



Combined Separate Non-financial Report

Sustainability is one of KSB’s strategic pillars and has always been a key focus of its business activities. The company understands sustainability to encompass the responsible use of resources and the environment as well as its responsibility to employees and corporate social commitment. These topics are covered in this combined separate non-financial report pursuant to Sections 289b(3) and 315b(3) HGB [*Handelsgesetzbuch* – German Commercial Code] and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the Establishment of a Framework to Facilitate Sustainable Investment, and Amending Regulation (EU) 2019/2088 (hereinafter referred to as the EU Taxonomy Regulation). The report fulfils the requirements of the CSR Directive Implementation Act [*CSR-Richtlinie-Umsetzungsgesetz*] and combines the statement at company level with the Group statement outside of the management report.

In accordance with its business model, KSB supplies customers worldwide with high-quality pumps and valves as well as related support services. The company develops the vast majority of its products itself and manufactures them in factories on four continents. The products are sold via its own sales organisation, supported by dealer networks comprising selected partners. The business model is presented in the Group management report on page 62.

As a member of the UN Global Compact, KSB commits to aligning its business activities with ten universal principles. The Global Compact principles apply equally to managers and employees throughout the company as well as to all suppliers and business partners.

Sustainability Management at KSB

KSB has formulated its own corporate sustainability principles via a Group-wide sustainability policy. They are binding for all locations and all companies within the KSB Group. A committee chaired by the CEO regularly reviews progress on sustainability issues and the implementation of Group-wide sustainability goals. In addition, a global network with representatives from all nine KSB Regions ensures that sustainability issues are driven forward in their respective countries. They report on progress, local initiatives and measures, as well as the completion of objectives. Management also receives a com-

pliance report twice a year as well as an annual review of management issues relating to quality, the environment and occupational health and safety.

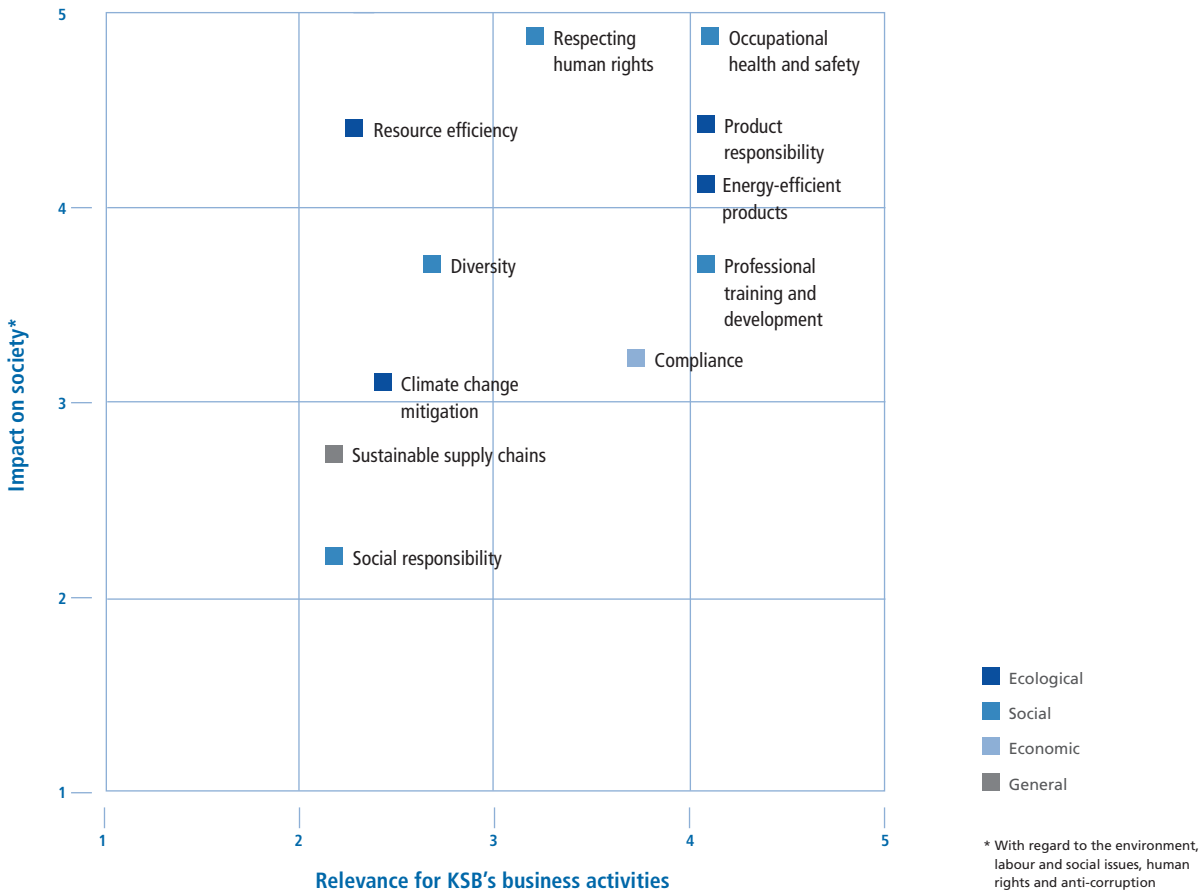
The Sustainability Committee includes the CEO and management staff from Human Resources, Legal & Compliance, Production, Product Management, Purchasing, Communications, Strategy and Integrated Management. A Valves representative has been a member of the committee since 2023 in order to report on the development of sustainability issues in this Group segment.

KSB operates a global integrated management system in order to fulfil consistently high standards worldwide with regard to quality, risk, environment, occupational health and safety, and sustainability. It is process-oriented and complies with the requirements of the international ISO 9001, ISO 14001, ISO 26000 and ISO 45001 standards as well as the UN Global Compact. The management system governs organisational processes and workflows, responsibilities, procedures and processes at Group level and at our individual locations.

KSB supports the 17 Sustainable Development Goals set out by the United Nations. Ten of these are particularly important for the company:



Material sustainability issues for KSB



Sustainability Reporting

The management concepts relating to material issues outlined here apply to both the Group and to KSB SE & Co.KGaA; any instances where this is not the case are duly indicated. All information in the non-financial report relates to KSB SE & Co. KGaA and the Group in 2023. References to information not included in the Group management report in this section represent supplementary information and are not part of the separate non-financial report. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance engagement on the information in this report in accordance with ISAE 3000 (Revised) and issued an independent assurance report; see page 56.

In the areas of human rights, labour standards, the environment, anti-corruption and sustainability in the supply chain, the concepts and activities set out in this report follow the principles of the UN Global Compact, as well as national and international regulations.

The non-financial report covers 29 material Group companies, unless otherwise stated. These were selected on the basis of their significant impact on aspects such as energy consumption and the number of employees. The 29 companies employ 87.9 % of the workforce and account for 97.8 % of Group-wide energy consumption. The remaining companies have no significant impact on non-financial aspects. KSB has therefore not expanded this report to include these Group companies as they have no material impact on the issues it covers in the reporting year. The 29 Group companies include all consolidated subsidiaries with production plants and two service companies with energy-intensive workshops.

As part of its corporate responsibility strategy, KSB is also committed to supporting a diverse range of social initiatives. The company chooses to report on these activities on an entirely voluntary basis, as these do not have any significant or material impact on its business success.



Non-financial objectives up to 2025 and performance indicators

Aspects	Objectives up to 2025	Performance indicators
Resource efficiency	More than half of newly developed products are subject to ecological assessment.	Number of development projects
Energy-efficient products	KSB's water pumps save an annual 850,000 tonnes of CO ₂ .	CO ₂ savings for KSB water pumps with variable speed drives
Emissions	KSB production plants reduce their CO ₂ emissions by 30 %. (Reference year: 2018)	CO ₂ emissions at production sites
Education and training	Each employee invests at least 30 hours per year in training and development.	Number of training hours per employee per year
Equal opportunities	Women make up at least 20 % of management staff.	Proportion of women in management positions
Engagement	The employee satisfaction index is 80 %.	Engagement score according to employee survey
Occupational health and safety	The number of working days lost due to occupational accidents is reduced to fewer than 0.3 days per employee per year.	Number of days lost due to accidents (lost time accident rate)
Social commitment	KSB is involved in at least 25 social projects worldwide every year.	Number of CSR projects
Sustainability in the supply chain	The sustainability performance of 90 % of the key regional and global suppliers is assessed.	Proportion of suppliers assessed

* The 17 Sustainable Development Goals of the United Nations take into account the three dimensions of sustainability: social, environmental and economic aspects.

KSB's material sustainability issues relate to the goals addressing poverty (1), hunger (2), health and well-being (3), quality education (4), gender equality (5), clean water and sanitation (6), decent work conditions and economic growth (8), sustainable consumption and production (12) and climate action (13).



















Implementation of the Corporate Sustainability Reporting Directive

Following the introduction of the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS), new rules for non-financial reporting by companies will apply from the 2024 reporting year. KSB made initial preparations for this in the reporting year. For example, the company commissioned a scientific study to develop a concept for the double materiality assessment required by the EU directive. In addition, experts from an auditing firm helped to identify the material issues for KSB. This involved interviews on the topics of the environment,

social matters and corporate governance, validation of the range of topics and an assessment of material impacts, risks and opportunities. The implementation phase for the Corporate Sustainability Reporting Directive is being conducted in the current reporting year.

Material Issues

KSB communicates regularly with various stakeholders in order to identify their interests and expectations regarding the company. The material sustainability issues defined on this basis have been reviewed and confirmed for 2023 by specialist departments and the Sustainability Committee with oversight

Status as at 31 Dec. 2022	Status as at 31 Dec. 2023	Objective by 2025	SDGs*
52 %	68 %	> 50 %	 
436,705 t CO ₂ ** (2022 CO ₂ equivalent) 722,613 t CO ₂ ** (2018 CO ₂ equivalent)	459,321 t CO ₂ ** (2022 CO ₂ equivalent) 813,813 t CO ₂ ** (2018 CO ₂ equivalent)	850,000 t CO ₂	  
21.4 %	23.1 %	30 %	
17 hours / year	21 hours / year	30 hours / year	 
15 %	14 %	20 %	
Result from 2022: 65 %	No survey in 2023	80 %***	
0.32 days	0.36 days	< 0.3 days	
36	44	25	    
57 %	> 67 %	90 %	 

** The basis for this calculation is provided on page 33 of this report.

*** In 2025 no global employee engagement survey will be conducted. Due to the change in the survey period from three to two years, the next survey is planned to take place in 2024.

from Management; see materiality matrix on page 27. The aspects and factors necessary for understanding the development and performance of the business and the position of the company as well as the impact of business activities on the following issues remain the same:

- Environment (resource efficiency, manufacturing of energy-efficient products, climate change mitigation and product safety)
- Combating corruption and bribery (compliance)
- Respecting human rights (sustainable supply chains)
- Employee concerns (professional training and development, diversity, occupational health and safety)

These issues are related primarily to manufacturing, products, business partners and employees. KSB's products also make a direct contribution to protecting the environment, for example, by saving energy or via their use in waste water treatment.



Energy consumption

	Total	KSB SE & Co. KGaA	Europe**	Asia / Pacific	Americas	Middle East / Africa / Russia
Total energy consumption*	276,021 MWh	81,091 MWh	113,912 MWh	40,264 MWh	110,975 MWh	10,871 MWh
Total electricity	164,553 MWh	33,915 MWh	50,834 MWh	32,101 MWh	73,247 MWh	8,370 MWh
Electricity from renewables	89,280 MWh	27,645 MWh	42,559 MWh	10,215 MWh	33,313 MWh	3,194 MWh
CO ₂ emissions***	77,973 t	12,077 t	16,888 t	22,674 t	33,328 t	5,084 t

* Electricity, gas, fuel oil, district heating, wood, etc.; excluding vehicle fleet

Source of emission factors: local energy suppliers, VDA data or AIB European Residual Mix

** Including KSB SE & Co. KGaA

*** Excluding vehicle fleet

Risks Related to Non-financial Aspects

KSB does not see any material risks, as assessed based on the net risk method, associated with its own business and the business relations of the company or its products and services which, in all probability, have or could have a serious negative impact on non-financial aspects such as the environment, anti-corruption, human rights, employee concerns and social issues. All other risks affecting business activities are described in the Group management report from page 83.

Goals for 2025

KSB supports the United Nations' 17 Sustainable Development Goals. In 2019, the company developed nine specific sustainability objectives which are aligned with these Sustainable Development Goals and the material issues defined. The company aims to achieve them by 2025 at the latest.

The nine objectives adopted by Management cover environmental, employee, social and supply chain sustainability topics. They focus on climate change mitigation, the promotion of decent working conditions and sustainable economic growth, and health and well-being. In addition, KSB is committed to doing even more to promote equal opportunities. The company also intends to gather more comprehensive information on how suppliers deal with sustainability issues. KSB is dedicated to combating poverty and hunger as well as ensuring the

availability of clean water and education through social projects. Developing the knowledge of employees is another binding goal. More information on the individual objectives and progress towards their completion at the end of the reporting year is provided in the overview on pages 28/29, and in the respective sections of this non-financial report.

Management staff with specialist responsibility for Production, Product Management, Human Resources, Purchasing, Communications and Integrated Management have developed suitable plans and devised specific measures for achieving the objectives by 2025. The respective departments report their implemented and planned measures to the Sustainability Committee. With oversight from Management, the committee is updated at least twice a year on the status of measures taken and reviews progress towards the completion of each objective.

Environment

CLIMATE CHANGE MITIGATION AND RESOURCE EFFICIENCY

Objectives:

Mitigating the impact of climate change and protecting the environment are tasks that can only be achieved together. As a manufacturing company, KSB takes care to use natural

resources responsibly. This includes reducing the company's consumption of energy and raw materials as far as possible. In addition to mitigating negative environmental impacts, this also increases the company's profitability. Moreover, it minimises economic and legal risks which could potentially result from environmental damage and failure to comply with laws and regulations.

By 2025, KSB intends to assess the environmental impact of more than 50 % of its development projects in accordance with the international ISO 14040 standard. This concerns new product developments and significant design modifications to existing type series. Detailed information on the life cycle assessments of new products can thus be determined.

A further goal is to reduce the CO₂ emissions, excluding those of the vehicle fleet, produced by the main locations – which are chiefly the manufacturing plants – by 30 %, also by 2025 (based on the 2018 figure).

Organisation, processes and measures:

KSB follows the internationally recognised ISO 14001 environmental management system to continuously improve its environmental performance. To date, the company has implemented the environmental management system at 39 production and assembly locations (KSB SE & Co. KGaA: 3 locations); this represents 93 % coverage.

The EU Energy Efficiency Directive requires all large companies to carry out regular energy audits in order to contribute to the European energy and climate protection targets. KSB carries out these energy audits at its major European locations to reduce energy consumption and CO₂ emissions. In the reporting year, audits took place at all five production locations in Germany. The resulting measures are designed to reduce the company's energy consumption. They include construction projects such as new buildings and renovations as well as energy-related measures such as insulation, the replacement of lighting systems with LEDs and the replacement of machinery and systems with low energy efficiency.

In 2023, KSB's German employees travelled almost 600,000 kilometres by train for their business trips.

A new heating station was commissioned at the Group's largest location in Frankenthal in 2023. The 15-million-euro investment increases the share of renewable heat from biomass. In combination with the latest technology, this will yield energy savings of 3,700,000 kilowatt hours per year, equivalent to 900 tonnes of CO₂.

KSB wants to increase the proportion of renewable energy in its energy consumption. Aiming to reduce climate-damaging greenhouse gas emissions, the company obtains its electricity in many places from renewable sources. At the end of the reporting year, 13 Group companies were already using solar modules to generate electricity. Six Group companies in Argentina, Australia, China, Indonesia, Spain and the USA took this initiative in 2023.

Today, many companies primarily use communication channels such as video conferencing and internet-based services for internal meetings and business contacts. KSB also makes the most of these facilities. When personal contact and business trips are necessary, employees opt for environmentally friendly transport wherever possible, such as the rail network of Deutsche Bahn, which uses 100 % green electricity in Germany. Based on Deutsche Bahn's environmental balance sheet, KSB was able to save more than 128 tonnes of CO₂ in 2023 compared to journeys with conventional vehicles (previous year: more than 90 tonnes of CO₂). In 2023, KSB's German employees travelled almost 600,000 kilometres by train for their business trips.



In terms of Group-wide electricity consumption, the share of renewable energies grew by 3.9 % to 54.3 % (KSB SE & Co. KGaA: +2.2 % to 82.1 %).

KSB regularly records and evaluates data on energy consumption and CO₂ emissions. In 2023, energy consumption increased by 8,756 megawatt hours year on year to 276,021 megawatt hours. Compared with 2022, KSB SE & Co. KGaA reduced its energy consumption by 7,859 kilowatt hours to 81,091 kilowatt hours.

In terms of Group-wide electricity consumption, the share of renewable energies grew by 3.9 % to 54.3 % (KSB SE & Co. KGaA: +2.2 % to 82.1 %). KSB calculates CO₂ emissions for Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol (market-based). For the first time, KSB also took into account emissions from the company's own vehicle fleet amounting to 5,573 tonnes of CO₂ for the Group. The Group's emissions in the reporting year thus totalled 83,546 tonnes of CO₂ (KSB SE & Co. KGaA: 13,289 tonnes of CO₂). KSB does not take the vehicle fleet emissions into account for its sustainability target for reducing emissions in the production plants. The respective values are 77,973 tonnes of CO₂ (previous year: 79,673 tonnes of CO₂) for the Group and 12,077 tonnes of CO₂ (previous year: 14,574 tonnes of CO₂) for KSB SE & Co. KGaA. "Out of scope" is the share of biomass that only relates to KSB SE & Co. KGaA; it amounted to 2,175 tonnes of CO₂ in the reporting year.

In order to further reduce energy consumption, KSB appoints Energy Officers at its German locations. They can be contacted by all employees and advise their colleagues on potential energy savings during regular walks around the premises.

The vital task of protecting the environment can only be accomplished together. In the reporting year, the KSB Green Community was established, an employee initiative to promote sustainable behaviour within the company and implement ideas from the workforce. Around 202 people are engaged in this project.

KSB is progressively modernising its production facilities to reduce the amount of hazardous substances used in the manufacturing processes. If environmental pollution is identified at a location, the company sets aside provisions to meet obligations for necessary remediation. Provisions totalling € 966,000 were recognised for KSB SE & Co. KGaA in its annual financial statements.

Today, companies are paying more attention to the eco-balance of the products they buy. This also applies to pumps and valves that are used in many applications. In order to assess the environmental impact of products within the scope of new developments or significant design changes to existing type series in accordance with the ISO 14040 international standard, KSB has been using a suitable process to conduct life cycle assessments since 2020. By the end of 2023, this had been applied to 15 out of 22 newly developed products. The company thus assessed the environmental impact of more than two thirds of its development projects in accordance with the ISO 14040 international standard.

In the reporting year, the KSB Green Community was established, an employee initiative to promote sustainable behaviour within the company and implement ideas from the workforce.

In 2023, KSB increased the share of recycled aluminium and brass in a circulator pump to more than 90 % by selecting suitable suppliers.

The circular economy makes an important contribution to achieving economic growth despite increasingly scarce resources, ensuring that the materials and substances used in products are preserved for as long as possible. This approach to sustainable management protects the climate and reduces dependence on raw material imports. KSB therefore focuses on products with maximum durability that can be easily dismantled and broken down into separate material groups after use for comprehensive recycling. The company has adapted the product creation process for new developments accordingly. Each development is now analysed to determine the extent to which it is suitable for the circular economy. This process uses the material circularity indicator (MCI) to map the material flow's capacity for circularity. In 2022, KSB calculated this key indicator for five selected type series. The goal is to increase the current index value of the five series by a factor of 20 % by 2024. In the reporting year, the company increased the share of recycled aluminium and brass in a circulator pump to more than 90 % by selecting suitable suppliers. In the next step, KSB will determine the effects on the product's material circularity indicator.

Results:

- KSB has conducted life cycle assessments for 68 % of newly developed products.
- KSB once again increased the share of renewable energy in its electricity consumption. This increased from 50.4 % to 54.3 % in the Group compared with the previous year.
- KSB reduced carbon dioxide emissions, excluding those of the vehicle fleet, by 23 % compared with 2018.

PRODUCTS

Objectives:

Through its products, KSB wants to contribute to overcoming global challenges such as climate change. The company's solutions enable its customers to operate their systems efficiently and responsibly. KSB strives to maximise its range of products offering many years of operation characterised by reliability and low energy consumption.

By 2025, KSB aims to reduce the CO₂ emissions generated through the operation of its water pumps by 850,000 tonnes per year in Europe alone by using variable speed drives.

Organisation, processes and measures:

To assess how much carbon dioxide KSB water pumps save during operation, Product Management determines the number of these pump sets in use based on the production volume since 2009, and calculates their average annual energy consumption. This estimate assumes 7,000 operating hours and a typical load profile for these applications as well as the average CO₂ equivalent for Europe of 333 g/kWh according to the German Association of the Automotive Industry (VDA) for 2020 for the European Union electricity mix. As shown in the Energy Efficiency with Electric Drives study published in 2017 by the German Electrical and Electronic Manufacturers' Association (ZVEI), demand-oriented operation via the use of variable speed drives and high-efficiency motors allows energy savings averaging 30 % compared with conventional fixed-speed pump systems. The savings achieved with KSB standardised water pumps are often even higher than 30 %. The calculation will be continued.

With many countries seeing increased expansion of renewable energies and a renaissance in nuclear power, the electricity mix has changed considerably. The Sustainability Committee therefore agreed in 2022 to consider not only the current average CO₂ equivalent (see above), but also the corresponding value from 2018 when determining CO₂ emissions. The figure for 2018 was 590 g/kWh. This means that KSB water pumps are estimated to have saved over 459,000 tonnes of CO₂ in 2023 (compared with the 2020 CO₂ equivalent) or more than 810,000 tonnes (compared with the 2018 CO₂ equivalent) thanks to their variable speed drives.



Based on a high-pressure pump that has been tried and tested for decades, KSB developed a new variant specifically for use in biomass power plants that was launched on the market in 2023.

When developing new products, KSB focuses holistically on sustainability – from production to recycling the raw materials required. This was systematically implemented for the first time in a fully integrated in-line water pump for use in building services that was launched on the market in 2022. Thanks to reductions in size and weight compared with the previous type series, the product requires fewer raw materials such as aluminium, copper and steel; the manufacturing process of the pump thus generates 43 % less carbon dioxide (using the example of a pump for Q 100 % = 19.4 m³/h and H 100 %). KSB offsets the unavoidable greenhouse gas emissions generated in production of the first type series by purchasing certificates in accordance with the Verified Carbon Standard. In operation, control modes make for high levels of energy efficiency. A modular design allows for the straightforward, mono-material dismantling and recycling of individual parts at the end of the pump's service life. In the reporting year, the company increased the number of countries where this innovation has been released for sale by 15 to a total of 24 (previous year: 9).

Renewable energies make an important contribution to climate change mitigation. KSB offers its customers worldwide high-quality solutions for this field of application in order to enable the economic and efficient use of renewable sources of energy for power generation. For example, based on a high-pressure pump that has been tried and tested for decades, KSB developed a new variant specifically for use in biomass power plants that was launched on the market in 2023.

KSB attaches great importance to the role of product quality and safety in preventing accidents and environmental pollution. In production, the company complies with recognised standards such as CE and a well-established quality management system in accordance with the ISO 9001 international standard. This allows processes to be designed such that systematic errors during product manufacturing can be avoided. In addition, the company's own Made by KSB¹ certification available at eleven locations designates a level of quality which exceeds the requirements of the international standard for quality management. The certification stands for quality, short delivery times, professional service and efficient manufacturing processes. In 2023, two locations in India and South Africa completed the first audit as part of their initial certification process. Following a successful second audit in the current reporting year, these two locations will receive the Made by KSB certification.

Results:

- KSB water pumps are estimated to have saved over 459,000 tonnes of CO₂ in 2023 (compared with the 2020 CO₂ equivalent) or more than 810,000 tonnes (compared with the 2018 CO₂ equivalent) thanks to their variable speed drives.
- 122 KSB locations are certified to the ISO 9001:2015 quality management standard to ensure the reliability and safety of the products.

Compliance

Objectives:

For KSB, lawful conduct is an important and indispensable part of corporate social responsibility. Integrity and honest conduct is also something customers and business partners expect of the company. That is why compliance with legal regulations and Group-wide directives is part of KSB's core values.

The aim is to train all relevant employees on anti-trust/cartel law and anti-corruption policies. Using a global matrix of requirements, KSB for example ensures that personnel with customer or supplier contact are regularly familiarised with these topics. The most recent Group-wide training programme started in 2022 and continued into the reporting year. Compliance training was continued throughout 2023 for new employees and employees who were transferred internally to relevant positions.

¹ The use and implementation of the company's internal certifications are outside the scope of the limited assurance engagement performed by PricewaterhouseCoopers GmbH.

The compliance system is designed to ensure that KSB and its employees always act in line with applicable laws and directives.

Organisation, processes and measures:

Lawful conduct is an integral element of KSB's corporate social responsibility. A binding compliance management system supports the compliant conduct of employees. It ensures compliance with legal provisions and internal regulations, thereby safeguarding the economic success of the company in the long term. The compliance system is designed to ensure that KSB and its employees always act in line with applicable laws and directives.

Group Management is responsible for organising compliance and is monitored by the Supervisory Board's Audit Committee. A Group Compliance Officer is responsible for compliance management and reports to Group Management on relevant topics every six months. Support is provided by a Group Compliance Committee, consisting of top-level managers from the company.

KSB's Compliance Manual describes structures and processes designed to ensure compliant conduct, and specifies responsibilities and instruments.

A core element of the compliance system is the KSB Code of Conduct, which applies across the entire Group. It was revised to meet the requirements of the *Lieferkettensorgfaltspflichten-gesetz* [German Supply Chain Due Diligence Act] and published in the 2023 financial year. The Code of Conduct defines the key legal and business policy principles, providing employees with guidance for their actions. The Code also sets forth the corporate values which govern conduct in day-to-day work: honesty,

responsibility, professionalism, trust and appreciation. On this basis, KSB has formulated and communicated specific principles and rules of conduct.

In order to avoid risks resulting from a loss of reputation and legal repercussions, KSB issued two binding corporate directives, one covering compliance with cartel / anti-trust law and one dealing with the prevention of corruption. Both of these directives help to prevent potential violations. Employees receive corresponding training in recognising potential risks and practical guidance to ensure proper conduct.

In the event that employees become aware of violations or are unsure whether their actions are compliant, they refer the matter to the compliance organisation, and specifically to the designated Compliance Officer. If necessary, reports will be treated anonymously. In addition, any circumstances that give rise to legal or anti-trust concerns can be reported by any stakeholder directly to an independent ombudsperson, who can process potential cases without naming informants. Plausible evidence indicating infringements is investigated.

KSB does not tolerate any violations of compliance by its employees. If investigations reveal sufficient evidence of a violation, this will have consequences for the individual concerned. Depending on the severity, sanctions range from a disciplinary warning to immediate termination of employment and law enforcement agencies may also be involved.

Results:

- 2023 saw 2,500 employees across the Group successfully complete the compliance training e-learning modules launched in 2022.
- Reports of suspected compliance violations submitted via the ombudsperson and the compliance organisation triggered a clearly defined three-stage procedure in each case to clarify the facts and initiate the necessary measures.

Human Rights / Sustainability in the Supply Chain

Objectives:

KSB respects and protects human rights. The company recognises the obligations this entails – internally and along the entire value creation chain. It is KSB's declared goal to prevent all forms of discrimination on the basis of individual characteristics such as age, origin, religion, appearance, gender, sexual orientation, disability or marital status. KSB does not tolerate discrimination, harassment or reprisals of any kind in the work environment.

The company also refuses to accept human rights violations by its suppliers. KSB therefore aims to assess 90 % of its global and regional key suppliers in terms of their sustainability performance by 2025. This will focus on, but not be limited to, their safeguarding of human rights.

Organisation, processes and measures:

By signing the UN Global Compact, KSB has undertaken to protect and respect international human rights. The company also complies with the conventions of the International Labour Organisation (ILO). All KSB companies respect the freedom of association and the right to collective bargaining. The company also observes government sanctions such as embargoes, and communicates internal directives on export control.

KSB published a Human Rights Policy Statement. It documents the company's commitment with respect to employees, business partners and the public. The policy statement defines human rights criteria which must be observed in everyday business.

As required by the German Supply Chain Due Diligence Act, KSB has appointed a Human Rights Officer as an internal contact person. In 2022, the Group created an internal, globally valid documented procedure. It describes roles and responsibilities as well as the following processes: Due Diligence Process Supply Chain, Due Diligence Process Own Business Operations and General Risk Management Process. The document also defines the cooperation between Global Procurement and the Human Rights Officer. The first internal audit of Global Procurement regarding implementation of the German Supply Chain Due Diligence Act was undertaken in 2022 by Integrated

KSB uses active supplier management to identify and avoid risks in the supply chain.

Management Systems. This internal review shall be carried out again in the current reporting year.

Basic conduct requirements among the workforce and with business partners are governed by the KSB Code of Conduct.

In 2023, Management again signed the UK Modern Slavery Act statement. This includes a commitment to ensure that all business conducted – including the supply chain – is free from all forms of forced labour, slavery or human trafficking.

KSB uses active supplier management to identify and avoid risks in the supply chain. Compliance with the company's own Code of Conduct, which corresponds to the human rights standards defined in the UN Global Compact, is an integral part of our business conditions and contracts, forming a fundamental basis for our business relations with external suppliers. Through these high standards, the company strives to minimise the risk of human rights violations in the supply chain. As a matter of principle, KSB does not work with companies that are known to violate human rights.

An online training course for buyers and employees from other relevant departments raises participants' awareness of human rights issues in the supply chain. The e-learning is compulsory for all employees in these departments. Since 2021, more than 80 % of employees involved in purchasing and supply chain activities have already successfully participated and received a certificate.

Purchasing uses questionnaires to assess human rights risks at suppliers. This allows potentially critical business partners to be identified throughout the Group, especially with regard to

Number of training hours

	Total	KSB SE & Co. KGaA	Europe	Asia / Pacific	Americas	Middle East / Africa / Russia
Hours per employee	21	21	19	21	27	25

child labour and the use of conflict materials. By the end of 2023, KSB had assessed around 95 % of its main suppliers for production materials, which represent 80 % of the supplier base and are predominantly classified as direct suppliers, and 43 % of its main suppliers for indirect purchasing. In this context, it must be taken into account that compared with the previous year the company adjusted the calculation method in the reporting year in order to assess only the most important main suppliers. The changes resulted in positive effects on the progress towards goal achievement.

KSB derives suitable measures from the self-disclosures requested from its suppliers via questionnaires. These include careful examination of how the issues are handled and monitoring of improvement measures taken.

KSB's employees can contact the compliance organisation or an ombudsperson regarding human rights issues, following the same procedure as for suspected compliance violations (see page 35). The Human Rights Officer is available as an additional contact person.

Results:

- An online training course raises participants' awareness of human rights issues in the supply chain. In the reporting year, 56 employees participated. Since 2021, a total of 372 participants across the Group have completed this training.
- By the end of the reporting year, KSB had assessed the sustainability performance of 67 % of its key global suppliers. This also includes the actions of business partners regarding human rights.

Employees

GLOBAL COMMITMENT

Objectives:

High-performing and motivated staff are the basis for a company's economic success. At KSB, more than 16,000 people work in a variety of ways around the globe to meet customers' needs in the best way possible. This is most effectively achieved

with satisfied and committed employees. KSB is therefore striving to sustainably increase its engagement score, which measures employee satisfaction.

Diversity and open-mindedness are key components of a productive corporate culture. KSB celebrates the diversity of its workforce, because diverse teams contribute the greatest range of different perspectives to the company's success. As a mechanical engineering company with a traditionally low quota of women, KSB is seeking to develop the potential of its female employees in particular. The goal is to increase the proportion of women in management positions to at least 20 % by 2025 (2023: 14 %).

As KSB's success is largely dependent on qualified personnel, the company attaches great importance to targeted training and development. Increasing digitalisation requires continuous learning in order to remain economically successful in the future. By 2025, the company aims to increase the number of training hours per employee per year to 30 hours; in the reporting year this figure was 21 hours. The industry average determined by VDMA [German Mechanical Engineering Industry Association] is 16.8 hours (source: Business Advisory 2021).

Organisation, processes and measures:

Overall responsibility for human resources issues at KSB lies with the head of Human Resources, who reports on topics including non-financial issues directly to the CEO and coordinates Group-wide HR issues. Individual locations' human resources departments look after their local managers and employees.

When recruiting future employees, the company uses several channels. In addition to traditional job advertisements, contact with potential applicants is also established via online social networks and platforms as well as recruitment fairs. KSB also maintains cooperations with universities and schools to establish contact with potential candidates. Furthermore, KSB uses an employee recommendation programme to recruit suitable personnel.



KSB increased the number of vocational training positions in Germany by more than 20 % at the annual start of training in 2023.

In order to ensure demand for skilled staff is met in the long term, KSB continuously trains young people. The company increased the number of vocational training positions in Germany by more than 20 % at the annual start of training in the reporting year. Junior employees at KSB have the opportunity to complete part of their training at subsidiaries abroad. This improves their capacity for international cooperation and offers valuable experience gained in a different environment. At the end of 2023, 268 trainees and students in dual work/degree programmes were preparing for professional life at KSB's German locations. In 2023, KSB spent € 9,256,000 on vocational training programmes (2022: € 8,207,000).

KSB continuously develops the skills and knowledge of its employees to prepare them for specialist and management positions. The company has developed a three-stage approach for this purpose. It distinguishes between Group-wide, departmental and individual professional training measures. Individual training requirements are mutually agreed between managers and employees at annual performance evaluation interviews. Qualification measures cover engineering, business administration, information technology, social competence, communication and leadership.

Developing employees and preparing them for future challenges are core elements of People Development at KSB. The concept is aimed at encouraging the exchange of thoughts and ideas with employees and continuously discussing prospects within the company. Through this initiative, KSB strives to create motivating development opportunities for its employees and staff positions in the best way possible.

In order to inform employees about available training, KSB intensified its communication about training opportunities. These include training modules, courses, workshops and time for free self-study and knowledge exchange between staff. An additional e-learning course for managers raises awareness of the training opportunities. In 2023, employees invested an average of 21 hours (KSB SE & Co. KGaA: 21 hours) into professional development activities (previous year: 17 hours; KSB SE & Co. KGaA: 13 hours).

A one-year fellowship programme focusing on the digital transformation provides employees with current information, background knowledge and explanations about the most important topics of digitalisation.

KSB's internal distance learning programme for interested engineers and technicians, which has been in place for more than ten years, offers participants with relevant experience an opportunity to become experts in the field of pump applications. KSB has been offering the internal professional development opportunity since 2021 as an external distance learning course in cooperation with the technical universities in Berlin and Graz.

In 2023, employees invested an average of 21 hours (KSB SE & Co. KGaA: 21 hours) into professional development activities (previous year: 17 hours; KSB SE & Co. KGaA: 13 hours).

In the reporting year, KSB's Global Learning Center offered 1,888 different training courses.

A Group-wide HR tool automates and standardises the personnel processes of all KSB Group companies. In the reporting year, KSB added additional functions to this system. Employees now log their absences such as holiday and flexitime via this platform, eliminating the need for paper-based forms. Further functions for recruitment and People Development were added in 2023 with the aim of filling vacancies even faster. Managers also use the web-based application to promote training for their team members. In addition, all users can update information on their knowledge and skills in their personal profile. This increases the visibility of knowledge available in the company.

Besides conventional classroom training, KSB employees mainly acquire new knowledge through e-learning and online training. In the reporting year, KSB's Global Learning Center offered 1,888 different training courses. More than 15,300 users from 71 countries had access to the company's own internet-based learning platform, marking a further increase in the reach of this online training facility. In addition, the company's Market Areas have introduced their own academies to impart specific expertise via virtual training courses.

Equal opportunities and diversity are viewed as key factors for innovation and sustainable economic growth. KSB's binding human resources principles align with the Conventions of the International Labour Organisation (ILO) and apply to all Group companies. The company selects candidates for positions exclusively on the basis of necessary professional requirements and the individual performance and potential of the applicant. Clear responsibilities were defined to support this process. Management works to ensure that the principles of equal opportunities and diversity are realised in company practice. Human Resources communicates these principles within

the Group and adapts them where required. HR also fosters an awareness of this important topic and offers corresponding training and advice.

KSB focuses on equal opportunities when filling management positions. In 2023, the proportion of female managers in the Group was 14 % (KSB SE & Co. KGaA: 11 %), a decrease of 1 percentage point year on year. Women make up 16 % of the total workforce (KSB SE & Co. KGaA: 20 %). At KSB, this key indicator refers to management positions with at least one direct report.

Committed female employees from different departments and locations maintain a global women's network to promote gender diversity at KSB. Its aims include establishing a framework for strengthening internal networking among women within the company and creating a space for their professional interaction and further development. The establishment of two regional communities in North America and the Middle East / Africa began in the reporting year. As at 31 December 2023, the network had 228 employees from 24 countries worldwide.

Special training and development programmes provide female employees with greater clarity about their career opportunities

**As at 31 December 2023,
228 employees from
24 countries worldwide
had joined KSB's women's
network.**



and prepare them for their future career path. In addition, KSB is increasingly seeking to appoint women to management positions if applicants are equally qualified. Human Resources and Management make concerted efforts to approach potential female candidates, make them aware of their prospects and encourage them to take advantage of opportunities.

In order to achieve a more balanced mix of men and women in management, KSB implemented several measures in the reporting year. Once again, these included local and global events for promising candidates attended by members of Management. This supports KSB's efforts to ensure that talented women and men are seen and heard within the company.

KSB provides its employees with mobile working options, including working from home. This can help facilitate a balance between family and work commitments. Under the Group works agreement on mobile working, up to 40 % of individual working hours can be spent away from company premises. In addition, many employees have access to flexible working time models, allowing them to care for their family members for example.

Employees who enjoy their work achieve more. KSB therefore attaches great importance to ensuring committed and satisfied employees who are passionate about making a contribution to the company's success. As an attractive employer, KSB strives to create a motivating working environment in which employees can perform to the best of their ability. KSB regularly analyses employee satisfaction. The company had previously conducted a Group-wide employee survey every three years. In the reporting year, Management decided to reduce the time until the next survey to two years. The engagement index, which measures an employee's emotional attachment to work and the workplace, will therefore be analysed again in 2024. In 2022, the figure was 65 % (2019: 57 %).

The global employee engagement survey in 2022 provided valuable information on potential for improvement to further improve satisfaction. Following the results, the CEO and the Chief Engagement Officer discussed the local insights with more than 70 Managing Directors of Group companies and Regional Executive Officers around the world in the reporting year. Based on the findings, numerous measures were agreed at country and departmental level to increase engagement. In 2023, a total of 50 short surveys, known as KSB Pulse surveys,

were also conducted in individual countries and Regions to obtain feedback from employees on current and strategic topics. This active feedback culture reflects how employees and their opinions are valued and appreciated.

Measures to promote employee engagement were once again undertaken in all companies in 2023, for example joint team events. Local Managing Directors reported regularly to KSB Group Management on their implementation and further planned measures, including during personal meetings, joint appointments and in conversation via e-mail and video calls. Furthermore, a global network of Engagement Ambassadors ensures that defined measures are followed through and their successful implementation is publicised in all KSB Regions.

Results:

- The number of completed training courses recorded via the company's own online learning platform increased to 42,469 in 2023 as a result of intensified communication measures (2022: 29,830). This corresponds to an increase of over 42 %. A total of 11,675 (2022: 7,533) employees participated in the training courses, which is over 54 % more than in the previous year.

OCCUPATIONAL HEALTH AND SAFETY

Objectives:

Employee health and safety are top priorities for KSB. The company's goal is to protect staff from risks at work and to keep the number of occupational accidents as low as possible. By 2025, KSB aims to permanently reduce the number of working days lost due to occupational accidents to fewer than 0.3 days per employee. In addition, the company offers employees a range of health-focused services.

Organisation, processes and measures:

At the beginning of the reporting year, the COVID-19 pandemic continued to have a limited local impact on KSB in certain individual locations and Regions. In March 2023, the company's interdisciplinary COVID-19 task force was disbanded due to the improved situation. The task force members jointly analysed the company's crisis management during the pandemic and discussed potential improvements. These insights will help KSB to be even better prepared for similar crisis situations in

In 2023, more than 70 production managers at KSB focused intensively on occupational health and safety at the global manufacturing conference in Brazil.

the future. All measures and rules adopted during the pandemic were discontinued.

The focus of accident prevention in everyday work at KSB is in the production areas due to their increased risk. Appropriate training, instruction and other preventive measures are implemented regularly. In the reporting year, 39 production and assembly sites (including all factories of KSB SE & Co. KGaA) were certified to the ISO 45001 international occupational health and safety standard. This represents 93 % of the company's locations.

To reduce the number of occupational accidents, KSB introduced the global Vision Zero concept from the International Social Security Association (ISSA) in its production departments. This aims to increase involvement of management staff so as to raise awareness of improved occupational health and safety. Managers learn about suitable measures that they can apply individually to their production facilities.

In 2023, more than 70 production managers at KSB focused intensively on occupational health and safety at the global manufacturing conference in Brazil. At the event, the participants defined their most important topics in this area according to the rules set out in the Vision Zero concept. The focus was on aspects with the highest potential for improvement at the respective locations. After the conference, the production managers were tasked with deriving measures and implementing them in their area of responsibility. Integrated Management will support the global locations in this process and verify the results in the current reporting year. The aim is to establish a sustainable safety culture within the company.

KSB maintains an active occupational health management system with a holistic approach. As well as fulfilling the company's legal occupational health and safety obligations, this framework enables KSB to provide voluntary health-focused services. These include ongoing health initiatives such as vaccinations, support for giving up smoking, preventive health care courses and confidential psychosocial counselling from the company's Health Management department. The implementation of the company's return-to-work programme makes a significant contribution to promoting health in the workplace and restoring employees' ability to work. Addiction prevention services are provided by KSB's Health Management and local addiction support teams.

The mental health of employees is becoming a key focus of many companies. A positive state of well-being is essential for actively participating in private and professional life and for dealing appropriately with challenging situations. In 2023, KSB expanded an initiative to strengthen the mental health of its workforce. The campaign supported employees and managers in maintaining their health and well-being. The measures aimed to raise awareness and acceptance of mental stresses and jointly develop solutions. Multiple workshops, information events and participative activities were held at various locations.

Employees who spend most of their working time sitting benefit from an Internet-based health programme that includes exercises to prevent back problems. In the reporting year, KSB added mindfulness exercises to the programme that provide tips on how to confidently deal with stressful phases in daily working life in a relaxed manner.

In 2023, the focus of KSB's prevention services was on skin health. Employees were invited to participate in preventive examinations, informative presentations and activities.

The focus of prevention services for employees was on skin health.



Cycling keeps you fit, saves energy and reduces your personal carbon footprint. Since the middle of the reporting year, KSB has been offering its German employees a cycle-to-work bike leasing scheme to promote healthy mobility. Interest among staff was huge: by the end of 2023, 577 employees had taken up the offer. KSB also supported participation in the annual city cycling event. Over 240 employees from various locations took part in the Germany-wide competition.

Joint sports activities not only strengthen team spirit among employees, but also their health. KSB therefore encourages company sports, participation in sports events and organises sports events at its locations.

Results:

- The company medical service in Germany organised a total of 897 vaccinations in the reporting year. The majority of these were vaccinations against influenza (555) and shingles (126). 53 employees were also vaccinated against COVID-19.
- The company's Health Management department in Germany provided counselling sessions in 2023, primarily in connection with mental stress and dealing with crises.
- The number of accident-related days lost per employee and year in 2023 was slightly higher than in the previous year at 0.36 (lost time accident rate).
- As part of the reporting year's initiative focusing on skin health in Germany, 433 employees took up the offer of skin cancer screening.

Society

Objectives:

KSB seeks to make an active contribution to society through its commitment to social initiatives. This includes financial contributions to organisations engaged in social projects. With its charitable commitments, KSB seeks to contribute to the development of the common good. By 2025, the company intends to support at least 25 social projects every year. KSB defines a project as an undertaking fulfilling at least three of the following five criteria:

- Humanitarian aid benefiting third parties
- Support for education (child, youth and adult education)
- Project-related support of more than € 5,000
- Personal engagement of KSB employees
- Long-term or permanent aid (e.g. in the field of ecology)

Social activities that meet fewer than three of the above criteria are classified by the company as social initiatives.

Organisation, processes and measures:

KSB's binding Donation Directive sets out for which purposes and under which conditions the company may make financial or material commitments. In this context, the focus is on supporting organisations, projects and measures dedicated to the education, social support and protection of children and young people. The company is also committed to helping the disadvantaged. In the event of disasters it provides assistance to both people and organisations. In the reporting year, KSB expanded the potential group of recipients to include organisations and projects that promote local sports and are committed to sustainability and environmental protection.

The education of young people is one of the most important issues for the future. KSB therefore once again supported relevant projects worldwide in 2023. This not only took the form of direct financial aid, but also imparting knowledge to teachers or representatives of state institutions. Furthermore, the company is committed to helping people in need in order to improve their living conditions. For example, KSB donated

In the reporting year, KSB expanded the potential group of donation recipients to include organisations and projects that promote local sports and are committed to sustainability and environmental protection.

The company's social engagement sees KSB making a contribution towards achieving the United Nations' 17 Sustainable Development Goals.

€10,000 to Christmas fund-raising campaigns at its Pegnitz location. The company was once again able to support development projects with contributions in kind, for example by donating pumps for a drinking water project in Africa.

Natural disasters have a direct and devastating impact on the lives of those affected. KSB provides fast and targeted help. In the reporting year, for example, the company donated € 10,000 and multiple pumps to supply people with water following an earthquake in Turkey.

KSB's Indian companies have traditionally been strongly committed to charitable organisations and institutions in the vicinity of their locations. The projects primarily focus on improving the lives of children and women in schools and social institutions, for example through grants for infrastructure and the purchase of study materials. KSB offers particular support for people with disabilities, those in need and the elderly.

The company's social engagement sees KSB making a contribution towards achieving the United Nations' 17 Sustainable Development Goals. The focuses of the supported projects and measures were, in descending order, the goals of quality education (goal 4), industry, innovation and infrastructure (goal 9) and good health and well-being (goal 3).

Founded in 1942, the Geheimrat Dr. Jacob Klein-Unterstützungseinrichtung e.V. benevolent fund originally functioned to finance the KSB pension scheme. Since 1999, the charitable organisation has continued to support current and former

employees of KSB SE & Co KGaA (including employees of the German Group companies) and their immediate families in cases of urgent financial need, for example, by providing grants for health care treatment and medical aids.

Results:

- In 2023, KSB participated in 44 social projects and 37 charitable initiatives worldwide.

More information on social commitment is available at www.ksb.com/csr-en.



EU Taxonomy Regulation

The European Union has set itself the goal of becoming climate-neutral by 2050. As part of the Green Deal, the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the Establishment of a Framework to Facilitate Sustainable Investment, and Amending Regulation (EU) 2019/2088, hereinafter referred to as the EU Taxonomy Regulation, entered into force in 2020.

The taxonomy sets out a classification system for environmentally sustainable economic activities and defines six environmental objectives:

- 1) Climate change mitigation (CCM)
- 2) Climate change adaptation (CCA)
- 3) Sustainable use and protection of water and marine resources (WTR)
- 4) Transition to a circular economy (CE)
- 5) Pollution prevention and control (PPC)
- 6) Protection and restoration of biodiversity and ecosystems (BIO)

Since 2023, the new Environmental Delegated Act has complemented the EU Taxonomy Regulation. It defines the economic activities and the associated technical screening criteria for environmental objectives (3) to (6). The Climate Delegated Act and the Disclosures Delegated Act were also amended pursuant to Article 8.

Economic activities qualify as taxonomy-eligible if they correspond to at least one of the activity descriptions set out in the aforementioned Delegated Acts.

If the taxonomy-eligible economic activities also:

1. Make a substantial contribution to the fulfilment of one or more of the six environmental objectives
2. Do not significantly affect the fulfilment of the five other EU environmental objectives (Do No Significant Harm, or DNSH)
3. Comply with the minimum safeguards

they are classified as taxonomy-aligned.

The assessment of whether an economic activity makes a substantial contribution to one of the environmental objectives and does no significant harm to the five other environmental objectives shall be made on the basis of technical screening criteria.

Information on taxonomy eligibility for the six environmental objectives must be provided for the 2023 financial year. In addition, information on taxonomy alignment must be provided for the first two environmental objectives. Information on the alignment of activities added or changed in 2023 has not been provided in the reporting year.

Delegated Regulation (EU) 2021/2178 requires companies to report information on the key indicators of sales revenue, capital expenditure (CapEx) and operating expenditure (OpEx) relating to taxonomy-eligible and taxonomy-aligned economic activities as well as to publish additional quantitative and qualitative information.

The capital expenditure and operating expenditure indicators are classified into the following categories:

- **Category A:** Capital or operating expenditure related to assets or processes associated with taxonomy-aligned economic activities
- **Category B:** Capital or operating expenditure that is part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned economic activities
- **Category C:** Capital or operating expenditure related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to greenhouse gas reductions

Procedure in the Reporting Year

The impact analysis is updated annually and the newly published economic activities were added in the financial year. In order to identify taxonomy-eligible economic activities, all activities listed in the annexes to the Climate Delegated Act and the Environmental Delegated Act were assessed for relevance to KSB. Experts from specialist departments including Product Development, Sales, Facility Management and IT

were consulted for this assessment. Responsibility for the data collection and reporting process lies with the Finance department.

The following findings regarding KSB’s economic activities were made as part of the impact analysis in connection with the performance indicators relevant to the EU taxonomy:

KSB’s core sales activities almost exclusively comprise the manufacture of pumps and valves, and provision of related spare parts and support services. The EU taxonomy currently in force in particular covers economic activities that have a material impact on the environment. As this is largely not the case with mechanical engineering, KSB cannot allocate its sales activities to such economic activities. In particular, it was assessed whether the new economic activities of environmental objective (4) Transition to a circular economy from Section 5. Services could be relevant for KSB. However, the NACE codes listed in the activity descriptions to narrow down the products considered for this activity do not fall within the scope of the Group’s activities. The economic activities added to the other environmental objectives were also assessed and do not correspond to the Group-wide sales revenue-generating economic activities.

Furthermore, KSB does not engage in any of the economic activities described in the European Commission Delegated Regulation 2022/1214 in connection with the production of energy from fossil gas or nuclear energy. KSB therefore has not used the specific reporting forms for these activities in accordance with Annex XII of the European Commission Delegated Regulation 2021/2178.

Accordingly, as in previous years, KSB will not report any taxonomy-eligible or taxonomy-aligned sales revenue in the 2023 financial year.

Capital expenditure and operating expenditure relating to assets or processes associated with taxonomy-aligned economic activities (Category A) therefore also cannot be reported. Furthermore, there is no CapEx plan to expand a taxonomy-aligned activity or upgrade a taxonomy-eligible activity to become a taxonomy-aligned activity. Thus, no category B capital expenditure or operating expenses are reported.

With regard to capital expenditure and operating expenditure in category C, from the purchase of taxonomy-aligned products and individual measures, the following taxonomy-eligible economic activities were identified in the impact analysis for the KSB Group:

Taxonomy-eligible economic activities:

Economic activities according to the EU taxonomy	Examples of activities at KSB
Manufacturing / Production of goods	
CCM 3.9 Manufacturing of iron and steel	<ul style="list-style-type: none"> Operation of foundries
Transport	
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	<ul style="list-style-type: none"> Purchasing and leasing of passenger cars
Construction and real estate	
CCM 7.2 / CE 3.2 Renovation of existing buildings	<ul style="list-style-type: none"> Renovation of administrative buildings
CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	<ul style="list-style-type: none"> Replacement of existing windows with new energy-efficient windows
CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	<ul style="list-style-type: none"> Purchasing and installation of charging stations for electric vehicles
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	<ul style="list-style-type: none"> Purchasing and installation of solar power systems
CCM 7.7 Acquisition and ownership of buildings	<ul style="list-style-type: none"> Purchasing and leasing of non-residential buildings

The identified taxonomy-eligible economic activities were primarily allocated to environmental objective (1) Climate change mitigation, as KSB has a greater influence on the contribution to this environmental objective.

Despite the corresponding activity description, the activities of environmental objective (2) Climate change adaptation were not reported as taxonomy-eligible because they are not enabling activities or there is no separable, specific capital expenditure or operating expenditure for climate change adaptation.

Assessment of Taxonomy Eligibility and Alignment

The basis for determining taxonomy-eligible and taxonomy-aligned economic activities are the actually identified capital expenditure and operating expenditure calculated for the fully consolidated companies in the Group, which were assessed and

audited in terms of a cost-benefit ratio. The relevant performance indicators were determined using a questionnaire prepared by KSB in which the potential taxonomy-eligible economic activities identified in the impact analysis were assessed. When validating the questionnaires, particular care was taken to ensure that the figures reported by the companies were not counted twice.

The analysis of capital expenditure showed that economic activities amounting to € 62.8 million (46.3 % of total investments) (previous year: € 38.5 million, 31.7 % of total investments) correspond to the activity descriptions of the Delegated Acts and therefore constitute taxonomy-eligible capital expenditure.

Breakdown of capital expenditure by environmental objectives

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-aligned per objective
Climate change mitigation (CCM)	–	46.3 %
Climate change adaptation (CCA)	–	–
Water (WTR)	–	–
Circular economy (CE)	–	13.8 %
Pollution prevention and control (PPC)	–	–
Biodiversity (BIO)	–	–

Breakdown of operating expenditure by environmental objectives

	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	-	5.3 %
Climate change adaptation (CCA)	-	-
Water (WTR)	-	-
Circular economy (CE)	-	-
Pollution prevention and control (PPC)	-	-
Biodiversity (BIO)	-	-

Taxonomy-eligible operating expenditure amounted to € 6.3 million (5.3 % of total operating expenditure) in the reporting year (previous year: € 4.0 million, 6.2 % of total operating expenditure).

In addition, the identified taxonomy-eligible economic activities were analysed with regard to their **substantial contribution** as part of the taxonomy alignment assessment. As the identified taxonomy-eligible economic activities relate to the acquisition of products from taxonomy-aligned economic activities (Category C), the assessment of alignment (except for economic activities CCM 7.4 and CCM 7.6) is dependent on the provision of relevant proof by external third parties and cannot be carried out independently by KSB. Suppliers were therefore contacted to verify compliance with the technical screening criteria. It was also checked whether the other environmental objectives were caused any significant harm by the specified economic activity. The documents required by the Delegated Acts could not be provided by the external third parties to a sufficient extent.

For the economic activities CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and CCM 7.6 Installation, maintenance and repair of renewable energy technologies, KSB meets the substantial contribution

criteria. However, the suppliers were unable to provide proof of compliance with EU taxonomy alignment.

As a result, KSB cannot report any taxonomy-aligned capital expenditure and operating expenditure in the 2023 financial year.

The EU Taxonomy Regulation defines **minimum safeguard requirements** for companies, in particular with regard to the issues of human rights, corruption, bribery, taxation and anti-trust law. KSB's actions are in line with the requirements. Among other things, this is reflected by KSB's compliance with the following internationally recognised standards:

- The Ten Principles of the United Nations Global Compact (UNGC) and its 17 Sustainable Development Goals (SDGs)
- The UN Guiding Principles on Business and Human Rights (UNGP)
- The United Nations Universal Declaration of Human Rights
- The eight fundamental Conventions of the International Labour Organisation (ILO)
- The OECD Guidelines for Multinational Enterprises



KSB stands up for human rights, equal treatment and decent working conditions worldwide and documents this in policy statements, guidelines and commitments. For further details, please refer to the Human Rights / Sustainability in the Supply Chain section in this part of the report.

In addition, all information on perceived compliance violations is taken seriously and followed up in accordance with the stipulations of KSB's Code of Conduct. Compliance with applicable cartel / anti-trust law is also part of the core KSB values set out in the KSB Code of Conduct. Further information is provided in the Compliance section of this part of the report.

As an globally operating Group, KSB also observes all relevant tax law provisions. KSB sets transfer prices using globally recognised principles and compares them with the terms and conditions of external third parties. Employees on international assignments are obliged to comply with the tax laws that apply

to them personally in line with the company's Expatriate Assignment Directive.

In the reporting year, KSB experienced no proven violations or convictions relating to human rights, compliance (corruption and bribery), cartel / anti-trust law or tax law.

The results demonstrate the appropriateness and effectiveness of the processes and systems established throughout the Group for identifying and mitigating potential risks or breaches of the minimum safeguards.

Calculation of Performance Indicators

The sales revenue performance indicator was calculated as the proportion of sales revenue derived from products and services generated by taxonomy-eligible and -aligned economic activities (numerator) divided by the sales revenue

generated in the reporting year (denominator). The denominator of the sales revenue performance indicator is provided in the Statement of Comprehensive Income in the Consolidated Financial Statements section. As described above, no taxonomy-eligible and -aligned economic activities can be reported in relation to sales revenue.

The **capital expenditure (CapEx)** performance indicator is defined as capital expenditure in taxonomy-aligned and -eligible economic activities (numerator) divided by total capital expenditure made in the financial year (denominator). Total capital expenditure includes additions to property, plant and equipment (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). A breakdown of the composition of capital expenditure by asset class is presented in the Consolidated Financial Statements, Section IV. Balance Sheet Disclosures, Subsections “1. Intangible assets”, “2. Right-of-use assets” and “3. Property, plant and equipment”.

The **operating expenses (OpEx)** performance indicator is defined as operating expenses in taxonomy-aligned and -eligible economic activities (numerator) divided by total operating expenses (denominator). The denominator of operating expenses comprises direct, non-capitalised costs related to research and development, maintenance and short-term lease expenses. Maintenance expenses include both services provided by third parties and maintenance work performed by KSB employees.

Given the dynamic situation relating to the relevant legislation, KSB points out that the impact analysis and interpretation of the financial indicators to be determined may be subject to adjustments in the future.



Proportion of sales revenue from products or services associated with taxonomy-aligned economic activities – Disclosures for the 2023 financial year

Economic activities (1)	2023		Substantial contribution criteria						
	Code(s) (2)	Sales revenue (3)	Proportion of sales revenue 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Bio-diversity and ecosystems (10)
	€ millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
Sales revenue from environmentally sustainable activities (taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-
Of which enabling activities		-	-	-	-	-	-	-	-
Of which transitional activities		-	-	-					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL
Sales revenue from taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		-	-	-	-	-	-	-	-
A. Sales revenue from taxonomy-eligible activities (A.1 + A.2)		-	-	-	-	-	-	-	-
B. Taxonomy-non-eligible activities									
Sales revenue from taxonomy-non-eligible activities		2,819.0	100.0						
Total		2,819.0	100.0						

Y Yes, taxonomy-eligible and, in relation to the relevant environmental objective, taxonomy-aligned activity
N No, taxonomy-eligible but, in relation to the relevant environmental objective, not taxonomy-aligned activity
N/EL Non-eligible, taxonomy-non-eligible activity in relation to the relevant environmental objective
EL Eligible, taxonomy-eligible activity in relation to the relevant environmental objective

DNSH criteria ("Do No Significant Harm")

	DNSH criteria ("Do No Significant Harm")							Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.)	Category Enabling activities (19)	Category Transitional activities (20)
	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Bio-diversity and eco-systems (16)	Minimum safeguards (17)	proportion of sales revenue, 2022 (18)		
	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	%	E	T
								-		
								-	E	
								-		T



**Proportion of CapEx from products or services associated with taxonomy-aligned economic activities –
Disclosures for the 2023 financial year**

Economic activities (1)	2023		Substantial contribution criteria						
	Code(s) (2)	CapEx (3) € millions	Proportion of CapEx, 2023 (4) %	Climate change mitigation (5) Y;N;N/EL	Climate change adap- tation (6) Y;N;N/EL	Water (7) Y;N;N/EL	Circular economy (8) Y;N;N/EL	Pollution (9) Y;N;N/EL	Bio- diversity and eco- systems (10) Y;N;N/EL
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–
Of which enabling activities		–	–	–	–	–	–	–	–
Of which transitional activities		–	–	–					
A.2. Taxonomy-eligible but not environ- mentally sustainable activities (not taxonomy-aligned activities)				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL
Manufacturing of iron and steel	CCM 3.9	0.2	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	14.7	10.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2 / CE 3.2	18.7	13.8	EL	N/EL	N/EL	N/EL	EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	5.8	4.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.0*	0.0*	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1.0	0.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	22.3	16.4	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)		62.7	46.2	46.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		62.7	46.2	46.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
B. Taxonomy-non-eligible activities									
CapEx of taxonomy-non-eligible activities		72.9	53.8						
Total		135.6	100.0						

* Rounded 0.0

Y Yes, taxonomy-eligible and, in relation to the relevant environmental objective, taxonomy-aligned activity

N No, taxonomy-eligible but, in relation to the relevant environmental objective, not taxonomy-aligned activity

N/EL Non-eligible, taxonomy-non-eligible activity in relation to the relevant environmental objective

EL Eligible, taxonomy-eligible activity in relation to the relevant environmental objective

DNSH criteria ("Do No Significant Harm")

	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Bio-diversity and eco-systems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) proportion of CapEx, 2022 (18)	Category Enabling activities (19)	Category Transitional activities (20)
	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	%	E	T
								-		
								-	E	
								-		T
								4.1		
								9.0		
								0.8		
								0.0		
								0.6		
								17.0		



Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – Disclosures for the 2023 financial year

Economic activities (1)	2023		Substantial contribution criteria						
	Code(s) (2)	OpEx (3) € millions	Proportion of OpEx, 2023 (4) %	Climate change mitigation (5) Y;N;N/EL	Climate change adap- tation (6) Y;N;N/EL	Water (7) Y;N;N/EL	Circular economy (8) Y;N;N/EL	Pollution (9) Y;N;N/EL	Bio- diversity and eco- systems (10) Y;N;N/EL
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–
Of which enabling activities		–	–	–	–	–	–	–	–
Of which transitional activities		–	–	–	–	–	–	–	–
A.2. Taxonomy-eligible but not environ- mentally sustainable activities (not taxonomy-aligned activities)				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL
Manufacturing of iron and steel	CCM 3.9	0.2	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.4	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	3.1	2.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1.4	1.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	1.2	1.0	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)		6.3	5.3	5.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		6.3	5.3	5.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
B. Taxonomy-non-eligible activities									
OpEx of taxonomy-non-eligible activities		112.1	94.7						
Total		118.4	100.0						

Y Yes, taxonomy-eligible and, in relation to the relevant environmental objective, taxonomy-aligned activity
 N No, taxonomy-eligible but, in relation to the relevant environmental objective, not taxonomy-aligned activity
 N/EL Non-eligible, taxonomy-non-eligible activity in relation to the relevant environmental objective
 EL Eligible, taxonomy-eligible activity in relation to the relevant environmental objective

DNSH criteria ("Do No Significant Harm")

	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Bio-diversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) proportion of OpEx, 2022 (18)	Category Enabling activities (19)	Category Transitional activities (20)
	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	%	E	T
								-		
								-	E	
								-		T
								0.7		
								3.0		
								1.4		
								1.1		

Limited Assurance Report on the Combined Non-financial Report

To KSB SE & Co. KGaA, Frankenthal

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting¹

We have performed a limited assurance engagement on the combined separate non-financial report of KSB SE & Co. KGaA, Frankenthal, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Combined Separate Non-financial Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, which are marked as unassured.

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section EU-Taxonomy of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined separate non-financial report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section EU-Taxonomy of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

AUDIT FIRM'S INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer“: “BS WP/vBP”) as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2023)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, is not prepared, in all material respects, in

accordance with §§ 315c in conjunction with 289c to 289e HGB] and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU-Taxonomy of the Combined Separate Non-financial Report. In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Report
- Analytical procedures on selected disclosures in the Combined Separate Non-financial Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Separate Non-financial Report
- Inquiries on the relevance of climate-risks
- Evaluation of CO₂ compensation certificates exclusively with regard to their existence, but not with regard to their impact

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE OPINION

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU-Taxonomy of the Combined Separate Non-financial Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 12 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüferin
[German public auditor]

ppa. Meike Beenken