions of the impacts have been adjusted. In accordance with the ESRS, the impacts were then assigned to the value chain and the business activities for traceability. Moreover, a supplementary analysis was conducted to confirm that each business activity is covered by at least one impact, and that all relevant sub-sub-topics listed in ESRS 1 AR 16 have already been discussed.

The identified impacts were categorized as actual and potential. Potential impacts have also been assigned a defined time horizon. They are identical to the time horizons described in ESRS 2 BP-2. Throughout the entire process, in addition to the aforementioned internal documents, external sources such as media research and the opinions of some external experts were consulted. Additionally, an internal exchange took place to validate and incorporate relevant stakeholder perspectives.

IDENTIFICATION OF RISKS AND OPPORTUNITIES

The process for identifying topics that may be relevant to TKMS is comparable to the process for identifying impacts to approximate completeness in this regard. This includes the allocation of risks and opportunities based on the AR 16 list, taking into account the value chain. The analysis took into account the effects on relationships and resources, as well as transitory and physical risk factors. The risk identification process considered a range of relevant factors, including transitional risks (e.g. cost increase due to energy price increases), physical risks (e.g. climate-related impacts), geographical location, dependence on materials and various products, legal and reputational aspects. For detailed descriptions, please refer to the respective thematic chapters (e.g. Environmental (E1-E5) and Governance (G1)).

In addition to internal resources, such as the TKMS climate risk analysis, the opinion of subject-matter experts was also drawn upon. Based on these inputs, aspects of biodiversity and water were assessed. The analysis was intended to review and validate the key issues, so that no significant risks were overlooked. Among these, the Supplier Overview provided a foundational understanding of supply chain dynamics, while the LkSG report for FY23/24 offered insights into already identified risks. Additionally, the existing TKMS Risk Register was instrumental, providing a comprehensive record of identified risks. Relevant SASB standards for TKMS value chain sectors were considered, and supplementary media research (e.g. ENCORE tool) was used to validate country-specific aspects.

Finally, management was involved in the validation of the identified risks and opportunities. Sustainability risks are recorded and monitored within the risk management framework, similar to other non-sustainability-related business risks, in the designated ARM tool, and are assigned to the responsible departments in whose area of responsibility the corresponding risk falls. This process is to be expanded in the future to better depict and prioritize sustainability risks. Additionally, for prioritization of sustainability risks, additional evaluation criteria are considered, such as severity and scope, time perspective, as well as regulatory and reputation-related aspects.

PHASE 3: ASSESSMENT

IRO-1 53a, 53b iii-iv, 53c i-ii, 53d-h

STAKEHOLDER ENGAGEMENT & THRESHOLD SETTING

A quantification was performed to evaluate the effects and achieve a Materiality Score.

Assessing actual impacts is based on severity, and assessing potential impacts is based on both severity and likelihood. The severity was determined as the mean of the factors scale, scope, and irremediable character (for negative impacts), with each factor rated on a scale of 1 to 4, including the quantitative thresholds used. These quantitative thresholds were determined for each OU. Where the results were just below the threshold, a detailed examination of the result was conducted. Qualitative thresholds were set through business operations, management interviews, and strategic anchoring. A probability between unlikely (0.1), possible (0.25), and likely (0.5) and highly probable (0.75) was applied for quantification.
In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.

	1	2	3	4
Magnitude of risks (Potential magnitude of the financial effects)	**Minor** TKMS-specific classification: Financial Impact Financial, reputational,or other loss ≤ 15 m €	**Moderate** TKMS-specific classification: Financial Impact Financial, reputational or other loss >15 – ≤50 m €	**Significant** TKMS-specific classification: Financial Impact Financial, reputational or other loss Business impact likely requires additional resources (internal or external) >50 – ≤100 mE	**Critical** TKMS-specific classification: Financial Impact Financial, reputational or other loss that could jeopardize business continuity >100 m €
Magnitude of opportunities (Potential magnitude of the financial effects)	**Minor** TKMS-specific classification: Financial Impact Financial, reputational, or other gain ≤ 15 m€	**Moderate** TKMS-specific classification: Financial Impact Financial, reputational or other gain >15 – ≤50 m€	**Significant** TKMS-specific classification: Financial Impact Financial, reputational or other gain Business impact likely requires additional resources (internal or external) and likely requires public disclosure. >50 – ≤ 100 m €	**Enormous** TKMS-specific classification: Financial Impact Financial, reputational or other gain that ultimately could considerably contribute to the organization's business success >100 m €

Table 5: Rating scales for the assessment of risks and opportunities via stakeholder IRO assessment

Regarding the potential magnitude of financial effects, a rating scale from 1-4 was applied, representing the scales used within the risk management of TKMS. 1 represents a minor impact, while 4 represents an enormous or even critical impact. Further, TKMS applied a likelihood of occurrence between improbable (0.1), possible (0.25), likely (0.5) and highly probable (0.75). The financial effect that is used as a basis for risk categorization is based on thyssenkrupp AG's risk management system.
The following calculation logic of risk and opportunity score per sustainability sub-topic or sub-sub-topic was applied:

Potential magnitude offinancial effects X Likelihood of occurence

The complete list of identified and assessed risks and opportunities was then reviewed and validated by TKMS Risk Management department.

As part of stakeholder involvement, internal experts who have a comprehensive understanding of TKMS operations and are able to see the perspectives of stakeholders in the corporate context were interviewed to represent external stakeholder groups. To adequately assess the IROs, a stakeholder-IRO assessment was conducted.

This process involved three elements:
1. Specific evaluation of IROs
2. Reality Test
3. Validation

The stakeholders were assigned to groups, which were then assigned to a process step. The stakeholders were recorded according to their interest group so as to receive a tailored assessment form. During preparations, the stakeholders were comprehensively informed and invited to report missing topics or IROs. For more information on stakeholder groups, please see ESRS 2 SBM-2. No further topics were proposed.

1) Assessment of the IROs

First, an IRO assessment template in Excel was shared with the selected stakeholders. The stakeholder participation aimed specifically at evaluating the severity of the identified impacts as well as the extent of the identified risks and opportunities. Even when selecting the risks and opportunities to be assessed, the resulting risks & opportunities from the impacts have been considered and incorporated where necessary. The survey was based on the

principle of a gross evaluation, in which IROs could not offset each other. The gross valuation approach assumes that no measures to avoid, minimize, mitigate, or remediate impacts are taken into account (in accordance with "EFRAG IG1 – Materiality Assessment Implementation Guidance," "FAQ 23"). Accordingly, no company-specific mitigation measures were taken into account when assessing the impacts, while industry and sector standards were assumed to be in place.
The assessment of the gross impact establishes a link to internationally recognized frameworks, including the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. This approach is crucial for TKMS in identifying and prioritizing impacts based on their inherent severity.
Of the 23 distributed evaluations, 16 were returned completed, which corresponds to a return rate of 70%. To derive an overall assessment for each sustainability theme or subtheme, stakeholder feedback was consolidated. The results from the comprehensive and topic-specific stakeholder assessments were then summarized. Local representatives from the communities, particularly various Head of Departments from TKMS who have evaluated aspects relevant to their field of expertise had a relatively high response rate compared to other groups, so their answers were averaged to avoid skewing the results. Those include the Heads of Engineering, Quality Management, Sales, Product Management, P&C, ESG and Supplier Management & Sustainability. The feedback from all other groups was incorporated in the form in which it was received. The overall aggregated results reflect the relative importance of various stakeholder groups in the materiality assessment. It is particularly noteworthy that suppliers, customers, and co-workers contributed a larger volume of responses.

2) Reality check

The reality assessment complemented the comprehensive/thematic evaluation. It presented participants with a long list of sustainability sub-themes that covered all the thematic ESRS. The group of participants included representatives from the sustainability and investor relations departments of thyssenkrupp, as well as representatives from various TKMS suppliers, the Schleswig-Holstein state government, the Chamber of Commerce, and maritime industry associations. Participants were asked to select the five topics that they considered most relevant to TKMS and its value chain in terms of impacts, risks, and opportunities (IROs). For each selected topic, respondents were invited to explain why they considered it significant. At the end of the survey, participants could also add additional sustainability topics that they considered relevant in terms of impacts, risks, or opportunities. In total, 11 reality assessments were distributed, of which 9 were completed and returned. This corresponds to a return rate of approximately 82%. Each response was reviewed individually. No entirely new topics were suggested by this step. Topics that received the highest number of selections (three or four suggestions from participants) were reviewed to ensure that they were adequately reflected among the material-determining topics and were further considered when determining threshold values.

3) Validation

Finally, the validation circles ensured that the results of the IRO assessment were reviewed and confirmed by various management levels. It is important that TKMS decided to involve stakeholders not only during the assessment itself, but also during the iterative loops of topic identification and threshold determination, to ensure consistency, transparency, and coordination throughout the entire materiality process.

THRESHOLD SETTING APPROACH

A full-day threshold setting workshop was conducted with the sustainability department. Thresholds were set separately for each OU to reflect the differences in operational context, business models, and exposure to sustainability matters. The thresholds were set individually based on expert assessment. This was done by considering the results of the stakeholder participation. It should be ensured that no material IRO is disregarded due to too low threshold values and that the stakeholder assessment is represented as best as possible.
This means an impact threshold of 2.2 for OU ATLAS and OU Surface Vessels, 2.3 for OU Submarines and 2.7 for OU NXTGEN. The financial threshold was confirmed in the amount of 0.9 for OU ATLAS, 1.3 for OU Surface Vessels, 1.0 for OU Submarines and OU NXTGEN. The rating range was between 0.0 and 3.7.
For each OU, the calculated IRO scores were first sorted in descending order. In cases where multiple IROs were linked to the same (sub-)topic, the highest score was shown in the first overview to ensure visibility of the most significant assessment result. Importantly, however, all IROs that ultimately scored above the respective threshold were classified as material – regardless of whether they were initially represented in the highest-value overview or not.
In a next step, the overall picture of the sorted topics was carefully reviewed to determine whether it appeared plausible, balanced, and representative of the respective OU. Each individual topic was then discussed in detail, including the underlying IROs and the specific stage of the value chain in which these occurred. The threshold for IROs was not set mechanically but rather through informed professional judgement based on principles as representativeness, inclusion of qualitative arguments, aggregation of IROS and thematic importance.
Additionally, the results of the reality check were revisited during the workshop to identify whether different tendencies emerged compared to the main assessment. Particular focus was placed on the top topics of the reality check. Qualitative insights from management discussions led to the decision that certain topics should be considered material despite not showing pronounced scores in the quantitative assessment.
Once thresholds had been set at the OU level, the results were consolidated across all OUs. This final step ensured that the overall materiality picture for the Group was coherent, balanced, and in line with both the bottom-up assessments and the Group's strategic sustainability priorities.
The threshold setting process combined quantitative scoring, qualitative review, and stakeholder/management input.

MANAGEMENT VALIDATION OF RESULTS

The validation process also involved selected members of the management team such as the Executive Board. Members with OU-specific responsibilities validated the results for their respective OU, while other members reviewed the results at Group level for TKMS as a whole.
The management review covered all topics classified as material as well as a re-examination of those not classified as material, serving as a countercheck. For each topic, any concerns or questions raised by the responsible management members were discussed in detail until consensus was reached. This structured process was applied to all four OUs and for each ESRS topic as listed in ESRS 1, AR 16.
To complement this review, individual interviews were conducted with management members. During these interviews, managers were asked to provide their perspective on which IROs and sub-sub-topics they consider most important for the company as a whole. This meant that the validation process reflected not only quantitative results but also management's strategic view of the most relevant sustainability matters.
The outcomes of these interviews were then compared against the assessment results. In cases where discrepancies or borderline topics were identified, the results were challenged, discussed, and reassessed. This additional step allowed the validation process to confirm that no material topics were overlooked and that qualitative considerations were fully incorporated.
Following this iterative process of structured review, management interviews, and collective discussion, the results of the materiality assessment were formally validated and confirmed by management.

The process of the double materiality analysis differs from the process of the previous year, as this year a double materiality analysis was conducted in accordance with the ESRS for the first time. In the future, an annual review of the results of the DMA should be conducted, so that the process can be repeated if necessary. The individual IROs are discussed in more detail in the thematic chapters.

PHASE 4: DETERMINATION

Based on the results of our double materiality analysis, we have especially identified the following ESRS topics as material for TKMS.

The following material impacts have been identified:

- Climate Change and Biodiversity (E1, E4): Energy-intensive production processes and the use of raw materials lead to greenhouse gas emissions that can contribute to climate change and can result in risks such as extreme weather events, rising sea levels, and ecological damage. Moreover, the production of greenhouse gas emissions drive biodiversity loss by altering weather patterns.
- Pollution (E2): Transportation, mining, and manufacturing of materials in the upstream supply chain can contribute significantly to the emission of air pollutants, that can cause considerable environmental impacts on the natural environment and associated waterways.
- Resource Use and Circular Economy (E3, E5): High material and water requirements in production and supply chains strain natural resources, can endanger biodiversity, and lead to regional water scarcity. Moreover, the production of greenhouse gas emissions drive biodiversity loss by altering weather patterns.
- Social aspects (S1-S3): Risks arise due to inadequate occupational and health protection measures, potential discrimination or unequal treatment, and human rights violations in the supply chain.
- Consumers (S4): Data and IT security risks can have a direct impact on customers.
- Business Conduct (G1): Corporate culture, the protection of whistleblowers as well as corruption and bribary can have significants impacts.

Additionally, the following risks arise:

- Climate Change (E1): Transition risks in the climate area can change the cost structure.
- Resource Use (E3): Supply risks that threaten the stability of the supply chain due to water scarcity may occur.
- Circular Economy (E5): Inappropriate waste management practices in the downstream value chain associated with both the use phase and the decommissioning and disposal of products may cause financial risks.
- Own Workforce (S1): Material risks arise from unequal treatment and opportunities for everyone as well as missing diversity.
- Consumers and End-users (S4): Risks associated with information-related impacts for consumers and end-users as well as personal safety of consumers or end-users can result in severe reputational damage.
- Governance (G1): Failure to comply with relevant standards also poses reputational and legal risks.
- Governance (G1): Risks associated with compliance in corporate governance can result in legal sanctions and a loss of trust.

Moreover, the following opportunities have been identified:

- Climate change (E1): Opportunities associated with innovative low-carbon solutions may enhance TKMS's reputation and open new market segments.
- Own workforce (S1): Continuous education and development of its employees, TKMS contributes to the strengthening of its human capital.
- Governance (G1): Opportunities associated with engagement with policymakers and regulatory bodies enables TKMS to anticipate legislative changes and adapt internal strategies.

Nr.	ESRS topic	ESRS sub(-sub) topic	Negative Impact	Positive Impact	Risk	Opportunity
E1	Climate Change	Climate change mitigation	✓			✓
		Energy	✓		✓	
E2	Pollution	Pollution of air	✓			
E3	Water and Marine Resources	Water consumption	✓		✓	
E4	Biodiversity and Ecosystems	Direct impact drivers of biodiversity loss - Climate Change, Others	✓			
E5	Resource Use and Circular Economy	Resources inflows, including resource use	✓			
		Waste			✓	
S1	Own Workforce	Equal treatment and opportunities for all - Diversity: Gender equality and equal pay for work of equal value: Training and skills	✓		✓	✓
		Working conditions - Health and safety	✓			
S2	Workers in the Value Chain	Other work-related rights - Child labour; Forced	✓			
S3	Affected Communities	Communities' economic, social and cultural rights - Security-related	✓			
S4	Consumers and End-users	Information-related impacts for consumers and/or end-users - Privacy	✓		✓	
		Personal safety of consumers and/or end-users - Health and safety; Security of a person	✓		✓	
G1	Business Conduct	Corporate culture	✓	✓	✓	
		Political engagement and lobbying				✓
		Protection of whistle-blowers	✓		✓	
		Corruption and bribery - Prevention and detection including training; Incidents	✓		✓	

Table 6: TKMS's identified material ESRS Topics

IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

Disclosure of list of ESRS Disclosure Requirements complied with in preparing sustainability statement following outcome of materiality analysis
IRO-2 56

In preparing this sustainability statement, TKMS has followed the outcome of its materiality assessment and complies with the applicable Disclosure Requirements of the ESRS, which are listed in the Content Index on page 44.

Data points derived from other EU legislation
IRO-2 56

As required by Appendix B of ESRS 2, TKMS also provides a table of data points derived from other EU legislation, which can be found on page 48.

Explanation of negative materiality assessment for ESRS E1 Climate change
IRO-2 57

Based on its materiality assessment, TKMS has concluded that climate change is material to its business model, strategy, and value chain. Accordingly, all applicable Disclosure Requirements under ESRS E1 Climate Change are disclosed in this sustainability statement.

Explanation of how material information to be disclosed in relation to material impacts, risks and opportunities has been determined
IRO-2 59

The materiality of the information to be disclosed on impacts, risks and opportunities was assessed using a combination of quantitative and qualitative factors, considering the thresholds and criteria as set out in ESRS 1, Section 3.2. Subsequently, the double materiality analysis was allocated to the data points to be disclosed by applying the EFRAG IG 3 List of ESRS Data Points. Finally, verification aimed at establishing that the information to be disclosed was appropriate for the identified material impacts, risks and opportunities, the value chain, the business units and the business activities.

If the information to be disclosed relates, for example, to risks and opportunities, but only material impacts have been identified for this topic, the corresponding disclosure requirement for risks and opportunities does not apply. Similarly, disclosure requirements for positive impacts do not apply if exclusively negative impacts have been identified for this topic. In addition, there may be instances where the information required to disclose a data point is not available, and therefore this disclosure requirement also no longer applies. Finally, due to the nature of the companies' business activities in the defense sector, it is not possible to disclose certain information if the data point requires the disclosure of critical or strictly confidential information. This falls under the Defense Exemption described in ESRS 2 BP-1.

CONTENT INDEX

ESRS REFERENCE	DISCLOSURE	PARAGRAPH IN THE SUSTAINABILITY REPORT	PAGE
ESRS 2	BP-1	General Basis for preparation of the sustainability statement	7
	BP-2	Disclosures in relation to specific circumstances	8
	GOV-1	The role of administrative, management and supervisory bodies	10
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	15
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APPENDIX B

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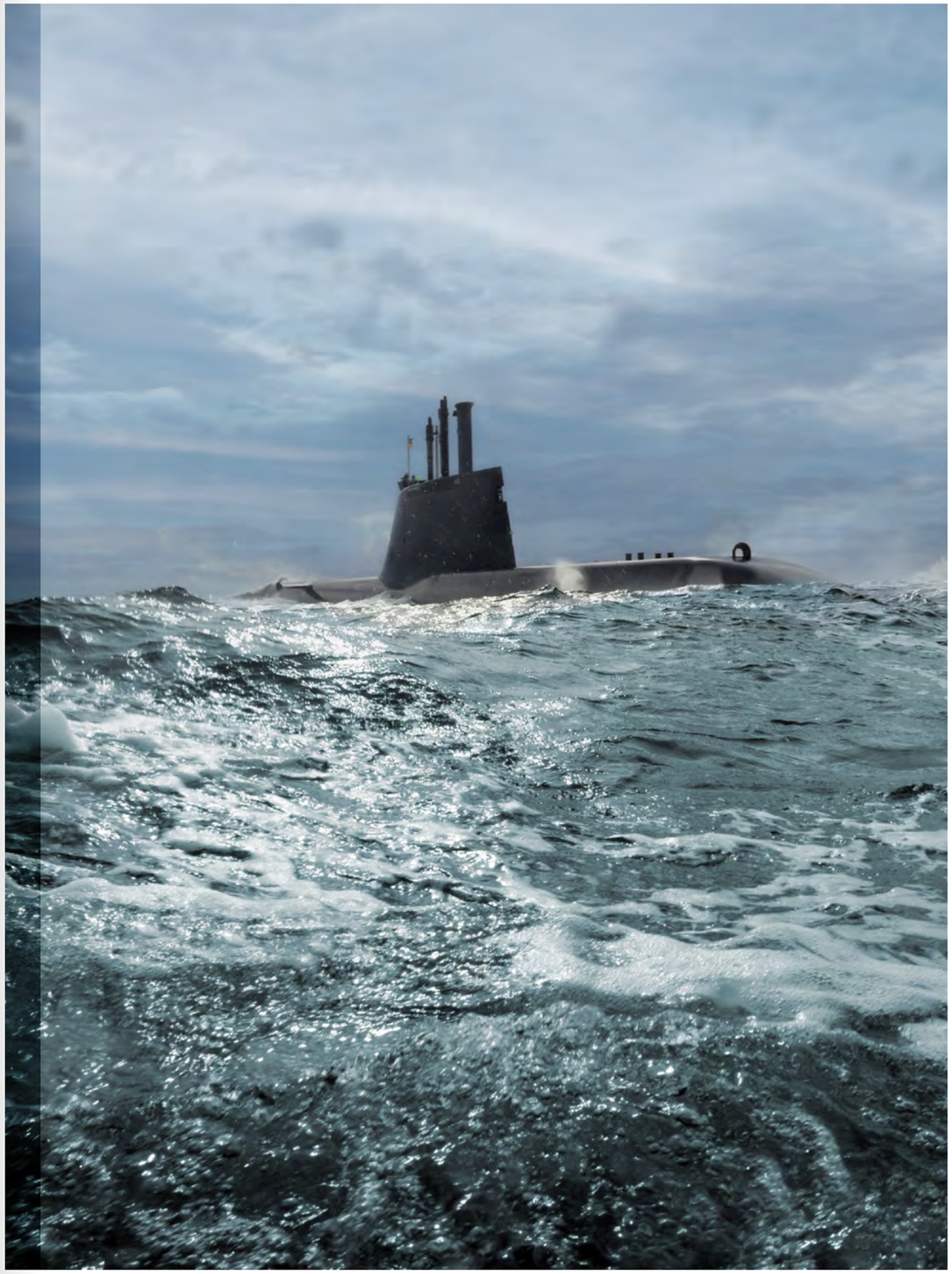
ESRS 2 GOV-1	21 (e) Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		Mandatory	10
ESRS 2 GOV- 4	30 Due diligence statement	Indicator number 10 Table #3 of Annex 1				Mandatory	17
ESRS 2 SBM-1	40 (d) i Involvement in activities related to fossil fuel activities	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Non-Applicable	–
ESRS 2 SBM-1	40 (d) ii Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Non-Applicable	–
ESRS 2 SBM-1	40 (d) iii Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/181814 , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Applicable	23
ESRS 2 SBM-1	40 (d) iv Participation in activities related to the cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-Applicable	–
ESRS E1-1	14 Transition plan to achieve climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	Material	62
ESRS E1-1	16 (g) Entities excluded from the Paris Aligned Benchmarks		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material	62
ESRS E1-4	34 GHG emission reduction targets	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	82

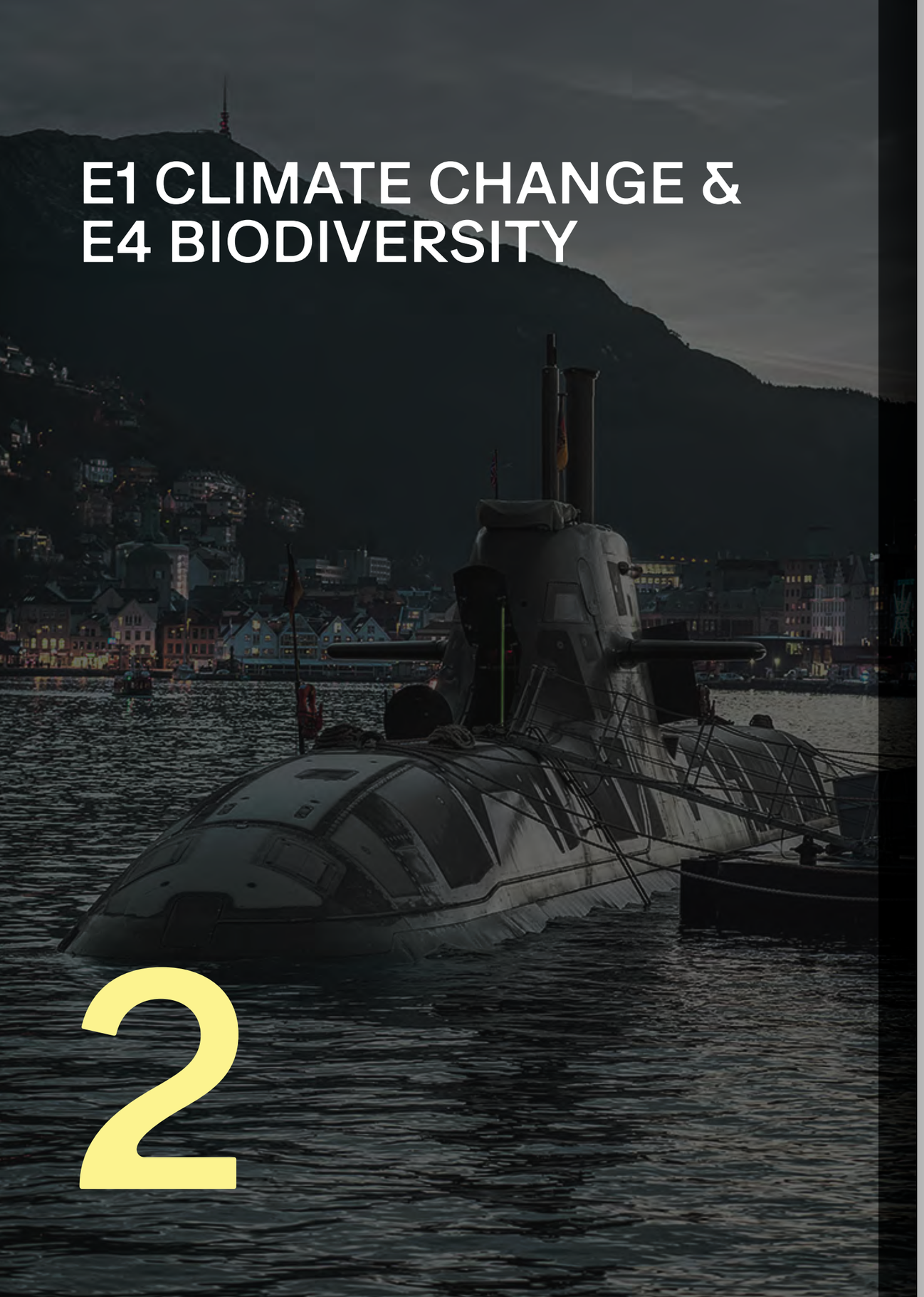
ESRS-REFERENCE	DISCLOSURE REQUIREMENT AND ASSOCIATED DATA POINTE	SFDR	PILLAR 3 REFERENCE	BENCHMARK REGULATION	EU CLIMATE LAW	MATERIALITY	PAGE
ESRS E1-5	38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	89
ESRS E1-5	37 Energy consumption and energy mix	Indicator number 5 Table #1 of Annex 1				Material	89
ESRS E1-5	40-43 Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex 1				Material	90
ESRS E1-6	44 Scope 1, 2 and 3 GHG gross emissions and total GHG emissions	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	91
ESRS E1-6	53-55 Intensity of GHG gross emissions	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	94
ESRS E1- 7	56 GHG removals and carbon credits				Regulation (EU) 2021/1119, Article 2(1)	Material	95
ESRS E1-9	66 Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phase-In	–
ESRS E1-9	66 (a) Disaggre-gation of monetary amounts by acute and chronic physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phase-In	–
ESRS E1-9	66 (c) Location of significant assets at material physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phase-In	–
ESRS E1-9	67 (c) Breakdown of the carrying value of its real estate assets by energyefficiency classes		Article 449a Regulation (EU) No 575/ 2013; Commission Implementing Regulation (EU) 2022/ 2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral.			Phase-In	–
ESRS E1-9	69 Degree of exposure of the portfolio to climaterelated opportunities			Delegated Regulation (EU) 2020/1818, Annex II		Phase-In	–

ESRS-REFERENCE	DISCLOSURE REQUIREMENT AND ASSOCIATED DATA POINTE	SFDR	PILLAR 3 REFERENCE	BENCHMARK REGULATION	EU CLIMATE LAW	MATERIALITY	PAGE
ESRS E2-4	28 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Material (Air Pollutants)	112
ESRS E3-1	9 Water and marine resources	Indicator number 7 Table #2 of Annex 1				Material	112
ESRS E3-1	13 Dedicated policy	Indicator number 8 Table 2 of Annex 1				Non-Material	–
ESRS E3-1	14 Sustainable oceans and seas	Indicator number 12 Table #2 of Annex 1				Non-Material	–
ESRS E3-4	28 (c) Total amount of water recycled and reused	Indicator number 6.2 Table #2 of Annex 1				Material	123
ESRS E3-4	29 Total water consumption in m3 per net revenue on own operations	Indicator number 6.1 Table #2 of Annex 1				Material	123
ESRS 2- IRO 1 - E4	16 (a) i	Indicator number 7 Table #1 of Annex 1				Material	74, 76
ESRS 2- IRO 1 - E4	16 (b)	Indicator number 10 Table #2 of Annex 1				Non-Material	–
ESRS 2- IRO 1 - E4	16 (c)	Indicator number 14 Table #2 of Annex 1				Non-Material	–
ESRS E4-2	24 (b) Sustainable land / agriculture practices or policies	Indicator number 11 Table #2 of Annex 1				Non-Material	–
ESRS E4-2	24 (c) Sustainable oceans / seas practices or policies	Indicator number 12 Table #2 of Annex 1				Non-Material	–
ESRS E4-2	24 (d) Policies to address deforestation	Indicator number 15 Table #2 of Annex 1				Non-Material	–
ESRS E5-5	37 (d) Non-recycled waste	Indicator number 13 Table #2 of Annex 1				Non-Material	–
ESRS E5-5	39 Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex 1				Non-Material	–
ESRS 2- SBM3 - S1	14 (f) Risk of incidents of forced labour	Indicator number 13 Table #3 of Annex I				Non-Material	–
ESRS 2- SBM3 - S1	14 (g) Risk of incidents of child labour	Indicator number 12 Table #3 of Annex I				Non-Material	–
ESRS S1-1	20 Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	138
ESRS S1-1	21 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		Material	138

ESRS-REFERENCE	DISCLOSURE REQUIREMENT AND ASSOCIATED DATA POINTE	SFDR	PILLAR 3 REFERENCE	BENCHMARK REGULATION	EU CLIMATE LAW	MATERIALITY	PAGE
ESRS S1-1	22 processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I				Non-Material	–
ESRS S1-1	23 workplace accident prevention policy or management system	Indicator number 1 Table #3 of Annex I				Material	138
ESRS S1-3	32 (c) grievance/ complaints handling mechanisms	Indicator number 5 Table #3 of Annex I				Material	142
ESRS S1-14	88 (b) & (c) Number of fatalities and number and rate of work-related accidents	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	152
ESRS S1-14	88 (e) Number of days lost to injuries, accidents, fatalities or illness	Indicator number 3 Table #3 of Annex I				Phase-In	–
ESRS S1-16	97 (a) Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	152
ESRS S1-16	97 (b) Excessive CEO pay ratio	Indicator number 8 Table #3 of Annex I				Material	153
ESRS S1-17	103 (a) Incidents of discrimination	Indicator number 7 Table #3 of Annex I				Material	153
ESRS S1-17	104 (a) Non-respect of UNGPs on Business and Human Rights and OECD guide-lines	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	153
ESRS 2 SBM3 – S2	11 (b) Significant risk of child labour or forced labour in the value chain	Indicators number 12 and n. 13 Table #3 of Annex I				Material	157
ESRS S2-1	17 Human rights policy commitments	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	159
ESRS S2-1	18 Policies related to value chain workers	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	159
ESRS S2-1	19 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	159
ESRS S2-1	19 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		Material	159
ESRS S2-4	36 Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table #3 of Annex 1				Material	171

ESRS-REFERENCE	DISCLOSURE REQUIREMENT AND ASSOCIATED DATA POINTE	SFDR	PILLAR 3 REFERENCE	BENCHMARK REGULATION	EU CLIMATE LAW	MATERIALITY	PAGE
ESRS S3-1	16 Human rights policy commitments	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Material	179
ESRS S3-1	17 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	180
ESRS S3-4	36 Human rights-related issues and incidents	Indicator number 14 Table #3 of Annex 1				Material	186
ESRS S4-1	16 Policies related to consumers and endusers	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	192-193, 194-195, 196-197
ESRS S4-1	17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	192-193, 194-195, 196-197
ESRS S4-4	35 Human rights-related issues and incidents	Indicator number 14 Table #3 of Annex 1				Material	192-193, 194-195, 196-197
ESRS G1-1	10 (b) United Nations Convention against Corruption	Indicator number 15 Table #3 of Annex 1				Material	208
ESRS G1-1	10 (d) Protectiea ef whisti leblowers	Indicator number 6 Table #3 of Annex1				Material	206
ESRS G1-4	24 (a) Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	211
ESRS G1-4	24 (b) Anti-corruption and anti-bribery standards	Indicator number 16 Table #3 of Annex 1				Material	211





E1 CLIMATE CHANGE & E4 BIODIVERSITY

2

Remark on this chapter: We decided to merge chapter E1 and chapter E4 because the material IROs in E4 are related to climate change.

Material impacts, risks and opportunities concerning climate change and energy

E1-SBM-3, 18

E1 - CLIMATE CHANGE					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Climate change mitigation					
Impact (Actual Negative)	In the upstream value chain, the transportation, mining, and manufacturing of materials necessary for TKMS's production activities contribute to greenhouse gas (GHG) emissions. These emissions exacerbate climate change, resulting in altered climate patterns such as droughts, flooding, heatwaves, and rising sea levels. The intensified climate change leads to environmental and infrastructure damage, with substantial adverse effects on both ecosystems and human communities.w	-	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	• Engaging suppliers: questionnaire concerning environmental topics.
Impact (Actual Negative)	TKMS's operations, including the manufacturing and installation of communication equipment, measuring instruments, ships, weapons, and plastic products, contribute to rising GHG emissions in the atmosphere. These emissions intensify climate change, leading to altered climate patterns such as droughts, flooding, heatwaves, and rising sea levels. Such environmental shifts result in the destruction of infrastructure and causing damage.	-	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	• GEEP: saving energy and switching to renewables. Climate-friendly travels, commuter app to organize car sharing for employees
Impact (Actual Negative)	In the downstream value chain, the use of products and ships manufactured by TKMS contributes to increased greenhouse gas (GHG) emissions, further intensifying climate change. As consumers operate naval vessels and systems, these emissions exacerbate altered climate patterns, including droughts, flooding, heatwaves, and rising sea levels. The resulting environmental shifts lead to infrastructure damage and pose substantial risks to ecosystems and human communities.	-	Downstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	

E1 - CLIMATE CHANGE

Type	IRO Description	Time Horizon	Localization	Policies	Measures
Climate change mitigation					
Impact (Actual Negative)	In the upstream value chain, TKMS's production activities encompass the transportation, mining, and manufacturing of materials, as well as the use of energy, contributing significantly to greenhouse gas (GHG) emissions. These processes exacerbate climate change, driving altered climate patterns such as droughts, flooding, heatwaves, increased temperatures, and rising sea levels. The increased GHG emissions lead to environmental degradation and pose serious health risks, including water-borne diseases, heat-related fatalities, and malnutrition due to disrupted agricultural yields.	-	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	• Engaging suppliers: questionnaire concerning environmental topics.
Impact (Actual Negative)	Across its operations, TKMS's GHG emissions contribute to increasing atmospheric concentrations. This worsens climate change, causing droughts, flooding, heatwaves, higher temperatures, and rising sea levels. Additionally, climate-induced health issues arise, such as the spread of water-borne diseases, heat-related deaths, and malnutrition from decreased agricultural yields.	-	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy, thyssenkrupp Environment and Energy Policy	• GEEP: saving energy and switching to renewables.
Impact (Actual Negative)	In the downstream value chain, the transportation of products and ships manufactured by TKMS significantly contributes to greenhouse gas (GHG) emissions. This transportation process exacerbates climate change, resulting in altered climate patterns including droughts, flooding, heatwaves, and rising sea levels. The increased emissions from logistical activities not only lead to environmental degradation but also pose serious health risks such as the spread of water-borne diseases, heat-related deaths, and malnutrition due to decreased agricultural productivity.	-	Downstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	
Financial (Oppotunity)	TKMS may benefit from offering a product portfolio that includes innovative low-carbon solutions, developed using cutting-edge technologies that minimize the use of virgin materials or incorporate carbon capture-based inputs. Such a portfolio may enhance TKMS's reputation among customers and stakeholders, increase competitiveness, and open new market segments within the maritime and defense industry. These offers could support differentiation in ESG-conscious markets and contribute to higher customer loyalty and sales growth, particularly as demand for sustainable maritime and defense solutions continues to rise.	Medium Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	

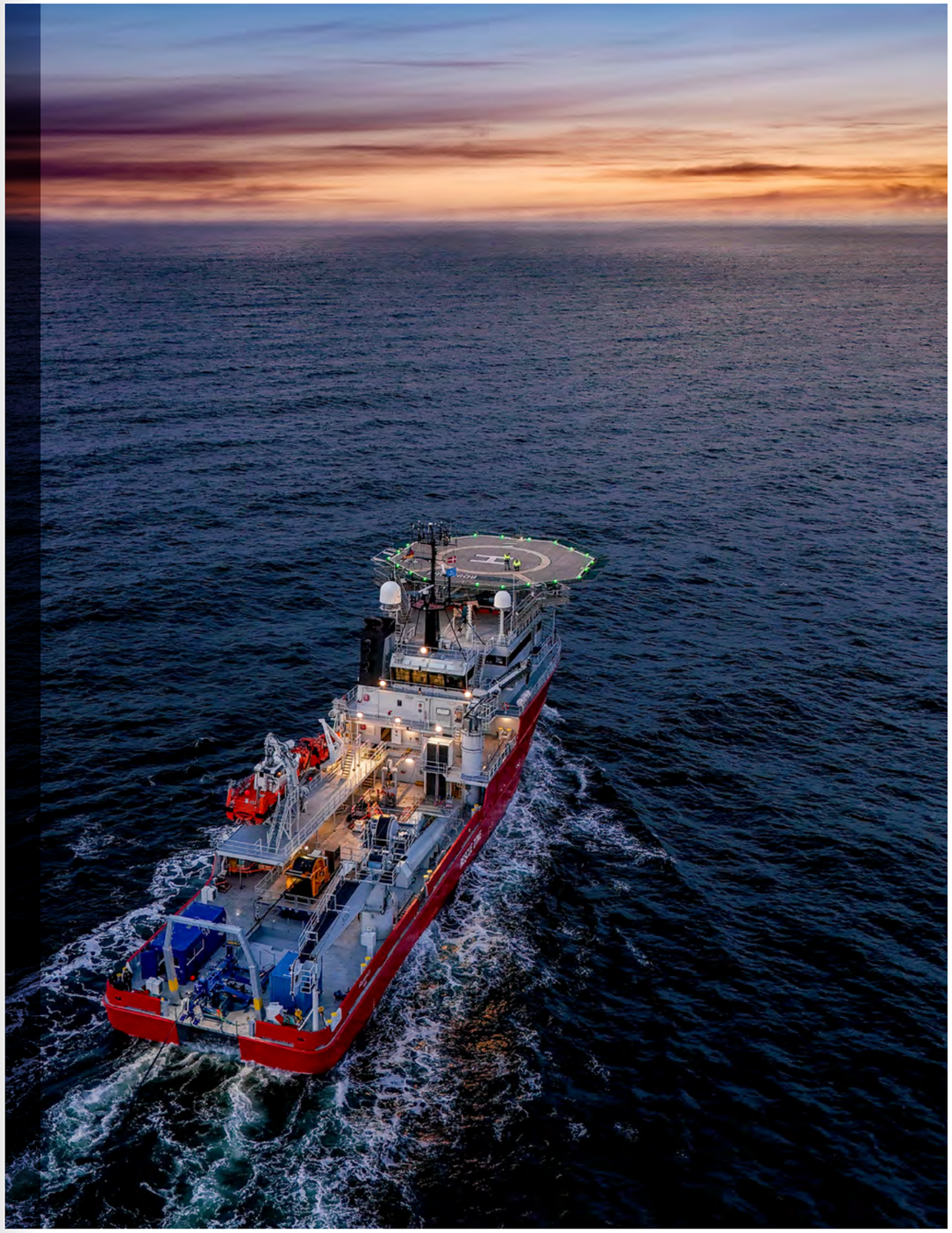
E1 - CLIMATE CHANGE

Type	IRO Description	Time Horizon	Localization	Policies	Measures
Energy					
Financial (Risk), Climate-related transition risk	TKMS may be exposed to market-related transition risks due to insufficient efforts to reduce its overall energy consumption. As energy prices rise - partly driven by carbon pricing mechanisms, regulatory changes, and market dynamics - high or inefficient energy use can lead to significantly increased operating costs. This may negatively affect profitability, reduce TKMS's cost competitiveness, and limit its ability to invest in decarbonization or innovation. Given the energy-intensive nature of the maritime and defense sector, the financial impact on TKMS may be substantial and could ultimately impair its business resilience.	Medium Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	
Impact (Actual Negative)	In the upstream value chain, the manufacturing of materials and the use of energy for TKMS's production activities contribute significantly to greenhouse gas (GHG) emissions. Energy-intensive processes such as welding, cutting, and metal assembly, along with the operation of heavy machinery, elevate GHG concentrations in the atmosphere. Additionally, the ongoing consumption of electricity and fuel further exacerbate emissions. These environmental disruptions drive climate change, resulting in rising temperatures and more frequent flooding.	-	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	
Impact (Actual Negative)	TKMS's own GHG emissions linked to energy consumption contribute to a rise in the GHG concentration in the atmosphere. These emissions primarily originate from energy-intensive processes such as welding, cutting, and assembly of metal components, and from the operation of heavy machinery and equipment. Additionally, the consumption of electricity and fuel in day-to-day operations contributes further to the emission levels.	-	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	• GEEP: saving energy and switching to renewables
Impact (Actual Negative)	The energy-intensive processes involved in TKMS's waste management activities, including the collection, treatment, and disposal of hazardous and non-hazardous waste, contribute to significant GHG emissions. These emissions exacerbate climate change, causing environmental impacts like rising temperatures and increased flooding.	-	Downstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Environment and Energy Policy	

E 4 - BIODIVERSITY AND ECOSYSTEMS

Type	IRO Description	Time Horizon	Localization	Policies	Measures
Direct impact drivers of biodiversity loss - Climate Change					
Impact (Actual Negative)	In the upstream value chain, TKMS's transportation, mining, manufacturing, and energy use significantly contribute to climate change and environmental degradation. These activities produce greenhouse gas emissions that drive biodiversity loss by altering weather patterns and increasing extreme events.	-	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Group Policy on Environment and Energy	
Impact (Actual Negative)	The manufacture of ships and floating vessels contributes to climate change, which is a direct driver of biodiversity loss. The energy-intensive processes involved in production lead to greenhouse gas emissions that exacerbate climate change, resulting in altered weather patterns and increased frequency of extreme events. These changes can cause habitat shifts, thermal stress, and ecological imbalances, affecting the survival and reproduction of various species. Additionally, climate change impacts such as rising temperatures and changing precipitation patterns disrupt local ecosystems, leading to the degradation of habitats and loss of biodiversity.	-	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Group Policy on Environment and Energy	
Impact (Actual Negative)	Downstream activities such as transportation of naval systems as well as waste treatment procedures contribute to climate change, which in turn drives biodiversity loss and ecosystem degradation. This accelerates climate-related impacts such as rising temperatures, shifting habitats, and extreme weather events — all of which threaten species survival. The resulting loss of biodiversity undermines critical ecosystem services like pollination, water purification, and climate regulation.	-	Downstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Group Policy on Environment and Energy	
Impact (Actual Negative)	Use of marine vessels and systems can contribute to unsustainable ocean practices, particularly through underwater noise pollution, which negatively affects marine biodiversity and ecosystem functioning. During operation, vessels emit soundwaves that can disrupt the communication, navigation, and wellbeing of marine species, such as whales and fish. This acoustic disturbance can lead to behavioral changes, stress, and habitat displacement, ultimately weakening the resilience and health of marine ecosystems.	-	Downstream	-	

Figure 9: Overview of E1 and E4 IROs with Corresponding Policies and Measures.



E1-GOV-3 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

E1-GOV-3 13, E1-IRO-1 20a

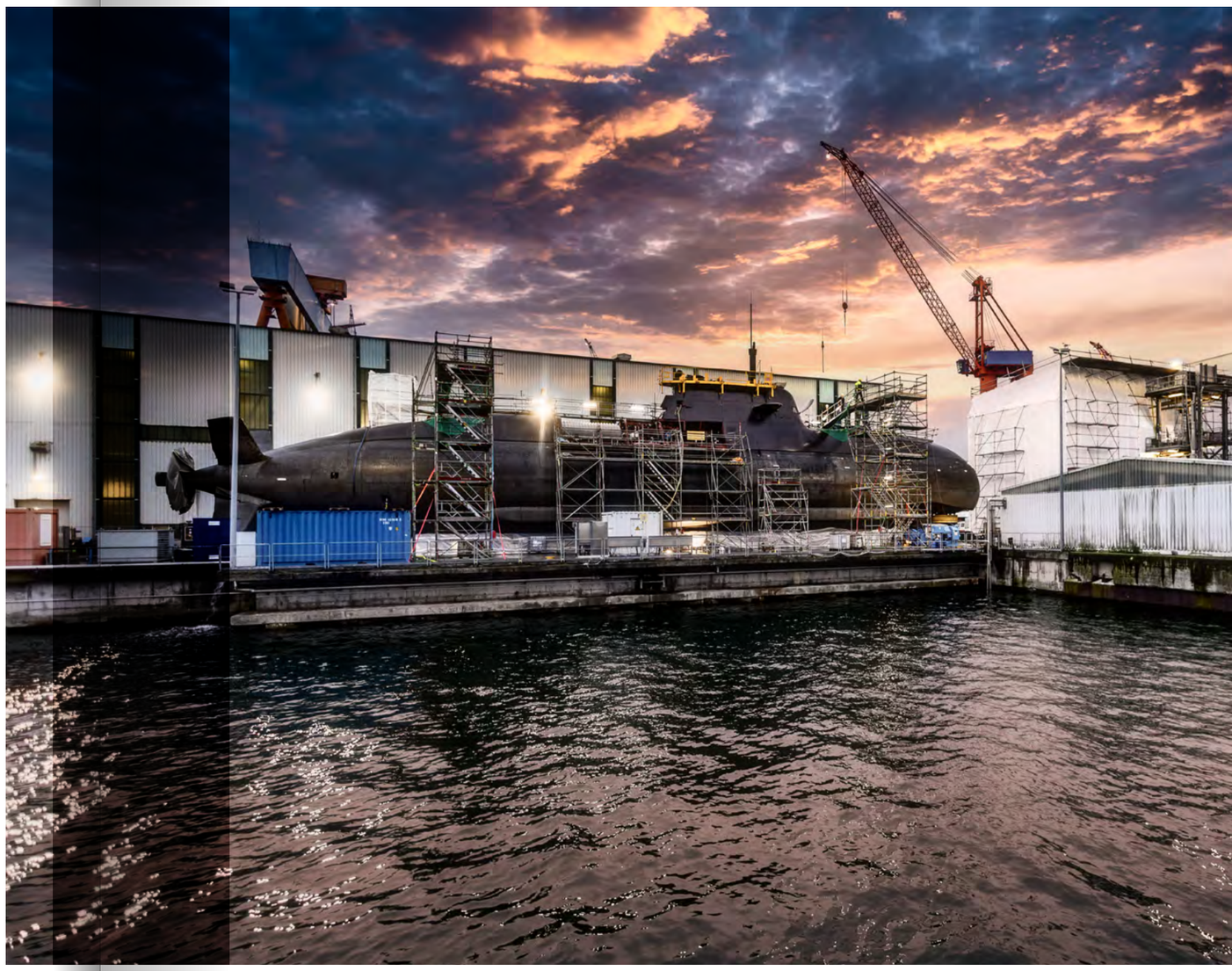
This year's updated materiality assessment defines climate change and energy as material topics for TKMS (for description of IRO identification process, the reader is referred to chapter IRO-1). Negative impacts on climate change are linked to TKMS' business model as a company in the marine defense sector. GHG emissions are released both within TKMS' own operations (incl. manufacturing and installation) as well as in the upstream value chain during transportation, mining, and manufacturing and in the downstream value chain during the use of products and ships. Therefore, TKMS contributes to rising GHG emissions and further intensifying climate change.

Climate change represents one of the most significant long-term challenges for businesses across all industries. Rising global temperatures, increasing frequency of extreme weather events, and the transition to a low-carbon economy create both physical and transitional risks that can directly and indirectly impact the company's operations, supply chains and markets. Although the materiality assessment did not find material physical climate-related risks for the company, it is TKMS' responsibility to perform detailed climate risk analysis, to evaluate the company's resilience against climate change. Details are listed in chapter E1-SBM3.

Maintaining environmental and climate protection measures in processes, products and projects is a fundamental part of TKMS' 2033 strategy. Even though no climate-related considerations are factored into remuneration of members of administrative, management and supervisory bodies and performance is not assessed against the GHG emission reduction targets disclosed under E1-4 Targets related to climate change mitigation and adaptation, the company acknowledges its responsibility for environmental and climate protection. Therefore, TKMS has set targets to reduce the climate impact of its business activities and associated value chain. Efforts will continue to align with the Paris Agreement's goal of limiting the temperature increase to 1.5°C. Detailed emission targets and measures to achieve this goal can be found in Chapter E1-4 Targets related to climate change mitigation and adaptation. The company's commitments include:

- Expanding business operations with technologies that reduce climate impact in:
  - Maritime services
  - Offshore technologies
  - Hydrogen technologies
- integrating climate and environmental protection into its business practices
- Using raw materials and energy efficiently

Climate change also poses opportunities by offering a product portfolio that includes innovative low-carbon solutions, developed using cutting-edge technologies that minimize use of virgin materials or incorporate carbon capture-based inputs. Such a portfolio may enhance TKMS's reputation among customers and stakeholders, increase competitiveness, and open new market segments within the maritime and defense industry. These offers could support differentiation in ESG-conscious markets and contribute to higher customer loyalty and sales growth, particularly as demand for sustainable maritime and defense solutions continues to rise.



E1-1 TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Development of transition plan for climate change mitigation

E1-1, 16a, g, 17

On its way to Net Zero[1] by 2050, the TKMS Group follows the strategy of thyssenkrupp AG and has committed to reducing by 2030 its scope 1 and 2 emissions by 50% and its scope 3 emissions by 30% compared to the baseline year 2017/2018. From 2030 onwards, the base year for GHG emission reduction targets will be updated every five years. Long-term absolute GHG reduction targets require 90% reduction of scope 1, 2 and 3 emissions until 2050.
The Science Based Targets initiative has carefully assessed thyssenkrupp AG's Scope 1 and 2 targets using the latest climate science. The targets have been validated and integrated into the company's management processes through the ESG governance framework published by thyssenkrupp AG, including relevant committees and boards. Additionally, environmental and energy measures are part of the annual financial planning.
TKMS is not excluded from the EU Paris-aligned Benchmarks (ESRS E1-1 16(g); Commission Implementing Regulation (EU) 2022/2453 template I climate change transition risk; and aligned with Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Articles 12.1 (d) to (g) and 12.2.) and therefore commits to reduce its climate and environmental impact.
So far, TKMS Group's climate transition plan is in the development phase. The TKMS Group is continuously working on setting up a detailed climate transition plan. It will be adopted in FY 2025/2026.

[1] according to the Net-Zero Standard from the Science Based Targets initiative

E1-SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Types of climate-related risks

E1-SBM-3, 18

TKMS identified one material potential climate-related transition risk belonging to the sub-topic: energy. TKMS faces market-related transition risks if it fails to curb overall energy use. Rising energy costs—driven by carbon pricing, regulatory shifts, and market forces—can inflate operating expenses, erode profitability, reduce cost competitiveness, and limit funds for decarbonization and innovation. In the energyintensive maritime and defense sector, these financial pressures could significantly weaken TKMS's resilience.

Scope of the climate resilience analysis

E1-SBM-3, 19a

Within the climate resilience analysis of the TKMS Group, physical as well as transitional climate risks are evaluated in respect to their impact on the company's economic activities. Physical climate risks are analyzed following the recommendations of the German Environment Agency for the EU commission 2021/2139. Climate risks are investigated for the following sites:

- TKMS Kiel (Germany, DEF02)
- TKMS Hamburg (Germany, DE600)
- TKMS Emden (Germany, DE942)
- TKMS Wismar (Germany)
- TKMS Estaleiro Brasil Sul Ltda. in Itajaí (Brazil)
- TKMS ATLAS ELEKTRONIK Bremen (Germany, DE501)
- TKMS ATLAS ELEKTRONIK Wedel (Germany)
- TKMS ATLAS ELEKTRONIK Wilhelmshaven (Germany, DE945)
- TKMS Hagenuk Marinekommunikation in Flintbek (Germany, DEF0B)
- TKMS ATLAS UK in Winfrith (UK)
- TKMS ATLAS UK in Weymouth (UK)

The sites have been chosen based on TKMS's production facilities and the locations with the most employees. Smaller office locations with 1-10 employees are not considered in the climate risk analysis, as the impact of climate on these locations is not considered to be detrimental to business, and they could be relocated at any time.
For each of these sites, relevant climate hazards have been estimated (following the proposed climate hazards given in the EU Taxonomy (European Union's Taxonomy Regulation 2020/852), e.g. heat waves; and completed by region-specific hazards, e.g. storm surges) and possible impacts to the site's system elements and economic activities have been evaluated. This procedure determines whether the company's own operations might be affected and vulnerable by physical climate risks, such as storms, extreme precipitation events, storm surges.
Transitional climate-related risks are taken into account and are analyzed concerning impacts due to potential changes within politics and regulatory.

Methodology of the climate resilience analysis
E1-SBM-3, 19b, E1-IRO-1 20b, c, 21, AR7b

To determine its resilience against climate change, TKMS performed a climate risk analysis for its major sites. Most of the climate risk analysis was performed during the FY23/24 and finalized for TKMS ATLAS ELEKTRONIK UK in FY24/25. The site of TKMS Wismar will be completed in the following FY. Identified physical as well as transitional climate-related risks are continuously monitored and following the recommendations of the German Environment Agency for the EU commission 2021/2139, TKMS plans to repeat the climate risk analysis every three years or when significant changes at a company site occur that require an updated analysis. The general process of the physical climate risk analysis is illustrated in figure 7. In the initial stage, both chronic and acute local climate hazards related to temperature, wind, water, and solids were identified for each site. Each potential climate phenomenon was then evaluated to determine whether it poses a risk to specified system elements. If a risk has been identified, the climate phenomenon was analyzed in greater detail.

The system elements assessed, included:
- Buildings in general
- Outdoor facilities (e.g. cranes, docks)
- Open spaces (parking pavements, etc.)
- Storage and production spaces outdoors
- Essential transports/traded goods
- Production process
- Energy supply (electricity, heating)
- Water supply
- Employees
- Subcontractors/service providers
- IT and communication
- Site access, on-site traffic (by car, truck, train, ship)
- Waste and sewerage management

Based on available scientific data (examples for scientific references are: Deutscher Wetterdienst (DWD), Federal Maritime and Hydrography Agency (BSH), Climate reports from the German federal states, Federal Waterways Engineering and Research Office, North German Climate Atlas, GOV.UK, Marine Climate Change Impacts Partnership (MCCIP), Met Office, Intergovernmental Panel on Climate Change (IPCC), Ministry of Science and Technology of Brazil (Ministério da Ciência, Tecnologia e Inovação - MCTI) as well as peer-reviewed scientific papers), climate variables have been examined for changes during the past 20-30 years, the current state, and future projections. For future scenarios, the representative concentration pathway (RCP) 8.5[2] (i.e., a low mitigation scenario) has been selected for the years 2030 and 2060 where data have been available. To capture a range of potential outcomes, the 15th and 85th percentiles have been used to represent optimistic and pessimistic scenarios, respectively. In some cases, projections have only been available for the period 2071-2100, which reflects the standard 30-year definition of climate periods and the long-term focus up to 2100 employed by many models.
Where possible, projections are provided for the specific city; otherwise, data for the broader state have been used. In line with the climate scenario analysis, system components have been assessed to understand the risk of damage from associated climate phenomena. For system components at medium or high risk, the probability of occurrence and potential damage extent have been evaluated. For this, local employees with background in environmental, energy and facility management interviewed on site and conduct an assessment of the local circumstances. Both substantiated and hypothetical climate scenarios are used as a basis for the assessment. An assessment is made based on the specifications, condition, and technical circumstances in conjunction with assumed climatic developments. Finally, a list of adaptation solutions was compiled, including both existing emergency management plans and strategies for future scenarios.

[2] RCP 8.5 refers to the concentration of carbon that delivers global warming at an average of 8.5 watts per square meter across the planet. It delivers a temperature increase of about 4.3 ˚C by 2100, relative to pre-industrial temperatures. The RCPs are formally adopted by the IPCC.

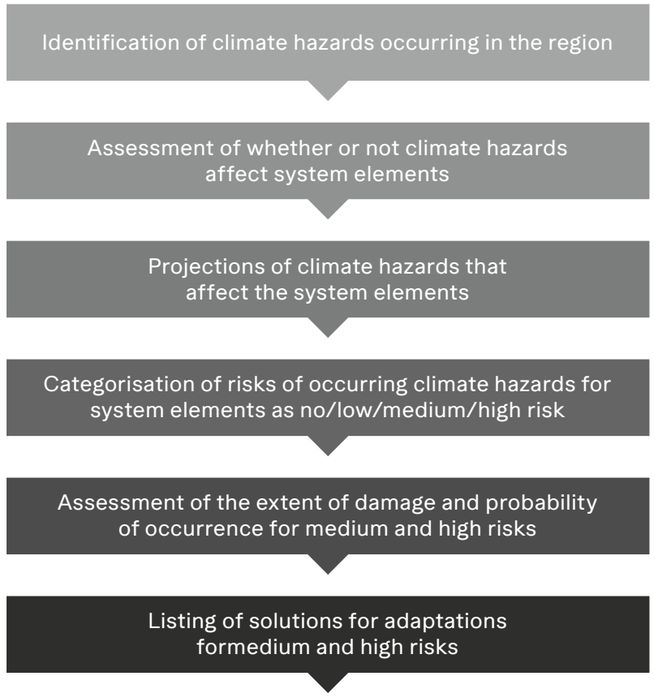


Figure 7: General Process of a Climate Risk Analysis

Besides the physical climate risk analysis, a climate-related transition risk analysis has been performed. Transition risks have been defined as risks related to the transition to an economy with reduced GHG emissions and have been based on the classifications of the Task Force on Climate-related Financial Disclosures (TCFD).
For the assessment of climate-related transition risks and opportunities, potential regulatory changes in policy and legislation (e.g. increased pricing of GHG emissions, enhanced emission reporting obligations), technological changes (e.g. innovation in energy efficiency), changes in customer and consumer behavior (e.g. changing preferences of customers) and reputation risks (e.g., reputational damage, concerns of stakeholders) have been examined. Transitional risks in accordance with regulatory adaptations as a result of climate mitigation have been assessed for the company's relevant economic activities. For each of the above listed sites, an estimate of the possible risk (no/low/medium/high) within the next ten and 10-30 years has been evaluated. During this analysis, the high-mitigation scenario has been kept in mind: to achieve the 1.5°C target, certain actions and reactions have been expected in the near future: Following the scenarios given by the Network for Greening the Financial System (NGFS)[3], limiting global warming to 1.5°C until 2050 is only possible through stringent climate policies and innovation.
In light of the ambition of limiting global warming to 1.5°C, policy reactions have been assumed to occur immediately and without problems, technology changes have been required to be fast, carbon dioxide removal has been proposed at medium to high use and regional policy variation has been assumed to have a medium level of variation. As a result, physical risks in such a scenario are relatively low, while transition risks might be relatively high, e.g., higher emissions costs, changes in business and consumer preferences.

Results of the Climate Resilience Analysis
E1.SBM-3, 19c, E1-IRO1 20b, c, 21

Physical Climate Risk Analysis
E1.SBM-3, 19c, E1-IRO1 20b, 21

Impacts of Acute Physical Climate Risks:
Acute physical climate risks arise from extreme weather events, which are expected to become increasingly frequent due to climate change. Regular occurrences of heatwaves and droughts could impair the well-being of employees and others within the value chain. Additionally, overstrained heating systems may disrupt production processes. Increasing risks of forest and wildfires could also lead to transport delays caused by the need for detours. Moreover, rising occurrences of hurricanes, tornadoes, storms, lightning strikes and water-related risks – such as heavy rainfall, flooding, storm surges, and landslides – are anticipated. These climate risks could cause damage to buildings, operating facilities, outdoor areas, and critical infrastructure, including energy supply systems, IT and communication networks, and waste and sewage management. Furthermore, these risks pose threats to human well-being and may significantly disrupt transport and production processes, resulting in increased transport and delay costs.

[3] https://www.ngfs.net/ngfs-scenarios-portal/explore

Mitigation Measures for Acute Physical Climate Risks:
Action plans are already in place to mitigate the potential damage caused by most acute physical climate risks. Air conditioning systems and installed drinking water dispensers are in use to support human well-being. At production sites, medical care centers provide support for employees and subcontractors. Additionally, the company's fire services are trained to handle and prepare for extreme weather conditions. Cooling systems are used to prevent temperature-sensitive equipment from overheating, reducing potential production delays. To avoid additional transport costs due to detours, alternative routes can be planned based on early warnings from national risk alert systems. Buildings and outdoor facilities at the sites are regularly inspected to enhance resilience against strong rainfall, flooding, storm surges, and high winds. In preparation for early warnings of storms, tornadoes, hurricanes, and water-related risks, items stored outdoors will be secured using alternative storage locations or wind-resistant solutions.

Impact for Chronic Physical Climate Risks:
Chronic physical climate risks involve relatively slow and continuous changes in climate patterns, often interacting with acute climate risks. For example, recurring heatwaves can lead to chronic heat stress, while rising sea levels can exacerbate the effects of acute storm surges. The most significant risk comes from rising sea levels at coastal sites, which also increases the likelihood of flooding and more severe storm surges. Limited access to drinking water could lead to health issues for both the company's workforce and people within the value chain.

Mitigation Measures for Chronic Physical Climate Risks:
Measures to mitigate chronic climate risks can be implemented at an early stage, allowing for effective adaptation to the gradual changes in climate. To mitigate the long-term risks of flooding and storm surges, protective measures could include building flood barriers, securing insurance to limit financial impacts, and locating valuable assets, such as critical infrastructure, well above ground level. To endeavor an adequate supply of drinking water, careful resource management is essential, and alternative water sources should be identified. Harvesting rainwater and reusing water also help to maintain sufficient water supplies. Water quality is regularly monitored to enable prompt action, and effective water treatment systems are crucial to ensuring high water quality, as is the prevention of water pollution. Mitigating chronic climate risks is an ongoing process and will be reassessed annually. The potential impacts of temperature and precipitation variability, as well as saline intrusion, were assessed. No significant risks were identified for the TKMS Group.

Summarized results of the physical climate-related risks for all relevant sites are displayed in Table 10. The table presents the current state of the risk, short-term risk within the next 10 years and the long-term risk within the next 30 years. As the assessment is based on projections, uncertainties cannot be excluded.

Relevant physical climate hazards and the identified risk rating:

Climate Risk	Present	Short-term (next 10 years)	Long-term (next 30 years)
Change in air temperature			
Change in water temperature			
Heat waves			
Heat stress			
Cold periods/frost			
Forest and wildfire			
Enhances UV radiation			
Changes of wind patterns			
Changes in humidity			
Hurricanes			
Storm			
Tornadoes			
Lightning strikes			
Changes of precipitation patterns			
Sea level rise			
Ocean acidification			
Water shortage			
Reduced water quality			
Drought			
Strong precipitation			
Flood			
Storm surges			
Coastal erosion			
Landslides			

Low risk Moderate risk High risk

Table 10: Physical Climate Hazards and Corresponding Risk Rating

Transitional Risk Analysis
E1.SBM-3, 19c, E1-IRO1 20c, 21

For the assessment of climate-related transition risks and opportunities, potential regulatory changes in policy and legislation, technological changes, and changes in customer and consumer behavior were examined.
Summarized results of the transitional climate-related risks for all relevant sites are displayed in Table 11. The table presents the results of the short-term risk within the next 10 years and the long-term risk within the next 30 years.
Even though limiting global warming to 1.5°C requires urgent and stringent changes in policies as well as a fast technology change, the risk level of transition risks for TKMS is mostly at low-medium risks for the short-term and long-term future. Largest risks for TKMS' business activities arise from enhanced emission-reporting obligations. Also, risks of legal disputes, unsuccessful investments in new technologies and rising/volatile raw material costs pose medium risks to TKMS' business activities on short-term and medium-term.
Climate-related transition risks are expected to increase in significance during the coming years as regulatory frameworks, carbon pricing mechanisms, technological developments and market expectations continue to evolve in line with national and EU climate objectives.
The material transition risk identified for TKMS relates to increased energy costs, resulting from regulatory changes and rising carbon prices. Additional risks may arise from:

- Regulatory developments, such as stricter reporting requirements, efficiency standards, or new EU directives
- Technological change, as low-carbon technologies become more prevalent and may require adaptation of production processes
- Market dynamics, including growing customer demand for low-carbon products and potential competitive shifts
- Reputation and financing considerations, as investors and lenders increasingly expect credible climate transition strategies

While these risks are expected to grow over time, their financial impact on TKMS' business model is assessed as limited and manageable. A key reason is the nature of TKMS' operations:

- The activities typically extend over long project durations averaging around ten years, which provides planning security and allows potential regulatory or market changes to be anticipated and integrated into project design and contracts.
- The individual production model, as opposed to mass production, means that cost increases (e.g., from energy prices or carbon costs) affect a smaller share of total project value and can often be absorbed or contractually adjusted.
- For regulatory and reporting changes, long project cycles enable sufficient time to adapt processes without disruptive short-term impacts.
- With regard to technological change, the extended planning horizon allows for a stepwise integration of new technologies as part of project development rather than abrupt retrofits.
- For market and reputational risks, the tailored, project-specific nature of TKMS' production makes the company less vulnerable to sudden demand shifts, as customer relationships and project scopes are defined over many years.

TKMS production processes are comparatively energy-efficient, as the energy management is continuously working on improving the company's energy efficiency (see chapter E1-5 Energy consumption and mix). The scenario analysis is conducted regularly using established international and EU scenarios to assess potential carbon price trajectories, regulatory developments and technology pathways. The results are integrated into the company's risk management and strategic planning.

Transition Climate-Related Risks	Short-term (next 10 years)	Long-term (next 30 years)
Increased pricing of GHG emissions		
Enhanced emission-reporting obligations		
Mandates on and regulation of existing products and services		
Mandates on and regulation of existing production processes		
Increase in capital costs (interest rates) and/or reduction in the supply of capital		
Risk of legal disputes		
Substitution of own products and services with lower-emission alternatives		
Unsuccessful investments in new technologies		
Additional costs for the transition to lower-emission technologies		
Risk of stranded assets		
Climate change-induced shift in demand towards lower-emission technology		
Uncertainties in market price developments		
Rising or volatile raw material costs		
Changes in customer preferences		
Stigmatization of the sector		
Growing stakeholder concerns		
Negative attention and increased pressure from specific stakeholders		
Reputational damage		

Low risk Moderate risk High risk

Table 11: Transition Climate-Related Risks – Short- and Long-Term

Climate-related risks in the value chain

E1-SBM-3, 19b, c, E1-IRO-1 20b, c

To date, the physical climate risk analysis has only been discussed for the TKMS Group itself. The physical climate risk analysis of TKMS does not cover the entire value chain. However, TKMS is aware of the risk that, for example, production in the upstream value chain could be affected by changing climate patterns as a result of intensifying climate change. The value chain is not considered in the physical climate risk analysis because it is too complex to cover all possible countries of origin within the value chain. Nevertheless, TKMS is aware of the potential risks: In light of progressive global warming, extreme weather events are becoming more likely worldwide. This can lead to transport delays and potentially also affect upstream production. The risk assessment of the individual locations also considers the system elements of transport and site accessibility. However, this consideration applies to the proximity of the respective analyzed location and does not concern the place of origin of the goods or the entire length of a transport.

TKMS' supplier management involves a risk analysis – described in more detail in chapter S2 Workers in the Value Chain – which takes environmental risks into account. Potential environmental risks can be understood as climate-related transition risks. Suppliers are rated concerning the following KPIs: carbon policy, total GHG emissions, CO_2 emissions, low carbon economy, environmental regulatory and waste management.

The downstream value chain cannot be investigated due to confidential reasons.

Summary resilience analysis climate change

E1-SBM-3, 19c, AR 8a, b

The resilience analysis of TKMS covers a detailed physical climate risk analysis as well as a transitional climate-related risk analysis, in particular for its own operations and most significant sites. The analysis is based on science-based climate projections and scientific peer-reviewed literature. Based on the gained insights, some locations show a high risk potential to storm surges and flooding in the future, however the mitigation measures adopted at the sites minimize the risk potential of severe damage. Therefore, the materiality assessment found no material physical climate-related risks.
While transition risks, particularly through rising energy costs, regulatory changes, technological shifts and evolving market dynamics, are expected to grow over time, their impact on TKMS is buffered by the characteristics of the company's business model. Long project horizons and individual production provide sufficient flexibility to anticipate, plan for and manage these risks effectively. As such, only one climate-related transition risk has been identified as material (i.e. rising energy costs due to rising carbon prices and regulatory changes), while other transition risks are aware of but not identified as threats to the viability of the business.
Nevertheless, the assessment of both physical and transitional climate risks is inherently subject to significant uncertainties, arising from the complexity of the climate system, evolving regulatory landscapes, technological developments, and socio-economic dynamics. These uncertainties affect the quality, precision and comparability of quantitative and qualitative analyses. Thus, the climate risk analysis is a mandatory tool for TKMS to be reviewed at least every three years, to identify potential risks for TKMS sites early enough to cover mitigation measures.
Uncertainties in the physical climate risk analysis stem from, e.g.,

- Climate model projections, which vary depending on emission pathways (depending on the actions of the human species which are unpredictable), global temperature trajectories, geographical and temporal resolutions and the underlying scientific assumptions. Different models can yield diverging estimates on frequency and severity of extreme weather events or magnitude of continuous changes.
- Regional and local variability, which can significantly influence the exposure of assets to hazards such es flooding, heatwaves or storms
- Time horizons, as physical climate impacts manifest gradually and often over long periods, which makes near-term quantification of site-specific impacts challenging.
- Data availability and granularity, particularly for site-specific hazard data or supply chain exposure which can limit the precision of risk estimates.

Similarly, the uncertainties of the climate-related transition risk analysis include:

- Regulatory and policy developments, which depend on national and international political decisions, the pace of implementation and enforcement mechanisms
- Carbon pricing trajectories can vary significantly on market mechanisms, policy interventions or geopolitical factors
- Technological advancements, which may alter cost structures, market dynamics and competitiveness in unforeseen ways
- Market and behavioral shifts, including customer preferences, supply chain expectations and investor requirements which are difficult to model over longer time horizons
- Interaction effects between regulatory, technological, and market developments, which can lead to non-linear impacts

Given these factors, the implications of transition risks are estimated using scenario analysis and qualitative assessments rather than deterministic forecasts.

The resilience analysis of TKMS involving both physical and transition climate-related risks is regularly reviewed and updated based on current models and data sources to reflect new information and scientific insights. Uncertainties and limitations should be transparently disclosed and results should be used to support strategic decision-making and not as exact predictions. This approach supports the systematic consideration of climate-related risks despite analytical limitations.

Based on the current knowledge of the analyses, and aggregating the results from all entities, no significant negative impacts are foreseen on TKMS' business model, which indicates a high degree of resilience under all considered climate scenarios. Due to the high uncertainties described above, continuous monitoring of climate-related risks is implemented at TKMS, to be prepared for any required future mitigation measures. Additionally, operational planning seeks to have financial resources available to address significant risks and opportunities, and thereby risks can be mitigated. While certain financial impacts, such as higher operating costs due to energy price increases or required technology investments may occur, these impacts are limited in magnitude and offset by efficiency improvements and long-term planning flexibility.
The scenario analysis suggests that as of today's knowledge, the TKMS group is well-positioned to manage both transitional and physical climate risks.

Material climate change-related impacts, risks and opportunities on biodiversity

E4-SBM-3, 16a i-iii, E4. IRO-1 17, 19

This year's updated materiality analysis identified indirect negative impacts on biodiversity through the contribution of both TKMS's own operations and its upstream and downstream value chain to climate change. These energy-intensive processes lead to greenhouse gas emissions, which exacerbate climate change. Climate change is causing habitats to shift or disappear. Species, and thus biodiversity, are being lost.

This negative impact of greenhouse gas emissions is a global impact and not limited to individual regions. However, a further analysis examined the extent to which the activities of TKMS on site have a direct impact on biodiversity at regional level. With thyssenkrupp AG, TKMS performed a structured analysis of nature-related risks associated with location-specific business. This analysis was performed by using a geodata-based tool. All TKMS sites were evaluated in the context of how close they are located in or near biodiversity sensitive areas and whether the sites are potentially affecting threatened species. TKMS has the operational control for all sites. All sites were examined for potential dependencies on ecosystem services (e.g., pollination, water purification, habitat provision) and potential impacts on biodiversity. The analysis showed that only a few sites are located in or near such areas, and only a small proportion of these were indicatively classified as potentially relevant. This relevance assessment is based on both local environmental conditions and the respective economic activities carried out, but does not constitute a finding of actual adverse impacts.

In indicator-based screening, the analysis revealed that none of TKMS' sites show a potentially negative relevance for threatened species.

Eleven TKMS sites are located in or near areas of threatened biodiversity, including four manufacturing sites and seven administrative sites. The manufacturing sites cover the following activities:

- Manufacture of instruments and appliances for measuring, testing and navigation (NACE 26.51)
- Building of ships and floating structures (NACE 30.11)

The activities associated with the identified sites take place on a confined area and mostly within buildings. Emissions and environmental impacts are managed and monitored where possible and appropriate (see chapter E2, E3 and E5). The activities do not lead to the deterioration of natural habitats or species habitats, nor do they disturb species for which a protected area has been designated. Therefore, no special biodiversity mitigation measures are taken to protect biodiversity in the adjacent or neighboring areas.

Site name	Country Code	Type	Nearest biodiversity sensitive area	Result
TKMS ATLAS ELEKTRONIK UK Ltd.	GB	Manufacturing	Winfrith Heath (Site of special interest)	Near
TKMS ATLAS ELEKTRONIK UK Ltd.	GB	Manufacturing	Cranborne Chase & West Wiltshire Downs (Area of outstanding natural beauty)	In
TKMS ATLAS ELEKTRONIK GmbH	DE	Manufacturing	Wattenmeer, Jadebusen & westliche Wesermündung (Ramsar Site)	Near
TKMS Estaleiro Brasil Sul Ltda.	BR	Manufacturing	Atlantic Forest hotspot area (Biodiversity hotspot)	In
Águas Azuis Construcao Naval SPE Ltda	BR	Administrative	Atlantic Forest hotspot area (Biodiversity hotspot)	In
TKMS do Brasil Indústria e Comércio Ltda.	BR	Administrative	Atlantic Forest hotspot area (Biodiversity hotspot)	In
TKMS Dock Servicos Navais Ltda.	BR	Administrative	Atlantic Forest hotspot area (Biodiversity hotspot)	In
TKMS SONARTECH ATLAS PTY LIMITED	AU	Administrative	Forests of East Australia hotspot area (Biodiversity hotspot)	In
TKMS (Singapore) Pte. Ltd.	SG	Administrative	Sundaland hotspot area (Biodiversity hotspot)	In
TKMS Gemi Sanayi ve Ticaret A.S.	TR	Administrative	Irano-Anatolian hotspot area (Biodiversity hotspot)	In
Blohm+Voss El Djazair S.a.r.l.	DZ	Administrative	Mediterranean Basin hotspot area (Biodiversity hotspot)	In

Table 12: Overview of Site Locations, Types and Nearest Biodiversity-Sensitive Areas with Results

Other material impacts, risks and opportunities on biodiversity
E4-SBM-3, 16a i-iii, E4. IRO-1 17

This year's updated materiality analysis identified underwater noise pollution as material impact of TKMS' downstream value chain. During operation, marine vessels and systems emit soundwaves that can disrupt the communication, navigation, and wellbeing of marine species, such as whales and fish. This acoustic disturbance can lead to behavioral changes, stress, and habitat displacement, ultimately weakening the resilience and health of marine ecosystems. TKMS' surface vessels and submarines are designed to be as quiet as possible to make detection by hostile encounters more difficult. This helps avoid disturbances to marine life, such as the porpoises living in Kiel Bay. However, noise emissions during operation cannot be avoided, and mitigation of their impacts is not possible. Since the vessel operations are outside the control of TKMS, there are no strategies, measures, or targets in place to protect biodiversity from underwater noise pollution.

E1-2 POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Objective and scope of TKMS' policies related to climate change mitigation and adaptation
E1-2, 22, 24, 25a-d, MDR-P 65a, b

The TKMS Group acknowledges its responsibility in environmental and climate protection. Climate- and energy-related material negative impacts of TKMS are mainly associated with activities within the upstream/downstream value chain and during its own operations that contribute to rising GHG emissions. Increasing GHG emissions lead to intensifying climate change, which further alters climate patterns (e.g. flooding, sea level rise, heat waves etc.). This can have negative effects on ecosystems and human communities, such as infrastructure damage, environmental degradation, health risks.
With thyssenkrupp AG, TKMS Group is continuously working to analyze the impact of its business activities on the environment, to minimize potential risks and prevent them from occurring. Ambitious targets as described in E1-1 have been set. To achieve these targets, environmental and climate protection is manifested in the TKMS' strategy paper 2033. TKMS officially confesses to reach the ESG targets of the EU and works on achieving its GHG emission reduction targets.
thyssenkrupp AG's Code of Conduct as well as TKMS' Policy statement on compliance with human rights and environmental due diligence requirements address the careful and responsible use of natural resources throughout the entire product life cycle, both in the development of new products and services as well as in the operational processes. Furthermore, the company addresses energy efficiency measures and the use of renewable energies as well as the reuse of valuable resources within the meaning of circular economy. Additionally, environmental and energy measures are part of the annual financial planning.

Below are further policies addressing climate change mitigation and adaptation, as well as energy efficiency and renewable energy deployment and thereby counteracting rising GHG emissions:
- TKMS Energy and Environmental Policy
- thyssenkrupp Group Policy on Environment and Energy

The TKMS Energy and Environmental Policy refers to the company's goals for environmental and climate protection as well as energy efficiency in daily business operations for the whole company. Regular analyses and evaluations, as well as open stakeholder dialogue, are also taken into account. The responsibility lies with the Executive Board of TKMS.

This is supplemented by the principles of the thyssenkrupp Group Policy on Environment and Energy, which sets clear targets for emissions reduction and is otherwise identical to the policy at TKMS. It is managed by the thyssenkrupp AG Board of Directors and applies to all thyssenkrupp companies and all business activities.

In addition, TKMS has established, introduced and implemented an environmental management system in accordance with DIN EN ISO 14001 at its sites in Hamburg, Emden, Bremen, Wedel and Wilhelmshaven, UK and Brazil, to establish an appropriate level of environmental protection. TKMS operates an energy management system that complies with the standard requirements of DIN EN ISO 50001:2018 at its sites in Bremen, Kiel, Wilhelmshaven, Wedel and UK.

The scope of the strategy takes into account the world wide TKMS Group, including all own sites as well as the upstream and downstream value chain. There are no exclusions within the ESG commitment of the TKMS Group.

Responsible level for implementing the policies
E1-2, 24, MDR-P 65c

The policies described above are overseen by the Management Board of TKMS. This is responsible for both creating policies and implementing them.

Third-party standards/initiatives through which the policies commit to
E1-2, 24, MDR-P 65d

Together with thyssenkrupp Group, TKMS committed to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. TKMS recognizes the United Nations Sustainable Development Goals (SDGs) as key goals for climate protection. The climate-related targets, set by thyssenkrupp AG, are validated by the SBTi.

E1-3 ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Objectives and scopes of actions and resources in relation to climate change policies

E1-3 26, 27, 28, MDR-A 68a, b, E1-4 AR30

The integration of the Climate Action Program for Sustainable Solutions (CAPS) by thyssenkrupp AG supports the TKMS Group's efforts and strategy to achieve climate targets. The program is structured around three main pillars:

#IMPLEMENT – Focuses on climate measures such as improving energy and resource efficiency. TKMS has already achieved energy savings through the Group-wide Energy Efficiency Program (GEEP) and aims to continue to make improvements.
#ENABLE – Aims to expand business operations with sustainable technologies to reduce climate impact and help customers address climate change.
#ENGAGE – Promotes sustainability across the value chain and involves engaging with suppliers.

This year's GEEP activities focus on:
- Saving electrical energy due to modernization of lightings
- Saving district heat energy by adjusting the average room temperatures in workshops
- Saving electrical energy by exchanging ventilation systems
- Saving district heat energy by roof renovations

The GEEP activities are planned to be finalized by the end of this fiscal year.

Effective energy management is a tool for tackling climate change and responsibly managing energy resources. Therefore, all major production sites of TKMS and ATLAS ELEKTRONIK GmbH have implemented energy management systems in line with ISO 50001 standards (Kiel, Bremen, Wedel, Wilhelmshaven, Winfrith UK). The program not only aims to improve energy efficiency but also encourages the use of renewable energy sources. At TKMS' owned production sites, electricity is procured with certification guaranteeing 100% renewable origin. For leased sites, TKMS aligns with the energy agreements established by the property owners.

Current Reduction Measures for Scope 1 and 2 Emissions:

Heat
- Investment in more economical heating systems
- Switching to alternative heat supply technologies where possible (dependent on energy suppliers)
- Electrical heating combined with purchasing renewables
- Maximization of buildings' energy efficiency

Purchased and consumed electricity
- Reduction in consumption
  – LED-lighting
  – Intelligent control systems for machinery and lighting
- Installation of Solar panels on a building (AEUK)
- Connection of battery and fuel cell test facilities to shipyard network in Kiel

Planned and On-going Reduction Measures for Scope 3:

The largest GHG emission contributor results from the category of Scope 3.1 Purchased Goods and Services (see also following chapters). Therefore, TKMS engages with its suppliers concerning environmental measures. Suppliers are asked to reply to a questionnaire which covers environmental features. Answering these questions is mandatory for the suppliers. Currently, no direct actions are taken from the results of the questionnaire. The long-term aim is to identify products and services with high carbon footprints and when possible, search for products with fewer emissions, however being a good economic alternative. Additional intended lever concerning purchased goods, is a lever analysis to investigate carbon reduction potential in product categories.

Further reductions measures involve the categories Business Travel and Employee Commuting. Additionally, employee commuting covers the following measures:
- Public transport commuter tickets for employees
- Commuter app to organize car sharing for employees
- Use of company bikes within TKMS' premises
- Implementation of remote working since 2022
- Reduction of business trips and adaption of business travel policy
- Implementation of recharging infrastructure on TKMS' premises

Besides, TKMS ATLAS ELEKTRONIK UK has its own Carbon Reduction Plan where they are currently agreeing on time horizons and funding options for the following initiatives:
- Replacement of natural gas fueled systems in their buildings with suitable alternatives;
- Full replacement of fossil fueled company vehicles with fully electric vehicles;
- Extended working with their supply chain to help them understand and reduce the emissions that feed into their products and services;
- Evolve their product development and support strategies to integrate new neutral energy sources and carbon saving measures;
- Reducing business travel as much as is practical or undertaking business travel via environmentally neutral energy solutions coupled with adapting our business travel guidelines;
- AEUK will explore options to compensate for unavoidable emissions;
- Engagement with their parent organizations to build on their established commitment to, and evaluation by, the Science Based Targets Initiative;
- Maintaining and improving our environmental management systems such as ISO 14001 Environmental
- Management and ISO 50001 Energy Management, increasing their focus on Sustainability and maintaining compliance of the emissions calculations with ISO 14064-3;
- Continuously reviewing their processes for improvement and opportunities for reduction of carbon emissions

Time horizon of actions and resources in relation to climate change policies and progress of previous measures
E1-3 28, 29a, MDR-A 68c, 68e, AR21

TKMS worked Group-wide on these actions in FY 24/25 and plans to continue to work on these measures in the next few years. Required resources are available and implementation is planned. Tracking progress of measures is set to be monitored when the climate transition plan is completed.

Since the climate transition plan including its decarbonization levers is in the development phase, TKMS will report on this topic in next year's ESRS report when the climate transition plan is finalized.

Allocation of CapEx/OpEx to the relevant items or notes in the financial statements & key performance indicators and CapEx plan according to the EU Taxonomy Regulation
E1-3 29c i, ii, iii

Following the eligibility analysis of the EU taxonomy, TKMS has no significant amounts of CapEx/OpEx in FY 24/25.

E1-4 TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTION RELATIONSHIP OF TARGET TO POLICY OBJECTIVES

Relationship of target to policy objectives
E1-4 32, 34a, c, d, MDR-T 80a, d, e

TKMS acknowledges its responsibility to reduce its impact on climate change. Consequently, the TKMS Group has committed to reducing its scope 1 and 2 emissions by 50%, and its scope 3 emissions by 30% by 2030 relative to the baseline in 2017/2018. TKMS's long-term goals are as follows

- Scope 1, 2 emissions: Reduction of 90% by 2050 compared to 2017/2018
- Scope 3 emissions: Reduction of 90% by 2050 compared to 2017/2018,

while TKMS aims to achieve Net Zero by 2050. From 2030 onwards, the base year for GHG emission reduction targets will be updated every five years.

Target level
E1-4 32, 34b, MDR-T 80b

The greenhouse gas emission targets are absolute targets and are given in percent. All targets have equal priority. The milestone target to reduce scope 1 and 2 emissions by 50% by 2030 combines the emissions of scope 1 and 2 emissions, i.e., the target value of scope 1 and 2 emissions is 14,575 tCO_2e in 2030. Also, the milestone target of scope 3 emissions (30% by 2030, i.e., the target value of 249,134 tCO_2e in 2030) combines all material scope 3 categories (see Scope of target) and does not differentiate between them. According to the GHG Protocol, scope 1, 2 and 3 emissions cover all greenhouse gases based on CO2 equivalents.

The GHG emission reduction milestones explicitly exclude any GHG removals or carbon credits, focusing solely on the company's own emission reduction efforts. Residual GHG emissions, after all avoidance measures are exhausted, will be addressed through carbon credits and investments in carbon removal or capture projects, with further details to be specified in the medium term.

Scope of target
E1-4 32, 33, 34b, e, MDR-T 80c, g, h

The Science Based Targets initiative has carefully assessed thyssenkrupp AG's targets in 2025 using the latest climate science, confirming they align with the objectives described in E1-1.

TKMS's targets are set to reduce transition risks and negative impacts across the entire value chain. By reducing its overall emissions, TKMS aims to achieve a reduction in its negative impact on intensifying climate change.

Methodologies and assumptions
E1-4 32, 34, MDR-T 80f, AR 24, AR 25

The development of GHG reduction targets is based on various assumptions. These include expected changes in sales volumes and market conditions, technological advances such as the ramp-up of hydrogen-based direct reduction, regulatory developments – for example, within the framework of the EU Emissions Trading System and the Carbon Border Adjustment Mechanism (CBAM) – and changing customer demands regarding low-carbon products and processes. These factors influence both emissions trends and the feasibility of the reduction pathways. Also, stakeholder interests have been taken into account, in particular legal requirements (e.g., German Climate Protection Act) and the requirements of the capital market.

Understanding and monitoring the current position is the first step towards achieving any goals. Future projections will be compared against this baseline, which will be updated every five years after 2030. The initial baseline for scope 1, 2 and 3 emissions is set to FY 2017/2018. The goal is to continuously improve data availability and quality, enabling comprehensive tracking of all emission categories in the future.
The baseline year of 2017/2018 was defined by thyssenkrupp AG in 2019. thyssenkrupp AG's base has been validated by the Science Based Target initiative and additionally, the years of observing scope 1 and 2 emissions show no large variations from the values in 2017/2018 and therefore, the baseline year is a good benchmark.

Scope 1 & 2 Emissions

Scope 1 and 2 emissions are regularly monitored and have been reported by TKMS. This includes the collection of the relevant data in the internal reporting tool as well as future monitoring by the ESG department. CO2 equivalent emissions are calculated in line with the GHG Protocol methodology in accordance with E1, based on energy consumption and process emissions. These emissions are calculated on the basis of secondary data using widely accepted emission factors from the IPCC, IEA, and specific supplier emission factors. Scope 2 emissions are assessed using both market-based and location-based approaches.

Scope 3 Emissions

Scope 3 emissions for the various categories in the upstream and downstream value chain are determined in accordance with E1 and the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" based on activity- and expenditure-based data. Appropriate emission factors are used from relevant publicly available sources, such as international associations and purchased databases. Where available, supplier- and customer-specific data are used for the calculation. Expenditure-based emission factors are adjusted for inflation. The material Scope 3 categories that are reported as a result, were determined according to the criteria specified in the GHG Protocol and E1. Materiality depends on the size/relevance, the impact factor, and sector guidance in particular.

The materiality analysis results in the following key material Scope 3 categories:

- 3.1 Purchased Goods and Services
- 3.2 Capital Goods
- 3.3 Emissions related to Fuels and Energy
- 3.4 Upstream Transportation
- 3.5 Waste
- 3.6 Business Travel
- 3.7 Employee Commuting
- 3.11 Use of Sold Products (classified data)

Although categories 3.3, 3.4, and 3.5 account for only a very small proportion of total emissions, they are included for transparency reasons, as they have an easily accessible database.
Even though categories 3.1 and 3.11 account for the largest emissions on average in manufacturing companies, for confidentiality reasons we can only include category 3.1 in our analyses. Category 3.11 is classified data that we are not permitted to release in this form.

The underlying assumptions and calculation methodology for the relevant categories of the TKMS are presented below.

The underlying assumptions and calculation methodology for the relevant categories of the TKMS are presented below.

Scope 3.1 Emissions:
Purchased Goods and Services
Emissions for goods and materials are calculated based on weight. If no weight information is available, an average method is used. For purchased services, the calculation is based on expenditures (spend-based approach). Suitable emission factors are used for both goods and services. If suppliers provide product-specific data, these are preferentially included in the emissions calculation. Aiming at the most complete coverage possible, missing values are replaced using average values. Emission values for Estaleiro Brasil Sul Ltda. have been estimated via the annual purchase volume. Exact calculations for this site are planned for the next fiscal year.

Scope 3.2 Emissions: Capital Goods
The emissions of capital goods per fiscal year are calculated from the cashout for investments, which is multiplied by the corresponding monetary emission factor from an external database. The emission factor is adjusted for inflation from year to year.

Scope 3.3 Emissions:
Energy- and Fuel-Related Emissions
The GHG emissions generated in the upstream value chain through the extraction, production, and transportation of the company's entire energy and fuel purchases – which also form the basis for the calculated Scope 1 and Scope 2 emissions – are determined and disclosed using best available emission factors. Data collection takes place within the environmental data collection process in Sphera.

Scope 3.4 Emissions:
Upstream Transportation
Financial expenses for transportation services are broken down by transportation type, and the resulting GHG emissions are calculated using best available expenditure-based emission factors. Missing values are partially determined using average values. Emission values for Estaleiro Brasil Sul Ltda. have been estimated via the employee number. Exact calculations for this site are planned for the next fiscal year.

Scope 3.5 Emissions: Waste
Indirect GHG emissions from waste generation are calculated using the waste quantities determined during the environmental data collection process, differentiated by landfilled and recycled quantities, and using best available emission factors. Even though indirect GHG emissions from waste generation are not material for TKMS, they are nevertheless reported for reasons of transparency.

Scope 3.6 Emissions: Business Travel
With regard to indirect GHG emissions from business travel, most GHG emissions are attributable to air travel. This calculation primarily uses primary data provided by the airlines via a service provider. Emissions from the use of other modes of transportation and from hotel overnight stays are additionally determined using an averaging method and included in the total emissions for this category.

Scope 3.7 Emissions: Employee Commuting
To calculate commuter emissions, a fixed emission factor is multiplied by the number of employees. The number of employees is taken from Panda. This is the central tool for capturing employee-related data.

Remark: All sites are included in the greenhouse gas emission calculation. More details and actual numbers are given in section E1-6 Gross Scopes 1, 2, 3 and total GHG emissions.

TKMS's performance towards its goal of achieving Net Zero in 2050 is monitored on a regular basis by the ESG management and reported to the management body of TKMS. Because TKMS follows the SBTi Net-Zero Standard, greenhouse gas removal, CO2 credits, or avoided emissions are not considered as a means of achieving GHG emission reduction targets. By setting targets that cover all relevant greenhouse gases and all relevant scopes, and that aim at absolute reductions compared to the base year 2017/2018 without the use of carbon offset certificates, the coherence of these targets with the limitations of TKMS greenhouse gas inventory is facilitated.

Changes of targets and KPIs
E1-4 32, MDR-T 80i, j

thyssenkrupp AG, and therefore TKMS, adopted its GHG targets this year. As described above its medium-term goal is to reduce scope 1 and 2 emissions by 50% and its scope 3 emission by 30% compared to the baseline of 2017/2018, and to reduce its scope 1, 2 and 3 emissions by 90% by 2050. The targets of thyssenkrupp AG have been validated by the SBTi. For the scope 1 and 2 emissions the underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data, remain the same as in the previous years. Even though in recent fiscal years TKMS performed scope 3 emissions calculation itself, this year TKMS adopted the calculation approach of thyssenkrupp AG, as thyssenkrupp AG redefined the scope 3 baseline year of 2017/2018. The baseline value and the current value should be based on the same methodology. Therefore, there will not be any comparatives with the prior fiscal year.

Decarbonization levers
E1-4 34f, AR30, AR31

Figure 8 illustrates the decarbonization measures considered by the organization. Based on these measures, TKMS is developing a regularly updated roadmap to meet its climate targets. The climate transition plan will cover these measures. To date, to determine decarbonization levers no climate scenarios have been considered, except that TKMS aims to achieve the goal of turning Net Zero in 2050 and limiting global warming to 1.5°C.
For a detailed description of decarbonization levers and measures broken down by scope 1, 2 and 3 the reader is referred to the section Objectives and scopes of actions and resources in relation to climate change policies.

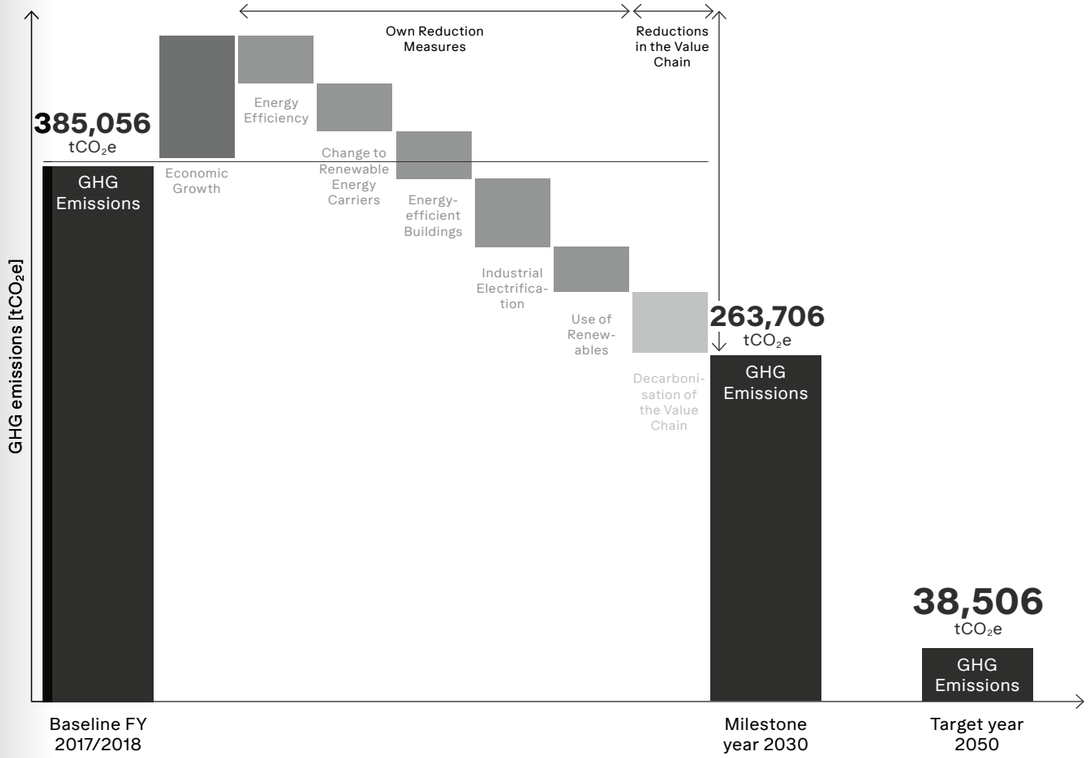
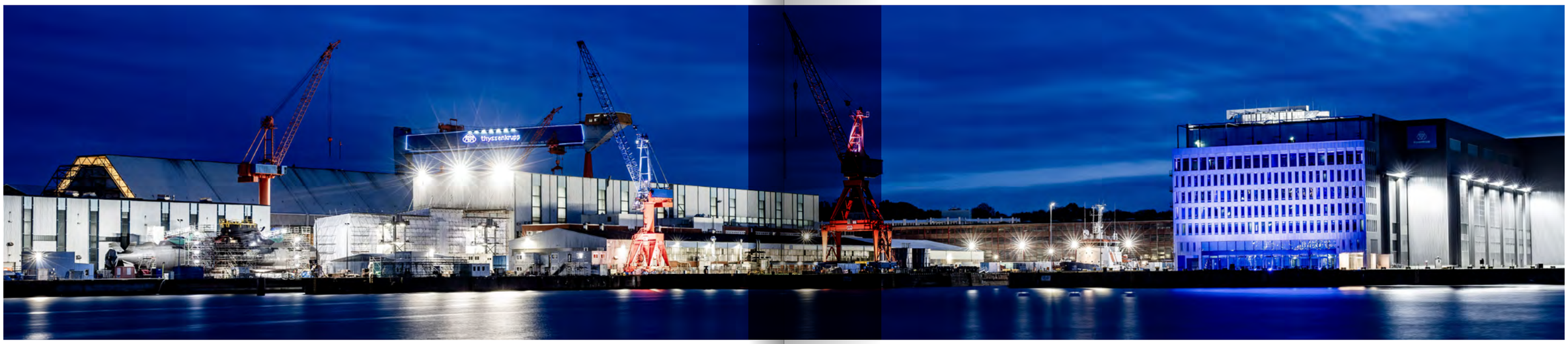


Figure 8: Examples of Decarbonization Levers



E1-5 ENERGY CONSUMPTION AND MIX

Energy management and high climate impact sectors
E1-5 42

Energy management is a tool for tackling climate change and using energy sources responsibly. Accordingly, all main production sites have implemented an energy management system in compliance with ISO 50001. Direct and immediate energy management measures as described in E1-3 are in place, supported by a long-term energy strategy.

TKMS operates a modern building management system that enables continuous monitoring and control of energy consumption across its facilities. The system provides comprehensive measurement data, allowing TKMS to track energy performance in detail and identify opportunities for improvement. Since 2013, the Group-wide Energy Efficiency Program (GEEP), which includes measurable targets linked to executive compensation, has been systematically driving progress towards climate goals.

The company focuses on high climate impact sectors, as indicated by the following NACE codes, to determine energy intensity per unit of net revenue. All of TKMS's economic activities are included:

26.30: Manufacturing communication equipment
26.51: Manufacturing instruments and appliances for measuring, testing and navigation
30.11: Building ships and floating structures

In the FY 24/25, TKMS's energy consumption amounted to 92,743 MWh, equivalent to € 42,674 MWh/bn. When purchasing energy, renewable sources are prioritized wherever possible. All electricity purchased for TKMS's production sites is sourced from renewables, while energy sources for leased sites depend on the agreements with property owners.

Energy consumption and mix at TKMS
E1-5 37, 38, 39, AR34

The energy consumption and mix for TKMS in FY24/25 is displayed in table 13. These data have not been verified. The data is collected within the internal reporting software for each of TKMS's sites. Some companies were extrapolated and not recorded within the data collection. Small group companies' energy consumption is estimated via employee data and given factors. Normal group companies are required to fill in their actual consumption data. Note that the data collection is done prior to the end of the fiscal year and therefore, the last three months have been extrapolated.
Energy carriers that are not applicable are recorded as 0 MWh (table 13).

Energy consumption and mix	FY 24/25
1. Fuel consumption from coal and coal products (MWh)	0
2. Fuel consumption from crude oil and petroleum products (MWh)	12,189
3. Fuel consumption from natural gas (MWh)	18,748
4. Fuel consumption from other fossil sources (MWh)	0
5. Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	21,815
6. Total fossil energy consumption (MWh) (calculated as the total of lines 1 to 5)	52,752
Share of fossil sources in total energy consumption (%)	56.9
7. Consumption from nuclear sources (MWh)	1,177
Share of consumption from nuclear sources in total energy consumption (%)	1.27
8. Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of organic origin, biogas, renewable hydrogen, etc.) (MWh)	0
9. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	38,814
10. Consumption of self-generated non-fuel renewable energy (MWh)	0
11. Total renewable energy consumption (MWh) (calculated as the total of lines 8 to 10)	38,814
Share of renewable sources in total energy consumption (%)	41.9
Total energy consumption (MWh) (calculated as the total of lines 6, 7 and 11)	92,743

Table 13: TKMS Energy Consumption Mix

Fluctuations in production capacity during the extended shipbuilding process, along with varying energy demands across manufacturing processes, result in unstable energy consumption levels. The largest energy consumers are TKMS GmbH (64.5%), TKMS ATLAS ELEKTRONIK GmbH (23.4%), and TKMS Estaleiro Brasil Sul Ltda. (7.0%). The shipyard in Kiel, as a primary consumer, uses electricity generated by its own combined heat and power (CHP) unit in addition to purchased renewable electricity.

Energy intensity
E1-5 40, 41, AR37

Energy intensity per net revenue	FY 24/25
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	42,674 MWh/bn. €

Table 14

E1-6 GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS
E1-6 44a, b, c, 45a, b, c, 46, 48, 49, 51, AR39b, AR48, IRO-1 20a

TKMS has a negative impact on climate warming by emitting GHG into the atmosphere. These emissions occur during its own operations as well as in the value chain. The table 15 below shows the scope 1, scope 2 and material scope 3 emissions of TKMS during the base year, as well as during the FY 24/25. The calculation follows the GHG Protocol and E1. Methodologies of the emission calculation are described in section E1-4 Targets: Methodologies and assumptions.

	Retroperspective		Milestones and target years	
	Base year 2017/2018	FY = 2024/2025	2030	2050
Scope 1				
Gross Scope 1 GHG emissions (tCO2eq)	5,980	6,896	n.a.	n.a.
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	n.a.	n.a.
Scope 2				
Gross location-based Scope 2 GHG emissions (tCO2eq)	23,170	16,247	n.a.	n.a.
Gross market-based Scope 2 GHG emissions (tCO2eq)	22,388*	3,842**	n.a.	n.a.
Combined Scope 1 +2				
Combined Scope 1 +2 location-based (tCO2eq)	29,150	23,143	14,575	2,915
Combined Scope 1+2 market-based (tCO2eq)	28,368*	10,738	14,184	2,837

* Note that the given base year value of market-based Scope 2 emissions for FY 2017/2018 within this table was calculated with the location-based method (i.e., grid-average emission factors). With new information, the residual mix method would be more precise and would result in a base year value for the market-based Scope 2 emissions of: 26,769 tCO_2e.

** Note that the given value of market-based Scope 2 emissions for FY 2024/2025 within this table was calculated with the location-based method (i.e., grid-average emission factors). With new information, the residual mix method would be more precise and would result in a value for the market-based Scope 2 emissions of: 4,639 tCO_2e in FY 2024/2025.

Table 15: TKMS's Scope 1, 2 and 3 Emissions

	Retroperspective		Milestones and target years	
	Base year 2017/2018	FY = 2024/2025	2030	2050
Significant Scope 3 GHG emissions				
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	355,906	548,915	249,134	35,591
1 Purchased goods and services	316,728	492,912***	n.a.	n.a.
2 Capital goods	18,317	34,007	n.a.	n.a.
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	5,274	2,315	n.a.	n.a.
4 Upstream transportation and distribution	3,050	4,632***	n.a.	n.a.
5 Waste generated in operations	217	461	n.a.	n.a.
6 Business traveling	6,317	5,294	n.a.	n.a.
7 Employee commuting	6,003	9,294	n.a.	n.a.
8 Upstream leased assets	n.a.	n.a.	n.a.	n.a.
9 Downstream transportation	n.a.	n.a.	n.a.	n.a.
10 Processing of sold products	n.a.	n.a.	n.a.	n.a.
11 Use of sold products	n.a.	n.a.	n.a.	n.a.
12 End-of-life treatment of sold products	n.a.	n.a.	n.a.	n.a.
13 Downstream leased assets	n.a.	n.a.	n.a.	n.a.
14 Franchises	n.a.	n.a.	n.a.	n.a.

*** Note that Scope 3.1 and Scope 3.4 are given by estimates based on annual purchase volume and the number of employees for Brazil, respectively. All other sites' emissions have been calculated following GHG protocol. Next year, Brazil's emissions will be based on calculations.

Table 15: TKMS's Scope 1, 2 and 3 Emissions

Scope 1 & 2 emissions

E1-6 44a, b, 45a,b, 46, 48, 49, 51, AR45b, AR48

During the reporting period, the greenhouse gas emissions (CO2 equivalent) of the TKMS Group – covering scope 1 and scope 2 emissions – were approximately 23,142 t CO2e (location-based).
Scope 1 emissions of TKMS are larger in FY 24/25 compared to the base value.
All sites covered here are under the operational control of TKMS.

The purchase of heat and electrical energy accounted for 70.20% of GHG emissions from energy during the reporting period. 93.71% of the electricity purchased is sourced from 100% green energy, which significantly reduces market-based emissions. A further 16.42% of GHG emissions from energy use is attributable to gas consumption for heat generation (figure 9).

TKMS GmbH continues to be responsible for the largest share (66.45%) of total scope 1 and 2 emissions within the TKMS Group. The Kiel shipyard contributes the majority (62.91%) of TKMS's scope 1 and 2 emissions. TKMS ATLAS ELEKTRONIK GmbH has the second largest share within the group, accounting for 26.03%.

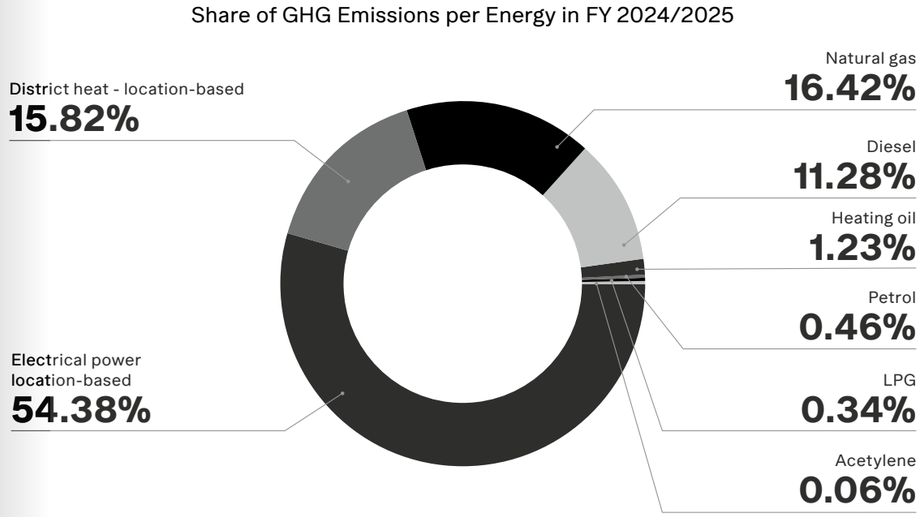


Figure 9: TKMS Share of GHG Emissions per Energy

Scope 3 emissions
E1-6 44c, 45c, 51

The updated scope 3 assessment in this report covers 7 of the 15 categories defined by the GHG Protocol. These categories were selected based on their estimated magnitude and the availability of information (see Methodologies and assumptions: Scope 3). The largest emissions result from Scope 3.1 Purchased Goods and Services.

Total GHG emissions
E1-6 44d, 45d, 52

	Base year 2017/2018	FY = 2024/2025	2030	2050
Total GHG emissions				
Total GHG emissions (location-based) (tCO2eq)	385,056	572,068	263,709	38,506
Total GHG emissions (market-based) (tCO2eq)	384,274	559,663	263,318	38,428

Table 16: GHG Emissions

Note that the values given in table 16 above account for the scope 1, 2 and all material scope 3 emissions of TKMS Group.

GHG intensity per net revenue
E1-6 53, 54, 55, AR 54, AR 55

GHG intensity per net revenue	FY = 2024/2025
Total GHG emissions (location-based) per net revenue (tCO2eq/Monetary unit)	263,257 tCO2eq/bn. €
Total GHG emissions (market-based) per net revenue	257,548 tCO2eq/bn. €

Net revenue used to calculate GHG intensity	**2.173 bn. €**
Net revenue (other)	-
Total net revenue (in financial statements)	2.173 bn. €

Table 17

Changes of definitions and their effect on the year-to-year comparability of GHG emissions
E1-6 47

As described above, a group-wide base year of 2017/2018 has been adopted, including for the scope 3 emissions. Consequently, the scope 3 emission calculation needed to be modified compared to last year, which implies that no comparison of scope 3 emission can be made with last year's values.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits
E1-7, 56

No GHG removals and storages are implemented. No carbon credits are used.

E1-8 Internal carbon pricing
E1-8, 62

Currently, no carbon pricing scheme is applied at TKMS.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
E1-9, 70

TKMS has opted to utilize the phase-in allowance for this reporting period and consequently, is omitting any disclosures of anticipated financial effects related to material physical and transition risks and potential climate-related opportunities.

GROUPS ACTIVITIES THROUGH THE LENS OF EUROPEAN TAXONOMY

The EU Taxonomy (European Union's Taxonomy Regulation 2020/852) and its delegated acts aim to direct private capital toward environmental sustainable investments. By promoting a common classification system for environmentally sustainable activities across all sectors it promotes more transparency and standardization.

The EU Taxonomy clusters environmentally sustainable activities, into six main objectives:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. Sustainable use and protection of water and marine resources (WTR)
4. Transition to a circular economy (CE)
5 Pollution prevention and control (PPC)
6. Protection and restoration of biodiversity and ecosystems. (BIO)

Under the EU Taxonomy, economic activities are environmentally sustainable if they:

- make a substantial contribution to at least 1 of the 6 environmental objectives
- do no significant harm (DNSH) to the other 5 environmental objectives
- comply with minimum safeguards set out in Article 18 of the EU Taxonomy Regulation

Based on article 8 paragraph 1 of the EU Taxonomy and the dedicated legal acts, the undertaking discloses the required information on the scope of sustainability business activities aiming for the six main objectives in this sustainability statement. Due to uncertainties in the definitions of law and regular changes based on EU legislation the reported information may be revised in the future.

Taxonomy-eligible activities

Activities are considered taxonomy-eligible, if they are listed in the Delegated Acts (EU) 2021/2139 or 2023/2486, regardless of whether they meet the technical screening criteria. Based on an internal determination, business activities are only included in the reporting for the EU Taxonomy, if they generate external revenue. For both cases, the materiality threshold is set at €1,000,000. This also means that TKMS's revenue will be fully allocated to existing business activities.

To determine the taxonomically relevant business activities of TKMS, the entire business model, including all business activities, was considered. Additionally, the delegated legal acts on the environmental objectives of the EU Taxonomy were analyzed and considered for TKMS relevant economic activities. The business activities already identified were then compared with the environmental objectives of the EU Taxonomy and, if there was a match, assigned to the corresponding economic categories. In the future, part of this process will also be the re-evaluation of the activities identified in prior years and the validation of former results.

Due to the main business activity, which concerns the construction of naval vessels and is not explicitly mentioned in the EU Taxonomy, a narrow interpretation of the Taxonomy regulation has been applied. As part of the EU Taxonomy analysis of the following activities, taking into account the NACE codes and the accompanying definitions and explanations formulated by the EU, the following activities have been analyzed for taxonomy eligibility on the basis of their related data:

CCA 3.1	**Manufacture of renewable energy technologies**
C.27.11	Manufacture of electric motors, generators, transformers, electricity distribution and control apparatus
CCA 3.3	**Manufacture of low carbon technologies for transportation**
C.30.11	Shipbuilding
CCA 4.29	**Electricity generation from fossil gaseous fuels**
D.35.11	Electricity generation
CCA 7.2	**Renovation of existing buildings**
F.43	Preparatory construction work, building installation and other finishing work
CCA 7.4	**Installation, maintenance and repair of charging stations for electric vehicles inbuildings (and parking spaces attached to buildings)**
F.42.22	Cable network construction
F.43	Preparatory construction work, building installation and other finishing work
CCA 7.7	**Acquisition and ownership of buildings**
L68.2	Renting or leasing of own or leased land, buildings and apartments
CE 1.2	**Manufacture of electrical and electronic equipment**
C.26	Manufacture of data processing equipment, electronic and optical products
C.27	Manufacture of electrical equipment
CE 5.1	**Repair, refurbishment and remanufacturing**
C.26	Manufacture of data processing equipment, electronic and optical products
C.27	Manufacture of electrical equipment
CE 5.2	**Sale of spare parts**
C.26	Manufacture of data processing equipment, electronic and optical products
C.27	Manufacture of electrical equipment
PPC 2.4	**Remediation of contaminated sites and areas**
E.39	Remediation activities and other waste management services

Some of these activities considered are explicitly excluded from the taxonomy. This concerns the construction of warships. Another part of the listed activities is either not performed by TKMS or does not serve any of the six environmental goals, so there is no taxonomy-eligibility (CCA 3.1, 3.3, CE 1.2, 5.1, 5.2, PPC 2.4).
Additionally, there is no taxonomy eligibility with regard to the energy produced, as it is used exclusively by the company itself.
Only the activities listed under CCA 7.2, 7.4, and 7.7 remain as potentially taxonomically-eligible. However, these will not be subject to further analysis, as the amount of revenue in these categories are below the materiality threshold of €1,000,000 and thus below the threshold of total revenue.

Taxonomy-aligned activities

If taxonomically eligible activities are identified, they are analysed if they also meet the taxonomy criteria in accordance with Article 3 of Regulation (EU) 2020/852. This is done in conjunction with the analysis of whether an economic activity makes a substantial contribution to one of the six objectives and does no significant harm to the other five. For FY 24/25, there was no such consideration due to a lack of taxonomy-eligible activities.

The results of the taxonomy assessment are disclosed by the following performance indicators:

- The proportion of revenue derived from products or services associated with environmentally sustainable economic activities
- The proportion of their capital expenditure (CapEx) related to assets or processes associated with environmentally sustainable economic activities
- The proportion of operating expenditure (OpEx) related to assets or processes associated with environmentally sustainable economic activities

Definitions

The performance indicators are calculated in accordance with table 18 below.

Revenue, CapEx and OpEx for EU Taxonomy assessment

Revenue
Revenue from Contracts with Customers (IFRS 15)
Lease Revenue (IFRS 16)

CapEx
Additions to Property, Plant and Equipment (IAS 16)
Additions of Investment Property (IAS 40)
Addition of Intangible Assets (IAS 38)
Additions of Right-of-use (ROU) assets (IFRS 16) excluding scheduled depreciation and revaluations, including those resulting from reversals of impairment losses and impairment losses 1)
Additions related to the aforementioned assets from mergers

OpEx
Expenditures for Research and Development
Expenditures for short-term or low-value leases
Expenditures for building renovations and maintenance and repair measures for tangible assets

1) Also valid for additions according to IAS 16, IAS 40, IAS 38

Table 18

The calculation follows Article 8 of the EU Taxonomy as well as the requirements from Annex I of the delegated regulation (EU) 2021/2178. The above-mentioned factors are allocated to the identified taxonomy-eligible or aligned business activities.

Calculation of Performance Indicators

Double accounting in accordance with the requirements of (EU) 2021 / 2178 Annex I No. 1.2.2.1 is prohibited by direct allocation of business activities to the single issues. If direct allocation is not possible, CapEx and OpEx may be estimated based on pieces or units. Estimates of revenue are made by customer reference or market-based samples. Every business activity can only be accounted for one main objective of the taxonomy to avoid double counting ((EU) 2021 / 2178 Annex I No. 1.2.2.2).

Overall, no material contribution within the meaning of the EU Taxonomy Regulation has been made to the above six environmental objectives. Consequently, no taxonomy-eligible and taxonomy-aligned activities can be identified in the reporting period 2024/2025. Furthermore, there are no CapEx plans for this reason, as per Section 1.1.2 of Annex I of the DDA. This assessment is based on the information currently available; it cannot be guaranteed that changes in legislation or new information may change the results in future reporting.

Turnover as % from Sum Turnover	Taxonomy-aligned	Taxonomy-eligble
CCM	0.0 %	0.0 %
CCA	0.0 %	0.0 %
WTR	0.0 %	0.0 %
CE	0.0 %	0.0 %
PPC	0.0 %	0.0 %
BIO	0.0 %	0.0 %

Table 19

CapEx as % Sum CapEx	Taxonomy-aligned	Taxonomy-eligble
CCM	0.0 %	0.0 %
CCA	0.0 %	0.0 %
WTR	0.0 %	0.0 %
CE	0.0 %	0.0 %
PPC	0.0 %	0.0 %
BIO	0.0 %	0.0 %

Table 20

OpEx as % Sum OpEx	Taxonomy-aligned	Taxonomy-eligble
CCM	0.0 %	0.0 %
CCA	0.0 %	0.0 %
WTR	0.0 %	0.0 %
CE	0.0 %	0.0 %
PPC	0.0 %	0.0 %
BIO	0.0 %	0.0 %

Table 21

Meldebogen Turnover-KPI

Financial year 2024/2025	2024/2025		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, year 2024/2025 (4)**	**Climate Change Mitigation (5)**	**Climate Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2023/2024 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%		
Of which transitional		0	0%	N/EL						N	N	N	N	N	N	N	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		2.173	100%																
TOTAL		**2.173**	**100%**																

Codes in columns 6 through 11
Y - Yes, taxonomy eligible and taxonomy aligned activity with the relevant environmental goal
N - No, taxonomy eligible, but not taxonomy aligned activity with the relevant environmental goal
N/EL - "not eligible", activity not taxonomy eligible for the respective environmental goal

EL - taxonomy eligible activity for the respective goal
N/EL - for the respective goal not taxonomy eligible activity

Table 22

Propotion of Turnover / Total Turnover

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Table 23

Meldebogen CapEx-KPI

Financial year 2024/2025	2024/2025		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**CapEx (3)**	**Proportion of CapEx, 2024/2025 (4)**	**Climate Change Mitigation (5)**	**Climate Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2023/2024 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%		
Of which transitional		0	0%	N/EL						N	N	N	N	N	N	N	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
A. CapEx of Taxonomy- eligible activities (A.1+A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non- eligible activities		145	100%																
TOTAL		**145**	**100%**																

Codes in columns 6 through 11
Y - Yes, taxonomy eligible and taxonomy aligned activity with the relevant environmental goal
N - No, taxonomy eligible, but not taxonomy aligned activity with the relevant environmental goal
N/EL - "not eligible", activity not taxonomy eligible for the respective environmental goal

EL - taxonomy eligible activity for the respective goal
N/EL - for the respective goal not taxonomy eligible activity

Table 24

Propotion of CapEx / Total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Table 25

Meldebogen OpEx-KPI

Financial year 2024/2025	2024/2025		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2024/2025 (4)	Climate Change Mitigation (5)	Climate Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2023/2024 (18)	Category enabling activity (19)	Category transitional activity (20)
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%		
Of which transitional		0	0%	N/EL						N	N	N	N	N	N	N	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		in EUR million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non- eligible activities		65	100%																
TOTAL		**65**	**100%**																

Table 26

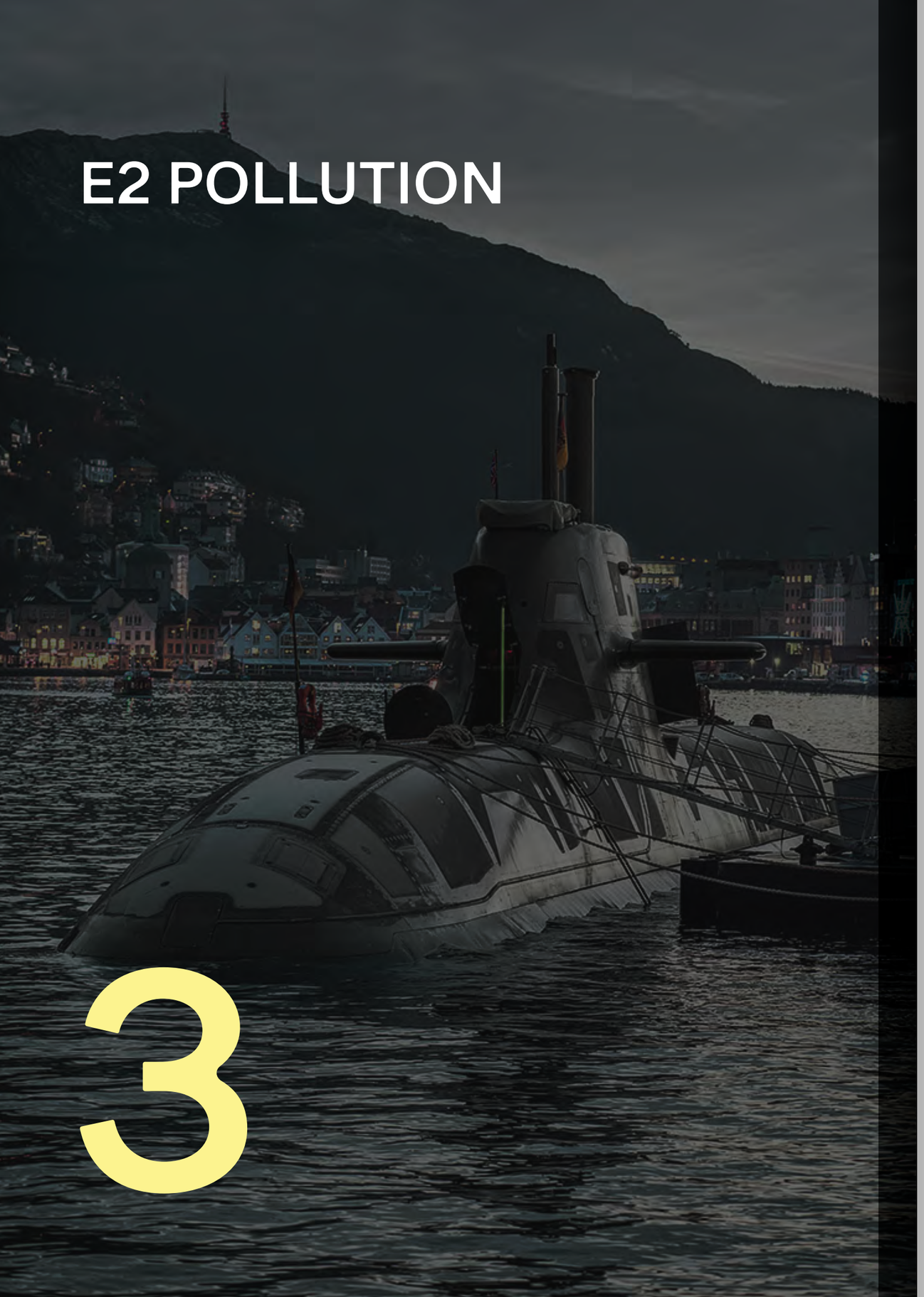
Codes in columns 6 through 11
Y - Yes, taxonomy eligible and taxonomy aligned activity with the relevant environmental goal
N - No, taxonomy eligible, but not taxonomy aligned activity with the relevant environmental goal
N/EL - "not eligible", activity not taxonomy eligible for the respective environmental goal

EL - taxonomy eligible activity for the respective goal
N/EL - for the respective goal not taxonomy eligible activity

Propotion of OpEx / Total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Table 27



E2 POLLUTION

3

MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES RELATED TO POLLUTION

E2 - POLLUTION					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Pollution of Air					
Impact (Actual Negative)	In the upstream value chain, the transportation, mining, and manufacturing of materials for TKMS's production activities contribute significantly to the emission of air pollutants. These emissions cause considerable environmental impacts on the natural environment and associated waterways. Additionally, these pollutants pose serious health risks, potentially leading to adverse human health effects and increasing the likelihood of air pollution-related premature deaths.	-	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence requirements of thyssenkrupp AG • thyssenkrupp Supplier Code of Conduct	• Risk analysis • Supplier audits

Table 28: Overview of E2 IRO with Corresponding Policies and Measures.

DESCRIPTION OF PROCEDURES FOR IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES RELATED TO POLLUTION

Details on the implementation of ESRS 2 IRO-1 requirements are provided in the relevant section of ESRS 2.

E2-1 POLICIES TO MANAGE MATERIAL IMPACTS RELATED TO POLLUTION

E2-1 14, 15a, 15c & MDR-P 65a-c

TKMS has established policies that regulate its approach to pollution management, including safeguarding air quality across the upstream value chain. One key principle underpinning these policies is a commitment to avoid or, where not feasible, reduce emissions generated by suppliers, production partners, and logistics service providers. The following policies apply to the material negative impact identified with regard to air pollution:

The group-wide Principles of compliance with human rights and environmental due diligence requirements, issued by thyssenkrupp AG and valid for TKMS, set binding requirements for the management of environmentally relevant activities. This encompasses reducing emissions into the air, integrating environmental considerations throughout the product life cycle, as well as procedures for incident and emergency response. This directive applies not only within the group's own operations but is also embedded throughout both upstream and downstream value chains. As a result, it applies to the negative impact identified in the TKMS's upstream value chain.

The group-wide Supplier Code of Conduct issued by thyssenkrupp AG and valid for TKMS includes the aim to ensure environmental protection and avoid air pollution. It obliges suppliers to take measures to reduce emissions within the upstream value chain. A detailed description of the Supplier Code of Conduct can be found in the chapter ESRS S2 Workers in the value chain.

The scope of the policies described covers all entities within the TKMS Group, including contractually involved third parties (e.g., temporary workers and external service providers), and upstream supply chains comprising suppliers and their sub-suppliers globally. TKMS's Management Board is responsible for the effective implementation and compliance with the policies, supported by Legal and Compliance Management at the corporate function (Co/L&C).

Third-party standards or initiatives that are respected through implementation of policies with regard to pollution

MDR-P 56d

These policies should be aligned with internationally recognized standards and agreements, including the Paris Climate Agreement, the Stockholm Convention on Persistent Organic Pollutants (POPs), the Basel Convention on Transboundary Movements of Hazardous Wastes, and the Minamata Convention on Mercury. In addition, the policy framework supports compliance with the UN Global Compact principles, International Labour Organization (ILO) standards, and the OECD and UN Anti-Corruption Guidelines.

E2-2 ACTIONS AND RESOURCES RELATED TO POLLUTION

E2-2 AR 13, 18 & MDR-A 68a-e, 69a-c

The primary measure employed by TKMS to manage risks related to air pollution within the upstream value chain is a risk analysis that includes direct suppliers (see S2-2: Processes for engaging with value chain workers about impacts for general information on the supplier risk analysis). The risk analysis includes air pollution under the category of air quality. Among the factors considered are the economic activity of the suppliers and their geographic locations. This analysis is performed annually and also on an ad hoc basis when new supplier relationships are established or significant changes to existing supplier relationships occur. Indirect suppliers are included in risk management through the SCoC and the possibility of being addressed through the whistleblowing tool. In the future, the supplier risk management system and risk analysis will be adjusted as needed. Additional measures will be implemented if the risk situation or legal requirements so require.

Findings from the risk analysis inform subsequent actions. It is attempted to achieve that suppliers identified as presenting elevated risk profiles are engaged in targeted dialog programs, receive recommendations for emission reductions, and are provided technical or organizational support as necessary. This includes detailed self-assessments and external sustainability audits focused on environmental protection to improve local practices. If improvements cannot be achieved, escalation mechanisms, including termination of business relationships, are to be applied.

In addition to risk analysis, TKMS aims to conduct systematic supplier audits. These audits are intended to control externally provided processes, products, and services, support supplier assessment and performance monitoring, and should verify that systems consistently produce compliant products meeting customer requirements. TKMS is trying to ensure that supplier audits are carried out throughout the T-1 upstream value chain.

TKMS has the responsibility for conducting the risk analysis. At the same time, TKMS is obligated to implement the risk analysis operationally and integrate the results into its management processes. In addition, TKMS is responsible for conducting supplier audits as part of its operational implementation, further supporting effective risk management within the upstream value chain. The supplier audits are part of the supplier management system, which is described in more detail in Chapter S2. No significant investment or operating expenses have been required in this regard.

E2-3 TARGETS RELATED TO AIR POLLUTION

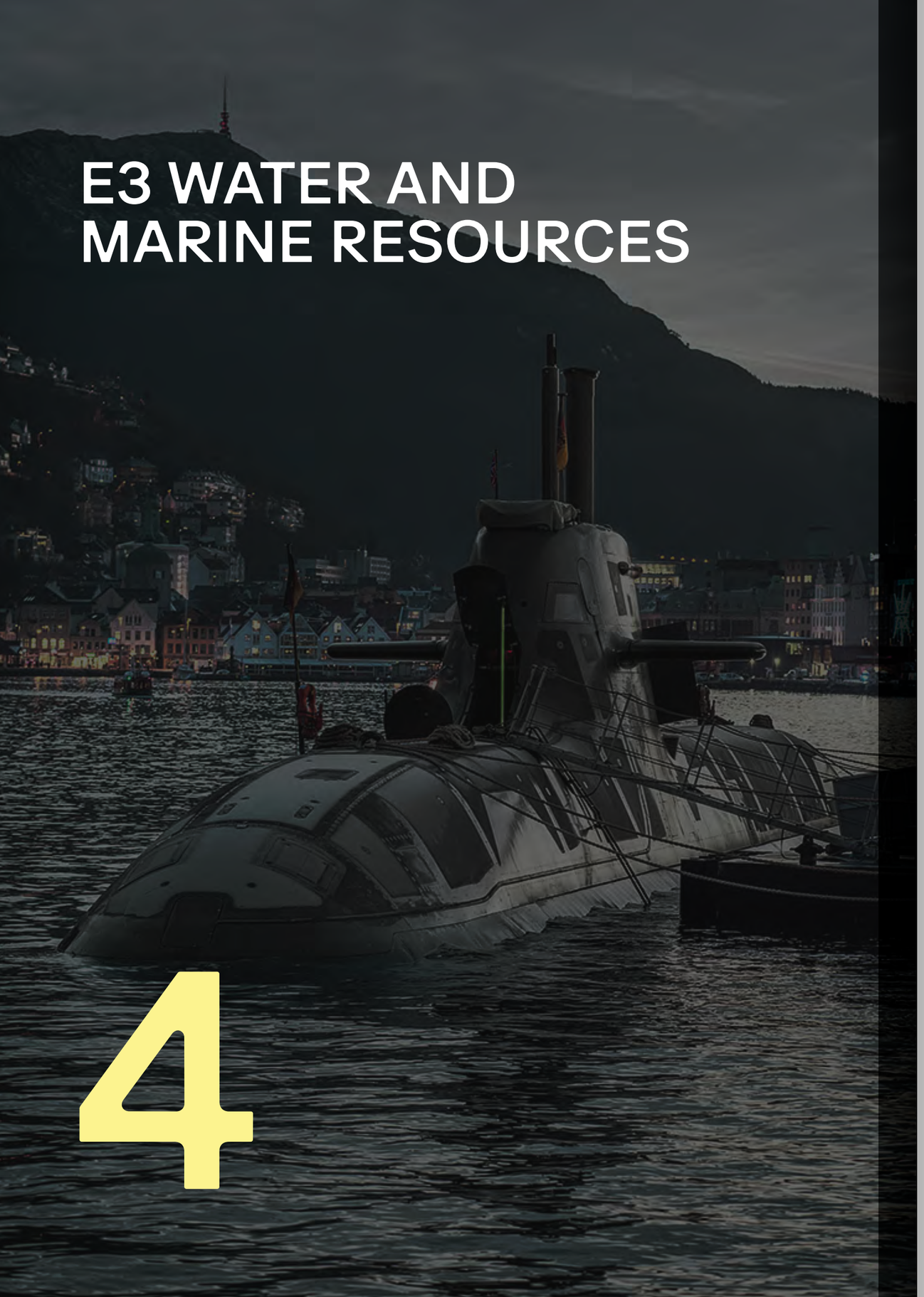
E2-3 23a, 25 & MDR-T 80d, 81a, b

Since the contribution of TKMS suppliers to air pollution cannot be quantitatively determined for TKMS, TKMS has not set measurable, outcome-oriented, or time-bound targets in relation to air pollution. At this stage, TKMS continues to prioritize strengthening its data collection, governance processes, and stakeholder engagement to support potential future target-setting. The company has not yet established a timeframe for setting such targets but is actively reviewing its sustainability strategy and the evolving regulatory landscape to determine when measurable targets will be introduced.

E2-4 POLLUTION OF AIR

E2-4 28a, AR21-22, 30b, AR26-27, 30c, AR27, 31

The materiality assessment identified that the material negative environmental impact related to air pollution occurs within the upstream value chain. These chiefly result from supplier production processes as well as transportation and logistics activities.



E3 WATER AND MARINE RESOURCES

4

WATER AND MARINE RESOURCES - RELATED IMPACTS, RISKS AND OPPORTUNITIES

E 3 - WATER AND MARINE RESOURCES					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Water consumption					
Impact (Potential Negative)	When building ships and floating structures, excessive water consumption during manufacturing processes results in significant environmental and operational impacts. This withdrawal of water from sources, especially in areas facing high water stress, disrupts local water cycles and alters ecosystems, leading to habitat destruction and loss of biodiversity.	Short Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • UN Global Compact • thyssenkrupp Group Policy on Environment and Energy	• Group-wide integrated and interdisciplinary risk management system for compliance with human rights and environmental due diligence obligations • site-specific environmental and energy management system • whistleblowing system
Impact (Potential Negative)	The construction of ships and floating structures has a negative environmental impact, particularly due to the substantial use of seawater in cooling systems. These practices may result in water warming and pollution, severely degrading water quality and harming marine life. Inadequate regulation exacerbates these ecological challenges, worsening conditions for aquatic ecosystems.	Medium Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • UN Global Compact • TKMS Environment and Energy Policy • thyssenkrupp Group Policy on Environment and Energy	• Group-wide integrated and interdisciplinary risk management system for compliance with human rights and environmental due diligence obligations • site-specific environmental and energy management system • whistleblowing system

E 3 - WATER AND MARINE RESOURCES

Type	IRO Description	Time Horizon	Localisation	Policies	Measures
Water consumption					
Financial (Risk)	TKMS may be exposed to operational, financial, and reputational risks as a result of excessive water consumption, especially in water-stressed maritime regions. High dependency on water resources may contribute to local or regional water scarcity, which can disrupt production processes, lead to supply shortages, and reduce operational reliability. Additionally, stakeholder scrutiny and regulatory pressure regarding water use efficiency are increasing. Insufficient water management may reduce TKMS's market competitiveness, erode investor confidence, and negatively impact stakeholder trust.	Short Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • UN Global Compact TKMS Environment and Energy Policy • TKMS Environment and Energy Policy • thyssenkrupp Group Policy on Environment and Energy	• Group-wide integrated and interdisciplinary risk management system for compliance with human rights and environmental due diligence obligations • site-specific environmental and energy management system • Whistleblowing system
Financial (Risk)	Excessive water consumption by suppliers in TKMS's upstream value chain can contribute to local or regional water scarcity, jeopardizing supply continuity and reliability. If key raw material or component suppliers are situated in water-stressed regions and face challenges in maintaining adequate water availability for their operations, TKMS may experience supply disruptions, delayed deliveries, or quality issues. Additionally, associations with irresponsible water use can harm TKMS's reputation, particularly in water-sensitive sectors or regions, and may impact market competitiveness and investor trust.	Short Term	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • Supplier Code of Conduct • TKMS Environment and Energy Policy • thyssenkrupp Group Policy on Environment and Energy	• Group-wide integrated and interdisciplinary risk management system for compliance with human rights and environmental due diligence obligations • Supplier Management System • Whistleblowing system

Table 29: Overview of E3 IROs with Corresponding Policies and Measures.

This year's updated materiality assessment defines excessive water consumption during manufacturing processes, as well as substantial use of seawater in cooling systems as material topics for TKMS in own operation. These activities can have negative impacts, particularly in regions with high water stress, and can impair regional water cycles. Excessive use of seawater for cooling systems can lead to the warming and pollution of aquatic ecosystems. In addition, financial risks and the risk of supply chain disruption arise from excessive water consumption and resulting water shortages, both within the company`s own operation and in the upstream supply chain.

Water risks assessment

Our businesses potentially impact ecosystem services and in turn, also increasingly depend on ecosystem services to sustain operations, such as through water supply. Understanding these dependencies is crucial for businesses to effectively manage nature-related risks. Together with thyssenkrupp AG, TKMS has performed a structured analysis of water risks associated with location-specific businesses. All TKMS sites were evaluated in the context of the risk of water stress or poor water quality. Water stress is defined as the ratio of total water demand to available renewable surface and groundwater supplies. 'High' water stress suggests that water demand is exceeding supply. The water quality of surface water is defined through the freshwater biological oxygen demand. Based on indicator-based screening, the analysis revealed that five TKMS sites are located in areas with high water stress and 14 sites are located near surface water bodies with poor water quality.

Site name		Country Code	Type	Water stress risk area	Water quality risk area
TKMS ATLAS ELEKTRONIK GmbH	Wedel	DE	Manufacturing	Yes	Yes
TKMS ATLAS ELEKTRONIK UK Ltd.	Dorchester	GB	Manufacturing	No	Yes
TKMS ATLAS ELEKTRONIK UK Ltd.	Winfrith Newburgh	GB	Manufacturing	No	Yes
TKMS Estaleiro Brasil Sul Ltda.	Itajaí	BR	Manufacturing	No	Yes
TKMS GmbH	Emden	DE	Manufacturing	Yes	No
TKMS GmbH	Wismar	DE	Manufacturing	No	Yes
TKMS Atlas North America	Yorktown	US	Administrative and support service	Yes	Yes
TKMS ATLAS ELEKTRONIK L.L.C. - O.P.C.	Abu Dhabi	AE	Administrative and support service	Yes	No
TKMS ATLAS ELEKTRONIK UK Ltd.	Portland	GB	Manufacturing	No	Yes
TKMS Gemi Sanayi ve Ticaret A.S.	Ankara	TR	Administrative and support service	No	Yes
TKMS (India) Private Limited	Mumbai	IN	Administrative and support service	No	Yes
TKMS Dock Servicos Navais Ltda.	Itajai	BR	Administrative and support service	No	Yes
Blohm+Voss El Djazair S.a.r.l.	Algier	DZ	Administrative and support service	No	Yes
TKMS do Brasil Indústria e Comércio	Rio de Janeiro	BR	Administrative and support service	No	Yes
Águas Azuis Construcao Naval SPE Ltda.	Itajai	BR	Administrative and support service	No	Yes
TKMS SONARTECH ATLAS PTY LIMITED	Macquarie Park NSW	AU	Administrative and support service	Yes	No
TKMS (Singapore) Pte. Ltd.	Singapore	SG	Administrative and support service	No	Yes

Table 30: Overview of Site Locations, Types and Water Stress and Water Quality Risk Areas

E3-1 POLICIES RELATED TO WATER AND MARINE RESOURCES

E3-1 11, 12a i-ii, 12b, MDR-P 65a-f

The protection of water and marine resources is important for TKMS, especially considering the specifics of the company's business model. For this reason, there are regulations that focus on internal company actions and expectations for suppliers, which are described below.

The thyssenkrupp Principles of compliance with human rights and environmental due diligence form the concept for TKMS's handling of water and marine resources. It is committed not to engage in excessive water consumption that is likely to infringe on protected rights and legal interests. In addition, the goal is to avoid water pollution. This is a commitment to the protection of all ecosystems and biodiversity.

Furthermore, the thyssenkrupp Group Policy on Environment and Energy formulates the principles of environmentally friendly and energy-efficient business practices at TKMS. The goal of the directive is to protect the diversity of natural habitats by using natural resources, such as water, in a sustainable manner, thus preserving biodiversity. This means that both excessive water consumption and water pollution should be avoided. These principles shall be implemented throughout the entire design and production process.

These principles are specified in detail in the thyssenkrupp Code of Conduct, which contains the principles underlying commercial activities at thyssenkrupp and TKMS. It emphasizes the company's ecological responsibility and highlights environmental and climate protection efforts. Both in the product life cycle and in all operational processes, a careful use of resources without excessive consumption or avoidable pollution with the goal of working towards maintaining biodiversity is important. This also helps to avoid impacting the production process through excessive water consumption in certain regions.

The expectation that suppliers will practice resource-conserving use of water and marine resources can be derived from the contents of the Supplier Code of Conduct. This regulation, which forms the basis for cooperation with suppliers, requires all suppliers to use resources such as water efficiently and responsibly, with the goal of protecting biodiversity and simultaneously maintaining the supply chain. This also includes water pollution.

The Executive Board of thyssenkrupp AG is primarily responsible for these guidelines. At TKMS, its Executive Board is responsible for their implementation. Each head of department is responsible for compliance with the guidelines in their department. They apply to all thyssenkrupp companies, including TKMS, and must be implemented by all employees. The Supplier Code of Conduct applies to all suppliers of thyssenkrupp companies.

In addition to these regulations, a TKMS-related environmental management guideline has been developed, which includes the expectation of an environmentally friendly, resource-conserving procurement process to maintain a continuous, reliable, but also sustainable supply chain, and to preserve the diversity of ecosystems. The Executive Board of TKMS is responsible for this and it applies to the whole TKMS group.

At thyssenkrupp AG, TKMS is also committed to the ten principles of the UN Global Compact. For this reason, a special focus is placed on environmental responsibility and environmentally friendly technologies to conserve resources and maintain biodiversity.

There is currently no specific policy on the protection of marine ecosystems.

E3-2 ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

E3-2 17, MDR-A 68a-e, 69a-c

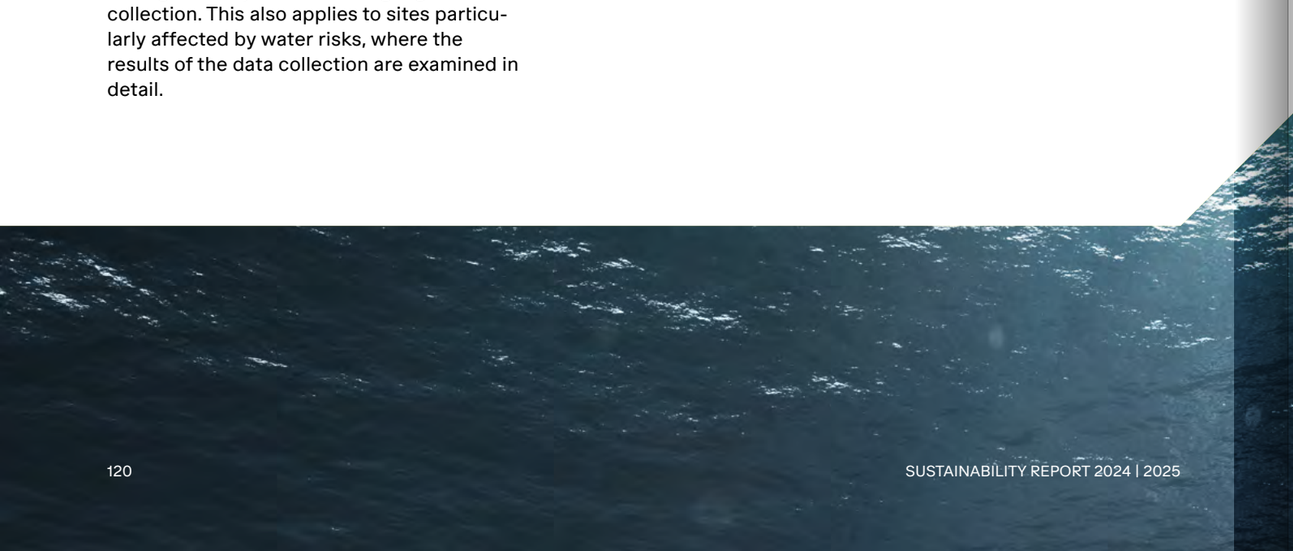
TKMS has established various measures to work towards sustainable business practices and, in particular, to conserve water and marine resources.

The starting point for all efforts that serve this goal is the group-wide integrated and interdisciplinary risk management system for compliance with human rights and environmental due diligence obligations. This includes risk analyses, processes for preventive and remedial measures, a definition of responsibilities, and targeted collaboration between departments. This management system aims to practice sustainable and prudent use of natural resources. If violations of environmental obligations, such as excessive water consumption and the resulting threat to biodiversity, are identified, adequate remedial processes will be initiated, which, in cooperation with the relevant department, will aim to correct all violations. At the same time, this management system and the internal control system are used to pursue the fundamental goal of preventing environmental damage. This is supplemented by a site-specific environmental and energy management system, including regular data collection. This also applies to sites particularly affected by water risks, where the results of the data collection are examined in detail.

At present, TKMS does not allocate specific financial resources (CapEx and OpEx) to the measures outlined above. The costs associated with environmental improvements are currently reflected within general operating expenses or general infrastructure expenses.

In addition, as part of the supplier management system described in Chapter S2, a careful selection and continuous review of suppliers is carried out. The contracted suppliers are reviewed by TKMS employees during supplier visits and by third-party audits, either on a scheduled or risk-based basis, with the goal of ensuring resource-efficient management throughout the entire supply chain and supporting the suppliers in this regard. The elimination of identified violations is also continuously monitored.

Information regarding water and marine resource-related matters can be submitted anonymously at any time through the Whistleblowing System, which is described in more detail in Chapter G1 Whistleblowing System.



E3-3 TARGETS RELATED TO WATER AND MARINE RESOURCES

E3-3 22, MDR-T 80d, 81a, b i-ii

TKMS has not yet defined uniform group-wide targets related to water consumption in accordance with ESRS E3. Instead, TKMS pursues decentralized management through site-specific environmental management systems, as well as through the implementation of human rights and environmental due diligence obligations. TKMS has not set group-wide quantitative targets for water consumption, because water use varies between sites depending on operational processes and local conditions. This is the reason why the focus is on process-based management and continuous improvement. Site-specific environmental management systems and site-specific certifications, which are described below, include monitoring due to regular recertification and changes in local circumstances, and continuous improvement measures. For the future, the company is currently evaluating whether groupwide targets are appropriate as part of its ongoing sustainability strategy review.

The effectiveness of site-specific environmental and energy management is tracked through site-specific external audit results, site-specific external certifications (in accordance with ISO 14001 and ISO 50001), and the annual environmental data collection. This applies to selected locations.

The effectiveness of the implementation of human rights and environmental due diligence obligations is monitored through established risk and control processes. These include assessing identified risks and events at the site and supply chain level, as well as tracking implemented countermeasures. The process is also subject to regular external audits (see chapter S2).

E3-4 WATER CONSUMPTION

E3-4 23a, b, 24b, c, 25

As part of this disclosure requirement, TKMS discloses information on water consumption in its own activities. The goal is to create an understanding of the extent and development of water consumption. This disclosure includes total water consumption, consumption in areas with water risks, the amount of recycled and reused water, and information on stored water volumes. All information is provided in m^3.

The TKMS Group's adjusted water consumption is 70,449m^3. The TKMS Group's water consumption in high-risk areas is 7,565 m^3. No water was recycled and reused, 345 m^3 of water was stored.

Different methods are used to collect data on water consumption. Water data from the manufacturing sites was measured. To meet publication deadlines, the sites estimated consumption for the final weeks of the current fiscal year based on an extrapolation method to target accurate data reporting, as close as possible to the actual annual figures. Data from the smaller GCs was calculated based on employee numbers.

The high water discharge compared to withdrawal is due to the discharge of wastewater from the dry docks at the manufacturing site in Kiel. This discharge consists of rainwater that seeps into groundwater because some of the docks are below the water table, and seawater that seeps in through leaks at the gates. When the dock is in use, additional process water is generated by operations. The wastewater in the docks is treated and pumped into the adjacent body of water (the sea). The water volume is recorded by a measuring device on the dock. The manufacturing site in Brazil does not record water discharge from rainwater in the dry dock.

Total water consumption was calculated as the difference between water withdrawal and water discharge. Due to the high water discharge from the dry docks in Kiel, an adjusted total water consumption was calculated (excluding the water discharge from the dry docks).
Total water consumption in water-threatened areas refers to areas within TKMS's corporate boundaries with high water stress and/or poor water quality. Water intensity was calculated from the adjusted total water consumption within the company's own operations in cubic meters per million euros of net sales.

Volumes in m^3	TKMS Group	TKMS GmbH Site Kiel	TKMS ELEKTRONIK GmbH Site Bremen	TKMS Estaleiro Brasil Sul Ltda.	TKMS ATLAS UK Limited
Total water withdrawals	**222,389**	**145,614**	**31,375**	**27,628**	**6,257**
Total volume of water procured from third parties	72,901		31,375	27,628	6,257
Total volume of fresh surface water withdrawn					
Total volume of saline water withdrawn					
Total volume of groundwater withdrawn	145,614	145,614			
Total water withdrawals - Small GC	3,874				
Total water discharges	**748,165**	**678,956**	**31,375**	**20,064**	**6,257**
Total water discharges to third parties	148,067	101,278	31,375	1,517	6,257
Total water discharges to fresh surface water	18,546*			18,546	
Total water discharges to saline water	577,678*	577,678*			
Total water discharges to groundwater					
Total water discharges - Small GC	3,873				
Total water recycled and reused	**-**				
Total water stored	**345**				**345**
Total water treatments	**596,224**	**577,678**	**0**	**18,546**	**0**
Total volume of water treated by primary treatment level only	577,678**	577,678**			
Total volume of water treated by primary and secondary treatment level	18,546			18,546	
Total volume of water treated by primary, secondary and tertiary treatment level					
Total water consumption	**-525,775*** **	**-533,342**	**0**	**7,564**	**0**
Adjusted total water consumption without discharge from docks****	70,449	44,336			

Explanation
* The high water discharge is due to wastewater from the dry docks.
** Treated waste water from dry docks
*** Water consumption is calculated from the difference between water withdrawal and water discharge. Water consumption is negative due to high water discharge
**** Without water discharge from drydocks

Table 31: Overview of Water Withdrawals across TKMS Group and Selected Sites

Volumes in m^3	TKMS Group
Total water consumption in areas at water risk	**7,565**
Total water withdrawals in areas at water risk	40,284
Total water discharges in areas at water risk	32,719

Table 32

	TKMS Group
Adjusted Water intensity [m^3 / Mio EUR]	**32.4**
Unadjusted Water intensity [m^3 / Mio EUR]	242.0

Table 33

E5 RESOURCE USE AND CIRCULAR ECONOMY

5

MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

E5-IRO-1 11a, b

This year's updated materiality assessment defines negative upstream impacts of "mining and manufacturing of raw materials for TKMS's production" as material topics for TKMS. Negative impacts refer to environmental harm, land degradation, altering landscapes and loss of habitats. In the downstream value chain, a financial risk was defined as material regarding insufficient, non-compliant, or environmentally harmful waste management during both the use phase and the independent decommissioning and disposal of TKMS's marine vessels by the customers. The methodology and scope of the materiality assessment is described in chapter ESRS 2 IRO-1.

E5 – RESOURCE USE AND CIRCULAR ECONOMY					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Resources inflows, including resource use					
Impact (actual negative)	In the upstream value chain, the mining and manufacture of raw materials for TKMS's production activities, such as rare earth metals, wood, and copper, lead to significant environmental impacts. The extraction processes involved contribute to land degradation, altering landscapes and reducing habitat availability for wildlife.	-	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • UN Global Compact • TKMS Environment and Energy Policy • Supplier Code of Conduct • thyssenkrupp Conflict Minerals Statement	• Audits and surveys of the supplier • risk assessment within the framework of e.g. LkSG and EUDR
Waste					
Financial (Risk)	TKMS may be exposed to regulatory penalties, legal consequences, or reputational damage if the waste management practices in the downstream value chain associated with both the use phase and the independent decommissioning and disposal of its marine vessels, such as submarines, are insufficient, non-compliant, or environmentally harmful. This may include inadequate sorting, storage, treatment, or disposal of hazardous or non-hazardous waste, including waste generated on board during product use, as well as when these vessels reach the end of their operational life. Improper waste handling during either phase can lead to environmental contamination, conflicts with local communities or authorities, and negative media attention. In addition to legal and financial consequences, such failures may undermine stakeholder trust, limit access to sustainability-focused markets or financing, and harm TKMS's ESG performance.	Short Term	Downstream		

Table 34: Overview of E5 IROs with Corresponding Policies and Measures.

E5-1 POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-1 15a, b, MDR-P 65a-f

TKMS has implemented various regulations to address the material impacts and risks related to resource use and, wherever possible, waste management. The Executive Board of thyssenkrupp AG is responsible for all the policies listed below. Implementation at TKMS is ensured by its own Executive Board.

The thyssenkrupp Principles of compliance with human rights and environmental due diligence form the framework for sustainable business activities and include, inter alia, the obligation not to cause any violation of the applicable duties under the Conflict Minerals Regulation and to implement the OECD Guidance for Due Diligence in Responsible Business Conduct. This is important to prevent environmental or health-related impacts from raw material extraction. This is accompanied by regular self-evaluation and auditing. For more information on this part of the Supplier Management System, see Chapter S2.

The thyssenkrupp Code of Conduct requires that established decision-making processes at TKMS must include social, ecological, and ethical concerns in addition to economic considerations. This includes, inter alia, handling of resources with consideration of the resulting effects on the environment. With the goal of sustainable business and ensuring the self-imposed principles, the Code of Conduct commits to involving relevant stakeholders with whom a close dialogue is sought, so that both upstream and downstream parts of the value chain are addressed and included. Detailed information on the inclusion of suppliers can be found in chapter S2. Regular product-specific dialogue takes place with customers.

TKMS attempts to meet the strict requirements of the "Mineral Raw Materials Due Diligence Act" and the "Dodd-Frank Wall Street Reform and Consumer Protection Act". This is also specified in the thyssenkrupp Conflict Mineral Statement and in the Supplier Code of Conduct, as well as in the International Framework Agreement (IFA), compliance with which TKMS monitors. For further information on this monitoring, please see the supplier management process in Chapter S2.

The Supplier Code of Conduct requires suppliers to handle resources responsibly and to treat the environment responsibly in a broader sense. With the goal of protecting them and avoiding reputational damage, companies must take measures to ensure

that their employees are aware of the risks and know how to handle them. This is especially important when related to the extraction of resources. To monitor this, the audits and supplier visits described in Chapter S2 are conducted.
In addition, suppliers are expected to carry out their due diligence to promote responsible raw material supply chains and comply with all applicable legal regulations regarding conflict minerals. If a product contains so-called conflict minerals or high-risk raw materials, such as cobalt, suppliers are expected to be able to provide transparency about their supply chain up to the smelter and the origin of the material upon request. To achieve this goal, suppliers are required to provide relevant information or proof that demonstrates the origin of the materials.

TKMS has not yet defined any policy that addresses transitioning away from use of virgin resources, including relative increases in use of renewable resources and/or secondary (recycled) resources. No policies have been formulated, because the use of renewable resources is strictly limited due to the specifics of the products manufactured and the extensive customer requirements. Although efforts are being made to use reusable resources, this is not yet the norm.

Finally, it should be noted that the commitment to an environmentally friendly value chain, including environmentally friendly resource extraction, is reiterated in the TKMS Environment and Energy Policy. This includes the goals of producing environmentally friendly and energy-efficient products and conserving resources. In this context, a comprehensive dialogue with customers and suppliers is sought to achieve adequate downstream waste management and sustainable resource extraction.

The waste management arising from the customer's use of the product is not subject to any applicable regulation, as it is outside the sphere of influence and responsibility of TKMS.

E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-2 19, MDR-A 68a-e, 69a-c

TKMS maintains a comprehensive supplier management system, including sustainable resource extraction. With the goal of being able to ensure that negative environmental impacts are avoided during mining and production of raw materials used for TKMS's production, TKMS carries out preventive measures together with its suppliers. These include the TKMS supplier qualification process, as described in chapter S2. The necessary expenditures are part of the general supplier management process in the procurement department, so there are no separate action or investment plans in place. To endeavor compliance with the Supplier Code of Conduct and other relevant standards and regulations, supplier visits and third-party on-site audits are conducted randomly or due to potential risks. Furthermore, there are no company-specific metrics to monitor the IROs.

E5-3 TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-3 23, MDR-T 80 a-j, 81a, 81b i-ii

In the area of resource utilization and the circular economy, TKMS has not yet defined uniform company-wide targets in accordance with ESRS E5. Due to the specifics of the manufactured products, the associated production processes, and the specific customer and safety requirements in the maritime defence sector, no uniform measures have been established. Instead, TKMS pursues decentralized management through site-specific environmental and energy management systems, as well as through the implementation of human rights and environmental due diligence obligations.

The effectiveness of site-specific environmental and energy management is tracked through site-specific audit results, site-specific external certifications (according to ISO 14001 and ISO 50001), and annual environmental data collection. This applies to selected locations.

The effectiveness of the implementation of human rights and environmental due diligence obligations is monitored through established risk and control processes. These include an assessment of identified risks and events at the site and supply chain level, as well as tracking implemented countermeasures. The process is also subject to regular external audits. See chapter S2 for detailed information on the process for general risk management process relating to human rights and environmental issues.

E5-4 RESOURCE INFLOWS

E5-4 30, 31a-c, 32, AR 25

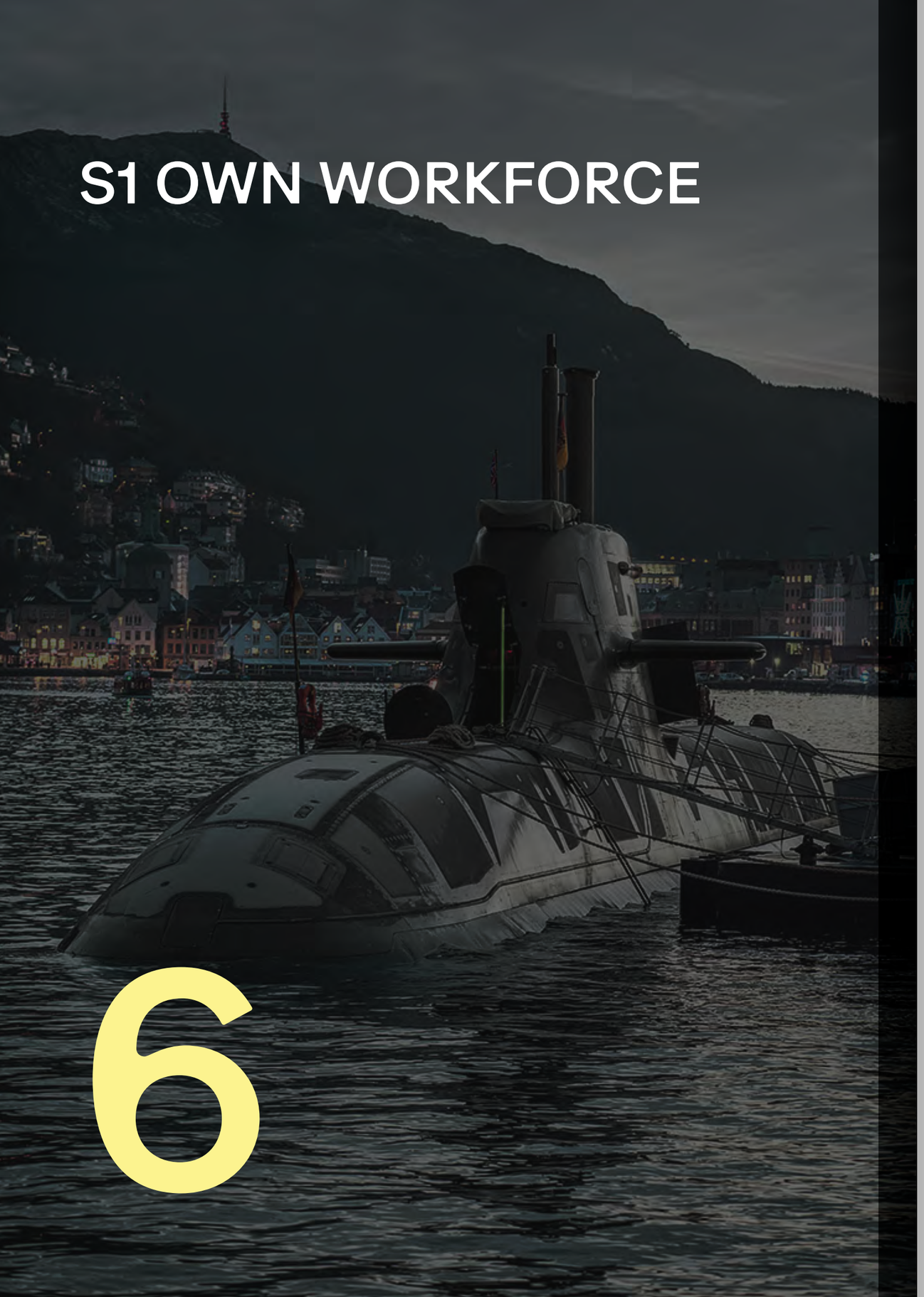
The materiality analysis determined that resource inflow within TKMS's own operation is not material to TKMS. As a result, no information on raw material and resource inflows has been included in this report. Critical raw materials commonly used in TKMS's products are nickel, manganese, vanadium, copper, cobalt, tungsten, phosphorus, lithium, aluminium, magnesium, graphite. Rare earth elements are currently not used in TKMS's pre-materials.

E5-5 RESOURCE OUTFLOWS

The materiality analysis determined that resource outflows, especially waste management within TKMS's own operations, are not material to TKMS. As a result, no waste data and background information on these outflows has been included in this report.

The financial risk identified as significant relates to potentially inadequate waste management by customers during the product's use phase. If this occurs, there is a risk that it will have a negative impact on TKMS, resulting in both financial and reputational consequences. TKMS supports its customers in developing a suitable waste management concept for, e.g., surface and underwater vessels if this is desired by the customer. In addition, customers are involved in the design and planning process on waste management-relevant topics, so that the collection of waste on the ships can be prepared according to customer needs. However, TKMS has no further influence over waste management during the product's use phase, which is why no further strategies, measures, or objectives exist in this regard.

Foto: Adobe Firefly



S1 OWN WORKFORCE

6

As an international enterprise, TKMS recognizes its social responsibility toward its workforce. In close collaboration with employee representatives, we work to safeguard human rights and permit fair working conditions for both our own employees and subcontracted personnel. We are committed to respecting human rights and fair working conditions, establishing occupational safety and health, and fostering equal opportunity.

S1-SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

S1-SBM-2 12

TKMS Group acknowledges its social responsibility for its workforce and strives to ensure fair working conditions and the protection of human rights for their own employees and external workers. TKMS Group commits to respecting human rights and fair working conditions, supporting occupational safety and health protection as well as equal opportunities. Chapter ESRS 2 SBM-2, 'General disclosures', describes in detail the broader concept of stakeholders and their perspectives.

S1-SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

S1-SBM-3 14a-e, 15, 16

Our own workforce comprises both our employees, defined as individuals who have a direct employment relationship with TKMS, and non-employees. When presenting policies, actions and targets, we indicate the extent to which non-employees are considered. For the general approach to conducting the double materiality analysis and the interaction of material impacts, risks and opportunities with our strategy and business model, please refer to Chapter ESRS 2 SBM-1. Generally, the review of locations and business activities includes employee surveys, occupational safety audits, and occupational safety-related incidents to identify IROs in connection with the own workforce. To reflect the perspective of the stakeholder group own workforce as comprehensively as possible in this analysis, various areas of the People & Culture (P&C) department were included. This P&C department is directly subordinate to the CHRO and is under her supervision. The following table presents the material impacts, risks and opportunities for TKMS in relation to the own workforce that are identified in the double materiality analysis. There are no material impacts on our own workforce resulting from transition plans aimed at reducing negative environmental impacts and achieving greener, climate-neutral operations. Additionally, there are no workforce impacts stemming from the TKMS's plans and actions to reduce carbon emissions in line with international agreements. During the business period, there were no legal incidents involving the company's own workforce.

S1 - OWN WORKFORCE

Type	IRO Description	Time Horizon	Localization	Policies	Measures
Equal treatment and opportunities for all - Diversity					
Impact (Potential Negative)	Discrimination and violence within TKMS's own operations, whether based on gender, religion, minority status, or other protected characteristics, constitute a violation of fundamental human rights. These behaviors can lead to psychological harm, decreased employee morale, and a hostile work environment.	Short Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • thyssenkrupp Mission Statement • Policy for Inclusiveness	• Whistleblowing tool • compliance system • newsletter
Financial (Opportunity)	By actively enhancing diversity across its workforce, TKMS can expand its potential talent pool and improve its attractiveness to a broader range of qualified candidates. A more diverse and inclusive workforce can contribute to improved problem-solving, innovation, and employee engagement. These effects may strengthen TKMS's ability to compete in dynamic markets and support long-term value creation through increased adaptability and cultural relevance.	Medium Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • Mission Statement • Policy for Inclusiveness	• Employee branding; corporate training & development: registered disabled person representation; newsletter
Financial (Risk)	TKMS may be exposed to legal, reputational, and performance-related risks if it fails to promote diversity within the organization. A lack of gender, racial, or ethnic diversity may not only result in public criticism and decreased stakeholder confidence but also limit innovation, reduce employee engagement, and increase staff turnover. Inadequate inclusion policies or practices may also lead to legal challenges related to discrimination or unequal treatment. Over time, these impacts could impair TKMS's productivity, competitiveness, and ability to attract and retain skilled talent.	Short Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • Mission Statement • Policy for Inclusiveness	• TKMS Strategy 2033

S1 - OWN WORKFORCE

Type	IRO Description	Time Horizon	Localization	Policies	Measures
Equal treatment and opportunities for all – Gender equality and equal pay for work of equal value					
Potential Impact (Negative)	A lack of equal treatment and opportunities for all, exemplified by significant gender inequality such as pay discrimination, directly harms employees by violating basic human rights. This disparity leads to decreased opportunities for career advancement and negatively affects the overall well-being of affected individuals. Employees may experience diminished morale, increased stress, and a sense of unfairness, hindering their personal and professional development.	Medium Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • Mission Statement • Policy for Inclusiveness	• Whistleblowing tool, compliance system • employee branding • flexible work arrangements • employee network • newsletter
Financial (Opportunity)	By verifying and transparently communicating gender equality initiatives, such as ensuring equal pay for work of equal value and offering structured mentorship or sponsorship programs, TKMS can strengthen employee engagement and improve its reputation as an inclusive and equitable employer. These practices can enhance talent attraction and retention, particularly among underrepresented groups, and foster a more diverse and motivated workforce. Over time, this may result in a competitive advantage, higher innovation potential, and improved organizational performance for TKMS.	Medium Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • Policy for Inclusiveness	• Whistleblowing tool, compliance system • employee branding • flexible work arrangements • employee network; • newsletter
Financial (Risk)	TKMS may face reputational, operational, and human capital-related risks if it fails to implement sufficient measures to ensure gender equality and equal pay for work of equal value. Perceived or actual inequalities in compensation and opportunities may result in employee dissatisfaction, reduced motivation, and difficulties in attracting or retaining skilled talent. In addition, such shortcomings may lead to public criticism, legal scrutiny, or loss of credibility with stakeholders and investors. Over time, this could negatively affect TKMS's reputation, workforce engagement, and overall economic performance.	Medium Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • Policy for Inclusiveness	• Whistleblowing tool, compliance system • employee branding • flexible work arrangements • employee network • newsletter

S1 - OWN WORKFORCE

Type	IRO Description	Time Horizon	Localization	Policies	Measures
Equal treatment and opportunities for all – Training and skills development					
Financial (Opportunity)	By investing in continuous education and actively supporting the professional and personal development of its employees, TKMS contributes to strengthening its human capital. These efforts may result in increased employee retention, higher talent attraction, and improved job satisfaction. Over time, a more skilled and motivated workforce may lead to better economic performance, reduced recruitment costs, and higher adaptability to change. Such practices also enhance TKMS's image as an attractive and responsible employer.	Medium Term	Own Operations	• thyssenkrupp Occupational Safety and Health Policy • Occupational Safety and Health Management Manual • Mission Statement	• Employee Pulse Check • Annual mandatory trainings of all employees regarding workplace hazards • Health promotion • OSH department • Newsletter
Working conditions – Health and safety					
Potential Impact (Negative)	By failing to maintain robust health and safety regulations in its manufacturing processes, TKMS may expose employees to hazardous conditions that elevate the risk of workplace illnesses, injuries, and fatalities. Insufficient prevention measures, including inadequate qualifications, lack of personal protective equipment, and insufficient training for accident prevention, could result in unsafe work environments. These oversights might cause long-term health effects such as musculoskeletal disorders, respiratory illnesses like asthma, and hearing loss due to prolonged exposure to harmful substances and high noise levels, ultimately compromising employees' physical well-being, decreasing productivity, increasing absenteeism, and leading to severe human health consequences.	Short Term to Long Term	Own Operations	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct • thyssenkrupp Occupational Safety and Health Policy	• OSH departments at each site • Risk assessment • OSH trainings • Accidents and incidents recording • Personal protective equipment • Newsletter Hansefit

Table 35: Overview of S1 IROs with Corresponding Policies and Measures.

At TKMS, the term "employees" refers to individuals who have a direct employment contract with TKMS. This group includes full-time and part-time staff, employees with permanent or fixed-term contracts, apprentices and trainees, interns, working students, hourly paid workers, as well as seasonal or vacation employees. In addition, employees are considered in terms of the risk that applies to them, based on their specific job in the company, the location, and the risks that typically accompany their job. These individuals are fully integrated into TKMS's organizational structure and are subject to internal company policies, collective agreements where applicable, and relevant labor laws. In contrast, individuals engaged through external service providers, such as temporary agency workers, leased employees, independent contractors, consultants, and other third-party service providers, are classified as non-employees. Although they are not formally employed by TKMS, they are nonetheless required to comply with TKMS site rules and stringent Health, Safety, and Environmental standards while working on or at TKMS premises. However, not all sites contribute to the same data basis. This aims to ensure that everyone present in the workplace, regardless of employment status, contributes to maintaining a safe and productive working environment. When analyzing impacts, risks and opportunities concerning its workforce, TKMS adopts an inclusive approach, not differentiating between specific groups of employees and non-employees based on particular characteristics. Potential risks and opportunities associated with workforce impacts and dependencies are considered broadly, rather than being linked to specific employee groups.

TKMS maintains a systematic and ongoing risk management approach that aims to minimize adverse impacts, risks and opportunities on the workforce through appropriate measures. A potential negative impact on working conditions concerns health and safety. Insufficient health and safety controls in manufacturing at TKMS could expose employees and non-employees to hazardous conditions, increasing the risk of injuries, illnesses, and fatalities. Occasionally occurring gaps in training, personal protective equipment, and qualifications could cause long-term issues such as musculoskeletal disorders, respiratory disease, and hearing loss, reducing wellbeing and productivity and increasing absenteeism. However, the risk assessment of workplaces and the investigation of accidents show that these negative effects do not have systemic causes but rather relate to individual incidents. Further potential negative impacts may arise from noncompliance with the prohibition of discrimination and from a lack of equal opportunities. These situations can lead to physical or psychological stress and reduced wellbeing. Some employees and non-employees may be at higher risk of unequal treatment or discrimination due to workplace dynamics. To prevent these impacts, reported suspicions are investigated in a systematic manner.

During the double materiality analysis, no corporate activities were identified that pose a significant risk of forced or child labor based on the nature of the activity or the countries in which these activities take place. In addition, no positive impacts were identified.

Opportunities for TKMS include enhancing workforce diversity, verifying and transparently communicating gender equality initiatives, such as equal pay for work of equal value and structured mentorship or sponsorship, and investing in continuous education and development. These practices may expand the talent pool, improve problem solving, innovation, and engagement, strengthen human capital, increase retention and attraction, reduce recruitment costs, improve adaptability, and build a reputation as an inclusive and responsible employer, leading to competitive advantages and better performance. Risks arise if diversity is not effectively promoted or if gender equality and equal pay for work of equal value are not ensured. A lack of gender, racial, or ethnic diversity can prompt public criticism, reduce stakeholder confidence, limit innovation, lower engagement, and increase employee turnover, and inadequate inclusion practices can lead to legal challenges. Perceived or actual inequalities in compensation and opportunities may cause dissatisfaction, reduced motivation, and difficulties attracting or retaining talent, invite legal scrutiny, and erode credibility, ultimately harming competitiveness and economic performance.

In the reporting period, no additional material impacts on our own workforce resulting from the implementation of a transition plan have been identified. The following information and statements apply across the TKMS Group. Information on differing legal, contractual, or other rules resulting from the legal frameworks of foreign locations is not presented. TKMS policies are managed by the Executive Board of TKMS.

S1-1 POLICIES RELATED TO OWN WORKFORCE

S1-1 19, 20a-c, 21, 23, 24a, b, 24d & MDR-P 65a-f

TKMS's approach to addressing material impacts, risks and opportunities relating to its own workforce is based on a variety of policies that are applicable across the entire group. The guidelines are approved by the Executive Board of TKMS or the Executive Board of thyssenkrupp AG, if they are guidelines that apply to the entire thyssenkrupp group. The interests of stakeholders have been indirectly taken into account through the integration of components of international agreements. To identify the policies relevant in this context, they were screened for content relevant to its own workforce. Based on the findings identified in this context, the thematically relevant policies were selected. When creating policies, local law is taken into consideration. The aim is to center on people and take account of employees' needs. Commitment to complying with internationally recognized human rights and to fair working conditions is explicit at TKMS. This includes the unequivocal rejection of human trafficking, forced labor, child labor, and all forms of discrimination, and the promotion of equal opportunity. The corporate policies established by the parent company thyssenkrupp AG apply to TKMS and the aim is to ensure and implement these policies through corresponding internal processes, responsibilities, and controls.
The following policies apply to the material impacts, risks and opportunities identified with regard to diversity, gender equality and equal pay for work of equal value and health and safety:

- The Code of Conduct
- Mission Statement
- Occupational Health and Safety (OSH) Policy
- Policy for Inclusiveness
- thyssenkrupp Principles of compliance with human rights and environmental due diligence

These policies should be aligned with relevant content of international agreements such as the UN Bill of Human Rights or the United Nations Global Compact. In addition, processes and mechanisms for monitoring compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises have been taken into account in the development of the policies.
The Code of Conduct serves as the foundational behavioral standard for TKMS, outlining shared values and binding rules across the group. thyssenkrupp's Code of Conduct defines the core principles that the group, and therefore also TKMS and its employees and non-employees, must follow worldwide. It reflects the standards TKMS set for itself and for its business partners and stakeholders. It applies to all TKMS companies, employees, non-employees and the Executive Board. The Code of Conduct serves as a guiding framework which aims to ensure that all business decisions align with the company's values of integrity, respect, fairness and responsibility, thereby supporting sustainable value creation and stakeholder trust. It defines how TKMS manages material impacts, risks and opportunities relating to legal compliance, human rights, environmental protection, fair business and integrity.

The key objectives of the Code of Conduct are:

- Promoting responsible, lawful, and ethical behavior in all business operations
- Preventing and addressing corruption, antitrust violations, money laundering, and conflicts of interest
- Upholding and protecting human rights, fair labor practices, diversity and workplace health and safety
- Encouraging sustainable resource use and environmental protection
- Working towards data protection, information security and transparency in communication
- Embedding compliance and sustainability as integral components of corporate culture and decision-making

These commitments support TKMS's sustainability strategy and contribute directly to mitigating adverse impacts and enhancing positive outcomes across social, environmental and governance dimensions.

The Code of Conduct applies globally to all TKMS group companies and subsidiaries, regardless of location or business segment. In addition, supplier relations are governed by the Supplier Code of Conduct that expects suppliers to uphold consistent ethical, social and environmental standards. This regulation takes into account the aspects of occupational safety, precarious working conditions, human trafficking, as well as forced labor and child labor.

The Code of Conduct is implemented through a structured compliance management system embedded within thyssenkrupp's and TKMS's governance and risk frameworks.

Violations of the Code of Conduct may lead to disciplinary action and corrective measures. Continuous improvement of the compliance system establishes alignment with regulatory developments and stakeholder expectations.
The policy defines compliant, honest, and ethical behavior, setting expectations for openness, appreciation, and diversity, and strictly prohibits discrimination. It aligns with the Chart of Diversity and the UN Human Rights Office Free and Equal initiative to protect LGBTIQ+ individuals. The Code of Conduct also advocates fair employee remuneration. Accessible via multiple channels such as the intranet and corporate website, the policy is pivotal in strengthening human rights standards throughout TKMS's operations. It adheres to the UN Global Compact, UN Human Rights Charter, and International Covenants. The Executive Board of TKMS is responsible for the Code of Conduct, with all managers serving as points of contact. In case of violations or concerns, employees and non-employees can utilize the whistleblowing tool and consult the International Committee.

Occupational health and safety are prioritized at TKMS, with guidelines outlined in the Occupational Safety and Health (OSH) Policy. This policy details how TKMS creates safe working conditions and identifies risks to prevent accidents and work-related illnesses. An occupational safety and health management system operates across all TKMS companies, integrating external workers unless restricted by legal provisions. Partner companies must adhere to the occupational safety and health management requirements outlined when awarding contracts, and agree on protective measures for work on TKMS premises. The Executive Board of TKMS is responsible for implementing the policy and for compliance. Monitoring involves annual self-assessment by TKMS companies, with reviews conducted by the occupational safety and health function. Results are reported to TKMS's Executive and Supervisory Boards in the risk report. The management OSH manual aligns with ISO 45001 standards. All TKMS employees must undergo safety induction before starting work, supported by regular training and information sessions. Policy documents are accessible to employees and non-employees via the intranet, with public excerpts available on the corporate website.

Anti-discrimination is anchored in the Code of Conduct and in the fundamental statement on compliance with human rights and environmental due diligence. The principles should be in line with German legislation, which can be found in the relevant norms of the German Grundgesetz (Basic Law), as well as the General Equal Treatment Act and the SGB IX, and should be taken into account the grounds for discrimination listed therein. Aiming to create equal opportunities for people with disabilities is

treated as a corporate duty and was established in 2015 together with the Group Works Council of thyssenkrupp AG and the Group Representative for Registered Disabled Persons. The objective is to create a working environment in which all employees and non-employees can contribute based on their abilities and needs. All employees, non-employees, managers, managing directors, and board members are required to ensure a workplace free from discrimination based on gender, skin color, religion, nationality, political or other beliefs, ethnic origin, disability, age, sexual orientation and identity, or other characteristics. Furthermore, the prevention of harassment in connection with the aspects listed in this section is addressed in the Code of Conduct. This requirement is explicitly embedded in the Code of Conduct and the Mission statement.

The Policy of Inclusiveness aims to ensure that the inclusion of employees and non-employees with disabilities is integral to all operational and business activities from the start. This also specifically targets the inclusion of individuals or groups who are at a particular risk of vulnerability. It defines key action areas such as supporting people with disabilities in recruitment, workplace design, providing an accessible environment, promoting equal opportunities in training and development, and health prevention and reintegration initiatives. The Chief P&C Officer of TKMS is responsible for compliance.

TKMS aims to adhere to Human Rights Principles through the Mission Statement, Compliance Commitment, and Code of Conduct, which provide a framework for ethical behavior both internally and externally. TKMS is committed to the United Nations International Bill of Human Rights and the United Nations Global Compact's ten principles. Human rights compliance across the supply chain is provided by a supplier management system, holding both direct and indirect suppliers accountable. This is also laid down in the thyssenkrupp Principles of compliance with human rights and environmental due diligence that list fundamental human rights to be observed, both for the company's own operations and for the entire supply chain, and which are overseen by the TKMS executive board. TKMS aims to uphold sustainability standards, including corporate governance, environmental stewardship and social responsibility, sourcing materials globally to deliver innovative solutions to its customers. TKMS has formed an International Committee involving the TKMS Group's Works Council, the European Works Council and trade unions to address unresolved local violations or disputes. If such should exit, incoming reports are handled collaboratively.

S1-2 PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

S1-2 27a-e, 28, 29

TKMS emphasizes employee inclusion through direct methods like the annual digital "Employee Pulse Check," a voluntary and anonymous multiple-choice survey assessing satisfaction and change success factors, as well as through co-determination bodies and trade unions in bilateral discussions at any time. Dialogue formats such as 360° Feedback allow employees to directly engage with leadership if they have requested it. The TKMS P&C department, led by the Chief P&C Officer, prioritizes regular communication with employee representatives, facilitates the conduct of survey, and analyzes results for improvement measures. The International Framework Agreement applies group-wide and is overseen by the International Committee. In Germany, the Youth and Trainee Council supports young employees, and the Registered Disabled Persons Representation aids integration. Internationally, disabled employees and non-employees are represented per local laws. TKMS supports employee networks, allowing employees and non-employees to share experiences and raise concerns. Employee interests should be considered in decision-making processes to aim to ensure their perspectives and needs are reflected. All these channels are ultimately overseen by the TKMS Executive Board.

S1-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS

S1-3 32a-e, 33, 34

A whistleblowing system has been established to facilitate the anonymous reporting of potential infringements, thereby supporting a robust compliance system. The objective is to address violations promptly and mitigate any potential harm to the company, its employees, and business partners. Open and timely communication is strongly encouraged, with employees advised to first consult their supervisors, while non-employees may reach out to their business partners. For on-site incident reporting and resolution, supervisors, co-determination committees, or trade union representatives serve as direct contacts. In addition, incidents can be reported to relevant departments within the company via email or anonymously through a centrally provided system. All channels are accessible to the majority of TKMS employees, external workers, and co-determination representatives. The whistleblowing systems are operated by external providers, while email inboxes for reporting are managed internally. For a detailed description of the whistleblowing system, please refer to section G1-1. Incidents were reported during the reporting period, which are being handled internally by the Human Rights Officer.

In accordance with the International Framework Agreement, TKMS has established a co-determination body alongside the International Committee to oversee the agreement's implementation within the organization. In cases involving human and employee rights or discrimination, the P&C department leads the remedial process. Depending on the specifics of the situation, additional departments and committees may participate in the resolution efforts.

The employees and non-employees are regularly informed about the procedures and reporting channels through newsletters, and evaluating the effectiveness of these measures is integral to the process. The effectiveness and awareness of the communication channels are regularly assessed by monitoring the number of inquiries. In addition, the annual "Employee Pulse Check" evaluates the organization's "speak-up culture," serving as an indicator of the degree to which employees trust the established reporting structures.

S1-4 TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

S1-4 38a, b, 38d, 39, 40a, b, 41, 43, AR43 & MDR-A 68a-e

TKMS undertakes numerous actions to mitigate negative impacts or risks to its workforce while enhancing potential positive effects or opportunities. In cases where a measure conflicts with local legislation, the applicable legal regulations take precedence. TKMS aims to ensure, as part of a review, that the described measures do not cause or contribute to any significant negative impacts. This includes evaluating potential negative effects prior to implementation, ongoing monitoring of all measures, and implementing any necessary adjustments. The key actions are identified through TKMS's regular ESG management. They represent targeted measures created to address material IROs identified through the due diligence and risk assessment processes. The selection and prioritization of key actions are based on relevance, expected effectiveness and alignment with TKMS's sustainability strategy. Relevant risks are recorded in risk management.

HUMAN RIGHTS COMPLIANCE

At TKMS, commitment to human rights is non-negotiable. To create global awareness, all employees are required to participate in mandatory training on human rights and environmental due diligence. Aiming to be compliant with the German Supply Chain Due Diligence Act (LkSG), an annual risk assessment is conducted across TKMS' global operations. This proactive step allows TKMS to implement preventive measures when necessary. TKMS systematically reviews all potential violations reported through various channels. If initial suspicions are confirmed, TKMS ceases the violation, investigates causes as part of a remedial process, and addresses them to mitigate the risk of future incidents. Preventive and corrective actions are taken based on risk and necessity, including regular employee training and communication of whistleblower channels. Evaluating incidents through established whistleblower systems helps TKMS assess the effectiveness of the measures used to prevent human rights violations.
The described actions regarding compliance with human rights address the material impacts, risks and opportunities identified. Group-wide actions are adopted and implemented locally. TKMS also endeavors to comply with local laws applicable to its individual entities, alongside aiming to adhere to the global legal framework governing these actions.

QUALITY OF LIFE AT WORK

Under the company's information and prevention policy, a wide range of health promotion measures have been implemented at sites worldwide. These initiatives focus on healthy exercise, nutrition, addiction prevention and stress management on-site. Notably, medical screenings for skin and colon cancer prevention, along with the "Hansefit" exercise program, have been particularly popular among employees. The German sites of TKMS have a framework agreement with Hansefit and offer membership to TKMS's employees. The employees have the opportunity to achieve access to a network of sports, wellness and fitness centers in Germany. Mental health carries equal importance to physical health. Currently, employees at larger locations have access to an Employee Assistance Program, which is a confidential counselling service provided by external psychologists, physicians, and educators. Individual resilience is recognized as a critical factor in managing external stressors.

The described actions address the identified material negative impact related to health and safety and include the topic of physical and mental health.

OCCUPATIONAL SAFETY AND HEALTH (OSH)

At TKMS, occupational safety and health are given high priority, centralized within the Occupational Safety and Health (OSH) department, which aims to enhance safety and health management continuously, and prevent workplace accidents, occupational illnesses, and undue stress. TKMS aims to learn from every accident and incident, conducting accident analyses to document behavioral patterns, environmental influences, and hazards. These provide essential insights for improving response effectiveness and focusing on workplace health and safety. Preventive actions such as regular workplace inspections, hazard assessments, and occupational health consultations involving employees and non-employees, are integral to the organization and cultural transformation. Occupational safety specialists and managers prioritize safety in daily activities, including the identification of unsafe conditions during inspections. OSH is embedded in employee routines, with managers, employees, specialists, works councils, and skilled workers working collectively aiming to maintain injury-free and healthy workplaces on premises and aboard products. Collaborative efforts in employee selection, instruction, inspection, and setting standards within the contractor management system help minimize the risk of serious accidents. Both employees and non-employees receive tailored safety instructions and appropriate protective gear as necessary to enable safe task completion.

The described OSH actions address the identified material negative impact related to health and safety. The effectiveness of these measures can be evaluated through the trend in the accident frequency rate. In addition, the success of health promotion efforts is reflected, in part, by employee interest in workplace health offerings.

EQUAL OPPORTUNITY IN THE WORKPLACE

Openness, equal opportunity, and mutual respect are central values of our corporate culture. Throughout the financial year TKMS utilized various event formats, such as the Women's After-Work event and events for International Women's Day, to enhance awareness of equal treatment both internally and externally, and to strengthen cohesion, psychological safety, and belonging. TKMS is publicly committed to values such as openness and tolerance, positioning itself strongly against discrimination. TKMS' employer branding increases the visibility of diversity in its workforce, and strives to enhance equal opportunity in corporate training and development processes. TKMS aims to treat all candidates, especially for management positions, equally in recruitment processes. TKMS provides special programs to foster the development and career prospects of skilled professionals and emerging leaders. Flexible work arrangements, such as flextime, part-time models, job-sharing, hybrid work, and temporary international work, support the work-life balance.

The described actions address the identified material impacts, risks and opportunities related to diversity and gender equality and equal pay for work of equal value.
Group-wide actions are adopted and implemented locally.

TRAINING, EDUCATION, AND EMPLOYEE DEVELOPMENT

Education is a top priority for TKMS, viewed as a crucial investment in both addressing skill shortages and preparing for the future. We actively attract potential trainees, particularly in Germany, through social media, school and university events, and training platforms. In addition to business-specific training offerings, the Learning Management System (LMS) provides internal development opportunities and transformation support, including tailored curricula for leaders and employees, Digital Learning Services, and bespoke solutions for teams and organizations. Regular development dialogues, feedback, and diagnostic tools facilitate targeted growth, while cross-business networking formats, various forums, and workshops contribute to the development and retention of this important demographic. The described actions address the identified material opportunity related to training and skills development. Group-wide actions are adopted and implemented locally. Trainings are predominantly conducted in Germany for German employees and non-employees, while development and talent measures are applied group-wide.

All the actions outlined are implemented across the TKMS group and apply to all employees. These actions are ongoing and do not have a defined end date.
The effectiveness of measures in accordance with ESRS S1-4 and the related MDR-T disclosure requirements related to the own workforce is monitored through internal processes, including training evaluations and occupational health and safety reviews. At present, TKMS does not yet provide a separate disclosure of financial resources CapEx and OpEx specifically allocated to these measures. Related costs are included within general personnel and operating expenses, such as training and P&C development, without a distinct allocation in the financial statements.

S1-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

S1-5 47a-c & MDR-T 79a-e, MDR-T 80a-j

In view of the material impacts, risks and opportunities for the own workforce, TKMS has currently set itself the following targets. These goals are based on assumptions that have been defined and pursued with varying degrees of intensity in the past in the areas of diversity, inclusion, and equality, as well as health and safety. While an area like health and safety has already been considered, topics from the area of diversity, inclusion, and equality as part of a modern work environment were added later.

Methodologically, TKMS proceeded to set the goals described below through benchmarking and empirical analyses (evaluations) to reflect the current status at TKMS and link this to personnel policy considerations. The targets listed in this section, which are related to the IROs, are derived from the principles of the policies described above. These principles, as well as the processes described in the policies, also serve to achieve the targets.

DIVERSITY, INCLUSION AND EQUITY

TKMS aims to promote gender equity by increasing the representation of women in leadership positions as a strategic objective. In the fiscal year 2024/2025, women represented 17.19% of all employees, while 10.1% of graded leadership positions in accordance with thyssenkrupp AG were held by women. To advance progress toward these goals, TKMS established a group-wide women's network dedicated to strengthening female empowerment within the organization. This initiative fosters professional development, facilitates cross-departmental networking, and promotes a supportive environment through activities such as networking events and joint lunch sessions. These measures aim to enhance collaboration, build confidence, and encourage women to pursue leadership opportunities across all levels of the company.

The gender equity target was approved by the Executive Board and the Supervisory Board of TKMS, with the involvement of the employee representatives represented therein, and was defined in close coordination with the P&C department. It is intended to ensure the involvement and participation of employees in the implementation and monitoring of progress toward achieving the target through the established procedures for employee and employee representative participation. This also applies to the ongoing dialogue aimed at identifying potential areas for improvement and maintaining an inclusive corporate culture. By actively involving employees, the process takes into account their interests, such as creating equal opportunities, fair treatment, career development, and a respectful work environment that supports diversity and inclusion.

HEALTH AND SAFETY

At TKMS, focusing on the safety, health, and well-being of all employees remains a top priority. The company continues to pursue its long-standing zero-accident policy, which is based on the conviction that all accidents are preventable. Maintaining standards in occupational health and safety not only protects employees but also contributes to efficient and reliable production processes.

In fiscal year 2024/2025, TKMS's accident frequency rate amounted to 3.4. For fiscal year 2025/2026, the target has been set at 2.5 for employees and non-employees, underscoring the company's commitment to continuous improvement in occupational safety. The accident frequency rate represents the rolling average of the lost time injury rate, defined as the number of accidents resulting in at least one lost working day per 1,000,000 hours worked.

The overall health rate of TKMS serves as an important indicator of a healthy working environment. The accident frequency rate is a TKMS-specific performance metric that contributes to achieving the established health and safety targets.

The health and safety objectives are established by the OSH Committee, which includes the Chief P&C Officer of TKMS, the P&C managers of the segments and the Head of Occupational Safety and Health of TKMS. The achievement of these objectives and the effectiveness of any measures derived are monitored by this the OSH Council. Moving forward, progress will continue to be tracked annually to document ongoing improvements in health and safety performance. These measures reflect the core concerns of employees, aiming to provide a secure work environment, mitigate risks, encourage healthy practices, and uphold standards that protect the health and safety of all staff members.

Currently, TKMS has not set measurable, outcome-oriented, or time-bound targets related to gender equality except for the quota for women in graded leadership positions and equal pay for work of equal value, or training and skills development. TKMS is currently reviewing its overall sustainability and people strategy to determine when measurable objectives in these areas will be established. While no formal targets are in place, TKMS continues to monitor relevant indicators and assess the effectiveness of existing policies and initiatives. TKMS aims to strengthen data collection, governance processes, and stakeholder engagement as a foundation for setting credible and trackable targets in the future.

S1-6 CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

S1-6 50a-f, 51, MDR-M 77a-c

The number of employees encompasses all categories of active personnel, including executive management, trainees, interns, and other individuals in training-adjacent roles. Employees in inactive employment relationships are excluded from this count. Country-specific legislation and definitions are included in this regard. The specification of gender is governed by local regulations and laws; in many countries, only male or female designations are permissible. Below described data is absolute, measured, and managed by the P&C department.

The data collection process for key figures under disclosure requirements S1-6 and S1-9 is carried out by the P&C department through the central P&C reporting system.

The P&C department is responsible for the accuracy of and compliance with this process. The metrics are based on head count/full-time equivalent (FTE) data, where FTE represents the total number of employees working full-time or the equivalent number of part-time employees, and the figures are reported as an average across the reporting period.

The following tables present the total number of employees broken down by gender and additional contract types, as well as the number of employees in countries with significant employment, defined as having at least 50 employees who represent a minimum of 10% of the total number employees.

Employee head count by gender

Gender	Number of employees (head count)
Male	7,107
Female	1,476
Others	1
Not reported	1
Total Employees	8,585

Table 36

Employee headcount in countries with at least 50 employees representing at least 10% of the total number of employees

Country/Region	Number of employees (head count)
Germany	6,839
Brazil	989

Table 37

Employees by contract type, broken down by gender

[Reporting period]

Female	Male	Others	Not disclosed	Total
Number of employees (head count / FTE)				
1,476	7,107	1	1	8,585
Number of permanent employees (head count / FTE)				
1,388	6,625	1	1	8,015
Number of temporary employees (head count / FTE)				
88	482	0	0	570
Number of non-guaranteed hours employees (head count / FTE)				
0	0	0	0	0

Table 38

In the fiscal year 2024/2025, 555 employees left the company, resulting in an employee turnover rate of 7.2 %. The average headcount is used for the calculation.

All values indicated in the tables above are derived from Panda which is a personal administrative tool.

S1-9 – DIVERSITY METRICS

S1-9 66a, b, AR71, MDR-M 77a-c

The diversity metric illustrates the distribution of employees at top management level by gender and age. TKMS defines the top management level as the level of the Executive Board and the two management levels below. For detailed information on the data collection process see section S1-6.

Gender distribution at top management level

Gender	# of Employees	Share [%]
Male	89	89.9
Female	10	10.1
Diverse	0	0

Table 39

Distribution of employees by age group

Age	# of Employees	Share [%]
<30	1,757	20.47%
30-50	4,189	48.79%
>50	2,639	30.74%

All values indicated in the tables above are derived from Panda. Table 40

S1-13 TRAINING AND SKILLS DEVELOPMENT

For the first year of preparing the sustainability statement, a phase-in option was applied to the disclosure requirement S1-13. The topic of training and skills development has already been incorporated into actions implemented. TKMS will compile the information on policies and relevant metrics in the upcoming fiscal year and publish it in the next annual report.

S1-14 HEALTH AND SAFETY METRICS

S1-14 88a-c, MDR-M 77a-c

The health and safety management system is based on legal requirements and/or recognized standards or guidelines.

The data collection process for key figures under disclosure requirements S1-14 is carried out through the central P&C reporting system. The P&C department is responsible for the accuracy and compliance of this process.

The following table presents the number of fatalities as a result of work-related injuries and work-related ill health for employees and workers in the value chain, as well as the number and rate of recordable work-related accidents for employees.

Gender	# of fatalities as a result of work-related injuries and work-related ill health	# of recordable work-related accidents	Rate of work-related accidents	Rate of notifiable work-related illnesses	Rate of days lost due to work-related injuries and deaths resulting from work-related accidents, work-related illnesses, and deaths resulting from illnesses
Employees	0	44	3.4*	n.a.	n.a.
Other workers working on the undertaking's sites	0	n.a.	n.a.	n.a.	n.a.

Table 41

*In case, no actual working hours were available, TKMS estimated the working hours on the basis of normal or standard hours of work, taking into account entitlements to periods of paid leave of absence from work (e.g. paid vacations, paid sick leave, public holidays).

S1-16 RENUMERATION METRICS (PAY GAP AND TOTAL RENUMERATION)

S1-16 97a-c, MDR-M 77a-c

The unadjusted gender pay gap compares the average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees. The gross hourly wage is calculated by dividing an employee's annual or monthly gross salary by the contractually agreed annual or monthly working hours. Only fixed base-salary components are included. Variations resulting from different working-time arrangements, part-time ratios, or individual special agreements are adjusted by converting all values to full-time equivalents (FTE).
Factors that influence pay levels, such as education, field of work, professional experience, or management responsibilities, as well as structural differences within the workforce are not taken into account.

The salary data for all employees was extracted from SAP. Based on this data, the gender pay gap and the annual total renumeration ratio were analyzed.

In the fiscal year 2024/2025, the unadjusted gender pay gap at TKMS was 4%. When considering the base salary without variable compensation elements such as night or weekend shift premiums or bonuses, the adjusted gender pay gap in the fiscal year 2024/2025 was 1.5%.

The annual total renumeration ratio between the highest income and the median income of all employees was 23.46. When adjusting part-time income based on employment grade and considering only complete annual incomes, the annual total renumeration ratio was 20.47.

S1-17 INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

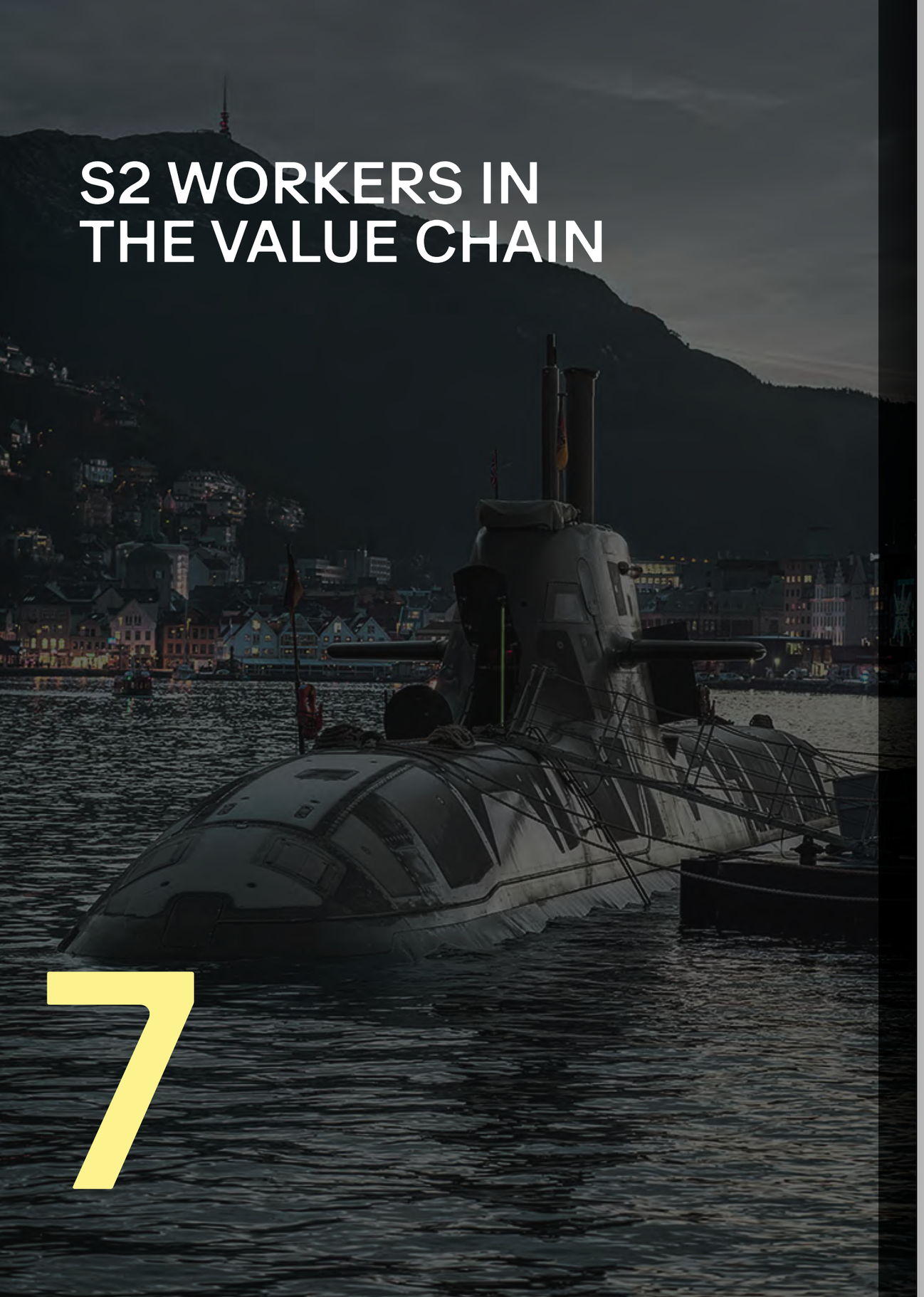
S1-17 103a-d, 104a, b, MDR-M 77a-c

The table below provides an overview of incidents, complaints and severe human right impacts related to the own workforce that have been reported through available channels.

Work-related incidents, complaints, and severe human right impacts	FY 2024/2025
Total number of incidents of discrimination (including harassment)	3
Number of complaints filed through channels for people in the own workforce to raise concerns (including grievance mechanisms)*	0
Total amount of fines, penalties and compensation for damages as a result of the incidents and complaints disclosed above	0
Number of severe human rights incidents related to the own workforce	0
Total amount of fines, penalties and compensation for damages related to incidents describes above	0

* The "Total number of incidents of discrimination (including harassment)" must be subtracted

Table 42



S2 WORKERS IN THE VALUE CHAIN

7

S2-SBM-3 MATERIAL IROS AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Material IROs S2

S 2 - WORKERS IN THE VALUE CHAIN					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Other work-related rights – Child labor					
Impact (Potential Negative)	In the upstream value chain, the employment of child labor in the production of materials for TKMS's operations signifi-cantly violates basic human rights. This practice deprives children of their right to education, severely impacting their future prospects by limiting their opportunities for personal and professional growth.	Short Term	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • Supplier Code of Conduct • Group Operating Instruction • Procurement Instruction	• Supplier risk analysis • Suppliers need to acknowledge and commit to the Supplier Code of Conduct depending on the risk level • Random supplier visits • Suppliers with higher risk levels: detailed self-assessments and online trainings
Other work-related rights – Forced labor					
Impact (Potential Negative)	In the upstream value chain, the use of forced labor in the extraction and production of materials for TKMS's opera-tions represents a severe violation of basic human rights. This exploitative practice strips individuals of their freedom and autonomy, leading to a diminished quality of life characterized by physical and psychological distress.	Medium Term	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • Supplier Code of Conduct • Group Operating Instruction • Procurement Instruction thyssenkrupp Modern Slavery Statement	• Supplier risk analysis • Suppliers need to acknowledge and commit to the Supplier Code of Conduct depending on the risk level • Random supplier visits • Suppliers with higher risk levels: detailed self-assessments and online trainings

Table 43: Overview of S2 IROs with Corresponding Policies and Measures

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

S2 SBM-3, 10a, b

The TKMS Group evaluated potential impacts along its value chain, which could have a negative impact on value chain workers: child labor, forced or compulsory labor. A detailed description of the process by which potential impacts are identified can be found ESRS IRO-1. TKMS acknowledges its responsibility to promote fair working conditions, social standards and human rights. Therefore, the company applies a responsible procurement management system. “Responsible” in this context refers to the consideration of legal, ethical, social and environmental factors in procurement decisions. Details of the procurement management system are described below.
Responsible procurement at TKMS incorporates ESG requirements across the supply chain, to uphold these principles, sustainability is prioritized early in supplier management, through establishing and maintaining partnerships with suppliers and engaging business partners on human rights, environment protection and fair working conditions. The realized responsibility starts within the scope of supplier qualification (see the initial risk analysis in Processes for engaging value chain workers) and may include different measures depending on the assessed risk level (see material impacts for value chain workers).

Values such as individual responsibility, openness and transparency, alongside lawful conduct and ethical behavior are paramount.

Together with thyssenkrupp AG, TKMS has established a group-wide concept for compliance with human rights and environmental due diligence obligations. This concept is characterized by an integrated and interdisciplinary risk management system, which consists of risk analyses, processes for preventive and remedial measures, the definition of responsibilities, the issuance of a policy statement, the maintenance of a grievance procedure and documentation and reporting. The thyssenkrupp concept was not formulated as a stand-alone policy, but is comprised of regulations contained in the following fundamental documents:
thyssenkrupp Code of Conduct
- thyssenkrupp Supplier Code of Conduct
- TKMS Policy Statement
- Group Operating Instructions
- thyssenkrupp Principles of Compliance with Human Rights and Environmental due diligence.

The concept aims to implement the legal requirements of the German Supply Chain Due Diligence Act (LkSG) as well as internationally recognized frameworks, including the UN Guiding Principles on Business and Human Rights (UNGPs), the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The human and environmental rights enshrined in the concept cover the material issues identified for TKMS in the materiality analysis: child labor and forced labor.

Furthermore, the concept defines a group-wide risk management process for identifying, assessing, and mitigating human rights and environmental risks within TKMS’ supply chains. Suppliers’ risk levels are determined based on a systematic risk analysis, which is described in detail in section S2-2. The identified risks serve as the basis for the preventive measures that TKMS takes in order to reduce potential negative human rights impacts (as well as environmental impacts) on workers in the value chain. Upon detecting human rights violations, the concept provides appropriate measures for the group companies to address the violations and minimize their impact. For the responsible level of implementation of this concept, the reader is referred to section Responsible level for implementing the policies.

TYPES OF VALUE CHAIN WORKERS SUBJECT TO MATERIAL IMPACTS

S2 SBM-3, 11a

Responsible procurement applies to all workers in the value chain associated with the key topics of child labor and forced labor. In particular, value chain workers subject to material impacts include:

- Workers working on-site but not part of own workforce
- Workers working for entities in the undertaking’s upstream value chain
- Worker working in operations of a joint venture or special purpose vehicle involving the reporting undertaking

GEOGRAPHIC AREAS WITH ENHANCED RISK OF CHILD LABOR AND FORCED LABOR

S2 SBM-3, 11b

High risks of child labor have been determined for the following countries within the TKMS Group’s supply chain for FY 24/25: India, Brazil, Colombia, Turkey, Ukraine.

High risks of forced labor and modern slavery have been determined for the following countries within the TKMS Group’s supply chain for FY 24/25: United Arab Emirates, Israel, India, Brazil, Colombia, Turkey. High risk for modern slavery has also been determined for South Africa.

The risk is determined based on a risk potential and a risk category. The risk potential is evaluated by considering the geographic location of the supplier and the industry via external risk indices. The risk indices are provided and managed by an external provider. The information is integrated into the in-house risk analysis tool to assess the derived potential risk. Additionally, together with the information on the risk potential, concrete findings regarding specific suppliers (e.g., impact of prevention measures, sustainability audits, proven certificates) help determine the corresponding risk category.

Note that this risk assessment evaluates Tier-1 supplier risks and may not include the country of origin.

MATERIAL NEGATIVE IMPACTS TO VALUE CHAIN WORKERS

S2 SBM-3, 11c

TKMS recognizes that child labor and forced labor are among the most severe potential negative impacts within the global value chain. In the current financial year, these potential impacts were determined based on information from cross-country risk assessments on child* and forced** labor as well as media research and are not based on TKMS' direct findings.

Risks of child labor may arise in upstream production stages, particularly in raw material extraction or suppliers operating in regions with weak regulatory enforcement. Forced labor risks can occur through exploitative recruitment practices, debt bondage or restriction of worker mobility.
For identified high risk geographic areas, the reader is referred to section Geographic areas with enhanced risk of child labor and forced labor.

DEVELOPMENT OF TKMS' UNDERSTANDING OF HOW VALUE CHAIN WORKERS WITH PARTICULAR CHARACTERISTICS MAY BE AT GREATER RISK OF HARM

S2 SBM-3, 12

Based on TKMS' supplier risk analysis, TKMS has developed an understanding of how certain groups of workers in the value chain may be more exposed to negative impacts. The risk analysis shows that the risk of child labor and forced labor is higher for some countries and industries (see Geographic areas with enhanced risk of child labor and forced labor for more details on countries with high risks of child labor, forced labor and modern slavery). This understanding therefore refers generally to workers in different industries or countries but does not differentiate between individual employment profiles within these groups. The risk assessment of TKMS' suppliers is described in more detail in section Processes for engaging value chain workers.

* https://worldpopulationreview.com/country-rankings/child-labor-by-country
** https://worldpopulationreview.com/country-rankings/global-slavery-index-by-country

S2-1 POLICIES RELATED TO VALUE CHAIN WORKERS

OBJECTIVE AND SCOPE OF TKMS' POLICIES RELATED TO WORKERS IN THE VALUE CHAIN

S2-1, 14, 15, 16, 17, 18, 19 & MDR-P 65a-c, f

The main elements of the thyssenkrupp and TKMS concept for compliance with human rights and environmental due diligence obligations are regulated, among other things, in:

- thyssenkrupp Code of Conduct (CoC)
- thyssenkrupp Supplier of Code of Conduct (SCoC);
  Group Operating Instructions by thyssenkrupp AG
- Procurement Instruction
- thyssenkrupp Principles of compliance with human rights and environmental due diligence

The concept of thyssenkrupp aims to implement the legal requirements of the German Supply Chain Due Diligence Act (LkSG) as well as internationally recognized frameworks, specifically the UN Guiding Principles on Business and Human Rights (UNGPs), the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The concept covers the material issues for TKMS identified in the materiality analysis: child labor, forced labor. The concept and the above-named policies cover all workers in the value chain.

For further details on the Code of Conduct and its scope, the reader is referred to chapter S1-1 Policies related to own workforce. Objectives and scope of thyssenkrupp principles of compliance with human rights and environmental due diligence are described in E1-2 Policies related to climate change mitigation and adaptation. The focus in the following will be on the linkage of these policies to workers in the value chain and in particular on the Supplier Code of Conduct.

TKMS supplier contracts are based not only on legal, commercial, technical, and process-related criteria but also on social, environmental, and ethical standards. The expectations for suppliers are manifested in the Supplier Code of Conduct, which is based on the principles postulated in the United Nations Global Compact and the Universal Human Rights Declaration of the United Nations.
The main objectives of the Supplier Code of Conduct are to:

- establish compliance with applicable laws, regulations and internationally recognized human rights and labor principles
- Value integrity, fairness and transparency in all business activities
- Prohibit child labor, forced labor, discrimination and harassment
- Support freedom of association, collective bargaining, and fair working conditions
- Require occupational health and safety standards and appropriate remuneration in accordance with legal requirements
- Encourage environmental protection and responsible resource management
- Prevent corruption, conflicts of interest and anti-competitive behavior

Hence, by signing the Supplier Code of Conduct, suppliers agree to fulfill our standards in working conditions, human rights, environmental protection and compliance. The contract requires that direct suppliers respect human rights and are committed to ensuring that indirect suppliers do the same. TKMS expects its suppliers to respect fundamental rights of employees under the respective national laws and to endorse the core labor standards published by the International Labor Organization (ILO).

Moreover, any kind of child labor, forced and compulsory labor as well as human trafficking, is prohibited in the supplier companies. TKMS expects that no employee working for the supplier, is discriminated against, favored or harassed due to any personal characteristics. In FY 2024/2025 no violations of child or forced labor were reported.

Workers in the value chain are involved primarily through requirements that maintain their rights to fair and safe working conditions, freedom of association and collective bargaining, non-discrimination and protection against forced and child labor. The TKMS Group maintains an independent whistleblowing system that is accessible to employees, external parties, and supply chain workers alike. This mechanism (described in detail in G1 Business Conduct: Human Rights) enables the reporting of potential remediation through corrective and preventive measures. Further details on processes for engaging with value chain workers are addressed in chapter S2-2.

Another aspect included in the Supplier Code of Conduct is that suppliers are expected to include an occupational health and safety management system, to prevent accidents and work-related illnesses. Furthermore, the suppliers are expected to have environmental and energy management systems as well as to consume resources responsibly.

As part of our supplier qualification process, our suppliers are required to comply with our Code of Conduct for Suppliers. For suppliers who initially – based on country of origin and the industry information - are classified as high to very high risk, signing the Supplier Code of Conduct is a mandatory prerequisite for entering into a business relationship. For suppliers who are initially classified as having very low risk to medium risk, we accept acknowledgement of the Code of Conduct. Our Supplier Code of Conduct is available as a download in nine languages: https://www.thyssenkrupp.com/de/unternehmen/einkauf/fuer-lieferanten/einkauf-downloads.html.

In addition to the Supplier Code of Conduct, the concept involves the Group Operation Instruction and the Procurement Instruction. The scope of both instructions is briefly described below, while all policies contribute to the group-wide concept for compliance with human rights and environmental due diligence obligations.

The Group Operating Instruction (GOI) regulates minimum standards for ensuring the group-wide implementation and compliance with human rights and environmental due diligence obligations and defines the appropriate organizational structures required within the thyssenkrupp Group, as well as processes for identifying, weighting, and prioritizing risks, the measures to be taken by the Group companies, and their documentation and reporting obligations. This GOI applies to all companies, employees, executives, and members of the management of the thyssenkrupp Group and therefore also TKMS.

The Procurement Instruction is an internal directive which governs the tasks, structures, and functions of the procurement office at TKMS GmbH. This instruction sets out a commitment to professionalism in purchasing and defines minimum requirements for the proper execution of the purchasing function. The Procurement Instruction applies to all organizational units of TKMS GmbH.
All applicable legal and regulatory requirements, laws and regulations, as well as all applicable guidelines and regulations, must be complied with in all purchasing and procurement activities. For this purpose, employees are regularly informed about typical compliance risk areas of operational business and receive appropriate information materials to familiarize themselves with necessary measures, recommended actions, and process steps.

RESPONSIBLE LEVEL FOR IMPLEMENTING THE POLICIES

S2-1, 16, MDR-P 65c

thyssenkrupp and TKMS have developed a group-wide concept and corresponding organizational structure to create a sustainable culture for compliance with human rights and environmental due diligence obligations, as described above. This is facilitated by the interdisciplinary cooperation of various specialist departments, which are responsible for implementing due diligence in our own business area or in our supply chain together with further experts. This integrated approach is also reflected in the responsibilities of our Management Board for human rights and environmental protection. The SCA Officer Business manages the implementation of the approach to human rights and environmental due diligence for TKMS. He reports to the Human Rights Officer and coordinates bi-weekly with the SCA Council Group.

This SCA Council Group manages the implementation of the concept for compliance with human rights and environmental due diligence obligations in the thyssenkrupp Group, including TKMS. This body meets biweekly and additionally as required. The SCA Council Group is coordinated by the SCA Officer Group, who acts as spokesperson for the SCA Council Group and reports directly to the Executive Board of the thyssenkrupp Group. The SCA Council Group includes various group functions and businesses as well as representatives from the segments of the thyssenkrupp Group as members, including the TKMS SCA Officer Business. In addition, there is a monthly groupwide exchange between the SCA Council Group and experts and managers from the segments. The Group Function Legal & Compliance is responsible for the statutory monitoring of risk management at thyssenkrupp AG. The Group General Counsel and Chief Compliance Officer have been appointed to perform these tasks.
At TKMS, the Human Rights Officer is responsible for statutory monitoring. He reports directly to the management board.

THIRD-PARTY STANDARDS/INITIATIVES THROUGH WHICH THE POLICIES COMMIT TO

S2-1, 16, MDR-P 65d

Our Supplier Code of Conduct refers to the following third-party standards/initiatives:

General Expectation: Compliance with Applicable Laws and International Regulations:

- Compliance with all applicable laws, regulations, and standards in the countries in which suppliers operate or are located;
- Compliance with the principles of the United Nations Global Compact; the United Nations International Bill of Human Rights; the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights; and the core labor standards promulgated by the International Labor Organization (ILO);
- Compliance with the Paris Climate Accords, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the Minamata Convention on Mercury;
- Compliance with United Nations (UN) and Organization for Economic Co-operation and Development (OECD) anti-corruption conventions and relevant anti-bribery laws, including those dealing with bribery abroad.

Human Rights-Related Expectations Including Employee Rights

- Child labor: Compliance with the prohibition of and refraining from the use of any kind of child labor in accordance with the ILO core labor standards.
- Compensation and working hours: Compliance with the respective applicable national laws on working hours, compensation, minimum wages, and social benefits. If there is no national legal regulation governing working hours, the international standards of the ILO shall apply;

Environmental Expectations Including Climate Change Mitigation:

- Effective action in line with the Paris Climate Accords to reduce direct and indirect carbon emissions, including continuous improvement efforts, increased use of renewable and alternative energy sources, and the establishment of a science-based emissions reduction target.

S2-2 PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

PROCESSES FOR ENGAGING VALUE CHAIN WORKERS

S2-2, 20, 21, 22a-c

From the first contact, a clear process of supplier qualification aims to ensure low risk of child and forced labor in procurement. Figure 10provides a schematic view of the pre-order compliance process with the Act on Corporate Due Diligence Obligations in Supply Chains (Supply Chain Act).

The TKMS Group recognizes the importance of being able to assess its suppliers well from the outset. For this reason, the company looks at the initial risk towards human rights, which is determined based on the country of origin and the industry, even before supplier qualification. If particular risks become apparent here, TKMS can react to them at an early stage, by requiring high- and very high-risk suppliers to commit to the SCoC as part of the onboarding process.

The qualification process then begins, in which TKMS asks a series of questions relating to environmental, occupational safety and energy management, among other things.

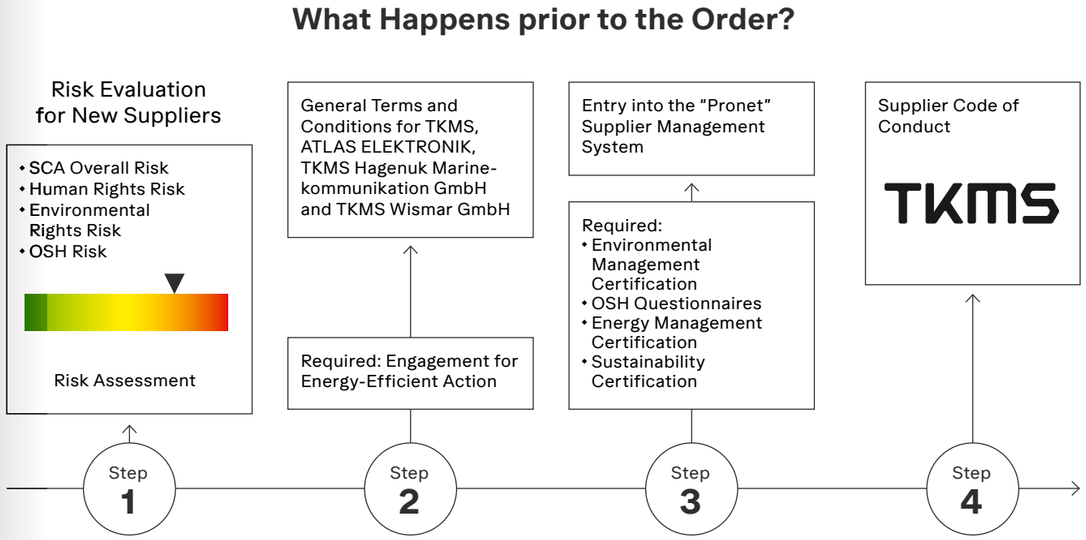


Figure 10: Schematic View of Supplier Qualification Process

Suppliers are categorized across five risk levels, ranging from very low to very high risks, which serve as the basis for key performance indicators (see figure 11). As part of the tool-based risk analysis, all suppliers are assessed in three risk categories: human rights, OSH and environmental risk. All three criteria are weighted equally to determine the overall risk for each supplier.

Suppliers are classified into five risk levels for the three risk categories and the overall risk. The three risk categories are based on different sub-criteria, such as child labor and forced labor, which in turn are based on risk indices and weighted differently. The risk level is based on the supplier's assigned level on a scale of 1-100. For further details, see figure 12.

thyssenkrupp SCA Risk Analysis and SCA Risk Reaction Approach

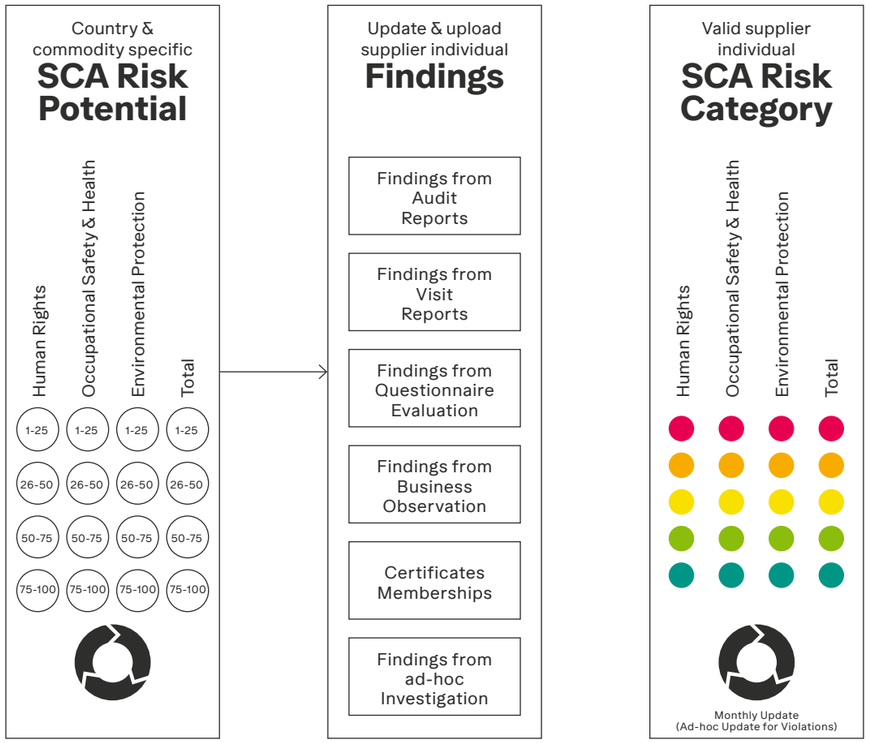


Figure 11: Methodology for Determining Supplier Risk

One objective is to minimize the number of high-risk suppliers. Specifically, high risk and very high-risk suppliers are to be avoided. Three general steps support this objective: voluntary disclosure via the Integrity Next tool, the supplier qualification process in the Pronet management system, and dedicated workplace conditions assessments. Integrity Next is a tool that displays the abstract supplier as well as risk level-related information. The basis for the supplier risk categorization is the information which is documented within the Pronet management system. The information consists of self-assessments and certificates, audit certificates and supplier visit proofs. This process is completed by third-party workplace condition assessments.

How to Handle High Risk Suppliers

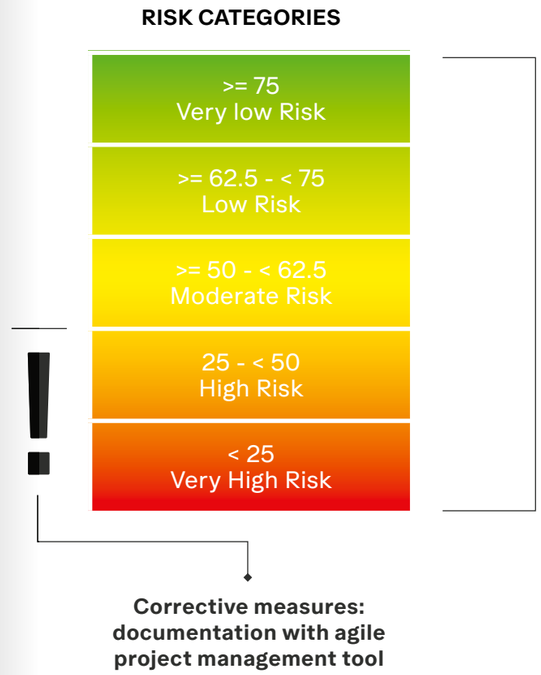


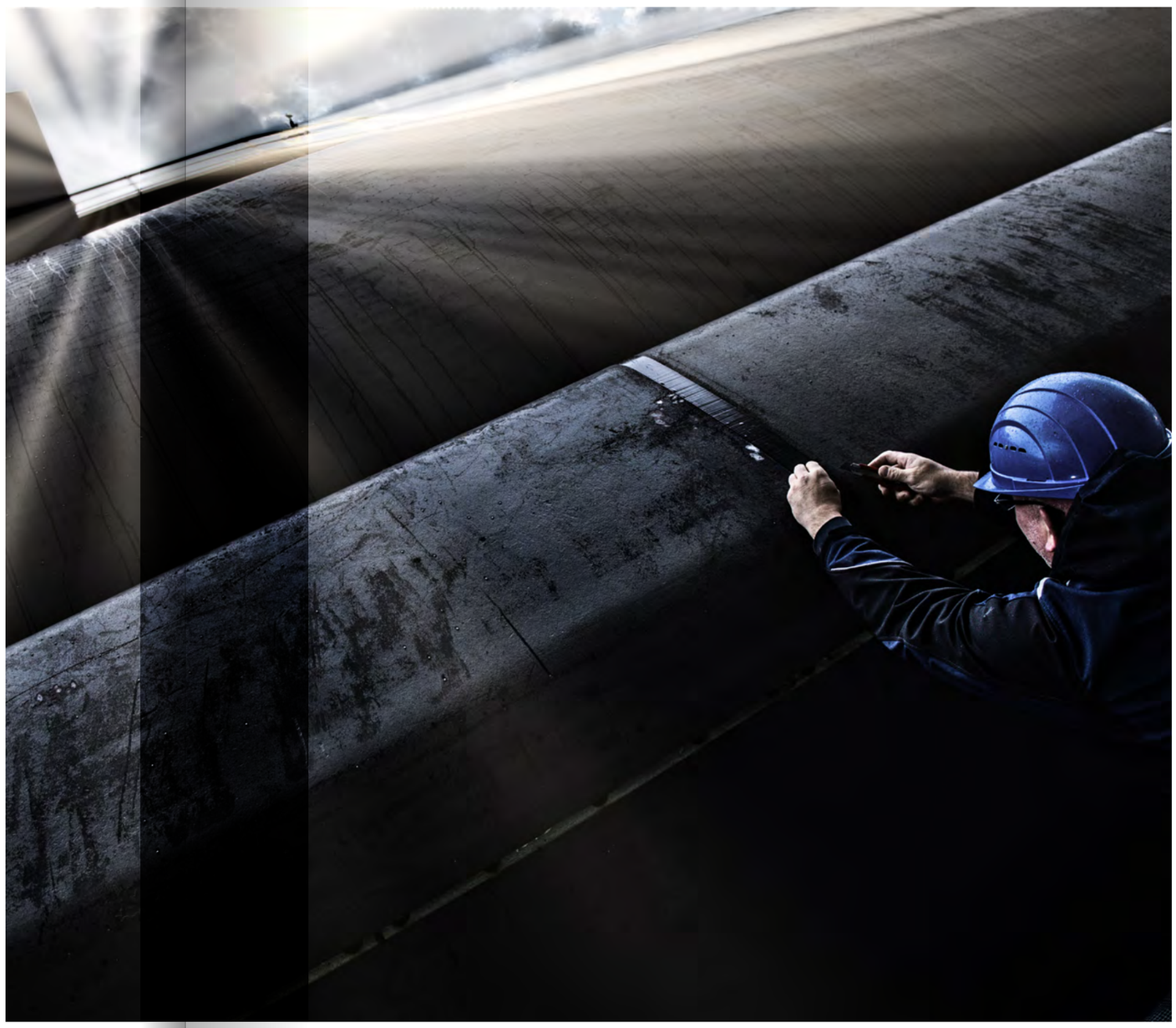
Figure 12: Handling of High Risk Suppliers

A workplace conditions assessment (WCA) is an audit program designed to help evaluate and improve workplace conditions across the supply chain. TKMS commissions an audit firm to audit suppliers selected by TKMS. WCA is an industry-agnostic assessment program that offers:

- Labor Practices: Evaluating fair wages, working hours, and non-discriminatory practices.
- Health & Safety: Assessing workplace safety protocols and employee well-being measures.
- Environmental Compliance: Reviewing environmental management systems and sustainability practices.
- Business Ethics: Ensuring adherence to ethical business practices and anti-corruption policies.

The implementation of supplier audits is required within the thyssenkrupp Group. The selection of suppliers is coordinated by the SCA Officer Business and consulted with the procurement team, who in turn are responsible for agreement with the supplier. The external provider is responsible for conducting the audit.

High risk suppliers are required to undertake preventive measures that will be tracked and documented with an agile tool. Detailed risk assessments and development of suppliers are prioritized over ending business partnerships. Suppliers are required to submit self-disclosures answering questions concerning the protection of human rights and the environment. To endeavor compliance with the Supplier Code of Conduct, supplier visits to premises are conducted randomly. There is no requirement regarding the frequency of supplier visits. Procurement employees are the primary point of contact for suppliers and schedule supplier visits in accordance with individual circumstances. Like all employees, procurement staff take part in annual training courses. In addition, they are provided with a standardized checklist containing questions regarding human rights and environmental issues that they should use during supplier visits. Employees of TKMS are authorized to audit the conditions on site.
The SCA Officer Business is responsible for the procurement processes involving risk analysis, the assurance of the protection of human rights and environment as well as managing the audit trails.
Direct engagement with value chain workers takes place during external audits of our direct suppliers, where individual workers are interviewed. In addition, all value chain workers can use our complaint channels to address complaints. Specific channels for value chain workers to raise concerns, including the whistleblowing tool and responsibilities are described in chapter G1 Human Rights in more detail.



S2-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

DESCRIPTION OF PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS

S2-3 25, 26, 27a-c

TKMS incorporates standards in ethics and integrity, supported by a compliance system. TKMS identifies respect, cooperation and social responsibility as key values related to good governance. Communication channels (i.e., the Whistleblowing Tool consisting of mail, online portal, telephone hotline) have been set up to enable anonymous reporting of infringements, helping to support the functioning of the compliance system. The aim is to counteract violations at an early stage and limit damage to the company, employees and partners. Suppliers are informed about the available options and reporting channels through training sessions. They are explicitly encouraged to communicate the information obtained there to their employees and their suppliers, without threat of consequences for using own operated reporting channels.
Specific channels for value chain workers to raise concerns, including the whistleblowing tool are described in chapter G1 in more detail. TKMS seeks to create an environment that allows open and timely communication.

TRACKING PROCESS OF RAISED ISSUES

S2-3 25, 26, 27d, S2-1 17

To support suppliers in complying with the Supplier Code of Conduct, TKMS regularly reviews the suppliers' compliance with the principles and requirements set out in the Supplier Code of Conduct via external audits. The audits were conducted throughout the year. The schedule was coordinated with the suppliers. To this end, TKMS had set itself the goal of completing five audits in the 2024/25 financial year. A total of six audits were conducted during the year. This is part of a due diligence process accounting for identifying, reducing and preventing supply chain risks. In case of any violation of these principles it will be considered as a breach of contract by the supplier. In case of any suspicions that the principles and requirements of the Supplier Code of Conduct are breached, the company can request information about the circumstances from the supplier.

If violations are detected in the supply chain, corrective measures are initiated. In particular, if the violations were discovered in an external audit, a corrective action plan with deadlines is drawn up, which the supplier must implement. In these cases, we are in regular contact with the suppliers and inquire about the implementation status. If the supplier informs us that all measures have been implemented and the violations have been remedied, we obtain proof of compliance.

TRUST AND PROTECTION

S2-3 25, 26, 28

Suppliers and value chain workers have open access to the channels described above. Any reported violations are treated confidentially and if required, anonymously, in order to guarantee uttermost protection of involved persons or reporting persons.
Protection for Whistleblowers (Non-Retaliation) thyssenkrupp strictly prohibits and does not tolerate any kind of retaliation (e.g. adverse action, disciplinary measures, threats, intimidation) for reporting a violation in good faith or otherwise cooperating in an investigation of a violation. Any violation should be reported using one of the reporting channels made available by thyssenkrupp to endeavor knowledge of Compliance Investigations and by this appropriate protection for whistleblowers. Reporting knowingly false information ("malicious reporting") is a violation itself and measures taken because of such malicious reporting are not acts of retaliation.

Protection for whistleblowers is included in the publicly accessible rules of procedure. In addition, TKMS has an internal policy for protection against reprisals.

For more information on TKMS' compliance program and its policies, the reader is referred to chapter G1.

S2-4 TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS

MEASURES FOR PREVENTING, MITIGATING AND REMEDIATING NEGATIVE MATERIAL IMPACTS AND ACHIEVING POSITIVE MATERIAL IMPACTS FOR VALUE CHAIN WORKERS

S2-4 30, 31a, b, 32a, b, d, 33a-c, 35, 37 MDR-A 68a-c

TKMS acknowledges its responsibility regarding material impacts on workers in the value chain and therefore, has developed measures to prevent, mitigate and remediate negative material impacts for value chain workers related to child labor, forced labor and health and safety. The process for managing negative material impacts is embedded in the general risk management process relating to human rights and environmental issues.

Beyond the material impacts, other issues in the context of human rights, occupational safety and health, and environmental concerns are also addressed to avoid negative effects on workers in the value chain. The determination of the necessity of the measures is based on the individual risk levels and knowledge of violations. The severity of the violation and degree of the company's influence are both considered when determining the appropriateness of the measures.

The following measures were implemented continuously during the fiscal year:

- Every supplier is subject to a risk analysis and assigned a risk level (five risk levels ranging from very low to very high; see description of risk analysis above S2-2: Processes for engaging with value chain workers about impacts
- TKMS supplier qualification for all new suppliers including contractual commitment to the SCoC for suppliers with higher risk levels. For suppliers who are initially classified as low risk or very low risk, we accept acknowledgement of the Code of Conduct
- To endeavor compliance with the SCoC, supplier visits on premises are conducted randomly
- Suppliers with higher risk levels are also required to complete detailed self-assessments (e.g. questionnaires about occupational safety and health, human rights and labor issues, and environment protection, selected audits and sustainability ratings, etc.)
- Suppliers with higher risk levels are also required to participate in online training.
- Selected suppliers are assessed with the help of external providers in terms of workplace conditions assessments and sustainability audits at our suppliers' sites to analyze and improve the local working conditions of their employees. The focus is on environmental protection, fair labor practices, health and safety, and the establishment of robust management systems.

The effectiveness of the measures is monitored via the supplier risk analysis. As part of the audits, corrective action plans are agreed with suppliers to remedy potential and actual violations. The remediation of violations is continuously reviewed in consultation with suppliers.

The process will continue in the next fiscal year.

HUMAN RIGHTS ISSUES AND INCIDENTS WITHIN THE VALUE CHAIN

S2-4 36

During the reporting period FY 24/25, no human rights violations among direct suppliers classified as serious were identified. The severity classification depends on whether a violation occurs as an isolated incident or systematically, and whether it is reversible or not. Other actual negative impacts on workers in the supply chain that are not classified as serious relate to cases of non-compliance with occupational health and safety obligations. All incidents were identified and tracked through supplier audits. To remedy all identified violations, specific remedial or improvement measures are defined, which the suppliers concerned must implement and which TKMS must track.

MANAGEMENT OF MATERIAL IMPACTS

S2-4 38

The SCA Officer Business manages the implementation of TKMS's human rights and environmental due diligence process and is therefore responsible for identifying and managing the company's material impacts related to child labor, forced labor, and health and safety. He reports to the Human Rights Officer and consults regularly with the SCA Council Group. He is supported in the operational implementation by an SCA manager and an assistant. In addition, there is a weekly exchange with the ESG team on sustainability-related matters in the supply chain. Those responsible have access to diverse tools to support supplier communication, risk analysis, documentation, and monitoring of measures and violations. All necessary financial resources are requested during the annual planning process and allocated accordingly.

S2-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

DESCRIPTION OF TARGETS

S2-5, 39a-c, 41, 42a, MDR-T 80 b, d, e, i

In FY 2023/2024, a new non-financial target, “High Risk Supplier Reduction (HSR)”, was introduced to reduce the relative proportion of high-risk suppliers based on an initial risk assessment following the supply chain act. The HSR-target covers various risks in the areas of occupational safety and health, environmental protection, and human rights and labor (including child labor and forced labor). The HSR measures the relative proportion of suppliers in the total population of potentially risky suppliers who are still considered risky according to the risk analysis carried out for the first time under the Supply Chain Due Diligence Act (even after risk-reducing measures have been implemented, where applicable). The SCA Officer Business monitors the achievement of the HSR target on a monthly basis. In addition, the key figure is part of the monthly KPI settings for purchasing. The development and further development of this non-financial target involves representatives of the Procurement departments of the thyssenkrupp segments and thyssenkrupp AG as relevant stakeholders.

In FY 2024/2025 TKMS achieved 31.1%, while the target was 53.9%. The targets for upcoming years are 43,9% in FY 2025/2026 and 36.4% in FY 2026/2027.

RELATIONSHIP OF TARGET TO POLICY OBJECTIVES

S2-5, 41, MDR-T 80a, c, h

The target of reducing high-risk suppliers is in line with our policy objectives to prevent violations related to child labor and forced labor, as well as occupational safety and health. Please find the respective policies in the section titled Objective and scope of TKMS’ policies related to workers in the value chain.

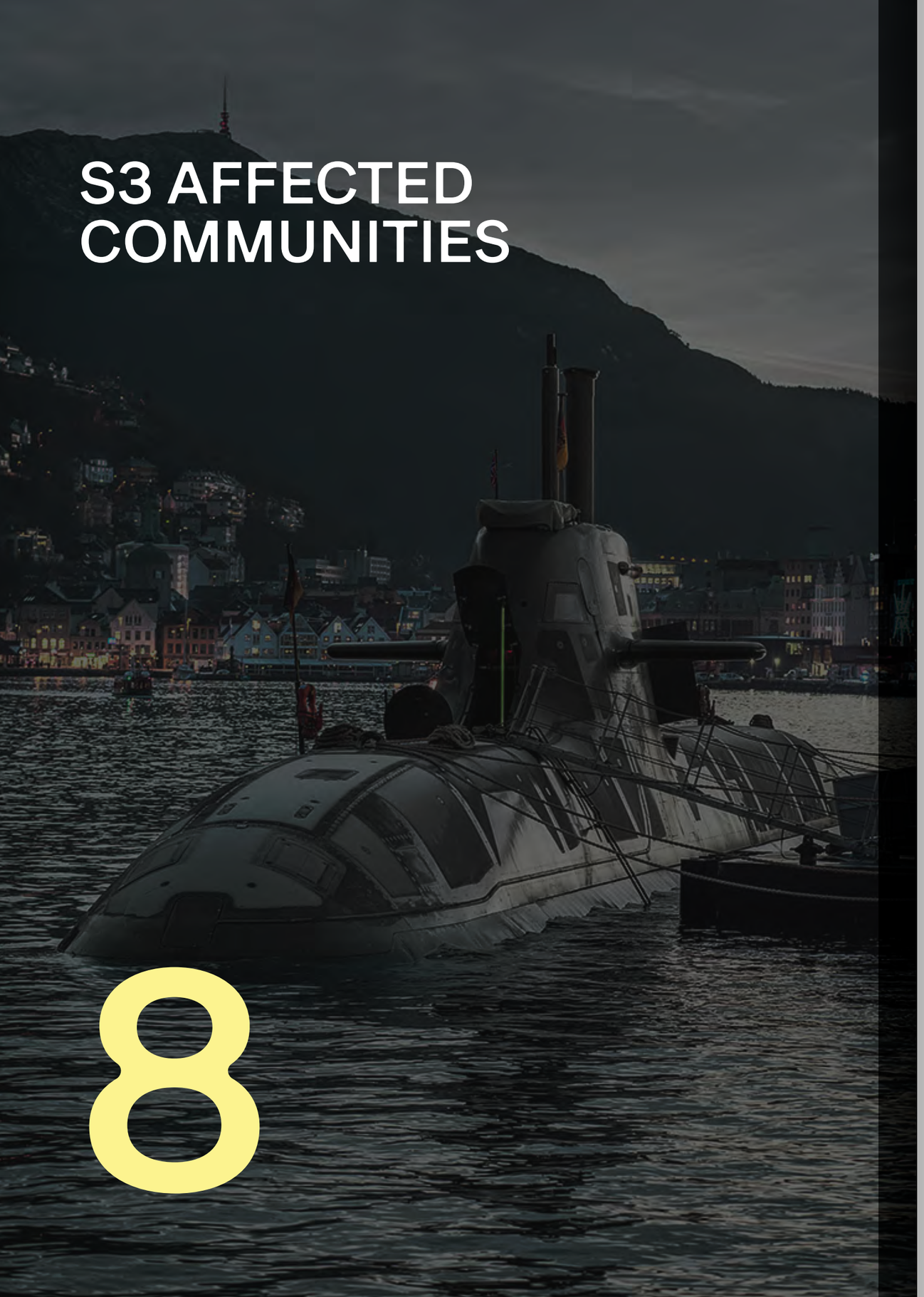
METHODOLOGIES AND ASSUMPTIONS

S2-5, 42b, c, MDR-T 80f, j

The HSR measures the relative proportion of suppliers (with a minimum turnover of more than €10,000) in the total population of potentially risky suppliers who are still considered risky according to the initial risk analysis (after any risk-reducing measures have been implemented).

The HSR is calculated using data from the risk analysis tool. The underlying Dataset draws on Verisk Maplecroft’s portfolio of risk indices, covering issues such as child labor, modern slavery, occupational safety and health, and water pollution. In addition, it includes subnational indices developed in response to the LkSG’s requirement for companies to map their exposure to Mercury Pollution, Hazardous Waste and Persistent Organic Pollutants. Each index in the Dataset assesses 198 countries and is updated annually or quarterly; 80% provide sector risk coverage across 80 industries, while over half deliver subnational data insights, ranging from state to site-level. It also includes indices measuring appropriate context-dependent factors, such as conflict, judicial effectiveness, corruption, and women’s and girls’ rights. The SCA Officer Business monitors the achievement of the HSR target monthly. The estimate is given by the following formula with FY referring to fiscal year:

HSR = ((High) risk suppliers (risk category))/ ((High) risk suppliers (risk potential)) %



S3 AFFECTED COMMUNITIES

8

TKMS acknowledges its corporate responsibility and emphasizes the significance of how its business activities impact affected communities, both within the company and across the value chain. This includes residents and local communities. Through proactive risk management and consistent sustainable actions, TKMS aims to reduce potential negative impacts on these communities and build a foundation for long-term, trustworthy relationships with them.

S3-SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

Chapter ESRS 2: 'General disclosures, describes in detail the broader concept of stakeholders and their perspectives.

S3-SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

S3 - AFFECTED COMMUNITIES					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Communities' economic, social and cultural rights - Security-related impacts					
Impact (Potential Negative)	In the upstream value chain, the manufacturing processes of raw materials and products used by TKMS can be compromised by inappropriate and insufficient security practices. These lapses in site and process safety measures pose significant threats to the safety, health, and well-being of affected communities. The lack of adequate security can lead to risks such as property damage, health hazards, and even threats to human life.	Short Term	Upstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • Supplier Code of Conduct • ILO's Core Labour Standards • Group Operating Instruction • United Nations Global Compact	• Supplier risk analysis • Suppliers need to acknowledge and commit to the Supplier Code of Conduct depending on the risk level • Random supplier visits • Suppliers with higher risk levels: detailed self-assessments and online trainings

Table 44: Overview of S3 IRO with Corresponding Policies and Measures

Scope of affected communities
S3-SBM-3 9

TKMS engages with its stakeholders. The materiality assessment found no materially affected communities linked to its own operations; nonetheless, TKMS accounts for local communities around its sites and shipyards and maintain open dialogue and targeted social engagement. While it does not control end-use, TKMS acknowledge that deployment in conflict zones may affect civilians and limits direct engagement. By contrast, materially affected communities were identified in raw material processing regions of our upstream value chain, where lapses in site and process safety at supplier facilities can create security-related impacts for neighboring communities (risks to health, property, and life). Accordingly, the scope of disclosure under ESRS 2 focuses on upstream communities.

Types of affected communities
S3-SBM-3 9a

Specifically, TKMS defines affected communities as those communities and population groups that are or could be directly or indirectly affected by its business activities, precisely, in raw material processing regions of our upstream value chain. This includes residents and local communities along its upstream raw material processing suppliers' facilities, whose, environment and social structure could be affected by TKMS's upstream economic activities and decisions.

Details of material negative impacts to affected communities
S3 SBM-3 9b

As part of the double materiality assessment, a group-wide risk analysis, and risk analysis under the German Supply Chain Due Diligence Act (LkSG) (see section S3-1 Policies related to affected communities and S2 Workers in the Value Chain), TKMS assesses whether and to what extent its activities may impact systemically relevant affected groups in communities linked to upstream manufacturing of raw materials and products. The results inform the company-wide measures to meet human rights due diligence obligations.

This assessment identified a material potential negative impact on affected communities arising from security-related lapses in site and process safety within the upstream value chain. Non-compliance with occupational safety standards and insufficient safety controls can allow accidents and incidents to extend beyond the immediate operational context, endangering neighboring communities through property damage, health hazards, and threats to human life, and thereby reducing quality of life.

Given its potential reach across multiple tiers and geographies, TKMS classifies this impact as systemically widespread. The classification considers industry-standard risks in resource-intensive sectors, external studies and guidance, and the geographic distribution and complexity of our global supply chain. The assessment is reviewed and updated when new information from audits, complaints, or stakeholder dialogues becomes available.

In the reporting period, no material negative impact events involving affected communities were identified; the impact remains potential based on the risk analyses.
TKMS did not identify material positive impacts, risks, or opportunities for affected communities, reflecting limited direct relationships with them. Nevertheless, it recognizes potential indirect effects and maintains social engagement through selected activities, memberships, and donations through the relevant programs of the thyssenkrupp AG.

Our understanding of communities at greater risk of harm
S3 SBM-3 10

TKMS's understanding of communities at greater risk from upstream sites and process safety lapses is drawn from industry initiatives, international guidance, its LkSG risk analysis, and insights from the group-wide grievance mechanism based on the whistleblowing system, which is described in more Chapter G1 Whistleblowing System. Communities adjacent to supplier sites handling hazardous materials or high-energy processes, and those in regions with weak regulatory enforcement or limited emergency response, face heightened risk; structurally disadvantaged groups—including conflict-affected communities and indigenous peoples—may be particularly vulnerable to incidents affecting health, property, and life. TKMS' current understanding of this vulnerability is limited, but we are refining it through grievance and audit data analysis to aim to detect risks earlier and improve mitigation. For further information, see section S3-4.

S3-1 POLICIES RELATED TO AFFECTED COMMUNITIES

Policies to manage material impacts related to affected communities

S3-1 14 & MDR-P 65a, b

To address the significant potential negative impact outlined in the previous section, TKMS is dedicated to integrating the Group-wide policy 'thyssenkrupp Principles of compliance with human rights and environmental due diligence' within its own operations and supply chain. This policy applies to all companies belonging to the thyssenkrupp Group and refers to the entire value chain as well as all global business activities. Its goal is to minimize negative human rights and environmental impacts and to create a uniform standard regarding the respect of these aspects. This also means that, that it is aimed at considering the rights of affected communities in the value chain and to minimize risks to their health and safety. The responsibility for this lies with the relevant management as well as with the executive board of thyssenkrupp AG. For a deeper exploration of this policy, please refer to chapter S2, section S2-1.

The Group Operating Instruction on human rights and environmental due diligence establishes minimum standards for the company-wide assurance of the implementation and observance of human rights and environmental due diligence obligations. It defines the appropriate organizational structures and processes required for this purpose in the thyssenkrupp Group, as well as the procedures for identifying, weighing and prioritizing risks, the measures to be taken by the Group companies, and their documentation and reporting obligations. This also refers to the risks that arise for affected communities in the upstream supply chain due to resource extraction and products used by TKMS. The policy applies to the entire thyssenkrupp Group and to TKMS. It refers to the entire value chain and all global business activities. The responsibility for this lies with the relevant management as well as with the executive board of thyssenkrupp AG.

Human rights policy commitments relevant to affected communities

S3-1 16, 16a & MDR-P 65f

TKMS's human rights commitments for affected communities focuses on aiming to prevent security-related impacts in the upstream value chain by enforcing occupational safety and process controls to avert accidents or technical failures that could harm neighboring communities. These commitments sit within thyssenkrupp AG's group-wide concept (Group Operating Instruction on human rights and environmental due diligence, Principles of compliance with due diligence requirements, Supplier Code of Conduct).

TKMS respects the rights of communities, including indigenous peoples, by requiring suppliers to meet standards via the Supplier Code of Conduct and related oversight; For all relevant information on the supplier code of conduct, please see see chapter S2 Workers in the Value Chain. When impacts occur, we enable remedy through confidential, non-retaliatory grievance channels, immediate corrective and preventive actions, and risk-based audits focused on higher-risk suppliers, tracking closure and escalating to authorities if needed. Termination of supplier relationships is a last resort.

Responsible level for implementing policies related to affected communities

S3-1 14 & MDR-P 65c

Responsibility for implementing policies relevant to affected communities sits with dedicated governance anchored at management-board level. At TKMS, the SCA Officer manages the implementation of human rights due diligence, including measures addressing upstream site and process safety risks that could harm neighboring communities—and reports to the Human Rights Officer. The Human Rights Officer is responsible for statutory monitoring and reports directly to the TKMS Management Board.

At group level, the SCA Council Group oversees implementation across thyssenkrupp, coordinated by the SCA Officer Group, which reports to the thyssenkrupp AG Executive Board. Statutory monitoring of risk management is performed by Group Function Legal & Compliance; the Group General Counsel and Chief Compliance Officer are appointed to these tasks. Delivery is supported by interdisciplinary specialist departments across our own operations and supply chain. Further governance details are provided in ESRS G1 Business Conduct.

Engagement with affected communities in human rights policy commitments
S3-1 16b & MDR-P 65e

Working towards that the perspectives of affected communities could be integrated into decision-making processes. Through the participation of thyssenkrupp AG, TKMS implements the principles of the UN Global Compact. These initiatives promote the exchange of best practices and the continuous advancement of human rights standards implementation.

Measures to enable remedy for human rights impacts on affected communities
S3-1 16c

TKMS enables remedy for human rights impacts on affected communities—especially from upstream site and process safety lapses—through an LkSG risk-management framework embedded in the thyssenkrupp Principles. Suppliers are risk-classified and prioritized by severity, our contribution, leverage, and business context; these inputs drive preventive controls and targeted oversight. When violations are identified, we activate confidential grievance handling, investigate, require supplier root-cause analysis and corrective/preventive action plans, and track completion. Implementation is verified proportionately through risk-based audits as well as supplier visits and, if necessary, escalated to competent authorities. This step will be taken if no corrective measures are taken and a violation of applicable law is present. In this case, a report is submitted to the responsible authority. We use our leverage to support effective remediation; suspension or termination is a last resort after remediation efforts are exhausted.

Alignment of policies regarding affected communities with internationally recognized standards and third-party standards or initiatives that are respected through implementation of policies about affected communities
S3-1 17 & MDR-P 56d

TKMS's policies relevant to affected communities incorporate content of international standards (UNGPs, ILO Core Labour Standards, OECD Guidelines and related UN frameworks). Implementation and monitoring—including third-party standards via the Supplier Code of Conduct—are described in chapter S2; stricter national laws take precedence.

S3-2 PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES ABOUT IMPACTS

Statement in case the undertaking has not adopted a general process to engage with affected communities
S3-2 24

Currently, TKMS has not adopted a general process to engage with affected communities. However, such a process will be developed and gradually implemented in the coming years.

S3-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS

Approach to and processed for providing or contributing to remedy for affected communities
S3-3 27a

TKMS's approach to providing or contributing to remedy for affected communities is embedded in the thyssenkrupp Principles of compliance with human rights and environmental due diligence and our LkSG risk-management system. This integrated, interdisciplinary system covers risk analyses, preventive and remedial processes, defined responsibilities, a policy statement, accessible and confidential grievance procedures (with protection against retaliation), as well as documentation and reporting—aimed at minimizing and preventing human rights impacts from upstream site and process safety lapses. With the goal of achieving that affected communities are aware of and trust the company´s engagement and grievance processes, TKMS communicates the availability of these channels through local stakeholders, on-site postings and supplier briefings.

Feedback on accessibility and effectiveness is collected whenever possible. In the upstream supply chain, we implement preventive and remedial measures through supplier training and the thyssenkrupp Supplier Code of Conduct (see chapter S2). Suppliers with higher risk potential are required to contractually commit to human rights expectations and to case-specific actions (audits, enhanced safety controls and supplier visits). If deviations are found that include violations of applicable laws and regulations as well as the principles outlined in the policies, a supplier root-cause analysis and corrective/preventive plans are required, and conduct effectiveness is reviewed; key central functions and committees, up to the thyssenkrupp Supply Chain Act (SCA) Officer Group, are informed and involved. Serious or unremedied violations may lead to temporary suspension or termination of the relationship, used as a last resort after leverage and remediation efforts. TKMS aims to take into account that the customs, legal systems, and traditions of the potentially affected indigenous peoples are considered based on publicly accessible information.

Specific channels in place for affected communities to raise concerns and processes through which the availability of channels is supported through business relationships

S3-3 27b, c

TKMS maintains multiple, free-of-charge channels for affected communities and other stakeholders to raise concerns about upstream site and process safety and human rights: a web-based whistleblowing system (available in 34 languages), a telephone hotline, and dedicated email and postal addresses. These channels are open to employees, suppliers, customers, and any third parties, including directly affected individuals. Reports are handled confidentially, with anonymous options where legally permitted and protection against retaliation; submissions are assessed, investigated, and addressed with corrective and preventive measures and follow-up. To work on ensuring availability through our business relationships, TKMS requires suppliers to publicize these channels to local stakeholders (e.g., on-site noticeboards and websites), maintain compatible grievance procedures, and promptly relay serious concerns to TKMS as indirectly described in the Supplier Code of Conduct. The Supplier Code of Conduct does not explicitly refer to whistleblowing tools. The suppliers are only required to adhere to all standards and guidelines relevant to supplier management, which also includes this aspect. Awareness is reinforced via onboarding and training, contractual clauses, and risk-based audits; effectiveness and accessibility are monitored and adjusted as needed to surface issues early and mitigate community harms.

Tracking and monitoring issues raised and ensuring effectiveness of channels

S3-3 27d

TKMS operates a group-wide whistleblowing channel to identify and mitigate upstream site and process-safety lapses that could harm neighboring communities. Reports are handled confidentially (anonymous where legally permitted) with protection against retaliation. Compliance Investigations at thyssenkrupp AG centrally logs, categorizes, assigns, and tracks every case to closure, involving competent units or authorities as needed. For upstream security-related cases, suppliers must conduct root-cause analyses and implement corrective/preventive actions; TKMS verifies implementation and effectiveness.

To maintain channel effectiveness, key KPIs are monitored (acknowledgement and investigation timelines, closure and recurrence rates), user feedback is collected, and trends are reported to management. The selection of these KPIs was based on their relevance to affected communities, the potential severity of related impacts and stakeholder feedback gathered through grievance mechanisms. Insights inform continuous improvements to channel accessibility and awareness and strengthen preventive controls in the upstream value chain. Investigations adhere to presumption of innocence and need-to-know. Further details are provided in ESRS G1 Business conduct, section G1-1.

S3-4 ACTING ON MATERIAL IMPACTS ON AFFECTED COMMUNITIES, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO AFFECTED COMMUNITIES, AND EFFECTIVENESS OF THOSE ACTIONS

TKMS addresses the material risk of harm to affected communities due to insufficient site and process safety in the upstream value chain through a risk-based responsible procurement program under the LkSG and thyssenkrupp policies. Measures include supplier risk screening and categorization, contractual human-rights and safety requirements (see chapter S2), targeted training, risk-based audits, and corrective and preventive action plans with root-cause analysis; serious or unremedied cases are escalated, with suspension/termination as a last resort. TKMS identifies and prioritizes actions to address actual and potential negative impacts on affected communities through the process just described.

Once impacts are detected via supplier assessments, audits or stakeholder feedback, responsible departments evaluate the severity, likelihood and geographic proximity of potential harm to determine the need for preventive or corrective measures. If aspects of land use, construction or decommissioning are involved, TKMS applies impact assessments and community consultations in line with international best practice and national regulations. Where impacts or risks extend beyond TKMS´s operational control, it participates in sectoral initiatives and coordinates with authorities or local partners to aim to ensure an effective and proportionate response if such an aspect should occur.

Effectiveness is monitored via KPIs (audit findings and closure rates, time to remediate, recurrence/near-miss and grievance trends), and results inform continuous improvement of supplier controls and channel accessibility. In the event of significant negative impacts, affected communities are encouraged to use the complaint and remedy channels, the availability of which TKMS is trying to ensure. Grievances are recorded and reviewed by responsible departments (Compliance and Procurement). Where such impacts are identified, corrective or compensatory actions are developed together with the affected parties. TKMS evaluates its grievance mechanisms to aim to ensure accessibility, legitimacy and transparency. No material opportunities related to affected communities were identified in the reporting period.

Key actions taken to prevent or mitigate material negative impacts on affected communities

S3-4 32a & MDR-A 68a- e, 69a-c

TKMS targets the material negative impact identified in our double materiality—security-related lapses at upstream suppliers that could cause accidents with off-site consequences for neighboring communities—through a risk-based responsible procurement program (see ESRS S2, section S2-4). During the fiscal year 2024/2025 no measures were taken regarding actual significant impact. We require higher-risk suppliers to commit to the Supplier Code of Conduct and implement occupational and process-safety controls (hazard identification, containment, emergency preparedness and protective gear) to prevent incidents that could harm residents. Actions include risk screening and categorization, contractual requirements, targeted training, mandatory self-assessments, risk-based and random site visits, and third-party audits. Identified gaps trigger supplier root-cause analysis and corrective/preventive plans that we monitor to closure; serious or unremedied cases are escalated, with suspension or termination as a last resort. Site visits and third-party audits were conducted to protect the affected communities and to have a positive impact on them.

Effectiveness is tracked with KPIs linked to community risk reduction (audit findings and closure rates, time to remediate, recurrence/near-miss and grievance trends). TKMS also pursues the High-Risk Supplier Reduction (HSR) target to lower the share of suppliers with elevated potential for community harm (see ESRS S2, section S2-5). Results inform continuous improvements to supplier safety controls and incident-notification expectations.

Currently, TKMS does not disclose a separate allocation of financial resources (CapEx and OpEx) to the measures outlined above. The related costs are included within general operating expenses. A direct reconciliation with figures in the financial statements is therefore not yet available.
Where potential or actual negative impacts or risks are identified, responsible departments evaluate the severity, likelihood and proximity of potential harm to determine the need for preventive or corrective measures. TKMS engages with its suppliers to agree on corrective action plans and monitor implementation progress. For cases requiring remediation, suppliers are expected to provide or cooperate in providing access to effective grievance and remedy mechanisms for affected communities. TKMS reviews the effectiveness of these supplier-level mechanisms as part of its regular supplier evaluations and supports improvements where needed.

Ensuring that own practices do not cause or contribute to material negative impacts on affected communities
S3-4 35

Although no materially affected communities were identified at its own sites, TKMS aims to ensure our practices do not cause or contribute to harm by maintaining occupational and process-safety controls, environmental safeguards, and emergency preparedness to prevent off-site consequences (e.g., health hazards, property damage). It monitors performance, investigates incidents and near-misses, and implements corrective actions; social responsibility is embedded at our locations (eee ESRS S1, section S1-4).

Severe human rights issues and incidents connected to affected communities
S3-1 17 & S3-4 36

During the reporting period, there were 0 incidents of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving affected communities of our direct suppliers (Tier 1).

Resources allocated to the management of material impacts related to affected communities
S3-4 38

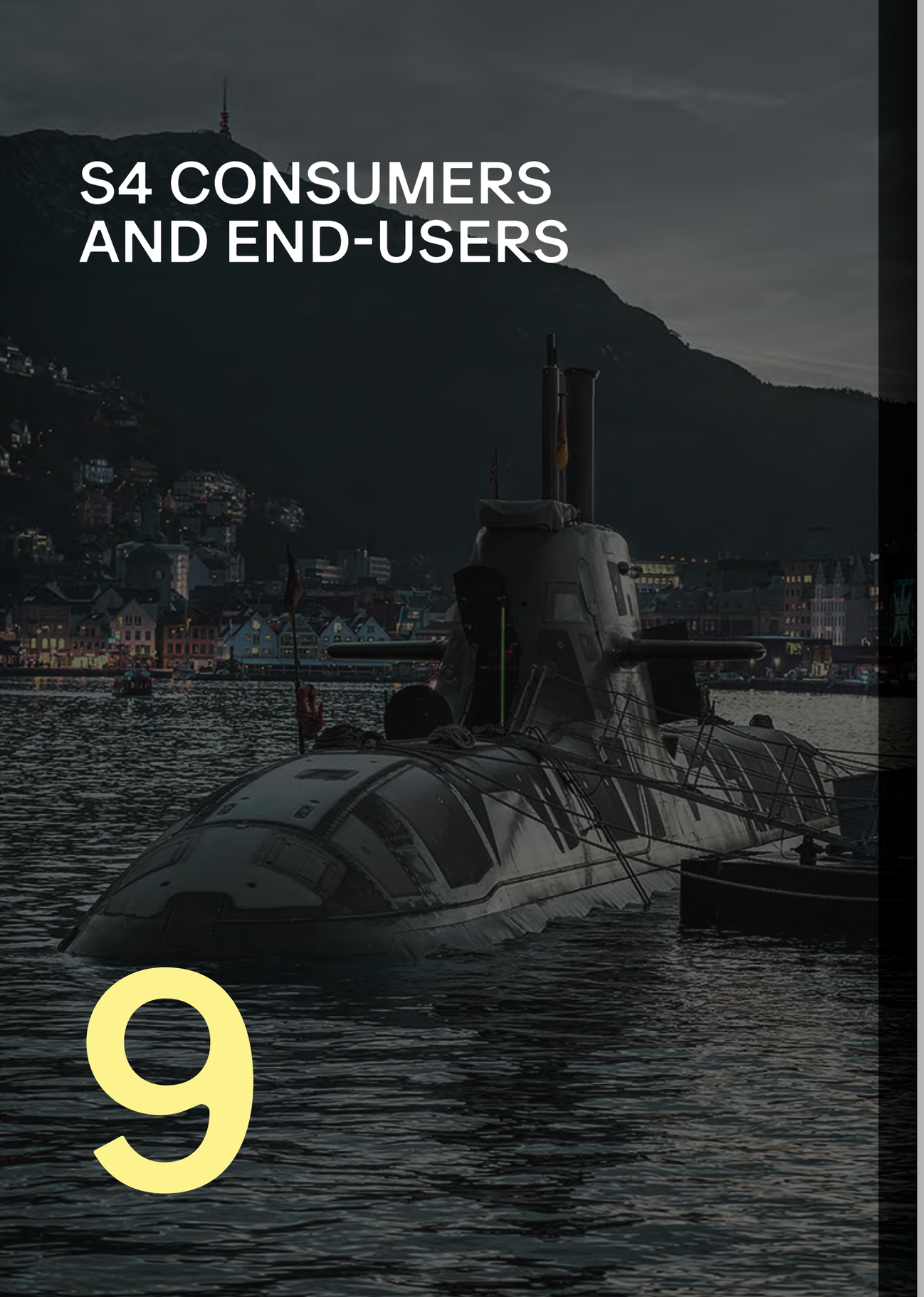
Resources to manage impacts on affected communities are allocated through thyssenkrupp's group-wide "engineering.tomorrow.together" initiative and local budgets, supporting education and community engagement around our sites and disaster relief via employee and company donations. In the reporting year, group companies worldwide continued to fund local projects, collaborations, multi-stakeholder initiatives, and associations aligned with local needs, complementing our due-diligence efforts.

S3-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Disclosures if no targets in relation to affected communities have been adopted
S3-5 & MDR-T 81b, 81b i, 81b ii, 81b ii 80d

Currently, TKMS has not adopted measurable outcome-oriented targets specifically for affected communities; we continue to assess feasibility and timing. The company´s social impact management processes are still in the implementation phase and currently focus on establishing risk assessments, and the whistleblowing system as grievance mechanism. Quantitative targets have not been defined because data availability and methodologies for measuring community-related outcomes are still limited and project-specific conditions differ significantly across sites and supply chains. Meanwhile, TKMS tracks the effectiveness of policies and actions to manage the material negative impact—upstream site and process-safety lapses with off-site consequences for neighboring communities—through LkSG supplier risk analysis and categorization; contractual Supplier Code of Conduct commitments for higher-risk suppliers; mandatory self-assessments and online training; risk-based and random site visits; and independent audits. These audits are conducted by external providers, who visit the suppliers, look at the premises and conduct employee interviews. The auditors are free from any instructions and create a corrective action plan that includes deviations, the elimination of which will be verified by TKMS. The corrective action plans provide a deadline of 30 to 90 days to correct the violations, depending on the severity of the deviation. The elimination of the violations is advanced by TKMS in direct contact with the supplier and documented both in writing and with image material. For more information, see Chapter S2. Findings trigger corrective and preventive action plans that we review with suppliers until closure. Potential and actual risks can also be reported via our whistleblowing channel, managed by thyssenkrupp Compliance Investigations (NAVEX Global for North America/Canada). See ESRS S2 (sections S2-3 and S2-4) and ESRS G1 (section G1-1).

A group non-financial target—High Risk Supplier Reduction (HSR)—was introduced in FY 2023/2024 (base year 2023/2024) to decrease the proportion of high-risk suppliers and thereby addressing occupational safety and human-rights risks that can potentially affect neighboring communities. The target is monitored monthly by the SCA Officer Business and embedded in purchasing KPIs (see ESRS S2, section S2-5). No additional levels of ambition or indicators for affected-community outcomes have been defined at this time.



S4 CONSUMERS AND END-USERS

9

S 4 - CONSUMERS AND END-USERS					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Information-related impacts for consumers and/or end-users - Privacy					
Impact (Potential Negative)	Insufficient data privacy and security practices can negatively impact customers/governances by exposing their personal information to unauthorized access. Weaknesses in managing customer data, such as preventable data leaks, inadequate cybersecurity measures, or failures to protect second-tier customer information, can lead to privacy breaches. Moreover, the leaking of confidential information, including state secrets, national classified information, can have significantly larger negative impacts, making the protection of such sensitive data a critical concern.	Short Term	Downstream	• thyssenkrupp Code of Conduct • Group Regulation Data Protection	• data protection system • integrated management system • Data Protection Organizational Unit team • training • Whistleblowing System
Financial (Risk)	If TKMS fails to implement robust privacy practices (such as secure data handling, transparent communication of data use, or compliance with relevant data protection regulations) this may undermine trust and satisfaction among its clients and partners. In the defense industry, where sensitive data related to logistics, personnel, and strategic operations are critical, breaches of classified or proprietary information can lead to severe reputational damage and loss of government contracts. Insufficient consent mechanisms and opaque data-sharing procedures can also result in significant legal consequences, especially under stringent defense and security regulations. Financial impacts may include regulatory penalties, decreased contract opportunities, and increased costs for crisis management and corrective measures.	Medium Term	Downstream		• data protection system • integrated management system • Data Protection Organizational Unit team • training • Whistleblowing System

S4 - CONSUMERS AND END-USERS					
Type	IRO Description	Time horizon	Localization	Policies	Measures
Personal safety of consumers and/or end-users - Health and safety					
Financial (Risk)	Insufficient attention to customer health and safety, such as through inadequate product design, lack of risk communication, or missing protective features, can lead to incidents such as injuries or fatalities. This risk is especially relevant for TKMS in the maritime and defense sectors, where heavy machinery and hazardous materials are prevalent. Poorly designed, defective, or unsafe products may trigger litigation, recalls, regulatory sanctions, and loss of trust. These consequences can harm TKMS's brand reputation, reduce customer satisfaction, and negatively affect overall business performance.	Short Term	Downstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • Product management, research and development (only TKMS)	• Internal Control System • Quality Management System • Regular supplier audits • Safety Assessment Report
Impact (Potential Negative)	In the downstream value chain, insufficient security measures for end-users and consumers can lead to adverse health outcomes. When products or services lack robust security protocols, individuals are more vulnerable to risks and threats that undermine their well-being.	Short Term	Downstream	• thyssenkrupp Principles of compliance with human rights and environmental due diligence • thyssenkrupp Code of Conduct	• Internal Control System • Quality Management System • Regular supplier audits • Safety Assessment Report

Table 45: Overview of S4 IROs with Corresponding Policies and Measures

TKMS as a defense company has a special responsibility due to the complex products produced and the contractual relationships with governments. As part of its responsibility, TKMS is guided by the United Nations' principles on business and human rights, which require companies to respect human rights. The right to privacy is also an important legal right. and Further TKMS is committed to the ILO Declaration on Fundamental Principles and Rights at Work. Furthermore, its actions consider the principles of the OECD Guidelines for Multinational Enterprises, which set an international standard for responsible business conduct and demand respect for human rights as well as a high degree of integrity in data, information, and security management. A general process to engage with coustomers with regard to the aspects explained below is not implemented due to the special business model. TKMS has aimed to take into account all changes to the policies and measures that occurred during the reporting year, as described in the following texts. Additionally, all guidelines and measures are regularly monitored by the responsible departments, at least annually or on a case-by-case basis, and adjusted as needed. Efficiency is measured by its actual implementation and the occurrence of possible deviations. All measures are selected based on relevant risks, opportunities, and established goals. It is important to note that the financial expenditures for all measures are determined within the framework of the regular financial planning. The measures listed below are formed and implemented by the employees of the departments) and apply to TKMS, including all employees. The responsibility lies with the relevant management personnel, together with the management.

CYBERSECURITY, INFORMATION SECURITY AND PRIVACY

S4-SBM-3 10a i-iv, 10b, 10d, 11, S4-1 15, 16a-c, 17, S4-2 22, S4-3 25a, b, 26, S4-4 30, 31a, 33a, 35, 37, S4-5 41, MDR-A 68a-e, 69a-c, MDR-T 81a, 81b i-ii

Balancing new security threats with adequate solutions is a key priority, as enhanced security systems continue to be developed. The company considers both customer needs and the requirements of its own operations. In addition to business-relevant aspects, the protection of each individual's right to informational self-determination and the responsible handling of relevant information are primary concerns. This is significant, because a missing implementation of robust privacy practices (such as secure data handling, transparent communication of data use, or compliance with relevant data protection regulations) may undermine trust and satisfaction among its clients and partners. In the defense industry, where sensitive data related to logistics, personnel, and strategic operations are critical, breaches of classified or proprietary information can lead to severe reputational damage and loss of government contracts. Insufficient consent mechanisms and opaque data-sharing procedures can also result in significant legal consequences, especially under stringent defense and security regulations. Financial impacts may include regulatory penalties, decreased contract opportunities, and increased costs for crisis management and corrective measures.

The business activities involve the daily collection, processing, and storage of highly sensitive data, including information concerning governments or industrial clients. Considering the special customer requirements and the risk of improper handling of this data, complete data protection is a necessity. However, there is also an increased risk for employees and on-site service providers to be affected by data misuse due to the nature of TKMS's business activities and the sensitivity of the data processed. Data misuse can have significant consequences for the stakeholders involved as personal or business-related data can be published. This can result in damage to reputation and, in turn, financial damage. This is exacerbated by the sensitivity of the defense industry. Furthermore, this entails the possibility of losing control over one's own data, which can lead to unpredictable consequences. At the same time, however, it should be emphasized that these stakeholders can also commit negligent or intentional data misuse by passing on data or using it for unfair purposes, for example to gain a financial advantage. For these reasons, a comprehensive data protection system is required.

The basis of this system is an implemented information security management system (ISMS) in accordance with ISO 27001 which supports the strict data and information security requirements. The conditions for this are recorded in the Code of Conduct, framework for the principles of conduct at thyssenkrupp and the Group Regulation Data Protection. For more information on the Code of Conduct, please refer to Chapter S1-1. The Group Regulation Data Protection is managed by the Executive Board of thyssenkrupp AG and applies to the entire group of companies, including all employees. It includes all regulations for handling sensitive information, data processing, and the related responsibilities. By undergoing independent auditing of the ISMS by an accredited certification authority, TKMS pursues the aim of demonstrating its competence in information and IT security, strengthening its position as a trusted partner for its customers and business partners, and fulfilling customer requirements while securing a competitive advantage. The data protection management system and the technical and organizational measures are subject to constant monitoring. The modern technical and organizational security measures for components are related to systems and processes that are considered of strategic importance and deemed to be worthy of protection. These special requirements are considered when selecting appropriate security measures. The management demonstrates its commitment to the ISMS by fully supporting information security objectives, the measures derived from them and continual improvement.

Important part of the information security management is a dedicated Data Protection Organizational Unit team which works towards ensuring compliance with the applicable (national and international) Data Protection laws. The Head of Compliance and Data Protection, who is responsible for this regulation, is Data Protection Officer. The Chief Information Security Officer (CISO) works in close cooperation with the Data Protection Officer and his team (Data Protection Office) and is responsible for the technical and organizational security measures at TKMS. The data stored are subject to strict security standards, which comply not only with the requirements of data protection (Art. 32 GDPR) but also with the requirements of professional law regarding confidentiality. Records of processing activities are compiled in accordance with Art. 30 GDPR. When processing personal data or operating systems and applications, the principles of data minimization, the "need to know" principle and the data protection principle of "ban subject to authorization" (Art. 5 and 6 GDPR) are observed and complied with. Against the background of the principle of data storage limitation, data is only stored for as long as the purpose of the processing requires it or legal retention obligations or periods require further storage. It is important to know that all TKMS employees are bound to data confidentiality based on GDPR as well as professional confidentiality.

These measures are complemented by organizational instructions and appropriate internal awareness education and training to continuously reduce the residual risk of system failures. Training is mandatory for all employees. TKMS encourages every employee, customer or anyone else affected by a data protection violation to contact via the anonymized Whistleblowing System. More information about this and the compliance system can be found in Chapter G 1 Whistleblowing System. A separate inclusion of the customers' perspective does not take place due to the special business model. Even if there are no targets adopted, the efficiency of the relevant systems should be ensured in the manner described above. The reason no specific targets have been set in cybersecurity and privacy is that the company's overarching objective is to prevent incidents from occurring in the first place. Given the multitude and unpredictability of potential incidents in this area, establishing uniform, measurable targets are not considered meaningful or feasible. Instead, the company relies on continuous monitoring, technical safeguards and employee training. At present, no specific targets are planned, but the approach is reviewed regularly and may be adapted as regulatory requirements or risk landscapes evolve.

QUALITY MANAGEMENT

S4-SBM-3 10a i-iv, 10b, 10d, 11, S4-1 15, 16a-c, 17,
S4-2 22, S4-3 25a, b, 26, S4-4 30, 31a, 33a, 35, 37

The geopolitical importance of the maritime domain is growing, and customer requirements are evolving due to several global conflicts. As a global player in the provision of integrated system solutions for maritime defense technology, TKMS works with a relatively small number of governmental customers, building strong and lasting relationships. That means trying to contribute to the performance and safety of its customers and their citizens by delivering high-quality products is a necessity. With the aim of creating adequate product design and safe products TKMS focuses on innovation and technology while maintaining a high level of product safety. This is significant, because inadequate product design, lack of risk communication, or missing protective features, can lead to incidents such as injuries or fatalities. This risk is especially relevant for TKMS in the maritime and defense sectors, where heavy machinery and hazardous materials are prevalent. Poorly designed, defective, or unsafe products may trigger litigation, recalls, regulatory sanctions, and loss of trust. These consequences can harm TKMS's brand reputation, reduce customer satisfaction, and negatively affect overall business performance.

Given the critical safety and security requirements on board marine vessels particular attention is paid to security aspects. This serves the purpose of protecting the especially endangered military personnel who will use the products and avoiding security deficiencies that could negatively affect the customer. Their health and safety are of special importance. Investigating opportunities and dedicated technology scouting support the early adaptation of products towards secure solutions. The aspect of sustainable solutions is also considered.

High standards of quality, a key competitive advantage, require a continuous process throughout every stage of the product development process like conceptual design, engineering, manufacturing, and assembly, incorporating customer feedback and reviews. This is especially reflected in the underlying guidelines such as the thyssenkrupp Principles of compliance with human rights and environmental due diligence, the Internal Control System and the product management, research and development guideline, which build the framework for Quality Management and Product Safety through common goals and common standards. For further information on the Principles of Compliance with Human Rights and Environmental Due Diligence, please see chapter E1-2. The purpose of the guideline related to product safety is the free, self-financed research and development (R&D) and product development of the TKMS Group, which is conducted prior to customer projects. The goal is to expand and consolidate the technological and price leadership through product development, maintenance, and portfolio expansion, as well as minimizing risks.

This instruction governs the strategic planning of R&D and the execution of R&D projects – from application to in conclusion – and considering the specifics that need to be considered in R&D projects compared to other projects. It applies to all business areas of TKMS and is the responsibility of the management. The regulation product management, research, and development, which is intended to establish the framework and processes in the R&D area, is managed by the Executive Board of TKMS and serves the goal of being able to manufacture safe products.
Additionally, Project Quality Managers serve as the customer's contact for all quality-related issues and report regularly to the Quality Management Board. The quality information management aims at a standard, in which relevant information is available where needed, allowing for quick handling of upcoming challenges and deviations. Furthermore, quality management involves coordinating and managing all activities aimed at preventing incidents and accidents involving products. The underlying quality management system is defined through international standards like ISO 9001 or AQAP 2110 and a clear quality policy. The Quality Management Department also covers the monitoring of quality in processes, projects, and products.

The overall quality of products should be ensured through several levels, anchored in the development and realization stages of the V-model:

- Process-accompanying internal inspections take place working towards the quality of documents and personnel, e.g. construction document inspections with multi-stage release stages, documented in the ERP tool (SAP), personnel qualification, such as welder inspections as part of the welding workshop approval certificates (e.g. in accordance with DIN 2303, DNV) and more.
- Technical and Business Gate Reviews specified in the QM system conclude the individual process phases in a formalized manner.
- Regular supplier audits during technical supplier management.
- Contractual quality requirements are checked and verified in Factory Acceptance Tests (FAT) on component level, Harbor Acceptance Tests (HAT) on system level and Sea Acceptance Tests (SAT) on boat or ship level for overall performance values. Acceptance Tests are usually performed with participation of the customer.

PRODUCT SAFETY

S4-SBM-3 10a i-iv, 10b, 10d, 11, S4-1 15, 16a-c, 17, S4-2 22, S4-3 25a-b, 26, S4-4 30, 31a, 33a, 35, 37, S4-5 41, MDR-A 68a-e, 69a-c, MDR-T 81a, 81b i-ii

Internal specifications aim to maintain product safety and the preparation of associated verification measures. Safety standards, such as the internationally recognized US standard “MIL-STD-882,” are considered when defining specifications. Some of these basics are shown in figure 5.1. Safety managers, who plan, coordinate, and evaluate product-related safety, are an integral part of the project organization. In coordination with the respective customers, they aim to ensure compliance with relevant legal requirements, norms, and standards such as human rights and UN principles. Different project roles maintain continuous dialogue with the customer throughout the long-term cooperation, recording customer satisfaction, for example, by monitoring reactions to fulfilled requirements. At the end of each project, the Safety Manager prepares the Safety Assessment Report without any influence from third parties and their instructions and makes it available to the client upon request. This approach is part of the necessary transparency regarding product safety.

Risks to customer health and safety posed by the products can be reported anonymously at any time through the whistleblowing system which can be used by all external and internal stakeholders as well as all other people. In this way, TKMS is working to maintain a constant quality standard. In the event of any deviations, cause-appropriate analysis methods and database-supported deviation management create the opportunity to improve work and process quality, thereby continuously increasing the quality of products and services. This also means that negative impacts are documented, and solutions are sought in collaboration with the customer, if necessary, and the relevant

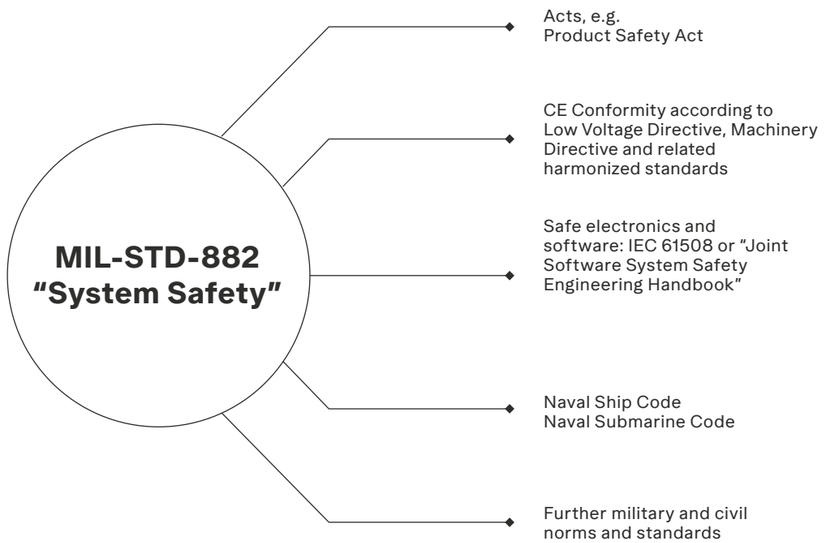
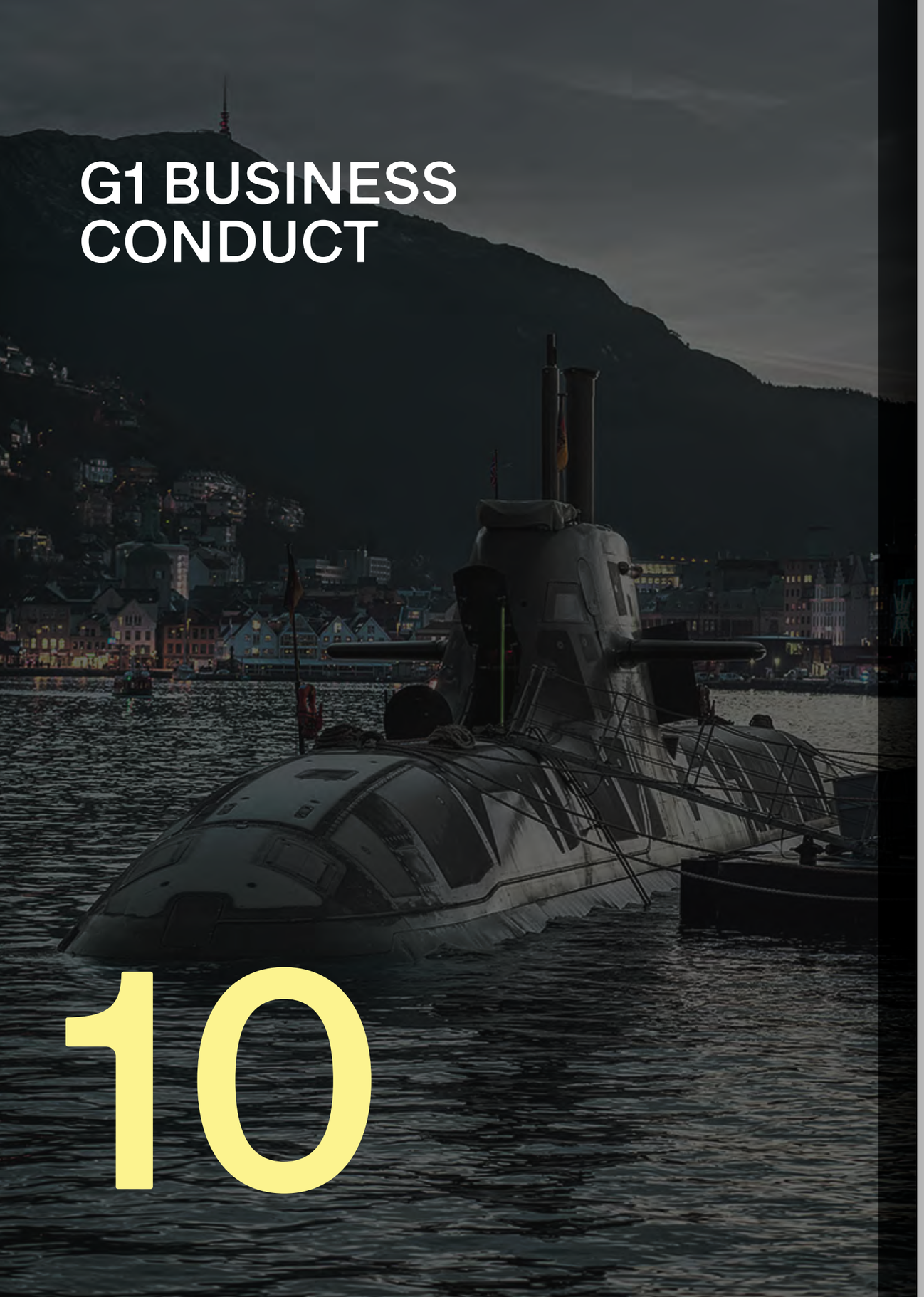


Figure 12: Overview of MIL-STD-882 “System Safety”

departments. Even if there are no targets adopted, the efficiency of quality management systems should be ensured in the manner described above. All contract-relevant complaints or objections reported by the client are recorded as customer complaints. TKMS provides the author with a response that contains information on cause analysis and remedial measures. The determination of customer satisfaction takes place in different areas and is combined at a central location. The information includes product compliance, the ability to deliver on time, customer feedback, and the implementation of corrective measures. Data from customer satisfaction surveys is incorporated into management evaluations and used as input for plans to improve customer satisfaction. The effectiveness of the implemented measures is reviewed in management reviews.

The reason no specific targets have been set in Quality Management and Product Safety is that the company’s overarching goal is to produce high-quality products from the start and thus achieve customer satisfaction. Given the multitude and unpredictability of potential incidents and deviations related to Quality Management and Product Safety, the establishment of uniform, measurable goals are not considered sensible or feasible. Instead, the company relies on continuous monitoring, technical safety precautions, employee training, and the use of a quality management system. Currently, no specific targets are planned, but the approach is reviewed as needed and can be adjusted if regulatory requirements, risk landscapes, or customer requirements evolve.



G1 BUSINESS CONDUCT

10

G1 - Business Conduct

Type	IRO Description	Time Horizon	Localization	Policies	Measures
Corporate culture					
Impact (Potential-Negative)	Non-compliance with existing and upcoming regulations (e.g. CSRD, LkSG, CS3D, Eco-design for sustainable product regulation - ESPR, Extended producer responsibility - EPR, employee regulations, EU ETS, CBAM), laws and tariffs lead to negative impacts on society (including human rights).	Medium Term	Own Operations	• thyssenkrupp Code of Conduct • Supplier Code of Conduct • Group Operating Instruction • LEX Mission Statement	• Internal Control System • SCA Council Group
Impact (Potential positive)	TKMS supports national and international security by supplying modern, well-equipped naval vessels, including submarines. These assets contribute to the safeguarding of territorial waters, the protection of maritime trade routes, and the enforcement of maritime law. This activity may strengthen social cohesion and global stability by promoting peace, order, and secure navigation.	Medium Term	Own Operations	• UN Global Compact • thyssenkrupp Mission Statement	
Impact (Potential positive)	Through dedicated investment in research and development, TKMS is driving significant advancements in naval and submarine technologies. These innovations enhance maritime capabilities and have a positive impact on civilian and industrial sectors by facilitating technological progress and creating economic opportunities. This commitment to development strengthens industry standards and contributes to sustainable growth.	Medium Term	Own Operations	• thyssenkrupp Code of Conduct • UN Global Compact • thyssenkrupp Mission Statement • Product management, research and development (only for TKMS)	• Quality Management System
Financial (Risk)	A weak corporate culture within TKMS, lacking focus on compliance, accountability, and transparency, may lead to non-compliance with existing and upcoming sustainability-related regulations, such as CSRD, CS3D, LkSG, ESPR, EPR, EU ETS, CBAM, employee-related laws, and international trade tariffs. This non-compliance can result in fines, litigation, reputational damage, trade barriers, and loss of access to key markets. For TKMS, operating in the regulation-sensitive and export-driven maritime and defense sector, such risks may impair business continuity, financial performance, and competitiveness.	Medium Term	Own Operations	• thyssenkrupp Code of Conduct • Supplier Code of Conduct • LEX Mission Statement • Group Operating Instruction	• Internal Control System • SCA Council Group • Risk Management • Consultation of external experts • Third-Party Audits

G1 - Business Conduct					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Protection of whistle-blowers					
Impact (Potential Negative) Potential	Failing to provide secure and anonymous channels for whistleblowing as well as retaliation hinders the reporting of presumed compliance infringements including social, environmental or ethical misconduct that lead to negative impacts on environment and society e.g. unsustainable resource procurement practices are not reported due to no secure whistleblowing channels.	Medium Term	Own Operations	• thyssenkrupp Code of Conduct • "Whistleblowing" and Protection from Reprisals • thyssenkrupp Principles of compliance with human rights and environmental due diligence • Group Operating Instruction • Group Policy Governance, Risk and Compliance • thyssenkrupp Compliance Commitment	• Whistleblowing System • Compliance Programme • Internal Control System • Risk Management • Third-Party Audits • E-learning and classroom training
Financial (Risk)	By failing to implement effective mechanisms for whistle-blower protection and confidential reporting, TKMS may delay or miss the detection of compliance infringements related to legal, environmental, or social standards. Without timely and detailed information, opportunities to internally address or mitigate regulatory breaches are diminished, potentially leading to legal proceedings, financial penalties, or reputational damage. These risks are especially pronounced in the highly regulated maritime and defense sectors, ultimately affecting TKMS's operational stability and stakeholder trust.	Medium Term	Own Operations	• thyssenkrupp Code of Conduct • "Whistleblowing" and Protection from Reprisals • thyssenkrupp Principles of compliance with human rights and environmental due diligence • Group Operating Instruction • Group Policy Governance, Risk and Compliance • thyssenkrupp Compliance Commitment	• Whistleblowing System • Compliance Programme • Internal Control System • Risk Management • Third-Party Audits • E-learning and classroom training
Corruption and bribery - Prevention and detection including training					
Financial (Risk)	Inadequate measures to prevent corruption and bribery, such as the absence of dedicated policies, staff training, and detection mechanisms, can increase the likelihood of unethical or unlawful behavior within TKMS. This lack of prevention may lead to delayed detection of misconduct, legal non-compliance, reputational harm, and financial penalties. In sectors with high regulatory oversight, such as maritime and defense, insufficient internal control mechanisms may also affect contract eligibility and stakeholder trust, ultimately impacting TKMS's long-term business performance.	Short Term	Own Operations	• thyssenkrupp Code of Conduct • thyssenkrupp Mission Statement • Group Regulation on the Prevention of Money Laundering and Terrorist Financing; Group Regulation Corruption Prevention • Group Regulation Corruption Prevention • Group Regulation Compliance • Group Policy Governance, Risk and Compliance • thyssenkrupp Compliance Commitment • Gifts (presents, invitations, etc.)	• Compliance Programme • Internal Control System • Risk Management • Third-Party Audits • E-learning and classroom training • Consultation of external experts

G1 - Business Conduct					
Type	IRO Description	Time Horizon	Localization	Policies	Measures
Corruption and bribery - Incidents					
Impact (Potential negative) Potential	Engaging in corruption or bribery related to environmental or social political decisions can result in significant adverse impacts for TKMS on the environment and society. These actions undermine TKMS's reputation and trust among stakeholders, impacting the company's ability to align with ethical and sustainable principles.	Medium Term	Own Operations	• thyssenkrupp Code of Conduct • thyssenkrupp Mission Statement • Group Regulation on the Prevention of Money Laundering and Terrorist Financing • Group Regulation Corruption Prevention • Group Policy Governance, Risk and Compliance • thyssenkrupp Compliance Commitment • Gifts (presents, invitations, etc.)	• Compliance Programme • Internal Control System • Risk Management • Third-Party Audits • E-learning and classroom training • Consultation of external experts
Financial (Risk)	Low ethical standards and a weak compliance culture at TKMS may contribute to incidents of fraud, corruption, bribery, or money laundering within the company or its controlled business relationships. Such events can lead to regulatory investigations, significant legal penalties, and lasting reputational damage, which in turn may affect access to financing, customer retention, and eligibility for public tenders. In the highly regulated maritime and defense industries, recurring incidents of misconduct may undermine TKMS's long-term competitiveness and financial performance.	Short Term	Own Operations	• thyssenkrupp Code of Conduct • thyssenkrupp Mission Statement • Group Regulation on the Prevention of Money Laundering and Terrorist Financing • Group Regulation Anticorruption • Group Regulation Compliance • Group Policy Governance, Risk and Compliance • thyssenkrupp Compliance Commitment • Gifts (presents, invitations, etc.)	• Compliance Programme • Internal Control System; • Risk Management • Third-Party Audits • E-learning and classroom training • Consultation of external experts
Political engagement and lobbying activities					
Financial (Opportunity)	Proactive and transparent engagement with policymakers and regulatory bodies enables TKMS to anticipate legislative changes and adapt its internal strategies early. By representing a progressive and constructive voice in the maritime and defense industries, TKMS can contribute to shaping favorable regulations while strengthening stakeholder trust. This strategic positioning can lead to competitive advantages through early compliance readiness, improved brand image, and potentially faster access to markets.	Medium Term	Own Operations	• thyssenkrupp Code of Conduct • Group Regulation Communications	

Tabel 46: Overview of G1 IROs with Corresponding Policies and Measures"

G1-1: BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

For TKMS, sustainable business conduct means working towards ensuring that business activities align with the needs of society while maintaining adequate standards on ethics and integrity. The policy framework outlines and integrates the company's responsibility to respect human rights, the environment and anti-corruption principles.

The Code of Conduct, which is described in more detail in Chapter S1, emphasizes the importance of adhering to legal requirements, as well as the importance of research and development, and the further development of products. It also forms the basis of the pursuit of ethical principles such as the protection of whistleblowers and the prevention of corruption and money laundering.

The importance of acting in accordance with the law is also emphasized in the LEX mission statement, which is responsible for the entire corporate group by the Board of thyssenkrupp AG. The same applies to the Supplier Code of Conduct, which is described in more detail in Chapter S2 and requires suppliers to comply with legal frameworks.

The Mission Statement, which also applies to the entire group of companies and is overseen by the thyssenkrupp AG board of directors, includes principles for business activities which have been stated with the goal of having a positive influence on society, such as modern submarines. This is also reflected in the product management guideline, which is described in more detail in Chapter S4 and reflects the company's growth opportunities through research and development.

The Whistleblowing and Protection from Reprisals Directive, which applies to TKMS and is overseen by TKMS management, is intended to ensure the protection of whistleblowers through appropriate measures. This is also reflected in further guidelines (Group Operating Instruction, Group Policy Governance, Risk and Compliance, and Compliance Commitment), which are all overseen by the thyssenkrupp AG executive board, apply to the entire corporate group, and aim to protect whistleblowers as well as the principles of ethical behavior to prevent corruption and money laundering. These are supplemented by the specific Group Regulation Corruption Prevention, Group Regulation Compliance, and TKMS internal policy, which is also overseen by TKMS management, regarding the handling of gifts, all of which aim to prevent reputational, financial, and trust-related damage from such incidents.

BUSINESS ETHICS AND INTEGRITY

G1-1 7, MDR-P 65a-f

TKMS aims to incorporate high standards in ethics and integrity, supported by a compliance system to serve the purpose of complying with existing and future regulations as described in the LEX mission statement. The values of respect, cooperation and social responsibility form the foundation for good governance.

HUMAN RIGHTS

G1-1 7, 9, 10a, b, MDR-P 65a-f

With the aim of creating a sustainable culture for compliance with human rights, environmental due diligence and sustainability-related regulations, TKMS aims to implement the concept and a corresponding organizational structure developed by thyssenkrupp AG in cooperation with the group companies and business units.

Part of this concept is the interdisciplinary cooperation of various specialist departments, such as Procurement, Compliance and Occupational Safety and Health, which are responsible for implementing due diligence in the own business area or in the supply chain together with other experts. This integrated approach is also reflected in the responsibilities of the Executive Board for human rights and environmental protection, which are named below.
The Supply Chain Act (SCA) Officer manages the implementation of the concept for compliance with human rights and environmental due diligence obligations at TKMS. He reports to the Human Rights Envoy and coordinates continuously with the SCA Council Group.
The SCA Council Group, which was established by thyssenkrupp AG, manages the implementation of the concept for compliance with human rights and environmental due diligence obligations within the thyssenkrupp Group and thus for the segment and companies belonging to the group. This committee meets weekly and as required. The coordination of the SCA Council Group is handled by the SCA Officer Group, which acts as the spokesperson for the SCA Council Group and reports directly to the Executive Board of the thyssenkrupp Group. Various central functions, such as the SCA Officer Group, divisions, such as Compliance and Procurement, and representatives from segments of the thyssenkrupp Group, such as the SCA Officer Business, are members of the SCA Council Group. In addition, there is regular Group-wide exchange between the SCA Council Group, experts and managers from the segments. For this reason, TKMS maintains regular exchanges with the Head of Procurement, the Human Rights Officer, LEX and the Executive Board. The Group Function Legal & Compliance is responsible for the statutory monitoring of risk management at thyssenkrupp. The Group General Counsel and Chief Compliance Officer have been appointed to perform these tasks. For further information on the SCA Council please see Chapter S2.
At TKMS, the Human Rights Envoy is responsible for statutory monitoring. He reports directly to the TKMS Executive Board as well as the Management Board. All relevant information for TKMS will be forwarded to the management of thyssenkrupp as well as to the management at TKMS by the Human Rights Envoy of TKMS.

The Mission Statement, the thyssenkrupp Compliance Commitment and thyssenkrupp Code of Conduct form the principal framework for the TKMS Executive Board as well as for all TKMS leaders and employees. The Mission Statement contains the fundamental principles underlying TKMS's business activities. This is specified in the Code of Conduct, which outlines the fundamental principles and rules for responsible and ethical behavior towards people inside and outside the company. This naturally includes respect for human rights as a core value.

TKMS is committed to the United Nations International Bill of Human Rights and its implementation throughout the group. This commitment is also demonstrated by signing the ten principles of the United Nations Global Compact and the International Framework Agreement. A supplier management system based on the Group Operating Instruction and the Supplier Code of Conduct shall ensure that direct suppliers respect human rights and are committed to ensuring that indirect suppliers do the same.

For the strengthening of the due diligence obligations in TKMS`s own operations, regulations as the thyssenkrupp Principles of compliance with human rights and environmental due diligence and the Group Policy Occupational Health & Safety referring to health, safety, environment and energy have been created.

With the purpose of ensuring sustainable success for its customers with innovative product and service solutions, the necessary raw materials, goods and services are sourced worldwide. This is supported by responsible corporate management geared towards long-term value creation. Further information on supplier management and compliance with supply chain due diligence obligations can be found in chapter S2.

In addition, thyssenkrupp AG has established an international committee with the participation of the group's Works Council, the European Works Council, and trade unions to intervene in cases of violations or disputes that cannot be resolved locally. As agreed, incoming reports are processed in consultation between the International Committee and thyssenkrupp. The CHRO of thyssenkrupp AG should inform the international committee about reported violations of fundamental importance that could not be resolved on the spot. The International Committee may take measures aiming to resolve the issues. The CHRO of thyssenkrupp AG should consult with the international committee the proposals submitted with the aim of addressing the violations of the rights of the child to be stopped and avoided in the future.

RESEARCH AND DEVELOPMENT

G1-1 7, MDR-P 65 a-f

TKMS is committed to research and development for the further development of its products. The fundamentals and objectives of this are laid down in various regulations and management systems which are described below. The Mission Statement and the Code of Conduct describe the objectives for product development. In addition, the guidelines thyssenkrupp Mission Statement and "Product management, research and development" governing product management, research and development to achieve the best possible results. This serves the purpose of achieving significant advancements in naval and submarine technologies. This requirement is already being implemented today, particularly in OU NXTGEN and Quality Management.

WHISTLEBLOWING SYSTEM

G1-1 10c-e

A Whistleblowing system has been set up to report infringements anonymously, helping to support an open communication culture as a key component of a functioning compliance system. It includes a telephone hotline as well as an online portal and its own mail address. The aim is to counteract violations at an early stage and limit damage to the company, employees and partners. Everyone is encouraged to speak openly and above all, in good time. Employees may contact their supervisor first, while non-employees can reach out to their business partner. In other cases, the compliance department is available via

whistleblowing@thyssenkrupp.com
Telephone: + 49 201 844 505050

The company's electronic Whistleblowing System on the internet is online in 34 languages and it is open to all thyssenkrupp employees as well as customers, suppliers and other third parties.

Reports are reviewed and handled by the Compliance Officers of thyssenkrupp AG (with an exception for North America/ Canada, which is handled by NAVEX Global). This person should forward all incidents and functions relevant to TKMS to the TKMS Compliance Officer and Human Rights Officer, so that the processes can be handled directly at TKMS, if necessary, with the involvement of the specialist departments. Follow-up communication between the Compliance Officer/NAVEX Global and the whistleblower is possible, anonymously if desired, through the setting up of a secure mailbox.

thyssenkrupp aims to safeguard the interests of whistleblowers by providing assurances that all information received by Group Function Legal & Compliance at thyssenkrupp AG remains confidential. All necessary means are used to protect whistleblowers acting in good faith from any disadvantages because of their disclosures. This should be ensured by only involving individuals who are needed for an investigation in the activities. The information about the results of the examination will be made available exclusively to the parties which they actively need for further procedures or to fulfill legal obligations. All information gathered as part of compliance investigations will be kept confidential. The identity of the reporting person is protected with care, which means that personal data is only made available to those who need it for the investigation.

During investigations, thyssenkrupp also strives to protect the legitimate interests of other people affected by a disclosure. This refers to both the interest of those affected that the processes are handled adequately and violations are stopped where possible, as well as the interest in the confidentiality of all people involved. The basis for this is also described in the specific regulation for the protection of whistleblowers, the Group Operating Instruction and further regulations. The Group Operating Instruction contains all relevant information about the procedure underlying the whistleblowing system, as well as the principle that the complaint procedure is anonymous, accessible, global, and available upon request. The document also includes all relevant links and references.

EMBEDDING COMPLIANCE IN INTERNATIONAL BUSINESS RELATIONSHIPS AND EXPORT

G1-1 7, MDR-P 65 a-f

> TKMS does not produce weapons of mass destruction (nuclear, chemical and biological weapons) nor is it involved in the production of such weapons.

Exports of military equipment differ from general exports, which are usually an instrument of economic policy.
There are no simple solutions or clear-cut decisions for exports of military equipment. Beyond governmental restrictions, TKMS should pay particular attention to working towards making sure that goods sold are not misused to violate human rights or to exacerbate a crisis, through close cooperation with its customers and the German federal government. Good Governance strongly supports compliance with ethical standards. Extensive internal due diligence is carried out prior to all business activities.

In this way, TKMS contributes to national and international security.

G1-3: PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

G1-1 10g-h, G1-3 18a-c, 19, 20, 21a-c

TKMS is dedicated to continuously promoting the advancement of a culture of ethical and lawful conduct while delivering safe and reliable products to customers. The company actively prevents and abstains from any situation presenting a conflict of interest and actively discourage any form of corruption at all levels in Germany or abroad. This should be implemented at TKMS through the policy, management systems, and responsibilities described below. The investigators or investigating committee are separate from the chain of management involved. Due to the company's high-risk environment, special diligence requirements must be observed. TKMS expressly rejects corrupt behavior and bribery. In this regard, TKMS has also signed the UN Global Compact and considers international regulations on anti-corruption in accordance with the UN Convention against Corruption (UNCAC). With the aim of creating transparency in the management and control of business a global Compliance Program under surveillance of the Chief Compliance Officer and the Group General Counsel as part of Legal & Compliance has been established (more details to find on https://www.thyssenkrupp.com/en/company/compliance). As part of this thyssenkrupp groupwide program a compliance officer has been appointed for each of the operating units and subsidiaries, who reports directly to the Chief Compliance Officer of thyssenkrupp. The Compliance department also reports directly to the Management Board. This means that the Compliance Officer appointed by TKMS reports to the Chief Compliance Officer of thyssenkrupp and to the management of thyssenkrupp. Additionally, relevant information is forwarded to TKMS management. Disciplinary management is carried out by the Chief Financial Officer (CFO). At TKMS the compliance officer reports directly to the Chief Executive Officer and the Chief Human Resource Officer.

The Compliance Program covers the core topics of anti-corruption, antitrust law, data compliance, money laundering prevention, and foreign trade law, which have been identified as special risk areas. It is based on the three pillars of "informing and advising," "identifying," and "reporting and acting." In addition to in-house training and consulting, case-independent and suspicion-based investigations and audits, a comprehensive reporting system has been established. The whole Compliance Program is closely linked to risk management and the internal control system (ICS), so that compliance is embedded in every business process.

The principles of this compliance program are reflected in the following regulations that are made available to and disclosed by all compliance managers:

- Mission Statement by thyssenkrupp AG
- thyssenkrupp Code of Conduct
- thyssenkrupp Compliance Commitment
- Group Operating Instruction by thyssenkrupp AG
- Group Regulation on the Prevention of Money Laundering and Terrorist Financing by thyssenkrupp AG
- Group Regulation Corruption Prevention by thyssenkrupp AGn
- Group Policy Governance, Risk and Compliance by thyssenkrupp AG
- Gifts (presents, invitations, etc.) by TKMS

The policies are intended to help ensure that there is no involvement in corruption or money laundering, to avoid damage to TKMS, such as a loss of reputation or trust, and thus to reflect ethical principles. Additionally, legal consequences and financial damage should be avoided. They should represent basic procedural instructions and at the same time create awareness of these topics.

It is particularly important to continuously exchange ideas with external experts to further improve. The group-wide Compliance Program and the internal control system were audited in past financial years with consideration of certain key topics by third parties. Those "soundings" are an important tool to re-evaluate and adapt policies and procedures as well as the whole Compliance Management System.

Main points of the audits are:

- Appropriate internal control system for the prevention of compliance violations
- Implementation of recommendations in the Compliance Management System
- Appropriate investment controlling process for future major investment projects and related information of the Supervisory Board

Compliance employees and compliance managers play a key role in permanently embedding compliance in the thyssenkrupp Group and are available to employees, seeking advice. Additionally, there are data protection officers and data protection coordinators. At TKMS Compliance department employees are supporting this global compliance program just described. This program is closely interlinked with risk management and with internal control system. In this way, it is aimed to ensure that compliance is an integral component of every single business process. The key areas of the program are anticorruption, antitrust law, data protection, anti-money laundering, and trade compliance.

The groupwide compass for compliance is created in our Mission Statement to guide our actions and behavior in this matter. The main principles and rules of action and the standards set in all dealings with business partners and stakeholders are summarized in the thyssenkrupp Code of Conduct. The Mission Statement and the Code of Conduct are accompanied by a compliance commitment and several regulations listed above. These regulations are approved by the Executive Board of TKMS and are created and amended in accordance with current legal conditions to act in a legally secure manner while also safeguarding the company's reputation. To provide all employees with access to the relevant regulations, they are available digitally via the companies' website and also on site in the form of a noticeboard.

The main principles and rules governing the actions as well as the standards set in dealings with business partners and stakeholders are summarized in the thyssenkrupp Code of Conduct. For employees, managers, and the board, it provides framework guidance on the following issues:

- Compliance with the law
- Avoiding conflicts of interest
- Fair competition
- Preventing money laundering
- Equal treatment and non-discrimination
- Human and labor rights
- Cooperation with employee representatives
- Occupational safety and health
- Sustainability and protection of environment and climate
- Donations
- Political lobbying
- Presentation in public and communications
- Reporting
- Confidential company information/ inside information
- Data protection and information security
- Protection of company property

TKMS' Board of Directors sets a commitment to anti-corruption, aiming to support employees with accessible, tailored controls as well as training, across all divisions and areas of operation. The compliance officers train, inform and advise employees on applicable statutory requirements and internal groupwide policies and also advise on concrete individual cases.

In addition to this training, e-learning courses cover basic information on anti-corruption, anti-bribery and relevant regulations. The e-learning course Compliance@thyssenkrupp is mandatory for all employees who have an email address, the e-learning course related to anti-corruption will be distributed based on a risk-based approach. The company also provides a mandatory class-room-training to its at-risk employees in terms of its policy (see table 47). Topics such as conflicts of interest, dealing with public officials, appropriateness of invitations, gifts, delegation trips, and donations, as well as general corruption risks, are taught here, and the knowledge gained is tested through a final exam. Every three years, all at-risk employees, such as members of the Executive and the Management Board, employees from the areas of Sales, Purchasing, Technology, Project Management with customer contact, People & Culture, Research & Development, IT, Marketing, M&A, Communications, Auditing, Controlling, LEX, Compliance, Strategy, Security, as well as employees who are involved in trade or industry association meetings or communication with competitors, or who have access to sensitive personal data, are required to complete the class-room-training. The assignment of certain activities or departments to at-risk functions is reviewed and adjusted as necessary as part of a continuous risk analysis. The core topics of the training courses are individually designed depending on the location and relevant risks.

Details of the training conducted in FY 2024/2025 are shown in the table 47 below. The Executive boards of the TKMS participate at regular mandatory training courses as well as all other relevant functions.

AR8

	AT-RISK FUNCTIONS*	MANAGERS**
Training coverage***		
Total***	5,664	664
Total receiving training***	4,735	590
DELIVERY METHOD AND DURATION		
Classroom training		
Computer-based training	1 h	1 h
FREQUENCY		
How often training is required	triennially	triennially
TOPICS COVERED		
Definition of corruption	x	x
Policy	x	x
Procedures on suspicion/detection	x	x

* At-risk functions are functions that are exposed to a special risk in terms of compliance due to the activity, access to sensitive data, and close customer contact.
** It is the ratio of total registered managers to received training managers applied to the actual number of managers in the UK. This results in the extrapolation of the received training manager UK, which is added to the remaining number.
*** For individual sites, projections were made based on the available data.

Table 47: Trainings conducted in FY 2024/2025 at TKMS

G1-4 CASES OF CORRUPTION OR BRIBERY

No incidents of corruption or bribery that led to a conviction were identified in the 2024/2025 fiscal year. In this context, no fines were imposed accordingly. In addition to the measures listed in this chapter, no further actions have been taken.

G1-5 POLITICAL ENGAGEMENT AND LOBBYING ACTIVITIES

G1-5 29a, 29b i-ii, 29c-d, 30, AR13, AR14

Political involvement is a key component at TKMS due to the special business model.

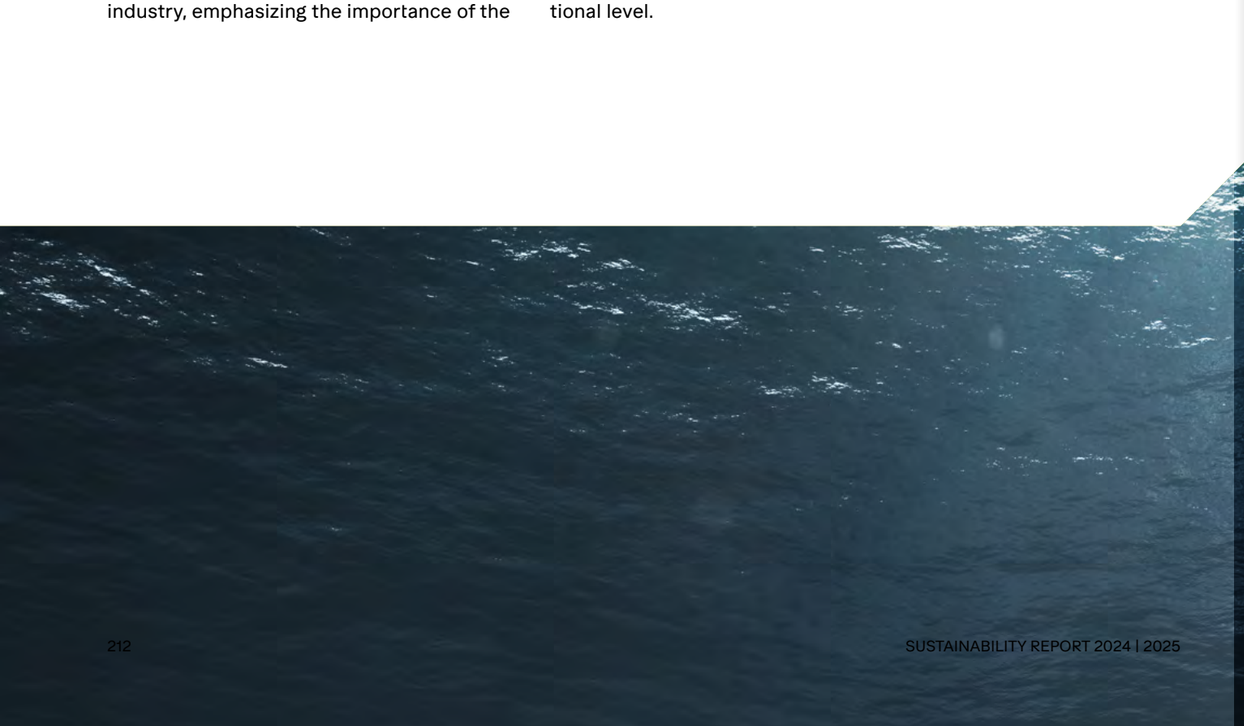
As described in the Code of Conduct, the political engagement and lobbying activities of TKMS are coordinated, open, and transparent. It is always strived to work in accordance with regulatory and ethical standards as well as with the principles of integrity and professionalism. Political engagement and lobbying are used to achieve corporate goals by bringing corporate interests into the decision-making process of politicians. To advocacy, discussions will be held with representatives of the Federal Chancellery and the Federal Ministries, as well as with Members of the German Bundestag to explain the need for amendments about a variety of topics that serve as framework conditions for the entrepreneurial activity is of great importance. A proactive and transparent engagement with policymakers and regulatory bodies serves the purpose of taking advantage of the opportunity to progressively and constructively conveying the interests of the maritime defense industry, emphasizing the importance of the industry, and influencing the adaptation and creation of adequate regulations. This should not only actively address the challenges ahead but also shape the future framework conditions of the defense industry based on the expertise of TKMS. This applies to legislative procedures, award processes, and other political decision-making processes, among others. In this way, TKMS can contribute to adequately representing the defense industry, bringing about appropriate regulations, and strengthening the trust of stakeholders. Strategic political work can positively affect the company's positioning in the markets, strengthen trust in the company, and thus lead to competitive advantages.
The lobbying activities primarily focus on shaping regulatory and industrial framework conditions relevant to the defense and security sector. TKMS advocates for transparent and stable regulatory environments that foster innovation and competitiveness. This also includes political representatives representing and promoting the interest of the German defense industry at an international level.

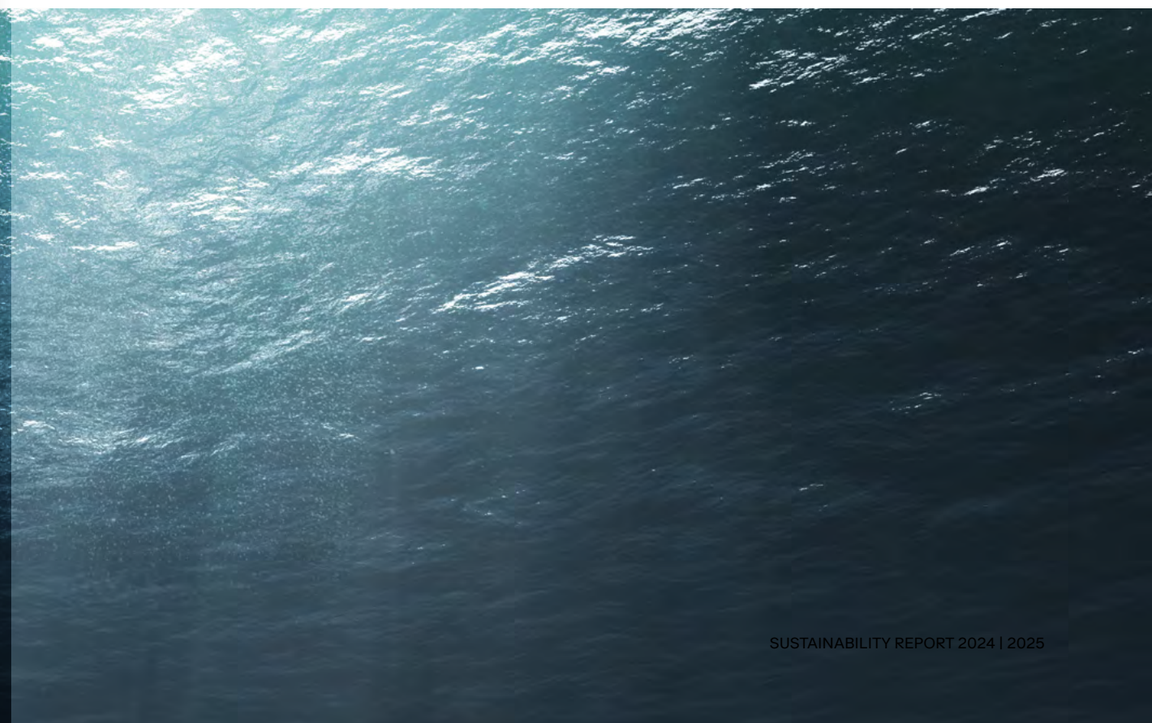
TKMS does not make financial contributions to political parties, organizations affiliated with or like political parties, elected officials, or candidates for political office. It is registered in the German lobby register in accordance with the German Lobby Register Act. For TKMS, this was done under registration number R003238. Furthermore, thyssenkrupp has voluntarily joined the EU Transparency Register.

At TKMS, the Governmental Relations department, which bears overall responsibility for establishing and maintaining all contacts with politicians, the government, political parties, and associations, reports to the CEO, who oversees all activities.

There is no employment of former members of the public administration in the administrative, management or supervisory bodies.

All key measures are defined by this department in alignment with the corporate strategy. Measures are identified and prioritized based on regulatory developments, stakeholder expectations and strategic business objectives. The resources for implementation are part of the regular financial planning. During the financial year, there were no significant changes to the underlying guidelines or measures.





LIST OF ABBREVATION

ABBREVIATION	
AE	United Arabian Emirates
AEUK	TKMS ATLAS ELEKTRONIK UK
AG	Aktiengesellschaft
AI	Artificial Intelligence
AktG	Aktiengesetz
AQAP	Allied Quality Assurance Publications
AR	Abbreviatur
ARM tool	Advanced RISC (Reduced Instruction Set Computer) Machine
AU	Australia
B2G	Business-to-Government
BDSG	Bundesdatenschutzgesetz
BIO	Biodiversity and ecosystems
bn.	Billion
BR	Brazil
BSH	Federal Maritime and Hydrography Agency
Capex	Capital expenditure
CAPS	Climate Action Program for Sustainable Solutions
CBAM	Carbon Border Adjustment Mechanism
CCA	Climate Change Adaption
CCA	Climate Change Mitigation
CE	Circular Economy
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHP	Combined heat and power
CHRO	Chief Human Resources Officer
CISO	Chief Information Security Officer
CO	Corporate function
CO2	Carbon dioxide
COC	Code of Conduct
CS3D	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Technology Officer

ABBREVIATION	
DE	Germany
DIN	Deutsches Institut für Normung
DMA	Double Materiality Assessment
DNSH	Do no significant harm
DNV	Det Norske Veritas
DWD	Deutscher Wetterdienst
DZ	Algeria
E.G.	Exempli gratia
EFRAG	European Financial Reporting Advisory Group
E-LEARNING	Electronic learning
EQ	Equivalent
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESG	Environment, Social, Governance
GHG	Greenhouse Gas
GOI	Group Operating Instruction
HAT	Harbor Acceptance Tests
HGB	Handelsgesetzbuch
HR	Human Ressources
HSE	Health, Safety and Environment
HSR	High Risk Supplier Reduction
i.e.	Id est
IAS	International Accounting Standards
ICS	Internal Control System
IEA	International Energy Agency
IFA	International Framework Agreement
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IN	India
IP protection	Intellectual Property
IPCC	Intergovernmental Panel on Climate Change
IPO	Initial Public Offering
IRO	Impacts, Risks and Opportunities
ISMS	Information Security Management System
ISO	International Organization for Standardization
IT	Information Technology
KPI	Key Performance Indicator

ABBREVIATION	
L&C	Legal and Compliance
LED	Light Emitting Diode
LEX	Legal Department at TKMS
LGBTIQ+	Lesbian, Gay, Bisexual, Trans, Intersex, Queer
LkSG	Lieferkettensorgfaltspflichtengesetz
LMS	Learning Management System
M&A	Mergers & Acquisitions
MCCIP	Marine Climate Change Impacts Partnership
MCTI	Ministério da Ciência, Tecnologia e Inovação
ESPR	Ecodesign for Sustainable Products Regulation
ESRS	European Sustainability Reporting Standards
etc.	Et cetera
ETS	Emission Trading System
EU	European Union
EU Taxonomy	European Union's Taxonomy Regulation
EUDR	European Deforestation Regulation
FAQ	Frequently Asked Questions
FAT	Factory Acceptance Tests
FTE	Full-time employee
FY	Financial Year
GB	Great Britan
GC	Group Company
GDPR	General Data Protection Regulation
GEEP	Groupwide Energy Efficiency Program
MIL-STD-882	Military Standard 882 – System Safety
MWh	Megawatt-hour
n.a.	Not applicable
NACE	Nomenclature of Economic Activities
NGFS	Network for Greening the Financial System
No.	Number
OECD	Organisation for Economic Cooperation and Development
OEM	Original Equipment Manufacturer
OpEx	Operating expenditure
OSH	Occupational Safety and Health
OU	Operating Unit
OU NES	OU Naval electronic Systems
OU SUB	OU Submarine
OU SVE	OU Survace Vessels

ABBREVIATION	
P&C	People & Culture
POPs	Persistens Organic Pollutants
PPC	Pollution Prevention and Control
Q-HSE	Quality, Health, Safety and Environment
QM	Quality Management
QSH	Quality, Safety, Health
R&D	Research and Development
RCP	Representative Concentration Pathway
ROU	Right-of-use
SAP	Systemanalyse Programmentwicklung
SASB	Sustainability Accounting Standards Board
SAT	Sea Acceptance Tests
SBM	Struktur Basis Modell
SBTi	Science Based Targets initiative
SCA	Supply Chain Act
SCoC	Supplier Code of Conduct
SDGs	United Nations Sustainable Development Goals
SG	Singapore
SGB	Sozialgesetzbuch
t	Tonnes
TCFD	Task Force on Climate-related Financial Disclosures
TR	Turkey
TSC	Technical screening criteria
UK	United Kingdom
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNGPs	United Nations Guiding Principles on Business and Human Rights
US	United States of America
WCA	Workplace Condition Audit
WTR	Water and marine resources

ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE SUSTAINABILITY REPORT

To the TKMS GmbH, Kiel

ASSURANCE CONCLUSION

We have conducted a limited assurance engagement on the voluntary separate Consolidated Sustainability Report, of TKMS GmbH, Kiel, for the financial year from October 1, 2024 to September 30, 2025 (hereinafter: "Sustainability Report").

Based on the procedures performed and the evidence obtained nothing has come to our attention that causes us to believe that the

- the accompanying voluntary Sustainability Report does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS) as well as the supplementary criteria presented by the executive directors of the Company, including that the process carried out by the entity to identify information to be included in the Sustainability Report (the materiality assessment) is not, in all material respects, in accordance with the description set out in chapter "ESRS 2 General disclosures" in section "IRO-1" of the Sustainability Report, or

- the disclosures in chapter "EU-Taxonomy: Groups Activities Through the Lens of European Taxonomy" the Sustainability Report do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

(hereinafter: "the criteria").

BASIS FOR THE ASSURANCE CONCLUSION

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).
The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the Sustainability Report".
We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB]. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE SUSTAINABILITY REPORT

The executive directors are responsible for the preparation of the voluntary Sustainability Report in accordance with the European Sustainability Reporting Standards (ESRS) as well as with the supplementary criteria presented by the executive directors of the Company and with Article 8 of Regulation (EU) 2020/852 and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a Sustainability Report in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the Sustainability Report) or error.
This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Sustainability Report, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

INHERENT LIMITATIONS IN PREPARING THE SUSTAINABILITY REPORT

The European Sustainability Reporting Standards (ESRS) and Article 8 of Regulation (EU) 2020/852 contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in section "BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES" of the Sustainability Report. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Sustainability Report.

GERMAN PUBLIC AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE SUSTAINABILITY REPORT

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that

- the accompanying voluntary Sustainability Report does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS) as well as the supplementary criteria presented by the executive directors of the Company, and
- the disclosures in chapter "EU-Taxonomy: Groups Activities Through the Lens of European Taxonomy" the Sustainability Report do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852,

and to issue an assurance report that includes our assurance conclusion on the Sustainability Report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the Sustainability Report, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Sustainability Report.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors t and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

SUMMARY OF THE PROCEDURES PERFORMED BY THE GERMAN PUBLIC AUDITOR

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Sustainability Report
- inquired of the executive directors and relevant employees involved in the preparation of the Sustainability Report about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Sustainability Report, and about the internal controls relating to this process
- evaluated the reporting policies used by the executive directors to prepare the Sustainability Report
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain
- performed analytical procedures and made inquiries in relation to selected information in the Sustainability Report
- conducted site visits
- considered the presentation of the information in the Sustainability Report
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Report.

RESTRICTION OF USE / CLAUSE ON GENERAL ENGAGEMENT TERM

This assurance report is solely addressed to TKMS GmbH, Kiel.

The engagement, in the performance of which we have provided the services described above on behalf of TKMS GmbH, Kiel, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 (www. kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations to EUR 4 million specified in item No. 9 included **therein**) and acknowledges their validity in relation to us.

Düsseldorf, 8 December 2025

KPMG AG Wirtschaftsprüfungsgesellschaft

Knorr
Wirtschaftsprüfer
[German Public Auditor]

Herr
Wirtschaftsprüferin
[German Public Auditor]

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