SANHA®

CSRD Report 2025

Chapter 1 - General Information [ESRS 2]

BP-1: General Basis for preparation of sustainability statements

Scope of the report

The sustainability statement has been prepared for SANHA GmbH & Co. KG (hereinafter referred to as the "SANHA Group") and covers its principal subsidiaries and production companies, including: SANHA GmbH & Co. KG, Essen (Head Office), NiroSan Edelstahlrohr GmbH, Berlin, SANHA GmbH & Co. KG – Werk Schmiedefeld, SANHA Fittings B.V., Ternat (Belgium), and SANHA Polska Sp. z o.o., Legnica (Poland). The sustainability statement has been prepared on a consolidated basis. The scope of consolidation is aligned with the scope of the SANHA Group's consolidated financial statements and includes the parent company and all subsidiaries fully consolidated as at the reporting date, in accordance with the applicable accounting regulations and financial reporting standards.

The sustainability statement covers, to the extent material, SANHA Group’s own operations as well as relevant segments of its upstream and downstream value chain. This includes the environmental, social and governance impacts arising from the Group’s manufacturing facilities, logistics processes, administrative functions and business activities, as well as sustainability-related effects linked to suppliers, business partners, customers and end users of SANHA products.

The upstream value chain encompasses key raw materials and components used in the production of installation systems, including metals such as copper, brass and stainless steel, as well as packaging materials, energy inputs and transport services. In this context, SANHA Group has identified material environmental and social impacts, risks and opportunities related to resource extraction, energy consumption, greenhouse gas emissions, responsible sourcing and working conditions within the supply chain, as well as potential dependencies on critical suppliers.

The downstream value chain covers product distribution, relationships with wholesalers and installers, and the use of SANHA products throughout their life cycle, insofar as these aspects are material and can be reliably assessed based on available data. This includes considerations such as product durability, safety, reliability, recyclability and the environmental footprint associated with product use, maintenance and end-of-life management in buildings and infrastructure.

The scope of the value chain disclosures is defined on the basis of SANHA Group’s materiality assessment conducted in accordance with ESRS requirements, taking into account stakeholder expectations, regulatory developments and data availability. Where comprehensive data is not yet fully accessible, SANHA Group applies a phased approach aimed at progressively expanding data coverage, refining measurement methodologies and enhancing transparency in future reporting periods.

Classified and sensitive information

The entity has not formally exercised the option to omit information; however, disclosures have been limited to an aggregated level in order to protect confidential know-how and trade secrets. The entity has not made use of the exemption allowing for the non-disclosure of information relating to planned actions or matters under negotiation, as referred to in Article 19a(3) and Article 29a(3) of Directive 2013/34/EU.

BP-2: Disclosures in relation to specific circumstances

Time horizons

The entity applies the time horizon definitions in line with ESRS 1, Section 6.4, adopting the following timeframes for the purposes of sustainability reporting:

– the short-term time horizon covers the current financial year;
– the medium-term time horizon covers the period up to 2030;
– the long-term time horizon covers the period up to 2050.

The application of the standard time horizon definitions ensures consistency, comparability and compliance of the disclosures with regulatory requirements and market practice.

Use of indirect data sources for value chain metrics

Estimates based on indirect data sources (such as sector averages or other proxy indicators) have been applied in relation to selected value chain metrics, in particular:

– Scope 3 greenhouse gas emissions (upstream and downstream);
– energy consumption and emissions related to transport and logistics within the supply chain;
– selected environmental and social indicators relating to suppliers, in cases where primary data availability is limited.

Value chain data have been estimated using indirect information sources, including recognised databases, sector data and benchmark indicators, in accordance with the ESRS requirements. The estimation methodology is based on the best available information at the time of preparation of the report and on assumptions reflecting the nature of the entity's activities and its supply chain. Value chain data have been prepared using a mixed approach, encompassing both primary data obtained directly from selected suppliers and indirect data sources, such as recognised databases, sector data and benchmark indicators, applied in cases where complete primary data are not available. The estimation methodology reflects the best available information at the time of preparation of the report.

The application of a mixed approach results in varying levels of accuracy, with the highest level of reliability relating to areas covered by primary data obtained from suppliers. In other cases, based on indirect data sources, the level of accuracy is assessed as moderate. The entity considers the resulting outcomes to be sufficient for the purposes of ESRS reporting and for the identification of material impacts, risks and opportunities.

The entity plans to further increase the scope of primary data obtained from suppliers, in particular from key partners in the value chain, through the development of data collection processes, the standardisation of reporting requirements and the gradual integration of data into reporting systems. These actions aim to further improve the accuracy and comparability of disclosures in subsequent reporting periods.

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

The undertaking's administrative, management, and supervisory bodies incorporate 0 non-executive members and 2 executive members.

Employee representation within the SANHA Group is ensured in accordance with applicable labour law and local regulations in the countries in which the Group operates. In entities where required by law, works councils or other formal employee representatives are in place. These bodies represent employees' interests in dialogue with the employer, in particular with regard to working conditions, work organisation, occupational health and safety, and organisational changes.

Employee representatives participate in consultation and information processes in accordance with the relevant national regulations. However, they are not members of the administrative, management or supervisory bodies of the Group, unless otherwise required by applicable local legislation. The members of the administrative and management bodies of the SANHA Group collectively possess extensive experience relevant to the Group's sectors, products and geographic footprint. This includes long-standing expertise in the manufacturing and distribution of piping systems and components for plumbing, heating, cooling and industrial applications, as well as in related industrial processes, quality management and supply chain management.

The bodies' experience also covers operating in international and multi-jurisdictional environments, reflecting the Group's presence across Europe and selected non-European markets. This includes knowledge of local regulatory frameworks, labour markets, environmental and safety requirements, and customer and market specifics in the regions in which the Group operates.

In addition, the administrative and management bodies are supported by internal specialists and external advisors, ensuring access to relevant expertise in areas such as sustainability, environmental management, compliance, risk management and finance, where required.

Gender	*Number of members*	*Share*
Male	*2*	*100%*
Female	*0*	*0%*
Total	***2***	***100%***

21d: Gender distribution of the administrative, management and supervisory bodies

The board's gender diversity lies at 0 %. In addition, the following diversity aspects are relevant:

Other type of diversity	Count	Percentage
Ethnic groups or minorities	0	0 %

Other type of diversity	Count	Percentage
Age group: under 30 years old	0	0 %
Age group: 30-50 years old	0	0 %
Age group: > 50 years old	2	100 %
Persons with disabilities	0	0 %

21d: Percentage by other aspects of diversity of the administrative, management and supervisory bodies

The board incorporates 0 independent board members and in sum 2 board members.

GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The administrative and management bodies of the entity are informed of material sustainability matters on a regular and ad hoc basis, depending on the nature of the issues. Such information is prepared by management and the functions responsible for ESG areas and includes, in particular, the results of the materiality assessment, key impacts, risks and opportunities, progress in the implementation of actions, and the status of the implementation of policies and due diligence procedures.

Information is communicated through regular management meetings and internal reporting processes and, where necessary, through dedicated presentations.

Material sustainability-related impacts, risks and opportunities are taken into account in the oversight of the entity’s strategy, in key business decision-making and in risk management processes. These matters are assessed in the context of the long-term stability of the business, regulatory compliance and operational resilience.
As part of decision-making, potential trade-offs between business objectives and environmental and social impacts are also considered, to the extent that these are material.

During the reporting period, the administrative and management bodies of the entity addressed in particular the following material impacts, risks and opportunities:

– environmental impacts related to greenhouse gas emissions, energy consumption, and transport and logistics;
– regulatory and operational risks associated with increasing sustainability-related requirements;
– supply chain matters, including the availability of ESG data from suppliers;
– employee health and safety and working conditions;
– opportunities arising from the development of more sustainable products and processes and from improvements in resource efficiency.

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

The entity operates remuneration and incentive schemes for members of the management board and senior management that are primarily based on financial and operational performance. At the same time, sustainability-related matters are being gradually integrated into management and oversight processes, including through the work of the ESG Steering Committee.

The entity is assessing the possibility of further linking elements of incentive schemes to the achievement of sustainability-related objectives.

As at the date of preparation of the report, the achievement of sustainability-related objectives does not constitute a separate, formalised performance assessment criterion within the incentive schemes. However, these matters are monitored and discussed at management level, in particular in the context of progress in ESG areas and compliance with regulatory requirements.

In the current reporting period, sustainability-related indicators are not directly used as formal benchmarks in remuneration policies. The entity is considering their gradual integration in the future, as reporting systems further develop and measurable ESG objectives are defined. During the reporting period, no portion of the variable remuneration of members of the management board or senior management was formally linked to the achievement of sustainability-related objectives or impacts.

The terms of the remuneration and incentive schemes are approved and updated at the level of the entity's management board, in accordance with applicable corporate governance principles and internal regulations, taking into account guidelines applicable at the group level.

GOV-4 Statement on sustainability due diligence

SANHA Group implements due diligence processes as an integral part of its corporate governance, strategy and business model. These processes encompass the systematic identification and assessment of material impacts, risks and opportunities across environmental, social and governance dimensions, taking into account the entire value chain.

The Group engages relevant stakeholders at key stages of the process, undertakes appropriate preventive and remedial actions, and monitors their effectiveness. This approach is continuously refined to ensure responsible management, transparency of actions and the creation of long-term value for stakeholders.

The table below provides an overview of how SANHA Group implements the core elements of due diligence and where related information is disclosed in the sustainability statement. It links each key step of the due diligence process — from governance integration and stakeholder engagement to impact assessment, action-taking and monitoring — with the relevant ESRS sections in which these aspects are described in more detail.

Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	**GOV-1** (roles and responsibilities); **GOV-2** (information provided to the administrative, management and supervisory bodies); **IRO-1** (processes to identify and assess impacts, risks and opportunities); **BP-1** (general basis for

Core elements of due diligence	Paragraphs in the sustainability statement
	preparation); **SBM-1** (strategy, business model and value chain)
b) Engaging with affected stakeholders in all key steps of the due diligence	**SBM-2** (interests and views of stakeholders); **IRO-1** (stakeholder involvement in the double materiality assessment); **E3 IRO-1** (stakeholder engagement where applicable); **S2** (workers in the value chain); **S4** (consumers and end-users)
c) Identifying and assessing adverse impacts	**IRO-1** (processes to identify and assess impacts, risks and opportunities); **SBM-3** (material impacts, risks and opportunities); **E1 IRO-1** (climate change); **E3 IRO-1** (water and marine resources); **E5 IRO-1** (resource use and circular economy); **S1 IRO-1** (own workforce); **S2 IRO-1** (workers in the value chain); **S4 IRO-1** (consumers and end-users); **G1 IRO-1** (business conduct, where applicable)
d) Taking actions to address those adverse impacts	**E1** (climate policies, actions and targets); **E3** (water management policies, actions and targets); **E5** (resource efficiency and circular economy measures); **S1** (policies and actions for own workforce); **S2** (policies and actions for workers in the value chain); **S4** (policies and actions for consumers and end-users); **G1** (business conduct policies and actions)
e) Tracking the effectiveness of these efforts and communicating	**E1** (metrics, targets and progress monitoring); **E3** (water-related metrics and targets); **E5** (resource use and circular economy metrics); **S1** (workforce metrics and targets); **S2** (workers in the value chain metrics); **S4** (consumer and end-user metrics); **G1** (business conduct metrics and confirmed incidents)

30, 32, AR 8-10: Mapping of the due diligence process

GOV-5 Risk management and internal controls over sustainability reporting

The risk management and internal control system in relation to sustainability reporting includes processes for the identification, assessment, monitoring and reporting of risks related to the quality, completeness and reliability of ESG data. This system is integrated with the entity's overall internal control system and covers the entity's own operations and, to the extent material, its value chain.

Key elements of the system include the assignment of responsibilities, data collection and verification procedures, substantive and formal controls, and oversight exercised by the ESG Steering Committee and the management board.

The assessment of sustainability reporting risks is conducted using both qualitative and quantitative approaches, taking into account the likelihood of occurrence and the potential impact of risks on the reliability and compliance of ESG disclosures.

Risks are prioritised in particular with regard to regulatory materiality, data availability and quality, value chain complexity, and the degree of reliance on estimated and indirect data.

The main risks identified in relation to sustainability reporting include, in particular:

– the risk of incomplete or limited-quality ESG data, especially within the supply chain;
– the risk of methodological errors arising from the use of estimated data;
– the risk of non-compliance with evolving ESRS regulatory requirements;
– the risk of inconsistencies between financial and non-financial reporting data.

Risk mitigation strategies include, inter alia, the application of verification procedures, expert reviews, the gradual expansion of primary data coverage, the documentation of methodological assumptions, and management oversight.

The results of the risk assessment and the operation of internal controls are integrated into the sustainability reporting process through updates to procedures, adjustments to the scope of data collected and enhancements to reporting tools.

The conclusions of the assessment are used by the relevant internal functions, including ESG, finance and operational teams, to continuously improve the quality and consistency of disclosures.

Information on the results of risk assessments and on the effectiveness of internal controls in relation to sustainability reporting is communicated to the entity’s management board on a periodic basis through regular reviews and internal reporting. Where necessary, key matters are also communicated on an ad hoc basis.

SBM-1 Market position, strategy, business model(s) and value chain

The entity offers products and solutions primarily intended for the installation and industrial sectors. Key product groups include, in particular, piping systems and fittings, installation components, and solutions used in heating, sanitary, cooling and industrial installations.

The product offering is focused on high quality, durability and safety of use, and its development takes into account regulatory and technical requirements as well as the expectations of business customers. During the reporting period, no material changes occurred with regard to the core product groups.

The entity primarily serves business-to-business (B2B) customers, including installation wholesalers, contractors, trading partners and industrial customers.

The entity’s operations are conducted mainly in the domestic market, with links to foreign markets within the capital group. The key markets and customer groups remained stable during the reporting period and did not undergo any material changes.

There are no material products or services offered by the SANHA Group that are banned in any of the markets in which the Group operates.

The Group operates in compliance with applicable legal and regulatory requirements in all relevant jurisdictions. As of the reporting date, the Group is not aware of any material public initiatives or regulatory considerations that would result in a ban on its products or services.

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

As a result of the double materiality assessment, the entity identified material impacts, risks and opportunities particularly in relation to greenhouse gas emissions, energy consumption, supply chain operations, occupational health and safety and working conditions, as well as compliance with increasing sustainability-related regulatory requirements.

Material impacts and risks are present both in the entity's own operations and in its value chain, covering upstream and downstream activities.

The identified material impacts, risks and opportunities are taken into account in management processes, strategic planning and operational decision-making. They influence, inter alia, priorities related to energy management, cooperation with suppliers, the organisation of logistics processes and the development of ESG-related competencies.

The entity undertakes and plans to undertake actions aimed at mitigating risks and leveraging opportunities, while maintaining the stability of its business model. The entity's material environmental impacts relate in particular to greenhouse gas emissions, energy consumption and impacts associated with transport and logistics. Social impacts are primarily concentrated on employees and, to a limited extent, on workers within the supply chain.

These impacts arise from the nature of the entity's manufacturing and distribution activities and from its business relationships within the value chain. Their effects may occur in the short-, medium- and long-term time horizons. As at the date of preparation of the report, the entity has not identified any material current financial effects directly arising from material sustainability-related risks and opportunities that would have a significant impact on its financial position, financial performance or cash flows.

In the medium- and long-term perspective, the entity expects that material sustainability-related risks and opportunities may affect operating costs, capital expenditures and market competitiveness, in particular in connection with the energy transition, regulatory requirements and customer expectations.
At the current stage, it is not possible to reliably quantify these financial effects.

The entity's strategy and business model demonstrate resilience to the identified material impacts, risks and opportunities. The entity assesses its adaptive capacity through the gradual adjustment of operational processes, the development of internal competencies and the integration of ESG matters into management and reporting.

The resilience assessment is qualitative in nature and covers the short-, medium- and long-term time horizons, in line with the definitions adopted in the ESRS.

As this is the first reporting period in accordance with the ESRS, a comparison with the previous reporting period is not applicable.

The identified material impacts, risks and opportunities are disclosed in accordance with the relevant ESRS disclosure requirements, in particular within the thematic standards covering environmental (E), social (S) and governance (G) matters. The entity does not apply additional entity-specific disclosures beyond the scope of the ESRS.

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

The process of identifying and assessing material impacts, risks and opportunities was carried out in accordance with the ESRS requirements, based on the double materiality approach. The applied methodology considered both the impact materiality perspective and the financial materiality perspective. The assessment was based on qualitative and, where possible, quantitative criteria, such as the scale, scope and irremediability of impacts, the likelihood of risks occurring and the potential magnitude of their effects. The methodological assumptions took into account the nature of the entity's activities, its position in the value chain and data availability.

The process of identifying, assessing, prioritising and monitoring potential and actual impacts on people and the environment covers the entity's own operations as well as its value chain.

The process focuses on areas with an increased risk of negative impacts, in particular in relation to manufacturing processes, energy consumption, logistics and supplier relationships. Available stakeholder information, expert knowledge and the results of due diligence activities were taken into account as part of the process. The prioritisation of impacts was based on their severity and likelihood. The identification and assessment of risks and opportunities with potential financial effects is carried out in connection with the analysis of the entity's impacts and dependencies and its business relationships. Risks and opportunities are assessed using a qualitative approach, taking into account their likelihood, nature and potential magnitude of financial effects. The entity prioritises sustainability-related risks within its overall risk profile, taking into account other categories of business risks.

The decision-making process with regard to material impacts, risks and opportunities involves the engagement of management and the ESG Steering Committee. The results of the materiality assessment are reviewed and approved within the entity's governance structures. The process is supported by internal controls relating to data completeness, methodological consistency and compliance with ESRS requirements.

The process of identifying and assessing material sustainability-related impacts and risks is integrated into the entity's overall risk management system. The results of the analysis are used to assess the risk profile and support management and reporting processes.

The identification and management of sustainability-related opportunities are, to the extent appropriate to their nature, integrated into management processes and strategic planning. Such opportunities are analysed in terms of their potential operational, regulatory and market benefits. The analysis used data derived from the entity's own operations, primary data available from selected suppliers, and indirect data sources, including sector data and benchmark indicators. The scope of the analysis covered operational activities and, to the extent material, the upstream and downstream parts of the value chain. Assumptions and input data were documented in order to ensure the consistency and repeatability of the process. As this is the first reporting period in accordance with the ESRS, there is no comparable process from the previous reporting period. The entity plans to carry out periodic reviews and updates of the materiality assessment process in subsequent years.

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements

Disclosure Requirement	Location in the sustainability statement
BP-1 General basis for preparation	BP-1
BP-2 Disclosures in relation to specific circumstances	BP-2
GOV-1 Governance structure and roles	GOV-1
GOV-2 Information provided to governance bodies	GOV-2
GOV-3 Incentive schemes	GOV-3
GOV-4 Sustainability due diligence	GOV-4
GOV-5 Risk management and internal controls	GOV-5
SBM-1 Strategy, business model and value chain	SBM-1
SBM-2 Interests and views of stakeholders	SBM-2
SBM-3 Material impacts, risks and opportunities	SBM-3
IRO-1 Process to identify and assess IROs	IRO-1
IRO-2 Disclosure Requirements covered by the sustainability statement	IRO-2
DR-IRO-1 Materiality assessment disclosures	DR-IRO-1
E1 Climate change	ESRS E1
E3 Water and marine resources	ESRS E3
E5 Resource use and circular economy	ESRS E5
S1 Own workforce	ESRS S1
S2 Workers in the value chain	ESRS S2
S4 Consumers and end-users	ESRS S4
G1 Business conduct	ESRS G1

56, AR 19: A list of the Disclosure Requirements complied with in preparing the sustainability statement, following the outcome of the materiality assessment, including the page numbers and/or paragraphs where the related disclosures are located in the sustainability statement

Datapoint	EU legislation	Location in the sustainability statement
Headcount by gender	Directive (EU) 2022/2464	ESRS S1
Health and safety incidents	Directive 89/391/EEC (OSH Framework Directive)	ESRS S1
E1-6 Gross Scope 1 GHG emissions	Directive (EU) 2022/2464 (CSRD)	ESRS E1
E1-6 Gross Scope 2 GHG emissions	Directive (EU) 2022/2464 (CSRD)	ESRS E1
E1-6 Gross Scope 3 GHG emissions	Directive (EU) 2022/2464 (CSRD)	ESRS E1
S1-9 Gender pay gap	Directive (EU) 2023/970	ESRS S1
Taxonomy-aligned turnover	Regulation (EU) 2020/852	Not applicable

56: A table of all the datapoints that derive from other EU legislation as listed in Appendix B

The scope of disclosed information was determined based on the results of the double materiality assessment conducted in accordance with ESRS 1. The entity identified and assessed potential and actual impacts, risks and opportunities from both the impact materiality and financial materiality perspectives, applying qualitative materiality criteria, including the scale, scope and likelihood of impacts, as well as the potential magnitude of financial effects. Information assessed as material has been disclosed within the relevant ESRS standards, while matters not considered material have not been subject to detailed disclosures, in line with the materiality principle set out in ESRS 1.

DR-IRO-1 Disclosures related to ESRS 2 IRO-1 (Materiality Assessment)

E1- Climate Change

The process of identifying and assessing climate change-related impacts, risks and opportunities forms an integral part of SANHA's overall double materiality assessment conducted in accordance with the European Sustainability Reporting Standards (ESRS). It covers the company's own operations and, to the extent material, the upstream and downstream parts of its value chain. The process considers both the climate impact perspective and the financial perspective, and its results are reviewed and approved within the governance structures. SANHA's impact on climate change arises primarily from greenhouse gas emissions generated by its operational activities, energy consumption in manufacturing processes, and indirect emissions within the value chain, in particular those related to the purchase of materials, transport and distribution of products. Greenhouse gas emissions are monitored in accordance with the requirements of

ESRS E1, covering Scope 1, Scope 2 and, to the extent feasible, Scope 3. The identification of climate-related impacts takes into account both current impacts and their potential magnitude over the longer term.

SANHA has identified physical climate-related risks affecting its own operations and its value chain, based on scenario analysis aligned with TCFD recommendations and IPCC climate scenarios, including the high-emissions scenario SSP5-8.5. The identified hazards include, in particular, an increase in the frequency and intensity of extreme weather events, such as heatwaves and heavy precipitation, which may lead to disruptions to operational activities, logistics and supply continuity. SANHA's production assets and key suppliers may be exposed to infrastructure damage, operational downtime and constraints in the availability of energy and raw materials. The risk assessment was conducted across short-term (up to 2025), medium-term (up to 2030) and long-term (up to 2050) time horizons. Under the SSP5-8.5 scenario, physical risks may intensify in the medium and long term, potentially affecting operating costs, business continuity and asset values. The results of the scenario analysis are used to inform the planning of measures aimed at enhancing SANHA's operational resilience.

SANHA has identified climate transition risks and opportunities affecting its own operations and its value chain, in particular in the context of the transition to a low-carbon economy. The identification was carried out using scenario analysis, including a scenario consistent with limiting global warming to 1.5°C (SSP1-2.6). Key transition risks include regulatory changes (including the tightening of climate and emissions requirements), increases in energy costs, and the need to adapt manufacturing processes and the product portfolio to new environmental standards. These risks may affect operating and capital expenditures, as well as the competitiveness of selected technologies. At the same time, SANHA identifies material transition opportunities, including growing demand for low-emission, durable and energy-efficient installation solutions, as well as the potential to strengthen its market position through product and technological innovation. Exposure to transition risks and opportunities is assessed across short-, medium- and long-term time horizons.

Scenario analysis has been used by SANHA as a tool to identify and assess physical and transition risks, as well as climate-related opportunities, over the short-term (up to 2025), medium-term (up to 2030) and long-term (up to 2050). The analysis was based on IPCC climate scenarios and aligned with TCFD recommendations. It enabled the assessment of the potential impacts of different climate pathways on SANHA's operational activities, costs, investments, value chain and product demand. The results of the analysis are used in risk management processes, strategic planning and the assessment of the resilience of the SANHA Group's business model.

E2 - Pollution

The identification and assessment of pollution-related impacts, risks and opportunities was carried out as part of SANHA's double materiality assessment in accordance with the European Sustainability Reporting Standards (ESRS). The assessment covered the Company's own operations and, where relevant, its value chain.

Based on the results of the assessment, pollution was not identified as a material topic for SANHA. The assessment considered the nature of the Company's manufacturing and logistics activities, potential emissions to air, water and soil, the use and handling of chemical substances, waste generation and management practices, as well as applicable environmental legislation and existing operational controls. No material actual or potential pollution-related impacts, risks or opportunities were identified.

Although pollution was assessed as not material, SANHA remains committed to preventing environmental pollution and ensuring compliance with all applicable environmental legislation and permit requirements.

The Company applies appropriate operational controls and preventive measures to minimise emissions, prevent contamination of air, water and soil, ensure the safe handling of chemicals and waste, and continuously monitor compliance with environmental requirements. Environmental aspects are integrated into the Company's environmental management practices and are reviewed periodically as part of the double materiality assessment to ensure that any significant changes in operations, regulatory requirements or stakeholder expectations are appropriately reflected.

E3 - Water and marine resources

The process of identifying and assessing impacts, risks and opportunities related to water and marine resources was carried out as part of SANHA's double materiality assessment in accordance with the European Sustainability Reporting Standards (ESRS). The assessment covered the Company's own operations and, where relevant, its value chain. It considered water consumption, wastewater management, compliance with applicable legal requirements, the location of operational sites and existing water management practices.

Water and marine resources were identified as a material sustainability topic primarily based on the results of the Group's water stress assessment. The assessment identified varying levels of water stress across the Group's operational sites, highlighting the importance of responsible water management, monitoring water consumption and improving water-use efficiency.

At the same time, the assessment did not identify any significant adverse impacts on water resources or material financial risks related to water availability. SANHA continuously monitors water consumption, ensures compliance with applicable legal and permit requirements, and implements measures to improve water efficiency as part of its environmental management system.

Given the nature of its operations, SANHA does not conduct separate consultations with local communities specifically on water-related matters. Water-related issues are addressed through the Company's broader stakeholder engagement processes and, where required, through environmental permitting and administrative procedures in accordance with applicable legislation.

E4 - Biodiversity and ecosystems

The identification and assessment of biodiversity- and ecosystem-related impacts, risks, dependencies and opportunities was carried out as part of SANHA's double materiality assessment in accordance with the European Sustainability Reporting Standards (ESRS). The assessment covered the Company's own operations and, where relevant, its value chain.

Based on the results of the assessment, biodiversity and ecosystems were not identified as a material topic for SANHA. The assessment considered the nature and location of the Company's manufacturing and logistics activities, the use of raw materials, land use, water consumption, applicable environmental requirements and potential interactions with ecosystems. No material actual or potential impacts, dependencies, risks or opportunities related to biodiversity and ecosystems were identified.

SANHA's operational sites are generally not located within protected areas or other biodiversity-sensitive areas. However, the SANHA Schmiedefeld production site and SANHA Polska are located in proximity to Natura 2000 protected areas. The Company's activities do not result in significant negative impacts on natural habitats or protected species and do not involve the direct use of biological resources.

Although biodiversity and ecosystems were assessed as not material, SANHA remains committed to complying with applicable environmental legislation and implementing appropriate operational controls to prevent adverse environmental impacts. Environmental considerations are integrated into the company's environmental management practices and are reviewed periodically as part of the double materiality assessment to ensure that any significant changes in activities, regulatory requirements or stakeholder expectations are appropriately reflected.

E5 - Resource use and circular economy

SANHA identified and assessed material impacts, risks and opportunities related to resource use and the circular economy as part of the double materiality assessment process conducted in accordance with the European Sustainability Reporting Standards (ESRS).The process covered the company's own operations and, to the extent material, the upstream and downstream parts of the value chain.

The assessment focused in particular on the consumption of raw materials, the generation and management of waste, and opportunities to increase material efficiency and recycling. The analysis used operational data, site-level waste records, procurement information, and internal expert knowledge from production, quality, occupational health and safety, and environmental protection functions. SANHA conducted a screening of its assets and activities in order to identify actual and potential impacts, risks and opportunities related to resource use and the circular economy.

The analysis covered manufacturing sites, logistics processes and key material flows, including the consumption of primary and secondary raw materials and waste generation. The screening was carried out based on operational data, applicable environmental permits, waste records and information available from suppliers. Within the value chain, data availability and the nature of relationships with suppliers and customers were taken into account, with the identification process relying primarily on aggregated data.

SANHA did not conduct separate, dedicated community consultations specifically focused on resource use and the circular economy. However, within the framework of applicable administrative procedures, consultations and information for local stakeholders, including nearby residents, are ensured when obtaining environmental permits or notifying new or modified activities to the competent environmental authorities, in accordance with legal requirements. No material issues raised by local communities were identified that would affect the materiality assessment in the area of ESRS E5.

G1 - Business conduct

SANHA identified and assessed impacts, risks and opportunities related to business conduct as part of the double materiality assessment carried out in accordance with the ESRS requirements. The assessment covered, inter alia, business ethics, anti-corruption and anti-bribery, fair competition, supplier relationships and compliance with applicable laws and regulations. The process was based on a review of internal policies and procedures, an analysis of operational and compliance risks, and the results of internal controls, with the involvement of management and relevant compliance, legal and risk management specialists. As a result of the assessment, no material risks or material adverse impacts were identified, except for potential risks typical of international operations and supply chains, which are subject to ongoing monitoring within the compliance system. In the process of identifying and assessing material impacts, risks and opportunities related to business conduct, SANHA considered the following criteria:

– the geographic footprint of its operations, including the countries in which it operates and the associated regulatory environment and compliance risks;
– the nature of its operational activities, in particular manufacturing, trading and distribution activities;
– the sector in which it operates, including the production and distribution of installation systems;
– the structure of transactions and business relationships, including relationships with suppliers, customers,

commercial intermediaries and other business partners.

These criteria were applied in order to identify areas of increased risk of breaches of ethical standards, corruption, conflicts of interest or non-compliance with applicable laws and regulations.

Chapter 2 - Environmental disclosures

E1 - Climate Change

E1-DR SBM 3 - Disclosure Requirement related to ESRS 2 SBM-3

Material climate-related risk	Type of Risk
Changes in the availability of raw materials	Physical – Chronic
Variable and extreme weather conditions (storms, droughts, floods)	Physical – Acute
Risk associated with rising electricity prices	Transition – Market
Risk of water pollution	Operational
Excessive water intake in production processes	Operational
Improper waste management practices	Operational / Compliance
High water consumption in operations	Operational
Risk related to air pollutant emissions	Operational / Compliance
Risk of soil contamination due to leaks or improper storage	Operational / Compliance
Improper handling of hazardous waste	Operational / Compliance
Negative environmental impact on local ecosystems	Operational / Compliance

18: Climate-related physical and transition risks

Scope of the resilience analysis

SANHA Group's scenario analysis of the resilience of business models to climate change takes into account: its own operations and the upstream and downstream value chain, as well as the material physical risks and transition risks. The materiality of the impact of risks on the business model has been determined by assessing the impact of key risks such as: physical risks associated with extreme weather events, supply chain, electricity demand, demand for SANHA products, ability to meet expectations due to residual risks, water availability, regulatory risk resulting from the need to adapt and comply with energy transition regulations, technological risk, reputational risk and credibility in the markets.

Conduction of the resilience analysis

The SANHA Group's scenario analysis was based on the climate scenarios developed by the International Panel on Climate Change (IPCC) in accordance with TCFD guidelines. These scenarios are physical scenarios that take into account the different pathways of climate change, including changes in CO2 emissions, its concentration in the atmosphere and, consequently, changes in the Earth's temperature, which have a significant impact on the frequency and magnitude of extreme weather events. Two IPCC scenarios were chosen for the assessment: one assuming warming of up to 2°C above pre-industrial levels, the SSP1-2.6 scenario, which is one of the scenarios for achieving ambitious climate targets, and the other assuming warming of more than 4°C or more above pre-industrial levels, the SSP5-8.5 scenario, which is expected to lead to extreme weather events, rising sea levels and agricultural losses, with catastrophic consequences for the environment, human health and the global economy. The analysis was carried out in different time horizons for the company's exposure to climate risks, i.e. short term up to 2025, medium term up to 2030 and long term up to 2050.

Results

The results of the resilience analysis, including the results from the use of scenario analysis, show a high level of resilience in the short term, taking into account all relevant risks for the SANHA Group. Depending on the climate scenario adopted, the company has a secure or relatively secure l level of resilience in the medium term, provided that adaptation measures are taken for the energy transition and integrating climate risks into the SANHA Group's risk management business strategy and medium level of business resilience over a long time horizon, with the greatest confessions related to raw materials, electricity, innovation and product customisation, which can influence the change level of resilience. However, it should be noted that the SANHA Group's business model is based on the production of environmentally friendly and safe piping systems and fittings. The Group is taking advantage of opportunities related to climate change, maintaining a sustainable supply chain and developing low carbon technologies, while facing risks related to regulatory and environmental costs. Care for reputation and customer satisfaction is an important part of the business strategy.

E1-1 Transition plan for climate change mitigation

Compatibility with the 1.5 degree target of the Paris Agreement

The SANHA Group continuously calculates and monitors Scope 1, Scope 2 and Scope 3 atmospheric GHG emissions in accordance with the methodology guidelines set out in the GHG Protocol. The SANHA Group's main activities to reduce GHG emissions in the 2030 and 2050 time horizons will focus on reducing direct Scope 1 emissions related to fuel combustion, indirect Scope 2 emissions related to electricity purchases and Scope 3 for outside activities - from the goods it purchases to the disposal of the products it sells. SANHA calculates Life Cycle Assessments for Environmental Product Declarations for all the fitting ranges it produces.

In order to achieve carbon neutrality, SANHA is developing a group-wide decarbonisation plan.

Identified decarbonisation levers

SANHA's decarbonisation plan includes: increasing energy efficiency, using electricity from renewable sources, technological innovation and modernisation of machinery, materials and waste management in a circular way, electromobility and reduction of greenhouse gas emissions in transport, sustainability supply chain, digitalisation, and dialogue, education and involvement of SANHA's internal and external stakeholders in sustainable development policies and objectives. All decarbonisation targets are part of the Group's management system and are subject to review.

Potential locked in GHG-emissions from key assets and products

The key assets and products of SANHA Group – in particular, metal-based piping systems – are associated with significant greenhouse gas (GHG) emissions, especially within the upstream supply chain (Scope 3) and due to energy-intensive production processes (Scope 1 and 2). These emissions pose a potential risk to the achievement of our climate targets and increase transition risks in light of regulatory and market developments. To address these risks, SANHA is pursuing a comprehensive decarbonization strategy that includes technological innovations, efficiency measures, the use of renewable energy sources, and the integration of sustainability criteria into product development and supplier selection.

SANHA Group is not formally included in the scope of the EU Paris-aligned Benchmarks, as these benchmarks primarily apply to investment indices and portfolios. Nevertheless, the Group consciously considers their underlying principles as an important reference point when shaping its decarbonisation strategy, particularly with regard to the direction and pace of greenhouse gas emission reductions, investments in energy efficiency, and the development of solutions with a lower carbon footprint.

Integration of the transition plan into the overall business strategy

SANHA Group has firmly embedded its transition plan for reducing greenhouse gas emissions into the overarching corporate strategy. The decarbonization of production processes, the switch to renewable energy sources, and the development of low-emission products are central elements of the strategic objectives through 2030. These measures are part of the medium-term investment planning and are supported by dedicated budget allocations in the areas of energy efficiency, plant technology, and research & development.

The financial planning takes into account the expected costs of the transformation as well as potential savings through energy efficiency and public funding. In addition, transition risks (e.g., carbon pricing, regulatory requirements) are considered in risk assessments and scenario analyses.

The transition plan was developed by the management team and submitted to the executive management for approval as part of the strategic annual planning. The executive management formally adopted the plan in the 2023 financial year. Implementation is regularly monitored by the sustainability team and reported to the management board. Progress is disclosed annually as part of the sustainability report.

Progress on implementing

In the reporting year, SANHA Group made initial progress in implementing its transition plan to reduce greenhouse gas emissions. Key measures included:

- conducting a comprehensive GHG inventory (Scopes 1–3) to identify major emission sources,
- switching selected production areas to green electricity,
- making initial investments in more energy-efficient plant technology,
- and developing an internal monitoring system to track emission indicators.

In addition, employees from relevant departments were involved in training sessions on climate strategies and sustainability goals. Progress is regularly assessed by the sustainability team and incorporated into the strategic development of the transition plan.

E1-2 Policies related to climate change mitigation and adaptation

Policies to manage sustainability matters

The SANHA Group Climate Policy manages key sustainability issues and is signed and implemented by the Chief Executive Officer and is publicly available. The policy ensures sustainable practices throughout the organisation and takes into account material impacts, risks and opportunities related to climate change mitigation and adaptation across the value chain. The priority of the policy is to reduce greenhouse gas emissions by setting reduction targets in the decarbonisation plan, its implementation and monitoring, in order to achieve the global climate targets of carbon neutrality set out in the Paris Agreement.

In line with the The SANHA Group's environmental policy to prevent and adapt to climate change, the Group focuses on reducing emissions of greenhouse gases and other air pollutants such as SOx, NOx, VOCs and improving environmental quality. The main goals of the policy are to minimise negative impacts on the climate, promote low-carbon technologies and optimise production processes. The policy covers all areas of the company's operations, from the purchase of goods to their transportation, fittings production and waste management, which includes cooperation with suppliers and stakeholders not only in the supply chain but throughout the group's value chain.

The policy is implemented by the Board of Management and is consistent with local and international standards and UN sustainability guidelines. It takes into account the needs of key stakeholders, such as local communities and business partners, and is publicly available to enable broad communication and participation in its implementation.

Policies to manage material impacts, risks and opportunities related to climate change mitigation and adaptation

Climate Change mitigation

SANHA's main climate change actions include investments in renewable energy sources, energy efficiency improvements, electric mobility, digitalisation and product innovation.

SANHA focuses on products that are environmentally friendly and safe for people. In its product portfolio, the SANHA Group has certified piping systems for the transport of gases, including hydrogen, water systems, heating systems, solar systems, industrial systems, fire-fighting and sprinkler systems, cooling systems, compressed air systems, CO2 systems and innovative systems such as SANHA-box modules for radiators, washbasin or bathtub connections and wall heating panels. Our production is based on materials such as: stainless and carbon steel, plastics, copper, lead-free silicon bronze, and malleable and wrought iron.

Climate change adaptation

The SANHA Group's climate policy includes, as a key activity, an assessment of the risks and opportunities associated with climate change and a scenario analysis of the resilience of business models to climate change. The SANHA Group's climate change adaptation activities aim to implement solutions and measures that significantly reduce the risk of adverse impacts of current and expected future climate change on business operations, or significantly mitigate these adverse impacts.

The achievement of the climate targets for the reduction of greenhouse gas emissions over the 2030 and 2050 time horizons is being implemented through a decarbonisation plan established for the SANHA Group in accordance with the company's climate policy.

Energy efficiency

The SANHA Group's Climate Policy is an integral part of the Management Quality System and includes activities aimed at continuous improvement according to the ISO 50001 energy management system and related energy efficiency improvements. The company's energy efficiency policy is included in the Group's decarbonisation plan.

Renewable energy deployment

The development of investments in renewable electricity is an integral part of the Group's climate policy and targets of decarbonisation plan of SANHA Group.

Other areas

The SANHA Group's climate policy includes issues related to the sustainable use and protection of water resources, materials and waste management in a circular manner, pollution prevention to reduce emissions other than greenhouse gases into the air, water or soil, and the protection of biodiversity and natural ecosystems.

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

Main climate-related actions implemented by SANHA during the reporting year (2025) and planned for the following years.

Implemented during the reporting year (2025):

During the reporting year, SANHA successfully completed a broad range of climate-related projects aimed at improving energy efficiency, reducing greenhouse gas emissions, increasing the share of renewable energy and enhancing the environmental performance of its production facilities. The main actions completed in 2025 included:

1. Install an on-site photovoltaic system; expected annual electricity saving of 80,000 kWh.
2. Renew the heating system to improve building energy performance.
3. Replace windows to reduce heating and cooling demand.
4. Replace heating radiators to improve heat delivery efficiency.
5. Modernise the roofs at Im Teelbruch 80 and 92.
6. Insulate the pipe-storage area below the offices.
7. Install a new solar-shading system after the window replacement.
8. Upgrade the Multi A60 to current technical and energy-efficiency standards.
9. Eliminate annealing for the S9000 Nirosan product series; target 30% lower electricity use and reduced hydrogen consumption.
10. Install a photovoltaic system on the cold-hall roof to reduce grid purchases and peak loads.
11. Retrofit decentralised cooling for weld-line annealing with heat recovery, replacing central cooling demand.
12. Expand reactive-power compensation for Building BCD.
13. Thermally modernise the façade of Building B.
14. Complete stage 2 of the thermal modernisation of Building D.

Actions planned for the following years:

SANHA will continue implementing climate-related initiatives aimed at improving energy efficiency, reducing greenhouse gas emissions and supporting the decarbonization of its operations. The main actions planned include:

1. Move data storage to the cloud; expected annual electricity saving of 60,000 kWh.
2. Upgrade the Multi A61 to current technical and energy-efficiency standards.
3. Convert annealing cooling to decentralised stationary units and recover waste heat; target 50% improvement.
4. Insulate the building envelope; target 34% lower heating-gas consumption.
5. Expand the energy-metering concept; target 10% lower electricity consumption.
6. Modernise the heating system by recovering waste heat from technological processes.
7. Install an energy storage system for SPL.
8. Thermally modernise the western loading ramp of Building B.
9. Install photovoltaic systems on the administration and residential building roofs (200 kW).
10. Install a photovoltaic system at SPL (479 kW).

Type of current and future financial and other resources allocated to the action plan

In addition to traditional bank financing, SANHA uses financing via a SME bond, local leasing and hire purchase, and regional subsidies as sources of financing (e.g. KFW loan).

	Current	Future
CapEx	EUR 4,146,500	EUR 2,795,000
OpEx	EUR 75,000	EUR 80,000

Ability to implement action

The SANHA Group's ability to implement its sustainability measures depends largely on the availability and targeted allocation of financial resources. This applies in particular to investments in research and development, digitalisation and the implementation of regulatory requirements such as the EU taxonomy or the Supply Chain Act. These measures are financed as part of a structured investment and resource planning process. Continuous access to capital at competitive terms is crucial to effectively implementing the Group's ambitious sustainability goals.

Potential differences between financial disclosures and KPIs disclosed under EU Taxonomy Regulation (EU) 2021/2178

The SANHA Group is not subject to the Taxonomy Regulation.

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

Targets on Material Sustainability Matters

The Group's target is to reduce Scope 1 and 2 greenhouse gas emissions by 42% by 2030 compared to 2021, and to achieve zero emissions by 2050.

Reduce Scope 3 GHG emissions by 25 % by 2030 compared to 2023 and achieve zero emissions by 2050.

Climate-related targets

The Group's climate change performance targets are as follows: use of renewable energy, energy efficiency, electric mobility, material efficiency and consumption reduction, circular economy practices and sustainable waste management, digitalisation, sustainable supply chain, stakeholder dialogue and education, modernization of machinery park and investment in innovation.

GHG emissions reduction targets

Reduction targets	Base year	2030 target	2035 target	2040 target	2045 target	2050 target	Specification
GHG emissions (tCO_2eq)	53,726	39,149	30,705	22,261	13,817	5,373	tCO_2eq / SCOPE 1 SCOPE 2 SCOPE 3
Energy efficiency and consumption reduction	5,167	2,997	2,377	1,757	1,137	517	T CO_2eq (SCOPE 2)
Material efficiency and consumption reduction	n/a	n/a	n/a	n/a	n/a	n/a	Not applicable
Fuel switching	n/a	n/a	n/a	n/a	n/a	n/a	Not applicable
Electrification	1,571	911	723	534	346	157	t CO_2eq (SCOPE 1)
Use of renewable energy	17	50	63	75	88	100	Share of renewable energy in %
Phase out, substitution or modification of product	n/a	n/a	n/a	n/a	n/a	n/a	Not applicable
Phase out, substitution or modification of process	n/a	n/a	n/a	n/a	n/a	n/a	Not applicable
Other	n/a	n/a	n/a	n/a	n/a	n/a	Not applicable

34a-d: GHG emission reduction targets (Please read the Guidance for further information)

Our GHG emission reduction targets are aligned with the Science Based Targets initiative (SBTi) Net-Zero Standard and are aimed at limiting global warming to 1.5°C. They have been defined based on the SBTi framework as well as IPCC and IEA Net Zero by 2050 scenarios. In setting the targets, key future developments were taken into account, such as changes in sales volumes, customer preferences, regulatory factors, and the development of new technologies that may affect both emissions and reduction opportunities. Nearly 80% of own emissions result from energy demand related to purchased electricity, while around 20% come from the combustion of fossil fuels. Our reduction targets are primarily based on the transition to renewable energy sources and on minimising the use of fossil fuels, which represent the main decarbonisation factors and the key quantitative contribution to achieving our GHG emission reduction goals. To ensure that the baseline used to measure progress in reducing greenhouse gas (GHG) emissions is representative, a year was selected that was free of weather anomalies or exceptional global or economic events. This ensures that the baseline value reflects typical operating conditions rather than deviations from the norm. In addition, the baseline value includes all relevant activities within the organisation's boundaries, including direct emissions (Scope 1), indirect emissions from energy consumption (Scope 2) and significant emissions along the value chain (Scope 3). This approach ensures alignment with the scope of the reduction targets and eliminates the risk of omissions that could compromise the reliability of the measurements. As a result, it enables more credible reporting and informed strategic decisions.

The selected baseline level of emissions and the base year for calculating emissions are set as constants and are defined in a representative manner. This approach enables effective planning, implementation and monitoring of GHG emission reduction targets, while promoting transparency and credibility in communication with stakeholders.

E1-5 Energy consumption and mix

Total energy consumption

source	consumption
fossil	9,831,308.9 kWh
nuclear	0 kWh
renewable	5,604,150.9 kWh
total	15,435,459.8kWh

While total energy consumption provides an overall view of energy use, **renewable energy consumption** highlights the proportion sourced from renewable energy sources:

Consumption (total)	5,604,150.9 kWh
Fuel	0 kWh
Purchased or acquired electricity, heat, steam and cooling	4,422,765.2 kWh
self-generated non-fuel energy	1,181,385.7 kWh
Production	1,181,385.7 kWh

During the reporting period, SANHA Group's total energy consumption was characterised by a diversified mix of energy sources, including fossil and renewable energy. Energy from fossil sources accounted for 64% of total energy consumption, reflecting the continued use of conventional energy carriers in manufacturing and logistics activities.

Renewable sources accounted for 36% of total energy consumption. This share mainly relates to renewable electricity procured from the grid, including electricity supported by guarantees of origin, as well as other renewable energy inputs where applicable.

SANHA Group is working to progressively increase the proportion of renewable energy in its energy mix through efficiency measures, targeted investments and engagement with energy suppliers offering lower-carbon solutions, subject to technical and market availability.

E1-6 Gross Scopes 1,2,3 and Total GHG emissions

AR 48: Total GHG emissions disaggregated by Scopes 1 and 2 and significant Scope 3

Category	Base Year	Base Year	Comparative - 2024	N - 2025	% N / N-1	2025	2030	2050	Annual % target / Base year
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	n/a		0	0					
Scope 1 Emission	**2021**	**1,569**	**1,081**	**1,021**	**-6%**	**1,255**	**910**	**157**	**3,10%**
Gross location-based Scope 2 GHG emissions		5,166	3,137	2,800	-11%	4,133	2,997	**517**	
Gross market-based Scope 2 GHG emissions			1,171	1,122	-8%	0	0	**0**	
Scope 2 Emission	**2021**	**5,166**	**4,308**	**3,922**	**-10%**	**4,133**	**2,997**	**517**	**3,10%**
Scope 3 Emissions	**2023**	**46,991**	**49,125**	**44,352**	**-10%**	**42,292**	**35,243**	**4,699**	**3,33%**
1 Purchased goods and services		18,807	15,339	14,961	-2%	16,926	14,105	**1,881**	
2 Capital goods		3,987	3,039	2,326	-23%	3,588	2,990	**399**	
4 Upstream transportation and distribution		10,637	17,370	11,513	-34%	9,573	7,977	**1,064**	
5 Waste generated in operations		2,384	2,139	1,551	-28%	2,146	1,788	**238**	
6 Business traveling		30	27	25	-5%	27	22	**3**	
7 Employee commuting		1,076	1,086	1,031	-5%	969	807	**108**	
12 End-of-life treatment of sold products		10,071	10,126	12,945	28%	9,064	7,553	**1,007**	
Total GHG emissions		**53,726**	**54,515**	**49,295**	**-10%**	**47,680**	**39,150**	**5,373**	

During the reporting period, there were no material changes in the definition of the reporting entity or in the upstream/downstream value chain. The GHG data are fully comparable year over year; no recalculation of the base year was performed Greenhouse gas emission calculations were carried out in accordance with the GHG Protocol and IPCC Guidelines. Data on energy and fuel consumption were obtained from invoices and monitoring systems. Emission factors provided by suppliers or published by environmental agencies and other specialized institutions were applied. In cases where complete primary data were not available, estimates based on industry-average emission factors were used.

During the reporting period, no extraordinary events occurred that significantly affected emissions; only natural fluctuations related to seasonality and the level of operational activity were observed.

GHG Emissions Intensity

The consolidated revenue of the SANHA Group amounted to EUR 124.9 million.

Total greenhouse gas (GHG) emissions during the reporting period amounted to 49,294.97 t CO_2e.

The GHG emissions intensity was calculated by dividing the total greenhouse gas (GHG) emissions of the SANHA Group by its consolidated revenue for the reporting period. In accordance with ESRS E1, the GHG emissions intensity amounted to 394.6755 t CO_2e per EUR million of consolidated revenue.

Scope 2 Emissions - location-based

Energy type	Emission factor	Details	Energy Consumption [kWh]	Emissions [t CO_2]	Share of energy consumption	Share of Scope 2 Emissions
Electricity	452	g/kWh	6,195,890	2,800	100%	62%
Steam	0	0	0	0	0	0
Heat	0	0	0	0	0	0
Cooling	0	0	0	0	0	0
Total:			**6,195,890**	**2,800**	**100%**	**62%**

AR 45d: Share of location-based Scope 2 emissions

Scope 2 emissions - market-based

Energy Source	Contractual Instrument	Emission factor	Details	Emissions [t CO_2]	Energy consumption [kWh]	Share of energy consumption	Share of Scope 2 Emissions
Renewable: Mix	Energy invoices and emissions report	298	g/kWh	700	2,349,117	62,4%	23,6%
Fossil: Hard coal	Energy invoices and emissions report	298	g/kWh	256	858,331	22,8%	8,6%
Fossil: Natural gas	Energy invoices and emissions report	298	g/kWh	150	504,458	13,4%	5,1%
Other	Energy invoices and emissions report	298	g/kWh	16	52,705	1,4%	0,5%
Total				**1,122**	**3,764,610**	**100%**	**38%**

AR 45d: Share of market-based Scope 2 emissions

E1-8: Internal carbon pricing

The company does not apply an internal carbon price. Given the emissions profile (approx. 74% Scope 2 – purchased electricity, approx. 26% Scope 1) and the absence of installations covered by the EU ETS, exposure to direct carbon costs is limited, and carbon costs are reflected in energy prices.

E3 - Water and marine resources

E3-1 Policies related to water and marine resources

Policies related to manage sustainability matters

SANHA manages water and marine resource-related impacts through its Environmental Policy and Climate Policy. These policies promote the efficient use of water resources, pollution prevention, compliance with environmental legislation, climate adaptation, and the protection of local water ecosystems. The policies apply to all operational sites and are implemented through operational controls, environmental monitoring, wastewater management procedures, and continuous improvement measures.

Policies to manage material impacts, risks and opportunities related to water and marine resources

SANHA Group's water policy focuses on ensuring sustainable and efficient use of water, promoting water conservation, protecting water quality and contributing to the well-being of communities and ecosystems. Key aspects of water management include: complying with all local and international water quality standards; preventing contamination of water sources by minimising waste and treating wastewater; regularly measuring wastewater quality; optimising water use by, for example, using rainwater in production processes and implementing closed water systems where possible; and supporting sustainable development by producing fittings that are safe and healthy for people and the envi ronment.

The company has not adopted policies or practices related to sustainable oceans and seas in a direct way because the company does not use marine resources and does not have a direct impact on oceans and marine waters, but in an indirect way the company has taken responsibility for the use of other water resources related to sustainable oceans and seas.

Although certain operational sites, particularly Ternat (Belgium) and Berlin (Germany), are located in areas identified as experiencing high or extremely high levels of water stress according to the WRI Aqueduct assessment, these sites are covered by SANHA's Environmental Policy and Climate Policy. Water-related risks are managed through measures such as efficient water use, closed-loop systems, rainwater utilisation where feasible, regular monitoring of water consumption, and compliance with local environmental requirements. Due to the relatively low water withdrawal volumes, limited operational dependency on water resources, and the implementation of mitigation measures, water-related risks have not been assessed as material.

E3-2 Actions and resources related to water and marine resources

List of key actions

SANHA continued implementing measures aimed at the efficient use of water resources and the prevention of water pollution across its operational sites. Key actions during the reporting period included monitoring water consumption, maintaining water infrastructure, managing wastewater in compliance with applicable regulations, and operating closed-loop water systems or rainwater harvesting solutions where technically feasible. Future actions include the continued monitoring of water consumption, the identification of water-saving opportunities during investment projects, and the ongoing assessment of water-related risks as part of the company's environmental and climate management processes. These actions contribute to the objectives of SANHA's Environmental Policy and Climate Policy and apply across all operational activities.

No material water-related impacts requiring remediation were identified during the reporting period. Consequently, no specific remediation measures, corrective actions, or compensation mechanisms were required or implemented. No separate water-related action plans were disclosed in prior reporting periods. Nevertheless, SANHA continued implementing ongoing measures related to water management, including monitoring water consumption, maintaining water infrastructure, managing wastewater in compliance with applicable regulations, and identifying opportunities to improve water efficiency across its operations.

Required Expenditures for implementation and allocated resources

The Company has not allocated a separate investment budget for water-related actions. Water management measures are implemented as part of normal operational activities using existing internal resources. Any future investments will be evaluated and approved through the annual budgeting process.

E3-3 Targets related to water and marine resources

Targets on Material Sustainability Matters

Maintain full compliance with all applicable water and wastewater regulations, permits and legal requirements, while ensuring effective wastewater management across all operational sites.

Improve water efficiency across operations by reducing water consumption, promoting the responsible use of water resources, and implementing water-saving measures and technologies at operational sites.

SANHA's targets support the management of water-related risks through the efficient use of water resources, continuous monitoring of water consumption, and the maintenance of full compliance with applicable water and wastewater regulations. The company aims to maintain 100% compliance with wastewater discharge requirements and permit conditions across all operational sites. These measures contribute to the protection of water quality and the prevention of adverse impacts on local water resources, including at sites located in areas identified as having elevated levels of water stress. Marine resources are not considered a material topic for SANHA. The company does not operate in close proximity to marine ecosystems, does not extract, process or use marine resources, and its activities do not have a direct impact on oceans or seas. Consequently, no specific targets relating to marine resources have been established. Nevertheless, SANHA seeks to prevent water pollution and ensure compliance with applicable environmental regulations across all operational sites.

SANHA's primary objective is the responsible management of water resources through improving water-use efficiency, continuously monitoring water consumption, and implementing water-saving measures where technically feasible. This objective contributes to mitigating potential risks related to water availability and supports the sustainable management of water resources across all operational sites, including those located in areas exposed to high water stress.

Water and marine resources-related targets

SANHA Group's Water Goals:

1. Water use efficiency by implementing water saving technologies in all facilities,
2. Water quality management by complying with local and international water quality standards, reducing the discharge of pollutants in wastewater to permissible levels in accordance with local water quality standards and permits,
3. Watershed management and consumption reduction by reusing water through increased water recycling and implementation of closed loop water systems in all possible production processes, using rainwater in production processes where possible, working with all stakeholders to improve water management practices and educating all stakeholders from employees to suppliers.
4. Access to clean water for communities by: producing healthy and safe drinking water fittings, ensuring that all employees have access to clean and safe drinking water at all times in the workplace,

The SANHA Group's main obligation is to manage water quality by complying with local and international water quality standards and permits for the company; other objectives are voluntary.

E3-4 Water Consumption

Water consumption performance related to material impacts, risks and opportunities

28a-d: Water consumption performance related to material impacts, risks and opportunities

Requirements	Quantity	Any necessary contextual information
(a) Total water consumption	54,087,000 l	direct measurements
(b) Total water consumption in areas at material water risk	8,349,000 l	direct measurements

(c) Total water recycled and reused	41,407,000 l	direct measurements
(d) Total water stored and changes in storage	4,272,000 l	direct measurements

Water consumption data are based on direct measurements.

Water Intensity Calculation

The water consumption intensity was calculated by dividing the total water consumption during the reporting period by the consolidated revenue of the SANHA Group. The consolidated revenue amounted to EUR 124.9 million. Based on this methodology, the water consumption intensity was 433,042.434 litres per EUR million of consolidated revenue.

E3-5 Potential financial effects from water and marine resources-related impacts, risks and opportunities

Financial effects of material water and marine resources-related risks and opportunities

No reliable quantification of the expected financial impacts associated with significant water- and marine-related risks and opportunities was carried out during the reporting year. Based on current information, no significant water- or marine-related impacts have been identified that would lead to a robust monetary assessment prior to taking mitigating measures into account. The development of such risks and potential financial impacts is monitored on an ongoing basis as part of the risk and sustainability management framework.

Potential financial impacts may arise in particular from changes in water availability, rising water and wastewater costs, stricter regulatory requirements, and possible disruptions to production and supply chain processes. However, based on current information, no material water- or ocean-related risks have been identified that would lead to significant financial impacts in the short term. Any potential effects would predominantly occur in the medium to long term and are continuously monitored as part of the risk and sustainability management framework. No quantification of material financial impacts relating to water and marine resources was carried out during the reporting year. Accordingly, no specific assumptions were used as a basis for a monetary valuation. The assessment is based on the information currently available from risk, environmental and sustainability management. Due to possible future regulatory developments, climate change and site-specific factors, uncertainties remain regarding potential long-term impacts.

E3 MDR-M Water and marine resources: Minimum Disclosure Requirements - Metrics

Material Metrics from ESRS

75, 76, 77: (E3) Material Metrics from the ESRS

Metric	Methodologies and significant assumptions, behind the metric, including the limitations of the methodologies	Whether the measurement of the metric is validated by an external body other than the assurance provider and, if so, which body
Total water consumption	Calculated based on water meter readings, operational records and supplier invoices in accordance with ESRS E3.	No
Total water consumption in areas at material water risk	Calculated based on water meter readings, operational records and supplier invoices for sites located in water-stressed areas identified using the WRI Aqueduct Water Risk Atlas.	No
Total water recycled and reused	Calculated as the volume of surface water recirculated within the company's closed-loop cooling system, based on operational records.	No
Total water stored and changes in storage	Calculated as the volume of harvested rainwater stored in on-site storage facilities for operational use, based on operational records.	No

E5 - Resource use and circular economy

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

Policies to manage sustainability matters

The SANHA Group has been supporting the transition to a circular economy for many years through the responsible management of raw materials, waste segregation and the recovery of production scrap for recycling. Currently, more than 50% of the copper used in production originates from recycled material, including internally generated production scrap. In addition, stainless steel scrap is collected separately, enabling its full recovery and recycling. SANHA also develops durable products with a long service life, contributing to more efficient use of resources throughout the product lifecycle.

The Group's environmental efforts focus on reducing the consumption of natural resources and minimizing emissions to air, water and soil. These objectives are supported through the use of low-emission fuels, emission control systems, efficient production processes and the selective collection of hazardous and non-hazardous waste, which is recovered or disposed of by authorized waste management companies in accordance with applicable legal requirements.

SANHA products are designed to comply with applicable product safety and chemical legislation. Products placed on the market do not contain substances listed on the Candidate List of Substances of Very High Concern (SVHC) above the regulatory threshold of 0.1% by weight. Through responsible material selection, efficient resource management and pollution prevention measures, SANHA seeks to minimize the environmental footprint of its operations and support sustainable production practices.

The SANHA Group's Environmental and Climate Policy promotes the efficient and sustainable management of materials, chemicals and waste in order to minimize environmental impacts, increase resource efficiency and support circular economy principles. The policy aims to increase the use of recycled materials where technically feasible, reduce waste generation, improve recycling and recovery rates, and limit the use of hazardous substances. It also addresses risks associated with the use of natural resources and waste generation while identifying opportunities to improve operational efficiency through process optimization. Progress is monitored through indicators such as the share of secondary raw materials used in production and the recovery of production scrap.

The policy applies to all SANHA operations and, where relevant, to the value chain, including suppliers, production processes and packaging activities. It applies to both domestic and international operations without exclusions. Key stakeholders, including employees, suppliers and waste management partners, support the implementation of the policy. Overall responsibility for its implementation rests with the Management Board.

The policy is aligned with applicable environmental legislation, waste management requirements and internationally recognized sustainability principles. It takes into account the expectations of key stakeholders, including employees, business partners and local communities. The policy is communicated throughout the organization, and employees and relevant business partners are regularly informed and trained on its requirements and objectives.

Policies to manage material impacts, risks and opportunities related to resource use and circular economy

The environmental and climate policy supports circular economy by sustainable management of raw and packaging materials and sustainable supply chain . Scrap of raw material (processing waste) are selectively collected for recycling process and recovery process. Purchased raw material used in the cutting process contains 70% to 90% or more secondary material. The main packaging management actions are based on: reducing the use of single-use packaging, reusing packaging, using packaging made from recycled materials, using packaging made from sustainably grown forest products, selective collection and recycling of packaging materials to increase the flow of packaging made from secondary materials.

Required Expenditures for implementation and allocated resources

In addition to traditional bank financing, SANHA uses financing via a SME bond, local leasing and hire purchase, and regional subsidies as sources of financing (e.g. KFW loan). Furthermore the funds allocated for the implementation of these measures form part of the company’s regular investment and budget planning. In particular, they relate to the investments reported in the annual financial statements in property, plant and equipment, technical installations, energy efficiency measures, building infrastructure, and environmental and energy management systems. is planned.

SANHA carries out the selective collection of production scrap, which is fully sent for recycling to be processed into machining material. The purchased machining material and packaging materials contain secondary raw materials, which increases the share of recycled inputs in overall consumption. These actions reduce the use of primary raw materials and are in line with circular economy principles, ensuring efficient resource use, waste minimisation, and optimisation of waste management in accordance with the waste hierarchy.

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

Targets on Material Sustainability Matters

Increase the share of recycled raw materials – SANHA aims to further enhance the use of secondary materials, such as copper and stainless steel, to achieve an even higher percentage of recycled raw materials in production processes.

Minimize emissions and optimize the use of natural resources – By implementing innovative technologies and processes, SANHA intends to reduce pollutant emissions into the air, water, and soil, as well as decrease raw material consumption, supporting the circular economy and sustainable development.

Resource use and circular economy-related targets

Product Design

Producing modern fittings with a service life of at least 50 years from recycled materials that are 100% recyclable at the end of their life cycle and do not contain any hazardous substances or substances of very high concern in their composition throughout their life cycle.

Material use rate

Key actions taken by the SANHA Group during the reporting year and planned for the future include: materials and waste management by preparing waste for recycling through separate collection, reducing consumption of primary raw materials and natural resources through closed-loop raw materials management and reuse of recycled materials in production processes, sustainable supply chain and purchasing raw materials for production processes that contain 70-90% or more secondary materials.

Minimisation of primary raw material

Reducing consumption of primary raw materials and natural resources through closed-loop raw materials management by processing our own waste and reusing recycled materials in production processes, purchasing raw materials for production processes that contain 70-90% or more of secondary materials.

Sustainable sourcing and use

The SANHA Group Climate Policy supports sustainable sourcing and use of renewable resources in its activities. The main action is the management of packaging materials used in the production process and sourced from supervised and certified forest resources. Packaging materials are selected and reused where possible, or if this is not possible, it is selectively collected by waste stream and sent to authorised waste recycling companies for reuse as a secondary raw material. In addition, the company purchases packaging containing recycled raw materials or materials with a declaration confirming that the production materials used for the packaging come from sustainably managed forests. In fallowing years, the company will increase the amount of packaging containing recycled secondary materials.

Waste Management

Actions taking by SANHA Group to waste management: preparation of waste for recycling through separate collection, reducing consumption of primary raw materials and natural resources by closed-loop raw material management and re-use of recycled material in production processes, waste mangement in terms of its generation, recycling and disposal by waste stream.

Other matters and contextual information:

To raise awareness, the company supports the education and involvement of employees and other stakeholders in achieving sustainability goals through training, surveys and social dialogue. These targets have been set out in the Group Climate Policy and will be measured and reviewed.

The established goals align with the principles of the European Green Deal and support actions for sustainable development. Mandatory objectives include increasing the level of recycling and implementing circular economy principles. At the same time, the implementation of these actions is linked to a voluntary goal of increasing the share of secondary raw materials, which contributes to reducing the consumption of primary resources and minimizing environmental impact.

Ecological thresholds and allocations considered

The SANHA Group has identified key environmental thresholds based on the calculation of its carbon footprint and a scenario analysis in accordance with the IPCC (Intergovernmental Panel on Climate Change) guidelines. The main areas include:

1. Maximum allowable greenhouse gas (GHG) emissions in relation to the Paris Agreement goals,
2. Consumption of natural resources, including water and production raw materials, to support the circular economy model,
3. Emission levels of pollutants into air, water, and soil, in compliance with EU environmental standards. The methodology for identifying environmental thresholds included carbon footprint analysis, IPCC climate scenarios, and comparisons with EU Taxonomy guidelines and legal regulations applicable to the industrial sector.

Yes, the identified environmental thresholds are specific to the SANHA Group, as they take into account the nature of operations, production structure, and emissions generated across the value chain. Their determination was based on:

1. A detailed carbon footprint analysis, covering Scope 1, 2, and 3 emissions,
2. IPCC climate scenarios, which allowed for an assessment of the potential impacts of climate change and the determination of acceptable emission levels,
3. Operational data, including raw material consumption, recycling rates, and energy efficiency of production facilities,
4. Comparison with global and industry standards, as well as the EU sustainability goals and Paris Agreement targets.

These thresholds have been tailored to SANHA's business operations, and their adherence helps reduce environmental impact and minimize risks associated with climate regulations.
Responsibility for ensuring compliance with the identified environmental thresholds within the SANHA Group is divided across different levels of management:

1. The SANHA Management Board is responsible for strategic decisions and the approval of climate targets, in alignment with IPCC guidelines and the EU Taxonomy.
2. The Sustainability Group monitors the implementation of emission reduction measures, ESG reporting, and compliance with regulations.
3. Operational and production departments are responsible for implementing actions at the facility level, including improving energy efficiency, increasing recycling rates, and reducing the carbon footprint.
4. The KPI reporting system includes emission monitoring and an assessment of the effectiveness of implemented actions to ensure alignment with the designated environmental thresholds.

Through this approach, SANHA ensures alignment with global climate goals, effectively manages environmental risks, and enhances transparency in circular economy initiatives.

E5-4 Resource inflows

The main resource inflows used by SANHA consist of metallic raw materials, including copper, brass, bronze, carbon steel and stainless steel, which are essential for the production of pipes, fittings and piping systems. The Company also uses packaging materials, lubricants, cooling and processing media, and other auxiliary materials required for manufacturing processes.

To improve resource efficiency and support the transition to a circular economy, SANHA uses recycled and secondary raw materials where technically feasible and without compromising product quality, product safety or compliance with applicable technical standards. Production scrap is recovered and returned to recycling streams wherever possible, while manufacturing processes are continuously optimized to reduce material losses and improve resource efficiency.

Raw materials are sourced from qualified suppliers through procurement processes that incorporate environmental, social and quality-related criteria. This approach strengthens supply chain resilience, supports the responsible use of natural resources and contributes to reducing the environmental footprint of the Company's operations while maintaining high product quality and operational reliability.

The main resource inflows used by SANHA consist of metallic raw materials, including copper, brass, bronze, carbon steel and stainless steel, which are essential for the production of pipes, fittings and piping systems. During the reporting period, the total weight of products and technical materials used amounted to 7,497 tonnes, of which 5,593 tonnes (74.60%) consisted of secondary reused. SANHA does not use biological materials or biofuels for non-energy purposes.

Raw materials are sourced from qualified suppliers through procurement processes that incorporate environmental, social and quality-related criteria. Where technically feasible, recycled and secondary raw materials are used without compromising product quality, product safety or compliance with applicable technical standards. In addition, production scrap is recovered and returned to recycling streams wherever possible, supporting resource efficiency and the transition towards a circular economy.

The reported data are based on procurement records, supplier declarations and internal production records. The share of secondary reused or recycled materials is determined using purchasing data and supplier information. As SANHA does not use biological materials or biofuels for non-energy purposes, no certification schemes related to biological materials are applicable.

E5-5 Resource outflows

SANHA's primary resource outflows consist of durable metal products, including pipes, fittings and piping systems, manufactured from stainless steel, carbon steel, copper, brass, lead-free silicon bronze and cast iron. The products are designed for a service life of at least 50 years under normal operating conditions and do not contain substances listed on the Candidate List of Substances of Very High Concern (SVHC) above the threshold of 0.1% by weight. Approximately 95% of the materials used in SANHA's products are recyclable at the end of their service life.

During the reporting period, SANHA manufactured 4,900.481 tonnes of products. The recycled content incorporated into these products amounted to 3,597 tonnes, representing 73.40% of the total weight of products manufactured. Depending on the material type, the recycled content of the production raw materials ranged from 50% to 90%, demonstrating SANHA's commitment to increasing the use of secondary raw materials and supporting the transition towards a circular economy.

In the same reporting period, SANHA generated 2,654.19 tonnes of waste, including 2,440.13 tonnes (92%) of non-hazardous waste and 214.06 tonnes (8%) of hazardous waste. The majority of non-hazardous waste was recovered through recycling, while hazardous waste was transferred to authorized waste management companies for appropriate recovery or disposal in accordance with applicable legal requirements.

The main waste streams generated by SANHA include metal scrap, machining chips, waste oils and emulsions, as well as packaging materials such as paper, cardboard, plastics and wooden pallets. Waste is segregated at source, monitored through the Company's waste management system and transferred to authorized waste management companies. Waste quantities are determined using direct measurements, weighing records, waste transfer documentation and the Company's waste register, with all waste classified and reported in accordance with applicable waste legislation.

E5-6 Potential financial effects from resource use and circular economy-related impacts, risks and opportunities

The SANHA Group has identified potential financial effects arising from resource use and circular economy-related impacts, risks and opportunities. Dependence on raw materials and energy entails cost risks, which the company seeks to mitigate through continuous efficiency measures. At the same time, circular economy initiatives, including the utilisation of waste heat from machinery and photovoltaic installations, contribute to reducing energy costs while supporting the company's ESG performance.

Production activities are heavily dependent on the availability of copper, stainless steel and energy. Consequently, fluctuations in raw material prices and potential supply constraints may have a direct impact on operating margins. To reduce this dependency, more than 50% of the copper used in production originates from recycling processes, while 100% of stainless steel waste generated by the company is recycled. In addition, insufficient implementation of sustainability measures could adversely affect the trust of customers and other stakeholders, resulting in potential reputational risks.

The identified impacts, risks and opportunities have been assessed across different time horizons. In the short term (until 2025), the company focuses on implementing ongoing energy efficiency measures and process modernisation while maintaining a stable cost structure despite external challenges such as the war in Ukraine and inflation. In the medium term (until 2030), SANHA aims to achieve 50% renewable energy, a 70% recycling rate, a 25% reduction in fossil fuel consumption and further reductions in greenhouse gas emissions in line with EU climate objectives and the Paris Agreement. In the long term (until 2050), the Group's strategic objective is to achieve climate neutrality.

The assessment is based on several key assumptions. These include the expectation of stable demand in the construction industry despite geopolitical and economic uncertainties, such as the war in Ukraine, the energy crisis and inflation. Moderate increases in copper and stainless steel prices are assumed, taking into account historical price developments and the company's recycling rates exceeding 50%. The assessment also assumes continued reductions in energy consumption through photovoltaic installations, waste heat recovery and process optimisation, as well as achieving a 70% waste recycling rate and 50% material reuse by 2030.

The degree of uncertainty varies across the identified impacts. Uncertainty is considered high with regard to geopolitical developments, energy price volatility and future regulatory changes, including ESG reporting requirements. Medium uncertainty relates to the expected technological savings potential and the achievement of environmental targets, which depend on future investment decisions and the availability of public support. Low uncertainty applies to internal operational data and recycling rates, as these are regularly measured, monitored and documented.

Sources: internal environmental targets, climate policy, climate scenario analysis, management review, management report.

Chapter 3 - Social disclosures

S1 - Own workforce

S1-DR SBM 3 Disclosure Requirement related to ESRS 2 SBM-3

Types of employees and non-employees

The company has its own employees on permanent or temporary contracts, working full-time or part-time, as well as occasional temporary employees provided by third parties undertaking's engaged in employment activities.

Material impacts, risks and opportunities

The company adheres to the highest ethical and legal standards in the employment of its own employees and those provided by third party contractors. There are no widespread or systemic negative impacts such as child or forced labour in the company's operations, whether in European Union countries or beyond. The company actively monitors its processes and works closely with suppliers to eliminate the risk of such practices throughout the value chain. Where negative impacts arise from isolated incidents, such as workplace accidents, the company implements appropriate preventive and corrective procedures to minimise risks and protect the health and safety of its employees. The company's priority remains to ensure dignified, safe and fair working conditions for all employees and collaborators.

The company recognises the positive impact of employing a diverse workforce and working with people outside of permanent employment. Through its policy of equality and inclusion, the organisation promotes innovation, creativity and team effectiveness. By supporting the professional development of employees, interns and freelancers through training and development programmes, the company contributes to enhancing skills and increasing opportunities in the labour market. These efforts aim to promote equal employment opportunities and reduce social inequalities, regardless of gender, race, religion, sexual orientation or disability. The company implements these initiatives both within and outside the EU, supporting local communities and building a sustainable working environment based on dignified, fair and safe working conditions.

The company identifies key risks and opportunities arising from its impact on and dependence on its workforce. The company strives to ensure secure and stable employment, fair remuneration, work-life balance and diversity of the workforce, which promotes employee satisfaction, increases productivity and strengthens the company's reputation as an attractive and socially responsible employer. At the same time, the company is aware of dependence on its workforce, such as employee turnover, burnout, skills shortages and the resulting loss of product quality, financial losses and reputational damage. By addressing these risks and opportunities through proactive measures, the organisation promotes a sustainable, inclusive and efficient workforce that supports long-term growth and competitiveness.

The company is focusing on raising awareness and developing the skills of all its employees to achieve its climate change transformation goals, reduce greenhouse gas emissions and achieve climate neutrality. SANHA Group's transformation plan emphasises collaborative business development and a skilled, informed workforce without the need for workforce restructuring or layoffs. The company's priority is to engage the entire team in achieving its climate change goals through education, collaboration and support for employees' professional development.

SANHA Group's policy is based on firm opposition to all human rights abuses, forced labour and child labour. With full respect for the personal dignity of each person, the Group is committed to respecting, protecting and promoting these rights at all stages of its own operations and throughout the value chain in EU countries and beyond. These principles form an integral part of the Group's human rights and corporate social responsibility policies.

According to the SANHA Group's materiality assessment, diversity of people is an opportunity for greater innovation and a better working environment. Managing, respecting, protecting and promoting diversity is an integral part of SANHA's corporate culture and contributes to strengthening our competitiveness. The Group has implemented a Diversity and Inclusion Policy that sets out principles and actions to ensure that all employees, regardless of gender, age, ethnicity, sexual orientation, religion, disability or any other specific characteristic and group of people, have equal opportunities and feel welcome, respected and valued. This creates space for open dialogue, respect and mutual understanding. Discrimination, harassment or exclusion of any kind will not be tolerated and will result in disciplinary action.

S1-1 Policies related to own workforce

The SANHA Group Human Rights Policy focuses on ensuring the highest standards of human rights protection, both for its own employees and throughout the value chain. Key areas include ensuring decent working conditions, equal treatment, fair pay and protection from violence, discrimination and harassment. The policy also covers the right to career development, freedom of association and rest. The Group engages in dialogue with stakeholders, adheres to international standards such as the International Bill of Human Rights, UN and OECD guidelines and applies due diligence to identify and mitigate risks of human rights violations. The Board of Directors ensures that the policy is implemented and ensuring that it is promoted and adhered to at all levels of the business, including in its relationships with suppliers and business partners. In addition, the Group takes into account social issues in its dual materiality assessment, looking at potential risks and opportunities across the value chain, including its own employees.

The SANHA Group's health and safety policy focuses on ensuring safe and hygienic working conditions by eliminating hazards and minimising risks. The company complies with international standards and regulations, provides ergonomic workplaces and regularly analyses and controls occupational risks. An important element is the promotion of a safety culture through training and active involvement of employees in the decision-making process, and the provision of certified personal protective equipment. The implemented policy also addresses similar expectations for business partners, requiring them to adhere to high health and safety standards. The Board of Directors provides the necessary resources to implement the policy, which is publicly available and known to all employees, supporting the continuous development and improvement of safety standards throughout the organisation and promoting the concept of safe working conditions in the value chain.

Policies to manage material impacts

Human Rights commitments

The process of identifying and assessing climate change-related impacts, risks and opportunities forms an integral part of SANHA’s overall double materiality assessment conducted in accordance with the ESRS. It covers the company’s own operations and, to the extent material, the upstream and downstream parts of its value chain. The process considers both the climate impact perspective and the financial perspective, and its results are reviewed and approved within the governance structures.

International recognized instruments

The SANHA Group's workforce policies are aligned with internationally recognized standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. These policies ensure respect for human rights, fair treatment, and safe working conditions for all employees. The Group guarantees fair wages, freedom of association, and collective bargaining rights, while actively preventing discrimination and forced labor. Robust due diligence processes are in place to identify and mitigate risks, and employees are engaged through training, dialogue, and consultations. This alignment reflects the Group's commitment to ethical practices and continuous improvement in fostering a responsible workplace environment.

Traficking, forced, compulsory and child labor

The SANHA Group policy regarding the company's own employees explicitly addresses issues related to human trafficking, forced or compulsory labor, and child labor. As part of its Human Rights Policy, the Group is committed to eliminating all forms of forced or compulsory labor and child labor, in alignment with the UN Guiding Principles on Business and Human Rights, the ILO Declaration, and the OECD Guidelines. The Group has implemented monitoring mechanisms and due diligence processes to identify and eradicate such practices both within its operations and throughout its supply chain. The policy prioritizes ensuring decent working conditions, respecting human rights, and actively preventing any form of worker exploitation.

Workplace accident prevention

The SANHA Group has a Workplace Accident Prevention Policy, which is an integral part of the Occupational Health and Safety Policy. The purpose of this policy is to ensure safe and hygienic working conditions by eliminating accident hazards, minimising health and safety risks and creating awareness among employees, contractors and others involved in the Group's operations. The policy includes measures such as regular inspections of workplaces, analysis of occupational risks and the provision of ergonomic workstations and personal protective equipment to employees in accordance with international standards. SANHA places particular emphasis on promoting a culture of safety through training and employee involvement in health and safety decision-making. The Board of Directors actively supports the implementation of the policy by providing the necessary technical, financial and organisational resources. The policy has been approved by SANHA's Board of Directors and is publicly available, reflecting top management's commitment to ensuring the highest standards of health and safety in the workplace.

Elimination of discrimination

The SANHA Group has implemented a Human Rights Policy which, among other things, aims to eliminate discrimination and includes the promotion of equal opportunities, diversity and inclusion. The policy prohibits all forms of discrimination, harassment and bullying and ensures equal treatment regardless of gender, race, age, sexual orientation or other protected characteristics. The Group supports equal pay for equal work, eliminates pay inequalities and promotes the professional development of employees on an equal basis. These activities are supported by an open dialogue with stakeholders and a system for monitoring the effectiveness of the solutions implemented, which enables continuous improvement of the standards of protection against discrimination.

The SANHA Group Human Rights Policy explicitly covers the following grounds of discrimination: race and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national or social origin and other forms of discrimination covered by EU regulations and national law. The policy places particular emphasis on equality and non-discrimination in the workplace, promoting diversity and inclusion. All these aspects are in line with international standards and form an integral part of the SANHA Group's efforts to protect human rights.

Inclusion or positive action

The SANHA Group has specific commitments in its Human Rights Policy regarding inclusion and positive action for vulnerable groups within its own workforce. The policy promotes diversity and inclusion, supporting people with disabilities, ethnic minorities, women and older workers. The positive action measures implemented include, but are not limited to, the elimination of pay inequalities, training programmes for all employees and flexible working arrangements to support work-life balance. The company provides protection against harassment and bullying, creating a safe and inclusive working environment.

The Group's policies are implemented through specific procedures aimed at preventing discrimination, mitigating its effects and taking action when it is detected, as well as promoting diversity and inclusion. Their implementation is overseen by the Board of Directors, which provides appropriate resources and support. The procedures for implementing the Group's policies include actions in three key areas: prevention, mitigation and promotion of diversity and inclusion. In terms of preventing discrimination, the Group organises regular training for employees and management on equality, diversity and anti-discrimination. Codes of conduct have also been introduced to clearly define standards of behaviour and equality principles in the workplace. To mitigate the effects of discrimination and take appropriate action, the Group has established whistleblowing systems, such as dedicated communication channels, to enable anonymous reporting of discrimination or harassment. Accountability mechanisms include investigation procedures and corrective actions to ensure that reports are dealt with fairly and that those affected are supported. Measures to promote diversity and inclusion include information, recruitment and development programmes for all groups of employees. The Group also monitors workforce diversity data to identify and remove barriers to equal opportunity and create a more inclusive working environment.

S1-2 Processes for engaging with own workers' representatives about impacts

The SANHA Group involves employees in the processes of managing the actual and potential impact of its actions on the workforce through systematic cooperation and consultation. These activities are implemented through employee representatives, who play a key role in representing the interests of employees when decisions are made about working conditions, restructuring or the introduction of new policies. Collaboration takes place through regular or targeted meetings to discuss major changes and their impact on employees. Employee representatives are given the opportunity to voice their opinions, concerns and suggestions so that their perspective can be better incorporated into the decision-making process. The company aims to ensure open and transparent communication during these consultations, which promotes mutual trust and effective change management.

Engagement is primarily carried out through employee representatives who represent the interests of the company's workforce.

Cyclical meetings are held on a regular quarterly basis to maintain ongoing communication and to discuss relevant issues on an ongoing basis, including the development of corporate risk mitigation strategies and the evaluation of their effectiveness. In addition, targeted meetings are organised for major events such as restructuring, implementation of new policies, crisis situations and at specific points in projects or business processes. The purpose of these meetings is to ensure a rapid and effective dialogue to enable a smooth response to changing circumstances, to include the employee perspective in decision-making processes and to meet legal requirements and stakeholder expectations. The results of these meetings are systematically fed into the company's decision-making processes.

The involvement of employees and their representatives in the company's impact management processes is overseen by the Board of Management with the Chief Executive Officer having operational responsibility for this. The CEO plays a key role in ensuring that this involvement takes place on a regular basis, according to a set schedule (e.g. quarterly meetings) and in response to specific events such as restructuring, implementation of new policies or crisis situations. The CEO coordinates the activities at the top management level and ensures that the results of the meetings and consultations are appropriately taken into account in the company's decision-making processes. By involving the board directly in the process, the company can effectively integrate the results of engagement into the strategic approach, promoting transparency, trust and the effectiveness of the actions taken.

The company has established a works council to ensure effective dialogue with employees and to represent their interests in decision-making processes. The works council was established on the basis of the election of staff representatives, who were selected through democratic elections held among the employees. The establishment of the works council allows for internal agreements and arrangements that promote respect for employees' rights and ensure that human rights-related standards are met in the workplace. Through regular meetings with management, the works council enables the company to gain insight into the perspectives of the workforce, including their opinions, concerns and suggestions regarding working conditions, restructuring or the implementation of new policies. Through this structure, the company ensures that the voice of the workforce is integral to decision-making, reinforcing transparency, mutual trust and respect for human rights in the working environment.

The company evaluates the effectiveness of workforce engagement through regular consultations, information-sharing, and the participation of employee representatives in decision-making processes. Feedback is recorded during meetings, agreements, and suggestion submissions, and then analyzed by management, allowing it to be incorporated into strategic decisions. Engagement activities are focused at the workplace level, where direct dialogue and collaboration with employees play a crucial role. Employees are also actively involved in climate transition issues, such as restructuring, job creation, and skills development, strengthening their influence on organizational change processes.

The company actively gathers the views of all employees, including vulnerable people such as women, migrants and people with disabilities, through a variety of activities. Mechanisms such as regular meetings, surveys and anonymous suggestion systems have been implemented to allow employees to express their opinions and needs in a safe manner. These initiatives aim to learn more about the perspectives of employees and to include their voice in key decisions. In addition, the company conducts ongoing monitoring and analysis of data related to diversity, inclusion and working conditions, allowing it to respond more effectively to the needs of all employees, including vulnerable groups. Through this approach, the company is building an inclusive working environment that supports diversity and provides equal opportunities for every employee.

SANHA Group is committed to further improving the comprehensive engagement process it has implemented for its own workforce, which will take into account the perspectives of all employees, including vulnerable groups such as women, migrants and people with disabilities. The company aims to continually develop systems to monitor diversity and inclusion, introduce training for managers and employee representatives and ensure greater transparency through regular reporting of engagement results. These measures aim to create an inclusive working environment that supports employee engagement, professional development and well-being.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

The SANHA Group has implemented whistleblower mechanisms that allow employees to report irregularities, violations of law, ethics or internal rules and complaints through a dedicated online channel or directly through available communication channels to a designated person, ensuring anonymity. Each report is carefully analysed and the investigation process is conducted in an impartial and timely manner. Corrective action is taken to address any negative impact. The company ensures that whistleblowers are protected from retaliation by promoting a culture of accountability and compliance. The company also works with stakeholders, such as crew representatives or works councils, to implement effective corrective action, while monitoring the effectiveness of processes and providing regular training on employee rights and responsibilities to create an environment based on openness, trust and protection of employee welfare.

The company has created a channel for its own employees to raise concerns or needs, and a Whistleblower and Ethics Reporting Channel has been created on the third party online website of PricewaterhouseCoopers GmbH ('PwC').Company has a grievance/complaints handling mechanism related to employee matters.

The company provides employees with easy access to the whistleblowing channel through effective communication and promotion, and regularly informs them of the tools available, such as online platform, helpline or other reporting options. Training plays a key role, teaching employees and managers how to use the reporting channels and emphasising the protection of whistleblowers from retaliation. The company is committed to maintaining the confidentiality and anonymity of reports, allowing them to be made in a secure manner, protecting the whistleblower's data and creating an atmosphere of trust that encourages ethical behaviour.In accordance with Whistlerblower's procedure, all submissions will be recorded in a secure system that will allow them to be closely monitored at every stage: from acceptance to assessment to resolution. In accordance with legal requirements, the company will acknowledge receipt of the notification within 7 days. Then, within 90 days, the notifier will be informed of the action taken or completed. All signals of violations will be carefully analysed by PwC and authorised persons within the company, who will be required to take appropriate corrective action. The adopted procedure guarantees timeliness, confidentiality and effective response to reported irregularities. Regular reports on whistleblowing and its status will be prepared for the board of directors and the relevant supervisory / explanatory committees and statistics on whistleblowing will be prepared such as the number of cases received, response times and the number of issues successfully resolved.

The company assesses the awareness of employees and their representatives of the whistleblowing procedure through consultations and surveys. Feedback is analysed and used to continuously improve reporting systems.

The company guarantees the confidentiality of all reports and implements safeguards to protect whistleblowers from retaliation in accordance with the procedure in place. Protection against retaliation also applies to: persons who assist in making the report; other persons associated with the whistleblower who may be subject to retaliation in a work-related context, such as co-workers or relatives of the whistleblower, and other persons otherwise associated with them in a work-related context.

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

Actions and action plans

In the reporting year, the company undertook key actions aimed at managing significant impacts on employees, mitigating risks, and leveraging opportunities related to the workforce. These actions included regular monitoring of working conditions, organizing training and development programs, conducting audits and training on occupational health and safety, and implementing initiatives supporting diversity and inclusion. Looking ahead, the company plans to strengthen dialogue with employees by enhancing mechanisms for collecting feedback and increasing the role of employee representatives in decision-making processes. Additionally, it will focus on expanding training programs, particularly those related to ecological and digital transformation. The expected outcomes include improved working conditions, increased employee satisfaction, reduced staff turnover, and better utilization of workforce potential. These actions are implemented across the entire value chain and have both short- and long-term time horizons, aligning with the company's policies and strategic goals.

Not applicable. In the reporting year, the company did not identify any actual significant impacts on employees that would require key actions to provide remedies for affected individuals or cooperation in this regard. Not applicable. The company has not disclosed any specific action plans in prior periods that would require reporting on their quantitative or qualitative progress in the current reporting year.

Type of current and future financial and other resources allocated to the action plan

Current financial and other resources

SANHA allocates both operating expenditure (OpEx) and capital expenditure (CapEx) to support the implementation of its social action plan. These investments are intended to strengthen employee competencies, improve working conditions, enhance occupational health and safety, and support the long-term integration of social responsibility into the Company's business operations.

Operating expenditure (OpEx) includes:

- mandatory training programmes for sales representatives, area managers and inside sales employees to strengthen technical expertise and improve customer support;
- ongoing ESG training delivered in multiple languages to increase awareness of sustainability and social responsibility;
- occupational health and safety measures, including hygiene concepts, flexible working arrangements where appropriate, and initiatives supporting workforce resilience during pandemics or other disruptive events.

Capital expenditure (CapEx) includes:

- investments in building modifications and workplace improvements to enhance employee health, safety and working conditions;
- investments in digital infrastructure supporting employee development, including online learning and knowledge management platforms such as *mymemberspot.de*.

Sources of funding

The implementation of these measures is primarily financed through the Company's own operating resources. Where available, SANHA may also utilize EU or national funding programmes supporting social and ESG-related initiatives. In addition, external stabilisation mechanisms, such as the Economic Stabilisation Fund (WSF), may be used where appropriate to support the continuity of social infrastructure.

Current financial resources allocated: EUR 2,800,000

Future resources

Going forward, SANHA intends to further expand its employee development programmes by introducing additional training modules in English, German and Polish, together with more advanced courses covering topics such as corporate social responsibility (CSR), sustainable supply chains and occupational health and safety. The Company also plans to further embed social responsibility within its long-term corporate strategy in accordance with RL 1.08 – Corporate Social Responsibility.

The planned activities will continue to be financed through the Company's regular operational and investment budgeting processes as they are implemented.

Based on current planning assumptions, the estimated future financial resources required amount to:

EUR 2,010, 000.

Material impacts

The SANHA is actively implementing actions to prevent significant negative impacts on its workforce. These actions include: ensuring secure and stable employment to reduce turnover and increase, employee loyalty, providing competitive and fair wages to attract and retain qualified employees, promoting work-life balance to prevent burnout and improve employee satisfaction and efficiency, implementing health and safety measures to minimize accidents, occupational diseases, and absenteeism, strengthening social dialogue and the role of works councils to reduce workplace conflicts and enhance cooperation. Yes, the company has taken actions to provide remedies for actual impacts. This includes, among other measures: ensuring compliance with occupational health and safety regulations to prevent workplace accidents and minimize associated risks; addressing wage-related risks by adhering to fair pay regulations to avoid financial penalties and losses; and implementing anti-violence and harassment policies to create a safe work environment and minimize legal or reputational risks. The SANHA Group has implemented initiatives that have a positive impact on employees, including: providing training and development programs to enhance employee productivity and innovation; fostering diversity and inclusion by supporting equal pay for work of equal value and integrating people with disabilities into the workplace; promoting well-being and work-life balance; and introducing data privacy measures that strengthen employees' trust in the company.

The SANHA Group assesses the effectiveness of its actions through various measures, including: conducting regular audits and reviews of health and safety conditions as well as compliance with regulations; gathering employee feedback via surveys and input from employee representatives to evaluate the impact of initiatives on work-life balance, training programs, and inclusion efforts; collecting and analyzing key workforce metrics, such as employee turnover, absenteeism, and satisfaction levels, to gauge the effectiveness of implemented measures; participating in rating evaluations and reporting progress on goals related to diversity, inclusion, and fair pay, in alignment with corporate policies and strategies.

The SANHA identifies needed and appropriate actions to address specific actual or potential negative impacts on employees through systematic processes such as:

1. regular risk assessments: periodic analyses of working conditions and operational practices to identify potential risks to employee health, safety and welfare,
2. employee engagement: gathering the views of employees and their representatives through surveys, focus groups and meetings to understand the nature and extent of potential impacts,
3. compliance monitoring: regular audits to ensure compliance with labour laws, health and safety standards and fair treatment policies.

The company ensures that its practices do not cause or contribute to significant negative impacts on employees by:

1. establishing clear policies and guidelines, including standards for: workplace safety, fair compensation, anti-harassment and data privacy,
2. monitoring operational practices through regular internal audits and assessments to ensure compliance with ethical working practices and corporate policies,
3. integrating employee well-being into decision-making processes and balancing business pressures with the need to prevent or mitigate negative impacts by integrating employee concerns into operational and strategic planning,
4. ethical purchasing practices and ensuring that purchasing processes and supplier relationships comply with ethical labour standards and do not indirectly harm employees.

Funds allocated to manage social impacts

SANHA allocates financial and organizational resources to manage social impacts and support the effective implementation of its social responsibility commitments. These resources are embedded within the Company's operational processes, management systems and annual budgets.

Current resources are allocated to:

- training platforms for sales representatives and field service employees to strengthen professional competencies and product knowledge;
- ESG training programmes delivered in multiple languages to increase awareness of sustainability and social responsibility;
- the implementation and maintenance of Corporate Social Responsibility (CSR) guidelines and Total Quality Management (TQM) systems to systematically integrate social responsibility into business operations;
- external sustainability assessments, including the EcoVadis rating process, and the maintenance of the Integrated Management System (IMS) documentation to support continuous improvement and effective governance.

These resources enable SANHA to proactively manage social risks and opportunities while strengthening employee competence, responsible business conduct and the long-term integration of social responsibility into the Company's management system.

The SANHA has been operating sustainably for many years, adhering to principles of environmental protection and climate neutrality. As a result, the transition to a more sustainable and climate-neutral economy has not caused any negative impact on employees. As part of its continued sustainable approach, the company regularly monitors working conditions, provides training and skill development tailored to technological changes, and engages employees in dialogue about sustainable development. This approach effectively minimizes potential risks and strengthens employee engagement in achieving climate goals.

Risks and opportunities

SANHA actively works to mitigate risks associated with its workforce. A key aspect of this effort is ensuring compliance with applicable labor laws and safety standards, which helps avoid potential penalties, legal risks, and reputational damage. These measures include regular audits and monitoring of workplace practices. The company also focuses on promoting work-life balance, which helps prevent burnout and absenteeism, thereby supporting employee productivity and loyalty. To address risks related to wages, the company implements fair and competitive compensation policies to attract and retain qualified employees. Additionally, it invests in improving workplace safety through training programs and infrastructure upgrades, minimizing the risk of accidents and health issues associated with work. The effectiveness of these actions is regularly monitored using indicators such as employee turnover, absenteeism, training hours, accident and injury rates, work-life balance metrics, and wage-related indicators.

The company recognizes numerous opportunities arising from investing in the development of its employees. One of its priorities is enhancing competencies through training programs, particularly in areas related to digital transformation and sustainable development. Such initiatives boost productivity, creativity, and innovation within the organization. The company also places significant emphasis on promoting diversity and inclusion, supporting equal opportunities, and integrating vulnerable groups into its workforce. Strengthening social dialogue, facilitated through the involvement of employee representatives and works councils, improves communication and reduces workplace conflicts. Additionally, the company promotes work-life balance through flexible working arrangements and well-being initiatives. Through these efforts, the company creates a work environment that encourages employee engagement and loyalty, thereby supporting the achievement of its long-term strategic goals.

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

The company has set time-bound and outcome-oriented goals aimed at reducing negative impacts on employees. These goals include:

1. Improving workplace safety and reducing workplace accidents by 10% annually through the implementation of systematic workplace inspections, modern protective equipment, and dedicated safety training programs.
2. Reducing occupational risk by decreasing the occupational risk index by 10% annually through precise risk analyses at workplaces and the implementation of monitoring and hazard elimination mechanisms.
3. Ensuring ergonomic workplaces by implementing ergonomic workstations for 100% of employees, which minimizes injuries and work-related complaints.
4. Enhancing safety by organizing regular occupational health and safety training for 100% of newly hired employees to increase their awareness of their responsibilities for workplace safety.
5. Ensuring compliance with labor laws through regular audits and corrective actions to achieve 100% compliance with labor and wage regulations every year.

6. Minimizing burnout risk and promoting work-life balance by implementing initiatives that support the balance between professional and personal life, such as flexible working arrangements and mental health support programs, aiming to reduce burnout and absenteeism by 15% within two years.
7. Ensuring compliance with wage regulations by providing wages sufficient for a decent standard of living in accordance with applicable laws and standards, which minimizes legal risks and supports employee well-being.

The company aims to enhance the positive impact of its actions on employees by pursuing specific goals:

1. Expanding training programs – Increase the number of training hours per employee by at least 30% from the previous year, including training related to digital transformation and sustainability, in order to increase productivity and innovation.
2. Promoting diversity and inclusion – Conducting targeted training on diversity and inclusion topics for 100% of the workforce.
3. Promoting healthy lifestyles – Ensuring 100% of employees have access to preventive health programs, supporting a healthy work-life balance.
4. Supporting mental well-being – Promoting work-life balance through initiatives that support employees' physical and mental well-being.
5. Occupational health and safety education – Ensuring 100% of employees have up-to-date occupational health and safety training, increasing awareness and responsibility, and improving workplace safety conditions.
6. Pay equality – Implementing a remuneration policy based on the principles of equal pay for work of equal value.

To effectively manage risks and leverage opportunities related to its workforce, the company has defined key objectives like:

1. Managing workforce risks by reducing the employee turnover rate by 10% over the next two years through competitive compensation policies and retention strategies,
2. Leveraging workforce opportunities by increasing innovation outputs through fostering a culture of creativity and collaboration, supported by training programs and diversity initiatives,
3. Strengthening employee engagement by improving social dialogue mechanisms and increasing employee representation in decision-making processes,
4. Enhancing occupational health and safety standards and workplace safety culture by integrating safety initiatives into the company's strategic goals to ensure their effectiveness and alignment with organizational values, as well as continuously improving health and safety processes by setting annual health and safety targets for each company location,
5. Enhancing employee competencies through upskilling programs aimed at boosting innovation and preparing employees for new challenges related to digital and environmental transformation,
6. Well-being and mental health initiatives – Implementing initiatives that support mental health and work-life balance to improve employee engagement and overall well-being.

Improving staff competence. The company implements programs aimed at improving employees' qualifications, supporting their professional development, and expanding their knowledge in areas related to digital and ecological transformation. These initiatives are designed to increase the level of innovation within the organization and prepare employees for future challenges arising from a dynamically changing business environment. From SANHA's strategic perspective, enhancing employee competencies is essential for achieving the company's long-term strategic goals, such as increasing innovation and adaptability to changing market standards. Skilled employees not only enhance the company's competitiveness but also enable better adaptation to technological and ecological changes, which are crucial for the sustainable development of the organization. Progress is measured by an established percentage target for increasing the number of training hours per employee compared to the previous year. The goal is long-term and is reviewed annually for the specific year, with implementation not only supporting the development of individual employee competencies but also building a strong foundation for innovation and the sustainable growth of the company in the long term.

The undertaking establishes its targets through a structured process that involves direct engagement with its workforce and workers' representatives. This includes consultation sessions, surveys, and collaborative discussions during dedicated meetings. Workers' representatives play an integral role in conveying employee perspectives, ensuring the targets align with both organizational goals and employee needs. Feedback collected during these engagements helps shape realistic and meaningful targets that resonate with the workforce's priorities.

The company monitors the achievement of set targets through regular evaluations and transparent reporting mechanisms. Key performance indicators (KPIs) are tracked, and employees are regularly informed about activities and performance metrics through internal communications and meetings. Employee representatives actively participate in the reviews of monitoring data, ensuring that it reflects actual working conditions and aligns with the established targets.

Performance reviews are conducted to identify lessons learned and opportunities for improvement. The findings from these reviews, often discussed in collaboration with employee representatives, influence adjustments to strategies and processes. The feedback collection process ensures continuous improvement and greater alignment with employee expectations and organizational goals.

S1-6 Characteristics of the undertaking's employees

Gender	Number of employees (head count)
Male	506
Female	213
Other	0
Not reported	0
Total:	719

50a, AR 55: Presenting employee head count by gender

The "other" gender category does not apply, as no individual has self-identified as such.

Contract type	Female	Male	Other	Not disclosed	Total
Number of employees	213	506	0	0	0

Contract type	Female	Male	Other	Not disclosed	Total
Number of permanent employees	213	506	0	0	0
Number of temporary employees	0	0	0	0	0
Number of non-guaranteed hours employees	0	0	0	0	0
Number of full-time employees	194	485	0	0	0
Number of part-time employees	19	21	0	0	0

50b, 51, 52, AR 55: Presenting information on employees by contract type, broken down by gender (reporting on full-time and part-time employees is voluntary).

Employment data are reported per number of employees and, if necessary, per full-time equivalent (FTE). FTE is defined as the full-time employment of one person for 12 months. For part-time or shorter-term employees, their working hours are converted on a full-time equivalent basis. This allows the methodology to accurately reflect employees' commitment to the business.

Data on the number of employees are reported at the end of the reporting period and as an average over the whole period. The average is calculated on the basis of the number of employees from an average count for each day, which provides a true picture of employment in the event of seasonal fluctuations or changes in the structure of the organisation.In order to understand fluctuations in the number of employees over the reporting period, contextual information such as seasonal changes in employment, restructurings, openings or closures of operating units is provided. In addition, the impact of external factors such as legal, economic or industry-specific changes that may affect the number of employees is included. This information allows for a more complete understanding of employment trends and their impact on the business. The assumptions and methodology adopted ensure a fair and transparent presentation of employment data tailored for stakeholder understanding.

Employee turnover

In the reporting period 84 left voluntarily or due to dismissal, retirement, or death in service. Thus the employee turnover was 11.683 % while the denominator was 719.

The total number of 719 employees stated in the sustainability report corresponds to the number reported in the consolidated financial statements as at 31 December 2025 under “Personnel structure” in the notes.

S1-7 Characteristics of non-employee workers in the undetakings's own workforce

The figures presented reflect actual data based on the number of active civil-law contracts (non-employment contracts) concluded by the undertaking during the reporting period.

S1-8 Collective bargaining coverage and social dialoge

In SANHA Group is no such type of contract, but there is a workers' council that has been established.

S1-9 Diversity indicators

Top Management

Gender	Number	Percentage
Male	27	71 %
Female	11	29 %
Other	0	0 %
Total:	38	100 %

66a: Top Management Diversity Metrics

Age groups

Age group	number	percentage
under 30	0	0%
30 - 50	24	63%
over 50	14	37%
Total:	38	100%

The senior management consists of individuals holding the highest managerial positions, responsible for overseeing specific departments within the company. This group may include department directors or managers, depending on the organizational structure of a given area. These individuals report directly to the company's board and are responsible for implementing strategic objectives within their respective areas of operation.

S1-10 Adequate wages

All employees of the company receive at least the statutory minimum wage applicable in their place of work (pro-rated to FTE and hours worked). HR monitors legislative changes and automatically updates pay rates in line with current statutory rates and the company’s internal pay policy. During the reporting period, no cases of pay below the statutory minimum required by law were identified.

S1-11 Social protection

The employees are covered by social protection against loss of income due to major life events.

S1-12 Persons with disabilitie

SANHA employs 11 persons w**ith disabilities, corresponding to 1.5% of the total workforce. The information is disclosed in aggregated form and based on the data available for the reporting period. SANHA is committed to equal treatment, non-discrimination and the provision of appropriate working conditions in line with applicable legal and occupational health and safety requirements.**

S1-13 Training and skills development indicators

Employees per gender category	Amount that participated in regular performance and career development reviews	Percentage that participated in regular performance and career development reviews	Total number of reviews conducted	Agreed number of reviews by the management	Number of reviews in proportion to the agreed number of reviews by the management.
Male	506	100 %	506	506	100 %
Female	213	100 %	213	213	100 %
Other	0	0 %	0	0	0 %
Not reported	0	0 %	0	0	0 %
Total employees	719	100 %	719	719	100 %

83a, AR 77: Employees that participated in regular performance and career development reviews

Employees per gender category	Total number of training hours offered to and completed	Training average per employee
Male	3,459	6.836
Female	1,120	5.258
Other	0	0
Not reported	0	0
Total employees:	4,579	6.369

83b, AR 78: Training hours

S1-14 Health and safety indicators

The undertaking's health and safety management system covers 100% of its own workforce. This includes both employees and persons engaged under civil-law contracts, who are subject to applicable occupational health and safety provisions to the extent required by law and the nature of their work performed for the undertaking.

The health and safety management system focuses on the prevention of work-related injuries and ill health through hazard identification, appropriate safety training, monitoring of working conditions and incident reporting. All persons performing work for the undertaking have access to relevant safety information and are required to comply with applicable health and safety rules while working on the undertaking's sites.

With regard to other workers operating on the undertaking's sites (including contractors, subcontractors and temporary workers), the undertaking ensures coordination of health and safety measures through contractual requirements and site controls.

There were no fatalities as a result of work-related injuries and work related-ill health in the reporting period. The rate of recordable work-related accidents is 21 . This lead to 477 days lost to work-related injuries.

Breakdown by employee

Employees covered by health and safety management system	719
Number of fatalities	0
Number of recordable work-related accidents	21
Number of recorded work-related ill health	0
Number of lost days	477

Breakdown by non-employee

Non-Employees covered by health and safety management system	0
Number of fatalities	0
Number of recordable work-related accidents	0
Number of recorded work-related ill health	0
Number of lost days	0

S1-15 Work-life balance indicators

Under the general laws of the country, all working parents of a child are entitled to parental leave for the purpose of caring for the child, the amount of which is determined by law in relation to the number of children born at one time.

During the reporting period, 312 employees, representing 43.37% of the average workforce, were entitled to take family-related leave in accordance with applicable legal requirements and internal policies. Of the employees entitled, 15 employees (4.89%) made use of family-related leave during the reporting period.

Uptake by gender:

Gender	Number of employees	Share (%)
Female	6	43.2%
Male	9	56.8%
Total	15	100.0%

S1-16 Compensation indicators (pay gap and total compensation)

The average gross hourly pay level of male employees amounted to EUR 20.81 during the reporting period.

The average gross hourly pay level of female employees amounted to EUR 20.57 during the reporting period.

The resulting gender pay gap was 1.2 % calculated as the relative difference between the average gross hourly pay of male and female employees.

The annual total remuneration of the undertaking’s highest paid individual amounted to EUR 208,645.00

The median annual total remuneration of employees was EUR 40,177.48

Based on these figures, the annual total remuneration ratio (highest paid individual to median employee remuneration) was 519.31 %

Contextual information:

The reported figures are calculated as the average annual gross hourly pay, reported separately for women and men — i.e., the sum of gross earnings for the period divided by the sum of paid hours worked for the respective group; it includes all employees who received pay during the reporting period.

S2 - Workers in the value chain

S2-DR SBM 3 Disclosure Requirement related to ESRS 2 SBM-3

The SANHA Group, through its operations, impacts various groups of workers within its value chain. Firstly, this applies to individuals performing tasks on the company's premises but not belonging to its direct workforce. Another group includes employees hired by entities in the supply chain, such as raw material

suppliers, facilities engaged in metal processing, factories producing semi-finished products for the company's goods, or packaging manufacturers. The company also influences workers involved in logistics and distribution activities, including drivers, warehouse staff, sales personnel, and service technicians responsible for after-sales support. In the case of projects carried out with partners in the form of joint ventures, the company's impact extends to designers, engineers, technicians, and other individuals involved in such initiatives.
The company places particular focus on vulnerable workers, such as young employees, migrants, women, or individuals with disabilities, who may be more susceptible to unfavorable working conditions, discrimination, or difficulties in asserting their rights.

As a responsible participant in the value chain, the company monitors working conditions at every stage, manages risks associated with vulnerable workers, and collaborates with partners to ensure compliance with social and environmental standards. These actions aim to minimize negative impacts and enhance transparency and operational accountability.

SANHA operates and purchases goods and raw materials only from suppliers and partners who meet high ethical, legal and social standards. Through analysis and regular monitoring of its supply chain, the company has not identified any geographical areas or commodities where there is a significant risk of child labour or forced or compulsory labour. All procurement processes are carried out in accordance with the company's policy, which requires suppliers to fully comply with labour laws, including international standards such as the Universal Declaration of Human Rights, International Labour Organisation (ILO) Conventions and the UN Guiding Principles on Business and Human Rights. The company is committed to upholding the highest standards of human rights in all aspects of its operations, and as part of its work with suppliers, the company conducts supplier assessments and audits that cover ethical and legal issues related to compliance with human and labour rights.

The SANHA Group, in its materiality assessment, has identified negative impacts within its value chain arising from risks related to labor and human rights. The key risks include:

1. Child labor, forced labor, and compulsory labor. The SANHA Group recognizes the potential risk of child labor as well as forced and compulsory labor in the upstream segment of its value chain. Such occurrences could lead to serious legal consequences due to violations of international labor standards and local regulations. Additionally, they could negatively impact the company's reputation and reduce the trust of customers and business partners,
2. Health and safety in the workplace. Failures to comply with health and safety standards in supplier facilities may result in accidents, production disruptions, and financial penalties. These issues could potentially affect the SANHA Group's operational activities, influencing the stability and continuity of processes within the value chain,
3. Low wages and restricted freedom of association. Insufficient wages and restrictions on freedom of association among suppliers may lead to protests and destabilization of operations. Consequently, this could have a potential impact on the SANHA Group's operational activities by undermining the stability and continuity of supplies.

As a result of the materiality assessment, these risks have been classified as low. The SANHA Group minimizes potential threats through effective monitoring practices and mechanisms ensuring supplier compliance with international standards. Regular supply chain assessments, implemented audits, and verification programs enable the company to quickly identify and address potential issues.

The SANHA Group, in its materiality assessment, has identified potential opportunities within its value chain that arise from the implementation of responsible practices and the support of business partner development:

1. Employment stability. Stability of employment within the supply chain reduces employee turnover, enhancing production stability and operational continuity.
2. Training, skill development, and an inclusive work environment. Promoting skill development and inclusion among suppliers through training programs, open dialogue, and collaboration improves operational efficiency and the quality of products and services. Additionally, fostering the employment of people with disabilities and promoting diversity in the workforce drives innovation, enhances the company's positive image, supports higher labor standards, and contributes to better operational outcomes.
3. Social dialogue and collective bargaining. Encouraging social dialogue among suppliers helps stabilize and improve relationships between employees and employers. This leads to greater operational efficiency and more stable cooperation within the supply chain.
4. Work-life balance. Improved work-life balance among suppliers' employees positively impacts job satisfaction and productivity.

The SANHA Group supports its business partners in adopting corporate social responsibility and ecological transformation practices. Collaboration with partners who respect human and labor rights in employment is essential. The company's compliance assessment activities enable the identification and realization of existing opportunities.

The SANHA Group identifies significant risks related to child labor, forced and compulsory labor, occupational health and safety conditions, wages, and data privacy within the value chain. However, through effective monitoring mechanisms, audits, and compliance with international standards, the company successfully minimizes their occurrence. At the same time, SANHA recognizes opportunities within the supply chain stemming from improved working conditions, support for diversity, promotion of social dialogue, and sustainable transformation, which positively impact stability, efficiency, and the company's reputation. The SANHA Group analyses and identifies groups of workers in the value chain who may be particularly vulnerable, such as children, young people, women, migrants, the elderly or people with disabilities. Regular audits and supplier assessments assess compliance with international regulations and eliminate risk related to discrimination, child labour or health risks. Working with suppliers includes the implementation of training programmes, the promotion of diversity and compliance with labour laws in employment, which helps to build an inclusive, sustainable and internationally compliant supply chain. Through these activities, SANHA reinforces its social responsibility and ensures that human rights are respected in its operations. The SANHA Group identifies significant risks and opportunities arising from the influence and dependence on workers in its value chain, which affect specific groups.

One of the key risks is the potential occurrence of child labor or forced labor in the supply chain. Such situations could lead to supply disruptions, confiscation of goods, legal consequences, and reputational damage to the company. Another significant risk is the shortage of skilled labor, which can result in reduced product and service quality and cause disruptions in the production and supply processes. This applies to both raw material suppliers and logistics service providers, which are crucial for the company's operational continuity. Furthermore, global crises such as pandemics can significantly affect the health of workers at all stages of the value chain, leading to production and distribution disruptions, which may have severe financial and operational consequences. Other notable risks include insufficient wages, a lack of secure employment, and restrictions on workers' freedom of association within the value chain. Such issues can lead to protests that destabilize the supply chain and impact the operational stability of the SANHA Group.

At the same time, the company recognizes numerous opportunities associated with improving working conditions and supporting diversity in the supply chain. Investing in skills development, pay equity, social dialogue, and promoting inclusivity — including employing people with disabilities, supporting diversity, and implementing training programs — delivers operational benefits, enhances product quality, and fosters innovation. Promoting these values among suppliers can significantly improve operational stability and efficiency.
To manage these issues effectively, SANHA implements monitoring mechanisms, conducts audits and works with suppliers to comply with international labour standards. In this way, SANHA supports socially responsible practices that contribute to sustainability and success of the company.

S2-1 Policies related to value chain workers

The SANHA Group has implemented a Human Rights Policy that encompasses the protection of workers' rights throughout the supply chain. The company is committed to adhering to the highest international standards, such as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines. As part of this policy, SANHA requires its suppliers and partners to respect human rights principles, including the elimination of child labor and forced labor, ensuring decent working conditions, and promoting equal treatment of workers regardless of gender, age, disability, or ethnic origin. The policy also emphasizes fair wages, workers' rights to organize, and the prevention of all forms of discrimination and violence in the workplace. SANHA conducts regular audits and monitors the activities of its suppliers to ensure compliance with its established standards. Additionally, in the case of identified violations, corrective mechanisms are implemented, such as engaging in dialogue with suppliers and providing support to resolve issues.

The company fosters open dialogue with stakeholders, including suppliers, social organizations, and local communities, to understand the impact of its activities on human rights and continually improve its practices. SANHA Group's senior management actively supports the implementation of the policy by providing appropriate resources and training, which enables the development of a responsible and sustainable supply chain. Through this approach, SANHA Group effectively mitigates risks and promotes responsible practices across its entire value chain.

The SANHA Group has implemented a Corporate Social Responsibility (CSR) Policy that ensures the protection of workers' rights throughout its value chain. The policy focuses on eliminating risks such as child labor, forced labor, and other human rights violations. The company is committed to providing dignified, safe, and healthy working conditions, promoting equality and diversity, and supporting inclusivity.

SANHA sets high ethical standards for its suppliers, requiring adherence to human rights and sustainability principles. Regular audits and monitoring of partner activities reinforce these commitments. The implementation of the policy is overseen by SANHA Group's senior management, ensuring adequate resources and support. Through its CSR Policy, the company mitigates risks, promotes responsible business practices, and builds a sustainable operational model.

Policies adopted to manage material impacts

The SANHA Group has implemented policies to manage the impact on workers in the value chain, encompassing all employees, with particular attention to vulnerable groups such as women, young workers, migrants, older individuals, and people with disabilities. These policies are based on international standards, including the UN Guiding Principles on Business and Human Rights, the Conventions of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises, and the International Bill of

Human Rights. Their aim is to eliminate risks related to child labor, forced labor, inadequate wages, discrimination, and restricted freedom of association, while promoting decent working conditions, equality, and diversity.

The company requires its suppliers to adhere to these standards by implementing a "Code of Conduct for Suppliers" and conducting regular audits and monitoring their activities. SANHA Group's policies also include support for professional development, the promotion of inclusivity, and ensuring a balance between work and private life. These actions contribute to building a responsible and sustainable value chain while minimizing risks and enhancing the positive impact of the company's operations.

Human rights policy commitments

The SANHA Group is committed to respecting human rights throughout its value chain, in accordance with the UN Guiding Principles on Business and Human Rights, the Conventions of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises, and the International Bill of Human Rights. The policy includes the elimination of child labor and forced labor, ensuring dignified and safe working conditions, and upholding principles of equality, diversity, and freedom of association. The company requires its suppliers to comply with these standards through the Code of Conduct for Suppliers, regular audits, activity monitoring, and training to support best practices in managing workers' rights. Additionally, SANHA has implemented mechanisms for redress, such as channels for reporting violations, corrective processes, and support for employees and suppliers in cases of breaches. These actions promote accountability, transparency, and the development of a sustainable value chain aligned with international standards.

The SANHA Group explicitly addresses the elimination of human trafficking, forced or compulsory labor, and child labor throughout its value chain in its policy. The company also has a Code of Conduct for Suppliers, which obligates partners to adhere to these principles and international human rights standards. The SANHA Group fully complies with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the International Bill of Human Rights. As part of its value chain monitoring, the company regularly conducts audits and supplier assessments. To date, no cases of non-compliance with these standards have been reported within SANHA's supply chain.

S2-2 Processes for engaging with value chain workers about impacts

Oversight of material impacts, risks and opportunities related to sustainability matters in the SANHA Group is exercised by the Management Board.

The Management Board is responsible for strategic decision-making with regard to sustainability matters, including the approval of key directions, policies and objectives related to ESG topics. To support the Management Board in fulfilling these responsibilities, an ESG Steering Committee has been established within the SANHA Group. The committee comprises members of management and ESG specialists and acts in an advisory and coordinating capacity. Its role includes supporting the identification, assessment and monitoring of sustainability-related impacts, risks and opportunities.

The ESG Steering Committee regularly reports its analyses and recommendations to the Management Board, which retains ultimate responsibility for decisions in this area.

The SANHA Group engages representatives of value chain workers at key stages of managing impacts on the environment and working conditions. The first stage involves defining the approach to mitigating impacts, which includes consultations with representatives of business partners to identify potential risks and develop strategies to minimize them. The second stage focuses on evaluating the effectiveness of corrective actions, where implemented measures and their impact on improving working conditions and the environment are regularly analyzed.

Engagement takes various forms, including:

1. Self-assessment surveys, audits, meetings, and dialogue with representatives of business partners.
2. Informing stakeholders, by providing information on planned actions, their impacts, and the outcomes of initiatives undertaken.

The frequency of engagement depends on the nature of activities. Regular, cyclical meetings, annual audits, and assessments are standard practices. Additionally, engagement occurs at specific moments in business processes, such as during collaborations with new suppliers. The SANHA Group also responds to legal requirements and the needs raised by stakeholders, including in crisis situations, by adapting its engagement processes to current challenges.

Operational responsibility for engagement processes lies with the Sustainability Group, which operates within a broader management system. This group coordinates dialogue with representatives of business partners and is responsible for implementing strategies related to environmental protection and improving working conditions. The activities of this group are overseen by SANHA Group's senior management, including a board member responsible for sustainability.

To ensure effective engagement, the SANHA Group requires responsible personnel to possess appropriate skills in relationship management and sustainability. To support this, the company organizes regular training sessions and capacity-building programs that enable employees to effectively engage with the Group's stakeholders.
Through clearly defined engagement stages, responsible functions, and training support, the SANHA Group ensures efficient collaboration processes aligned with best practices in sustainable development.

SANHA does not have a global framework agreement or other agreements with global trade union federations concerning the respect for human rights of workers in the value chain, including their right to collective bargaining.

Despite the absence of such agreements, SANHA ensures the respect for human rights within the value chain through alternative mechanisms, such as adherence to international standards on labor and human rights. This commitment is reflected in the Supplier Code of Conduct, supplier audits, and regular dialogue with business partners and other stakeholders. These activities provide insights into the situation of workers within the value chain and support the fulfillment of commitments related to sustainable development and respect for workers' rights.

Additionally, the SANHA Group supports the United Nations Global Compact, reinforcing its commitment to upholding principles related to human rights, labor standards, environmental protection, and anti-corruption throughout the global value chain.

The SANHA Group evaluates the effectiveness of worker engagement in the value chain through regular monitoring and analysis of the outcomes of its actions. The key elements of this evaluation include:

1. Supplier audits and compliance analysis: Regular supplier audits are conducted to assess compliance with the principles outlined in the Supplier Code of Conduct, including labor rights, workplace safety, and respect for human rights.
2. Consultations and dialogue: Regular meetings with worker representatives and business partners provide feedback on the effectiveness of actions taken and help identify areas for improvement.
3. Performance indicators: The company analyzes key performance indicators (KPIs) such as the number of reported labor rights violations, improvements in working conditions, and compliance with international standards, such as the UN Guiding Principles and International Labour Organization (ILO) Conventions.
4. Problem-solving mechanisms: SANHA evaluates the effectiveness of its engagement processes through the results of corrective actions and the implementation of improvements based on identified issues.

Through these mechanisms, SANHA ensures that its engagement processes are effective and support the fulfillment of commitments related to sustainable development and respect for human rights across the entire value chain.

The SANHA Group takes a series of steps to gain insight into the perspectives of workers in the value chain, particularly those who may be more vulnerable to negative impacts or marginalization, such as children, women, older individuals, migrant workers, and persons with disabilities. Key actions include:

1. Regular audits and supplier evaluations, which allow for the analysis of working conditions and compliance with labor rights at supplier facilities.
2. Supplier Code of Conduct, which requires suppliers to adhere to standards of equality, decent working conditions, and respect for human rights.
3. Stakeholder dialogue, including regular consultations with worker representatives, business partners, and non-governmental organizations to understand their needs and concerns.
4. Training and support programs, aimed at assisting suppliers in creating inclusive workplaces by providing knowledge and tools for implementing best practices.

Through these measures, the SANHA Group ensures that the perspectives of workers, including vulnerable groups, are considered in decision-making processes, thereby supporting the development of a responsible and sustainable supply chain.

SANHA has implemented a worker engagement process within its value chain, which includes regular consultations, audits, supplier self-assessments, and collaboration with business partner representatives. This process focuses on identifying and addressing the needs of workers. The SANHA Group is committed to further enhancing this process to increase its effectiveness and alignment with international best practices, such as the UN Guiding Principles on Business and Human Rights and the International Labour Organization (ILO) Conventions.

As part of this commitment, the Group plans to develop new tools, organize additional training sessions and awareness campaigns for suppliers, and strengthen mechanisms for stakeholder dialogue. The objective is to create an even more transparent and sustainable value chain.

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

The SANHA Group has adopted a comprehensive and integrated approach to implementing remedial measures in the event that the company causes or contributes to a significant negative impact on employees within the value chain. This strategy forms a coherent management system and includes several key elements, such as:

1. Identification of issues through the use of monitoring systems such as supplier audits and the Whistleblower reporting system to promptly detect potential violations or negative impacts,
2. Remedial actions by implementing corrective measures tailored to the nature and scale of the issue, including adjustments to supplier practices, additional training for employees and business partners, and support for affected individuals,
3. Remediation mechanisms carried out in collaboration with suppliers, social organizations, and employee representatives,
4. Employee protection in cases of reported violations, ensuring full confidentiality and safeguarding whistleblowers from retaliation, in accordance with established procedures,
5. Effectiveness assessment through regular audits and analysis of key performance indicators (KPIs),
6. Stakeholder engagement via consultations with business partners and employees, ensuring the relevance and effectiveness of the actions taken. This collaboration also facilitates continuous process improvement,
7. Transparency of actions by communicating the results of corrective measures and plans for their further enhancement.

Through this comprehensive approach, the SANHA Group strives to minimize negative impacts and foster a responsible, sustainable value chain, building trust and strengthening its commitments to corporate social responsibility.

The SANHA Group provides employees within the value chain with access to two channels for reporting concerns or needs: an internal reporting procedure and the Whistleblower and Ethics Reporting Channel managed by an independent third party.

As part of the internal reporting procedure, employees can report their concerns and needs directly to the SANHA Group using a mechanism that allows for both anonymous submissions and direct communication. Reports are reviewed by authorized personnel in accordance with the applicable procedure. The Whistleblower system, operated by a third party, enables anonymous and confidential reporting of concerns. This mechanism ensures the independence and neutrality of the process, enhancing employee trust. Submitted reports are analyzed, and corrective actions are implemented based on recommendations. Both channels support the identification of risks and the resolution of employee issues, promoting respect for labor rights and transparency throughout the value chain.

The SANHA Group implements processes to support the accessibility of reporting channels for concerns and needs in workplaces across the value chain, in compliance with international standards such as the UN Guiding Principles on Business and Human Rights and ILO Conventions.

Suppliers are required, under the Supplier Code of Conduct and SANHA's Sustainable Supply Chain Policy, to implement their own reporting channels that allow for anonymous and confidential reporting of violations. At the same time, SANHA supports the accessibility of the Whistleblower channel managed by a third party and actively promotes its internal reporting mechanisms, providing employees with a fast and effective way to address issues.

The SANHA Group has implemented a monitoring system for reported issues and an evaluation process to assess the effectiveness of reporting mechanisms, ensuring their efficiency and alignment with the expectations of employees and stakeholders within the value chain. All reports are registered in a log or dedicated system, allowing for tracking their status, applied remedial measures, and outcomes. Regular analysis of reports facilitates the identification of risks and areas in need of improvement. The results of these analyses are reported to the Management Board, which oversees the actions taken. The effectiveness of solutions across all levels of the value chain is evaluated through dedicated assessment surveys, audits, and ongoing dialogue with business partners. In line with the Sustainable Supply Chain Policy, the SANHA Group conducts awareness campaigns and training programs for suppliers and their employees, aiming to enhance their understanding of corporate social responsibility, including the accessibility of reporting channels for violations.

To ensure that employees within the value chain are aware of the available reporting mechanisms, SANHA implements information campaigns and provides educational materials that explain how the Whistleblower system and internal reporting channels operate. To build trust in these channels, employees are informed about the whistleblower protection policy, which guarantees full confidentiality and safeguards against retaliation. By utilizing the Whistleblower system managed by an independent third party, SANHA reinforces the anonymity and neutrality of the reporting process. The collected data is used to continuously improve reporting mechanisms and enhance employee protection. The SANHA Group has implemented grievance reporting mechanisms, which include both internal reporting procedures and a Whistleblower system managed by an independent third party. As a result, the company has no gaps in its reporting channels. These mechanisms are available to employees throughout the entire value chain, ensuring the possibility of anonymous and confidential reporting of concerns.

By introducing the whistleblowing mechanism across all SANHA Group locations, the company actively supports employees in raising their concerns, while ensuring protection against retaliation and the effective resolution of reported issues. SANHA is committed to the continuous improvement of these mechanisms as part of its sustainability efforts and adherence to international labor standards.

S2-4 Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

During the reporting year, the SANHA Group undertook several initiatives aimed at mitigating significant risks, leveraging opportunities related to workers in the value chain, and planning future actions. Key actions include:

1. Supplier audits and monitoring - SANHA Group implemented regular audits and assessments of suppliers. These audits covered topics such as compliance with labor rights, working conditions, and sustainability principles in the upstream value chain in regions such as Europe and Asia. The audits and evaluations will be conducted annually, with the aim of improving working conditions, eliminating key risks such as child labor and forced labor, and increasing alignment with international standards.
2. Implementation of supplier training and awareness programs - The purpose of these initiatives is to raise supplier awareness about sustainability and improve workforce management practices. This includes the development and dissemination of informational materials, educational content, and the organization of training sessions on labor rights, diversity, and inclusivity in the workplace. These activities will target key suppliers across all SANHA Group locations, beginning in 2025 and continuing in subsequent reporting years.
3. Development of a system to assess the effectiveness of remedial actions.

SANHA Group has introduced key performance indicators (KPIs) to evaluate the effectiveness of remedial actions and corrective measures, with annual analyses planned. This initiative encompasses both upstream and downstream value chains. The annual assessment of KPIs and potential evaluations of activities aim to refine corrective measures and enhance compliance with international standards, such as the UN Guidelines and ILO Conventions.

By implementing these actions, SANHA Group aims to minimize risks within its value chain and foster a sustainable working environment, in alignment with international standards and its strategic objectives in corporate social responsibility.

SANHA confirms that during the reporting year, there were no individuals affected by any actual significant impact within the value chain. The company did not need to implement remedial measures for affected individuals; however, it actively monitors the situation to ensure immediate response in the event of potential violations.
As part of its preventive actions, the SANHA Group continued implementing mechanisms to mitigate negative impacts within the value chain, including:

1. Regular audits and supplier assessments to evaluate compliance with labor rights and working conditions.
2. Grievance reporting channels, including an internal reporting system and the Whistleblower channel managed by a third party, allowing for the swift identification and reporting of potential violations.

Quantitative and qualitative information regarding actions and progress in implementing previously disclosed action plans will be available starting in 2025. The company is currently preparing a reporting system that will include detailed data on these activities and their effectiveness, aiming to enhance transparency and ensure compliance with international standards.

The SANHA Group is committed to the continuous development of monitoring and reporting mechanisms to support the implementation of sustainable development and effectively minimize risks throughout the value chain.

Type of Current and Future Financial and Other Resources Allocated to the Action Plan

Financial and other resources supporting SANHA's social action plans include:

- OpEx: Ongoing expenditure on training programmes, ESG training and supplier audits.
- CapEx: Investments in digital training platforms and workplace-related infrastructure.
- Sources of financing: Own funds, investment grants, bank financing, rental and lease financing, and corporate bonds.
- Objectives: Supporting ESG objectives, including becoming an *Employer of Choice* and embedding social responsibility within the Total Quality Management (TQM) system.
- Dependencies: Implementation is partly dependent on the availability of support programmes, evolving ESG regulations and market conditions.

At the reporting date, EUR 50,000 has been specifically allocated to the action plan.

Dedicated financial resources (EUR 50,000) are currently planned for future allocation. Planned activities will continue to be financed through SANHA's regular operational and investment budgets as they are implemented.

Actions to manage material impacts

SANHA has implemented comprehensive processes to determine the necessary actions for managing both actual and potential impacts on employees within the value chain. These processes include the following key steps:

1. Risk and impact identification – Regular supplier audits and supplier self-assessments help identify areas where actual or potential negative impacts may occur, such as labor rights violations, non-compliance with occupational health and safety standards, or risks of child or forced labor. Data analysis from reporting channels, including the Whistleblower system and internal reporting mechanisms, enables the early detection of issues.
2. Analysis and prioritization of actions – Based on audit results and reports, SANHA evaluates the scale, nature, and urgency of identified problems. Actions are prioritized based on their potential impact on labor rights and alignment with international standards, such as the UN Guiding Principles on Business and Human Rights and ILO Conventions.
3. Implementation of corrective actions and continuous improvement – Individual corrective action plans are developed by suppliers, including adjustments to personnel management practices, improvements in working conditions, and compliance with applicable standards.
4. Effectiveness assessment of implemented actions – Monitoring and evaluating the effectiveness of corrective actions through key performance indicators (KPIs), such as a reduction in labor rights violations, improvements in working conditions, and compliance with international standards.
5. Stakeholder engagement – Regular consultations with business partners and social organizations help identify appropriate actions and verify their relevance and effectiveness.
6. Verification and updating of the double materiality assessment – This assessment considers both financial and social perspectives on the impact of company activities on employees within the value chain.

This approach enables a comprehensive understanding of both actual and potential impacts, which is essential for effective risk management and leveraging opportunities in labor rights and sustainable development.

The SANHA Group takes a range of actions to eliminate negative impacts on employees within the value chain. This approach includes:

1. Implementation and signing of the Supplier Code of Conduct, requiring suppliers to comply with international labor standards, including the prohibition of child and forced labor, the right to decent working conditions, and fair wages.
2. Audits and monitoring – Regular supplier audits assess compliance with labor rights, working conditions, and help eliminate risks related to violations.
3. Support for international initiatives on corporate social responsibility and labor rights, such as participation in the UN Global Compact (UNGC) initiative.
4. Training and awareness-building – Implementation of information programs and training sessions for suppliers on human rights and labor rights.
5. Risk management and corrective actions – In cases of identified violations, corrective actions are implemented. In extreme cases, collaboration with a supplier may be terminated.
6. Signing the Supplier Code of Conduct, requiring suppliers to comply with international labor standards.
7. Supplier evaluation and corrective mechanisms – If violations are detected, the supplier is required to implement corrective actions. Failure to take action may result in termination of cooperation.

8. Monitoring the effectiveness of corrective actions – Implementation of KPI indicators to analyze the impact and outcomes of the measures taken.
9. Internal reporting channels – Allow employees to directly report issues, ensuring swift resolution.
10. Whistleblower system – Managed by an independent third party, providing an anonymous and confidential way to report concerns related to working conditions.

SANHA takes proactive measures to avoid negative impacts by:

1. Sustainable procurement practices – Verifying supplier compliance with international standards and considering social and environmental factors when selecting business partners.
2. Transparency in the value chain – Implementing sustainable supply chain policies that enable the identification and elimination of risks related to human rights and labor rights violations among suppliers.
3. Open dialogue and long-term collaboration with suppliers, contributing to job stability and improved working conditions.
4. Regular supplier assessments and evaluation of SANHA's impact on employees within the value chain, ensuring continuous compliance with international standards.
5. Promoting sustainable supply chain values, supporting diversity and inclusion in cooperation with suppliers.

Through these efforts, SANHA effectively minimizes negative impacts on employees within the value chain, ensures regulatory compliance, and strengthens its reputation as a responsible business partner. In the reporting year, no serious human rights violations or incidents involving employees within the value chain at either senior or lower levels were reported.

SANHA monitors the supply chain through regular supplier audits, risk analysis, and a reporting system, enabling the early detection and resolution of potential issues.

The implemented preventive and monitoring mechanisms effectively minimize risks related to human rights within the value chain.

The SANHA Group allocates dedicated resources to managing its significant impact on employees within the value chain, which includes:

1. Sustainability and Corporate Social Responsibility (CSR) Team – Responsible for implementing, monitoring, and overseeing policies and actions.
2. Budget for supplier audits and compliance checks – Regular audits to assess working conditions, wages, human rights compliance, and occupational health and safety (OHS) standards.
3. Whistleblower system – Managed by an independent third party, ensuring anonymous and confidential reporting of issues by employees in the value chain.
4. Training and educational initiatives – Conducting awareness campaigns and training programs for suppliers and business partners to promote international standards on human rights, labor rights, and working conditions.
5. Effectiveness tracking mechanisms – Implementation of Key Performance Indicators (KPIs) to assess the effectiveness of actions taken, with regular reporting to the management board.

Through effective resource allocation, the SANHA Group ensures cohesive and efficient management of its impact on employees within the value chain, in line with international standards and corporate social responsibility commitments.

Material impacts

The SANHA Group has implemented and plans to continue a range of actions aimed at preventing and mitigating negative impacts on employees within the value chain, including:

1. Regular supplier audits – Assessing compliance with labor rights, occupational health and safety (OHS) standards, and employment conditions.
2. Supplier Code of Conduct – Mandating compliance with human rights and labor standards.
3. Training and support programs – Educating suppliers and business partners on labor rights, diversity, and inclusion to raise workplace standards within the value chain.
4. Grievance reporting mechanisms – Implementing the Whistleblower system and internal reporting channels, enabling employees to anonymously report violations.
5. Development and monitoring of KPIs – Establishing Key Performance Indicators to measure the effectiveness of preventive actions and drive continuous improvement.

These initiatives minimize the risk of labor rights violations and support compliance with international standards throughout the entire value chain.

In the reporting year, no cases requiring corrective actions were recorded. However, the SANHA Group has established procedures to effectively address potential violations, including:
1. Whistleblower reporting system – Ensuring anonymous and confidential reporting of concerns.
2. Investigation process – A structured approach to examining reported issues and determining appropriate actions.
3. Support for affected individuals – Providing necessary assistance and remediation when required.
4. Commitment to continuous improvement – Regularly enhancing processes to prevent and address potential violations effectively.

The SANHA Group actively undertakes initiatives to improve working conditions and promote sustainable development, including:

1. Promoting employment opportunities for people with disabilities.
2. Supporting equal opportunities and diversity within the supply chain.
3. Ensuring safe working conditions.
4. Encouraging work-life balance.
5. Fostering an open social dialogue in the workplace.
6. Making long-term investments in sustainable supply chain development through supplier support and education.

SANHA has implemented systematic monitoring and evaluation mechanisms to assess the effectiveness of actions and initiatives aimed at improving working conditions and minimizing risks for employees within the value chain. Key processes include:

1. Supplier audits and inspections. Audit results are analyzed to identify areas for improvement and implement corrective actions.
2. Whistleblower reporting system and analysis of reports. Ensuring confidential and anonymous reporting of violations and trends.
3. Analysis of key performance indicators (KPIs). Metrics include: number and type of reported violations, extent of workplace improvements after corrective actions, compliance with labor and safety standards, annual trend analysis within the value chain to assess the effectiveness of strategies and corrective actions.

4. Active stakeholder collaboration across the value chain. Organizing consultations, meetings, surveys, and educational programs to strengthen dialogue and support business partners across both upstream and downstream supply chain operations.
5. Public reporting and action evaluation. Conducting analyses to optimize processes and implement further initiatives to enhance employee conditions.

Material risks and opportunities

The SANHA Group takes a range of actions to mitigate significant risks related to its impact on employees within the value chain. Key initiatives include:

1. Monitoring compliance with international human rights and labor standards.
2. Ensuring adherence to international occupational health and safety (OHS) standards.
3. Eliminating child labor and forced labor.

These measures are monitored through the supplier evaluation system, and their implementation effectiveness is analyzed annually.

The SANHA Group recognizes the opportunities that arise from improving working conditions within the value chain and takes the following actions to leverage them:

1. Promoting social dialogue – Supporting communication between suppliers and employees to enhance cooperation efficiency and reduce conflict risks.
2. Supporting collective bargaining – Encouraging active collaboration with employees, contributing to workplace stability and better working conditions.
3. Supplier information and education programs – Implementing initiatives on labor rights, diversity, and workplace inclusion.
4. Enhancing diversity in the supply chain – Promoting the employment of people with disabilities, women, and older workers, which fosters innovation and strengthens the company's image.
5. Improving working conditions and safety – Promoting international occupational health and safety (OHS) standards.
6. Enhancing work-life balance – Encouraging suppliers to adopt work-life balance policies, leading to greater employee loyalty.

By implementing these initiatives, SANHA aims to minimize risks while maximizing the benefits of a more responsible and stable supply chain.

S2-5 Targets related to managing material impacts, risks and opportunities

Time-bound and outcome-oriented targets

Reducing the negative impact on employees in the value chain includes the following actions:

1. Regular supplier audits, including monitoring working conditions, compliance with labor rights, and occupational health and safety standards.
2. Enforcing the implemented Supplier Code of Conduct, which prohibits child labor and forced labor and requires compliance with international labor standards.
3. A whistleblower reporting system, providing anonymous and confidential mechanisms for reporting violations, enabling the rapid identification and elimination of potential irregularities within the organization.

4. Assessing the effectiveness of implemented actions through the analysis of key performance indicators (KPIs) established for the value chain.
5. Continuous improvement of risk prevention strategies by monitoring and implementing recommended corrective actions.

Increasing the positive impact on employees in the value chain includes the following actions:

1. Promoting the employment of people with disabilities and supporting diversity and inclusivity in the workplace.
2. Informational and educational programs for suppliers and business partners on labor rights, diversity, and inclusion.
3. Encouraging work-life balance by promoting policies among suppliers that support a healthy balance between professional and personal life.
4. Long-term investments in the development of a sustainable supply chain through education and support for suppliers.
5. Open dialogue and collaboration with stakeholders, including organizing consultations, surveys, and educational programs.

Management of material risks and opportunities related to value chain employees includes:

1. Identification and elimination of risks through regular audits and monitoring of supplier compliance with international standards.
2. Implementation of a supplier assessment system that allows for an annual analysis of the effectiveness of the preventive measures taken.
3. Eliminating child and forced labour by strictly monitoring compliance with labour standards.
4. Monitoring compliance with international health and safety standards to improve working conditions and minimise occupational risks.
5. Promoting collective bargaining and social dialogue in the value chain, which contributes to employment stability and better working conditions.
6. Teasing into public reporting of results and optimising processes to further improve risk management strategies and seize opportunities.

Through these measures, SANHA effectively reduces negative impacts, increases positive impacts and effectively manages employee-related risks and opportunities in the value chain.

Outcome-oriented and time-bound targets on material sustainability matters

Group SANHA is committed to reducing the negative impact of its operations on workers throughout the value chain by implementing systematic control mechanisms and effective preventive measures. The company's goal is to ensure decent working conditions and eliminate risks associated with violations of workers' rights, such as child labor, forced labor, unsuitable employment conditions, or non-compliance with occupational safety and health standards.

To achieve this goal, SANHA has implemented systematic audits and supplier evaluations that allow for monitoring adherence to workers' rights and OHS standards. The company has also launched a whistleblower system, enabling the anonymous and confidential reporting of irregularities. Additionally, SANHA uses key performance indicators (KPIs) to assess the effectiveness of its actions and the extent of improvements in working conditions.

In the short term, SANHA aims to reduce the number of workers' rights violations among its suppliers by tightening audit processes and introducing more effective corrective actions. In the medium term, the company plans to implement comprehensive monitoring of compliance with workers' rights among all key suppliers. In the long term, SANHA's objective is the complete elimination of child labor, forced labor, and other significant violations of workers' rights throughout the value chain.

All of SANHA's activities comply with international standards, such as the UN Guiding Principles on Business and Human Rights and the conventions of the International Labour Organization (ILO). If necessary, the company will adjust its objectives to align with new legal regulations, changes in the business model, or updates to industry standards.

The SANHA Group focuses not only on eliminating risk but also on enhancing its positive impact on workers throughout the value chain. The company pursues this goal by promoting diversity and inclusivity, supporting equal employment opportunities, and improving the stability and quality of employment among its suppliers.

One of the key initiatives is to promote the employment of people with disabilities, women, and older individuals, which contributes to increased innovation and enhances the company's image as a responsible employer. SANHA also supports informational and educational programs for suppliers aimed at raising work standards and fostering awareness of diversity and inclusivity in the workplace.

In the short- and medium-term, the company plans to implement training programs on diversity, inclusivity, and workers' rights for key suppliers. In the long term, the goal is to ensure that 100% of key suppliers adopt policies that support equal opportunities and diversity in employment.

SANHA also actively supports and promotes initiatives that improve work-life balance by encouraging suppliers to implement appropriate policies. Furthermore, the company engages in open social dialogue and supports both local and international initiatives, thereby strengthening relationships with stakeholders and contributing to the development of a more sustainable supply chain.

SANHA's objectives align with international standards such as the ILO Conventions and UN Guidelines, as reflected in the Supplier Code of Conduct, which obliges all business partners to adhere to fair employment practices.

Overall, the SANHA Group adopts a coherent and strategic approach to managing its impact on workers in the value chain by combining preventive and proactive measures. Through systematic monitoring, audits, the implementation of educational programs, and the promotion of diversity, the company aims to minimize risks and maximize its positive impact.

The SANHA Group employs a transparent and collaborative process for setting goals related to workers in the value chain. In this process, the company involves reliable representatives who have insight into the employees' situation and can provide accurate information on working conditions.

These activities include:

1. consultations with supplier representatives on workers' rights,
2. potential whistleblower reporting of violations,
3. analysis of audit results and supplier evaluations to determine the degree of compliance with workers' rights and safety standards,
4. cooperation with international organizations, such as the UNGC, to ensure that the goals align with best practices and global standards.

The goal-setting process takes into account both short-term corrective actions and long-term strategies for improving working conditions throughout the value chain.

The SANHA Group employs a systematic process for monitoring and evaluating performance in relation to its designated objectives. The company tracks progress through:

1. Analysis of key performance indicators (KPIs), such as the number of reported labor rights violations and their resolution, the level of improvement in working conditions among suppliers, the number of audits conducted, and the implementation of corrective actions.
2. Regular supplier audits and assessments, enabling continuous monitoring of their compliance with SANHA's policies.
3. Reporting results to the management board to ensure transparency and informed decision-making.
4. Stakeholder dialogue, including meetings with representatives of business partners.
5. A whistleblower system, allowing the company to monitor reported violations and implement appropriate corrective measures.

The monitoring results enable an ongoing assessment of the effectiveness of actions and the introduction of necessary adjustments to SANHA's strategy.

Based on conducted analyses and monitoring results, SANHA identifies key areas requiring improvement and implements appropriate corrective measures.

Findings from previous actions include:

1. Expanding informational and educational programs for suppliers on labor rights and occupational health and safety standards.
2. Conduct regular audits as scheduled with suppliers to more effectively identify and eliminate potential violations.
3. Providing support to suppliers in implementing employee policies.
4. Enhancing transparency in reporting – SANHA plans to implement more detailed reporting methods, including an annual analysis of trends within the value chain.

All of the above findings are used to continuously improve SANHA’s strategy, enabling more effective management of its impact on employees in the value chain and further strengthening the positive effects of the company’s actions.

S4 - Consumers and end-users

S4-DR SBM 3 Disclosure Requirement related to ESRS 2 SBM-3

The SANHA Group provides safe, high-quality products that meet international health and safety standards. The company eliminates substances of very high concern (SVHC) and ensures transparency in product information, minimizing potential risks for end users.

Given SANHA's B2B business model, the Group does not engage in direct sales to individual consumers. Therefore, cooperation with consumers and end users takes place indirectly through professional installers, installation companies and distributors. SANHA works with these partners as reliable intermediaries who maintain direct contact with end users and understand their needs and challenges related to product usage. Through these relationships, SANHA gains insight into end-user needs and expectations, particularly with regard to product quality, health and safety, hygiene requirements and access to accurate technical information. The company provides detailed technical instructions, organizes training for installers and ensures access to technical support to support the safe and proper use of its products.

Given that its products are used in water, heating and gas systems, SANHA maintains high hygiene and product safety standards and conducts regular quality tests certified by independent bodies. In the field of data protection, the company complies with GDPR requirements and conducts cybersecurity audits to safeguard user data in intelligent installation management systems.

SANHA follows ethical marketing practices, avoiding manipulative sales techniques and ensuring transparent communication about its products. Through a sustainable approach to design and production, the company guarantees the reliability and safety of its products at every stage of their use.

SANHA identifies key risks that could negatively impact consumers and end users. One of the main concerns is user safety—product defects in water, gas, and heating installations can lead to serious health and financial consequences.

The company also focuses on managing consumer feedback, as an inadequate response to negative opinions can result in a reputational crisis and loss of customer trust. Another critical aspect is the quality of product information—unclear or inaccurate details may lead to improper use, increased complaints, and reduced consumer confidence.

SANHA also monitors compliance with consumer protection and product safety regulations to avoid financial penalties and potential reputational damage. These measures enable the company to effectively manage risks while ensuring the highest standards of safety and transparency.

SANHA adheres to the highest safety and quality standards, eliminating SVHC substances and complying with international consumer health protection regulations. The company ensures full transparency of product information by providing detailed instructions, educational materials, and training for installers to guarantee the safe and proper use of its products. Through ethical marketing practices and innovative technological solutions, SANHA strengthens customer loyalty, enhances satisfaction, and builds a positive market reputation.

SANHA identifies key risks, such as non-compliance with consumer protection regulations, which could lead to financial penalties and reputational damage, as well as product safety issues that may result in potential claims and financial losses. Additionally, a high level of complaints and returns increases operational costs and the risk of losing customers.

At the same time, the company recognizes significant opportunities, including building trust through high quality and compliance with international standards, developing modern technologies to enhance competitiveness, and adopting responsible marketing practices that strengthen customer loyalty and ensure sales stability.

By consistently maintaining high-quality standards, transparent communication, and regulatory compliance, SANHA effectively minimizes risks while leveraging opportunities arising from innovation and long-term customer relationship building, reinforcing its market position.

SANHA understands that certain groups of consumers and end users are more vulnerable to potential risks, which is why it takes specific preventive measures. Individuals without technical expertise may find it difficult to understand product specifications, so the company provides comprehensive technical support, clear instructions, training, and educational materials.

SANHA pays particular attention to individuals with specific health needs, such as children, seniors, and people with respiratory conditions, who are more sensitive to water quality and heating system safety. To address these needs, the company offers certified products that meet the highest hygiene standards, are free from substances of very high concern (SVHC), and include lead-free installations for drinking water systems.

Additionally, SANHA prioritizes user privacy by implementing strict data security measures in compliance with General Data Protection Regulation (GDPR) and adhering to ethical marketing practices, eliminating unclear or misleading information. Through these efforts, the company effectively minimizes risks and enhances the safety of its customers.

SANHA identifies specific risks and opportunities that apply to certain consumer and end-user groups rather than treating all customers in the same way.

Among the key risks, the company recognizes that individuals without technical expertise may struggle to understand product specifications. To address this, SANHA provides comprehensive technical support, clear instructions, training, and educational materials. Special attention is given to individuals with specific health needs, such as children, seniors, and people with respiratory conditions, who are more sensitive to water quality and heating system safety. In response, SANHA offers certified products that meet the highest hygiene standards, are free from substances of very high concern (SVHC), and include lead-free installations for drinking water systems. Additionally, the company prioritizes user privacy by implementing strict data security measures in compliance with GDPR and adhering to ethical marketing practices, eliminating unclear or misleading information. Through these measures, SANHA effectively minimizes risks and enhances customer safety.

At the same time, SANHA recognizes significant growth opportunities. Professional installers and construction companies can benefit from modern, certified installation solutions and company-organized training programs. Consumers focused on sustainable development, representing a growing market segment, will find energy-efficient and environmentally friendly technologies and sustainable products in SANHA’s portfolio. Those who value high quality and durability can rely on the company's innovative and certified installation systems.

With this comprehensive approach, SANHA effectively minimizes risks and leverages opportunities by adapting its product, marketing, and technological strategies. This strengthens consumer safety and enhances the company's competitive position in the market.

S4-1 Policies related to consumers and end-users

SANHA's policy for consumers and end users focuses on ensuring product safety, high quality, and transparent communication with customers. The Climate policy includes key actions such as eliminating substances of very high concern (SVHC), optimizing resource use, and promoting a circular economy by incorporating recycled materials. Additionally, SANHA's policy ensures responsible marketing practices and transparency of information, enabling customers to make informed purchasing decisions. The company also conducts regular product testing to ensure compliance with international standards, guaranteeing their safety, reliability, and high quality. The SANHA Group's Management Board and the Sustainability Development Group are responsible for implementing and overseeing this policy. It aligns with European Union regulations on SVHC substances, quality standards, and guidelines related to the circular economy and environmental protection.

The SANHA consumer policy is based on the principles of corporate social responsibility, emphasizing the quality, safety, and transparency of its products and services. The company is committed to providing reliable information about its solutions, enabling customers to make informed purchasing decisions. As part of this policy, SANHA not only ensures compliance with the highest quality and safety standards but also implements procedures that guarantee full transparency regarding the composition, properties, and applications of its products. Regular testing and adherence to international standards form the foundation of customer trust.

SANHA also places great importance on consumer privacy protection. The company complies with data protection regulations, including GDPR, and implements the highest security standards to ensure the confidentiality and safety of customer information.

Material Impacts

The SANHA Group has implemented a comprehensive policy aimed at ensuring the highest level of product safety, quality, and sustainable development, thereby protecting consumers and end users. This policy is based on three key pillars: product safety and quality, transparency of information, and commitment to sustainable development.

SANHA makes every effort to ensure that its products are free from substances of very high concern (SVHC) and meet the highest technical and environmental standards. The company monitors the entire product lifecycle, ensuring durability and minimizing environmental impact. As a result, SANHA products are characterized by long lifespan, low resource consumption, and full compliance with national and international regulations.

The policy applies to all consumers and end users, including both individual customers and professional installers, as well as companies involved in the installation of water and heating systems. The company pays particular attention to user groups most at risk, providing them with appropriate support and tailored solutions.

Individuals who may struggle with proper product usage receive support in the form of detailed technical instructions, training, and educational materials. Installation companies benefit from extensive technical support, specialized training, and access to resources that facilitate the correct assembly and operation of SANHA systems. Consumers who are particularly sensitive to product quality and safety, such as seniors, children, and individuals with health conditions, are guaranteed access to certified products that meet the highest hygiene standards. SANHA products are free from hazardous substances and include lead-free installations for drinking water, further enhancing their safety.

The Sustainability Development Group is responsible for implementing this policy, ensuring compliance with European Union regulations and monitoring the impact of products on consumers and the environment. To guarantee the effectiveness of its actions, SANHA employs rigorous quality audit mechanisms and collaborates with independent certification bodies. The results of the policy's implementation are regularly presented in ESG reports and internal quality assessments, allowing for continuous monitoring and adaptation to changing market requirements.

Through this comprehensive approach, SANHA effectively manages risks and capitalizes on opportunities arising from increasing consumer expectations. The company consistently develops its products and processes to provide end users with not only the highest standards of quality and safety but also durable, environmentally friendly, and efficient solutions.

The SANHA Group is committed to complying with the UN Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. As part of its human rights policy, SANHA has implemented mechanisms to ensure the protection of consumer and end-user rights, as well as a system for monitoring compliance with established standards.

SANHA ensures that all its products meet the highest safety and quality standards. The products do not contain substances of very high concern (SVHCs), guaranteeing their complete safety for users. The company prioritizes transparency and accuracy of information, ensuring that all products are properly labeled and include clear instructions for safe and appropriate use.

To guarantee full compliance with human rights, SANHA has introduced systems for reporting concerns and violations, including a Whistleblower mechanism that allows consumers to report issues related to product quality and safety. The company also conducts customer satisfaction surveys, collaborates with consumer organizations, and undertakes educational initiatives on responsible product use.
SANHA follows strict consumer privacy protection principles, ensuring the security of personal data and complying with applicable regulations. The company has implemented data protection mechanisms to prevent misuse and ensure that customer information is processed ethically and lawfully.
The company adheres to ethical marketing practices, avoids misleading communications, and provides accurate product information, allowing consumers to make informed purchasing decisions. At the same time, SANHA is committed to providing effective remedies in cases of consumer rights violations. The company has established complaint procedures that enable customers to quickly exercise their rights, including product exchanges, compensation, and technical support.

SANHA's human rights policy applies to all consumers and end users, with particular attention to vulnerable groups such as elderly individuals, children, and customers without technical expertise. The company actively supports education and access to information, ensuring that users can make safe and informed use of its products.

The adopted human rights policy ensures full compliance with international standards and serves as a foundation for SANHA's corporate responsibility. Implemented supervision and control mechanisms enable continuous monitoring of compliance with consumer protection principles and allow for prompt responses to any irregularities.

The SANHA Group aligns its operations with internationally recognized instruments for the protection of consumer and end-user rights. The company adheres to the UN Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. Its consumer protection policy focuses on three key areas: product safety, transparency of information, and the protection of end-user personal data. SANHA systematically monitors compliance with international regulations, ensuring that its products and services are designed according to the highest safety standards. To date, no violations of the UN Guidelines, ILO Declaration, or OECD Guidelines have been recorded within the company's operations, including its lower-tier value chain. To maintain full compliance, SANHA has implemented comprehensive oversight and quality control systems that effectively minimize the risk of negative impacts on consumers. Through robust monitoring and reporting mechanisms, the company can swiftly identify potential non-compliance issues and take corrective actions whenever necessary.

S4-2 Processes for engaging with consumers and end-users about impacts

The SANHA Group does not engage in direct sales to individual customers; therefore, cooperation with consumers and end users takes place indirectly through professional installers, installation companies, and distributors. SANHA works with these partners as reliable intermediaries who maintain direct contact with end users and understand their needs and challenges related to product usage. As part of this process, the company organizes training sessions, workshops, and provides technical and educational materials to ensure that products are used in accordance with the highest safety and quality standards. Additionally, SANHA continuously monitors feedback and suggestions from installers and business partners, allowing for an ongoing analysis of the actual and potential impact of its products on end users. Through this collaborative model, SANHA effectively engages in assessing the impact of its products on end users, ensuring high quality and safe product usage.

SANHA is committed to analyzing the impact of its products on end users at various stages of their lifecycle, working indirectly with consumers through professional installers, installation companies, and distributors. The engagement process begins at the design and development stage, where SANHA considers the needs of end users based on applicable regulations, local and international standards, as well as feedback from installers and business partners. During the implementation and usage phase, the company organizes technical training sessions and workshops for installers, provides detailed educational materials, and ensures technical support to enable proper installation and operation of its products in accordance with the highest safety standards.

SANHA continuously monitors the quality and usage of its solutions by analyzing service reports, complaints, and feedback received from business partners. This ongoing evaluation allows the company to identify areas for improvement and adjust its products to meet market expectations. The process also includes regular quality reviews and audits conducted in compliance with industry safety and durability standards. SANHA's engagement with end users is continuous and involves regular collaboration with installers and distributors, who provide the company with insights into product functionality and its impact on users. The company periodically conducts consultations with key business partners, enabling it to consistently enhance its products and associated processes. Through this approach, SANHA effectively minimizes potential risks to consumers while ensuring high quality, safety, and compliance with international standards.

The Area Managers and the Chief Sales Officer are responsible for the operational management of the consumer engagement process. The highest operational role in this area is held by the Chief Executive Officer (CEO), who oversees the product safety strategy and compliance with consumer protection regulations. The Area Managers and the Chief Sales Officer are also responsible for analyzing collected data, implementing corrective actions, and reporting results to the Management Board. They collaborate with other departments, including Product Management, Marketing, and Research & Development, to adapt products to consumer needs.

The effectiveness of consumer engagement is assessed based on several key indicators, covering areas such as sales, delivery timeliness, technical service, complaints, and feedback collected through market research. The results of these analyses are used to optimize production processes, improve products, and implement new initiatives aimed at increasing consumer trust.

All significant findings and commitments resulting from consumer engagement are incorporated into the company's strategy and reported to the relevant governing bodies.

The SANHA Group undertakes a range of initiatives to gain insight into consumer and end-user perspectives, despite not engaging in direct sales. This process is based on collaboration with professional installers, installation companies, and distributors, who act as intermediaries maintaining direct contact with end users and understanding their actual needs.

To effectively analyze these perspectives, SANHA regularly organizes technical training sessions and workshops for installers and business partners. These events provide an opportunity to exchange experiences and submit suggestions regarding product improvements. Additionally, the company continuously monitors service requests, complaints, and feedback from business partners, enabling the identification of potential issues and the adaptation of products to meet user expectations.

Furthermore, SANHA implements quality audit systems and collaborates with independent certification bodies, which provide objective insights into the functionality and safety of its products. The company also actively engages in dialogue with industry organizations, allowing for a deeper understanding of evolving market requirements and user preferences.

Through this comprehensive approach, SANHA effectively analyzes end-user needs and continuously enhances its products and processes, ensuring high quality, safety, and compliance with international standards.

Currently, the SANHA Group does not have a formally defined general process for direct cooperation with consumers and end users, as the company does not engage in individual sales. Cooperation with end users takes place indirectly through professional installers, installation companies, and distributors, who act as intermediaries and maintain direct contact with customers.

SANHA continuously monitors market needs and end-user feedback through its business partners. As part of this process, the company organizes training sessions, technical workshops, and analyzes service requests and complaints. In the future, SANHA considers further developing its feedback collection system and improving the analysis of the impact of its products on end users.

Should the company decide to implement a more formalized process for collaboration with consumers and end users, SANHA will establish a timeline and appropriate measures to ensure the effective implementation of this process.

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

The SANHA Group has a structured approach to remedial measures in cases where a significant negative impact on consumers or end users is identified. The company follows a process of identifying, analyzing, and eliminating potential issues in collaboration with business partners, installers, and distributors. If a negative impact is detected SANHA takes immediate corrective action, which may include updating product specifications and, if necessary, notifying certification bodies, introducing additional training for installers or modifying instructions for use. The company also carries out internal quality audits and analyses service requests and complaints to identify the causes of problems and prevent their recurrence in the future. To assess the effectiveness of implemented remedial measures, SANHA monitors feedback from business partners and end users and analyzes data on the number and type of complaints received. The company also relies on independent quality assessments and certifications to confirm compliance with international safety standards.

Through this systematic approach, SANHA ensures effective problem resolution and strives to minimize the risk of any negative impact its products may have on consumers and end users.

The SANHA Group, as a company that does not engage in direct consumer sales, does not have dedicated communication channels for consumers and end users. However, to ensure effective information flow, SANHA collaborates with professional installers, assembly companies, and distributors, who act as intermediaries and maintain direct contact with end users.

The company provides mechanisms that enable business partners to submit reports regarding products, their usage, and potential technical issues. To facilitate this, SANHA operates a service request management system and provides technical support hotlines, allowing for quick responses to reported concerns. Additionally, SANHA engages in dialogue with industry organizations and participates in independent certification and control mechanisms, which allow for objective product quality assessments and the identification of potential areas for improvement. The company regularly analyzes feedback and reports received through its partners, enabling continuous process adjustments and the implementation of corrective actions.

Through this collaborative model, SANHA ensures effective monitoring of end-user needs and timely responses to reported concerns, guaranteeing high product quality and safety.

The SANHA Group supports the availability of channels for reporting concerns and needs of end users through collaboration with professional installers, installation companies, and distributors. Since the company does not engage in individual sales, its business partners play a key role in relaying feedback from end users. As part of this collaboration, SANHA provides mechanisms that facilitate the effective flow of information, including dedicated advisory and technical support, as well as a complaint process that allows for a prompt response to any technical issues or user needs. The company regularly organizes training sessions and technical workshops for its partners, enabling them to provide better guidance to end customers and convey essential information regarding the proper use of SANHA products.

The SANHA Group systematically tracks and monitors reported and resolved issues through its business partners, such as professional installers, installation companies, and distributors. By implementing reporting and issue analysis mechanisms, the company ensures effective management of all technical matters, complaints, and end-user needs.

The monitoring process includes collecting and analyzing service requests, complaints, and feedback regarding product functionality. All reports are recorded in internal systems and analysed by the responsible departments for verification and implementation of corrective actions. The company regularly reviews reports on the most frequently reported issues, allowing for the identification of recurring problems and the implementation of long-term solutions.

SANHA also collaborates with independent certification bodies and industry organizations that provide objective assessments of product impact on users. Based on the collected data, the company conducts quality audits, and the analysis results are used to improve production processes and enhance technical support for its partners.

Through this approach, SANHA not only effectively identifies and resolves reported issues but also prevents their recurrence, leading to higher product quality, increased user safety, and greater customer satisfaction.

The SANHA Group assesses the level of awareness and trust of consumers and end users in its structures and processes through systematic monitoring of feedback provided by business partners, such as installers, installation companies, and distributors.

The company regularly analyzes complaints, service requests, and technical opinions, which allows it to evaluate the level of understanding and acceptance of product-related service processes. Additionally, SANHA organizes workshops and training sessions for installers and business partners, during which it gathers feedback on the quality of technical support and the effectiveness of implemented procedures. To enhance transparency and build trust, the company also collaborates with independent certification bodies and industry organizations that verify product quality and compliance with applicable standards. The results of these assessments are used to improve processes and adjust the information strategy, ensuring that end users have full confidence in SANHA products and the mechanisms guaranteeing their safety and reliability.

Through these efforts, SANHA effectively evaluates the level of awareness and trust that end users place in its structures and processes, while continuously optimizing them to enhance customer satisfaction.

Currently, the SANHA Group does not have a direct grievance reporting channel for consumers and end users, as the company does not engage in individual sales. Any reports regarding products, their usage, or potential technical issues are communicated through professional installers, installation companies, and distributors, who act as intermediaries with direct contact with end users.

SANHA continuously monitors the effectiveness of this collaboration model and is considering the possibility of implementing a more formalized grievance reporting system in the future. As part of this process, the company is analyzing various solutions that would enable end users to provide feedback and inquiries more directly. If a decision is made to introduce such a channel, SANHA will define an appropriate timeline and implementation procedures to ensure its efficiency and compliance with applicable quality and consumer protection standards.

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

The SANHA Group takes actions to manage the impact of its products and services on consumers and end users, while also minimizing risks and leveraging opportunities associated with these groups.

Key actions taken in the reporting year:

1. Organizing technical training for installers and distributors to enhance product knowledge and ensure proper installation.
2. Monitoring compliance with quality and safety standards through internal and external audits, as well as collaboration with independent certification bodies to confirm product compliance with international standards.
3. Improving product communication by developing and updating technical documentation and installation manuals to ensure greater clarity and easier access for installers.

Key planned actions for the future:

1. Further development of digital support tools for installers, including interactive tools, training materials, and educational content.
2. Increasing engagement in dialogue with business partners by expanding cooperation with installers and distributors to collect more detailed feedback on product functionality and quality.
3. Monitoring compliance with local and international quality and safety standards.
4. AI-powered support for business process automation, including order processing and fulfillment automation (Workist).
5. Further optimization of ESG compliance by implementing additional control and reporting mechanisms to enhance transparency regarding the impact of SANHA's products on end users and the environment.

In the reporting year, no incidents were recorded that resulted in a significant actual negative impact on consumers or end users. Nevertheless, the SANHA Group maintains a structured approach to risk management and implements quality and safety monitoring systems for its products to prevent such situations.

As part of its preventive measures, SANHA conducts regular audits and collaborates with independent certification bodies that confirm product compliance with international standards. Additionally, the company operates a complaint reporting system that enables the rapid identification of potential issues and the implementation of corrective actions.

SANHA is also actively involved in educating and supporting its business partners by providing technical advisory services, organizing training sessions, and making technical materials available. These initiatives contribute to the proper installation and safe use of the products, minimizing the risk of situations that would require remedial measures for affected individuals.

In the event of any irregularities, SANHA is committed to responding promptly and working closely with business partners, installers, and ultimately with end users to ensure effective problem resolution and the elimination of risks in the future.

The SANHA Group systematically monitors progress in improving product quality, enhancing user safety, and reducing negative impacts on consumers and end users.

Quantitative progress:

1. Complaint reduction – A nearly 40% decrease in product complaints compared to the previous year, resulting from improved production processes and the implementation of an advanced quality control system.
2. Product safety – 100% of SANHA products meet safety standards throughout their lifecycle and contain no SVHC (Substances of Very High Concern).
3. Sustainable production – At least 50% of production copper comes from recycling, and waste is selectively collected to ensure 100% recovery.

Qualitative progress:

1. Implementation of new information mechanisms – SANHA has improved user information systems by expanding educational materials and working toward Environmental Product Declarations (EPDs) to provide transparency on product impact on the environment and end users.
2. End-user education – A dedicated educational platform has been launched, providing training materials on proper product use, which has reduced user errors that could lead to potential complaints.
3. Responsible marketing – The company has implemented an Advertising Ethics Code, eliminating the risk of misleading consumers and aligning its marketing communication with fair competition principles.
4. Customer service optimization – SANHA has introduced the Workist platform to automate order and document processing, improving customer service efficiency and accelerating delivery fulfillment.

These actions demonstrate that SANHA effectively fulfills its commitments in customer and consumer protection, ensuring higher product quality, increased customer satisfaction, and compliance with legal regulations and ESG standards.

Type of current and future financial and other resources allocated to the action plan

Financial Resources Allocated to Consumer and End-User Action Plans

In the 2025 reporting year, the SANHA Group provided financial resources totalling approximately **EUR 1,191,000** for measures to improve the impact of its products and services on consumers and end users. These funds were used primarily for:

- organising technical training for installers and dealers;
- conducting internal and external audits to ensure product conformity;
- creating and updating technical documentation and installation instructions.

For the period **2026–2028**, approximately **EUR 1,350,000 per year** has been earmarked to:

- further develop digital support services for installers (e.g. interactive tools and training videos);
- expand feedback systems with business partners;

- implement AI-supported automation of business processes (e.g. Workist);
- strengthen ESG compliance through additional monitoring and reporting systems.

In addition, human resources from the Product Management, Technology and ESG functions (two employees) will support the implementation and monitoring of these activities.

At the reporting date, EUR 50,000 CapEx and EUR 20,000 OpEx are allocated to the current action plan.

In the 2025 financial year, financial resources of approximately EUR 75,000 were allocated to ESG-related measures, particularly to improve product quality, support end users and digitalise business processes.

These expenditures are presented in the context of the Company's financial performance:

- Sales revenue: **EUR 124.9 million**
- EBITDA: **EUR 20.8 million**
- EBIT: **EUR 14.6 million**
- Equity: **EUR 38.9 million**
- Other operating expenses: **EUR 25.9 million**

This corresponds to:

- 0.06% of sales revenue;
- 0.36% of EBITDA;
- 0.51% of EBIT;
- 0.19% of equity;
- 0.29% of other operating expenses.

These indicators demonstrate that, although ESG-related measures represented a relatively small proportion of the Company's overall expenditure in 2025, the allocated resources were used in a targeted and strategic manner, including for technical training, improvements to technical documentation and the implementation of digital tools such as Workist for process automation.

For future implementation, EUR 75,000 CapEx and EUR 25,000 OpEx are allocated.

Material Impacts

The SANHA Group has implemented comprehensive measures to eliminate potential negative impacts on consumers and end users of its products. Above all, the company ensures that its products meet the highest safety and quality standards in accordance with international regulations. All products undergo rigorous quality testing, and the entire production cycle has been optimized to eliminate manufacturing defects. Additionally, SANHA conducts educational campaigns targeted at installers, providing guidance on the correct use and installation of its products. This initiative helps reduce the risk of improper application and potential damages. The company is also committed to continuously improving product labeling, user manuals, and training materials to ensure they are clear, transparent, and easy to understand.

In the event of a negative impact on consumers, SANHA implements effective response and remediation mechanisms. A key element of this process is the complaint reporting system and the provision of direct contact channels for installers and end users, enabling quick and effective problem resolution. The company offers an efficient complaint handling process, which includes product replacements and compensation if it is determined that the products did not meet quality standards. Additionally, monitoring and analysis procedures for complaint reports are implemented to identify recurring issues and introduce preventive measures for the future.

The SANHA Group undertakes a range of initiatives aimed at improving end-user experiences and ensuring their safety. SANHA products are widely used in water, heating, and gas installations, which directly impact the comfort and quality of life of end users. Therefore, the company implements initiatives that support both professional installers and the final users of its products.

SANHA conducts extensive educational activities, organizing training sessions for installers and distributors to ensure the correct installation and use of its products. This directly enhances the safety and durability of installations, minimizing the risk of failures that could negatively affect end users. The company also provides detailed technical materials, installation manuals, and educational videos that assist installers in professionally implementing SANHA products in everyday applications.

Additionally, SANHA continuously improves the quality and transparency of product information to make it easy to understand. The company is committed to implementing clear and intuitive labeling and product documentation, allowing users to make informed decisions about their installation systems and enhancing their safety.

Another key initiative is SANHA's commitment to sustainable development and environmentally friendly solutions, which positively impact end users. The company designs its products to be safe, durable, easy to use, and fully recyclable, contributing to lower operating costs and minimizing the environmental footprint. SANHA products are also free from substances of very high concern (SVHC), ensuring greater safety for users' health. All these actions contribute to improving the quality of life for end users by enhancing safety, increasing the durability of installations, and promoting environmentally friendly and health-conscious solutions. SANHA remains committed to developing products and initiatives that positively impact consumer comfort and safety, even though its direct cooperation primarily takes place through installers and distributors.

SANHA implements systematic monitoring processes to evaluate the effectiveness of implemented actions and initiatives. Key performance indicators (KPIs) are regularly analyzed, including:

1. The number of reported complaints, their types, and the assessment of corrective actions and product quality.
2. Response time to complaints and consumer inquiries, which helps monitor the time required for complaint resolution and the efficiency of after-sales service and support mechanisms.
3. Customer satisfaction index, measured based on feedback from SANHA users.
4. Market trend and regulatory analysis to adjust strategies in line with evolving standards and consumer expectations.

The company also conducts periodic reviews of its sales risk management strategy and incorporates user feedback into product and service improvements. These measures enable SANHA to effectively minimize risks and enhance its positive impact on end users.

Material risks and opportunities

The SANHA Group implements a range of actions aimed at minimizing risks for consumers and end users of its products. These actions include:

1. Enhanced quality control – Each product batch undergoes rigorous testing to ensure compliance with safety and quality standards, preventing the risk of defective products.
2. Regular product audits – Assessing quality and compliance with specific standards, specifications, and market requirements helps build a strong market reputation, reduce complaint risks, and enhance competitiveness.
3. Regulatory compliance monitoring – SANHA ensures that its products comply with consumer protection regulations, including EU chemical and product safety regulations.
4. Implementation of safety-enhancing innovations – The company invests in technology development to improve product durability and user safety.
5. Transparency and education for distributors and installers – SANHA publishes detailed product information, including properties, proper selection, and installation guidelines, to prevent the risk of misuse.
6. Rapid response to distributor and installer reports – The company has mechanisms for quickly addressing issues reported by customers and installers, allowing for real-time mitigation of potential risks.

The SANHA Group recognizes significant opportunities in enhancing product quality and increasing its positive impact on consumers, end users, and the environment. To achieve this, the company is implementing the following initiatives:

1. Introducing innovative products – SANHA invests in product development to enhance quality and durability.
2. Promoting the circular economy – The company develops solutions that enable full product recycling, material reuse, and waste minimization, aligning with sustainable development goals and consumer expectations, while incorporating recycled materials into production.
3. Building consumer trust and increasing transparency through ESG reporting and environmental product declarations, detailing the product’s environmental impact at every stage—from raw material extraction and production to usage, recycling, or disposal.
4. Aligning marketing strategy with sustainability – Promoting eco-friendly products and raising consumer awareness about their environmental impact.
5. Expanding after-sales services – SANHA enhances support for distributors and installers by improving customer service, warranty programs, and educational initiatives on the proper selection and installation of products.

Actions to address material impacts, risks and opportunities

The SANHA Group identifies necessary actions in response to actual or potential negative impacts on consumers and end-users through internal processes such as quality monitoring, complaint analysis, compliance audits, and grievance and feedback channels. A key element is also the ongoing monitoring of legal regulations, safety standards, and consumer trends. In the event of a significant negative impact being identified, SANHA takes corrective actions tailored to the nature of the identified impact. These corrective measures may include, among others: improving product design, updating informational labels, modifying marketing strategies, or adjusting sales processes. SANHA actively participates in industry initiatives and collaborates with external organizations to jointly develop solutions that minimize negative effects and enhance positive consumer experiences.

The SANHA Group ensures the effectiveness of remediation processes in cases where its products may have a significant negative impact on end users. Business partners—including installers, assembly companies, and distributors—play a key role in this process, as they have direct contact with end users and serve as the first point of identification for potential issues.

SANHA has implemented a structured complaint monitoring system, enabling rapid identification of potential issues and the implementation of corrective actions. Reports are registered in an internal reporting system, verified, and forwarded to the appropriate departments, which analyze root causes and develop effective solutions. Collaboration with distributors and installers ensures that all corrective measures are executed efficiently and in compliance with established standards.

To guarantee the effectiveness of these processes, SANHA regularly analyzes the efficiency of complaint handling, tracking response times and the quality of after-sales service. The company also organizes training sessions for installers and business partners to enhance awareness of proper product selection and installation, minimizing the risk of technical issues.

Additionally, SANHA works with independent certification bodies to assess product compliance with international quality and safety standards. As part of its continuous improvement efforts, the company conducts audits, evaluating the effectiveness of corrective actions and their real impact on end users. SANHA also provides compensation mechanisms, allowing for returns, product replacements, and reimbursements in cases where products are found to be defective.

Through this approach, SANHA ensures that remediation processes are not only accessible but also effectively implemented, minimizing the risk of negative product impacts on consumers and end users.

SANHA operates in accordance with responsible business principles and implements a range of practices aimed at eliminating risks that may negatively impact consumers and end users.

Key actions include:

1. Ethical marketing and sales practices – SANHA follows transparent advertising practices and avoids misleading marketing strategies. Product information is clear, accurate, and reflects the actual properties of the offered products and installation solutions.
2. Customer data and privacy protection – SANHA has implemented strict procedures in compliance with GDPR and other data protection regulations. Customer data is securely stored and not used for commercial purposes without explicit consent.
3. Product and user safety – SANHA adheres to rigorous quality control standards and ensures product certification to guarantee that all offered products are safe to use and free from substances of very high concern (SVHCs).
4. Minimizing environmental impact – SANHA strives to reduce the negative environmental footprint of its products by using recycled materials and reducing the consumption of natural resources.
5. Monitoring and eliminating risks in the supply chain – The company requires its suppliers to comply with high ethical and environmental standards, preventing indirect negative impacts on consumers and end users.

6. Comprehensive product lifecycle assessments – SANHA conducts cradle-to-grave life cycle assessments (LCA) to obtain Environmental Product Declarations (EPDs), evaluating the impact of its products on the environment and end users at every stage of their lifecycle.

Through these initiatives, SANHA effectively mitigates potential risks and ensures that its business practices meet the highest standards of quality and social responsibility.

In the reporting year, no major incidents related to human rights violations concerning consumers and end users were recorded. SANHA conducts continuous monitoring and risk analysis through reporting systems and compliance mechanisms, enabling the swift detection and elimination of potential threats. The implemented procedures and adherence to the highest standards of consumer rights protection effectively minimize the risk of such incidents occurring. SANHA allocates significant resources to effectively manage the material impact of its operations on consumers and end users, which includes:

1. Budget for audits and quality control, ensuring regular product and process audits to maintain compliance with international safety and consumer protection standards.
2. Complaint reporting systems, where cases are analyzed and handled in accordance with internal procedures.
3. Technical support and training for customers, distributors, and installers, ensuring the proper selection, installation, and troubleshooting of products.
4. Employee training programs, covering consumer rights, product safety, and responsible sales practices.
5. The Sustainability Group, responsible for monitoring legal compliance and implementing corrective actions in case of potential risks.

With these resources, SANHA effectively manages its impact on end users, ensuring high product quality, safety, and adherence to the highest standards of social responsibility.

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

Time-bound and outcome -oriented targets

SANHA strives to eliminate all potential risks associated with the use of its products through continuous improvement of quality and safety standards. The company ensures a comprehensive system for monitoring product compliance with user safety regulations, covering compliance analysis at the design, testing, and certification stages.

Ongoing efforts will focus on increasing the number of quality controls and expanding training programs for employees to strengthen compliance with consumer protection regulations.

SANHA is committed to continuing the implementation of innovative solutions that enhance user comfort and safety. This includes the further development of eco-friendly products with a long lifecycle, allowing users to reduce natural resource consumption and lower operating costs.

Additionally, as part of its transparency strategy, the company plans to further develop technical and educational materials, ensuring better access to information about SANHA products.

To effectively manage material risks related to consumers, SANHA implements a preventive policy that includes strict monitoring of product compliance with safety standards and the application of rigorous testing procedures.

In terms of leveraging opportunities, SANHA focuses on the development of innovative technologies, including the implementation of smart digital solutions. The company is committed to aligning its products with circular economy principles, minimizing carbon and environmental footprints, and enhancing brand competitiveness and appeal among environmentally conscious consumers.

SANHA has already completed Life Cycle Assessments (LCAs) and obtained Environmental Product Declarations (EPDs) for a significant share of its product portfolio. The company will continue to conduct LCAs and develop EPDs for newly introduced products and, where appropriate, for additional existing product groups as part of its ongoing product sustainability programme.

These objectives will enable SANHA to further improve its processes and products, while ensuring the highest level of safety and user satisfaction.

Targets on material sustainability matters

SANHA's primary goal is to further enhance its efforts by implementing more advanced product testing methods during the production stage, before market release. These initiatives are carried out in collaboration with certification bodies to ensure compliance with the highest safety standards.

The company aims to increase the transparency and accessibility of product information, enabling consumers to make informed purchasing decisions through Environmental Product Declarations (EPDs). SANHA has already published EPDs for a significant share of its product portfolio and will continue to develop EPDs for newly introduced products and additional product groups where appropriate.

The goals were defined based on market research and requirements, as well as collaboration with distributors, installers, and industry experts. Additionally, the company considers the evolving expectations of environmentally conscious customers and end users and incorporates recommendations from compliance audits related to safety and health protection standards. The goal-setting process was also based on the UN and OECD guidelines on consumer rights protection.

SANHA monitors the implementation of its goals through periodic progress analyses in the areas of product safety, customer information accessibility, and ecological innovations. A KPI-based system has been implemented to assess the number of audits conducted, product compliance with standards, and the number of reported complaints, along with the effectiveness of corrective actions taken. The monitoring results are reported to the Management Board and stakeholders as part of annual ESG ratings and sustainability reports.

Previous analyses have shown that further improvements are necessary in the customer information system regarding products and their impact on the environment and end users, as well as the expansion of the quality certification program. SANHA also plans to further optimize the supply chain to ensure the highest possible quality and safety of products for end users.

Chapter 4 - Governance Disclosures [G1]

G1- Business conduct

G1-DR GOV 1 - Disclosure Requirement related to ESRS 2 GOV-1

The management and supervisory bodies of SANHA oversee the implementation of the principles of responsible business conduct and ensure compliance with legal requirements, industry regulations, and the Company’s internal standards. These activities are carried out in a broader context and also cover each company within the SANHA Group. This oversight includes the approval and monitoring of the implementation of business ethics policies, regulatory compliance, as well as procedures related to product quality and safety. The governing bodies actively participate in the processes of risk identification and assessment, in particular in the areas of sustainable production, resource management, and the prevention of unethical practices. Furthermore, they are responsible for fostering an organizational culture based on integrity, transparency, and accountability, which directly contributes to the reputation and long-term development of each company within the SANHA Group.

The members of SANHA’s management and supervisory bodies possess extensive professional experience in industrial production management, supply chain management, and the circular economy. Their competencies include knowledge of corporate governance, business ethics, regulatory compliance, and responsible business conduct practices. This expertise is continuously enhanced through participation in internal and external training programs covering, among others, compliance, risk management, environmental protection, and sustainable development. Thanks to these qualifications, SANHA’s governing bodies effectively oversee the implementation of the responsible business strategy, promote high ethical standards, mitigate risks associated with irregularities, and support the achievement of sustainable development objectives.

G1-1 Corporate Culture and business conduct policies

The corporate culture of the SANHA Group is based on ethical values, social responsibility, and care for employees, end users, and local communities. Transparency, integrity, and sustainable development form the foundation of the company's operations, supported by top management, all employees, and business partners.

SANHA adheres to the highest standards of business ethics, as outlined in its Corporate Social Responsibility (CSR) Policy, which establishes principles of honesty, fairness, and transparency in relationships with employees, customers, and business partners. The company maintains a zero-tolerance policy for corruption, bribery, and unfair market practices, complying with international antitrust and anti-corruption regulations. Employees and business partners are required to follow the Anti-Corruption Policy, ensuring integrity in all business activities.

The SANHA Group is committed to sustainable development, incorporating social, environmental, and economic aspects into its strategy. The company fosters an inclusive work environment, opposes forced and child labor, and ensures the protection of privacy and personal data for employees, customers, and business partners. As part of its environmental strategy, SANHA actively reduces greenhouse gas emissions, minimizes energy consumption, and promotes the circular economy through efficient recycling and the use of responsibly sourced raw materials and secondary materials.

SANHA regularly participates in independent ESG assessments, reports on its corporate social responsibility efforts, and upholds the highest transparency standards. The company requires suppliers and business partners to comply with its CSR principles, as outlined in the Supplier Code of Conduct, and ensures compliance through regular supplier audits.

The company guarantees safe and dignified working conditions, fair wages, and broad opportunities for professional development. Employees have access to regular training and workshops to support their career growth and help them acquire new skills.

SANHA has implemented a whistleblowing system, allowing for anonymous reporting of business ethics violations.

SANHA prioritizes the highest quality and safety standards for its products and provides accurate and reliable information about their features, enabling customers to make informed purchasing decisions. The company places a strong emphasis on data protection, strictly adhering to GDPR regulations and best practices in cybersecurity.

The SANHA Group actively supports social and environmental initiatives, engaging in charitable, educational, and environmental projects. The company creates job opportunities for local communities, supports regional economic development, and collaborates with governmental and non-governmental organizations to achieve common social and environmental goals.

The SANHA Group's Management Board actively supports the implementation of CSR and business ethics policies, providing necessary resources, organizing training sessions, and monitoring compliance, ensuring the effectiveness and long-term impact of these initiatives on the organization's development.

The SANHA Group has implemented mechanisms that enable the identification, reporting, and investigation of unlawful activities and violations. Any concerns can be reported anonymously by employees and company stakeholders through the Whistleblower reporting channel, which is managed by an independent third party, or via other available communication channels. Each report is analyzed by designated and authorized personnel, ensuring confidentiality and protection against retaliation for whistleblowers. In cases where violations are confirmed, corrective measures and preventive actions are implemented. This mechanism is regularly monitored and improved to ensure regulatory compliance and the effectiveness of the process.

The SANHA Group has a clearly defined anti-corruption policy, aligned with the United Nations Convention against Corruption. This document establishes a zero-tolerance approach to corruption, bribery, and unethical business practices.

Key elements of the policy include:

1. Prohibition of corruption – Any form of bribery, fraud, or extortion is strictly forbidden.
2. Avoidance of conflicts of interest – Employees are required to report situations that may affect their objectivity.
3. Transparency and integrity – The acceptance of unjustified benefits that could influence business decisions is strictly prohibited.
4. Reporting mechanisms – A Whistleblower system has been implemented, allowing for anonymous reporting of violations.
5. Consequences for violations – Every reported case is thoroughly investigated, and if corrupt activities are confirmed, appropriate disciplinary measures are enforced.

The SANHA Group's anti-corruption policy is regularly monitored and updated, with compliance reinforced through training programs for employees and business partners.

The SANHA Group has implemented a comprehensive whistleblower protection system, which regulates reporting channels for misconduct and ethical violations and defines the processes for handling reports. This system includes detailed guidelines for reporting, investigation, and the protection of whistleblowers, in compliance with Directive (EU) 2019/1937 of the European Parliament and the Council. Employees, business partners, and other stakeholders can report misconduct through the PwC Whistleblower Channel, managed by the independent third party PricewaterhouseCoopers, via other available communication channels, or by directly contacting designated compliance officers.

The SANHA Group has implemented whistleblower protection measures to prevent retaliation and follows a zero-tolerance policy for any retaliatory actions against whistleblowers. Every report is confidential and secured, and the identities of whistleblowers are not disclosed. Whistleblowers are granted legal protection, and any attempts at retaliation are strictly sanctioned in accordance with the company's policy. The whistleblower reporting and protection system is regularly monitored, analyzed, and updated to ensure its effectiveness, legal compliance, and alignment with best practices.

The SANHA Group has implemented a Whistleblower Protection Policy, in compliance with Directive (EU) 2019/1937 of the European Parliament and the Council. This document ensures confidential and secure reporting channels, protection against retaliation for whistleblowers, and investigative procedures for reported violations. The system is regularly monitored and updated, with its effectiveness reinforced through periodic training sessions for employees and business partners.

The SANHA Group has detailed procedures for the immediate, independent, and objective investigation of business-related incidents, including cases of corruption and bribery. Each incident is analyzed by authorized personnel, with external legal advice sought where appropriate, and if violations are confirmed, appropriate corrective and preventive measures are implemented. These procedures operate independently of the whistleblower protection mechanism and include an internal investigation process as well as cooperation with external authorities when necessary.

The SANHA Group does not engage in activities directly related to animal welfare; however, as part of its Corporate Social Responsibility (CSR) Policy, it incorporates sustainable development principles and environmental protection measures. These include responsibility toward ecosystems and a commitment to ethically sourced raw materials, which can have a significant impact on animal welfare.

The SANHA Group conducts and continuously improves regular business conduct training, covering ethics, compliance, anti-corruption, and whistleblower protection principles. These training sessions include all SANHA Group employees, with a particular focus on management staff, and are conducted at least once every two years. New employees receive this training as part of their onboarding process.

The training scope includes: corporate social responsibility (CSR) and anti-corruption policies, data protection, whistleblowing policy and reporting mechanisms, compliance procedures with legal regulations and internal company standards.

The SANHA Group has identified several key business areas as particularly vulnerable to corruption and bribery risks:

1. Procurement Department, which oversees the supply chain, negotiates contract terms with suppliers, and selects business partners.

2. Sales and Marketing Department, which has direct contact with clients and participates in commercial contract negotiations.
3. Finance and Controlling Department, responsible for financial oversight and expenditure management.
4. Executive Management and Leadership, responsible for strategic business decisions and relationships with key stakeholders.

To minimize risks, the SANHA Group has implemented an anti-corruption policy, a whistleblower reporting system, and regular training programs.

G1-2 Management of relationships with suppliers

The SANHA Group takes a strategic approach to supplier relationship management to ensure supply chain stability and compliance with ethical and sustainability principles. To achieve this, the company:

1. Collaborates with trusted and verified suppliers who meet SANHA's quality, ethical, and environmental responsibility standards.
2. Conducts regular supplier audits to minimize the risk of non-compliance with company policies and international regulations.
3. Implements integrated risk management in the supply chain, monitoring geopolitical, financial, and environmental impacts on its operations.

The SANHA Group has implemented a timely payment policy to support small and medium-sized enterprises (SMEs) and ensure the financial stability of its suppliers. To achieve this:

1. Standard payment terms are clearly defined in contracts and adapted to the needs of SMEs.
2. The Finance Department monitors payment timeliness to prevent delays.
3. Payment process automation is promoted to accelerate invoice processing.
4. In cases of financial difficulties faced by suppliers, flexible payment schedules can be negotiated.

The SANHA Group builds partnership-based, long-term relationships with suppliers, focusing on quality, ethics, and sustainability. Supplier selection criteria include compliance with SANHA's ethical policy, product quality, and operational stability.

Contracts include clauses ensuring compliance with corporate social responsibility (CSR) principles to minimize the risk of unethical practices. Additionally, SANHA regularly conducts supplier audits and risk assessments, analyzing their impact on the supply chain and sustainability practices.

The SANHA Group integrates social and environmental criteria into its supplier qualification, evaluation and selection processes to promote responsible and sustainable supply chain management. Supplier assessments include compliance with internationally recognized labour and human rights standards, including the prohibition of child labour, respect for fair working conditions, and the promotion of equal treatment, diversity and non-discrimination.

Environmental criteria focus on suppliers' efforts to reduce greenhouse gas (GHG) emissions, improve energy and resource efficiency, minimise raw material consumption, reduce waste generation, and implement environmentally responsible production processes. Compliance with relevant environmental management standards, including ISO certifications where applicable, and the availability of recognised environmental certifications are also considered during supplier evaluation.

The SANHA Group continuously monitors supplier performance through periodic assessments and ongoing cooperation, supporting continuous improvement and promoting transparency, environmental stewardship and responsible business conduct throughout the supply chain.

G1-3 Prevention and detection of corruption or bribery

The SANHA Group has implemented a comprehensive system for preventing, detecting, investigating, and responding to corruption and bribery incidents, in compliance with international best practices and regulations. Our anti-corruption policy is available to all employees and business partners, and compliance is enforced through a supervisory system and regular audits.

To prevent corruption and bribery, every new employee undergoes anti-corruption training as part of their onboarding process, followed by regular periodic training. We actively promote our anti-corruption policy among all stakeholders.

Suppliers are required to comply with the Supplier Code of Conduct, which includes anti-corruption policies and bribery prevention measures.

Internal compliance audits and transaction monitoring help identify potential irregularities. Additionally, SANHA has implemented an anonymous Whistleblower reporting system, allowing individuals to report suspected corruption confidentially.

Each report is analyzed by authorized personnel or an independent third party, which investigates the case and recommends corrective actions. If a violation is confirmed, appropriate corrective and disciplinary measures are applied, and if necessary, the case is referred to the relevant law enforcement authorities. To mitigate corruption risks, SANHA implements additional training and workshops in high-risk areas where increased risks have been identified.

The SANHA Group has implemented systematic anti-corruption procedures, which include preventive measures, detection mechanisms, and effective response strategies for potential violations. As part of its preventive efforts, SANHA conducts mandatory anti-corruption training for all employees, reinforcing a zero-tolerance policy for bribery and clearly defining the consequences of unethical actions. Additionally, SANHA regularly audits financial transactions and reviews procurement decisions to enable early detection of irregularities.

To effectively identify corruption risks, SANHA employs early warning mechanisms, including financial transaction monitoring and risk analysis in key business areas. An essential part of this system is the Whistleblower reporting mechanism, allowing all stakeholders to anonymously report potential violations. If misconduct is detected, SANHA takes immediate action, including fact-finding investigations and corrective measures. The company reserves the right to suspend cooperation with business partners who violate ethical standards and, in cases of serious breaches, works closely with law enforcement authorities. Through these measures, SANHA effectively minimizes corruption risks and ensures transparency in its operations.

The committee conducting investigations into violations within the SANHA Group operates independently from the management chain directly involved in the case. Investigations into corruption and bribery incidents are conducted by authorized personnel who act autonomously and report their findings to top management or, if necessary, to external supervisory authorities. This structure ensures objectivity and integrity in the investigation process, minimizing the risk of conflicts of interest.

The SANHA Group has a clearly defined process for reporting the findings of corruption and bribery investigations to administrative, management, and supervisory authorities. These steps include:

1. If violations are confirmed, reports are submitted to the Management Board, which decides on further actions.
2. If external intervention is required, the SANHA Group notifies the appropriate regulatory institutions and law enforcement agencies in compliance with applicable laws.
3. Investigation findings are documented and used to implement preventive measures and adjust anti-corruption policies as needed.

The SANHA Group has already implemented a system for preventing and detecting corruption and bribery incidents, which includes:

1. An anti-corruption policy and investigative procedures,
2. A Whistleblower reporting system,
3. Mandatory anti-corruption training,
4. Regular internal audits and verifications.

The SANHA Group ensures the accessibility of its anti-corruption policy through various communication channels, including:

1. Publication of documents on the company's intranet platform,
2. Employee training sessions and informational materials, such as guides and procedural documents,
3. Regular awareness campaigns, including internal meetings,
4. Mandatory acknowledgment and confirmation of the policy by new employees and business partners.

Through these measures, all stakeholders have full access to the policy and a clear understanding of its implications.

The SANHA Group conducts comprehensive anti-corruption training, which includes:

1. Mandatory training for all employees during onboarding, as well as periodic refresher courses,
2. Specialized training for management, procurement, and sales teams, who are most exposed to corruption risks,
3. Interactive e-learning modules and knowledge tests, designed to provide a practical understanding of corruption risks,
4. Educational materials for business partners, ensuring consistent anti-corruption standards across the supply chain.

There are 25 function deemed to be at risk of corruption and bribery as a result of its tasks and responsibilities. 100 % of these functions are covered by training programmes.

The SANHA Group provides dedicated training programs for members of administrative, management, and supervisory bodies, covering key aspects of compliance and business ethics. These training sessions aim to increase awareness of anti-corruption and bribery prevention and ensure compliance with legal regulations and internal company policies.

Training Scope Includes:

1. Legal regulations and anti-corruption standards – a detailed overview of national and international regulations (e.g., United Nations Convention against Corruption, EU Directive 2019/1937).
2. SANHA Group's Anti-Corruption Policy – applicable rules, reporting procedures, and consequences of violations.
3. Identification and assessment of corruption risks – analyzing potential threats in operational and strategic activities.
4. Responsibilities of the management and supervisory bodies – the role of leaders in preventing corruption and enforcing compliance policies.
5. Reporting mechanisms and whistleblower protection – whistleblowing procedures and protection of individuals reporting misconduct.
6. Case studies and practical workshops – analysis of real-life examples of corruption and bribery in the business environment.
7. Preventive measures and audits – oversight of anti-corruption policy implementation and the role of internal and external audits.

Through these training programs, members of management and supervisory bodies gain a deep understanding of corruption risks, develop risk identification skills, and are equipped to make informed decisions, effectively minimizing potential threats to the company.

G1-4 Confirmed incidents of corruption or bribery

During the reporting period, no confirmed incidents of corruption or bribery were identified. No fines or other monetary penalties were imposed on the SANHA Group for violations of anti-corruption or anti-bribery laws.

G1-5 Political influence and lobbying activities

The SANHA Group conducts its business transparently and in full compliance with regulations governing political influence and lobbying activities. Our engagement in lobbying and stakeholder collaboration is limited to dialogue with public institutions, industry organizations, and regulators, with the aim of: promoting sustainable business practices, influencing regulations related to innovative and eco-friendly solutions in our industry, ensuring stability and predictability in the legal framework affecting our sector.
The SANHA Group does not fund political parties or engage in informal lobbying activities. All interactions with decision-making bodies are conducted in accordance with international ethical standards and the company's internal regulations.

Risks and opportunities related to lobbying activities:

1. Risks: potential misinterpretation of our activities as unethical, legislative changes that could negatively impact the company.
2. Opportunities: active influence on regulatory developments that support innovation and sustainability.

The SANHA Group is committed to regularly reviewing its policy on relations with public institutions and monitoring the compliance of lobbying activities with applicable legal regulations.

In the SANHA Group, oversight of political influence activities, including lobbying, is carried out by the Management Board, which operates within the company's supervisory bodies.

Scope of Responsibilities and Activities:

1. Monitoring compliance of lobbying activities with national and international regulations.
2. Ensuring that all interactions with public administration bodies are transparent and aligned with the company’s policies.
3. Supervising the company’s commitment to not engaging in political party financing.
4. Reporting to the Management Board on potential risks and benefits arising from lobbying activities.
5. Verifying compliance with ethical and corporate responsibility principles in collaboration with industry organizations and regulators.

The SANHA Group’s Management Board makes final decisions regarding the company's engagement in regulatory and political initiatives.

G1-6 Payment practices

The undertaking takes in average 24,2 days to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated.

Main category of supplier	Standard payment terms in number of days	Amount of payments aligned with these standard terms	Total amount of payments	Percentage of payments aligned with these standard terms
Materialsuppliers	60	1,025	2,529	40.53%
other suppliers	14	4,486	22,774	19.70%

33b, AR 16-17: The undertaking’s standard payment terms

There are 0 legal proceedings outstanding for late payments. All supplier invoices (with the exception of SANHA suppliers and employees) were analysed with regard to the period between the invoice date and payment. The average was calculated for all invoices.

Outlook

This report reflects SANHA's commitment to conducting its business in a responsible, ethical and sustainable manner while creating long-term value for customers, employees, business partners and other stakeholders. Sustainability is an integral part of the Company's business strategy and decision-making processes, supporting long-term resilience, competitiveness and responsible growth.

During the reporting period, SANHA continued to strengthen its approach to environmental, social and governance (ESG) management by further integrating sustainability considerations into its management systems, risk management processes and day-to-day operations. Particular emphasis was placed on improving energy efficiency, reducing greenhouse gas emissions, promoting the responsible use of natural resources, maintaining high standards of occupational health and safety, strengthening responsible supply chain management, and upholding high standards of ethics and corporate governance.

The double materiality assessment confirmed the environmental, social and governance topics that are most significant to the Company and its stakeholders. The results of this assessment provide the foundation for setting strategic priorities, identifying risks and opportunities, establishing measurable objectives, and monitoring progress in accordance with the European Sustainability Reporting Standards (ESRS).

Looking ahead, we will continue implementing measures aimed at improving energy efficiency, increasing the use of renewable energy, reducing greenhouse gas emissions, strengthening resilience to climate change and supporting the transition to a low-carbon economy. At the same time, we will continue to invest in innovative solutions, employee development, responsible supply chain management and open dialogue with our stakeholders.

We remain convinced that the long-term success of the Company is inseparably linked to conducting business in a responsible manner and creating lasting value for its stakeholders. Therefore, we will continue to strengthen our ESG performance by systematically integrating environmental, social and governance considerations into our business processes and corporate strategy. We believe that this approach will enable us to reinforce our position as a responsible and trusted business partner, effectively respond to evolving sustainability-related challenges and stakeholder expectations, and actively contribute to building a more sustainable, resilient and low-carbon future.