



Report

(Translation)

**AVL List GmbH,
Graz**

**Independent Assurance Report on the Assurance
Engagement of the Consolidated Sustainability
Reporting
as at December 31, 2025**



We draw attention to the fact that the English translation of this independent assurance report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Table of Contents

1. Engagement and Performance 3

2. Independent Assurance Report..... 5

Index of Appendices

Sustainability Statement as at December 31, 2025..... 1

General Conditions of Contract for the Public Accounting Professions (AAB 2018) 2



PwC Wirtschaftsprüfung GmbH
Donau-City-Straße 7
1220 Vienna
Austria
Tel.: +43 1 501 88 - 0
E-mail: at_office.wien@pwc.com
www.pwc.at

To the
Executive Board of
AVL List GmbH
Attn. Mr. Helmut List
CEO and Chairman of the Executive Board
Hans-List-Platz 1
8020 Graz

Independent Assurance Report on the Assurance Engagement of the Consolidated Sustainability Reporting as at December 31, 2025

1. Engagement and Performance

AVL List GmbH, Graz, decided – irrespective of the transposition of the CSRD into Austrian law – to voluntarily prepare a consolidated sustainability reporting as a separate report (“Sustainability Statement 2025”) already for the financial year 2025 based on the provisions of the Delegated Act (EU) 2023/2772 (European Sustainability Reporting Standards, ESRS) issued pursuant to CSRD regulations, except that this consolidated sustainability reporting is not yet included in the management report for the Group. Pursuant to ESRS 1.113, the sustainability reporting includes also disclosures pursuant to Article 8 of the Regulation (EU) 2020/852 and to the Delegated Acts of the European Commission determining the content and other terms of these disclosures (“Disclosures pursuant to the EU Taxonomy Regulation”).

AVL List GmbH, Graz, engaged us to perform a limited assurance engagement regarding the voluntary assurance engagement of the consolidated sustainability reporting of AVL List GmbH, Graz, as at December 31, 2025. The limited assurance engagement included assessing whether the consolidated sustainability reporting complies, in all material aspects, with the criteria that AVL List GmbH, Graz, has determined in the sustainability reporting in the section “General basis for preparation of sustainability statements”. The criteria described include:

- compliance with the European Sustainability Reporting Standards (ESRS), except that the sustainability statement is not included in the management report for the group, and
- compliance with the reporting requirements pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 (hereinafter EU Taxonomy Regulation).

Auditor responsible for the proper performance of the engagement is Mr. Anton Pichler, Austrian Certified Public Accountant.

In performing the limited assurance engagement of the consolidated sustainability reporting, we have not enlisted any services of component auditors.

Our limited assurance engagement is based on the engagement letter concluded with the Company, an integral part of which are the General Conditions of Contract for the Public Accounting Professions (AAB 2018) issued by the Austrian Chamber of Tax Advisers and Auditors (refer to Appendix 2). These General Conditions of Contract do not only apply between the Company and the auditor, but also towards third parties. The section limited liability of our independent assurance report applies with regard to our responsibility and liability as auditor towards the Company and towards third parties.

With regard to our conclusion and compliance with the ESRS and the EU Taxonomy Regulation for the preparation of the consolidated sustainability reporting we refer to the disclosures made in the following independent assurance report.

2. Independent Assurance Report

We have performed a limited assurance engagement of the consolidated sustainability reporting included in the separate report “Sustainability Statement 2025” of AVL List GmbH, Graz, for the financial year ended as at December 31, 2025.

Conclusion Based on a Limited Assurance Engagement

Based on the procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the consolidated sustainability reporting does not comply, in all material aspects, with the criteria that AVL List GmbH, Graz, has determined in the sustainability reporting in the section “General basis for preparation of sustainability statements”. The criteria described include:

- compliance with the European Sustainability Reporting Standards (ESRS), except that the sustainability statement is not included in the management report for the group, and
- compliance with the reporting requirements pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Basis for Conclusion

We performed our limited assurance engagement in accordance with the legal requirements and the professional standards applicable in Austria with regard to other assurance engagements and additional opinions. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Limited Assurance Engagement of the Consolidated Sustainability Reporting” section of our report.

We are independent of the Group in accordance with professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our assurance activities are subject to the requirements of KSW-PRL 2022, which essentially corresponds to the requirements pursuant to ISQM 1, applying an extensive quality management system including documented guidelines and processes to adhere to ethical requirements, professional standards as well as applicable legal and regulatory requirements.

We believe that the assurance evidence we have obtained until the date of the independent assurance report is sufficient and appropriate to provide a basis for our opinion by this date.

Responsibilities of Management

Management is responsible for the preparation of the sustainability statement including developing and performing the Materiality Assessment Process pursuant to the applicable requirements and standards. This responsibility includes

- identifying actual and potential impacts as well as risks and opportunities related to sustainability aspects and assessing the materiality of these impacts, risks and opportunities,
- preparing the consolidated sustainability reporting in the separate report “Sustainability Statement 2025” including compliance with the ESRS,
- including the disclosures in the separate report “Sustainability Statement 2025” in accordance with the EU Taxonomy Regulation as well as
- designing, implementing and maintaining such internal controls as management determines is relevant to enable the preparation of sustainability reporting that is free from material misstatements, whether due to fraud or error, and performing the Materiality Assessment Process pursuant to the requirements of the ESRS.

Furthermore, this responsibility includes the selection and application of appropriate methods regarding sustainability reporting as well as making assumptions and estimates on the individual sustainability disclosures appropriate under the given circumstances.

Inherent Limitations for the Preparation of the Sustainability Reporting

Reporting on sustainability aspects according to the ESRS requires using information from the Group’s value chain which is accessible only to a limited extent. Therefore, in its materiality assessment and to calculate key performance indicators disclosed in the sustainability reporting, management has to use data and information from third parties as well as make assumptions and estimates. Thus, such key performance indicators are subject to material uncertainties – as described in section BP-2 subsec. 10 and subsec. 11.

When reporting on future-oriented information, the Company is required to prepare this future-oriented information based on disclosed assumptions about events that may occur in the future as well as possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

When determining disclosures pursuant to the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Undefined legal terms may be interpreted differently, also regarding legal compliance of the interpretations, thus they are subject to uncertainties.

For reporting on greenhouse gas emissions, the scientific basis plays a decisive role. However, this may lead to challenges, in particular regarding the determination of emission factors, especially when these factors are required to combine emissions of different gases and describe them in a single unit of measurement such as CO₂ equivalents. Therefore, incomplete scientific knowledge may lead to uncertainties in reporting.

Auditor's Responsibilities for the Assurance Engagement of the Consolidated Sustainability Reporting

Our responsibility is to plan and perform a limited assurance engagement to obtain limited assurance about whether the consolidated sustainability reporting including the comprised Materiality Assessment Process and the reporting pursuant to the EU Taxonomy Regulation is free from material misstatement, whether due to fraud or error, and to issue an independent assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the sustainability statement.

We exercise professional judgment and maintain professional skepticism throughout the limited assurance engagement.

Our responsibilities include:

- performing risk-based procedures comprising obtaining an understanding of internal controls relevant to this engagement in order to identify disclosures where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of expressing a conclusion on the effectiveness of the Group's internal controls, and
- developing and performing procedures regarding disclosures in the sustainability reporting, where material misstatements are likely to arise.

The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of Performed Work

A limited assurance engagement requires performing procedures to gain evidence on the consolidated sustainability reporting. The nature, timing and scope of the selected procedures depend on professional judgement including identifying disclosures in the sustainability reporting where material misstatements are likely to arise, whether due to fraud or error.

In our limited assurance engagement regarding the consolidated sustainability reporting we proceed as follows:

- We obtain an understanding on the Materiality Assessment Process, especially through:
 - interviews, to understand the information sources used by management; and
 - reviewing the internal process documentation; and
- We evaluate whether the Materiality Assessment Process complies with the ESRS requirements and the process presentation in disclosure “IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities” pursuant to ESRS 2, based on the evidence obtained from our procedures performed.
- We evaluate whether all relevant information identified in the Materiality Assessment Process were included in the sustainability statement.
- We obtain an understanding of the Company’s procedures relevant for the preparation of the sustainability statement.
- We evaluate whether the structure and presentation of the consolidated sustainability reporting included in the sustainability statement comply with the ESRS.
- Regarding the linkage with other parts of the corporate reporting and connected information, we compare selected disclosures in the sustainability statement with the corresponding disclosures in the management report for the Group and the other sections of the management report for the Group.
- We interview relevant employees and perform analytical audit procedures regarding selected disclosures in the sustainability statement.
- We perform sample-based, result-oriented procedures regarding selected disclosures in the sustainability statement.
- We obtain evidence on the presented methods regarding the development of estimates and future-oriented information.
- We obtain an understanding of the procedure to identify taxonomy-eligible and taxonomy-aligned economic activities and of the preparation of the corresponding disclosures in the sustainability statement.

Limited Liability

The limited assurance engagement of the sustainability statement is voluntary. According to the agreement, in the event of liability, any contributory negligence on the part of the company subject to a limited assurance engagement, its legal representatives and vicarious agents must be taken into account. Because our report is prepared solely for and on behalf of the client, it does not constitute a basis for any reliance on its contents by third parties. Therefore, no claims of third parties can be derived from it.

Our independent assurance report is issued based on the engagement letter agreed with the Company and is governed by the General Conditions of Contract for the Public Accounting Professions (AAB 2018) enclosed to this report, which also apply towards third parties. Deviating from item 7 para. 2 AAB 2018, our liability for gross negligence to the Company is limited to half of the liability limit, thus to EUR 6 million, pursuant to section 275 para. 2 UGB (as previously in force) corresponding to the Company's size criteria based on the size criteria pursuant to section 221 UGB (as previously in force).

Responsible Engagement Partner

Responsible for the proper performance of the limited assurance engagement of the sustainability reporting is Mr. Anton Pichler, Austrian Certified Public Accountant.

Vienna

June 19, 2026

PwC Wirtschaftsprüfung GmbH

Anton Pichler

Austrian Certified Public Accountant

signed

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated sustainability reporting together with our independent assurance report is only allowed if the consolidated sustainability reporting is identical with the German audited version. This independent assurance report is only applicable to the German and complete sustainability statement. For deviating versions, the provisions of section 281 para. 2 UGB (as previously in force) apply.



AVL List

SUSTAINABILITY STATEMENT 2025

Graz, June 2026

TABLE OF CONTENTS

GENERAL INFORMATION	4
BP-1 – General basis for preparation of sustainability statements	4
BP-2 – Disclosures in relation to specific circumstances	5
GOV-1 – The role of the administrative, management and supervisory bodies	11
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	16
GOV-3 – Integration of sustainability-related performance in incentive schemes	18
GOV-4 – Statement on due diligence	18
GOV-5 – Risk management and internal controls over sustainability reporting	19
SBM-1 – Strategy, business model and value chain	23
SBM-2 – Interests and views of stakeholders	32
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	37
E1.SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction With Strategy and Business Model	48
S1.SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction With Strategy and Business Model	52
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	55
E1.IRO-1 – Description of the Processes to Identify and Assess Material Climate-Related Impacts, Risks and Opportunities	62
E2.IRO-1 – Description of the Processes to Identify and Assess Material Pollution-Related Impacts, Risks and Opportunities	66
E3.IRO-1 – Description of the Processes to Identify and Assess Material Water and Marine Resources-Related Impacts, Risks and Opportunities	66
E4.IRO-1 – Description of Processes to Identify and Assess Material Biodiversity and Ecosystem-Related Impacts, Risks and Opportunities	67
E5.IRO-1 – Description of the Processes to Identify and Assess Material Resource Use and Circular Economy-Related Impacts, Risks and Opportunities	68
G1.IRO-1 – Description of the Processes to Identify and Assess Material Impacts, Risks and Opportunities	68
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	69
DISCLOSURES PURSUANT TO THE EU TAXONOMY REGULATION	84
Introduction and Scope	84
Methodology & Governance of the Taxonomy Assessment	85

Economic Activities of AVL – Detailed Examination	85
Taxonomy-Eligible and Taxonomy-Aligned Economic Activities – Reporting Format	87
EU Taxonomy KPI.....	91
CLIMATE CHANGE	100
E1-1 – Transition plan for climate change mitigation, E1-2 – Policies related to climate change mitigation and adaptation, E1-3 – Actions and resources in relation to climate change policies and E1-4 Targets related to climate change mitigation and adaptation.....	100
E1-5 – Energy consumption and mix.....	102
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	105
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits.....	112
E1-8 – Internal carbon pricing.....	112
Resource use and circular economy	113
E5-1 – Policies related to resource use and circular economy, E5-2 – Actions and resources related to resource use and circular economy and E5-3 – Targets related to resource use and circular economy	113
E5-4 – Resource inflows	114
E5-5 – Resource outflows.....	116
OWN WORKFORCE.....	122
S1-1 – Policies related to own workforce	122
S1-2 – Processes for engaging with own workforce and workers’ representatives about impacts.....	127
S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns.....	129
S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions.....	130
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	135
S1-6 – Characteristics of the undertaking’s employees	136
S1-8 – Collective bargaining coverage and social dialogue	140
S1-9 – Diversity metrics	141
S1-14 – Health and safety metrics.....	142
S1-16 – Remuneration metrics (pay gap and total remuneration).....	144
S1-17 – Incidents, complaints and severe human rights impacts	146
GOVERNANCE	147



G1.GOV-1 –The role of the administrative, management and supervisory bodies, G1-1 –
Business conduct policies and corporate culture, G1-3 – Prevention and detection of
corruption and bribery & G1-4 – Incidents of corruption or bribery..... 147
G1-2 – Management of relationships with suppliers 154
G1-5 – Political influence and lobbying activities..... 156
G1-6 – Payment practices 159

GENERAL INFORMATION

BP-1 – GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

[ESRS 2 BP-1 3]

AVL List GmbH decided – irrespective of the transposition of the CSRD into Austrian law – to voluntarily prepare a sustainability reporting as a separate report already for the financial year 2025 based on the provisions of Delegated Act (EU) 2023/2772 (European Sustainability Reporting Standards, ESRS) issued pursuant to CSRD regulations, except that this sustainability reporting is not yet included in the Group management report. In accordance with ESRS 1.113, this sustainability reporting also includes the disclosures referred to in Article 8 of Regulation (EU) 2020/852 and in accordance with the Commission Delegated Regulations which specify the content and other modalities of such disclosures (“EU Taxonomy Disclosures”).

[ESRS 2 BP-1 5 a; ESRS 2 BP-1 5 b i; ESRS 2 BP-1 5 b ii; ESRS 2 BP-1 5 c; ESRS 2 BP-1 5 d; ESRS 2 BP-1 5 e]

This Sustainability Report of AVL List GmbH has been prepared on a consolidated basis.

[ESRS 2 BP-1 5 a]

The scope of consolidation is congruent with that of the consolidated financial statements of AVL List GmbH.

AVL chose not to make use of the option to omit specific information related to intellectual property, know-how or the results of innovations. The option of exceptions to the disclosure of upcoming developments or ongoing negotiations is also not used.

In addition to the company’s own business activities, the sustainability statement also covers the upstream and downstream value chain. Value chain information is included where material impacts, risks or opportunities may exist via direct and indirect business relationships on the basis of the value chain analysis and the double materiality assessment (see SBM-3/IRO-2). The focus is on the supply chain and on the collection of relevant Scope 3 categories.

In this Sustainability Report, the terms AVL List, AVL, AVL Group, “we” and “the company” are used synonymously and refer to the entire scope of consolidation. AVL List GmbH explicitly refers to the parent company. If there are deviations from this meaning, the body text clarifies the scope of the company for which the information is valid.

BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

AVL decided not to disclose any sustainability-related goals within the meaning of the ESRS in the first year of reporting.

Moreover, the following phased-in disclosure requirements are used:

ESRS standard	Disclosure requirement	Full name of the disclosure requirement	Phase-in description
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	The disclosures required in ESRS 2 SBM-3 48 e (anticipated financial effects) are omitted.
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	The disclosures required in ESRS E1-9 are omitted.
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	The disclosures required in ESRS E5-6 are omitted.
ESRS S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	The disclosures required in ESRS S1-7 are omitted.
ESRS S1	S1-11	Social protection	The disclosures required in ESRS S1-11 are omitted.
ESRS S1	S1-13	Training and skills development	The disclosures required in ESRS S1-13 are omitted.

ESRS S1	S1-14	Health and safety	Disclosures on work-related ill-health and on number of days lost to injuries, accidents, fatalities and work-related ill health are omitted.
ESRS S1	S1-14	Health and safety	Disclosures on non-employees are omitted.
ESRS S1	S1-15	Work-life balance	The disclosures required in ESRS S1-15 are omitted.

Table 1

In addition, the entire disclosure requirements of the topical standard S2 – Workers in the value chain applying the Delegated Regulation dated July 11, 2025 (“quick fix”) are excluded.

[ESRS 2 BP-2 9 a]

As part of our sustainability reporting, we have not deviated from short-, medium- or long-term time horizons set out in ESRS 1 6.4.

[ESRS 2 BP-2 15]

The sustainability statement does not contain any information from other legislation or recognized standards that goes beyond the information required by the ESRS.

[ESRS 2 BP-2 10 a; ESRS 2 BP-2 10 b; ESRS 2 BP-2 10 c; ESRS 2 BP-2 10 d; ESRS 2 BP-2 11 a; ESRS 2 BP-2 11 b i; ESRS 2 BP-2 11 b ii]

In cases where primary data are not available, projections as well as well-founded estimates and assumptions are used. For locations where energy consumption is not available, extrapolation is carried out using a suitable indicator. Estimates are used in particular in Scope 3. The actual values may differ from these. This applies to the following significant Scope 3 categories, among others:

- Category 1 – Purchased goods and services
- Category 2 – Capital goods
- Category 4 – Upstream transportation and distribution
- Category 11 – Use of sold products
- Category 12 – End-of-life treatment of sold products

The source of emission factors for spend-based calculation methods in Scope 3 is Exiobase, a global, detailed Multi-Regional Environmentally Extended Supply-Use (MR-SUT) and Input-Output Table (MR-IOT). For further disclosures, see E1-5 and E1-6. Disclosures on E5-4 and E5-5 are also based on the data used for the calculation of Scope 3, categories 11 and 12 (see ESRS E5-4 & ESRS E5-5). Furthermore, assumptions were made for a complete global coverage of the S1-16 KPIs.

None of the parameters published in this Sustainability Report are externally validated.

[ESRS 2 BP-2 AR 2]

AVL's integrated management system (IMS) is based on internationally applicable standards, including ISO 9001, ISO 14001, ISO 27001 and ISO 45001.

[ESRS 2 BP-2 16]

No information was provided by reference to other reports published by AVL.

[ESRS 2 BP-2 13 a]

This Sustainability Report is the first of its kind by AVL. For this reason, comparisons or changes to previous reports cannot be reported and disclosed.

[ESRS 2 BP-2 17]

Due to the ESRS quick fix provision, the full reporting of the standard S2 – Workers in the value chain is excluded from AVL's Sustainability Report for the 2025 reporting year. However, the key principles of the supply chain management are briefly presented below.

[ESRS 2 BP-2 17 a]

The following sustainability matters of S2 were assessed as material in the course of the double materiality assessment with regard to the upstream value chain (see also SBM-3):

ESRS S2 – Workers in the value chain	Working conditions • Secure employment • Working time • Adequate wages • Social dialogue • Freedom of association, including the existence of work councils • Collective bargaining • Work-life balance • Health and safety
ESRS S2 – Workers in the value chain	Equal treatment and opportunities for all • Gender equality and equal pay for work of equal value • Training and skills development • Measures against violence and harassment in the workplace • Diversity
ESRS S2 – Workers in the value chain	Other work-related rights • Adequate housing • Water and sanitation • Privacy

Table 2

[ESRS 2 BP-2 17 c; MDR_P]

With regard to these aspects, AVL expects its suppliers and their subcontractors to comply with the applicable local laws and provisions for the protection of internationally proclaimed human rights. This is also reflected in AVL's supplier management, in the AVL Terms and Conditions of Purchasing and in the AVL Code of Conduct for Business Partners, which are an integral part of cooperation:

AVL Code of Conduct for Business Partners

Short description of the contents	The AVL Code of Conduct for Business Partners sets out clear expectations regarding the protection and promotion of human rights within AVL's business relationships. Business partners are required to respect internationally recognized human rights and labor standards, including those set by the United Nations and the International Labor Organization. They are required to implement appropriate due diligence measures in accordance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidance, which are tailored to the size and nature of the companies' operations and supply chains.
Scope of application	Applies to AVL's business partners
Top level with implementation responsibility	Chairman of the Executive Board
Reference to third-party standards or initiatives	OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas United Nations Guiding Principles on Business and Human Rights ILO Declaration on Fundamental Principles and Rights at Work
Availability	External: https://www.avl.com/sites/default/files/2025-09/0001384981_di_avl_code-of-conduct-for-business-partners_0.pdf Internal: via internal document control
IRO reference	28, 29, 30, 31

Table 3

General Terms and Conditions of Purchasing

Short description of the contents	In its General Terms and Conditions of Purchasing, AVL List GmbH has laid down the general principles for procurement from the respective suppliers. The Terms and Conditions of Purchasing apply to all purchase orders for suppliers as legally binding upon execution of the first purchase order.
Scope of application	The Terms and Conditions of Purchasing of AVL List GmbH included in this document generally serve as the basis and minimum requirement for suppliers and must be adapted and applied by the respective AVL companies to local legislation through Purchasing and approvals by the respective management.
Top level with implementation responsibility	Director Global Supply Chain Management
Reference to third-party standards or initiatives	EU REACH Regulation 1907/2006 EU GDPR 2016/679 CLP Regulation (EC) 1272/2008 Austrian Company Code (UGB) Austrian General Civil Code (ABGB)
Availability	External: https://www.avl.com/sites/default/files/2026-03/avl_list_general_conditions_of_purchase_english.pdf Internal: via internal document control
IRO reference	28, 29, 30, 31

Table 4

[ESRS 2 BP-2 17 b; ESRS 2 BP-2 17 e; MDR-T; MDR_M]

In the first year of reporting, AVL did not set any binding sustainability-related goals within the meaning of the ESRS.

[ESRS 2 BP-2 17 d; MDR-A]

For the ongoing supplier assessment and risk assessment, the impacts, opportunities and risks have been successively taken into account and further expanded since 2024 in cooperation with Ecovadis. This is done using a risk-based approach, including country and industry classification.

The Whistleblower System introduced at AVL is available not only to internal but also to external stakeholders and ensures transparency and accessibility for all people in the value chain who want to share relevant information or concerns. Indications of violations in the supply chain, including those of the AVL Code of Conduct for Business Partners, can therefore also be reported and submitted by suppliers and their employees. Whistleblowers make an important contribution to early detection, punishment and ultimately prevention of violations.

These means make it possible to identify risks in the supply chain and initiate appropriate follow-up measures. For further information, see G1-2.

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

[ESRS 2 GOV-1 21 a; ESRS 2 GOV-1 21 a; ESRS 2 GOV-1 21 b; ESRS 2 GOV-1 21 c; ESRS 2 GOV-1 21 d]

AVL, headquartered in Graz, is one of the world's leading mobility technology companies for engineering (Business Unit Powertrain Engineering – PTE/Mobility Technology), simulation (Business Unit Advanced Simulation Technology – AST) and testing (Business Unit Instrumentation and Test Systems – ITS) in the automotive industry and other sectors.

Helmut List has been the Chief Executive Officer of AVL List since 1979, developing the company under his leadership into a global service provider for mobility technology.

Our Executive Board guides and inspires our employees and accelerates technological progress with the goal of delivering the best solutions for our customers. Under the chairmanship of CEO Helmut List, our management steers AVL's future path and globally drives strategic innovation, transformation and development.

The **Executive Vice Presidents** are:

Name	Role	Industry/product experience	Region
Helmut List	CEO and Chairman of the Executive Board (until May 31, 2026)	CEO and Chairman of the Executive Board	global responsibility
Yorck Schmidt	Chief Financial Officer and Member of the Board	Over 25 years of international management experience in finance and general management	global responsibility

roles at technology, automotive and medtech companies			
Lukas Walter	Chief Operating Officer Powertrain Engineering CEO and Chairman of the Executive Board (from June 1, 2026)	More than 30 years of experience in the automotive industry, particularly at MAN Truck & Bus and AVL as well as extensive experience in engineering, business development, and global sales	global responsibility
Stefan Bruhnke	Executive Vice President Global Business Development, Sales and International Operations Light Duty Vehicles and Racing Powertrain Engineering	Around 20 years of professional experience at global OEMs and more than 15 years of leadership experience of international teams in various positions, among others, in engineering at AVL responsible for global business development, sales and international operations for 2-wheelers, passenger cars, light duty vehicles and racing in the Engineering division	global responsibility
Matthias Dank	Executive Vice President Technology & Operations Instrumentation and Test Systems	More than 20 years of professional experience in product and technology development, engineering management, and business transformation. Between 2010 and 2020, he was responsible for the Motorsport business in AVL's Instrumentation and Test Systems division, joining the Executive Board in 2023.	global responsibility
Urs Gerspach	Executive Vice President Business Development & Sales and International Operations Instrumentation and Test Systems	Has been with AVL for over 25 years. He started in Powertrain Engineering as Skill Team Leader for Emission Measuring, took over as head of the Test Factory Graz in 2004 and was technically responsible for all global AVL Test Factories. He joined the Executive Board in 2017.	global responsibility

Table 5

The Supervisory Board of AVL List GmbH is composed as follows:

Klaus Egger	Chairman of the Supervisory Board of AVL List GmbH	After studying Mechanical Engineering at the Graz University of Technology he held various management positions at AVL List GmbH, BMW, VÖEST Alpine, Robert Bosch and Siemens Automotive and has been working as self-employed consultant since 2008.
Gerald List	Vice Chairman of the Supervisory Board of AVL List GmbH	Studied Electrical Engineering, worked for several years as an engineer in a management position at Hamburger Hochbahn (electric rail vehicle technology), followed by own company in the field of data and voice communication. Gerald List has been a member of AVL List GmbH's Supervisory Board since 1995.
Wolfgang Sauerzapf	Member of the Supervisory Board of AVL List GmbH Chairman of the Audit Committee of AVL List GmbH	With more than 15 years of leadership experience in the global automotive supply industry with a focus on finance, HR and M&A projects, he supports and advises companies, families and founders as supervisory board member, advisory board member and Business Angel.
Gerald Lackner	Member of the Supervisory Board of AVL List GmbH	Until his appointment to the Supervisory Board from December 2025, he was CEO of AVL DiTEST GmbH for over 25 years.
Werner Staber	Chairman of the Employees' Works Council of AVL List GmbH	Represents employees on the Supervisory Board
Monika Kern-Kokal	1st Deputy of the Employee Works Council of AVL List GmbH	Represents employees on the Supervisory Board

Table 6

[ESRS 2 GOV-1 21 e]

66.6% of the members of the Supervisory Board are independent committee members.

[ESRS 2 GOV-1 21 a, ESRS 2 GOV-1 21 a, ESRS 2 GOV-1 21 d]

Of the total of twelve persons in administrative, executive and supervisory bodies, six members are executive and six are non-executive members. The proportion of women is 8.3%:

Category	Male	Female	Other	N/A
Non-executive members	5	1	-	-
Executive members	6	0	-	-

Table 7

[ESRS 2 GOV-1 22 c; ESRS 2 GOV-1 22 c i; ESRS 2 GOV-1 22 c ii; ESRS 2 GOV-1 22 c iii; ESRS 2 GOV-1 22 d; ESRS 2 GOV-1 23; ESRS 2 GOV-1 23 a; ESRS 2 GOV-1 23 b; ESRS 2 GOV-1 22 a; ESRS 2 GOV-1 22 b]

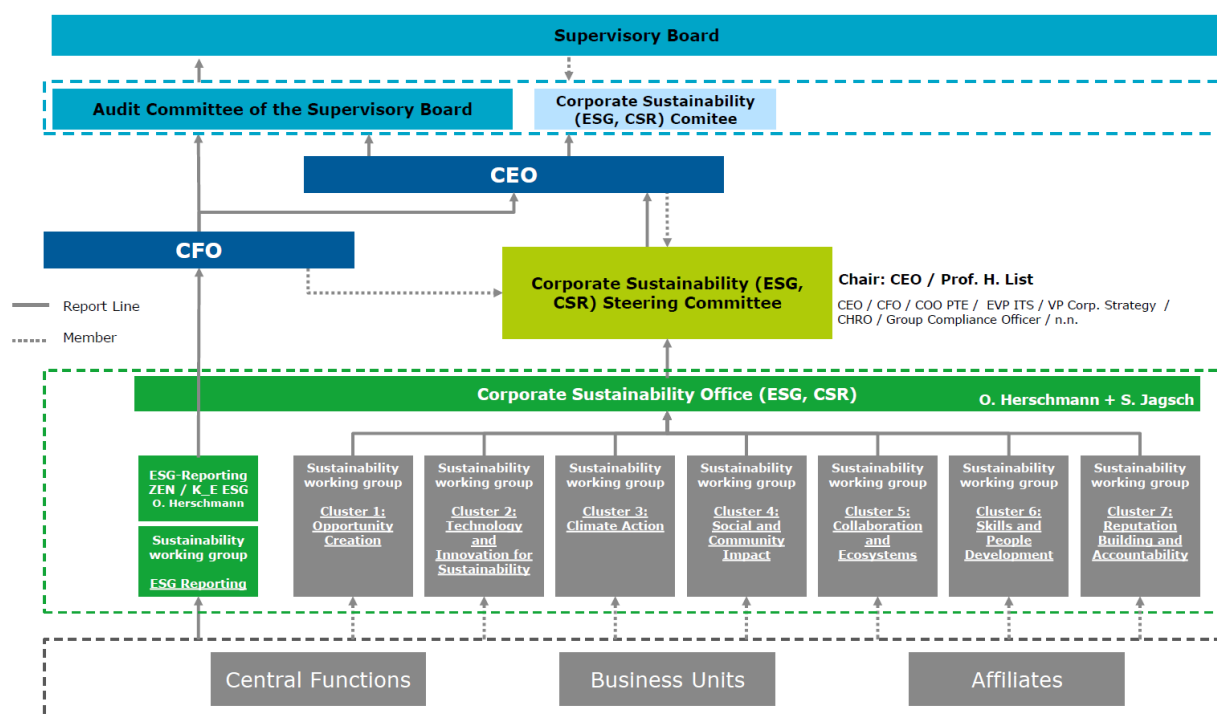


Figure 1 – ESG organization

The global management and overall responsibility for the implementation of the Corporate Sustainability Management and thus also for monitoring the impacts, risks and opportunities lies with the CEO of AVL, Prof. List. This is regulated in the Rules of Procedure. The operational units are involved via the installed steering committee on sustainability (Corporate Sustainability Steering Committee).

In order to anchor the topic of sustainability in the company in a lasting and effective manner, the Corporate Sustainability Office has been installed to take responsibility for all tasks related to corporate sustainability. The Corporate Sustainability Office reports to the Corporate Sustainability Steering Committee chaired by the CEO of AVL.

In addition to the CEO and the Corporate Sustainability Office, the Corporate Sustainability Steering Committee includes the CFO, COO Powertrain Engineering, Vice President Corporate Strategy, CHRO, Group Compliance Officer, a representative of the Instrumentation and Test Systems Executive Board, the Director Global IMS and the Director Facility Management. The Corporate Sustainability Steering Committee is free to appoint further members on a topic-specific basis.

The Corporate Sustainability Steering Committee is responsible for setting the strategic course for sustainability measures, integrating them into all business divisions, as well as transparency through ESG reporting and steering through target tracking and policy coordination.

The Corporate Sustainability Steering Committee reports on sustainability via the CEO of AVL to the Audit Committee of the Supervisory Board and the Supervisory Board.

This committee also plays a central role in the company's strategic direction in terms of sustainability. The aim is to have a clear governance structure that enables consistent management and progress assessment of ESG goals. To this end, the following is specified: ESG goals are resolved by the Corporate Sustainability Steering Committee, which is chaired by the CEO. Progress is reviewed at regular intervals and deviations and resolutions on measures are recorded. The results of the reviews are incorporated as input into strategic planning.

Responsibility for ESG-compliant reporting as an integral part of corporate reporting and the associated operational implementation is subordinate to the Chief Financial Officer (CFO), who therefore has overall responsibility for all sustainability reporting topics. He approved the impacts, risks and opportunities as well as the overall result of the double materiality assessment. This is regulated and recorded accordingly in the Rules of Procedure of AVL List GmbH.

For more information on controls and procedures for managing impacts, risks and opportunities, see GOV-2.

In order to explain the obligations and impacts of the CSRD on AVL and the Executive Board and to familiarize with the growing landscape of EU sustainability regulations, a training program was developed at AVL together with an external partner, which was also completed by top management with a focus on drivers of sustainability, NH regulation, CSRD and ESRS overview, EU taxonomy as well as sanctions and penalties.

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

[ESRS 2 GOV-2 26 a; ESRS 2 GOV-2 26 b; ESRS 2 GOV-2 26 c]

As outlined in GOV-1, essential information on the integration of sustainability matters into the decision-making processes of the administrative, management and supervisory bodies is of central importance for the strategic direction of our company. The double materiality assessment, which is carried out or re-evaluated at least once a year, enables us to identify relevant impacts, risks and opportunities and integrate them into our corporate strategy. For the development of the sustainability-related concepts, measures, goals and key figures of AVL, Sustainability Working Groups have been set up for various topical clusters, which work on the development, implementation and monitoring of specific key initiatives and communicate them to the Corporate Sustainability Office. Reporting to inform the administrative, management and supervisory bodies on sustainability matters is carried out by the Corporate Sustainability Steering Committee, which communicates the results to the Supervisory Board. Status and progress on sustainability-related activities from the clusters are reported as a fixed agenda item in each Corporate Sustainability Steering Committee. Concrete content is presented on an ad hoc basis. Among other things, this will enable necessary decisions to be made at management level. This Corporate Sustainability Steering Committee met five times in the year under review.

These structured approaches enable sustainability risks, opportunities and impacts to be identified and actively integrated into decision-making and management processes, contributing to sustainable corporate governance.

Enterprise-wide risk management captures risks and opportunities and evaluates them both non-financially (likelihood of occurrence, severity) and financially (relevance class, monetary impact). In addition, ESG remuneration is allocated. Received ESG labels lead to matters being classified as relevant to sustainability. On this basis, identification of sustainability matters of strategic importance is possible. This identifies sustainability matters that may be important for the strategic orientation of the company. The Executive Board and the Supervisory Board are regularly informed about the risk environment after the end of a reporting period.

In the year under review, the executive directors dealt with selected material impacts, risks and opportunities (IROs) identified as part of the double materiality assessment. The following key sustainability matters were particularly in focus:

ESRS E1 – Climate change	Climate change mitigation
ESRS E1 – Climate change	Energy
ESRS E5 – Circular economy	Resource inflows, including resource use
ESRS E5 – Circular economy	Resource outflows related to products and services
ESRS S1 – Own workforce	Gender equality and equal pay for work of equal value/Diversity

Table 8

These topics were dealt with as part of strategic planning, prioritization of measures and target vision definition and reported on as part of the Corporate Sustainability Steering Committee, which met five times in 2025. The following fields of action have been defined by the Corporate Sustainability Steering Committee as priorities for 2025:

- GHG emission reduction (CO₂ & climate targets) (ESRS E1)
- Product ecodesign & sustainable innovations (ESRS E5)
- Employee equality & social sustainability (ESRS S1)

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

[ESRS 2 GOV-3 29; E1.ESRS 2 GOV-3 29; E1.ESRS 2 GOV-3 29 a; E1.ESRS 2 GOV-3 29 b]

In the current reporting year, there are no incentive schemes or remunerations in connection with sustainability matters. Similarly, the performance of the members of the administrative, executive and supervisory bodies was not assessed against greenhouse gas emission reduction goals.

GOV-4 – STATEMENT ON DUE DILIGENCE

[ESRS 2 GOV-4 32]

Due diligence topics are considered in the Sustainability Report in the following sections:

Core elements of due diligence	Sustainability Statement Sections
A) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
B) Engaging with affected stakeholders in all key due diligence steps	ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ESRS 2 SBM-2 – Interests and views of stakeholders ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities
C) Identifying and assessing adverse impacts	ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

D) Taking actions to address those adverse impacts	ESRS 2 MDR-A – Actions and resources in relation to material sustainability matters ESRS E1-3 – Actions and resources in relation to climate change policies ESRS E5-2 – Actions and resources related to resource use and circular economy ESRS S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
E) Tracking the effectiveness of these efforts and communication	No measurable goals have yet been defined on the basis of which the effectiveness of the implemented concepts and measures can be derived in concrete terms. The following topical standards therefore contain KPIs for future effectiveness tracking: E1, E5, S1 & G1

Table 9

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

[ESRS 2 GOV-5 36 a; ESRS 2 GOV-5 36 b; ESRS 2 GOV-5 36 c; ESRS 2 GOV-5 36 d; ESRS 2 GOV-5 36 e]

Within Corporate Risk Management, the following risks have been identified with regard to sustainability reporting and considered and evaluated throughout the company:

1. **Financial risk:** The risk is that the company's ESG reporting is inadequate or inaccurate, which can lead to misrepresentation of sustainability performance. As customers, banks and insurance companies increasingly base decisions on ESG criteria, this can lead to a loss of business opportunities or financial support.
2. **Compliance risk:** Incomplete or incorrect implementation of ESG requirements can lead to legal consequences, fines and a deterioration of reputation.

In the course of preparing the report, the risk of incorrect information included in the report was seen as material. This risk arises from uncertainties in data collection. This primarily applies to

key figures whose database is not (yet) based on direct data, but projections, assumptions or estimates have to be made. For the initial identification of the current data situation (availability of data and quality of the data), a survey was carried out in consultation with the responsible persons for the reporting year 2025 as well as for 2024 and was started for 2026.

To minimize these risks, the following measures are applied:

- **Data reconciliation:** Essential input parameters (e.g. employee numbers, revenue) are obtained from the responsible persons in the company to ensure completeness.
- **Plausibility check:** The ESG reporting team carries out recalculations and compares current data – where available – with previous year's values or reference projects in order to rule out systematic errors.
- **Methodology:** Data is collected globally via automated systems or direct queries to the responsible persons at the respective subsidiary and is subjected to a central consistency check by the responsible persons.

Role definition and responsibilities

In order to keep the risk of erroneous content as low as possible, the following roles are defined for sustainability reporting:

Role	Activity
Accountable	Overall strategic responsibility
Topical responsible person	Interdisciplinary coordination for disclosure requirements (DRs) and representation in the Corporate Sustainability Steering Committee
Responsible area	Department with final responsibility for content; the head of the department represents the highest hierarchical position.
Responsible person (dept.)	Operational coordination within the area; responsible for coordination with the department management and the reporting team
Support	Provides the responsible person with necessary information to implement a DR

Operator	Implements the requirements per DR for the scope of consolidation
ESG management/reporting team	Overall coordination of data collection and consolidation of the report content and editorial management of the report preparation

Table 10

Approval process and internal control system (ICS)

An approval process is implemented via the software used, which ensures that data is only released after technical review by the responsible person and additional editorial validation (principle of dual control) by the ESG reporting team. The final approval is given by the management.

To this end, the company uses established structures from the integrated management system (ISO 9001, 14001, 45001) to improve the robustness of data (e.g. in the area of energy/environment). Since this is the first comprehensive sustainability statement, the systematic support provided by the ESG team corresponds in principle to an internal control system (ICS), which is currently in continuous development and will be further formalized and documented accordingly in the following years.

Process of report preparation and quality assurance

In the course of the first comprehensive sustainability reporting in accordance with ESRS standards, a multi-stage process was established at AVL. This enables methodological correctness, the involvement of the departments and governance for the external audit.

1. Strategic foundation (DMA & IROs)

The process begins with the **Double Materiality Assessment (DMA)**. In interdisciplinary expert workshops, the main impacts, risks and opportunities (IROs) are identified.

- **Global focus:** The responsible persons (dept.) represent the global positions of the entire group.
- **Governance completion:** Deliverables are consolidated and formally approved by the CFO. This signed analysis forms the binding basis for all subsequent data collections.

2. Operational data collection and technical validation

At the level of the individual reporting obligations (disclosure requirements), a specialized validation process takes effect:

- **Method descriptions:** Where relevant for data quality and comparability, dedicated method descriptions exist. These can refer to individual disclosure requirements or bundle several related topical disclosures. They determine how data is collected, aggregated and calculated.
- **Responsibilities:** Responsibility for the content lies with the technical experts ("responsible person"), while the ESG reporting team takes over the methodological control and consistency check as well as the editorial management of the report (principle of dual control).
- **Continuous improvement:** Continuous improvements are carried out based on existing management systems.
- **Technical approval:** Before the data is included in the overall report, a binding confirmation of correctness is made by the respective responsible person.

3. Management review and final approval

After technical validation, the report goes through the final instance of corporate management:

- **System-supported audit trail:** The final technical approval is carried out via the reporting software through digital signature of the responsible person
- **Management review:** The consolidated overall report is submitted to the Executive Board for review. Comments are discussed in a review session and the approval is formally documented.
- **Final approval:**
The final approval of the report is granted via signature by the Executive Board, ensuring audit-proof compliance for the external audit.

4. Continuous development (outlook)

Once the reporting cycle has been completed, the optimization phase for the following year begins:

- **ICS strengthening:** Based on the experience of the current audit period, the internal control system (ICS) will be further developed.
- **Trend monitoring:** Establishment of quantitative deviation analyses compared to the previous year in order to validate the goal achievement paths (e.g. decarbonization roadmap) in the long term.

SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

[ESRS 2 SBM-1 40 a i; ESRS 2 SBM-1 40 a ii]

AVL is a global mobility technology company based in Graz, Austria. The company develops solutions for simulation, test and software in vehicle and energy technology and supports customers in digital and sustainable transformation. The focus is on electrification, automation, AI and vehicle software. The portfolio includes propulsion and vehicle architectures, battery, fuel cell and electrolysis technologies, as well as IT and data solutions such as big data, cybersecurity and embedded systems. In addition, AVL supports energy-intensive industries in more efficient energy systems. The main areas are:

Engineering

AVL develops propulsion systems and vehicle components for all relevant technologies, from hybrid and all-electric to fuel cell and hydrogen combustion engines. The area also includes the integration of complete vehicle systems including electrics, electronics and software. The goal is to develop sustainable, automated and connected mobility solutions across different vehicle categories. Analyses of market and customer requirements are incorporated in the early development phases.

Testing solutions

The division offers solutions for the energy-efficient, fast and reliable development, testing and validation of propulsion systems and vehicle components. The systems connect different development environments and enable the integration of AVL's own and third-party products. The focus is on increasing accuracy, efficiency and process reliability in the development phase.

Simulation solutions

AVL offers a wide range of simulation solutions for all propulsion systems and phases of the vehicle development process. These solutions provide insights into the behavior and interactions of components, systems, and complete vehicles.

Software, AI, and data intelligence

AVL develops a wide range of software solutions that combine simulation, virtualization and test automation in vehicle development. The area includes embedded software development for E/E platforms, advanced driver assistance systems (ADAS) and automated driving (AD), functional safety and cybersecurity, as well as cloud-based software for customized data pipelines and automated CI/CD pipelines. AVL also offers methods and tools for design and simulation solutions, functional testing (MiL, HiL, SiL), laboratory and process management, as well as intelligent test automation and virtualization. AI solutions expand the portfolio to include data analysis, anomaly detection, fault prediction and root cause analysis.

AVL serves customers worldwide from the **automotive industry** as well as from other industries such as **rail, shipping, aviation and energy**. Key customer groups include **OEMs and Tier 1 suppliers** who use technologies and solutions in development, simulation, and testing. Its products and services range from simulation solutions and test automation to vehicle software, ADAS/AD systems and applications in electrification, AI and automation. AVL accompanies these customer groups in the sustainable and digital transformation and supports them across various vehicle categories. The global presence with numerous competence and development centers enables cooperation with international markets and the implementation of customer-specific requirements.

[ESRS 2 SBM-1 42; ESRS 2 SBM-1 42 a; ESRS 2 SBM-1 b; ESRS 2 SBM-1 42 c]

	TIER-x Upstream Production Raw Material Mining	TIER-x Upstream Production Raw Material Mining	TIER-1 / Partner Upstream Production Pre-Manu- facturing	Transportation	AVL Own Operations Production Part manu- facturing	AVL Own Operations Production Assembly	Transportation	Customer Down- stream Use In Use	Customer Down- stream End of Life Recycling	Customer Down- stream End of Life Disposal
Simulation (AST-Software)	n/a	n/a	R&D, Innovation, Technology Scouting, Licensing	Digital Logistics (E-Mail, Sharepoint, Download Portal)	Architectur- al Planning	Design, Coding, Testing (SW Devel- opment)	Digital Logistics (E-Mail, SharePoint, Download Portal)	Support, Maintenance, Updates	Feed-back-Loop for product improvements	n/a
Software, AI and Data Intelligence (ITS-Software)	n/a	n/a	R&D, Innovation, Technology Scouting, Licensing	Digital Logistics (E-Mail, Sharepoint, Download Portal)	Architectur- al Planning	Design, Coding, Testing (SW Devel- opment)	Digital Logistics (E-Mail, SharePoint, Download Portal)	Support, Maintenance, Updates	Feed-back-Loop for product improvements	n/a
Measurement Technology and Test Systems (ITS-Hardware)	Mining of Materials	Refining	Component Manufac- turing	Trucks, Ships	Part Manu- facturing	Assembly, Testing	Trucks, Ships	Support, Maintenance, Repair	Re-use of Parts	Done by Customer
Engineering (PTE)	n/a	n/a	R&D, Innovation, Technology Scouting, Licensing	Digital Logistics (E-Mail, Sharepoint, Download Portal)	Planning, Feasibility Phase	Design, Coding, Validation, Testing (Engineer- ing)	Digital Logistics (E-Mail, SharePoint, Download Portal)	Support, Updates	Feed-back-Loop for Project Improvements	n/a

Figure 2 – Schematic representation of the value chain

AVL plays the role of a technology-oriented development and solution partner in the value chain.

The company's main business activities include engineering services in the field of product development and testing (PTE), the provision of testing solutions and test bed systems (ITS hardware). These activities represent the dominant sources of revenue and form the core of operational value creation. The upstream stages of value creation mainly concern the hardware-oriented business areas in which raw material extraction, refining and the production of components (e.g. cabling for test beds, spare parts for measurement instruments) are carried out by external partners and suppliers. For the main business activities, the value creation steps follow in detail.

Testing solutions (ITS hardware)

Upstream value creation:

Mining of materials (inputs): The value chain begins with the extraction of crude oil and metal ores as key raw materials for plastic and metal components. These raw materials form essential inputs.

AVL relies on global commodity markets, monitors market availability and works with suppliers who comply with regulatory environmental and social standards.

Refining: The raw materials extracted are processed into industrially usable plastics, metals and alloys.

As part of the supplier selection process, AVL assesses process quality as well as ecological and social risks in further processing.

Component manufacturing (inputs → outputs): Suppliers use them to manufacture components that are used as inputs in AVL assembly. AVL secures these inputs through strategic partnerships, qualified supplier assessments and long-term framework agreements.

The output of this phase – functional components – enables the production of reliable testing solutions, resulting in stable business operations and technological differentiation for customers.

Transportation: The components are transported to the AVL locations via logistics networks.

Central value creation:

Part manufacturing (inputs → outputs): The delivered components are assembled into functional units for measurement instruments and test beds.

The outputs of this phase – tested modules – ensure product quality and form the basis for reliable testing solutions, which in turn reduces customer risks.

Assembly (outputs → final products): The modules are assembled, calibrated and functionally tested to form complete testing solutions.

The final products enable customers to have precise development and validation processes; for investors, they contribute to stable revenue in a technology-intensive segment.

As in [ESRS 2 SBM-1 40 a i; ESRS 2 SBM-1 40 a ii], the central value creation is generated by AVL itself.

Downstream value creation:

Transportation: The end devices and test environments are delivered to the customers by truck or ship.

In use (outcomes for customers): AVL provides service, maintenance and support to increase operational reliability and service life.

The benefits for customers are higher system availability, predictable operating costs and reduced downtime.

For investors and stakeholders, this results in long-term customer loyalty, stability of the service business, proof of product life and resource efficiency.

Recycling: Selected components are reprocessed and reused.

This contributes to circular economy aspects, reduces the use of new raw materials and strengthens sustainability efforts.

Disposal: The final disposal is usually carried out by the customers. AVL avoids return shipments wherever possible to prevent additional emissions.

The clear division of responsibility reduces additional ecological burdens and ensures transparent process boundaries.

Engineering (PTE)

Upstream value creation:

Pre-manufacturing (inputs): The technical activities are based on conceptual work, research and national and international R&D partnerships. These partnerships provide patents, licenses and knowledge inputs.

AVL secures these inputs through systematic competence development, research collaborations and IP management.

Transportation: All upstream transactions are done digitally.

Central value creation:

Planning & feasibility (inputs → outputs): Engineering activities define technical requirements, feasibility and concept basics.

The outputs of this phase reduce project risks for clients and enable informed investment decisions.

Design, coding, validation, testing (outputs → final deliverables): The final technical deliverables include design documents, software modules, validation data and documentation.

These deliverables create immediate customer value through technical clarity, functionality and integration capability.

Downstream value creation:

Transportation: The results are made available digitally.

In use (customer outcomes): AVL supports customers with technical support, clarifications and updates.

For customers, this results in shorter implementation times, a stable process in the production environment and lower integration risks.

The benefit for other stakeholders lies in proof of service quality and innovative strength.

Recycling – feedback loop (organizational outcomes): Customer feedback is integrated into continuous improvement processes. This strengthens AVL's organizational learning ability, increases efficiency and improves the quality of engineering services in the long term.

AVL's business model requires highly skilled human capital along the entire value chain, especially in central and downstream value creation, where specialized technical expertise, development and service competencies are crucial for innovation, product reliability and customer value.

Through systematic education and training programs as well as long-term cooperation with universities and research institutions, AVL ensures the continuous flow of knowledge, supports the further development of the existing workforce and thus enables the sustainable availability of critical competencies in the sense of ESRS 2.42 a and b.

The implementation of our strategy and business model creates added value for our stakeholders through innovation and technology leadership. AVL has a patent base of around 2000 active patents. For our customers, this means a direct innovation advantage in the areas of electrification, hydrogen technologies, battery tests and software development.

For society, we contribute to global climate targets by promoting sustainable mobility and reducing CO₂ emissions. In the future, we expect additional benefits for customers and investors through the further development of our innovation platforms and the development of new business areas such as Software-as-a-Service.

[ESRS 2 SBM-1 40 e; ESRS 2 SBM-1 40 f; ESRS 2 SBM-1 40 g]

The topic of sustainability is anchored in AVL's corporate strategy.

Derived from the corporate strategy, a Corporate Sustainability Strategy has also been under development since 2024 to prioritize environmental sustainability, economic efficiency, social well-being and a robust corporate policy.

The AVL Sustainability Strategy forms the basis for all downstream strategies, programs and policies in the area of sustainability.

AVL uses the **apply-or-explain approach**.

- Apply:

Sustainability principles must be taken into account in all projects, processes and strategies.

The three dimensions economical, ecological and social are to be evaluated and harmoniously balanced in interaction.

- Explain:

Deviations or priorities (e.g. economic priority in times of crisis) must be transparently justified.

An explanation on how harmony is maintained in the overall picture of the sustainability strategy is required.

The departments implement the principle operationally, document their decisions along the three dimensions and report them back to the Steering Committees primarily on an ad hoc basis, but at least once a year as part of the strategy review. The Corporate Sustainability Office coordinates sustainability matters and reports on status, progress and significant developments to the Corporate Sustainability Steering Committee. Status and progress are reported at each meeting of the Corporate Sustainability Steering Committee and content is

presented in more detail if required. The Corporate Sustainability Steering Committee met a total of five times in 2025.

The sustainability-related goals to be developed as part of the company's sustainability activities are to be systematically assigned to the main product groups, customer segments, markets and stakeholder relationships, as far as technically appropriate and applicable, and are to be updated regularly after development and checked for consistency with the overall strategy. Strategic decisions made in the course of the Corporate Sustainability Steering Committees are as follows:

- AVL cluster organization sustainability
- Sustainability fields of action (ESRS E1/E5/S1) (see ESRS 2 GOV-2 26 c)

The aim is to ensure that ESG goals are consistently linked to the business strategy and implemented along the value chains. To this end, sustainability-related goals must be structured along the three central impact areas of the sustainability strategy – products & solutions, operations & organization, and responsibility in the supply chain. For each technology segment, customer segment and relevant region, the extent to which ESG goals can be derived and assigned must be examined. If an assignment is not technically reasonable or not possible, this must be justified in a comprehensible manner. This allocation must be made by the business units in coordination with Corporate Sustainability. Relevant stakeholder relationships (customers, suppliers, partners) must be taken into account in the assessment and prioritization of goals. The basis for this approach was laid in the year under review. Specific sustainability-related goals are still being developed and therefore cannot yet be reported.

The Corporate Sustainability Office and the Corporate Sustainability Steering Committee are responsible for the methodological management and consistency check of the sustainability-related goals and their link to key product groups, customer segments, markets and stakeholder relationships. Responsibility for integration into the strategic market and customer orientation lies with Corporate Strategy and Sales. The assignment of goals to products, markets and stakeholders is the responsibility of the respective business units.

The systematic assessment of products, markets and customer groups with regard to their contribution to AVL's sustainability-related goals is implemented as follows:

All major product groups, markets and customer segments must be analyzed at least once a year with regard to their contribution to environmental, social and governance goals. The assessment is qualitative (e.g. through expert assessments or materiality analyses) and – if

available – supplemented by quantitative indicators, if defined and described by the goal owner. The results of this assessment will be incorporated into the strategic prioritization of transformation fields (possible example: focus on low-emission technologies or markets with high potential for ESG impact). The Corporate Sustainability Steering Committee is responsible for prioritization. The assessments are documented and updated annually.

The aim is to identify transformation priorities in order to manage opportunities and risks along the value chain.

[ESRS 2 SBM-1 40 a iii]

The total number of employees in the year under review was 12,889 people, broken down by region in the table below:

Region	Headcount
Africa	207
America	806
Asia	2,125
Austria	3,877
Germany	2,480
Other Europe	3,394
Total	12,889

Table 11

[SBM-1 40 b]

Total revenue was **EUR 1,834,391,000**.

SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

[ESRS 2 SBM-2 45 a; ESRS 2 SBM-2 45 a i; ESRS 2 SBM-2 45 a ii; ESRS 2 SBM-2 45 a iii; ESRS 2 SBM-2 45 a iv; ESRS 2 SBM-2 45 a v; ESRS 2 SBM-2 45 b; ESRS 2 SBM-2 45 d; S1.ESRS 2 SBM-2 12]

In order to make strategic decisions at AVL – including, but not limited to, those related to sustainability matters – in alignment with AVL’s context and taking into account both internal and external influencing factors, AVL’s environment is defined using the approach shown in the following figure for context analysis and corporate risk management, and is coordinated with the responsible management levels. Relevant internal and external topics are taken into account. The interested parties are derived from the context analysis and coordinated with the responsible management levels. Furthermore, the requirements of these interested parties relevant to the integrated management system (IMS), as well as the resulting binding obligations, are determined. The information on the identified interested parties and their relevant requirements are being monitored and verified.

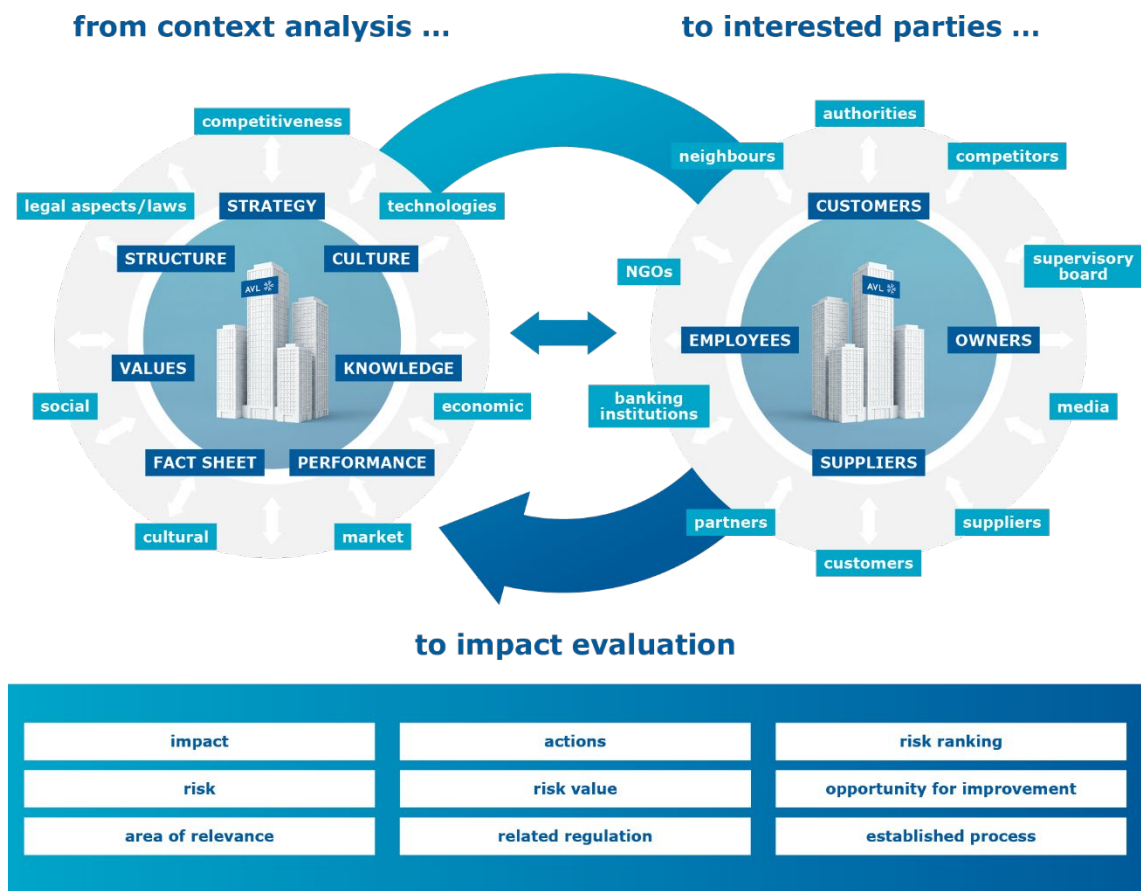


Figure 3 – Context of the organization

In the year under review, the following groups were defined as internal and external interested parties of AVL and were thus considered as basis for the context analysis, corporate risk management and, derived from these, also for the value chain analysis, the double materiality assessment and the stakeholder survey for the double materiality assessment. These interested parties are anchored within the company through the Integrated Management System Handbook and the Risk Management framework.

Internal:	• Owner • Employees • Supervisory Board	
External:	• Authorities • Competitors • Media • Suppliers • Customers	• Partners • Banking institutions • Non-governmental organizations • Neighbours

Table 12

With regard to the preparation and publication of the sustainability report, it is assumed that it will be used in particular by customers, partners, competitors and banking institutions to make future decisions regarding cooperation or internal business matters.

Affected communities include suppliers, neighbours and employees, with employees potentially also taking on the role of users. Customers could also be affected by certain changes arising from sustainability reporting.

These interrelationships are also shown in Figure 3 – Context of the organization.

The organizational context is an essential input for potential changes in external & internal matters for the company. For this reason, the context analysis must be reviewed at least once a year and, if necessary, carried out. The ongoing analysis of the corporate environment and the interested parties also ensures the ongoing evaluation and derivation of corresponding impacts, risks and opportunities as well as measures, potential for improvement, (further) development of processes and changes to the integrated management system.

The environment also influences changes to the strategic management process, on which the company's sustainability strategy is based and is thus integrated into this process depending on its relevance.

The analysis and derivation of findings and activities is based, for example, on the ongoing mutual exchange with customers (in the course of ongoing projects, via questionnaires, contractual agreements, key account managers, market change monitoring, etc.), with suppliers via supplier relationship management and supplier days, as well as with internal stakeholders. Employees are involved, among other things, through regular or continuous formats such as town hall meetings, employee surveys, the AVL improvement process and, where implemented, through representation by works councils (for more information, see the disclosures on S1-2 – Processes for engaging with own workers and workers' representatives about impacts). The purpose of this engagement is to understand the perspectives of interested parties and to take them into account within the business context, thereby contributing to stronger retention. The knowledge gained may be used to expand the product portfolio and employee engagement measures (current example: implementation of a women's network – see S1-2) and also serve as information input for the double materiality assessment – with the involvement of globally responsible representatives from relevant areas (see ESRS 2 IRO-1). The rights of the company's own workforce, including human rights, shape and guide activities in all areas of AVL's business and are also anchored in the Code of Conduct (see S1 and G1).

Responsibility for the strategic management process lies with the Vice President Corporate Strategy in a direct line of reporting to the CEO of AVL.

Sustainability-related, ESG-relevant topics, in particular those resulting from materiality assessments or regulatory changes, are considered and dealt with in the Corporate Sustainability Steering Committee and thus reported to the administrative, management and supervisory bodies whose interests are reflected in the process.

[ESRS 2 SBM-2 45 c; ESRS 2 SBM-2 45 c ii; ESRS 2 SBM-2 45 c iii]

On the basis described, stakeholder interests are taken into account within the strategy cycle and fed back into the further development of the business model through the Strategic Management Process. If this results in a potential strategy adjustment, this is evaluated by the responsible body, resolved if necessary and anchored in the Strategic Management Process. Strategic adjustments are reviewed with regard to their impact on stakeholder relationships and where identifiable effects are recognized, a structured dialogue is initiated with the affected groups.

The existing strategic and business principles within the framework of AVL's Strategic Management Process thus already include an integrated stakeholder approach that ensures that the expectations and feedback of relevant stakeholder groups (e.g. customers, partners, employees, suppliers) are continuously incorporated into strategic planning.

AVL has therefore not made any fundamental changes to its strategy or business model to take into account the interests and views of its stakeholders.

The planned steps as part of the further development of the strategy and business model are not expected to have a material impact on existing relationships with stakeholders or their perspectives.

In order to directly involve relevant stakeholders in the collection of AVL's material sustainability matters, a stakeholder survey was carried out as part of the double materiality assessment. Please find details on this in ESRS 2 IRO-1.

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

[ESRS 2 SBM-3 48 b; ESRS 2 SBM-3 48 c i; ESRS 2 SBM-3 48 g]

The following table provides an aggregated overview of the material impacts, risks and opportunities identified in the double materiality assessment in relation to, or arising from, the business model, business activities, value chain, strategy and decision-making. It also shows how the material positive and negative impacts affect people, the environment and other stakeholder groups, the time horizons over which the materiality applies, and where they are positioned within the value chain.

No.	Type	ESRS topic	ESRS sub-topic	Positioning within the value chain < / = / > ¹	Title	Material in the short/medium/long-term 
E1						
1	A -	ESRS E1 – Climate change	Energy	=	Electricity consumption within AVL accounts for about 60% of total energy consumption. Only about 46.5% of this electrical energy is currently obtained from renewable energy sources.	
2	A -	ESRS E1 – Climate change	Climate change mitigation	< = >	AVL's business operations cause greenhouse gas emissions (GHG) in several areas: Energy & heating: Electricity consumption is a major contributor to greenhouse gas (GHG) emissions, accounting for around 60%. The global availability of renewable energy sources is	

¹ <: upstream value chain/=: within the company/>: downstream value chain

² Green: material in this time horizon/Gray: not material in this time horizon

					limited, which leads to high emission factors depending on the location (e.g., India). In addition, heat supply is predominantly based on non-renewable sources. Mobility & transport: GHG emissions arise from the transportation of delivered goods, the company's internal vehicle fleet, business travel, and employee commuting. Processes & leakages: The core activities, particularly in the testing area, consume various fuels. Refrigerants used in operational business activities can release additional GHG emissions in the event of leakages.	
3	A -	ESRS E1 – Climate change	Climate change mitigation	>	Sold AVL products generate a carbon footprint throughout their entire lifecycle.	● ● ●
4	A +	ESRS E1 – Climate change	Climate change mitigation	= >	With its product portfolio (services and products), AVL contributes to greener mobility – resulting in the reduction of greenhouse gas emissions along the downstream value chain.	● ● ●
5	C	ESRS E1 – Climate change	Climate change mitigation	=	The shift toward sustainable mobility driven by climate change offers AVL the opportunity to adapt its business model, to embrace new technology trends in R&D at an early stage, and to increase customer appeal as well as revenue through an expanded product portfolio.	● ● ●
6	R	ESRS E1 – Climate change	Energy	=	Rising energy costs due to transformation: The increased demand for electricity for new technologies (e.g., cell testing) is leading to rising costs for sustainable energy. At the same time, the global availability of renewable energy is limited depending	● ● ●

					on the location (particularly in Asia). The necessary transformation toward greater use of green electricity or compensation payments therefore entails the risk of reducing free cash flow due to rising electricity costs.	
7	R	ESRS E1 – Climate change	Climate change mitigation	=	Market and competitive risks due to transformation: Technological transformation: The need for new technologies for sustainable mobility entails the risk that an insufficiently adapted product portfolio could lead to revenue losses due to a lack of customer projects. Customer requirements: Failure to comply with customers' increasing sustainability requirements (e.g., SBTi targets) may restrict access to projects. Competitiveness: Increasing sustainability requirements could reduce price competitiveness compared to markets with lower standards (e.g., China), which may lead to a decline in revenue and margins.	○ ● ●
8	R	ESRS E1 – Climate change	Climate change mitigation	=	Financial risks from investments: Investment costs: Investments required to reduce GHG emissions (particularly in the value chain) lead to rising direct costs, which may also reduce free cash flow.	○ ● ●
9	R	ESRS E1 – Climate change	Climate change mitigation	=	Financial risks from CO₂ costs: Carbon pricing: Emissions from Scope 1, 2, and 3 entail the risk of reducing free cash flow due to potentially rising costs for carbon certificates or taxes.	○ ○ ●

E5

10	A -	ESRS E5 – Circular economy	Waste	= >	AVL products sold both generate waste at the end of their useful life, and waste also arises within the organization itself due to various activities.	
11	A -	ESRS E5 – Circular economy	Resource inflows, including resource use	<	The products currently do not meet future customer requirements (e.g., regarding recyclability), which could lead to higher development costs due to new product design requirements resulting from customer demands for increased recycling rates and could thus negatively impact the availability of free cash flow.	
12	A +	ESRS E5 – Circular economy	Resource outflows related to products and services	>	Customer services: By offering repairs, calibrations, and maintenance services performed by AVL experts, the lifespan of the products is extended and raw material consumption is reduced. In addition, service contracts and training promote more efficient and resource-saving operation of the sold equipment at the customer's locations.	
13	A +	ESRS E5 – Circular economy	Resource inflows, including resource use	=	Aspects of reusability and repairability are incorporated into product design, thereby extending the product lifecycle.	
14	R	ESRS E5 – Circular economy	Waste	=	Increased expenditures and costs for circular economy measures may lead to higher product prices. This entails the risk of fewer customer projects and consequently declining revenues.	
15	R	ESRS E5 – Circular economy	Waste	=	Since products do not always meet current and potential future requirements for recyclability, there is a risk of higher development costs	

					due to necessary new developments, which can negatively impact free cash flow.	
16	R	ESRS E5 – Circular economy	Resource outflows related to products and services	=	Products currently do not meet the future requirements of the Ecodesign Directive. The resulting need for new developments may lead to higher development costs and thus reduce free cash flow.	○ ● ●
S1						
17	A -	ESRS S1 – Own workforce	– Working time – work-life balance	=	Workload & balance: The lack of globally standardized time recording systems can lead to overload. Long-term imbalances in work-life balance contribute to stress and employee turnover.	● ● ●
18	A -	ESRS S1 – Own workforce	– Social dialogue – Collective bargaining, including rate of workers covered by collective agreements – Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	=	No group-wide policies have been established to regulate the formation of works councils, opportunities for social dialogue, or the availability of collective bargaining agreements beyond statutory requirements.	● ● ●
19	A -	ESRS S1 – Own workforce	Privacy	=	Careless handling of personal data negatively affects the trust between	● ● ●

					employer and employees, which can lead to dissatisfaction within the workforce.	
20	A -	ESRS S1 – Own workforce	Health and safety	=	Some of AVL's activities involve the use of high voltage, which can result in serious accidents causing personal injury.	
21	A -	ESRS S1 – Own workforce	Gender equality and equal pay for work of equal value	=	Potential income disparities between genders that would not be objectively justified could lead to discrimination against individual employees.	
22	A -	ESRS S1 – Own workforce	Measures against violence and harassment in the workplace	=	Tolerating violence and harassment in the workplace can lead to a reduced quality of life for the affected individuals within the workforce.	
23	A +	ESRS S1 – Own workforce	Training and skills development	=	Training measures (education and further training) are derived from annual employee performance reviews with the manager, and the associated costs are covered.	
24	C	ESRS S1 – Own workforce	– Collective bargaining, including rate of workers covered by collective agreements – work-life balance – working time – social dialogue	=	Employee retention through attractive working conditions: Remuneration agreed in the collective bargain agreement, a good work-life balance, regulated working time, and enhanced participation increase employee satisfaction. This reduces the turnover rate and offers the opportunity to save financial resources through lower recruitment costs.	

25	R	ESRS S1 – Own workforce	Measures against violence and harassment in the workplace	=	Tolerating violence and harassment in the workplace restricts the quality of life of the affected employees. This can lead to an increased turnover rate, which in turn results in rising recruitment costs and thus a reduction in free cash flow.	
26	R	ESRS S1 – Own workforce	Secure employment	=	The increasing challenge of attracting highly qualified employees under competitive conditions entails two risks: On the one hand, a lack of personnel resources can lead to project failures and revenue losses; on the other hand, intensified recruiting measures result in higher costs. Both place a burden on free cash flow.	
27	R	ESRS S1 – Own workforce	Training and skills development	=	The need for specific training to raise employee awareness of matters such as equal treatment and equal opportunities leads to rising personnel expenses and thus entails the risk of reducing free cash flow.	
S2						
28	A -	ESRS S2 – Workers in the value chain	Working conditions	<	In the supply chain, it cannot currently be ensured that criteria for adequate working conditions are met (adequate wages, working time, health and safety, secure employment, social dialogue, collective bargaining, work-life balance, freedom of association, including the existence of works councils).	

29	A -	ESRS S2 – Workers in the value chain	Equal treatment and opportunities for all	< >	Along the upstream and downstream value chain, there is currently partial uncertainty as to whether ethical framework conditions regarding equal opportunities for all and equal treatment (gender equality and equal pay for equal work of equal value, training and skills development, measures against violence and harassment in the workplace, and diversity) are being met.	
30	A -	ESRS S2 – Workers in the value chain	Other work-related rights	<	Throughout the entire upstream value chain, there is currently uncertainty as to whether (sub-)suppliers provide their employees with adequate accommodation as well as access to clean sanitary facilities and water.	
31	R	ESRS S2 – Workers in the value chain	Privacy	=	Different levels of protection and legislation along the global value chain increase the risk of privacy violations in complex collaborations. This entails the risk of high fines and a resulting reduction in free cash flow.	
G1						
32	A +	ESRS G1 – Business conduct	Political engagement and lobbying activities	< = >	Through its membership in numerous national and international institutions as well as research organizations, AVL exerts a positive influence on the strategic shaping of a future-oriented, sustainable mobility.	
33	A +	ESRS G1 – Business conduct	Protection of whistleblowers	< = >	Through a Whistleblower System that goes beyond statutory requirements, AVL enables the anonymous reporting of complaints,	

					allowing misconduct to be identified at an early stage and investigated internally.	
34	A +	ESRS G1 – Business conduct	Corporate culture	=	AVL's corporate culture actively conveys and supports values such as sustainable mobility as a central component of the company's identity.	  
35	R	ESRS G1 – Business conduct	Management of relationships with suppliers including payment practices	=	Security of supply and supplier risk Both the failure to comply with own payment agreements and the loss of sole suppliers (e.g., due to insolvency) can lead to supply bottlenecks. This entails the risk of production and delivery failures, potential contractual penalties, and a reduction in free cash flow.	  
36	R	ESRS G1 – Business conduct	Corporate culture	=	Potential violations of laws or binding obligations by employees can lead to compensation or penalty payments and thus reduce free cash flow.	  
37	R	ESRS G1 – Business conduct	Prevention and detection including training	=	Despite existing compliance training on corruption prevention, inadequate programs or undetected incidents can lead to (further) incidents. The resulting need for more intensive training measures can increase costs and reduce free cash flow.	  
38	R	ESRS G1 – Business conduct	Incidents	=	Potential cases of corruption within the workforce can lead to data leaks, for example through the disclosure of customer data to competitors. Such incidents entail the risk of compensation or penalty	  

payments, which can reduce free cash flow.

Table 13

The double materiality assessment conducted in the reporting year has identified specific fields of action that will be addressed as part of the continuous further development of our sustainability strategy. While the long-term business strategy and business model remain unchanged due to their existing focus on sustainable mobility technologies, the newly identified impact topics will be successively integrated into operational planning. For the current reporting year, it was decided to first consolidate the methodological basis before making structural adjustments. (see GOV-2)

Due to their materiality, these impacts, risks and opportunities form the basis for this Sustainability Report and the derivation of sustainability-related concepts, measures and goals. Sustainability Working Groups (see figure 1 – ESG organization in GOV-1) have been set up for eight topical clusters for their step-by-step creation, elaboration, implementation and monitoring. The cluster chairpersons report to the Corporate Sustainability Office, through which the relevant information is submitted to the Corporate Sustainability Steering Committee. The Corporate Sustainability Steering Committee, chaired by the CEO of AVL, is responsible for defining, monitoring and progress monitoring of sustainability-related concepts, measures and goals. This committee plays a central role in the company’s strategic direction in terms of sustainability.

[ESRS 2 SBM-3 48 d; ESRS 2 SBM-3 48 e; ESRS 2 SBM-3 48 f]

As part of the assessment of the material risks and opportunities, no issues were identified which pose a significant risk of material adjustments in the carrying amounts of the assets and liabilities reported in the consolidated financial statements in the next reporting period.

The material risks and opportunities currently identified do not have a direct material financial impact on the company’s current financial position, financial performance or cash flows.

The assessment of the expected financial impact in the short, medium and long term is directly related to the identified material impacts, risks and opportunities (IROs) and their interaction with the corporate strategy. On the basis of the resilience analysis carried out (see section resilience analysis), the extent to which sustainability matters – especially in the area of climate change (E1) – influence economic performance was examined.

AVL is currently exposed to increased financial and operational risks. In order to stabilize the financial situation, a restructuring agreement was concluded with the financing banks. The current situation has a particular impact on liquidity, financing costs, investment leeway and operating cash flows. At the same time, opportunities arise from the restructuring measures initiated and the stronger focus on profitable divisions. The focus is on operational stabilization, cost reduction and implementation of restructuring measures. In the medium term, a gradual improvement in the financial performance and operating cash flow is expected. The company is striving for a sustainable stabilization of its financial performance as well as a more resilient business and financing structure. However, the actual development remains dependent on macroeconomic and market conditions. Management believes that the measures introduced will help stabilize the business model and improve financial and operational resilience. However, due to the existing uncertainties, actual developments may differ from current assumptions.

The company continuously monitors the development of its IROs and strategic plans to ensure the resilience of its business model even in the face of changing conditions.

E1.SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction With Strategy and Business Model

[E1.SBM-3; E1.ESRS 2 SBM-3 19 a-c]

Climate-related risks and opportunities

As part of our specific analysis of the material climate-related risks and opportunities, we have identified various aspects that can influence both our strategic direction and our business model. The resilience analysis in this regard has shown that both transition and physical risks must be included in strategic planning in order to ensure our long-term competitiveness. The resilience of the business model is described, taking into account the results of physical and transitory scenario analysis.

[E1.ESRS 2 SBM-3 48 a]

The resilience analysis included an examination of the potential impacts of climate change on our operations and assets, as well as on key parts of the value chain.

In principle, it is based on the scope of the physical climate risk assessment and includes all AVL locations relevant for value creation (Tech Center, production facilities, test tracks and software development hubs) as well as five strategic supplier locations. Upstream and downstream value creation stages have not been fully systematically assessed with regard to physical climate risks; downstream exposure was taken into account as part of the transitory scenario analysis.

Pure office locations and non-critical support functions were excluded in accordance with the materiality principle. This distinction is made in accordance with ESRS E1 AR 6.

[E1.ESRS 2 SBM-3 48 b]

The resilience analysis was carried out using climate scenarios that depict various future developments. Two IPCC-compliant scenarios were used for the physical climate risk assessment: SSP5-8.5 and SSP2-4.5, assessed over the time horizons in the short term (until 2025), medium term (until 2040) and long term (until 2050). The time horizons of 2025, 2040 and 2050 were selected according to ESRS E1 AR 11 and correspond to the lifetimes of central facilities (10-20 years for test systems) and the AVL ambition of a 90% GHG reduction by 2039 as well as the EU net zero target for 2050.

The focus was on the evaluation of the more extreme scenario SSP5-8.5. For the climate transition risk assessment, the IEA “Net Zero Emissions” scenario (NZE 2023) was used as a 1.5°C-aligned transformation pathway to systematically capture regulatory, technological, market-related and reputational transition drivers. The 1.5°C-aligned scenario represents the most stringent perspective, thereby ensuring that all opportunities and risks are considered in their most pronounced form.

The management’s requirement was fulfilled through reporting via the established reporting channels. The reconciliation with Corporate Risk Management was carried out and did not result in the inclusion of any climate-related risks.

[E1.ESRS 2 SBM-3 48 c i; E1.ESRS 2 SBM-3 48 c ii;]

The resilience analysis was conducted on October 1, 2025. IPCC scenarios (SSP5-8.5; SSP2-4.5) were used for physical risks and the IEA Net Zero Emissions Scenario 2023 was applied for transition risks. The analysis was carried out with the involvement of Facility Management, Corporate Risk Management, and Corporate Strategy.

The identified risks were classified in accordance with ESRS E1 as follows:

- **Physical risks:** Tornado and flood exposure at locations in Austria, USA, Germany, Japan and China.
- **Transition risks:** Regulatory interventions in the internal combustion engine market (e.g. ICE bans), rising carbon pricing as well as technological change (electrification, hydrogen).

The risks remain at the same risk level across all considered time horizons: 2025, 2040, and 2050.

[E1.ESRS 2 SBM-3 48 c iii]

Results logic and resilience conclusions:

(1) Physical climate risk assessment – Scenario results → Resilience conclusion:

The assessment was conducted on a location-by-location basis using a risk rating (scale of 0-9; a risk exists from 6 onwards) as well as the internal asset/EBIT impact classification across the defined time horizons. Locations with a risk rating of 1-5 were not subject to an in-depth asset/EBIT assessment; for locations with a risk rating of 6-9, both asset impact and EBIT impact were evaluated.

For the 37 AVL locations and 5 suppliers assessed, risks were identified at the following locations (highest identified level: “moderate”):

Location	Risk type	Scenario	Risk Rating	Asset	EBIT
Graz (AT)	Tornados	SSP5-8.5	6	Moderate	Moderate
Ann Arbor (US)	Tornados	SSP5-8.5	6	Moderate	Low
Remscheid (DE)	Tornados	SSP5-8.5	6	Moderate	Moderate
Kawasaki (JP)	Flood	SSP5-8.5 & SSP2-4.5	9	Moderate	Moderate
Tianjin (CN)	Flood	SSP5-8.5 & SSP2-4.5	9	Moderate	Moderate

Table 14

As a resilience conclusion, an action plan will be developed in 2026 for these locations to further specify the identified risks and derive appropriate adaptation measures; no “high” or “very high” risks were identified.

(2) Climate transition risk assessment – Scenario assumptions → Resilience conclusion:

The analysis, based on TCFD logic, categorizes transition drivers (including policy & legal, resource efficiency) and assesses the likelihood/frequency of occurrence as well as potential financial impacts. Elevated assessments arise in particular for risks in the context of (i) internal combustion engine (ICE) restrictions/ICE bans (e.g., the EU phase-out of ICE from 2035 as a transition driver) and (ii) rising carbon pricing.

Resilience conclusion: Resilience is underpinned by a broad, technology-open portfolio (including electrification as well as hydrogen and sustainable fuels as transition pathways), as addressed in the NZE 2023 as a key decarbonization approach for mobility.

In the long term, the risk of rising carbon pricing costs can be mitigated through the strategic ambition to reduce carbon emissions.

None of the identified risks and opportunities were therefore classified as critical; the results will be incorporated into future strategic planning as well as the double materiality assessment in order to proactively manage risks and opportunities.

For the initial implementation of the double materiality assessment, the findings from the climate risk assessment could not be incorporated. There was a time lag of several months between the two assessments. Differences in the materiality assessment of identical risks can be explained by the different time horizons assessed, the net perspective applied in the climate risk assessment through the consideration of measures in portfolio alignment, as well as the easing of EU legislation at the time the climate risk assessment was conducted. This applies in particular to risks 7 and 9 from the DMA (see SBM-3), corresponding to the transition risks with elevated assessments shown above.

The resilience analysis shows that AVL's strategy can be classified as overall resilient under the assessed scenarios SSP2-4.5 and SSP5-8.5. No high physical or transition risks were identified in the net assessment; moderate physical risks affect five locations and have a limited impact on operational continuity. In the transition scenario NZE 2023, certain business areas related to internal combustion engines face increased transformation pressure. However, the technology-open portfolio (electrification, hydrogen, testing systems) demonstrates a high degree of adaptability. Nevertheless, AVL is currently exposed to increased financial and operational risks, among other reasons due to the current market situation (see ESRS 2 SBM-3 48 d-f).

[E1.ESRS 2 SBM-3 48 c iv]

Due to the high level of innovation within the company, we have identified our ability to adapt our strategy and business model to a changing regulatory and physical environment as a key resilience factor. The transition scenario assumptions (NZE 2023) imply parameters that are particularly relevant for an automotive-related company such as AVL, including: (i) sharply rising electrification in transport (e.g., a very high share of EVs in new car sales by 2030), (ii) massive expansion of renewable capacities by 2030, (iii) substantial expansion of electricity grids by 2030, (iv) significantly rising clean energy investments into the early 2030s, and (v) declining fossil fuel demand pathways over time; in addition, carbon price pathways are used as assessment parameters (e.g., reaching levels of up to approximately USD 250/t CO₂ in industrialized countries by 2050, according to the internal NZE breakdown).

These framework assumptions will be taken into account in future strategic evaluations.

In summary, an action plan will be developed in 2026 for the locations with identified physical risks in order to further assess these risks and implement appropriate adaptation measures where necessary. The transition risk results show elevated assessments in the areas of “policy and legal” and “resource efficiency”, which is why these will be strategically evaluated. Overall, no material risk currently arises for the company from the scenarios assessed.

Climate-related impacts are mainly connected to the greenhouse gas emissions generated as well as energy use in relation to activities within the business model and along the value chain.

The resilience analysis is subject to limitations due to regionally restricted climate data, model uncertainties in IPCC and IEA scenarios, the clustering of geographically close locations, as well as limited data availability regarding downstream emissions. These factors affect the accuracy and comparability of the results.

S1.SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction With Strategy and Business Model

[S1 ESRS 2 SBM-3 13 a i; S1 ESRS 2 SBM-3 13 a ii; S1 ESRS 2 SBM-3 13 b]

At AVL, strategy and business model, as well as the company’s success, are strongly linked to its employees, as know-how and highly qualified workforce are key capital assets. Accordingly, risks and opportunities for us as a company are mainly related to attracting and retaining skilled personnel. Appreciative personnel management and a respectful approach therefore hold a high priority at AVL and we are aware of our responsibility towards our employees. Adequate salaries and company social benefits, as well as training opportunities and work-life balance, contribute to employee satisfaction, skills development, and well-being. As a company, we are committed to giving everyone the opportunity to reach their full potential. Social dialogue helps improve working conditions and enables employees to contribute to and actively participate in the company. Given the global spread of our locations, local conditions are a fixed framework that we strive to leverage in the best possible way for the benefit of our workforce.

We are also aware of the impacts and risks associated with our activities, including the possibility of workplace accidents, which are particularly relevant in business areas such as testing and manufacturing, where employees work with high-voltage systems and carry out other safety-critical tasks (see S1-4, measures in the area of health and safety). As our success depends directly on the skills and motivation of our workforce, our business model leaves little room for systemic risks or adverse impacts within our personnel structure. The rights of the company's own workforce, including human rights, shape and guide activities in all areas of AVL's business and are also anchored in the Code of Conduct (see S1 and G1).

To further advance aspects of equal treatment and opportunities for all as a priority, the action area "Employee Equality & Social Sustainability" was defined for the reporting year as part of strategic planning, the prioritization of measures and ambitions, and the definition of targets within the Corporate Sustainability Steering Committee.

[S1 ESRS 2 SBM-3 14 a; S1 ESRS 2 SBM-3 15]

Globally, AVL employs a diverse range of staff across its various business divisions, who typically share a profound, technical background. The majority of employees are technically trained specialists working in the main business areas described under ESRS 2 SBM-1, with activities taking place either in the office or directly in the test field or production.

Non-employee workers are employed in the form of temporary agency workers and match the profile of the regular workforce. They are fully included in the double materiality assessment.

All employees may be affected by impacts, risks and opportunities, although differences may arise depending on the sustainability aspect and area of activity. Any potentially differing circumstances were taken into account in the double materiality assessment, with the involvement of the relevant subject matter experts. The differences are particularly pronounced, as certain sustainability matters have more specific impacts on employees of subsidiaries, especially in non-European regions. In these geographical areas, the challenges are often greater, as not all IT systems for recording working time or other relevant data are implemented to the same extent as at AVL's headquarters. This may result in inadequate monitoring of working time, which could in turn affect employee well-being. In addition, there are significant differences in the legal requirements applicable in different countries or regions.

They are reflected, for example, in areas such as “Social dialogue”, “Freedom of association, the existence of works councils and the information, consultation and participation rights of workers”, and “Collective bargaining, including the rate of workers covered by collective agreements”. In other cases, such as with regard to “health and safety”, it is evident that office staff are generally less exposed to risks than employees working in more physically demanding environments, such as test fields, production facilities, or during test drives.

[S1 ESRS 2 SBM-3 14 b]

Negative impacts are to be classified as potential in the contexts in which the company operates and may therefore be linked to individual incidents.

[S1 ESRS 2 SBM-3 14 c; S1-1 AR 17 h; S1 ESRS 2 SBM-3 14 d]

Actual positive impacts can be identified particularly in the area of “Training and skills development”.

Training measures (education and further training) are derived from the annual employee performance reviews with the manager and the associated costs are covered. Annual employee performance reviews must be conducted by managers once a year with all employees on permanent contracts across the company worldwide and are recommended for employees on fixed-term contracts as well as temporary agency workers. The key aspects include the meaningful setting and management of objectives, reflection on achievements, the assessment of performance and potential, the evaluation of skills, the promotion of open and constructive two-way feedback, as well as the identification of development and training opportunities. This ensures that development goals can be linked to training courses and external learning content, which are made available to employees as needed.

[S1 ESRS 2 SBM-3 14 e]

No material impacts on the company’s workforce – including in connection with the climate risk assessment carried out – have been identified that could arise from the company’s own transition plans to reduce negative environmental impacts and to achieve environmentally friendly and climate-neutral operations.

[S1 ESRS 2 SBM-3 14 f i; S1 ESRS 2 SBM-3 14 f ii; S1 ESRS 2 SBM-3 14 g i; S1 ESRS 2 SBM-3 14 f ii]

There are no activities at AVL that pose a significant risk of forced labor or child labor. This applies regardless of the geographical areas in which AVL operates. Our commitment to social responsibility and upholding human rights is a core element of our corporate philosophy.

[S1 ESRS 2 SBM-3 16]

No material risks or opportunities have been identified that relate specifically to particular groups of people within the company. The material risks and opportunities identified could potentially affect all of the company's own workforce equally.

IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The double materiality assessment constitutes the foundation of our sustainability management and serves as a strategic instrument to identify the material environmental, social, and economic matters relevant to our company and our stakeholders in connection with our business model and our value chain.

Through this holistic assessment, we endeavor not only to comply with regulatory requirements such as the EU Corporate Sustainability Reporting Directive (CSRD), but also to enable long-term value creation and accountability toward our stakeholder groups. The outcome supports the prioritization of issues in management processes, the mitigation of risks, and the leveraging of opportunities for sustainable innovation.

The following procedures were applied to identify the impacts, risks and opportunities presented under ESRS 2 SBM-3.

[ESRS 2 IRO-1 53 a; ESRS 2 IRO-1 53 b i; ESRS 2 IRO-1 53 b ii; ESRS 2 IRO-1 53 g, ESRS 2 IRO-1 53 d]

Prior to the double materiality assessment, the entire value chain of AVL was examined and analyzed, considering specific activities, geographical circumstances, business relationships and involved stakeholders, as well as necessary resources.

On the basis of and taking into account this assessment, material sustainability matters for AVL were identified through workshops with globally responsible representatives from relevant business areas, utilizing a double materiality assessment. This enabled consideration of the company's context and thereby its stakeholders and allowed for an assessment of the severity and potential financial extent as well as the likelihood of identified impacts, risks and opportunities based on the specific expertise required (e.g., data and data sources) of the involved personnel.

This double materiality assessment serves, in accordance with ESRS 1 21, as the basis for the disclosure of sustainability information. The sustainability matters addressed in the topical ESRS, which were assessed in the course of the double materiality assessment regarding their materiality for AVL, are listed in ESRS 1 AR 16. Each of the sustainability matters listed in ESRS 1 AR 16 (topics, sub-topics, and where applicable, sub-sub-topics) was examined regarding its relevance for the entire entity scope of AVL globally and – if identified as relevant – was assessed regarding its materiality across the entire value chain.

Beyond the sustainability matters listed in ESRS 1 AR 16, no additional sustainability matters to be taken into account were identified in the double materiality assessment.

In accordance with ESRS 1 37, double materiality comprises two dimensions: impact materiality and financial materiality. These two dimensions are inter-related and interdependencies between the impacts as well as risks and opportunities were taken into account. Sustainability matters are material for AVL in accordance with the standard if they were identified as material regarding at least one dimension (ESRS 1 3.3).

Based on these requirements, on the one hand, potential or actual negative, as well as potential or actual positive impacts of the company on – among others – the environment and affected stakeholder groups regarding the sustainability matters were identified. In doing so, the entire value chain was considered (impact materiality).

On the other hand, from an outside-in perspective, the risks and opportunities that these sustainability matters pose for the company were examined, as well as their potential financial impact on the company (financial materiality).

[ESRS 2 IRO-1 53 b; ESRS 2 IRO-1 53 b iv]**Impacts**

In analyzing the impacts regarding sustainability matters, a distinction was made across the value chain. In doing so, a distinction is made between “within” AVL, meaning within the company’s own business operations, “upstream” which encompasses AVL’s supply chain, and “downstream” meaning the impacts along AVL’s sales market.

Through the involvement of various globally responsible subject matter experts from AVL, the sustainability matters were assessed in multiple working groups, on the one hand, regarding their relevance. If an impact or sustainability matter was deemed not relevant, a justification was provided, but no further assessment was conducted. On the other hand, if a sustainability matter was identified as relevant, both negative and positive impacts (each either actual or potential) were formulated.

In the formulation, AVL was examined globally and thus AVL’s locations worldwide were considered in accordance with the defined scope of consolidation. This is ensured, on the one hand, through the involvement of globally responsible representatives and, on the other hand, by the fact that AVL’s headquarters is both the largest and most employee-intensive location and also consolidates global business operations, and can therefore be regarded as the greatest common denominator of the group entities.

The assessment of the materiality of **impacts** is based on the factors of severity and likelihood of the impact (likelihood of occurrence). Severity comprises the factors scale, scope, and irremediable character of the impact. Each of these factors was assessed on a five-point scale with values ranging from 1 (corresponding in the various assessment categories to approximately “very little/rarely”) to 5 (corresponding in the various assessment categories to approximately “very much/frequently”), whereby the likelihood of occurrence was assessed only for potential impacts, as a likelihood of occurrence of 5 indicates an actual impact. For positive impacts, the assessment of severity was evaluated exclusively according to scale and scope in accordance with ESRS 1 3.4 46.

The factors of scale, scope, irremediable character of the impact, and likelihood of occurrence are each assessed on this five-point scale for the three time horizons of short-term, medium-term, and long-term in accordance with the definition in ESRS 1 6.4.

The materiality threshold was set at 3.5. This means that all impacts that were assessed in at least one of the three time horizons are material for AVL. If at least one impact regarding a sustainability matter is assessed as material, this sustainability matter is material for the company from an impact materiality perspective. No further prioritization was conducted among the material impacts.

[ESRS 2 IRO-1 53 c; ESRS 2 IRO-1 53 c i; ESRS 2 IRO-1 53 c ii; ESRS 2 IRO-1 53 c iii; ESRS 2 IRO-1 53 e; ESRS 2 IRO-1 53 f]

Risks and opportunities

Analogously to the materiality of impacts, the sustainability matters were also comprehensively assessed regarding the potential financial risks and opportunities that could arise for the company. In this process, a specific impact or a clearly defined trigger for the risk or opportunity was first identified. Subsequently, an assessment of the resulting risk or opportunity was conducted, whereby various impact drivers and likelihood of occurrence were taken into account. Finally, the resulting financial impact was described in order to convey a comprehensive picture of the potential financial consequences that may arise from the identified sustainability matters.

The assessment of the materiality of these **risks and opportunities** likewise took place for each of the three time horizons of short-term, medium-term, and long-term. In doing so, the financial scale as well as the likelihood of occurrence were assessed on a five-point scale with values ranging from 1 (corresponding in the various assessment categories to approximately “very little/rarely”) to 5 (corresponding in the various assessment categories to approximately “very much/frequently”) (see tables 15 & 16). The result, the so-called risk score, is finally calculated from the average of the financial scale and the likelihood of occurrence.

For the assessment of financial scale in determining materiality quantitatively, EBIT (Earnings Before Interest and Taxes) was selected as the appropriate indicator. EBIT constitutes a central performance KPI within the AVL group and is a component of the ROCE indicator (Return on Capital Employed). Thus, through the consideration of EBIT, a close linkage between financial performance indicators and ESG aspects is established. The calculation of materiality is based on a five-year average of EBIT, consisting of the last three financial years realized and two

planned financial years (base year: 2024). This time span allows for the representation of both historical data and future planning expectations and thus creates a stable and reliable basis for the determination of materiality.

The following scales form the basis for the assessment of financial impacts:

Extent of potential financial impacts

(Risk – how severe/Opportunity – how beneficial)

Definition (in EUR)		% EBIT	Score	
From	To			
-	283,000	1.0%	Insignificant	1
283,000	2,830,000	10.0%	Low	2
2,830,000	8,490,000	30.0%	Significant	3
8,490,000	16,980,000	60.0%	Serious/high	4
16,980,000	28,300,000	100.0%	Critical/enormous	5

Table 15

Likelihood of occurrence of potential financial impacts

(Risks and opportunities)

Definition (in years)	%	Score	
every 20 to 200 years	0 to 5%	Very low	1
every 10 to 20 years	5 to 10%	Low	2
every 5 to 10 years	10 to 20%	Medium	3
every 2 to 5 years	20 to 50%	High	4
every 0 to 2 years	50 to 100%	Very high	5

Table 16

To establish the threshold for classifying an IRO as material, a relative assessment approach was selected. In doing so, the Pareto principle was applied, which assumes that a small proportion of topics has the greatest influence on the overall impact.

The materiality threshold was set at 2.7. If at least one risk or opportunity related to a sustainability matter receives a risk score of 2.7 or higher for any of the three time horizons, that sustainability matter is considered material for AVL. Only a risk with a financial impact rated as 2-Low can, based on these principles, become material depending on the likelihood of occurrence assessment.

A reconciliation of the results of the double materiality assessment with AVL's Corporate Risk Management was conducted. This clear allocation allows for identification of ESG-relevant risks. Sustainability risks are not prioritized within Corporate Risk Management.

[ESRS 2 IRO-1 53 b iii; ESRS 2 SBM-2 45 b]

Stakeholder survey

In accordance with ESRS 2 SBM-2 and ESRS IRO-1, relevant stakeholders were also involved in the implementation of the double materiality assessment. For this purpose, the relevant stakeholder groups of AVL were identified from a pool of possible interest groups, based on the context analysis or the interested parties of AVL derived from the context analysis (as described in ESRS 2 SBM-2). To define whether the stakeholders identified as relevant were included in the double materiality assessment, the impact of AVL on the stakeholder group and the impact of the stakeholder group on AVL were each assessed on a three-point scale (1, 3, 5). A score of at least 5 (maximum: 25) was selected as the threshold for inclusion.

Subsequently, for each stakeholder group appropriate representatives relevant to AVL or who know the company were identified and contacted with support of the organization.

The stakeholder survey was implemented and conducted online. For this purpose, either the link to the survey was sent directly or the survey was carried out as a conversation based on the online survey.

The survey is divided into a total of 4 sections. Sections 1 and 2 are dedicated to the topics defined as relevant. Section 1 deals with environmental issues and section 2 deals with social and governmental issues. In each case, materially assessed IROs from these topical standards were clustered into a statement according to their content and ranked based on their weighted materiality. The stakeholder representatives were then asked to adjust this ranking according to their assessment of the importance for AVL (or to leave it as it is).

In section 3, the participants were asked about the non-material topics. For this purpose, IROs from these topical standards that were assessed as non-material were clustered into a statement according to their content. The task of the stakeholder representatives was to indicate whether they agree, tend to agree, tend to disagree or disagree with the assessment according to AVL-DMA.

Finally, section 4 lists those topics according to ESRS 1 AR 16 that have been defined as not relevant and the respondents were asked whether they believe that this definition is comprehensible (rather not relevant/not relevant) or not comprehensible (rather relevant/relevant).

The stakeholder survey showed that the interviewed stakeholder representatives largely agreed with AVL's materiality analysis. In the area of the environment, the contribution to climate change mitigation through investments in sustainable (energy) solutions (energy generation, promotion of alternative mobility solutions, teleworking, remote workplaces, use of new communication methods to reduce business trips) and, in the area of social, ensuring compliance with ethical framework conditions with regard to gender equality, working conditions (work-life balance, health) and human rights within the company's boundaries, were highlighted by the stakeholders as especially material topics.

The following stakeholder groups were surveyed:

- Owner
- Executive Board and Executive Vice Presidents
- Supervisory Board
- Own workforce via works council chair
- Customers
- Suppliers
- Representation of interests
- Municipal government representatives

- NGO representatives
- Science and research representatives

[ESRS 2 IRO-1 53 d]

Material topics identified in the double materiality assessment were reported through the established reporting channels in the course of sustainability reporting to the Corporate Sustainability Steering Committee up to the Supervisory Board. Further information on this is described in GOV-1.

The following procedure was used for topical standards:

E1.IRO-1 – Description of the Processes to Identify and Assess Material Climate-Related Impacts, Risks and Opportunities

[E1.ESRS 2 IRO-1 20 b i; E1.ESRS 2 IRO-1 53 b ii]

AVL takes a systematic, data-driven approach to identifying and assessing climate-related impacts, risks and opportunities, both physical and transitory. These procedures are crucial to strengthen AVL's resilience to climate change and to ensure that we can proactively respond to potential challenges. Our methodology includes both qualitative and quantitative approaches, which allow us to assess the impact on our operations and the entire value chain. The process is divided into two main areas:

Physical climate risk assessment (CRA)

To identify and assess climate-related physical risks, an assessment was carried out that takes into account both internal processes and the upstream supply chain. It was also systematically assessed whether assets and business activities could be exposed to climate-related hazards.

- **Location selection:** For the analysis of physical climate risks, proprietary AVL locations as well as selected supplier locations were taken into consideration. Locations were specifically selected which exhibit a corresponding significance for value creation (e.g., production facilities, software development centers). For each of these locations, physical climate risks were assessed in terms of their likelihood of occurrence and potential impacts. Scientifically sound climate scenarios and location data were used. Supplier locations were evaluated with regard to the criteria "volume-critical" and "technology-critical" and included in the assessment.

- **Scenario-based-assessment:** The assessment was based on the IPCC's climate scenarios (SSP5-8.5 and SSP2-4.5) for the years 2025, 2040 and 2050.
- **Risk types:** Both acute risks (e.g. extreme weather events such as floods or storms) and chronic risks (e.g. temperature rise, water stress) were taken into account.
- **Objectives:** The aim was to identify the vulnerability of critical locations and to derive measures to reduce risk and increase resilience. The assessment also included the potential impact on assets (e. g. due to damage or destruction) as well as the impact on business activities, from production failures or supply chain disruptions.

The physical climate risk assessment was carried out for the first time in 2025.

[E1.ESRS 2 IRO-1 20 c i; E1.ESRS 2 IRO-1 20 c ii]

Climate transition risk assessment

The analysis of transition risks and opportunities was carried out on the basis of internationally recognized frameworks:

- **Methodological framework:** Application of the TCFD framework (Task Force on Climate-related Financial Disclosures) as well as the IEA Net Zero Emissions Roadmap 2023.
- **Identification of opportunities and risks:** Relevant regulatory, technological, market-related and reputation-related developments were systematically recorded.
- **Assessment:** In close cooperation with the Corporate Strategy Team, the identified risks and opportunities were assessed in terms of their likelihood of occurrence and potential impacts.
- **Integration into corporate strategy:** The results are incorporated into strategic planning and decision-making via the AVL Sustainability Strategy in accordance with the specifications for strategic challenges and critical sustainability projects in order to be able to react to regulatory and market changes at an early stage.

As part of the physical climate risk assessment, climate-related hazards were systematically identified and assessed over three time horizons in order to realistically map potential impacts under exacerbated climate conditions:

- **Short-term:** by 2025
- **Medium-term:** by 2040
- **Long-term:** by 2050

In coordination with strategic planning, 2025 is the base year of the assessment. The selection of 2040 is based on it being the year following the target for AVL's internal ambition to achieve a 90% reduction in GHG emissions, whereas 2050 serves as the benchmark for the EU's Net-Zero objective.

The assessment used science-based climate scenarios (including IPCC SSP5-8.5 and SSP2-4.5) and covered both our own locations and selected supplier locations relevant to the value chain.

Climate-related transition events at AVL were identified as part of the **climate transition risk assessment**, which is based on internationally recognized frameworks. At the core of the assessment was the application of a climate scenario consistent with the objective to limit global warming to **1.5°C**:

Applied climate scenario

To assess the transition risks, the **IEA Net Zero Emissions Scenario 2023 (NZE 2023)** is used as a 1.5°C compliant transformation path (analysis horizons 2025/2040/2050).

The NZE 2023 reflects rapid, politically-driven decarbonization with a focus on **electrification**, accompanied by **hydrogen & sustainable fuels** in segments that are difficult to electrify.

- **Mobility (essential for AVL)**: significant shift in the transport energy mix towards **electricity** (road transport) and **hydrogen/derivative fuels** (especially heavy-duty/long-haul).
- **Hydrogen (AVL reference)**: in the NZE, **global H₂ production** is sharply rising; at the same time, demand for H₂ is shifting towards **industry and transport** (relevance for AVL: H₂ fuel/cell development, testing & validation).
- The scenario operationalizes transition drivers (**regulatory, technological, market-related, reputation-related**) and thus serves to quantify risks/opportunities for AVL's portfolio (engineering, simulation, testing).

As part of the climate transition risk assessment, potential impacts from transition events were systematically assessed. This involved identifying and assessing both opportunities and risks.

The assessment used a scale reflecting the potential financial impact.

This assessment was conducted in coordination with the Corporate Strategy Team and forms the basis for strategic decisions on managing regulatory, technological, and market-related changes during the transition to climate neutrality.

[E1.ESRS 2 IRO-1 53 e; E1.ESRS 2 IRO-1 53 f; E1.ESRS 2 IRO-1 53 g; E1.ESRS 2 IRO-1 53 h; E1.IRO-1 AR 15]

The identification of transition risks and the assessment of our company's exposure were supported by the use of climate-related scenarios. Specifically, the IEA Net Zero Emissions Scenario (NZE 2023) was used to assess regulatory, technological, and market-related developments during the transition to climate neutrality.

[E1.ESRS 2 IRO-1 20 a]

For the initial double materiality assessment, the findings from the climate risk assessment could not yet be incorporated, as there was a time lag of several months in their execution. Consequently, and due to other framework conditions already mentioned under E1.SBM-3, there are some differences in the materiality assessments between the DMA and the climate risk assessment. For future reporting periods, these framework conditions will be harmonized to the greatest extent possible.

Prior to conducting the climate risk assessment, and thus as a basis for the double materiality assessment regarding the E1 sustainability aspects, the context analysis served, among other things, as a suitable instrument for identifying potential climate risks.

The context analysis according to ISO 14001:2015 is a key component of an Environmental Management System (EMS) and requires organizations to identify internal and external issues that can affect their environmental objectives. Following a 2024 amendment to the standard, climate change must also be explicitly considered as a potential factor. Organizations are now required to assess whether climate risks are relevant to them and whether stakeholders have requirements related to climate change.

The assessments of location-based environmental conditions and of environmental aspects, both under ISO 14001, also served as sources for assessing climate-related impacts, risks and opportunities.

The assessment particularly focused on the impact of actual energy consumption and greenhouse gas emissions data from our own operations (Scope 1 and Scope 2) and the upstream and downstream value chain (Scope 3), considering both direct and assumed data. For the long-term perspective, the assessment factored in ambitions to reduce greenhouse gas emissions across Scope 1, 2, and 3 through various approaches, specifically portfolio adjustments and global improvements in the green electricity supply.

The results of the double materiality assessment are presented in detail under SBM-3.

E2.IRO-1 – Description of the Processes to Identify and Assess Material Pollution-Related Impacts, Risks and Opportunities

To assess the impacts related to pollution, the locations were analyzed for pollutants in accordance with Regulation (EC) No 166/2006. As the company does not operate any large-scale industrial facilities, its releases are below the reporting thresholds. Consequently, there is no material risk from the emission of listed pollutants.

No consultations were conducted beyond the stakeholder survey.

E3.IRO-1 – Description of the Processes to Identify and Assess Material Water and Marine Resources-Related Impacts, Risks and Opportunities

To identify and assess the actual and potential impacts, risks and opportunities related to water and marine resources within our own operations and the upstream and downstream value chain, the corresponding sustainability aspects were analyzed in the context of AVL's business activities, including the impacts of its upstream and downstream value chain. The assessment also relied on previously collected water data, such as water withdrawal, consumption, and discharge.

No consultations were conducted beyond the stakeholder survey.

E4.IRO-1 – Description of Processes to Identify and Assess Material Biodiversity and Ecosystem-Related Impacts, Risks and Opportunities

To identify and assess the actual and potential impacts, risks and opportunities related to biodiversity and ecosystems within our own operations and the upstream and downstream value chain, the topical sustainability aspects were analyzed in the context of AVL's business activities, including the impacts of its upstream and downstream value chain.

Furthermore, AVL analyzed its locations for potential impacts on environmentally sensitive areas. The assessment considered internationally recognized protected area categories such as Natura 2000, Ramsar Sites, UNESCO World Heritage Sites, UNESCO Biosphere Reserves, and Key Biodiversity Areas. AVL defined all locations located within a 10 kilometer radius of these natural areas as relevant for detailed assessment.

Ultimately, out of more than 48,000 protected areas considered, 256 natural areas in relevant proximity were identified. The affected AVL locations were then assessed for their scope of activities and the associated potential risks to the biodiversity of these areas. In addition to office-only locations, which pose no threat to biodiversity, this group also includes so-called Technical Centers. The storage and use of substances such as oils and fuels poses a latent risk to local biodiversity. AVL counters this inherent risk with strict safeguards and safety precautions at all affected locations. The compliance and effectiveness of these precautions are monitored through regular internal and external audits as part of the integrated management system. Consequently, no acute risks to biodiversity and ecosystems were identified as a result of AVL's business activities. No further assessments were conducted.

E5.IRO-1 – Description of the Processes to Identify and Assess Material Resource Use and Circular Economy-Related Impacts, Risks and Opportunities

[E5.ESRS 2 IRO-1 53 a; E5.ESRS 2 IRO-1 53 b]

To identify and assess the actual and potential impacts, risks and opportunities related to circular economy and material resource use within our own operations and the upstream and downstream value chain, the specific sub-topics of the E5 standard were analyzed in the context of AVL's business activities, including the impacts of its upstream and downstream value chain. In this context, special focus was placed on the company's manufacturing business units, as these areas are most closely linked to resource use and the principles of the circular economy.

We are aware that specific internal sustainability concepts and policies on sustainable resource use and the circular economy could reduce our procurement of necessary resources. Furthermore, we recognize the financial risk of aligning with the requirements of the Ecodesign Directive as a serious issue that must be addressed.

Offering repair, calibration, and maintenance services for AVL products sold by AVL (customer service) extends their lifespan and is therefore considered a key opportunity to save resources.

Beyond the stakeholder survey, AVL did not conduct any consultations on circular economy and resource use, particularly with affected communities.

G1.IRO-1 – Description of the Processes to Identify and Assess Material Impacts, Risks and Opportunities

To identify and assess the actual and potential impacts, risks and opportunities related to business conduct within our own operations and the upstream and downstream value chain, the topical sustainability aspects were analyzed in the context of AVL's business activities, its corporate philosophy and the impacts of its upstream and downstream value chain.

Additional relevant information is provided in section ESRS G1-1.

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

[ESRS 2 IRO-2 56]

Disclosure requirements in ESRS covered by the undertaking's sustainability statement:

Standard	Section	Disclosure requirement	Page
ESRS 2	Basis for preparation	BP-1 – General basis for preparation of sustainability statements	4
		BP-2 – Disclosures in relation to specific circumstances	5
	Governance	GOV-1 – The role of the administrative, management and supervisory bodies	11
		GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	16
		GOV-3 – Integration of sustainability-related performance in incentive schemes	18
		GOV-4 – Statement on due diligence	18
		GOV-5 – Risk management and internal controls over sustainability reporting	19
	Strategy	SBM-1 – Strategy, business model and value chain	23
		SBM-2 – Interests and views of stakeholders	32
		SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	37
	Impact, risk and opportunity management	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	55
		IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	69

ESRS standard	Material sustainability matters	Disclosure requirement	Page
E1 – Climate change	Climate change mitigation	E1.ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes	18
		E1-1 – Transition plan for climate change mitigation	100
		E1.ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	48
		E1.ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	62
		E1-2 – Policies related to climate change mitigation and adaptation	100
	Energy	E1-3 – Actions and resources in relation to climate change policies	100
		E1-4 – Targets related to climate change mitigation and adaptation	100
		E1-5 – Energy consumption and mix	102
		E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	105
		E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	112
		E1-8 – Internal carbon pricing	112
	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in	
E2 – Pollution		Not material	
E3 – Water and marine resources		Not material	

E4 – Biodiversity and ecosystems			Not material
E5 – Circular economy	Resource inflows, including resource use	E5.ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	68
		E5-1 – Policies related to resource use and circular economy	113
	Resource outflows related to products and services	E5-2 – Actions and resources related to resource use and circular economy	113
		E5-3 – Targets related to resource use and circular economy	113
	Waste	E5-4 – Resource inflows	114
		E5-5 – Resource outflows	116
		E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Phase-in
S1 – Own workforce		S1.ESRS 2 SBM-2 – Interests and views of stakeholders	32
		S1.ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	52
	Working conditions	S1-1 – Policies related to own workforce	122
		S1-2 – Processes for engaging with own workforce and workers' representatives about impacts	127
	Equal treatment and opportunities for all	S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	129
		S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	130

		S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	135
		S1-6 – Characteristics of the undertaking's employees	136
		S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	Phase-in
		S1-8 – Collective bargaining coverage and social dialogue	140
		S1-9 – Diversity metrics	141
		S1-10 – Adequate wages	Not material
		S1-11 – Social protection	Phase-in
		S1-12 – Persons with disabilities	Not material
		S1-13 – Training and skills development metrics	Phase-in
		S1-14 – Health and safety metrics	142
		S1-15 – Work-life balance metrics	Phase-in
		S1-16 – Remuneration metrics (pay gap and total remuneration)	144
		S1-17 – Incidents, complaints and severe human rights impacts	146
S2 – Workers in the value chain	Working conditions	Phase-in applying the Delegated Regulation dated July 11, 2025 ("quick fix").	
	Equal treatment and opportunities for all		
S3 – Affected communities	Not material		

S4 – Consumers and end-users	Not material		
G1 – Business conduct	Corporate culture	G1.ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies	147
		G1.ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	68
		G1-1 – Business conduct policies and corporate culture	147
	Protection of whistle-blowers		
	Political engagement and lobbying activities	G1-2 – Management of relationships with suppliers	154
		G1-3 – Prevention and detection of corruption and bribery	147
	Management of relationships with suppliers including payment practices	G1-4 – Incidents of corruption or bribery	147
		G1-5 – Political influence and lobbying activities	156
		G1-6 – Payment practices	159

Table 17

Disclosure requirement and related data arising from other EU legislation:

Disclosure requirement and related datapoint	SFDR reference (23)	Pillar 3 reference (24)	Benchmark Regulation reference (25)	EU Climate Law reference (26)	Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II		GOV-1
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816, Annex II		GOV-1

ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 of Table #3 of Annex 1			GOV-4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28), Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II	Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 of Table #2 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II	Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 ⁽²⁹⁾ , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14			Regulation (EU) 2021/1119,	E1-1

				Article 2(1)
ESRS E1-1		Article 449a	Delegated	Not material
Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	
ESRS E1-4	Indicator number 4 of Table #2 of Annex 1	Article 449a	Delegated	E1-4
GHG emission reduction targets paragraph 34		Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: alignment metrics	Regulation (EU) 2020/1818, Article 6	
ESRS E1-5	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex 1			E1-5
Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38				
ESRS E1-5 – Energy consumption and mix paragraph 37	Indicator number 5 of Table #1 of Annex 1			E1-5
ESRS E1-5	Indicator number 6			E1-5

Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43		of Table #1 of Annex 1		
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	E1-6
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)	E1-6
ESRS E1-7 GHG removals and carbon credits paragraph 56			Regulation (EU) 2021/1119, Article 2(1)	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU)	Phase-in

		2020/1816, Annex II	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.	Phase-in
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).			
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate Change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral	Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69		Commission Delegated Regulation (EU) 2020/1818, Annex II	Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR	Indicator number 8 Table #1 of Annex 1		Not material

Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 of Table #2 of Annex 1	Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 of Table #2 of Annex 1	Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 of Table #2 of Annex 1	Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1	Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1	Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (a) i	Indicator number 7 of Table #1 of Annex 1	Not material
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	Indicator number 10 of Table #2 of Annex 1	Not material

ESRS 2 – SBM-3 – E4 Indicator paragraph 16 (c).	Indicator number 14 of Table #2 of Annex 1	Not material
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	Indicator number 11 of Table #2 of Annex 1	Not material
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	Indicator number 12 of Table #2 of Annex 1	Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 of Table #2 of Annex 1	Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 of Table #2 of Annex 1	E5-5
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 of Table #1 of Annex 1	E5-5
ESRS 2 SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 of Table #3 of Annex I	S1.SBM-3
ESRS 2 SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 of Table #3 of Annex I	S1.SBM-3
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 of Table #3 and Indicator number 11	S1-1

of Table #1 of Annex I			
ESRS S1-1		Commission Delegated Regulation (EU) 2020/1816, Annex II	S1-1
Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			
ESRS S1-1	Indicator number 11 of Table #3 of Annex I		S1-1
Processes and measures for preventing trafficking in human beings paragraph 22			
ESRS S1-1	Indicator number 1 of Table #3 of Annex I		S1-1
Workplace accident prevention policy or management system paragraph 23			
ESRS S1-3	Indicator number 5 of Table #3 of Annex I		S1-3
Grievance/complaints handling mechanisms paragraph 32 (c)			
ESRS S1-14	Indicator number 2 of Table #3 of Annex I	Commission Delegated Regulation (EU) 2020/1816, Annex II	S1-14
Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)			
ESRS S1-14	Indicator number 3 of Table #3 of Annex I		Phase-in
Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)			
ESRS S1-16	Indicator number 12 of Table #1 of Annex I	Commission Delegated Regulation (EU) 2020/1816, Annex II	S1-16
Unadjusted gender pay gap paragraph 97 (a)			

ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 of Table #3 of Annex I		S1-16
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 of Table #3 of Annex I		S1-17
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 of Table #1 and Indicator number 14 of Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	S1-17
ESRS 2 SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and 13 of Table #3 of Annex I		Phase-in applying the Delegated Regulation dated July 11, 2025 ("quick fix").
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 of Table #3 and Indicator number 11 of Table #1 of Annex 1		Phase-in applying the Delegated Regulation dated July 11, 2025 ("quick fix").
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and 4 of Table #3 of Annex 1		Phase-in applying the Delegated Regulation dated

			July 11, 2025 ("quick fix").
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 of Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Phase-in applying the Delegated Regulation dated July 11, 2025 ("quick fix").
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19		Commission Delegated Regulation (EU) 2020/1816, Annex II	Phase-in applying the Delegated Regulation dated July 11, 2025 ("quick fix").
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 of Table #3 of Annex 1		Phase-in applying the Delegated Regulation dated July 11, 2025 ("quick fix").
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 of Table #3 and Indicator number 11		Not material

	of Table #1 of Annex 1		
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 of Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 of Table #3 of Annex 1		Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 of Table #3 and Indicator number 11 of Table #1 of Annex 1		Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 of Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 of Table #3 of Annex 1		Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 of Table #3 of Annex 1		G1-1/G1- 4
ESRS G1-1	Indicator number 6 of		G1-1/G1- 4

Protection of whistle-blowers paragraph 10 (d)	Table #3 of Annex 1		
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 of Table #3 of Annex 1	Commission Delegated Regulation (EU) 2020/1816, Annex II	G1-1/G1-4
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 of Table #3 of Annex 1		G1-1/G1-4

Table 18

[ESRS 2 IRO-2 59]

Derived from the materiality assessment, the sustainability reporting tool used by AVL automatically identifies the disclosure requirements under the ESRS that must be met on the basis of the DMA. To determine which disclosure requirements are linked to which sustainability matter, the tool relies on the EFRAG document Mapping of sustainability matters to topical disclosures (Q&A ID 177) of November 2024.

DISCLOSURES PURSUANT TO THE EU TAXONOMY REGULATION

Introduction and Scope

The Taxonomy Regulation is a key component of the European Commission's Action Plan for redirecting capital flows toward a more sustainable economy. It represents an important step toward achieving climate neutrality by 2050 in line with the EU's climate targets, as the Taxonomy provides a classification system for environmentally sustainable economic activities.

This chapter describes the scope, methodology, and the results concerning Taxonomy eligibility as well as – on a preparatory basis – the path toward Taxonomy alignment.

Methodology & Governance of the Taxonomy Assessment

The identification of taxonomy-relevant activities is carried out top-down via the EU Taxonomy Compass and the Delegated Acts (climate targets and the remaining environmental targets), as well as bottom-up through AVL's product and service portfolios and projects. Taxonomy eligibility and taxonomy alignment are methodologically distinguished. Assumptions, scope delimitations, and data trails are documented internally.

Economic Activities of AVL – Detailed Examination

AVL's economic activities were comprehensively assessed for taxonomy eligibility pursuant to the Delegated Acts supplementing the EU Taxonomy Regulation. In particular, AVL's activities are classified under the sectors of manufacturing and freelance, scientific and technical services.

As a result of the assessment, three economic activities were identified as taxonomy-eligible, as they correspond to the respective activity descriptions set out in the EU Taxonomy and contribute to the transition toward climate-friendly mobility and energy.

In addition, other economic activities of AVL were analyzed; however, they were not classified as taxonomy-eligible. This applies in particular to activities CCM 3.3, CCM 3.20, and CCM 8.2, which, following final assessment, do not correspond to the defined activity descriptions under the EU Taxonomy.

These activities were classified as not taxonomy-eligible because AVL's underlying services could not be fully mapped to the technical activity definitions set out in the EU Taxonomy, and/or the required direct link to a taxonomy-aligned economic activity was not established.

3.1 CCM 3.4 Manufacture of batteries

At the Graz location (Battery Innovation Center), AVL PTE Engineering manufactures battery packs in small series and carries out prototyping for components such as battery modules, battery packs, and battery electronics. The activities include the manufacture of batteries for applications in the transport sector as well as for stationary and off-grid energy storage and other industrial applications.

The combination of development and manufacturing capabilities enables short lead times, end-to-end quality assurance, and the transfer of new process and production steps into customer programs. The battery solutions produced support a range of application areas, including mobility solutions, stationary energy storage, and off-grid applications.

3.2 CCM 9.1 – Close to market research, development and innovation

Within the framework of close to market research, development and innovation projects (TRL $\geq$ 6), AVL PTE Engineering is involved in applied research and experimental development of solutions, processes, and technologies that contribute to the reduction, avoidance, or elimination of greenhouse gas emissions in relevant target sectors.

The core business in this area comprises, in particular, contract research for customers and partners, including in the fields of highly efficient electric propulsion, power electronics, thermal management as well as digital development and simulation processes. Research and development projects invoiced to third parties are also taken into account and reflected in revenue. In addition, AVL invests in internal R&D activities to further develop platforms, methods, and technologies.

3.3 CE1.2 – Manufacture of electrical and electronic equipment

AVL ITS Testing manufactures electrical and electronic equipment for industrial use. The products are used in particular in industrial applications for automotive components as well as for complete vehicles.

AVL manufactures durable measurement and control systems that are typically used over service lives of eight to twelve years. Repair and spare parts services, as well as modular designs and upgradeability, support an extended economic service life and contribute to circular use models in customer applications.

Taxonomy-Eligible and Taxonomy-Aligned Economic Activities – Reporting Format

All of AVL's economic activities were reviewed to determine which of them are taxonomy-eligible and also aligned with the Delegated Regulation (EU) 2021/2139, as set out in Annexes I and II thereto. Our activities contribute primarily to climate change mitigation as well as the circular economy. The activities listed below generate revenue and generally give rise to both CAPEX and OPEX for those activities. We describe the economic activities associated with individually taxonomy-eligible and -aligned CAPEX and OPEX in the relevant sections for the CAPEX and OPEX KPIs, in order to explain our other investment activities that are not directly related to our revenue-generating activities.

There is no double counting pursuant to the Delegated Regulation 2021/2178, as taxonomy-eligible economic activities are each eligible under only one environmental objective.

The identified activities CCM3.4, CCM 9.1, and CE1.2 are attributable to the Delegated Acts and are operationally carried out with revenue, CAPEX, and OPEX relevance. Taxonomy alignment additionally requires meeting the technical screening criteria, the do-no-significant-harm principle with respect to the other environmental objectives, and compliance with the minimum safeguards; both are being prepared methodically.

Assessment of taxonomy alignment

The taxonomy alignment of economic activities is assessed on the basis of the EU Taxonomy Regulation (EU) 2020/852 as well as the corresponding Delegated Regulations. The decisive factors are compliance with the technical screening criteria, in particular making a substantial contribution to an environmental objective, as well as adherence to the principle of "Do No Significant Harm" (DNSH).

As part of the compliance assessment, potentially taxonomy-eligible revenues, capital expenditures (CAPEX), and operating expenditures (OPEX) were identified at the country level and then evaluated across the group as a whole. The allocation to the relevant environmental objectives, as well as the assessment of the technical screening criteria and the DNSH requirements, were carried out with the involvement of the responsible departments.

A key DNSH criterion is the conduct of a climate risk and vulnerability assessment. This was conducted on the basis of recognized climate scenarios. No material climate-related risks were identified that would require specific adaptation measures for the economic activities under review.

In addition, compliance with the minimum safeguards pursuant to Article 18 of the EU Taxonomy Regulation was assessed. In this context, the group-wide due diligence and governance processes established across the group, as well as existing procedures to ensure minimum safeguards in the supply chain, were applied.

Assessment of the compliance of AVL's economic activities

For none of the economic activities identified as taxonomy-eligible, taxonomy alignment was determined during the reporting period. The compliance assessment covered the technical screening criteria, the minimum safeguards (MS), and the DNSH criteria. At the level of the technical screening criteria, the assessment was not completed, as not all evidence required under the EU Taxonomy is currently available for the revenue-generating activities under review.

Compliance with the minimum safeguards could likewise not be confirmed due to the lack of complete evidence. In particular, sufficient documentation is not yet available for certain suppliers.

The DNSH criteria were addressed at a high level; however, a full assessment for each environmental objective was not possible due to missing data and evidence. Overall, the compliance assessment could therefore not be completed and the economic activities are accordingly disclosed as not taxonomy-aligned.

CCM 3.4 – Manufacture of batteries

For the economic activity CCM 3.4 – Manufacture of batteries, all required quantitative and qualitative evidence was not available as of the reporting date to demonstrate full compliance with the technical screening criteria along the value chain.

In particular, certain product- and process-related criteria which require taxonomy alignment could not yet be fully documented.

CCM 9.1 – Close to market research, development and innovation

For CCM 9.1 – Close to market research, development and innovation, taxonomy alignment could not be established, as evidence demonstrating compliance with all relevant technical screening criteria is not yet fully available at the level of the revenue-generating projects.

This relates in particular to criteria requiring a clear allocation and assessment of the solutions developed within the meaning of the EU Taxonomy.

CE 1.2 – Manufacture of electrical and electronic equipment

For the economic activity CE 1.2 – Manufacture of electrical and electronic equipment, taxonomy alignment could also not be established. Although the relevant technical screening criteria were assessed, the evidence required for this purpose was, as of the reporting date, not yet available with the necessary completeness and level of detail to reach a positive alignment assessment.

The fact that taxonomy alignment could not be confirmed is not to be understood as a statement on the environmental impact of the activities; rather, it arises solely from the current status of the supporting evidence under the EU Taxonomy.

Nuclear and fossil gas related activities

NUCLEAR ENERGY RELATED ACTIVITIES

The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
---	----

The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
--	----

The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
---	----

FOSSILE GAS RELATED ACTIVITIES

The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table 19

EU Taxonomy KPI

Turnover (KPI)

The proportion of taxonomy-aligned economic activities in total revenue was calculated as the portion of net revenue derived from products and services associated with taxonomy-aligned economic activities (numerator), divided by net revenue (denominator), respectively, for the financial year from January 1, 2025 to December 31, 2025.

$$\text{Turnover KPI (\%)} = \left(\frac{\text{Turnover from Taxonomy Aligned Activities}}{\text{Total Net Turnover}} \right) \times 100$$

Explanation

- **Numerator:** Income from taxonomy-aligned products/services.
- **Denominator:** Total net turnover pursuant to IAS 1.82a

The denominator of the turnover KPI is based on consolidated net revenue of EUR 1.83 billion, as reported in the financial year's consolidated financial statements.

The numerator of the turnover KPI is defined as net revenue from products and services associated with taxonomy-eligible economic activities. In the reporting year, the Group's taxonomy-eligible revenue was attributable to the following economic activities under the EU Taxonomy and corresponds to the amounts disclosed in the template:

- **Activity 3.4 "Manufacture of batteries"** from the production of battery packs at AVL's Graz location, in the amount of EUR 2.77 million.
- **Activity 9.1 "Close to market research, development and innovation"** from research, applied research, and experimental development of solutions for our customers, in the amount of EUR 288.08 million.
- **Activity 1.2 "Manufacture of electrical and electronic equipment"** generates net revenue from the manufacture of electrical and electronic equipment for industrial use in the amount of EUR 621.25 million.

There is no double counting pursuant to the Delegated Regulation (EU) 2021/2178, as taxonomy-eligible economic activities are each eligible under only one environmental objective.

Capital expenditure (CAPEX) (KPI)

The CAPEX KPI is defined as taxonomy-aligned CAPEX (numerator) divided by our total CAPEX (denominator).

- **The CAPEX KPI** represents the proportion of capital expenditures relating to taxonomy-aligned economic activities. It includes investments in tangible and intangible assets such as property, facilities and equipment, and intangible assets, recorded before depreciation or amortization. CAPEX is divided in:
 - (a) expenditures directly related to taxonomy-aligned activities,
 - (b) investments that are part of a plan to expand or align taxonomy-aligned activities, or
 - (c) expenditures that enable the transition to low-carbon technologies or the reduction of greenhouse gas emissions.

Total capital expenditures consist of additions to property, plant and equipment and intangible assets during the financial year before depreciation/amortization and remeasurements, including those arising from remeasurements and impairments, and excluding changes in fair value. Additions to property, plant and equipment and intangible assets resulting from business combinations are also taken into account. No business combinations were carried out in the 2025 financial year. All data are based on CAPEX as reported in the consolidated financial statements. The corresponding information is disclosed in the consolidated financial statements in the statement of movements in fixed assets, as well as in the notes on leases.

The CAPEX denominator amounts to EUR 135.46 million in the reporting year and corresponds to the sum of additions to property, facilities and equipment, intangible assets, and right-of-use assets disclosed in the consolidated financial statements.

The capital expenditures (CAPEX) reported for the reporting year relate exclusively to taxonomy-eligible economic activities and comprise additions to property, facilities and equipment, intangible assets, and right-of-use assets arising from leases. The investments were allocated to the respective economic activities on a causation-based basis and correspond to the amounts disclosed in the template.

Specifically, the taxonomy-eligible capital expenditures relate to the following economic activities:

- **Activity CCM 3.4 “Manufacture of batteries”:** Capital expenditures are included under activity CCM 9.1 and relate in particular to production facilities and related infrastructure.
- **Activity CCM 9.1 “Close to market research, development and innovation”:** Capital expenditures in the amount of EUR 34.23 million, in particular for validation, testing, and development infrastructure.
- **Activity CE 1.2 “Manufacture of electrical and electronic equipment”:** Capital expenditures in the amount of EUR 41.97 million, in particular for machinery, technical equipment, and production equipment.

There are no economic activities that contribute simultaneously to multiple environmental objectives under the EU Taxonomy. Each capital expenditure item was allocated exclusively to one economic activity and one environmental objective.

This excluded double counting of capital expenditures across different environmental objectives or economic activities.

A CAPEX plan pursuant to Delegated Regulation (EU) 2021/2178 was neither defined nor published in the reporting year; accordingly, capital expenditures under category (b) are not disclosed.

CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

For this economic activity, AVL does not report any revenue, as no vehicles are sold to third parties and no corresponding transport services are provided.

Rather, the activity is related to the use of the company’s proprietary vehicle fleet and is therefore primarily relevant for CAPEX. In the reporting year, investments were made in particular through newly leased vehicles.

AVL's fleet includes, among other things, battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs), which support sustainable mobility within the company. The majority of the vehicles are leased, reflecting AVL's approach in terms of flexibility and cost efficiency. The capital expenditures for this economic activity amount to EUR 0.66 million.

Operational expenditure (OPEX) (KPI)

The OPEX KPI is defined as **taxonomy-aligned operating expenditures (numerator) divided by total operating expenditures (denominator)**.

The KPI measures the share of operational expenditures that can be attributed, within the meaning of the EU Taxonomy, to taxonomy-aligned economic activities. The OPEX denominator includes only the specific non-capitalizable cost categories defined in Delegated Regulation (EU) 2021/2178, in particular selected expenditure for research and development, maintenance and repair, short-term leasing, and other direct expenditures related to the day-to-day maintenance of property, plant and equipment.

Taxonomy-aligned OPEX includes, in particular:

- (a) Expenditures for research and development related to taxonomy-eligible activities,
- (b) Costs for the maintenance and servicing of facilities supporting taxonomy-aligned processes,
- (c) Expenditures for measures to transition to low-carbon technologies or to reduce greenhouse gas emissions.

Calculation and scope delimitation

The OPEX denominator under the EU Taxonomy includes only the specific operating expenditures defined in Delegated Regulation (EU) 2021/2178 and is not equivalent to total operating expenses under IFRS. The OPEX denominator amounts to EUR 398.03 million in the reporting year.

The taxonomy-aligned OPEX (numerator) is identified and documented in accordance with the requirements of the EU Taxonomy.

In the reporting year, taxonomy-eligible operating expenditures (OPEX) within the meaning of Delegated Regulation (EU) 2021/2178 were identified. The operating expenditures were allocated to taxonomy-eligible economic activities on the basis of a causation-based approach. The decisive factors were, in particular, the functional nexus of the expenditures with the

respective activities and their organizational allocation to the responsible business units and departments.

Taxonomy-eligible operating expenditures were allocated to the following economic activities:

- **Activity 3.4 “Manufacture of batteries”:**

Operating expenditures related to non-capitalized research and development expenditure, as well as maintenance and servicing measures for production facilities.

- **Activity 9.1 “Close to market research, development and innovation”:**

Operating expenditures arising from non-capitalized research and development services for customer projects, as well as directly attributable expenditures for development infrastructure. These operating expenditures amount to EUR 8.3 million for the reporting year.

- **Activity 1.2 “Manufacture of electrical and electronic equipment”:**

Operating expenditures related to the maintenance and servicing of production facilities, as well as other directly attributable expenses. These operating expenditures amount to EUR 13.06 million for the reporting year

There are no economic activities that are attributable to multiple environmental objectives under the EU Taxonomy. The taxonomy-eligible economic activities are each allocated exclusively to one environmental objective. Accordingly, double counting of operating expenditures across different environmental objectives is excluded.

The other expenditures additionally included in the OPEX denominator related to the day-to-day maintenance of property, plant and equipment comprise, in particular, recurring expenditures for maintenance services, minor repairs, and essential service work performed by internal or external service providers, to the extent that such costs are not capitalized and directly serve to ensure the continued operability of the assets.

In addition, non-capitalized research and development costs for customer projects are also included within the scope of the OPEX KPI, to the extent that they fall within the cost categories defined in Delegated Regulation (EU) 2021/2178.

Explanatory notes to the KPI disclosures

The templates required under the EU Taxonomy for the disclosure of the turnover, CAPEX, and OPEX KPIs are presented below.

Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of turnover, year N-1 (18)***	Category (enabling activity) (19)	Category (transitional activity) (20)	
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.1)		€ 0,00	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	-			
Therof enabling activities		€ 0,00	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	-	E		
Therof transitional activities		€ 0,00	0%	0%						N	N	N	N	N	N	N	-		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacturing - Manufacture of batteries	CCM 3.4	€ 2.770.000,00	0,2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											
Professional, scientific and technical activities - Close to market research, development and innovation	CCM 9.1	€ 228.078.816,56	12,4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											
Manufacturing - Manufacture of electrical and electronic equipment	CE 1.2	€ 621.252.681,96	33,9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL											
Transport - Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	€ -	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		852.101.498,52	46,5%	12,6%	0,0%	0,0%	0,0%	33,9%	0,0%											
Total (A.1+A.2)		852.101.498,52	46,5%	12,6%	0,0%	0,0%	0,0%	33,9%	0,0%											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		982.289.501,48	53,5%																	
Total (A+B)		1.834.391.000,00	100%																	

* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned turnover of the activity / Total Taxonomy eligible turnover of the activity.

** Taxonomy-aligned turnover of the activity/ Total turnover of undertaking. First-time EU Taxonomy disclosure; therefore, no prior-year figures are reported.

Legal Disclaimer

The content of the tool does not extend or alter in any way the rights and obligations deriving from the EU legislation nor does it introduce any additional requirements on the concerned operators and competent authorities. It does not substitute the provisions under the EU Taxonomy Regulation ((EU) 2020/852) and its Delegated Acts that the undertaking should follow. The purpose of the output of the tool (Excel file) is merely to give an instructive example for some undertakings on how to implement the relevant legal provisions. It cannot be excluded that the Excel Sheet does not include all information that an undertaking may need to report under the EU Taxonomy Regulation ((EU) 2020/852). It should be noted that the current template does not yet refer to the updated reporting templates included in Annex V to Delegated Regulation (EU) 2023/2486 ('Environmental Delegated Act'), which amends Delegated Regulation (EU) 2021/2178.

For more information on the qualitative reporting requirements under the EU Taxonomy, please refer to Delegated Regulation (EU) 2021/2178 ('Disclosures Delegated Act').

Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Taxonomy aligned proportion of turnover, year N-1 (18)---	Category (enabling activity) (19)	Category (transitional activity) (20)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A1.1)		€ 0,00	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	-		
Therof enabling activities		€ 0,00	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	-	E	
Therof transitional activities		€ 0,00	0%	0%						N	N	N	N	N	N	N	-		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacturing - Manufacture of batteries	CCM 3.4	€ -	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Professional, scientific and technical activities - Close to market research, development and innovation	CCM 9.1	€ 34.232.490,54	25,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacturing - Manufacture of electrical and electronic equipment	CE 1.2	€ 41.968.543,76	31,0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Transport - Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	€ 658.285,33	0,5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		76.859.319,64	56,7%	21,8%	0,0%	0,0%	0,0%	26,8%	0,0%										
Total (A.1+A.2)		76.859.319,64	56,7%	47,4%	0,0%	0,0%	0,0%	16,8%	0,0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		58.596.373,67	43,3%																
Total (A+B)		135.455.693,31	100%																

* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned CapEx of the activity / Total Taxonomy eligible CapEx of the activity.

** Taxonomy-aligned CapEx of the activity/ Total CapEx of undertaking. First-time EU Taxonomy disclosure; therefore, no prior-year figures are reported.

Legal Disclaimer

The content of the tool does not extend or alter in any way the rights and obligations deriving from the EU legislation nor does it introduce any additional requirements on the concerned operators and competent authorities. It does not substitute the provisions under the EU Taxonomy Regulation ((EU) 2020/852) and its Delegated Acts that the undertaking should follow. The purpose of the output of the tool (Excel file) is merely to give an instructive example for some undertakings on how to implement the relevant legal provisions. It cannot be excluded that the Excel Sheet does not include all information that an undertaking may need to report under the EU Taxonomy Regulation ((EU) 2020/852). It should be noted that the current template does not yet refer to the updated reporting templates included in Annex V to Delegated Regulation (EU) 2023/2486 ('Environmental Delegated Act'), which amends Delegated Regulation (EU) 2021/2178.

For more information on the qualitative reporting requirements under the EU Taxonomy, please refer to Delegated Regulation (EU) 2021/2178 ('Disclosures Delegated Act').

Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Taxonomy aligned proportion of turnover, year N-1 (18)***	Category (enabling activity) (19)	Category (transitional activity) (20)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx environmentally sustainable activities (Taxonomy-aligned) (A1.1)		€ 0,00	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	-		
Therof enabling activities		€ 0,00	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	-	E	
Therof transitional activities		€ 0,00	0%	0%						N	N	N	N	N	N	N	-		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacturing - Manufacture of batteries	CCM 3.4	€ -	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Professional, scientific and technical activities - Close to market research, development and innovation	CCM 9.1	€ 8.304.705,90	2,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacturing - Manufacture of electrical and electronic equipment	CE 1.2	€ 13.056.568,41	3,3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Transport - Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	€ -	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		21.361.274,31	5,4%	2,1%	0,0%	0,0%	0,0%	3,3%	0,0%										
Total (A.1+A.2)		21.361.274,31	5,4%	2,9%	0,0%	0,0%	0,0%	3,4%	0,0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		376.670.482,19	94,6%																
Total (A+B)		398.031.756,50	100%																

* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned OpEx of the activity / Total Taxonomy eligible OpEx of the activity.

** Taxonomy-aligned OpEx of the activity/ Total OpEx of undertaking. First-time EU Taxonomy disclosure; therefore, no prior-year figures are reported.

Legal Disclaimer

The content of the tool does not extend or alter in any way the rights and obligations deriving from the EU legislation nor does it introduce any additional requirements on the concerned operators and competent authorities. It does not substitute the provisions under the EU Taxonomy Regulation ((EU) 2020/852) and its Delegated Acts that the undertaking should follow. The purpose of the output of the tool (Excel file) is merely to give an instructive example for some undertakings on how to implement the relevant legal provisions. It cannot be excluded that the Excel Sheet does not include all information that an undertaking may need to report under the EU Taxonomy Regulation ((EU) 2020/852). It should be noted that the current template does not yet refer to the updated reporting templates included in Annex V to Delegated Regulation (EU) 2023/2486 ('Environmental Delegated Act'), which amends Delegated Regulation (EU) 2021/2178.

For more information on the qualitative reporting requirements under the EU Taxonomy, please refer to Delegated Regulation (EU) 2021/2178 ('Disclosures Delegated Act').

CLIMATE CHANGE

E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION, E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION, E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES AND E1-4 TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

As of the reporting year, no formal transition plan compliant with the ESRS is yet in place. The initial focus was on collecting and consolidating the relevant emissions and energy data (Scopes 1-3), establishing appropriate governance structures as well as developing internal management and monitoring processes. For this purpose, a significant portion of AVL List's investments also goes into internal research and development activities. In 2024, approximately 11% of the company's revenue was spent on R&D, some of which directly contributes to implementing these aspects. The research and development activities address, among other things, climate-relevant technologies such as electrification and hydrogen solutions, thereby supporting the reduction of greenhouse gas emissions in customer applications.

As part of its developed sustainability strategy, AVL aims to continuously reduce its own greenhouse gas emissions (Scopes 1-3) across the company and, in the longer term, to achieve net-zero greenhouse gas emissions by 2039, subject to technical and structural developments. Offsetting is intended to be used solely for remaining, unavoidable residual emissions.

This ambition goes beyond the traditional understanding of "climate neutrality" which often focuses primarily on offsetting emissions. AVL understands net zero as an active transformation pathway in which the reduction of emissions is the primary focus, while at the same time customers are supported in achieving their sustainability objectives through technological solutions. To achieve this, we are reviewing our current product portfolio and aligning future offerings with sustainability criteria. The implementation of these initiatives shall be defined in stages:

AVL is currently working to establish clear milestones and action plans in order to track, document, and communicate its progress in a transparent manner. In this context, the company has also committed to developing a transition plan and a science-based greenhouse gas emissions reduction target in accordance with the Science Based Targets initiative (SBTi) by mid-2026 and to having them validated by SBTi. Formal adoption of the transition plan by the Corporate Sustainability Steering Committee is scheduled for the end of the third quarter of 2026.

At present, there are also no formally adopted action programs or quantifiable targets in place. This is also because, during the reporting year, the initial focus was on company-wide data collection and consolidation of the relevant emissions and energy data in order to establish a robust basis for decision-making. Only on the basis of this consolidated data, specific, measurable measures and targets can be defined. The level of ambition is aligned with the Net Zero alignment described above for AVL across Scope 1, Scope 2, and Scope 3. The absolute greenhouse gas emissions by scope, based on the emissions data currently collected, serve as the key management indicators. The formal determination of target values and the base year will be carried out in the course of developing the SBTi targets.

The development and formal adoption of the action programs is scheduled for Q3 2026.

The corresponding action area for developing concrete concepts, measures, and targets related to climate change mitigation in alignment with the ESRS was established with the objective of improving the efficiency and sustainability of the company's practices. For implementation, an internal working group was established within the ESG organization during the reporting year to coordinate the development of concepts, measures, and targets. In particular, the focus is placed on the management of material impacts, risks and opportunities arising therefrom. As part of the establishment of the company's internal ESG organization at the beginning of the reporting year, this action area was convened to ensure a structured approach to the challenges of climate-efficient practices.

The concepts are intended not only to address current challenges, but also to formulate forward-looking measures and targets. Key elements are intended to include the use of renewable energy, decarbonized supply chains, electrification of operations, and AI-enabled tools for energy optimization.

To that end, the decarbonization levers across the entire value chain are currently being identified and analyzed in order to pursue a structured approach to reducing greenhouse gas emissions.

Over the past few years, several initiatives have already been implemented to advance environmental protection and greenhouse gas reduction across the company. This includes comprehensive monitoring of energy consumption and GHG emissions. To that end, the AVL Energy Monitoring Tool was developed and implemented in-house to provide an overview of AVL's global energy consumption and greenhouse gas emissions. This serves as the basis for the establishment of effective measures and concrete targets to achieve our objectives.

E1-5 – ENERGY CONSUMPTION AND MIX

[E1-5]

The scope of consolidation for energy consumption metrics comprises fully consolidated entities as well as non-consolidated entities under operational control. Energy consumption from entities under operational control is fully included in the inventory and consolidated at group level. Data is collected annually by the locations in the company's proprietary tool.

In the case of locations for which all or certain consumption data are unavailable, such data are estimated through extrapolation based on a comparable location. Furthermore, due to differing country-specific invoicing periods, only data from the prior period to the reporting year is available. Accordingly, for purposes of a meaningful disclosure, the analyzed KPI is extrapolated for the reporting year on the basis of a representative KPI, such as turnover or average FTE. The data used and extrapolated correspond to a financial year. Based on an export from the company's proprietary tool, all further extrapolations and analyzes in accordance with ESRS are carried out in a separate document.

Energy consumption includes sources used in AVL's main areas of application for electricity, heating, cooling, and fuels. Recovered energy from test beds generated through the fuel used is not included in the KPIs. Self-generated and consumed energy from certain installations, such as photovoltaic and solar systems, is included. Energy consumption is recorded in absolute numbers and, where necessary, converted into kilowatt-hours based on the net calorific value. For conversions, scientific sources are used, most often the Department for Environment, Food & Rural Affairs (DEFRA), the International Energy Agency, and other environmental agencies. For certain blended fuels, the conversion factors are calculated internally according to the blend ratio. The energy sources used are classified as renewable and non-renewable for the various

KPIs. In addition, “Ember” is used as the source for country-specific electricity mixes. The respective electricity mix consists of renewable sources (solar, wind, hydro, bioenergy, and other renewables), a nuclear component (nuclear), and fossil sources (gas, coal, and other fossils). Based on this information, together with green electricity contracts, the nuclear, renewable, and non-renewable share of purchased electricity can be determined. District heating and district cooling are also included in the KPI for purchased energy.

AVL uses fuels solely for energy purposes.

The measurement of the parameters in E1-5 has not been validated by an external party.

[E1-5 38 a, E1-5 38 b, E1-5 38 c, E1-5 38 d, E1-5 38 e, E1-5 40, E1-5 41, E1-5 42, E1-5 43, E1-5 AR 38 b, E1-5 AR 38 b]

The NACE code of AVL List GmbH and therefore the code applied to the entire AVL Group, is C26.51-0, manufacture of instruments and appliances for measuring, testing and navigation and other instruments and devices. This is a high climate impact sector. A breakdown of energy consumption and revenue into high climate impact and non-high climate impact sectors is not performed.

[E1-5 37, E1-5 37 a, E1-5 37 b, E1-5 37 c, E1-5 37 c i, E1-5 37 c ii, E1-5 37 c iii, E1-5 38 a, E1-5 38 b, E1-5 38 c, E1-5 38 d, E1-5 38 e, E1-5 AR 34, E1-5 39, E1-5 40, E1-5 41, E1-5 42]

The tables below present details and breakdowns of energy consumption and energy intensity. Self-generated, renewable, and consumed energy that does not derive from fuels includes photovoltaic and solar installations. The table also presents non-renewable and renewable energy generation. Non-renewable energy generation shows the MWh from fuels and gases used in the company’s own facilities and vehicles. The renewable energy generation KPI also includes, in addition to the self-generated energy mentioned above, fuels and gases from renewable sources used in the company’s own facilities and vehicles.

Category	Value
Fuel consumption from coal and coal products	0 MWh
Fuel consumption from crude oil and petroleum products	30,946 MWh
Fuel consumption from natural gas	12,076 MWh
Fuel consumption from other fossil sources	672 MWh

Category	Value
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	26,445 MWh
Total fossil energy consumption	70,139 MWh
Share of fossil sources in total energy consumption	50.6%
Consumption from nuclear sources	5,047 MWh
Share of consumption from nuclear sources in total energy consumption	3.6%
Fuel consumption from renewable sources (waste of biologic origin, biogas, hydrogen from renewable sources etc.)	1,029 MWh
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	61,122 MWh
Consumption of self-generated non-fuel renewable energy	1,326 MWh
Total renewable energy consumption	63,477 MWh
Share of renewable energy in total energy consumption	45.8%
Total energy consumption	138,663 MWh
Total non-renewable energy generation	43,694 MWh
Total renewable energy generation	2,355 MWh

Table 20

Category	Value
Net revenue from high climate impact sectors	1,834,391,000 €
Total energy consumption from activities in high climate impact sectors	138,663 MWh
Energy intensity in high climate impact sectors	75.6 MWh / m €

Table 21

[E1-5 43, E1-5 AR 38 b, E1-5 AR 38 b]

The corresponding line item for revenue is shown in Appendix 2 – Consolidated Income Statement for the fiscal year 2025.

E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

[E1-6, E1-6 AR 39 b]

The scope of consolidation for emission metrics comprises fully consolidated entities as well as non-consolidated entities under operational control. Emissions from entities under operational control are fully included in the inventory and consolidated at group level. Data is collected annually in the company's proprietary tool. In addition, Scope 3 expands the analysis to the upstream and downstream value chain.

The measurement of the parameters in E1-6 has not been validated by an external party.

The greenhouse gas inventory is prepared in accordance with the Greenhouse Gas (GHG) Protocol and the accounting and reporting principles defined therein, provided that this does not conflict with the requirements of the European Sustainability Reporting Standards (ESRS). Accordingly, the emissions include at least the "minimum boundaries" and consist of energy consumption as well as additional climate-relevant consumptions.

GHG emissions are reported in absolute terms in metric tons of CO₂ equivalents. CO₂ equivalents are the universal unit used to express the global warming potential (GWP) of greenhouse gases, expressed as the GWP of one unit of carbon dioxide.

In general, as described in E1-5, due to differing country-specific invoicing periods, only consumption data from the prior period to the reporting year is available and these are used for the GHG calculation. For consistency reasons, Scope 3 data is likewise derived from the year preceding the reporting year. Accordingly, all ESRS E1-6 KPIs for Scope 1, 2 and 3 are extrapolated from the prior year using appropriate KPIs, such as turnover, average FTE, or spend, except for category 13, which is described below.

Emissions calculations for Scope 1 and Scope 2 are performed automatically in the company's proprietary tool. The energy consumption data recorded in the tool, as well as additional climate-relevant activity data, for example from refrigerant leaks, are converted into greenhouse gas emissions using emission factors.

Activity data in the Scope 3 categories are measured in a wide variety of units. Depending on data availability, the corresponding emission factors are applied in the relevant units. If suppliers already report emissions, those figures are used. The analysis is carried out either in the company's proprietary tool or in separate internal documents. All data are consolidated in the analysis document for further processing and extrapolation, as mentioned in E1-5.

In addition to the sources described in E1-5, the emissions calculation also uses, among others, Ecoinvent, Exiobase, and Climcalc. Using the emission factors that were valid in the year preceding the reporting year is ensured. One exception applies to paid content. They are acquired and updated on a two-year cycle. All others are updated annually. If country-specific factors are unavailable, the corresponding assumptions are documented.

Scope 1 includes all fuels used for heating, in vehicles and on test beds, as well as process gases and refrigerants.

[E1-6 AR 45 d]

Electricity, district heating, and district cooling are included in Scope 2. Both location-based and market-based emissions are reported. For reported market-based emissions from renewable sources, AVL uses appropriate instruments. This includes contractual instruments with energy suppliers.

AVL currently has direct green electricity contracts with energy suppliers exclusively in Europe. However, no information is available on whether the energy supplier itself procures bundled instruments. Therefore, green electricity contracts with energy suppliers are assumed to be unbundled instruments. The reported share corresponds to the share from the year preceding the reporting year. For the calculation, the amount of green electricity is compared to the total amount of purchased electricity. Thus, 52.73% of the electricity volume comes from unbundled instruments.

[E1-6 AR 43 c, E1-6 AR 45 e, E1-6 AR 46 j]

Biogenic emissions of CO₂ in Scope 1 result from the combustion of fuels with a biogenic share and are reported separately. The emission factors applied to Scope 2 consumption do not allow a breakdown of the percentage share of biomass or biogenic CO₂. Therefore, a separate disclosure is not possible.

[E1-6 AR 46 i]

Scope 3 Category 10 – Processing of sold products and category 14 – Franchises are excluded, as they are not relevant to AVL's business activities.

For the relevant Scope 3 categories, significance is assessed based on each category's share of total Scope 3 emissions, using the extrapolated values of the reporting year. A threshold of 5% of total Scope 3 emissions has been set as the significance threshold. Scope 3 categories with a share less than or equal to this threshold are defined as not significant.

Considering this defined significance threshold, the following categories are significant:

- Category 1 – Purchased goods and services
- Category 2 – Capital goods
- Category 4 – Upstream transportation and distribution
- Category 11 – Use of sold products
- Category 12 – End-of-life treatment of sold products

Due to their low materiality, the following categories play a minor role and are therefore not shown in the inventory:

- Category 3 – Fuel and energy-related activities
- Category 5 – Waste generated in operations
- Category 6 – Business travel
- Category 7 – Employee commuting
- Category 8 – Upstream leased assets
- Category 9 – Downstream transportation and distribution
- Category 13 – Downstream leased assets
- Category 15 – Investments

Emissions from category 8 are generally reported under Scope 1 and 2 based on the chosen consolidation approach (operational control) and the type of lease. This also includes company cars, for example. Emissions from category 9 are included in category 4 when they relate to purchased transportation services. With regard to Category 13 – Downstream Leased Assets, this relates to an AVL product leased to a customer, with the lease starting in the reporting year. Therefore, reporting in the inventory is performed without extrapolation to the reporting year and based on category 11 – Use of sold products. Therefore, the emissions are inventoried in

category 11 over the lease term. AVL endeavors to progressively improve data quality, particularly in significant categories.

Accordingly, the following section addresses only significant categories.

[E1-6 AR 46 g, E1-6 AR 46 h]

The calculation of Scope 3 emissions is carried out taking into account the guidance provided by the GHG Protocol. Depending on the data availability in the individual categories, average-data, spend-based, and hybrid methods are applied.

Spend-based data are available for categories 1, 2, and 4. Using a mapping of product groups to country-specific Exiobase product groups/sectors, the emissions can be evaluated. In particular, product groups whose emissions are already inventoried in other scopes are excluded from the assessment. In rare cases, it may not be possible to separate category 1 from category 2. In these cases, category 2 emissions are included in category 1. Purchased transportation services are also inventoried in category 4 using spend-based data, disaggregated into aircraft, ship, truck, and rail. Legal entities for which no spend-based data is available are evaluated by using an appropriate indicator.

For category 11, the average-data method is applied. Reference products are used and assessed for a selected portfolio. The parameters collected and, where necessary, estimated are, among others, the quantities sold, energy/electricity demand, refrigerant leakage, main sales markets, service life, and a standard use case at customers for each reference product, based on corresponding assumptions. Based on these parameters, emissions are calculated over the product lifetime. Country-specific emission factors for the main sales markets are also taken into account, for the remaining quantities, an average factor is used. Using an associated KPI, the results are then extrapolated to the entire product portfolio. AVL software and services are not considered.

The average-data method is also applied to category 12 and builds on the approach used for category 11. In addition to the parameters mentioned above, the weight and the three main primary materials are recorded for the reference products and, where necessary, estimated. If refrigerants are used in the reference product, the initial charging is also taken into account. Weighted country-specific emission factors are developed for each waste type based on the respective share of the recovery method and the associated emission factor, and are applied to the main sales markets. The remaining quantities are again accounted by using an average

factor. The results are extrapolated to the entire product portfolio using an appropriate indicator.

No primary data are available for the calculation of emissions from significant Scope 3 categories, the share is therefore 0%.

[E1-6 47, E1-6 AR 42 c]

There are no changes, as this is the first reporting year.

[E1-6 44, E1-6 48 b, E1-6 50, E1-6 AR 43 c, E1-6 AR 45 e, E1-6 AR 55]

The following tables provide an overview of greenhouse gas emissions, broken down into Scope 1, Scope 2, and significant Scope 3 categories as well as into consolidated and non-consolidated group emissions and by greenhouse gas intensity.

	Retrospective		Milestones and target years				
	Base year	Compared to 2024	Current reporting year 2025	% 2025/2024	2030	2050	Annual % target/Base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions	n/a	n/a	10,540 tCO ₂ e	n/a	n/a	n/a	n/a
Percentage of Scope 1 GHG emissions from regulated emission trading systems	n/a	n/a	0.0%	n/a	n/a	n/a	n/a
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions	n/a	n/a	27,277 tCO ₂ e	n/a	n/a	n/a	n/a
Gross market-based Scope 2 GHG emissions	n/a	n/a	17,078 tCO ₂ e	n/a	n/a	n/a	n/a
Significant Scope 3 GHG emissions							
Total gross indirect Scope 3 GHG emissions	n/a	n/a	449,634 tCO ₂ e	n/a	n/a	n/a	n/a
3.1 Purchased goods and services	n/a	n/a	206,648 tCO ₂ e	n/a	n/a	n/a	n/a
3.2 Capital goods	n/a	n/a	40,100 tCO ₂ e	n/a	n/a	n/a	n/a
3.4 Upstream transportation and distribution	n/a	n/a	29,783 tCO ₂ e	n/a	n/a	n/a	n/a
3.11 Use of sold products	n/a	n/a	119,791 tCO ₂ e	n/a	n/a	n/a	n/a

	Retrospective		Milestones and target years				
	Base year	Compared to 2024	Current reporting year 2025	% 2025/2024	2030	2050	Annual % target/Base year
3.12 End-of-life treatment of sold products	n/a	n/a	53,312 tCO ₂ e	n/a	n/a	n/a	n/a
Total GHG emissions							
Total GHG emissions (location-based)	n/a	n/a	487,451 tCO ₂ e	n/a	n/a	n/a	n/a
Total GHG emissions (market-based)	n/a	n/a	477,252 tCO ₂ e	n/a	n/a	n/a	n/a

Table 22

Category	Value
Biogenic emissions of CO ₂ from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	575 tCO ₂ e
Scope 1 GHG emissions – consolidated group	10,395 tCO ₂ e
Scope 1 GHG emissions – non-consolidated group	145 tCO ₂ e
Location-based Scope 2 GHG emissions – consolidated group	27,025 tCO ₂ e
Location-based Scope 2 GHG emissions – non-consolidated group	252 tCO ₂ e
Market-based Scope 2 GHG emissions – consolidated group	16,829 tCO ₂ e
Market-based Scope 2 GHG emissions – non-consolidated group	249 tCO ₂ e

Table 23

Category	Amount
Total net revenue (in the consolidated financial statements)	1,834,391,000 €
Net revenue used to calculate greenhouse gas intensity	1,834,391,000 €
Location-based GHG intensity	265.7 tCO ₂ e / m €
Market-based GHG intensity	260.2 tCO ₂ e / m €

Table 24

[E1-6 55]

The corresponding line item for revenue is shown in Appendix 2 – Consolidated Income Statement for the fiscal year 2025.

E1-7 – GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

[E1-7 58; E1-7 56b; E1-7 60; E1-7 61]

In the reporting year, the company did not use any GHG removals or storage from projects developed in its own operations or supported in the upstream or downstream value chain, nor any GHG emission reductions or removals from climate mitigation projects outside the value chain that were financed, or are intended to be financed, through the purchase of carbon credits to reduce the greenhouse gas inventory.

E1-8 – INTERNAL CARBON PRICING

[E1-8]

In the reporting year, AVL did not apply any internal carbon pricing systems.

RESOURCE USE AND CIRCULAR ECONOMY

E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY, E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY AND E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

[E5-1; E5-1 14; E5-1 14-07; E5-1 14-08, E5-2 19; ESRS 2 62; ESRS 2 62; E5-3 23; E5-3 23-21; E5-3 23-14; E5-3 23-16]

At AVL, we develop products that are energy-efficient, support the circular economy, and, where possible, are made from environmentally friendly materials. In this way, we contribute to more resource-efficient and more sustainable mobility and energy solutions.

In particular, the customer service offering for repair, calibration, and maintenance work for the AVL products sold is firmly anchored in AVL's business model. Such offerings extend product lifetimes and thus also help reduce raw material extraction and waste generation.

In addition, AVL's offer of service contracts, application services, resident services, and training for customer employees by AVL technical experts promotes smarter, more resource-efficient, and more energy-efficient use of the AVL products purchased by customers.

However, sufficient formal concepts, actions, and targets related to resource use and the circular economy are still lacking, as overarching internal processes for the consistent implementation of circular economy approaches still need to be developed or adapted.

Sustainable product design was therefore identified as a key area of action. Product design is to be increasingly based on circular principles, such as resource-efficient manufacturing and use, durability, reusability, repairability, disassembly, remanufacturing, refurbishment, recycling, and return to the biological cycle, among others.

To intensify sustainable product design, a cross-functional working group was established to develop corresponding concepts.

The roadmap for implementing the circular economy provides for the following steps:

- 2026: Identification of relevant topic areas to promote the circular economy based on the product life cycle
- 2027: Analysis of existing processes and development of initial concepts for improvements in the selected topic areas
- From 2028 onward: definition of specific, measurable targets and associated measures

Progress on these initiatives is reported regularly to the Corporate Sustainability Steering Committee. As soon as possible, the results and ongoing enhancements will be disclosed transparently through sustainability reporting in order to underscore the company's accountability and commitment in these important areas.

E5-4 – RESOURCE INFLOWS

[E5-4 30, E5-4 32]

Since the relevant purchased material quantities are directly linked to the products placed on the market, data is collected in the same way. Reference products are used and assessed for a selected portfolio. Applying this and using an associated KPI, the results are extrapolated to the entire product portfolio. AVL software and services are not considered. Resource inflows from property are not considered, as they have no connection to the products manufactured. While direct production does not consume any biological materials or water, the use of biological materials is primarily focused on packaging materials. The use of recycled materials is preferred, but it is not yet systematically tracked separately, future tracking is under review. With regard to packaging volumes, data from the VKS (Verpackungskoordinierungsstelle, engl.: Packaging Coordination Board) database are used and extrapolated using FTEs (full-time equivalents). Purchased transport packaging at headquarters is recorded by external service providers and extrapolated based on the total sales of the reference products.

According to EN 16785-1, “bio-based” means “derived from biomass”. Paper/cardboard packaging is typically made from wood fibers (wood pulp) and is therefore derived from plant-based biomass. Accordingly, paper/cardboard packaging is classified as “biological materials” within the meaning of the ESRS definition in ESRS E5-4.

[E5-4 31a, E5-4 31b, E5-4 31c, E5-4 31c]

Materials used	Total weight [kg]	Biological materials [kg]	Reused or recycled components [kg]
Electronics	154,019	0	0
Refrigerants	291	0	0
Plastics films (VKS)	221,238	0	0
Plastics hollow bodies (VKS)	886,975	0	0
Metal packaging (VKS)	22,239	0	0
Metals	4,515,687	0	0
Mineral wool	16,940	0	0
Miscellaneous non-hazardous materials	14,871	0	0
Paper/cardboard/corrugated cardboard (VKS)	384,857	384,857	0
Plastics/light fraction	146,535	0	0
Transport packaging	1,274,476	469,802	305,874
Total technical materials³	4,848,343	0	0
Total	7,638,128	854,659	305,874

Table 25

³ Total excluding VKS packaging materials and transport packaging

[E5-4 32, E5-4 AR 22]

No materials are sourced from by-products or waste streams, only primary materials are used.

[E5-4 AR 25]

Double counting is prevented through the clear allocation of all records to products, packaging, or points of consumption, as well as through systematic consolidation checks.

E5-5 – RESOURCE OUTFLOWS

[E5-5 40, E5-5 35, E5-5 40, E5-5 AR 28]

For the recording and calculation of resource outflows (waste), location-specific waste quantities are documented via an internal tool; missing data is supplemented by extrapolation based on full-time equivalents (FTEs). The FTE basis was chosen because the company's waste generation is primarily influenced by its employees.

Condition:

As the waste data collected are based on aggregated distributions from UNEP, Eurostat, and national environmental authorities, the following points should be taken into account:

- Landfilling: Includes landfilling and backfilling.
- Incineration: It cannot be reported separately, because the reported KPI combines waste-to-energy and incineration without energy recovery. (This is reported exclusively under 37b(iii), due to the high share of waste-to-energy.)
- Unspecified incineration is conservatively included in the calculation for "uncontrolled".

Due to these aggregated definitions, the reported KPIs have a corresponding methodological uncertainty.

Regarding product-related disclosures, reference products are selected and assessed for a selected portfolio. Applying this and using an associated KPI, the results are extrapolated to the entire product portfolio. AVL software and services are not considered. To ensure clear and focused reporting, the individual products in the portfolio were aggregated into strategic product groups on the basis of their functional similarity.

The product-related information refers to products from the company's production process, including test beds, measurement instruments, and conditioning systems for testing vehicles, propulsion, and their components (e.g., batteries, electric motors, inverters, internal combustion engines, fuel cells) in vehicle development.

The quantities and materials of packaging used as transport packaging for AVL products are collected annually directly from the external service provider because the packaging processes are outsourced. They are therefore first purchased (see E5-4 transport packaging) and then used as shipping protection, which is why they are also relevant to resource outflows. These transport packaging materials include iron, wood, cardboard, plastic, and sheet metal, which have a total recycled content of 24%.

[E5-5 36a]

Product group cluster	Durability [years]	Recyclable material [wt%]	Repairability [Low/Medium/High]
TEST AUTOMATION AND CONTROL	10	80	high
AVL Smart Sampler	10	90	high
E-STORAGE	8	70	medium
PUMA 2	15	100	low - medium
FuelExact MF - Engine Development	15	98	high
AMA	15	80	high
MSS2	15	90	high
Opacimeter G005	15	90	high
PN Advanced LD Selectable	10	90	high
Smoke Meter 415 SE	15	95	high
22m ³ Chamber 4,5K/min	15	95	high
ROADSIM	20	99	high
SESAM	15	80	high
X-ion 683,	10	60	medium
PAC (TSM PACB5.01	10	70	high
TB Safety / PWT / ICE and Hybrid	20	60	low
RESTBUS HARDWARE PACKAGE	15	90	high
VIRTUAL TESTBED HIL - Simulator	15	80	high
Cell Tester Cabinet	5	50	low

AVL HyTron HP	15	70	high
AVL Universal Charger TM 1000	6	90	high
Consys	7 - 15	90 - 95	high
AVL FLOWSONIX Air 150	15	98	high
Reference Frame	15	99	high
Reference System E-Axle TS	20	99	high
16m ³ Chamber 4,5K/min	15	95	high
AVL Cylinder Pressure Sensors for Engine Development	3	0	low
APC Measurement Instrument	10	70 - 85	medium - high
ASM 3250	20	75	high
ATV 315	20	79	high

Table 26

The assessment of the repairability of the company's products is carried out using a three-level classification (High/Medium/Low), based on the general methods of EN 45554:2020 for assessing the repairability, reusability, and upgradability of energy-related products.

High: Products are modularly designed, components are clearly separated and easily accessible, repairs can be carried out without special tools, and wear parts can be replaced easily.

Medium: Partially modular design, some components are only limitedly accessible, and repairs require additional steps or special tools.

Low: Strongly integrated structure, hard-to-access or permanently joined components, repairs usually not possible, replacement only as a whole.

[E5-5 37 b]

Type of waste	Recovery operations	Total amount [t]
Hazardous waste	Recycling	210
Hazardous waste	Other recovery operations	158
Hazardous waste	Preparation for reuse	0
Non-hazardous waste	Recycling	910
Non-hazardous waste	Other recovery operations	170
Non-hazardous waste	Preparation for reuse	0

*Table 27***[E5-5 37 c]**

Type of waste	Waste treatment	Total amount [t]
Hazardous waste	Landfill	203
Hazardous waste	Other disposal operations	22
Hazardous waste	Incineration	0
Non-hazardous waste	Landfill	1,201
Non-hazardous waste	Other disposal operations	111
Non-hazardous waste	Incineration	0

Table 28

[E5-5 37 a, E5-5 37 d; E5-5 39]]

Category	Total amount [t]
Generated waste	2,986
Non-recycled waste	1,866
Hazardous waste	593
Radioactive waste	0

Table 29

[E5-5 38 a, E5-5 38 b]

Relevant waste streams	Description of composition
Biogenic waste	Kitchen, canteen, and garden waste
Commercial/residual waste	Municipal waste
Electronic scrap	Refrigerators, screens, and other waste electrical and electronic equipment
Hazardous waste	Brake fluid, solid grease- and oil-contaminated operational materials, contaminated metal residues (e.g., chips with lubricants)
Metal waste	Aluminum, copper, brass (uncontaminated)
Miscellaneous non-haz. waste	Municipal waste from workshops, construction and demolition waste
Plastic waste/light fraction	Light fraction from packaging collection, mixed plastic packaging
Waste paper/cardboard	Packaging, cardboard, waste paper, paper, and uncoated paperboard

Table 30

OWN WORKFORCE

S1-1 – POLICIES RELATED TO OWN WORKFORCE

To manage the impacts, risks and opportunities presented and, in addition, to create a working environment for its own workforce that is aligned with AVL's values and corporate culture, the following concepts have been implemented:

- AVL Code of Conduct
- AVL Human Rights Statement
- AVL IMS Policy
- Policy for reporting breaches (Whistleblower System) (see G1-1)

[ESRS 2 MDR-P]

AVL Code of Conduct	
Short description of the contents	The AVL Code of Conduct summarizes AVL's basic rules of conduct. These are to be understood as binding minimum standards and apply equally to management and to every employee.
Scope of application	The Code of Conduct applies to the company itself and is globally applicable.
Top level with implementation responsibility	Chairman of the Executive Board
Reference to third-party standards or initiatives	OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Applicable laws, including in particular anti-corruption and other criminal laws, laws against unfair competition and restrictive trade practices, copyright laws, data protection laws, environmental protection laws, export control laws, tax laws, and anti-discrimination laws.
Availability	External: https://www.avl.com/sites/default/files/2026-03/0000112477_di_avl_code_of_conduct_en.pdf Internal: via internal document control

IRO reference	19, 20, 22, 23
---------------	----------------

Table 31

AVL Human Rights Statement

Description of the contents	The AVL Human Rights Statement sets out the commitments and expectations for compliance with human rights in the corporate context.
Scope of application	The Human Rights Statement applies to the company itself, refers to the Code of Conduct for Business Partners, and is globally applicable.
Top level with implementation responsibility	Chief Human Resources Officer
Reference to third-party standards or initiatives	United Nations Guiding Principles on Business and Human Rights Universal Declaration of Human Rights ILO Declaration on Fundamental Principles and Rights at Work OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
Availability	External: https://www.avl.com/sites/default/files/2026-03/avl_human_rights_statement_2025.pdf
IRO reference	20, 22, 23, 25

Table 32

AVL IMS Policy

Description of the contents	This document aims to establish and embed the commitments and objectives set out within AVL's integrated management system as practiced. Environmental protection and occupational safety are given particular emphasis.
Scope of application	The IMS Policy is applicable across AVL and establishes parameters for AVL's conduct in its business activities.
Top level with implementation responsibility	Chairman of the Executive Board
Reference to third-party standards or initiatives	ISO 9001

	ISO 14001
	ISO 27001
	ISO 45001
Availability	External: https://www.avl.com/sites/default/files/2023-02/ims-policy_signed-prof.-list_20221017_en_0.pdf Internal: via internal document control
IRO reference	20

Table 33

[S1-1 20; S1-1 20a; S1-1 20b; S1-1 20c; S1-1 21]

AVL ensures compliance with all relevant local labor laws regarding working conditions. Working conditions are regulated by law, collective bargaining agreements, employment contracts, works agreements, or regulations. In addition, AVL respects human rights in all internal and external relationships with its employees, suppliers, customers, and all stakeholders, assumes responsibility for upholding and promoting human rights in all activities and supports their implementation and compliance with them, among other things, through reporting channels such as the Whistleblower System (see further information below). AVL commits, in its company-wide applicable Human Rights Statement, to

- the United Nations Guiding Principles on Business and Human Rights,
- the implementation of human rights, as enshrined in the **Universal Declaration of Human Rights** and in internationally recognized treaties
- the **ILO Declaration on Fundamental Principles and Rights at Work** and
- the **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct**.

In addition, AVL's Code of Conduct sets out AVL's expectations for all employees and management alike and establishes rules of conduct to ensure the principles of integrity, honesty, compliance, and fairness as the basis for all actions in the business context. In developing the Code of Conduct, customary market requirements in the area of compliance management were taken into account. The Code of Conduct was coordinated with the members of management, selected executives, the ESG team, Supply Chain Management, the Legal Department, and the Human Resources Department. The requirements of AVL's key customers (OEMs) were also taken into account.

The establishment of specific, responsible contact points within the company supports the implementation of the principles set out in the policies.

To fulfill our social responsibility to protect human rights, AVL's Whistleblower System is used, among other things, to identify violations in our own business operations. The system is available to internal and external stakeholders and ensures transparency and accessibility for all persons who wish to share relevant information or concerns. By reporting incidents, AVL is able to initiate measures to provide remediation through the responsible persons to the extent necessary. Reporting of human rights violations or breaches of the prohibition of child labor, forced labor, slavery, or any other unlawful employment is expressly encouraged. This is anchored in the Policy for reporting breaches (Whistleblower System) (see G1-1).

[S1-1 22]

As set out in both the AVL Human Rights Statement and the AVL Code of Conduct, AVL clearly distances itself from human trafficking, forced labor, and child labor.

[S1-1 23]

The health of employees is of utmost priority. Health and safety in the workplace are therefore also part of AVL's mission, vision, and corporate values. The company complies with global regulations and sets additional standards to improve workplace safety and ergonomics. AVL also promotes physical and mental well-being through targeted health initiatives and location-specific risk assessments based on local legal requirements.

As part of AVL's IMS Policy, we are committed, among other things, to providing safe working conditions, promoting employee health, avoiding work-place accidents and preventing occupational illnesses as well as eliminating hazards by minimizing safety and health risks within our sphere of influence. For this purpose, AVL is also certified according to ISO 45001 at its headquarters and at other locations globally.

[S1-1 24 a; S1-1 24 b; S1-1 24 c; S1-1 24 d]

The Code of Conduct, the Human Rights Statement as well as the Policy for reporting breaches (Whistleblower System) aim to eliminate discrimination (including harassment), promote equal opportunity, and support other measures to advance diversity and inclusion. The Code of Conduct covers all of the following grounds for discrimination and prohibits them in interactions: Sex, gender identity, race, color, religion, age, disability, sexual orientation,

nationality, political opinion, trade union membership, social origin, ethnic origin or any other form of discrimination.

To enable AVL, in the course of its sustainability efforts, to place greater focus on the core topics of diversity management and lived cultural change, with the aim of sustainably promoting diversity and equal opportunity and establishing a resilient and future-ready corporate culture in the long term, management established the global Center of Excellence "Culture and Values".

Creating space for feedback, fostering mutual understanding, providing expert advice, and developing policies on topics such as employee engagement, diversity, health, and social sustainability are among the responsibilities of this CoE, which reports to the CHRO.

AVL's Whistleblower System is also expressly available for reporting and handling cases of verbal and nonverbal, physical, or sexual harassment, bullying, discrimination of any kind, or violence in the workplace. Based on this, further appropriate measures can be derived depending on the specific case to counter discrimination, for example disciplinary consequences, organizational changes, or training.

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

[S1-2 27 e; S1-2 27; S1-2 27 a; S1-2 27 b; S1-2 27 c; S1-2 27 e; S1-2 28]

Our open and inclusive culture encourages all employees to contribute their ideas and perspectives.

At AVL List GmbH as the parent company and at some subsidiaries, a works council or employee representation body has been established (for further information, see S1-8). Through the works council, employees have rights to participate in the design of operational processes that directly affect them, including working time, workplace quality, and occupational health and safety. The chair of the works council of AVL List GmbH is a member of the Supervisory Board.

In addition, the company's own workforce is directly engaged through various channels and opportunities.

As part of the AVL improvement process, employees may submit improvement suggestions at any time. These are evaluated and, if successfully implemented, appropriately rewarded (see also S1-4).

Within the HR function, the Center of Excellence Culture & Values has anchored Employee Listening as one of its focus areas. Systematic methods such as employee surveys, assessments of psychosocial risks, feedback sessions, and other communication channels are used to capture the views, needs, and challenges of the workforce. This ongoing dialogue enables leaders to respond more effectively to concerns and to involve employees in decision-making processes, thereby promoting an open and transparent corporate culture. Employee Mood Surveys are conducted at AVL List GmbH on a biennial basis to obtain specific information on the mood within the workforce, identify opportunities for improvement, and derive measures from the results. The goal is to assess current well-being and how employees identify with their work environment and to AVL as a company. The results, as well as additional information and launched projects or initiatives, including implementation status, are shared via internal company platforms. To further deepen the insights gained and derive concrete measures, dialogue is entered into with management and/or with the relevant responsible persons. All of this contributes to fostering a better corporate culture.

An initiative that emerged from the most recent Employee Mood Survey was the founding of the Women's Network at AVL's headquarters in 2024. The network serves as a platform for women to support and empower one another, increase visibility, listen actively to one another, and drive change within the organization.

It is currently aimed at all women at AVL's headquarters. Regular networking meetings are organized by the responsible persons, providing an opportunity to exchange views on a variety of topics. Three networking meetings took place in 2025.

Due to changing ways of working, urbanization, and shifting values, there is also an increasing need for AVL, as an employer, to address the various options available to employees for commuting to and from work as well as for handling business travel. Therefore, since 2024, a mobility survey is conducted every three years across the global workforce.

Through internal events such as information evenings, which are held several times a year by management, employees are regularly informed by top management about internal company news, changes, and key business figures and can ask questions directly to management. In 2025, a total of six information evenings were held by management.

When needed, town hall meetings are also convened on an ad hoc basis to inform employees accordingly and allow them to voice their views.

As shown under S1-5, no measurable targets have yet been defined which allow to specifically derive effectiveness.

The responsibilities for the operational implementation of stakeholder engagement vary depending on its type. For the entire Human Resources area, the Chief Human Resources Officer is responsible.

The activities presented, especially those aimed at actively involving employees, provide insights into their day-to-day work reality. At the same time, they make visible what additional measures are needed in order to respond to certain actual or potential negative impacts in the work context.

Employees of AVL List GmbH have elected a works council for persons with disabilities as well as a youth works council in accordance with legal requirements, in order to represent and advocate for the specific interests of the respective groups included within the workforce.

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

[S1-3 32 a; S1-3 32 b; S1-3 AR 29; S1-3 AR 30; S1-3 32 c; S1-3 32 d; S1-3 32 e; S1-3 33]

Depending on the nature of actual negative impacts on people within the company's own workforce, different approaches and procedures are available through the respective competent bodies to implement remedial measures. In the event of a specific incident or its reporting, a structured investigation is generally conducted, from which, if necessary, concrete improvement measures are derived and implemented. This applies in particular to workplace accidents, in order to continuously improve the effectiveness of our occupational health and safety system and further promote a safe working environment. The rate of workplace accidents is monitored, allowing the effectiveness of the measures to be assessed.

Employees have a variety of channels available to raise concerns, needs, and complaints with AVL:

- AVL Whistleblower System (During the reporting year, it was available for incidents in the European Economic Area. Global rollout is planned for 2026.)
- Central email inbox, to which concerns can be sent directly (global)
- Personal meeting with the Group Compliance Officer (global)

Established processes are in place for handling, tracking, monitoring, and deriving measures from complaints, through to their resolution.

In the AVL Code of Conduct, employees are explicitly encouraged to report violations and incidents that are not in line with the Code of Conduct through these channels.

Details are presented in G1-1.

[S1-3 32 e; S1-3 33]

Currently, there is no procedure to ensure the effectiveness of the channels and to determine that employees (and other target users) trust the structures referred to above.

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

[S1-4 37; S1-4 38 a; S1-4 38 b; S1-4 39; S1-4 40 b; ESRS 2 MDR-A]

AVL is committed to ensuring that employees feel comfortable in their work environment, are happy to be part of the team, and are inspired to realize their potential in order to attract, develop, motivate, and retain a diverse workforce. For this purpose, AVL provides a supportive work environment. In addition to ensuring strict compliance with legal requirements and binding obligations, the establishment of the AVL Code of Conduct and, by extension, the company's and each employee's commitment to compliance, the initiation of disciplinary measures in the event of non-compliance, and adherence to the requirements of the integrated management system, we continuously work on improvements and the expansion of existing measures, as well as on the planning and implementation of new measures, in order to create an environment for employees in which AVL's values can be lived and promoted and potential impacts can be addressed, risks minimized, and opportunities leveraged. For the definition of measures, procedures for the involvement of the workforce are used, among other things, or such measures are derived from the results.

An excerpt of these measures is set out below:

Measures relating to the topic *Equal treatment and opportunities for all*

- **Introduction of the web-based training course "Human Rights and the History of Women's Rights" (Reference to IROs: 21, 22, 25)**

To further increase awareness of issues relating to the topic equal treatment and opportunities for all within its own workforce, AVL's internal training program has included, since 2024 (without planned discontinuation), the training course "Human Rights and the History of Women's Rights" which is available to all employees. The purpose of this training is to provide an overview of the principles of universal human rights and to emphasize their crucial role in promoting equality and fairness in society.

At the end of this training, participants should have a solid understanding of human rights, their history, and their impact on society.

Work is underway on the development and implementation of additional training content on topics such as diversity and inclusion.

- **Establishment of a women's network *Woman@AVL* (Reference to IROs: 21, 22, 25)**

As an initiative arising from the most recently conducted Employee Mood Survey, a women's network was established at AVL's headquarters in 2024. For further details please see S1-2.

Measures relating to the topic *Health and safety*

- **Occupational safety (Reference to IROs: 20)**

To strengthen occupational safety, AVL continuously conducts trainings and awareness measures, in particular on high-voltage systems and other safety-critical activities. These targeted trainings deepen knowledge and promote safety-conscious behavior. In the event of an incident, a structured investigation is conducted, from which, if necessary, concrete improvement measures are derived and implemented in order to continuously improve the effectiveness of our occupational safety system. Relevant key figures and ratios are monitored globally and entail obligations to initiate measures.

Fire safety drills are offered annually for all employees of AVL List GmbH in order to practice the safe and effective use of fire extinguishing equipment.

For this purpose, AVL is also certified according to ISO 45001 at its headquarters and at other locations globally and further roll-out is continuously under evaluation. In the reporting year, one additional location received its initial certification.

- **Health Management and Psychological Counseling (Reference to IROs: 17, 19, 22, 25)**

AVL List GmbH's occupational health management (OHM) supports the development of a sustainable, health-promoting corporate culture. The goal is to systematically strengthen physical and mental health, reduce work-related stress, and ensure the long-term employability of all employees.

The approach is target-group oriented and takes into account different job profiles, life stages, and stress situations. Specific programs address, among others, men and women (e.g., gender-sensitive prevention), parents (work-life balance formats, exchange platforms), employees (ergonomics, exercise programs, occupational medical support), apprentices and students (mentoring, health workshops), different generations (age-appropriate training, digital training),

employees with disabilities (accessible workplaces, individual counseling), managers (resilience and stress management), roles subject to particularly high mental stress, as well as employees with high interface responsibility (time management, mindfulness, availability arrangements).

The measures include preventive programs, occupational medical examinations, exercise and nutrition programs, mental health promotion, coaching formats, and ergonomic workplace design.

Management is carried out through quantitative and qualitative KPI, including participation rates in health programs, use of psychological support services, and employee satisfaction in the context of work-life balance and workload.

Through systematic monitoring and continuous improvement, AVL's health management contributes to employee health, productivity, and long-term value creation in the interest of sustainable corporate governance.

In 2025, measures such as psychological support services, vaccination campaigns (influenza and tick-borne encephalitis), massage services, an exercise Advent calendar, mole screening, a functional lunchtime offering, and mindfulness exercises were offered, among others.

Information is communicated to employees via newsletters.

Measures relating to the topic working conditions (working time, work-life balance)

- **Flexible working time (Reference to IROs: 24)**

AVL List GmbH offers its employees a flexible working time model, where permissible under statutory or other contractual conditions, in order to provide employees with a greater degree of individual autonomy in decision-making. Within this framework, they may freely choose the start and end of their daily working hours, taking into account family circumstances and transportation conditions and to align working time with their personal life rhythm. The corresponding current works agreement has been in force since March 2020.

- **Telework (Reference to IROs: 24)**

AVL List GmbH, as well as additional locations worldwide, offer telework as part of their strategic orientation and as a modern employer. By enabling telework, AVL promotes a culture of trust among its employees and grants them a higher degree of independence and flexibility. Alternating telework can additionally help increase motivation and job satisfaction, thereby having a positive effect on work productivity and work quality, and can save time by reducing

commuting distances. At headquarters, the underlying telework agreement has been in force since April 2021.

Further examples of measures to support employees' well-being and provide greater flexibility in connection with work are the entitlement to an additional day of annual leave after 5 years and another day after 10 years of employment with AVL List GmbH. A company daycare center has been established at the headquarters to support employees with children in their daily lives.

Measures relating to the topic *Trainings and skills development*

- **Identification of training and development measures from the annual employee performance review (Reference to IROs: 23)**

Training and development measures (training and continuing education) can be identified from the annual employee performance reviews with the respective manager, and AVL covers the associated costs. Annual employee performance reviews must be conducted by managers once a year with all employees on permanent contracts across the company worldwide and are recommended for employees on fixed-term contracts as well as temporary agency workers. The key aspects include the meaningful setting and management of objectives, reflection on achievements, the assessment of performance and potential, the evaluation of skills, the promotion of open and constructive two-way feedback, as well as the identification of development and training opportunities.

[S1-4 38 c]

Additional measures to achieve positive impacts on the own workforce

- **AVP (AVL improvement process) (Reference to IROs: 26)**

The purpose of the AVL improvement process is to generate business innovations and ideas to increase profitability and to create process improvements in the work processes for the employees involved. As part of this process, suggestions for improving internal work processes are systematically recorded and evaluated, and measures are derived and implemented.

Every day, employees are faced with challenges that affect AVL and themselves. By documenting, collecting, structuring, evaluating, and prioritizing all improvement suggestions, we create an open and continuous flow of information. All AVL employees can and should participate in this process – regardless of the area in which they work and which area is affected – because no one knows the potential for improvement better than the employees in the individual areas who encounter it in their day-to-day work.

- **Employee cafeteria (Reference to IROs: 26)**

At the headquarters and at some other locations, a cafeteria is available for employees, offering an attractive, high-quality, and fairly priced meal selection.

[S1-4 38 d; S1-4 40 a]

As described under S1-5, no measurable goals have yet been defined on the basis of which the effectiveness of the implemented concepts and measures can be derived in concrete terms. To obtain specific information on employee sentiment and, in this context, to ensure the traceability of the effectiveness of individual measures, reference can be made to the Employee Mood Survey cited under S1-2. In addition, specific KPIs, rates, and performance indicators are collected for monitoring some of the measures mentioned (occupational safety, AVL improvement process).

[S1-4 41]

Through the concepts and policies presented under S1-1 in connection with the company's own workforce and the procedures associated with them, significant adverse impacts by AVL on employees can be counteracted. As our success depends directly on the skills and motivation of our workforce, our business model does not allow for systemic risks or adverse impacts within our personnel structure. For example, flexible working time models and the system-based implementation of defined working time regulations support an appropriate work-life balance and compliance with legal requirements regarding regular working hours and rest periods. If compliance is not met, countermeasures are initiated within AVL List GmbH via stored escalation levels. The rights of the company's own workforce, including human rights, shape and guide activities in all areas of AVL's business and are also anchored in the Code of Conduct (see S1 and G1).

[S1-4 43]

To enable AVL, in the course of its sustainability efforts, to place greater focus on the core topics of diversity management and lived cultural change, with the aim of sustainably promoting diversity and equal opportunity and establishing a resilient and future-ready corporate culture in the long term, management established the global Center of Excellence “Culture and Values”. Creating space for feedback, fostering mutual understanding, providing expert advice, and developing policies on topics such as employee engagement, diversity, health, and social sustainability are among the responsibilities of this CoE, which reports to the CHRO.

In addition, management has defined and filled the global role of a human rights officer.

[S1-4 AR 43]

No material impacts on the company’s workforce – including in connection with the climate risk assessment carried out – have been identified that could arise from transition plans to reduce negative environmental impacts and to achieve environmentally friendly and climate-neutral operations.

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

[S1-5; S1.MDR-T, S1-5 46; ESRS 2 81]

In light of the current results of the double materiality assessment, work is underway on medium-term target horizons in order to be able to derive the effectiveness of the concepts and measures implemented.

S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

[S1-6 50 d; S1-6 50 d i; S1-6 50 d ii; S1-6 50 e]

The following approach was used to collect the KPIs on the characteristics of AVL employees:

For reporting purposes, headcount is reported as of the reporting date of December 31, 2025. Headcount data are centrally available in the ERP system and are updated monthly at month-end.

Headcount is defined as follows: Each active individual is counted as "1", regardless of employment level.

Within AVL, documents are in place that clearly define which persons are considered, in accordance with the disclosure requirements of the ESRS, to be permanently employed (employees with open-ended employment contracts), temporarily employed (employees with fixed-term employment contracts), or employed on the basis of non-guaranteed hours (on-call workers).

AVL also maintains internal documentation on workforce classification, which is applied consistently across the Group and used in global HR reporting. On this basis, an internal delineation of the three employee categories is made:

For this report, the category "permanently employed" comprises the following internal workforce classification: Waged workers/salaried employees. This category includes open-ended employment relationships that continue until either the employer or the employee terminates the employment relationship.

"Temporarily employed" corresponds to the internal workforce classification of students, apprentices, and other employees, divided into: Students, apprentices (workers/employees) and other employees, such as workers/employees, seasonal workers, or interns/volunteers/trainees, except for the cases specified below.

"Employees without guaranteed hours" are those persons assigned to the "other employees" classification, with the following specifications: Casual employees/salaried employees or casual employees/workers.

External business partners, self-employed persons, and temporarily employed workers (temporary agency workers) do not fall under this methodology. The same applies to the employee group "independent contractors" in the subgroups of waged workers and salaried employees.

The gender-based analysis is based on the ERP system, in which gender is maintained using the globally available categories "Male", "Female", "Non-Binary", and "No information provided". For AVL List GmbH, "Open" and "Inter" are also available as additional categories, which are assigned to the category "Other".

Gender information is maintained based on a verification process in the recruiting and onboarding process, including identity verification using an official identity document. For every hire, screening as well as an independent identity check – including gender designation – is mandatory.

[S1-6 50 a; S1-6 50 b]

The employee KPIs are presented in the following tables using the methodology described above.

Gender	Number of employees (head count)
Male	10,715
Female	2,174
Other	0
N/A	0
Total Employees	12,889

Table 34

AVL employs at least 10% of its total workforce in the following countries.

Country	Number of employees (head count)
Austria	3,877
Germany	2,480
Total	6,357

Table 35

Reporting date 12/31/2025				
Female	Male	Other	Not disclosed	Total
Number of employees (head count)				
2,174	10,715	0	0	12,889
Number of permanent employees (head count)				
2,020	10,278	0	0	12,298
Number of temporary employees (head count)				
154	437	0	0	591
Number of non-guaranteed hours employees (head count)				
0	0	0	0	0

Table 36

[S1-6 50 c]

The calculation of the turnover rate across all employment categories is based on employee departures. The exit reason is recorded manually in the ERP system. All employee groups are included in the reporting.

Accordingly, the total turnover rate is calculated as the sum of all departures divided by the average headcount for the year, multiplied by 100.

	Total
Total number of employees who left the company	2,183
Ø headcount	13,511.4
Employee turnover (%)	16.2%

Table 37

[S1-6 50 f]

Appendix 6 – Notes to the consolidated Financial Statements – 6.3 Bodies, Employees, page 85

S1-8 – COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

[S1-8 60 a; S1-8 60 b; S1-8 60 c; S1-8 63 a]

The percentage of all employees at AVL who are covered by collective bargaining agreements and/or social dialogue is calculated by dividing the number of employees covered by collective bargaining agreements or social dialogue at the end of the reporting period by the number of employees (headcount), multiplied by 100.

To collect the baseline data for calculating the percentage, each subsidiary maintains an internal Excel list as of December 31, in which it is recorded whether employees are covered by a collective bargaining agreement and social dialogue; if so, the respective agreement or form of representation is specified. In addition, the total number of employees covered by collective bargaining agreements or social dialogue is reported. The headquarters checks the feedback for plausibility.

The percentage of all employees covered by collective bargaining agreements is 51.9%.

The percentage of all employees covered by social dialogue is 55.1%.

As of December 31, 2025, only Austria and Germany simultaneously met both thresholds for significant employment and therefore require country-specific breakdowns in connection with collective bargaining coverage and social dialogue pursuant to sections 60 b and 63 a:

Coverage rate	Collective bargaining agreements		Social dialogue
	Employees – EEA (for countries with >50 employees; representing >10% of total employees)	Employees – not EEA (for countries with >50 employees; representing >10% of total employees)	Worker representation (EEA only, for countries with >50 employees; representing >10% of total employees)
0 - 19%	Germany	-	-
20 - 39%	-	-	-
40 - 59%	-	-	-
60 - 79%	-	-	-
80 - 100%	Austria	-	Germany, Austria

Table 38

S1-9 – DIVERSITY METRICS

[S1-9 66 a; S1-9 66 b]

Within the consolidation scope, the top management level is defined as the internal hierarchy levels CL and C1. The CL level includes the management of AVL List GmbH in accordance with ESRs 2 GOV-1. Level C1 is one level below and includes the following positions:

- Global Business Unit Manager PTE C1
- Global Business Unit Manager ITS C1
- General Manager C1
- Managing Director C1

The positions “General Manager” and “Managing Director” are designated for the management of subsidiaries.

Classification into job levels is carried out for each position based on the activities described in the respective job profile. Job level determination is based on an internal grading matrix. This matrix evaluates positions according to six factors: Expertise, complexity, value contribution, network, leadership, and responsibility. Each factor is assessed according to the specific tasks and responsibilities.

Gender is recorded in accordance with S1-6.

The following table shows the number of persons at the top management level, broken down by gender:

Gender	Number	Percentage (%)
Men	76	96.2%
Women	3	3.8%
Total	79	100%

Table 39

In the ERP system, the date of birth of all employees is also required, which makes it possible to analyze the distribution of employees by age group:

Age group	Number	Percentage (%)
< 30 years old	2,679	20.8%
30 to 50 years old	7,783	60.4%
> 50 years old	2,427	18.8%
Total	12,889	100%

Table 40

S1-14 – HEALTH AND SAFETY METRICS

[S1-14; S1-14 AR 81]

AVL takes the improvement of employee safety, the reduction of workplace risks, and the creation of better and safer working conditions seriously and has been certified according to ISO 45001 at its headquarters since 2021. Since then, the gradual expansion of the certification scope has been driven forward globally across the subsidiaries. In the current reporting period, the following companies within the consolidation scope are externally certified under ISO 45001:

Certified companies⁴	Certificate scope	Valid until
AVL List GmbH	Test Factory (DF) and Global Product Manufacturing (TM) at AVL's headquarters in Graz, covering the core processes of operations/order processing, as well as the associated management and support processes	12/31/2026
AVL Deutschland GmbH	Powertrain Engineering, Instrumentation and Test Systems and Advanced Simulation Technologies and its core processes Operations / Order Fulfilment as well as the associated management- and support processes at the sites and facilities of AVL Deutschland GmbH in Germany	12/31/2026
AVL Italia S.R.L.	Powertrain Engineering: Research and Development, Business Development, Operations, Customer Services Instrumentation and Test Systems: Business Development, Operations, Customer Services Advanced Simulation Technologies: Business Development, Operations, Customer Services	12/31/2026
AVL France S.A.S.	Instrumentation and Test Systems: Business Development, Operations, Customer Services, Supply Chain Management Advanced Simulation Technologies: Business Development, Customer Services	12/31/2026
AVL United Kingdom Ltd.	Design, supply, installation, commissioning, project management, maintenance, calibration and support of test systems and instrumentation for mobility and energy sectors including but not limited to automotive, aerospace and marine	05/20/2028
AVL Powertrain UK Ltd.	Powertrain Engineering: Research and Development, Business Development, Operations, Customer Services, Supply Chain Management	12/31/2026

Table 41

[S1-14 90]

Data collection for the percentage of persons in the company's own workforce covered by recognized health and safety standards or guidelines from the management system is based on these implemented management systems certified according to ISO 45001 at the affiliates listed above and amounts to 21%.

⁴All certificates can be viewed here: <https://www.avl.com/de-de/about-avl/corporate-social-responsibility/integrated-management-systems>

[S1-14 88 a]

In addition, labor law requirements such as the EU Framework Directive 89/391/EEC, as well as comparable national statutory labor law provisions in all countries in which AVL is established, apply, corresponding to 100% coverage.

[S1-14 88 b; S1-14 88 c]

In 2025, there were **40** reportable work-related accidents.

The rate measures the number of these work-related accidents per 1 million hours actually worked and stood at **1.71** in the reporting year.

The calculation includes the company's own employees, including temporary agency workers.

In 2025, there were no fatalities within the company's own workforce.

This assessment includes the company's own employees, deployed temporary agency workers, and all other external persons working on site (e.g., service providers, consultants, or tradespeople).

[S1-14 88 d; S1-14 88 e; S1-14 89; S1-14 89]

AVL has decided, in accordance with ESRS 1 Appendix C, to omit the data points on work-related illnesses and the number of lost days due to injuries, accidents, fatalities, and work-related illnesses, as well as the reporting on non-employee workers.

S1-16 – REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

[S1-16 97 a]

The gender pay gap, expressed as a percentage of average earnings of male employees, is **15.4% for 2025**.

[S1-16 97 c]

The basis for calculating the gender pay gap consists of annual gross earnings, including the contractual MbO target value assuming 100% target achievement on an annual basis. In Austria, annual gross pay includes the fixed salary, if applicable, plus the overtime lump sum, allowances, and benefits in kind.

The calculation is based on nominal annual gross salary. For locations where complete data coverage was not yet available at the reporting date, corresponding assumptions were made to ensure a consistent presentation of the entire consolidation scope.

The calculation was performed for each female and male employee on an hourly basis.

Accordingly, the calculation of the unadjusted gender pay gap pursuant to ESRS S1 AR98(b) is as follows:

The gender pay gap is the difference between the average gross hourly pay of male employees and the average gross hourly pay of female employees, expressed as a percentage of the gross hourly pay of male employees.

[S1-16 97 b]

The ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration of all employees is **16.3** for 2025.

[S1-16 97 c]

For reporting in accordance with ESRS S1, S1-16 paragraph 97(b), the person with the highest compensation in the company is identified.

The compensation ratio is calculated as the quotient of the annual total remuneration of the highest-paid person and the median annual total remuneration of employees, with the highest-paid person excluded from the median calculation.

The basis for calculating the median of the annual total remuneration of employees corresponds to the calculation method used for the baseline assessment of the gender pay gap.

S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

[S1-17 103 a; S1-17 103 b]

Category	Number
Total number of reported cases of discrimination, including harassment, during the reporting period	3
Total number of reported cases of discrimination, including harassment, that were confirmed after investigation during the reporting period	1
Complaints regarding other aspects in S1, submitted through the company's channels	0

Table 42

[S1-17 103 c; S1-17 103 c; S1-17 103 d; S1-17 104 a; S1-17 104 b; S1-17 104 b]

The following reporting channels and contact points installed at AVL serve as the source for collecting reported cases of discrimination, cases of harassment, and complaints related to human rights:

- AVL Whistleblower System (The Whistleblower System is currently available for incidents in the European Economic Area. Work is underway on a global rollout and it will be available shortly.)
- Central email inbox, to which concerns can be sent directly (global)
- Personal meeting with the Group Compliance Officer (global)

The Group Compliance Manager has access to these channels and is responsible for them.

All cases received through the channels mentioned above concerning verbal and nonverbal, physical or sexual harassment, bullying, discrimination, or violence in the workplace, as well as violations of rules on occupational safety and health and breaches of human rights, are included in the reported number.

As part of the investigation, the persons concerned are asked to provide a statement, and the facts are clarified in accordance with the principles of an internal investigation. The findings are documented in a written investigation report. Based on this report, appropriate follow-up measures or sanctions are derived if necessary, or the case is recorded as “not substantiated”.

A discrepancy between reported and confirmed cases is therefore possible.

No cases of fines, sanctions, or damages payments in relation to incidents, complaints, and severe human rights impacts are known.

GOVERNANCE

G1.GOV-1 –THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES, G1-1 – BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE, G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY & G1-4 – INCIDENTS OF CORRUPTION OR BRIBERY

[G1-1 9; G1-1 10a; G1-1 10 c i; G1-1 10c ii; G1-1 10 d, G1-1 10 e; G1-3 18 a; G1-3 18 b; G1-3 18 c; G1-3 20]

At AVL, we are committed to delivering our products and services based on high quality and innovation. To achieve this, we have always relied on pioneering spirit, customer focus, problem-solving expertise, responsibility, and independence as our values. In doing so, the principles of integrity, honesty, and fairness form the basis of our actions.

The AVL corporate strategy, defined by the leadership team, sets out the process by which the entire company and our activities are to be aligned with our future challenges. Execution of the strategy ensures that our mission and long-term goals are achieved.

The AVL Code of Conduct sets out the binding minimum standards of conduct for all employees and management [see S1-1].

Compliance with this Code of Conduct, as well as with laws and regulations, is a high priority at AVL. AVL therefore strives to identify and investigate possible misconduct within the Group as quickly as possible and to take all necessary remedial measures and supports employees through the company's Global Compliance Management System.

Within the Global Compliance Management System, AVL provides the AVL Whistleblower System for this purpose. The basis for AVL's Whistleblower System is EU Directive 1937/2019. It is technically based on the external EQS Integrity Line platform, which is operated by a third-party provider. It is accessible to all employees, regardless of their form of employment or contractual assignment, as well as to external parties such as customers, suppliers, or business partners and enables anonymous, GDPR-compliant reporting of violations.

With the introduction of the Whistleblower System at AVL, the "CEO MISSION STATEMENT REGARDING AVL WHISTLEBLOWER SYSTEM" was issued in the name of the CEO, in which he personally encourages all employees to report suspected or identified violations of laws or internal rules through the Whistleblower System. All information is available and accessible to all employees at any time on the AVL intranet. Among other things, a central document on internal document control is available for this purpose, which anchors the applicable principles and process within the company.

Furthermore, AVL has established detailed and binding procedural instructions for the members of the competent reporting and investigation bodies for handling whistleblower reports: *Policy for reporting breaches (Whistleblower System)*, *Procedure for Reporting Office (Whistleblower System)*, *Procedure for Investigation Office (Whistleblower System)*.⁵

⁵ Information is available externally via the following link: <https://www.avl.com/en-de/compliance-and-business-ethics>. The Whistleblower System itself can be accessed via <https://avl.integrityline.com/>.

Policy for reporting breaches (Whistleblower System)

Description of the contents	The Policy for reporting breaches (Whistleblower System) describes AVL's Whistleblower System, summarizes its key procedural rules and sets binding requirements for the protection of whistleblowers.
Scope of application	The document applies to all AVL companies that have implemented the Whistleblower System. In the reporting year, the scope corresponds to the requirements of Directive (EU) 2019/1937 on whistleblower protection.
Top level with implementation responsibility	Chairman of the Executive Board
Reference to third-party standards or initiatives	Directive (EU) 2019/1937 on Whistleblower Protection General Data Protection Regulation EU 2016/679 Germany's Supply Chain Due Diligence Act
Availability	External: https://www.avl.com/sites/default/files/2026-02/0001344641_va_policy_for_reporting_breaches_w_histleblower_system.pdf Internal: via internal document control
IRO reference	33, 37, 38

Table 43

A process for handling received complaints is implemented: Reports are handled by the respective competent reporting office and investigation office in accordance with AVL's region concept, which also implements the legal requirements. The reporting office and the investigation office responsible for the report are displayed when the report is submitted.

Incoming reports are received and reviewed by the respective competent reporting office. If the review finds that the submitted report is plausible, the report is forwarded to the competent investigation office for further clarification and, if necessary, follow-up measures.

All employees of the reporting office and the investigation office act without instructions and independently in the course of their duties, so that conflicts of interest are excluded. In addition, they are specially trained in handling reports and are subject to confidentiality requirements.

Upon receipt of the report, the coordinator of the reporting office is responsible for handling it. The coordinator reviews the incoming information for relevance, plausibility, and substantiation

and documents the process while maintaining confidentiality. Within a few days, the whistleblower receives an acknowledgment of receipt. This is followed by an initial review, during which the report is categorized and a decision is made on the next steps. Depending on the outcome, the report is forwarded to the investigation office or – if it is not sufficiently substantiated – closed. Whistleblowers are informed within three months about the status or closure of the procedure.

The reporting office is accessible only to a narrowly defined group of persons, in order to ensure the integrity of the process and confidentiality.

As part of the investigation, the persons concerned are asked to provide a statement and the facts are clarified in accordance with the principles of an internal investigation. The findings are documented in a written investigation report. Based on this report, appropriate follow-up measures or sanctions are derived if necessary.

After completion of the process, all relevant stakeholders will be informed of the result. In addition, the investigation office shall review the underlying internal processes in order to initiate, where appropriate, improvement measures as part of a follow-up process. Any feedback and further correspondence shall be transmitted via a dedicated secure mailbox.

All reports are treated confidentially. Access to the whistleblower systems is reserved exclusively for a narrowly defined group of individuals within the Compliance Management System and data processing is carried out in accordance with the applicable data protection requirements (EQS Integrity Line ensures GDPR-compliant processing of personal data). Whistleblowers who report violations in good faith and honestly are protected by multiple safeguards. These include the duty of confidentiality, protection against retaliation, and exclusion of liability for obtaining or disclosing information. The confidentiality of the identity of the whistleblower, the persons concerned, and other persons named in the report is maintained and is known exclusively to the offices responsible for receiving and handling the report.

Whistleblowers are protected from discrimination, hostility, or any other adverse treatment. Violations of this prohibition are subject to disciplinary action under labor law. If a whistleblower is adversely affected as a result of a report, they receive prompt support upon request from the competent reporting office or the Group Compliance Officer. A person's liability for obtaining or disclosing information exists only if those actions themselves constitute a criminal offense or if false information was reported intentionally or due to gross negligence. The system protects anonymity if desired: As long as whistleblowers do not enter

any data themselves that would allow conclusions to be drawn about their identity, the system protects their anonymity through a certified technical solution.

The Whistleblower System is available for actual or suspected violations of applicable laws and, in addition, for all material violations of the Code of Conduct or other internal AVL policies and rules. A violation is deemed material, in particular, if it may give rise to safety, liability, or reputational risks for AVL. Accordingly, violations should be reported in particular in the following cases:

- Corruption / bribery
- Breaches of cartel laws and competition laws, in particular procurement rules
- Conflicts of interest
- Fraud, e.g.: embezzlement, breach of trust
- Theft, damage or embezzlement or misuse of company assets
- Breaches of proper bookkeeping, accounting, and financial reporting
- Breaches of product safety regulations or other product-related regulations
- Infringement of intellectual property laws
- Breaches of data protection regulations, breach of company secrets, business secrets or other confidential information
- Breaches of environmental regulations or waste of natural resources
- Cases of verbal, non-verbal, physical, or sexual harassment, bullying, discrimination of any kind, or violence at work
- Breaches of occupational safety and health regulations and violations of human rights or violations of the prohibition of child labor or forced labor, slavery or any other illegal employment
- Other serious breaches of applicable law or the Code of Conduct

Once a year, the coordinators of the Whistleblower System at AVL List GmbH prepare a report to the CEO on reports submitted through the Whistleblower System, their processing status, and the assessment after they have been handled.

The Whistleblower System is currently available for incidents in the European Economic Area. The global expansion to allow incidents to be reported for countries outside the EEA will be implemented in 2026.

In addition, a central email inbox is available to which concerns can be sent directly, or a personal conversation with the Group Compliance Officer can be held, including for incidents

outside the European Economic Area. These channels are also communicated to employees through the AVL Code of Conduct.

In addition, AVL has entered into specific credit agreements that require compliance rules.

These credit agreements entered into with AVL List GmbH require a systematic review of the compliance status of the affected subsidiaries, which is confirmed by the managing director and authorized signatories.

Based on these agreements, a cyclical, intra-year reporting process was established for compliance with financial discipline and statutory requirements at AVL List GmbH and the consolidated subsidiaries. In addition, audits conducted as part of internal auditing and external auditing follow corresponding procedures.

[G1-1 10 g; G1-1 10 h; G1-3 21 a; G1-3 21 b; G1-3 21 c]

Compliance training is intended to provide guidance and support in complying with the AVL Code of Conduct. The available training courses cover the general legal framework, explain the requirements of the various standards (Code of Conduct, policies, and processes), provide in-depth information, and help ensure the practical implementation of the standards.

The training concept consists of three pillars that build on one another. Depending on their role in the company, employees are required to complete one to all three pillars of the program.

The first pillar is a basic training course in the form of a web-based training. A “tone from the top” statement on AVL’s Compliance Management System is integrated into this training in the form of a video message from the CEO for all employees to view. It covers topics such as the Code of Conduct, corruption, bribery, fair competition, and conflicts of interest. Correctly answering the questions is required to successfully complete the training. A basic training course is mandatory for all employees of the AVL Group upon joining the company.

In addition, the “Compliance Training for Special Target Groups” is designed as an additional training course for specific target groups that perform roles with an increased risk of corruption and bribery. These include positions such as Key Account Manager, Global Account Manager, Sales Engineer, or managers with disciplinary responsibility and/or an external business contact role, particularly due to their contact with customers and/or suppliers. By identifying these roles, they can be specifically assigned to two training pillars that build on the basic training, in order to deepen their knowledge and expertise with regard to aspects of corporate policy. If assigned to pillar 2 and, where applicable, pillar 3 based on the role held in the company, these advanced training courses must also be completed once as mandatory training. Beyond the basic training, the aforementioned topics are examined in greater depth and explained using practical examples.

- Pillar 1: All staff – total duration 1 hour
- Pillar 1 & 2: Staff members with contact to customers and/or suppliers (especially in purchasing and sales) – total duration: 3 hours
- Pillar 1, 2 & 3: Staff members with managerial responsibility (including the CEO, Executive Vice Presidents, and Managing Directors) and/or contact to customers and/or suppliers (especially in purchasing and sales) – total duration: 4 hours

This process ensures that all risk-prone roles are covered by the training programs.

The independent members of the Supervisory Board are not included in this concept.

[G1.ESRS 2 GOV-1 5 a; G1.ESRS 2 GOV-1 5 b]

The respective Managing Directors are responsible for the Global Compliance Management System in the companies within the AVL Group. Any instances of possible non-compliance and the measures taken within their organizations must be reported to the Group Compliance Officer, who is responsible for reporting to the CEO. The Group Compliance Officer (GCO) is available to all AVL employees as the central point of contact for compliance-related questions. Each individual staff member should be enabled by the Compliance Management System to follow the requirements set forth in the Code of Conduct and to comply with the corresponding requirements under international and local laws. The role of the Group Compliance Officer (GCO) is established as a staff unit within the Chair of the AVL Group, with a direct reporting line to the CEO. In this role, the CGO is responsible for

- Support for the further development of the Compliance Management System

- Information in the event of questions regarding compliance or the Compliance Management System
- Central receipt of reports of possible compliance violations via the established channels and internal reporting

[G1-4 24 a]

No cases of convictions for corruption and bribery are known.

G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

[G1-2; G1-2 14; G1-2 15 a; G1-2 15 b]

As part of our efforts to establish a sustainable supply chain, we have taken appropriate measures to optimize our relationships with suppliers while also taking social and environmental criteria into account, avoiding payment delays, and minimizing risks in the supply chain.

Group-wide policies, requirements, and guiding principles provide the binding framework for responsible conduct within the AVL Group and along the supply chain. The key documents for this purpose are:

- **AVL Code of Conduct:** Code of Conduct for Internal Compliance
- **AVL Code of Conduct for Business Partners:** Criteria and requirements for the supply chain (including social responsibility, fair working conditions and wages, environmentally friendly practices, and compliance with applicable environmental standards)
- **AVL Terms and Conditions of Purchasing:** Criteria and requirements for the supply chain

Social and environmental criteria are embedded in AVL's General Terms and Conditions of Purchasing and in the Code of Conduct for Business Partners. They may be used as a selection criterion, may form the basis of our business relationships, and may be incorporated into the ongoing supplier evaluation, although a quantifiable assessment basis has not yet been developed. Compliance with ESG criteria is also systematically monitored through binding requirements (e.g., the Code of Conduct for Business Partners), an annual supplier risk analysis (including via EcoVadis), and defined onboarding, purchasing, and supplier management processes (see also ESRS 2 BP-2).

Impacts of sustainability topics among suppliers in the supply chain are additionally taken into account in the context of our collaboration with EcoVadis. AVL uses solutions for sustainability and risk assessment, as well as risk mitigation, and regularly conducts risk analyses to systematically identify and assess potential human rights violations and sustainability risks. ESG criteria (including social and environmental aspects) are captured as part of an annual ESG supplier risk analysis (at least once per year for suppliers with revenue of more than EUR 5,000) via EcoVadis. The Code of Conduct for Business Partners and the Terms and Conditions of Purchasing are taken into account during supplier onboarding and order processing in accordance with the purchasing process, as well as in the supplier management portal, by requiring confirmation. EcoVadis also includes the assessment of country- and industry-specific risks, risk mitigation measures, corrective actions, training offerings, and support with documentation and reporting. Further rollout of EcoVadis across the AVL Group is planned for 2026. Other risks in the supply chain are part of the overarching risk management process.

An integral part of ethical corporate governance is reliable cooperation with suppliers. This helps establish and ensure sound, long-term business relationships. In this regard, we place particular emphasis on avoiding payment delays, especially to safeguard the liquidity of small and medium-sized enterprises (SMEs). Our strategy for ensuring timely payments is based on three pillars:

- **Procedural integrity:** Through our strict “No PO, No Pay” policy, we ensure that every payment is based on an authorized purchase order. This prevents time-consuming clarification processes upon receipt of invoices. Early involvement of Procurement during the project phase also minimizes administrative ambiguities before services are rendered.
- **Digital precision:** Using digitalization (ERP system), we ensure that the agreed payment terms are reflected in every order and processed automatically. The established electronic invoicing process reduces sources of manual error and speeds up the approval process.
- **Active monitoring:** To ensure compliance with our payment targets, we continuously monitor the “maverick buying rate”. Our goal is to keep this below 4% in order to ensure that almost all transactions are processed through standardized, rapid payment cycles. In addition, our Procurement regularly reviews blocked invoices to proactively resolve discrepancies.

AVL is committed, in accordance with the AVL Code of Conduct and the AVL Supplier Code of Conduct, to fair and transparent business practices. This includes compliance with agreed payment terms and the systematic prevention of payment delays to suppliers, in particular SMEs. Timely payment is integrated into the relevant procurement, invoice verification, and payment processes. Compliance with payment principles is monitored regularly and, where necessary, strengthened through process improvements.

Responsibilities for review, approval, and payment are clearly defined.

The general payment terms are embedded in the respective procurement conditions, with process standardization ensuring that SMEs are not disadvantaged and that their claims are settled in due time.

Procurement and supply chain management are managed through Global Supply Chain Management in coordination with executive management. Group-wide coordination is carried out with the respective local procurement leads for implementation at the regional level. Internal training sessions convey the relevant supply chain due diligence obligations as well as core ESG requirements, addressing both the objectives (why) and the tasks, tools, and processes (what and how). Violations in the supply chain can be reported by suppliers through AVL's whistleblower system. Information on the reporting channel and how to use it is provided through Compliance and Business Ethics communications (including the website) as well as in supplier communications. Through these measures, we aim to promote a responsible and sustainable supply chain that meets both our business requirements and the expectations of our stakeholders.

G1-5 – POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

[G1-5 29 b i; G1-5 29 b ii]

AVL pursues a clear and responsible approach to lobbying grounded in the principles of transparency, integrity, compliance, and sustainability. Political engagement is conducted exclusively in accordance with applicable laws, international standards, internal policies, and ethical requirements, including lobbying register obligations as well as EU and OECD guidelines, and is guided by the principles of responsible corporate governance.

AVL does not engage in direct lobbying, whether through financial contributions or in-kind benefits to political decision-makers or political parties. Instead, lobbying is carried out exclusively indirectly through recognized interest groups, trade associations, and platforms at

the national and European level, particularly in the areas of research, technology, and innovation (RTI).

Our indirect lobbying activities are aimed at raising awareness at the national and European level of the relevance of our research and innovation achievements, particularly in the context of sustainable and safe mobility solutions. Through this, we aim to strengthen support for these topics while also promoting suitable regulatory and economic framework conditions for Austria and Europe as a business location. We do not directly influence political decision-making processes, instead, we rely on transparent dialogue within technical committees and platforms.

Our activities include substantive participation in working groups, committees, and platforms, as well as the submission of comments and position papers on policy initiatives, draft legislation, or funding programs through associations and cluster organizations. It also includes collaboration with research networks at the national and European level to exchange views on research policy trends and funding opportunities.

Lobbying is carried out through a range of recognized national and European trade associations, technology platforms, and industry clusters.

At the national level, these include the Federation of Austrian Industries (particularly through the "Research & Technology" working group and the "Research, Technology and Innovation" committee) the Austrian Economic Chambers (through the Vehicle Industry Association and the Electrical and Electronics Industry Association), as well as clusters such as the ACstyria mobility cluster and the Silicon Alps Cluster.

At the European level, these include associations such as ERTRAC (the European Road Transport Research Advisory Council) and Hydrogen Europe (the hydrogen industry), as well as European partnerships such as 2Zero (Towards Zero-Emission Road Transport) and CCAM (Connected, Cooperative and Automated Mobility).

Overall, we are involved in approximately 80 associations, trade bodies, clusters, and platforms worldwide.

[G1-5 AR13]

AVL List GmbH is a mandatory member of the Austrian Economic Chambers under statutory requirements.

[G1-5 29 a]

The Vice President of Government Affairs is responsible for the company's strategic direction and the implementation of its political interests. This key role is responsible for maintaining and expanding relationships with political decision-makers, as well as developing lobbying strategies that support the company's business objectives. Her extensive network and experience in public affairs and government relations enable the company's interests to be represented effectively and ensure that all relevant legal and regulatory requirements are met. In this role, the VP of Government Affairs reports directly to the Chairman of the Managing Board, Prof. Helmut List.

[G1-5 29 c]

Research, technology, and innovation – particularly in the following areas: E-mobility and energy systems, development methods (digitalization, testing, virtualization, and simulation), automated and connected driving, the software-defined vehicle, software, and decarbonization (electrolysis, hydrogen, fuel cells).

Specific topics at national level, in particular:

- Funding for research, both non-topical and topical
- Research premium
- Christian Doppler laboratories, Jürgen Ressel centers, Comet Center
- Key technologies, industry strategy

Specific topics at European level, in particular:

- Continuation of the Horizon Europe Framework Programme, in particular Pillar II: collaborative research
- Topic-specific: alternative propulsion systems, batteries, AI, data and robotics, connected, cooperative and automated mobility, hydrogen and fuel cells, and electronic and software-based systems

[G1-5 29 d]

AVL List GmbH is listed in the EU Transparency Register. The identification number is 060605222884-13.

G1-6 – PAYMENT PRACTICES

[G1-6, G1-6 33 b, G1-6 33 d]

Standard payment terms are based on the respective contractual agreements with suppliers, no formal categorization is applied. Usual payment terms of AVL List GmbH, for example, provide for a due date of 90 calendar days after receipt of a proper and verifiable invoice, payable by the 10th of the month following the end of the deadline (in accordance with the payment run regulations). The relevant terms are set out in AVL List GmbH's General Terms and Conditions of Purchasing and are, among other places, published on AVL's Supplier Hub. The analysis of payment practices for the AVL Group is conducted on the basis of all individual invoices for a financial year of AVL List GmbH. The relevant document information – document date, payment terms, net due date, days in arrears, and settlement date – is recorded in the ERP system.

The payment terms of an invoice are automatically transferred during posting from the purchase order (for invoices with purchase-order reference) or from the supplier master data (for invoices without purchase-order reference).

[G1-6 33 a]

The average time to settle an invoice is **67 days**. This figure results from the individually agreed contractual payment terms and the associated internal payment run regulations (payment on the 10th of the following month, or on the next banking day thereafter). It therefore reflects the terms mutually agreed between AVL and its business partners.

[G1-6 33 b]

In the interest of responsible business practices, AVL List GmbH has subjected its payment processes to a detailed analysis. Taking into account the individually agreed contractual payment run regulations – which provide for the settlement of liabilities on the 10th calendar day of the following month, or on the next banking day thereafter – AVL List GmbH has a compliance rate of **92.7%**.

[G1-6 33 c]

No cases of convictions due to late payment are known.

Lukas Walter

CEO

Dr. Yorck Schmidt

Chief Financial Officer

Stefan Bruhnke

Executive Vice President

Matthias Dank

Executive Vice President

Urs Gerspach

Executive Vice President

Reimagining Motion

For a greener, safer, better world of mobility.

CONTACT

AVL List GmbH

Hans-List-Platz 1
8020 Graz
Austria

Phone +43 316 787-0
E-mail esg@avl.com
www.avl.com



General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Provided by the Board of the Chamber of Tax Advisers and Auditors

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.