Sustainability statement

General information

Basis for preparation

Level of reporting

The Sustainability Statement of Alfen N.V. is prepared on a consolidated basis and incorporates information for the reporting period equal to the financial statements, from 1 January 2024 to 31 December 2024. This statement covers Alfen's entire operations, as well as the upstream and downstream value chain. We have not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation.

All Alfen subsidiaries are consolidated for sustainability reporting. Administrations of all entities except Alfen Elkamo Oy Ab are driven by our headquarters. We use the same measurements for all entities throughout the statements.

Material impacts, risks and opportunities (IROs) have been assessed through a double materiality assessment, serving as a cornerstone for the ESRS disclosures. This assessment determines the scope of disclosure.

In 2024, Alfen performed an extensive assessment aligned with the prescribed guidelines of the ESRS. A description of the process and its outcome are included in the impact, risk and opportunity section of this statement.

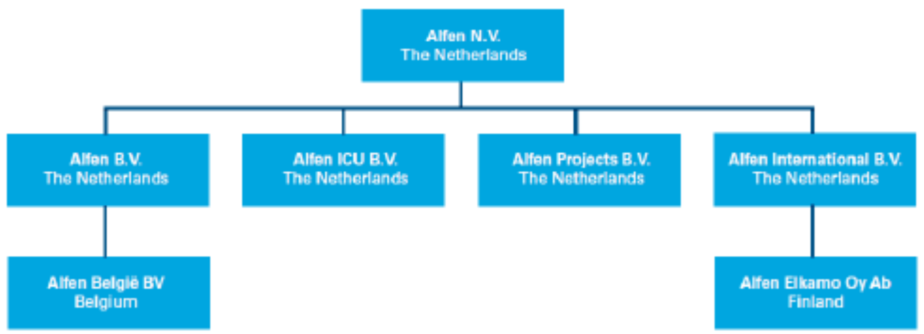
The EU Taxonomy is included as a separate identifiable section as part of the environmental information in this Sustainability Statement.

The contents of the Sustainability Statement were subject to limited assurance procedures in accordance with NV COS 3810N. The limited assurance report of the independent auditor on the sustainability statements 2024 can be found in the section “Other information” on page ## of this Annual report.

Judgement, uncertainties, exemptions and value chain estimations

In applying reporting requirements, Alfen needs to make judgements and estimates that may be critical for the data reported. Therefore, metrics used can be based on certain estimates, averages or assumptions that management believes to be reasonable under the circumstances. The underlying data either comes directly from our suppliers, our own readings or is sourced from external data vendors. The latter, being secondary data such as industry/sector averages, are used if no relevant information is available within our value chain. This statement includes prospective information such as ambitions, objectives, targets and expectations. Inherent to this information is the fact that the actual results may differ in the future and that information is therefore uncertain. A description of used definitions can be found alongside each metric in the respective environmental, social and governance sections.

Material subsidiaries of Alfen



In particular, we see the largest uncertainties in reporting scope 3 emissions related to our up- and downstream value chain partners. At this stage, we need to rely on industry/sector averages for emission calculations when suppliers cannot yet deliver primary data. We expect that the accuracy of scope 3 emissions will improve over time as calculations become more granular with more detailed modelling and supplier-specific data. In addition, a key assumption we have made regards the rate at which electricity grids decarbonise over time, which influences the emissivity of the efficiency losses during the use of our sold products. As all our products are currently sold in countries where governments are either legally bound to net zero in 2050 or have set net zero 2050 as a stated goal for their electricity grid, we have assumed a linear reduction in electricity grid intensity between 2024 and 2050.

The data used to compile our sustainability metrics is subject to continuous improvement, given that sustainability-related regulation will also result in more standardised data being available in the future. Metrics in this sustainability statement are not validated by an external body other than our assurance provider. We aim to be transparent in our disclosures and any changes in underlying data or assumptions in order to explain movements. This results in the appropriate context to readers of the statement.

Applied time horizons

We have assessed material impacts, risk and opportunities over short-, medium-, and long-term. Since the nature of sustainability matters generally materialise over time these topics often require forward-looking statements. In this statement, we refer to the following time horizons:

Short term = less than 1 year
Medium term = between 1 and 5 years
Long term = more than 5 years

We provide an additional breakdown for the long term horizon when impacts or actions are expected in a period longer than 5 years to provide relevant context. Deviations from the stated time horizons are clearly indicated.

Incorporation by reference

Where information has been published in other parts of the annual report, we have made use of the “incorporation by reference” concept to prevent duplications. Specifically, we have chosen to incorporate the corporate governance disclosures of ESRS 2 relating to role and responsibilities (other than on sustainability), the composition, and the competencies and skills of the Executive Committee and the Supervisory Board in the corporate governance section of this report. These can be found in paragraphs Members of the Executive Committee (p.##) and Members of the Supervisory Board (p.##). Additionally, a description of risk management and control process as well as the incorporation of sustainability risks in this process can be found in the Risk management section, paragraph Risk assessment process, including fraud and sustainability risks (p.##). In these cases, we believe that the information is best read in conjunction with other information in these sections.

Reporting adjustments related to prior periods

We have restated our 2023 health and safety figures due to a calculation error. In particular, the metrics Lost Time Injury Frequency Rate (LTIFR) and the Total Recordable Incident Rate (TRIR); for more details refer to section Health & Safety: metrics, targets and performance. We have also restated our scope 1 and scope 2 emissions to allocate upstream energy emissions to scope 3, which we are reporting for the first time. We do not have any other changes in preparation or presentation of the Sustainability Statement or errors in prior periods as this is the first year of reporting based on the ESRS standards.

Where metrics have been reported previously or where historic data was available, comparative information has been presented. Only our training and development data points have no comparative information as we started recording these metrics during 2024. For our environmental data, our comparatives are 2023 for scope 1 and scope 2 data, and our baseline year of 2021 for scope 3 data.

Use of phase-in provisions

For some of the newly introduced metrics, we make use of the transitional provisions for the first year in accordance with Appendix C ESRS 1. Alfen makes use of the phase-in for its Alfen Elkamo entity for two datapoints that were only recorded in HQ administration during 2024. We chose to present the datapoints with accompanied qualitative statements for Elkamo as we believe it gives a fair reflection for the reader.

We expect to publish information on these metrics in the timeframe set out in Appendix C ESRS 1.

Use of phase-in for all entities:

- Anticipated financial effects of our impact, risks, and opportunities on our financial position (ESRS 2 SBM-3 paragraph 48(e))
- Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (ESRS E1-9)

Use of phase-in for entity Alfen Elkamo Oy Ab:

- The percentage of employees that participated in a performance review (ESRS S1-13)
- The average number of training hours per employee (ESRS S1-13)

Business model and strategy

Our business model and value chain

Alfen operates at the heart of the energy transition with our 3 business lines: Smart Grid Solutions, EV Charging Equipment, and Energy Storage Systems. Revenue from all our business activities can be allocated to ESRS sector: C27 - Manufacturing of electrical equipment. During 2024 there were no significant changes in our product portfolio or services.

Alfen is headquartered in Almere, the Netherlands, where we reside in eight buildings with associated production facilities that are either owned or leased. We have additional offices with production locations in Belgium and Finland and physical sales offices in Germany and France. Alfen has a workforce of 1,043 FTEs across Europe, with presence in 13 countries: Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland and the United Kingdom, and we serve the rest of Europe through our partners and resellers.

For a detailed breakdown on revenue per sector and geographical area, please refer to statistics in our financial summary. Across all our business lines we do not have products that are banned in certain countries. Given the nature of our products, sales to all our markets and customer groups help enable the decarbonisation transition.

Smart Grid Solutions: Alfen develops, produces and assembles a range of transformer substations for two segments: 1) distribution grid operators and 2) private networks, and we do so with a range of suppliers of concrete housing, transformers and medium voltage switchgear, among others.

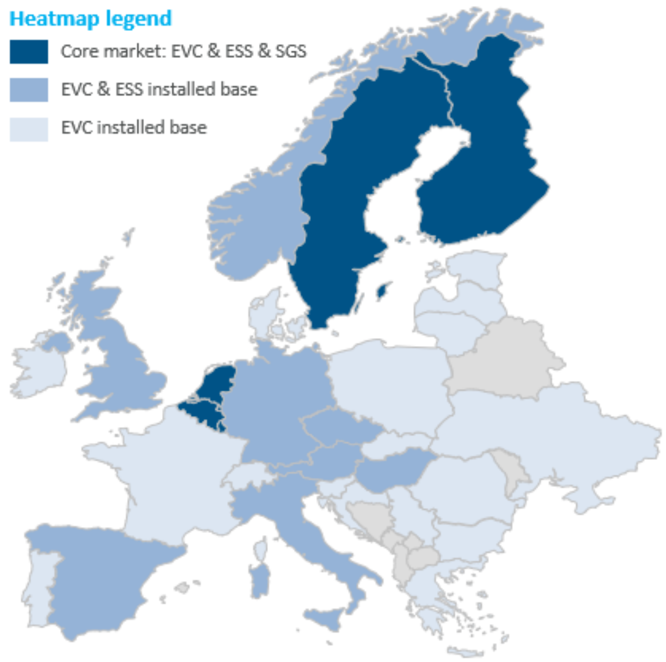
For both segments the majority of sales occur in our core countries the Netherlands, Belgium, Finland and Sweden.

The grid operator segment can be characterised as concentrated, given the top 3 grid operators in the Netherlands hold 95% market share in the distribution grid. Our solutions support strengthening the distribution grid to cope with the energy transition.

Additionally, we supply microgrids, including substations and supplementary offerings to connect the private networks with so-called “sub-segments”, being (1) renewables (PV, wind farms), (2) EV fast charging or logistic hubs, (3) horticulture, and (4) industrial companies. The former two have a mix of concentrated end-customers, while the latter two are more fragmented, being one-offs with an occasional expansion.

Our substations are a critical building block in the electrification of our society by facilitating a robust electricity grid. Moreover, we enable the supply of renewable energy, thereby facilitating the decarbonisation of power supply.

EV Charging Equipment: Alfen develops and produces a range of smart and connected chargers for electric vehicles (EV) for use at destinations such as homes, retail, workplaces and public locations across Europe. Additionally, we offer remote service & maintenance



remote and on-site through our field service partner network. We work with a wide variety of suppliers that deliver electrical components such as printed circuit boards and kWh meters.

The customer landscape can be characterised as fragmented. We are a pure B2B player, and so we do not directly deliver to end-users. Our main customers are utilities, charge point operators, system integrators, retailers, and wholesalers.

	UPSTREAM (SCOPE 3)		OWN OPERATIONS (SCOPE 1 & 2)				DOWNSTREAM (SCOPE 3)		
VALUE CHAIN STEP	Raw material extraction & component suppliers	Inbound logistics	R&D Design	Production & assembly	Services & maintenance	Sales & Marketing	Outbound logistics	Use-phase	Scrap & Recycle
ACTIVITIES	Main components are made of steel, copper, and concrete. Alfen does not source raw materials directly	Logistic partners are used to deliver components to Almere	Alfen develops a variety of low- and medium voltage transformer substations	In-house assembly located in the Netherlands and Finland	Alfen delivers services to its customers	Alfen has its sales forces in the Netherlands, Belgium, Finland and Sweden	Alfen arranges transport to project location or depot	Alfen does not operate substations	Alfen currently has no active role in decommissioning and recycling
	Alfen sources electrical components from a wide variety of suppliers	Logistic partners are used to deliver components to Almere	Alfen develops and designs hardware and software	In-house production and assembly located in the Netherlands	Alfen delivers services to its customers and through field service partners	Alfen has sales presence in 13 countries in Europe and covers rest of Europe from HQ	Alfen arranges transport to warehouse B2B customers depending on delivery terms	Alfen does not operate EV charging equipment	Alfen currently has no active role in decommissioning and recycling
	Alfen sources batteries at Tier 1 suppliers and uses LFP chemistry. Alfen also sources inverters	Logistic partners are used to deliver components to Almere or directly to the project site	Alfen develops hardware and software, additionally delivers EPC work on project site	In-house assembly for the battery mobile, and assembly on project location for battery elements	Alfen delivers services and maintenance via long-term contracts on projects	Alfen has sales presence in the Netherlands, Belgium and Sweden and covers rest of Europe from HQ	Alfen arranges transport of components to project site	Alfen does not operate battery systems	Alfen currently has no active role in decommissioning and recycling
ACTORS	Tier 1 & 2 Business relations	Logistic partners	Own workforce; partnerships with agencies for flexible work				Logistic partners	B2B customer End users	End-customer
GEOGRAPHIES	Global		The Netherlands Finland		Europe		Europe		

Our installed charge points power electric vehicles, decarbonising transportation and thereby avoiding harmful emissions.

Energy Storage Systems: Alfen develops, manufactures, assembles, and installs a range of stationary utility scale and mobile battery energy storage solutions. Our systems are used for applications such as load balancing, peak shaving, grid frequency control and energy trading. Additionally, we provide long-term service and maintenance on installed systems. We work with suppliers of batteries, transformer, control cabinets and inverters, among others.

For utility scale systems, our main customers are independent power producers, flexibility service providers, developers, as well as commercial and industrial companies.

For our mobile system we sell either to power rentals who use our systems in their proposition towards a variety of end-segments, or directly to end-segments such as construction companies, energy companies, events, EV fast charging or transportation hubs, industry and commercial companies, renewables, and marine applications.

Our energy storage systems enable the integration of renewables into the grid by preventing intermittency of these renewables becoming an issue. Most of our sales occur in the Netherlands, Belgium, Sweden and Finland.

Interaction business model and sustainability

Sustainability is inextricably linked to Alfen's operations as all business lines contribute to society's electrification by replacing alternatives that have a negative impact on the environment. Sustainability is in our vision and runs all the way through our core business values as shared in our approach to sustainability. Further proof points include our EU taxonomy revenue alignment of 99.5%, the Alfen Sustainability Program and decarbonisation targets that are aligned with the Paris Agreement and validated by SBTI.

Alfen initiated a strategic transformation program, the Alfen Sustainability Program, as explained in our approach to sustainability of the management report (p.##). Over the coming years, we will roll out initiatives that contribute to our overall sustainability strategy and wider business strategy.

Alfen will align the material topics related to our own operations and our business strategy. To intertwine sustainability even deeper with our business strategy we will examine upcoming progress, including updating our goals and budgets together with the annual mid- to long-term strategy update. Additionally, we will set new mid-term objectives which will include new objective(s) on sustainability, setting it at the heart of what we aim for in the mid-term. Moreover, we will integrate sustainability in the remuneration of our Executive Committee members.

Our approach to sustainability increasingly shapes our interactions with suppliers as well as customers, as we believe challenges to decarbonise our value chain can be best solved together. Furthermore, continued R&D investments demonstrate our commitment to drive our technology forward to remain a leader in the energy transition.

Our engagement with stakeholders

In 2023, Alfen adopted its stakeholder (dialogue) policy and has since started reporting on stakeholder engagements in its annual report. We value the mutually beneficial interaction with each of our stakeholders.

As part of the stakeholder policy, we mapped employees, customers, investors, suppliers, local communities and society as key stakeholders. These selections are based on who has the greatest influence on Alfen's activities and who is most affected.

Our employees are an important stakeholder because their commitment, efforts, collective knowledge, performance and development are the basis for our business and how we create value for our customers and thereby for our investors and society. Our employees are integral to achieving our sustainability goals.

Our customers are an important stakeholder because satisfied customers are the foundation for long-term sustainable growth and profitability. Within our sectors we recognise increasing attention for sustainability.

Our investors are an important stakeholder because together they are the owners of the company. We know sustainability efforts are increasingly seen as a subject that influences investment decisions. This trend is likely to continue over the coming years with the introduction of CSRD.

Key stakeholders	Purpose	What matters to them?	How we engage?	Highlights in 2024
Employees	Alfen acknowledges that satisfied and engaged employees are key for successful growth as well as key-contributors for reaching sustainability goals; on the other hand, they will be affected by actions from the organisation	1. Engaging workplace 2. Personal and professional development 3. Safe and healthy working conditions	1. Works Council meetings 2. Employee survey 3. Open dialogue between manager and employee 4. Townhall meetings 5. Intranet & monitors throughout buildings	1. Multiple work council meetings to discuss employee policies, working conditions, and especially (need to) right-sizing 2. Feedback of employee survey cascaded throughout the organisations 3. Organised large number of Townhalls 4. Defined corporate values with leadership team
Customers	Alfen aims to create strong and long-lasting relationships with customers to strengthen its brand, drive business growth and build sustainable supply chain together	1. Engineering, manufacturing, integrating and connecting high quality energy solutions that are innovative, reliable and smart 2. Product compliance of the deliverables and certified production 3. Communication and cooperation based on mutual trust and clarity 4. Knowledgeable advice based on the customer situation 5. Deliver (timely) what has been promised 6. Provide quick and knowledgeable customer support 7. Scaling up production for substations to fulfil their customer demand	1. Sales process interactions 2. Regular meetings 3. After sales support 4. (Social) media 5. Customer communications and events	1. Held a variety of customer satisfaction surveys 2. Participated in 30+ external tradeshows, industry events and spoke at more speaking engagements at industry events and forums to share battery and smart grid expertise 3. Intensified customer storytelling on social media, alfen.com and in industry media 4. Hosted a variety of customers for a production tour 5. Improved the onboarding process for EV Charging customers
Investors	Shareholders and investors expect Alfen to protect their investment with increasing interest for its ESG performance	1. Transparent financial and non-financial reporting 2. Compliance with laws and regulations 3. A management board with strong oversight that runs the company as efficiently as possible 4. Return on investment	1. Quarterly earnings 2. Half year results and annual report 3. Annual General meeting 4. Analyst and investor calls 5. Conferences and road shows	1. Business Review Meetings 2. Supplier Audits 3. Regular meetings and purchase process interactions 4. After purchase support
Suppliers	We believe in maintaining a responsible supply chain which can only be realized with the support of our partners. Alfen aims for long-term relationships and ensures that our partners match our environmental and ethical standards	1. Ethical business conduct 2. Long-lasting partnerships based on trust and mutual feedback 3. Clear communication and cooperation 4. Share our vision	1. Business Review Meetings 2. Supplier Audits 3. Regular meetings and purchase process interactions 4. After purchase support	1. Organised supplier summit for key suppliers at Alfen HQ 2. Continued contracting according to Alfen's format, including Supplier Code of Conduct 3. Continued discussions with key suppliers to reduce footprint 4. Tuned future capacity requirements with our key suppliers 5. Participated in World Energy Storage Conference in China
Local communities and society	Alfen relies on the health, wellbeing and stability of local communities and broad-er society; in return we deliver our part in a cleaner and more reliable energy systems for future generations	1. Respect national and international laws and regulations 2. Provide employment and education opportunities 3. Minimise environmental impact	1. Various sector associations (e.g. Elaad and Energy Storage NL) 2. Events 3. Sponsorship and contributions 4. Alfen Academy 5. Press	1. Implemented CSRD on time and in full 2. Received validation on science-based targets from SBTi 3. Various local sustainability initiatives: MVO and omgevingsdienst Flevoland Gooi en Vechtstreek 4. 22 BBL students received their diploma from the Alfen Academy

Furthermore, we have scanned ESG rating agencies for (1) Alfen's current performance on sustainability disclosures, and (2) as a proxy for most important parameters of the sustainability disclosures from an investor's perspective.

Our suppliers are an important stakeholder because they provide high-quality raw materials and components that need to be delivered timely to create the solutions for our customers. From a sustainability perspective, improvements are driven by the entire value chain, which is why Alfen is dependent on its suppliers. In turn, our suppliers are dependent on signals from customers and end-users downstream.

Local communities and broader society are an important stakeholder because many of our employees come from the local community and surroundings, and community involvement helps us to maintain a good connection with innovation partners, schools, and results in employee satisfaction.

An overview of the purpose, expectations, methods, and highlights of our interactions over the past year with key stakeholders can be found in the previous table. These stakeholder views shape our strategic decision-making process. In addition, as part of our double materiality assessment, select key stakeholder groups were consulted on sustainability-related impacts, risks, and opportunities (see materiality assessment process).

We experienced differences in maturity levels among stakeholders on CSRD regulations and material sustainability matters. Some interactions around sustainability are therefore part of a broader engagement (e.g., customers express their needs of which some have a sustainability angle).

With investors and employees, we have had direct engagements on sustainability. For future stakeholder engagement we aim to increase the sustainability-specific involvement of customers, suppliers and local communities and broader society in our materiality assessment, data maturity, and sustainable development of new products and services.

We have processes in place to inform our Executive Committee and Supervisory Board with the views and interests of our affected stakeholders as many interactions take place in the wider organisation. Specifically, information is shared during monthly updates between the Executive Committee and the Sustainability department. The Supervisory Board is also updated at least on a bi-annual basis. This ensures that our management takes the outcome of our engagement efforts into account when making decisions on our business model and strategy.

During 2024, no material changes were made to our business strategy, noting that the outcome of the restructuring and strategy validation efforts will be materialised in 2025.

Material sustainability matters

In 2023 and 2024, Alfen performed a double-materiality assessment in line with the principles and requirements formulated in the ESRS to identify and assess the material impacts, risks, and opportunities across, environmental, social, and governance matters. This includes the consideration of related paragraphs as listed in Appendix C, ESRS 2. We performed the assessment from two separate perspectives: (1) impact materiality that considers the sustainability matters that relate to a company's actual or potential impacts on people or the environment, and (2) financial materiality that addresses how sustainability issues affect the organisation's financial performance. In this assessment the entire value chain is taken into consideration.

We performed a step-by-step process to gain a thorough understanding of both our internal operations and our broader impact on society and the environment. We regularly cross-checked our assumptions on how to structure this process with an external specialist. A detailed description of our process follows below.

Materiality assessment process

As a starting point, we considered all ESRS sustainability matters to sub-sub-topics level in our materiality assessment. We deemed the mandatory sustainability matters of ESRS to cover for all sustainability related impacts risks and opportunities. Therefore, no entity specific topics were added. Please note that no sector specific disclosures for Alfen's sector have been defined yet.

Step 1) Understanding its context. We performed desk research to provide the necessary context on all potential material ESRS topics and sub-topics, including a comprehensive definition of all sustainability matters and associated examples of positive and negative impacts. To inform our view on materiality, we reviewed various sources:

- Previously performed materiality assessment by Alfen dating back to 2019
- ESG rating agencies, consultancy and EFRAG guidance reports
- A benchmark of sustainability reports of industry peers, suppliers, customers, and frontrunners

Against this background, Alfen considered the potential applicability of a matter within our value chain. This assessment was made by a cross-functional team. If deemed applicable, the topic was placed on the long list of potentially relevant matters accompanied with a mapping of its applicability within the value chain. Rationale was provided for both including and excluding topics in a qualitative manner.

Step 2) Identification of the actual and potential impacts, risks and opportunities related to sustainability matters. We consulted with internal subject matter experts to assess in more detail impact, opportunities, and risks. Alfen included the insights of different departments such as: Sustainability, Finance, HR, Strategy, Procurement and Legal. We organised workshops and interviews to get an initial view on impact, risks, and opportunities for Alfen.

We considered the impact characteristics of a matter: (a) does it have a positive-, negative impact or both, (b) is it actual or potential, and (c) its time horizon. Subsequently, identified impacts were scored on severity. For negative impacts this entailed an assessment on scale, scope, irremediability, and likelihood, resulting in a negative materiality score. For positive impacts, the severity was judged on scale, scope, and likelihood which resulted in a positive impact materiality score. In conjunction, an assessment was made whether a matter could classify as a risk or opportunity, or both, considering the size, likelihood, and time horizon, which resulted in a risk- and opportunity materiality score. A detailed description of the metrics and scoring procedures can be found in the next section – metrics of materiality assessment.

Step 3) Incorporation of stakeholders' perspective. We spoke with select key stakeholders to incorporate their perspectives on most relevant material topics and validate our initial assessment. We absorbed the insights from various stakeholders internally (e.g., Works Council) and externally (e.g., investors, customers, suppliers, local community), either through a direct dialogue, questionnaires, or in writing.

Step 4) Assessment and determination of material IROs related to sustainability matters. After a consolidation of views from both internal and external stakeholders, we determined a final list of material topics with a mapping on both impact and financial materiality. This was done in a final deep-dive session to review scoring and rationale. The final outcome was reviewed by top management, which included managers of the subject matter experts, as well as the Executive Committee. Subsequently, the process and its outcome were discussed with the Supervisory Board and validated by the Audit Committee. A detailed description of the metrics and scoring procedures can be found in the next section – metrics of materiality assessment.

Step 5) Integration into strategy and reporting. We developed metrics and operational plans where necessary and appropriate for all matters deemed material. Matters that are assessed as material in both categories have Alfen's highest priority (e.g., climate change mitigation). Subsequently, we prepared the reporting according to the requirements of ESRS. Disclosure requirements and data points associated with our material matters can be found in the dedicated sections of this Sustainability Statement. The outcome and the impact on our strategy, ambition and action plans have been discussed with the Executive Committee in several meetings and during the Supervisory Board meeting described in step 4.

Step 6) Monitoring and review. We will review our double materiality assessment annually, to reflect new business developments and potential changes in stakeholder impact. The Executive Committee uses the monthly meetings with the supporting Sustainability department to track progress on the individual sustainability matters metrics and targets, as well as strategy execution. This can be both through qualitative- and quantitative indicators.

Metrics of materiality assessment

Interpretation of sustainability matters, scoring and rationale were regularly discussed with a core team and individual subject matter experts in different phases of the process across a series of 5 meetings to ensure an unbiased and consistent evaluation/scoring of all IROs. We also developed metrics in alignment with an external expert to ensure a uniform scoring process for all matters. In the figures below our scoring mechanisms, categories used, and thresholds are shown in detail.

Impact materiality

We assessed the severity of the identified matters by scoring the elements of scale, scope, and irremediability. Irremediability is only deemed relevant for negative impact. These elements were scored from 0 to 4. Subsequently an assessment was made on the likelihood of the impact to occur, ranging from unlikely (<10%) to actual (100%). The impact score was calculated by summing together scope, scale, irremediability, and then multiplying that score with the likelihood.

We applied a threshold of 7 out of a maximum score of 12 for negative impacts and a threshold of 5 out of 8 for a positive impact. Hence, we have corrected for the absence of irremediability with positive impacts.

Financial materiality

We assessed the size of the potential financial effects associated with a potential opportunity or risk on a 5-point scale. This scale is based on a percentage of revenue gain or loss, which would consequently also affect EBITDA. Subsequently, an assessment was made on the likelihood of the impact to occur ranging from unlikely (<10%) to actual (100%). The opportunity or risk score was calculated by multiplying the score of size by the likelihood.

Alfen applied a threshold of 3 out of a maximum score of 5 for financial materiality. We deemed a matter material when either the opportunity or risk score was on or above the threshold.

SCORING MECHANISM

Assesment	Scoring formula
Positive impact	(Scale + Scope) × Likelihood
Negative impact	(Scale + Scope + Irremediability) × Likelihood
Risk assesment	Size × Likelihood
Opportunity assesment	Size × Likelihood

Impact materiality

SEVERITY

Scale *How serious or beneficial the impact might be*	Scope *How widespread the impact might be*	Irremediable character (only for negative) *How difficult it is to restore (potential) negative imposts back to their original state*
Critical	Global	Non-remediable
High	Regional	Very Difficult to remediate
Moderate	National	Difficult to remediate
Low	Local	Relatively easy to remediate
None	None	Very easy to remediate

Financial materiality

SIZE OF THE POTENTIAL FINANCIAL EFFECTS

Scale	Interpretation
Critical	Critical (40% or more) loss/gain of financial performance
High	High (20-40%) loss/gain of financial performance
Medium	Moderate (10-20%) loss/gain of financial performance
Low	Limited (5-10%) loss/gain of financial performance
Very low	Almost no (0%-5%) loss/gain of financial performance

Relevant for both impact and financial

LIKELIHOOD

Score	Interpretation
Actual	100% chance of occurrence
Very likely	85% chance of occurrence
Likely	55% chance of occurrence
Reasonably likely	30% chance of occurrence
Unlikely	<10% chance of occurrence

TIME HORIZON

Period	Time
Short-term	1 year
Medium-term	1 to 5 years
Long-term	More than 5 years

MATERIALITY THRESHOLD

Materiality	Threshold	Maximum score
Negative impact	7 or higher	12
Positive impact	5 or higher	8
Financial	3 or higher	5

Overview of material topics

While aiming to include topics where our impact is material, we also recognise that too many topics would result in a loss of focus, potentially affecting the strategy execution.

A dialogue with senior leadership and topic experts helped develop a view of the material matters. As all material topics are applicable in the short term, there is no distinction between current and anticipated effects on of our material topics' impacts, risks and opportunities on our business model, value chain, strategy, and decision-making.

Given our business model operates on the basis of the energy transition, we have a built in resilience in our business model and strategy with regards to our capacity to address our material impacts, risks, and opportunities.

We currently estimate that there is no significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements due to the current financial effects of our material topics' risks and opportunities.

Material topic	Value chain	Rationale of impact	Rationale: Risk (R) or Opportunity (O)	Impact or financial materiality	Timeframe
E1 Climate change mitigation: GHG emissions	Upstream, Own operations, Downstream	**Upstream and own operations** – As a capital goods company, we use a variety of energy intensive materials and components in our solutions and sources these globally **Downstream** - Additional emissions result from electrical efficiency losses during the lifetime use of our products	**Upstream** – (R) Suppliers unable to reduce GHG emissions which influences our overall emissions **Downstream** – (R) Governments limit action in decarbonising electricity grids, keeping emissions from efficiency losses higher **Own operations** – (O) Decarbonisation is a key revenue driver of all our business lines; a greater harmonised push for decarbonisation by governments would increase demand for our products	Financial, Impact	Long-term
E1 Energy: Energy mix and consumption	Own operations	**Own operations** – Our sites consume a significant amount of energy in our production processes and our buildings, some of which is not yet electrified and therefore not covered by our renewable electricity certificates	**Own operations** – (R) New regulation which either restricts or raises the cost of using non-renewable energy and is implemented before our full transition to renewables would (temporarily) raise business costs	Financial, Impact	Long-term
S1 Own workers – Working conditions: Collective bargaining coverage, adequate wages, and social dialogue	Own operations	**Own operations** – Enabling the right working conditions can positively contribute to employee welfare. The existence of our Collective Labour Agreement (CLA) serves as a solid foundation for working conditions, e.g., on adequate pay, employment contracts, leave and working hours. **Own operations** – We do not limit ourselves to the standards set by our CLA, and offer a comprehensive remuneration package that goes beyond the agreement, providing employees better pay conditions **Own operations** – Effective social dialogue improves employee morale, satisfaction, and positive work culture, enhancing overall employee well-being	**Own operations** – (O) Constructive collective bargaining can enhance employee satisfaction and engagement, potentially reducing turnover and absenteeism, improving productivity, and contributing to a positive company culture, which can positively impact the company's financial performance over the long term **Own operations** – (R) By not offering a competitive remuneration package we would lose our ability to attract and retain talented employees, which can negatively impact the company's financial performance over time **Own operations** – (R) Lack of open communication through social dialogue can lead to employee dissatisfaction and disengagement, leading to problems in collaboration, which could result in bad decision making, lower productivity, as well as higher turnover rates	Financial, Impact	Short-term
S1 Own workers – Working conditions: Health & Safety	Own operations	**Own operations** – Given the nature of our products and services, our employees work with electrical components that can contain voltages within our production environment, during grid integration or in work on project sites. Health and safety measures are critical to minimise workplace accidents, injuries, and occupational illnesses	**Own operations** – (R) Health and safety incidents could lead to financial consequences, such as costs associated with workplace accidents, worker compensation claims, legal liabilities, increased insurance premiums, and damage to the company's reputation **Own operations** – (O) A robust safety record is an opportunity to differentiate in the manufacturing and electrical installation industry, making us the preferred partner for clients and contracts	Financial, Impact	Short-term
S1 Own workers – Equal treatment and opportunities for all: Diversity, equal pay, training & development, violence and harassment	Own operations	**Own operations** – A diverse and inclusive work environment brings multiple perspectives which enhance creativity and innovation, and creates a workplace where all employees feel valued, respected, and supported **Own operations** – Rewarding employees equally for the same work, regardless of gender or background, creates a more just workplace. Doing so positively impacts individuals by increasing their job satisfaction, earning potential, and employability, and reduces safety hazard risk **Own operations** – Our focus on training and development means employees receive the education and resources to improve their knowledge, abilities, and job performance **Own operations** – Violence and harassment can lead to a negative work environment, employee stress, decreased productivity, and potential harm to physical / mental health	**Own operations** – (O) We see diversity as an opportunity to attract and retain the best and brightest talent as it broadens our pool of potential candidates, letting us be the employer of choice in a tight labour market **Own operations** – (R) As we already have a very diverse workforce (54 nationalities), not addressing diversity properly can make employees feel excluded, increasing the risk of disengagement in the organisation. **Own operations** – (O) Operating with an environment of equal pay strengthens our organisational culture of trust, transparency and fairness **Own operations** – (O) Training and development enables our R&D department to be better adapted to the rapidly evolving regulations and technologies of the energy transition **Own operations** – (R) Violence and harassment not only have a detrimental impact on workplace atmosphere and productivity, but can also result in costs such as legal liabilities, as well as potential damage to our reputation	Financial, Impact	Short-term
S2 Value chain workers – Working conditions: Health & Safety	Upstream, Downstream	**Upstream** – We need to ensure that health and safety standards are high and upheld in our upstream value chain (particularly for our electrical components and the procurement of raw minerals), as processes related to their production have a greater risk to physical health **Downstream** – We need to ensure that our own product specification is held to a high standard to ensure our own products are built safely so that technical engineers who operate and/or fix our products are safe	**Upstream and downstream** – (R) Health and safety incidents pose a risk to Alfen regardless of their origin in the value chain. Poor health and safety practices can result in financial risks, including costs associated with workplace accidents, workers' compensation claims, legal liabilities, increased insurance premiums, and potential damage to our reputation	Financial	Long-term
S2 Value chain workers – Other work-related rights: Forced labour	Upstream	**Upstream** – We recognise that not all regions in our global supply chain adhere to human rights and labour standards to the same degree. This is mostly relevant for our non-European suppliers, including tier 2 suppliers involved in the production of raw materials. The negative impact of forced labour on value chain workers is self-evident given the fundamental violation of their human rights	**Upstream** – (R) Engaging with suppliers who may use forced labour runs clear risks; companies engaging in or tolerating forced labour in their own workforce face financial risks, including legal penalties, reputational damage, and potential disruptions in operations due to protests, strikes, or regulatory interventions	Financial	Long-term
G1 Business conduct – Corporate culture	Own operations		**Own operations** – (R) A strong corporate culture is an essential prerequisite for a sound corporate governance. Without this, we lose our 'license to operate'. Also reflected by other standard setters, such as Commission Corporate Governance. Furthermore, such instances could lead to significant reputational damage	Impact	Short-term
G1 Business conduct – Protection of whistleblowers	Own operations		**Own operations** – (R) The protection of whistle-blowers is an essential prerequisite for a sound corporate governance. Without this, we lose our 'license to operate'. Also reflected by other standard setters, such as Commission Corporate Governance. Furthermore, such instances could lead to significant reputational damage	Impact	Short-term
G1 Business conduct – corruption and bribery	Own operations		**Own operations** – (R) The prevention and detection of corruption and bribery is an essential prerequisite for a sound corporate governance. Alfen has zero tolerance for incidents regarding corruption and bribery. Without this, we lose our 'license to operate'. Also reflected by other standard setters, such as Commission Corporate Governance. Furthermore, such instances could lead to significant reputational damage	Impact	Short-term

Value chain: Upstream Own operations Downstream **Materiality:** Financial Impact **Time horizon:** Short-term Medium-term Long-term

Sustainability Governance

Board and management's role and responsibilities with regard to sustainability

Our Supervisory Board provides oversight on sustainability performance and strategy, including consideration of sustainability related impact, risks, and opportunities in major transactions and risk management. We set up specific committees which involve a subset of the Supervisory Board, of which two involve responsibilities related to sustainability. The Audit Committee meets on a more regular basis, and is updated on progress with regards to sustainability, while the HR Committee determines the sustainability-related short- and long-term incentives for the Executive Committee. Further, the Supervisory Board received a walkthrough of our entire 2024 DMA process and subsequently reviewed and endorsed its outcome. Going forward the Supervisory Board will review targets and performance related to our impact, risk and opportunities annually.

Our Executive Committee is responsible for shaping our sustainability strategy, intertwining it with Alfen's company strategy, as well as monitoring and reviewing our progress. This includes considering impacts, risks, and opportunities of sustainability matters in major transactions as well as risk management. Given the importance of sustainability and its company-wide character, our CEO is the lead responsible within the Executive Committee. Additionally, responsibility for the Alfen Sustainability Program and its Sustainability Initiatives is shared among Executive Committee members and linked to their specific areas of responsibilities portfolios. Each Executive Committee member is responsible for their respective sustainability targets linked to our Sustainability Program and are accountable for achieving these targets. Furthermore, as outlined in the Materiality Assessment process section, the Executive Committee reviews the outcome of the DMA and the associated impacts, risks, opportunities of our material topics and will continue to do so on an annual basis.

The Executive Committee is supported by the Sustainability department, who further develop and execute the strategy and plans. The Sustainability department reports to the CEO and leads our Sustainability Program. While led by the Sustainability department, the efforts to execute our Sustainability Initiatives are undertaken by a multi-disciplinary group composed of leaders and subject matter experts from across the company, including departments such as Strategy, R&D, Procurement, Operations, Marketing, HR and Finance. Key decisions to progress Sustainability Initiatives are made with the Executive Committee during monthly meetings.

Responsibilities of the Sustainability department include:

- Implementing the Sustainability Program and its initiatives across the organisation
- Implementing due diligence on sustainability matters
- Identifying and monitoring impacts, risks and opportunities of sustainability matters
- Monitoring progress on action plans, targets, and KPIs of material sustainability matters
- Identifying sustainability reporting requirements and subsequent preparation of reporting
- Leading dialogue with key stakeholders (including the works council) and integrating their perspective in our DMA

With this governance structure in place, the Executive Committee can leverage internal sustainability expertise which can be complemented by external expertise if necessary. Additionally, during 2024 both the Executive Committee and Supervisory Board received a CSRD/sustainability training from an external specialist to ensure they possess the skills needed to perform their roles around sustainability governance. Each member is responsible for their personal development by attending relevant meetings and training courses. We believe this set-up ensures the appropriate skills and expertise are available to oversee impacts, risks, and opportunities regarding sustainability matters. Our management believes they are able to fulfil their roles and responsibilities as described above.

For detail on the composition, as well as competencies and skills of the Executive Committee and Supervisory Board, refer to section corporate governance paragraph members of the Executive Committee and members of the Supervisory Board. Currently we do not have direct representation for employees and other workers in our management and supervisory bodies.

Sustainability-related performance in incentive schemes

Alfen has had short- and long-term sustainability-related performance incentives for its Executive Committee members since 2020, as we believe this is core to our business. The HR Committee of the Supervisory Board determines the incentives for the Executive Committee. For 2024, the short-term incentives that are sustainability matter related are based on: (1) CO_2 footprint reduction as share of average FTE which reflects Alfen's environmental performance over the past year, and (2) the evaluation of the CSRD implementation, as a reflection of the sustainability efforts within Alfen for the year 2024. The latter is based on reaching several milestones during the year, including setting a governance structure, data collection, KPIs and action plans, and the auditors' opinion. The short-term incentives are equal for all Executive Committee members and together make up 23.34% of the total short-term incentives per individual. Climate-related considerations are currently not factored into the remuneration of Supervisory Board members.

For the year under review the long-term non-financial incentives that are sustainability matter related are based on: (1) CO_2 footprint reduction in relation to average FTEs, which is similar to the short-term incentive but measured over a 3 year period and (2) an evaluation of health and safety matters, which reflects the social performance also over a 3 year period. The latter is based on qualitative evaluation criteria complemented by quantitative indicators on health and safety management. The long-term incentives are equal for all Executive Committee members and together make up 23.34% of the total short-term incentives.

While our current metrics bear resemblance to our material sustainability topics (climate change mitigation and health & safety of our own workforce) they are not yet based on the definitions and metrics shown in the Sustainability Statement. For 2025, the HR Committee of the Supervisory Board will consider performance benchmarks in line with the metrics, targets and definitions in accordance with ESRS.

Statement of due diligence

Alfen's sustainability due diligence process is an ongoing process to identify, prevent, mitigate and account for how we address the actual and potential positive and/or negative impact on the environment and/or people connected with our business as well as any actual or potential risks and opportunities that arise from sustainability matters, noting that these efforts encompass our entire value chain. This process informs our assessment of our material impacts, risk and opportunities of sustainability matters and may trigger changes in our business model and strategy. For the latter we prioritise based on severity, scope and likelihood of the impact.

For more information on the due diligence processes that we carried out in relation to sustainability topics in 2024, see the sections on stakeholder engagement, materiality assessment process, overview of material topics, Board and management's role and responsibilities with regard to sustainability, stakeholder dialogue and workers in the value chain. For information on actions identified and/or taken to address negative impacts, see the strategy, governance and action plan paragraphs of each material topic.

Risk management and internal controls over sustainability reporting

The Executive Committee is informed on sustainability matters on a monthly basis, while the Supervisory Board is informed at least on a bi-annual basis. Our sustainability reporting is exposed to risk of material misstatement due to human error, incomplete data, or fraud. In response to these risk Alfen has implemented several internal processes to ensure that all relevant information is captured and accurately represented in our sustainability statements.

Internal control processes: Sustainability information is collected from various departments in our organisation, mainly by Finance, Sustainability, and HR. Internal control processes are in place and executed by our Finance department.

Risk identification and assessment: In 2024, we performed our first DMA process according to ESRS. We choose to integrate the identified risks within our general risk management process described in the risk management section of this annual report (p.##).

Alignment with financial reporting: To ensure consistency and coherence, our sustainability data is aligned with our financial reporting, where appropriate. Our environmental data is based on products delivered and monetary amounts that are derived from the same source as our financial reporting.

The majority of the social data is based on the payroll systems which are identical to the ones used in the financial statements.

Systems: Currently, our data collection processes are a mix of data management platforms (e.g., Alfen data management system and Smart Trackers) and manual processes (e.g. meter readings). We have implemented several automations within our own data management systems for CSRD purposes during the last year. Next year, Alfen will investigate a platform to further automate our data collection, especially to cope with increasing primary data from our value chain. This system should support management of our sustainability performance in the coming years, and we therefore recognise that this will take some time to embed.

As this is the first year reporting according to the ESRS, including a limited assurance of an independent auditor, we have set-up a multidisciplinary team to ensure compliance. The team, led by our Strategy director, was composed of leaders from Finance, HR, and Strategy with support of subject experts throughout the organisation. In the coming year we will ensure this knowledge is embedded in the Sustainability department and dedicated teams within HR and Finance.

We will set-up a progress report on all material sustainability matters which will be shared with the Executive Committee as part of the monthly update from the Sustainability department. We will also continuously improve our sustainability data and therefore expanded our Sustainability team during the second half year of 2024. Additionally, Alfen will investigate the possibilities to further automate data generation to increase efficiency and reduce risks of errors. Next, we aim to improve our DMA process to further reflect stakeholder interest as well as risk to our business model and strategy. The latter will be consolidated with our annual risk management process.

Environmental information

Introduction

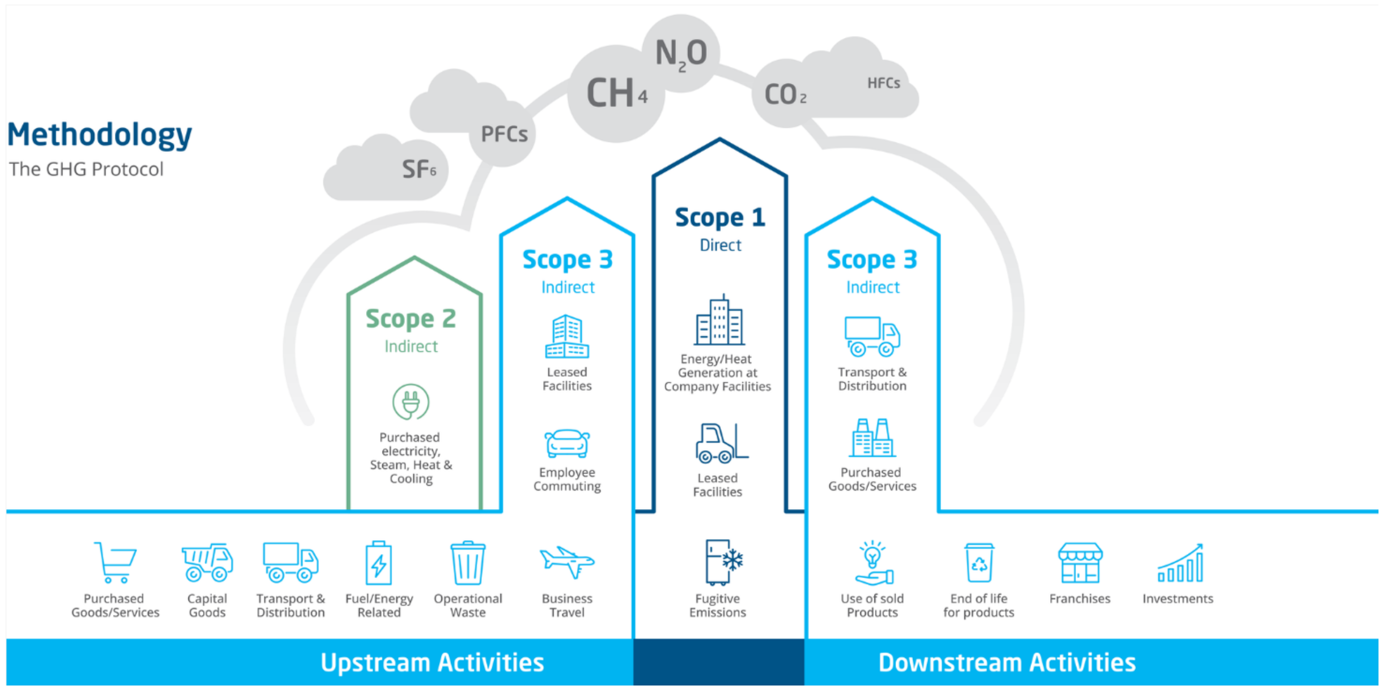
Climate change represents one of the most pressing challenges of our time, requiring global efforts to transition towards a carbon-neutral society.

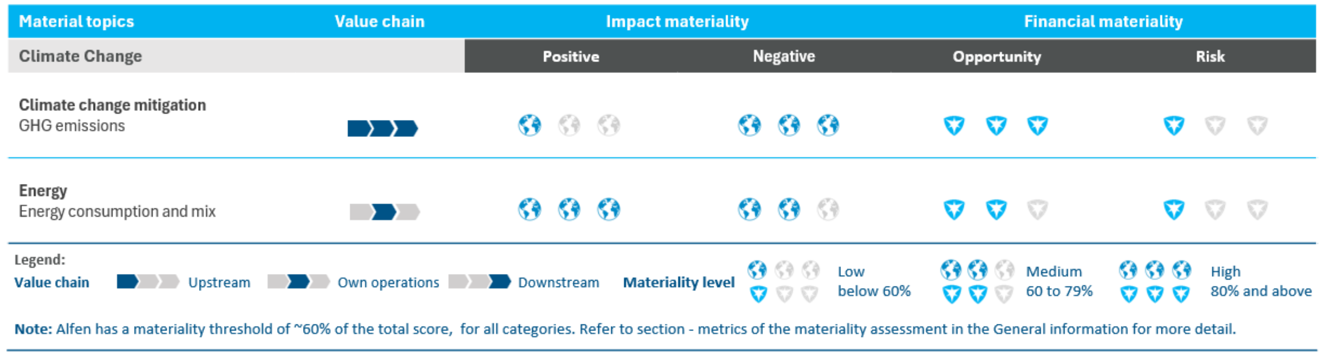
The impact of climate change can already be felt on a regular basis, and the scope and scale of its consequences are increasing. 2024 was the warmest year on record globally, and the first where the annual global temperatures crossed the +1.5°C pre-industrial threshold enshrined in the 2015 Paris Agreement. In the Netherlands, 2024 was tied for the warmest on record (with 2023), while June 2023 through to May 2024 was the wettest 12-month period on record. Despite the urgency, global CO_2 emissions have not yet peaked, and grew to 41.6GT CO_2eq, 2% above the record levels recorded in 2023 (source: Carbonbrief). Enforcing the Paris Agreement from 2015 to pursue efforts to limit the global temperature rise to 1.5°C and well below 2°C above those recorded in pre-industrial times is thus more needed than ever before.

As a company at the forefront of sustainable energy solutions, we are committed to (and supporting others to) pursuing these efforts. We recognise the critical role the electricity grid plays enabling this green transition to a carbon-neutral economy. The shift to renewable energy sources, the electrification of transportation, and the adoption of energy storage technologies all support decarbonisation. However, we recognise that the shift towards higher adoption rates of these sustainable technologies is not enough on its own, and we need to consider how these products are procured, produced, delivered and operated.

Alfen's impact on climate change can best be measured through the scale of our GHG emissions. Alfen measured its GHG footprint in accordance with the Greenhouse Gas Protocol standard. In sum, this GHG footprint measures the total GHG emissions caused directly and indirectly by Alfen. The Greenhouse Gas Protocol categorises GHG emissions into three "scopes".

Scope 1: Total direct emissions (tCO_2eq) from owned/controlled operations (including warehouses, production facilities and offices); includes e.g., the direct consumption of fossil fuels, biogenic-based fuels, and refrigerants (considered as fugitive emissions).





Scope 2: Total indirect emissions (tCO_2eq) from owned/controlled operations associated with the purchase of electricity, steam, heat, or cooling. Scope 2 is reported both on the basis of location-based (using emission factors that reflect the emissions intensity of the national electricity market), and market-based (using the emissions factors of our electricity contracts).

Scope 3: Total indirect emissions (tCO_2eq) from our upstream and downstream value chain. These emissions arise as a result of Alfen's activities but are from sources that are neither owned nor controlled by the company. Examples are emissions from manufacturers of purchased products and emissions from waste processors.

Material environmental topics and related IROs

Based on our DMA, we have identified two environment-related sustainability topics within ESRS E1 Climate Change: (1) climate change mitigation and (2) energy consumption & mix.

Climate change mitigation

Alfen's operations have a negative environmental impact through scope 1, 2 and 3 GHG emissions associated with our business activities. As a producer of capital goods, Alfen uses a variety of energy intensive materials and components in its solutions and sources these globally. Further emissions result from electrical efficiency losses when these solutions are operational in the field.

In a scenario where the world achieves net zero by 2050, Alfen must also be on this reduction path.

Consequently, we have already worked hard to mitigate our negative impact, realising an absolute emission reduction of 18% in Scope 1 and 29% in Scope 2 (market based) emissions relative to our 2019 baseline. The reduction so far means we are on track to achieving our global 2030 near-term SBTi targets (see metrics, targets and performance for more details on our SBTi targets). Going forward, our decarbonisation efforts will also be extended to our Scope 3 emissions.

Simultaneously, a scenario in which the world moves along this reduction path presents an opportunity for Alfen, as the need to decarbonise is a key growth driver in all markets where we serve.

Given the nature of our products, further environmental regulation is unlikely to pose a material risk to Alfen. However, should new environmental regulations arise which either raise prices or reduce the ability to use high emissions intensity materials (such as cement) which are part of our products, re-assessments of what materials our products use may be necessary.

Although we have not deemed climate change adaptation a material topic for Alfen, due to disclosure requirements we have combined these two topics further below.

Energy consumption and mix

We consume a significant amount of energy in our production processes and our buildings, and not all of this energy consumption is renewable. Consequently, this non-renewable energy consumption has a direct negative environmental impact.

Reducing this consumption is therefore a key decarbonisation lever to limit our negative environmental impact. For example, our new headquarters has already incorporated >3 MWp of solar panels, reducing demand from the grid.

In addition, the 150+ charge points on our sites help facilitate the clean transport of our employees and visitors. We also see investments in solar energy, combined with substations and batteries, on our production site(s) as a way to showcase our value proposition towards customers and illustrate how to expand production in times of grid congestion.

The main risk we face is that new regulation is implemented that either restricts or raises the cost of using non-renewable energy. However, given our aim to increase our renewable energy consumption share, we deem this risk as relatively negligible.

Strategy, governance and action plans

Our strategy and business model are compatible with the transition to a sustainable economy and the limiting of global warming to 1.5 °C in line with the Paris Agreement and the objective of achieving net zero by 2050. We have validated SBTi mid- and long-term targets and participate with the UN Global Compact programme to demonstrate our commitment to all stakeholders. To ensure that the climate related policy objectives and targets we have set will be met, we have (1) developed a transition plan that sets out our climate change mitigation and adaptation actions (2) conducted a business resilience analysis to further understand the impacts, risks and opportunities as identified in our DMA and (3) put in a place an environmental management system to manage these impacts, risks, and opportunities related to climate change mitigation and adaptation. We believe the urgency of climate change necessitates a combined strategy, and hence have developed a strategy, governance, and action plans that collectively address both material topics.

Transition plan

Our transition plan – approved by our Executive Committee – explains how our planned decarbonisation levers will be used to ensure that our SBTi targets will be met. The transition plan will be implemented by our Sustainability department and a multi-disciplinary group depending on the specific lever. These levers are our climate change mitigation and adaptation actions, and detail the key actions taken and planned to achieve climate-related policy objectives and targets. They take our whole value chain and all geographies into consideration. We have considered a climate scenario compatible with limiting global warming to 1.5°C to conceive these levers. Our five decarbonisation levers are listed below ranked from highest to lowest impact and are detailed further in the transition plan. We will further quantify these levers in 2025.

1. Improve energy efficiency in product use phase
2. Decarbonise purchased components and goods
3. Reduce our own fossil fuel energy consumption
4. Reduce packaging and waste
5. Improve logistics and decarbonise transport

1. Improve energy efficiency in products use phase:

We will identify and take measures, where feasible, to improve the energy efficiency of our products during their use phase. We expect efficiency improvements in our SGS business line to mostly be driven by EU regulations (Tier 2 Eco Design 2019/1783). Energy efficiency measures could for example consist of adopting new materials/ technologies that reduce resistance (and thus energy loss).

2. Decarbonise purchased components and goods:

We will step-by-step reduce our environmental impact from our own purchases by adopting alternative materials with a smaller environmental footprint (e.g., lower carbon intensity). Examples of such materials include green concrete, green steel, or virgin-free rare earth batteries. To do so, we will introduce Product Life Cycle Assessments for our products, which give insight into GHG emission “hot spots” and opportunities for reduction. In addition, we will incorporate a mandatory focus on GHG emissions and circularity during the design phase of products, as well as include sustainability as a selection criterion during the procurement of goods and materials, as well as capital goods used for production. The timeline for when these materials will be adopted is subject to customer demand, regulatory requirements, technical feasibility, and cost. We should note that as a proportion of the total scope 3 emissions associated with our products, relatively little is “locked-in”. This is because the majority of our emissions are associated with using our products, and the emissions intensity are tied to electricity consumption, whose emissions intensity can decline over time as electricity grids introduce more renewables.

3. Reduce our own fossil fuel energy consumption: With the PV installation at our new headquarters, we can become more self-sufficient by using our own renewable energy production for all our activities in Almere. Additional investments at our existing locations to replace gas heating with electric heating will further decrease our consumption of fossil fuels.

4. Reduce packaging and waste: We are in ongoing conversations with our suppliers to assess where and when we can decrease packaging materials without compromising the quality of goods and components. In addition, we have tightened the use of non- or difficult recyclable packaging materials as part of our environmental policy requirements.

5. Improve logistics and decarbonise transport: We will work with our transport partners (both on land and sea) to adopt more sustainable and lower carbon footprint transport modes. Examples could include vehicle electrification, increased biofuel adoption, and alternative transport modes adoption (e.g., truck vs flight). In addition, improved planning and stock control will reduce ad-hoc orders requiring urgent delivery (typically more energy intense).

Business Resilience Analysis

We conducted a business resilience analysis for our whole business to further understand and manage the impacts, risks and opportunities as identified in our DMA. We differentiate between physical risks and transitional risks.

We define physical risk as the potential for physical damage and disruption of business activity due to climate hazards. In 2023 we analysed the vulnerability of each of our six production locations across the Netherlands and Finland. We used four different Representative Concentration Pathways (scenarios) ranging from RCP 2.6 until RCP 8.5, acknowledging the wide uncertainty in climate trajectories. We looked at a wide range of climate hazards, both chronic (e.g., changing temperature, heat stress, sea level rise, water stress, soil degradation) and acute (e.g., wildfire, heatwave, heavy precipitation, storm). Our granularity has always been at least 0.7° x 0.7°, and in some instances even 100m x 100m. The maximum period of 30 years specified in the EU Taxonomy was used as our observation period.

Type	Time horizon[1]	Risk and/or opportunity	Business impact	Value chain impact	Mitigation response
Transitional	Short, medium and long-term	Changes in policy related to energy transition	In the maturing energy transition markets such as EV charging equipment and energy storage, policy change can have a significant impact on market demand (positively and negatively)	Upstream and downstream	Maintain diversified product portfolio across multiple geographies to be more resilient
Physical	Long-term	Impact of acute and chronic climate hazards	Potentially significant impact on our production (locations) in Almere (the Netherlands) in high-emission scenario if no additional climate change adaptation measures are taken by the government	Direct impact on Alfen people and production process	Regularly assess our risk exposure to climate events (especially how this trends over time) and governmental actions taken to mitigate coastal flood risk. Relocate if necessary (possible over 30-year timeframe).

[1] Please see Applied Time Horizons in the General Statement for definitions

We found that our Finnish locations do not face 'red flag' physical climate risks, while the Dutch locations face a high risk long-term in high emissions scenarios related to coastal flooding. We believe this risk is acceptable for now as we are situated in a densely populated area where the government is likely to continue to invest in climate change adaptation measures. In addition, the risk is related to a high-emission scenario and the long-term (30 years from now). Nevertheless, we will continue to monitor this risk closely. We have not yet estimated any financial effects of this risk.

We define transitional risk as the potential for business impact due to the transition away from GHG-emitting activities, which can be driven by changes in policy & legal, technology, market and reputation. We assume that a transition to a lower-carbon and resilient economy will lead to an energy mix with an increasing share of renewables, as well as more focus on energy efficiency and consumption, and technological deployment of energy management systems. We assume it will not change macroeconomic trends materially.

From a policy and legal perspective, we are influenced by policy that stimulates the energy transition; for instance, in recent years we have seen fluctuations in the level of EV subsidies having an impact on our EV charge point market. Across technology, market and reputation developments, we do not see risks and business impact as our full product portfolio is targeting a transition to net-zero. In this analysis, we considered a scenario consistent with the Paris Agreement and limiting climate change to 1.5°C. For this analysis, our mitigation actions from the Transition plan do not have an impact, because those focus on lowering carbon emissions in our specific value chain rather than the risk of policy changes and overall climate change. We have not identified assets and business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy, which is also shown by our high share of aligned revenue with the EU Taxonomy. We therefore also do not see our business facing any issue adjusting its strategy and business model due to further climate change. Overall, we see higher uncertainty in our transitional risk, as the breadth of potential policy direction is substantial.

Environmental Management Policy Statement

Alfen manages its material impacts, risks and opportunities related to climate change mitigation and adaptation through a continuous improvement approach to reducing energy consumption and greenhouse gas emissions. This ambition is stated in Alfen's Environmental Management Policy Statement. The Sustainability department is responsible for implementing the Environmental Management Policy, which covers all of Alfen's value chain emissions. This statement is publicly available online to ensure all our stakeholders can access it.

The Environmental Management Policy Statement is part of the Alfen Integrated Management System (AIM) which includes processes that meet the requirements of the two environmental management standards Alfen has adopted: (1) ISO 14001:2015 with CO_2 reduction for environmental management and (2) ISO 50001:2018 for energy management. Both standards are applicable for all Alfen entities except Alfen Elkamo, which has its own management system and certification. The embedded policies in AIM cover:

Climate change mitigation: Alfen adopted the ISO 14001:2015 Environmental Management standard with annex 2 CO_2 reduction management to enable the CO_2 reductions needed to achieve our SBTi approved targets. The Alfen Integrated Management System that includes these ISO 14001 requirements provides a structured way to minimise and mitigate Alfen's impact on climate change and the broader the environment, and is detailed further in the transition plan. We also participate with UN Global Compact, as well as MVO Netherlands to demonstrate our commitment towards a sustainable future.

Energy efficiency: Alfen adopted the ISO 50001:2018 Energy Management standard to ensure a structured way of addressing energy efficiency in our production processes with clear reduction targets.

Renewable energy deployment: Alfen prides itself on using 100% renewable electricity contracts. In addition, we are taking initiatives at our existing locations to replace gas heating with electric heating. Our aim is to be fully self-sufficient in electricity through our own PV installation in combination with our energy storage system(s).

To date, measures to reduce our emissions as a result of these embedded policies in AIM include:

- Improving building energy efficiency
- Increasing the use of self-generated renewable energy (e.g. 6,000+ solar panel installation and 150+ BEV charge points on all sites)
- Electrifying our building climate systems
- Investing in a new and modern BREAAM certified headquarters
- Electrifying our company fleet (and equipment)

In our 2025 budget, we have planned approximately €0.7 million of CAPEX for this transition plan. Key items are a battery energy storage system for our production site, heater replacements and increased insulation in one factory. We budgeted approximately €1.3 million of OPEX (excluding labour costs), which includes our company EVs. In 2025 we will further detail the allocation of (financial) resources to the transition plan. All our identified current and future financial resources allocated to this action plan are not contingent on any specific preconditions.

Climate change adaptation and mitigation – GHG emissions: metrics, targets and performance

Metrics and targets:

Alfen set the following GHG emissions reduction targets to manage material climate-related impacts, risks and opportunities, which have been approved by SBTi to be in line with a 1.5°C trajectory.

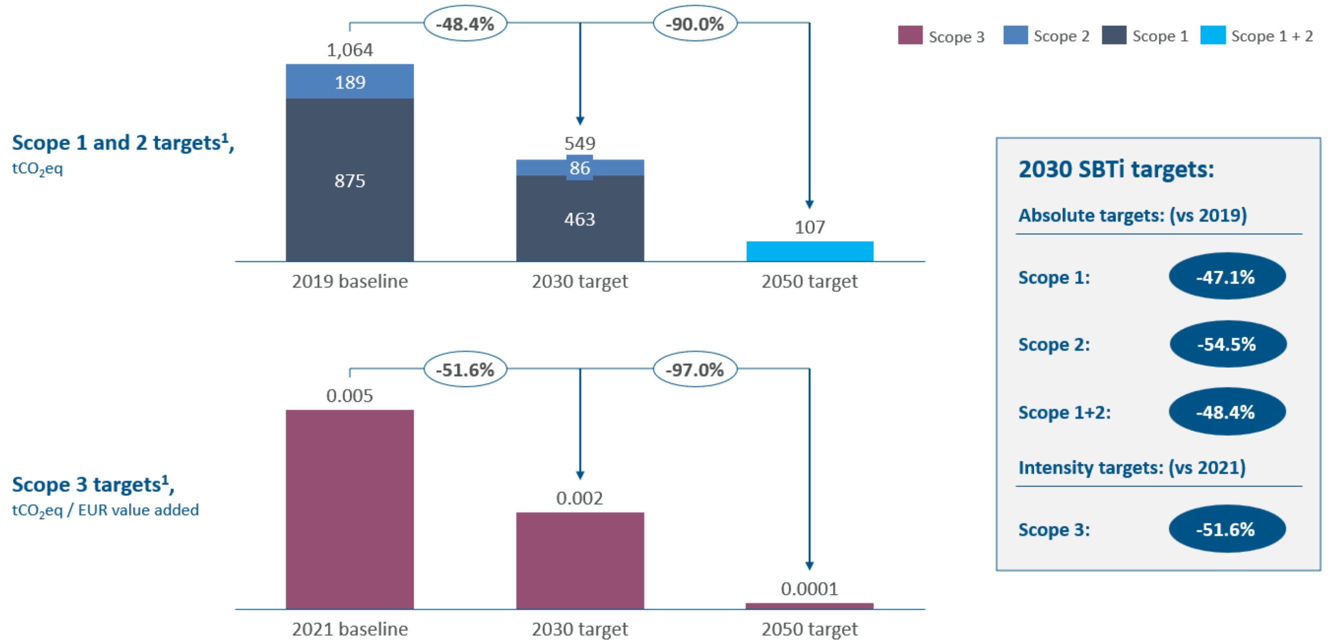
Near-term targets – by 2030 Alfen N.V. commits to:

- Reduce absolute scope 1 and 2 GHG emissions by 48.4% from a 2019 base year.
- Reduce scope 3 GHG emissions by 51.6% per EUR value added from a 2021 base year.
- Source all electricity consumption from renewables through to 2030.

Long-term targets – by 2050 Alfen N.V. commits to:

- Reduce absolute scope 1 and 2 GHG emissions by 90% from a 2019 base year.
- Reduce scope 3 GHG emissions by 97% per EUR value added from a 2021 base year.

In establishing our GHG emissions baseline, the selection of the base year is guided by the availability of historical data and the stability of activities.



[1]Total sum may not add up due to rounding

For Scope 1 and 2, we selected the year 2019 because this was the first year our Finnish entity Elkamo was included. Because of the impact of the COVID-19 pandemic, we chose to set 2021 as our Scope 3 base year. If future year enhancements in data quality or methodological changes lead to an emission deviation exceeding 5% compared to our current baseline emissions, we will restate our historical emissions in accordance with the Science Based Targets initiative. We will monitor progress on emission reductions and adapt - if necessary - policies and actions accordingly.

The aforementioned targets take the following assumptions into account:

- Alfen's ongoing growth as a company that tailors products to the ongoing energy transition
- Introducing known but not yet implemented legislation (e.g. CRSDDD, battery directive, etc.)
- Government commitments to decarbonise electricity grids in countries where Alfen does business
- Removals and/or carbon credits are not under consideration

Our performance

Going forward, a substantial portion of our climate change mitigation effort will go to reducing our Scope 3 emissions. Around 81% of Alfen’s Scope 3 emissions arise from efficiency losses during the use of our products (see Scope 3 definitions below for more detail). Since these emissions are primarily derived from the electricity consumption from national grids, we expect this figure to decline as more renewables are added to the mix.

Reducing emissions from efficiency losses further will for now prove challenging as EU regulations (through EU Directive Tier 2 Eco Design 2019/1783), set the efficiency standards of our transformers, which incur the majority of our efficiency losses. Only once EU regulators introduce a new Tier 3 (for which there is currently no timeline) do we expect the efficiency of these transformers in the market to improve. Furthermore, we already work with the global battery leader to reduce the battery carbon intensity for our Energy Storage Systems, leaving little scope to reduce carbon intensity by switching to another supplier.

Our efforts in Scope 3 will therefore focus on actions within our sphere of control such as which materials we in-source from our suppliers.

In determining our Scope 3 emissions, we focused our efforts on defining a baseline and our emissions in 2024. Going forward, we will provide annual figures for comparison. Our reporting boundary for Scope 3 emissions extends to the full value chain for all Alfen entities and our subsidiaries (e.g., Alfen Elkamo). As businesses in our value chain are only starting to identify their own emissions intensity, almost all our analysis to date involves secondary information; less than 1% of our total emissions in Scope 3 are derived fully from primary data obtained from suppliers or other value chain partners.

The following table summarises our overall emissions, aggregated into Scopes 1,2 and 3. For reporting consistency, we also include in the table on the next page our baseline and the progress made towards our target. Our figures include, but do not separately disclose biogenic CO_2 emissions. For information on our direct energy consumption, please see the following section “Energy Consumption and Mix”.

Scope 1 and 2 methodology and definitions

As we now measure our full Scope 3 emissions, we have updated the methodology of our 2019 and 2021 Scope 1 and Scope 2 emissions to exclude upstream fuel and energy related activities, which are now separately calculated in Scope 3 category 3. Our SBTi absolute Scope 1 and 2 targets are in line with this updated methodology and have not changed.

Scope 1: Includes fuel consumption of leased cars (both diesel and petrol), natural gas, propane and biofuel consumption. Solar energy production from our own buildings is also included, but it has an emissivity factor of zero. Consumption is derived from meter readings and invoices, while emission factors are provided directly by our energy suppliers, or from emissiefactoren.nl.

Scope 2: Includes electricity consumption (including on-site, public, and private charging from leased cars), and district heating. Consumption is derived from meter readings and invoices, while emission factors are from our energy suppliers, Ember, or emissiefactoren.nl. We extrapolated 2021 and 2023 emissions intensity for district heating based on available figures for 2019 and 2024.

	GHG footprint in tCO$_2$eq[1,2,3]	2019	2021	2023	2024	% Δ vs 2024[13]	Baseline vs 2030[14]
Scope 1[4,7]	Gross emissions	875	667	602	714	19 %	(4)%
	Emissions from regulated ETS (%)[5]	—	—	—	—	—	—
Scope 2[4,7]	Gross market based emissions[6]	189	110	106	134	26 %	(5)%
	Gross location based emissions	410	498	728	830	—	—
Scope 3[7]	1A. Purchased goods and services, product related		37,955		47,604	25 %	
	1B. Purchased goods and services, non-product related		3,119		6,165	98 %	
	2. Capital goods		770		1,117	45 %	
	3. Fuel and energy related activities		182		234	28 %	
	4. Upstream transport		3,093		4,284	38 %	
	5. Production waste		403		574	42 %	
	6. Business travel		166		292	76 %	
	7. Employee commuting		685		1,124	64 %	(6)% intensity reduction[15]
	8. Upstream leased assets		397		1,056	166 %	
	9. Downstream transport		860		1,178	37 %	
	10. Processing of sold products[8]		—		—	— %	
	11. Use of sold products		336,323		277,268	(18)%	
	12. End-of-life treatment of sold products		294		233	(21)%	
	13. Downstream leased assets[9]		—		—	— %	
	14. Franchises[9]		—		—	— %	
	15. Investments[9]		—		—	— %	
	Total		**384,247**		**341,128**	**(11)%**	
Total GHG emissions (1+2+3)[10,11]	Total emissions, market based		385,024		341,976	(11)%	
	Total emissions, location based		385,412		342,672	(11)%	
	SF6 emissions, in tCO$_2$eq[12]		3,981		4,316	8 %	

[1]The inventory boundary for our GHG footprint is in line with our general disclosure and is calculated according to the Greenhouse Gas Protocol, the GHG Scope 2 guidance: 2015 and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard: 2011.

[2]As a guide, emission intensity conversion factors for fuel consumption are sourced from emissiefactoren.nl, electricity conversion factors are on a country by country basis and sourced from Ember, and material conversion factors are from EcoInvent. Alternative sources may be used, either due to a lack of data from these sources, or due to access to better data (e.g., using supplier specific emissions factors). Because most of our emission factors are largely non-company specific, we do not expect any events between the reporting dates and the release of this annual report to have an impact of our emission values.

[3]All our reported figures include our Elkamo subsidiary

[4]Scope 1 and 2 cover all energy consumption sources reported in ESRS E1-5

[5]Alfen has no installations subject to the regulated Emission Trading Schemes (ETS)

[6]Covered by guarantees of origin or contractual agreements

[7]Biogenic emissions of CO_2 from the combustion or biodegradation of biomass that occur in our upstream value chain are not known; these are covered as part of average lifecycle emission figures

[8]Not in scope for Alfen as our products are sold in a final state, and spare parts can be re-incorporated into our products without the need for additional electricity use

[9]Not in scope for Alfen as we do not have any downstream leased assets, franchises, or investments

[10]The total measurement of gross Scope 1, 2, 3 and total GHG emissions has not been validated by an external body other than our assurance provider

[11]Total sum may not add up due to rounding

[12]SF6 emissions identified in category 11 of scope 3

[13]Comparative for scope 1 and 2 is 2023, for scope 3 this is 2021 (the baseline year)

[14]Annual reduction needed to meet 2030 SBTi target vs respective baseline year

[15]tCO$_2$eq/EUR value added

Definitions and methodology of scope 3 categories in scope:

Category 1A: Purchased goods and services, product related

Includes the emissions of all materials procured for our products in 2024. To determine total weight, we consider the following categories where applicable: (1) final products sold, (2) packaging, (3) accessories, and (4) spare parts. Emissions are calculated on the total weights of different materials procured and their respective emission factors. For the emissions factors of PCBs, we have used industry average emission factors for electronics for control units. In 2025 we will seek to seek to determine Alfen specific PCBA emission factors, which may either increase or decrease our total scope 3 emissions. Should this be a substantial change, we will restate our baseline and 2024's emissions in accordance with SBTi methodology.

Category 1B: Purchased goods and services, non-product related

Includes the emissions from all other goods and services purchased during 2024 which are not directly product related (e.g., insurance, telephony, audit, IT equipment), excluding capital equipment (e.g., machinery). Emissions are calculated on a spend-based method given their overall small emissions impact for Alfen.

Category 2: Capital goods

Includes the emissions from all capital equipment purchased during 2024 which have been identified by product line on the capex section of the balance sheet. Emissions are calculated on a spend-based method given their overall small emissions impact for Alfen.

Category 3: Fuel and energy related activities

Includes the emissions from the extraction, production and transportation of fuels and energy purchased or acquired (known as "well to tank" emissions) that are not already accounted for in scope 1 and/or 2 (known as "tank to wheel" emissions) during 2024. Emissions are calculated on the total volumes purchased of different fuels and their respective emission factors.

Category 4: Upstream transport and distribution

Includes the emissions from transporting materials from our tier 1 suppliers to our Alfen sites in the Netherlands and Finland in 2024. As our data quality is highest for our ESS business line, we have extrapolated this emissions intensity on a per kilo material transported basis to our other business lines (except for the concrete housing of our SGS substations, for which we have additional information and has been calculated separately). Emissions are calculated on total freight ton kilometres travelled per mode of transport and their respective emission factors.

Category 5: Production waste

Includes the emissions from the disposal and treatment of waste generated by Alfen during 2024 in facilities which we do not own or control. Emissions are based on total weights of individual waste streams and their respective emissions factors.

Category 6: Business travel

Includes the emissions from the transportation of employees for business-related activities during 2024 in vehicles not owned or operated by Alfen (and excludes commuting travel). Emissions are based on total distance travelled by each mode and their respective emissions factors.

Category 7: Employee commuting

Includes the emissions from the transportation of employees commuting between their homes and their worksites during 2024 in vehicles not owned or operated by Alfen. Emissions from BEV lease cars are covered in scope 2, while emissions from fossil fuel powered vehicles owned/leased by Alfen are covered in scope 1. Emissions are based on total distance travelled by each mode and their respective emissions factors.

Category 8: Upstream leased assets

Includes the emissions from rental spaces where Alfen does not control the energy supplier contract (assets where we do control this are part of scope 2). Emissions are calculated based on total floor space and industry average emissions intensity per square meter of floor space.

Category 9: Downstream transport and distribution

Includes the emissions from transporting products from our warehouses to our customer locations. Our customer location is defined as the point to which either we or our transport partner delivers the product. Emissions are calculated on total freight ton kilometres travelled per mode of transport and their respective emission factors.

Category 11: Use of sold products

Includes the emissions associated with electrical efficiency losses when using products. For all three business lines, this consists of determining the "stand-by" losses (i.e., when the product is not in use, such as from a monitor), and "efficiency" losses (i.e., when the product is in use, such as resistance losses). Both these losses are calculated over the total expected lifetime of each product. Our emissions calculation considers the current and expected emissions intensity of each country's electricity grid for which a product has been sold, and therefore uses a location-based emissions approach. As all our products are currently sold in countries where governments are either legally bound to net zero in 2050 or have set net zero 2050 as a stated goal for their electricity grid, we have assumed a linear reduction in electricity grid intensity between 2024 and 2050. Our calculations for category 11 also include estimated leakages of SF6 over the lifetime of our substations from our medium voltage switch equipment. For our Smart Grid Solutions, our lifetime utilisation considers three business cases: residential use (using average Danish household energy use as a proxy), industrial use (using high voltage utilisation as a proxy), and solar parks (using the north western Europe norm of utilisation equivalent to 900 hours per year). The lifetime assumption (40 years) is based on an average of market estimates for the technical longevity of transformers (20 to 60 years). For our EV Charging Equipment, our efficiency loss estimates are based on R&D product tests. The lifetime assumption (10 years) is in line with French government standard assumptions used in developing Product Passports. The lifetime assumption of our Energy Storage Systems (20 years) is a based on our least intensive use case scenario (1 cycle / day).

Category 12: End of life treatment of sold products

Includes the emissions from waste disposal and treatment of products at the end of our products' lifetimes. Emissions are based on total weights of individual waste streams and their respective emissions factors.

Energy – Energy consumption and mix: metrics, targets and performance

Our direct energy consumption comes from the combustion of fossil fuels in our lease cars and owned vehicles, electricity consumption from our buildings and battery powered lease cars, and district heating for the heating of some of our buildings.

In 2024, we directly consumed 8,384 MWh, of which 53% was renewable energy (see next page), the same proportion as last year. We also produced 797 MWh of renewable energy through our solar panels, more than double the amount produced in 2023. All new lease car agreements are with BEVs.

Own energy production (MWh)	2024	2023
Renewables	797	386
Fossil fuel	—	—

New electricity demand came primarily from production at our newly opened HQ at Hefbrugweg 79 in Almere, while most growth in natural gas came from heating supplied to Damsluisweg 70, as 2024 was the first full year Alfen operated the premise.

On a MWh / net revenue basis, we consumed 17.2 MWh per million euro of net revenue (based on net revenue of €487.6 million, which is equivalent to our revenue at group level). For this comparison all our emissions are in scope as all our revenue is classified as being in high climate impact sectors (NACE codes C and F). On a tCO_2eq / net revenue basis, whereby we consider scope 1,2, and 3 emissions, using market based emissions this was 701 tCO_2eq per million euro revenue, while using location based emissions this was 703 tCO_2eq per million euro revenue.

As we continue to grow, we expect that our total energy consumption will continue to increase. However, we will work to continue increasing the share of renewables in the energy mix. We are also working to increase the share of self-generated renewable electricity by installing solar panels, which decreases our purchased renewable energy and reduces our overall Scope 2 location based emissions. As a result, we expect overall direct energy consumption emissions to decline.

Energy consumption and mix[1,2]	2024	2023
Fossil fuel consumption		
Fuel consumption from coal and coal products (MWh)	—	—
Fuel consumption from crude oil and petroleum products (MWh)[3]	2,137	1,919
Fuel consumption from natural gas (MWh)	1,265	918
Fuel consumption from other fossil sources (MWh)	—	—
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	580	464
Total Fossil energy consumption (MWh)	**3,981**	**3,301**
Nuclear consumption		
Consumption from nuclear sources (MWh)	—	—
Renewable consumption		
Fuel consumption from renewable sources, including biomass (MWh)	551	549
Consumption of purchased or acquired electricity, heat and cooling from renewable sources (MWh)[4,5]	3,183	2,882
Consumption of self-generated non-fuel renewable energy (MWh)[6]	669	299
Total renewable energy consumption (MWh)	**4,403**	**3,730**
Total consumption[7]		
Total energy consumption (MWh)	8,384	7,031
Share of fossil sources in total energy consumption (%)	47 %	47 %
Share of consumption from nuclear sources in total energy consumption (%)	— %	— %
Share of renewable sources in total energy consumption (%)	**53 %**	**53 %**

[1] Our energy consumption and mix figures are validated each year by a third party other than our assurance provider; this validation for our 2024 figures will be completed in 2025. Any material changes following this validation will be reflected in a restatement of our figures.

[2] Full energy consumption numbers for 2024 will be restated as needed in subsequent reports based on final figures

[3] We have estimated diesel and petrol consumption data from one of our lease car providers based on average historical consumption in the preceding months of 2024 for the final months of 2024

[4] For some buildings, we have estimated energy consumption for the final months of 2024 based on their relative share of consumption in those months in previous years

[5] For some buildings, our final meter readings our still ongoing a second verification

[6] Some of our measurements for meter readings regarding renewable electricity return to the grid for November and December are still ongoing a second verification

[7] Total sum may not add up due to rounding

Social information

Introduction to social information

We are committed to having a socially sustainable workplace that respects human rights, promotes well being, and values diversity and inclusion— because it is the right thing to do and strengthens our organisation.

By focusing on individual strengths, we foster a culture of inclusion where people collaborate effectively and contrasting perspectives drive us forward. This commitment to inclusion is not just essential for social responsibility—it is fundamental to achieving our strategic goals and building a resilient organisation.

Our Code of Conduct, along with our Supplier Code of Conduct, reflects our dedication to safe, respectful, and equitable working conditions. We expect everyone we work with to uphold these principles.

In 2024, Alfen made the difficult decision to implement an organisational right-sizing effort. As communicated in October, it will reduce our workforce by ~15%. Employees impacted by the re-organisation received notice in November.

However, the majority of implications will become visible during 2025 as the impacted employee contracts will not end before March 2025.

Consequently, the restructuring has a negative impact on headcount and turnover ratio in the coming reporting period. During 2024, we predominantly saw an increase in social dialogue and the first implications in employee turnover from not renewing temporary contracts. We recognise that the second half of 2024 was a tumultuous period for our workforce, including management.

Based on our DMA, we identified several social-related sustainability topics within ESRS S1 Own workforce and ESRS S2 Workers in the value chain as material. First, within ESRS S1 we identified within working conditions collective bargaining coverage, adequate wages and social dialogue as material sub sub topics. Given the importance of health and safety we also specifically called it out as a separate sub-sub topic. In addition, we identified the equal treatment sub topic as material. Alfen's own operations do not have significant risk of incidents of forced, compulsory or child labour. Given our business model we do not see significant negative impacts on our own workforce as a result of our own operations or terminating business relationships. In ESRS S2 Workers in the value chain, we specifically identified forced labour and health and safety as material sub-sub topics. The impacts, risks and opportunities of these material topics are highlighted below, followed by a deeper analysis of each material topic in the following section.

Material topics	Value chain	Impact materiality		Financial materiality	
Own workforce		**Positive**	**Negative**	**Opportunity**	**Risk**
Working conditions					
Collective bargaining coverage	Own operations	Medium	Medium	Low	High
Adequate wages	Own operations	High	Medium	Low	High
Social dialogue	Own operations	Medium	Medium	Low	High
Working conditions					
Health & safety	Own operations	High	Medium	Low	High
Equal treatment and opportunities					
Diversity	Own operations	Medium	Medium	High	High
Gender equality and equal pay	Own operations	Medium	Medium	High	High
Training & development	Own operations	Medium	Medium	High	High
Violence and harassment	Own operations	Medium	Medium	High	High
Workers in the value chain		**Positive**	**Negative**	**Opportunity**	**Risk**
Working conditions					
Health & safety	Upstream, Downstream	Low	Medium	Low	Medium
Other work-related rights					
Forced labour	Upstream	Low	Medium	Low	Medium

Legend:
Value chain Upstream Own operations Downstream **Materiality level** Low below 60% Medium 60 to 79% High 80% and above

Note: Alfen has a materiality threshold of ~60% of the total score, for all categories. Refer to metrics of the materiality assessment in the General information section for more detail

Material social topics and related IROs

Own workforce: Working conditions - Collective bargaining coverage and social dialogue

Collective bargaining coverage and general working conditions

We believe that working conditions drive job satisfaction. By setting the right working conditions, we can have a positive impact on our employees, thus improving their morale and well being. Alfen operates in a sector with a Collective Labour Agreement (CLA). Effective collective bargaining leads to fair wages, improved working conditions and better employee benefits, fostering a positive and collaborative relationship between the company and its workforce. For our employees, the existence of a CLA serves as a solid foundation for working conditions by setting minimum requirements on aspects such as adequate pay, employment contracts, leave and working hours. In addition, it forms a basis for a transparent and equitable payment structure.

Constructive collective bargaining can enhance employee satisfaction and engagement, potentially reducing turnover and absenteeism, improving productivity, and contributing to a strong company culture, which can positively impact the company's financial performance long term.

As a company we recognise the importance of the social protection for our employees offered through the CLA. However, there are several risks to take into account from an organisational perspective such as labour cost increases via negotiated wages, risk of work stoppages, and limited flexibility which could negatively impact the financial performance.

Adequate wages

We believe adequate wages are an essential component of working conditions which in total drive job satisfaction. Providing adequate wages fosters financial stability. In turn, it leads to more loyal employees, reduces turnover rates and increases productivity.

An adequate wage should at least enable employees to cover base expenses, such as housing, food, healthcare and education. Inadequate wages can exacerbate financial insecurity, diminish employee well-being, and limit career growth. We do not limit ourselves to the minimum standards and offer a comprehensive remuneration package that goes beyond the agreement. By offering a competitive compensation and benefits package, Alfen is able to attract and retain talented employees.

Providing adequate wages presents an opportunity to attract top talent. Alfen operates in a market with intense competition for talent, where technical skills are especially scarce. Not offering adequate wages could lead to increased staff turnover and reduced employee morale. These factors can negatively impact operational efficiency, increase recruitment and training costs, and damage the company's reputation, and in turn influence our financial performance. The risk of being seen as an unattractive company to work for would pose a significant risk to our competitive edge and therefore our present and future success.

Social dialogue

Alfen places a strong emphasis on employee engagement. For us social dialogue refers to the communication and cooperation between employers and employees to address various workplace-related issues or opportunities and advice in the event of major company decision (e.g. the announced restructuring). Alfen has essential communications channels like the Works Council, town halls and employee satisfaction surveys to create value for one of Alfen's key stakeholder groups: employees. In essence, it is how Alfen management know what is on employees' minds, and the other way around.

We recognise that an effective social dialogue improves employee morale/satisfaction and creates a positive work culture, enhancing overall employee well-being. Open communications fosters trust while making employees feel valued and involved. It can positively impact collaboration and understanding between management and the workforce, leading to better decision making, higher productivity, as well as lower turnover rates.

On the other hand, poor management of dialogue can pose financial risks due to increased employee turnover, absenteeism, strikes and potential legal issues arising from workplace conflicts, thereby negatively impacting productivity, as well as causing reputational damage and loss of talent. Ultimately it impacts overall business performance.

Own workforce: Working conditions and related rights – Health & safety

Within the sub-topic “Working Conditions”, we singled out the sub-sub topic of “Health and Safety” as it is critical to Alfen. Given the nature of our products and services, our employees work with electrical components that can contain voltages within our production environment, during grid integration or in work on project sites. We are consequently operating in a higher-risk sector when it comes to the health and safety of our employees. Without the right management and measures, it can lead to significant risk, primarily for our employees’ well-being, but also for the organisation as a whole.

Health and safety measures are critical to minimise workplace accidents, injuries, and occupational illnesses. Having such measures can positively impact employees by promoting their physical and mental well-being and reducing absenteeism. Neglecting these measures can lead to a toxic work environment, increasing stress-levels and employee dissatisfaction, and ultimately leading to higher turnover, and increased chances of serious incidents. Additionally, it could lead to financial consequences, such as costs associated with workplace accidents, worker compensation claims, legal liabilities, increased insurance premiums, and damage to the company's reputation.

We aim to create a safe working environment for all employees by adhering to the highest safety standards (and we extend this aim to external workers on our project sites). A robust safety record is an opportunity to differentiate us in the manufacturing and electrical installation industry, making Alfen the preferred partner for customers and suppliers.

Own workforce: Equal treatment and opportunities for all

Within the sub-topic “Equal treatment and opportunities for all”, we identified 4 material sub-sub-topics: (1) diversity, (2) gender equality and equal pay for work of equal value, (3) training and skills development and (4) measures against violence and harassment in the workplace.

Diversity

We are committed to creating a diverse and inclusive work environment where everyone feels valued and respected and believe it is essential to achieving Alfen's strategy. We recognise that a diverse workforce brings multiple perspectives that enhance creativity and innovation. In turn, this allows us to better understand different customers and complex (technical) challenges within the energy transition, making us more adaptable and resilient.

Given our activities as a manufacturer of electrical equipment, which is typically a male dominated environment, gender diversity is of particular importance to us. Alfen operates in the so-called “Metalektro” sector, where the average percentage of female employees is 16%.

Furthermore, we have a very diverse workforce, currently employing 54 nationalities. Not addressing diversity properly possesses significant risks that are associated with employees that do not feel included. Employees that feel included are more likely to be positively engaged within the organisation. Higher employee engagement drives higher levels of productivity, retention, and our company’s overall success.

Lastly, we see diversity as an opportunity to attract and retain the best and brightest talent as it broadens our pool of potential candidates. We want to be an employer of choice in a tight labour market no matter an employee's background.

Gender equality and equal pay for work of equal value

Over the last few years, we have seen increasing attention to equality in our overall stakeholder landscape. This includes specific regulations to adhere to and report on, e.g., by the Sociaal Economische Raad (SER). Rewarding employees equally for the same work, regardless of gender or background, creates a more just workplace. For Alfen, equal pay reflects our commitment to fair labour practices and supports our diverse and inclusive workplace as reflected upon above. We believe that employees who perceive their compensation as fair are more motivated and engaged. In turn, this leads to higher productivity, lower turnover and its associated costs. In addition, equal pay also strengthens our organisational culture of trust, transparency and fairness.

Attracting (female) talent to our sector is challenging. We believe that gender equality is a prerequisite for attracting more women to our organisation, leading to the benefits as described in the diversity paragraph above.

Training and skills development

Alfen wants to remain at the technology forefront and believes it is only achievable by growing and educating our people. Since we are active in the dynamic and fast changing energy transition, we need to ensure that our workforce is adaptable to new regulations and technologies, especially our R&D department. Hence, we provide education and resources to our employees to improve their knowledge, abilities, and job performance - not only for technical skills and safety requirements but also for social skill development. Doing so positively impacts individuals by increasing their job satisfaction, earning potential and employability, and reducing safety hazard risk, ultimately affecting the company’s financial performance.

We commit to providing training and development resources for all layers of the organisation, in part through our Alfen Academy (for more detail, see Training & Skills Development section). Additionally, we see an increasing role for e-learning, which can be a cost-effective way of learning. Our focus on career and skills development supports our ability to attract and retain talent in a tight labour market. This is particularly true for technical and R&D employees, which are in high demand.

Incidents: Measures against violence and harassment in the workplace

There is no place for violence and harassment in our workplace. If it occurs, it can lead to a negative work environment, employee stress, decreased productivity, and potential harm to physical and mental health. Therefore, we implemented measures against violence to promote a safer and more inclusive work environment, contributing to employee well-being, mental health, and overall job satisfaction.

We focus on communicating clearly our Code of Conduct and making channels to report incidents as accessible as possible.

Workers in the value chain: Working conditions – health and safety

As a business that is connected through a global supply chain with workers all around the world, our purchasing activity impacts workers operating in countries and regions where there is a risk that not all human rights and labour standards are upheld to the same degree. Our products may therefore be sourced from locations where the health and safety of workers could be at greater risk than should be tolerated.

Low standards or poor enforcement of health and safety for workers in the value chain can have an immediate impact on these workers, should any incidents occur. Given the electrical nature of our products, the potential impact of these incidents could be very serious, which is why we have deemed the topic material.

In addition, such incidents can present a risk for Alfen, as a link with such companies can damage Alfen’s reputation. This is applicable both upstream (customers typically do not want products associated with such incidents), and downstream (customers will not want to purchase products which could potentially injure field technicians). The downstream case is particularly applicable to Alfen, given the nature of our products being operated on with live current. For example, it was critical for us to ensure that the moisture issue in our substations earlier this year did not pose any safety risk to any technicians working on-site.

As we see health and safety as a “license to operate”, and expect that most of our competitors see the same, we do not see much upside potential in this area, as customers will expect this as a bare minimum in our operations.

Workers in the value chain: Other work related rights – forced labour

Certain materials and products purchased within our global supply chain originate from countries and regions with known human rights concerns such as the potential for forced labour. Without sufficient diligence in one’s supply chain, purchases from such countries could therefore either directly or indirectly support such practices.

As with health and safety, purchasing products or materials that involved forced labour can damage Alfen’s reputation, and could result in lost sales if customers decide to purchase products from other suppliers who can guarantee the exclusion of forced labour from their supply chains. Given the potential impact on Alfen, we take any suspected incidents seriously and perform a thorough examination.

Likewise, we also see preventing the use of forced labour as a “license to operate” and do not expect upside potential in this area as our customers will expect this as the bare minimum in our operations.

Processes related to policies, target setting and action plans

Going forward from 2025, at the start of each year, HR leadership will reflect on the performance of social metrics of last year and formulate actions to reach targets set for coming year(s). All targets plus action plans regarding our social impacts for the coming year will be presented to the board, after which the Dutch Works Council will be engaged. On a monthly basis, effectiveness of action plans is tracked through an internal HR report. If necessary, measures can be taken to make sure we are still on track during the year. At the end of the year, the final target realisation will be assessed at that moment in time. Any lessons learned on target setting and reporting will be evaluated and used for next year’s target setting.

Currently, we do not have action plans that require significant financial resources for its implementation.

All internal policies are made available on our intranet which is accessible for our own workforce. When appropriate we publish policies on our website to inform external stakeholders.

Characteristics of own workforce

We define employees as all colleagues who have an employment relationship with Alfen, independent of the country they work in. This includes those with a permanent, temporary and non-guaranteed hours contract, and excludes people who have been hired via a third party such as a temporary recruitment agency. Our employment figures are aligned with those presented in the financial statements of this Annual Report, noting that we report FTEs in our financial statements. In 2024, our total headcount grew by 12%. Due to the restructuring, we will see headcount reductions, as well as an elevated turnover in 2025.

At year-end, we had 1,083 employees, of which 79% had a permanent contract. This is an increase from last year (76%) which is primarily driven by the start-up phase of the restructuring. Hence, temporary contracts were not renewed.

Non-guaranteed hours contracts are in general only used in cases where students are working at Alfen alongside their higher education.

Turnover rate

In 2024 we saw 165 (2023: 178) people leave Alfen, which includes both voluntary and involuntary leavers, equivalent to a turnover rate of 15.3% (2023: 18.4%). This rate is calculated as the total number of employees leaving during the year divided by the total number of employees at year end. While this year's percentage is lower than last year, it is roughly in line with the year before. It is noted that the majority of the restructuring impact will be seen in 2025.

Headcount by country, #	2024		2023	
Country	Number	%	Number	%
Netherlands	945	87 %	838	87 %
Other	138	13 %	126	13 %
Total	**1,083**	**100 %**	**964**	**100 %**

Headcount by gender, #	2024		2023	
Gender	Number	%	Number	%
Female	192	18 %	169	18 %
Male	891	82 %	795	82 %
Other	—	— %	—	— %
Not reported	—	— %	—	— %
Total	**1,083**	**100 %**	**964**	**100 %**

Headcount per contract type and gender, #	2024				2023			
Type	Female	Male	Total	Total %	Female	Male	Total	Total %
Permanent contract	153	701	854	79 %	113	617	730	76 %
Temporary contract	39	190	229	21 %	56	178	234	24 %
Total	**192**	**891**	**1,083**	**100 %**	**169**	**795**	**964**	**100 %**

Non-employees by average[1] FTE, #	2024			2023		
Type	Direct	Indirect	Total	Direct	Indirect	Total
Temporary labour	116	17	133	88	13	101
Self-employed	—	16	16	—	15	15
Total	**116**	**33**	**149**	**88**	**28**	**116**

[1] Average FTE calculated as average of each month's figures; FTE is full time equivalent of 40 hour work week

Non-Employees

Alfen hires two types of non-employees: self-employed contractors and temporary labour (persons contracted via third party engagement in employment activities, typically for short term work). In 2024, we hired a total of 149 non-employees. Around 90% of these non-employees were temporary labour hired through contracting agencies. The increase is roughly in line with our employee increase and mainly attributable to an increase in direct labour of our Smart Grid Solutions business line.

In general, self-employed, non-employees are taken on for short term assignments that require specific knowledge, while temporary labour is mainly used for assembly roles in production that require rapid workforce adjustments. We consider our scope for temporary labour to only include those whose manager is within the Alfen organisation. Additionally, we leverage this flexible group as a talent pool for potential future hires within our organisation.

Own workforce - Working conditions and general working conditions

Working conditions: Strategy, governance and action plans

Collective bargaining agreement and general working conditions

The UN Guiding Principles for Business and Human Rights outline the corporate responsibility to respect human rights. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights form the basis for what businesses should adhere to and are as such adopted by Alfen. The six steps that are included in the OECD Guidelines are used as our basis.

Additionally, Alfen is bound by local (labour) law and a collective bargaining agreement, which are often stricter than these global guidelines. Our HR department ensures compliance with these laws and regulations that provide security for our employees as it sets minimum requirements on pay, social security, leave, pensions and working hours. In some cases, they are supplemented by specific company policies.

In 2024, 95% of Alfen's employees work in the Netherlands and Finland. In the Netherlands, the Metalektro CLA applies, and it consists of a standard CLA and a CLA for senior staff. For Alfen Elkamo Oy Ab the Technology Industry Union in Finland applies. If employees outside of the Netherlands or Finland are not covered by a collective bargaining agreement, then it is because there is no bargaining agreement in that country that is applicable to Alfen. Noting that, so far, we only operate in countries with a strong labour law and robust social system.

In June 2024, the employers’ organisation and the trade unions reached an agreement on the 2024/2025 Metalektro CLA. The core of the agreement is a 9% salary increase which is implemented in three steps. For more detail on the agreement please visit the FNV website. For employees that are not covered by the CLA an inflation correction is made on an annual basis, if there is a reason to do so.

In light of the announced restructuring, in November Alfen reached an agreement with union parties FNV, de Unie, and CNV on a Social Plan for impacted employees who have a Dutch employment contract. For detail on the Social Plan please visit the website of one of the aforementioned union parties.

Adequate wages

In today’s challenging business landscape, ensuring adequate wages and secure employment is a prerequisite for attracting, as well as retaining highly skilled professionals. This is most profound in the tight labour market for technical personnel. Therefore, Alfen goes further by offering salaries that exceed the thresholds prescribed by the CLA.

Meaning, the lowest grade of our salary scales lies significantly above the lowest scale in the CLAs.

Our ability to pay adequately not only influences the upper echelons of our organisation. As a manufacturing company our production workers are essential to our success. Providing these employees with the financial stability leads to increased employee loyalty and productivity, in an environment which typically has higher turnover. In turn, we believe it benefits their well-being.

Currently we do not have a specific policy capturing adequate wages above CLA minimum standards but it is captured in our general practice. For the CLA eligible employees, adequate wages are guaranteed by the prescribed CLA increases. For higher personnel, a separate annual process for salary increase is followed. Alfen annually benchmarks its employee compensation with peers in our sector. Our salary scales are transparent and made available for all employees on our Intranet.

Social dialogue: Engaging with our own workforce

We place strong emphasis on employee engagement, recognising that it is important for management to know what is on employees' minds and vice versa. While we do not have a specific policy to capture social dialogue we do actively engage with our employees and have multiple channels to facilitate effective communications:

Works Council

Depending on country practice and regulations, active contact is maintained with employee representative bodies such as the Works Council and trade unions regarding important changes and decisions on corporate and social issues. Employees employed in the Netherlands by Alfen N.V., Alfen BV and Alfen ICU BV and temporary personnel of these companies are represented by a Works Council who acts according to the Dutch Works Council Act (Wet op de Ondernemingsraden). The council consist of 10 members.

In Finland the engagement occurs with a union representative that is also part of the workforce. Engagement with the Works Council is done by the CEO, accompanied by the CHRO for the Dutch Works Council, and by the Managing Director in Finland.

In the Netherlands at least 4 meetings are held with employee representatives and the company's end responsible officer to mutually share information, explain decisions and, in certain cases, obtain approval or advice on issues relevant to employees. This includes the specific interests of vulnerable or marginalised groups.

Town hall meetings

On a regular basis, management holds town hall meetings to directly inform employees about relevant developments within the company. Employees from Alfen Elkamo are involved on a monthly basis in town hall meetings in which relevant employee related issues are discussed and where union representatives may be present. During these meetings there is the opportunity to ask questions and engage with the CEO or Executive Committee members or the Managing Director (Finland). This occurs in both Finland as well as in the Netherlands, with the latter providing the opportunity for employees to join online.

Engagement surveys

Period people engagement surveys measure how employees perceive their experience with Alfen. Surveys occur at least once per two years. In this survey there are also specific questions about unwanted behaviour such as violence, harassment and discrimination to make sure everyone's voice, including those of vulnerable or marginalised groups that may not speak up easily in any other way, is being heard.

Moreover, we have several channels to facilitate communications to our employees such as our intranet, company wide emails and digital monitors in the production facilities for those without a company email address.

Exit surveys

Employees who leave Alfen are asked to complete an exit survey that solicits feedback on work climate, interrelationships and other relevant topics. The feedback of employees that comes in through all these channels is included in the evaluation and improvement of our policies and procedures.

Increasing the social dialogue

During 2024 we increased our employee engagement efforts supported by an internal communications manager and increased internal communications. As a highlight, Alfen started business line specific town halls, held quarterly. During these sessions various topics are discussed such as our strategy, product releases and market developments. Each session has a Q&A opportunity between employees and management.

As part of the restructuring, Alfen set-up various means of communications dedicated to informing our employees in the best possible way, including ongoing email communications, updates on the intranet and several in person (and online) town halls with our CEO, CHRO and Executive Committee members.

We also set-up a dedicated way for employees to submit questions anonymously on an ongoing basis and held multiple Q&A sessions with the opportunity to send questions beforehand.

From a CSRD perspective Alfen included the Works Council as a voice of our employees, by means of validation in the double materiality process. This included our material topics and proposals to address the relating impact, risks, and opportunities.

Our CHRO holds operational responsibility for ensuring employee engagement assisted by our internal communications manager.

Working conditions: Metric, targets and performance

Alfen tracks effectiveness of working conditions and our social dialogue by compliance with applicable labour law and the agreements made with our works council.

Collective bargaining coverage

In 2024, 95% (2023: 94%) of our employees are covered by a collective bargaining agreement. This is calculated using the following metric: dividing the number of employees covered by collective bargaining agreements by the total number of employees. This figure corresponds to all employees who work in either the Netherlands or Finland.

Adequate wages

All of our employees are paid above the minimum wage in their respective countries. In countries where we operate where there is no minimum wage (e.g., Finland), we have used the minimum wage of the Netherlands as a benchmark. This calculation is in line with EU Directive 2022/2041.

Social dialogue

We currently do not have a specific target on social dialogue but will investigate measurements which reflect performance on social dialogue in 2025.

In 2024, 87% (2023: 87%) of our workforce is covered by the Works Council which is equal to the previous year, noting that this outcome is linked to the percentage of employees who work in the Netherlands.

Own workforce - Working conditions - Health and Safety

Health & Safety: Strategy, governance and action plans

Alfen recognises that for the company's success, safe, effective, and efficient execution is essential. Given the nature of our products and services, our employees work with electrical components that can contain voltages within our production environment, during grid integration or in work on project sites. To minimise the chance of an accident Alfen implemented a robust health and safety management system.

Health and Safety Management System

Alfen has an incident management policy, embedded within our Alfen Integrated Management System (AIM) which is certified according to the highest health and safety standards (e.g., ISO 45001:2018). The management system covers all employees (including non-employees), and everyone present on any Alfen site. This policy provides a structured framework to identify, assess, and mitigate occupational risks. It also covers the requirements for additional investigation and management responsibilities, as well as the definition and calculation of the various incident frequency rates. The policy is available to all employees on our intranet, as well as promoted through posters with calls to actions in our production facilities.

To ensure effective implementation, we employ the PDCA (Plan-Do-Check-Act) cycle, enabling systematic monitoring, continuous improvement, and refinement of safety practices. This approach ensures compliance with the Dutch Occupational Health and Safety Act (Arbowet), as well as its Belgian and Finnish equivalents.

Monitoring occurs through regular risk assessments, incident documentation, and proactive measures to address safety challenges. This responsibility lies with our Health & Safety advisors who provide a monthly report with key indicators to the Executive Committee. Additionally, annual evaluations of occupational risks are conducted through the Risk Inventory and Evaluation (RI&E) process, covering all work-related activities and implemented mitigations. The results of these evaluations are translated into a detailed action plan.

Continuing to ensure safety

Our current system, AIM, has been in place since 2020. Hence, actions are embedded in standard practices rather than unique for last year. These include regular risk assessments to identify hazards and determine preventive measures, checklists to evaluate the potential severity and likelihood of injuries, updates to protocols of maintenance work, and routine inspections of equipment and systems with additional testing performed in high-risk situations by trained personnel.

Building a strong safety culture is central to our efforts. Therefore, we supply our employees with the proper tools according to the latest safety standards to carry out their work. Additionally, we actively promote safe behaviours and shared responsibility through regular training, workshops, and emergency response exercises. Activities with the safety organisation (BHV) and collaborations with local fire departments further enhance preparedness and awareness.

As it is nearly impossible to guarantee zero incidents, learning from incidents is a key part of our approach. All workplace accidents and near misses are documented, investigated, and shared across the organisation to drive improvements and prevent recurrence. Awareness is created through our intranet and via screens in our production facilities. This systematic process fosters transparency and accountability while reinforcing our commitment to continuous learning.

Health & Safety: Metric, targets and performance

Lost time injury frequency rate (LTIFR) calculates the number of lost time injuries per million hours worked, while total recordable incident rate (TRIR) includes all recordable injuries (excluding first aid cases) in the calculation, not just those resulting in lost time. The fatality rate (FAR) is the number of fatalities per year. The metrics in the following table cover both employees and non-employees.

Health and Safety performance

Metrics	Target 2025	2024	2023[1]
Lost Time Injury Frequency Rate (LTIFR)	1.50	1.68	2.33
Numbers of days lost		10	78
Total Recordable Incident Rate (TRIR)	5.00	6.28	5.12
Recordable work-related incidents		12	11
Number of fatalities (FAR)		—	—

[1] Figures restated due to a calculation error in Annual Report 2023

Own workforce – Equal treatment and opportunities for all

Diversity: Strategy, governance and action plans

At Alfen, diversity and inclusion are more than values — they are critical enablers of our organisational success and central to achieving our strategic ambitions.

A key focus remains addressing our gender imbalance in a male-dominated sector, particularly by increasing the representation of women across all levels, including leadership. Additionally, we are committed to promoting inclusive practices by addressing unconscious bias and fostering an environment where all employees feel valued and included. Cultural diversity is another necessary pillar of the strategy, given our workforce already represents 54 nationalities.

Alfen’s diversity initiatives are applicable—but not limited—to our practices and policies on recruitment and selection, compensation and benefits, professional development and training, promotions, transfers, social and recreational programs, layoffs and terminations. The ongoing development of a work environment built on the premise of gender and diversity equity encourages and enforces:

- Respectful communications and cooperation between all employees
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity

As articulated in our Diversity and Inclusion Policy, fostering a culture of diversity and inclusion is essential for driving innovation, improving customer understanding, and building resilience in the face of complex challenges. We embrace and encourage our employees’ differences in age, colour, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique. This policy covers both employees and non-employees.

All employees have a responsibility to treat others with dignity and respect at all times and are expected to exhibit conduct that reflects inclusion during work, at work functions, on or off the work site, and at all other company-sponsored and participative events. Therefore, employees that exhibit inappropriate conduct or behaviour are subject to disciplinary action. Employees who feel they have been subjected to any kind of discrimination that conflicts with the company’s diversity policy and initiatives are encouraged to seek assistance from a supervisor or Alfen confidant.

Our HR department, led by the CHRO, ensures implementation of our D&I policy and initiatives. All managers are encouraged to foster inclusivity and contribute to our diversity targets. They are equipped with guidance through our Code of Conduct and leadership training programs.

Increasing the number of female employees

One of our priorities is to increase the number of women in our organisation. We aim to ensure a proportionate split through a dual approach, based on inflow and retention.

- **Inflow of female employees:** During the last year, we refined our recruitment processes to ensure gender neutrality and inclusivity. This includes creating gender-neutral competence profiles, as well as adapting vacancy texts and labour market communications such as our career website to appeal to female candidates. From 2025 onwards, we require recruitment agencies to present at least two female candidates per role for selected functions. Moreover, selection committees include at least one female employee for selected functions wherever possible, and in cases of equal suitability, preference is given to female candidates for external hiring. In addition, we increased our external presence to attract female talent. First, we increased the visibility of women in our company in recruitment activities and on social media. Female speakers at conferences and events also contribute to our desired image. Second, we intensified the cooperation with schools (ranging from vocational education to universities) to offer interesting insights in our organisation, as well as technology in general. These efforts include promoting Alfen's work at schools, participating in career events, and offering internships as well as graduation assignments.
- **Retention:** The possibility of promoting women to management positions is explicitly discussed and stimulated. In cases of equal suitability, preference is given to female candidates for internal promotions. Visibility of female leadership within the organisation is enhanced through interviews with key leaders six times per year. These stories about female leadership inspire and demonstrate the possibilities for career growth at Alfen.

Other diversity initiatives

To increase awareness of diversity's importance, Alfen conducted culture workshops for senior staff. Additionally, awareness is supported through initiatives such as unconscious bias training for all new employees.

Our company school, named Alfen Academy, supports diverse hiring efforts, emphasising opportunities for candidates from a wide range of backgrounds such as former asylum seekers.

Diversity: Metrics, targets and performance

Company level

Our target for 2025 is to increase the share of women in our organisation by 1% from 17.7% to 18.7%. To do so, we will work to increase the proportion of new hires that are women. In light of the ongoing restructuring, we anticipate a limited employee inflow in 2025, which makes it difficult to be more ambitious.

Headcount by gender	2024		2023	
Gender	Number	%	Number	%
Female	192	18 %	169	18 %
Male	891	82 %	795	82 %
Other	—	— %	—	— %
Not reported	—	— %	—	— %
Total	**1,083**	**100 %**	**964**	**100 %**

Supervisory Board

The Supervisory Board currently has a 50/50 gender split, consisting of 2 women and 2 men, meeting the diversity quota of at least one-third female and one-third male. We aim to maintain this ratio throughout 2025.

Gender diversity SB	2024		2023	
Gender	Number	%	Number	%
Female	2	50 %	2	50 %
Male	2	50 %	2	50 %
Total	**4**	**100 %**	**4**	**100 %**

Executive Committee

The Executive Committee composition has changed this year, with the addition of the CHRO and COO, positions, increasing the total number of roles to 5. Of this, 40% are female, and 60% male. This is an improvement on last year, when only one of the three members was female. We aim to maintain the ratio achieved at the end of 2024 throughout 2025.

Gender diversity ExCom	2024		2023	
Gender	Number	%	Number	%
Female	2	40 %	1	33 %
Male	3	60 %	2	67 %
Total	**5**	**100 %**	**3**	**100 %**

Sub-top

In line with the Diversity Act, we defined the sub-top as 1) executives who report directly to the Executive Committee and lead a team (e.g. N-1); and 2) executives that lead a team and whose direct manager reports directly to the Executive Committee (N-2). Only employees above a certain salary scale are included to best reflect our sub-top management.

The sub-top, which is called top management according to the ESRS, grew from 47 to 58 employees this year, largely due to the addition of two roles to the Executive Committee. Of these 58 employees, 19% were female. Our ambition is to raise the share of women in these roles to 20% in 2025.

Gender diversity Sub-top	2024		2023	
Gender	Number	%	Number	%
Female	11	19 %	10	21 %
Male	47	81 %	37	79 %
Total	**58**	**100 %**	**47**	**100 %**

Gender equality and equal pay: Strategy, governance and action plans

At Alfen, gender equality and equal pay for work of equal value are central to our commitment to fairness, inclusivity, and transparency. Alfen currently does not have a specific policy on equal pay but equal pay is underpinned by transparent remuneration practices included in the collective bargaining agreement and our employee manual.

Alfen's strategy to achieve gender equality and ensure equal pay is grounded in transparent and structured pay practices. Our function classification system provides a clear framework, linking roles to predefined salary scales. This results in compensation that is determined objectively based on the responsibilities, requirements, and complexity of each role, regardless of an employee's gender or background. By embedding fair pay practices within this framework, we not only uphold our commitment to equity but also strengthen our ability to attract and retain female talent in a traditionally male-dominated industry. This supports our broader diversity objectives as described in the diversity section.

The governance of gender equality and equal pay at Alfen is underpinned by compliance with regulatory standards such as those set by the Sociaal-Economische Raad (SER), and internal ways of working aligned with our function classification and salary scale framework.

Ensuring transparency and pay equity

Alfen is continuously working on initiatives to ensure gender equality and equal pay. In 2024, we further enhanced our system by classifying all roles using a function classification framework, which links job responsibilities to predetermined salary scales, regardless of gender. This ensures consistency and fairness in compensation. In the coming year, we will conduct an internal salary review to evaluate whether compensation practices align with the principles of pay equity, so adjustments can be made to address any identified gaps.

Through the clear connection of salary scales and function profiles, we will make sure that the gender pay gap will be eliminated in the recruitment phase.

Gender equality and equal pay: Metrics, targets and performance

Gender pay gap

The gender pay gap is reported according to ESRS reporting requirements. It is important to note that concepts of pay equality and the gender pay gap address different aspects of workplace compensation. Pay equality focuses on ensuring that men and women in comparable roles within the same job classification and salary scale, as defined by our structured system, receive equal remuneration. Alfen is committed to pay equality at job level, which ensures that women and men doing the same job are paid equally. Therefore, we do not have a target for the gender pay gap as it is not reflective of our ambition. Our own analysis shows that there is no significant gender pay gap for employees performing comparable jobs while performing it for the same number of years.

On the other hand, the gender pay gap represents the disparity in average earnings between male and female employees across Alfen, regardless of the specific roles they occupy. This year our gender pay gap is 8.0%. This is a improvement from 11.2% compared to 2023. We did not see significant differences between countries. To calculate the gender pay gap, we compared the average hourly earnings of male employees to those of female employees, expressed as a percentage of the average hourly pay for male employees. Calculations include benefits in cash, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments as well as long-term variable equity incentive (e.g. granted performance shares).

This approach reveals pay gaps that often arise when men are disproportionately represented in senior roles. Closing this gap requires achieving balanced representation of women across all levels, particularly in leadership positions. As mentioned in our Diversity section, we actively target the imbalance in the representation of women across our organisation.

Total remuneration ratio

The Alfen internal pay ratio is calculated by dividing the compensation of the highest paid individual (currently the CEO) by the median employee compensation. Employee compensation is constructed according to the same components as the pay gap. In 2024 it was 9.5x (2023: 11.75x) which is not uncommon in organisations like ours. The ratio decreased compared to 2023 as a result of below target compensation for the LTI 2022 and the zero pay-out under the STI 2024 for the highest paid individual. This ratio can vary when STI and LTI incentives of the highest paid individual are met. Alfen does not have a specific target on the internal pay ratio. We note that the internal pay ratio differs from the one published in our remuneration report - internal pay ratio (P.##), due to differences in calculation methods prescribed by ESRS and our governance code. The latter uses the average employee compensation.

Training and skills development: Strategy, governance and action plans

At Alfen, training and skills development are integral to our strategy for fostering a highly skilled, adaptable, and motivated workforce. By providing structured learning opportunities for professional growth, we aim to enhance our employees' technical, professional, and personal capabilities, supporting both individual growth and organisational success.

Alfen's training policy is designed to support both mandatory and elective learning needs, ensuring that our employees are equipped with the skills required for their roles and career development. The policy encompasses:

- Functional Mandatory Training: Role-specific training, such as safety certifications, technical system training, and continuous education (e.g., for legal and finance roles), is overseen by HR.

- Elective Functional Training: For non-mandatory professional skills like language, Excel, or Lean, registration is initiated by the employee or manager in ADAPT. Group sessions are scheduled when sufficient demand is present.
- Personal Development: Opportunities such as leadership programs and diversity training are based on interest, team needs, and approval by managers and business partners. Selection is informed by performance, ambitions, mobility, succession, and retention factors.
- Mandatory Organisation-Wide Training: Compliance and data security awareness are required annually for all employees and delivered through e-learning via our ADAPT platform. Completion rates are tracked and reported to managers and the Executive Committee.

Additionally, the Alfen Academy addresses the scarcity of skilled technical personnel by offering apprenticeships in cooperation with Deltion College. This initiative combines practical training with formal education, ensuring a steady pipeline of skilled workers. The Alfen Academy further strengthens governance by managing technical apprenticeships and maintaining state-of-the-art facilities for training and education, ensuring the continued development of a skilled and competent workforce. This is highlighted by 22 Alfen Academy students who received their diplomas in 2024.

Performance management, detailed in the personnel handbook, emphasises ongoing employee development through structured feedback and goal setting. This cycle includes three formal interactions with our employees each year: a target-setting meeting to establish goals, a mid-year development check-in to review progress, and a year-end appraisal to evaluate outcomes. These discussions guide the creation of Personal Development Plans (PDPs) and help identify high-performing individuals for advanced training and career growth opportunities.

The CHRO is ultimately responsible for the implementation of all training and performance management policies.

Developing our workforce

As we work in a highly innovative industry it is important to monitor and develop the skills of our staff and to keep them up to date - not only for technical skills and safety requirements (working with electricity) but also for professional and personal skills. In 2025 we will work on a skills matrix, eventually leading to predefined development paths for function groups.

In 2024, we introduced an improved and standardised onboarding program for our new employees. From 2025 onwards, we aim to onboard 100% of our new employees in the Netherlands through this new program. This program consists of a full day of group training and online courses, including Code of Conduct, unconscious bias training and data security awareness courses.

We will deploy an annual cycle from 2025 onwards, whereby every employee needs to complete both the online Code of Conduct and data security awareness courses after which they will get a certificate in ADAPT (our online training and development software tool).

Training and skills development: Metrics, targets and performance

Training and development

E-learning is increasingly being used to prepare employees for the work they do at Alfen. As this form of learning is proving to be successful, we expect to increase the number of training hours (from 29 to 31 per year) per employee in the coming year. In 2024 the average training hours came in at 29 hours per employee. We do not observe a material difference between genders.

As 2024 was the first full year tracking training hours we cannot present meaningful comparative data.

Training hours		2024
Gender	Total training hours[1]	Average training hours per employee
Female	5,045	27.7
Male	24,019	29.4
Total	**29,064**	**29.0**

[1] Excludes Elkamo employees

Performance management

We are committed to further refining our performance management approach to ensure these conversations contribute meaningfully to employee's personal development and long-term career growth within the organisation. For 2025, we aim to increase the percentage of employees that participate in the performance cycle to 88% by promoting participation more actively.

In 2024, 85% of all employees participated in the performance cycle according to the ESRS definition, meaning they had at least one performance conversation. There is no difference between the proportion of men and women who have had performance reviews.

Performance management		2024
Gender	Completed reviews[1] ,#	% of employees
Female	154	85 %
Male	694	85 %
Total	**848**	**85 %**

[1] Excludes Elkamo employees

Violence and harassment: Strategy, governance and action plans

To avoid violence, discrimination and harassment in the workplace, Alfen has made it clear in its Code of Conduct (refer to section code of conduct) and Diversity and Inclusion policy (refer to diversity: strategy governance, and action plans) what it expects from its managers and its workforce.

However, we facilitate grievance mechanisms to report concerns or abuse, should it occur. In such situations employees are encouraged to our contact confidential counsellor or the whistleblower counsellor. For more detail on our whistleblower procedures, refer to section whistleblower policy in the governance section. Instructions on the procedure, and how and where to report are in the Reporting policy. Additionally, it supplies guidance to report abuse via an external hotline. In general, occurrences around violence, discrimination and harassment are reported by the confidential counsellor. This usually starts with an initial conversation with the counsellor to discuss the matter in a non-judgmental way, without the requirement to file a formal complaint. The counsellor provides advice, guidance, and support. If the employee wishes to file a formal compliant the counsellor can assist. All incidents are logged, followed up and reported upon. In more severe instances an investigation into the matter might be necessary which can be initiated by the CEO, CHRO or the Supervisory Board. In this case an independent research team will be appointed. For smaller offences a (formal) warning is given.

These channels are available for all employees in our workforce (including non-employees) and are extensively covered in our Personnel Manual. Our confidential counsellors also offer support for non-work-related issues.

In 2024, we appointed a second confidential counsellor to make sure that people have a choice in who to turn to.

Additionally, we created a dedicated page on our intranet for both the confidential counsellor and the whistleblower counsellor. For the coming year we will continue to make sure there is regular attention given to our values, our policies and these channels.

Violence and harassment: Metrics, targets and performance

In 2024, 36 consultations were reviewed through our grievance mechanisms which is significantly more compared to the previous year. We see this as a result of our efforts to promote the confidential counsellors. During 2024, 6 of these consultations were related to a form of discrimination, mainly harassment in the form of intimidation (2023: 6). While we have a zero tolerance on all forms of discrimination, as well as other undesirable behaviour, we recognise that we are not immune to such incidents, particularly in our production environment. These consultations have been followed up on with appropriate measures. Our commitment to our values, ethical behaviour and providing a workplace without any form of discrimination remain firm. None of the consultations have led to formal complaints, both through internal and external channels. No severe human right incidents reported.

Our low complaint figures may however also be a sign that people are unaware of the channels to raise their concerns or do not feel comfortable reporting undesirable behaviour. We are therefore working on creating more awareness among employees. In 2025, we will continue to make sure there is regular attention to our values, our policies and these channels.

The number of consultations is the total number of consultations following incidents in the reporting period through the confidential counsellors.

The number of complaints is the total number of complaints filled through internal grievance mechanisms and external bodies in the reporting period. Discrimination includes harassment.

Alfen's grievance mechanisms

Metrics	2024	2023
Number of consultations confidential counsellors regarding discrimination	6	6
Number of complaints regarding discrimination	—	—
Number of other consultations confidential counsellor	30	12
Number of other complaints	—	—
Total amount of fines, penalties, and compensation for damages related to these incidents and complaints	€—	€—
Total number of severe human rights incidents	—	—
Total amount of fines, penalties, and compensation for damages related to severe human right incidents	€—	€—

Workers in the value chain

Introduction

Our value chain

We believe that workers across the value chain should have access to fair working conditions, equal treatment, and access to other relevant labour rights. Our value chain extends from raw material suppliers with whom we typically don't have direct relationships (i.e., tier 2+), through to our direct suppliers, our logistics providers (both from our suppliers to our production facilities and onwards to our customers), and finally on to our customers, the end-users and the third party technicians who operate / repair our products. We consider value chain workers as all third-party workers who do not have direct (managerial) oversight by Alfen.

As we are not a vertically integrated business, we are dependent on our partners across the value chain to secure the materials and inputs needed to create our products, and on other partners to help deliver and install these products for our customers and end-users. By having many of our partners based in Europe, we ensure better conditions for many of our value chain workers. However, for those working further abroad or those further up our value chain, oversight is more challenging and is where potential issues such as safe working conditions or potential forced labour could arise. Should broader external developments such as regional unrest result in a deterioration of working conditions that impact not just our own value chain workers but also alternative suppliers, we may face challenges in securing the materials and inputs needed for our products.

Identified material topics

The impacts, risks, and opportunities vary across our value chain, and can vary both in breadth as well as severity. We identified forced labour in our upstream value chain, and health & safety in both up- and downstream as material topics for Alfen, where materiality has been determined due to the potential negative impact. Our business model is linked to these impacts, risks and opportunities primarily through its focus on securing materials and inputs for batteries. Sourcing raw materials for batteries and battery manufacturing occurs largely outside of Europe, and therefore securing these materials requires working with value chain workers in countries where legislation to ensure rights regarding collective bargaining, adequate wages and social dialogues tend to be weaker than in Europe (particularly countries under EU law).

While we recognise that these material issues can be specific incidents, we treat these topics as potential systematic issues. For example, forced labour is a known ongoing issue in the mining industry in Sub-Saharan Africa, and thus our efforts must focus on ensuring that our value chain systematically avoids using forced labour rather than seeing issues as potential isolated incidents. We recognise links between value chain workers and our own, in particular with regards to safety; if materials and inputs are not safely built to specification by our suppliers, this could also materially impact the safety of our own workers.

Both the use of forced labour and health & safety issues in our value chain have the potential to substantially impact our business model; were we to tolerate such practices we could face substantial financial risks such as legal penalties, reputational damage, and regulatory interventions in our operations.

Consequently, rather than address them as individual topics with suppliers and develop separate strategies, we address these (and other) topics together in our Supplier Code of Conduct policy. This policy is our overarching approach to mitigating and monitoring material risks related to value chain workers. In our approach and policy, we do not differentiate our understanding of the impacts, risks and opportunities between different demographics.

Mitigating potential impact in the value chain

To mitigate the likelihood of workers across our value chain facing these material topics, we evaluate our suppliers regularly and enhanced our Supplier Risk & Audit Approach. In addition, we operate on a denied party screening basis, whereby each customer and supplier ("trade partners"), whether new, ongoing, or to be re-activated, are screened on a step-by-step basis. Our standard procedure is that each new and to be re-activated trade partner is screened against credit level, possible sanctions CPI Index and more. For existing trade partners, a constant monitoring regular process will be integrated. We use the screening tool "GraydonCreditsafe", which provides during credit checks automatic screening against a number of global sanction lists and Politically Exposed Persons (PEPs) lists. This way of working will be formalised into a formal procedure in early 2025. As part of our monitoring procedures, for critical suppliers, audits are executed by our Purchasing department, which will happen increasingly in collaboration with our Sustainability department to assess the implementation of our sustainability requirements. Reports are created after each audit and maintained internally.

Engaging with workers in the value chain

We have not yet adopted a general process to structurally engage with workers in the value chain about impacts, set up channels for value chain workers to raise concerns, or incorporate the perspectives of value chain workers into both activities aimed at managing the actual/potential impacts on value chain workers and as well as our broader business model. In addition, we currently do not have targets related to managing the identified negative impacts and risks or to track performance of our suppliers on these topics; in 2025 we will review the feasibility and benefit of doing so. Nonetheless, our current Supplier Code of Conduct has been developed to be in line with the United Nations' Universal Declaration of Human Rights, guidelines from the Organisation for Economic Co-operation and Development (OECD), and the international working conditions and circumstances as formulated by the International Labour Organisation (ILO), and we expect that these standards give sufficient consideration to the interests of value chain workers.

Supplier Code of Conduct

Our Supplier Code of Conduct is based on the 'Ruggie principles' of the UN, and guidelines from both the OECD and the ILO. It is publicly available on our website.

Our Code sets standards for ethical and fair business conduct and describes how we want to treat people, improve our environment, and conduct our business in cooperation with other parties. It covers human rights, environmental practices, and fair business practices. The purpose of this code is to ensure that Alfen's sustainability expectations are adequately cascaded down into the whole supply chain. By developing our Code based on guidelines from the UN and the OECD, we ensure the interests of our value chain workers are sufficiently reflected.

As part of the human rights of workers in the value chain, our Code covers anti-discrimination rules, the freedom of association and collective bargaining, labour conditions (including health and safety measures), the use of child labour and modern slavery (including human trafficking and forced labour), and are in line with the applicable ILO standards. In 2024 we did not find any severe human rights issues or incidents or other negative material impacts for workers in our supply chain, according to definitions from the UN Guiding Principles on Business and Human Rights, ILO Declarations on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

This code applies to all companies, individuals or any other business partners who provide their products or services to Alfen, and is therefore applicable to all value chain workers. Every entity that signs this Code is responsible for adhering to it. The enforcement of this Code is led by our Director of Purchasing, whose department manages supplier relationships and conducts audits for critical suppliers.

Actioning issues in the value chain

While we are strongly committed to complying with our Code of Conduct and reducing negative impacts on our value chain workers, we still have scope to improve in building a structured process to manage and take action on any material impacts on our value chain workers.

Currently, we proactively conduct audits, as well as assess any concerns raised by third parties (e.g., media reports), upon which our Purchasing department takes appropriate disciplinary measures if needed. Such disciplinary measures could include commercial leverage such as terminating our relationship with the supplier if no appropriate action is taken. Until now, no supplier relationships have been terminated for this reason, and any other measures have been at the discretion of the Purchasing department. Going forward, we will look at how to systematically identify, address and track the outcome of initiatives designed to address these impacts and risks. Should we consider terminating any relationship in the future, we will also consider whether there are any negative impacts on any value chain workers resulting from the termination, and how that could be mitigated.

Going forward, our approach to addressing the needs of workers in the value chain will also be shaped by the Corporate Sustainability Due Diligence Directive (CSDDD), which will come into force in a few years.

Working conditions and general labour rights: Forced labour

While we take precautions through our Supplier Code of Conduct to prevent any forced labour, we recognise this risk in our upstream value chain. This is mostly relevant for suppliers outside of Europe, and often our tier 2 suppliers who might be involved in the production of raw materials. The negative impact of forced labour on value chain workers is self-evident: forced labour results in the exploitation and abuse of individuals, violating their fundamental human rights, causing physical and psychological harm, and perpetuating social inequality. Although the potential pool of workers enduring forced labour is very small, given the immense impact on these workers we have deemed this topic material. In addition, the risk for Alfen to engage with suppliers who use forced labour is clear; companies engaging in or tolerating forced labour in their own workforce face financial risks, including legal penalties, reputational damage, and potential disruptions in operations due to protests, strikes, or regulatory interventions. We do not see any opportunities here for Alfen as the non-use of forced labour is expected by all market participants.

Other work-related rights: Health & Safety

Due to the nature of our products, health and safety is an important topic both for our downstream and upstream partners. From an upstream perspective, it is important that both the production of our electrical components is managed safely, as well as the procurement of raw minerals. From a downstream perspective, it is important that our own products are built safely so that technical engineers who operate and/or fix our products are safe.

An unsafe and unhealthy environment can impact all our value chain workers in broadly the same way. Should health and safety measures be ignored, value chain workers can be impacted through increased danger to their physical and mental health, along with the potential for increased absenteeism. The risk to Alfen is clear: poor health and safety practices can result in financial risks, including costs associated with workplace accidents, workers' compensation claims, legal liabilities, increased insurance premiums, and potential damage to our reputation. We have deemed this topic material based on its impact; although the risk is clear, we estimate the likelihood of these risks as low. We again do not see any opportunities here for Alfen as we see the enforcement of health and safety measures is expected by all market participants.

Governance information

Introduction to governance information

In an increasingly dynamic and interconnected world, the importance of ethical business conduct has never been greater. For Alfen as a publicly listed company, maintaining high ethical standards is essential not only to meet regulatory requirements but also to build trust with stakeholders, including investors, employees, customers, and the communities in which we operate. In a landscape marked by evolving societal expectations, environmental challenges, and rapid technological advancements, ethical behaviour is a key differentiator that drives long-term value creation.

At Alfen, we recognise that ethical business conduct is the foundation of sustainable growth. It guides our decision-making, strengthens our relationships with stakeholders, and ensures that we operate responsibly in a changing environment. By integrating ethical principles into every aspect of our business, we aim to navigate challenges, seize opportunities, and contribute positively to society and the environment.

Based on our DMA, we identified three governance-related sustainability topics: (1) corporate culture, (2) protection of whistleblowers and (3) corruption and bribery.

For each material topic, the implementation of associated policies is managed by our Compliance Officer.

Regarding our governance policies for corruption or bribery, we did not find any incidents in 2024. These figures have not been validated by an external party other than our assurance provider.

Material governance topics and related IROs

Corporate culture

At Alfen we are convinced that a strong corporate culture is an essential prerequisite for a sound corporate governance. We need this for our 'license to operate'. Corporate culture refers to the values, beliefs, behaviours, and norms within an organisation that shape its overall functioning and decision-making processes.

A good corporate culture cements employees' confidence in their work and keeps them motivated and inspired to do their best. Additionally, it increases employee attraction and retention. A company with a sound corporate culture in place can bring about ethical and sustainable business practices, improved employee morale, and enhanced reputation. In turn, the absence of corporate culture can lead to a lack of accountability, unethical behaviour, and inadequate response to environmental and social challenges. potentially leading to financial losses and reputational damage caused by non-ethical behaviour. Alfen mitigates these risks through its shared values and our Code of Conduct.

Material topics	Value chain	Impact materiality		Financial materiality	
Business conduct		Positive	Negative	Opportunity	Risk
Corporate culture	Own operations	Low	Low	Medium	High
Protection of whistleblowers	Own operations	Low	Low	Low	Medium
Corruption and bribery	Own operations	Low	Low	Low	Medium

Legend:
Value chain: Upstream; Own operations; Downstream
Materiality level: Low below 60%; Medium 60 to 79%; High 80% and above

Note: Alfen has a materiality threshold of ~60% of the total score, for all categories. Refer to section - metrics of the materiality assessment in the General information for more detail.

Protection of whistleblowers

Whistleblower protection serves as an essential prerequisite for sound corporate governance as advocated by standard setters such as the Commission Corporate Governance. Having strong whistleblower protection laws in place enables a whistleblower to report illegal activities without fear of retaliation. This encourages other employees to come forward and report wrongdoing, which leads to greater accountability and prevents further harm to the environment and/or public health. Alfen therefore facilitates its own workforce, as well as third parties with the opportunity to raise any irregularities or suspicions with regards to violations of the Code of Conduct, the law, safety policies, the environment or any other forms of misbehaviour without bringing their (legal) position in jeopardy.

Corruption and bribery

Prevention and detection of corruption and bribery serves as part of the foundation for a sound corporate governance. At Alfen we have a multinational supply chain and inherently we conduct business with countries that are higher on the CPI-index. This causes a potential risk of bribery and corruption incidents.To mitigate the risks of potential bribery and corruption incidents, we have robust and zero-tolerance anti-corruption measures in place, which are outlined in the dedicated section of this report on prevention of corruption and bribery. Furthermore, we create awareness of our policies through our training programs. This not only mitigates legal and reputational risks but also enhances our company's image, attracting ethically minded investors and partners, and potentially opening doors to new markets where ethical business practices are valued. On the other hand, failure to prevent and detect corruption and bribery can result in legal consequences, fines, damage to a company's reputation, and potential operational disruptions, leading to financial losses.

Business conduct – Business ethics and corporate culture

Strategy, governance and action plans

Corporate culture

While the Executive Committee is responsible for enforcing a culture of honesty and ethical behaviour to conduct Alfen's business in a sustainable matter, this topic should truly resonate and be owned by each individual throughout Alfen.

We are convinced that, aside from the necessity of formalised procedures as explained in the next paragraphs, a culture of honesty and ethical behaviour always starts with setting the right mind-set ('tone at the top').

During financial year 2024, Alfen continued to support its culture of honesty and ethical behaviour with its Code of Conduct and Insider Trading policy. Furthermore, we updated and incorporated the latest requirements in our Whistleblower policy.

Business ethics - Code of Conduct

Alfen has a Code of Conduct that applies to all employees. The principles and best practices established in the Code of Conduct reflect the corporate culture that the Executive Committee wants to embed in the day-to-day routines of all employees. The core values included in the Code of Conduct are related to professional conduct, flexibility, reliability, integrity, and safety. The Code of Conduct includes topics such as acting with integrity, gifts, anti-bribery, corporate social responsibility and health and safety. It can be found on Alfen's intranet and website.

Given that most of our business operations occur within European countries (which are low on the CPI-index) we only designated department(s) directly operating in the multinational supply chain (i.e. Strategic Purchasing) as 'at risk functions'.

The Code of Conduct and adherence towards it are integrated into our labour agreements with employees. Furthermore, internal training for our own workforce through e-learnings and physical courses for 'at risk functions' (i.e. strategic Purchasing), is used to further enhance awareness and compliance with these policies.

The Code of Conduct provides a complaint procedure and a whistleblower policy in case of undesirable behaviour or professional misconduct.

In the financial year 2024, we made the Code of Conduct e-learning (which also covers corruption, bribery and insider trading) mandatory on an annual basis for all employees with an Alfen e-mail address, including our Executive Committee and Supervisory Board. The target group was 970 employees over the course of financial year 2024, with a compliance rate of 77%. To increase the compliance rate in the coming years, we will reassess the timing of the e-learning as the current e-learning was sent out after the announcement of our current right sizing.

For the ‘at risk functions’ the target group is 8 employees with a compliance rate of 100%. We are considering class-room courses for the remainder of the organisation and non-employees, which will include tailoring the training to the factory floor versus desk-based employees without a laptop as an improvement for next year(s).

No violations with the Code of Conduct were reported in the financial year 2024 (2023: no violations were reported).

Business ethics - Whistleblower policy

Alfen employees, as well as third parties are offered the opportunity to report irregularities or suspicions with regards to violations of the Code of Conduct, the law, safety policies, the environment or any other forms of misbehaviour without bringing their (legal) position in jeopardy. The Whistleblower policy is published on Alfen’s intranet and website. Our promise to protect whistleblowers against retaliation is outlined in our Whistleblower policy.

Reporting of such instances by Alfen employees and third parties can be either by designated independent ‘persons of trust’, which are not part of day-to-day (line)-management (for employees only), or in complete anonymity through a prescribed website (for both employees and third parties). Whistleblower cases are handled by an investigation team whose composition is decided by the CEO per individual report. In cases where the report concerns the CEO, the chairman of the Supervisory Board will take over the duties of the CEO. Depending on the nature and severity of the case, disciplinary actions can be taken. The number of reports and the status, if any, are reported quarterly to the Executive Committee and Supervisory Board.

In financial year 2024, we updated our Whistleblower policy and incorporated the latest requirements from both the Dutch and Belgium Whistleblowers Protection Acts.

This policy was approved by our Works Council on September 4, 2024, and subsequently placed as a news flash on our intranet to further increase awareness among our employees.

No violations or irregularities were reported under the former and updated Whistleblower policy in financial year 2024 (2023: no violations or irregularities were reported).

Business ethics - Insider Trading policy

Alfen continues to adhere to its implemented regulations covering security transactions by the members of the Executive Committee and Supervisory Board, the Management team, independent contractors and other designated employees that have insight into market-sensitive information. The Insider Trading policy is published on Alfen’s intranet and website. We have a zero-tolerance policy on violations of the Insider Trading policy.

Alfen’s Insider Trading policy promotes compliance with the relevant obligations and restrictions under applicable securities law, including The European Market Abuse Regulation (EU No. 596/2014) and intends to limit the risk of Alfen’s good reputation and business integrity being harmed as a result of prohibited or undesirable dealing in Alfen Securities.

During the financial year 2024, several questions were asked about the Insider Trading policy and addressed by the Compliance Officer. Furthermore, and as previously described, the insider trading e-learning (part of Code of Conduct e-learning), became mandatory for everyone within Alfen that has an e-mail address, including our Supervisory Board.

No violations or irregularities were reported in financial year 2024 (2023: no violations or irregularities were reported).

Prevention and detection of corruption and bribery

At Alfen we have a multinational supply chain and inherently we conduct business with countries that are higher on the CPI-index. We are committed to conducting our business fairly, transparently and with integrity, while applying the highest ethical and legal standards.

We do not make, offer or authorise bribes or conduct any other form of unethical business practice.

Our corruption and bribery policies are incorporated into the Code of Conduct and the Supplier of Code of Conduct. Any alleged violation of our anti-corruption or anti-bribery rules and procedures can be reported through our Whistleblower process and is subsequently investigated by an independent team. We have a zero-tolerance policy for bribery and corruption incidents.

From a prevention perspective, Alfen does not intend to conduct business with governments and/or municipalities located in high CPI (Corruption Perceptions Index) countries or customers, including their Board Members, that are linked to corruption and bribery violations. This has been embedded in our day-to-day operations via our Know Your Customer (‘KYC’) procedure and related approvals. Furthermore, the possibility and related detective measures related to corruption and bribery are an integral part of our annual fraud risk assessment process.

During the financial year 2024, we made the corruption and bribery e-learning (part of Code of Conduct e-learning) mandatory for everyone within Alfen that has an Alfen e-mail address, including our Executive Committee and Supervisory Board. Please refer to the Business ethics - Code of conduct paragraph for an overview of the training coverage in financial year 2024.

We consider classroom courses (as previously described under in the Business ethics - Code of Conduct paragraph) for the remainder of the organisation, including tailoring of training to the factory floor vs desk-based employees without a laptop as an improvement for next year(s).

No violations or irregularities with the corruption and bribery policies were reported in financial year 2024 (2023: no violations or irregularities were reported). Similarly, no convictions for violation of anti-corruption and anti- bribery laws were reported (2023: no convictions).