

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

I. Vision

Water is precious and mighty. It deserves respect all around the world - VAG takes it seriously. Our passion at VAG is to provide long lasting "Peace of Mind" for customers, communities and for our environment.

For more than 150 years, VAG has been supporting customers around the world with products and services for the water, wastewater and hydropower sectors. VAG is thus making an important contribution to the United Nations' Sustainable Development Goals (SDG) for clean water and clean energy as well as to the sustainable use and protection of water, an environmental goal of the EU Taxonomy Regulation. Our most important goals are to ensure access to clean drinking water and appropriate wastewater treatment for the population. We believe in the necessity of the global energy transition. We would like to achieve these goals as a reliable and sustainable partner with integrity worldwide.

VAG's products are helping to supply clean water and clean energy to many communities around the world and thereby enhancing people's lives. Also, our products are used for green energy production in hydropower plants and for proper treatment of wastewater thus protecting communities, people, and the environment. They are also used for other applications to protect and enhance people's life such as flood protection. Recognizing our responsibility to contribute to the wellbeing of our planet and communities around the world, we are proud that VAG products enable millions of people access to fresh water, proper treatment of wastewater, sustainable energy, and protection from flooding events.

II. Principles and scope of this Policy

The following provisions are binding for all employees within VAG-Group and its subsidiaries. Compliance with the requirements of this ESG policy does not exempt employees from fulfilling other requirements arising from the laws and other legal provisions applicable to them as well as internal regulations such as VAG's Code of Conduct. Where necessary, VAG includes its value chain, in particular its suppliers, in its scope of application.

Environmental standards

VAG is committed to further advancing environmental, social and governance issues around the globe. Therefore, we have decided to also address environmental and social initiatives systematically and holistically. VAG has carried out a comprehensive risk assessment in these

areas and defined an initial set of objectives, such as B. ISO 14001 certification for all production sites as well as initiatives that specifically address our carbon footprint.

Focus on green industry and green products

VAG is continuously focused on developing products for green industries. Especially our offers for dams and hydropower as well as wastewater treatment support a sustainable protection of our environment. VAG develops best-in-class products for customers around the globe according to our philosophy of long-lasting and environmentally friendly design. Countless patents, impressively long experience and revolutionary ideas result in excellent products for the valve market in the entire world. Our high-quality products support this goal by reliably lasting often for decades and thus not needing to be replaced by new intensive products. Also, we are actively investigating and introducing products to save energy in operation such as our EKN-H butterfly valve with significantly reduced flow resistance.

Compliance with environmental standards

VAG complies with the applicable regulations on operational and product-related environmental protection. The environmental impact of resource and energy consumption, emissions of greenhouse gases and air pollutants, water consumption, discharges into soil and water, and waste is avoided or continuously reduced. As for any casted product, producing our valves requires large amount of energy. To minimize the environmental impact, we are actively shifting our electrical energy supply to renewables sources wherever feasible. For example, our own foundry was shifted to 100% renewable electricity already and we are proud that nearly all of our production plants run 100% renewable today.

III. Social and human rights standards

Compliance with human rights and social standards

VAG complies with all applicable national human rights standards, labor protection regulations and international conventions on human rights and social standards. In particular, VAG is committed to the principles of the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the core labor standards of the ILO.

Health and safety

VAG is a company who strongly focuses on people's health and safety, reducing workplace risks and creating better working conditions. Zero accidents and incident-free working environment is the VAG main goal. Therefore, the aim is to continuously reduce safety incidents (lost-time-injuries) each year. Going forward, this remains our highest focus with

daily, weekly, and monthly monitoring and implementation of respective actions. In order to support this initiative further, we will get all manufacturing sites certified according to ISO 45001 (Health & Safety).

Prohibition of forced and child labor

VAG ensures that it protects internationally recognized human rights in its activities and towards its employees and does not directly or indirectly use forced labor (including modern slavery and human trafficking) and child labor of any kind or primary products manufactured using such labor. VAG also requires its suppliers to comply with these standards.

Anti-discrimination and inclusion

Any form of discrimination against employees and applicants must be avoided and actively prevented. In addition, VAG also puts an emphasis on hiring and involving local managers for all VAG entities around the world. We would like to have a positive and proactive impact on diversity and inclusion with equal opportunities for career advancement and professional development for all employees.

Fair working conditions

VAG complies with all regulations to ensure fair working conditions, including those relating to remuneration, working hours and the protection of privacy.

Fair compensation

Employees must be paid on time and in accordance with applicable wage laws, including minimum wages, overtime, and other required benefits.

IV. Governance Integrity

In 2019, VAG, in collaboration with the renowned international law firm Baker McKenzie, renewed its Compliance Management System (CMS) tailored to the VAG Group's risk exposure. In view of international standards and guidelines (e.g. German law, U.S. FCPA, UK Bribery Act, ISO 37001), the VAG-Group updated its existing anti-corruption policies and procedures (including third-party due diligence), Antitrust law, anti-money laundering, data protection, conflicts of interest and whistleblowing.

Ethical Conduct

VAG conducts business with integrity, honesty, and transparency, adhering to the highest

ethical standards and legal requirements. We prohibit bribery, corruption, and conflicts of interest in all aspects of our operations and maintain robust internal controls and compliance mechanisms to ensure accountability and transparency.

Corporate Governance

We uphold sound corporate governance practices, including four-eyes principles, and regular performance evaluations by the board of directors and the executive management. We maintain open communication channels with shareholders and stakeholders and seek their input on matters affecting the organization's long-term sustainability and performance.

Risk Management

VAG identifies, assesses, and manages environmental, social, and governance risks to ensure the long-term sustainability and resilience of our business operations. We integrate ESG considerations into our strategic planning, decision-making processes, and risk management frameworks to mitigate risks and seize opportunities for value creation.

Reporting of grievances

VAG's employees are encouraged to report violations of this policy. Significant compliance violations, in particular illegal business practices, can be reported by all employees via the established, accessible complaints channels. To report possible violations of this policy, please click [here](#).

v. Implementation and Monitoring

This ESG policy applies to all employees of VAG-Group and its entities. We will establish clear goals, targets, and key performance indicators (KPIs) to track our progress towards achieving our ESG objectives and regularly report on our performance to stakeholders. We will conduct regular audits, assessments, and reviews of our ESG performance to ensure compliance with this policy and identify areas for improvement and innovation. Any updates or revisions to this policy will be communicated internally and made available to the public through our corporate website, sustainability reports, and other communication channels.