



DIGITIZATION IN FOCUS

ESG REPORT
2024



Foreword of the Management



Dear Readers,

The importance of sustainability and social responsibility is continuously increasing in an increasingly digitalized world. Today, digitization is much more than just technical progress – it is a key to linking economic growth with ecological and social goals.

As part of our ESG strategy, we see digitization as a transformative force that helps us work more resource-efficiently, make fact-based decisions to develop innovative solutions for global challenges, and ultimately scale successfully. Digitization also plays a crucial role in cybersecurity at its highest level within our company. This is the only way we can create the

conditions to sustainably protect our values in today's modern and sometimes aggressive world.

By introducing modern technologies, we not only reduce our ecological footprint but also strengthen the dialogue with our employees, partners, and customers. Digital tools help us make processes more sustainable and take social responsibility to a new level.

However, we are aware that digitization is not an end in itself. It is a means to underline our claim as a responsible company.

A blue ink signature of Georgios Kabitoglou, written in a cursive style. Below the signature, the text 'Georgios Kabitoglou' and 'Geschäftsführung' is printed in a small, sans-serif font.

Georgios Kabitoglou
Geschäftsführung

MOESCHTER Group 2024 at a Glance

The MOESCHTER Group was founded in 1992 by the Möschter family and is engaged in the development, manufacturing, and distribution of products made from high-performance materials. The company, comprising the independent

business units DOCERAM, DOTHERM, and ISOCOS, supplies customers worldwide from various industries with products and solutions made from high-performance ceramics and technical plastics.



ESG-Score



Our Customers, Partners, and Investors expect from us to have sustainability incorporated in our corporate strategy, and therefore we see the ESG principle as an opportunity (Environment, Social, Governance). By taking a holistic approach, we create transparency and identify areas for action. Therefore, sustainability is an integral part of the MOESCHTER Group.

As in the previous year, we have commissioned EXCON Services GmbH to assess our ESG score, which determines the maturity level of our organization. By completing a standardized questionnaire and subsequent evaluation, the ESG score is determined from an expert third party. This provides us with an independent benchmark against which we can measure ourselves and compare with the industry.

Typically, the ESG score is reported on a scale from 0% to 100%. Ratings below 50% are generally considered "poor," while values above 70%

can be regarded as "excellent." Our result is presented below.

We have improved by four percentage points compared to last year. This demonstrates that we are continuously striving for excellence in this field and do not rest on the measures implemented so far. By analyzing the results, we identify potential areas for improvement, enabling us to identify and implement appropriate follow-up measures.

WE OBTAINED AN
ESG-SCORE OF

87.5%

In the following pages, you will learn how the MOESCHTER Group implements the aspects of Environment, Social, and Governance.

Category	Maximum Score	Score Obtained	Result
Environment	2.300	2.200	95 %
Social	5.100	4.400	86 %
Governance	3.800	3.200	84 %
Overall Result	11.200	9.800	87,5 %

Sustainability at the MOESCHTER Group

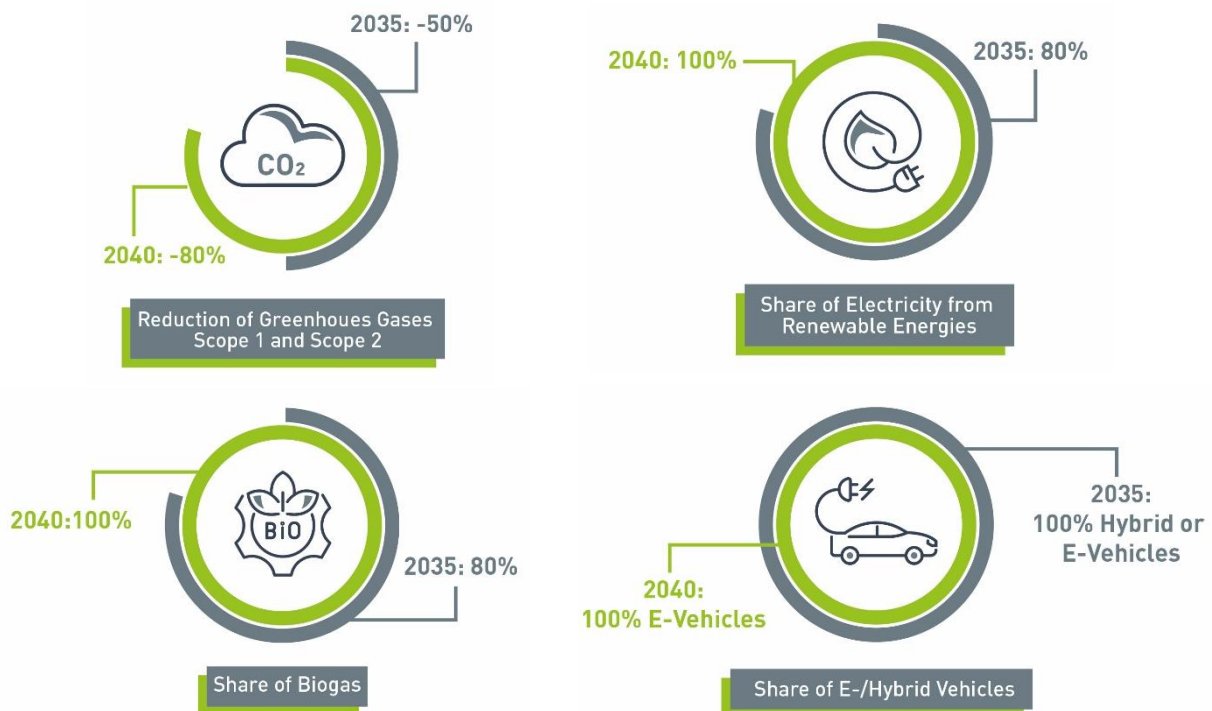
Sustainability is no longer just a topic for large corporations with mandatory reporting obligations. Even for small and medium-sized enterprises, collecting and analyzing ESG metrics offers crucial advantages. That is why we have long been engaged in sustainability at the MOESCHTER Group. Due to our company size, we are not subject to the Corporate Sustainability Reporting Directive (CSRD) and are therefore not required to publish a sustainability report. However, since 2022, we have voluntarily reported on our activities regarding environment, social, and governance to ensure transparency for our customers, employees, and other interested parties. Sustainable business practices are increasingly becoming a criterion for business decisions.

The structure of our reports does not follow any general reporting standards, such as those of the Global Reporting Initiative. However, we need key figures to measure and compare our activities. The questionnaire for determining our ESG score is based on the European

Sustainability Reporting Standards (ESRS), with each question assigned a point system. This questionnaire serves as the basis for our ESG score, allowing us to compare results over the years and express our progress in numbers.

We have also defined the key figures relevant to us in the areas of environment, social, and governance, which we have been collecting and comparing for many years. By tracking these metrics over time, we can understand trends and derive targeted improvement measures. For example, continuously reducing energy consumption or CO₂ emissions offers both ecological and economic benefits. Likewise, systematic monitoring of social factors such as employee satisfaction or diversity within the company contributes to a positive corporate culture and long-term competitiveness.

Based on these metrics, we have formulated realistic and measurable goals that make our efforts tangible:



Digitization? Sure!

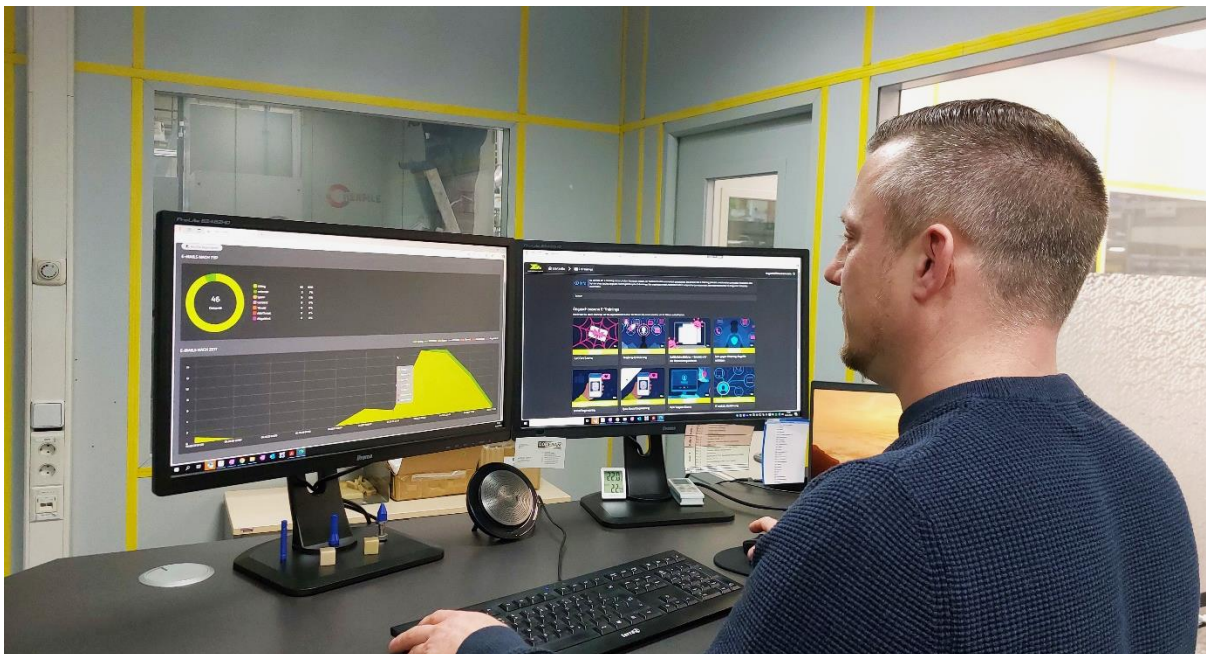
Digitization refers to the transformation of analog processes, information, and business models into digital formats using modern technologies.

In our daily lives, digitization has long been established. Think of social media, streaming platforms, online-banking, shopping, or health apps. Our lives have become more convenient, simpler, and above all, time- and cost-efficient. These advantages also apply to a medium-sized company like the MOESCHTER Group: online meetings, remote work, digital approval workflows, or the use of HR management software are just a few examples of successfully implemented digital initiatives within our company.

Digitization is a key driver of change in business and society, driving innovation, efficiency, and growth. We see digitization as a continuous, strategic process that helps us remain competitive in the long term. Clear goals and suitable technologies form the foundation.

Despite technological advancements, people remain the central factor for a company's success. Our skills, values, and decisions significantly determine the meaning and sustainability of digitization, which also presents considerable challenges. The speed at which our work environment is changing requires continuous development of digital skills in order to keep up. If employees are not involved and properly trained, stress and feelings of exclusion can arise. Targeted measures such as IT security strategies, training and development, careful planning, and regular reviews minimize the risks associated with digitization.

In 2024, two major digital topics were on our agenda: the implementation of the NIS-2 Directive requirements and the introduction of planning software in production. In this ESG report, we discuss the benefits and challenges we encountered.



CHECKING E-MAIL STATISTICS AND E-TRAININGS

NIS-2 Directive

The EU Directive 2022/2555 on Network and Information Security – the NIS-2 Directive – came into effect at the beginning of 2023 and is a continuation and expansion of the previous NIS Directive. NIS-2 imposes stricter cybersecurity requirements on companies to increase the level of security within the EU. The focus is not only on large companies but also on medium and smaller businesses operating in critical sectors or exceeding certain thresholds in terms of employee numbers and revenue.

The NIS-2 Directive sets high standards for IT security and requires companies to implement both technical and organizational measures. Companies must address four overarching topics: Cyber Risk Management, Corporate Responsibility, Reporting Obligations, and Business Continuity.

However, the NIS-2 Directive offers companies much more than just fulfilling legal requirements: it also opens up numerous opportunities to strengthen and further develop their own IT security. In particular, medium-sized companies like the MOESCHTER Group benefit from updating their IT infrastructures and identifying and addressing security gaps early. By implementing the required security measures, in collaboration with our IT security officer, we have significantly improved our resilience against cyberattacks and minimized the risk of outages or data loss.

87%
OF THE STAFF ARE AT
USER LEVEL 4.

Furthermore, the NIS-2 Directive lays the foundation for a stronger security culture within the company. Training the entire workforce and establishing clear responsibilities ensures that a security-conscious mindset is developed at all levels. This not only helps to minimize risks but also fosters trust with our customers, partners, and suppliers, who are increasingly valuing reliable and secure business processes. Ensuring a high level of data protection is a self-commitment for us and an important building block of our corporate strategy.

98%
OF THE SIMULATED PHISHING E-MAILS
WERE DETECTED AS SPAM
WITHIN THREE MONTHS.

Through our digital learning platform, every employee has completed a course on data protection and IT security. In addition to fundamental knowledge, the course also provided practical approaches, enabling employees to recognize and avoid security risks. This ensures that all employees are up-to-date and actively contribute to minimizing the risks of data breaches and cyberattacks.

In the long term, implementing the NIS-2 Directive strengthens competitiveness. Companies investing in modern security standards are better positioned in the market and become more attractive to business partners with high security requirements. At MOESCHTER Group, we see the Directive not only as a duty but also as a strategic advantage and an essential component of future-proof company development.

NIS-2 at the MOESCHTER Group

The NIS-2 Directive had to be implemented into national, i.e., German law by October 2024. The government draft is available, but it has not yet

come into force. Despite the fact that the enactment has not yet occurred, we wanted to implement the NIS-2 Directive in our company as

much as possible. This is also recommended by the BSI (Federal Office for Information Security).

Due to its size, the MOESCHTER Group falls within the scope of the NIS-2 Directive. According to the decision tree of the NIS-2 Affected Entities Check by the BSI, our company is considered a "wE", which means a "critical infrastructure."

The operators of affected entities are obligated by the Directive to take technical and organizational measures (TOM) to ensure IT security. Specifically, the following measures are required:

- Risk analysis and security for IT systems
- Management of security incidents
- Maintenance and recovery as well as backup management
- Security of supply chains and between entities and service providers
- Security in development, procurement, and maintenance as well as vulnerability management
- Evaluation of the effectiveness of IT security and corresponding risk management
- Training on IT security and cyber hygiene
- Encryption and cryptography
- Personnel security, access control, and facility management
- Multi-factor authentication
- Secure communication
- Crisis management and secure emergency communication

The NIS-2 Directive therefore requires companies to establish a detailed risk management system and business continuity management. In an assessment, we, together with our IT security officer, analyzed our processes and recorded the current situation. We then compared this with the legal requirements to identify gaps and weaknesses. Following this, we developed

an action plan with priorities, which we are following consistently. The corresponding information security management system has already been implemented and equipped with appropriate policies.

A good IT security system on one side and attentive employees on the other are the cornerstones to fend off cyberattacks. With fully automated, AI-supported simulations, our workforce is challenged daily, including phishing emails. The phishing scenarios are divided into five levels. The higher the level, the higher the difficulty in identifying the scenario as a cyberattack. 87.1% of the entire staff is at User Level 4. Through supportive e-trainings on topics such as social engineering, passwords and authentication, or gift card scams, the security behavior of our employees is further promoted. We can measure this in a standardized and transparent way using the Employee Security Index (ESI®).

THE EMPLOYEE SECURITY INDEX IS AT

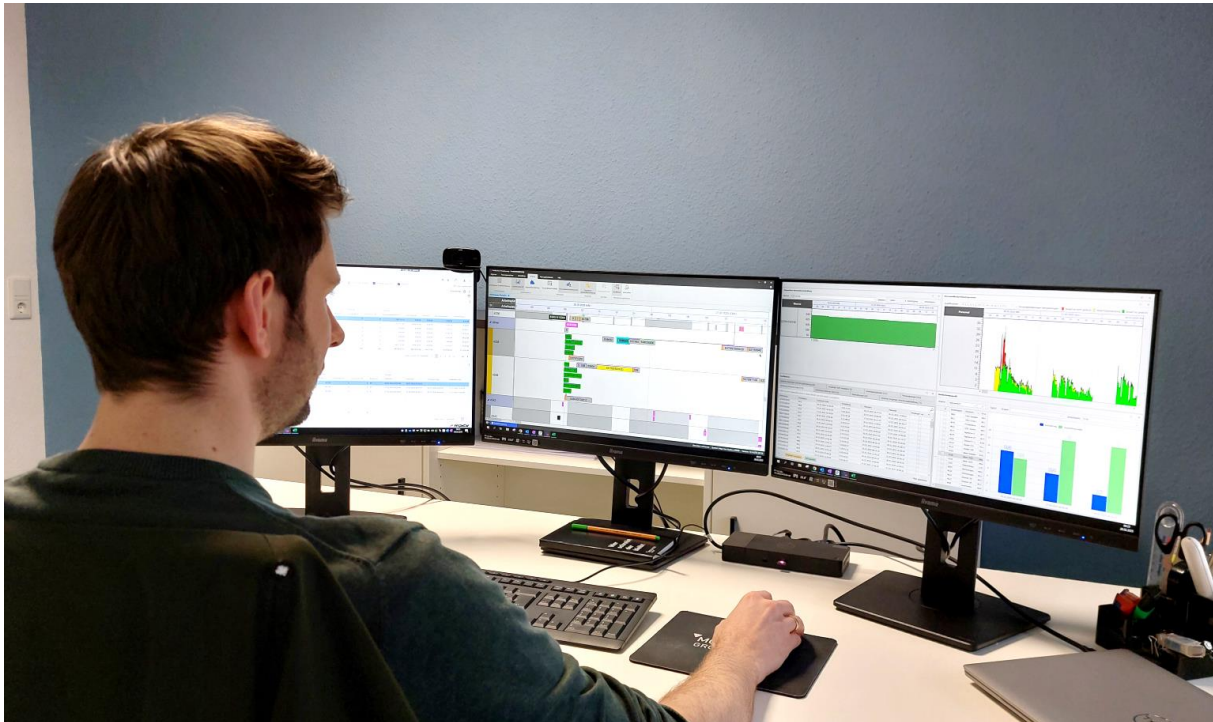
88Points

WHICH IS 9 POINTS ABOVE
THE INDUSTRY AVERAGE.

This is an awareness metric calculated based on the last 30 days of phishing simulations – the higher the number, the better the security behavior. The ESI® of the MOESCHTER Group is 88, which is 9 points above the industry average.

Through the implementation of these measures, we increase the resilience of the entire MOESCHTER Group and actively protect ourselves from cyberattacks. This approach not only provides technical protection but also reduces liability risks and increases trust with our customers.

Planning of Production Processes



MONITORING PRODUCTION PLANNING

Manufacturing Execution Systems (MES) and Advanced Planning and Scheduling Systems (APS) are digital solutions specifically designed to optimize production processes. MES is used in manufacturing to monitor, control, and document processes in real-time. This real-time transparency helps minimize errors through automated data collection, identify bottlenecks, and optimize production processes. APS, on the other hand, focuses on the precise planning and control of resources to optimize production schedules. It uses advanced algorithms to efficiently coordinate material and labor flow, minimizing bottlenecks and downtime.

While production processes were previously largely controlled manually, automation has enabled the collection and analysis of increasingly large amounts of data. However, the operational level in production often remained disconnected. MES and APS bridge this gap.

At MOESCHTER Group, a wide variety of products are manufactured, ranging from custom-made parts to small series. To remain competitive, we need to understand our processes and

work efficiently. By implementing MES and APS systems in our production, we can shorten lead times, improve product quality, achieve better cost efficiency, and respond more quickly to market changes or disruptions. At the same time, we increase transparency and control over our production processes. The systems contribute to sustainable operations by optimizing resource use, as waste and energy consumption can be reduced.

However, successful implementation requires several prerequisites. High data quality and availability, as well as a stable and secure IT infrastructure, are essential to ensure functionality. Employees must be prepared for changes and appropriately trained. Integration into our existing ERP system is just as important as a realistic budget.

MES and APS are powerful solutions that help us position ourselves securely for the future. But these systems are much more than just tools; they are integral parts of MOESCHTER Group's production strategy to make our company more flexible, efficient, and competitive.

MES and APS at the MOESCHTER Group

As part of a large transformation project, we aimed to elevate our processes to a higher level of transparency and flexibility. In 2022, we introduced machine data collection, which allowed us to gather key figures on productivity. This raised awareness of efficiency, and employees were able to make better decisions due to the increased transparency. We chose a partner who could support us in the long term, particularly in the area of production planning. Due to our versatile product portfolio, we rely on flexibility in control. Before the introduction of MES and APS software, our daily business involved many manual tasks, verbal agreements, and little digital support.

IT TAKES

5 Minutes

TO PLAN THE PRODUCTION
FOR THREE WEEKS.

Introducing new technologies like MES and APS is often a learning process that affects not only the technology but also the people within the company. The success of a digital transformation depends, in addition to the technical setup and the development of knowledge, on the acceptance of the workforce. People react very differently to change. Some find it easy and enjoy new things. Others are skeptical or anxious and cannot assess what is coming. For MOESCHTER Group, it was important to understand and address the concerns of the employees.

The development of knowledge significantly determined the timeline for the introduction of the systems, and we took the time we needed. The best software is only as good as the people who operate it. Therefore, a deep understanding of the systems and their functions had to be established. In total, over 140 hours of internal training were conducted. Through close collaboration with the software developer, inputs from the different departments were quickly captured, and improvement suggestions were implemented.

Initially, the challenge was to understand and operate the new systems. It quickly became clear that the programs are very extensive and can model a variety of processes, products, and strategies. Due to the versatility of our portfolio and the associated complexity, this was a challenge not to be underestimated.

Without the corresponding data quality, digital solutions cannot fully realize their potential. The way we worked before the introduction of the planning software allowed for inaccuracies in the data. In the project phase of introducing the new system, we first had to clarify the relevant data and gradually adapt and optimize it for the new environment. Through the development of our processes and the optimization in the use of the software, data quality remains a constant focus.

Transparency is another key aspect of digitization. As already mentioned, the production processes at MOESCHTER Group are complex due to the different business areas and the variety of materials and products. There is no "one-size-fits-all" approach that can be applied across all areas. With the MES and APS software, we now have a range of new possibilities, such as recognizing schedule changes, machine downtimes, material issues, and personnel shortages early. This has shortened our response times, and we can now quickly adjust production accordingly.

MORE THAN

140 Hours

INTERNAL TRAINING WERE PERFORMED
TO IMPLEMENT MES AND APS.

In daily operations, we see that theoretical planning does not always match reality, and we are still in a constant state of change and learning. We see further optimization opportunities through digital support in setup optimization. This leads to improved throughput and more efficient use of available resources. Through the generated data, we can create more precise

analyses that provide a solid basis for decision-making and produce valid key figures.

Perspective

Looking ahead to the coming years, we at the MOESCHTER Group will continue to invest strategically in digital innovations to make sustainable actions even more effective and measurable. Artificial intelligence already plays an important role in this process.

We would like to thank our employees and partners for their commitment and support on this journey. Together, we can make a positive contribution to our environment, society, and economy through digitization.

Overview of Key Figures

Key Figure ¹	Unit	Y 2023	Y 2024	+/- [%]
ESG-Score				
Result	%	83	87,5	+ 4,5
Environment				
Investment in environmental protection	€	32.525	48.057	+ 47,8
Electric power consumption	kWh	1.836.196	1.854.163	+ 1,0
Water consumption	m ³	1.159	1.032	- 9,1
Hazardous processing emulsion and sludge	t	39,8	36,2	- 9,1
Portion of electric and hybrid drives	%	28,6	33,3	+ 16,7
Social				
Employees in total	Anzahl	154	163	+ 5,8
Thereof females	%	24,0	22,7	- 5,5
Female managers	% ²	38,9	35,7	- 8,2
Part-time employees ³	%	15,8	15,7	- 0,7
Age structure of personnel				
≤ 29 years		20,1	19,6	- 2,5
30 – 39 years		26,6	25,8	- 3,2
40 – 49 years	%	21,4	22,1	+ 3,1
≥ 50 years		31,8	32,5	+ 2,2
Cultural backgrounds	Anzahl	18	18	+/- 0
Investment for training and education	€	168.000	183.000	+ 8,9
Completed lessons (digital learning platform)	Anzahl	1.274	889	- 30,2
Reportable accidents	Anzahl	2	7	+ 250,0
Sickness ratio	%	11,4	8,0	-,30,1
Governance				
Reported compliance violations	Anzahl	2	0	./.
Warnings	Anzahl	8	2	- 75,0
Disciplinary actions due to compliance violations	Anzahl	2	0	./.
Automatically created production orders	%	87,4	84,4	- 3,5
Electronically edited invoices	%	100	100	+/- 0

¹ Per December 31st of respective year

² % of overall leadership positions, excluding CEO

³ Incl. students

About this Report

The present report aims to inform customers, suppliers, employees, and the public about how the MOESCHTER Group addresses sustainability.

The report does not constitute a non-financial report within the meaning of Sections 315b, 315c in conjunction with 289b to 289e of the Commercial Code (HGB) and the EU Taxonomy Regulation. The collection of the key figures published does not follow any reporting

standards, and the report has not been audited by an independent external body. The data analysis is based on validated performance indicators that we regularly collect and evaluate. External service providers (e.g., electricity suppliers, waste management companies) have provided us with additional data.

The reporting period covers the fiscal years 2023 and 2024.

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