ESG REPORT
2024

CONTENTS

Explanation

This ESG report is an initial step toward the ultimate goal of reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). It is consistent with the 2024 Annual Report and uses the same scope of consolidation. This report has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Over the next two years, we will take targeted steps to further expand our data collection and reporting processes. Where applicable, the scope of the reported data has been explicitly stated.

KEY FIGURES

(x 1,000 euros)	2024	2023	2022	2021	2020
Combined turnover	4,280,743	6,353,549	5,751,762	4,954,984	4,686,299
Net turnover	3,964,007	6,044,676	5,477,203	4,708,569	4,583,887
Operating income	102,091	125,682	403,212	299,990	135,115
Profit before tax	84,670	109,595	395,295	300,268	132,769
Profit before tax / revenue	2.0%	1.7%	6.9%	6.1%	2.8%
Net profit	66,497	82,205	297,804	225,048	97,365
Net profit / revenue	1.6%	1.3%	5.2%	4.5%	2.1%
Depreciation / amortisation of (in)tangible fixed assets	100,350	172,702	101,270	101,485	107,879
Cash flows	166,847	254,907	399,074	326,533	205,244
(Dis)investments in (in)tangible fixed assets	181,443	235,477	232,236	130,973	122,529
Equity capital	2,015,003	1,968,184	1,950,367	1,725,041	1,490,466
Total equity	3,553,671	3,612,877	3,352,480	3,008,812	2,452,608
Equity capital / total equity	56.7%	54.5%	58.2%	57.3%	60.8%
Net profit / equity capital	3.3%	4.2%	15.3%	13.0%	6.5%
Employees as at 31 December	14,241	15,317	16,585	15,645	15,464

FACTS & FIGURES

100+

VDL Groep consists of more than 100 companies

14,241

Employees in 21 different countries with 100 nationalities

4.3 billion

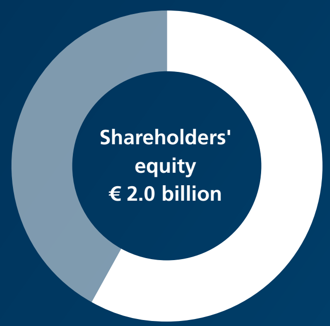
Combined turnover €

4.0 billion

Consolidated turnover €
(combined turnover – internal deliveries)

66 million

Net profit €



57%

of the total equity

TOP 5

VDL Groep is listed in the top 5 of the Dutch reputation rankings

Source: RepTrak

Family company VDL Groep was incorporated in 1953

1953

VDL operates in 21 countries worldwide, including locations for R&D, production and sales.

OUR ORGANISATION

VDL Groep

VDL Nederland | **VDL Holding Belgium**

VD Leegte Metaal
VDL Agrotech
VDL Assembly
VDL Automated Vehicles
VDL Belgium
VDL Bike Frame Technologies
VDL Bus & Coach
VDL Bus & Coach Belgium
VDL Bus & Coach Danmark
VDL Bus & Coach Deutschland
VDL Bus & Coach España
VDL Bus & Coach Finland
VDL Bus & Coach France
VDL Bus & Coach Italia
VDL Bus & Coach Nederland
VDL Bus & Coach Norway
VDL Bus & Coach Polska
VDL Bus & Coach Serbia
VDL Bus & Coach Sweden
VDL Bus & Coach UK
VDL Bus Center Germany
VDL Bus Roeselare
VDL Bus Valkenswaard
VDL Container Systems
VDL Containersysteme
VDL Defentec
VDL Delmas
VDL Enabling Transport Solutions
VDL Energy Systems
VDL Enabling Technologies Group
VDL ETG Almelo
VDL ETG Eindhoven
VDL ETG Precision
VDL ETG Projects
VDL ETG Singapore
VDL ETG Suzhou
VDL ETG Switzerland
VDL ETG T&D
VDL ETG USA
VDL ETG Vietnam
VDL Fibertech Industries
VDL Gereedschapmakerij
VDL GL Plastics
VDL GL Precision
VDL Hapro
VDL HMI
VDL Hydrogen Systems
VDL Industrial Modules
VDL Industrial Products
VDL Industries Gainesville
VDL Jansen (75%)
VDL Klima
VDL Klima Belgium
VDL Klima France
VDL Konings
VDL KTI
VDL Kunststoffen
VDL Laktechniek
VDL Mast Solutions
VDL Mast Solutions France
VDL Mobility Innovation Centre
VDL MPC
VDL Nedcar
VDL Netzwerk Projekt Service
VDL Network Supplies
VDL NSA Metaal
VDL Olocco (70%)
VDL Packaging
VDL Parree
VDL Parts
VDL Parts Belgium
VDL Parts Sweden
VDL Pinnacle Engineering India (50%)
VDL Postma
VDL RENA Electronica
VDL Rotech
VDL Services
VDL Smart Spaces
VDL Special Vehicles
VDL Staalservice
VDL Steelweld
VDL Steelweld California
VDL Steelweld Deutschland
VDL Steelweld Suzhou
VDL Steelweld Sweden
VDL Steelweld UK
VDL Steelweld USA
VDL Systems
VDL TBP Electronics
VDL Technics
VDL TIM Hapert
VDL Translift
VDL Truck & Trailer Industry
VDL USA
V-Storage (50%)
VDL Van Hool Belgium
VDL Van Hool Macedonia
VDL VDS Technische Industrie
VDL Weweler
VDL Weweler Parts
VDL Weweler-Colaert
VDL Weweler Taishan
VDL Wientjes Emmen
VDL Wientjes Roden

PROGRESS THROUGH CONNECTION

BUILDING A SUSTAINABLE FUTURE TOGETHER

At VDL Groep, we believe our strength lies in our people, our product diversity, and collaboration. With approximately 14,000 colleagues, we are a family-owned business at the heart of society. Our wide-ranging product portfolio and strong roots in 'five business worlds' make us agile and resilient. In 2024, we once again demonstrated that innovation, collaboration and social engagement are the keys to sustainable growth and continued relevance in a rapidly changing world.

Our colleagues are the driving force behind our organisation. They operate the machines, bring ideas to life and make the difference. In a world where technology and geopolitics are changing faster than ever, it is our corporate culture – entrepreneurial, honest, practical – that allows us to remain flexible and decisive. We are creators and makers. Bold and daring. That means we believe in the power of collaboration, both inside and outside of our organisation. Our diverse range of activities makes us unique. These range from mobility to energy, from high-tech to infratech, and from the food industry to the emerging defence sector. We manufacture a diverse range of products. If one sector experiences a downturn, we can compensate with growth in another. This balance gives us stability and scope to continue investing in innovation, sustainability and people.

The urgency to maintain and strengthen a robust, high-quality European manufacturing industry is greater than ever. VDL Groep intends to play a pioneering role in that endeavour. We are doing so by investing in technology, education and collaboration with partners in the public and private sectors. Projects such as Beethoven in Brainport are powerful examples, demonstrating the effectiveness of investing together in public facilities, infrastructure, knowledge development, and 'broad prosperity'. Not just for VDL, but for the entire region. We support the principles of European sustainability legislation. Transparency and measurable progress are essential to make a real difference. This must be based on 'data that counts' – not checklists, but insights that lead to action.

We see the EU's Omnibus proposal and Clean Industrial Deal as important steps towards making sustainability both achievable and profitable. It offers opportunities for innovation, circular production and a fairer distribution of margins throughout the chain.

In practice, sustainability and commercial interest may nog always go hand in hand. We are regularly asked to sign sustainability statements, but as soon as purchasing decisions are made, circularity and compliance requirements often fade into the background. If we truly want to become more sustainable, we need to distribute margins more fairly throughout the chain. Only then can we bear joint responsibility for a sustainable future.

In 2024, we took important steps towards embedding ESG into our business operations. Not as an obligation, but as a conviction. Because only by working together – with colleagues, customers, chain partners, governments and knowledge institutions – will we be able to build an industry that is future-proof. An industry that will stay relevant, secure livelihoods and contribute to a sustainable society.

We will continue looking ahead. With courage, confidence and the conviction that we can achieve more together than we can alone.

Willem van der Leegte
President and CEO of VDL Groep

ANNUAL REVIEW 2024

FEBRUARY

MINI production for BMW Group ends

After the contract with the BMW Group expired, the last MINI rolled out of the factory. VDL Nedcar is still in operation and is undergoing a transition from independent carmaker to broad partner in a variety of industries.

MARCH

New VDL ETG branch in Vietnam

Start of construction of new VDL factory in north-east Vietnam. The first modules are expected to be delivered in 2025.

APRIL

Opening of state-of-the-art bus factory in Roeselare, Flanders

The 27,000 m² VDL Bus & Coach production facility builds electric Citeas for public transport.

Expansion of OrderOn.com online platform

VDL's digital platform for metalworking has been expanded. Besides laser cutting and bending, tube laser cutting is now also possible since VDL HMI and VDL Industrial Modules have joined the platform.

MAY

Kempisch Bedrijvenpark energy hub guarantees power for 18 businesses

In cooperation with the municipality, province and companies, including VDL Groep, a pilot was launched to jointly organise the energy supply of the Kempisch Bedrijvenpark in Hapert based on sustainable energy sources.

MAY

First new generation of VDL Citea buses in Eindhoven

Public transport company Hermes in North Brabant is the first to deploy the initial 32 of a total of 64 new generation zero-emission Citea public transport buses from VDL Bus & Coach.

A century and a half of VDL Konings

In honour of the 150th anniversary, a special book was revealed and the foundation stone laid for the new building in Swalmen, with production and office space totalling 16,500 m².

JUNE

VDL Groep acquires parts of Flemish bus manufacturer Van Hool

With locations in Belgium and Macedonia, around 1,600 jobs in the high-quality European bus industry will be saved.

JULY

VDL Executive Vice Presidents Guustaaf Savenije and Paul van Vuuren retired

After 11 and 6 years of service respectively, Guustaaf Savenije (66) and Paul van Vuuren (65), both members of VDL Groep's executive board for 3.5 years, retired with effect from 1 July 2024.

SEPTEMBER

Peter Wennink joined the supervisory board

On 1 September 2024, the former CEO of chip machine maker ASML joined the supervisory board of VDL Groep.

ANNUAL REVIEW 2024

OCTOBER

VDL Weweler celebrates 100th anniversary

Over the past hundred years, VDL Weweler has developed from a small manufacturer of bicycle parts into a leading player in the world of air suspension systems for trucks, trailers and buses.

Arriva opts for emission-free new generation of VDL Citea

VDL Bus & Coach has secured an order for more than 150 buses for Arriva in West Brabant.

VDL stakeholder events

VDL welcomes various external stakeholders to discuss its sustainability strategy and ways in which cooperation can contribute to a future-proof and responsible value chain.

NOVEMBER

Satellite development for Dutch armed forces

Developed by VDL ETG, FSO Instruments and partners, the PAMI-1 satellite will support the Netherlands in gathering intelligence by providing autonomous monitoring capabilities of Earth from space.

Zeiss SMT Supplier Award 2024

VDL ETG Switzerland received a Supplier Award from Zeiss in recognition of its excellent performance and as an example of how suppliers can best contribute to quality, technological innovation, and successful collaboration.

NOVEMBER

VDL Weweler wins Energy Award 2024

The municipality of Apeldoorn presented VDL Weweler with the Energy Award for making its air suspension system production process more sustainable. Switching to a gas-free production line with an electric induction oven has resulted in savings of 40%. This new process also makes the final product lighter and recyclable while also reducing CO_2 emissions. The factory also makes smart use of solar panels and waste heat to reduce its CO_2 footprint.

DECEMBER

VDL KTI produces crucial parts for new medical isotope reactor

A great step into the nuclear sector, an important growth market for VDL Groep. The plan is for the new PALLAS isotope reactor in Petten to be ready for use in 2030.

Companies in the Brainport region invest in public facilities

An initial group of 12 companies from the Brainport region, including VDL Groep, is launching the Brainport Partnerfonds. Through this private fund, regional companies will collectively co-finance €219 million over the next 12 years for further development of the Eindhoven region.

VDL will inspect tens of thousands of cars annually at the Born campus

VDL Special Vehicles has signed a multi-year contract with Hödlmayr International, the Austrian family business that has one of Europe’s largest logistics networks in the automotive industry.

THE FIVE WORLDS OF VDL GROEP

VDL Groep is engaged in high-tech development and production in various industrial worlds, from quality components to advanced machines and finished products. Only the very highest level of workmanship combined with automation counts at VDL. Only then will it be possible to compete on a global level. We use the latest technologies and *state-of-the-art* machinery. With our development and production under one roof, we can always offer a suitable solution. Solutions where knowledge and craftsmanship converge; the unique combination of thinking and doing. Being involved in the development process at such an early stage enables us to apply our expertise in all fields and phases of production, such as manufacturability, upscaling, sustainability and cost reduction.

Hightech

The high-tech companies of VDL focus on the development and production of the world's most complex components, modules and systems. It's our way of helping to make the world faster and more precise. Down to the nanometre. As a system supplier of high-tech equipment for the semi-conductor, analytical and healthcare sectors, our strength lies in the development of vacuum systems, high-speed processing techniques and high-precision products and processes. VDL supports the complete process from (co-)design and engineering to production, assembly and quality control. Through intensive collaborations with clients, we're building a healthier and smarter world every day.

Mobility

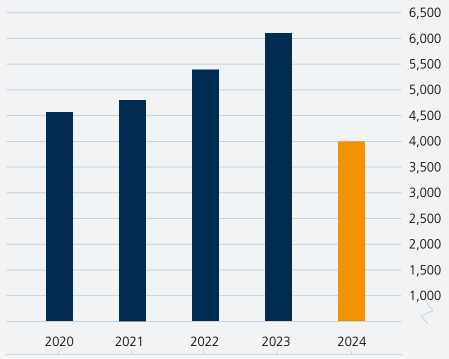
Mobility is essential for a functioning economy in our society. The rising demand for mobility brings with it numerous challenges in terms of accessibility, health and the quality of nature and our environment. To do our bit in creating a cleaner and more sustainable, VDL is committed to developing innovative mobility solutions such as building electrified vehicles, and to the resulting reduction in emissions.

Energy

The energy transition is in full swing and requires innovative solutions in the generation, storage, transportation and efficient use of energy. VDL is taking the lead here by developing products that are not only sustainable but also scalable and cost-efficient. Hydrogen, e-fuels, and battery technology play a key role in the solutions of the future. For this reason, VDL is working on the continued development and production of energy-efficient vehicles, charging infrastructures, heat exchangers, batteries and energy systems, among other technologies. With this, VDL is contributing to a future where energy is becoming smarter, cleaner and more accessible for everyone.

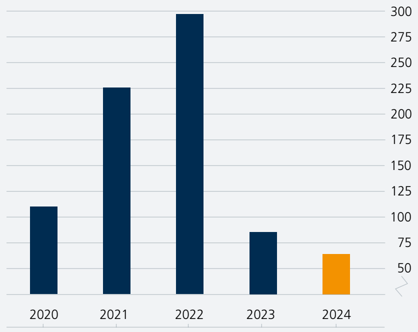
CONSOLIDATED TURNOVER

(in millions of euros)



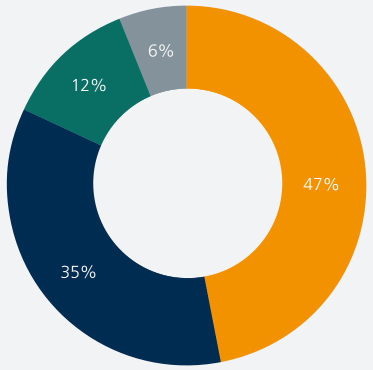
NET RESULT

(in millions of euros)



CONSOLIDATED TURNOVER

(in millions of euros)



BY CONTINENT

- The Netherlands 1,849
- Europe other 1,376
- Asia 476
- America 237
- Africa 17
- Oceania 9

Total 3,964

TOP 5 COUNTRIES

1. The Netherlands 1,849
2. Germany 581
3. Singapore 244
4. USA 209
5. Great Britain 137

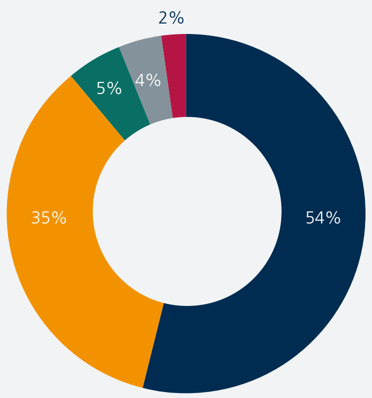
CONSOLIDATED TURNOVER

(in millions of euros)

BY WORLD

- Hightech 2,125
- Mobility 1,399
- Foodtech 191
- Infratech 144
- Energy 105

Total 3,964



Infratech

VDL has a strong focus on the liveable society of today and tomorrow. The continued successful development of cities into sustainable and connected environments (smart cities) depends heavily on the infrastructure. Access to data and energy, combined with smart mobility are central to achieving this. VDL is active internationally in a wide variety of infrastructure projects. We design and manufacture components and end products for civil engineering, bridges, street furniture, packaging machines, telecom networks, energy networks, rail networks, housing, charging infrastructure and smart lighting and communication masts, among other applications. We also provide related services for the construction, conversion and expansion of small and large-scale infrastructure projects.

Foodtech

The goal of the VDL companies operating in Foodtech is on modernising the food chain and making it more sustainable. One of the ways we do this is by developing and manufacturing innovative machines for the global food processing industry and systems for food production. Where there is food there is waste. To minimise this as much as possible, we offer efficient solutions for cooling, storage and packaging. Through the increased use of precision technology and robotisation, we make food production more profitable and sustainable.

INNOVATION

VDL Groep invested a total of EUR 190 million on research & development (R&D) in 2024. These figures show that VDL Groep is among most innovative businesses in the Netherlands and is the most innovative family-run business. VDL Groep's policy is geared towards continually improving and renewing (production) processes. It is with this vision that we work hard every day on developing the very latest technological applications to strengthen our global market position. VDL Groep focuses on high innovation values: specialising in business areas that others are not able to master fully or at all. We are convinced that, in order to keep the high-quality manufacturing industry in Western Europe competitive on a global scale, we must continue to fully work on innovation. Technology helps improve our lives and our society. With our innovation agenda, VDL is full of ambition to make a significant contribution to a sustainable living environment.

MANAGEMENT AND SUPERVISION

VDL Groep is subject to the Management and Supervision (Public and Private Companies) Act (*Wet bestuur en toezicht*), which governs how the management and supervision of public and private limited companies are organised. The executive board of VDL Groep consists of five people (main executive board) and the deputy executive team consists of ten people. The independent supervisory board (SB) has four members.

Diversity

We strive for building long-term relationships with our employees to keep our culture strong. VDL Groep looks at the capacity of the person and at the right employee in the right place, regardless of gender, age, nationality or background.

VDL Groep strives to give employees opportunities to grow and maintain the company culture by preferring to select managers from its own ranks. On average, a member of the executive board will have worked for 12 years in other positions at VDL Groep before joining the group management board. Currently, 25% of the SB and 20% of the executive board are women (7% of the entire management team). The VDL companies are led by directors, 1% of whom are women. In comparison, women make up 14% of the entire VDL Groep workforce.

In technical sectors, the government's target of 30% gender diversity remains a challenge. Given that 12 years ago the ratio of men to women in the organisation was 11%, we have set a target of 11% women for the years up to 2030 in line with the Dutch Law on Entry Quota and Targets. We will of course continue exploring the possibilities for women to fill more positions and for more women to be interested in a job in technology. VDL is also calling on the government to focus more attention on women in technology. The educational system is in fact the breeding ground for the workforce of tomorrow. We hire female technology graduates who then have an average chance of joining our group management within 12 years. The more women that graduate, the more opportunities we can offer to promote women to management positions.

Organisation and management

The SB monitors the executive board's policies, providing advice when necessary on matters such as material impact, risks, and opportunities. In 2024, six meetings were held that were attended by the executive board. A single meeting was also convened to discuss such matters as the performance of the supervisory board, its individual members and the executive board. The usual annual consultation took place with the external auditor. A representative of the supervisory board attended the annual meeting of the Joint Works Council. During all meetings, detailed discussions were held on the operational and financial state of affairs compared to the budgets and other objectives of all companies. The topics discussed included the broad outlines of the strategic policy, the risk management, the investment and acquisition policy, the development of the operating results, cost and working capital management, the internal management and control system, the ICT policy, compliance with legislation and regulations, the social policy, sustainability aspects, the organisation and the development of human resources and management development.

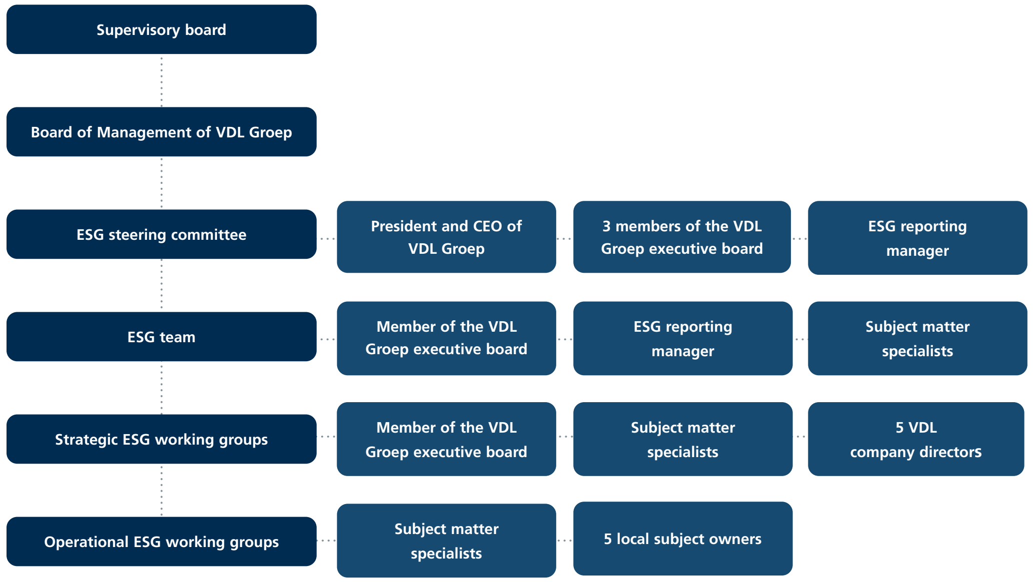
The group management board, which consists of the executive board and the extended board, is the executive body of VDL Groep. Decisions are made collectively. The group management board is responsible for monitoring impact, risks and opportunities and it is authorised to make decisions.

The wide variety of products and decentralised structure of VDL Groep give it a unique position. Each of the more than 100 VDL companies is managed by a company director who is responsible for day-to-day operations. From its headquarters in Eindhoven, the central management, together with various staff departments, provides support and advice. This set-up combines local autonomy with central expertise and support, allowing VDL to respond quickly and flexibly to market developments. Members of the group management board are supervisors of VDL companies. They are the sparring partners of the local company directors and represent the operating companies of VDL Groep in the group management board. The VDL directors are responsible for business operations, including implementation of business initiatives and compliance with them, ensuring that business operations not only meet the standards set, but also actively contribute to the strategic objectives of VDL Groep. Supervisors monitor whether VDL companies are on track to achieve their objectives. Risks are discussed on a regular basis. The company directors report to the group management board through weekly and quarterly reports.

ESG governance

In 2023, VDL Groep began preparations for CSRD (Corporate Sustainability Reporting Directive). An ESG governance structure has been set up for this purpose. The ESG steering committee is responsible for determining the ESG strategy. Implementation is the responsibility of the project team Alexander, which consists of the executive board member responsible for (non-)financial reporting, the ESG reporting manager and subject matter specialists. The team is named after the youngest grandchild of Wim van der Leegte, emphasising the importance of ESG for future generations.

ESG GOVERNANCE



There are also working groups for each subject at the strategic and operational levels. These working groups include directors and employees from various VDL companies. This structure was deliberately chosen to ensure support and commitment in the organisation.

Expertise and commitment

The subject matter specialists have been selected based on their substantive expertise. The executive board members involved have been chosen because of their knowledge of or affinity with the various subjects. This provides VDL Groep with the necessary expertise and skills to effectively address ESG issues.

Thanks to the VDL management's many years of experience, there is also a wealth of knowledge regarding the sectors, products and countries in which VDL Groep operates. This combination of substantive expertise and practical experience forms a strong basis for the further integration of ESG in the organisation.

Monitoring sustainability issues

Specific steering KPIs have been established for each ESG subject, which have been compiled in the ESG dashboard. This dashboard provides insight into progress and makes it possible to measure and discuss topics in the organisation.

The ESG dashboard is updated quarterly and discussed in management meetings. The frequency at which KPIs are measured depends on the topic. Some indicators such as CO_2 emissions or energy consumption are tracked quarterly, while others such as employee satisfaction are evaluated annually. This approach ensures balanced and realistic monitoring of ESG performance.

Historical data is not available at the group level for every topic. The focus in this phase is on collecting reliable data and setting up a measurement structure. Consequently, group-wide targets have not yet been set for many indicators. This year, baseline measurements will be carried out that will then serve as a basis for determining appropriate and realistic targets. One exception here is the subject of *climate change and energy*, for which measurements have been carried out for several years. As a result, more insight is available in this area and targets have already been formulated.

The progress of the implementation of the sustainability topics is actively monitored by the project organisation and regularly discussed with the ESG steering committee and the group management board.

Employee participation

Good employee participation is an indispensable part of being a good employer. The Netherlands has an employee participation structure that is implemented by the Joint Works Council (GmOR). This has representatives from 30 VDL companies. A number of other VDL companies has their own works council. In addition, the GmOR participates in platform consultations, in which works councils not affiliated to the GmOR are also represented. The ultimate goal of the platform consultation is to unite the various bodies and to improve the provision of information to Platform members, coordinate requests for consent and advice, share knowledge, respond collectively to questions from (senior) management, and have the possibility of setting up joint operational committees.

The Joint Works Council (hereinafter: GmOR) convened twelve times in 2024; five of those meetings were with a member of the executive

board, including an annual meeting at one of the affiliated VDL companies whereby the supervisory board was represented. Outside the scheduled meetings, there is regular contact between the main board and the executive board of the GmOR.

In 2024, GmOR members attended a range of courses, including on the Works Councils Act (WOR). A number of topics were also addressed, such as the cycle-to-work scheme, approval of the confidential counsellors, discounts for VDL staff, adjustments to VDL company regulations, acquisitions and changing business activities. The GmOR has actively continued to allocate work amongst the various committees (finance, communication, personnel policy, and health, safety, welfare, and the environment). Several working groups have also been set up (structure, benefits plan and elections). By using different committees and working groups, responding to action points is much swifter.

BUSINESS RISKS

Entrepreneurship is embedded in the VDL culture. We encourage identifying and leveraging opportunities that arise. Decisions are carefully considered, always with a view to the long-term continuity of the company. Through diversification in activities, markets and regions, we are spreading the possible business risks across the VDL Groep entities. Recognising and responding to potential risks in a timely manner is important in pursuing our strategy.

Risks and uncertainties

As an innovative development and manufacturing company, we are well aware that our products are used as parts or complete products for a wide range of (industrial) applications in everyday life. We strive for the highest quality in our processes and products, not only by complying with legislation, regulations and customer specifications, but also by standing out in the high-tech manufacturing industry. Quality awareness is paramount for us.

The risk landscape has changed in recent years. Not only are risks more complex, they are also more interlinked and they can have a greater impact.

Increasing competition from Asia, customer import restrictions, cyber attacks, rising material costs and faltering supply chains pose daily risks. Changing climate conditions can disrupt business operations and lead to higher operating costs. In the Netherlands and Europe, we are seeing an increase in legislation, regulations and compliance requirements as well as pressure to implement sustainable practices, all of which add to the costs.
In addition, we are seeing trends such as the transitions in energy, mobility, circularity and spatial planning. These transitions bring both opportunities as well as risks. It is essential to manage them well in order to take full advantage of the opportunities and minimise the negative impacts.

Geopolitical risks also play a role. International trade tensions and sanctions can disrupt the supply chain and restrict access to markets. Political unrest in certain regions can affect business activities and investments.

Technological risks are also an important factor. The increase in cyber attacks and data breaches poses a growing threat to the security of business data and business continuity. Rapid technological developments are also forcing companies to continuously invest in new technologies in order to remain competitive.

Risk management

As a family business, VDL Groep has a low risk profile. The company rests on strong financial equity and its risk appetite towards business risks can be classified as normal. We have established procedures and measures for identifying and managing risks in a timely manner and for exploiting opportunities. The executive board is responsible for the overall risks of VDL Groep. Risks relating to business operations are the responsibility of the company directors. Our internal control system is based on active and open dialogue. High-category risks are discussed and carefully considered in management meetings.
We consistently make carefully considered decisions about which investments are appropriate, based on a responsible balance between risk and return.

Projects are analysed according to their risk profile, taking into account factors such as nature, size and complexity. The level of approval required is determined depending on the risk profile identified. This can range from approval by the management of the operating company to the executive board or SB.

From the risk assessment, the table below identifies the main business risks and uncertainties.

Risk management and internal controls for sustainability reporting

Additional controls have been put in place for sustainability reporting in terms of data collection, validation and report reliability. ESG data are collected through central formats and monitored by staff departments.

The findings are shared with the VDL companies so that they can incorporate the insights into their annual plans and policies. Sustainability risks are discussed periodically at the management meetings using the ESG dashboard. Findings are reported to the SB.

No distinction is made with regard to sustainability risks, as we consider every risk to be related to business operations.

Risk category	Risk	Measures to avert risks	Impact	Probability
Strategy	Competitive position worsened	• Invest early in robotisation and automation • Invest early in new technologies and innovations • Adapt products and processes as necessary • Offer market-based prices • Consistently deliver quality products • Ensure reliable supply chain	High	Low
	(Virtually) no new (sustainable) innovations	• Invest in innovation and the development thereof • Seek collaboration with research and education institutions	Medium	Low
	Dependence on one customer	• Diversify and broaden activities • Actively pursue new customer acquisition	High	Medium
	Market demand stagnation	• Diversification and broadening of activities • Timely destocking	Medium	Low

Risk category	Risk	Measures to avert risks	Impact	Probability
Operational	Raw materials and equipment are lacking or unavailable	• Monitor key suppliers on their performance • Pass price increases on to customers • Ensure adequate stock levels	Medium	Medium
	Disruptions in the supply chain	• Ensure adequate stock levels • Monitor the key suppliers on their performance • Procedures are part of the quality system	Medium	Medium
	Employee availability (retention and recruitment)	• Good employer image • Competitive employment conditions • Development and advancement opportunities • Investment in training • Team development and social activities • Active recruitment through in-house recruiters • Mutual outsourcing and insourcing of staff between VDL companies • Cooperation with employment and secondment agencies	Medium	Medium
	Availability of energy/grid congestion	• Lobbying various governments • Collaborate with energy companies and businesses for joint green energy supply for a business park • Initiate own-energy initiatives	Medium	High
	Climate change: interruption in the supply chain/production process due to extreme weather conditions	• Monitor vulnerable locations • Implement climate adaptation measures • Ensure adequate stock levels	Low	Medium
	Cyber attacks	• Cyber security awareness training for staff • Continuous monitoring of our IT systems for attacks • Proper backup strategy of IT systems with move to a hybrid IT environment in the cloud • Far-reaching optimisation of security level for IT systems and application landscape	High	High

Risk category	Risk	Measures to avert risks	Impact	Probability
Buildings	Property vacancy	• Searching for new users • Initiating new work operations	Low	Low
Laws and regulations	Failure to comply with new, amended and/or existing directives/legislation	• Integration of new guidelines into our quality control systems • Periodic audits by governments and/or customers	High	Medium
	Obsolescent stock due to change in environmental legislation	• Timely action to reduce the stock volume • Modify product in time to ensure compliance with environmental legislation	High	Low
	Product liability / product recall	• Comply with quality requirements and controls • Products are extensively tested before delivery	High	Medium
	Protectionist measures by certain governments (e.g. Inflation Reduction Act / import duties)	• Advocacy and interest with government agencies	Medium	High
	Wage increases due to CLA negotiations	• Become member of employer associations for representation during CLA negotiations	Medium	Medium
	Corruption and sanction risk	• No business with high-risk countries • Risk analysis for countries subject to trade sanctions	Low	Low
Financial	Exchange-rate risk foreign currency	• No financial banking instrument • Surplus USD sold is sold to EUR account	Low	Low
	Liquidity risk	• Cooperation with Triple A banks • Ensure adequate equity and long-term financing facilities • Debtor insurance and active internal credit control policy • Active cash-flow monitoring	Low	Low

MATERIALITY ANALYSIS

As part of the implementation of the Corporate Sustainability Reporting Directive (CSRD), VDL Groep conducted a double materiality analysis in 2024. This analysis focused on the impact that business activities have on people and the environment (impact materiality) and on the influence that sustainability developments have on the organisation's financial performance (financial materiality).

The assessment was conducted based on a structured scoring methodology, where themes were evaluated on severity, likelihood, scale and scope. Both qualitative and quantitative criteria were used here. The analysis was carried out by internal working groups and augmented by insights from external sources as well as input from stakeholders. Stakeholder insights have been included based on regular contact opportunities and structural interactions.

Depending on the subject, the timeframe used varies between three and ten years, allowing for both long-term and short-term impacts to be taken into account. When identifying potential and actual impacts, we looked at our business activities, chain relationships and geographical reach, taking into account the entire value chain. Negative impacts were prioritised based on their severity and likelihood, while positive impacts were assessed based on their scale and scope.
Sustainability risks and opportunities were assessed on their potential impact on, among other factors, turnover, costs, reputation and operational continuity. (Sustainability) risks are included in regular risk management.

The results of the analysis were discussed in the ESG steering committee and were validated by the management. Internal review takes place through quarterly reports and progress monitoring within the working groups. In 2026, we reassess the double materiality analysis.

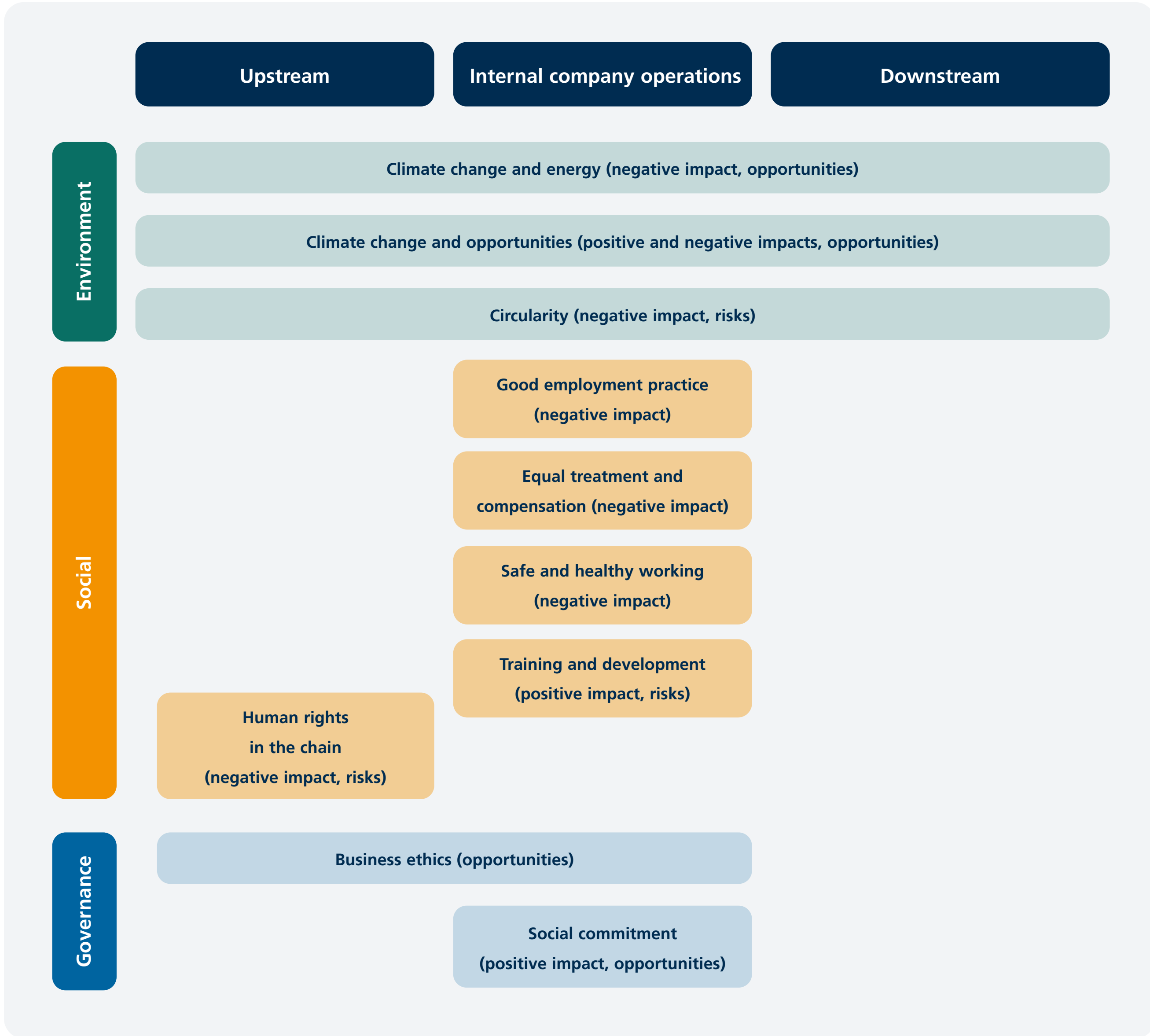
Measures and objectives by material topic

For each material sustainability topic at VDL Groep, relevant indicators have been established to monitor policy and progress. These indicators form the basis for measuring performance and setting targets.

However, complete and reliable data is not yet currently available for every topic. This means that, with the exception of the topic *climate change and energy*, we require more time to set substantiated and achievable targets.

We are actively working on improving data quality and coverage so that we can also set measurable targets for the other material topics in future reporting cycles and report on them transparently.

SUSTAINABILITY ISSUES AND IMPACTS, RISKS AND OPPORTUNITIES



STRATEGY

VDL Groep combines entrepreneurship and innovation with sustainability and social responsibility. By investing in people, processes and circularity, we strive for long-term value, competitiveness and a healthy future for generations to come.

VDL focuses on continuously improving the quality level at all its operating companies. Investments are therefore geared towards innovating, improving and expanding products and production processes. Additionally, we invest in our employees and give their internal career development priority.

We attach great importance to sustained competitive production in Western Europe. By investing in both skilled craftsmanship and reliable automation, we want to continuously improve our competitiveness in the international market. Our global activities are aimed at strengthening our position and employment in Western Europe. With sales offices in various countries and an extensive network of importers and agents, we can sell our products worldwide. Integrity in doing business is central to this. Despite the size of VDL and its increasingly international character, VDL is and remains a 100% family business. This offers many advantages, including fast decision-making and long-term focus. This approach supports VDL Groep's objective of adding value to society and being a reliable, innovative supply chain partner.

Value chain

As described in the five worlds of VDL Groep, we are a dynamic combination of more than 100 operating companies varying in industry, size and number of employees.
It is difficult to find a comparison for how VDL Groep is composed, with its wide variety of activities, products and services. At the same time, they are all development and manufacturing companies, which makes the value chain easier to analyse.

Mission

Based on our strength through cooperation, we develop and produce innovative, industrial and sustainable products while pursuing growth, development and continuity.

Vision

Adding value to our society by bringing people and organisations together to collectively develop and produce solutions.

Key values

- Entrepreneurship
- Result orientation
- Cooperation

Sustainability strategy

VDL Groep's sustainability strategy focuses on ten material themes such as climate change, circularity, good employment practices and human rights in the supply chain, and forms an integral part of the broader corporate strategy. This strategy is not merely supplementary – it enhances and deepens VDL's core ambitions: controlled growth, maintaining a strong financial position and continuously improving competitiveness.

The sustainability strategy supports the business strategy on several fronts:

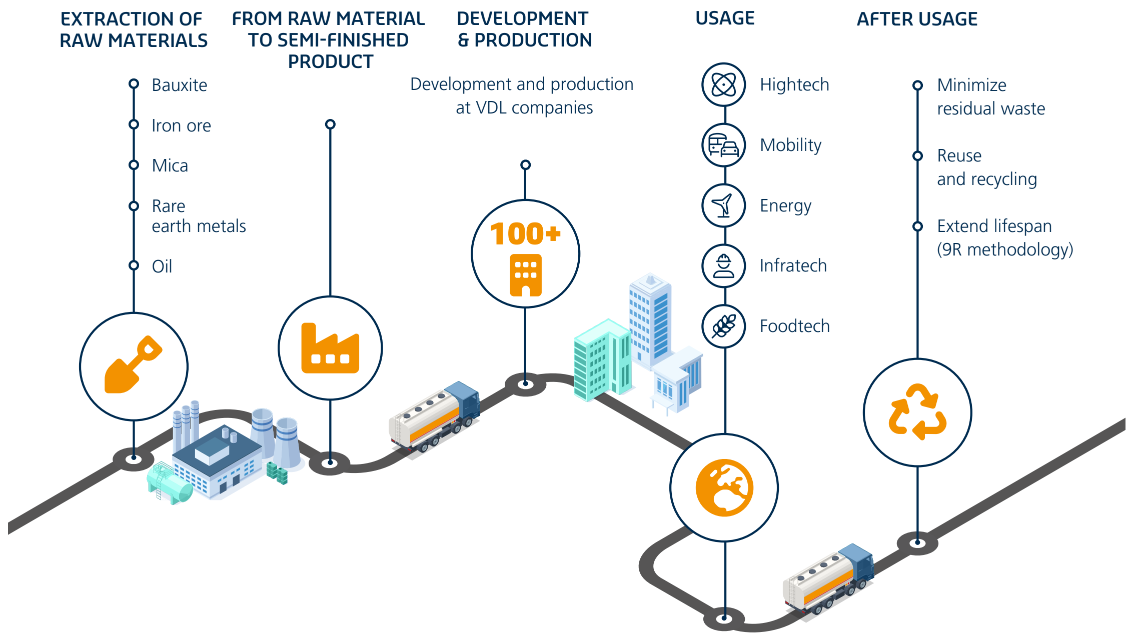
- Quality improvement and innovation: By investing in circular production processes and energy-efficient technologies, sustainability is contributing to product and process innovation.
- Investing in employees: Themes such as good employment practices, training and development, and safe and healthy working strengthen VDL's employee policy. This promotes internal development opportunities and professionalism.
- Integrity and ethics: The emphasis on business ethics and human rights in the chain is in line with VDL's core value of doing business with integrity.

The sustainability strategy influences VDL Groep's business model by seeking solutions together with customers. Through social commitment and customer-oriented innovations (such as the integration of software, electronics and mechanics), VDL is developing into a one-stop-shop industrial partner. Here, sustainability is becoming a distinguishing factor in customer relations.

Stakeholder dialogue

Cooperation with stakeholders is an integral part of how we work at VDL. Our relationships with customers, suppliers, employees, trade unions and the communities in which we operate are at the heart of our success and growth. By engaging in dialogue with each other, we can respond more effectively to social issues. The frequency of the discussions depends on the stakeholder group.

VALUE CHAIN



Stakeholder input has been included in the 2024 double materiality analysis, which serves as the basis for VDL Groep's ESG priorities.
In 2024, the selected material topics were assessed with the various stakeholder groups in various meetings, discussions and surveys. According to stakeholders, climate change and energy, circularity, and good employment practices are the top three material topics. The results indicate that VDL Groep's sustainability strategy is in line with the priorities of our stakeholders. VDL Groep considers the meetings to have been successful and valuable and will repeat them in 2025. In the meantime, we will continue stakeholder dialogue by sharing information, networking, collaborating and holding discussions. We are also in talks with suppliers about exchanging data (standards) and best practices. We asked stakeholders to identify which CSRD topics could be considered material to them, despite not being considered as such by VDL. Pollution was mentioned most often. The results of the stakeholder dialogue were summarised and discussed at the management meeting. All feedback will be taken into account in the next review of the double materiality analysis.

Contribution to the Sustainable Development Goals (SDGs)

With the material topics it has selected, VDL Groep is actively contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). Based on an analysis of our core activities and areas of impact, we have identified four SDGs where we can create the most value:

- SDG 8 (Decent work and economic growth)
- SDG 9 (Industry, innovation and infrastructure)
- SDG 12 (Responsible consumption and production)
- SDG 13 (Climate action).

Our contribution to these goals is reflected in concrete actions and measurable results:

- Decent work and economic growth (SDG 8): We create jobs both at home and abroad and invest in safe, inclusive and future-proof working conditions. Through partnerships with civil society organisations, we are strengthening our social impact.
- Industry, innovation and infrastructure (SDG 9): VDL Groep develops and manufactures electric vehicles and battery systems. We are committed to innovation in e-mobility and circular battery applications.
- Responsible consumption and production (SDG 12): We strive for circular production processes and maximise material recycling. In collaboration with Terres des Hommes and UNICEF, we mapped part of our supply chain in order to identify potential risks, such as child labour.
- Climate action (SDG 13): We are investing in energy efficiency and renewable energy as well as implementing energy-saving measures.

Progress is monitored using the chosen performance indicators for each topic such as CO_2 reduction. These indicators are discussed with the executive board on a quarterly basis.

STAKEHOLDERS

Suppliers	Government (Europe, Netherlands and local government bodies)	Action groups
Banks		Trade associations
Employees in the chain	Social organisations	Educational institutions
VDL employees	Media	Customers
Works councils (GmOR)	Supervising authorities	Employment agencies
Employee and employers' organisations	Nature and future generations ('silent stakeholders')	Users of end-products

SDG GOALS

	8. Decent work and economic growth	9. Industry, innovation and infrastructure	12. Responsible consumption and production	13. Climate action
Climate change		✓	✓	✓
Energy		✓	✓	✓
Circularity		✓	✓	
Safe and healthy working	✓			
Good employment practices	✓			
Equal treatment & compensation	✓			
Training & development	✓			
Human rights in the chain	✓		✓	
Business ethics	✓		✓	
Social commitment	✓	✓		

ENVIRONMENT (E)

Climate change and energy (E1)

In line with the objectives of the Paris Climate Agreement, VDL Groep further specified its approach to reducing CO_2 in 2024. The approach is focused on:

- minimising the use of fossil fuels
- electrification of processes
- utilising waste heat
- generating renewable electricity at its own sites, and
- purchasing renewable energy from specific sources.

This approach lays the foundation for achieving our CO_2 reduction target: a 50% reduction in scope 1 and 2 emissions in 2030 compared to the reference year 2022. VDL has also set a scope 3 target for 2024. By no later than 2028, suppliers and customers representing at least 75% of chain emissions will be required to commit to a CO_2 reduction target in line with the Paris Agreement. Progress towards our climate targets will be evaluated annually.

Energy efficiency

To support this objective, all Dutch VDL companies conducted extensive energy studies in 2024 and drew up energy saving plans for the period 2024-2027. These plans make up an important part of VDL's energy efficiency policy. In total, more than 650 measures have been identified at 60 companies, with a total savings potential of approximately 15% compared to 2023. These plans are dynamic in nature and are periodically supplemented with new insights and measures. An efficiency improvement of 6% was already achieved by 2024. Examples of measures implemented include heat recovery in cleanrooms, pressure reduction in compressed air systems and making heat treatment processes gas-free.

For new construction and renovation projects, the central property department systematically incorporates energy guidelines into the design- and decision-making process.

CO_2 TARGETS

Scope	Indicator	Targets
Scope 1 + 2	Greenhouse gas emissions in tonnes of CO_2e in scopes 1 + 2	By 2030 -50% vs 2022
Scope 3	Greenhouse gas emissions in tonnes of CO_2e in scope 3	In 2028, suppliers and customers of VDL Groep, together accounting for 75% of our chain emissions, have committed to a CO_2 reduction target in line with the Paris agreement

ENERGY CONSUMPTION

Component energy consumption (in GWh)	2022	2023	2024
Fossil fuels			
Coke fuel	15	16	8
Natural gas	198	200	122
Purchased electricity/heat	241	234	146
Other fuels	16	14	15
Total fossil fuels	**470**	**465**	**292**
Fossil fuels from total energy consumption (%)	96%	94%	87%
Renewable resources			
Purchased renewable electricity	13	23	38
Self-generated electricity	5	8	11
Total renewable resources	**17**	**31**	**49**
Renewable resources from total energy consumption (%)	4%	6%	13%
Total energy consumption	**488**	**497**	**341**

Sustainable energy

In addition, the capacity for sustainable electricity generation has been expanded from 15 MWp to 20 MWp across 27 VDL locations. This expansion has resulted in an additional annual production of approximately 4.5 million kWh, which is the equivalent of the consumption of around 1,500 households. The share of sustainable electricity in VDL's total global electricity consumption was 23% in 2024.

The electrification of processes is essential for increasing the share of sustainable energy. One major external obstacle here is the limited transport capacity on the electricity grid, which affects the speed of electrification. VDL is actively monitoring these risks and investigating alternative solutions.

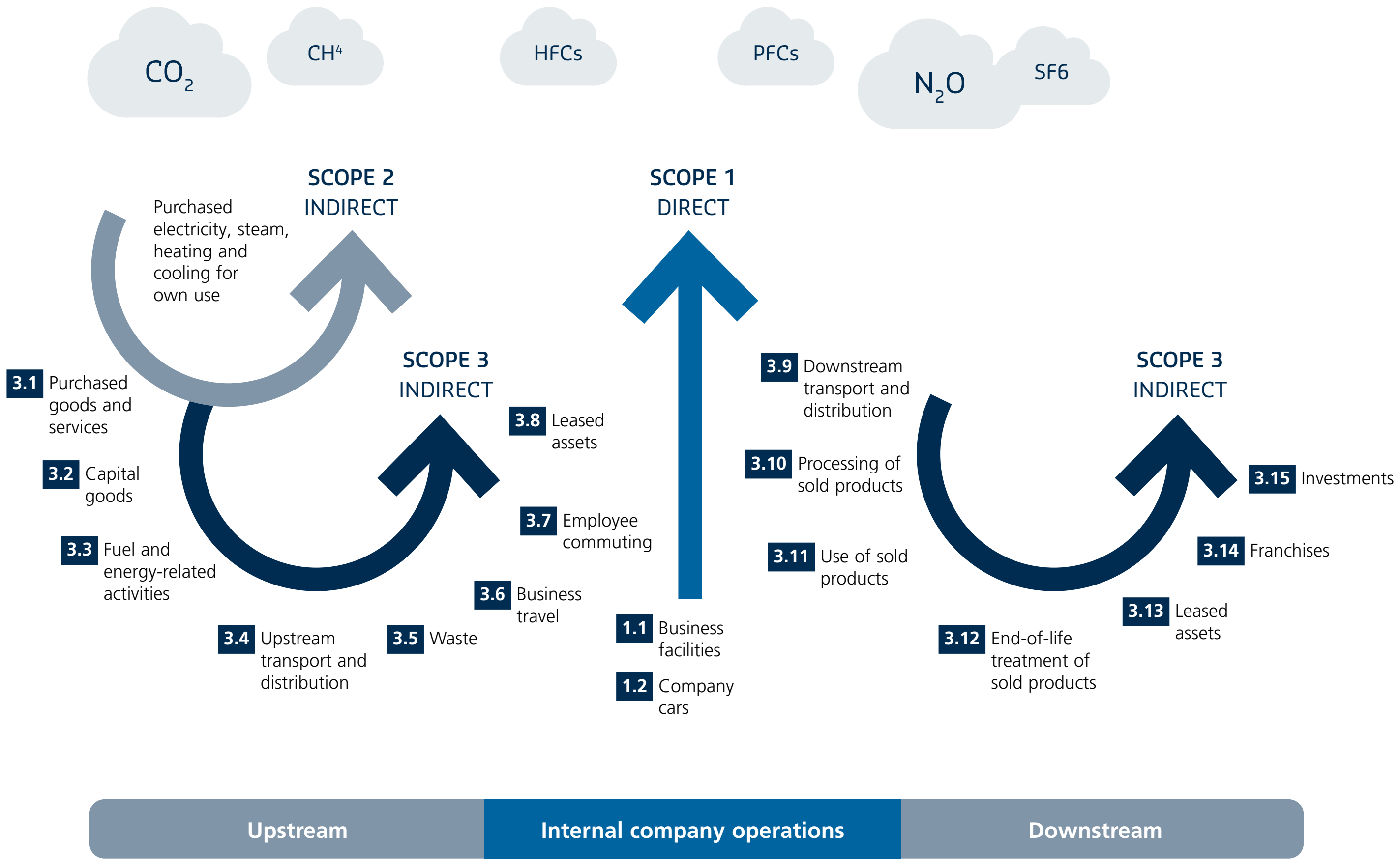
CO_2 footprint

Energy savings, sustainable generation at our own locations and the purchase of sustainable energy have a direct positive impact on our CO_2 footprint (scopes 1 and 2). We have been reporting the CO_2 footprint of all VDL companies worldwide to CDP (Carbon Disclosure Project) since 2021.

The total climate footprint in the period from 2022 to 2024 has decreased significantly. The largest reduction was due to the discontinuation of car assembly activities in Born. In addition, scope 2 emissions decreased due to an increase in our own production and procurement of sustainable electricity.

In the value chain (scope 3), we have seen a decrease in the category 'use of end products', among other areas. This development is a direct result of the number of non-electric buses sold.

GREENHOUSE GAS EMISSIONS



Explanation

This illustration shows the classification of greenhouse gas emissions according to the Greenhouse Gas (GHG) protocol.

- *Scope 1 includes direct emissions from company sources such as company vehicles and installations.*
- *Scope 2 concerns indirect emissions from purchased energy such as electricity and heat.*
- *Scope 3 includes other indirect emissions in the value chain such as suppliers, transport and product use that are directly related to VDL Groep's activities.*

Grid congestion

Grid congestion, the shortage of electricity transmission capacities, is a major constraint for several VDL companies. Companies that have reached their capacity limits have implemented solutions such as installing additional electricity meters to provide better insight into consumption patterns. Through energy savings and smart management of consumption times, such as phased activation of machines and charging forklift trucks outside production hours, some companies have been able to reduce their load on the grid. However, options remain limited, as many production processes cannot be postponed. Generating more electricity on site can also help relieve the burden on the public electricity grid. A problem here is often that much of the electricity is generated at times when it cannot be used immediately. If the electricity cannot be stored locally, its contribution is limited to certain times (e.g. only when the sun is shining).

As a result, VDL Klima is developing a system that converts surplus solar power in the summer into hydrogen and stores it in salt batteries, so that it can be used again as electricity later, for example in the winter. These innovative seasonal storage solutions could eventually help to solve grid congestion.

Steps have also been taken at the collective level. At the Kempisch Bedrijvenpark (KBP), an Energy Hub has been developed in collaboration with Enexis, the municipality of Bladel, the province of North Brabant

TOTAL CO_2 FOOTPRINT

Component CO_2 footprints (in ktonne CO_2e)	2022	2023	2024
Scope 1 + 2			
Direct emissions (scope 1)	53	53	34
Purchased energy (scope 2)	102	86	59
Total scope 1 + 2	**155**	**139**	**93**
Scope 3			
3.1 Purchased goods and services (excluding VDL Nedcar)	1,068	1,240	1,116
3.2 Capital goods	91	106	87
3.3 Fuel and energy-related activities	31	25	24
3.4 Upstream transport and distribution	48	42	19
3.5 Waste	13	13	7
3.6 Business travel	3	3	3
3.7 Employee commuting	17	20	13
3.11 Use of sold products	703	840	549
Total scope 3	**1,974**	**2,289**	**1,818**
Total CO_2 footprint	**2,129**	**2,428**	**1,911**

Explanation

Only categories assessed as material are included within scope 3.
These categories have been identified and calculated in accordance with the Greenhouse Gas (GHG) protocol.

and other companies, including agreements on shared transport capacity. A pilot project with an Energy Management System has been successfully completed and, at the beginning of 2025, a collaboration was started with five companies, including VDL Fibertech Industries. The other companies, including VDL TIM Hapert and VD Leegte Metaal, will follow later this year.

Climate change and opportunities (E1)

VDL Groep is proud of our role as a leading manufacturing and technology company that provides innovative services and products to a variety of sectors, including the high-tech, mobility, construction, infrastructure, and energy markets. Our ambitions to make a long-term positive impact on people, the environment and society are greater than ever. The manufacturing and technology industry plays a crucial role in achieving the climate targets for 2050, and VDL Groep intends to take its responsibilities in this regard seriously. Due to its considerable importance to our business operations and strategy, we are committed to this company-specific topic. Our social and strategic objectives are guided by our production expertise, development knowledge and social commitment.

Our added value lies in creating solutions that can achieve a sustainable and future-proof positive impact, both in the short and long term. We see opportunities to contribute to sustainability with customers, chains and products, and by developing new initiatives and products. This means that we are not only strengthening our relationships and processes, but also actively seeking new opportunities to increase our contribution.
In doing so, we are creating opportunities for the present and the future. We are currently formulating a strategy and policy on this issue.

Existing services

Our services consist of contract manufacturing, where we manufacture products based on customer designs (build to print) or develop specifications in collaboration with the customer (build to spec).
In these processes, we actively contribute ideas about circular and energy-efficient designs with the aim of improving product performance and strengthening our revenue model. This also contributes to reducing the cradle-to-cradle CO_2 footprint.

In addition, as an Original Equipment Manufacturer (OEM), we are active in the development and production of our own products. This includes (zero-emission) buses and waste collection vehicles. We also supply battery energy storage systems (BESS) for sustainable energy storage and hydrogen generators. We develop charging infrastructure, produce refurbished battery packs for electric vehicles and, with our parcel machines, contribute to reducing transport kilometres through successful delivery on the first delivery attempt.

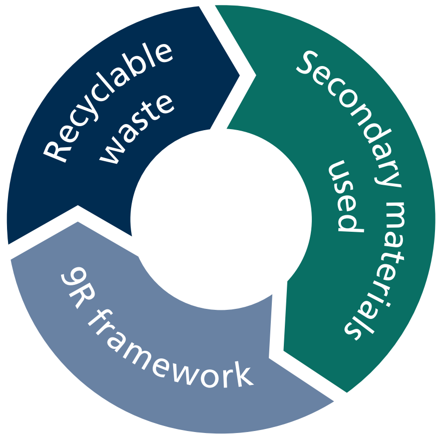
New business development

We are focused on future opportunities by developing new products, services and solutions that contribute to a more sustainable world. We respond to trends such as the energy, mobility, spatial planning and food transitions. To this end, VDL has entered into countless partnerships with a wide variety of companies and organisations.

Examples include 'hubs': multifunctional, shared neighbourhood or city locations where mobility, parcel services and neighbourhood facilities come together with a focus on sharing. This principle can be applied to making regions, cities, neighbourhoods, ports or industrial estates more sustainable. Based on our vision of spatial planning, VDL Groep has developed a microhub concept (the NextPole, a multifunctional mast) that can provide public spaces with various functionalities, such as LED lighting, charging options, communication (WiFi and data collection), sensors that measure air quality, noise and traffic movements, and signage. New products naturally find their way into our manufacturing companies. Thanks to the diversity of VDL companies, there is always a company that can take on production after the development phase. This enables us to offer our customers and markets the best possible service with innovative solutions.

Circularity (E5)

Raw material scarcity has been on the list of major risks for economic organisations for years. Due to increased geopolitical tensions, it is more important than ever that the EU is not completely dependent on raw materials from outside the Union. This can be achieved by keeping available raw materials in Europe in circulation as much as possible through circular processes. We see the circular economy as an opportunity and aspire to make a real difference by adopting a different approach to materials. With the chosen policy guidelines, our circularity strategy covers the entire value chain.



Recyclable waste

We are minimising (residual) waste by optimising our work processes and through innovative product design. Residual waste also includes waste raw materials at the end of the production process, which we try to collect in their pure form and make available again as raw materials. Packaging is a separate category within residual waste and therefore receives special consideration.

Secondary materials used

We are maximising the reuse and recycling of materials through product innovation and appropriate material use. Our primary focus is on metal, plastic and composite products. To this end, we have formed specific knowledge groups consisting of specialists and key users from various VDL companies to support data collection and the implementation of measures.

9R framework

In order to extend the lifespan of products and minimise waste, we apply the 9R methodology: Refuse, Rethink, Reduce, Reuse, Repair, Refurbish, Remanufacture, Repurpose, Recycle. This methodology, also known as the R ladder, describes strategies for keeping materials and products in circulation for as long as possible. The higher a strategy is on the ladder, the greater the contribution to a circular economy. Together with customers and chain partners, we are actively exploring the possibilities offered by this approach.

To stimulate circular business operations at VDL Groep, each VDL company is asked to take at least one concrete initiative each year that is in line with one of the 9R strategies. These initiatives can relate to product design, production processes, material use or waste processing – as long as they contribute to extending the life of products and raw materials or reducing waste. The initiatives deployed are collected and shared as *good practices* in the internal VDL network, allowing the companies to learn from each other and to encourage them to take additional steps toward circularity.

Trend towards product level reporting = life cycle analyses

The trend from company level reporting (CSRD/CSDDD) to product level reporting, such as life cycle analyses (LCA) with digital product passports (DPP), is becoming increasingly prevalent. Mapping out specific data on material flows is essential for this transition. By gaining detailed insights into the materials purchased, consumed, produced and discarded, companies can use raw materials more efficiently and reduce their environmental impact. This not only contributes to improvements in efficiency and cost savings, but also strengthens cooperation within the chain. Working together creates a shared understanding of material flows, which is essential for achieving circular ambitions. Our circularity strategy, combined with material data collection, plays a key role in optimising material flows and achieving LCA reporting. We work with knowledge institutions to develop product passports.

Indicators

- Percentage of secondary materials used
- Percentage of recyclable waste

SOCIAL (S)

The strategy of VDL Groep focuses on combining the strength of a multinational corporation with the culture of a family-owned business. Long-term decisions are made with a view to continuity for the company, employment retention and growth, and creating a working environment where employees feel valued, safe and encouraged to develop.

VDL Groep regards its employees as the core of the company. Four main topics are identified in the employee policy, of which good employment practices and equal treatment and compensation together form one integrated policy area. VDL Groep aspires to be an organisation where diversity and equality are central values and where everyone has equal opportunities to grow and develop. Along with training & development and health & safety, they form the three pillars of the HR policy.

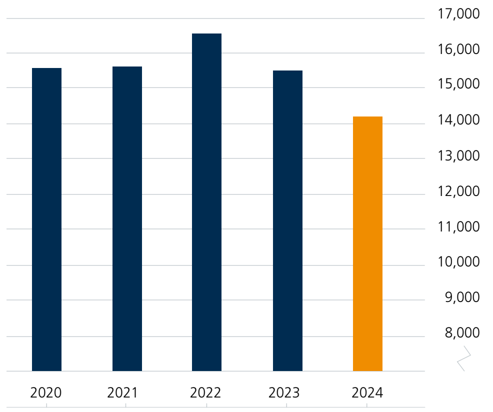
The total number of VDL Groep employees fell by 7%. This is mainly due to the production drop at VDL Nedcar. With the acquisition of the Van Hool bus company in June 2024, which included 1,600 employees, the total number of employees at the end of 2024 was 14,241, compared to 15,317 at the end of 2023.

Good employment practices (S1)

The policy on good employment practices focuses on stimulating entrepreneurship, providing opportunities for initiative and innovation, and creating a culture of cooperation, safety and commitment. Employees are encouraged to take initiative, propose creative solutions and work together towards common goals. Short lines of communication and a culture in which colleagues feel heard and appreciated contribute to a high level of engagement.
In order to gain insight into social safety in the workplace, VDL Groep will launch an employee satisfaction survey (ESS) at all operating companies. The aim of this survey is to gain insight into the work experience and organisational culture. Our aim is to use the ESS to identify areas for improvement that will contribute to a safe and supportive working environment for everyone.

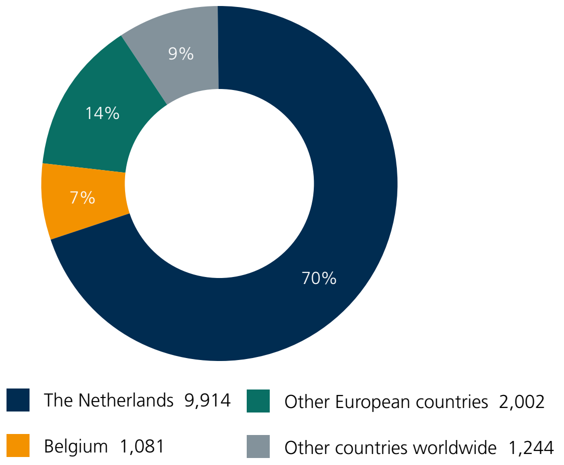
TOTAL NUMBER OF EMPLOYEES

(As at 31 December 2024, including temporary agency staff)



NUMBER OF EMPLOYEES BY GEOGRAPHICAL BREAKDOWN

(As at 31 December 2024, including temporary agency staff)



We are beginning with a pilot involving 13 companies. Operating companies that already have an ESS will switch over. In two years' time, all operating companies will conduct the same ESS so that we have uniform results.

Employment conditions are established in collective labour agreements and company regulations. VDL is committed to providing good working conditions for all employees by ensuring they receive adequate wages, working hours and employee benefits. About half of the foreign entities have a collective agreement in place.

In 2024, our employer brand *The strength of VDL* was launched, enabling VDL to position itself more prominently in the labour market. This brand emphasises pride in technological progress, opportunities for personal development and a close-knit family culture. New employees are welcomed through an onboarding app and a re-designed career website. Needless to say, we do not ask job seekers to contribute towards recruitment and selection costs, nor do we accept recruitment and selection agencies that do so.

In our *Samen Sterk* programme, freely translated as 'Strong Together', we strive to be more than just a good employer. We believe it is important that employees feel good about themselves, and that they are (financially) fit and healthy. It gives them more joy in their work, helps productivity, and prevents absenteeism. The goal of our *Samen Sterk* programme is to get VDL employees healthy and to help them stay that way. To encourage a healthy lifestyle, we offer our employees the opportunity to take part in a vitality programme. We also support our staff in becoming or staying financially fit. Our managers have been trained to recognise specific signs that indicate financial concerns or problems, how to initiate the conversation, and how to offer targeted help.

Equal treatment and compensation (S1)

VDL Groep attaches great importance to good employment practices and equal treatment and compensation. These issues are crucial to creating an inclusive and fair working environment where every employee feels valued and respected. VDL Groep aspires to be an organisation where diversity and equality are central values and where everyone has equal opportunities to grow and develop. In addition, VDL is committed to equal pay for equal work, regardless of gender or origin, and to increasing the proportion of women within the organisation.

The policy emphasises the importance of fair treatment from the time of application to the time of departure. Employee participation and consultation are actively facilitated, and there is a focus on social safety, including the prevention of discrimination and harassment in the workplace.

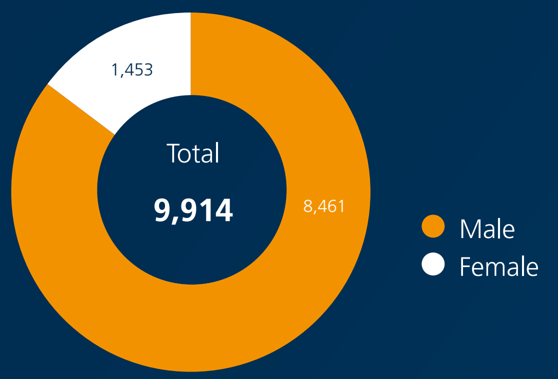
Training and development (S1)

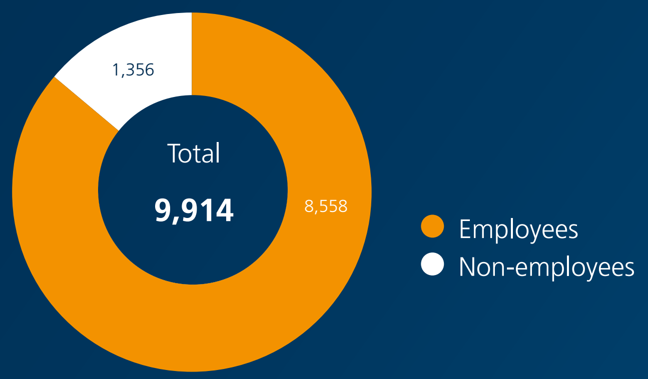
Training and development are strategic pillars of VDL's HR policy. The organisation is actively committed to supporting the career development of its employees by offering appropriate, targeted training courses.
VDL invests structurally in training courses, learning pathways and development programmes that contribute to both the professional and personal growth of its employees. The policy is aimed at strengthening professional skills, promoting internal mobility and creating a positive, stimulating working environment where employees can develop and excel.

In 2024, thousands of training courses were organised, including technical training, soft skills, digital skills and leadership development. Employees receive tailored support through initiatives such as the 'VDL Triple T Academy' and the 'VDL Procurement Academy'. In addition, work-based learning programmes are provided in areas such as mechatronics, welding and logistics, and the company collaborates with educational institutions through programmes such as 'VDL on Tour'.

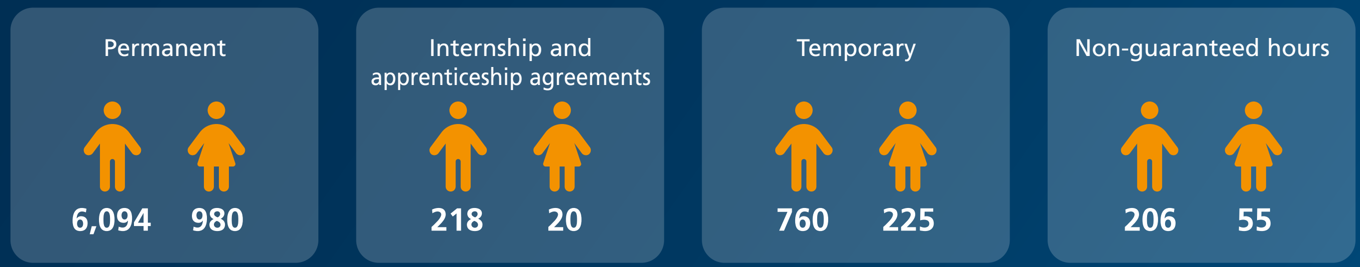
EMPLOYEES

Total number of employees in the Netherlands as at 31 December 2024

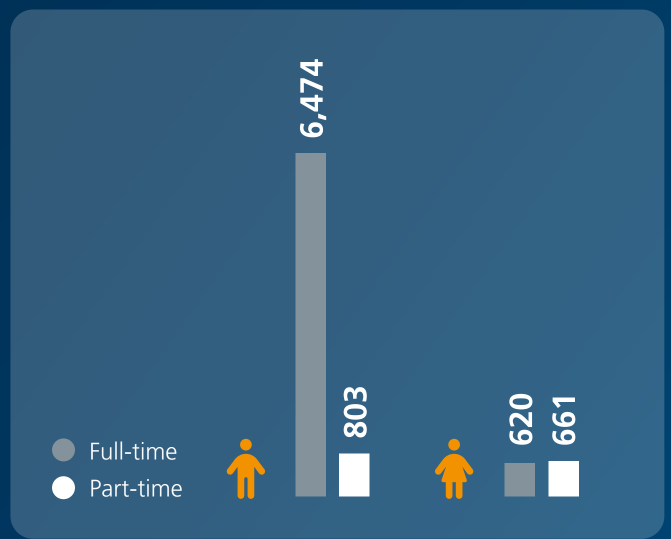




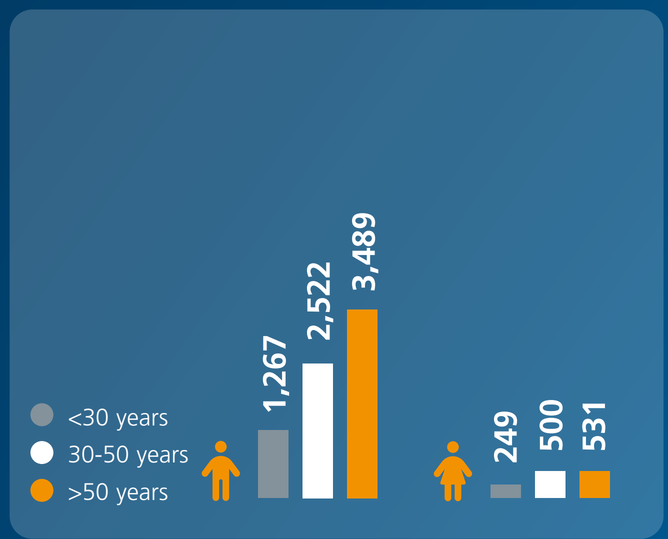
Employees
Contract type



Full-time or part-time



Age categories



The policy encourages regular feedback and performance evaluations as part of the performance management cycle. VDL expects every salaried employee to have at least one meeting with their manager each year. Managers and employees are encouraged to set goals and discuss progress. This approach supports employees in shaping their careers at VDL.

Our mission is to develop and retain talent and professionalism. Together we are working on attracting young talent and promoting the technical sector. By offering internships and training programmes to students, we are helping to ensure a future workforce that is well-trained and motivated.

Safe and healthy working (S1)

The health and safety of our employees is our top priority. Our policy is aimed at creating a safe working environment and promoting a culture of well-being. We are accomplishing this by implementing a comprehensive health and safety policy. Healthy and safe working is seen as a shared responsibility between employer and employee. We also guarantee the social safety of employees in all areas, including the ability to work free from discrimination and intimidation.

The policy includes:

- Conducting a risk inventory and evaluation (RIE) and formulating actions to manage the situation
- Workplace surveys and subsequent measures are carried out where necessary
- Promoting safe behaviour and the use of approved resources
- Regular information, clear work instructions and maintenance of equipment.

Updating RIEs, following up on outstanding RIE points and promoting an open culture where people proactively report dangerous situations as well as minor incidents is intended to further reduce absenteeism due to workplace incidents. By training managers, providing information material for employees and expanding our support services, we aim to achieve continuous improvement.

VDL is committed to the physical, mental and financial well-being of its employees. Healthy employees are more productive, gain more satisfaction from their work, and are absent less often. That is why we continuously invest in prevention, awareness and support.

Our objective is to prevent occupational accidents, absenteeism and occupational illnesses as much as possible.

Indicators

- Employee satisfaction score
- Percentage of gender diversity
- Percentage of equal pay, equal position
- Lost time injury rate

Human rights in the chain (S2)

At VDL Groep, respect for human rights is central to both our own organisation and the entire value chain. The people working for our suppliers and chain partners also deserve protection and fair working conditions.

Our strategy is aimed at preventing human rights violations. VDL Groep does not accept any form of forced labour or child labour in its chain. That is why we consciously choose local supply chains within north-western Europa, USA and Asia, where we have better insight into working conditions.

Human rights in the chain are a joint responsibility. VDL is organised in a decentralised manner, which is reflected in the procurement structure. At group level, central categories such as IT, energy, insurance and facility services are procured. In addition, coordinated procurement takes place through working groups where representatives of VDL companies enter into joint agreements on matters such as steel, flexible working and logistics services. For specific goods and services, VDL companies purchase locally.

With more than 300 purchasers within the group, it is essential that sustainable purchasing principles, including respect for human rights in the chain, are widely supported. To support this, the VDL Purchasing Expertise Centre was established with the aim of strengthening technical knowledge and purchasing skills. In collaboration with Nevi, the 'VDL Procurement Academy' was developed, with modules on topics such as supplier development and risk management.

We are working on an integrated human rights policy that focuses on limiting risks, promoting fair working conditions, protecting fundamental rights and increasing transparency in the chain. Through targeted training, due diligence processes, codes of conduct and cooperation with relevant stakeholders, we are developing an approach that enables us to identify risks at an early stage and take effective action.

ESG criteria have been integrated into our purchasing conditions, with explicit reference to our Supplier Code of Conduct. We expect suppliers to be familiar with this code of conduct, to comply with it and to bring it to the attention of their own suppliers and strive for compliance.

We are investigating effective methods for setting up a due diligence process in line with the Corporate Sustainability Due Diligence Directive (CSDDD) that will enable us to identify, prevent and address human rights and environmental risks among Tier 1 suppliers. This process is in line with the six steps of the Organisation for Economic Co-operation and Development (OECD) guidelines for multinational enterprises.

Together with UNICEF and Terre des Hommes, a supply chain for the raw material mica has been mapped out. Ensuring these so-called upstream processes are transparent helps monitor and control ethical business standards.

GOVERNANCE (G)

Business ethics (G1)

VDL Groep has chosen business ethics as a material topic because of the intrinsic motivation to make a positive impact on society and to be a reliable partner for all our stakeholders. As a family-owned company, we attach great importance to integrity, transparency and responsibility in all our activities. This stems from our conviction that ethical business practices contribute to sustainable growth and success.

We have implemented several measures to safeguard business ethics. In our Code of Conduct, we describe the values and standards that we consider important. It sets out guidelines for how our employees are expected to behave in an ethical and appropriate manner towards customers, colleagues, suppliers, competitors and in various situations. They are expected to operate ethically as well as actively prevent corruption, bribery, money laundering and conflicts of interest. In addition, they are expected to treat confidential information with care.

The Code of Conduct also refers to the Whistleblower Scheme. We have an open and informal working atmosphere and encourage employees to help solve (suspected) abuse internally by talking to each other. If, for whatever reason, this is not possible, staff can make use of the Whistleblower Policy and the Psychosocial Work Stress policy (PSA). For both, two employees and one external agency have been appointed as confidential counsellors. We are working on a centralised incident reporting system. In 2024, there were no court cases relating to corruption, bribery and data security.

Responsible information management

Information security is a strategic priority at VDL Groep. In 2024, the threat assessment and risk profile changed significantly. New European legislation and regulations such as the NIS2 Directive and the Cyber Resilience Act (CRA), are placing higher demands on both our operating companies and the central IT organisation. At the same time, we are seeing increasing customer demand for specific security measures, particularly from government contracts. This requires continued strengthening of our security architecture and a structural approach to information security.

One important part of our policy is to raise awareness among employees. To this end, we offer both web-based and face-to-face training programmes focused on recognising and preventing information security breaches. During these training sessions, we explicitly clarify how incidents can be reported.
A due diligence programme has also been implemented for selected suppliers. Depending on the supplier's risk profile, a questionnaire is provided and/or an ISO certificate is requested. This enables us to maintain control over information security even outside our organisation.

The Whistleblower Policy offers employees the opportunity to confidentially report any potential breaches of among others data protection. The company regulations set out how these reports can be submitted securely and anonymously.

In order to systematically identify risks, we periodically carry out risk analyses on information security. The results of these analyses can be found in the risk table in the annual report under the heading Business Risks. 'Cyber attacks' are listed in this table with the corresponding mitigation measures. When suspicious situations are identified, immediate action is taken in accordance with internal protocols, with appropriate measures being taken according to established procedures. A document retention schedule has also been implemented, as set out in our GDPR manual.

We use technical measures such as firewalls to protect third-party data from unauthorised access or disclosure. Access to systems is carefully managed via a ticketing system and granted based on the 'least privilege' principle: employees only have access to the systems they need for their work. Confidential information is only processed, shared and stored with the consent of authorised stakeholders. This falls within our identity and access management system, where access is only granted after approval by the manager or senior management.

Our control procedures are evaluated on a regular basis. The IT department is ISO 9001 certified and is working on expanding this with additional ISO standards. The external auditor conducts an annual Electronic Data Processing (EDP) audit to assess the reliability of automated data processing.

Social commitment

As a family business, we have always been strongly involved in the living and working environment. It is therefore a matter of course for us to contribute towards the sustainable development of our society. We demonstrate our social commitment to the regions in which we operate in various ways. This includes close cooperation with knowledge institutions, companies and government bodies, as well as sponsorship of sporting, cultural and social events and associations. We have therefore chosen this topic as 'entity specific' for ESG reporting.

At VDL Groep, we strongly believe in the importance of social responsibility and have therefore chosen three policy pillars that help us make a positive contribution to society: (sports) sponsorship, education and welfare. These are areas where we can offer the most added value and make an impact on sustainable solutions to pressing social problems.

(Sports) sponsorship

Sport facilitates cooperation, connection and fellowship. It is also a great way to stay fit and healthy. VDL Groep supports various sports clubs and projects. We focus primarily on football, running, cycling and equestrian sports. For example, we are proud sponsors of: PSV, FC Eindhoven, Heracles Almelo, VVV Venlo, Marathon Eindhoven, CSI Eindhoven, The Dutch Masters (Indoor Brabant) and Jumping Indoor Maastricht. We also sponsor local clubs and a variety of events to promote a broader range of sports. Sports clubs often play a pivotal role in the local community and serve as a social meeting place. Our sponsorship enables clubs to continue their activities and keeps sports affordable for everyone. We also support various organisations in the cultural arena.

Education (promotion of technology)

We continuously focus on getting young people enthusiastic about engineering, so that one day they might choose a job in the technical field. We do this by working together with knowledge institutions and government bodies, and by sponsoring numerous organisations that are committed to promoting technology. In the summer of 2024, the Robocup World Cup took place in Eindhoven, attracting roughly 50,000 visitors. Together with our partner ASML, VDL Groep was the main sponsor of this event. We work closely with educational institutions through participating in research projects, giving guest lectures at schools, offering internships for teachers and counsellors, organising lunch lectures, open days, career markets and company tours. In online guest lectures, we answer practical technical questions with the aim of sharing knowledge, giving proud MBO students a chance to share their views and getting everyone excited about a career in engineering.

VDL companies outside the Netherlands also engage with their local communities. For example, we work with technical schools in the region, we offers students the opportunity to get to know our companies and supports local (sports) clubs.

Well-being

Our own charity foundation, VDL Foundation, supports social projects in the field of healthcare and well-being. In addition, VDL Groep, together with eleven other companies from the Brainport region, has launched the 'Brainport Partner Fund'. Through this private fund, we are contributing to four social objectives in the region: accessibility, affordable housing, extra talent for the labour market and equal opportunities for all residents. The association *Brainport voor Elkaar* (Brainport for Each Other) uses the funds to realise concrete projects and improve the quality of life in the region. We work together with social organisations, businesses, governments and educational institutions on innovative and sustainable solutions for the social challenges facing the region. Brainport voor Elkaar focuses on the pillars of social innovation, livelihood security, basic skills and living together. Ultimately with the aim that everyone can benefit from the success of the Brainport region.

Financial worries are one of the themes on the social agenda that Brainport voor Elkaar will be addressing in 2024. Financial hardship often has a strong impact on people's daily lives, both at home and at work. As an employer, VDL Groep wants to be close to its employees and finds it important that all employees and their families are (financially) healthy and feel good about themselves. For this reason, we conducted the Financially Fit market survey for employees again in 2024. This study demonstrates the positive contribution the Financial Fitness programme has made: the number of employees who do not have enough money at the end of the month fell from 1 in 6 to 1 in 10; savings behaviour increased; and significantly more employees (87%) believe that their employer can support them in achieving a good financial situation compared to the rest of the Netherlands (74%).

The results will be taken into account in optimising the programme at VDL and in the further development of the Financially Fit in Brainport programme. The most important goals are to detect financial issues sooner to prevent further problems and to set up a platform at the workplace where staff can discuss financial worries. Managers have received training with that goal in mind. Identifying and practising interview techniques makes the subject easier to broach during talks between employees and their managers or HR representatives. The training enables them to refer employees to the right support more effectively.

Fiscal responsibility

VDL Groep considers the payment of taxes to be a key contribution to the financing of public services and infrastructure, which benefit society as a whole. No tax structures aimed at tax avoidance are used within the group structure. The organisation takes a transparent and ethical approach to its tax obligations, in line with its social responsibility and the applicable laws and regulations.

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