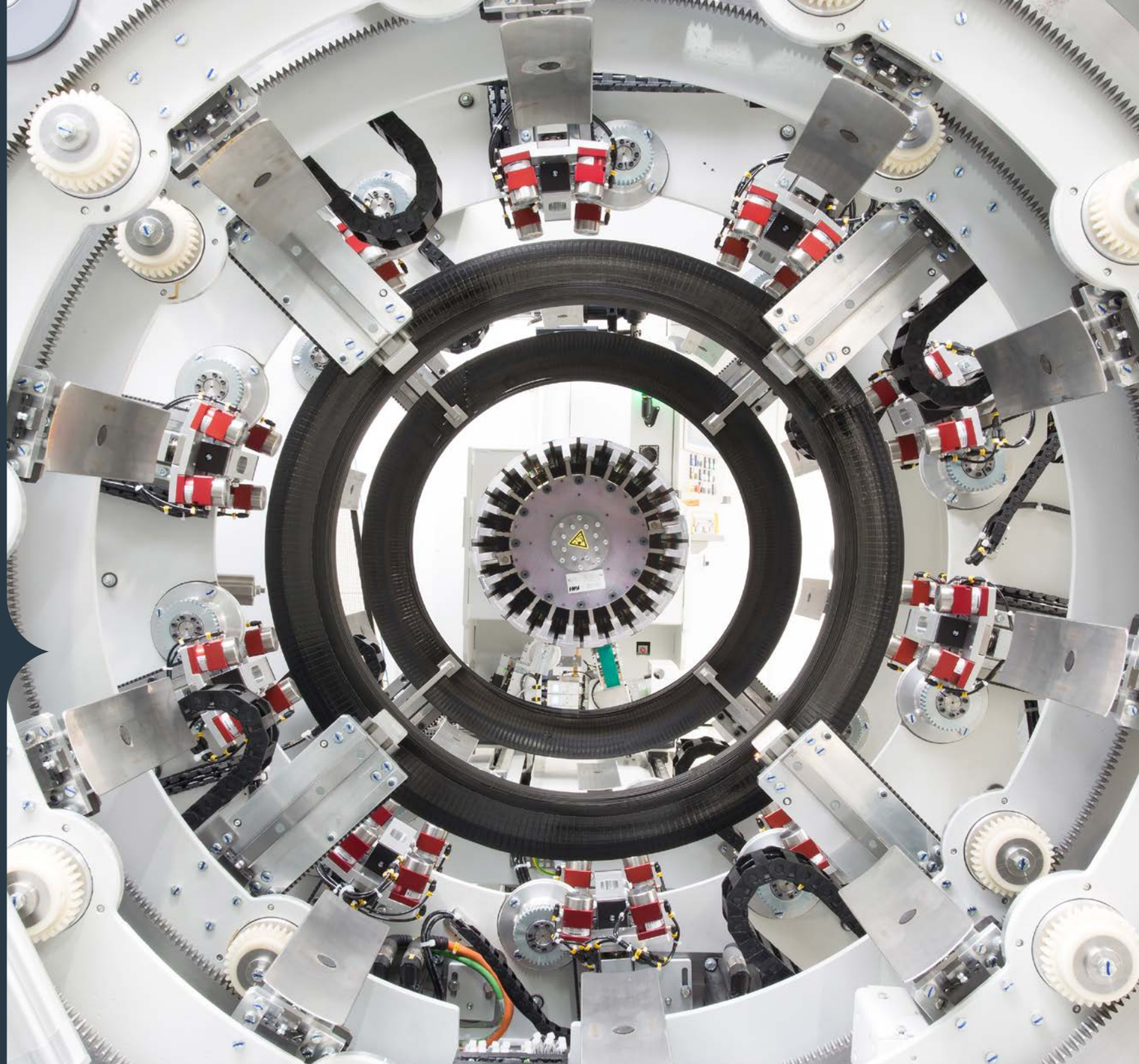
VMI GROUP

Global Sustainability Report 2024



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About the report

This VMI Group Annual Sustainability Report 2024 addresses the sustainability approach, position, and performance of VMI Group, a subsidiary of TKH Group NV. It is meant for everyone with an interest in VMI's environmental, social, governance and economic performance. As a part of the TKH Group, VMI follows the sustainability goals and ESG objectives of the TKH Group.
Reporting period, boundary, and scope.

This sustainability report refers to the fiscal year 2024 and encompasses the reporting period spanning from 1 January through 31 December 2024. This report covers all entities in which VMI holds a majority stake, including VMI's newly opened location in India.

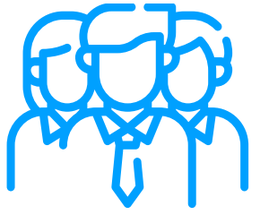
The report is based on data of the year 2024, specifically focusing on sustainability. This dataset was acquired through a diverse range of research methodologies, including in-depth studies, interviews with relevant stakeholders, extensive surveys, and thorough desk research. These research efforts ensure that the report provides a comprehensive overview.

This report provides an in-depth look at three aspects: environmental sustainability, social sustainability, and governance. It offers a comprehensive analysis of these key dimensions, presenting a wealth of information, assessments, and insights that highlight VMI's dedication to sustainability and its multifaceted strategies for addressing environmental, social, and governance issues. The report is intended to inform, inspire, and catalyze positive changes both within the organization and among its stakeholders.

Global Reporting Initiative (GRI) Standards

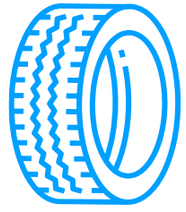
VMI has reported in accordance with the GRI Standards for the period from 1 January 2024 to 31 December 2024. It has applied the Reporting Principles from the GRI Standards to ensure high-quality and proper presentation of the reported information: Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness and Verifiability. For a full list of disclosures reported, please refer to the GRI Content Index in the Appendix.

Key figures



1,864
Employees

>400
Engineers



70%
Market share tire

2030

Achieving carbon neutrality in own operations

5
Operating across continents

8.7%
of turnover is spent on R&D

>400
Patents

Executive Summary

In 2024, VMI Group continued to advance its commitment to sustainable innovation and responsible business practices, cementing its role as a global leader in high-tech manufacturing machinery. As part of the TKH Group, VMI aligns its sustainability efforts with TKH's broader Environmental, Social, and Governance (ESG) objectives and reports in accordance with the Global Reporting Initiative (GRI) Standards.

This year's report highlights significant progress across VMI's sustainability pillars: environmental stewardship, social responsibility, ethical governance, and supply chain sustainability. VMI's sustainability strategy is firmly embedded in its business model and centers around reducing its environmental footprint, designing machines that help customers lower theirs, and building a responsible, resilient supply chain.

Key achievements in 2024 include:

Advancing the goal to reach carbon-neutral operations by 2030, with 19% of electricity now generated from renewable sources and further electrification of VMI's vehicle fleet and logistics systems.

Life Cycle Assessments (LCAs) now cover over 70% of machine production volume, with more than 150 improvement opportunities identified for implementation.

The adoption of ISO 20400-compliant sustainable procurement and strengthened supplier engagement, with 90% of selected suppliers committing to VMI's code of conduct.

Continued product innovation with sustainable design principles. VMI's groundbreaking UNIXX Belt Maker and award-winning REVOLUTE machine reduce energy consumption, scrap, and material use.

Strengthened focus on extending machine lifespans through upgrades, retrofits, remote support, and maintenance services, helping customers reduce total environmental impact.

Significant sustainable employment efforts, including improved workplace safety, expanded learning and development opportunities, and an employee satisfaction rate above 7.5.

With its long-term ambition to make all machines carbon-neutral and recyclable by 2050, and a continued focus on circularity, transparency, and innovation, VMI is well-positioned to support customers and communities in a shared journey toward a more sustainable future.

Foreword

Reflecting on 2024: Progress and Resilience
It is with great pride that we reflect on the incredible progress VMI has made in 2024. This has been a year of resilience, collaboration, and a renewed commitment to our core values. At the heart of everything we do is our people, and I am constantly inspired by the dedication and passion of VMI employees around the world.

A Spirit of Togetherness
One example that stands out is our collective involvement in Ride4Kids in the French Pyrenees. It has been truly heartwarming to see how our global team has embraced this cause. This spirit of togetherness is a hallmark of VMI's culture and a testament to the values that unite us across borders and backgrounds.

Strengthening Operational Resilience
Over the past year, we have also worked tirelessly to strengthen our operational resilience and restore our performance to the high standards our customers expect from us. After navigating the challenges of parts shortages and supply chain disruptions, we are now fully focused on delivering high-quality machines—complete, fast, and on time. This achievement is a direct result of the hard work and determination of our teams worldwide.

Sustainability: A Cornerstone of Our Efforts
Sustainability has been a cornerstone of our efforts in 2024. It is not just a buzzword for us; it is an integral part of our product development and business operations. We are committed to reducing waste, using green energy, and lowering our carbon footprint. But our ambition goes beyond our own operations. We believe that our advanced technologies can play a pivotal role in helping our customers and the broader industry become more sustainable.

In the EcoVadis ranking VMI has moved up from the top 10% to the top 6% of best performing companies, worldwide. The scorecard shows that the policy and actions are rated as good to very good. The Golden Medal is a significant goal, we are even more focused on for the next time.

Looking Ahead to 2025: A Year of Celebration and Ambition
Looking ahead, 2025 is set to be another exciting year for VMI. We will celebrate our 80th anniversary, a milestone that reflects our rich history and the trust placed in us by our customers over the decades. This celebration will not only be a time to look back on our achievements but also an opportunity to shape our future with renewed energy and ambition.

Optimism for the Future
I am filled with optimism and excitement or the future. Together, we will continue to innovate, grow, and contribute to a more sustainable future.

Harm Voortman
President & CEO

01
Company Profile

VMI GROUP

Description

VMI is a leading Dutch manufacturer of high-quality machinery and equipment, serving a diverse range of industries worldwide. With over seven decades of experience and innovation, VMI has established itself as a trusted partner for businesses seeking cutting-edge solutions for their production needs.

Locations
About 1900 VMI people around the world continuously work on high tech, innovative solutions to make your company more successful. VMI's headquarters is based in Epe, The Netherlands, and employs about 1000 people. Outside of The Netherlands, there is VMI Poland in Central Europe, and VMI China and VMI India in Asia. VMI is also present in the USA, Malaysia, Thailand, and Brazil. Each branch helps connect with customers and understand their needs better, no matter where they are.

Certifications
Over the past decade, VMI has achieved several important certifications and recognitions, demonstrating VMI's commitment to excellence and sustainability in its operations. These include ISO 9001, ISO 14001, and ISO 45001 certifications, which demonstrate VMI's commitment to quality management, environmental sustainability, and occupational health and safety. Additionally, the company has been awarded the EcoVadis Silver rating, which acknowledges its efforts in sustainable and responsible business practices.

History
Founded in 1945, VMI's journey began with contributions to the post-World War II reconstruction of the Dutch railways. Over time, it diversified and ventured into new industries, including rubber, tires, cans, and care. Nowadays, VMI is regarded market leader in most of its industries.
During the early 1970s, VMI achieved a significant milestone by installing the first washers and ovens in Europe. This marked the beginning of a pioneering journey, characterized by technological advancements and innovations that empower customers to remain competitive and ahead of the market.

In 1985, VMI took a strategic step forward by becoming a subsidiary of TKH Group NV, further strengthening its position in the industry.
Today, VMI has evolved into a modern global company with nine facilities spread across four continents. Throughout its history, the company has been dedicated to providing proven, reliable equipment, services, and solutions to meet the evolving needs of its valued clients.

Business's mission
VMI's mission is to design and manufacture innovative machinery that empowers its customers to achieve higher levels of productivity, efficiency, and sustainability. VMI is dedicated to delivering exceptional value through expertise, high-quality products, and outstanding customer service.

Vision
In all VMI's industries, drivers for investment are automation, higher flexibility, and quality. Therefore, VMI creates sustainable innovations to enable its customers to reduce their footprint.

Technology-driven
VMI is acknowledged as a respected market leader offering innovative machinery that is continuously developed and further enhanced. VMI's mission is to make its customers more successful through innovative technology. Therefore, VMI has an ongoing commitment to technological innovation, assigning key roles to sustainability and safety, and striving to continue to fulfill each customer's specific needs in this rapidly changing market. Continuous improvement is a daily practice at VMI – in design, materials, and the process flow.

By spending over five percent of its annual turnover on R&D, VMI invests twice as much as the industry norm in new technology and solutions. The result is over 400 patented inventions that focus on creating better machines for improved performance. VMI develops technology that leads to much higher rates of productivity together with greatly improved and more consistent quality.

Market developments
VMI is currently benefiting from several mega-trends in the tire industry. One is the shift of production to the major European and North American markets. Production closer to the end market has proven its benefits since COVID-19: transportation costs are lower, response to changes in demand is quicker, and trade restrictions and supply chain disruptions have less of an impact. It does require extensive automation, as workers are scarce, and the costs are high.

VMI's technology is a great fit here. Another important trend is the explicit desire of large tire manufacturers to make their products more sustainable, in increasingly responsible ways. This can be achieved by reducing energy consumption and production waste, but also through the development of new technologies to lower the rolling resistance of tires, making tires for electric cars, or making tires from more environmentally friendly materials. This all requires the implementation of new production technologies, which VMI is well positioned to do.

And finally, there is a need for more production flexibility due to the ever-increasing variety of tires available, resulting in smaller production runs. VMI new UNIXX Belt Maker should help address this need, and VMI has invested heavily in R&D for this technology in recent years. The first machines using UNIXX technology are currently in operation at some of Europe's leading tire manufacturers.

Other new products such as MILEXX and REVOLUTE have also made their way to commercial success.
Due to the desire to use less and less plastic packaging, VMI is seeing major investments in can production, and it has been able to order a very large number of can washers and ovens. In addition, VMI's products for the technical rubber industry also had an excellent year.

Service
The growth in its service activities is also noteworthy. VMI has ambitious plans to offer customers even better support through the provision of spare parts and retrofits, maintenance plans, and training and consulting services. The roll-out of these plans is progressing excellently. VMI has set a new sales record this year and are well on track to continue growing in the years ahead.

Key products and services

VMI Group specializes in the design and production of advanced manufacturing machinery for the industries tire, rubber, cans, and care, while also providing a range of accompanying services. There are VMI systems installed and operating in over 1500 companies worldwide.

Tire

VMI Tire is the leading supplier of technology for the manufacture of superior radial passenger vehicle, light truck, all-steel truck, and bus tires. With a vast, in-depth knowledge of the market, VMI has pioneered numerous new technologies that have led the way in single stage tire building.

Rubber

VMI Rubber solutions are tailored to customer specific needs and offer precisely the combination that your process requires. VMI Rubber offers a wide variety of customized solutions for processing non-vulcanized rubber. VMI's innovative solutions range from cooling, stacking, and cutting to retreading, including its renowned cushion gum extrusion-smearing technology that is used by the majority of bus and track tire retreaders in the USA and Europe.

Can

VMI Can delivers the highest quality can washers, washer-ovens, wash coaters and hot water boilers for the two-piece beer, beverage and food can industry. VMI Can solutions are characterized by their low energy, water, and gas consumption, making your process not only highly cost efficient, but also contributing to a sustainable environment.

Care

VMI Care creates automatic systems for the pharmaceutical and cosmetics industry.

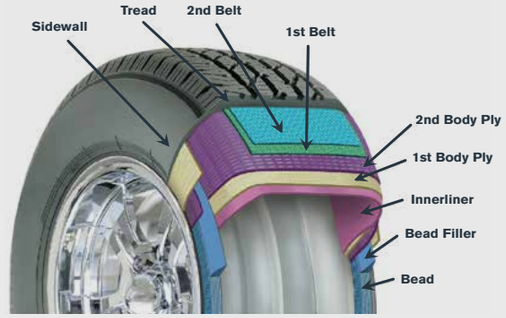
VMI Care Pharma enables a true step- change in quality, speed, cost and above all accuracy through its Automated Dose Packaging System. VMI Care systems automatically convert rolls of cotton web into neatly bagged cotton pads, ready for sale. With the highest capacity available on the market, VMI Care cotton pad systems produce high quality hygienic products.

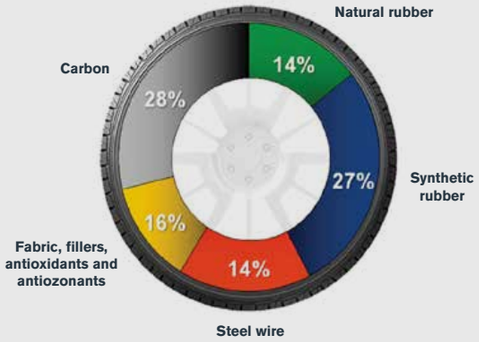
VMI Care has also developed a system that automatically sorts patient medication into biodegradable, easy to carry and use pouch packs, containing precisely the right medication for each "intake moment" during the day. This reduces the cost of medicine distribution and provides maximum efficiency and a virtually error-free process.

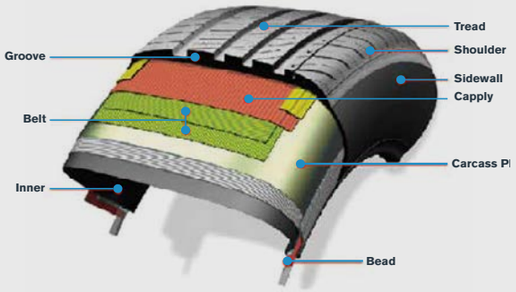
Services

The VMI Services organization works closely with customers to determine their maintenance maturity and requirements. Ranging from regular equipment check-ups with recommendations to complete service packages that include overhauls, upgrades, training or more, VMI's aim is to always optimize the performance of your equipment at predictable costs. Together with VMI's advisors, a tailor-made maintenance support program can be determined, continuously helping customers to improve their process.

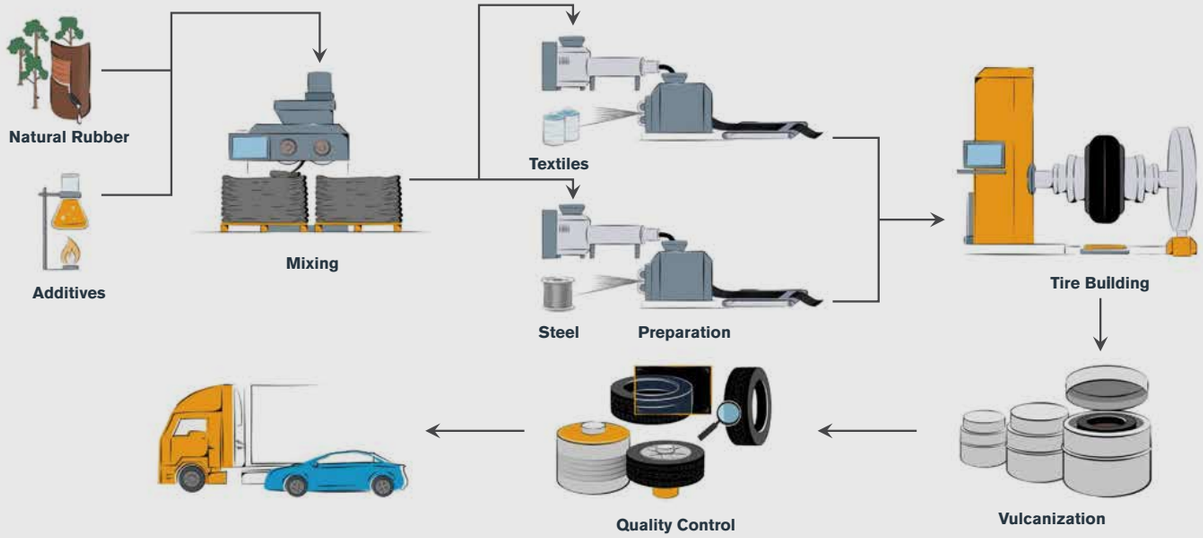
Tire composition



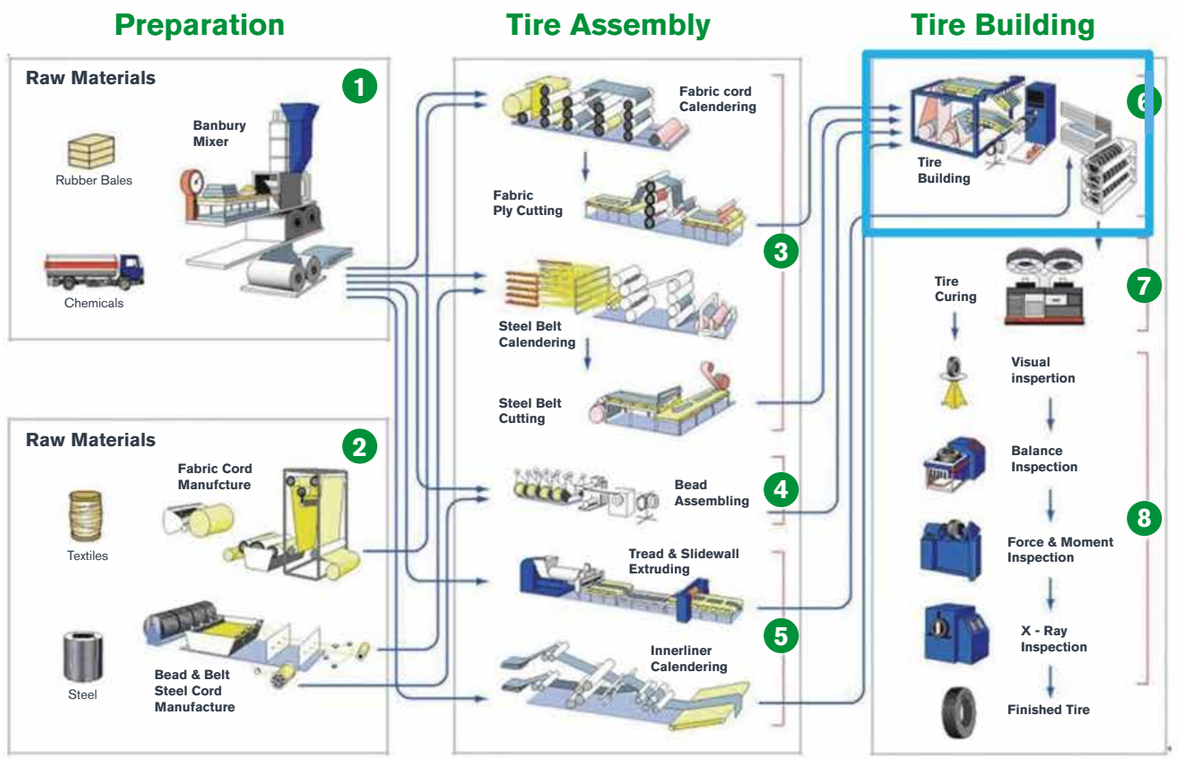




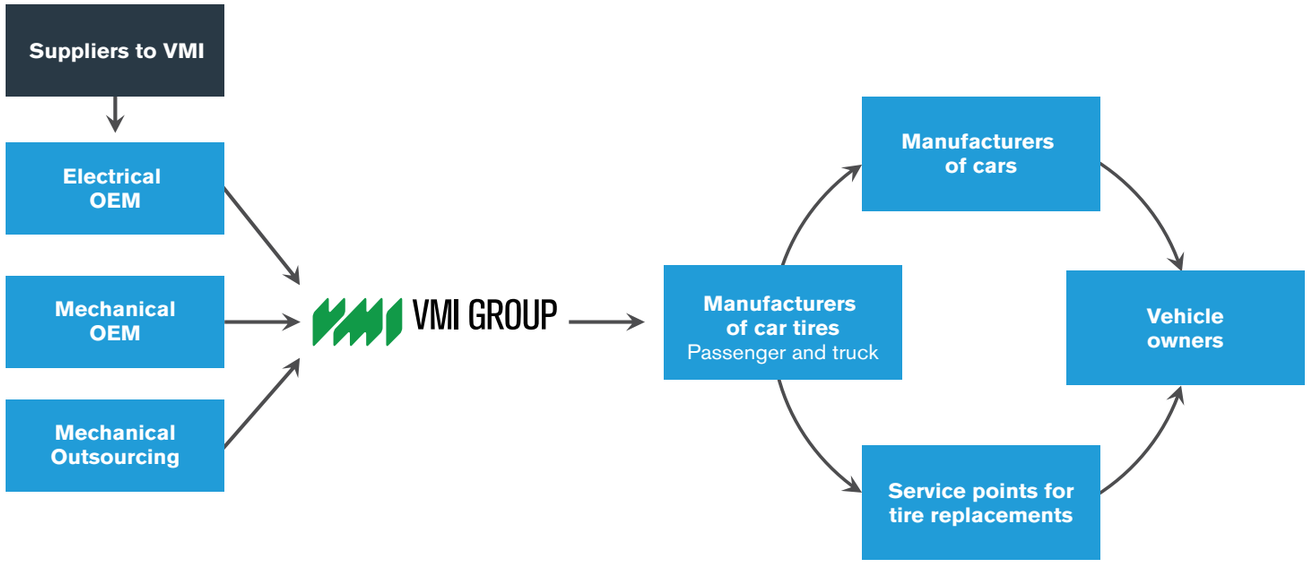
How a tire is made



Production process



Value chain



Top 25 Tire Manufacturers

MICHELIN, LINGLONG TIRE, PIRELLI, JK TYRE, apollo, KENDA
BRIDGESTONE, Giti, YOKOHAMA, TRIANGLE, KUMHO TIRE, BKT
GOODYEAR, MRF TYRES, Hankook, PRINX CHENGSHAN, SAILUN
Continental, NEXEN TIRE, MAXXIS, CEAT
SUMITOMO RUBBER INDUSTRIES, TITAN, TOYO TIRES, nokian TYRES

Organizational structure

VMI Americas Inc
Stow, USA
45 employees
3% of VMI
Customer service support

VMI Holland BV |
Head Office
Epe, The Netherlands
Heerde, Almere
855 employees
55% of VMI
Production facility,
R&D, Engineering

VMI Poland Sp. z o.o.
Leszno, Poland
240 employees
15% of VMI
Production facility

TKH Deutschland GmbH
VMI Extrusion
Cham, Germany
23 employees
1% of VMI
Production facility

VMI Services India
Private Ltd.
Vadodara, India
41 employees
2% of VMI
Global Engineering
Service, maintenance
and upgrade center

VMI Yantai Ltd, VMI Ltd
Yantai, P.R. China
VMI Yantai Ltd **VMI Ltd**
309 employees **24** employees
20% of VMI **2%** of VMI
Production facility, Long term storage

VMI (Thailand) Ltd.
Chonburi, Thailand
5 employees
0% of VMI
Customer Service Support
(point of contact for regional customers)

VMI SEA Office Sdn Bhd
Shah Alam, Malaysia
4 employees
0% of VMI
After Sales (directly managed by Epe or Cham)

VMI South America Ltda
Itatiaia, Brazil
11 employees
1% of VMI
Production facility

- **ISO 9001:2015**
- **ISO 14001:2015**
- **ISO 45001:2018**

VMI Organizational Structure

MI Group has 3 major production locations: in The Netherlands, Poland, and China, and three smaller, auxiliary production locations in Brazil, Germany, and the USA.

VMI Group has 2 locations for procurement: in The Netherlands and China.

The three major production locations in The Netherlands, Poland and China represent more than 90% of VMI in terms of FTE.

The locations in Brazil, Germany, USA, India, Thailand and Malaysia combined are less than 10% of VMI in terms of FTE.

Organizational governance

Meet the parent

TKH Group N.V. is a leading technology company. TKH specializes in the creation of innovative, client-centric technology systems that drive success in automation, digitization, and electrification. By integrating hardware, software and customer focused insight, smart technologies provide unique answers to customers' challenges. In doing so, TKH works to make the world better by creating ever more efficient and sustainable systems.

With more than 7,000 employees TKH pursues sustainable growth in a culture of entrepreneurship working, closely with customers to create one-stop-shop, plug-and-play innovations combined with software and Artificial Intelligence for Smart Vision, Smart Manufacturing and Smart Connectivity technology.

TKH Executive Board

The Executive Board oversees the overall management of TKH, developing and implementing a strategy of sustainable long-term value creation. Responsible for meeting predefined objectives, improving performance, company financing, and corporate social responsibility, the Executive Board works closely with – and is accountable to – the Supervisory Board. The TKH Sustainability Director is responsible for sustainability within the TKH group.

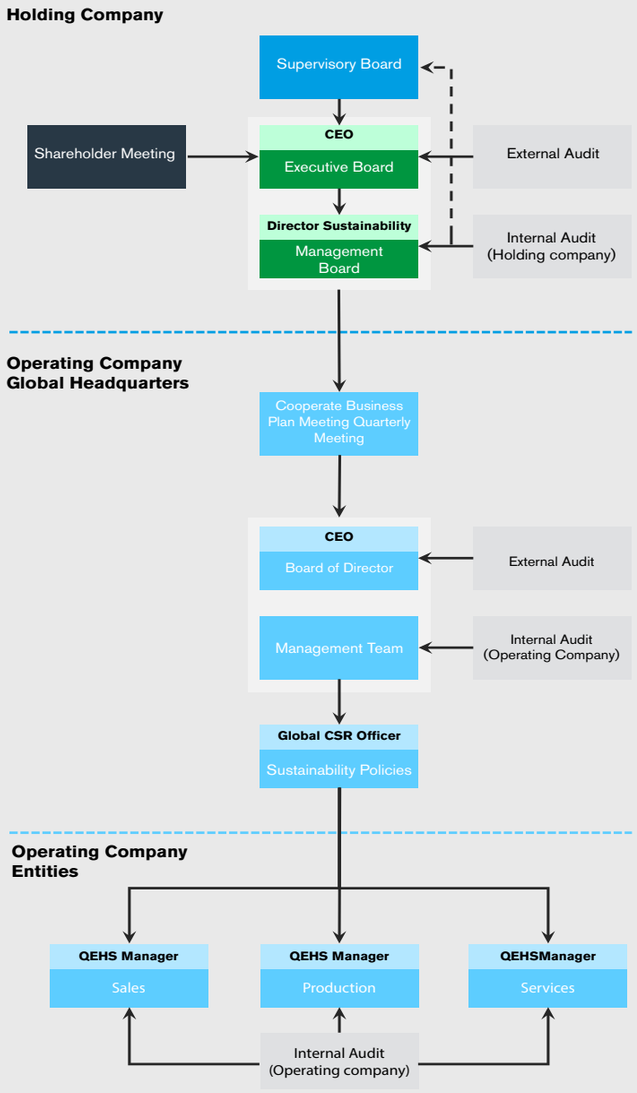
Meet the VMI Management

VMI Group is a daughter company of TKH Group. VMI Group is the largest operating company of TKH Group.

J.M.A. (Alexander) Van Der Lof MBA
Chairman of the Executive Board, CEO

E.D.H. (Elling) De Lange MBA
Member of Executive Board, CFO

H.J. (Harm) Voortman Msc
Member of Executive Board



The VMI Global Executive Board
The VMI Group President & CEO is Member of the TKH Group Executive Board (see TKH Executive Board). The VMI President & CEO is end responsible for sustainability within VMI. The TKH Sustainability Director is responsible for sustainability within the TKH group.

The responsibility is delegated to the global management team, consisting of Vice Presidents. For sustainability, the responsibility is delegated to the Vice Presidents Global Human Resources, Global R&D, Global Services, Global Supply Chain and to the Manager Global QEHS (Quality, Environment, Health&Safety). The VP's and the Global QEHS manager are responsible for the policies, setting goals and determining actions and setting and monitoring KPI's.

The VMI Global Sustainability Officer ensures that stakeholder demands and expectations are included in the policies and ensures compliancy with sustainability laws and regulations. The VMI Global Sustainability Officer monitors the progress on sustainability issues and provides solicited and unsolicited advice. The Global Sustainability Officer is responsible for the annual sustainability report.

Management cycle
The sustainability policies are reviewed annually. The goals and budgets are included in the VMI business plan. The VPs ensure that progress towards goals is monitored and KPI's are reviewed and are reported to the Board every quarter. The middle management ensures that employees include sustainability in their day-to-day actions and decisions. Progress of the VMI business plan is reviewed with TKH group in the quarterly corporate business plan meetings.

Harm Voortman
President & CEO

Arend Buter
Chief Financial Officer

Mike Norman
Chief Commercial Officer

Jeroen Slobbe
Chief Operating Officer

02
Sustainability Approach

VMI GROUP

Sustainability strategy framework

As the world market leader, VMI has the responsibility and the ability to contribute to mitigating the climate crisis, by providing products to its customers with sustainable, innovative technologies.

Sustainability is an integral part of VMI's corporate strategy, and it provides a strong, long-term basis for doing good business with customers and making a commitment to people and the planet.

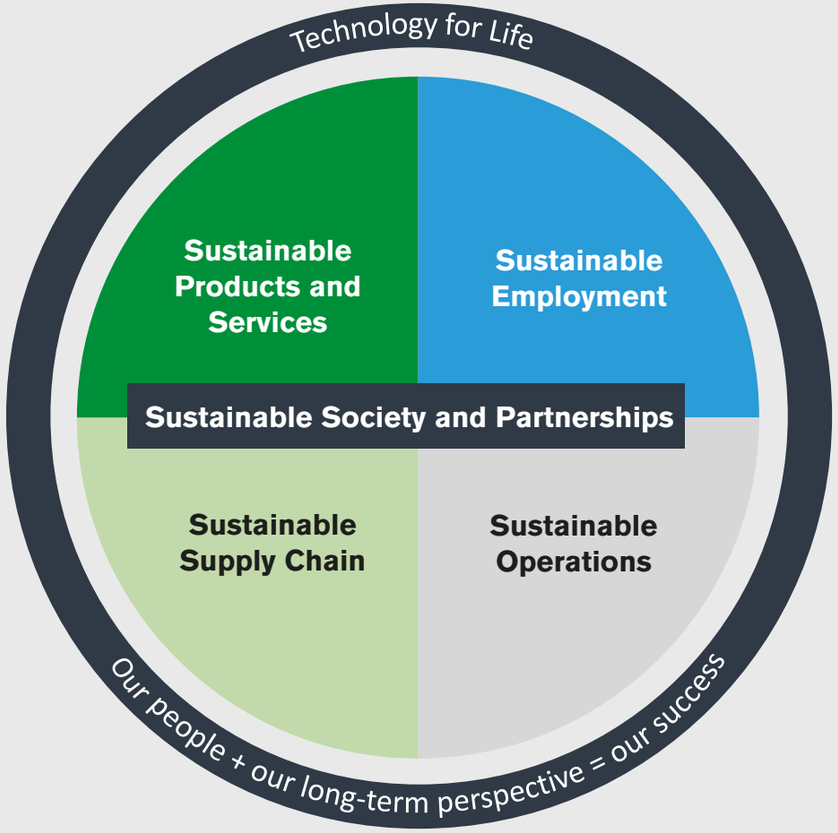
VMI's ambition is to contribute to building a sustainable society. Every business decision has been assessed on the effect of profitability as well as the consequence and effects on VMI's employees, stakeholders, and the environment.

VMI wants to take a leading position in sustainability, being innovative and showing initiative. This means that VMI is on par with the sustainability ambitions of its leading customers and is staying ahead of its competitors.

By making a commitment to people and the planet, VMI has made sustainability a key component of its activities:

1. VMI reduces its own environmental impact.
2. VMI offers products and services that help customers reduce their environmental impact.
3. VMI focuses on sustainability in its supply chain.

While VMI makes use of the Environmental, Social, and Governance (ESG) model to assess and enhance its performance in areas like the environment, society, and in how it manages the company, the company has developed its own strategic framework to allow for making informed, responsible decisions, ultimately contributing to VMI's long- term success and reputation.



Stakeholder engagement

It is VMI's starting point to create value for its stakeholders. Therefore, maintaining good communication with stakeholders worldwide is essential: governments, shareholders, lenders, employees, suppliers, customers, TKH Group sister companies, trade groups, communities, and community organizations. Suppliers and customers are VMI's strategic stakeholders, because of their impact on VMI or VMI's impact on them. It is of great importance to continue the dialogue with them. The knowledge, skills, and passion of its employees and partners provide VMI with confidence in its contribution to sustainability, as described in this report.

VMI believes that proactive and meaningful engagement with stakeholders offers valuable insights. Whether it is feedback from customers on product functionality, suggestions from employees on operational improvements, or community perspectives on VMI's local impact, such interactions often lead to innov ative solutions and strategic decisions.

To ensure that stakeholders can freely communicate their concerns, aspirations, and feedback, VMI has established multiple channels for open dialogue. These range from regular meetings and feedback sessions to digital platforms and community forums. This two-way communication ensures that stakeholders not only receive information from VMI but also have platforms to voice their thoughts.

One of the pillars of effective stakeholder engagement is transparency. By sharing both successes and challenges, VMI fosters an environment of trust. Regular updates, annual reports, and stakeholder meetings are some of the ways through which VMI maintains transparency.

VMI recognizes that its long-term success is intricately tied to its alignment with stakeholder values. Whether it's environmental concerns, ethical sourcing, community involvement, or employee welfare, VMI continually evaluates and adjusts its operations to resonate with stakeholder priorities. Regular evaluations are conducted to measure the effectiveness of engagement strategies, ensuring that the company's efforts lead to tangible benefits both for VMI and its stakeholders.

Stakeholder survey

VMI carries out a yearly assessment of critical elements within the context of ISO 9001, ISO 14001, and ISO 45001. The company tracks laws, standards, and regulations, conducting annual analyses to assess their relevance to VMI's business. This assessment is based on the impact on the environment, society, and VMI's stakeholders.

Materiality analysis

To focus VMI's sustainability efforts more effectively, besides annual assessments of critical elements within the context of ISO certificates, VMI conducted a materiality analysis. This has provided the company with insights into the themes that hold the greatest importance for the organization, allowing VMI to concentrate its efforts on those areas. VMI's aim is not only to meet standards but also to make a positive impact on the environment, society, and stakeholders.

The materiality analysis started by identifying 12 topics of importance to VMI through extensive desk research. Stakeholders were then engaged through surveys and interviews to gain their insights on these topics. This led to the development of a materiality matrix, which helps VMI prioritize and address the most important topics issues based on input from both VMI's own organization and other stakeholders.

Stakeholders

To understand the impact of the material topics, VMI conducted 6 interviews and received 142 survey responses.
Interview participants included people from across VMI's Leadership Team, as well as a key client. The survey respondents were selected based on the Sustainability management reporting distribution list. A conscious decision was made to select a broad range of management executives, employees, and relevant external stakeholders. Respondents included Executive Managers and Functional global leads within VMI (e.g., Head of human resources), employees (e.g., R&D and Sales) and external stakeholders (e.g., academic institutions and suppliers).

Based on this stakeholder survey, VMI defined an initial materiality matrix. *(Figure 1)*

Next, the top five material topics were validated through the interviews. While the interviews and the survey results matched in the top three material topics (R&D and innovation, safe and sustainable products and services, energy, and climate change), the interviews considered Business Ethics a more important topic for VMI, as it is at the core of its global business operations, hence foundational to all other topics such as human rights. As a result, Digitalization was moved down in its ranking, Business Ethics overtaking the fourth place. The top material topics, hence, are the following. *(Figure 2)*

Figure 1. Initial Materiality Matrix

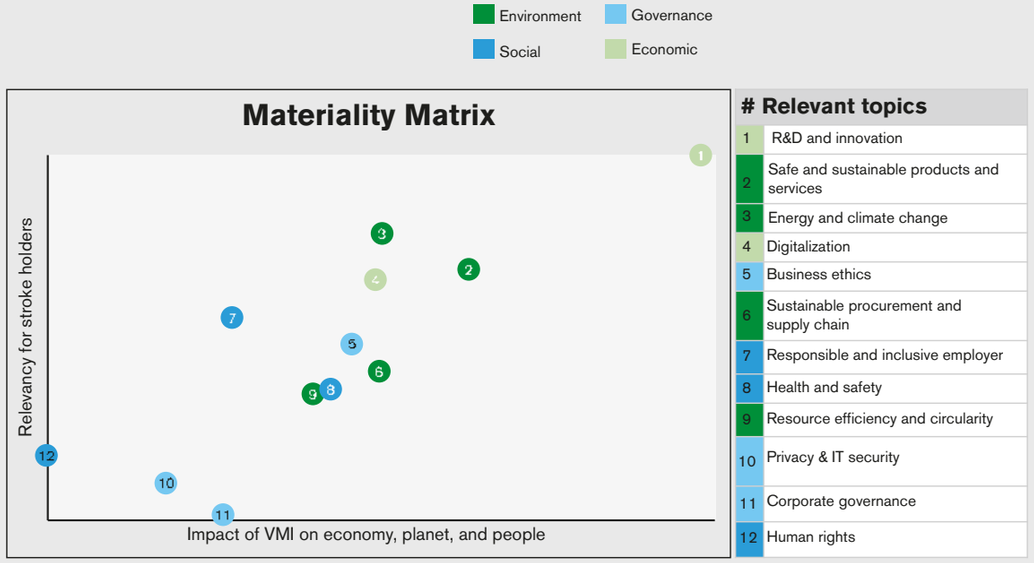
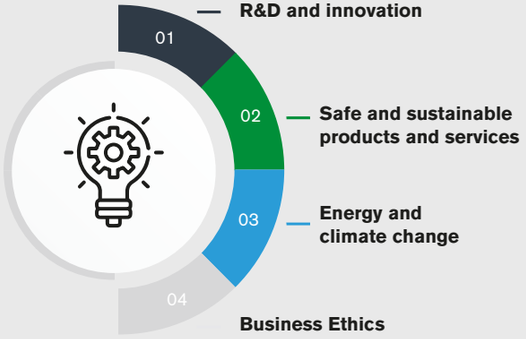


Figure 2. Final top material topics

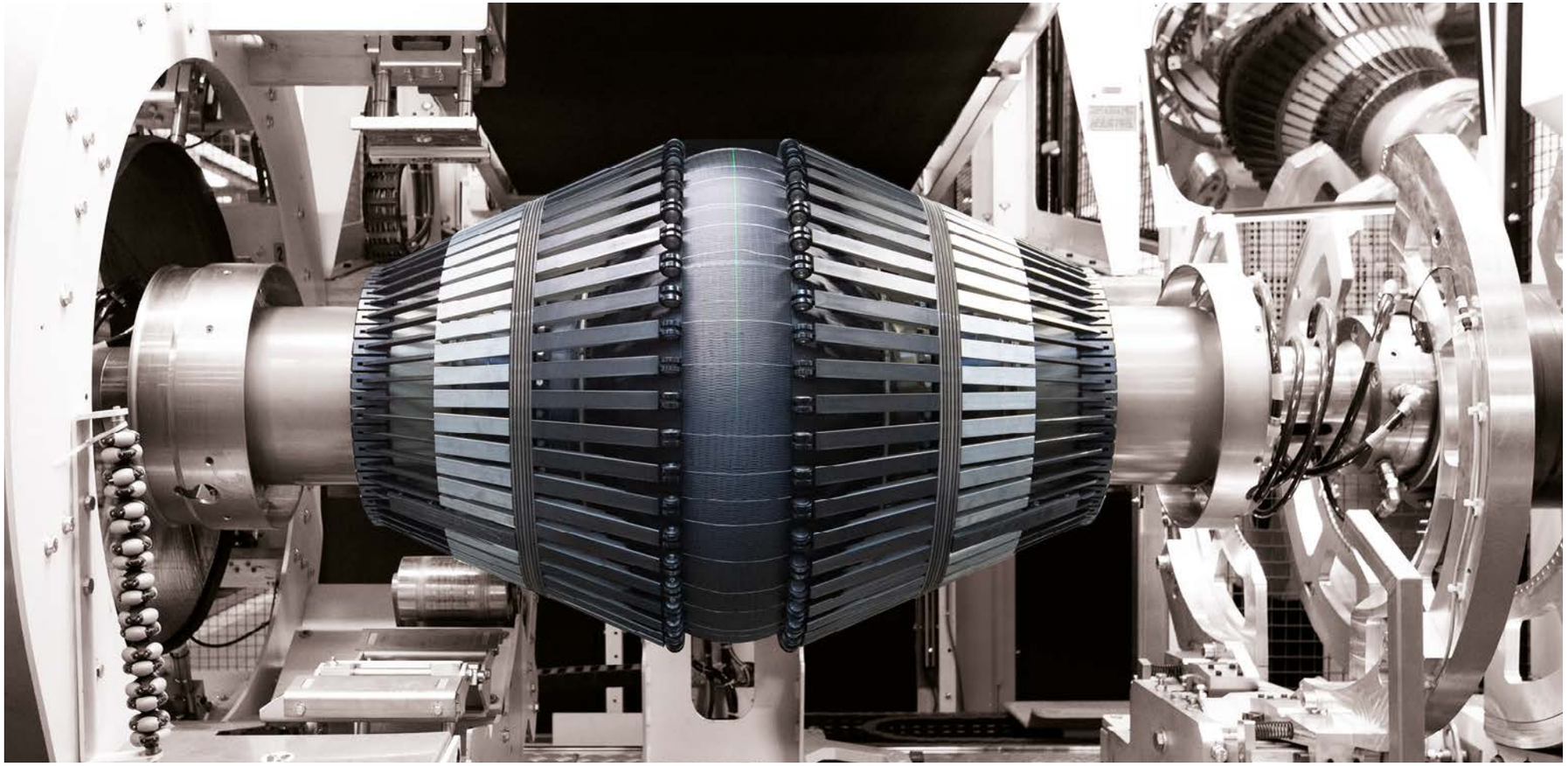


Materiality analysis results

Topping the list of VMI's sustainability priorities is Research & Development (R&D) and innovation, which have emerged as the most significant areas. These themes have obtained notably higher scores compared to others, underlining their central role in VMI's journey towards growth and sustainable development. R&D and innovation serve as the driving forces behind the development of advanced technologies that enhance VMI's products and services, enabling the company to adapt to changing customer needs and maintain its competitive edge.

Following closely behind are the themes of safe and sustainable products and services, as well as energy and climate change, securing the second and third positions in VMI's ranking. VMI recognizes the necessity of providing products and services that prioritize safety and environmental sustainability, in line with its commitment to minimizing negative environmental impacts. Simultaneously, VMI's dedication to energy efficiency and greenhouse gas emissions reduction reflects its proactive stance in addressing the global challenge of climate change.

Finally, as discussed above, Business Ethics follows on the fourth place in the ranking. It is key for VMI to uphold ethical principles in selecting VMI's business relationships and activities by adhering to strict policies and guidelines to avoid corruption, bribery, fraud, financial risks, human rights violations, and negative environmental and social impacts.



Risk management

For a leading machinery production company such as VMI Group, risk management is not just about identifying potential problems but also about creating strategies to counteract or mitigate the following risks.

Operational Risks
For VMI, with its global footprint, there's an intricate web of suppliers spanning across various regions. A single hiccup in this expansive supply chain can disrupt the rhythm of production. To safeguard against this, VMI finds it beneficial to collaborate with a diverse range of suppliers and maintain a backup of crucial components.

One of VMI's core strengths is its pool of skilled professionals. The departure of pivotal team members or a temporary shortage of expertise could pose challenges.

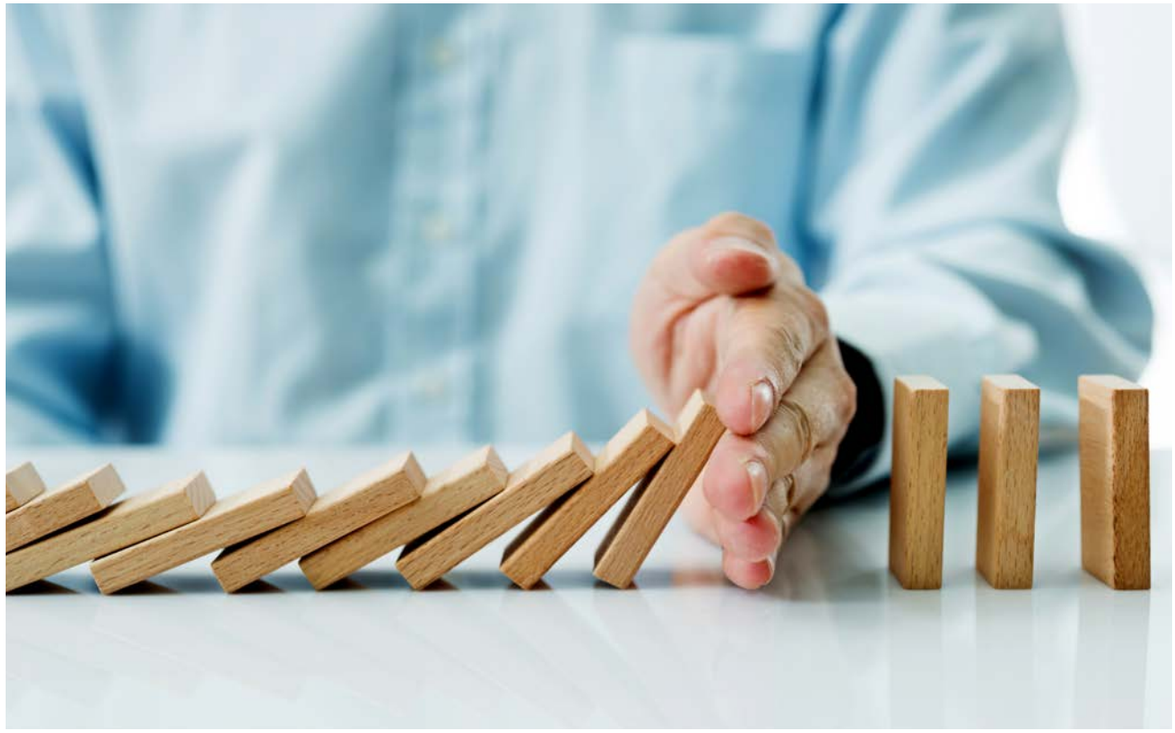
Recognizing this, VMI emphasizes continuous training for its team, offers competitive salaries, and has strategies in place to ensure leadership roles are always filled by competent individuals.

Furthermore, VMI's infrastructure, encompassing new machinery and well-maintained facilities, is foundational to its success. By committing to regular maintenance and periodic upgrades, the company ensures a seamless operational flow. Through proactive planning and early problem detection, VMI remains ahead, minimizing potential disruptions.

Technological Risks
In the dynamic world of machinery, VMI stands as a beacon of innovation. Yet, this advanced stance brings its set of technological challenges. The rapid pace of the industry means today's top-tier technology might be outdated tomorrow, posing a risk of obsolescence for VMI's offerings. As new technologies are being introduced, smooth integration with existing systems becomes essential to avoid operational disruptions.

Furthermore, as digital operations expand, cybersecurity emerges as a pivotal concern. Protecting VMI's intellectual assets and data is crucial to maintain trust and safeguard financial interests. Relying too heavily on specific tech vendors can also be precarious, emphasizing the need for flexibility and contingency plans.

Financial Risks
Operating globally, VMI grapples with financial challenges. Currency fluctuations can impact profits, given the company's diverse geographic operations. Changes in commodity prices might squeeze production costs, while economic downturns can decrease demand for VMI's offerings. On the client side, credit risks arise when payments are delayed or defaulted, affecting cash flow. And, as VMI ventures into new markets or innovations, investment risks are ever-present. These financial intricacies



underscore the need for prudent planning and proactive financial strategies.

Environmental and Social Risks

VMI, operating in the machinery landscape, is not immune to the environmental and social challenges affecting businesses globally. From an environmental perspective, there is pressure to ensure that manufacturing processes are sustainable and have minimal ecological impact. Regulatory bodies are increasingly stringent, and non-compliance can result in financial penalties and reputational damage. Moreover, efficient use of resources and waste management are vital not just for compliance but for corporate responsibility.

Socially, VMI operates in a world that's ever conscious of ethical operations. Stakeholder expectations revolve around fair labor practices, positive community relations, and inclusive workplace policies. Any missteps or perceived negligence can lead to public relations challenges, consumer backlash, or even boycotts. In an age of social media and instant news, VMI's reputation, built over years, can be questioned overnight.

VMI's commitment to sustainability extends to its supply chain, but this brings challenges. If a supplier falls short in ethical or environmental standards, VMI's reputation could suffer, even if the lapse is external. Tightening global regulations mean any supplier's non-compliance could result in penalties.

Additionally, consumers now demand supply chain transparency and can shift loyalty if they perceive unsustainable practices. While sourcing sustainably might increase costs, not doing so can compromise VMI's standing. Balancing sustainability with efficiency and cost in the supply chain is thus critical for VMI's continued success.

Legal and Regulatory Risks

Failure to comply with laws and regulations, including international guidelines, can result in damage. Global operations may expose VMI to bribery and corruption risks. Undesirable or unethical conduct by employees can result in unacceptable behavior towards other employees or fraud-related issues. Violation of local regulations can result in significant penalties and reputational damage.

To mitigate such risks, VMI conducts an annual business ethics risk assessment, and emphasizes continuous awareness raising for its team, including signing the employee code of conduct and regular training sessions.

Key sustainability goals

VMI's overarching sustainability goals are the following:

To use only renewable energy in its factories and become carbon neutral in its own operations by 2030 (scope 1 and scope 2). Goals for scope 3 emission reduction in line with SBTi will be set in 2025.

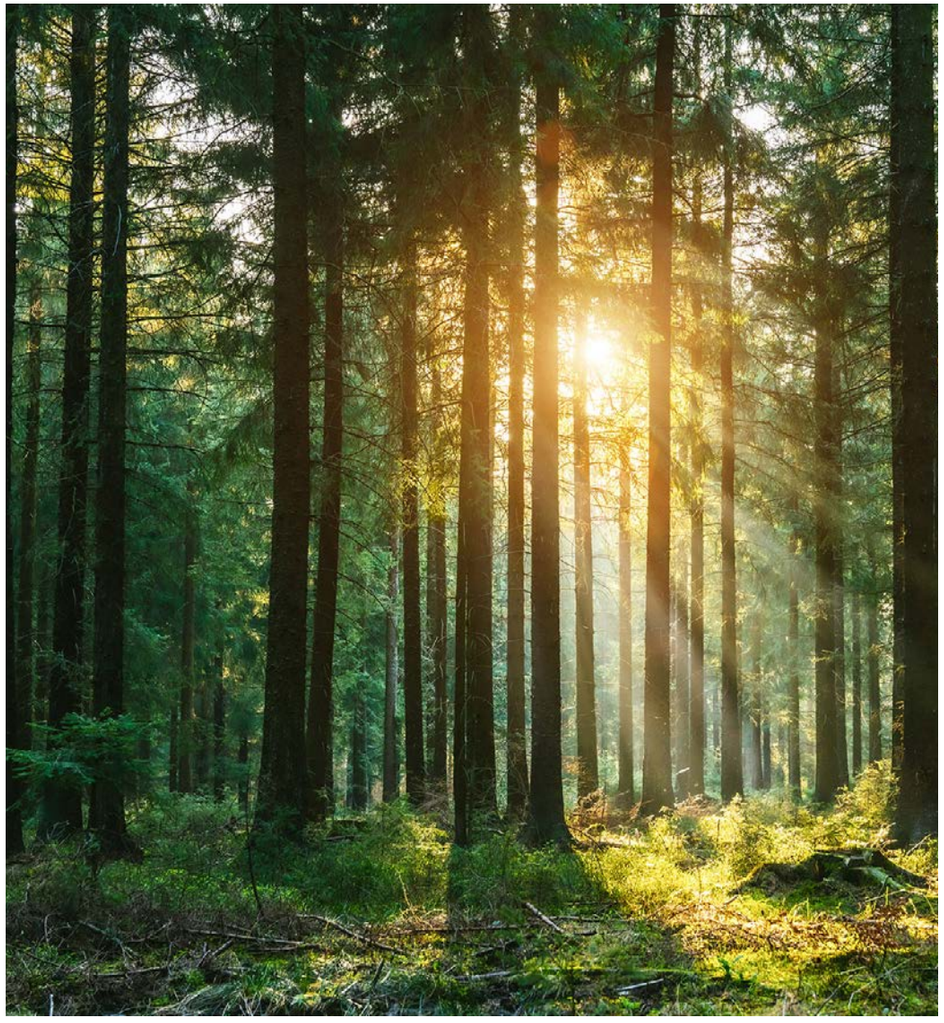
To ensure all machines are designed for carbon neutrality and recyclability, targeting machines meet 50% of these criteria by 2030, and progressing to 100% by 2050.

To enable its customers to produce tires with less material use and less rolling resistance.

A supply chain that is dependable and resilient; carbon neutral by 2050; fully circular products by 2050; and where human rights are ensured for all workers.

To maintain a sustainable employment in a growing organization, striving for zero serious accidents and an employee satisfaction rate of >7.5.

To contribute to society by sharing knowledge, supporting education, and contributing to good causes by annually initiating or participating in a sporting event that supports a significant donation to a good cause.



The key performance indicators that VMI uses to measure progress towards these goals can be found in the following, topic-specific chapters of this report.

Sustainable Development Goals

SDG 9

In today's rapidly evolving world, the key to achieving long-term success and creating a positive impact lies in embracing a sustainable, multi-faceted strategy. Central to VMI's ethos is leveraging cutting-edge Innovative Technology. VMI constantly invest in research and development, keeping an eye on emerging technological trends. By forming partnerships with tech startups and innovation hubs, VMI infuses technological advancements into its operations, driving efficiency and presenting innovative solutions to global challenges.

SDG 4, 5, and 8

At the core of VMI's efforts lie its People. VMI believes that a motivated and diverse workforce is the backbone of any successful enterprise. With this in mind, VMI has established comprehensive training programs that does not just focus on skills but also generates a deep understanding of sustainable practices. VMI's aim is to encourage a culture where continuous learning, innovation, and the well-being of its employees go hand in hand.

SDG 12

At the core of VMI's efforts lie its People. VMI believes that a motivated and diverse workforce is the backbone of any successful enterprise. With this in mind, VMI has established comprehensive training programs that does not just focus on skills but also generates a deep understanding of sustainable practices. VMI's aim is to encourage a culture where continuous learning, innovation, and the well-being of its employees go hand in hand.

SDG 7 and 13

VMI's commitment to the environment is further expressed in its stance on Climate and Energy. VMI is keenly aware of the urgent need to reduce its carbon footprint. By adopting energy-saving measures and investing heavily in renewable energy sources such as solar and geothermal energy, VMI is actively combating climate change.

SDG 8 and 13

Lastly, the integrity of VMI's Supply Chain remains predominant. VMI believes in a transparent and responsible supply chain where every stage is aligned with its sustainability objectives. Through regular surveys, VMI ensures its suppliers resonate with environmental and ethical standards.

Endorsements

Endorsements for VMI demonstrate the company's commitment to aligning its operations with globally recognized principles and standards in areas like human rights, labor, environmental sustainability, and anti-corruption. These endorsements not only reflect VMI's responsible business practices but also its proactive engagement in fostering a sustainable and ethical operational framework.

Other endorsements
Further to the above, VMI also participates in the Carbon Disclosure Project (CDP) and screens its suppliers in line with the Responsible Minerals Initiative (RMI). For additional details, read the sections on Sustainable Energy & Climate and Sustainable Materials under Environmental Sustainability. TKH also obtained an AA MSCI score.

UN Global Compact
VMI is a participant in the United Nations Global Compact (UNGC), demonstrating its endorsement of this initiative by committing to align its operations and strategies with ten universally acknowledged principles in areas such as of human rights, labor, environment, and anti-corruption.

SMETA
VMI has recently undergone a SMETA (SEDEX Members Ethical Trade Audit) audit, which represents a significant stride towards ensuring ethical business practices within its operational framework. SMETA is a globally recognized audit procedure that examines companies on various aspects including labor rights, health and safety, the environment, and business ethics. By participating in the SMETA audit, VMI demonstrates a robust commitment to maintaining a high standard of ethical conduct in its business operations.

Sustainalytics
TKH Group, the parent company of VMI, has received an ESG risk score of 22.8 from Sustainalytics. This is a notable achievement, as Sustainalytics is a globally recognized leader in ESG evaluations. The assessment by Sustainalytics is also an indicator of VMI's dedication to sustainable and responsible business practices.

03

Sustainable Products and Services

VMI GROUP

Overview

VMI is committed to driving positive change in the machinery industry by placing environmental sustainability at the core of its operations. As a global leader in tire manufacturing machinery and solutions, VMI recognizes its responsibility to reduce its ecological footprint and contribute to a more sustainable planet.

One of VMI's primary objectives is to develop and provide cutting-edge technologies that enable its customers to optimize their processes while minimizing environmental impact.

Through its machines and other innovations, VMI empowers its customers to become more sustainable. These advancements not only benefit the end- users but also align with global efforts to combat climate change.

This chapter details VMI's approach to product design for sustainability, as well as the services VMI provides to its clients to ensure the longevity of the machines they purchase, encompassing four topics:

- Product design
- Material use
- Production processes
- Sustainable machines & services

VMI's key goals and targets related to these topics are:

- Carbon neutral and recyclable machines, targeting a transition where VMI's machines meet 50% of these criteria by 2030, and progressing to 100% by 2050.
- At least 70% of VMI's machines are covered by life-cycle assessment by 2030.
- Reducing the energy consumption of the machines by at least 15% by 2030.
- Reducing the scrap rate in the tire building process by at least 10% by 2030.
- Enable customers to design and produce tires with a 10% lower rolling resistance by 2030.

The following pages will describe its journey and progress VMI has made in 2024 to achieve these goals.

Sustainable product design

One of VMI's main goals is to support manufacturers that use its machines to reduce their environmental impact. To achieve this, VMI focuses on the following areas:

- Durable machine design and retrofit options ensure long lifetime, both technical and economical
- Lower energy consumption
- High level of automation and accuracy drives lower scrap.
- Robust and new processes enable the use of 'difficult' components and compounds.

VMI's efforts towards sustainable product design include New Product Development and Introduction (NPDI), EcoDesign which focuses on a life-cycle design approach, and life-cycle assessments (LCAs) on its existing machines to keep improving their sustainability performance.

NPDI process

New product development and introduction (NPDI) encompasses all the processes that are needed to bring a new product to market. New product development (NPD) focuses on conceptualizing, designing, and planning a new product, whereas new product introduction (NPI) focuses on producing, launching, and selling the product to consumers.

By including environmental impacts of the VMI machines in the NPDI process, VMI ensures that environmental impacts of its machines are considered when the machine is being designed on the drawing board. *(Figure 3)*

EcoDesign

EcoDesign is a crucial approach that VMI uses, and on which it provides training to its lead engineers. This training equips engineers with the knowledge and tools to seamlessly incorporate environmental considerations into the product development process.

EcoDesign essentially means finding a balance between environmental and economic factors. It's about making sure that environmental concerns are a fundamental part of every step in developing a product. This approach aims to create products that have the least possible negative impact on the environment throughout their entire life cycle, from the initial idea to when they're no longer in use. During the training, engineers focus on a strategy called life cycle design using a tool called the LIDS wheel *(Figure 4).*

This strategy encourages engineers to think about a product's entire life cycle, including how it is made, how it is used, how it is maintained, and what happens to it when it is no longer needed.

In terms of VMI machines' end of life, the oldest MAXX machines, in production since around 2010, are currently only at mid-life, counting with a life span of 30 years. (For pre-Maxx machines, the numbers are too low to make this economically viable.) However, VMI works to ensure recyclability on the article level. For example, by modular design, design for repair and upgrade, and awareness that certain coatings may prohibit recycling. By embracing EcoDesign principles and using the LIDS wheel, VMI's lead engineers are better equipped to develop products that not only work well and make economic sense but also contribute positively to environmental sustainability. This commitment not only benefits VMI but also aligns with global efforts to make products that have a smaller impact on the environment.

Besides EcoDesign, since 2024 VMI's R&D Extrusion team regularly participates in the

Figure 3.

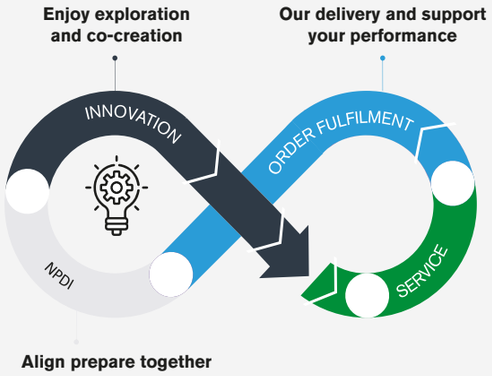
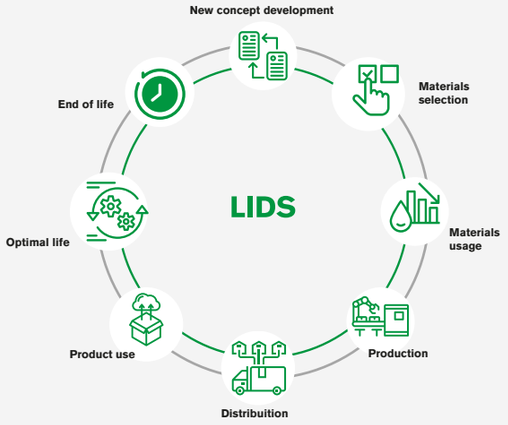


Figure 4.



CIRCO track training, to investigate options for circularity in the VMI value chain.

Life-cycle Assessments

The average lifetime of a machine VMI produces is 20-30 years. While VMI know that most of the emissions caused by VMI's machines happen during their lifetime in operation, at VMI's customers' site, VMI is committed to minimizing this impact, in line with VMI's goal to achieve carbon neutral machines by 2050. Thus, since 2022, VMI regularly conduct life-cycle assessments (LCAs) on VMI's machines.

In 2022, VMI started out with an LCA for VMI's MAXX tire building machines for personal cars and vans, and in 2023 and 2024, VMI conducted an LCA for the MILEXX machines tire building machines for trucks and busses. These two LCAs cover more than 70% of the machines that are produced annually.

This accomplishment marked a pioneering effort in the tire manufacturing industry, as VMI became the first manufacturer to undertake such an analysis specifically for tire building machines. This cradle-to-grave analysis examined the entire lifecycle of the machine, emphasizing aspects under VMI's control.

The objective of conducting LCAs is to evaluate and enhance sustainability at various crucial stages of VMI's machine's life cycle. The studies cover raw material extraction, component manufacturing, machine assembly, distribution, and the end-of-life phase. At each stage, it meticulously assesses the environmental impact, aiming to pinpoint areas for sustainability improvements.

These evaluations are not just about understanding; they translate insights into actionable steps to reduce the machine's environmental footprint. For example, in the case of MAXX, VMI has identified 150+ improvement possibilities through the LCA, which a group within VMI's R&D team is now working on to implement. See the table for the improvement recommendations.

LCAs form VMI's commitment to responsible and sustainable practices throughout its machines' lifecycle, ensuring an eco-friendly approach without compromising performance. VMI's objective is to conduct a Life Cycle Assessment (LCA) on all machines and aim to reduce their CO_2-footprint by 10% over the next two years.

Electricity
Base line measurement electricity consumption
Analysis base line electricity consumption
Identify and prevent non-functional electricity consumption
Machine power monitor
Automatic standby modus
Replace linear motors by servo motors
Acceleration deceleration speeds
Air
Base line measurement air consumption
Replace air driven components
Reduce max air pressure
Reduce air pressure per module
Reduce air consumption machine
Mass
Analyze mass of moving components
Minimize mass of moving components
Re use energy of moving components, brake energy
Adjusting the topology of moving parts for regenerative braking energy
Energy savings of moving components

Waste / Scrap
Scrap reduction in customer tire building process, machine related
Scrap reduction in customer tire building process, through process optimization
Reduction of material consumption through process optimization (less material in tire)
Material usage
Analyze machine on over dimensioning
Reduce overall weight of machine
Use of recovered/recycled materials

Sustainable material use

VMI primarily acquires half-fabricates products from its suppliers. In its commitment to sustainability, VMI holds its suppliers to high standards regarding the responsible treatment of raw materials. Both in the selection of new suppliers and in its ongoing evaluation of existing ones, VMI places a significant emphasis on the utilization of recycled materials and the availability of recyclable products.

VMI does use rubber for testing the tire building machines. The amounts of rubber consumption can vary considerably per year, depending on order intake and customer requirements for testing. VMI ensures that after testing the rubber products are collected for recycling. Almost always the rubber will be recycled in a specialized facility: rubber produced by VMI is not vulcanized, and therefore it is relatively easy to recycle. In very few cases, a customer may demand that the used rubber is destroyed because of Intellectual Property associated with the rubber compound.

In addition to evaluating the use of recycled materials and the availability of recycled products, VMI also assess, in alignment with the Responsible Minerals Initiative (RMI), the responsible sourcing of minerals within its supply chain. VMI does this by asking suppliers to complete a related questionnaire, as well as share a CMRT statement.

Through these measures, VMI not only strives to reduce its environmental footprint across the supply chain but also actively support the circular economy. VMI's aim is to ensure that the materials used in the products purchased are sourced and handled in an environmentally responsible manner, contributing to a more sustainable approach throughout VMI's production processes.

VMI's progress in KPIs:

97% of selected suppliers completed VMI's supplier questionnaire.

9 of 30 relevant suppliers (30%) shared a CMRT statement with VMI.

14% of selected suppliers shared a REACH article 33 statement with VMI.

The table below provides a very important insight into why VMI strives for sustainable material use, and actively transitioning towards circularity: the annual productions of VMI's machines require more than 8 tons of steel, which is about 20% more than the weight of the metal frame of the Eiffel Tower, and VMI's annual material consumption totals over 11 tons, over 10% over the Eiffel Tower's total weight ***(source: La Tour Eiffel).*** VMI's goal to make 100% of its machines recyclable by 2050 means that the company is working towards significantly reducing the amount of raw materials used in the production processes.

Total Weight of VMI Machines, Retrofitting and Spares in 2024

11,257 tons of materials

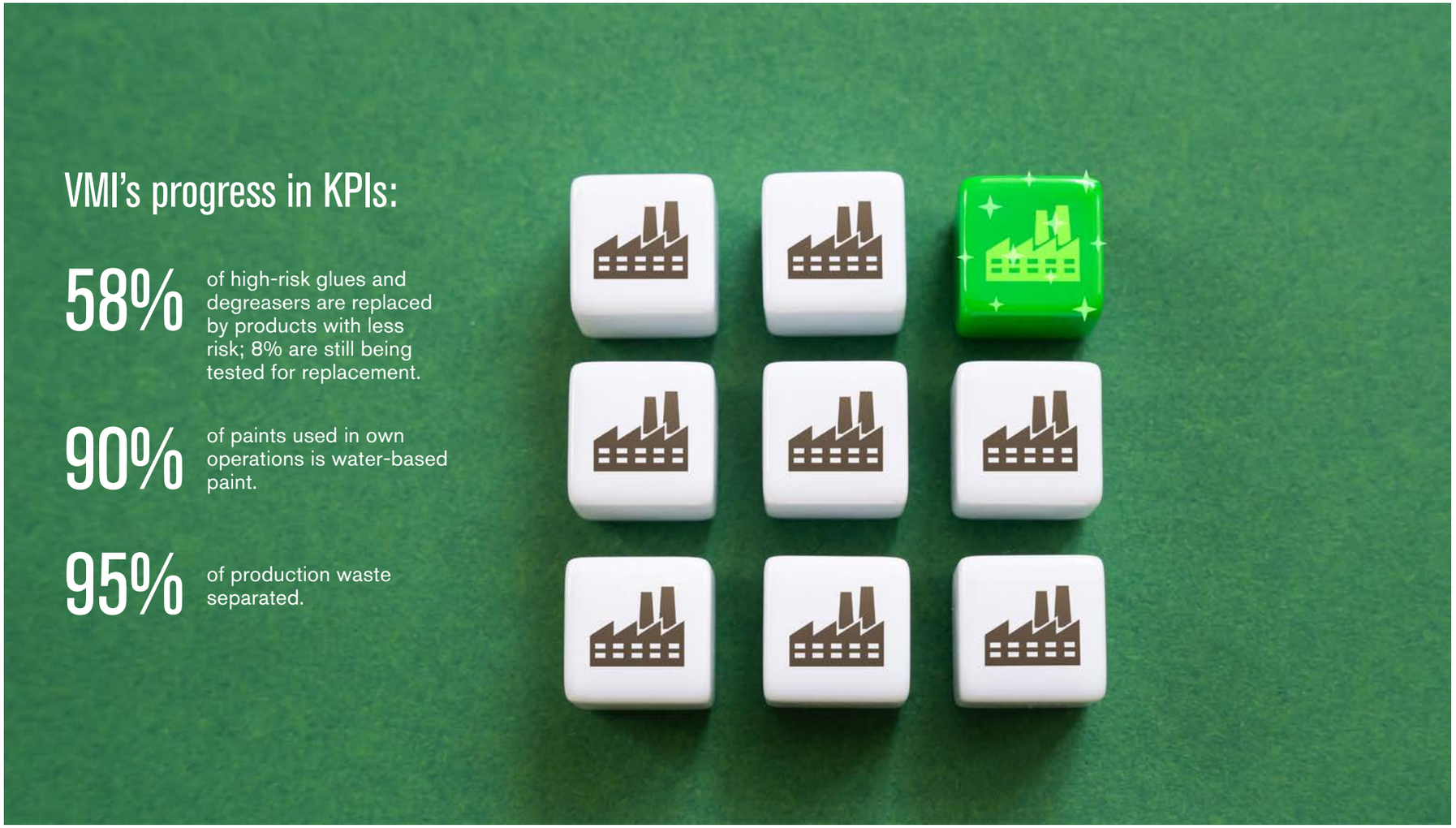
8,861 (Ton) steel	1,885 (Ton) electronics	315 (Ton) aluminium	132 (Ton) plastic	28 (Ton) wood	22 (Ton) rubber	15 (Ton) copper

Sustainable production processes

VMI's production process mainly consists of assembling half-fabricates. Hardly any raw materials are used, water consumption is low and energy consumption is predominantly caused by the heating and lighting of the production halls and offices. Most activities concern labor by hand, use of electrical hand tools, internal transport with electric staplers and forklifts.

The most energy intensive production processes are testing machines, such as tire building machines and rubber extruders. To achieve its goal of carbon neutrality by 2030, VMI has started transitioning to using renewable energy for these processes, partly through its own solar panels, and partly by purchasing green energy. For a more detailed update on VMI's carbon footprint, see the chapter "Sustainable Operations".

Another important goal for VMI is to reduce any environmental impact related to the use of substances like adhesives and cleaning agents that can be harmful. VMI also focuses on handling waste separation as efficiently as possible.



Sustainable machines and services

With its award-winning manufacturing machinery and solutions, one of VMI's primary objectives is to develop and provide cutting-edge technologies that enable its customers to optimize their processes while minimizing environmental impact. Some of the ways VMI makes its machines more sustainable are designing durable machines, offering retrofit options to ensure the longevity of its products.

VMI also aims to lower energy consumption and scrap rate. The following ones are some of VMI's most innovative and sustainable machines to date.

Furthermore, VMI's groundbreaking UNIXX technology was recognized by Pirelli's Supplier of the Year Award 2024, and The VMI REVOLUTE has been recognized as a joint winner in the Plant Automation category of the European Rubber Journal's Future Tire & Rubber Awards 2024.

At the Tire Tech 2024 in Hannover, VMI introduced the first ever AI application to reduce waste of rubber compounds in the tire building process. The patented Foreign Object Detection system (FOD) uses advanced AI and imaging techniques to detect any contamination in rubber compounds. This enables our customers to reject input material in an early stage, thus preventing the rejection of an entire green tire at the end stage of the production process.

As a result of the above innovations, as well as services and support to customers, VMI's customer satisfaction score in 2024 was 8.4.

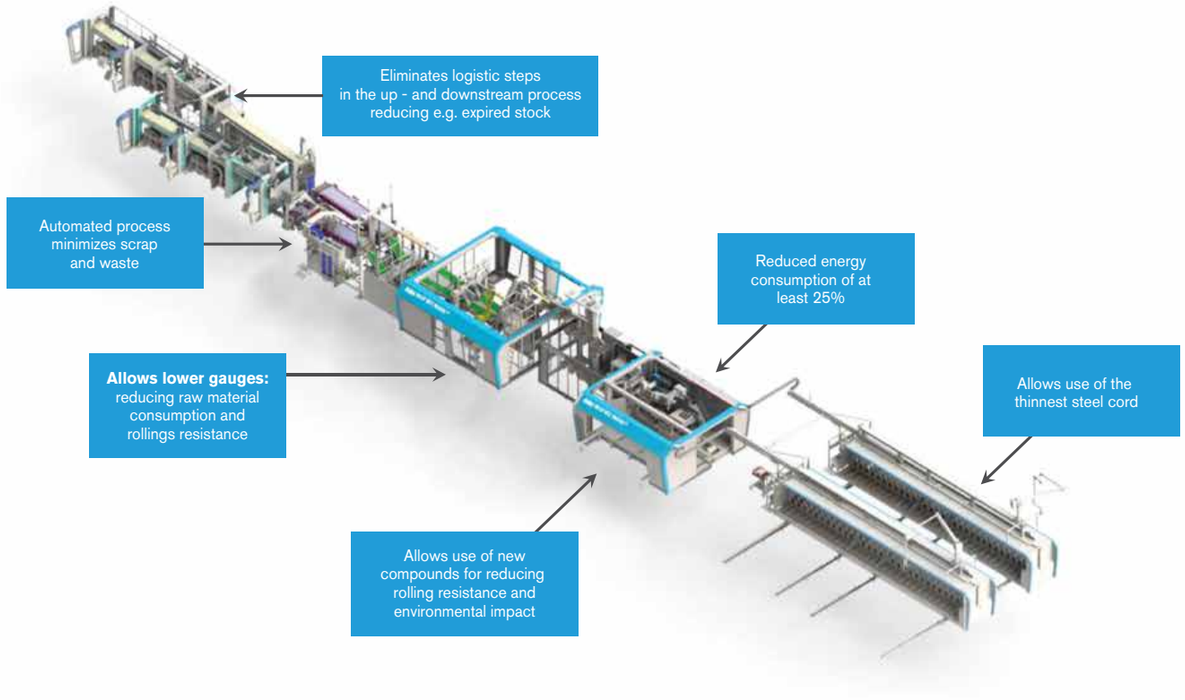
UNIXX Belt Maker

The UNIXX Belt Maker produces high quality endless steel belts by means of an innovative and accurately controlled extrusion process that can handle a wide range of compounds.

The system is optimally suited for hands-off, eyes-off production. Scrap and waste from angle- and compound changes are reduced because of the limited width of the extruded strip. Next to this, the automated and accurately controlled process produces a consistent high-quality belt.

The UNIXX Belt Maker allows to produce thinner materials, contributing to a lower material consumption and CO_2 emission levels. *(Figure 5)*

Figure 5.



REVOLUTE

VMI's groundbreaking REVOLUTE machine is reshaping tire manufacturing with a strong focus on sustainability. It's revolutionizing Bead Apex production while significantly reducing energy consumption per bead, thereby contributing to a more environmentally friendly manufacturing process. This innovative machine minimizes waste, making tire production more efficient and eco-conscious.

Additionally, it allows for the use of sustainable compounds, reducing rolling resistance and improving overall sustainability performance. In essence, REVOLUTE not only boosts efficiency and quality but also plays a vital role in advancing the tire industry's sustainability efforts. *(Figure 6)*

LAT100

The VMI Laboratory Abrasion Tester (LAT100) is a cutting- edge device that predicts tire performance through simulated tire-road conditions, which was originally inspired by Dr. Karl Alfred Grosch's award- winning work. Its primary use is to test the abrasion resistance and frictional forces of tire treads under varying conditions. Importantly, it offers manufacturers, especially top-tier ones like VMI's key customers, vital data for tire models and simulations.

Given rising environmental concerns, there's

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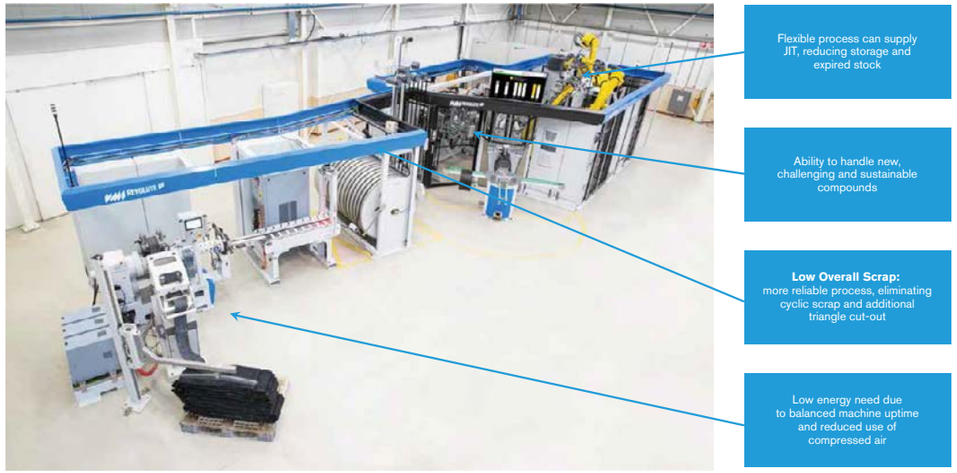

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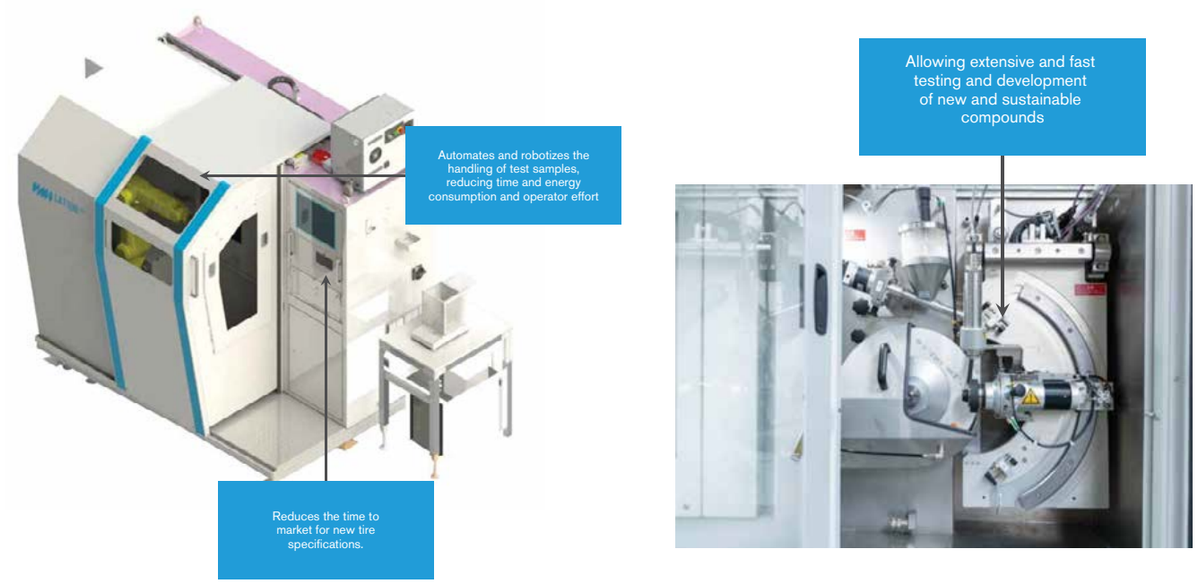


a push for improved tire energy labeling and more rigorous testing. The LAT100 offers a more sustainable and cost-effective alternative to traditionally expensive, time-consuming outdoor tests. Its focus on tread compound, which is crucial for grip and abrasion, allows manufacturers to evaluate tire performance without producing a full tire.

In 2023, VMI introduced a dynamic testing feature to the LAT100. This development was driven by environmental concerns, specifically the need to reduce Tire Road Wear Particles (TRWP) emissions, a growing environmental challenge. By emphasizing laboratory measurements of rubber abrasion, VMI aims to cut down on tire wear measurements, contributing to sustainability.

The LAT100 typically measures abrasion, grip (in various conditions), and rolling resistance. While traditional tests only vary the traveling distance over time, the new dynamic testing capability lets operators adjust multiple parameters simultaneously during the test. In essence, the LAT100 facilitates a more sustainable and efficient approach to tire testing and development. *(Figure 7)*

MAXX

The VMI MAXX radial passenger tire building machine maximizes output, quality, ergonomics, and flexibility. At the same time, set-up times, maintenance and machine complexity have been minimized, making it possible for just one person 'with hands-off eyes-off' to operate multiple systems. *(Figure 8)*

MILEXX

The VMI MILEXX truck tire building machine delivers much higher output and efficiency from day one, compared to other systems, while providing a platform for continuous development and improvement into the future. The MILEXX is developed in line with the MAXX technology principles and features several technical enhancements resulting in less operator interference, a higher automation level and an improved tire quality. This results in largely reduced number of rejects and scrap reduction. *(Figure 9)*

Services

The average lifetime of a machine VMI produces is 20, sometimes 30 years. The most critical influencing factors regarding a machine's lifespan are:

- Maintenance strategy and tactics
- The skills of the maintenance crew.

An ideal mix is often found in core, well-trained in-house staff with external (VMI) specialists

Figure 8.

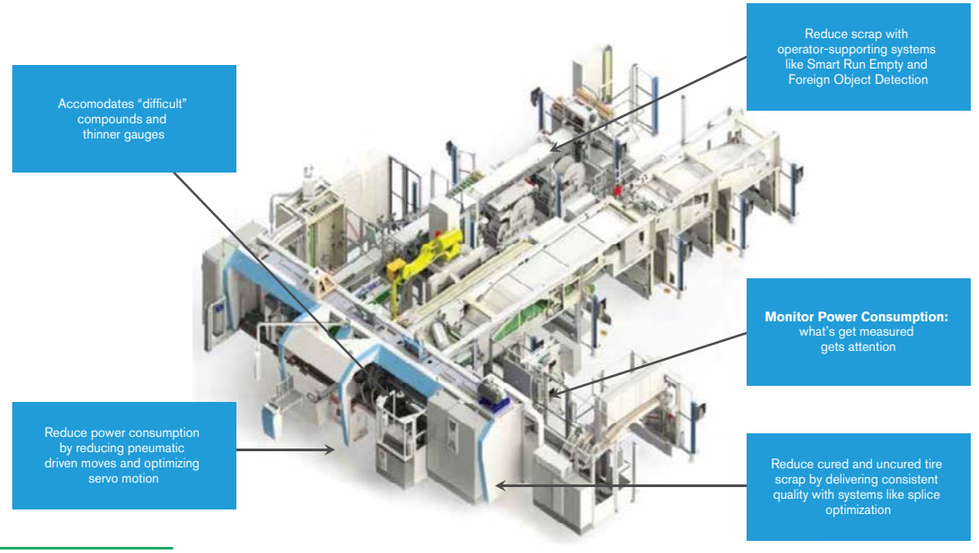
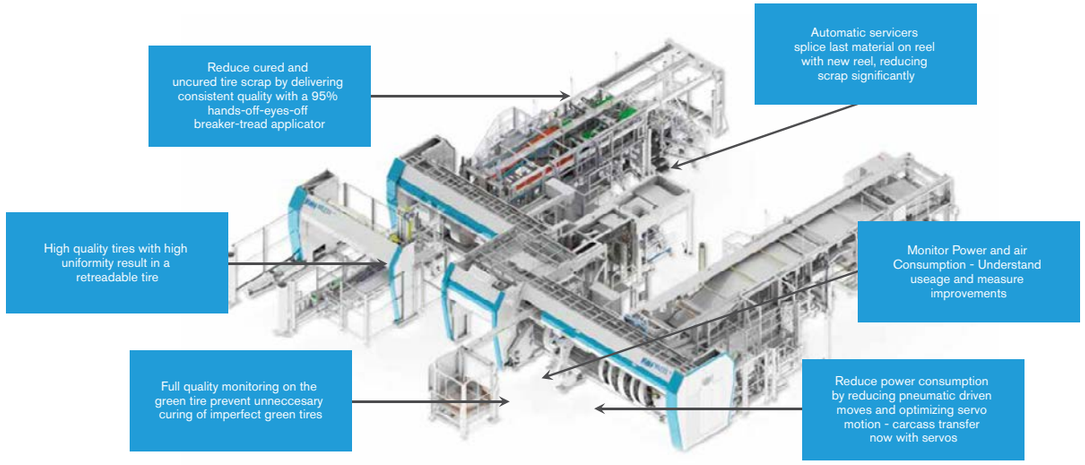


Figure 9.



for major overhauls and process improvement actions.

VMI is committed to extending the lifespan of its machines through a service program. Regular, preventative maintenance not only ensures the machines are operating efficiently but also helps in identifying and rectifying issues before they escalate into major problems. This proactive approach helps in reducing the overall environmental impact, minimizes waste, and ensures a longer operational life, thereby further aligning with the principles of sustainability and regulatory compliance. Furthermore, the VMI customer training program helps upskill in-house staff within the customers' organization.

Besides regular maintenance, VMI offers various services to its customers to ensure long-term, safe operations of its machines.

1. Maintenance & consultancy

The most material environmental impact that VMI influence is the environmental impact of the VMI machines during their lifetime. The design of the machines can minimize this impact, but the operation determines the actual impact. For this, VMI's Global Field Services department has started a service called VMI Performance Consultancy (VPC), which is an industry first. (See highlighted results in the story box.)

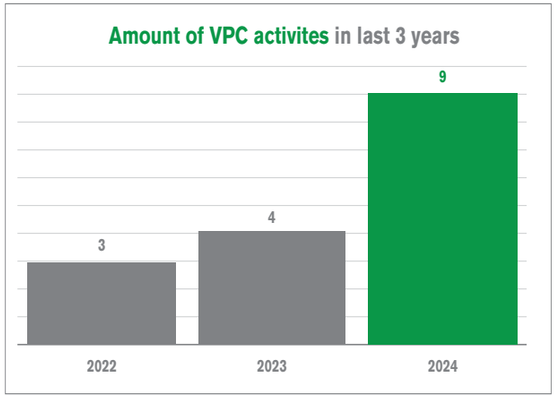


Figure 10. Growth of VMI Performance Consultancy (VPC) activities over the last 3 years.

Through its services VMS and VMSplus, VMI also provides preventative and corrective maintenance to optimize routines and the lifetime of spare parts, increasing the longevity of its machines. In 2024, VMI conducted 226 days' worth of preventative maintenance activities across multiple customers. For the VMS service, this includes mechanical alignments, critical items check, training on the job, spare part assemblies & kits, and improving maintenance plans. For VMSplus, the focus areas include data-based maintenance (error logs), software checks and implementing release notes, as well as training and process improvements.

Furthermore, VMI offers remote support and guidance to its customers so the same care and support can be provided without having to travel, reducing travel related emissions.

Insights into the results of VMI Performance Consultancy:

A VPC activity may include some or all the following interventions *(Figure 10)*:

- Roles and responsibilities are described and clarified.
- Employees are instructed and/or trained.
- Standards are adjusted.
- Ensuring that Improvements are sustainable.
- Measures are put in place to monitor process performance.

For each intervention, VMI consultants measure hard benefits, such as improved tire output, or reduced down-time, as well as soft benefits, such as improved skills of the client's crew, as well as what the consultancy activity delivers in terms of efficiency, energy consumption, material consumption, and scrap reduction.

2. Training

VMI provides training sessions for customers to ensure safe operation of the machine, which are provided at the point of handover to the customer. VMI aims to have all customer operators undergo this safety training Additionally, the Technical Manual provided alongside the machine encompasses detailed safety guidelines for both operating and maintaining the machine. The following trainings are currently available for customers through the VMI Training Academy:

Basic Instruction

- The Basic Instruction is an indispensable part of the installation and commissioning phase.
- It covers everything that the operators, mechanical and electrical & software personnel should know or do during the first year of operation with the machine.
- Enables safe operation of the machine.
- Hands-on training so that acquired knowledge can immediately be put to practice in the customer's facility.
- Available on CD and with the manual.

Advanced Training

- The next level beyond Basic Instructions.
- The Advanced Training covers everything that the mechanical, electrical & software and technology personnel should know or do after operating with the machine.
- The Advanced Training ensures an effective plant operation with the lowest downtime, the highest yield and end-product quality.
- Improved adjustments and preventive maintenance.
- Enables on site coaches, driving fully skilled and motivated staff.

Customized Training

- Based on customers specific situation.
- Blended path, based on classroom, on site and remote training.
- Includes assessment and certificate.
- Dedicated materials specific to the site and staff.

3. Upgrades & retrofits

VMI always strives to make new developments available for previous models allowing its customers to gain advantages of the improved technology without the need to buy new machines or make large investments. Retrofitting modules allows VMI's customers to increase performance or reduce costs and environmental impact, for example, in the form of less scrap.

With regards to obsolete parts, VMI always aims to find the optimum solution for its machines and customers by negotiating the longest life cycles and support periods possible from suppliers. VMI furthermore takes great care in designing and selecting components, so that it can obtain the longest life cycle out of these at the lowest costs. VMI understands the cost impact of having to replace obsolete systems and therefore jointly with its customers look for alternatives and when possible, phase the replacement of these systems over time. Here VMI makes use of a hybrid situation where a selection of old systems is replaced by new ones, thus allowing the old replaced parts to become spare parts should the other not yet replaced old system fail.

4. Parts & logistics

To further extend the life of its machines, VMI has a state-of-the-art distribution center that is automated and allows customers' orders to be shipped on the same day of receiving it. Through its local service hubs and agent network, VMI facilitates parts import and has the facilities in place to refurbish parts.

04
Sustainable Operations

VMI GROUP

Overview

VMI Group is steadfast in its commitment to achieving 100% CO_2-neutral operations by 2030, underscoring its dedication to environmental sustainability. To achieve this, VMI's strategy is structured around four pivotal areas: Energy & climate, Mobility, Buildings & facilities, and IT.

Energy & climate: Central to VMI's sustainability agenda is the transition to renewable energy sources and the reduction of greenhouse gas emissions. The company is investing in renewable energy projects, enhancing energy efficiency across operations, and actively working to mitigate its climate impact.

Mobility: VMI is actively working to reduce the carbon footprint associated with transportation. This includes optimizing logistics, promoting the use of electric vehicles, and encouraging sustainable travel practices among employees.

Buildings & facilities: The company emphasizes energy efficiency and sustainability in its infrastructure. Efforts are directed towards constructing and retrofitting buildings to meet high environmental standards, incorporating green technologies, and minimizing energy consumption.

IT: Recognizing the environmental impact of technology, VMI is implementing measures to enhance the energy efficiency of its IT operations. This involves adopting energy-efficient hardware, optimizing data centers, and promoting digital solutions that reduce the need for physical resources.

In addition to these core areas, VMI also focuses on responsible management of **Water, Waste, and Pollution.** Initiatives are in place to reduce water usage, manage waste through recycling and reduction programs, and minimize pollution to protect environmental and human health.

The following pages will provide a deeper insight into these efforts, outlining specific initiatives, progress, and plans that drive VMI toward its goal of sustainable and responsible operations.

Energy & climate

VMI recognizes climate change as one of the most pressing global challenges and are committed to playing its part in mitigating its effects. VMI's approach to energy and climate is centered on reducing greenhouse gas emissions, improving energy efficiency, and transitioning towards renewable energy sources. In line with its corporate vision and TKH's sustainability goals, VMI aims to achieve carbon-neutral operations by 2030. This commitment reflects VMI's dedication to climate action, ensuring that the company takes meaningful steps toward minimizing its impact. As part of this journey, VMI will continue to innovate, invest in sustainable technologies, and collaborate with stakeholders to drive impactful change.

In 2024, VMI's parent company, TKH aligned the group's near-term reduction targets with SBTi, resulting in a 2030 carbon reduction target for scope 1 and 2 emissions of 42%, The SBTi-aligned near-term carbon reduction targets by 2030 are based on net-zero science-based targets, meaning excluding carbon credits and including neutralization. The SBTi-aligned carbon reduction targets are calculated based on the SBTi cross-sector (absolute contraction methodology) emission reduction factor and the base year 2023. The near-term reduction target includes a forward-looking ambition (FLA) adjustment, which enables companies to count early emission reduction towards achieving their near-term SBTs, at the same time prevents companies from setting targets that have already been achieved. TKH has also developed a decarbonization strategy to assess and align actions with the ambition of reducing carbon footprint in its operations by 100% by 2030 (carbon neutral).

As part of the TKH Group, these SBTs include VMI in their scope, however, VMI plans to align its specific reduction targets with SBTi in 2025.

Energy Transition and Efficiency

To reduce its environmental impact, VMI continuously works to improve energy efficiency across its operations. VMI implements energy-saving measures that prevent unnecessary energy consumption and optimizes its processes to operate more sustainably. From upgrading equipment to more efficient alternatives to enhancing energy management systems, every step contributes to a reduction in VMI's overall energy footprint.

Beyond energy efficiency, VMI's strategy includes actively sourcing and integrating renewable energy whenever feasible. By investing in solar and wind energy, as well as seeking opportunities for on-site renewable energy generation, VMI is reducing its dependency on fossil fuels. Where a complete transition to renewables is not yet possible, VMI explore ways to offset its remaining emissions through verified carbon reduction initiatives. See the latest data on VMI's energy consumption in the table:

Energy use	Units	2019	2020	2021	2022	2023	2024
Heating	MWh	4,616	3,652	4,918	4,133	5,046	4,238
Transportation passenger cars	MWh	985	732	535	883	895	709
Auxilliary equipment (diesel)	MWh	964	255	302	295	310	36
Electricity - purchased	MWh	4,540	3,790	4,358	3,806	3,680	4,201
Electricity - self generated	MWh	14	153	323	440	786	986
Electricity - total consumed	MWh	4,553	3,943	4,681	4,246	4,466	5,187
Total energy usage	MWh	10,511	8,582	10,436	9,557	10,717	10,171
Self-generated / total consumed electricity	%	0%	4%	7%	10%	18%	19%
Reduction total energy consumption compared to 2019	%	-	18%	1%	9%	-2%	3%

Energy use per intensity factor:

Energy use	Units	2019	2020	2021	2022	2023	2024
Total energy use - FTE	MWh	10,511	9,633	9,815	8,515	8,732	8,226
Reduction total energy consumption compared to 2019	%	-	8%	7%	19%	17%	22%
Total energy use - Volume buildings	MWh	10,511	9,133	10,652	9,524	10,680	7,376
Reduction total energy consumption compared to **2019**	%	-	13%	-1%	9%	-2%	30%
Total energy use - revenue	MWh	10,511	11,345	11,401	8,919	8,277	6,831
Reduction total energy consumption compared to 2019	%	-	-8%	-8%	15%	21%	35%

Monitoring and Reporting

Transparency and accountability are crucial to VMI's sustainability efforts. The company participates in the global Carbon Disclosure Project (CDP), an initiative that enables organizations to measure, manage, and disclose their greenhouse gas emissions. Since 2022, VMI has been reporting its emissions through CDP's Climate Change program, demonstrating its commitment to tracking its progress and identifying areas for improvement.

Through its annual CDP disclosures, VMI gains valuable insights into its carbon footprint, enabling it to set informed targets and refine its sustainability strategy. These disclosures also allow VMI to align with global best practices in climate action and respond to the expectations of stakeholders, including customers, investors, and regulatory bodies.

As VMI moves forward, it will maintain a strong focus on reducing emissions, enhancing energy efficiency, and increasing the share of renewables in its energy mix. In the following sections, this report will provide a detailed overview of VMI's energy transition progress, including its latest CO_2 emissions data, key initiatives, and plans to meet its sustainability objectives.

Scope 1,2 and 3 emissions:

CO_2 emissions	Units	2019	2020	2021	2022	2023	2024
Scope 1	ton CO_2	1,322	909	1,102	1,044	1,217	956
Scope 2 - Location based	ton CO_2	3,706	3,154	3,712	3,155	3,068	3,566
Scope 2 - Market based	ton CO_2	3,706	3,154	3,712	2,683	1,331	1,423
Scope 1 and 2 - Location based	**ton CO_2**	**5,027**	**4,063**	**4,814**	**4,199**	**4,285**	**4,522**
Scope 1 and 2 - Market based	**ton CO_2**	**5,027**	**4,063**	**4,814**	**3,727**	**2,547**	**2,380**
Reduction ref 2019	%		19%	4%	26%	49%	53%

Scope 1 and 2 emissions - intensity by FTE

CO_2 emissions	Units	2019	2020	2021	2022	2023	2024
Scope 1	ton CO_2	1.322	1.020	1.037	930	991	773
Scope 2 - Location based	ton CO_2	3.706	3.541	3.491	2.811	2.500	2.884
Scope 2 - Market based	ton CO_2	3.706	3.541	3.491	2.390	1.084	1.151
Scope 1 and 2 - Location based	ton CO_2	5.027	4.561	4.528	3.741	3.491	3.657
Scope 1 and 2 - Market based	ton CO_2	5.027	4.561	4.528	3.320	2.076	1.925
Reduction ref 2019	%		9%	10%	34%	59%	62%

	2023		2024	
Scope 3	**Total GHG emissions** (tn CO_2e)	**Percentage of total scope 3 emissions**	**Total GHG emissions** (tn CO_2e)	**Percentage of total scope 3 emissions**
Scope 3 Upstream GHG emissions (tn CO_2e)	**90,202**	**25%**	**117.681**	**31%**
1. Purchased goods and services	82,899	23%	108.652	29%
2. Capital goods	2,810	1%	1.488	0%
3. Fuel- and energy-related activities	**194**	**0%**	999	**0%**
4. Upstream transportation and distribution	**635**	**0%**	594	**0%**
5. Waste generated in operations	0	0%	245	0%
6. Business travel	3,051	1%	2.683	1%
7. Employee commuting	529	0%	3.020	1%
8. Upstream leased assets	84	0%	-	0%
Scope 3 Downstream GHG emissions (tn CO_2e)	**265.735**	**75%**	**259.466**	**69%**
9. Downstream transportation and distribution	2.348	1%	2.101	1%
10. Processing of sold products	-	0%	-	0%
11. Use of sold products	262.728	74%	256.263	68%
12. End-of-life treatment of sold products	659	0%	1.103	0%
13. Downstream leased assets	-	0%	-	0%
14. Franchises	-	0%	-	0%
15. Investments	-	0%	-	0%
Grand Total	**355.937**	**100%**	**377.147**	**100%**

Mobility

Sustainable mobility is a key focus area in VMI's commitment to reducing carbon dioxide (CO_2) emissions resulting from both employee commuting and business travel.

Vehicle fleet
To address this, VMI has embarked on an ambitious journey to electrify its entire company vehicle fleet. Since 2022, any new vehicle added to the fleet is exclusively electric, to achieve a 100% electric fleet by 2030, significantly reducing VMI's standard emission per car. This proactive approach aligns with VMI's dedication to cleaner transportation and a greener future.

Additionally, VMI is investing in the essential charging infrastructure and continuously expanding its network of electric vehicle charging stations, conveniently including those within employee and visitor parking areas. The current results are:

- VMI Group leases 71 passenger cars; 44% of its car fleet is hybrid or electric, 27% is full electric.
- VMI parking lots feature 52 charging stations.
- 16 employees have a VMI charging station at home.

For the internal vertical transport, forklifts and staplers are in the process of being replaced with electrical versions.

Innovative tire pump initiative
In 2012, VMI introduced an innovative tire pump initiative right within its parking lot, emphasizing the importance of maintaining proper tire inflation. The success of this initiative has been substantial, benefiting 2,295 users. Beside the financial savings, totaling €53,156 and €23,50 per user, it had a positive environmental impact. Through this initiative, VMI collectively reduced CO_2 emissions by 45.4 tons and conserved 12,404 liters of fuel. It's a testament to how small changes can yield significant environmental and financial benefits.

Reducing travel
Recognizing its global presence and the necessity of travel for meetings and machine maintenance at customer sites, VMI actively promotes alternatives such as telephone and video conferences whenever feasible. This approach allows VMI to reduce the environmental footprint associated with travel while still ensuring effective communication with its customers on a global scale.

Shuttle bus & loan bicycles
VMI uses shuttle buses to make its company accessible via public transportation, contributing to sustainability by reducing individual car usage and promoting more eco-friendly commuting options. Additionally, VMI provides loaner bicycles for employees, further encouraging sustainable transportation choices and reducing the environmental impact of daily commutes.

Buildings & facilities

Buildings have long service lives; therefore, it is essential to invest in energy efficiency and sustainable building materials to minimize the adverse effects on the environment.

VMI optimizes the energy efficiency of existing buildings. New buildings are planned to achieve energy consumption that is as low as possible. Almost all VMI offices have energy label A or higher.

The main measures that are implemented, consist of:

- use of heat pumps,
- use of photovoltaic energy,
- presence and daylight-controlled LED illumination,
- energy management system that continually monitors and optimizes energy usage,
- automatic shading systems.

As part of VMI's energy transition efforts, of 2024, 30% of its electricity consumption is self-generated renewable energy. VMI has been gradually installing solar panels on its buildings since 2019:

- **2018:** 100 solar panels installed
- **2020:** 1200 solar panels installed
- **2022:** 1100 solar panels installed
- **2024:** 800 panels installed in VMI China

VMI's carbon emission from its electricity consumption for all its offices in Europe are compensated through green certificates.

Sustainable IT

From an IT perspective, cloud computing can significantly contribute to achieving various sustainability outcomes. This is primarily driven by the “economy of scale” and sustainability initiatives adopted by major cloud providers like Microsoft and AWS to enhance their sustainability practices. They are committed to achieving goals such as 100% renewable energy for their public cloud offerings and a transition to carbon-free energy sources, along with reducing water consumption.

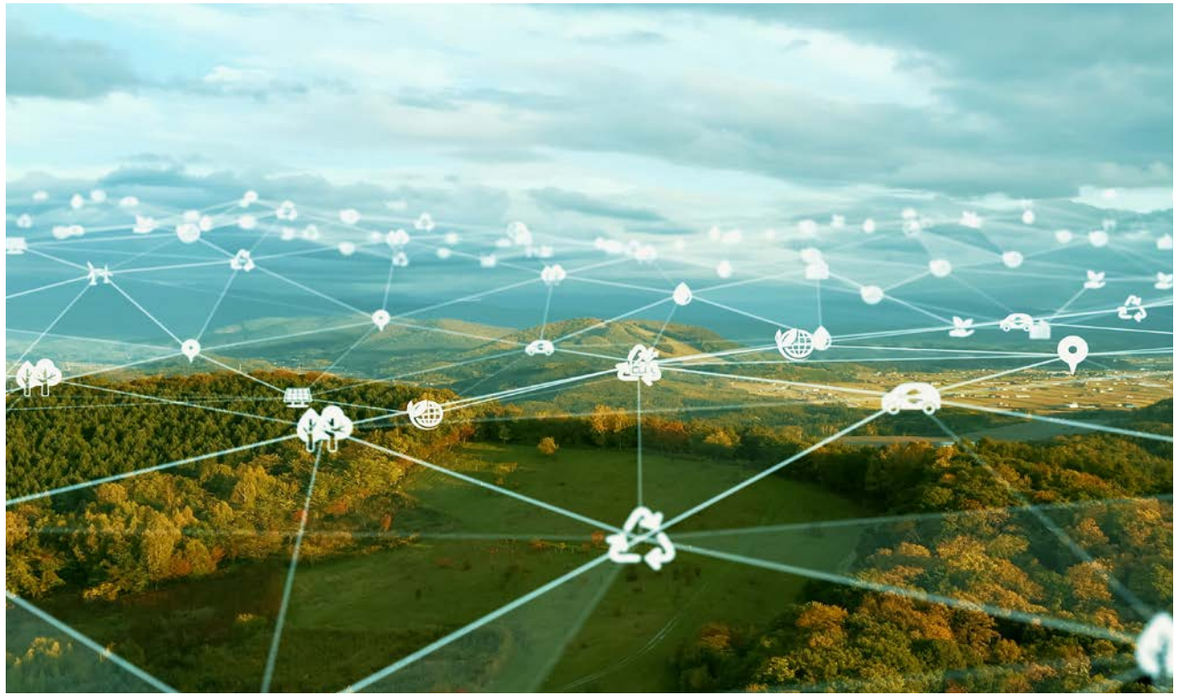
Several aspects highlight the sustainability related benefits of cloud computing. Firstly, it leads to reduced energy consumption. Companies can lower their energy consumption by utilizing cloud computing, relying on the infrastructure of cloud providers rather than maintaining their own data centers. Cloud providers often employ more energy-efficient technologies and can capitalize on economies of scale to reduce energy consumption related to cooling, lighting, and power provisioning systems.

Secondly, cloud computing contributes to a reduced carbon footprint. By curbing energy consumption, cloud computing helps companies reduce their carbon footprint. Cloud providers can tap into renewable energy sources like solar or wind power to operate their data centers, further diminishing their carbon emissions.

Moreover, cloud computing minimizes the generation of electronic waste (e-waste) within companies. Instead of procuring and managing their hardware, businesses can opt for cloud computing services that can be easily scaled up or down as needed. This reduces the necessity to dispose of obsolete hardware, a significant source of e-waste.

Lastly, cloud computing promotes improved resource utilization. It enables companies to optimize resource usage by sharing resources among multiple users. This promotes the efficient utilization of resources and helps decrease the overall resource requirements.

VMI is critically reviewing the use of (server) hardware and is replacing and consolidating this with virtual and/or cloud services, with the aim to reduce its energy consumption and e-waste through this process. Several cloud platforms are already in use to reap these benefits. This includes Microsoft M365 for global collaboration, a middleware framework for application integration, Talentsoft eLearning, Cobra HR, MobileExpense, as well as VMI’s MS CRM application. Additionally, VMI has plans to migrate several applications to the cloud in its roadmap. These include moving the ERP system (Infor LN) to the AWS cloud, implementing time registration for VMI Epe, further utilizing the M365 platform (including a global intranet and document management), and enhancing the Business Intelligence platform (for reports, information dashboards, data analysis, and KPIs).



Water, waste and pollution

VMI recognizes that responsible resource management is essential to sustainable operations. Water, waste, and pollution are critical focus areas, as they directly impact environmental health and the efficiency of its processes. VMI strives to minimize its water consumption, reduce waste generation, and prevent pollution to safeguard both natural ecosystems and the communities in which it operates. By implementing innovative solutions and adhering to strict environmental standards, VMI is committed to driving continuous improvement in these areas, ensuring that its operations contribute positively to a more sustainable future.

Water

VMI does not use water in the production process. The water usage consists primarily of sanitation and consumption (coffee and tea). Hence, the annual water consumption is well below average: the average water consumption per FTE is approximately 13 m3 per year. VMI's goal is to maintain the current low water consumption per FTE.

Water supply companies and governments warn for water shortages around 2030. To prepare for this, VMI has faucets that switch off automatically, preventing water spillage. In the future, the use of rainwater for sanitary purposes can be expected and one of VMI's objectives is to promote responsible and eco-friendly water usage among employees.

Waste

Since VMI is mainly an assembly site, very little waste is generated in the production process.

The main waste streams are wood, paper and cardboard, steel, plastic, and copper. VMI regularly analyzes these waste streams and identify ways to reduce them. By far, the most waste stems from packaging materials from incoming goods. This aspect is also a standard subject in supplier engagements: VMI specifies in advance the expected packaging to a supplier in the form of a Material Handling instruction.

Overall, VMI aims to reduce wastage to no more than 5% in most relevant production raw materials, while recycling at least 80% of most relevant production raw waste. Additionally, since VMI has a significant level of wood waste, it set the target to reduce this waste level by

Water	Units	2019	2020	2021	2022	2023	2024
Water	m3	19,879	16,456	15,662	16,664	20,665	25,281
Water consumption/FTE	m3/FTE	18	14	12	12	14	13

Waste	Units	2019	2020	2021	2022	2023	2024
Copper	kg	17,053	19,133	17,125	19,005	10,139	11,595
Plastics (e.g. PVC, XLPE, PE)	kg	40,668	34,443	20,754	17,665	5,238	36,645
Other plastics	kg	not recorded	not recorded	not recorded	not recorded	not recorded	26,100
Steel	kg	100,903	83,748	64,427	80,762	83,350	172,131
Aluminium	kg	2,600	1,630	2,224	4,201	1,928	2,317
Wood	kg	228,173	213,165	204,204	203,171	1,952	282,480
Paper + board	kg	132,859	153,471	137,283	137,455	56,109	126,098
Electronics	kg	-	1,947	107	497	352	1,569
Hazardous	kg	26,192	2,836	9,816	3,660	2,989	8,893
Other materials	kg	164,460	158,960	129,780	118,400	414,887	179,227

Note: as of 1-1-2024, the data has been collected as per CSRD requirements. The scope has changed, resulting in higher numbers for steel, wood, and other materials.

Progress on eliminating gas consumption:

Gas consumption	2019	2020	2021	2022	2023	2024
Cubic meters buildings	663,091	623,091	649,679	665,389	665,389	914,375
Consumption of natural gas	472,559	373,839	503,448	423,108	516,543	433,810
M3 gas per m3 building	0.713	0.600	0.775	0.636	0.776	0.474
Reduction compared to 2019	-	16%	-29%	18%	-22%	39%

10% in 2024 compared to 2023. Another objective is to reduce the overall waste levels by promoting more responsible waste management among employees.

Besides waste in the production process, VMI also strives to reduce waste in other ways. In 2024, every VMI employee globally received a personalized coffee mug and a thermo flask, to reduce single-use cups at all our locations. This way, VMI saves 830.000 single-use plastic cups every year.

Pollution

VMI's main goal is to achieve zero air pollution in its own operations by 2040. To get there via the following roadmap:

- Eliminate natural gas consumption in VMI's Epe facility by 2030.
- Achieve a 100% use of natural coolants across all VMI's facilities by 2040.
- Ensure that 100% of VMI's vehicle fleet is electric by 2030.
- Transition to 100% electric internal logistics equipment, including forklifts and pallet jacks, by 2030.

Other than the CO_2 emissions, the main sources of air pollution are the heating and cooling installations that are used in the buildings.

The heating of buildings is currently done mostly with central heating systems that use natural gas. These systems emit both CO_2 as well NOx and SOx into the air. VMI is in the process of phasing out these natural gas systems and switching over to electric heat pumps. This will result in zero air pollution due to heating systems. The goal is that all natural gas heating systems will be replaced by heat pumps by 2030.

The cooling of buildings is currently done by air conditioning systems using HFC's. Leakage of HFC's is a source of air pollution. VMI strives to minimize leakage by regular inspection and maintenance. Also, HFC's with a higher GWP are being replaced with coolants with a lower GWP. For 2024, VMI has calculated that the fugitive emissions are 2.8% of the total scope1 and 2 emissions.

Furthermore, VMI has the following systems in place:

BAOPT

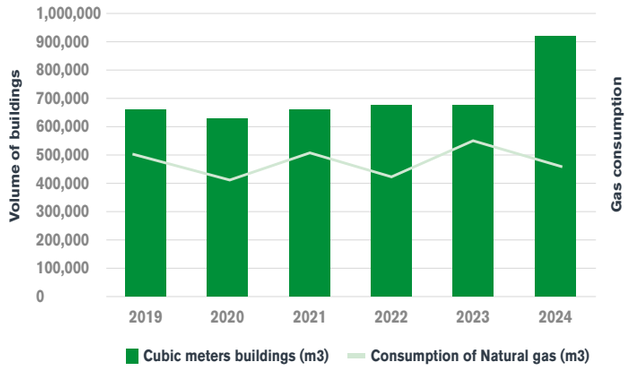
All office buildings are equipped with the BAOPT system. This system ensures that when ventilating, heating, and cooling the offices, the air flows throughout the room (diffusion). The extreme corners are also reached, allowing employees to enjoy healthy, fresh air everywhere without significant temperature differences.

IonAir

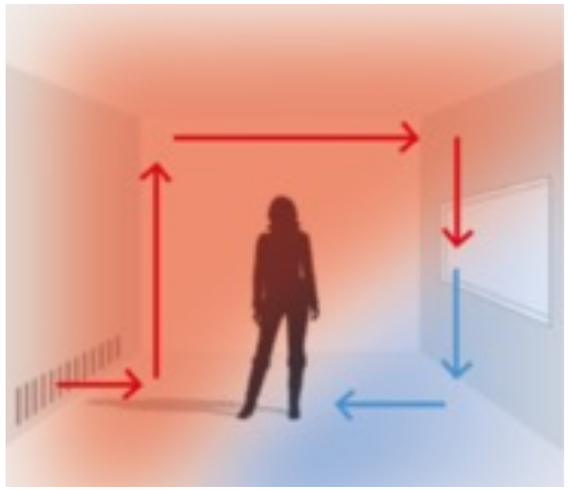
IonAir's purification system is a significant step forward in achieving enhanced indoor air quality. By employing this technology, VMI sees a remarkable 50% reduction in odor-causing volatile organic compounds (VOCs). Moreover, it eliminates approximately 95% of bacteria, germs, and mold spores, enhancing the healthfulness of indoor environments.

Further benefits encompass a halving of airborne particulates, coupled with a 10-

Gas consumption and volume of buildings



Conventional System



BAOP System

25% decrease in the necessity for regular air exchanges. This efficiency facilitates a greater air recirculation rate, diminishing the dependency on continuous external air intake. And impressively, IonAir's system can effectively replace conventional activated carbon filters, making it a comprehensive solution for pristine indoor air.

Transporting hazardous substances

As of 2024, an external Veiligheidsadviseur (Safety Advisor) has been appointed in line with ADR (Agreement concerning the International Carriage of Dangerous Goods by Road). This Veiligheidsadviseur conducts a yearly audit and an annual report. Also, in 2024 all employees involved in receiving, handling, and sending out hazardous substances have received an awareness training regarding the safe handling and transport of dangerous goods.

05
Sustainable Supply Chain

Overview

In the life cycle of a machine, a large part of the environmental impact occurs during the production, processing and transport of raw materials and half fabricates with which the machine is built. Therefore, the supply chain with its suppliers and suppliers as well as transport between the individual suppliers - is important for achieving VMI's sustainability goals.

VMI's supply chain is characterized by a high mix of different articles with low volumes. As a result, VMI has a complex supply chain with relatively little influence. VMI's actions to work towards a sustainable supply chain are dedicated to the relevant environmental issues along its supply chain as well as the environmental practices of its suppliers. For example, VMI maintains close communication with its supply chain and conducts surveys to continuously evaluate their sustainability performance. This includes aspects such as the use of recycled materials, the availability of recycled products, their dedication to environmentally responsible business practices, and the responsible sourcing of minerals.

In VMI's commitment to reducing upstream emissions stemming from its suppliers, the company has initiated dialogues with these stakeholders to express its expectations for establishing a carbon-neutral supply chain. This holistic approach underscores VMI's dedication to sustainability and environmental responsibility, as it actively works towards a more sustainable and environmentally friendly future.

VMI's sustainable supply chain goals include the following:

- VMI is working towards a supply chain that is dependable and resilient; carbon neutral by 2050; fully circular products by 2050; and where human rights are ensured for all workers.
- More than 90% of the strategic suppliers (annual spend >1 million euro) have signed the (TKH) Code of Supply.
- More than 75% of the strategic suppliers (annual spend >1 million euro) have received and returned a desktop assessment (= VMI supplier sustainability questionnaire).
- More than 40% of the strategic suppliers (annual spend >1 million euro) have received an on-site assessment.

Sustainable procurement management

Sustainable procurement is a strategic approach to purchasing goods and services that considers environmental, social, and economic factors. It involves making responsible choices to minimize negative impacts on the planet and society. Sustainable procurement aims to support long-term sustainability goals by selecting products and suppliers that align with environmental protection, ethical labor practices, and economic viability.

Back in 2023 VMI completed the implementation of the ISO 20400 standard in all aspects of its sustainable procurement processes. In alignment with ISO 20400, VMI updated its policy for Sustainable procurement in 2023. This policy focuses on a step-by-step approach towards the supply chain, driving for carbon neutrality and circular products. VMI strives to work together with its suppliers to discover opportunities for improvement and to pursue these opportunities in a joint effort. The most important changes in VMI's practices, introduced in 2023 have been the following:

- appointment of 4 sustainability team leads.
- identifying long-term sustainable procurement objectives.
- starting a dialogue with suppliers, in terms of what VMI's main sustainability targets are and how suppliers can support VMI in reaching these targets.
- investigating the supply chain on the degree of maturity with regards to sustainability.
- assessing sustainable supply chain risks.
- preparing for setting targets to specific suppliers, beyond compliance obligations.

Overview of VMI's Suppliers

The Supplier base of VMI is divided into four main categories (commodities):

- **Electrical OEM**, e.g. PLCs, cameras, sensors
- **Mechanical OEM**, e.g. gear boxes, valves, pneumatics, pumps
- **Mechanical Outsourcing**, e.g. welded constructions, machined parts, painting
- **MRO/NPR** (maintenance, repair, and overhaul / non-product related supplies), e.g. consumables, packaging material, external services

For the VMI sites in Epe and Leszno the purchasing is done from Epe; VMI Yantai has also several local suppliers.

Supply Chain Due Diligence

VMI recognizes the critical importance of ensuring a transparent, ethical, and sustainable supply chain. Due diligence is not just a risk mitigation strategy; it's an approach to enhance the value chain, ensuring ethical and responsible sourcing, production, and delivery. This involves evaluating each tier of the supply chain, understanding potential vulnerabilities, whether they are related to labor practices, environmental standards, political instabilities, or other operational aspects.

To ascertain the reliability and integrity of suppliers, VMI conducts a due diligence procedure on every new supplier, and an annual risk assessment with regular audits and evaluations on a subset of its existing suppliers

(see the selection and assessment process described in detail in the following sections).

These processes ensure that suppliers adhere to the same high standards of quality, ethics, and sustainability that VMI itself upholds.

Being transparent about supply chain practices is core to VMI's due diligence approach. VMI keeps its stakeholders informed through regular reporting, underscoring its commitment to ethical operations.

Supplier Visits and Audits

During supplier visits and audits, sustainability topics have been discussed, though they are not yet a standard agenda item for all supplier visits. However, sustainability is incorporated into VMI's standard supplier audit plan.

VMI's active supplier base consists of over 5000 suppliers, making it impractical to visit each one annually due to time constraints. Instead, supplier visits are prioritized based on strategic importance, quality, or logistical performance issues. Audits are conducted when necessary, ensuring a more focused approach. Interaction is generally more frequent with key suppliers, whose importance is determined primarily by annual spend and the critical nature of the components they provide for VMI's machines.

Supplier visits, from a sustainability perspective, serve the purpose of strengthening collaboration regarding sustainability related issues, for example improving the supply of more sustainable materials available, as well as of capacity building, namely, to support suppliers in improving their sustainability efforts and meeting VMI's expectations.

Each year, a selection of suppliers, representing more than 80% of the spend for machine parts, is identified for audits to keep the process manageable. This amounts to approximately 100 suppliers that VMI actively engages with. These suppliers receive the Letter of Expectations, participate in the materiality survey, and are invited to complete the sustainability questionnaire. The responses from the questionnaire inform VMI's Sustainability Risk Analysis.

In 2024, sustainability was explicitly discussed during visits to more than 30 suppliers. Furthermore, VMI audited 20 suppliers, representing 11% of its selected suppliers. Also, VMI made agreements to audit 17 more suppliers in 2025. This will bring our audit coverage to 30%. Additionally, more audits will be planned in the rest of 2025. Reports from these visits and audits are documented in VMI's online Supplier Relationship Management (SRM) system, ensuring transparency and traceability. Specific Business Intelligence reports have been developed in 2024 to support the governance on the audit (and sustainability questionnaire) numbers. See below:

45
Numbers of suppliers with purchase volume (previous year) of > €1 million

€19,188,751
Total purchase volume (ytd) of suppliers with purchase value > €1 million

42
Number of suppliers that signed CoS > €1 million

93%
% of suppliers with purchase volume of > €1 million that signed CoS

34
Number of suppliers that signed CoS and received desktop assessment, within 2 years after signing CoS

20
Number of suppliers that signed CoS and received on-site assessment, within 5 years after signing CoS

During the sustainability visits, VMI discusses its sustainability strategy and identifies improvement possibilities in collaboration with the supplier. In 2024, 13 improvement possibilities were identified. Improvements with major impact, range from reducing energy in pneumatics and conveyer belts to the use of remanufactured electric motors.

Supplier Expectations Letter

Since 2023, VMI sends out a Letter of Expectations to the suppliers that represent 80% of the purchasing spend in the previous year. This letter can be viewed as a Code of Conduct for Suppliers, but more detailed, also includes sustainability performance expectations. These expectations will be higher every year, in line with the progress (also known as the sustainability journey) that VMI makes and the progress that suppliers make.

The Letter of Expectations serves as a baseline for supplier dialogue in the coming year. This baseline is later used and translated in questions in the VMI Supplier sustainability questionnaire. Suppliers were asked to sign and return the letter, as an indicator of supplier commitment. In 2024, 48% of VMI's selected suppliers received and signed the Expectations Letter.

Sustainability Questionnaire

The questionnaire aims to collect information from suppliers regarding their sustainability practices. It includes questions about company information, certifications, sustainability, energy consumption, environmental impact, human rights, safety measures, and production

processes. The questions are designed to gain in-depth insight into the company's policies, procedures, and compliance with sustainability, safety, and ethical standards.

In 2024, the questionnaire was sent to 97% of VMI's selected suppliers. In total, 93% of the selected suppliers who received the request filled out the form completely, providing input for the sustainability risk analysis.

Sustainability Risk Analysis (SRA)
In 2023, VMI has introduced a bi-annual Sustainability Risk Analysis process, that is conducted for the selected suppliers.

As a result of the analysis, suppliers are placed in a Risk Profile matrix, where the suppliers with the highest risk regarding to sustainability are in the top right corner. Those suppliers are VMI's primary targets for sustainability visits and audits the following year.

In 2023, the risk analysis for conducted for 24% of selected suppliers. The main conclusions of the risk analysis are:

- Sustainability is not (yet) well implemented with smaller companies (mainly within Mechanical Outsourcing), here is the most room for improvement. It has been observed that these small companies do not have a dedicated employee to deal with sustainability topics, which may explain the relatively poor sustainability performance.
- Larger multinationals have the best score on sustainability performance (as expected).

In 2024, the suppliers with the highest risk were investigated. It was concluded that the actual sustainability risks are low. However, the awareness and knowledge within these suppliers is low.

Training
VMI has purchasing employees located in VMI The Netherlands and VMI China. In The Netherlands all the sourcing and supply buyers were trained on sustainable procurement in 2022. In 2023, all sourcing and supply buyers in VMI China were trained. Both trainings were given by Nevi, a Dutch knowledge network for procurement, contract, and supply management. The trainings are based on ISO 20400, and cover policy and actions aimed to create positive impact in the supply chain.

Furthermore, all VMI China sourcing and supply buyers have undergone a 1-day training on sustainable procurement, ensuring they are aligned with current best practices in the field.

In 2024, all sourcing buyers from VMI The Netherlands and VMI China received an in-depth training on carbon footprint, on scope 1, 2 and 3 emissions and reduction measures.

In 2024, all sourcing buyers from VMI The Netherlands received an in-depth training on VMI sustainability strategy, energy reduction features of VMI machines and key sustainability points within the VMI supply chain. *(See boxes below)*

Key points for Mechanical-OEM

Environment
- Decarbonization
- Percentage recycled content in articles
- REACH art. 33 (in electronics)
- For magnets: conflict minerals 3TG
- Sustainable Form-Fit-Function alternatives
- Reduction of packaging materials (mainly wood)

Social
- Safe working conditions
- Decent pay
- Diversity
- Training on prevention of harassment and discrimination
- Training on prevention of corruption and bribery

Key points for Electrical-OEM

Environment
- Decarbonization
- REACH art. 33 (in electronics)
- Sustainable Form-Fit-Function alternatives
- Reduction of packaging materials

Social
- Safe working conditions
- Decent pay
- Diversity
- Training on prevention of harassment and discrimination
- Training on prevention of corruption and bribery

Key points for Mechanical-Outsourcing

Environment
- Decarbonization
- Percentage recycled content in metals
- CBAM footprint of imported goods
- For magnets: conflict minerals 3TG
- Sustainable alternative production methods
- Reduction of packaging materials

Social
- Safe working conditions
- Decent pay
- Diversity
- Training on prevention of harassment and discrimination
- Training on prevention of corruption and bribery

Sustainable packaging

In its commitment to sustainable packaging solutions, VMI prioritizes the use of environmentally friendly materials. This includes substituting plastics with alternatives such as cardboard or paper for internal distribution of articles or opting for recycled plastics and renewable raw materials like wood sourced from sustainable forestry practices. Single use packaging is avoided as much as possible, by using re-usable wooden boxes and reusable plastic crates.

Additionally, VMI is dedicated to an ongoing effort to reduce both packaging volumes and the weight of plastic and paper packaging, minimizing its environmental footprint in the process. VMI actively collaborates with its suppliers to implement eco-conscious packaging for incoming goods, working together to minimize the environmental impact throughout the entire supply chain. 100% of the wooden boxes, crates, and pallets VMI uses are FSC certified.

What was the problem?

It has been noted that many cardboard boxes are used by our logistic partner TKH-L when supplying VMI Leszno and Epe. Despite reuse, it entails a lot of costs and has a negative impact on VMI's (CO_2) climate goals for 2030.

Large amount of carton being used. A lot of costs and negative impact on climate (CO_2) goals.

Average number of cardboard boxes (year)

27.000

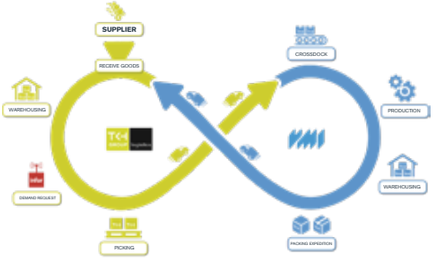
Average CO_2 emission (year)

2.500 kg CO_2

Undesirable deliveries and possible damage.

What has been improved?

- More efficient packaging and distribution process due to the possibility of stacking, folding and returning.
- Less chance of damaged materials due to improved protection.
- A standardized ongoing material flow between VMI and TKH-L.



- (PP) Plastic reusable, foldable and stackable distribution boxes.
- Material flow towards VMI in boxes and return to TKH-L in boxes.

Who were involved?

VMI GROUP

TKH GROUP logistics

Who were involved?

- After 1.77 years an annual saving/reduction of 2500 kg of CO_2.
- Return on investment after 3,44 years.
- Materials are packaged better and protected.
- Positive experience by TKH-L and VMI employees because of looks and feels.
- Improved return process and room to expand the process by returning material in boxes to TKH-L.

What did you learn?

- Project-based work according to DMAIC, but also very important to involve management.
- Pilots are very valuable to test the developed improvement in practice.
- The CO_2 savings went hand in hand with the cost savings.

Sustainable logistics

VMI's logistics operations include two key aspects. Firstly, there's the intracompany transport of machine modules during the manufacturing process. Secondly, VMI handles the transportation of finished products to customer locations.

To enhance the sustainability of its logistics, VMI has established a partnership with its parent company, TKH, to optimize warehouse capacity and streamline transport operations across Europe. This strategic collaboration not only promotes efficiency but also significantly reduces emissions.

In its logistics approach, VMI prioritizes selecting transportation methods that reduce environmental impact, such as sea transport, which significantly reduces emissions compared to other methods. VMI also utilizes road transport (trucks) for more localized shipments, striving for efficiency and sustainability in every step of the journey. VMI makes agreements with suppliers for fixed delivery dates to enable suppliers to optimize the Load Degree of the trucks. (For example, delivery every Tuesday, or every 2nd Thursday.)

For shipments originating from Eastern-Europe, VMI is partnering with TKH, to combine shipments to ensure that unnecessary transportation kilometers are avoided.

Also, care is taken that whenever possible, orders are shipped directly from the supplier to the destination production site, and avoiding a stop at a distribution center.

06
Sustainable Employment

Overview

People Make the Difference - Together we are VMI

VMI sees its employees as family. VMI is committed to serve its customers with machines that allow them to obtain their sustainability goals.

To continue to be a technology leader, training and education is essential. The VMI Academy is the central venue for developing skills and managing careers for all employees worldwide, as well as for VMI's customers.

Furthermore, VMI values the mental wellbeing of its employees. There is an active vitality program in place which covers both mental wellbeing and physical fitness. VMI monitors employee satisfaction through regular surveys and is very pleased to report that more than 90% of its employees are proud of their work and their employer.

VMI is committed to upholding and promoting human rights, not only within its own organization but also throughout its value chain. VMI recognizes the importance of ensuring fair, ethical, and safe treatment for all individuals and entities associated with its business. This includes a policy and measures against any form of harassment, intimidation, or discrimination. By actively engaging with its suppliers and partners, VMI strives to create a responsible and transparent value chain where human rights are respected and upheld at every level. VMI has a zero-tolerance approach towards any form of modern slavery, including child labor, forced labor and human trafficking.

VMI is building a company that excels not only in innovation but also in creating a positive impact on individuals and society as a whole.

VMI's key goals and targets regarding sustainable employment include:

- To keep employee satisfaction grade over 7.5 points at all times.
- To achieve at least 15% of female representation among VMI's total employee base, and at least 25% in the executive and senior management teams by 2030.
- To ensure that employees complete minimum 16 hours of training per FTE per year.
- To ensure that at least 90% of employees receive an annual performance review.
- To keep Total lost time injury rate (LTIF): < 1.0 and Total absentee rate: < 4%.
- To have a secure package of benefits for all our employees, amongst others including a pension plan and medical insurance.
- To have 100% of employees covered by collective labor agreements, provided a CLA is available.

Health and safety

VMI's H&S Policy encompasses measures and guidelines that ensure the health, safety, and well-being of its employees in the workplace. It covers all aspects of the work environment, including physical conditions, working hours, workload, ergonomics, and psychosocial factors such as psychological safety.

VMI's primary goal with the H&S Policy is to prevent health problems and work-related accidents. VMI aims to identify, assess, and take appropriate preventive measures against risks. These measures include implementing safety procedures, providing personal protective equipment, and offering training and education. By implementing these measures, the aim is to reduce the likelihood of injuries, illnesses, and health issues among employees.

The three major production facilities of VMI (Netherlands, China, and Poland, together covering 90% of all employees) all have a safety management system that is certified under the ISO 45001 standards. The safety management system undergoes annual audits. The scope of this certificate applies to all permanent and temporary employees, on-site contractors, on-site subcontractors, and visitors to VMI.

Before upgrading to ISO 45001 in 2019, VMI China obtained the OHSAS 18001 certificate already in 2013, which was regularly renewed afterwards, leading to a mature health and safety system that has been in place for over 10 years now. Health and safety are an important focus of the management teams, and employee's awareness is kept at a high level.

Safety First

Safety First is within the DNA of VMI. The table below shows a summary of the safety statistics. These numbers are calculated with only direct hours, i.e. working hours from production and warehouse only.

Further remarks on the numbers:

- In VMI China all plaster incidents are registered, so the TRIF in VMI China is higher than in the other branches. Accidents with injury is therefore considerably higher in VMI China, which gives a slightly distorted picture.
- In VMI Netherlands and in VMI China, all findings from the Safety Walk tours are reported as a Safety Issue. (Safety Check Findings) that is why the numbers are higher than in VMI Poland.

Lost Time Injury Frequency Rate (LTIF)	2019	2020	2021	2022	2023	2024	GOAL
LTIF VMI Netherlands		7,5	4,8	7,3	1,07	2,64	<1
LTIF VMI China	7.47	2.45	0	0	1.05	0.98	<1
LTIF VMI Poland		5.3	4.8	3.7	15.8	13.2	<4
LTIF VMI total					**2.9**	**3.2**	**<4**
Total Recordable Injury Rate (TRIR)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**GOAL**
TRIR VMI Netherlands		43	63	56	23,65	24,63	<20
TRIR VMI China	204	137.17	143.8	102.92	20.01	8.83	<20
TRIR VMI Poland		57.76	64	30	54	40	<24
TRIR VMI total					**23.2**	**18.7**	**<20**
Absentee rate	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**GOAL**
Absentee rate VMI Netherlands	3.5	3.6	4.4	4.6	3.9	3.8	
Absentee rate VMI China	0.3	1.1	0.8	0.4	0.7	0.8	
Absentee rate VMI Poland	4.2	5.8	4.3	4.7	4.3	5.9	
Absentee rate VMI total	**2.9**	**3.5**	**3.5**	**3.6**	**3.2**	**3.6**	**<4%**

Notes:
It is common to calculate safety statistics with all worked hours, including office employees. VMI has decided to calculate with only direct hours of production, warehouse, and field employees to get a more focused picture where improvements are needed.
In all VMI sites the incidents are reported according to procedure O.05-12 Global Safety Incident Reporting.

Personal Protection Equipment (PPE) are issued to employees according to the local regulation. VMI values much on the safety management job, offered regular training to employees to make sure that people put safety in the first place from bottom of their hearts.

VMI annually monitors the working environment in workshops and offices by testing noise, temperature, air etc. to ensure employees have a good working environment.

As a responsible enterprise, VMI always adheres to the occupational health and safety management system specifications, prevents occupational hazards, protects workers' health, enhances employees' awareness of safe production, ensures production safety, and strives to minimize the accidents and work injuries. An Emergency Response Team is appointed (to provide first aid, as well as firefighting and evacuation activities) within each facility.

Safety awareness training

To create a safe working environment, safety awareness needs to be refreshed periodically. In 2024, all VMI personnel participated in a refresher safety awareness training. The format of this training focused on 2-way communication, from the employees to the management and vice versa, to get the perspective from both the work floor and the management. This resulted in a comprehensive opportunities list with follow up actions.

VMI Poland conducts further training in occupational health and safety. Newly hired employees participate in introductory training on the first day of work, before starting work in the position. Then, they undergo on-the-job training, which aims to familiarize them with the workplace and duties, as well as to present how to perform work correctly and safely. After working for an appropriate period, employees participate in periodic health and safety training, which is intended to consolidate knowledge and remember the applicable rules. Such training is completed with a knowledge test.

TIER boards

Throughout VMI, the TIER system is used to manage issues that arise in day-to-day operations. VMI applies 5 levels:

- TIER 1&2 for the employee level and team level to solve issues within the team; when the team cannot solve the issue independently, then the issue is escalated to TIER 3.
- On TIER 3 level, a multi- disciplinary team is assembled to solve this issue.
- When the multi-disciplinary team cannot solve the issue, then the issue is escalated to the senior management level TIER 4.
- Ultimately, when Board input is needed, the issue is escalated to TIER 5 level.

Within VMI, both Health & Safety and environmental issues are actively addressed through the TIER system. The TIER system incorporated all production locations, on a daily basis. So, when an issue arises in one location, it will immediately be assessed if the issue also applies for another location of VMI.

Periodic Medical Examination (PME)

VMI offers PME to all employees at least every three years, in some locations even every year. This allows VMI to regularly assess the health and well-being of its team members and take preventive measures in a timely manner. The PME results provide valuable information for VMI's vitality plan: it enables the development of targeted initiatives to improve the health and well- being of the workforce while creating a supportive and healthy working environment.

Vitality Policy

VMI strives to create a work environment that is both healthy and supportive, so that VMI's employees can better manage stress, maintain their energy levels, and develop healthy lifestyle habits. This leads to increased productivity, reduced absenteeism, and a higher level of job satisfaction.

VMI's Vitality Policy has been incorporated into a Vitality Plan and focuses on various aspects of employee health and well-being, such as healthy nutrition, physical activity, stress management, work-life balance, and financial fitness. The activities offered in the Vitality Plan include personal coaching, workshops, (accessible) sports activities, and support to become and stay financially fit. VMI actively stimulates and supports local initiatives. Examples of such activities include:

- In VMI's facilities in China, to enrich the construction of sports culture of employees and exercise the physical fitness of employees, setup badminton teams, table tennis teams etc., organize various competition activities, actively take apart in the work of safe production, supervise and recommend safety related matters.
- Within VMI Netherland, an exercise therapist works two mornings a week. Her activities include advising and treating musculoskeletal complaints, implementing preventive measures, conducting workplace assessments, and providing training and coaching. Company physiotherapy aims to support employees and provide treatment

to prevent musculoskeletal complaints, optimize their workstations, and strengthen their physical and mental well-being. This helps employees maintain their health and productivity, contributing to their sustainable employability within the organization.

Personnel Fund (Medical Expenses)
The Personnel Fund provides reimbursements to Dutch VMI employees and their family members upon request, particularly for medical expenses not covered by health insurance. Every employee automatically becomes a member of the Personnel Fund upon employment. A monthly contribution of 3 euros is deducted, and VMI matches the same amount. This approach aims to create a safety net for employees, providing financial support for uncovered medical expenses.

Health insurance
At all facilities of VMI Group, we provide a private medical plan. An employee can participate voluntarily and receives a discount on the premium of additional packages and other benefits such as extra physiotherapy.

Disability insurance
Under the Metalektro collective labor agreement (for more details, see the next chapter on Working Conditions), VMI employees in The Netherlands have the option of taking out favorable insurance against loss of income in the event of incapacity for work. These are the WGA Gap Insurance (extended) and the Loss of Earnings Insurance. In the event of incapacity for work, these insurances protect against the financial consequences. The premium is paid partly by the employee and partly by the employer.

Anti-Harassment Policy
VMI considers it its responsibility to ensure working conditions that provide a safe, healthy, and pleasant working environment for its employees, benefiting both employees and the organization as a whole.

As per its anti-harassment policy, VMI does not tolerate unwanted behaviors such as (sexual) harassment, aggression and violence, bullying, discrimination, and stalking. Unwanted behaviors pose risks to employees' working environment. Besides affecting the work atmosphere, productivity, and work quality, unwanted behaviors also impact employees' personal lives.

To further this commitment, VMI has instituted a comprehensive training program on anti-harassment for all employees. This training not only educates VMI's workforce about recognizing and addressing harassment but also promotes a culture of respect and inclusivity. VMI believes that awareness and proactive measures can foster a work environment where everyone feels valued and protected.

VMI strives to take all possible measures to prevent and counteract unwanted behaviors at work. This includes measures that provide protection against such behaviors and their adverse effects.

Confidential Advisor
A confidential advisor is an independent and neutral individual within an organization who serves as a point of contact for employees facing unwanted behavior or other workplace issues. The confidential advisor provides a safe environment where employees can share their concerns confidentially and without fear of reprisals. The confidential advisor can offer advice on possible next steps, such as filing a formal complaint or involving other internal or external entities.

The practice of discussing such issues with the confidential advisor is well-known to and used by employees and allows them to discuss potential challenges and find solutions without the need to escalating them further. As a result of this and the various measures, VMI is proud to report no complaints filed regarding intimidation, harassment, aggression, or violence for last 6 years.

Goals & progress:

Complaints on intimidation, harassment, aggression, violence:


VMI Netherlands


VMI China


VMI Poland

2019 - 2024
ZERO
complaints

Goal
ZERO
complaints

Working conditions

Employment Handbook
VMI has an Employee Handbook (or similar, depending on the VMI entity) that includes all formal agreements and arrangements concerning employment terms, such as compensations, leave arrangements, and codes of conduct, which employees are requested to sign.

The primary aim of the Employee Handbook is to provide employees with information about the formal agreements and arrangements concerning the employment conditions within VMI. This handbook serves as a guide enabling employees to stay informed about all essential aspects of their employment.

With this handbook, VMI also wants to express appreciation and recognition to employees who have been working at the company for a long time. These employees make a substantial contribution to the success and stability of the organization. Retaining experienced and knowledgeable employees is also beneficial for the organization, as it is typically more cost-effective than attracting and training new forces. VMI wants to create incentives for employees to stay and continue sharing their expertise. One of the ways to do this, is granting extra holiday days to acknowledge and appreciate the commitment and loyalty of these employees. As working for a long time without adequate rest can lead to burnout and reduced productivity, extra vacation days can give employees the chance to recover, reduce stress, and promote their physical and mental health.

In general, VMI aims to create a supportive environment for its employees, which, among other benefits, for example includes childcare and nursing leave for new parents in its facilities in China.

Employee Satisfaction Survey (ESS)
The Employee Satisfaction Survey is a way to measure the satisfaction of employees within an organization. It includes collecting feedback from employees about various aspects of their work experience, such as employment conditions, working environment, leadership, communication, development opportunities, and work-life balance. VMI organizes this survey every 3-4 years. The purpose of the Employee Satisfaction Survey is to gain insight into the satisfaction and needs of employees so that the organization can take targeted measures to improve the working environment and employment conditions. It also provides insight into factors that may influence the performance, productivity, and loyalty of employees. By understanding what motivates employees and what hinders them in their work, the organization can develop strategies to increase engagement and motivation, which ultimately leads to improved performance and higher employee satisfaction.

Following the feedback from the last Employee Satisfaction Survey (ESS), a vitality policy was introduced to address the well-being of employees. This policy outlined guidelines for promoting work-life balance and overall well-being. To supplement the policy, vitality workshops were organized. Recognizing individual needs, the organization also offered one-on-one coaching sessions, where employees could discuss personal challenges and receive tailored guidance. These initiatives reflected the organization's commitment to enhancing employee vitality and well-being.

Works Council
A Works Council (WC) is a legally established participatory body within an organization. It comprises elected representatives from the workforce and is tasked with representing

Goals & progress:

Employee satisfaction grade:

2022	2023
7,2	7,5

2024	Goal (annually)
7,5	>7,5

Rate of employees covered by collective labor agreements, provided a CLA is applicable:

2022 / 2023 / 2024
100%

Goal (annually)
100%

employee interests and enhancing communication and collaboration between employers and employees.

The WC serves as a crucial link between management and employees. VMI aspires to maintain a positive relationship with the WC, contributing to a positive working climate where employees feel heard and valued.

The Dutch VMI works council actively participates in the TKH Works Council, ensuring VMI employees' interests are represented at the group level. This collaboration fosters transparent dialogue and strengthens decision-making processes within the TKH Group. It also facilitates a two- way flow of information between VMI and the broader group.

The VMI China labor union (which is a works council) is the Workforce organized according to the Chinese laws to protect worker's rights. In Poland, similarly to The Netherlands, a Works Council is in operation.

Collective Labor Agreement (CLA)
A collective labor agreement (CLA) is a written agreement between an employer's organization and a trade union, governing employment terms for a specific sector, branch, or company. It is a legally binding document outlining the rights and responsibilities of both employers and employees.

In The Netherlands, VMI is affiliated with the Metalektro CLA. By joining this CLA, VMI commits to the balanced and fair treatment of its employees, aiming for suitable remunerations, appropriate working conditions, and equal opportunities for employees. VMI strives to have 100% of employees covered by collective labor agreements, provided a CLA is available.

Salary Structure
In The Netherlands, VMI falls under the Metalektro Collective Labor Agreement (CLA) which serves as a guideline as to the employment conditions and regulations VMI must comply with. VMI positively deviates from the CLA on several important aspects. First, the salary structure at VMI has more steps, allowing employees to grow for a longer period. Employees who start at VMI earn on average 6% more than the CLA scales. The average difference when employees reach the end of their scale is almost 15% more than the Metalektro CLA wages, due to the longer growth trajectory.

As VMI aims to develop technically advanced machines, lead in innovation, and deal with a competitive labor market, it's essential to go beyond the CLA wage standards to maintain VMI's competitive position as an employer and remain attractive.

It is also important for VMI to pay a living wage to all employees globally. Hence, VMI has conducted an annual assessment to establish whether the lowest wage VMI pays at every location is above the living wage benchmark, using the most updated databases of the Wage Indicator Foundation, which is a Living Wage benchmark methodology in order to be recognized by IDH - The Sustainable Trade Initiative. As of 2024, VMI is proud to report, that 100% of VMI's employees are paid a Living Wage at minimum.

Early Retirement Scheme (RVU)
The 'Regeling Vervroegd Uittreden' (RVU), which is the early retirement program in the Metalektro sector in The Netherlands, has been established as a result of the implementation of the National Pension Agreement. The main goal of the RVU is to offer employees the opportunity to retire early, focusing on those who could not sufficiently prepare for the increase in the retirement age and may not be able to continue working in good health until the official retirement age. As an organization, VMI recognizes the significance of this scheme as a tool to assist VMI's employees in a balanced transition to the next phase of their lives.

Generation Pact
Employees falling under the Metalektro CAO (in The Netherlands) can utilize the Generation Pact. Depending on the salary level and whether someone works in regular shift service, employees from the age of 60 can participate. The core idea is that the released hours will be filled by young entrants on a permanent contract. This ensures the preservation of valuable experience and expertise while gradually being transferred to new colleagues.

Long Service Leave (ADV)
In addition to the generous holiday scheme within VMI, employees with a long service receive extra vacation days. When an employee has completed 5 years of service, they receive one extra day above the basic holiday days. At a service of 15 years, this becomes 2 extra days, and an employee with a service of 25 years receives 3 extra vacation days every year. With this, VMI wants to express appreciation and recognition to employees who have been working at the company for a long time. These employees make a substantial contribution to the success and stability of the organization, thus granting extra vacation days is a tangible way to acknowledge and appreciate their commitment and loyalty.

Learning and development

VMI Onboarding program
Finding the right candidate is a huge challenge in the current labor market, but integrating and retaining new staff may be an even bigger one. That's why the HR department has taken the initiative to create an onboarding program intended for new staff with a VMI contract or who intend to have a permanent contract.

Depending on the number of employees, the program will run three to four times a year in groups of up to 15 members of staff. The Onboarding Program will give employees more tools and make them feel more confident. It also contributes to a better understanding of the organization, the forming of relationships between new employees, and helps to obtain feedback that enables HR to make improvements, identify problems and provide better support.

VMI Academy
The VMI Academy, VMI's own in-house Learning Management System, uses a specially implemented software tool to offer a wide range of (e-)learning courses. These include training courses for VMI employees and increasingly, for customers too. Trainings vary from health and safety topics, mental health topics, personal development programs, human right topics to Business Ethics training. For VMI's customers, trainings focus on health & safety and preventative maintenance of VMI's machines, to ensure their longevity.

Boost Program
BOOST is a recurring, in-house program specifically targeted at a selected group of employees, aiming to give them an extra incentive in realizing their ambitions. The program is geared towards deepening technical knowledge and skills or aspiring for a future leadership position. Each participant is guided by an experienced employee in the role of mentor.

BOOST does this by connecting a senior employee with an eager to learn employee. In this way VMI creates a beneficial exchange of knowledge between the two employees.

By offering this opportunity, VMI aims to elevate knowledge and skills, enhancing its performance, and promoting motivation and loyalty among employees.

Leadership & Management Programs
VMI's annual ongoing Leadership Program focuses on developing leadership competencies within both the management team (MT) and middle management. Leaders annually go through a learning trajectory of the leadership program. New leaders enter through a special onboarding program annually and can then join the regular leadership program.

In addition to the leadership program for the MT and middle management, VMI has set up a program for strengthening personal leadership for the group of functional managers, which provides support in the daily execution of the role, it provides role clarification and an orientation on possible growth to the next step in his or her career.

Local trainings
Further to VMI's onboarding, leadership, and mandatory training courses (such as health & safety awareness, business ethics, etc.), VMI's local teams organize regular training courses for their employees. These trainings offer a variety of soft and hard skills development for the local teams.

Goals & progress:

Number of training hours per FTE:

2022	2023
38.9	26.1
2024	**Goal (annually)**
61.7	>16

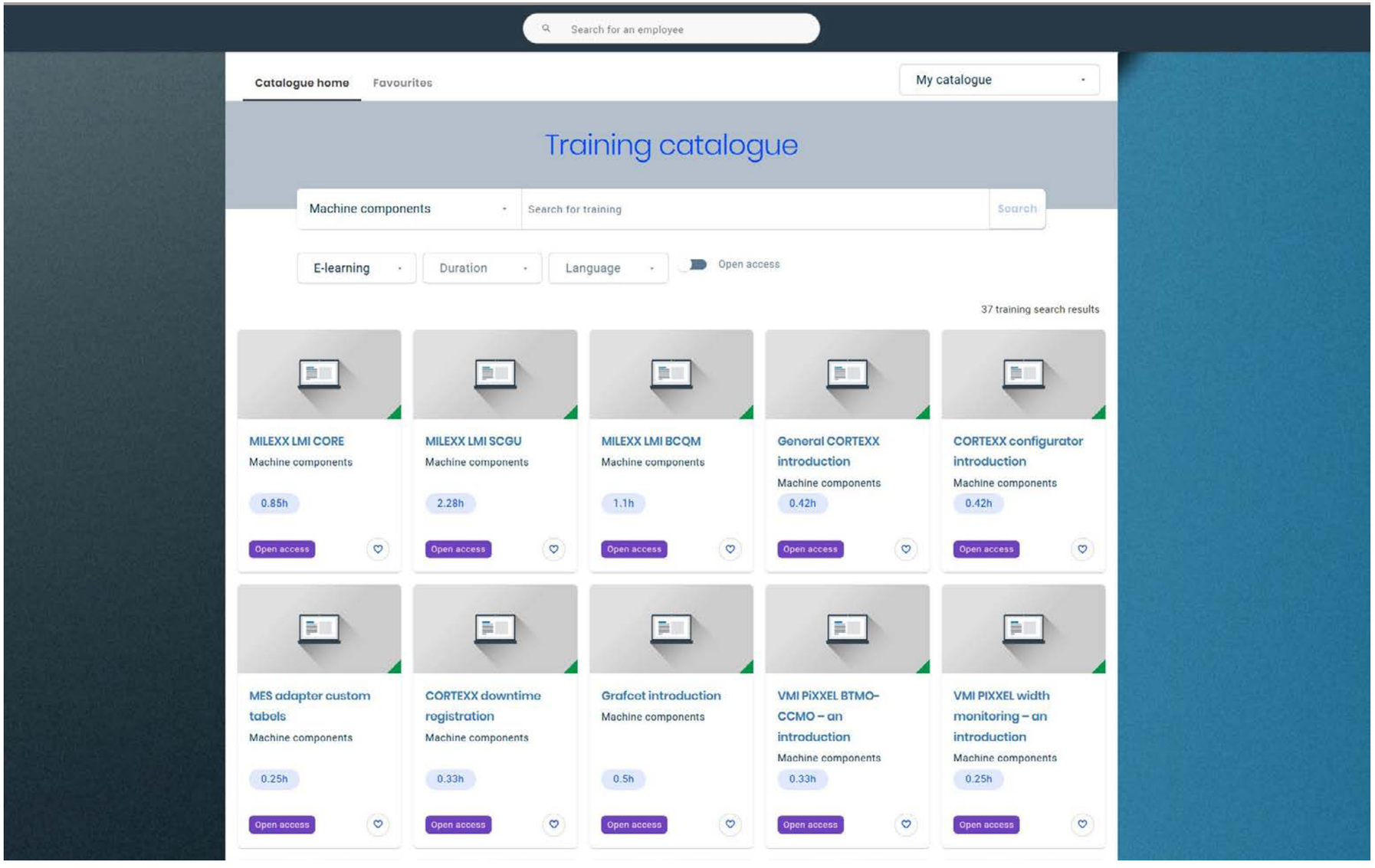
Rate of employees receiving a performance review:

2022	2023
54%	53%
2024	**Goal (annually)**
64%	>95%

Performance assessments

An important value within VMI is paying attention to the well-being and development of employees. From its vision on leadership, VMI finds it important to create an environment for employees that is inspiring and motivating and in which employees can develop themselves and excel.

An important tool VMI uses to give substance to this is the performance review interview that managers and employees hold at least once a year on the themes of general functioning, sustainable employability, competencies, and personal development. During this conversation, agreements and objectives are set for the coming year. To meet the individual needs of employees and managers, a toolbox is available in addition to the performance review conversation form with additional options, such as an HR cycle, a Personal Development Plan (PDP) or a 360-degree feedback.



Diversity, equity and inclusion

VMI actively works to encourage women to work in technology, recognizing the importance of gender equality and diversity in the organization and striving to create an inclusive working environment where women have opportunities to grow and excel in technical roles. In addition, VMI aims to encourage women to advance to managerial positions. VMI believes that promoting gender diversity in leadership roles is not only just, but also has a positive impact on decision-making and creates a balanced work culture.

Alongside its commitment to gender equality, VMI also offers opportunities to employees with a distance to the labor market. VMI believes that everyone, regardless of their background or limitations, can make valuable contributions. VMI aims to promote inclusivity by providing appropriate support, training, and workplace adjustments.

VMI has set up a special department where people with a distance to the labor market find a valuable place. This initiative stems from VMI's endeavor to be an inclusive organization. Not only does this strengthen the corporate culture, but it also offers other benefits. Thanks to job carving, VMI can tailor tasks and assign simple tasks to employees with a distance to the labor market, while relieving other colleagues of such duties. By ensuring the work seamlessly matches the skills and capabilities of each employee, highly qualified technical staff can be relieved of repetitive tasks, allowing them to focus on more complex tasks. This approach enhances technical employees' job satisfaction, thereby enhancing their long-term connection with the organization. For the group of employees with a distance to the labor market, VMI has employed a job coach, who has extensive experience with this target group and guides and supports them in their work and professional development.

VMI cherishes its culture of equality and inclusivity, where rewards and recognition are based on individual performance and commitment, not influenced by gender, origin, or other personal characteristics. By focusing on individual performance, VMI promotes a fair and objective appreciation of each team member's contributions, regardless of their background, and contribute to an inclusive and harmonious work culture that attracts and retains talent.

By actively seeking the engagement and participation of women in technology, promoting gender diversity in managerial positions, and offering opportunities to employees with a distance to the labor market, VMI aims to create an inclusive and diverse working environment where all individuals have the opportunity to reach their full potential.

Goals & progress:

Female participation rate (of total employees)

2022	2023	2024	Goal (annually)
14%	12%	14%	>15%

Rate of employees with a distance from the labor market

2022	2023	2024	Goal (annually)
2,3%	2.7%	2.6%	>2.5%

Rate of females in the executive and senior management teams

2022	2023	2024	Goal (annually)
15%	17.5%	17.5%	>25%

Human rights

Child Labor, Forced Labor
As a signatory of the United Nations Global Compact, VMI is committed to upholding the highest standards of human rights in all VMI's activities and business operations. VMI acknowledges that, as a global company, it bears the responsibility to respect and protect the rights of all individuals impacted by its operations, including employees, suppliers, and community members.

VMI ensures that its suppliers and business partners adhere to the company's human rights policy. Routine supply chain audits are conducted to verify that suppliers comply with all relevant laws and regulations, and do not engage in any form of forced or child labor.

In alignment with internationally recognized labor standards, VMI supports and upholds the core principles of the International Labor Organization (ILO), particularly:

- ILO Convention No. 138 on the Minimum Age for Admission to Employment,
- ILO Convention No. 182 on the Worst Forms of Child Labor,
- ILO Convention No. 29 on Forced Labor, and
- ILO Convention No. 105 on the Abolition of Forced Labor.

These conventions are part of the ILO's Declaration on Fundamental Principles and Rights at Work, which VMI fully endorses. VMI also adheres to specific provisions from the Dutch Working Hours Act and Working Conditions Decree, particularly those applicable to young workers, to ensure the health, safety, and well-being of all employees.

In relation to young workers, we have implemented the following practices:

• Age Limit
Children under the age of 16 (14 and 15) are generally not allowed to work with machinery or dangerous equipment. Only light office work is allowed. There are also restrictions regarding working hours. (Maximum 7 hours per day and maximum 35 hours per week, where school hours are equal to working hours). Interns of this age must have an internship agreement signed by the school, the company and by the child's parents/ caretakers.

Young workers fall into the age category of 16 or 17 years old. These are, for example, students of the BBL training who follow a learning-work path, or on-call workers and warehouse employees engaged in order picking or goods receiving. The working hours for young employees are capped at 40 hours per week, with school time counted as working hours.

There are certain activities that are prohibited for young employees to ensure their safety. They are not allowed to work with products that could cause organ damage, impair fertility, or are identified as long-term harmful or toxic. They are also prohibited from working in environments where they would be exposed to higher noise levels of 85 dB(A) or more, or peak sound pressure of 140 dB(A) or more.

Exposure to harmful vibrations is not allowed. Additionally, working with hazardous machinery, such as forklifts, stackers, or overhead cranes is off-limits for them. These measures are put in place to ensure the safety and well- being of young employees as they navigate the early stages of their working lives.

▪ Supervision and instruction
In companies employing youth, an employer must designate an experienced employee, aged 18 or older, to provide expert supervision, ensuring safety and proper task assignment.

This supervisor has the authority to intervene for safety and should consider the young worker's characteristics when assigning tasks. Working hours for those under 18 are regulated, with no night shifts allowed. At VMI, the workday is 8 hours with limited overtime, aligning with these guidelines.

• Labor Inspection
The Dutch Labor Inspection (Inspection SZW) oversees labor conditions and compliance with laws and regulations regarding young workers.

• Training
Young employees have the right to education and guidance to perform their work safely and competently. VMI also recognize the importance of protecting the rights of employees in all its activities and will ensure access to fair wages and safe working conditions. VMI works towards preventing and addressing any form of labor exploitation, including withholding wages or imposing excessive working hours.

Compliance, incidence response and reporting

In all its activities, VMI complies with all applicable laws and regulations and work towards continuously improving its human rights performance. VMI is also transparent about its human rights practices and make information about its policies and procedures available to the public.

In particular, in Poland and China, VMI ensures compliance with all local laws and regulations and work closely with local communities to ensure that its activities do not adversely impact human rights.

VMI takes immediate action to address any violations of this policy and does not tolerate retaliation against an employee for reporting a violation or cooperating with an investigation.

Human Rights in the supply chain

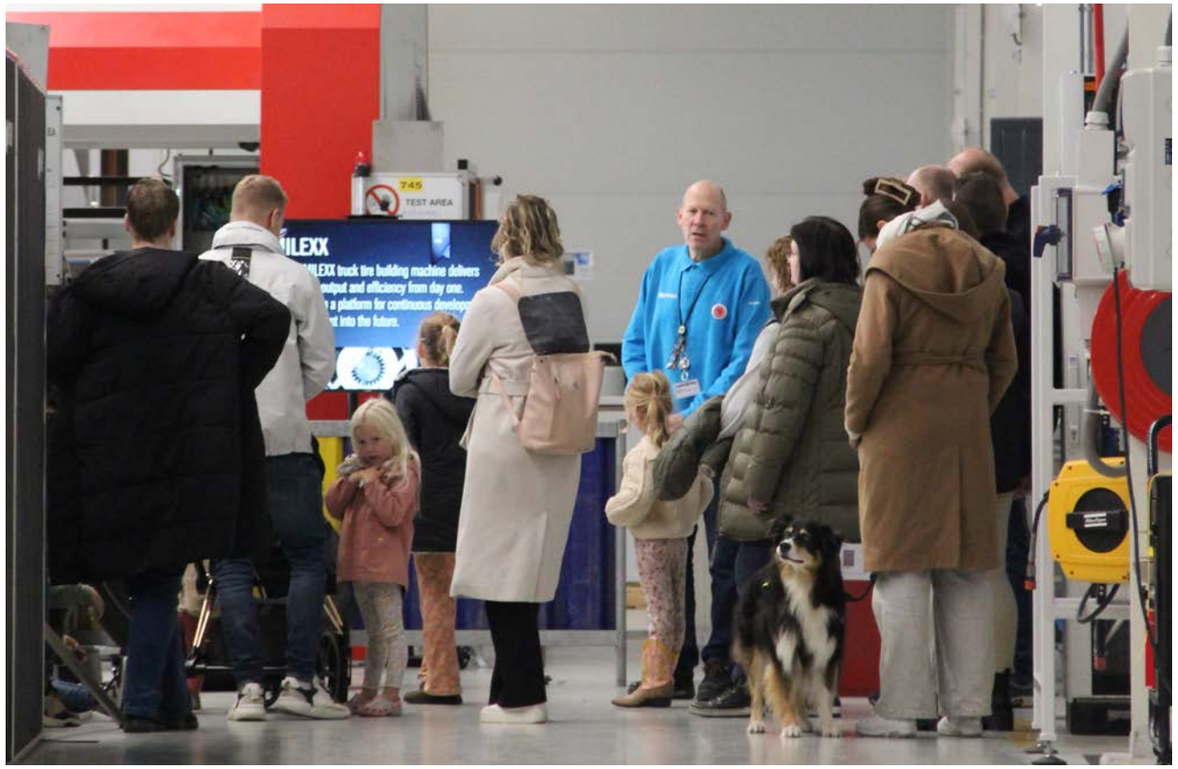
VMI is committed to providing a safe and respectful working environment for all employees. Similarly, VMI expects its suppliers and business partners to ensure safe, healthy, and fair working conditions for their workers. VMI applies a zero-tolerance policy toward any form of corruption, bribery, child labor, forced labor, modern slavery, harassment, discrimination, and intimidation across its operations and supply chain.

In its supply chain, VMI actively promotes freedom of association and the right to collective bargaining, and advocates for equal rights, equal pay, and equal opportunities for everyone, regardless of gender, age, nationality, ethnic background, disability, sexual orientation, or any other characteristic. The company is committed to advancing diversity, equity, and inclusion (DEI) throughout its global value chain.

These commitments are underpinned by internationally recognized standards, including key conventions of the International Labor Organization (ILO):

- ILO Convention No. 87 on Freedom of Association and Protection of the Right to Organize.
- ILO Convention No. 98 on the Right to Organize and Collective Bargaining.
- ILO Convention No. 100 on Equal Remuneration.
- ILO Convention No. 111 on Discrimination (Employment and Occupation).
- ILO Convention No. 155 on Occupational Safety and Health.
- As well as ILO Conventions No. 29, 105, 138, and 182 addressing forced labor and child labor.

To further embed these principles, VMI has developed an awareness training program for employees who may encounter such risks in the value chain—particularly those in sales and procurement functions. Through this initiative, VMI aims to ensure responsible business conduct and foster a sustainable, ethical, and inclusive supply chain.



07

Responsible Business Conduct

VMI GROUP

Overview

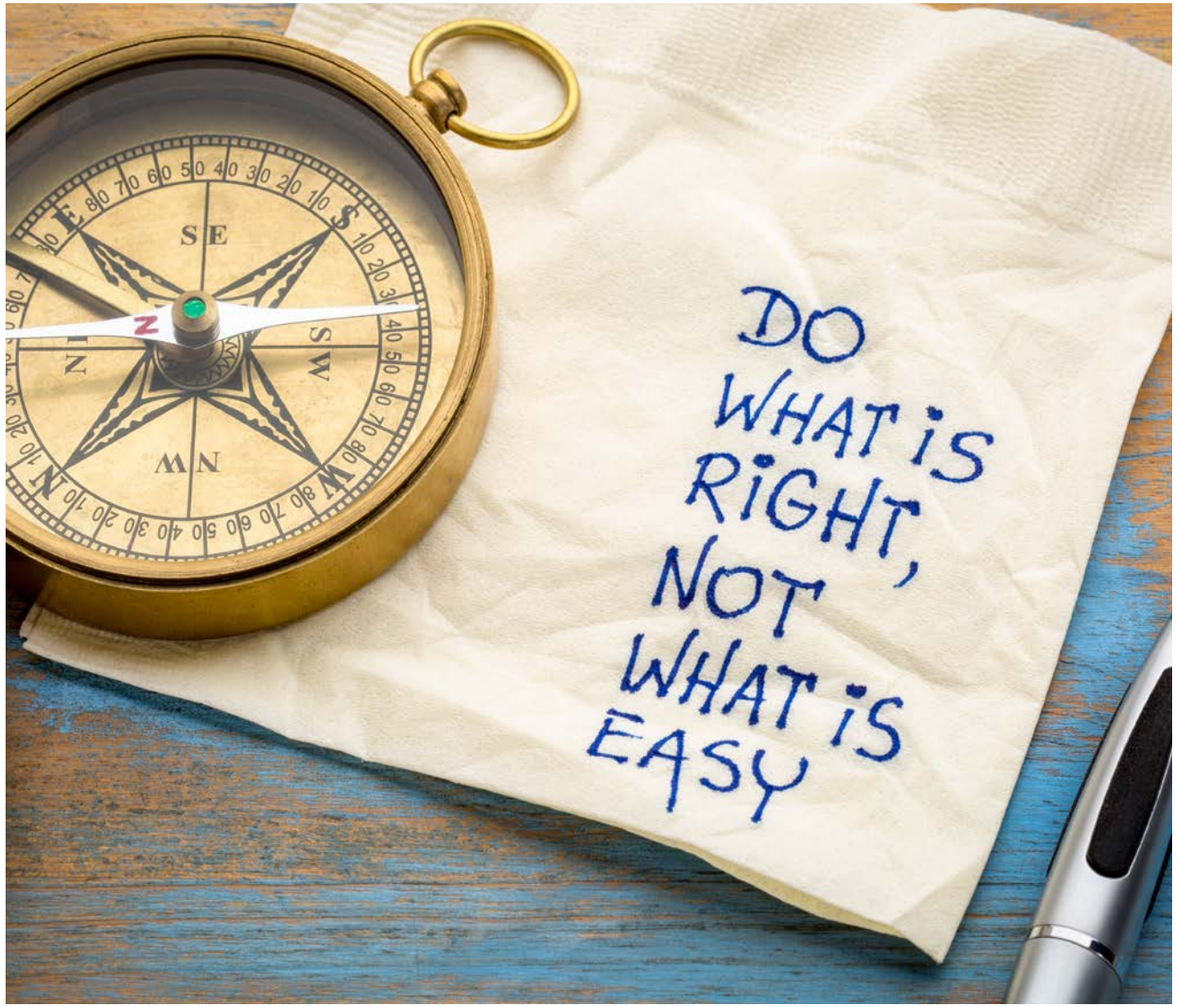
VMI Ethical principles

VMI's business ethics policy outlines the ethical standards and principles that guide the company in conducting business. It is VMI's responsibility to ensure that all employees, partners, and stakeholders understand and adhere to these principles at all times:

- Compliance with Laws and Regulations: VMI complies with all applicable laws and regulations in all its business activities. VMI does not engage in any illegal or unethical activities.
- Honesty and Integrity: VMI conducts all business activities with honesty and integrity. VMI is truthful in all its communications and will not engage in any deceptive or fraudulent practices.
- Fairness and Respect: VMI treats all employees, partners, and stakeholders fairly and with respect. VMI does not engage in any discriminatory or harassing behavior.
- Responsible Management of Resources: VMI manages all its resources responsibly and sustainably. VMI strives to minimize any negative impacts on the environment and to promote social and economic development.
- Transparency and Accountability: VMI is transparent and accountable in all its business activities. VMI provides accurate and timely information to employees, partners, and stakeholders, and will be responsive to any concerns or questions they may have.
- Reporting and Enforcement: VMI takes any reports of violations of this ethics policy seriously and take appropriate action to address them. All employees are encouraged to report any concerns or suspicions of violations without fear of retaliation.

VMI's key goals regarding responsible business conduct include:

- 100% of employees have signed the employee code of conduct.
- 0 breach of the code of conduct filed.
- 0 report filed through VMI's whistleblower procedure.
- 90% of employees in functions at risk of corruption and bribery have completed a business ethics training.



Ethics & compliance

As a part of the TKH Group, VMI strictly follows the Code of Conduct established by TKH, its parent company. This code underpins its ethical and compliance-related endeavors, ensuring VMI upholds the principles and guidelines set forth to safeguard both VMI's and the broader TKH Group's integrity and reputation.

VMI places a high value on ethical behavior and adhering to all relevant laws and regulations. The Executive Board ensures that every employee is familiar with the rules stipulated in TKH's Code of Conduct and recognizes their significance.

Further to the Code of Conduct, VMI has created and regularly updates its Business Ethics policy that covers topics such as anti-corruption, competition, conflicts of interest, fraud prevention, anti-money laundering as well as responsible data management. VMI also conducts an annual business ethics risk assessment for each of its production sites (VMI Netherlands, VMI Poland and VMI China), to identify, evaluate, mitigate, and manage business ethics related risks that might appear in its operations.

To report any misconduct, the TKH Group has a whistleblower mechanism in place, which can be used by VMI employees also.

Regular training sessions, workshops, and internal audits are conducted to maintain awareness and to rectify potential areas of concern.

Goals & progress:

Rate of employees who have signed the employee code of conduct:

2022	2023
n/a	96%
2024	**Goal (annually)**
96%	95%

2019-2024 zero **Goal** zero

breaches of the code of conduct filed.

2019-2024 zero **Goal** zero

Reports through VMI's whistleblower procedure.

Rate of employees in functions at risk of corruption and bribery have completed a business ethics training:

2022	2023
n/a	96%
2024	**Goal (annually)**
96%	90%

Rate of employees who followed the training "Etiquette within VMI" (released in 2024):

2022	2023
0%	0%
2024	**Goal (annually)**
83.7%	90%

Information security

Security is an essential part of VMI's corporate strategy as, due to its position as a market leader, VMI must ensure that all sensitive information such as intellectual property, financial and personal data is adequately protected.

Additionally, due to growing automation and integration, VMI is increasingly dependent on its automated information systems. The increasing use of data communication possibilities, the complexity – and interweaving – of automated systems, the desire within the organization to communicate externally via electronic public networks and the pressure from legislation, such as privacy laws, all lead to a high dependency on automated information supply. The associated risks are significant as they can threaten the confidentiality, integrity, and availability of VMI's data and thus, indirectly, its position.

Because of this dependence and the fact that VMI works with confidential information of its customers, suppliers, and employees, it is essential that the quality aspects of availability, integrity and confidentiality of its IT and data landscape are addressed.

At VMI, safeguarding confidential information is integral to its commitment to sustainability and ethical business practices. VMI's robust information security program serves as the foundation for protecting sensitive data, ensuring compliance with legal frameworks, and fostering trust with stakeholders. To safeguard customer confidential information and to reduce the limit and likelihood of a successful (cyber) attack, VMI has adopted far-reaching security measures within the areas of protection, detection, response, and recovery. This does not only apply to the digital landscape, but also considers physical measures such as screens around machines to shield visual access, dedicated vaults to store confidential customer materials and confidential disposal of customer materials.

While technical and procedural measures can help to protect information and systems, also much attention is paid to raising and maintaining the security awareness of all employees, temporary workers, and contractors. VMI provides regular information security awareness training for all employees, ensuring that every team member is equipped to recognize and respond to potential threats effectively. VMI's proactive approach extends to conducting regular information security risk assessments based on its internal control framework considering the relevant controls (risk-based) from industry best practices and security standards, enabling VMI to identify vulnerabilities and implement corrective measures swiftly. VMI recognizes that the global threat landscape is constantly evolving and therefore the company is committed to continuously assess its risk posture to ensure effective measures are taken. As security is a continuous improvement cycle, VMI's Global Cyber Security Roadmap is revisited yearly to ensure the most relevant short- and long-term improvement projects are implemented.

In the event of a security incident, VMI's incident response procedure ensures prompt action to mitigate risks and minimize impact. Additionally, VMI adheres to a record retention schedule, particularly for HR data, ensuring secure data handling and compliance with regulatory requirements.

Goals & progress:

Rate of targeted employees completing the information security awareness training:

2022 / 2023 / 2024

>95%

Global Goal (annually)

90%

08

Sustainable Society and Partnerships

VMI GROUP

Overview

Being a responsible neighbor

VMI is aware that the organization is part of a rural environment where other people live and recognizes that the growing organization can potentially cause inconvenience for the immediate environment in which it is located.

To maintain a positive and constructive relationship with its neighbors, VMI aims to proactively inform them about future changes and developments that could affect their living environment. Whether it's building a new hall or the possible arrival of a roundabout, VMI believes it's essential to be transparent and promote open communication. By providing timely and clear information, VMI wants to alleviate concerns and uncertainties among residents and reassure them that VMI takes their interests seriously.

VMI also contributes to promoting a safe living environment for its neighbors by actively being involved in the installation of speed bumps and speed meters. VMI acknowledges that its activities have an impact on the environment due to the associated traffic. Therefore, VMI has proactively taken steps to improve safety by implementing various measures that enhance traffic safety. For example, VMI has requested to change the zoning plan of 12 hectares of agricultural land that surrounds VMI and is its property. The main reasons for this are to increase traffic safety, to improve connection to public transport and to create a shorter connection to VMI via the provincial road, decreasing the distance trucks must travel.

In this way, VMI wants to demonstrate that it is not just an organization, but also a good neighbor.

Partnerships

Energiekoplopers Apeldoorn en Epe
VMI Netherlands participates in a regional partnership called “Energiekoplopers Apeldoorn en Epe” (Energy reduction champions). This is a network of more than 20 companies from the process and manufacturing industry working together to reduce energy. This partnership is sponsored by the province of Gelderland.

Perron038
Perron is the place for the innovative manufacturing industry in the region, located in Zwolle. In this open innovation center VMI works together on the future of the high-tech manufacturing industry. Technicians and enthusiastic students work together, research and experiment to make technological innovation possible by continuously innovating, learning, and inspiring. VMI is a partner of Perron038 from its start. See also the Perron038 website.

Platform Techniek
Platform Techniek, a regional partnership between the business community and educational institutions, is committed to encouraging young people to choose a technical profession since 2001. There is a powerful collaboration between education, entrepreneurs, government. This collaboration creates dynamics and allows beautiful things to arise. On behalf of VMI, Jeroen Hofstra is a member of the executive board of Platform Techniek as chairman of companies. In addition, VMI is involved in the making of the magazine TechTalk. See also the Platform Techniek website.

The Techniek Academie
The Techniek Academie was set up by technical companies, Platform Techniek Noordwest-Veluwe and Landstede MBO with the intention that more students would choose a career in technical jobs. Moreover, they planned to ensure that students receive a good education that matches the demand of the companies. VMI was one of the founders of the Techniek Academie and currently fulfills a board function.

The Techniek Academie now counts 140 member companies, and that number continues to grow. The Techniek Academie provides their students a job guarantee. VMI also recruits students from the Techniek Academie. See also detechniekacademie.nl.

OBM (Metal Training Company) East
VMI is an active member of OBM Oost. OBM Oost ensures the influx and training of (new) employees of metal companies in the East of The Netherlands. In collaboration with Regional Educations Centers, they provide vocational training that is relevant to practice. A large group of companies have now joined OBM Oost. They are also co-owners of the OBM through share ownership. They support OBM’s mission and invest in the future of their company by training students. VMI is one of these companies. See also obm-opleidingen.nl.

Charitable causes

VMI places great importance on the company's participation in charitable causes. Annually, a decision is made regarding which charity employees would like to support in the coming year, with the goal of making a positive impact on society and enhancing community involvement within the organization.

To raise funds for the chosen charity, VMI participates in a sporting event or itself organizes sports challenges. VMI believes this not only contributes to fundraising but also promotes team building and a healthy lifestyle within the company. Additionally, VMI organizes various activities to raise money, not only provide financial support to charitable causes but also contribute to raising employee awareness of societal issues and encourage them to actively participate in supporting charitable causes. Through the joint efforts, VMI hopes to have a positive impact on others' well-being and contribute to a better world.

Furthermore, VMI highly values education and information in the field of technology. VMI believes it is essential to expose children, students, and interested individuals to the wonders of technology. To this end, VMI regularly organizes tours for primary schools and students from vocational, higher vocational, and university education. Additionally, VMI frequently invites interested parties to get acquainted with the company and its employees to truly grasp the work VMI does.

Some examples of an event in which VMI participates by giving a factory tour include the TechniekWeek, and the Science Weekend in every October. VMI joins these by giving factory tours allowing people to see the importance and fun of technology.

A significant aspect of VMI's commitment to technological education and awareness is its partnership with Solar Team Twente. This team of ambitious students from the University of Twente, Saxion University of Applied Sciences, and ROC van Twente, aims to design and build the world's most efficient solar-powered vehicle. Their dedication to pushing the boundaries of what's possible with solar technology aligns seamlessly with VMI's mission. By supporting and collaborating with Solar Team Twente, VMI aims to further spotlight the importance of sustainable technological innovations and inspire the next generation of tech enthusiasts.

VMI's primary goal remains to raise awareness about technology, with the aspiration of motivating individuals to pursue careers in the technological field, ideally within its own company. VMI firmly believes that a robust foundation in technological knowledge and skills is vital for future generations. Through its educational initiatives, partnerships like the one with Solar Team Twente, and information dissemination, VMI hopes to contribute positively to the nurturing of young talent in the realm of technology. Together, these initiatives are shaping the future of technological advancements.

09
Appendix

Statement of use
VMI Group has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024.

GRI 1 FOUNDATION 2021

GRI 2 General Disclosures

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
2-1	Organizational details	Company description	
2-2	Entities included in the organization's sustainability reporting	About this report Organizational structure & governance	
2-3	Reporting period, frequency and contact point	About this report	VMI publishes a sustainability report annually since 2022. Each report covers a calendar year from 1 January to 31 December, in line with VMI's financial year. For any information about this report, please contact Robert Louis at rlouis@vmigroup.com.
2-4	Restatements of information		There are no restatements of information in our 2024 Sustainability Report with respect to our 2023 report.
2-5	External assurance		VMI Group has not assured this sustainability report.
2-6	Activities, value chain and other business relationships	Key products and services Value chain	
2-7	Employees* *(next page for more details)*	Key figures Organizational structure & governance Diversity, equity, and inclusion	**Number of employees (by age, gender and function)** Age Category / Gender / Total / Executive management / Senior management / Middle management / Operational workforce < 20 Male 10 0 1 0 9 20 - 29 Male 218 0 0 6 212 30 - 39 Male 447 0 5 22 420 40 - 49 Male 377 4 9 25 339 50 - 59 Male 250 4 12 19 215 59 > Male 107 3 4 4 96 < 20 Female 0 0 0 0 0 20 - 29 Female 23 0 0 1 22 30 - 39 Female 59 0 3 1 55 40 - 49 Female 74 2 3 6 63 50 - 59 Female 44 1 2 5 36 59 > Female 10 0 0 1 9 Other 0 0 0 0 0 1,619 14 39 90 1,476
2-8	Workers who are not employees		Omitted due to unavailable information. VMI does not currently track this data.
2-9	Governance structure and composition	Organizational structure & governance TKH Group Annual Report 2024 / Governance	VMI Group's Global Executive Board consists of the President & CEO, Chief Financial Officer, Chief Commercial Officer, and Chief Operating Officer. VMI Group's CEO is also part of the Management Board of VMI Group's parent company, TKH Group. TKH Group's Management Board furthermore consists of the Chairman of the Executive Board & CEO and the CFO. The Supervisory Board oversees the way the Executive Board defines and implements TKH's strategy to achieve the identified objectives of the company and its affiliated companies.
2-10	Nomination and selection of the highest governance body		Due to confidentiality constraints indicated by internal parties, VMI choses to omit this disclosure.
2-11	Chair of the highest governance body	Organizational structure & governance TKH Group Annual Report 2024 / Governance	
2-12	Role of the highest governance body in overseeing the management of impacts	Organizational structure & governance TKH Group Annual Report 2024 / Governance	

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
2-7	Employees		

Number of permanent hires (by age, gender and country)

Age Category	Gender	Total	China	Germany	India	Netherlands	Poland	United States of America
< 20	Male	7	0	0	0	6	1	0
20 - 29	Male	145	8	4	4	78	47	3
30 - 39	Male	366	75	3	20	205	51	8
40 - 49	Male	334	100	4	10	170	35	7
50 - 59	Male	241	36	4	0	171	23	6
59 >	Male	100	0	6	0	87	2	4
< 20	Female	0	0	0	0	0	0	0
20 - 29	Female	18	0	0	2	10	5	1
30 - 39	Female	50	9	0	1	25	10	3
40 - 49	Female	65	13	0	0	32	15	1
50 - 59	Female	40	3	1	0	28	3	4
59 >	Female	10	0	0	0	8	0	2
	Other	0	0	0	0	0	0	0
		1,376	244	22	37	820	192	39

Number of new employees (by age, gender and country)

Age Category	Gender	Total	China	Germany	India	Netherlands	Poland	United States of America
< 20	Male	5	0	0	0	3	2	0
20 - 29	Male	54	2	0	0	29	22	0
30 - 39	Male	49	17	0	0	19	11	2
40 - 49	Male	28	5	0	0	13	9	0
50 - 59	Male	14	0	0	0	11	3	0
59 >	Male	5	0	0	0	3	2	0
< 20	Female	0	0	0	0	0	0	0
20 - 29	Female	8	0	0	0	7	0	1
30 - 39	Female	6	2	0	1	2	1	0
40 - 49	Female	10	2	0	0	4	3	0
50 - 59	Female	4	1	0	0	2	1	0
59 >	Female	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	0
		183	29	0	1	93	54	3

Number of temporary hires (by age, gender and country)

Age Category	Gender	Total	China	Germany	India	Netherlands	Poland	United States of America
< 20	Male	3	0	0	0	0	3	0
20 - 29	Male	73	15	0	4	25	29	0
30 - 39	Male	84	58	0	0	12	14	0
40 - 49	Male	44	24	0	0	7	13	0
50 - 59	Male	9	1	0	0	5	3	0
59 >	Male	5	0	0	0	3	2	0
< 20	Female	0	0	0	0	0	0	0
20 - 29	Female	5	1	0	0	4	0	0
30 - 39	Female	9	9	0	0	0	0	0
40 - 49	Female	7	3	0	0	2	2	0
50 - 59	Female	2	1	0	0	1	0	0
59 >	Female	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	0
		241	112	0	4	59	66	0

Number of employees left (by age, gender and country)

Age Category	Gender	Total	China	Germany	India	Netherlands	Poland	United States of America
< 20	Male	1	0	0	0	1	0	0
20 - 29	Male	29	1	0	0	8	19	1
30 - 39	Male	16	1	1	1	8	3	2
40 - 49	Male	14	1	0	0	5	6	2
50 - 59	Male	10	0	0	0	7	2	1
59 >	Male	15	1	0	0	12	0	1
< 20	Female	0	0	0	0	0	0	0
20 - 29	Female	2	0	0	0	1	1	0
30 - 39	Female	10	0	0	0	6	4	0
40 - 49	Female	1	1	0	0	0	0	0
50 - 59	Female	2	1	0	0	0	1	0
59 >	Female	0	0	0	0	0	0	0
	Other	5	0	0	0	0	0	0
		105	6	1	1	48	36	7

Number of temporary hires – not on payroll (by age, gender and country)

Age Category	Gender	Total	China	Germany	India	Netherlands	Poland	United States of America
< 20	Male	7	0	0	0	7	0	0
20 - 29	Male	40	13	0	0	27	0	0
30 - 39	Male	71	46	0	0	25	0	0
40 - 49	Male	34	20	0	0	14	0	0
50 - 59	Male	32	10	0	0	22	0	0
59 >	Male	21	5	0	0	16	0	0
< 20	Female	0	0	0	0	0	0	0
20 - 29	Female	12	3	0	0	9	0	0
30 - 39	Female	11	2	0	0	9	0	0
40 - 49	Female	6	3	0	0	3	0	0
50 - 59	Female	9	4	0	0	5	0	0
59 >	Female	2	0	0	0	2	0	0
	Other	0	0	0	0	0	0	0
		245	106	0	0	139	0	0

Reasons for leaving the company (by age, gender and country)

Age Category	Gender	Total	Retirement	Dissatisfied with current job	Dissatisfied with company	New Job	Personal reasons	Other (voluntary leave)	Temporary contract	Underperformance	Other (leave due to dismissal)
< 20	Male	1	0	0	0	1	0	0	0	0	0
20 - 29	Male	29	0	3	2	16	2	0	0	0	6
30 - 39	Male	16	0	0	1	10	2	0	1	1	1
40 - 49	Male	16	0	0	1	5	3	0	0	1	6
50 - 59	Male	10	0	0	1	4	0	0	1	1	2
59 >	Male	15	10	0	0	0	0	0	1	1	3
< 20	Female	0	0	0	0	0	0	0	0	0	0
20 - 29	Female	1	0	0	0	1	0	0	0	0	0
30 - 39	Female	11	0	0	2	5	2	0	0	0	2
40 - 49	Female	2	0	0	0	1	0	0	0	0	1
50 - 59	Female	0	0	0	0	0	0	0	0	0	0
59 >	Female	2	1	0	0	0	0	0	0	0	1
	Other	2	0	0	0	0	0	2	0	0	0
		105	11	3	7	43	9	2	3	4	22

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
2-13	Delegation of responsibility for managing impacts	Organizational structure & governance TKH Group Annual Report 2024 / Governance TKH Group Annual Report 2024 / Sustainability Statements / Governance of sustainability	
2-14	Role of the highest governance body in sustainability reporting	Organizational structure & governance	The Global CSR Officer is responsible for creating and consolidating the contents of the report. Before publication, VMI Group's Global Executive Board and TKH Group's Management Board reviews and approves the information shared in the report, including the organization's material topics.
2-15	Conflicts of interest		TKH Group has a Code of Conduct in place that every employee, including the highest governance body, is expected to adhere to, to ensure that conflicts of interest are prevented and mitigated. We also conduct due diligence on our suppliers, partners and third parties we work with. During the reporting period, no conflict of interest was identified.
2-16	Communication of critical concerns	Ethics & compliance	To report any misconduct, the TKH Group has a whistleblower mechanism in place, which can be used by VMI employees also. Employees may also report concerns directly to the TKH Executive Board. If needed and appropriate, concerns may be reviewed by highest governance body.
2-17	Collective knowledge of the highest governance body	TKH Group Annual Report 2024 / Governance	The Supervisory Board is regularly updated on the progress of sustainability initiatives and developments. The Supervisory Board is convinced that ESG has become more relevant strategically and needs to be further integrated into TKH Group's processes and structures.
2-18	Evaluation of the performance of the highest governance body	TKH Group Annual Report 2024 / Governance	The Supervisory Board convened a closed meeting to discuss its own performance and that of its committees and individual members for the year 2024. An evaluation by each individual member of the Supervisory Board is carried out by an external advisor. The outcome of this evaluation is reported to the Supervisory Board. The evaluation covered the Board's composition, independence, expertise, and team effectiveness, as well as the quality of information provision, the role of the chairman, and relations with the Executive Board.
2-19	Renumeration policies	TKH Group Annual Report 2024 / Governance / Renumeration report	
2-20	Process to determine renumeration	TKH Group Annual Report 2024 / Governance / Renumeration report	
2-21	Annual total compensation ratio		Due to confidentiality constraints indicated by internal parties, VMI choses to omit this disclosure.
2-22	Statement on sustainable development strategy	Sustainability approach	
2-23	Policy commitments	Human rights Responsible business conduct Sustainable procurement management	
2-24	Embedding policy commitments	Responsible business conduct Sustainable procurement management	
2-25	Process to remediate negative impacts	Ethics & compliance TKH Group Annual Report / 2024 / Sustainability Statements / Governance Information / Business Conduct (G1)	To report any misconduct, the TKH Group has a whistleblower mechanism in place, which can be used by VMI employees also.

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
2-26	Mechanisms for seeking advice and raising concerns	Ethics & compliance TKH Group Annual Report / 2024 / Sustainability Statements / Governance Information / Business Conduct (G1)	Employees can consult the Confidential Officer (the "Confidential Officer") of the company they are working for about suspicions of possible misconduct. An Employee can discuss his or her concerns with the Confidential Officer in confidence. If requested by the Employee, the Confidential Officer could inform the Central Compliance Officer of TKH Group NV ("Compliance Officer") to take the matter further.
2-27	Compliance with laws and regulations	Responsible business conduct	
2-28	Membership associations	Endorsements	
2-29	Approach to stakeholder engagement	Stakeholder engagement	
2-30	Collective bargaining agreements	Working conditions	

GRI 3 Material Topics

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
3-1	Process to determine material topics	Materiality analysis	
3-2	List of material topics	Materiality analysis	
3-3	Management of material topics	Materiality analysis Risk management Sustainable products and services Sustainable operations Sustainable supply chain Sustainable employment Responsible business conduct	

GRI 205 Anti-corruption 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
205-1	Operations assessed for risks related to corruption	Ethics & compliance	
205-2	Communication and training about anti-corruption policies and procedures	Ethics & compliance	
205-3	Confirmed incidents of corruption and actions taken	Ethics & compliance	

GRI 301 Materials 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
301-1	Materials used by weight or volume	Sustainable material use	
301-2	Recycled input materials used	Sustainable product design Sustainable material use	As per the chapter 'Sustainable material use', most of the material VMI uses is steel and aluminum which has at least 30% recycled content by law, but the data on this is not yet comprehensively tracked. VMI has started working on transitioning to using more green steel in the future.
301-3	Reclaimed products and their packaging materials	Sustainable packaging	Information only available regarding the reuse of packaging.

GRI 302 Energy 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
302-1	Energy consumption within the organization	Energy & climate Buildings & facilities	
302-2	Energy consumption outside of the organization	Energy & climate	
302-3	Energy intensity	Energy & climate	
302-4	Reduction of energy consumption	Energy & climate	
302-5	Reductions in energy requirements of products and services	Sustainable product design Sustainable production processes Sustainable machines and services	

GRI 303 Water and Effluents 2018

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
303-1	Interactions with water as a shared resource	Water, waste and pollution	V MI does not use water in the production process. The water usage consists primarily of sanitation and consumption (coffee and tea). Hence, the annual water consumption is well below average: the average water consumption per FTE is approximately 13 m3 per year.
303-5	Water consumption	Water, waste and pollution	

GRI 305 Emissions 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
305-1	Direct (Scope 1) GHG emissions	Energy & climate	
305-2	Energy indirect (Scope 2) GHG emissions	Energy & climate	
305-3	Other indirect (Scope 3) GHG emissions	Energy & climate	
305-4	GHG emissions intensity	Energy & climate	
305-5	Reduction of GHG emissions	Energy & climate	
306-6	Emissions of ozone-depleting substances (ODS)	Water, waste and pollution	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Omitted due to unavailable information. VMI does not currently track this data.

GRI 306 Waste 2020

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
306-1	Waste generation and significant waste-related impacts	Sustainable product design Sustainable material use Sustainable machines and services Water, waste and pollution Sustainable logistics	
306-2	Management of significant waste- related impacts	Sustainable product design Sustainable material use Sustainable machines and services Water, waste and pollution Sustainable logistics	
306-3	Waste generated	Water, waste and pollution	
306-4	Waste diverted from disposal	Water, waste and pollution	
306-5	Waste directed to disposal	Water, waste and pollution	

GRI 308 Supplier Environmental Assessment 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
308-1	New suppliers that were screened using environmental criteria	Sustainable procurement management	
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable procurement management	

GRI 403 Occupational Health & Safety 2018

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
403-1	Occupational health and safety management system	Health and safety	
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety	
403-3	Occupational health services	Health and safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety	
403-5	Worker training on occupational health and safety	Health and safety	
403-6	Promotion of worker health	Health and safety	
403-8	Workers covered by an occupational health and safety management system	Health and safety	
403-9	Work-related injuries	Health and safety	
403-10	Work-related ill health	Health and safety	

GRI 404 Training and Education 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
404-1	Average hours of training per year per employee	Learning and development	
404-2	Programs for upgrading employee skills and transition assistance programs	Learning and development	
404-3	Percentage of employees receiving regular performance and career development reviews	Learning and development	

GRI 405 Diversity and Equal Opportunity 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
405-1	Diversity of governance bodies and employees	Diversity, equity, and inclusion TKH Group Annual Report / 2024 / Sustainability Statements / Social Information / Diversity (S1)	

GRI 406 Non-discrimination 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
406-1	Incidents of discrimination and corrective actions taken	Health and safety	There were no incidents of discrimination reported throughout the reporting year.

GRI 408 Child Labor 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
408-1	Operations and suppliers at significant risk for incidents of child labo	Health and Human Rights Sustainable procurement management	

GRI 409 Forced or Compulsory Labor 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Health and Human Rights Sustainable procurement management	

GRI 414 Supplier Social Assessment 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
414-1	New suppliers that were screened using social criteria	Sustainable procurement management	
414-2	Negative social impacts in the supply chain and actions taken	Sustainable procurement management	

GRI 416 Customer Health & Safety 2016

GRI Disclosure	Disclosure title	Location	Additional information / reasons for omission
416-1	Assessment of the health and safety impacts of product and service categories		Omitted due to unavailable information. VMI does not currently track this data.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Omitted due to unavailable information. VMI does not currently track this data.


VMI GROUP