

KRONE



Sustainability Report

2023 | 2024

FOREWORD



Bernard Krone
Chairman of the Supervisory Board
Bernard Krone Holding SE & Co. KG

Dear readers,

As a medium-sized and family-owned manufacturer of agricultural machinery and commercial vehicles, we at KRONE are keenly aware of our special responsibility. Our mission is the development of innovative technologies that strike a balance between ecological, economic and social sustainability.

For us, sustainability means manufacturing high-quality and energy-efficient products, acting with long-term economic foresight and fulfilling our social obligations as a reliable employer. We continuously invest in the optimisation of our processes, the development of our workforce and the provision of sustainable solutions for our customers.

At the same time, our resources and time are challenged by increasing bureaucratic requirements – amid a challenging economic environment. The task is to meet these requirements without slowing the pace of innovation.

And yet, the KRONE Group remains firmly on course. With commitment and conviction, the KRONE team is dedicated to embedding sustainability in all aspects of our operations.

In this report, we provide a detailed account of the latest measures taken and the progress achieved, reflecting our ongoing commitment to continuous improvement. You are invited to join us on our journey towards sustainability.

Yours sincerely

Bernard Krone

Chairman of the Supervisory Board
Bernard Krone Holding GmbH & Co. KG

Dear readers,

Since we published our last sustainability report, we have made significant progress in a great many aspects. Over the past financial year, we continued developing systematically our organisational structures to drive sustainability even more effectively across the KRONE Group.

The future EU Omnibus Regulation will introduce simplifications in sustainability reporting to reduce bureaucracy as it integrates and harmonises relevant standards more effectively – such as those regarding the EU Taxonomy and the Supply Chain Act. Although some critics fear that simplified standards could weaken the significance of sustainability, we find the opposite is true: less bureaucracy frees up resources for the implementation of strategic, specific and sustainable measures within the KRONE Group.

Our commitment to building a sustainable future remains unwavering. This is reflected by this second sustainability report, which provides a comprehensive and fact-based overview of our sustainability actions. We hope you enjoy this informative read.

Yours sincerely

Philipp Sander

Head of Sustainability Management



Philipp Sander
Head of Sustainability Management

TABLE OF CONTENTS

1. General Disclosures	6
ESRS 2 BP-1: Underlying principles of this sustainability statement	7
ESRS 2 BP-2: Disclosures in relation to specific circumstances	8
ESRS 2 GOV-1: The role of the administrative, management and supervisory bodies	8
ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	9
ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes	9
ESRS 2 GOV-4: Statement on due diligence	9
ESRS 2 GOV-5: Risk management and internal controls over the sustainability reporting process	10
ESRS 2 SBM-1: Strategy, business model and value chain	12
ESRS 2 SBM-2: Interests and views of stakeholders	14
ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	15
ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	16
ESRS 2 IRO-2: Disclosure requirements covered by the sustainability statement	17
2. Environmental Disclosures	18
Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)	19
ESRS E1: Climate change	20
ESRS E1-1: Transition plan for climate change mitigation	20
ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	20
ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	21
ESRS E1-2: Policies related to climate change mitigation and adaptation	21
ESRS E1-3: Actions and resources in relation to climate change policies	22
ESRS E1-4: Targets related to climate change mitigation and adaptation	22
ESRS E1-5: Energy consumption and mix	23
ESRS E1-6: Gross Scopes 1, 2, 3 and total GHG emissions	24
ESRS E1-7: GHG removals and GHG mitigation projects financed through carbon credits	25
ESRS E1-8: Internal carbon pricing	26
ESRS E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	26
ESRS E2: Pollution	26
ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	26
ESRS E2-1: Policies related to pollution	27
ESRS E2-2: Actions and resources related to pollution	27
ESRS E2-3: Targets related to pollution	28
ESRS E2-4: Pollution of air, water and soil	28
ESRS E2-5: Substances of concern and substances of very high concern	28
ESRS E2-6: Anticipated financial effects from pollution-related risks and opportunities	29



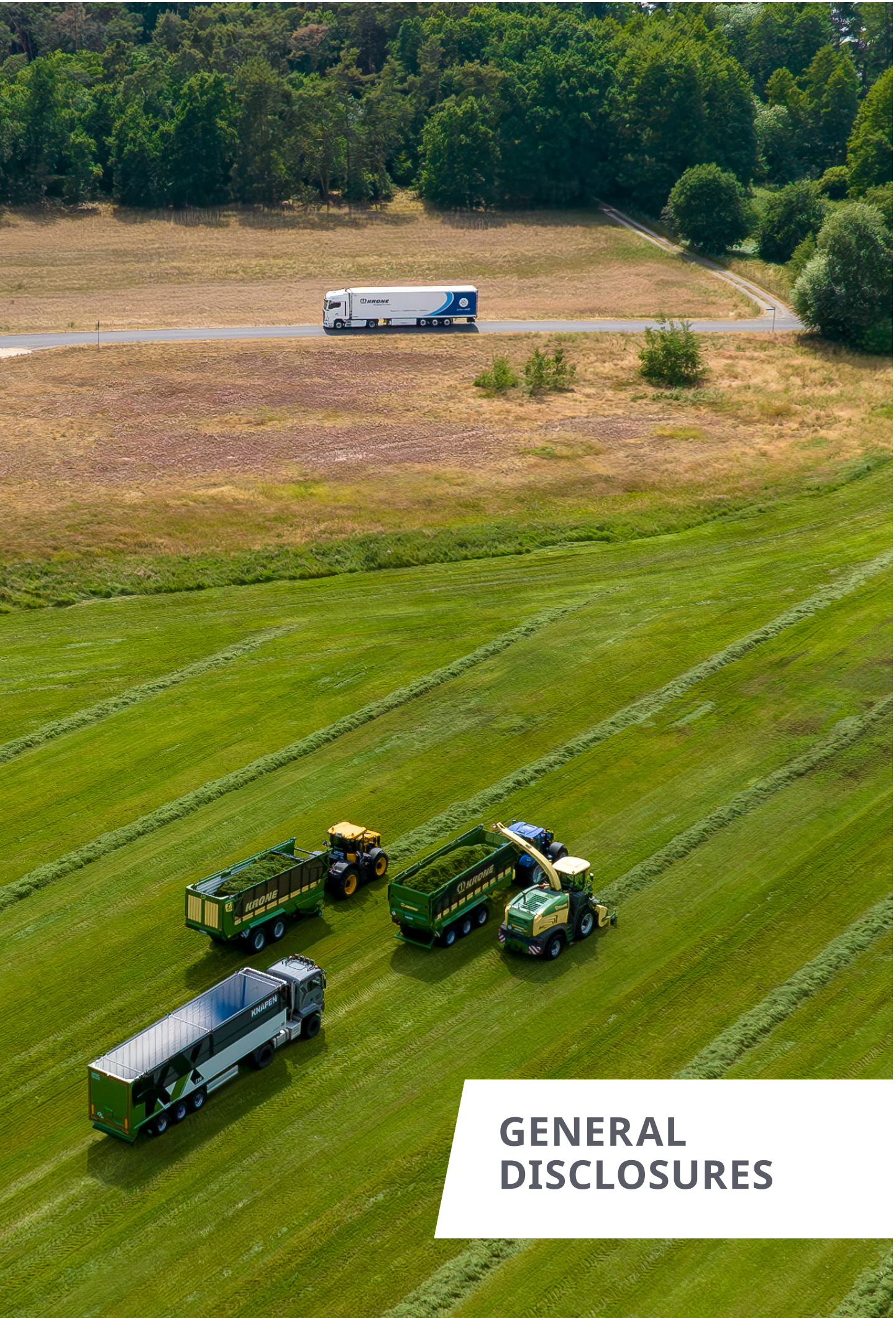
TABLE OF CONTENTS

ESRS E5:	Resource use and circular economy	29
ESRS 2 SBM-3:	Material impacts, risks and opportunities and their interaction with strategy and business model	29
ESRS E5-1:	Policies related to resource use and circular economy	30
ESRS E5-2:	Actions and resources related to resource use and circular economy	30
ESRS E5-3:	Targets related to resource use and circular economy	31
ESRS E5-4:	Resource inflows	32
ESRS E5-5:	Resource outflows	33
ESRS E5-6:	Anticipated financial effects from risks and opportunities related to resource use and circular economy	33
3. Social Disclosures		34
ESRS S1:	Own workforce	35
ESRS 2 SBM-3:	Material impacts, risks and opportunities and their interaction with strategy and business model	35
ESRS S1-1:	Policies related to own workforce	36
ESRS S1-2:	Processes for engaging with own workforce and workers' representatives about impacts	36
ESRS S1-3:	Processes to remediate negative impacts and channels for own workforce to raise concerns	37
ESRS S1-4:	Taking action on material impacts and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions and approaches	37
ESRS S1-5:	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	38
ESRS S1-6:	Characteristics of the undertaking's own workforce	39
ESRS S1-7:	Characteristics of non-employees in the undertaking's own workforce	40
ESRS S1-8:	Collective bargaining coverage and social dialogue	40
ESRS S1-9:	Diversity metrics	40
ESRS S1-10:	Adequate wages	41
ESRS S1-11:	Social protection	41
ESRS S1-12:	Persons with disabilities	41
ESRS S1-13:	Training and skills development metrics	41
ESRS S1-14:	Health and safety metrics	42
ESRS S1-15:	Work-life balance metrics	43
ESRS S1-16:	Remuneration metrics	43
ESRS S1-17:	Incidents, complaints and severe human rights impacts	43
ESRS S2:	Workers in the value chain	44
ESRS 2 SBM-3:	Material impacts, risks and opportunities and their interaction with strategy and business model	44
ESRS S2-1:	Policies related to workers in the value chain	44
ESRS S2-2:	Processes for engaging with workers in the value chain	45
ESRS S2-3:	Processes to remediate negative impacts and channels for workers in the value chain to raise concerns	45



TABLE OF CONTENTS

ESRS S2-4:	Taking action on material impacts and approaches to managing material risks and pursuing material opportunities related to workers in the value chain and effectiveness of those actions and approaches	46
ESRS S2-5:	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	46
ESRS S4:	Consumers and end-users	47
ESRS 2 SBM-3:	Material impacts, risks and opportunities and their interaction with strategy and business model	47
ESRS S4-1:	Strategies related to consumers and end-users	47
ESRS S4-2:	Processes for engaging with consumers and end-users	48
ESRS S4-3:	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	48
ESRS S4-4:	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions and approaches	49
ESRS S4-5:	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	50
4. Governance Disclosures		51
ESRS G1:	Business conduct	52
ESRS 2 SBM-3:	Material impacts, risks and opportunities and their interaction with strategy and business model	52
ESRS G1-1:	Business conduct policies and corporate culture	53
ESRS G1-2:	Management of supplier relationships	53
ESRS G1-3:	Prevention and detection of corruption and bribery	54
ESRS G1-4:	Confirmed incidents of corruption or bribery	54
ESRS G1-5:	Political influence and lobbying activities	54
ESRS G1-6:	Payment practices	54
	Appendix	55
	Publishing information	57



GENERAL DISCLOSURES

GENERAL DISCLOSURES

ESRS 2 BP-1: General basis for preparation of the sustainability statements

The consolidated sustainability statement for Bernard KRONE Holding SE & Co. KG (hereinafter the 'KRONE Group') was prepared in accordance with the European Sustainability Reporting Standards (ESRS). The scope of consolidation is presented below.



All disclosures in this sustainability statement relate to the 2023/2024 financial year (01/08/2023 – 31/07/2024) and to the subsidiaries listed in the annex. Data points which are required under the ESRS yet which were not available at the time of reporting will be reported as part of the mandatory implementation of the CSRD.

The impacts, risks and opportunities (IROs) along the upstream and downstream value chain (cf. ESRS 2 SBM-1) were assessed as part of the materiality assessment (cf. ESRS 2 IRO-1 and ESRS 2 SBM-3) to ensure that all material sustainability matters of the KRONE Group are disclosed as required.

ESRS 2 BP-2: Disclosures in relation to specific circumstances

Any adjustments to time horizons or estimates made in this sustainability statement are disclosed – including the relevant sources and associated uncertainties – together with the disclosures to which they relate. Any changes in the preparation or presentation of sustainability information as well as any errors identified in previous reporting periods will be documented transparently under this disclosure requirement.

Appropriate references are provided where disclosures in this sustainability statement are based on other legal requirements or widely recognised frameworks. The same applies to information provided by cross-reference.

A phased-in application of data points in accordance with ESRS 1 Appendix C does not apply, as this provision applies solely for undertakings with fewer than 750 own workers. Where for a specific material disclosure, the data points required under the CSRD are not available, this is indicated in the relevant section, together with an expected timeline for availability, based on the information known at the time of reporting.

ESRS 2 GOV-1: The role of the administrative, management and supervisory bodies

The Bernard KRONE Holding SE & Co. KG is a limited partnership under German law. The Bernard KRONE family foundation holds 100% of the shares in Bernard KRONE Holding SE & Co. KG. All national and international activities of the undertaking are coordinated at the Bernard KRONE Holding SE & Co. KG's headquarters in Spelle.

The Group's corporate structure comprises two subgroups: KRONE Agriculture SE (agricultural machinery) and KRONE Commercial Vehicle SE (commercial vehicles).

The Bernard KRONE Holding SE & Co. KG manages KRONE Agriculture SE and KRONE Commercial Vehicle SE at the Spelle headquarters. The Holding focuses on providing strategic alignment across the KRONE Group and supporting its subsidiaries in achieving their targets within clearly defined parameters. It also helps to network existing resources within the Group and provide centralised functions (e.g. IT, Accounting).

KRONE Agriculture SE comprises a total of 17 subsidiaries worldwide. The principal production site is Spelle, Germany, where Maschinenfabrik Bernard KRONE GmbH & Co. KG is registered. All agricultural products for our international customers are manufactured in Spelle. All other entities operate as sales companies with branches in various countries including the USA, France and UK.

KRONE Commercial Vehicle SE comprises 35 entities of the KRONE Commercial Vehicle business segment. The principal production site is the Fahrzeugwerk Bernard KRONE GmbH & Co. KG in Werlte, Germany. Further production sites are Herzlake, Lübtheen and Dinklage in Germany, Tire in Turkey as well as Deurne in the Netherlands.

The **Bernard KRONE Holding SE & Co. KG** is lead by an Executive Board which is composed of four members: Dr David Frink (CEO), Dr Stefan Binnewies (COO) and Ole Klose (CFO). The activities of the Executive Board are overseen by the Supervisory Board of Bernard KRONE Holding SE & Co. KG.

In accordance with its rules of procedure, the Supervisory Board may delegate specific tasks to the Executive Committee or Audit Committee. At least one member on the Audit Committee must possess expertise in accounting or auditing. The two committees generally convene on a monthly basis.

At present, a matrix which details the qualifications of Executive Board and Supervisory Board members is developed and will be included in the next sustainability report.

In the 2023/2024 financial year, the Supervisory Board was composed of Dr Tono Nasch, Bernard Krone (Chairman), Bernd Meerpohl, Alfons Veer (Deputy Chairman) (l. to r.)



ESRS 2 GOV-2: Information provided to and sustainability matters

addressed by the undertaking's administrative, management and supervisory bodies

At the start of the 2022/2023 financial year, the role of Sustainability Manager was created to coordinate sustainability issues strategically and ensure transparent communication with stakeholders. The Sustainability Manager is the single point of contact for all content to be reported. He is in charge of a consistent flow of information. In addition, an interdisciplinary Sustainability Team was set up, comprising the Sustainability Manager and executives from the Controlling, Compliance and Human Resources departments as well as an Executive Board Assistant. The Executive Board Assistant acts as a liaison officer between the Sustainability Team and all administrative, executive and supervisory bodies. The Sustainability Team usually meets fortnightly.

Furthermore, the executives of the above departments report monthly to their individual Executive Board members on specific ESG sustainability matters. In line with the German

Supply Chain Due Diligence Act (LKSG), the Human Rights Officer reports annually to the Executive Board on the human rights due diligence process.

The Sustainability Team aims to harmonise the economic, social and environmental expectations of internal and external stakeholders. A close collaboration between the Executive Board Assistants, departmental heads and the Executive Board ensures that sustainability aspects are integrated systematically into the KRONE Group's strategic decision-making processes. The supervisory bodies are periodically informed about the progress of sustainability actions at Supervisory Board meetings. The sustainability report serves as an annual summary of key developments and achievements.

ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes

At the time of preparing this sustainability statement, the KRONE Group has no incentive system in place which explicitly links incentives to the achievement of sustainability-related targets.

ESRS 2 GOV-4: Statement on due diligence

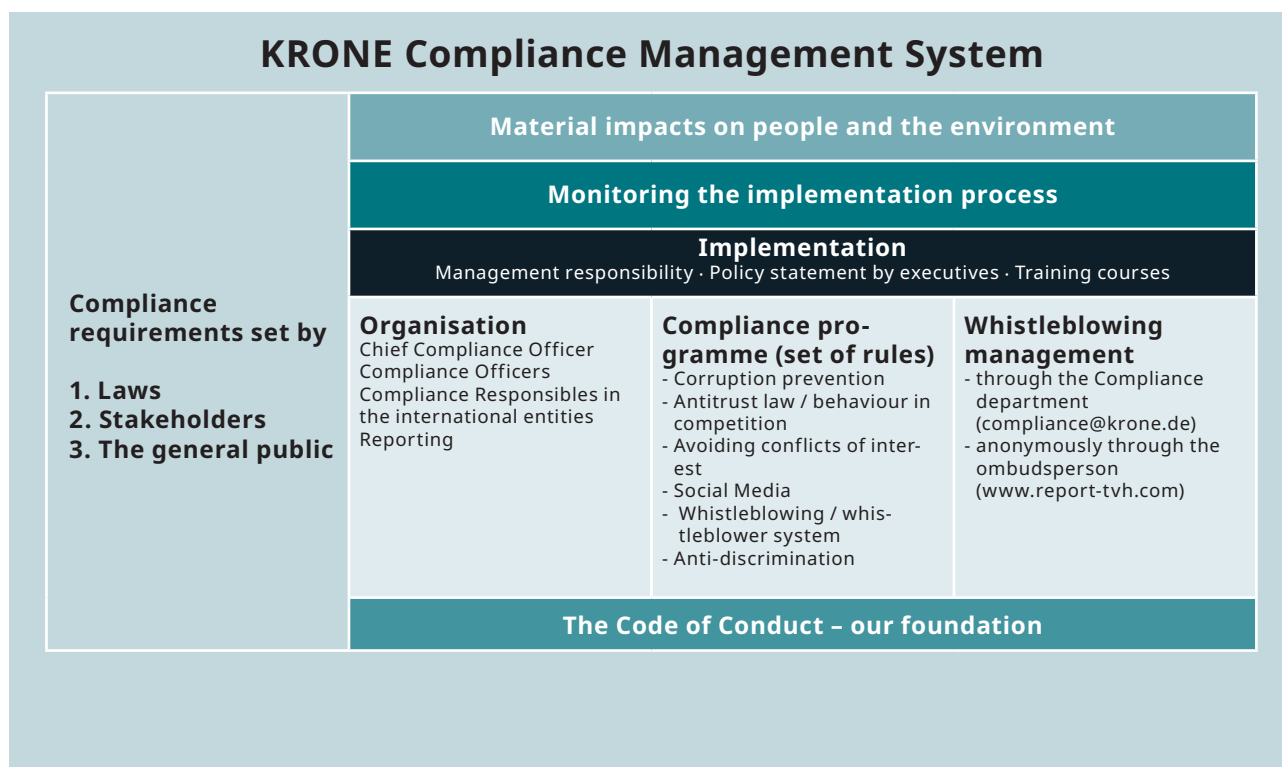
The procedures for fulfilling due diligence requirements are outlined below; the measures arising from these procedures are detailed in the specific sections.

Core elements of due diligence and references

Core elements of due diligence	Reference in this sustainability statement
a. Integration of due diligence into governance, policy and business model	GOV-2 (p9), GOV-3 (p9), SBM-3 (pp15)
b. Involvement of relevant stakeholders in all key due diligence steps	GOV-2 (p9), SBM-2 (p14), IRO-1 p16 S1-2 (p36), S2-2 (p45), S4-2 (p48), G1-2 (p53)
c. Identification and assessment of negative impacts	IRO-1 (p16), SBM-3 (pp15)
d. Actions to counter these negative effects	E1-3 (p22), E2-2 (p27), E5-2 (p30), S1-3 (p37), S1-4 (p37), S2-4 (p46), S4-4 (p49), G1-3 (p54)
e. Following up the effectiveness of these efforts and the communication	GOV-5 (p9)

ESRS 2 GOV-5: Risk management and internal controls over the sustainability reporting process

The KRONE Group implemented an effective compliance management system which is designed for damage prevention and risk control and tailored to the undertaking's risk profile.



The Compliance Management System is aligned with the recognised IDW PS 980 measures. It ensures that any risks of material breaches of laws and internal rules are identified in good time and systematic breaches are prevented with a high degree of certainty. Through this approach, the Executive Board fulfils its duty to prevent legal violations and meets the legal requirements for risk management and proper corporate governance in accordance with Section 130 (1) of the German Act on Regulatory Offences (OWiG). The principles and measures implemented cover the key elements of a compliance management system, in particular the undertaking's organisational and operational structures. All measures reflect the 'tone from the top' which is set by the management and reflects our lived values, ethical principles and standards of conduct.

The KRONE whistleblowing system complies with the requirements of the German Whistleblower Protection Act (HinSchG) and facilitates anonymous reporting through the international reporting platform www.report-tvh.com. Thereby, the requirements of the German Supply Chain Due Diligence Act (LKSg) regarding complaints procedures are also fulfilled.

The KRONE Group has been subject to the LKSg act since 1 January 2023. Following and implementing LKSg requirements, KRONE issued a policy statement on the respect for human rights, through which KRONE commits to the following international standards and guidelines – both in its own operations and throughout its supply chain:

- the Supply Chain Due Diligence Act
- the principles of UN Global Compact
- the Universal Declaration of Human Rights
- the conventions and recommendations of the International Labour Organization (ILO) on labour and social standards
- the UN Guiding Principles on Business and Human Rights
- the United Nations Sustainable Development Goals
- the OECD Guidelines for Multinational Enterprises
- the European Convention for the Protection of Human Rights and Fundamental Freedoms

The standards and values enshrined in the above charters are reflected in the KRONE guidelines, which apply throughout the Group.

- The Code of Conduct provides clear guidance on responsible conduct for all employees of the KRONE Group.
- The Suppliers' Code of Conduct outlines the procurement requirements which all KRONE suppliers are expected to meet.
- The procurement policies define criteria for the purchase of goods and services



KRONE encourages and supports employees and suppliers in fulfilling their due diligence obligations and in avoiding adverse impacts. KRONE also expects its suppliers to communicate the human rights requirements to their subcontractors.

To monitor the Group's sustainability performance, KRONE also implemented an internal process for identifying and assessing sustainability-related risks and opportunities in line with the materiality assessment (cf. ESRS 2 IRO-1) and the PDCA cycle (Plan-Do-Check-Act) under ISO 50001, 14001, 45001.

In the planning phase (Plan), sustainability-related risks and opportunities along the upstream and downstream value chain are identified and assessed systematically (cf. ESRS 2 SBM-3). The results are fed into the definition of specific targets and measures aimed at minimising risks and maximising opportunities and integrated into the KRONE sustainability strategy (cf. ESRS E1–E5, ESRS S1–S4 and ESRS G1). The implementation phase (Do) comprises targeted measures, including annual site inspections designed to identify potential improvements at an early stage.

Simultaneously, relevant sustainability data are collected and recorded on a regular basis for ongoing assessment. In the control phase (Check), the effectiveness of the implemented measures is reviewed through periodic internal audits, in which the four-eyes principle is applied to verify accuracy, completeness and traceability of the data collected. In addition, periodic external certification audits are carried out to ISO 50001 and 14001 standards, providing independent assessments of compliance with relevant sustainability standards. Product-related environmental impacts are recorded in accordance with ISO 14067 and/or ISO 14044 standards. In the final phase (Act), the results of internal and external controls are analysed and documented. Findings from the assessments are incorporated into the KRONE sustainability strategy and action plans, supporting a continuous improvement process and enhancement of sustainability performance.

The sustainability-related matters are reported by the respective departmental heads to plant management, the Management Board and the Executive Board during periodic meetings. The Supervisory Board is informed at least once annually.

ESRS 2 SBM-1: Strategy, business model and value chain



The KRONE Group is one of the world's leading manufacturers and service providers in the agricultural machinery and commercial vehicle sectors.

Although markets continued to be challenging in the 2023/2024 financial year, the KRONE Group generated sales revenues of just over 2.4 billion euros (previous year 3.2 billion euros) and earnings before income tax of 107.0 million euros (previous year: 140.1 million euros) during the reporting period.



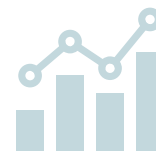
~ **€2.4 billion**
Sales



€803 million
Equity capital



6,509
Own workers



Sales

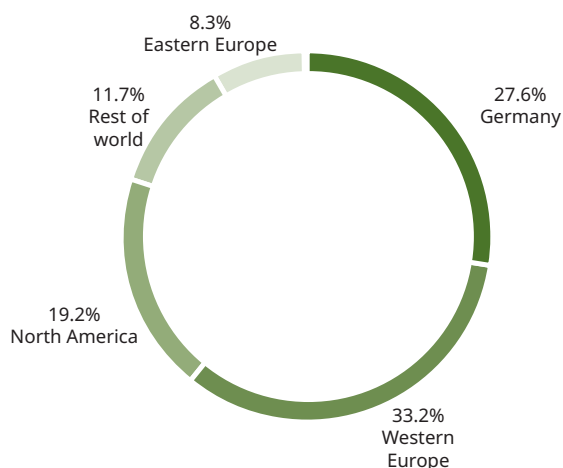
69.4% **30.6%**
International Domestic



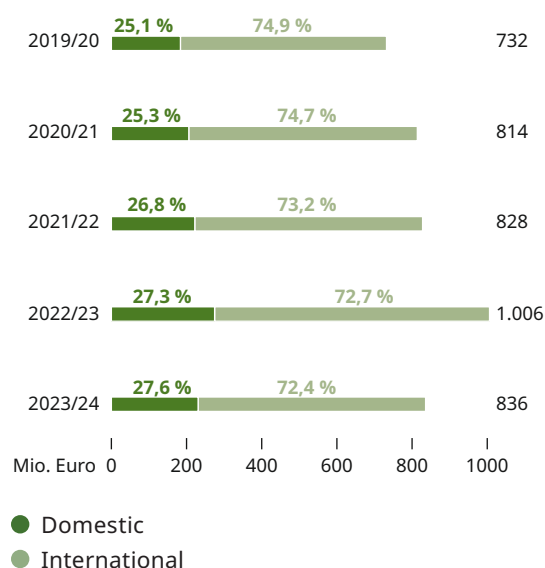
The strategic direction of the KRONE Group is basically set by its two manufacturing daughter companies – KRONE Agriculture SE and KRONE Commercial Vehicle SE (cf. to Annual Report 2023/2024 for details on activities and financial statements). The following graphic illustrates the two subsidiaries and the products and services they provide.

- **KRONE Agriculture SE** (NACE-Code 28.30) specialises in the development and manufacture of modern farm machinery. The portfolio comprises mowers, tedders, rakes, round balers, big balers, forage harvesters and forage wagons as well as related services, including parts supply and digital solutions for a wide range of agricultural applications.

Sales by region
Agriculture SE (2023/2024)

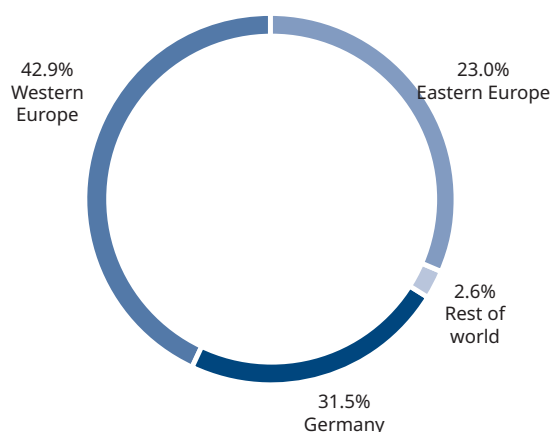


Sales development
Agriculture (consolidated)

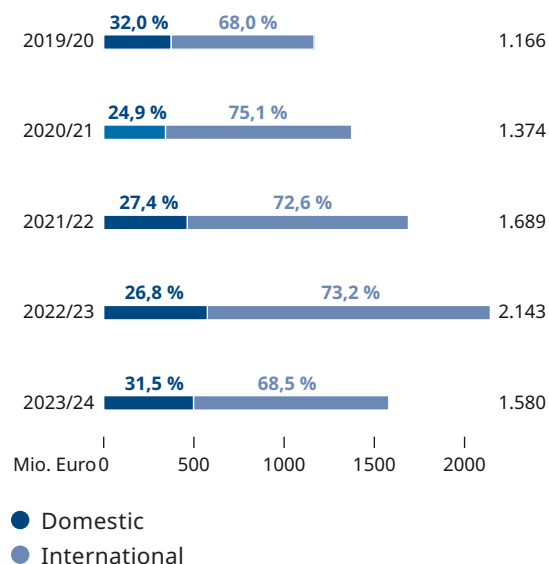


- **KRONE Commercial Vehicle SE** (NACE-Code 29.20) specialises in the development and manufacture of commercial vehicles, including semi trailers, trailers, swap systems and specialty vehicles for the transport and logistics industry as well as in the provision of relevant services including telematics.

Sales by region
Commercial Vehicle SE (2023/2024)



Commercial Vehicle
sales development (consolidated)



As manufacturers of agricultural machinery and commercial vehicles, the Group relies on the following key actors in the value chain:

Upstream value chain (input)

- **Procurement of materials:** The KRONE Group collaborates with a large number of suppliers who provide raw materials and components such as steel, aluminium, wood, plastic components, electronics, etc.
- **Supplier manufacturing:** Pre-manufactured assemblies such as chassis, axles and electronic components are delivered by strategic suppliers and integrated into the KRONE production processes.

KRONE Group factories

- **Manufacturing:** Agricultural machinery and commercial vehicles are assembled in the factories of the KRONE Group. The internal value chain comprises all core processes including R&D, validation, manufacturing, priming and painting, final assembly and shipping.

ESRS 2 SBM-2: Interests and views of stakeholders

By analysing the value chain for stakeholders and interests which influence the sustainability activities of the KRONE Group, the following stakeholders were identified:

Internal stakeholders

The KRONE family: The Bernard KRONE Family Foundation holds 100% of Bernard KRONE Holding SE & Co. KG. As such, the Krone family shapes the long-term strategy and the Group's sustainability targets. Their values and interests are pivotal for shaping the Group's sustainability efforts.

Supervisory Board: The Supervisory Board of the KRONE Group monitors and promotes the integration of sustainability aspects into the corporate strategy. It ensures that sustainability targets are aligned with the long-term interests of the Group and the family.

Executive Board: The Executive Board is responsible for implementing the Group's sustainability strategy and for embedding it into operational decisions to support long-term sustainability and profitability.

Executive Directors: The Executive Directors of KRONE Agriculture SE and KRONE Commercial Vehicle SE are responsible for implementing sustainable practices in the Group's day-to-day operations. This has a significant impact on the environmental and social performance of the individual subsidiaries.

Workforce: Own workers play a key role in the implementation of sustainability initiatives. They contribute to achieving sustainability targets through their commitment and the contribution of ideas. At the same time, the workforce has an interest in safe and fair working conditions.

Works Council: The local works council committees and the group works council play a key role in promoting social sustain-

Downstream value chain (output)

- **Sales:** The global sales activities are conducted through an extensive network of internal sales companies (cf. appendix) and external trading partners.
- **Product use:** The key customers groups are contractors and farmers (Agriculture) and carriers (Commercial Vehicle).
- **Disposal:** Available information suggests that while most KRONE products are scrapped at the end of their service life, the key components – especially those made of steel and aluminium – are recovered for reuse. Some KRONE commercial vehicles are reconditioned by one of our subsidiaries.

ability by representing the workforce's interests and concerns regarding the working conditions and the social responsibility of the individual subsidiaries and the Group as a whole.

Internal and external stakeholders as well as stakeholders along the value chain are relevant for obtaining a comprehensive analysis of impacts, opportunities and risks. The following stakeholders were identified:

External stakeholders

Customers: Customers influence our sustainability efforts through their demands for our products and services, thereby driving our long-term business success.

Suppliers: Through established supply chains, suppliers enable KRONE to manufacture products and make them more sustainable.

Financing partners: Financing partners may influence the KRONE business activities by integrating sustainability criteria into their contractual terms.

Insurance companies: Insurance companies may contribute to the undertaking's financial stability by offering incentives for the implementation of sustainability measures.

Associations: Industry associations may support KRONE in the development of sustainability standards and practices and by representing KRONE's interests.

Policymakers: Political measures and regulations can set the framework to promote sustainable practices and encourage companies to incorporate sustainability into their operations.

Regional partners: Engaging with local communities and partners can facilitate the implementation of sustainable projects and initiatives.



Educational institutions: Educational institutions may provide sustainability training courses and research opportunities to build the knowledge and skills of KRONE's current and future workforce.

Further institutions: Further institutions, such as non-profit organisations or research institutes, may support KRONE in implementing sustainability measures by providing specialist expertise.

The stakeholder assessment identified 15 groups of stakeholders, with each group representing individual motivations and interests in the sustainability activities of the KRONE Group. The key stakeholders are internal interest groups, especially customers, suppliers and financing partners. These have an immediate ecological, social and/or economic impact on KRONE's business activities on the one hand and are directly affected by KRONE's sustainability measures on the other hand.

Stakeholder Engagement

Periodic stakeholder engagements conducted by the Sustainability Team – such as meetings with internal and external stakeholders including specialist departments, customers, suppliers and financing partners – serve to collect ESG-relevant input for integration into the materiality assessment process. Material sustainability issues for KRONE relate to agricultural machines and commercial vehicles as well as to specific requirements on the design of future financing and tender criteria.

As part of the stakeholder engagement process, the Sustainability Team assigned specific contact persons and institutions to each stakeholder group prior to preparing the KRONE Sustainability Report. This approach ensured a systematic

approach and provided a broad and representative view of individual sustainability aspects. In the next step, an online survey was conducted among 154 individuals on selected sustainability topics at KRONE. The findings of the survey together with further specific sustainability aspects were fed into a shortlist of sustainability topics (in accordance with ESRS 1 AR 16).

The survey also revealed that the selected stakeholders considered the environment, social responsibility and corporate governance equally important sustainability topics. At the same time, both internal and external stakeholders stated that many of the measures implemented by KRONE during the past few years – such as services, occupational safety, product safety and training programmes – are not immediately linked to the concept of sustainability.

Therefore, ongoing ESRS reporting will also be used for raising stakeholder awareness and encouraging engagement. To contact KRONE, a special email address is provided (ESG@krone.de). In addition, stakeholders are encouraged to use the communication channels detailed in ESRS S1-2 (own operations), ESRS S2-2 (upstream value chain) and ESRS S4-2 (customers).

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

The material impacts, risks and opportunities and their interactions with the strategy and business model are documented in the sections on environmental aspects (ESRS E1-ESRS E5), social aspects (ESRS S1-ESRS S4) and governance aspects (ESRS G1).

ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities

The materiality assessment process is based on the methodological requirements laid out by the published EFRAG guidance and began with a systematic definition of the scopes. In the assessment process, the context and the value chain of the KRONE Group were examined together with all upstream and downstream processes. As a first step, a material flow analysis was conducted. Based on these results, material sustainability-related impacts, potential risks and opportunities were identified by mapping related economic activities to the NACE classification system. Building on this, relevant stakeholder groups were identified and a stakeholder engagement strategy was developed. This strategy includes various engagement formats such as qualitative interviews, standardised surveys and participatory workshops (cf. ESRS 2 SBM-2).

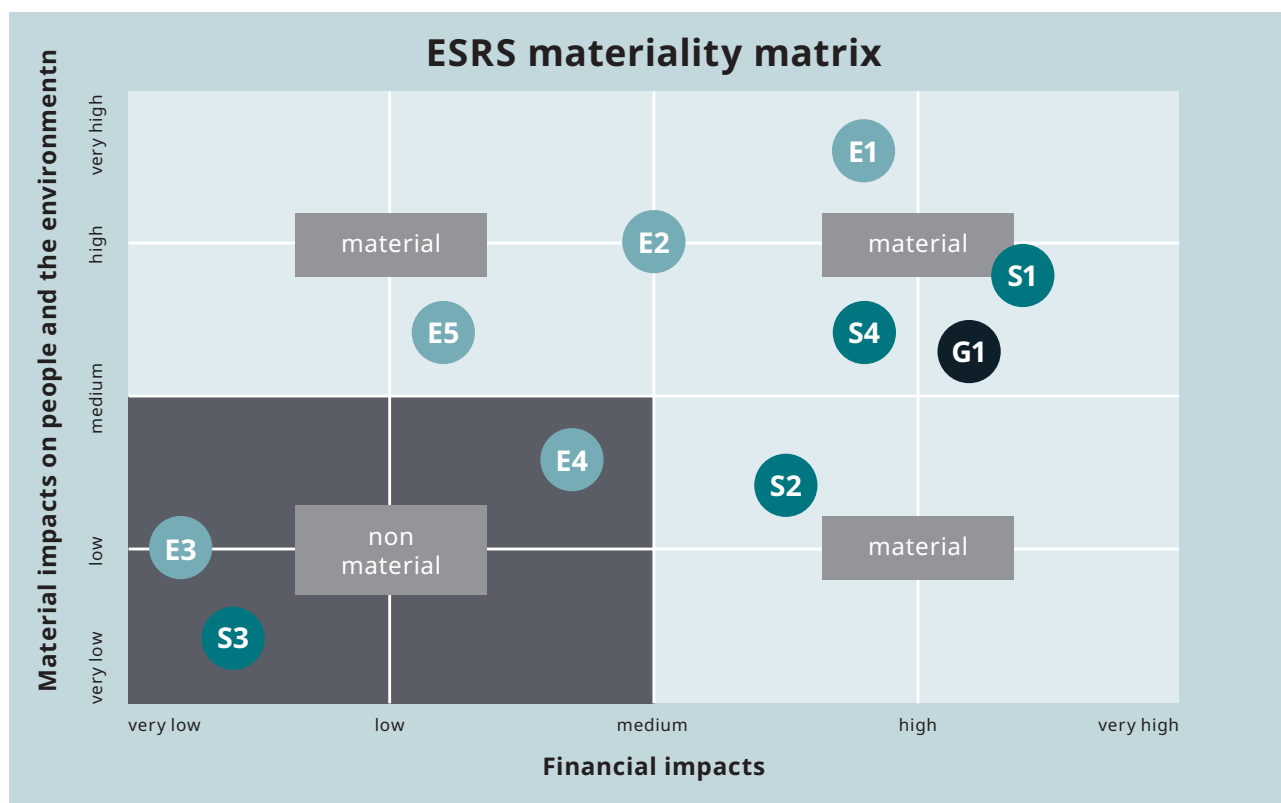
In the next step, a comprehensive longlist of material sustainability topics was compiled, taking into account the sustainability matters defined in ESRS 1 AR16, sector- and company-specific standards from the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). The standards specifically relevant to the KRONE Group were selected based on context and prioritised with the support of internal and external Subject Matter Experts. After this, the impacts, risks and opportunities (IROs) of the prioritised topics on the longlist were identified, followed by facilitated workshops and discussion rounds in which specific examples were developed for each aspect. The results were subsequently validated and the

longlist was refined to a shortlist.

The next step was to conduct the materiality assessment. For this, an assessment template was developed and adapted to the identified IROs, taking into account EFRAG criteria, including the influence on stakeholder decision-making, impacts on the environment and society and financial materiality. In addition, the two dimensions of double materiality were explored: the undertaking's impacts on the environment and society on the one hand, and the financial impacts of sustainability matters on the undertaking on the other hand. The double materiality assessment was conducted by applying a scale from 1 (= very low) to 5 (= very high); each impact was assessed for both dimensions. The evaluation was conducted using digital survey tools and/or expert interviews. In the final step, the results of the materiality assessment were consolidated and the final material topics were defined and visualised in a materiality matrix. This was subsequently validated by management. From that point onward, these topics have been reported on an ongoing basis in the sustainability report.

ESRS 2 IRO-2: Disclosure requirements covered by the sustainability statement

The list of disclosure requirements covered by this sustainability statement was developed as part of the internal materiality assessment process (cf. ESRS 2 IRO-1) and is reflected in the table of contents. The aggregated outcomes for each ESRS section are presented in the illustration below.



ESRS E1–E5: Environmental information ESRS S1–S4 : Social information ESRS G1: Governance information

The following sustainability aspects were deemed **non-material** in the short and medium term:

- **ESRS E3 – Water and marine resources:** KRONE's water consumption is monitored on an ongoing basis. Based on current information, no acute water shortages are expected at the KRONE facilities in the foreseeable future. As KRONE neither discharges water into the oceans nor depends on the extraction or use of marine resources, water and marine resources are considered to be of lower material relevance within the KRONE value chain.
- **ESRS E4 – Biodiversity and ecosystems:** Stakeholder consultations have shown that biodiversity and ecosystems are not considered material at present. An analysis of the KRONE value chain indicates that the activities of the KRONE Group have no impact on the extinction or population of certain species. Accordingly, the undertaking considers this aspect to be non-material in the short and medium term.

Note: This topic may be considered material in the long term, as KRONE products cause soil compaction, which may have

potential impacts on people and the environment. At present, however, this topic is not considered material by KRONE's stakeholders.

- **ESRS S3 – Affected communities:** Throughout the value chain, KRONE operates predominantly in countries where, according to internal risk assessment as per Supply Chain Due Diligence Act (LKSG), the risk of non-compliance with the social, cultural, civil and political rights of communities is low. Furthermore, to the best of our current knowledge, the Group has no impact on indigenous peoples (e.g. in relation to raw materials such as rubber or wood). As a result, this subject matter was not classified as material in our current materiality assessment.



ENVIRONMENTAL DISCLOSURES

ENVIRONMENT DISCLOSURES

Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

At KRONE, the EU Taxonomy Regulation is implemented progressively. In a first step, the activities of the two business segments – KRONE Agriculture and KRONE Commercial Vehicle – were classified, applying system statistics and NACE codes:

Manufacture of agricultural and forestry machinery (NACE 28.30)

Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers (NACE 29.20)

In the next step, the eligibility of the economic activities for taxonomy was assessed based on the six environmental objectives: 'Climate change mitigation', 'Climate change adaptation', 'Transition to a circular economy', 'Pollution prevention and control', 'Protection and restoration of biodiversity and ecosystems,' and 'Sustainable use and protection of water and marine resources'.

The business segment of 'Manufacture of agricultural and forestry machinery' (NACE 28.30) of **KRONE Agriculture** is neither covered by the EU Taxonomy Regulation nor by any of the supplementary delegated regulations. The business segment of 'Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers' (NACE 29.20) is referenced

only in one instance under the business activity 'Manufacture of parts and accessories for motor vehicles' and here solely in the context of climate change mitigation. However, the description of the business activity specifies exclusively the manufacture, repair, maintenance, retrofitting, repurposing and upgrading of those automotive and mobility components that make a substantial contribution to zero-emission vehicles of categories M, N and L. With the above in mind, this business activity must be considered as distinct from the vehicle category O (trailers) which governs the **KRONE Commercial Vehicle** business segment.

Accordingly, the business activities of the two KRONE business segments are considered non-eligible under the EU Taxonomy at this time. As a result, there is neither a requirement for a subsequent assessment of alignment with taxonomy nor for evaluating compliance with the 'Do No Significant Harm' (DNSH) criteria or minimum safeguards. Due to the dynamic developments in the regulatory framework of the EU Taxonomy Regulation, a more detailed analysis will be carried out by the time reporting becomes mandatory. In this context, particular attention will be given to assessing whether the two business segments can be classified under other business activities defined by the EU Taxonomy Regulation and to identifying any additional or supporting activities within these segments.

ESRS E1: Climate change**ESRS E1-1: Transition plan for climate change mitigation**

In 2015, as a goodwill measure, KRONE introduced an energy management system in accordance with DIN EN ISO 50001:2011, which laid the foundation for emissions measurements and control. Since then, the Group has introduced energy efficiency measures identified as providing the greatest leverage for the reduction of greenhouse gas emissions. The long-term aim of the KRONE Group is to increase its consumption of energy from renewable sources. Plans for investing in appropriate power storage technologies and for signing Power Purchase Agreements (PPAs) are therefore under consideration. Furthermore, the KRONE Group presented the first systematic record of Scope 1–3 greenhouse gas emissions in the 2022/2023 Sustainability Report and developed an initial Transition Plan for Climate Change Mitigation, which is based on the measures planned and envisaged for reducing emissions.

Key challenges in reducing KRONE's Scope 1 and 2 greenhouse gas emissions as part of the transition plan are the dependable supply of energy during calm weather periods and the substitution of natural gas, which is still used for heating the dip painting facilities at various production sites. To address these challenges, KRONE relies on CHP plants, heat recovery systems, a systematic load management and the ongoing evaluation of technical innovations (e.g. power storage technologies), the

findings of which are used by the relevant specialist departments to prepare a transition plan which aligns with the 1.5 °C target and considers the business activities of the Group's subsidiaries. The publication of this plan is scheduled for the 2025/2026 Sustainability Report.

The greatest leverage for decarbonisation under Scope 3 lies in the procurement of materials (Scope 3.1), particularly steel, and in the use phase of KRONE products (Scope 3.11). At present, it is not possible to develop a viable transition plan due to the lack of reliable information regarding the availability of low-emission steel at competitive prices and future demand for climate-friendly products, for example KRONE eTrailers.

In the absence of factual data, the KRONE Group refrains from publishing a theoretical transition plan at this stage. At the same time, it is examining the validation of available data using Science Based Targets.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Within the KRONE climate scenario analysis and materiality assessment, the potential and actual impacts as well as opportunities and risks were identified systematically, some of which also relate with other sections on the environment in this report. The main impacts, opportunities and risks include the following:

Actual and potential impacts on people and the environment:

Emissions and air quality: The manufacture and use of KRONE products generate greenhouse gases and air pollutants which can lead to a decline of the air quality in the affected regions and to a decline of human health.

Extreme weather events: Climate change is leading to an increasing number of extreme weather events, such as heat-waves, heavy rainfall and flooding. This could affect the working conditions for the KRONE workforce and put the production sites at risk.

Financial opportunities:

Demand for environmentally friendly solutions: A growing awareness of climate change and its impact on our environments may increase the demand for environmentally friendly and low-emission commercial vehicles and agricultural machinery. The development and marketing of such products can lead to increased sales.

Increased efficiency: Improving the energy efficiency of KRONE products can help reduce environmental impacts and reduce the operating costs of our customers, which in turn may unlock additional sales potential.

Financial risks:

Regulatory requirements: The introduction of stricter environmental regulations and emission standards may lead to increased costs related to product development and compliance. Non-compliance may lead to financial penalties and legal proceedings.

Material costs: Rising raw material prices and a limited availability of materials can increase manufacturing costs and reduce profit margins.

Operational disruptions: Climate change may trigger unforeseen weather events, such as floods or storms, which could affect KRONE's production activities and result in financial losses.

ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities

The identification of material climate-related impacts, opportunities and risks is primarily carried out by the energy and environmental management teams at the KRONE production sites and follows the Plan-Do-Check-Act (PDCA) approach in accordance with ISO 14001 and 50001 and as described in ESRS 2 GOV-5. As part of an extended risk assessment of the KRONE Group, a comprehensive climate scenario analysis was also conducted by the energy and environmental management officers under the leadership of the Group's sustainability management function.

As part of the analysis, two scenarios were considered for the KRONE Group's business activities: an optimistic scenario assuming a global warming by 1.5 °C and a pessimistic scenario assuming a temperature increase by more than 4 °C. The scenarios are based on projections from the Intergovernmental Panel on Climate Change (IPCC). The analysis evaluated internal data - such as production figures, material flows and energy

consumption - and external data, including climate models and regulatory requirements. As the KRONE production sites Spelle, Herzlake, Dinklage and Werlte are located in Lower Saxony and the Lübtheen facility in northern Germany, the analysis relied not only on general weather data but also on the Climate Impact Monitoring Report for Lower Saxony and further studies relating to northern Germany. Based on these data, a comprehensive assessment of the identified risks and opportunities was carried out, with a focus on physical risks - such as those arising from extreme weather events - and transitional risks resulting from new regulatory requirements.

The climate-related risk assessment of the KRONE supply chain forms part of the risk assessment of the Supplier Compliance Management System and is described in ESRS G1-2.

ESRS E1-2: Policies related to climate change mitigation and adaptation

In order to manage the climate-related impacts, risks and opportunities outlined under ESRS 2 SBM-3, the KRONE Group adopted comprehensive climate change policies. The implementation of these policies is overseen by the KRONE Group's sustainability management function in collaboration with the relevant specialist departments in its subsidiaries. The two core policies are climate change mitigation and adaptation.

Climate change mitigation - GHG emissions management

The KRONE Group's greenhouse gas (GHG) emissions management focuses on reducing emissions across the entire value chain. These measures align with the Greenhouse Gas (GHG) Protocol scopes:

- **Scope 1 (direct emissions):** For the reduction of Scope 1 emissions from own resources, the Group invests in energy-efficient manufacturing technologies and progressively reduces fossil fuel consumption at its facilities by focusing on the long-term substitution of natural gas with renewable energy sources.
- **Scope 2 (indirect emissions from purchased energy):** For Scope 2 emissions, the Group prioritises the procurement of renewable electric power and continuous efficiency improvements under its ISO 50001 certification.
- **Scope 3 (indirect emissions from the value chain):** To reduce Scope 3 emissions, KRONE works closely with its suppliers across the upstream and downstream value chain. The measures taken include optimising the transport distances, procuring sustainable materials and developing climate-friendly products.

Progress is monitored through periodic emissions tracking measurements and the results are reported in the annual sustainability report.

Adaptation to climate change - management of physical and transition risks

In line with ESRS 2 IRO-1, the KRONE Group proactively addresses both physical and transition challenges associated with climate change:

- **Physical risks:** Potential physical risks are assessed periodically. These include extreme weather events, rising temperatures and water scarcity at KRONE production facilities. Risk management measures include infrastructure upgrades, an enhanced water and wastewater management and the implementation of emergency response plans. The assessments focus on the management of energy, the environment and occupational health and safety.
- **Transition risks:** To anticipate and respond to regulatory and market-related developments - particularly those arising from the EU Green Deal - the KRONE sustainability management monitors climate policy trends and adjusts the business strategies where necessary. Strategic responses include investment in low-carbon technologies, expansion of a climate-compatible product portfolio and evaluation of carbon pricing impacts, particularly in the context of new construction and modernisation projects.

Ongoing assessment and management of climate-related risks are carried out by the Group's energy management officers, following the Plan-Do-Check-Act (PDCA) framework outlined in ESRS 2 GOV-3.

Solar panel installations



ESRS E1-3: Actions and resources in relation to climate change policies

All energy efficiency efforts of the KRONE Group are aligned with its ongoing certification under the ISO 50001 energy management standard. All efforts related to the implementation of energy efficiency measures are subject to an annual verification by external auditors. The planned implementation of our energy efficiency projects, some of which have already been approved, can lead to potential savings of approximately 1,856 tonnes of CO₂e and reduce annual energy costs by about 500,000 euros. The group-wide discussion of energy-related issues is facilitated by a group-wide energy team which meets bi-weekly to discuss current issues and projects.

In line with the KRONE climate change policies, the Group is committed to reducing Scope 2 emissions across all its facilities and has placed orders on the installation of photovoltaic (PV) systems wherever this is feasible following structural and fire safety assessments. Over the past two financial years, PV systems with a total capacity of 4.4 MWp have been installed. These systems generate approximately an annual 4.4 million kWh of renewable electricity, covering about 10% of the Group's total power consumption. The estimated CO₂ savings from these PV installations amount to 1,947 tonnes of CO₂ per year. At the same time, this measure leads to annual savings of approximately 450,000 euros.

A group-wide analysis of the use of renewable energy showed that from a regulatory and economic perspective the continued

expansion of PV installations should be prioritised. Moreover, external sites with potential for harnessing wind energy have been identified and are now undergoing detailed evaluation. At the same time, the substitution of natural gas by hydrogen or biogas for heating the high-energy dip-painting facility was assessed as not viable in the short term (2024–2028). However, the KRONE Group will continue monitoring market prices of various energy carriers and innovative technologies (e.g. battery storage systems) and revise its conclusions as deemed necessary.

In addition to implementing measures at its facilities, the KRONE Group is also advancing its products in relation to climate change adaptation. Examples are the development and marketing of electrified trailers and the autonomous and versatile 'Process Unit' (VTE) which also contribute to the reduction of emissions during the use phase (cf. ESRS E5).

ESRS E1-4: Targets related to climate change mitigation and adaptation

As disclosed in the 2022/2023 Sustainability Report under ESRS E1, the KRONE Group supports the goals of the Paris Climate Agreement and aims to act in alignment with the 1.5 °C target. The responsibility for monitoring the achievement of targets lies with the sustainability management function. The pathway to decarbonisation of the KRONE Group was mapped out in the previous sustainability report on the basis of information available at the time. The possibility of validating this pathway scientifically (Science Based Targets) is currently under review.

are currently under development in coordination with all relevant specialist departments. These targets will be aligned with the legal requirements as defined by the EU Green Deal and the existing objectives of the specialist departments involved. Approval of the targets by the KRONE Executive Board is scheduled for the 2025 calendar year.

Group-wide sustainability targets with a time horizon until 2050

ESRS E1-5: Energy consumption and energy mix

The various energy consumption levels and the energy mix of the KRONE Group during the 2023/2024 financial year are outlined below.

Energy consumption and energy mix		KRONE Agriculture SE	KRONE Commercial Vehicle SE	Total
(1)	Coal and coal products (MWh)	2,100	14,871	16,971
(2)	Crude oil and petroleum products (MWh)	10,666	7,543	18,209
(3)	Natural gas (MWh)	39,374	71,494	110,868
(4)	Other fossil fuels (MWh)	1,614	6,360	7,974
(5)	Electricity, heat, steam, cooling and fossil fuels (MWh) purchased or supplied	0	0	0
(6)	Total fossil energy consumption (MWh) (total of lines 1-5)	53,754	100,258	154,022
Percentage of fossil energy of total energy consumption (%)		93.2%	82.6%	86.0%
(7)	Nuclear energy (MWh)	117	826	943
Percentage of nuclear energy of total energy consumption (%)		0.2%	0.7%	0.5%
(8)	Renewable energies, including biomass (such as biogenic industrial and municipal waste, biogas, hydrogen from renewable sources, etc.) (MWh)	0	0	0
(9)	Electricity, heat, steam, cooling and renewable energies (MWh) purchased or supplied	2,839	18,382	21,221
(10)	Generated renewable energies (non-fuel) (MWh)	991	1,895	2,886
(11)	Total renewable energy consumption (MWh) (total of lines 8-10)	3,830	20,277	24,107
Percentage of renewable energies of total energy consumption (%)		6.6%	16.7%	13.5%
Total energy consumption (MWh) (total of lines 6-11)		57,701	121,371	179,072

ESRS E1-6: Gross Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and total greenhouse gas emissions

The carbon footprint of the KRONE Group is determined periodically in order to analyse the climate-related impacts and to reduce these in a targeted manner. Scope 1, Scope 2 and Scope 3 emissions are computed pursuant to the GHG Protocol. The quantification draws on primary and secondary data as collected in-house and on official emission factors. All consumption and production data are reviewed for plausibility. The following **estimates and approximations** were applied for computing Scope 3 emissions:

Category A1**Purchased goods and services:**

This category encompasses the production or extraction and the processing of the goods and services purchased in the upstream value chain. Expenditure for all product categories was determined and multiplied by expenditure-based emission factors from the Department for Environment, Food and Rural Affairs database (DEFRA).

Category A3**Fuel and energy-related emissions:**

This Scope 3 category includes the upstream chain of Scope 1 and 2 energy sources, including the extraction of the energy sources and their transportation (e.g. natural gas) as well as electricity transmission and distribution losses in the national grid, the consumption of the energy sources and the electricity within the undertaking. The emissions factor was sourced from the DEFRA database.

Category A5**Waste:**

This category comprises the treatment and disposal of waste generated in the course of the KRONE Group's business activities. Reported waste volumes correspond to the disclosures under ESRS E5-5. The emissions factor was sourced from the DEFRA database.

Category A6**Business travel:**

This category comprises business travel undertaken by employees of the KRONE Group. The database is built on expenditure for air travel, rail travel, taxi journeys and other ways of transport. Emissions per employee were determined based on assumptions about average travel costs and distances. The emissions factors were sourced from the DEFRA database.

Category A7**Employee commuting:**

This category covers emissions from own workers commut-

ing between their homes and workplaces, using private vehicles not owned by the KRONE Group. To estimate the data, the Group drew on the number of on-premise parking spaces and made informed assumptions about typical commuting patterns – including the means of transport used, the number of working days spent on premises and the average journey distances. The emissions factors which reflect average sized motorcars were sourced from BAFA and DEFRA.

Category B11**Use of sold products:**

This category covers the emissions calculated for the use phase of the units produced in the 2023/2024 financial year. For the agricultural machinery business segment, the emissions of KRONE self-propelled harvesters were estimated based on a calculated service life of 15 years and an average fuel consumption of 130 litres of diesel per hour during 600 hours of use per year. The emissions factor used was 266 tonnes of CO₂ /MWh. In the coming years, the survey will also be expanded to include trailed equipment. Emission figures in the commercial vehicle sector are based on an average service life of eight years and an annual mileage of 120,000 kilometres. The emission rate of 730g CO₂ per kilometre driven was sourced from the Vehicle Energy Consumption Calculation Tool (VECTO).



ESRS E1-6: GHG gross Scope 1, 2, 3 emissions and total GHG emissions

Greenhouse gas emissions	KRONE Agriculture SE	KRONE Commercial Vehicle SE	Total
Scope 1 gross GHG emissions (tonnes of CO₂e)	10,937	16,414	27,351
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading schemes (in %)	0	0	0
Scope 2 GHG gross emissions by facility (tonnes of CO₂e)	2,217	15,697	17,914
Scope 2 GHG gross emissions by market (tonnes of CO₂e)	3,814	18,093	21,907
Total indirect (Scope 3) GHG emissions (tonnes of CO₂e)	2,252,995	31,805,744	34,058,739
1 Purchased goods and services	768,505	989,035	1,757,540
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	3	24	27
5 Waste generated by the undertaking	67	287	354
6 Business travel	316	411	727
7 Employee commuting	2,936	3,213	6,149
11 Use of sold products	1,481,168	30,812,774	32,293,942
Total GHG emissions (by facility) (tonnes of CO₂e)	2,266,149	31,837,855	34,104,004
Total GHG emissions (by market) (tonnes of CO₂e)	2,267,746	31,840,251	34,107,997

Taking into account the net revenue as reported in the KRONE Group's financial statements for the 2023/2024 financial year, the greenhouse gas intensity, as expressed in tonnes of CO₂e per million euros of net revenue, is as follows:

GHG intensity per net revenue	KRONE Agriculture SE	KRONE Commercial Vehicle SE	Total
Total GHG emissions (by facility) per net revenue (tonnes of CO ₂ e/million euro sales)	2,711	20,151	14,116
Total GHG emissions (by market) per net revenue (tonnes of CO ₂ e/million euro sales)	2,713	20,152	14,118

ESRS E1-7: GHG removals and GHG mitigation projects financed through carbon credits

To date, the KRONE Group has not engaged in the purchase of carbon credits, such as climate protection certificates or guarantees of origin, as compensation for greenhouse gas emissions across its value chain. Instead, the Group's decarbonisation policy focuses primarily on the effective avoidance

and reduction of GHG emissions, notably by expanding the use of renewable energies and by implementing energy efficiency measures. The acquisition of carbon credits is solely considered as a supplementary instrument that is utilised to meet specific customer expectations or financing obligations.

ESRS E1-8: Internal carbon pricing

Since the 2022/2023 financial year, the KRONE Group has incorporated fuel-related costs – notably for natural gas, diesel and petrol – into the profitability assessments of replacement investments, applying the maximum rates stipulated under the

Fuel Emissions Trading Act (BEHG) at 55 euros per tonne of CO₂. At the same time, the Group is currently assessing the introduction of an internal carbon pricing mechanism (CO₂ shadow price) as part of construction and refurbishment investment.

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

A detailed assessment of the financial effects of material physical and transition risks as well as potential climate-related opportunities is currently prepared. This analysis is expected to be incorporated into the Group's sustainability report for the financial year 2026/2027 (phase-in provisions).

Based on the current materiality assessment, it can be assumed

that the opportunities and risks outlined in this section may have a **medium or high** financial impact on the KRONE Group's sales revenues.

ESRS E2: Pollution**ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model**

In line with the materiality assessment requirements, the actual and potential impacts were identified systematically, some of which are related to other environmental sections in this report. The material impacts, opportunities and risks include the following:

Actual and potential impacts on people and the environment:

Pollution: The manufacture and use of KRONE products result in the emission of greenhouse gases and air pollutants, including particulate matter, nitrogen oxides (NOx) and carbon monoxide (CO). These emissions may lead to a decline of the air quality at our production sites as well as in regions where KRONE machines and commercial vehicles are operated, potentially posing a risk to human health.

Soil erosion: The operation of KRONE agricultural machinery may contribute to soil erosion. The use of unsuitable cultivation practices and the deployment of heavy equipment can lead to erosion and to loss of fertile land.

Water quality: The operation of agricultural machinery can lead to water pollution caused by leaking fuels, oils and lubricants, affecting water quality and harming ecosystems.

Financial opportunities:

Environmentally friendly technologies: Financial opportunities may arise from the development and production of environmentally friendly agricultural machinery and commercial vehicles that are low-emission or use alternative drive systems. A rising demand for environmentally friendly solutions may lead to increased sales.

Environmental regulations and subsidies: Governments and environmental authorities often promote environmentally friendly technologies through mechanisms such as tax incentives and subsidies. By complying with relevant regulations, the KRONE Group may be eligible to benefit from such financial incentives.

Financial risks:

Regulatory requirements: The introduction of stricter environmental regulations and emission standards may lead to increased costs related to product development and compliance. Non-compliance may lead to financial penalties and legal proceedings.

Liability risks: Liability risks and associated legal costs may arise from negative environmental impacts or poor quality caused by defective products.

Reputational risk: Poor product quality or negative environmental impacts associated with KRONE products may harm the Group's reputation, potentially leading to the loss of customers and financing partners.

Material and operating costs: Pollution mitigation measures, such as the use of more environmentally friendly materials and technologies, may lead to higher material and operating costs in the short term.

ESRS E2-1: Policies related to pollution

To address the impacts, risks and opportunities identified in ESRS 2 SBM-3, the KRONE Group established policies on pollution prevention to ISO 14001 standards. These policies are implemented by the KRONE Group's sustainability management in collaboration with the environmental protection officers designated by the individual subsidiaries.

In addition to ensuring compliance with applicable environmental legislation – in particular with the Federal Pollution Control Act, the Federal Water Act and the Federal Soil Protection Act – the KRONE Group focuses on reducing the pollution of

air, water and soil, as well as on minimising the use of and substituting substances of concern and substances of very high concern. Accordingly, the policies define waste management, emissions control, water protection, the transport of hazardous materials and material compliance as the main action areas.

The KRONE Group's Environmental Protection Officer monitors environmental impacts and reports on these throughout the year in accordance with the Plan-Do-Check-Act (PDCA) cycle as set out in ESRS 2 GOV-3.

ESRS E2-2: Actions and resources related to pollution

The KRONE Group implements the following measures to mitigate environmental impacts:

- **Waste management:** The KRONE Group pursues a sustainable approach to waste management which aims at preventing waste the reuse and recycling of waste materials. Materials such as metals, wood, paper and cardboard and plastics are systematically segregated, collected and processed as secondary raw materials. Non-recyclable waste is disposed of in accordance with professional standards and applicable legal requirements. Particularly hazardous waste is subject to regulatory oversight. The disposal routes for such waste are documented and verified at five-year intervals by the appropriate authorities. Where required, authorisations under applicable local legislation are obtained from the appropriate environmental and waste management authorities.
- **Pollution prevention measures:** The KRONE Group defines air pollution control as a key objective of its environmental protection efforts. To minimise emissions, the Group employs modern production technologies, including cathodic dip painting (CDP), which significantly reduces the use of organic solvents as compared to traditional solvent-based painting methods. CDP utilises water-based paints and contributes to a substantial reduction in the generation of volatile organic compounds (VOCs), thereby helping to lower ozone formation and emissions. At the same time, by increasing the number of solid particles in the liquid paint, the residual amount of solvents is reduced to levels below the legal requirements. To verify compliance with relevant noise emissions standards, the Group also undertakes periodic assessments of noise emissions by commissioning accredited providers of acoustics measurements.
- **Water protection:** The KRONE Group pursues a comprehensive approach to water protection to prevent contamination of watercourses and groundwater. A significant proportion of freshwater is used in the Group's paint shops. After pre-treatment in the on-premise wastewater treatment facilities, the waste water is discharged into the public sewer systems. The concentration of pollutants is monitored periodically to ensure compliance with legal thresholds.

Water-polluting substances, such as oils and paint additives, are stored in secure containers and storage rooms, work areas are painted with protective paints and have catchment systems. Leaking liquids are captured in tanks, avoiding environmental contamination. To ensure safety and regulatory compliance, all systems containing hazardous substances are subject to internal inspections and periodic external inspections by certified experts.

- **Hazardous substances:** In the manufacture of its machinery and commercial vehicles, the KRONE Group uses a range of auxiliary and operating materials that fall under the scope of dangerous goods and hazardous substances regulations, including paints, gases, oils and cleaning agents. In this context, the substitution principle is applied as a priority. Before new substances are introduced, they are assessed for less hazardous substitute options. If no suitable substitutes are identified, the substance is subject to internal approval by the company doctor, the safety officer and the works council. Hazardous substances are stored in dedicated stores where the walls are painted with protective paints to prevent environmental contamination. Flammable substances are stored in explosion-proof modular containers. Transparency is ensured through the maintenance of safety data sheets and a hazardous substances register, which together serve as the basis for training of the GROUP's own workforce. Protective measures, including the use of personal protective equipment and procedures in the event of an emergency, are defined by operating instructions. Safety data sheets for products and parts are also provided to customers.

The implementation of all related measures is documented and monitored by the Group's Environmental Protection Officer.

ESRS E2-3: Targets related to pollution

In line with the disclosure requirements under ESRS E2, the KRONE Group's environmental management activities primarily aim to reduce VOC emissions from its dip painting facility and also emissions into air, water and soil while minimising waste. In addition, substances of concern and substances of very high concern are systematically identified, minimised and substituted.

At present, group-wide sustainability targets with a time horizon until 2050 are developed in coordination with all relevant specialist departments. These targets will be aligned with the legal requirements arising from the EU Green Deal and the targets the individual specialist departments set themselves. Approval of the targets by the KRONE Executive Board is scheduled for the 2025 calendar year.

ESRS E2-4: Pollution of air, water and soil**Air pollution**

The volatile organic compounds emissions (VOCs) from the KRONE dip painting facility and gluing processes are measured annually by the environmental management team. The table below shows VOC emissions during the 2023 calendar year.

VOC emissions [t]	KRONE Agriculture SE	KRONE Commercial Vehicle SE	Total
Total	46 t	112 t	158 t

Water pollution

The KRONE Group annually measures the fresh water volumes drawn from the public system and wastewater volumes discharged into the public sewage system. The following table shows the water consumption during the 2023 calendar year.

Water consumption [m³]	KRONE Agriculture SE	KRONE Commercial Vehicle SE	Total
Fresh water	38,052 m³	101,378 m³	139,431 m³
Waste water	35,980 m³	92,019 m³	127,999 m³

Inorganic pollutants and ozone-depleting substances

The use of inorganic pollutants and ozone-depleting pollutants at KRONE production facilities is strictly limited to legally permitted applications and quantities. Moreover, facilities falling under the Industrial Emissions Directive (IED) (Spelle, Werlte, Herzlake, Lübtheen) are required to report in accordance with the Pollutant Release and Transfer Register (PRTR) Regulation. Currently, the undertaking is not subject to specific reporting obligations related to inorganic pollutants or ozone-depleting substances.

Microplastics

At present, the KRONE Group does not collect systematically data on the generation or release of microplastics in association with its products. However, in line with upcoming restrictions on microplastics under the REACH Regulation, KRONE's suppliers will be required to provide information on the presence of microplastics in their products from 17 October 2025 onwards. Therefore, microplastics be included in the future product sustainability strategy and the KRONE Sustainability Report for the 2025/2026 financial year will inform on the status of the subject matter.

ESRS E2-5: Substances of concern and substances of very high concern

As announced in the previous Sustainability Report, a Material Compliance Manager was appointed during the financial year 2023/2024. To meet the disclosure requirements under ESRS E2-5 regarding substances of concern and substances of very high concern, KRONE is building a substance database which records all substances that remain in KRONE products.

As the disclosure of substances of concern represents a new requirement over the GRI Standards – and considering that new hazard classes for substances and mixtures under the CLP Regulation are not yet in force and further considering that at present there is no legal right to obtain such information across the supply chain – KRONE will disclose quantitative data only when the new hazard classes are enforced and when the relevant information is available from suppliers.

ESRS E2-6: Anticipated financial effects from pollution-related risks and opportunities

At present, a detailed assessment of the financial effects of risks and opportunities related to environmental pollution is prepared; in line with the applicable phase-in provisions, it is expected to be included in the sustainability report for the 2026/2027 financial year.

Based on the latest materiality assessment, it is expected that the risks and opportunities as identified in this section have a **medium** effect on the KRONE Group's revenue.

ESRS E5: Resource use and circular economy

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

In line with the materiality assessment requirements, the actual and potential impacts were identified systematically, some of which are related to other environmental sections in this report. The material impacts, opportunities and risks include the following:

Actual and potential impacts on people and the environment:

Consumption of raw materials: The production of KRONE products requires the input of substantial volumes of raw materials, including metals, plastics and further materials. This may result in raw material scarcity and negative environmental impacts due to extraction and mining.

Waste management: The life cycle of KRONE products, particularly their end-of-life phase, is associated with the generation of considerable waste. This waste must be recycled or disposed of in an environmentally sound manner.

Energy consumption: The production of agricultural machinery and commercial vehicles requires a substantial input of energy in the dip painting facility. An inefficient use of energy can contribute to the increase of greenhouse gas emissions and the environmental impact of manufacturing operations.

Financial opportunities:

Efficient resource use: The transition to more resource-efficient manufacturing processes and the use of recycled or reusable materials can reduce material and operating costs, contributing to long-term savings.

Product design for longevity and reuse: Designing products for extended durability and ease of reuse, repair or recycling can enhance customer satisfaction and support long-term customer retention.

Recycling and circular economy: Recycling KRONE products and reusing materials can generate additional revenue and reduce environmental impact.

Financing: The increase in green financing instruments pursuant to EU Taxonomy presents an opportunity for successful marketing of sustainable products.

Financial risks:

Raw materials price fluctuations: Volatile raw material prices can impact production costs and therefore the productivity of KRONE. This applies in particular to strategically important

materials and rare materials.

Regulatory requirements: The EU is increasingly enacting laws and regulations which promote circular economy and waste prevention. Non-compliance with these regulations can lead to financial penalties and legal proceedings.

Waste management liabilities: The end-of-life disposal of KRONE products and the guarantee of environmentally sound disposal may involve costs and legal obligations.

Change in demand: KRONE customers may potentially demand more environmentally friendly products. A lack of high-quality and environmentally friendly products could jeopardise KRONE's competitiveness.

ESRS E5-1: Policies related to resource use and circular economy

The policies regarding resource use and circular economy are based on an approach that combines ecological responsibility, economic efficiency and customer satisfaction especially with regard to quality, reparability, efficiency and price.

The KRONE policies are underpinned by the principle of efficient resource use; research and development of KRONE products are focused on the efficient use of raw materials. The following areas for action help achieve this target:

- **Design for longevity:** KRONE agricultural machines and commercial vehicles are made of high-quality materials and have robust designs that ensure long lifetime cycles.
- **Repairability and easy maintenance:** KRONE prioritises modular product designs and the use of standardised components to facilitate easy repair and straightforward replacement of defective parts.

In preparation for upcoming regulatory requirements under the EU Green Deal, particularly the Ecodesign Regulation and the Regulation on End-of-Life Vehicles, KRONE is progressively aligning its R&D processes with environmental parameters.

Based on continuous quality controls and innovation processes, KRONE products perform in the most challenging field conditions and operate efficiently in transport work.

Any environmental claims regarding KRONE products underlie recognised standards (such as ISO 14067 and ISO 14044), ensuring compliance with the EU Green Claims Directive.

ESRS E5-2: Actions and resources related to resource use and circular economy

The provision of high-quality, sustainable and affordable products requires a close coordination between purchasing, compliance, quality management, sustainability management, product management and sales functions. To this end, KRONE implements a number of measures, including the following:

Supplier audits: KRONE increases upstream value chain transparency by providing supplier platforms for the purchase and quality assurance management, where suppliers can be audited with regard to environmental and quality standards, resource efficiency and sustainability criteria, such as ESRS S2 criteria. In future, further supplier audits on quality standards will include additional sustainability aspects, e.g. material compliance.

KRONE validation centre: To implement the policies outlined in ESRS E5-1, continuous validation throughout the research and development process is mandatory. To ensure professional execution and compliance with the highest standards, KRONE products are subjected to extensive durability, safety and environmental compatibility testing at the KRONE Future Lab in Lingen.

Use phase of KRONE products: To reduce the environmental impact of its products during their use phase, KRONE applies a range of measures with regard to sustainability, electrification, automation and digitalisation at various levels, depending on the use case and product target group.

For example, commercial vehicle manufacturing focuses on the resource-efficient use of trailers through the application of digital services (such as the KRONE Smart Assistant and tyre pressure control), aerodynamic attachments and the KRONE eTrailer electric drive solutions.

KRONE's agricultural products are typically operated only during the harvest season, which leads customers to demand products of high quality and reparability. To support the sus-

Left: the KRONE Future Lab at Lingen
Right: The innovative KRONE eTrailer



tainable and resource-efficient use of these machines, KRONE focuses on enhancing their operational efficiency for customers to reduce costs and minimise soil compaction. To promote the safest and most efficient use of its agricultural machinery, KRONE partners with other manufacturers, such as Lemken, to develop autonomous solutions for farming applications.

Parts and service solutions: KRONE offers a wide range of aftersales services which include the supply of high-quality parts as well as maintenance, repair and reconditioning services, some of which are offered under separate brands (e.g. KRONE Trusted) and through subsidiaries (e.g. KRONE Used). As these services ensure the reliable and long-term use of KRONE products, they help saving resources.

Among the achievements in the 2023/2024 financial year are the new warehouse for agricultural machinery parts in Spelle, which took up operation in late 2023 and one subsidiary of Commercial Vehicles joining the AZUR network, which promotes and researches into the circular economy of tyres.

Left: The VTE – autonomous technology for farmers

Right: The new parts warehouse at the agricultural machinery production site in Spelle.



ESRS E5-3: Targets related to resource use and circular economy

To address the identified impacts, risks and opportunities, one target is to continuously expand the master database of materials and substances used for the manufacturing of our products. The long-term plan is to make this information available in a digital product passport which can be used as a data source for developers and the downstream processing management to take fact-based decisions – as a proactive measure to comply with upcoming EU regulations.

At present, group-wide sustainability targets with a time horizon

until 2050 are developed in coordination with all relevant specialist departments. These targets will be aligned with the legal requirements arising from the EU Green Deal and the targets the individual specialist departments set themselves. Approval of the targets by the KRONE Executive Board is scheduled for the 2025 calendar year.

ESRS E5-4: Resource inflows**Materials**

The following table shows expenditures for various materials and product categories across the KRONE Group. The magnitude of the numbers indicates the respective strategic relevance for the identified impacts, opportunities and risks with regard to circular economy.

Category	KRONE Agriculture SE	KRONE Commercial Vehicle SE	Total
Steel	€170,131,222	€307,168,285	€477,299,507
Mounted assemblies	€54,973,812	€250,347,408	€305,321,220
Welded assemblies	-	€11,028,461	€11,028,461
Aluminium	-	€7,914,869	€7,941,869
Pressed parts	-	€240,679	€240,679
Wood	€2,156,181	€45,312,912	€47,469,093
Plastics	€26,618,896	€51,206,617	€77,825,513
Rubber	€16,719,470	€69,818,442	€86,537,912
Chemicals	€11,372	€27,742,857	€27,754,229
Electronics	€23,563,581	€37,169,776	€60,733,357
Hydraulics	€25,697,077	€961,460	€26,658,537
Drive systems	€28,491,512	€29,434	€28,520,946
Diesel engines/attachment	€15,547,874	-	€15,547,874
Machine/vehicle parts	€10,770,877	€289,667	€11,060,544
Finished machines	€28,708,434	€2,961,421	€31,669,855
Other materials and product categories	€28,354,362	€31,647,945	€60,002,307
Total	€431,744,670	€843,840,233	€1,275,584,903

The category 'Other materials and product categories' reflects expenditures from those facilities which have not yet been included in the category system. Quantification is planned for future sustainability reports. This also applies to the disclosure of the share of biomaterials and biofuels which are used for purposes other than energy (including packaging materials).

Critical raw materials

KRONE defines critical raw materials and rare earths in accordance with Regulation (EU) 2024/1252, Annex II Section 1. With regard to the digital product passport for batteries, which is expected to be introduced in February 2027, KRONE is examining whether the substances listed in Annex I Section 1 of the above regulation can be classified as critical raw materials and rare earths. In the absence of mandatory requirements for information within the supply chain, KRONE will be able to meet the reporting requirements only after such information is reliably supplied by its suppliers. Nevertheless, KRONE intends to implement this ESRS E5 disclosure requirement for the substance database referenced under ESRS E2.

ESRS E5-5: Resource outflows**Products and materials**

Building on the measures disclosed under ESRS E5-2 which ensure durability and reparability of KRONE products, KRONE systematically determined the CO₂e emissions of selected reference products for the first time in the 2023/2024 financial year, in accordance with ISO 14067. This information helps assess the environmental impact of KRONE products at the point of delivery (cradle-to-gate) more effectively and complements the disclosures under ESRS E1 on Scope 3.11 emissions (use phase of KRONE products).

Product	Business segment	Emissions (cradle-to-gate) [t CO ₂ e]
Trailer (Profi Liner)	Commercial Vehicles	11.4
Forage wagon (KRONE MX 370 GD)	Agricultural machinery	20.2
BiG Pack (BP 1290 HDP II)	Agricultural machinery	36.7
Rake (SWADRO TC 760)	Agricultural machinery	4.1
Self-propelled forager (BiG X 780)	Agricultural machinery	39.4

In addition, the requirements arising from the EU Circular Economy Action Plan will be assessed to develop recommendations for the KRONE product developers.

Waste

In addition to the waste management policies disclosed under ESRS E2-2, KRONE also records all waste volumes across its facilities. The disclosures provided below relate to the waste volumes recorded for the 2023/2024 financial year. At present, it is not possible to classify the waste volumes into sub-categories for more than one factory; yet this is planned for future reports.

Waste volume	KRONE Agriculture SE	KRONE Commercial Vehicle SE	Total
Total	3,142 t	13,462 t	16,604 t

E5-6: Anticipated financial effects from risks and opportunities related to resource use and circular economy

A detailed assessment of the financial impact of risks and opportunities related to resource use and circular economy is currently prepared and expected to be included in the sustainability report for the 2026/2027 financial year (phase-in regulation).

Based on the current materiality assessment, KRONE assesses

that the opportunities and risks identified in this section are expected to have a **low to medium impact** on the Group's sales revenues.



SOCIAL DISCLOSURES

SOCIAL DISCLOSURES

ESRS S1: Own workforce

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

As part of the materiality assessment, KRONE systematically identifies potential and actual impacts. The material impacts, risks and opportunities include the following:

Actual and potential impacts on people and the environment:

Working conditions: Working at KRONE production sites can be physically demanding and hazardous, involving risks of injury and illness.

Occupational safety: The manufacture of agricultural machinery and commercial vehicles requires adherence to strict safety standards to prevent accidents, injuries and occupational illnesses.

Health and well-being: The mental health and the well-being of our workforce are key considerations. Stress, strain and a lack of work-life balance can affect the quality of life and productivity.

Financial opportunities:

Qualified workforce: Investing in training and upskilling the workforce may enhance productivity and improve product quality.

Innovation: Committed own workers who identify with KRONE may be able to contribute innovative ideas and drive the development of new products and technologies.

Job security: Maintaining high safety standards and creating safe working conditions at the KRONE production sites may help reduce accident-related costs and legal liabilities.

Financial risks:

Accidents at work and injuries: Workplace accidents may not only put lives and health at risk, but may also lead to legal proceedings and financial burdens for the undertaking.

Staff turnover: A high staff turnover may increase the costs for training new workers and lead to quality issues and loss of expertise.

Legal requirements: Occupational health and safety legislation may require investment in training formats, safety equipment and compliance measures.

Shortage of skilled professionals: Recruiting qualified specialists, particularly for shop floor roles, may be challenging. A lack of skilled professionals may result in a decline in quality and in competitive disadvantages.

ESRS S1-1: Policies related to own workforce

The KRONE Group has implemented comprehensive policies on social sustainability, which are based on international and European human rights standards to ensure a fair, inclusive and respectful working environment for all own workers.

Key elements of these policies include the promotion of equal opportunities, diversity, inclusion and active non-discrimination. The policies include measures to improve working and health conditions, such as the introduction of a company-wide health management system to promote the physical and mental well-being of the workforce. These measures are applied across all entities of the KRONE Group through occupational health, employee health and staff reintegration programmes. Another core element is the implementation of targeted people development programmes and training of skilled professionals. Additionally, KRONE adopted a zero-tolerance policy towards discrimination, harassment and bullying, promoting equal opportunities and a non-discriminatory workplace. In this context, the KRONE Group signed an agreement on equal treatment, diversity and integration with the Group Works Council on 1 July 2023 (Compliance Guideline 6).

The objective of both Compliance Guideline 6 and the associ-

ated Group Works Agreement is to ensure equal opportunities, upvalue diversity and foster a culture of inclusion and positive conduct. The Group's own workers should be able to develop freely within their professional environment and work without fear of discrimination, harassment or bullying. The aim is to create a working environment in which everyone is treated with dignity and respect.

The anti-discrimination obligations apply to own workers, business partners and suppliers, with clear procedures in place for reporting breaches and a systematic investigation of reported incidents.

The overarching policy is to promote own workers as a valuable resource, cultivate an inclusive corporate culture and offer equal opportunities for all employees to realise their potential.

ESRS S1-2: Processes for engaging with own workforce and workers' representatives about impacts and channels for own workers to raise concerns

The undertaking fosters open communication in order to identify the best possible solutions for all parties involved and to minimise any adverse impacts on its own workforce. In line with the co-determination rights set out in the German Works Constitution Act (BetrVG), the workforce and their representatives (local works council committees, Group Works Council) are actively involved in the decision-making processes, particularly in those which concern measures affecting the working conditions or the employee structure.

In the exercise of their statutory co-determination rights, worker representatives are informed in good time and are given the opportunity to contribute their perspectives, concerns and suggestions. The type and frequency of involvement as well as the stage at which this is deemed suitable depend on the specific decision-making process and may vary accordingly. To ensure continuous dialogue, periodic (usually monthly) meetings are held between the relevant management and the local

works council committees (so-called monthly meetings). These meetings are used both to discuss planned measures and to review the implementation and impacts of measures already introduced. A corresponding dialogue also takes place at Group level with the representatives of the Group Works Council.

To ensure transparent communication within the subsidiaries and the Group, KRONE ensures that the own workforce is involved in the internal communication, for example through works meetings or other channels, such as the employee app.

ESRS S1-3: Processes to remediate negative impacts and channels for own workforce to raise concerns

The KRONE Group established a comprehensive whistleblowing guideline that encourages all own workers and external stakeholders to report breaches of laws, regulations or corporate values. In cooperation with the Group Works Council, a Group works agreement on the introduction of a whistleblowing management system (whistleblower system) was signed on 11 July 2022. The guideline promotes a culture of openness and responsibility and ensures that whistleblowers are protected from reprisals. Internal and external channels are available for the confidential reporting of incidents that could compromise the undertaking's integrity. The whistleblower system complies with the requirements of the German Whistleblower Protection Act (HinSchG) and the German Supply Chain Due Diligence Act (LKSG).

All incidents reported are processed in line with a group-wide directive, which provides the framework for conducting internal investigations and clarifying the matter. All information is treated with strict confidentiality and appropriate measures are taken to address any breaches. KRONE does not tolerate reprisals against whistleblowers and ensures that reported incidents are properly cleared up. An external ombudsman (www.report-tvh.com) is also available as an anonymous and independent point of contact for confidential reporting of grievances. This process ensures that any negative impacts are identified

early and remediated effectively, promoting transparency and accountability across the company.

Several production facilities have works agreements in place which govern internal suggestion schemes. These schemes aim to encourage the workforce to share new ideas for the benefit of the workforce, the subsidiaries and the Group as a whole. Such suggestions may refer to improvements in occupational health and safety, working conditions and individual health as well as cost savings and product quality improvement. The submissions are reviewed and assessed by an interdisciplinary team. Depending on the actual implementation and measurable (economic) benefits of the suggestion, own workers receive a bonus for their suggestions. The suggestion scheme promotes workforce participation in ongoing improvement processes and strengthens their role within the undertaking.

ESRS S1-4: Taking action on material impacts and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions and approaches

The KRONE Group established comprehensive measures to protect the physical and mental health of its own workforce. Key measures include the following:

Occupational health and safety (OHS):

The occupational health and safety management is coordinated centrally by the KRONE Group's sustainability function. The corresponding policies are closely integrated with the occupational health management function, supporting the physical and mental well-being of the Group's own workforce. In pursuit of these objectives, particular attention is given to the ergonomic design of workplaces. These are tailored to the individual needs and requirements of the Group's own workforce.

Occupational health safety measures focus on the systematic identification and elimination of hazards to people and the environment. To this end, periodic inspections of the production sites are carried out to detect potential hazards and implement corrective action as necessary. Own workers are encouraged to report potential hazards so that appropriate risk mitigation measures can be taken. Periodic safety briefings and targeted internal communications ensure the dissemination of safety-relevant information across the workforce. In addition, the work situation is assessed to identify occupational hazards.

Moreover, as the technical safety of machinery, equipment and consumables is a fundamental prerequisite for safe working

conditions, the KRONE Group ensures that machinery, equipment and consumables are state of the art and operated to applicable law. To ensure the equipment is technically safe and functional, maintenance departments at the Group's various factories carry out periodic services and inspections as well as preventive maintenance repairs as necessary.

Effective occupational health and safety management is central to ensuring workplace safety. In accordance with statutory requirements, the KRONE Group appoints occupational health and safety roles – safety specialists, safety officers, company doctors and first aiders, who have specific tasks and conduct independent inspections at their own discretion.

Another key aspect of workplace safety is the use of personal protective equipment (PPE). The Group provides its workforce with certified PPE of appropriate quality. Risk assessments define the conditions and situations in which PPE must be used. To foster safety-conscious behaviour, the workforce receives periodic instruction from their line managers on safety-related topics, including compliance with applicable rules and regulations, warning and escape signage and site-specific safety requirements. The handling of hazardous substances and dangerous goods is comprehensively assessed within the KRONE Group. Where possible, non-hazardous alternatives are used; where not possible, appropriate protective measures are implemented. The workforce receives specific training in the safe



handling of chemical substances.

Alarm plans and hazard response plans have been set up for a number of emergency scenarios, including accidents, fires, environmental incidents, extreme weather events, mass illnesses and threats. Annual evacuation drills are conducted to ensure that the workforce is familiar with emergency procedures. Contractors and external workers receive mandatory briefings to ensure they work safely. Contractors receive mandatory briefings before commencing work. Access to critical areas is permitted only after prior authorisation.

Staff reintegration management:

In cases where the Group's own workers are absent due to illness for more than six weeks or experience repeated absences within a twelve-month period, the undertaking consults with the individual and the workers' representation to identify appropriate measures that facilitate their return to work and prevent further incapacity. These measures may include workplace adjustments or the implementation of flexible working arrangements. As an integral element of a sustainable human resources policy, Company Integration Management supports the health and well-being of the Group's own workforce while also promoting employee retention and engagement.

Workplace health promotion:

The third pillar of occupational health management is workplace health promotion. This encompasses targeted internal measures and programmes to support the health and well-being of the undertaking's own workers. The KRONE Group has numerous such measures in place, which may vary by entity.

These measures include:

1. A bonus booklet for logging health-related activities
2. Health-related lectures (e.g. cardiovascular health, smoking cessation)
3. Health campaigns (e.g. cycling to work)
4. Company sports initiatives (e.g. running training, football)
5. Bicycle leasing schemes
6. Anonymous counselling services provided by the Caritas charity organisation

Another key element is the training of leaders in the principles of 'healthy leadership'. These trainings aim to build awareness among leaders of their roles in fostering a healthy organisational culture and acting as multipliers for well-being. Through such initiatives, the undertaking promotes a health-conscious environment and raises awareness of the importance of personal health.

The Group aims to foster a culture that promotes personal health, which not only supports the individual health of its own workers but also contributes to a positive and supportive working environment. The measures are to be reviewed periodically and adapted in line with the needs of the Group's own workers and labour market developments. The measures encourage the Group's own workers to actively engage with health-related topics and take responsibility for their personal fitness – an initiative that delivers long-term benefits for both the undertaking and its workforce.

ESRS S1-5: Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

In the context of ESRS S1, the undertaking generally pursues the objective of minimising work-related accidents, ensuring fair, non-discriminatory and safe working conditions and promoting the well-being of its own workers.

At present, specific areas of action and targets are defined as a group-wide human resource policy is developed. These action areas and targets align with the disclosure requirements under ESRS S1-1 to ESRS S1-17. The results will be presented in the sustainability report for the 2025/2026 financial year.

ESRS S1-6: Characteristics of the undertaking's own workforce

In the 2023/2024 financial year, the average number of own workers in the core workforce of the KRONE Group increased to 6,217 globally (previous year: 5,855). This figure excludes an average of 292 apprentices during the reporting period (previous year: 265).

Not all characteristics required under ESRS can yet be determined for all own workers. The workforce characteristics and their distribution are therefore extrapolated to cover the entire workforce.

Gender	Number of own workers (headcount)
Male	5,503
Female	714
Diverse	-
Not specified	292
Total	6,509

The disclosures provided below relate to the Group's own workforce as at 31 July 2024 (excluding temporary workers, interns and apprentices). Full-time workers are defined as those working 35 or more hours per week; part-time workers as those working 34 hours or less per week.

Financial year 2023/2024 (reporting date 31 July 2024)

	Male	Female	Diverse	Not specified	Total
Number of own workers (headcount)	5,503	714	0	0	6,217
Number of permanent own workers (headcount)	4,781	619	0	0	5,400
Number of temporary own workers (headcount)	717	100	0	0	817
Number of own workers without guaranteed hours (headcount)	0	0	0	0	0
Number of full-time own workers (headcount)	5,410	507	0	0	5,917
Number of part-time own workers (headcount)	88	212	0	0	300

The majority of own workers in Germany work at our facilities in Spelle, Herzlake, Lingen, Werlte, Lübtheen and Dinklage. A geographical breakdown by region and country will be provided in future sustainability reports. The breakdown of own workers by business segment (excluding temporary workers, interns and apprentices) is presented below.

Business segment	Number of own workers (headcount)
Bernard KRONE Holding SE & Co. KG	436
KRONE Agriculture SE	2,416
KRONE Commercial Vehicle SE	3,365
Total	6,217

ESRS S1-7: Characteristics of non-employees in the undertaking's own workforce

The use of external workers (e.g. through temporary placement agencies) enables the undertaking to respond flexibly to operational demands and peak periods. It ensures that external workers work under fair working conditions and in compliance with applicable labour laws and regulations.

The breakdown of temporary workers by business segment (excluding temporary staff, interns and apprentices) is presented below.

Business segment	Temporary workers (headcount)
Bernard KRONE Holding SE & Co. KG	0
KRONE Agriculture SE	550
KRONE Commercial Vehicle SE	599
Total	1,149

ESRS S1-8: Collective bargaining coverage and social dialogue

Collective labour agreements provide the framework for regulating key employment conditions, including pay, working hours and holiday entitlements. These aspects are defined in sector-specific or company-level collective agreements. Within the framework of co-determination, the undertaking also fosters ongoing social dialogue with its worker representatives. In Germany, the workforce is represented by local works council committees at ten subsidiary sites, including

the major production facilities in Spelle, Werlte, Herzlake and Lübtheen. In line with its mandate under Section 58(1) of the German Works Constitution Act (BetrVG) the Group Works Council assumes in specific cases also responsibility for the workforce at subsidiaries which have no works council of their own.

ESRS S1-9: Diversity metrics

The disclosures provided below relate to the Group's own workforce as at 31 July 2024 (excluding temporary workers, interns and apprentices).

Percentage of women	Percent
Percentage of women on the Supervisory Board	0.0%
Percentage of women on the Executive Board	0.0%
Percentage of women in leadership positions (across hierarchies)	7.8%

Age group	Number	Percent
Under 35 years	1,967	31.6%
35 to 50 years	2,667	42.9%
Over 50 years	1,583	25.5%

At present, a total of 57 nationalities are represented in the KRONE Group. The average age of the workforce is 41 years (31 July 2024).

ESRS S1-10: Adequate wages

Fair and adequate remuneration is a core element of the KRONE Group's commitment to being a responsible employer. In entities bound by collective agreements, this is ensured through strict compliance with applicable agreements. These agreements are concluded either directly between social partners or in company-level negotiations with trade unions (so-called company-specific collective agreements). In some of

the non-unionised entities, individual works agreements are in place to regulate a fair and transparent remuneration system. The Group ensures full compliance with national requirements, particularly those specified in the Minimum Wage Act. This reflects the Group's commitment to fair working conditions and to sustainable corporate governance.

ESRS S1-11: Social protection

Employees working in Germany are generally covered by statutory social protection schemes which provide temporary protection against loss of income due to illness, unemployment, occupational accidents, incapacity to work or retirement. In

addition, statutory protection against loss of income may also apply in the event of childbirth (e.g. maternity allowance, maternity pay, parental allowance).

ESRS S1-12: Persons with disabilities

The disclosures provided below relate to the Group's own workforce as at 31 July 2024 (excluding temporary workers, interns and apprentices).

Persons with disabilities	Number	Percent
Bernard KRONE Holding SE & Co. KG	17	3.6%
KRONE Agriculture SE	80	3.3%
KRONE Commercial Vehicle SE	98	3.4%

ESRS S1-13: Training and skills development metrics

The purpose of human resource development is to support employee needs and enhance their skills. The objective is to identify individual potential and foster it accordingly while creating an engaging learning environment for the workforce. KRONE supports its workforce throughout their development journeys – from initial consultation to the implementation of tailored learning and

Career starters	Number
Apprentices	211
Dual-programme degree students	81
Total	292

The strategic approach in the KRONE Group's human resource development is divided into four areas: Leadership Development, Talent Management, Corporate Learning and the KRONE Academy.

Leadership Development

The KRONE Leadership Development programmes aim to empower leaders and develop leadership competencies and skills at the various levels and across technical and disciplinary functions, comprising long-term leadership programmes, keynote speeches and individual counselling. The Leadership Development programmes are designed to equip leaders with the capabilities required to implement the KRONE Group's corporate strategy and achieve corporate growth. Leadership

Development also aims to establish human resource development as a key executive responsibility and to promote networking within the KRONE Group.

Talent Management

The KRONE Talent Management provides a systematic and transparent process for identifying and promoting high-potential employees. KRONE adopts a modern approach to human resource development to appeal to talented individuals within and outside the Group.

The programme supports the development of these employees and prepares them to take on key positions within the KRONE Group in the future.

One example of KRONE's Talent Management is the Skill-Up



programme, which focuses on building future skills over a period of three years. Attending a number of seminars on soft skills, the participants have opportunities to expand their professional networks. As a further development opportunity, the participants in the Skill-Up programme may spend three to six months working at a national or international subsidiary. An integral part of the programme is a mentoring component, in which a senior executive provides regular feedback and guidance, preparing potential leaders for future specialist and leadership roles.

Corporate Learning

KRONE Corporate Learning focuses on developing a modern learning culture for sharing knowledge and experience. Key objectives include the design of specialist upskilling and personal development programmes for the workforce. Major milestones on this path are the design of a general learning framework and the refinement of existing learning strategies. These new Corporate Learning offerings and formats are developed in close collaboration with the specialist departments deliver targeted programmes, broader content and an expanded range of training courses.

KRONE Academy

All KRONE workers have access to the KRONE Academy, where they can explore and enquire about the available human resource development programmes. Access to the various programmes is either through a library or the intranet. As per 31 July 2024, 3,195 workers had accessed the library and its offerings on soft and technical skills. In addition to various classroom training sessions and webinars, these also include e-learning courses for self-directed learning. The Academy also

offers structured formats for feedback and discussion to facilitate networking within the workforce. In addition, mandatory training courses, such as on data protection, compliance and cyber security awareness, are delivered through the Learning Management System. The offering is complemented by individual support services, including workshop moderation, conflict mediation and coach referrals.

ESRS S1-14: Health and safety metrics

Measures relating to the health and safety of our own workers and contractors or individuals working on KRONE premises are disclosed in section ESRS S1-4 under 'Occupational health and safety' (OHS).

The number of occupational accidents as documented in the 2023/2024 financial year is disclosed below:

Occupational accidents per million hours worked	Number
KRONE Agriculture SE	23
KRONE Commercial Vehicle SE	27
Average	25

ESRS S1-15: Work-life balance metrics

Any family-related leave, such as maternity leave, paternity leave, parental leave and leave for carers, is granted in accordance with the legal requirements in the respective countries. Additional flexibility is provided by options such as working from home and flexitime,

which are available to the majority of office-based workers. This creates an environment that supports workers in reconciling family responsibilities with workplace demands.

Workers who have taken parental leave	Number	Percent
Men	168	3.3%
Women	66	9.8%
Total	234	4.0%

ESRS S1-16: Remuneration metrics

Remuneration is based on clear and transparent criteria that comply with legal requirements. Subsidiaries bound by collective agreements adhere to the applicable collective bargaining principles. The same applies to entities with remuneration-related works agreements. As specialist manufacturers of agricultural machinery and commercial vehicles, the KRONE Group operates within the metal processing industry – a sector traditionally dominated by male workers. This structural charac-

teristic may contribute to differences in the average income of female and male employees. These differences are primarily attributable to occupational segregation, which results from different professional roles and areas of activity yet not from discriminatory factors or practices.

ESRS S1-17: Incidents, complaints and severe human rights impacts

The Group explicitly pledged to respect human rights in its policy statement. A zero-tolerance policy applies specifically to forced labour and child labour. This expectation is clearly outlined in the Group's Suppliers' Code of Conduct, which all suppliers are required to follow.

In the 2023/24 financial year, the KRONE Group recorded the following incidents through its employee grievance mechanism:

- Two work-related incidents of discrimination/sexual harassment
- Zero serious human rights violations

Business segment	Incidents and complaints
KRONE Group	2
Total	2

The discrimination case was processed in accordance with the internal procedure and appropriate measures were taken.

ESRS S2: Workers in the value chain

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

As part of its materiality assessment, KRONE systematically identified potential and actual impacts. The material impacts, risks and opportunities include the following:

Actual and potential impacts on people and the environment:

Working conditions in the supply chain: The working conditions at suppliers and subcontractors within the value chain may vary significantly. Inadequate conditions may lead to inhumane workplaces and give rise to social risks.

Financial opportunities:

Increased efficiency in the supply chain: Compliance with social standards in the KRONE value chain can enhance workforce motivation and thereby improve our delivery performance and product quality.

Sustainability and social responsibility: Integrating sustainability requirements into the value chain can enhance the Group's reputation and facilitate access to customer groups which attach particular importance to sustainability and social responsibility.

Financial risks:

Risks in the supply chain: Problems in the supply chain, such as delivery delays, quality issues or labour disputes at supplier companies can jeopardise the KRONE Group's ability to produce and deliver.

Reputational damage: Negative media coverage concerning working conditions or environmental impacts in the supply chain may cause reputational damage to KRONE and lead to the loss of customers and financing partners.

Costs for audits and compliance: Monitoring and improving working conditions and environmental impacts in the supply chain require investment in audits, training formats and compliance measures.

Sustainability-related risks: Failure to implement sustainability standards in the value chain may lead to legal risks, environmental impacts and rising costs.

ESRS S2-1: Policies related to workers in the value chain

By pledging the respect for human rights in its policy statement, the KRONE Group made a clear commitment to promoting fair labour practices and safe working conditions at the production sites in its global supply chain (cf. ESRS 2 GOV-5). The KRONE Suppliers' Code of Conduct sets out the minimum requirements for the collaboration with suppliers. It aligns with international human rights conventions and ILO and UN labour standards.

To identify potential human rights and environmental risks in the supply chain, the Group established a cross-functional risk management system. At present, this focuses on the risks in one's own business activity and on the immediate (direct) Tier 1 suppliers, in accordance with the requirements of the German Supply Chain Due Diligence Act (LKSG). For the Group's business model, the following abstract risks were identified in the 2023/2024 financial year:

- Non-compliance with occupational health and safety standards and work-related health hazards
- Discrimination in employment
- Other breaches: reportable work-related accidents, violations of work time regulations, a very low proportion of women in leadership positions

For direct suppliers, the following risks were identified in addition to the impacts, opportunities and risks identified under

ESRS 2 SBM-3:

- Non-compliance with occupational health and safety standards and work-related health hazards
- Violation of freedom of association and the right to collective bargaining
- Use of forced labour or any form of slavery
- Discrimination in employment
- Use of child labour
- Withholding of fair wages

Details of the risk assessment are presented under ESRS S2-2 and in the BAFA report to be submitted pursuant to Section 10 (2) of the German Supply Chain Due Diligence Act (LKSG), which is also published on the KRONE Group's website.

The Group plans to expand its existing quality and safety audits to include human rights risks in the supply chain.

The external platform enables KRONE to identify further sustainability-related risks, which is planned as an ongoing measuring during the 2025 calendar year.

ESRS S2-2: Processes for engaging with workers in the value chain

The KRONE Group addresses the requirements of ESRS S2-2 by implementing processes to involve workers in the value chain, in order to ensure adherence to human rights and environmental standards within the supply chain. Key measures include the following:

- 1. Procurement policy and training:** KRONE introduced a new procurement policy that takes into account both traditional and sustainability-related criteria when awarding contracts. Training courses for executives and procurement functions as well as for other relevant groups ensure that the requirements of the Supply Chain Due Diligence Act (LKSG) are understood and implemented. There are plans to invite A-level suppliers to these training courses.
- 2. Suppliers' Code of Conduct:** Suppliers are required to comply with the Code of Conduct, which sets out human rights and environmental requirements. New suppliers undergo a risk assessment that ensures there are no risks with regard to human rights violations or environmental impacts.
- 3. Risk assessment of new and existing suppliers:** The established process is based on a combination of internal assessments and the use of an external platform to ensure an appropriate due diligence process for identifying risks in human rights and environmental impact. As a first step, suppliers undergo an abstract risk assessment process which evaluates country- and sector-specific risks. The data sources used in this process (such as newspaper articles, indices and rankings) are continuously updated to ensure a dynamic and ongoing assessment of abstract risks at those direct suppliers identified as material. Following the identification of abstract risks, suppliers with elevated

risk levels are subjected to an impact assessment. Initially, this focuses on those suppliers on which the KRONE Group has an impact. Impact analysis criteria include the nature of the business relationship (e.g. Tier 1 supplier), the severity of the potential issue and the Group's specific leverage over the supplier. Suppliers identified as high-impact are invited to participate in a targeted risk analysis, which is conducted annually or as needed based on the evolving nature of the overarching risk assessment.

- 4. Suppliers' Day:** KRONE periodically organises a Suppliers' Day to which suppliers are invited to discuss topics such as the German Supply Chain Due Diligence Act (LKSG), sustainability issues and best practices. This dialogue strengthens the partnership and fosters an open exchange of opinions and ideas, supporting the proactive resolution of challenges and the development of sustainable solutions.
- 5. Visits to suppliers:** In order to gain deeper insights into the views of workers in the value chain, KRONE started visiting its suppliers. A team from the Compliance and Sustainability functions visited a strategically important supplier in Turkey to obtain factual information on the working conditions there.

These measures promote a transparent, trusting and sustained collaboration with our suppliers and help build a stable and long-term supply chain.

ESRS S2-3: Processes to remediate negative impacts and channels for workers in the value chain to raise concerns

The disclosures concerning the process for remediating negative impacts and concerning the channels available to workers in the value chain to raise concerns are identical with the disclosures in ESRS S1-3. In addition, workers in the value chain have access to the complaints procedure under LKSG for submitting complaints. Reference on the availability of this proce-

cedure is made on all websites of the KRONE entities – in Germany and abroad and in the national languages. No complaints from suppliers were reported through this channel in the 2023/2024 financial year.

ESRS S2-4: Taking action on material impacts and approaches to managing material risks and pursuing material opportunities related to workers in the value chain and the effectiveness of those actions and approaches

With the introduction of an external IT platform, KRONE took up a risk-based approach as part of a Due Diligence review of KRONE suppliers (cf. ESRS S2-2).

Supplier evaluation and monitoring: An external platform enables KRONE to evaluate and monitor suppliers by applying a number of ESG criteria, including environmental impact, labour conditions, ethical business practices and further criteria. Then these are prioritised in line with the corporate values of the KRONE Group.

Risk assessment: The platform identifies potential risks in the supply chain. At present, the focus is on human rights and envi-

ronmental Due Diligence obligations under the German Supply Chain Due Diligence Act (LkSG). The list of risks is continuously expanded, thereby establishing a risk profile of the Group in order to detect potential risks at an early stage and take appropriate measures.

ESRS S2-5: Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Along the value chain, the KRONE Group aims to establish and maintain an ethical and sustainable supply chain relationship that meets the highest standards in terms of human rights and environmental impact. This is the centrepiece of KRONE's pledge to social responsibility and sustainability commitment. In addition, KRONE undertakes to comply with the requirements of the LKSG and the upcoming requirements of the CSDDD. A key objective for 2024/2025 continues to be the identification and elimination of potential incidents of child labour

and forced labour at suppliers. In addition, supplier training will be expanded on the basis of the LKSG.

At present, sustainability targets relating to the supply chain are developed in coordination with all necessary KRONE Group departments. Approval of the targets by the KRONE Executive Board is scheduled for the 2025 calendar year.

ESRS S4: Consumers and end-users

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

As part of its materiality assessment, KRONE systematically identified potential and actual impacts. The material impacts, risks and opportunities include the following:

Actual and potential impacts on people and the environment:

Product safety: The quality and safety of KRONE products can affect the safety of end customers. Inadequate safety standards or quality problems can lead to accidents.

Environmental impact: The materials used, the manufacturing processes and the transport processes have impacts on the environment. These impacts range from resource use to emissions.

Financial opportunities:

Customer satisfaction: Providing high quality and reliable products can increase customer satisfaction and lead to repeat business.

Sales and service partnerships: Building strong relationships with sales partners and end customers is the basis for stable sales and further growth.

Environmentally friendly products: Offering environmentally friendly products that meet customers' sustainability requirements can improve market acceptance and brand perception of KRONE.

Financial risks:

Product liability: Quality issues or safety failings can lead to

product liability claims, resulting in legal and financial risks for KRONE.

Reputational damage: Negative media coverage concerning quality issues, safety concerns or environmental impacts in the supply chain can cause reputational damage to the KRONE Group and lead to the loss of customers and financing partners.

Competitive pressure: Competition in the industry leads to price pressure, which can affect the Group's profit margins.

Implementation of environmental regulations: Non-compliance with environmental requirements or failure to offer environmentally friendly solutions can lead to legal proceedings.

ESRS S4-1 Strategies related to consumers and end-users

By implementing the German Supply Chain Due Diligence Act (LKSG), the KRONE Group thoroughly revised its procurement process for its suppliers and introduced a comprehensive due diligence process. Currently, a Code of Conduct is developed for our business partners and their interactions with consumers

and end-users. This will replace the existing Suppliers' Code of Conduct, ensuring KRONE meets compliance and sustainability requirements with regard to customers and consumers.

ESRS S4-2: Processes for engaging with consumers and end-users

The KRONE Group operates various procedures and channels to engage with consumers and end-users and ensure customer needs are identified and incorporated into product development projects.

Agricultural customers are engaged through a range of well-established formats, including field days, trade fairs such as the DLG Field Days and Agritechnica as well as User Acceptance Tests and targeted workshops. The KRONE product managers engage directly with customers to obtain feedback, especially during the development and testing phases of prototypes. In addition, valuable insights for optimising our products are obtained through qualitative interviews and surveys, which are often conducted as part of student dissertations. The following

procedures provide structured channels for submitting suggestions for improvement: Regional sales managers feed their suggestions to Product Management whereas key customers engage directly with the KRONE developers.

In the commercial vehicle segment, the direct sales system ensures that customers have a dedicated sales representative as their personal point of contact in the field. Ongoing communication between Sales and Product Management creates a strong feedback loop, which is further strengthened by insights from trade fairs (e.g. IAA Commercial Vehicles), training sessions and digital channels such as KRONE TV and social media.

Left: THE KRONE Grassland Evening in Schapen, northern Germany
Right: IAA Transportation show in Hannover



ESRS S4-3: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Concerning the processes for remediating negative impacts and the channels available to consumers and end-users to raise concerns, the same disclosures apply as in **ESRS S1-3**.

ESRS S4-4: Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions and approaches

Material impacts on customers are managed through a structured product and quality management system. Depending on the nature of the impacts, further departments such as Product Development, Compliance and Homologation are involved in the processes. The objective is to make the most of the opportunities identified and minimise potential risks for customers. Compliance with applicable regulatory approval requirements is ensured through the operation of internal homologation departments.

A large offering of training options ensures customers can attend training courses on specific products, for example at the KRONE Training Centre in Spelle, and use digital channels such as social media and KRONE TV. In addition, instructions on the safe, proper and efficient use of KRONE products, make an active contribution to the sustainable use of KRONE technologies.

In addition, the KRONE Group joined various industry bodies and networks to promote opportunities related to product safety and user-friendliness, and to proactively manage product liability and emissions risks.

Knowledge sharing platforms in the agricultural machinery sector

- **CC-ISOBUS:** This is a universal communication protocol that provides a standardised interface between the tractor and the implement.
- **AEF (Agricultural Industry Electronics Foundation):** An international organisation which develops electronic standards for agricultural machinery, in particular for ISOBUS.
- **Agrotech Valley:** An innovation cluster which focuses on digitalisation and technology innovations for agriculture.
- **Seed-House:** A network that promotes start-ups and innovations in agricultural technology.

This short list shows only some of KRONE's activities. The Group also engage in associations and networks to shape the future of agricultural machinery (cf. ESRS G1-5).

Knowledge sharing platforms in the commercial vehicles sector

- **VECTO-Board:** This committee furthers the development and implementation of the VECTO Vehicle Energy Consumption Calculation Tool, which computes and reduces CO₂ emissions of commercial vehicles.
- **VDA Working Group – Circular Economy:** This specialist group within the German Association of the Automotive Industry (VDA) discusses sustainable concepts regarding the circular economy and manufacturer responsibility in the commercial vehicle sector.

In addition to these bodies, KRONE engages with commercial vehicle trade associations to play an active role in shaping sustainable and future-proof solutions (cf. ESRS G1-5).



The KRONE Training Centre in Spelle

ESRS S4-5: Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

To address the impacts, risks and opportunities as defined in ESRS 2 SBM-3, one of the objectives is to minimise the negative impacts of KRONE's manufacturing activities on consumers and end-users while promoting the positive effects. The KRONE Group pursues clear targets relating to quality, product safety, environmental performance and sustainability by developing low-emission, durable and energy-efficient products. In addition, a comprehensive risk management system was established to identify and manage potential risks, such as risks in the supply chain or product quality risks.

Furthermore, the KRONE Group is developing group-wide sustainability targets in coordination with all relevant departments. These targets will take a holistic approach and apply across the entire organisation. They aim to align legal requirements with the existing objectives of the various specialist departments. Approval of the targets by the KRONE Executive Board is scheduled for the 2025 calendar year.



GOVERNANCE DISCLOSURE

GOVERNANCE DISCLOSURES

ESRS G1: Business conduct

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

As part of its materiality assessment, KRONE systematically identified potential and actual impacts. The material impacts, risks and opportunities include the following:

Actual and potential impacts on people and the environment:

Environmental impact: The formulation and implementation of internal guidelines on environmental protection have a significant impact on the environment. By meeting strict environmental standards and by focusing on environmentally friendly practices, KRONE can make a contribution a reduced impact of its products and processes on the environment.

Working conditions: A modern approach to working conditions supports employee health and safety and contributes to a supportive working environment.

Sustainability: A responsible business conduct with regard to sustainability and social responsibility helps address societal challenges and supports sustainability efforts throughout the value chain.

Financial opportunities:

Sustainable brand: A positive business conduct with regard to environmental and social responsibility can strengthen the image of the KRONE brand and enhance its acceptance among environmentally conscious customers.

Efficiency and savings: An effective business conduct may increase efficiencies and reduce costs, thereby increasing profitability.

Access to markets: Environmentally friendly practices and ethical business practices may present an advantage in certain markets and facilitate the access to these.

Financial risks:

Reputational damage: Negligent or unethical business conduct can lead to reputational damage, undermine customer trust and result in lost sales.

Regulatory risks: Non-compliance with environmental regulations or labour laws can lead to financial penalties and legal proceedings.

Supply chain risks: Insufficient monitoring and oversight of suppliers and business partners along the value chain may expose the undertaking to quality deficiencies or ethical risks.

ESRS G1-1: Business conduct policies and corporate culture

The KRONE Group's Code of Conduct outlines the core values of the KRONE family which place integrity at the centre of everyday interactions. Consequently, integrity forms the foundation of KRONE's corporate culture. Other values upheld by the KRONE family include diligence, honesty and reliability. The Code of Conduct reflects these values which should guide all interactions of every single employee. These values are the foundation of a corporate culture where the workforce, the management and the family collaborate successfully, respectfully and with mutual trust. In line with this Code of Conduct, KRONE is aware of its responsibilities towards its own workforce and its impact on the general society, the economy and the environment and aims to contribute to a better and sustainable future.

The revised Code of Conduct, as communicated in 2024, was updated to include sustainability topics and social media conduct. The Code of Conduct applies globally across the entire KRONE workforce. Everyone in the KRONE Group – its own workers, the Executive Board and the Supervisory Board – is obliged to comply with the principles set out in the Code. The Code of Conduct serves as a guide for making appropriate decisions and offers information on KRONE's confidential and secure channels for consultation and reporting concerns on potential misconduct.

Based on the Code of Conduct, group-wide compliance policies (cf. ESRS 2 GOV-5) are in place to minimise material compliance risks. The aim is to convey legal requirements in an applicable and understandable manner to the employees concerned, so that any infringement – especially from a regulator's point of view – is classified as an isolated case.

As part of the onboarding process, new employees receive training on KRONE's Compliance Management System through both in-person and virtual formats.

In addition, KRONE's Suppliers' Code of Conduct requires

each supplier to observe minimum compliance standards which reflect the supplier's individual code of conduct. KRONE expects its suppliers to uphold these principles in their relationships with their own suppliers.

In the event of violations of the Suppliers' Code of Conduct, KRONE reserves the right to take appropriate measures, depending on the severity of the breach. Such measures may extend to termination of the contract.

In the long term, the KRONE Code of Conduct aims to mitigate risks to the Group's business development. Such risks include not only financial risks but also risks with regard to societal developments and environmental risk such as climate change. KRONE discloses its standards on human rights due diligence, environmental risks and other sustainability topics in its Integrity Next sustainability profile.

The commercial vehicle profile is available at

<https://app.integritynext.com/profiles/9ed85a3a-4ddc-4928-b4e0-d4d4a3e26848>

The agricultural machinery profile is available at

<https://app.integritynext.com/profiles/43d4f7c8-2d82-483a-b293-73cb3fa764e9>

ESRS G1-2: Management of supplier relationships

KRONE maintains a strategic and responsible relationship with its suppliers, observing the principles of sustainability and social responsibility. To meet the requirements of the German Supply Chain Due Diligence Act (LKSG), KRONE established a Supply Chain Compliance Management System (L-CMS). This aims to identify, prevent and mitigate risks to human rights and environmental risks in the supply chain at an early stage. KRONE is committed to actively managing these risks and establishing standards that ensure compliance with due diligence obligations, thereby upholding human rights and protecting the environment.

KRONE's Supply Chain Compliance Management System

(L-CMS) is aligned with the requirements of the German Supply Chain Due Diligence Act (LKSG). At the same time, it takes into account the individual risk profiles of the Group's entities. It considers each entity's leverage over the specific risks as well as the likelihood and severity of potential violations and the extent to which the entity contributed to such risks. The greater the entity's leverage and the higher the risk, the stricter will be the preventive measures to prevent violations and promote a sustainable and responsible supply chain (cf. ESRS S2-2).

ESRS G1-3: Prevention and detection of corruption and bribery

To prevent corruption, the KRONE Group implemented an anti-corruption policy to ensure that all employees conduct their professional activities with integrity and that they are protected from exposure to corrupt practices. KRONE takes a zero-tolerance approach to corruption and emphasises that business decisions must be based on objective criteria, such as quality, service, price and sustainability. The policy sets out clear rules on the handling of gifts and invitations to ensure that these remain within appropriate limits and have no undue influence on business decisions. The compliance team is available to answer questions and clarify concerns. Also, a num-

ber of training courses on anti-corruption and anti-bribery, conflicts of interest, the German General Equal Treatment Act (AGG) and further compliance-related matters are available to the workforce. In addition to offering a basic training on ethical business conduct, which is mandatory for all new employees as part of their onboarding process, the Group provides biannual compliance training courses on rotating topics to all employees worldwide.

Training topic	Time period	No. of attendees	MA-467
German General Equal Treatment Act and equal opportunities	Q4/2023	3,100	SAP + WEB
Code of Conduct / Money Laundering	Q1/2024	3,100	SAP + WEB

ESRS G1-4: Confirmed incidents of corruption or bribery

During the 2023/2024 financial year (01/08/2023–31/07/2024), no convictions or fines for violations of anti-corruption and anti-bribery regulations were reported. This means the measures required under ESRS G1-3 have been enforced success-

fully. Furthermore, there were no confirmed cases of corruption or bribery involving the Group's own workers that resulted in dismissal or disciplinary action.

ESRS G1-5: Political influence and lobbying activities

KRONE has been a member of various German and European industry associations for many decades, including the German Association of the Automotive Industry (VDA), the German Engineering Federation (VDMA) and the European Agricultural Machinery Industry Association (CEMA) in Brussels. In these organisations, members of KRONE hold major honorary positions. They engage in committees and working groups, meet representatives of statutory accident insurance institutions, technical service providers and regulatory authorities as well as representatives of other industrial associations and federal and state ministries, working on general industry issues, such

as the joint development of globally harmonised safety norms and standards, the development of industry-wide standards as well as on the drafting of road traffic regulations. A key achievement which significantly helps strengthen Germany's position as a leading industrial nation has been the standardisation and harmonisation of numerous technical regulations – an accomplishment achieved after decades of dedicated effort.

ESRS G1-6: Payment practices

KRONE places great importance on timely payments to its suppliers. In accordance with the applicable standard payment terms, invoices are typically settled within 14 to 21 days from the time of processing. The individual terms vary depending on location and individual agreement. 2% or 3% early payment discounts apply for settlement within 14 or 21 days. The KRONE Group is committed to meeting agreed payment deadlines to ensure all suppliers can rely on a consistent and timely payment practice.

As evidence of KRONE's commitment to fair and collaborative

relationships with suppliers, where the fulfilment of payment obligations plays a central role, KRONE has never been subject to legal action for delayed payments.

ANNEX

Entities within the reporting scope

	Entities covered (x)		
	E	S	G
Bernard KRONE Holding SE & Co. KG			
Bernard KRONE Holding SE & Co. KG	x	x	x
KRONE Business Center DigITal GmbH & Co. KG	x	x	x
KRONE Business Center Services GmbH & Co. KG	x	x	x
Datineo GmbH			x
ECR Solutions Software GmbH			x
ECR Solutions Servicegesellschaft mbH			x
KRONE Agriculture SE			
Maschinenfabrik Bernard Krone GmbH & Co. KG	x	x	x
KRONE Future Lab GmbH & Co. KG	x	x	x
KRONE UK Ltd.			x
KRONE Forage Solutions Ltd.			x
KRONE France SAS			x
KRONE Eastern Europe GmbH			x
AgBrain – Agritechnical Basic Research			x
KRONE Italia S.R.L.			x
KRONE India Holding GmbH			x
KRONE Agriculture Spain SL			x
KRONE NA, Inc.			x
KRONE America, LLC			x
KRONE Rus OOO			x
KRONE (Tianjin) Machinery Co., Ltd.			x
E.M.S. Agri Baden-Württemberg GmbH & Co.KG			x
KRONE UK Ltd.			x
KRONE France SAS			x



ANNEX

Entities within the reporting scope

	Entities covered (x)		
	E	S	G
KRONE Commercial Vehicle SE			
Stapelstenen B.V.			x
Knapen Trailers International BV	x		x
Knapen Trailers BV	x		x
Knapen Service BV	x		x
Trailned BV	x		x
KRONE Trailer Sverige AB			x
KRONE Future Lab GmbH & Co. KG	x		x
BRÜGGEN Holding GmbH & Co. KG	x	x	x
BRÜGGEN Fahrzeugwerk & Service GmbH	x	x	x
BRÜGGEN Oberflächen- & Systemlieferant GmbH	x	x	x
BRÜGGEN SWAP Service GmbH	x	x	x
KRONE Spare Parts Logistics GmbH & Co.KG	x	x	x
Fahrzeugwerk Bernard KRONE GmbH & Co. KG	x	x	x
GIGANT GmbH	x	x	x
KRONE Ticari Araçlar San. ve Tic. A.Ş.	x		x
KRONE Trailer International Ticaret Ltd. Sirketi	x		x
KRONE Used GmbH	x		x
KRONE Trailer France SAS			x
KRONE Trailer B.V.			x
KRONE Trailer SE Kft.			x
P. Phillips NV			x
KRONE Trailer España S.L.U.			x
KRONE Trailer UK Ltd			x
KRONE Fleet Danmark A/S KONZERN			x
KRONE Scanbalt A/S KONZERN			x
KRONE Trailer Italia Services S.L.R.			x
Trailer Corporation Central Asia TOO			x
ScanBalt International ApS			x
KRONE ScanBalt OÜ			x
KRONE Scanbalt UAB			x
SIA KRONE ScanBalt			x
KRONE Norge AS			x
KRONE Scanbalt LLC			x
OOO KRONE ScanBalt			x
OOO ScanBalt			x

PUBLISHING INFORMATION

Issue date: 28 February 2025

Publisher:

Bernard KRONE Holding SE & Co. KG
Heinrich-Krone-Straße 10
48480 Spelle

Responsible for the content:

The KRONE Group Sustainability Team
Mail: ESG@krone.de

Editors and contributors:

Bernard KRONE Holding SE & Co. KG

Picture credits:

Bernard KRONE Holding SE & Co. KG

Digital version:

www.krone-group.com