Group Sustainability Statement

General information (ESRS 2)

Basis for preparation (BP)

General basis (BP-1)

This sustainability statement has been prepared on a consolidated basis for the MTU Group ("MTU") in full compliance with the European Sustainability Reporting Standards (ESRS). It also fulfills the requirements of the non-financial reporting obligations pursuant to Sections 289b et seq. and 315b to 315c of the German Commercial Code (HGB) (combined non-financial statement). For information on the implementation of the requirements for the parent company's non-financial reporting obligations pursuant to commercial law, see *Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements.*

MTU's sustainability statement for fiscal year 2024 covers the period from January 1, 2024 to December 31, 2024. The consolidated group is identical to the consolidated group in the consolidated financial statements and thus includes the companies listed below. For further information on the consolidated group, please refer to the *section headed Consolidated group in the chapter I. Accounting principles and policies in MTU's consolidated financial statements.*

- MTU Aero Engines AG incl. MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH
- 3D.aero GmbH[1]
- eMoSys GmbH
- MTU Aero Engines (Shanghai) Ltd.
- MTU Aero Engines North America Inc. incl. MS Engine Leasing LLC. GmbH
- MTU Aero Engines Polska sp. z o.o.
- MTU Maintenance Berlin Brandenburg GmbH
- MTU Maintenance Canada Ltd.
- MTU Maintenance Dallas Inc.
- MTU Maintenance do Brasil Ltda.
- MTU Maintenance Hannover GmbH
- MTU Maintenance Lease Services B.V. incl. MTU Aero Engines Finance Netherlands B.V.
- MTU Maintenance Serbia d.o.o.
- MTU Maintenance Australia Pty. Ltd. (former MTU Maintenance Service Centre Australia Pty. Ltd.)
- MTU Maintenance Service Centre Ayutthaya Ltd.
- MTU Maintenance Singapore Pte. Ltd.

[1] MTU Aero Engines AG took over 3D.aero GmbH, based in Hamburg, on December 16, 2024.

In the reporting period, no subsidiary undertakings included in the consolidation are exempt from individual or consolidated sustainability reporting under Articles 19a(9) or 29a(8) of Directive 2013/34/EU.

This sustainability statement covers not only MTU's own operations but also its upstream and downstream value chain. The double materiality assessment of impacts, risks and opportunities has been carried out for the entire upstream and downstream value chain. The policies, actions and targets relating to material impacts, risks and opportunities cover the entire value chain, unless otherwise stated in the topic-specific sections of the report. Where estimation methods are used for metrics due to incomplete data on the upstream and/or downstream value chain, in the following section *Specific circumstances (BP-2)*. MTU also made use of the transitional provisions in accordance with ESRS 1 Section 10.2 paragraphs 132 and 133. In preparing its first-time reporting in accordance with ESRS, MTU was faced with the challenge of collecting comprehensive data on its upstream and downstream value chains, although not all the necessary information was available. The main reasons for this are the complexity of global value chains, the differing degrees of data availability among MTU's partners, and technical challenges in integrating data systems. These factors made it difficult to collect all the information for the entire upstream and downstream value chain for the reporting year. The steps MTU took in the reporting year to deal with these challenges included making changes to how its sustainability management was organized in order to improve the interdisciplinary exchange of information between departments and to make the collection and analysis of sustainability data more effective. In addition, agreements were made with service providers to identify existing data gaps and to develop strategies for closing them.

More detailed information on MTU's value chain can be found under *Strategy, business model and value chain (SBM-1)*.

In the section on product quality and flight safety, MTU utilized the option under ESRS 1 Section 7.7 to omit information on quantitative targets for reasons of confidentiality. The option of exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU and the option to omit detrimental information (Section 289e HGB) have not been used.

Specific circumstances (BP-2)

Time horizons

MTU deviates from the time horizons specified by ESRS and has defined the following short-, medium- and long-term time horizons in accordance with the existing MTU-specific periods of operational and strategic planning:

- forecast: short-term / below 1 year,
- operational planning: medium-term / from 1 to 3 years, and
- strategic planning: long-term / from 4 to 15 years.

Value chain estimation

For metrics related to data points from other EU legislation, consideration of value chain information is mandatory, despite the ESRS transitional provision. For the calculation of Scope 3 GHG emissions value chain estimations have been used. More information on the estimation approach and the respective level of accuracy can be found in the table below and in the respective topic section. MTU is endeavoring to improve value chain data quality in the future. However, no detailed action plan in this regard can be published at this time.

ESRS		Metric	Description
E1	E1-6 44(c) E1-6 51 E1-6 AR 46(g), 46(j)	Scope 3 GHG emissions	To calculate Scope 3 GHG emissions, value chain estimations were made using indirect sources. Where possible, MTU uses activity data and industry average estimations from emission factor databases in its carbon accounting. Further information on the estimation of GHG emissions can be found in the respective minimum disclosure requirements for the use of estimations and outcome uncertainties (see the *section Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)*).

Outcome uncertainty and external validation

Forward-looking data and information contained in this sustainability statement are generally subject to a certain degree of uncertainty. In addition, the metrics reported in this statement have not been validated by any external body other than the assurance provider, unless otherwise stated in the annex to this sustainability statement under *MDR-M disclosures*.

Incorporation by reference

In accordance with ESRS 1 Section 9.1 ("Incorporation by reference"), MTU has utilized the option to report on certain disclosure requirements by referencing other documents. The following table outlines all ESRS disclosure requirements that have been partially or fully incorporated by reference.

ESRS Disclosure Requirement	Reference Section and page	Sustainability statement Section and page
ESRS 2 GOV-3-29	Management compensation report, from p. 21	GOV–3 Integration of sustainability-related performance in incentive schemes, p.116 f.
ESRS E1-13	Management compensation report, from p. 21	ESRS E1-13, p. 126 f.

References to further information outside the (Group) sustainability statement are not part of ESRS reporting and are marked accordingly (*).

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

Disclosures based on the German Commercial Code (HGB)

This sustainability statement for MTU, which has been prepared in accordance with ESRS, also fulfills the requirements for the non-financial (Group) statement and thus represents the combined non-financial statement for the MTU Group and MTU Aero Engines AG.

In fulfillment of its reporting obligations under commercial law, MTU declares:

- The first-time and full use of ESRS as a framework in accordance with Section 315c(3) HGB in conjunction with Section 289d HGB is based on the importance of ESRS as the European sustainability reporting standard adopted by the European Commission.
- The double materiality assessment carried out by MTU covering the sustainability matters to be taken into account in accordance with ESRS 1 AR16 also addresses the five matters specified in HGB. It should be noted in this context that the sustainability matters pursuant to ESRS are not fully congruent and cannot be assigned to the matters pursuant to HGB. A reconciliation guide is provided below: "Environmental matters" are addressed by ESRS E1 to E5; "Employee matters" are addressed by ESRS S1 and S2; "Respect for human rights" is addressed at various points in the ESRS social standards (in particular by the information on human rights policy concepts in ESRS S1 and S2); "Corruption and bribery" is addressed by the sub-topic "Corruption and bribery" in ESRS G1. "Social matters" are addressed by the (sub)topics of ESRS S3 and S4. As described under *Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)* and *Disclosure requirements in ESRS covered by the undertaking's sustainability statements (IRO-2)* for the double materiality assessment, no relevant topics were identified for the "Social matters" aspect. There are no material risks arising from MTU's own operations, business relationships, products, or services that are highly likely to have severe negative impacts on non-financial matters pursuant to Section 289c HGB.
- MTU's most significant non-financial performance indicators are presented in the *Key performance indicators section under The MTU Group in the combined management report*. Compared to the previous year, the "women in leadership positions" indicator was added as a further significant non-financial performance indicator, and supplements the non-financial performance indicators reported in the previous year, namely "CO_2" (with the components "CO_2 abatement through sustainable measures" and "remaining CO_2 emissions") and "training days per employee".

The following is provided as supplementary information to the MTU Aero Engines AG non-financial statement pursuant to Section 289b HGB:

- MTU has not used a framework for the non-financial statement relating to MTU Aero Engines AG pursuant to Section 289b HGB because MTU Aero Engines AG believes that only an ESRS sustainability statement for the MTU Group is relevant for its stakeholders.

/ MTU Aero Engines AG is the MTU Group's parent undertaking and is responsible for all business decisions. With regard to the content of the non-financial statement for MTU Aero Engines AG pursuant to Section 289b HGB, reference can therefore be made to the sustainability statement for the Group, which also fulfills the requirements for the combined non-financial statement prepared in accordance with Sections 289b et seq. and 315b to 315c HGB.

Disclosures based on the EU Taxonomy Regulation

/ With this sustainability statement, the MTU Group is also complying with the requirements of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter referred to as the EU Taxonomy Regulation) (see *Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*).

Governance

The role of the administrative, management and supervisory bodies (GOV-1)

This section contains information on the composition of the Executive Board and Supervisory Board and describes their roles and responsibilities as well as their access to specialist knowledge and expertise in sustainability matters.

The Executive Board is responsible for managing and monitoring MTU's impacts, risks and opportunities, taking into account that social and environmental factors influence the company's success and that MTU's activities impact both people and the environment. It is responsible for implementing the sustainability strategy and targets and for monitoring sustainability efforts implemented in the MTU Group and organizational structures via the Corporate Sustainability (CS) management system (see illustration).

The CEO takes on the role of Chief Sustainability Officer (CSO). Supported by the advice of the Corporate Sustainability Board (CS Board), the CSO is responsible for defining the company's positioning and its sustainability strategy and objectives. This includes evaluating sustainability matters and adapting the company's strategy and business model. In this way, sustainability is integrated into MTU's corporate decision-making processes. At Executive Board level, the CEO/CSO is responsible for all product development. This also includes the technology roadmap and the development of innovative and more sustainable propulsion systems. The CFO is responsible for corporate reporting, including the sustainability statement. The above responsibilities at management level are set out in the rules of procedure of the Executive Board, the allocation of responsibilities and, for the operational level, in MTU's sustainability reporting governance.

The Executive Board brings together sector and product-specific as well as international experience. The members have expertise in the core areas of MTU's business activities, including the development and production of new propulsion systems and the development of new markets. The range of expertise of the Executive Board reflects the company's geographical diversification. The Executive Board also has the experience required to monitor MTU's material impacts, risks and opportunities. MTU's Executive Board comprises four members; in the reporting period, it consisted of one female member and three male members, which corresponds to a gender ratio of 33%.

In accordance with statutory provisions, the Supervisory Board is responsible for monitoring corporate reporting, including the sustainability statement. In doing so, it incorporates sustainability matters into its monitoring and advisory functions. The Board's tasks include overseeing the implementation of the sustainability strategy, target setting and performance management. The Supervisory Board and its Audit Committee are responsible for reviewing the sustainability statement in the management report and for monitoring the accounting process. The Audit Committee makes recommendations to ensure the integrity of the accounting process, including with regard to sustainability reporting. The responsibilities of the Supervisory Board and its Audit Committee are set out in the rules of procedure for the Supervisory Board.

The Supervisory Board has twelve members, and consisted of five female and seven male members in the reporting period. This corresponds to a gender ratio of 71%. In accordance with the requirements of Germany's two-tier board system, employees are represented by employee representatives on the Supervisory Board, which is subject to equal co-determination. MTU's Supervisory Board has carefully considered the recommendations of the German Corporate Governance Code (GCGC) on the independence of the members representing shareholders. With reference to its composition in fiscal year 2024, the Supervisory Board considers all its members to be independent.

The Supervisory Board of MTU shall be composed of individuals whose collective competencies enable effective advice and oversight of the Executive Board concerning all business activities - including sectors, products, and geographical locations - as well as MTU's strategy and its response to emerging societal and technological challenges. The essential components of this competency spectrum are outlined in the Supervisory Board's profile of skills and expertise. The Supervisory Board has expertise in areas such as the aviation industry, supply chain & operations, risk management & compliance, marketing & sales, and international experience in relation to relevant end markets, future technologies/digitalization & IT and sustainability. When exercising its appointment powers, the Supervisory Board also takes sustainability-relat-

ed experience, skills and qualifications into account. The Supervisory Board resolved to expand its profile of skills and expertise in the reporting year. The competence profile, which has been specified in the field of sustainability, will be taken into account in the annual self-assessment in the future.

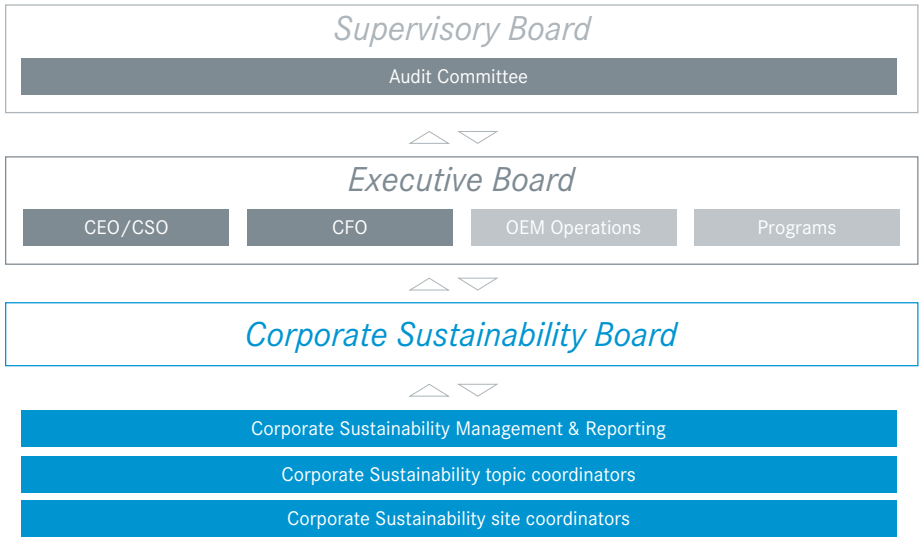
In the reporting year, the Executive and Supervisory Boards of MTU received training on the regulatory requirements of CSRD and ESRS for sustainability reporting and on related ESG topics and sustainability matters they contain. As part of this, the Boards also addressed MTU's material impacts, risks and opportunities. If necessary, internal or external experts are involved in preparations for decision-making.

Further information on the composition of the Executive and Supervisory Boards and the experience of Board members in relation to the company's sectors, products and geographical locations can be found in the *section of the combined management report headed Corporate governance statement* and in the Board member resumes available on the MTU website.

The CS Board is tasked by the Executive Board and the CSO with the operational implementation of sustainability management, with the CS Board acting as an advisory and (preparatory) decision-making body. It consists of members of the first management level below the Executive Board who hold corporate functions relevant to sustainability. These include purchasing & logistics, corporate quality & environmental sustainability, corporate strategy, human resources, corporate communications & public affairs, compliance, finance, and development & technology. The CS Board is responsible for driving sustainability forward at MTU, controlling CS activities on behalf of the CSO, and adopting CS actions and initiatives. The CS Board supervises sustainability-related policies, targets, action plans, and dedicated resources. It also oversees sustainability reporting and hence the preparation of the annual sustainability statement. The CS Board reports directly to the CSO and regularly to the entire Executive Board as well as the Supervisory Board and its Audit Committee.

With regard to the annual update of MTU's double materiality assessment, the CS Board is regularly informed of the results of the individual process steps. The CS Board discusses the results of the double materiality assessment together with the Executive Board, including the determination of the threshold value and the resulting material impacts, risks and opportunities. The Supervisory Board and its Audit Committee are also informed about the results of the double materiality assessment, the material impacts, risks, and opportunities, and the planned content of the sustainability reporting.

MTU organization regarding sustainability matters



Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)

Within the MTU organizational structure, overarching sustainability goals are defined by the Executive Board and the CSO. The CS Board provides suitable mechanisms for measuring outcomes and implements these through an interdisciplinary team of topic coordinators and site coordinators.

The CS Board meets at least every two months and invites representatives from specialist departments and other operational functions as required. It reports quarterly to the Executive Board and/or CSO and the Supervisory Board on material impacts, risks and opportunities, the implementation of due diligence, and the effectiveness and outcomes of the agreed policies, actions and targets. Information on the results of the double materiality assessment, the content of the sustainability statement and the progress made on actions and targets are part of the agenda for the annual meetings of the Audit Committee and the Supervisory Board. Monitoring of the sustainability statement is anchored in the annual meeting agenda of the Audit Committee and is an integral part of the Supervisory Board's annual meeting to discuss the financial statements.

The concept of sustainability is a central component of MTU's strategy and business model, as explained in more detail in the *Strategy, business model and value chain (SBM-1)* section. Sustainability is reflected in the respective strategic priorities, including MTU's Clean Air Engine (Claire) technology agenda. The Executive Board and the CSO function are responsible for the assessment of and changes to sustainability-related aspects of MTU's strategy and business model, taking into account material impacts, risks and opportunities. MTU's overarching sustainability targets are systematically integrated into operational objectives at department and site level. This ensures that relevant sustainability matters are included in decision-making processes. In addition, MTU continuously reviews the extent to which it can embed sustainability even more firmly in decision-making processes, including possible medium-term adjustments to corporate regulations.

In the reporting period, all material impacts, risks and opportunities (see *List of material impacts, risks and opportunities in the annex to the sustainability statement*) identified in MTU's double materiality assessment were addressed by the CS Board and discussed with the Executive Board, the Supervisory Board and its Audit Committee.

Integration of sustainability-related performance in incentive schemes (GOV-3)

The compensation and incentive schemes for members of the Executive Board are linked to sustainability matters. The performance evaluation includes specific sustainability-related targets. Performance metrics are utilized as benchmarks and are included in the management compensation system. Climate-related considerations and greenhouse gas (GHG) emission reduction targets are also taken into account in the compensation of Executive Board members. The compensation of Supervisory Board members does not include any share-based or sustainability-related compensation components. The disclosures on the specific sustainability-related incentive systems and the sustainability-related compensation policy as well as the inclusion of climate-related factors in the Executive Board's performance plans and the variable compensation components dependent on these targets (ESRS 2 GOV-3-29 and ESRS E1-13) are included in the *Management compensation report section of the annual report* and are also an integral part of this (Group) sustainability statement.

Statement on due diligence (GOV-4)

The following overview explains how and where the application of the main aspects and steps of the corporate due diligence process are reflected in the sustainability statement: The outcome of core elements of MTU's sustainability due diligence process already informs its assessment of impacts, risks and opportunities and will continue to do so in the future.

Core elements of due diligence	ESRS disclosure	Reference (page number) sustainability statement
Embedding due diligence in governance, strategy and business model	• ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	116
	• ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes	116
	• ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model; and topical ESRS that consider the interaction between business prospects and material sustainability matters	123, 148, 164, 184

Core elements of due diligence	ESRS disclosure	Reference (page number) sustainability statement
Engaging with affected stakeholders in all key steps of the due diligence	• ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	116
	• ESRS 2 SBM-2: Interests and views of stakeholders; topical ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process	119
	• ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	125
	• ESRS 2 MDR-P: Minimum Disclosure Requirements for policies in topical disclosures	149, 160, 165, 185, 193, 195
Identifying and assessing negative impacts	• ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities, including application requirements related to specific sustainability matters in the relevant ESRS	125
	• ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	123, 148, 164, 184
Taking action to address those negative impacts	• ESRS 2 MDR-A in topical ESRS regarding actions taken and planned, including transition plans to address the impacts	150, 161, 173, 189, 194
Tracking the effectiveness of these efforts and communicating	• ESRS 2 MDR-M in topical ESRS regarding metrics	209
	• ESRS 2 MDR-T in topical ESRS regarding targets	153, 162, 178, 192, 194, 199

Risk management and internal controls over sustainability reporting (GOV-5)

At MTU, sustainability risks are taken into account in the Group-wide risk management system (RMS). The RMS is based on international (e.g. COSO) and national frameworks (e.g. the IDW auditing standards). Detailed information on sustainability-related risks in the context of the double materiality assessment and their integration into the RMS (including mitigation strategies) are discussed in the chapter *Material IROs and interaction with strategy and business model (SBM-3)* in the sustainability statement. Sustainability-related risks and opportunities are identified, assessed on a quarterly basis, and reviewed by the CS Board. Similar to other risks, sustainability risks are assessed according to the extent of their financial magnitude and their likelihood of occurrence. Operational risk management is carried out at the level of the individual divisions and subsidiaries. These units are responsible for identifying, assessing, controlling and monitoring their risks and documenting them in a central risk management tool. Risk reports are prepared in parallel with the quarterly financial statements and any risks that arise during the year are reported immediately. Risks are assigned to categories based on the potential deviation from EBIT or cash flow and multiplied by the four types of likelihood of loss occurrence. Material sustainability risks reviewed by the CS Board are reported to the Risk Board, and as such included in regular risk management reporting to the Executive Board and the Audit Committee.

The internal control system (ICS) over financial reporting is designed to guarantee reliable financial reporting and preparation of the financial statements. Internal controls over sustainability reporting (ICSR) serve to ensure the reliability and integrity of the disclosures in the sustainability statement and are intended to minimize the risk of incorrect data collection or presentation in the reporting. To date, MTU's ICSR have covered selected sustainability-related metrics, in particular the sustainability-related metrics underlying Executive Board compensation. Generally, the following basic ICSR elements are used for the sustainability reporting metrics:

A data management software is used to collect data and to calculate metrics reported in the sustainability statement. Information and data from MTU sites are to be reported by local data collectors and validated by site validators. For most datapoints, a control is automatically carried out to ensure that the values are consistent with those of the previous year. Significant deviation requires further confirmation and documentation in the data management software. Consolidated data is also validated at Group level. The process of data collection, metric definition and metric calculation are reviewed annually by the responsible departments. As a standard principle, all data inputs in the data collection process for sustainability metrics require documented evidence.

Further information on the RMS and ICS, including scope, main features and components as well as a description of the regular reporting to the governance bodies is available in the chapter *Main features of the internal control and risk management system in the combined management report.*

Strategy

Strategy, business model and value chain (SBM-1)

MTU's portfolio covers the entire lifecycle of commercial and military aircraft engines and aero-derivative industrial gas turbines. The company's activities range from development, manufacturing and marketing to maintenance. MTU has technological expertise in low-pressure turbines, high-pressure compressors and turbine center frames, and in repair techniques and manufacturing processes. Through risk- and revenue-sharing partnerships, it is involved in important national and international technology programs, including with GE Aerospace and Pratt & Whitney. In the military sector, it has been the leading industrial partner to the German armed forces for decades.

MTU operates in two segments: the OEM business (Original Equipment Manufacturing) and MRO business (Maintenance, Repair and Overhaul). The OEM segment covers new commercial engines, including spare parts, and the whole of the military sector. The MRO segment comprises the commercial maintenance activities.

Further information on MTU's corporate strategy, significant groups of products and services offered as well as significant markets and customer groups served can be found in the *chapter The MTU Group within the combined management report*.

In 2021, MTU launched the 2025+ sustainability program, which is divided into the following six areas of action: corporate governance, product, procurement, production, maintenance, and employees and society. The strategy addresses upcoming challenges, critical solutions and projects to be implemented that relate to material sustainability matters. Innovation plays an important role in the company; for example, the Claire technology roadmap aims to realize the vision of climate-neutral flying. MTU's sustainability targets are aligned with the EU Green Deal, which is based on the Paris Agreement and aims to achieve climate neutrality by 2050 in order to limit global warming to 1.5 °C.

MTU pursues a sustainability strategy aligned with the sustainability program and the 2025+ goals. The strategy is anchored throughout the Group and aims to achieve long-term value creation.

The company has defined sustainability targets that cover its product and service groups, customer categories, geographical areas and relationships with stakeholders. The aim is to achieve the following objectives: comprehensive sustainability management and further development of a culture of compliance, including the adoption of a Group-wide climate strategy; top priority for product quality and flight safety; human and employee rights as central components of MTU's business relationships, a resource- and environment-friendly value chain; continuous improvement of resource efficiency; active and targeted employee development at all hierarchy levels; a responsible role in society and development of research collaborations for joint knowledge building. In the area of products, MTU is working to reduce emissions by developing more efficient technologies and optimizing existing products, for example. MTU seeks partnerships with customers from the aviation industry that are based on shared sustainability principles. As a global company, MTU focuses on promoting sustainable innovations. Relationships with stakeholders are strengthened by transparent communication and collaborative initiatives to promote dialogue about sustainability. More information on this can be found in the *section Interests and views of stakeholders (SBM-2)*.

MTU's strategic elements relating to sustainability matters include a large number of initiatives and projects targeting current and future challenges. Key challenges include adapting to rapidly changing regulatory requirements, technological change in the aviation industry and the need to further integrate sustainable business practices – which MTU is responding to by, for example, developing new generations of engines and implementing circular economy principles. For a detailed description of the relevant solutions or projects, please refer to the topic-specific reporting sections of the sustainability statement.

Number of MTU employees by region

Area	Headcount
Germany	9,241
Europe excluding Germany	1,733
Americas	954
Asia-Pacific	25

MTU's position in the value chain encompasses research and development, component production, module assembly, quality control and testing, sales and marketing, and maintenance. Key players in the value chain include mines and smelters (raw materials), suppliers of engine parts (intermediate products), customers (engine OEMs, airlines), airframe manufacturers and end users (passengers).

MTU's sales channels vary depending on the business segment. In the OEM business, MTU uses its strategic partnerships and joint ventures with other companies in the aviation industry, such as Pratt & Whitney and General Electric. These partnerships enable MTU to jointly develop and market engines and components. In the MRO business, MTU operates a sales network of maintenance centers around the world, including locations in Europe, Asia and North America. MTU works directly with airlines to sell its maintenance services.

The following table provides a schematic representation of MTU's value chain.

MTU value chain

Upstream value chain		MTU's own operations	Downstream value chain		
Raw materials (indirect suppliers)	Intermediate products (direct suppliers)	Manufacturing and maintenance	Processing by engine OEMs and cell manufacturers	Use phase (airlines)	End of life

Specialized technology partners are among the most important business relationships in MTU's value chain, both on the supplier and customer side. In the aftermarket business, MTU benefits from a strong engine portfolio. MTU secures necessary input via a global network of universities, research institutes and companies. To maintain its technological expertise, it is essential for MTU to have a strong presence in research and to develop propulsion systems designed to reduce emissions. MTU follows a comprehensive approach to gathering, developing, and securing its value chain inputs. The company endeavors to maintain its leading market position by reliably sourcing high-quality materials, investing in research and development, protecting intellectual property and promoting a skilled workforce. MTU creates outputs in several ways to provide current and expected benefits for customers, investors, and other stakeholders. New engine designs or components can result in higher efficiency, lower fuel consumption and lower emissions for customers. These developments improve aircraft operation and reduce operating costs, which also benefits society and the environment. MTU supports its customers with individual engine-related services aimed at optimizing costs for customers over the engine's useful life and extending maintenance cycles. This leads to fewer shop visits and shorter downtimes for the customers during engine removal and installation on the aircraft. The focus here is on achieving sustainable profitability and generating shareholder value. These outputs enable MTU to win and retain customers and secure ongoing capital for future investments.

Interests and views of stakeholders (SBM-2)

MTU engages in continuous dialogue with its key stakeholders, focusing on knowledge sharing, networks, and collaboration. The aim is to better understand stakeholders' needs and expectations in order to take these into account in MTU's strategy and objectives. This dialogue makes it possible to find common interests and strengthen innovation and competitiveness. Dialogue with partners in order to work together on future-oriented solutions for more sustainable aviation is an elementary process here. Stakeholder engagement is characterized by continuous and open dialogue that addresses the company's activities and their impact on the environment and society. The results of this are primarily incorporated into the double materiality process (see *Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)*). The Executive Board, Corporate Sustainability Board and Supervisory Board are involved in this process. The Boards are also informed of the feedback and views of stakeholders.

MTU takes a cross-media approach to its sustainability communication, using various channels and platforms to regularly communicate with stakeholders. The choice of format and frequency depends on the communication and information requirements or the respective platform. Stakeholder dialogue allows to include relevant interests and take feedback. It is also an opportunity for direct exchange with company representatives, particularly for local residents, those in the immediate vicinity and other stakeholder groups that could be affected by potential impacts of the company's business activities. MTU analyzes stakeholders to identify relevant stakeholder groups whose interests are directly or indirectly affected by its activities. This stakeholder engagement gives the Group a comprehensive understanding of key stakeholders' interests and perspectives concerning MTU's strategy and business model. Their views are reflected in the double materiality assessment (see the *chapter Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)*). MTU recognizes the diverse interests of its key stakeholders and integrates these into its strategic framework.

The company has identified several stakeholder groups and utilizes various forms of engagement with each group. In general, MTU's key stakeholders can be clustered into two groups: affected stakeholders and users of the sustainability statement. Affected stakeholders are individuals or groups whose interests are affected or could be affected – positively or negatively – by MTU's activities and its direct and indirect business relationships across its value chain. Affected stakeholders include, for example, workers in the upstream value chain and nature as a silent stakeholder. Users of MTU's sustainability statements are primary users of general financial reporting (existing and potential investors, lenders, capital markets, associations and organizations, policymakers and authorities, scientists and researchers as well as the media). In addition, a large number of affected stakeholders are also users of the sustainability statement, such as business partners and customers, analysts and rating agencies, trade unions and social partners, employees, suppliers and regional stakeholders. The following table contains an overview of MTU's most important stakeholders, the type of stakeholder engagement, the stakeholder interests recorded and measures taken in response to their interests.

Overview of key stakeholder groups

Stakeholder groups	Type	Type of stakeholder engagement	Stakeholder interests	MTU's actions regarding stakeholder interests
Own workforce	Affected stakeholder group / Users of the sustainability statement	Employee surveys, internal media, information and dialogue events, employee interviews	A supportive and dynamic work environment, professional growth, training and development, job security, adequate remuneration and a positive, inclusive corporate culture	Promotion of diversity, flexibility and employee development programs, attractive remuneration systems, work-life balance options
Business partners and customers	Affected stakeholder group / Users of the sustainability statement	Surveys, trade fairs, media	Safe, high-quality, efficient and innovative engine solutions, success, cost efficiency and sustainability of products and services	Continuous adaptation of the products and services, focus on safe and advanced technologies and more sustainable processes
Suppliers	Affected stakeholder group / Users of the sustainability statement	Supplier portal, quality audits, surveys, joint events	Close cooperation with MTU, transparency, fair business practices and opportunities for long-term partnerships	Regular dialogue on mutual benefit to ensure a reliable supply chain
Workers in the upstream value chain	Affected stakeholder group	Use of findings from the International Aerospace Environmental Group (IAEG) Sustainability Assessment Program	Fair working conditions, protection of human rights, job security, development opportunities, codetermination	Performance of a risk analysis in relation to human rights due diligence in the upstream value chain and appropriate response (if necessary)
Capital market participants	Users of the sustainability statement	Annual General Meeting, conferences and roadshows, investor meetings, trade fairs, ratings	Financial performance, profitability and long-term growth of the company, innovation and competitiveness, continuous returns	Robust financial performance and sustainable growth as a result of strategy in line with investor expectations
Associations and organizations	Users of the sustainability statement	Memberships in initiatives and associations, participation in events and working groups, cooperation with NGOs	Appropriate representation of the interests of association and organization members, pursuit of the organization's purpose, promotion of industry standards and guidelines, dialogue on consultations	Dialogue and participation in industry initiatives – e.g., through membership of working groups – support in the development of industry guidelines, expressing opinions on regulations
Policymakers and public authorities	Users of the sustainability statement	Provision of information for policymakers in the form of events, political dialogue (e.g. during site visits)	Promotion of economic growth, job creation, compliance with environmental and safety standards	Dialogue with policymakers on the development of economic and environmental topics
Science and research	Users of the sustainability statement	Visits by university groups, talks and discussions at universities, work in MTU competence centers, joint research projects, trade fairs	Promotion and financial support of research and development, cooperation between science and industry	Cooperation with universities and research institutions, support for research projects, participation in specialist trade fairs and conferences, support of up-and-coming talent
The media	Users of the sustainability statement	Press releases, press meetings and conferences, answering press inquiries, internet, social media, trade fairs	Current and comprehensive information on the Group, transparency, reporting on business developments	Regular provision of press releases, interviews and background information, active presence in the media, answering of inquiries, press mailing list, press contacts (website)
Regional stakeholders	Affected stakeholder group / Users of the sustainability statement	Societal collaborations, social media, internet, stakeholder surveys, neighborhood dialogue, consultations on construction projects, information in accordance with the German Hazardous Incident Ordinance	Information needs regarding MTU's impact on the environment, regarding initiatives for social responsibility and regarding the promotion of the regional economy	Regular dialogue with regional interest groups, reporting on environmental and sustainability measures, promotion of local economic projects, regional dialogue opportunities, information in community media

Description of the interests and views of stakeholders related to S1 – Own workforce

MTU's own workforce are affected stakeholders, as they can be significantly influenced by MTU's activities and, pursuant to ESRS, include both employees (hereinafter also referred to as "MTU employees") and non-employees. The interests, opinions and rights of the workforce play an important role in MTU's business model and strategy. They are actively incorporated in operational planning through regular dialogue formats such as employee surveys and internal media information. As part of the annual double materiality assessment, MTU evaluates, with the involvement of stakeholders and their representatives, whether its corporate strategy and business model have material impacts on its workforce. With regard to employees, this means regularly analyzing how strategic decisions and the business model affect employees' working conditions and well-being. By taking this into account in strategic and operational planning, adjustments and actions can be included in order to address material impacts. MTU also pays explicit attention to respecting human rights within the organization and aligns its corporate practices accordingly.

MTU relies on a corporate culture that is open to change, strengthens employees' decision-making powers ("empowerment") and promotes entrepreneurial thinking and a digital mindset. Innovative strength and long-term success are based on a willingness to change and on cooperation characterized by trust and reliability.

In the coming years, MTU's strategic roadmap for employee development will focus on promoting entrepreneurial action at all levels, strengthening a global mindset and internationality, expanding digital skills and driving a value-based transformation.

Description of the interests and views of stakeholders related to S2 – Workers in the value chain

The majority of MTU's direct contractual partners for production materials and indirect materials are based in the EU or the US, where social matters are highly regulated by law. A small proportion of the goods are sourced from other regions of the world. Care is taken to ensure that any production materials purchased are of high quality and the products generally require a high degree of technical expertise for their manufacture. Consequently, the selection of suppliers is constrained. This results in purchasing processes and strategies being predominantly influenced by quality considerations, which are the primary focus of decisions. Due to these circumstances, respect for human rights and the interests of rights holders in the upstream value chain have less of an impact on the direction of the strategy or the business model but are a prerequisite for a business relationship, regardless of the purchasing region.

The processing steps in the higher tiers of the upstream value chain are known, but there is a lack of transparency with regard to the country and company in which they take place. The importance of transparency in the upstream value chain has already been acknowledged and will play a pivotal role in the strategic focus on the topic of sustainability, as it is a prerequisite for ensuring compliance with human rights and social standards throughout the entire upstream value chain.

Description of the interests and views of stakeholders regarding product quality and flight safety

Safety first – MTU emphasizes the importance of product quality and flight safety as key corporate goals that are anchored in its mission statement and linked to high customer satisfaction and the Group's competitiveness. To achieve these goals, MTU uses an integrated management system (IMS) to address the interests of the stakeholder groups affected by product quality and flight safety. These include customers, technology partners and suppliers as well as airline passengers, regulatory authorities and MTU employees.

With its quality vision for 2025, MTU is aiming to achieve flawless product quality and product safety in flight and a high level of customer satisfaction.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

MTU assesses the effect of the material impacts, risks and opportunities on the corporate strategy and business model in order to reduce negative impacts and risks, reinforce positive impacts and take advantage of opportunities. A complete overview of the material impacts, risks and opportunities and their position in the value chain can be found in the *list of material impacts, risks and opportunities in the Notes.* All material impacts, risks and opportunities and their current and expected effect on the business model, value chain, strategy and decision-making, and the way in which MTU responds to these influences or takes action to deal with certain material impacts or risks and opportunities, are explained in detail in the topic-specific chapters and summarized below:

Material environmental matters

There are material negative impacts due to GHG emissions, in relation to both MTU's own operations and the product use phase. The emissions, which mainly consist of CO_2, along with non-CO_2 effects from NOx and contrails, contribute to global warming. These impacts can be found throughout the value chain. One long-term risk is the possibility of failing to meet climate targets, which could affect the ESG rating and customer perception.

Adapting MTU's business model to the challenges of climate change is a key component of the corporate strategy, currently operationalized through the Claire agenda and the ecoRoadmap. MTU has created a comprehensive sustainability management system and invests in research and development to promote low-emission technologies and improve the sustainability of its products. A specific performance indicator ("CO_2" with the components "CO_2 abatement realized through sustainable measures" and "remaining CO_2 emissions") is incorporated into the targets for the Executive Board.

MTU makes a positive contribution to the circular economy through its MRO services. Their quality and efficiency ensure that only parts that cannot be repaired are replaced, which extends the service life of the engines and reduces the consumption of resources.

MTU uses its expertise in the MRO sector to optimize resource use and contribute to the circular economy. The use of intelligent repair methods and the reuse of components reduces resource consumption. The continuous development of innovative methods enables damage to be detected more efficiently and helps optimize maintenance costs, which also has a positive effect on MTU's strategy and business model.

Material social matters

Both potentially negative and actual positive and negative impacts exist, as well as a risk in relation to the company's own workforce. Inadequate measures to ensure occupational health and safety – including ineffective training measures – could lead to an increased likelihood of work-related accidents and potential negative impacts on occupational health and safety. Potential cases of discrimination and bullying could also have negative consequences for the workforce and the corporate culture. By contrast, there are positive effects from structures that promote the well-being and work flexibility for employees and from training programs that support personal development and career opportunities.

The positive impacts relate to the improvement of working conditions and the promotion of employee qualifications, which is directly linked to the corporate strategy. Potential negative impacts, such as health risks in production processes, are addressed through targeted action. To address the material long-term risk of restricted working conditions – for example due to insufficiently flexible working time models – MTU aims to create attractive working conditions in order to recruit and retain highly qualified talent. This will remain crucial to the company's success in the future. MTU offers continuous programs for secure employment, fair and adequate wages, equal opportunities and the possibility of professional development. Specific performance indicators ("training days per employee" and "women in leadership positions") are anchored in the Executive Board's targets.

Potentially negative impacts on the workforce have been identified in the upstream value chain. A lack of transparency regarding the higher upstream value chain means that potentially negative impacts, for example in the area of working conditions, cannot be ruled out. Even for direct suppliers, potentially negative impacts in the area of equal treatment and equal opportunities cannot be completely ruled out. The influence on the impacts is limited by the restricted selection of suppliers and a lack of transparency in the higher tiers of the upstream value chain. MTU formulates clear requirements for its suppliers with regard to human rights and social standards and works to continuously improve data quality and availability.

MTU-specific aspect of product quality and flight safety

With regard to its own activities and the downstream value chain, ensuring product quality and flight safety is of crucial importance to MTU. The integrated management system (IMS) is essential in avoiding potentially negative impacts. Ensuring product quality and flight safety is of crucial importance in the aviation industry. To minimize potential impacts on flight safety, defect-free product quality as a key corporate goal – derived from MTU's "Zero Defects" vision – is an integral part of MTU's strategy and business model.

Material matters relating to business conduct

MTU adheres to strict anti-corruption measures in accordance with European standards, which have a potential positive impact on societal stability and trust in local markets and promote fair competition. Further development of the compliance culture is an integral part of MTU's corporate strategy and business model and is anchored as a goal in MTU's 2025+ sustainability program.

In its double materiality assessment, MTU identified two material risks for the long-term time horizon. Firstly, there is a risk of customers switching to competitors if MTU does not achieve its climate targets and receives lower ESG scores. This could have a negative effect on financial performance, particularly on EBIT and cash flow. Secondly, negative developments with an impact on working conditions could reduce employer attractiveness, lead to higher staff turnover and result in a shortage of skilled workers in the long term.

MTU considers the material risks identified to be manageable and does not anticipate any current financial effects on its net assets, financial situation or results of operations.

MTU's strategic planning includes examining the sensitivity of future strategic decisions and the resilience of its strategy and business model-related capacities in order to manage the material impacts and risks.

As part of the double materiality assessment, MTU has considered ESG scenarios derived from selected risks and opportunities, in order to check whether there are any overlaps with the overarching strategy. These scenarios help to identify potential overlaps with MTU's corporate strategy and are combined with disruptive factors such as artificial intelligence and ESG initiatives from the peer group.

In line with ESRS and MTU's long-term time horizon, the "Green Pressure Regulation" ESG scenario has a time frame of around 15 years. This scenario looks at the impacts stricter emissions regulations and flight bans could have on air traffic. Based on the assumptions generally applicable to MTU, a rough estimate is made of the impacts on key figures such as a reduction in the number of shop visits, revenue and gross profit over the next 15 years. As the calculations of the financial effect are based on assumptions, it is important to compare scenarios in terms of the extent of the financial effect and not in terms of exact figures. New scenarios are developed every two years in response to economic, political, social, environmental and legal changes in aviation.

MTU continuously adapts its strategies and business model to address material impacts, risks, and opportunities. The Group invests in sustainable technologies, enhancing circular economy practices, improving workforce conditions, and strengthening the compliance framework. The aims are to strengthen MTU's resilience and competitiveness and make a positive contribution to society and the environment while ensuring long-term success.

With the exception of the sustainability matter of product quality and flight safety, all material impacts, risks and opportunities are covered by the ESRS disclosure requirements. The topic of product quality and flight safety is included as an entity-specific disclosure in this sustainability statement.

IRO Management

Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)

MTU has established a structured process for the double materiality assessment with clear roles and responsibilities, supported by internal controls. Responsibility for the process lies with the Corporate Sustainability Management and Reporting department. The process begins with the identification and analysis of relevant sustainability topics that take into account both internal and external stakeholder perspectives. A comprehensive assessment framework that combines qualitative and quantitative analysis methods is then applied. An interdisciplinary and cross-location team of experts from various units supports the process steps. The double materiality assessment is reviewed on an annual basis and adapted to current developments.

MTU's double materiality assessment for identifying and evaluating impacts, risks and opportunities (IRO) in relation to the entire spectrum of ESRS sustainability matters (in accordance with ESRS 1 AR 16) as well as sector- and company-related topics consists of four phases.

In the first phase, the aim is to create a comprehensive understanding of MTU's business relationships, value chain, and relevant stakeholders. This includes mapping MTU's activities along the value chain and identifying impacts, risks and opportunities connected to its own operations, upstream and downstream value chain, products, services and business relationships (suppliers, customers and partners) and relevant geographical areas. Factors that could give rise to an increased risk of negative impacts are also to be identified.

In the second phase, the impacts, risks and opportunities relating to environmental, social and governance issues are identified and documented depending on the business model, strategy and value chain. The process covers all of the topics set out in ESRS 1 AR 16 as well as additional sector- and company-specific matters. MTU has used sector information from the Sustainability Accounting Standards Board (SASB) to identify material impacts, risks and opportunities. Topics with identified potential and actual impacts, risks and opportunities are evaluated further. This process is supported by the inclusion of perspectives from affected stakeholder groups (such as employees, workers in the value chain, customers and nature as a silent stakeholder), and by an interdisciplinary team of experts from various areas of the company (production, development & technology, corporate quality & environmental sustainability, purchasing & logistics, human resources, occupational safety, compliance, sales, data privacy and information security, and risk management), publicly available information and industry-specific analyses.

Once the impacts, risks and opportunities have been identified, they are assessed in a third phase using a standardized method and taking into account the ESRS requirements and the guidelines by EFRAG. The assessment of impacts includes an assessment of their severity, based on their scale, scope and irremediable character (in the case of negative impacts), and of their likelihood of occurrence in the case of potential impacts. For the materiality assessment, MTU used its predefined entity-specific time horizons, which differ from the time horizons defined in ESRS 1 Section 6.4 paragraph 77 (see *Time horizons (BP-2)*). Positive and negative impacts are analyzed separately; negative impacts cannot be offset against positive impacts. In the event of potential impacts on human rights, the severity pursuant to ESRS 1 Section 3.4 paragraph 45 takes precedence over the likelihood of occurrence.

MTU applies a zero-tolerance principle derived from the management approach as part of its double materiality assessment. It applies to potential negative impacts in the following areas:

- Prevention of corruption
- Breaches of human rights in own workforce
- Violations of export control regulations (trade compliance)
- Product quality and flight safety

If a potential negative impact is identified for one of the aforementioned topics, this is automatically considered material due to the zero-tolerance principle.

As part of the first-time implementation of the process for determining the material sustainability matters, MTU measured the financial materiality of the risks and opportunities identified on the basis of their effects on EBIT and cash flow, which can be correlated with MTU's net assets, financial position and results of operations and indirectly with its access to capital or its cost of capital. The materiality of the risks and opportunities identified was assessed on the basis of the above-mentioned financial effects and the likelihood of occurrence. Risks and opportunities are considered to be material based on a combination of likelihood and financial effect (deviation of EBIT or cash flow in euros compared to budget). The risks and opportunities identified are integrated into the existing risk management system and evaluated on a quarterly basis by the responsible specialist departments. Sustainability risks are also evaluated in the risk management system with regard to their expected financial effects and likelihood of occurrence, without being prioritized differently from other risks. Throughout the entire double materiality assessment process, impacts, risks and opportunities are not initially prioritized based on their

relative evaluation compared to other impacts, risks and opportunities. Subsequently, however, any material impacts and risks identified are prioritized within the topic-specific departments for the purpose of determining the appropriate action to be taken. All impacts and dependencies on natural, human and social resources that are identified are reviewed for risks and opportunities for MTU by those responsible for each topic with the support of risk management.

In the fourth phase, the materiality threshold is set, and the results of the materiality assessment phases mentioned above are documented in a standardized template that is updated annually. The template contains a description of the individual impacts, risks and opportunities, the stage of the value chain affected, the time horizon, the individual assessment and the persons responsible for the assessment process.

The reporting boundaries within which MTU operates in the process for determining and assessing material impacts, risks and opportunities encompass MTU's own business operations as well as its upstream and downstream value chain, as described in the *General basis (BP-1)* section.

Description of the double materiality assessment process regarding E1 – Climate change

MTU has established a process to identify and assess climate-related impacts, risks, and opportunities. To this end, assets and activities in MTU's own operations and within the value chain are screened with regard to the impacts of climate change and the risks and opportunities.

To determine MTU's impacts on climate change, the following emission sources and underlying energy consumption were assessed: company facilities and vehicles (Scope 1), purchased electricity and heat for own use (Scope 2) and purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, leased assets, downstream transportation, processing of sold products, use of sold products, end-of-life treatment of sold products, and leased assets and investments (Scope 3). As part of the process, the sources of the main GHG emissions and the drivers of other climate-related impacts, such as non-CO_2 effects triggered by the emission of nitrogen oxides and the formation of contrails, were identified in MTU's activities and value chain. Actual and potential impacts on climate change were assessed by calculating GHG emissions. For more information on GHG emissions, see *Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)*.

In order to assess the climate-related hazards for MTU's assets and activities, a physical climate risk analysis was carried out for the six largest production and maintenance sites with the aid of an external service provider. The analysis was based on climate projections from climate models derived from the Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). Projections of relevant climate parameters such as temperature, wind speed and precipitation were used to identify climate risks. The analysis takes account of all 28 chronic and acute climate hazards specified by ESRS E1. Representative Concentration Pathway (RCP) 8.5, the IPCC emissions scenario with high GHG emissions in the 21st century, was chosen for the analysis of physical climate risks, as in this scenario GHG emissions reach the highest levels and physical risks are therefore at their most pronounced.

The RCP8.5 narrative concentrates on the continued use of fossil fuels, relying on competitive markets, innovation and technological progress to achieve sustainable development. GHG emissions are the highest of all RCPs in RCP8.5. According to IPCC estimates, they would result in global warming of 3.1 to 4.7 °C by the end of the century and are associated with the most far-reaching climate risks. MTU has chosen this "worst-case scenario" in order to gain an understanding of the necessary adaptation measures, which will also remain effective even under conditions with lower emission intensity. The scenario covers the period from 2015 to 2100 and so extends beyond MTU's strategic planning horizons.

The climate risk analysis for physical risks was considered for both the current and the future climate. The 20-year period from 2011 to 2030 was defined for the current climate. Accordingly, the current climate serves as a short-term time horizon. The future climate was defined as a 20-year period from 2031 to 2050, corresponding to a long-term time horizon. The choice of time horizons combines the need to examine physical risks over longer time periods to capture the impacts of climate change with the practice of using shorter, foreseeable time periods for strategic planning and capital allocation plans. This takes appropriate account of the useful life of MTU's assets.

The geospatial coordinates of the site locations have been used to obtain site-specific climate projections to assess the risk from chronic and acute climate hazards to MTU's assets and activities.

For the future climate, defined as the 20-year period from 2031 to 2050, the assessment of the climate-related risk is based on the likelihood that the severity of a climate factor in the future will exceed the mean severity in the current climate at the same location. Four different emission scenarios were used to assess the future climate: RCP2.6, RCP4.5, RCP6.0, and RCP8.5. The values of the climate variables were then categorized into five risk classes. In cases where no information on future developments was available, an assessment of the current climate risk was carried out where possible. The most significant limitation for scenario analysis is that the current generation of climate models cannot simulate all 28 hazards. The analysis for some hazards is therefore based on historical data instead of climate projections.

A qualitative, physical risk analysis based on the expected climate impacts in the RCP8.5 scenario was carried out for the MTU Maintenance Lease Services B.V. site in Amsterdam, which was not part of the analysis described above. The impact on the site and on the activities carried out there was assessed for each of the chronic and acute climate hazards. The information used is based on the latest IPCC Assessment Report. Specific supplier sites were not taken into account.

A climate scenario analysis was performed to take account of climate-related transition events in MTU's assets and activities and the downstream value chain. In the analysis, the climate-related transition events were assessed using the classification of the Task Force on Climate-related Financial Disclosures (TCFD) covering the areas of policy and law, technology, market and reputation, as well as their impacts on MTU's business activities. The short and medium-term period was defined as running until 2038 in view of relevant political goals, such as the European Union's net zero strategy for 2050 and the fact that most climate risks materialize over decades.

Since 2023, MTU has developed several transition scenarios to model future developments in the aviation sector. These scenarios incorporate sector-specific data and comprehensive macroeconomic variables and price metrics in order to derive risks and opportunities for MTU based on political and market-based developments up to 2038. These scenarios have been used to analyze the transition events and assess them with regard to the occurrence of gross transition risks or opportunities for MTU's assets and activities. One of the scenarios developed and analyzed is based on the political developments of the European Green Deal, which aims to achieve climate neutrality by 2050 and limit global warming to 1.5°C. The magnitude of the transition events was determined on the basis of sector-specific data and comprehensive macroeconomic variables and price metrics. The likelihood and duration were assessed for individual transition events based on expert judgments. The selection of scenarios covers the plausible risks and uncertainties related to the scenario definition.

As part of the analysis, MTU's assets and activities were screened to determine whether they are compatible with the transition to a climate-neutral economy or require significant efforts. Relevant locked-in GHG emissions result primarily from the product use phase. Due to the long product cycles in aviation these emissions can only be reduced over the long term. To achieve this, MTU has set out ideas for aircraft engines and their potential for reducing climate impact and energy consumption in the Claire technology agenda.

The development of the scenarios was coordinated with scientific and sector-specific developments to ensure their relevance and accuracy in presenting potential climate-related outcomes. The selection of scenarios covers the plausible risks and uncertainties related to the scenario definition. The MTU analysis includes expected transition risks by taking into account political developments aimed at achieving climate neutrality by 2050 and limiting global warming to 1.5 °C. The key drivers of the scenarios in relation to the impacts on MTU are the increasing price of GHG emissions and fuels, the gradual introduction of minimum requirements for SAF, partial flight and flight route restrictions, and increasing stakeholder requirements regarding ESG and climate targets. The expected scenario developments are based on information on the implementation of the EU Green Deal and the EU Fit for 55 package. Uncertainties arise from the assumptions made about transition events that go beyond the currently foreseeable political agenda and can currently only be modeled based on assumptions. For more information on the results of the analysis described above, see *Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)*.

No scenario-based analysis of transition and physical risks was carried out for the assessment of the upstream value chain. Transition and physical risks related to the upstream value chain were instead considered at a general level, although limited transparency is a challenge.

Description of the double materiality assessment process regarding E2 – Pollution

MTU has implemented a screening process to identify the actual and potential pollution-related impacts, risks and opportunities within its own operations, and upstream and downstream value chain. MTU's assessment approach for conducting the environmental assessment for its own operations and the downstream value chain corresponds to the LEAP (locate, evaluate, assess and prepare) approach of the Task Force on Nature-related Financial Disclosures (TNFD).

To identify impacts, risks and opportunities related to pollution, MTU first assessed the activities of its business operations and value chain to determine the activities and sites where air, soil and water are polluted, substances of concern and substances of very high concern are used, or other forms of pollution occur. In the next step, the identified sites' pollution-related dependencies and impacts were analyzed and evaluated. This involved using information from the environmental management system and involving internal environmental specialists in the assessment. In the final step, MTU determined whether any additional risks and opportunities could be derived from the impacts identified.

Information from secondary literature and consultations with MTU's internal production experts were used to identify and assess impacts, risks and opportunities in the upstream value chain with regard to pollution. MTU did not hold any consultations with affected communities as part of the materiality assessment.

Description of the double materiality assessment process regarding E3 – Water and marine resources

To identify the impacts, risks and opportunities related to water and marine resources in its own business and the downstream value chain, MTU conducted a comprehensive analysis based on data from its business operations with the support of data from the World Resources Institute's (WRI) Aqueduct Water Risk Atlas and analyzed the downstream value chain for water and marine resource-related impacts. For conducting the analysis, the MTU process was aligned with TFND's LEAP approach.

Using information from the WRI Aqueduct Water Risk Atlas and MTU's water consumption data, activities and sites that could have impacts on water and marine resources were identified. River basins were considered as the relevant level for the assessment of sites in MTU's business operations. In the next step, the dependencies and impacts of the identified locations on water were analyzed and evaluated. For this, MTU utilized information from the environmental management system and consulted internal environmental specialists. In the final step, MTU determined whether any additional risks and opportunities could be derived from the impacts identified. Secondary data and consultations with MTU experts on the use of water and marine resources in production processes were used to identify and assess impacts, risks and opportunities in the upstream value chain. An analysis of supplier locations was not carried out in this context.

The analysis was based on the criteria for determining water status in accordance with the relevant annexes of Directive 2000/60/EC (Water Framework Directive) and the guidelines for implementing the Water Framework Directive. MTU did not hold any consultations with affected communities as part of the materiality assessment.

Description of the double materiality assessment process regarding E4 – Biodiversity and ecosystems

In order to identify material impacts, risks, dependencies and opportunities in connection with biodiversity and ecosystems, MTU carried out a process based on the first three phases of the TNFD's LEAP approach. In the first step, the actual and potential impacts and the dependencies on the biodiversity and ecosystems were identified. The local conditions at the operating sites, the business activities and the downstream value chain were taken into account. The impacts identified were evaluated by MTU's internal stakeholders. The following factors influencing the loss of biodiversity were taken into account:

- climate change;
- change of land-use;
- change of fresh water-use and change of sea-use;
- direct exploitation;
- invasive alien species;
- pollution;
- other impacts on the state of species;
- impacts on the extent and condition of ecosystems including through land degradation, desertification and soil sealing; and
- impacts and dependencies on ecosystem services.

Based on the evaluated impacts, physical, transition and systemic risks and opportunities for MTU were also identified and analyzed in the process.

As there is no comprehensive transparency of the production sites in the upstream value chain, MTU identified and assessed the impacts, risks and opportunities based on the processes in the upstream value chain. MTU drew on secondary literature and consultations with internal production process experts for this analysis.

The results did not give rise to any material impacts, risks, dependencies or opportunities related to biodiversity or ecosystems.

MTU has identified three sites near biodiversity-sensitive areas (i.e., within a radius of two kilometers) where MTU's activities could have potential impacts on the habitats of endangered species. The identification of the sites and their specific impacts was carried out in a two-stage process. First, the sites were evaluated using the WWF Risk Filter tool. The WWF "Environmental Factors" Risk Filter indicator was used to determine the sites. This indicator brings together various biodiversity-related aspects into biodiversity-sensitive areas. The biodiversity-sensitive areas include key biodiversity areas (KBAs) and protected areas listed in the World Database of Protected Areas (WDPA). The World Database of Protected Areas is the most comprehensive global database of marine and terrestrial protected areas. The MTU sites that are labeled "high risk" were defined as "relevant biodiversity sites." The three sites identified were then analyzed for their biodiversity-related impacts, taking into account site-specific activities. The analysis came to the conclusion that MTU has no material impacts on endangered species in ecosystems with sensitive biodiversity. According to the directives and frameworks or equivalent national law or international standards, such as 2009/147/EC, 92/43/EEC, 2011/92/EU and Performance Standard 6 of the International Finance Corporation (IFC), no specific mitigation measures are required. Furthermore, no MTU-specific impacts were identified with regard to land degradation, desertification or soil sealing. MTU's business model has no known impact on endangered species. MTU did not hold any separate consultations with affected communities as part of the process.

Description of the double materiality assessment process regarding E5 – Resource use and circular economy

The identification of impacts, risks, and opportunities related to resource use and circular economy is based on a comprehensive assessment of all MTU OEM and MRO sites on the basis of TFND's LEAP approach. The activities in MTU's own operations and in the upstream and downstream value chain were screened to identify assets and activities that have an impact on resource inflows and resource outflows, including MTU's products, services and waste. In the value chain, the main material flows were analyzed to determine which dependencies exist for and between OEM and MRO. Based on the impacts and dependencies identified, risks and opportunities were derived and assessed on the basis of data from the environmental management system, market screening, scientific publications and EU regulations and of discussions with environmental management experts. In particular, quantity estimates and expert surveys

were used to identify material actual and potential impacts, risks and opportunities in MTU's operations and in the upstream and downstream value chain. The screening process was conducted using the following methods, assumptions, and tools: LEAP approach, Corporate Carbon Footprint (Scope 3) and Material Flow Analysis (MFA).

As a result, the positive impacts of MTU's MRO activities on resource use and circular economy were assessed to be material. This applies both to product design, which takes into account circular economy criteria such as repairability (MTU OEM sites), and to the maintenance activities themselves (MTU MRO sites). The following products manufactured by MTU have been identified as material: high-pressure compressors, low-pressure turbines, turbine center frames for the commercial and military aviation sector and for industrial gas turbines for which nickel and titanium alloys are predominantly used in the upstream value chain. The MRO activities result in an increased service life of the products, thereby helping to save resources. MTU did not hold any consultations as part of the materiality assessment.

Description of the double materiality assessment process regarding G1 – Business conduct

To identify impacts, risks and opportunities regarding MTU's business conduct, the double materiality assessment used the results of the ongoing and systematic analysis of business relationships and transactions, which is an integral part of the Group-wide risk management and compliance management system. This also includes an analysis of the contextual surroundings for each site. Additionally, MTU screens its business relationships, business partners, customers, and suppliers by evaluating the types and durations of contracts and considering country-specific corruption and bribery risks – for example, in sales and marketing activities.

The foundation for MTU's country risk monitoring and analysis is the latest Corruption Perception Index (CPI) from Transparency International.

Disclosure requirements in ESRS covered by the undertaking's sustainability statements (IRO-2)

The list of disclosure requirements that were taken into account when preparing the sustainability statement on the basis of the results of the materiality assessment, including the page numbers containing the corresponding disclosures in the sustainability statement, can be found in the annex.

Based on the materiality assessment, MTU concluded that the topics in the following table are not material for the company.

List of non-material ESRS topics

ESRS	Topic
ESRS E2	Pollution
ESRS E3	Water and marine resources
ESRS E4	Biodiversity and ecosystems
ESRS S3	Affected communities
ESRS S4	Consumers and end-users

Based on the results of the double materiality assessment (see *Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)* for a detailed description of the process, including the definition of thresholds), the material impacts, risks and opportunities are assigned to the respective ESRS sustainability aspects as per ESRS 1 AR 16. A sustainability matter is material by either a material impact or material risk and opportunity, or both. Material information for material sustainability matters is determined following EFRAG and IDW Guidance (incl. EFRAG list of datapoints and EFRAG ESRS Q&A) on mapping sustainability matters covered in topical ESRS to ESRS disclosure requirements.

Following the criteria on material matters and materiality of information as provided by ESRS 1, no metric is omitted within this sustainability statement due to materiality of information considerations.

Environmental information

Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Background

A key objective of the EU Action Plan for Financing Sustainable Growth is to reorient capital flows towards sustainable investment. In light of this, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (subsequently referred to as the EU Taxonomy Regulation) came into effect in mid-2020. This Regulation contains a uniform and legally binding classification system defining which economic activities are deemed to be "environmentally sustainable" in the EU. The results of this classification have to be reported annually on a company-specific basis.

Article 9 of the Taxonomy Regulation sets out the following six environmental objectives:

1. Climate change mitigation (CCM);

2. Climate change adaption (CCA);

3. Sustainable use and protection of water and marine resources (WTR);

4. Transition to a circular economy (CE);

5. Pollution prevention and control (PPC);

6. Protection and restoration of biodiversity and ecosystems (BIO).

Reporting under the Taxonomy Regulation is carried out in accordance with the following Delegated Regulations and the associated amendments and additions:

Delegated regulation (EU) 2021/2139 ("Climate Delegated Act")

Delegated regulation (EU) 2021/2178 ("Disclosures Delegated Act")

Delegated regulation (EU) 2023/2486 ("Environmental Delegated Act")

Since the 2023 fiscal year, disclosures need to be made on all six environmental objectives, whereas only disclosures on taxonomy eligibility was required last year for environmental objectives 3–6 and for the new economic activities included as part of the amendments and additions to the Climate Delegated Act (EU 2021/2139). Disclosures on taxonomy alignment for all six environmental objectives need to be provided for the first time for the 2024 fiscal year.

The amendments published in 2023 (Delegated Regulation (EU) 2023/2485) also include the inclusion of technical screening criteria for new economic activities. As a result, the aviation-related economic activities 3.21 Manufacturing of aircraft and 6.18 Leasing of aircraft have been significant for MTU since the 2023 fiscal year and were assessed for taxonomy alignment for the first time in the 2024 fiscal year.

With regard to the classification of an economic activity as "environmentally sustainable" within the meaning of the EU Taxonomy, a distinction has to be drawn between those activities that are taxonomy-eligible and those that are taxonomy-aligned. Only those economic activities that can be assigned to the descriptions of the activities in the delegated acts, irrespective of whether the technical screening criteria are met, are deemed to be taxonomy-eligible.

If an economic activity is classified as taxonomy-eligible, the next step is to evaluate whether it makes a substantial contribution to one or more of the environmental objectives and does no significant harm to another environmental objective and is undertaken in compliance with minimum safeguards in accordance with OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO core labor standards and the International Bill of Human Rights. In line with the minimum safeguards, MTU takes into account issues of human rights, corruption and bribery, fair competition, taxation, and science, technology and innovation. Compliance with minimum social safeguards is ensured, among other things, by the Code of Conduct, the Declaration of Principles for the Protection of Human Rights and the Code of Conduct for Suppliers, as well as by MTU's risk management system to ensure compliance with human rights due diligence obligations.

The taxonomy-aligned economic activities met these criteria in the reporting period. In addition, attention is paid to the rules on avoiding principal adverse impacts pursuant to Article 18 (2) of the EU Taxonomy Regulation. If all of these criteria are met, the economic activity can be classified as taxonomy-aligned. To assess whether the criteria are met, each economic activity is checked to see whether it meets the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria.

Application of the EU Taxonomy Regulation

The amounts used to calculate the turnover KPIs, capital expenditures (CapEx) and operating expenditures (OpEx) are based on the corresponding figures reported in the consolidated financial statements. In accordance with Section 315e (1) HGB, the consolidated financial statements of MTU as of December 31, 2024, have been drawn up using the IFRSs. All consolidated companies in the MTU Group are included in the calculation.

The disclosure of taxonomy-eligible and taxonomy-aligned turnover / capital expenditures (CapEx) / operating expenditures (OpEx) as a proportion of the respective total amounts for the MTU Group for fiscal year 2024 is based on a full analysis of the Group's business activities. If taxonomy-aligned CapEx and OpEx (which correspond to economic activities 3.21 Manufacturing of aircraft and 6.18 Leasing of aircraft) cannot be allocated to just one engine, allocation keys are used. The data basis for the allocation keys used is the respective proportion attributable to taxonomy-aligned revenue.

Turnover

The turnover KPIs comprise turnover from taxonomy-eligible or taxonomy-aligned economic activities as a proportion of total turnover in the relevant fiscal year. The basis for calculating the turnover KPIs is the net turnover from contracts with customers (IFRS 15) and from leasing transactions (IFRS 16), technology funding grants (IAS 20) and other support services, and currency result that impacts turnover.

The denominator used to calculate the turnover KPIs is the total turnover of the respective fiscal year and can be found in the *Consolidated income statement*. This is examined across all Group subsidiaries to identify whether it was generated by taxonomy-eligible or taxonomy-aligned economic activities as defined in the annexes to Delegated Regulation 2021/2139 and Delegated Regulation 2023/2486 to the Taxonomy Regulation.

The numerator of the taxonomy-aligned turnover to be taken into account in accordance with the Taxonomy is composed as follows:

Quantitative breakdown of the taxonomy-aligned turnover numerator

in € million	Contracts with customers	Leasing transactions	Technology funding grants	Other turnover	Total
Total	1,151				1,151

For more detailed information on the turnover KPIs, please see the corresponding table at the end of this section.

CapEx KPI

The CapEx KPIs indicate the proportion of capital expenditures that relates either to assets or processes associated with a taxonomy-eligible and taxonomy-aligned economic activity, that is part of a CapEx plan to expand a sustainable economic activity or that relates to the purchase of products or services from a taxonomy-eligible and taxonomy-aligned economic activity.

The basis for calculating capital expenditures comprises additions to property, plant and equipment and intangible assets in the fiscal year under review, before depreciation and amortization and before any remeasurements. Capitalized program assets and program-independent technologies are reported under intangible assets. Capital expenditures also include additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS [IAS 16, 38, 40, IFRS 16]; and national accounting policies). Acquired goodwill is not taken into account. The capital expenditures for the respective fiscal year can be found in the changes in intangible assets, goodwill, and property, plant and equipment *Changes in non-financial assets – purchase and production costs 2024*.

CapEx plan

At MTU, taxonomy-aligned capital expenditures aimed at leading to a reduction in GHG emissions and an expansion of taxonomy-aligned economic activities is currently attributable to research and development activities on new engine technologies in accordance with capital expenditure plans. The capital expenditure plans comprise capital expenditures and non-capitalizable operating expenditures that aim to expand taxonomy-aligned economic activities.

MTU's current understanding of the EU Taxonomy is that capital expenditure plans can be disclosed if the research and development plans are comprised almost entirely of operating expenditures (OpEx), which are disclosed under the OpEx KPI.

Different methods are used for product-related development of established engine technologies and research work for new engine technologies. Development expenses are determined according to the turnover activity for which development work is performed (3.21 Manufacturing of aircraft), using an allocation by engine type. Research and development expenses are allocated to economic activity 9.1 Close to market research, development and innovation and serve to extend taxonomy-eligible and taxonomy-aligned economic activities.

Overall, these are various research projects that MTU expects to further expand taxonomy alignment within the next five to nine years in accordance with economic activity 9.1 Close to market research, development and innovation. The time from the start of engine development to certification is approximately 6.5 years. The planning horizon for the relevant research projects corresponds to the customary development cycle for aviation technology.

The numerator of the taxonomy-aligned capital expenditures to be taken into account in accordance with the Taxonomy is composed as follows:

Quantitative breakdown of the taxonomy-aligned CapEx numerator by economic activity

Activity in € million	Property, plant and equipment	Intangible assets	Right-of-use assets	Total	of which acquired through business combinations	of which part of a CapEx plan
3.21	38	36		**74**		
4.22	17			**17**		
7.7	37			**37**		
9.1	9			**9**		9
Total	**101**	**36**		**137**		

For more detailed information on the CapEx KPIs, please see the corresponding table at the end of this section.

OpEx KPI

The OpEx KPIs indicate the proportion of operating expenditures that relate either to assets or processes associated with a taxonomy-eligible and taxonomy-aligned economic activity, that is part of a CapEx plan to expand a sustainable economic activity or that relates to the purchase of products or services from such activity.

The basis for calculating operating expenditures comprises direct, non-capitalized research and development expenses, renovation of buildings, short-term leases, maintenance, and all other direct expenditures relating to day-to-day servicing of property, plant and equipment by the company or third parties that are necessary to ensure the continued and effective use of such assets.

The denominator is derived from the sum of the costs listed above by means of a detailed analysis of relevant accounts and cost centers.

The numerator of the OpEx ratio corresponds to the part of the operating expenditures included in the denominator that relates to assets or processes associated with taxonomy-eligible or taxonomy-aligned economic activities as per the underlying annex to the Taxonomy Regulation.

The taxonomy-aligned numerator for calculating the OpEx KPI is determined as follows:

Quantitative breakdown of the taxonomy-aligned OpEx numerator

in € million	Maintenance	Short-term leases	Building renovation measures	Research and development	Other direct expenditures	Total
Total	**11**			**52**		**63**

For more detailed information on the OpEx KPIs, please see the corresponding table at the end of this section.

In the calculation of the above KPIs, double counting of economic activities was avoided by applying various controls, including the documentation of data generation and ensuring that the data could be reconciled with other financial information.

EU Taxonomy KPIs for fiscal year 2024

The disclosure of taxonomy-eligible and taxonomy-aligned turnover / capital expenditures (CapEx) and operating expenditures (OpEx) as a proportion of the respective total amounts for the MTU Group for fiscal year 2024 is based on a full analysis of the Group's business activities.

The table below shows the results of the KPI calculation:

EU Taxonomy KPIs

in percent	Taxonomy-aligned	Taxonomy-eligible, but not aligned	Taxonomy non-eligible
Turnover	16	79	5
CapEx	17	67	16
OpEx	22	61	17

MTU's relevant economic activities pursuant to the Taxonomy Regulation

The economic activities of MTU to be reported are mainly aimed at environmental objective 1 (climate change mitigation). The following relevant taxonomy-eligible and taxonomy-aligned economic activities were identified for fiscal year 2024:

3.21 Manufacturing of aircraft

MTU's core business is the development, manufacture, sale and maintenance of commercial and military aircraft engines, which can therefore be classified as a material turnover-generating economic activity in the area of manufacturing of aircraft under the environmental objective of climate change mitigation. As a consequence, the activities of MTU resulting from the manufacture, repair, maintenance, retrofitting, design and conversion of aircraft engines are classified as taxonomy-eligible.

Specifically, this classification corresponds to the activities in connection with MTU's original equipment manufacturing (OEM) and maintenance, repair and overhaul (MRO) engine business.

In fiscal year 2024, a review of taxonomy-alignment was carried out for the first time in relation to the technical screening criteria of economic activity 3.21 for commercial aircraft engines. This included checking whether the MTU aircraft engines taken as a basis for the activities in 3.21 are used in aircraft that are below the CO_2 metric value specified in the ICAO standard. In the case of military engines and for the majority of engines in the commercial sector, the external evidence required to verify the substantial contribution is not available, meaning that only taxonomy-eligibility can be reported here. The alignment assessment was successfully completed for a small number of engines in the commercial sector.

Besides the substantial contribution and the minimum safeguards standards, the "do no significant harm" (DNSH) requirements for the corresponding engines were also met in order to achieve alignment. This was achieved by carrying out a climate risk analysis for the sites concerned and through the existence of processes for the reuse of secondary raw materials and the traceability of the materials used. In addition, the activity complies with the requirements for sustainable use and protection of water and marine resources according to Appendix B, pollution prevention and control, including Appendix C, and ensures the protection and restoration of biodiversity and ecosystems.

For fiscal year 2024, the taxonomy-eligible turnover generated in relation to criterion 3.21 amounted to 92% (€6,831 million) of the Group's total turnover and the taxonomy-aligned turnover amounted to 16% (€1,151 million).

The CapEx for this economic activity includes expenditures on technical equipment and machinery, tools and tooling, and capitalized development costs. At €425 million, taxonomy-eligible CapEx for the fiscal year accounts for 54% and taxonomy-aligned CapEx for 9% of MTU's total capital expenditures.

In connection with this economic activity, OpEx includes direct expenditures on the maintenance of technical equipment and machines as well as non-capitalizable expenditures on the further development of existing engine programs. At €181 million, 63% of MTU's total OpEx was classified as taxonomy-eligible and 8% (€23 million) as taxonomy-aligned in relation to this economic activity.

4.22 Production of heat/cool from geothermal energy

The construction of MTU's geothermal energy plant at the Munich site is included in the area of heat/cool generation from geothermal energy. To date, only taxonomy-eligible CapEx has been associated with this activity. As confirmed by a life cycle emissions analysis commissioned by MTU, the life cycle GHG emissions from the generation of heat from the geothermal plant are below 100 g CO_2e/kWh and therefore meet the requirements for a significant contribution to climate change mitigation.

For compliance with the DNSH criteria, the requirements of Appendix B on the sustainable use and protection of water and marine resources and Appendix D on the protection and restoration of biodiversity and ecosystems in accordance with national legislation were met and a climate risk analysis was carried out for the Munich site.

By fulfilling the significant contribution, the DNSH criteria and complying with the minimum safeguards, compliance in the amount of €17 million CapEx can be reported for economic activity 4.22 in fiscal year 2024 (2% of MTU's total capital expenditures).

6.18 Leasing of aircraft

This economic activity includes the rental and leasing of aircraft and aircraft parts and equipment to the extent that they can be linked to an eligible aircraft type and improves or maintains the level of efficiency of the aircraft. MTU is active in short- and medium-term engine leasing through its subsidiary MTU Maintenance Lease Services.

This is associated with taxonomy-eligible turnover (2% or €176 million), CapEx (15% or €116 million) and OpEx (3% or €8 million) for fiscal year 2024.

Despite corresponding efforts to obtain the necessary evidence for a review of taxonomy alignment, the technical screening criteria for this economic activity could not be fully met for fiscal year 2024.

7.2 Renovation of existing buildings

No reportable turnover is generated from the implementation of building maintenance measures.

The CapEx recorded as taxonomy-eligible for this economic activity amounted to €8 million in the fiscal year (1% of total CapEx). The OpEx for the taxonomy-eligible building maintenance measures recorded in the reporting year amounted to €4 million (or 1% of total OpEx). This includes measures such as the renovation of existing production facilities or of roofs.

The technical screening criteria required for taxonomy alignment were not fully met in fiscal year 2024.

7.3 Installation, maintenance and repair of energy efficiency equipment

No reportable turnover was generated or material CapEx spent on the installation, maintenance and repair of energy efficiency equipment.

The OpEx for the taxonomy-eligible actions recorded in this connection in the reporting year amounted to €2 million (1% of total OpEx). This includes measures such as exchanging old light sources for more energy-efficient LED light sources in buildings and production and maintenance halls.

The technical screening criteria required for taxonomy alignment were not fully met in fiscal year 2024.

7.7 Acquisition and ownership of buildings

The acquisition and ownership of buildings is not an activity that impacts MTU's turnover.

All buildings and rights of use to buildings included in this economic activity were taken into account when determining taxonomy-eligible capital expenditures.

The reported taxonomy-eligible CapEx amounted to €78 million in the reporting year and was therefore 10% of MTU's total capital expenditures. Taxonomy alignment was established for some of the new buildings. This involved checking the primary energy requirements and compliance with the criteria for energy-efficient building operation, among other things. A climate risk analysis was carried out for the Munich site to ensure compliance with the DNSH criteria. The taxonomy-aligned CapEx amounted to €37 million in fiscal year 2024 and was therefore 5% of MTU's total capital expenditures.

The taxonomy-eligible OpEx for the buildings recognized in the reporting year was €3 million (1% of total OpEx) in the Group.

8.1 Data processing, hosting and related activities

This economic activity comprises the internal activities associated with MTU's data centers and server rooms, such as expenditures on server rooms including servers, storage and network equipment, and the maintenance and operation of energy-efficient IT infrastructures that help to reduce energy consumption, e.g. cooling systems with lower energy consumption, optimization of hardware to reduce power consumption.

As these are internal activities, no reportable turnover is generated in this economic activity. There is also no material OpEx in connection with this economic activity.

The taxonomy-eligible CapEx associated with this activity for the 2024 fiscal year was 1% (€11 million).

Taxonomy alignment was not achieved for fiscal year 2024 as the requirement for a significant contribution to climate change mitigation was not met.

9.1 Close to market research, development and innovation

This economic activity comprises MTU's research activities, in accordance with capital expenditure plans, on new engine technologies that are intended to lead to a reduction in GHG emissions and thus to an expansion of the taxonomy-aligned economic activity 3.21 Manufacturing of aircraft. Overall, these are various research projects that MTU expects to achieve Taxonomy alignment within the next five to nine years in accordance with economic activity 9.1 Close to market research, development and innovation.

As part of the capital expenditure plans, taxonomy-aligned CapEx for 2024 resulting from economic activity 9.1 Close to market research, development and innovation amounted to €9 million (or 1% of total MTU CapEx).

The taxonomy-aligned OpEx for research and development allocated to activity 9.1 was €40 million in the 2024 fiscal year and thus represents 14% of operating expenditures. This portion consists of non-capitalized research and development expenses in connection with MTU's research activities on new engine technologies in accordance with capital expenditure plans.

Besides the substantial contribution and the minimum safeguards standards, the "do no significant harm" (DNSH) requirements for the corresponding engines were also met in order to achieve alignment. To this end, a climate risk analysis was carried out in accordance with Appendix A. On the other hand, no risks were identified for environmental objectives 3-6 (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems).

Taxonomy-aligned operating expenditures fell by 44% compared to the previous year. This development is mainly due to the fact that one of the research projects will not reach the required level of technological maturity within the specified time frame as planned. This also results in an adjustment to the disclosures on taxonomy alignment for the two previous years of 2022 and 2023. Accordingly, taxonomy-aligned OpEx is €4 million lower for fiscal year 2022 and €9 million lower for fiscal year 2023. Taxonomy-aligned CapEx for the two previous years remains unaffected.

Template: Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Fiscal year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activities	Code	Turnover	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		in € million	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacturing of aircraft	CCM 3.21	1,151	16	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,151**	**16**	**16%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**			
of which enabling																		E	
of which transitional		1,151	16	16%						Y	Y	Y	Y	Y	Y	Y			T

Template: Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Fiscal year 2024		2024		Substantial contribution criteria						DNSH criteria								
Economic activities	Code	Turnover	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		in € million	%	EL; N/EL[1]	EL; N/EL[1]	EL; N/EL[1]	EL; N/EL[1]	EL; N/EL[1]	EL; N/EL[1]								%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	5,680	77	EL	N/EL	N/EL	N/EL	N/EL	N/EL								91		
Leasing of aircraft	CCM 6.18	176	2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**5,856**	**79**	**79%**													**92**		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**7,007**	**95**	**95%**													**92**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		**404**	**5**														**8**		
TOTAL		**7,411**	**100**														**100**		

[1] Y - Yes, Taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N - No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; N/EL- not eligible, taxonomy non-eligible activity for the relevant environmental objective; EL - Taxonomy-eligible for the relevant environmental objective.

The following table shows the extent of taxonomy eligibility and taxonomy alignment for turnover for each environmental objective:

Proportion of turnover / total turnover

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	16%	95%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

Template: Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Fiscal year 2024		2024		Substantial contribution criteria						DNSH criteria								
Economic activities	Code	CapEx in € million	Proportion of CapEx, 2024 %	Climate change mitigation Y; N; N/EL[1]	Climate change adaptation Y; N; N/EL[1]	Water Y; N; N/EL[1]	Pollution Y; N; N/EL[1]	Circular economy Y; N; N/EL[1]	Biodiversity Y; N; N/EL[1]	Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N	Minimum safeguards Y/N	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx, 2023 %	Category enabling activity E	Category transitional activity T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacturing of aircraft	CCM 3.21	74	9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			T
Production of heat/cool from geothermal energy	CCM 4.22	17	2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Acquisition and ownership of buildings	CCM 7.7	37	5	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Close to market research, development and innovation	CCM 9.1	9	1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**137**	**17**	**17%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**3**		
of which enabling		9	1	1%						Y	Y	Y	Y	Y	Y	Y	3	E	
of which transitional		74	9	9%						Y	Y	Y	Y	Y	Y	Y			T

Template: Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Fiscal year 2024		2024		Substantial contribution criteria						DNSH criteria								
Economic activities	Code	CapEx in € million	Proportion of CapEx, 2024 %	Climate change mitigation EL; N/EL[1]	Climate change adaptation EL; N/EL[1]	Water EL; N/EL[1]	Pollution EL; N/EL[1]	Circular economy EL; N/EL[1]	Biodiversity EL; N/EL[1]	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx, 2023 %	Category enabling activity	Category transitional activity
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	351	44	EL	N/EL	N/EL	N/EL	N/EL	N/EL								49		
Leasing of aircraft	CCM 6.18	116	15	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13		
Renovation of existing buildings	CCM 7.2 / CE 3.2	8	1	EL	N/EL	N/EL	N/EL	EL	N/EL								3		
Acquisition and ownership of buildings	CCM 7.7	41	5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								12		
Data processing, hosting and related activities	CCM 8.1	11	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**527**	**67**	**67%**													**80**		
A. CapEx of taxonomy- eligible activities (A.1 + A.2)		**664**	**84**	**84%**													**83**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		**127**	**16**														**17**		
TOTAL		**791**	**100**														**100**		

[1] Y - Yes, taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; N - No, taxonomy-eligible activity but not taxonomy-aligned with the relevant environmental objective; N/EL - Taxonomy-non-eligible activity for the respective environmental objective; EL - Taxonomy-eligible activity for the respective environmental objective.

The following table shows the extent of taxonomy eligibility and taxonomy alignment for CapEx for each environmental objective:

Proportion of CapEx / total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	17%	84%
CCA	%	%
WTR	%	%
CE	%	1%
PPC	%	%
BIO	%	%

Template: Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria									
Economic activitie	Code	OpEx in € million	Proportion of OpEx, 2024 %	Climate change mitigation Y; N; N/EL[1]	Climate change adaptation Y; N; N/EL[1]	Water Y; N; N/EL[1]	Pollution Y; N; N/EL[1]	Circular economy Y; N; N/EL[1]	Biodiversity Y; N; N/EL[1]	Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N	Minimum safeguards Y/N	Proportion of taxonomy- aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2023 %	Category enabling activity E	Category transitional activity T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacturing of aircraft	CCM 3.21	23	8	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			T
Close to market research, development and innovation	CCM 9.1	40	14	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	25	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**63**	**22**	**22%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**25**		
of which enabling		40	14	14%						Y	Y	Y	Y	Y	Y	Y	25	E	
of which transitional		23	8	8%						Y	Y	Y	Y	Y	Y	Y			T

Template: Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria								
Economic activitie	Code	OpEx in € million	Proportion of OpEx, 2024 %	Climate change mitigation EL; N/EL[1]	Climate change adaptation EL; N/EL[1]	Water EL; N/EL[1]	Pollution EL; N/EL[1]	Circular economy EL; N/EL[1]	Biodiversity EL; N/EL[1]	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy- aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2023 %	Category enabling activity	Category transitional activity
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	158	55	EL	N/EL	N/EL	N/EL	N/EL	N/EL								54		
Leasing of aircraft	CCM 6.18	8	3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2		
Renovation of existing buildings	CCM 7.2 / CE 3.2	4	1	EL	N/EL	N/EL	N/EL	EL	N/EL								1		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	2	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	3	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**173**	**61**	**61%**													**58**		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**236**	**83**	**83%**													**83**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**49**	**17**														**17**		
TOTAL		**285**	**100**														**100**		

[1] Y - Yes, taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; N - No, taxonomy-eligible activity but not taxonomy-aligned with the relevant environmental objective; N/EL - Taxonomy-non-eligible activity for the respective environmental objective; EL - Taxonomy-eligible activity for the respective environmental objective.

The following table shows the extent of taxonomy eligibility and taxonomy alignment for OpEx for each environmental objective:

Proportion of OpEx / total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	22%	83%
CCA	%	%
WTR	%	%
CE	%	1%
PPC	%	%
BIO	%	%

Template 1 Nuclear and fossil gas related activities

Row		
	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Climate change (E1)

Transition plan for climate change mitigation (E1-1)

MTU has set itself GHG emission reduction targets as part of its sustainability strategy. With its ecoRoadmap strategy, MTU aims to permanently reduce the use of fossil fuels and greenhouse gas (GHG) emissions at its own production and maintenance sites. By 2030, Scope 1 and Scope 2 emissions are to be reduced by 60% compared to the base year 2019. When setting its targets, MTU was guided by the EU Green Deal and the underlying objective of the Paris Agreement, which aims to limit global warming to 1.5 °C.

MTU's transition plan currently consists of two key elements: the ecoRoadmap and the Clean Air Engine (Claire) technology agenda, both of which are being continuously developed to achieve MTU's targets.

Climate change mitigation in MTU's own business operations

The production and maintenance of engines results in high energy consumption and associated GHG emissions at MTU's own sites. In order to achieve the GHG emission reduction targets, the following decarbonization measures in particular were identified in MTU's own operational processes: increasing energy efficiency, expanding self-generation of energy and purchasing renewable energy.

MTU aims to increase energy efficiency by modernizing machinery and building technology systems, switching to LED lighting and implementing improvement measures such as eliminating compressed air leaks. Emissions caused by heating are also to be reduced by optimizing the heating network, using heat pumps and renovating buildings.

MTU is switching to renewable energy sources in order to reduce its consumption of fossil sources of energy and the associated emissions. These include the expansion of MTU's own energy generation through the installation of geothermal-energy and photovoltaic systems and the purchase of renewable gas (RNG) and green electricity.

Significant progress was made on the implementation of climate change mitigation measures in the 2024 reporting year. Of particular note is the entry into service of MTU's largest photovoltaic system at the site in Serbia with extensive self-generation of renewable energy. In addition, deep geothermal drilling was completed at the Munich site, marking a key milestone for the future use of renewable energy from geothermal sources.

MTU identified locked-in GHG emissions in the production buildings. Measures to reduce emissions at these buildings in parallel with the operating business are associated with technical and logistical challenges. For this reason, measures cannot always be implemented in the short term but require more planning and a longer lead time. To reduce the risk of non-fulfillment of the reduction target for 2030, MTU updates a detailed plan of ecoRoadmap measures every year and steers towards the respective improvements by prioritizing measures.

One challenge is to reduce the GHG emissions released by the consumption of kerosene at the research and development test stations and through maintenance. MTU therefore supports the use of sustainable aviation fuels (SAF) in the needed test operation of the engines. The emissions from the test stations involve potential locked-in GHG emissions. This fuel switch is highly dependent on actual market availability and is therefore a decarbonization lever that will become increasingly important for a long-term target.

In addition to the ongoing development of decarbonization measures as part of its own operations, MTU is also focusing on the development of efficient propulsion systems in the use phase of MTU products.

Climate change mitigation in upstream and downstream business activities

The efficiency of MTU's products has an impact on an engine's overall efficiency. The MTU components enable kerosene consumption to be reduced, thereby contributing to lower CO_2 emissions in air traffic. Together with Pratt & Whitney, MTU offers the geared turbofan (GTF), a modern engine that reduces fuel consumption and is already being used successfully on the market, for example in the PW1100G-JM engine for the Airbus A320neo. With 16-20% fewer CO_2 emissions than the previous generation, the GTF family reduces the climate impact of air traffic. Further options for technologies that reduce fuel consumption or emissions are currently being pursued in MTU's technology roadmap.

The development of low-emission products is one of MTU's core visions. Following the update of MTU's Technology Agenda Claire in 2022, it now covers a time horizon of approx. 30 years. In Claire, MTU not only defines quantitative climate targets with regard to CO_2 and NOx emissions, the formation of contrails and lower energy consumption but also presents ideas for achieving them. However, the date of any potential entry into service depends on the feasibility of new technologies and the overall acceptance of and demand for new propulsion technologies by customers (airlines and lessors).

From MTU's point of view, sustainable aviation fuels (SAF) are essential for reducing emissions from aviation. This depends to a large extent on the long-term availability of sustainable aviation fuels. The use of MTU's engines is currently associated with locked in emissions. For this reason, MTU is committed to SAF. The idea is to shift away from consuming fossil fuels and towards sustainable renewable fuels. MTU is doing its part to ensure that this potential is harnessed for aviation. It is a member of aireg (Aviation Initiative for Renewable Energy in Germany e.V.) and also uses SAF tests to investigate the effects of alternative fuels on the operating behavior and functionality of aircraft engines.

In order to identify further decarbonization levers, MTU calculates Scope 3 GHG emissions along the entire upstream and downstream value chain. In addition to the significant Scope 3 category "Use of sold products", high emissions are also generated in the Scope 3 category "Purchased goods & services," in particular from the production of engine parts and the maintenance and repair of engines. As MTU has investments in companies that also have operations in the energy-intensive aviation sector, GHG emissions also arise outside MTU's own operations in the Scope 3.15 category "Investments."

Emissions in the Scope 3.1 category "Purchased goods and services" and Scope 3.15 category "Investments" were largely calculated on the basis of expenditures and revenue. MTU is endeavoring to improve the data quality for this calculation in order to drive forward the development of reduction targets for Scope 3.

Capital expenditures and financial resources to support the implementation of the transition plan

With its R&D activities, MTU is actively promoting low-emission aviation while investing in the future of its business model at the same time. In 2024, the focus of R&D activities contributing to MTU's transition plan was on further increasing the efficiency of the next-generation geared turbofan and developing the technology for the Flying Fuel Cell, which, as the propulsion system of the future, has no harmful emissions other than water. These capital expenditures and financing support the technological development of sustainable propulsion systems, as set out in the MTU Technology Agenda Claire. Furthermore, these are partially related to taxonomy-aligned OpEx and CapEx from MTU's CapEx plan under activity 9.1 Close to market research, development and innovation, as required by Delegated Regulation (EU) 2021/2178. The total capital and operating expenditures of this CapEx plan amounted to around €49 million in 2024. Further information on the CapEx plan can be found under *Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*. The further development of the GTF also results in taxonomy-aligned capital expenditures under economic activity 3.21 Manufacturing of aircraft.

In 2024, MTU also invested in self-generation of renewable energy, energy-efficiency measures and the purchase of renewable energy as part of the company's climate strategy. These capital expenditures also contribute to MTU's transition plan and is largely reflected in the taxonomy-aligned CapEx of economic activity 4.22 Production of heat/cool from geothermal energy.

The taxonomy-aligned capital expenditures in 2024 contributing to MTU's transition plan for climate change mitigation are shown in the table below.

Taxonomy-aligned capital expenditures contributing to the transition plan for climate change mitigation

Economic activities in 2024 CapEx in € million	Taxonomy-aligned CapEx
3.21 Manufacturing of aircraft	15
4.22 Production of heat/cool from geothermal energy	17
9.1 Close to market research, development and innovation	9

In total, MTU's financial resources for the implementation of a transition plan amounted to €115 million in 2024. This amount is attributable to the implementation of energy efficiency measures at MTU's consolidated sites as well as the measures already mentioned, such as research and development and self-generation of renewable energies. More details on actions in connection with MTU's climate change policies are set out in *Actions and resources in relation to climate change policies (E1-3)*.

MTU is working to adapt its economic activities in accordance with the provisions of EU Regulation 2021/2139 in order to transition to a more sustainable economy. This includes investing in the research and development of climate-friendly engine technologies to contribute to the sustainability of the aviation industry, and investing in technologies to reduce fossil fuel consumption and GHG emissions. The company actively monitors capital expenditures and operating expenditures associated with its Claire technology agenda and ecoRoadmap climate strategy to facilitate this transition. It also undertakes economic activities that are related to climate change mitigation and meet the criteria of the EU Taxonomy Regulation. MTU endeavors to continuously adapt its economic activities to the criteria of the Regulation, but did not set any specific targets for adaptations in the reporting year.

The continuous development and improvement of production for a low-carbon economy is part of MTU's business strategy and is documented in the ecoRoadmap climate strategy. With its Claire technology agenda, MTU is working intensively to reduce the climate impact and fuel consumption of aircraft engines in various phases. Thus, the transition plan is part of MTU's business strategy and financial planning.

The roadmaps and actions were approved by MTU's Executive Board.

MTU is not excluded from the EU Climate Transition Benchmarks aligned with the Paris Agreement, in accordance with the exclusion criteria specified in Article 12 paragraph 1 (d) to (g) and Article 12 paragraph 2 of Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation).

Material impacts, risks and opportunities and their interaction with strategy and business model (E1-SBM-3)

MTU conducted a resilience analysis for its own business operations and the downstream value chain in order to further assess climate-related physical risks and climate-related transition risks. The starting point for the resilience analysis was the climate risk and climate scenario analysis (see *Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)*). As the climate risk analysis did not identify any material physical risks within MTU's activities or the upstream and downstream value chain, nor any material transition risks in the upstream value chain, the resilience analysis currently focuses on transition risks for MTU's own business operations and the downstream value chain.

The transition risks considered in the context of the climate scenario analysis include regulatory changes, market changes, technological advances and reputational impacts associated with the transition to a low-carbon economy, as well as increasing stakeholder demands. The identified risks and opportunities were assessed based on their potential impact on MTU's business model, financial performance and strategic targets.

For the analysis of transition events described under *Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)*, various transition scenarios have been analyzed since 2023 and the impact on MTU's business activities assessed. A key focus was on investigating the impacts of change in international air traffic and climate-related transition events. The target of limiting global warming to 1.5°C is taken into account. In addition to the rising expectations of external stakeholders, the transition events considered included the increasing price of GHG emissions and fuels, the gradual introduction of minimum requirements for SAF (e.g. as part of the EU's ReFuelEU aviation initiative) and partial flight and flight route restrictions.

Failure to achieve the climate targets was identified as a significant transition risk, as this could worsen perceptions among external stakeholders and customers, damage the company's reputation in the long term and have negative financial effects. Other transition events, such as the rising cost of carbon emissions and SAF/fuel, could lead to lower demand for air travel in the long term.

The time horizon of the resilience analysis was based on key international climate policy milestones and climate scenarios and was adjusted in line with the time horizons described in IRO-1. The time horizon for the greenhouse gas reduction targets relates to the year 2030.

To assess resilience, MTU's climate change mitigation activities and resources were taken into account as risk mitigants. The resilience analysis is an aid to understanding MTU's transition risks and can help the company make strategic decisions amid complex and uncertain circumstances.

Uncertainties in the resilience analysis arise from the assumptions made about transition events that go beyond the currently foreseeable political agenda and can currently only be modeled based on assumptions. These are reviewed annually and updated as part of the climate scenario and climate resilience analysis.

MTU's resilience analysis showed that the introduction of the ecoRoadmap and its integration into MTU's strategy had already led to important measures being taken to mitigate climate change and maintain the company's ability to innovate. The results of the resilience analysis also underlined the fact that MTU's strategic orientation was already factoring in many of the risks and opportunities identified in connection with climate change, regardless of their materiality. Adapting MTU's business model to the challenges of climate change is a key component of the corporate strategy, currently operationalized through the Claire agenda and the ecoRoadmap.

Based on the resilience analysis for physical climate and transition risks, MTU is confident that it can secure constant access to funding at a reasonable cost of capital and respond flexibly to changing climatic and regulatory conditions while simultaneously enhancing its competitiveness.

Policies related to climate change mitigation and adaptation (E1-2)

MTU has policies in place to manage impacts, risks, and opportunities related to climate change. The following central policies were implemented with regard to actions for mitigating climate change and saving energy. The policies related to climate change do not currently specifically address the topic of climate change adaptation.

MTU climate protection manual incl. annex	
Content	This policy for climate change mitigation within MTU's own business operations aims to keep resource and energy consumption as low as possible and reduce the company's greenhouse gas emissions. The policy encompasses data collection and reporting for the calculation of GHG emissions and describes the general calculation principles and the company's GHG emission reduction targets. Furthermore, the process is defined from the idea to the implementation of actions to achieve the target and is operationalized via the company's ecoRoadmap climate strategy. The policy addresses climate change mitigation, energy efficiency and the deployment of renewable energy.
Target	As part of its climate strategy, MTU has defined a 60% reduction in CO_2e emissions by 2030 at the latest, starting from the base year 2019. The target is therefore based on the Paris Agreement on limiting global warming to 1.5 °C.
Associated material impacts, risks and opportunities	As an industrial company that manufactures and maintains parts for aircraft engines, MTU produces GHG emissions in Scope 1 and Scope 2 from production, repair and testing. This has a negative impact on the environment.
Monitoring	The policy is monitored through monthly internal reporting and an evaluation of target achievement during the year. Regular reports are also provided to the CS Board and the CSO.
Scope	Own operations (Scope 1 and Scope 2) of the six largest production and maintenance sites: / MTU Aero Engines AG (Munich) / MTU Aero Engines Polska sp. z o. o. / Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Canada Ltd. / MTU Maintenance Hannover GmbH / MTU Maintenance Serbia d.o.o. They account for 89.0% of MTU's Scope 1 and location-based Scope 2 emissions in 2024.
Responsible organizational level	The climate and environmental protection department and, at management level, the Executive Board and CSO are responsible for implementing the climate protection manual.
Third-party standards or initiatives	GHG Protocol, Paris Agreement
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Procedural instructions for evaluating environmentally relevant aspects in product design	
Content	These procedural instructions describe how environmentally relevant aspects are considered in product design. During the design of products, environmentally relevant aspects (such as low consumption and reduced emissions in the production and use phase) are evaluated by the designer and consulting departments. MTU's design system ensures that this evaluation is possible and is checked at defined points in the development process. The policy describes, among other things, which environmentally relevant aspects are directly determined or indirectly influenced by product design. This policy addresses climate change mitigation and energy efficiency related to MTU's products.
Target	Reduction of environmental impacts both in the use phase as well as in manufacturing and maintenance (such as low consumption and reduced emissions). Additionally, the use of more environmentally friendly materials and operating substances.
Associated material impacts, risks and opportunities	MTU's products are modules for engines in the aviation sector. The emissions generated by these products during the use phase have an actual negative impact on the environment by contributing to global warming
Monitoring	To ensure that environmentally relevant aspects are taken into account in product design, the MTU planning system defines points in product development at which the current state of development is checked (e.g. technical reviews and gate reviews). As part of the provisions, questionnaires containing documentation of the evaluation of the design on the basis of environmentally relevant criteria must be completed.
Scope	The policies are decisive in the development of new products and affect all technical departments in development at the following sites: / MTU Aero Engines AG (Munich) / MTU Aero Engines North America Inc. / MTU Aero Engines Polska sp. z o. o.
Responsible organizational level	The Engineering Office is responsible for implementing and monitoring the procedural instructions for evaluating environmentally relevant aspects in product design.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

MTU recognizes the interconnectedness of social and environmental impacts, as well as the associated risks and opportunities. MTU has therefore implemented policies that address various sustainability matters, including those covered by multiple ESRS topics. The Supplier Code of Conduct covers several sustainability matters and is included under *Policies related to value chain workers (S2-1)*.

Actions and resources in relation to climate change policies (E1-3)

Through its commitment to climate change mitigation, MTU wants to make a contribution to achieving the targets of the Paris Agreement. The company is continuously reducing GHG emissions in development, production and maintenance activities at its facilities, thereby making a contribution to global climate change mitigation. In this context, the following actions were taken in the reporting year to achieve the climate targets MTU has set itself and to reduce MTU's GHG emissions.

Self-generation of renewable energy	
Key actions taken and outcomes achieved	MTU is constantly seizing opportunities to generate its own renewable energy within its own business area, for example through photovoltaic systems or geothermal energy, in order to reduce the need to purchase externally generated energy. In 2024, MTU's largest photovoltaic system was put into operation at MTU Maintenance Serbia d.o.o. This saved around 241 t CO_2e.
Key actions planned and time horizons for implementation	MTU plans to continuously further expand self-generation of renewable energy by 2030 – e.g., with photovoltaic or geothermal-energy systems. By generating its own renewable energy, the company aims to reduce GHG emissions by a further 7,600 t CO_2e by 2030.
Contribution to the policy objectives and requirements	The overall objective of the MTU climate protection manual is to reduce Scope 1 and 2 emissions by 60% by 2030. The implementation of the key actions contributes to the reduction of Scope 1 & 2 emissions by helping MTU to reduce the purchase of non-renewable, fossil based energy and self-generate renewable energy instead.
Progress	At MTU Aero Engines AG (Munich), deep drilling was carried out in 2024 for the installation of a geothermal system. The heat from the deep geothermal energy will be used for heating requirements at the site in future. Construction of the technical building should be completed by the second quarter of 2025. The ecoRoadmap is used to continuously evaluate and implement further actions.

Energy efficiency	
Key actions taken and outcomes achieved	MTU plans to reduce its energy consumption in the long term through continuous energy efficiency measures. Actions to reduce energy consumption and increase energy efficiency are implemented on an ongoing basis at the six largest operationally controlled production and maintenance locations. These actions include the ongoing modernization of machinery, process optimization and the implementation of energy efficiency measures in auxiliary equipment and facility management. In 2024, MTU was able to reduce emissions by 672 t CO_2e through the following key actions: / Improvement of temperature control in production areas and offices / Switch to LED lighting / Refurbishment of the heating system at the MTU Maintenance Hannover GmbH site / Optimization and replacement of machines and technical building systems, such as ventilation systems
Key actions planned and time horizons for implementation	By means of heat pumps and improvements to the heating network, further improvements that will enable savings of 2,800 metric tons of CO_2e are to be implemented by 2030.
Contribution to the policy objectives and requirements	The overall objective of the MTU Climate Protection Handbook is to reduce Scope 1 and 2 emissions by 60% by 2030. The implementation of the key actions contributes to the reduction of Scope 1 and 2 emissions and enables MTU to reduce energy consumption and thus emissions in its own operations with the aid of energy efficiency measures.
Progress	The ecoRoadmap is used to continuously evaluate and implement existing and new actions.

Purchase of renewable energy	
Key actions taken and outcomes achieved	To achieve a reduction in GHG emissions, high-quality renewable energy is purchased at the six largest MTU sites. In 2024, MTU procured 40.5% of its purchased energy through contractual instruments with unbundled attributes for energy generation.
Key actions planned and time horizons for implementation	MTU plans to continuously increase the share of purchased renewable energy at its six largest sites through contractual instruments with bundled and unbundled attributes for energy generation.
Contribution to the policy objectives and requirements	The overall objective of the MTU Climate Protection Handbook is to reduce Scope 1 and 2 emissions by 60% until 2030. The implementation of the key actions contributes to the reduction of Scope 1 & 2 emissions by helping MTU to reduce the purchase of non-renewable, fossil based energy and purchase renewable energy instead.
Progress	As of 2024, MTU has reduced its emissions by around 35,745 t CO_2e compared to the base year 2019 by purchasing renewable energy at its six largest sites.

In total, the energy efficiency measures and expansion of renewable energy as part of the eco-Roadmap climate strategy saved 914 t CO_2e in the reporting year. If the actions planned by MTU are implemented, a further reduction in emissions of 10,400 t CO_2e is expected.

Development of sustainable propulsion systems / Claire technology agenda	
Key actions taken and outcomes achieved	MTU is continuously working on the development of solutions and concepts for sustainable commercial engines, thereby paving the way for low-emission flying (especially as part of the Claire technology agenda). All efforts are aimed at reducing climate impact (caused by CO_2 and NOx emissions and contrail formation) and lower energy consumption. Key elements include evolutionary enhancements of the gas turbine engine based on the geared turbofan and completely new, revolutionary propulsion concepts, such as the Flying Fuel Cell.
Key actions planned and time horizons for implementation	MTU's R&D activities are constantly ongoing, and it plans to continue its efforts in the long-term.
Contribution to the policy objectives and requirements	Reduction of environmental impacts in use phase (such as lower fuel consumption and fewer emissions) of MTU's products.
Progress	The first Claire phase was achieved with highly efficient engines (geared turbofan) from the Pratt & Whitney GTF™ engine family. MTU contributes key technologies to these engines. They are used in modern narrow-body aircraft and reduce fuel consumption and CO_2 emissions by 16–20% per flight compared to previous models. The geared turbofan has been on the market since 2016. Work has as well already started on the second generation of geared turbofan engines, which boast additional improvements. When powered by SAF or liquid hydrogen, next generation turbofans could reduce the climate impact of aircraft by as much as 65% compared to a gas turbine from the year 2000.

Significant capital expenditures (CapEx) and operating expenditures (OpEx) on actions to achieve MTU's sustainability targets amounted to €44 million (CapEx) and €71 million (OpEx) in fiscal year 2024. More information on MTU's CapEx and OpEx in this fiscal year can be found under *Capital expenditure in the Economic report of the combined management report* and under *Notes to the consolidated income statement in the Consolidated financial statements* section of the consolidated financial statements. These figures were analyzed with regard to actions for achieving the sustainability objectives, taking into account a materiality threshold. Additionally, the significant amounts of CapEx and OpEx for the implementation of the actions can be linked to the EU Taxonomy key performance indicators. The significant amounts of CapEx and OpEx that are required for the implementation of the actions and are also part of the EU Taxonomy reporting are shown in the following table:

Significant CapEx and OpEx on actions to achieve GHG emission reduction targets

in € million	Taxonomy-aligned	Taxonomy-eligible, but not aligned
Significant CapEx	41	3
Significant OpEx	44	2

A total amount of €49 million is part of MTU's CapEx plan in accordance with Delegated Regulation (EU) 2021/2178. This CapEx plan relates to economic activity 9.1 Close to market research, development and innovation. Further information on the CapEx plan can be found under *Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*. However, the OpEx and CapEx for implementing sustainable actions in 2024 do not fully meet the criteria of the CapEx and OpEx key performance indicators based on the EU Taxonomy. The reason for this difference is, firstly, that the requirements of the significant contribution and the DNSH criteria are not fully met. Secondly, a large proportion of research expenditures on sustainable propulsion systems cannot be allocated to economic activity 9.1 Close to market research, development and innovation or any other economic activity due to the requirements for technology maturity. In addition, externally financed funds for research and development are excluded from EU Taxonomy reporting.

Targets related to climate change mitigation and adaptation (E1-4)

By setting specific climate goals, MTU wants to play a part in achieving the climate targets set out in the Paris Agreement. When setting its own targets, MTU is guided by the European Green Deal, which is derived from the Paris Agreement's 1.5 °C target and aims for climate neutrality by 2050. GHG emission reduction targets for Scopes 1 and 2 have been established to this end. The targets are stated in CO_2 equivalents (CO_2e) and are based on gross emissions. MTU does not take account of GHG removals, the use of carbon credits or avoided emissions as a means of achieving the targets.

Reduction of Scope 1 & 2 emissions	
Relationship to policy objectives	The target corresponds to the climate protection manual's overall objective. MTU has set itself the target of keeping resource and energy consumption as low as possible and thus reducing GHG emissions.
Objectives and period	MTU's target is to reduce Scope 1 and Scope 2 emissions by a total of 60% by 2030 compared to 2019 (ecoRoadmap). The target is measured in metric tons of CO_2e.
Scope	/ MTU Aero Engines AG (Munich) / MTU Aero Engines Polska sp. z o.o. / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Canada Ltd. / MTU Maintenance Hannover GmbH / MTU Maintenance Serbia d.o.o.
Base year and value	Starting from the base year 2019, the progress made in reducing Scope 1 and Scope 2 emissions is measured from the baseline value of 87,843 t CO_2e.
Methodologies and assumptions	MTU's target is science-based and aligned with the Paris Climate Agreement's 1.5 °C target. The resources of the Science Based Targets initiative (SBTi) were used to determine the target ambition. The target is not externally assured. The target was set without direct involvement by stakeholders.
Changes in targets and corresponding metrics	No adjustment was made to the defined targets.
Target achievement	In the current reporting year, MTU already recorded a 42.2% reduction in emissions compared to the base year 2019.

MTU has taken into account a range of climate scenarios, including one aligned with limiting global warming to 1.5 °C. This makes it possible to identify relevant developments in the environment, society, technology, markets, and policies, allowing MTU to determine the most effective decarbonization levers.

MTU used the SBTi Corporate Manual and SBTi criteria to determine its near-term targets.

MTU's GHG emission reduction targets were determined using SBTi's cross-sector decarbonization pathway (absolute emission reduction method), which according to SBTi is scientifically sound and compatible with limiting global warming to 1.5 °C. A reference target with the same base and target year would result in a reduction of 46.2% according to the SBTi reduction pathway.

The GHG emissions reduction target of a "60% reduction of Scope 1 and Scope 2 emissions by 2030 compared to the base year 2019" was based on, among other things, critical assumptions about future developments in relation to MTU's future growth, regulatory changes and the use of new technologies. These factors will impact both MTU's GHG emissions and its efforts to reduce emissions.

Future growth: If MTU experiences significant growth in operations, such as expanding production or increasing the scale of services, this could lead to higher GHG emissions by MTU. It becomes crucial to implement sustainable practices and technologies to ensure that emissions are managed and reduced in line with MTU's growth trajectory.

Regulatory factors: Changes in regulations and policies related to greenhouse gas emissions can directly impact MTU's emissions profile. Stricter emissions standards or the introduction of carbon pricing mechanisms may require MTU to adopt cleaner technologies, reduce emissions, or invest in offsets to comply with regulatory requirements.

New technologies: Advancements in clean and renewable technologies can provide opportunities to reduce GHG emissions. Implementing energy-efficient solutions, transitioning to renewable energy sources, and adopting low-carbon processes can also make a significant contribution to emission reductions. Being open to innovation and always up to date with emerging technologies is crucial in exploiting these opportunities.

MTU needs to proactively monitor and assess the potential impacts of future growth, regulatory factors, and new technologies on its emissions. By doing so, MTU can adapt its strategies, invest in sustainable practices, and seize opportunities to effectively manage and reduce its GHG emissions.

MTU has employed the market-based method to calculate Scope 2 emissions included in the target. As the emissions reduction target was already defined in 2021, the reporting boundaries of MTU's emissions reduction target and the GHG footprint are slightly different. For the target inventory, the six largest production and maintenance sites under operational control and therefore also with the greatest reduction requirements are included: MTU Aero Engines AG (Munich), MTU Maintenance Hannover GmbH, MTU Maintenance Berlin-Brandenburg GmbH, MTU Aero Engines Polska sp. z o.o., MTU Maintenance Canada Ltd. and MTU Maintenance Serbia d.o.o. Other locations are not currently included in the emissions reduction target. The target encompasses the following gases: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3. Sources included under Scope 1: natural gas, biogas, kerosene, SAF, fuels for the operation of the vehicle fleet, and under Scope 2: purchased electricity and district heat.

The target covers 93.4% of Scope 1 and 42.8% of Scope 2 in the reporting year. In total, this represents 74.8% of MTU's Scope 1 and Scope 2 emissions. The subsidiaries concerned also adhere to the same requirements, and their GHG reduction targets are subject to the same disclosures at the subsidiary level.

To ensure that the base year used to measure progress towards the target is representative, MTU chose 2019 as a representative year for establishing the baseline. Demand in the aviation industry was relatively stable in 2019, without the impact of extraordinary events such as the COVID-19 pandemic. This base year therefore provides a more accurate picture of emissions and activities. All activities at MTU's six largest production and maintenance sites were included in the target inventory when the baseline was created. This ensures that the baseline value represents the entirety of MTU's operations and provides a comprehensive foundation for measuring progress. In the event of significant changes to the target boundary or reporting boundary, the baseline value and base year will be adjusted accordingly.

Based on the decarbonization levers identified, MTU expects the following contributions to achieve the GHG emission reduction targets:

Contribution of the decarbonization levers to target achievement

		Base year 2019 in t CO_2e	Target for 2030 in t CO_2e
GHG emissions	Scope 1	41,439	29,000
	Scope 2	46,404	6,138
Self-generation of renewable energy	Scope 1	/	–7,000
	Scope 2	/	–800
Energy efficiency activities	Scope 1	/	–6,100
	Scope 2	/	–2,500
Purchase of renewable energy	Scope 1	/	–500
	Scope 2	/	–35,805

Self-generation and purchase of renewable energy: One significant lever for emissions reduction is fuel switching. MTU is switching from sourcing non-renewable fossil fuels to renewable energy sources. This includes sourcing renewable electricity for its operations and increasing self-generated renewable energy through the installation of, for example, photovoltaic (PV) systems and the utilization of geothermal energy. By shifting to renewable energy sources, MTU can reduce its Scope 1 and Scope 2 emissions associated with energy consumption.

Energy efficiency: One of MTU's key strategies for decarbonization is to reduce emissions by increasing energy efficiency measures that have been implemented since 2019. MTU aims to continuously reduce its energy consumption and CO_2e emissions by implementing energy-saving actions, optimizing processes and using energy-efficient technologies.

Energy consumption and mix (E1-5)

Pursuant to ESRS principles, MTU's energy consumption and energy mix in 2024 are as follows: The Group's total energy consumption amounted to 384,708 megawatt hours in that year. Fossil sources accounted for 62.5% of this, while 1.2% came from nuclear energy. 36.3% was obtained from renewable energy sources such as solar energy, wind power and biomass.

Energy consumption and mix

	2024
(1) Fuel consumption from coal and coal products (MWh)	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	67,208
(3) Fuel consumption from natural gas (MWh)	124,868
(4) Fuel consumption from other fossil sources (MWh)	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	48,296
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	240,372
Share of fossil sources in total energy consumption (%)	62.5
(7) Consumption from nuclear sources (MWh)	4,524
Share of consumption from nuclear sources in total energy consumption (%)	1.2
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	434
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	138,858
(10) The consumption of self-generated non-fuel renewable energy (MWh)	520
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	139,812
Share of renewable sources in total energy consumption (%)	36.3
Total consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**384,708**

MTU produced a total of 91,711 MWh of energy. Of this, 91,191 MWh come from non-renewable sources, and 520 MWh from renewable sources.

The following table shows the energy intensity of MTU's activities in high climate impact sectors in relation to the net revenue generated.

Energy intensity per million euros of net revenue

	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€ million)	53.0

For information on net revenue, see the "Revenue" item in the *Notes to the consolidated income statement section of the consolidated financial statements.*

Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

CO_2e emissions from production and maintenance activities (Scope 1 and Scope 2) mainly result from the energy consumption required to operate the facilities and test stations for engines. In 2024, Scope 1 emissions for the fully consolidated locations amounted to 42,290 metric tons of CO_2e and market-based Scope 2 emissions amounted to 21,884 metric tons of CO_2e. The emissions from investees, including associates, joint ventures, and unconsolidated subsidiaries not yet fully reflected in MTU's financial statements over which MTU has operational control were 415 metric tons of CO_2e in Scope 1 and 3,040 metric tons of CO_2e in Scope 2 (market-based) in 2024.

To calculate the Scope 1 emissions, MTU identified the direct emissions sources within the Group. The data used to calculate the Scope 1 emissions consists of MTU's energy consumption data. The collected activity data is multiplied by corresponding emission factors to determine the emissions. This approach is also used to determine the biogenic CO_2 emissions in Scope 1.

To calculate the Scope 2 emissions, MTU follows both location-based and market-based methods. To calculate the location-based emissions, MTU uses average energy generation emission factors specific to the respective sites. For market-based emissions, MTU quantified the GHG emissions from generators with whom MTU has contractual agreements for bundled and unbundled electricity. If no data on contractual instruments is available, MTU takes account of the emission factor of the corresponding residual mix, if available.

The following gases are taken into account when calculating emissions: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3. Emission factors from the GHG Protocol and MLC (formerly GaBi) databases are used to calculate Scope 1 and 2 emissions.

MTU discloses the biogenic CO_2 emissions resulting from the combustion of biomass within the Scope 1 reporting limits separately. These emissions amount to 84 t CO_2e. Greenhouse gases such as CH_4 and N_2O from the combustion of biomass are reported as part of the regular Scope 1 emissions.

The emission factors used to calculate Scope 2 emissions in the reporting year do not differentiate between fossil and biogenic CO_2 emissions, which is why MTU is unable to report any biogenic CO_2 emissions.

MTU operates installations that are subject to regulated Emission Trading Schemes (ETS). In 2024, the percentage of GHG emissions regulated under ETS was 71.1% in Scope 1.

In the reporting year, MTU was able to cover 35.0% of its energy requirements for electricity and district heating through contractual instruments with unbundled attributes for energy generation (green electricity certificates). No contractual instruments with bundled attributes for energy generation were used.

MTU's Scope 1 and 2 emissions

	Retrospective		Target	
	Base year[1] 2019	2024	2030	Annual % of the target / base year
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions (tCO_2e)	41,439	42,705	29,000	3.0
Proportion of Scope 1 GHG emissions from regulated emissions trading schemes (in %)	/	71.1	/	/
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions (tCO_2e)	76,291	70,736	/	/
Gross market-based Scope 2 GHG emissions (tCO_2e)	46,404	24,924	6,138	8.7

[1] As the base year and the target were already defined before CSRD was introduced, the scope of the GHG target inventory for the base year and the target currently only includes locations that are part of the company's ecoRoadmap climate strategy. In accordance with the ESRS disclosure requirements, the GHG emissions for 2024 are reported for the group of consolidated companies described in the "General basis (BP-1)" section.

MTU has identified its significant Scope 3 categories by considering GHG emissions and criteria outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, pp.61 and 65-68). This identification process considers factors such as magnitude of emissions, influence, transition risks and opportunities, stakeholder perspectives and sector specific criteria. The categories include 3.1 Purchased goods and services, 3.2 Capital goods, 3.4 Upstream transportation and distribution, 3.11 Use of sold products and 3.15 Investments. MTU updates its Scope 3 GHG emissions for each significant category annually based on current activity data. The results of the Scope 3 calculation for 2024 are shown in the table below:

MTU's significant Scope 3 emissions

	2024
Total gross indirect (Scope 3) GHG emissions (tCO_2e)	**6,044,133**
3.1 Purchased goods and services (tCO_2e)	912,906
3.2 Capital goods (tCO_2e)	103,249
3.4 Upstream transportation and distribution (tCO_2e)	54,931
3.11 Use of sold products (tCO_2e)	3,352,602
3.15 Investments (tCO_2e)	1,620,445

To determine each significant category of its Scope 3 emissions, MTU established clear reporting boundaries. The 3.1 category "Purchased goods and services" includes all upstream emissions (from production to the supplier's factory gate) from the production of goods (property, plant and equipment) and services (intangible assets) acquired by all companies over which MTU has operational control in the reporting year and that were not recognized in other Scope 3 categories. The GHG emissions in Scope 3.1 are determined based on spend and weight.

The Scope 3.1 GHG emissions were calculated using a hybrid data model that combines both spend- and weight-based calculation methodologies. The spend-based approach relies on the Environmentally Extended Input-Output Model (EEIO) while the weight-based approach calculates emissions by multiplying the weight of a material by its corresponding emission factor from the International Aerospace Environmental Group (IAEG) emission factor database. For companies for which no activity data could be collected, the data was extrapolated on the basis of revenue. As this is only a very small proportion of Scope 3.1 emissions, this does not result in any relevant measurement uncertainty.

The Scope 3.2 category "Capital goods" takes into account all upstream emissions (from cradle to gate) of the purchased capital goods of all companies over which MTU has operational control. The calculation methods for determining Scope 3.2 GHG emissions were spend-based (EEIO model). For companies whose activity data was not integrated, GHG emissions were extrapolated on the basis of revenue. As this is only a very small proportion of Scope 3.2 emissions, this does not result in any relevant measurement uncertainty.

The Scope-3.4 category "upstream transportation and distribution" includes emissions from the transportation and distribution of products purchased by MTU in the reporting year in vehicles and facilities not owned or controlled by MTU. The calculation methods for determining Scope 3.4 GHG emissions were spend-based (EEIO model). All companies over which MTU has operational control were also taken into account in the Scope 3.4 category. GHG emissions were extrapolated for companies whose activity data was not integrated. As this is only a very small proportion of Scope 3.4 emissions, this does not result in any relevant measurement uncertainty.

The Scope 3.11 category "Use of sold products" includes emissions from the use phase of MTU products sold in the reporting year. MTU uses ICAO life-cycle emission factors to calculate the emissions. A weight-based allocation method is taken into account for MTU's products.

Non-CO_2 effects arising from the use of products in aviation are not currently taken into account for two reasons:

1) The consequences of emissions, such as contrails from a mixture of water vapor and emitted particles (SO_2, CH, soot), are difficult to estimate and calculate accurately. Depending on climatic conditions, contrails can contribute to the formation of cirrus clouds. A uniform, standardized procedure for estimating their climate impact has not yet been established.

2) There are currently no substantial requirements from various regulatory and environmental organizations, such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), IAEG or SBTi, to include non-CO_2 effects in emissions calculations. These organizations have not yet developed comprehensive guidelines or methodologies for assessing or considering any such effects in aviation. MTU will continue to monitor developments in this area and stay informed about any emerging standards or requirements from relevant regulatory and environmental bodies.

The Scope 3 categories include indirect Scope 3 GHG emissions from the consolidated Group companies (including the parent company and subsidiaries), associates, joint ventures, and unconsolidated subsidiaries over which MTU has operational control.

Additionally, MTU has identified Scope 1, 2, and 3 GHG emissions from associates, joint ventures, unconsolidated subsidiaries (investment entities), and joint arrangements over which MTU does not exercise operational control. These entities are part of MTU's upstream and downstream value chain and are included in the Scope 3.15 emissions with all Scope 1, 2 and 3 emissions via the Environmentally Extended Input-Output Model (EEIO).

The emissions falling under category 3.3 "Fuel and energy-related activities (not included in Scope 1 or Scope 2)", category 3.5 "Waste generated in operations", category 3.6 "Business travel", category 3.7 "Employee commuting", category 3.9 "Downstream transportation and distribution", category 3.10 "Processing of sold products", category 3.12 "End-of-life treatment of sold products" and category 3.13 "Downstream leased assets" are not considered significant due to their low level. Category 3.8 "Upstream leased assets" is not applicable to MTU, as MTU already reports emissions from leased assets in Scopes 1 and 2. Category 3.14 "Franchises" is also excluded, as MTU is not active in this area.

None of MTU's Scope 3 emissions are calculated using primary data sourced directly from its suppliers or other partners in its value chain yet.

The activity data and emission factors used for the Scope 3 calculation do not differentiate between the percentage share of biomass or biogenic CO_2, which is why MTU cannot report any biogenic CO_2 emissions.

For the reporting year, MTU's total GHG emissions from Scope 1, Scope 2 and significant Scope 3 categories are as follows:

MTU's total emissions

Total GHG emissions (tCO_2e)	2024
Total GHG emissions (location-based) (tCO_2e)	6,157,574
Total GHG emissions (market-based) (tCO_2e)	6,111,762

The following table shows the GHG intensity on the basis of net revenue in the reporting year.

GHG intensity based on net revenue

	2024
GHG intensity per million euros of net revenue (location-based) (tCO_2e/€ million)	848.7
GHG intensity per million euros of net revenue (market-based) (tCO_2e/€ million)	842.3

For information on net revenue, see the "Revenue" item in the *Notes to the consolidated income statement section of the consolidated financial statements.*

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

MTU uses carbon credits to mitigate the negative impacts of climate change outside its own value chain. These carbon credits are independent from the GHG emissions and the GHG emission reduction targets mentioned in sections E1-6 and E1-4, respectively. The carbon credits purchased meet high-quality standards and contribute to climate change mitigation by financing projects that promote GHG mitigation and removal.

In the 2024 fiscal year, MTU purchased 13,185 metric tons of carbon credits to externally offset GHG emissions outside its value chain. The carbon credits from removal projects come from biogenic sinks.

Metrics on carbon credits used

Carbon credits canceled for the reporting year	2024
Total (tCO_2e)	**13,185**
Share from removal projects (%)	30.3
Share from mitigation projects (%)	69.7
Recognized CDM quality standard (%)	68.3
Recognized VCS quality standard (%)	1.4
TÜV certificate for carbon storage (%)	30.3
Share from projects within the EU (%)	30.3
Share of carbon credits that qualify as corresponding adjustments (%)	0

For 2025 and 2026, MTU is also planning to cancel 10,000 t CO_2e outside its value chain on the basis of existing contractual agreements.

Carbon credits planned to be cancelled in the future

	Amount until 2025/2026
Total (tCO_2e)	**10,000**

MTU has not developed any projects for GHG removal and mitigation within its own value chain. For this reason, there are no metrics to report on this topic.

Internal carbon pricing (E1-8)

MTU does not currently apply internal carbon pricing schemes and therefore has no metrics to report for this topic.

Resource use and circular economy (E5)

Policies related to resource use and circular economy (E5-1)

MTU's long-standing expertise in the maintenance, repair, and overhaul (MRO) of engines and the resulting high quality of customer-specific or needs-based engine MRO services have a positive impact on resource use. MTU's MRO business makes a substantial contribution to the circular economy through only non-repairable parts being replaced while the rest of the engine is reused. The MRO services therefore contribute to prolonging products' service life.

The following policy is crucial for addressing the material impacts in the context of resource use and the circular economy:

Procedural instructions for evaluating environmentally relevant aspects in product design	
Content	In the context of the circular economy, the procedural instructions listed address the material impact in relation to MTU's resource outflows in production and maintenance, through resource-efficient production and repair methods and the use of REACH-compliant materials, recycled materials (in part) and recyclable materials in product design. The policy also supports the development and design of products with a long service life and useful life.
Associated material impacts, risks and opportunities	MTU's many years of experience in the MRO business ensure high quality in engine maintenance, which prolongs engine efficiency and service life. MTU has a positive impact on the circular economy because only necessary parts are replaced and the remaining part of the engine is reused. In this way, the MRO business of MTU makes a significant contribution to resource efficiency and the circular economy.

For further information on the policy, in particular on the objective, monitoring, scope of application, responsible organizational level and availability, see *Policies related to climate change mitigation and adaptation (E1-2): Procedural instructions for evaluating environmentally relevant aspects in product design*.

Actions and resources related to resource use and circular economy (E5-2)

The actions in relation to resource use and circular economy implemented in the reporting year and those planned for the future are presented below:

MTUPlus Intelligent Solutions: PERFORMPlus (smart repairs) and ValuePlus (smart reuse)	
Key actions taken and outcomes achieved	Smart repairs: MTU's MRO services are tailored to the customer's specific requirements. In addition to the age of the engine, factors including individual use and planned service life are considered to ensure an effective repair and efficient resource use (see also "Smart reuse"). MTU's engine trend monitoring also makes it possible to determine the optimum time for engine maintenance. This is determined on the basis of measurement points such as exhaust gas temperatures, fuel consumption and thrust combined with historical wear data. Furthermore, various factors such as a potential drop in performance on the wing, component wear and the (remaining) service life are taken into account. The continuous development of innovative measuring methods allows more efficient damage detection and tailored repair. Furthermore, maintenance work is conducted on-wing whenever feasible to extend the time between shop visits, reduce downtime and increase the service life of the engines. Since this year, an innovative measuring system that automatically detects and analyzes damage to critical parts has been in use at the MRO-site in Hanover. Compared to the previous process, a significant reduction in maintenance time is possible. Smart reuse: For mature engines it can be more effective to prioritize the installation of used spare parts instead of new parts. For this purpose MTU identifies suitable used engines, dismantles them, reconditions the reusable components, installs them in in-service engines and/or sells them at parts level.
Key actions planned and time horizons for implementation	Key actions planned for the next two years: / Implementation of the innovative measurement system for automated detection and evaluation of damage to critical components at other MRO sites, where possible. Key actions planned for the next three to five years: / Development of a borescope solution for improved inspection of engines directly on site – i.e., on-wing. / Introduction of an intelligent monitoring system for more efficient identification of suitable spare parts. The system is intended to enable a more precise assessment of the parts-level condition of in-service engines on the basis of use data. Key actions planned for the next ten years: / Development and use of digital twins of engines (virtual versions) across all life cycles. This is intended to accelerate the development of new products by minimizing design iterations, improve the recyclability of products and enable the early development of suitable repair processes.
Contribution to the policy objectives and requirements	The procedural instructions for evaluating environmentally relevant aspects in product design also aim to reduce energy and material consumption for MRO activities. Implementing the aforementioned actions results in significantly shorter maintenance times (with automated measuring systems, early repair concepts using digital twins) and thus lower energy consumption. On-wing inspections reduce material and energy consumption. The consumption of resources is reduced by using spare parts from decommissioned engines and by optimizing the product design, for example to reduce component wear. In summary, all the above actions help to ensure compliance with the requirements of the procedural instructions for evaluating environmentally relevant aspects in product design.
Scope	Unless explicitly stated otherwise, the actions apply to all MRO sites.
Progress	The aforementioned actions with regard to the smart repair and reuse of parts are continuously implemented, optimized and expanded. Progress was made in, among other areas, digitalization, which enables more efficient detection and analysis of damage in the MRO business.

Targets related to resource use and circular economy (E5-3)

MTU has not yet defined an ESRS-compliant target for its first report. The effectiveness of the procedural instructions for evaluating environmentally relevant aspects in product design currently relates primarily to the reduction of climate impacts. The policy also has positive effects on resource use and circular economy; however, these are not currently recorded due to the wide range of topics. The actions implemented and planned have a positive influence on, for example, the reduction of disassembly and inspection times, the conservation of resources through the use of reusable parts or the performance of repairs, the faster development of repair procedures and the more efficient identification of reusable parts. MTU aims to establish suitable metrics for evaluating these actions with regard to the circular economy.

The continuous development and optimization of resource use and circular economy are an integral part of MTU's corporate strategy regardless of this. MTU pursues the strategic objective of continuous process optimization and resource efficiency in product development, product design, product manufacturing and the MRO business in order to be able to offer more environmentally friendly solutions in the future. This is also reflected in the continuous expansion of the product and service portfolio in the commercial maintenance business.

Resource outflows (E5-5)

MTU manufactures and repairs aircraft engines and aero-derivative stationary industrial gas turbines over their entire life cycle. Its core competencies lie in low-pressure turbines (LPT), high-pressure compressors (HPC), turbine center frames (TCF) and manufacturing and repair techniques, with commercial aviation representing MTU's dominant market. Its key products cover a wide range of commercial aviation engine programs. These can in turn be divided into market segments – Business Jets – Narrowbody / Regional Jets – Widebody Jets, which differ in terms of average flight hours, among other things. MTU products are used in a wide range of applications for which durability, reusability, reparability and disassembly are essential requirements, thus these principles are always taken into account in the development of the products. This also includes optimizing product or material usage through MRO business models. High-pressure compressors, low-pressure turbines and turbine center frames are designed to withstand the entire service life of the aircraft, with the assistance of suitable maintenance and servicing intervals. In the event that repairs are no longer feasible due to damage or wear, individual components (e.g. blades) can be replaced. In summary, the development, manufacture and maintenance of MTU products meet the circular economy criteria.

Durability of key MTU products

Key product	Durability in years of operation	Durability in operating hours
Business jets (BJ)	100%	100%
Narrowbody/Regional jets (RJ)	94.5%	93.7%
Widebody jets (WJ)	103.1%	93.6%
Total durability	**96.5%**	**95.2%**

For the first-time reporting of durability metrics for MTU's products, the metric was recorded and calculated in accordance with ESRS logic. Based on current data availability and verification, the durability of the key MTU products is determined on the basis of the service life of the respective aircraft type in which the MTU products are installed. The service life of the various aircraft types is also used to calculate the industry average. The figures here are forecast values based on an analysis of historical data, as most aircraft types have not yet reached their estimated service life due to the length of time they have been in service. The metrics therefore represent imputed values and cannot be related to the actual durability of the MTU products installed. Since the positive impact of the MRO business, for example with regard to the conservation of resources through the repair of components and the use of reusable components, cannot be assessed on the basis of the ESRS metric for durability, MTU plans to develop a specific KPI for this purpose.

Repairability of MTU products

MTU's key products, such as the high-pressure compressors and low-pressure turbines, are designed to withstand the entire service life of the aircraft. This is ensured by regular and user-oriented maintenance and servicing intervals, which, in addition to flight safety, are intended to guarantee efficient operation and a long service life. Repairability is therefore a key principle for MTU's products. During the use phase, repairs are carried out regularly on the basis of customer-specific maintenance plans, which are based on factors including the age of the engine, individual usage and customer feedback. Where possible, the identification of necessary maintenance measures is supported by MTU's engine trend monitoring. For maintenance, the engines can be disassembled modularly into their main components, so that targeted disassembly for the repair of specific components is possible and the complete engine does not need to be dismantled down to individual component level. Each part is inspected and categorized as either reusable, repairable, non-repairable due to damage or wear, or as a component that has

reached the end of its life. MTU produces spare parts for key products in the latter two categories (non-repairable components, components that have reached the end of their life) beyond their program end. Additionally, MTU promotes the availability of spare parts for engines, including for engine programs that have been discontinued, by utilizing components from used, decommissioned engines to repair and extend the life of in-service engines.

Recyclability of MTU products

MTU products such as high-pressure compressors, low-pressure turbines and turbine center frames are primarily manufactured using nickel-based and titanium alloys. The recyclable content of the products is therefore correspondingly high.

Recyclable content in products and packaging

	Recyclable content
Products	98.2%
Packaging	94.9%

Social information

Own workforce (S1)

Material impacts, risks and opportunities and their interaction with strategy and business model (S1-SBM-3)

In the course of the materiality assessment, MTU identified various actual and potential positive and negative impacts related to its own workforce. The positive impacts identified relate primarily to the structural working conditions implemented and the further development of employee skills. The positive impacts are directly connected to MTU's corporate strategy. As committed and qualified employees are a central pillar of MTU's strategy, a wide range of actions are continuously being implemented to achieve positive effects for employees. These actions are outlined under *Taking action on material impacts and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches (S1-4)*.

None of the negative impacts on MTU's own workforce identified for the sustainability matters in the ESRS sub-topics of working conditions, equal treatment and opportunities for all and other work-related rights result directly from the business model or corporate strategy (see *Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)* for a detailed discussion of the material impacts, risks and opportunities identified). Actual and potential impacts relating to general working conditions, such as the health and safety of the workforce, arise from the specific procedures and processes within production and maintenance services. These activities are linked to the business model but are not its driving elements. At the same time, ensuring the health and safety of the workforce is a fundamental part of MTU's corporate values, corporate strategy and operating activities. The results of the double materiality assessment are integrated into planning with regard to the policies, actions and targets relevant to employees and non-employees (see *Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)* and *Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)* for more information). The link between the material risks, through impacts and dependencies with regard to employees and strategy is based on the strong correlation between highly qualified and motivated employees and the company's success. If MTU is unable to offer sustainably attractive working conditions, including appropriate wages, this could jeopardize its competitive advantage in attracting and retaining talent.

None of the material negative impacts identified in the materiality assessment are considered to be widespread or systemic in the context of the company's business operations.

In the disclosures on strategy and business model, MTU takes into account everyone in its workforce who may be materially affected by its activities, products, services or business relationships. All MTU employees are also included in the materiality assessment. MTU's workforce is divided into two groups in accordance with the ESRS: permanent and temporary employees (a detailed definition can be found under *Characteristics of the undertaking's employees (S1-6)*), and non-employees, in the sense of self-employed, agency or temporary workers who are not considered direct employees of MTU. Reporting for the group of non-employees is planned from fiscal year 2025.

MTU's identified positive impacts relate to the topics of secure employment, working time, work-life balance, health and safety, and training and skills development. These positive impacts benefit the workforce and are the result of MTU's comprehensive human resources strategy and its determination to actively promote corporate culture, for example through openness to change, the promotion of decision-making skills, entrepreneurship of employees and continuous dialogue with MTU employees (for more information on dialogue formats, see Process for engaging with own workforce *and workers' representatives about impacts (S1-2)* as well as *section G1 of this report on corporate culture*). MTU is continuously working to achieve positive effects through various actions. These include effective health and safety measures, such as ergonomic workstations, offering flexible working hours and mobile working options, strengthening internal communication through a feedback landscape and investing in ongoing training and development opportunities (for details, see *Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)*). These positive impacts particularly affect MTU's employees.

MTU has identified no material impacts on its workforce resulting from the transition to reducing negative environmental impacts and achieving environmental and climate-neutral operations.

With regard to its business activities, MTU did not identify any areas that are exposed to the risk of incidents of forced labor, compulsory labor or child labor.

As part of its double materiality assessment, MTU identified certain groups within its workforce that are or could be negatively affected by certain impacts. In the process, MTU developed an understanding of how certain groups are or could be exposed to a higher risk. Based on the conducted analysis, the following groups of employees are at greater risk of harm:

- Employees at MTU sites involved in production or repair and maintenance work, including temporary employees and non-employees, are exposed to physical strain and various occupational hazards.
- With regard to working time, there is a potential negative impact due to the inequality between different working hour models for production and office jobs. Employees required to work shifts and weekends may find it difficult to balance work and private life, which can potentially have a negative impact on their well-being.

The identified material risk of personnel costs in the event of a higher staff turnover rate and low employer attractiveness due to inadequate or constrained working conditions is linked to the aforementioned potential negative impacts, if these were to actually occur, and relates in particular to MTU employees.

Policies related to own workforce (S1-1)

The dedicated and skilled workforce at MTU is the cornerstone of the company's success, driving innovation, operational excellence, and sustainable growth. MTU has therefore adopted comprehensive internal regulations to manage the material impacts and risks related to its own workforce. The most important policies affecting the workforce include: the company's policy statement on the protection of human rights, the Code of Conduct for employees, the manual for the implementation of human rights risk management at MTU (including corresponding environmental obligations), the agreement on responsibility in occupational health and safety and environmental protection, the agreement on documentation and reporting of accidents, continuous training / corporate works agreement on training and development, the corporate works agreement on disease prevention and integration of severely disabled individuals and the corporate works agreement on collaborative behavior in the workplace. All mentioned policies are outlined in accordance with ESRS minimum disclosure requirements for policies (MDR-P) at the end of this section.

At MTU, the respect and protection of human rights are recognized as fundamental values that are integral to MTU's operations worldwide. In its policy statement on the protection of human rights, MTU commits itself to complying with the principles of the UN Global Compact, the United Nations Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights (UNGPs) and the United Nations Sustainable Development Goals (SDG 5/8). MTU's policy statement is based on its commitment to the UNGPs and also on the OECD Guidelines for Multinational Enterprises. The principles for MTU's own workforce set out in the policy statement are a fundamental part of the integrated management system, the further policies and guidelines mentioned below, and the risk management processes. Of course, respect for human rights is not limited to activities within MTU's own operations but also applies to the business conduct of suppliers, service providers and other business partners.

MTU maintains an active dialogue with its employees to ensure that their voices are heard and their rights are protected. The engagement process revolves around fostering open and transparent communication, where employees are encouraged to voice their concerns, ideas, and feedback, including through employee surveys and dedicated communication platforms. The grievance mechanism allows employees to report any human rights concerns confidentially and without fear of retaliation.

The risk management system for the protection of human rights is designed in such a way that human rights violations and environmental due diligence obligations can be identified and minimized as much as possible. MTU acts according to the principle of "prevent – detect – respond". Unfortunately, violations can never be completely prevented. Upon receiving

information of events that give rise to suspicion of possible misconduct, e.g. through the iTrust whistleblower system, MTU investigates them immediately and seeks solutions. The procedure involves both clarifying the facts and agreeing on and implementing necessary, appropriate and reasonable corrective action (further details can be found under *Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)*). If necessary, the report is forwarded to the relevant parties, such as investigative authorities and contact persons at suppliers. For MTU, communication is the most important tool for clarifying the situation and preventing further incidents.

The policies with regard to MTU's own workforce are aligned with relevant internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. By performing regular reviews and updates of its policies, engaging in continuous training and education for employees, and maintaining open channels for feedback and information, MTU ensures that its policies are in line with these international standards.

MTU recognizes the respect and protection of human rights as fundamental values and opposes exploitative working conditions in any form. In particular, MTU strongly condemns child labor in all its forms. MTU is convinced that children need access to education in order to be able to develop without the risk of entering the workforce too early. The dignity of children must be respected, and their safety and health must be protected. Should MTU employ minors, for example in the context of apprenticeships, it strictly adheres to the core labor standards of the International Labour Organization (ILO), particularly concerning minimum age requirements. Employment relationships at MTU are voluntary and can be terminated by employees at any time of their own free will, taking into account statutory or otherwise reasonable notice periods. MTU strongly rejects forced or compulsory labor that is performed involuntariliy under threat of disadvantage or intimidation, as well as any other form of modern slavery in line with the ILO's core labor standards.

Employee health is a top priority for MTU. MTU provides occupational health and safety in the workplace in compliance with national regulations as a minimum standard. At MTU, the health and safety (H&S) management system is documented in the management manual as an integral part of the integrated management system (IMS) and is supplemented by the documentation and reporting of accidents and responsibility for occupational health and safety and environmental protection. The H&S management systems at MTU Aero Engines AG (Munich), MTU Maintenance Hannover GmbH, MTU Maintenance Berlin-Brandenburg GmbH, MTU Maintenance do Brasil Ltda., MTU Maintenance Australia Pty. Ltd. and MTU Maintenance Service Centre Ayutthaya Ltd. are also certified to ISO 45001. Workplaces are designed to minimize accidents and strain, adhering to legal and recognized safety standards. Managers at all levels ensure compliance with these regulations. At the same time, MTU encourages and enables employees to actively engage in health and safety activities and supports their physical and mental health. MTU also expects its suppliers to mitigate health and safety risks to their employees.

MTU is committed to equal opportunities for all employees and has implemented specific policies including the Code of Conduct and the corporate works agreement on collaborative behavior in the workplace. The policies are intended to prevent discrimination and harassment and promote diversity and inclusion. MTU is also a signatory to the Diversity Charter in Germany and cooperates with the "Impact of Diversity" initiative.

In its Code of Conduct, MTU explicitely rejects any form of discrimination, whether based on the basis of sex or gender, disability, ethnic origin or affiliation, religion or ideology, age or sexual orientation.

In addition, MTU has entered into further obligations in Germany with the corporate works agreement on disease prevention and the integration of severely disabled individuals, which includes specific measures for integration and support (workplace design, work organization, training, etc.).

MTU emphasizes through its policies that it rejects any form of discrimination and actively promotes diversity and inclusion overall. To this end, MTU provides a complaints procedure and a diversity officer for working conditions and equal opportunities. Employees can confidentially report concerns, incoming reports are reviewed and, if necessary, targeted action is taken, such as adjustments to working practices, increasing employee awareness, training employees or structural adjustments. The effectiveness of these measures is regularly evaluated in order to both resolve individual cases and achieve systematic improvements.

With regard to the Supplier Code of Conduct and compliance with the applicable ILO standards for ethical and responsible practices along the upstream value chain, please refer to the *Workers in the value chain (S2)* section of this report.

Policy statement on the protection of human rights

Content	This policy statement expresses an unconditional commitment to respecting and protecting human rights. The principles and values it sets out are an integral part of the systems and processes. MTU has committed to the principles of the UN Global Compact and views human rights protection as an essential component of its sustainable corporate governance and social, environmental, and societal responsibility. Upholding human rights is a stated goal, and MTU is committed to respecting them. The main topics forming part of the policy statement include the prohibition of child labor, the prohibition of forced labor, freedom of association, fair remuneration and working hours, non-discrimination, equal opportunities, training and qualification, and occupational safety / health and safety at work.
Target	The policy statement reflects MTU's commitment to upholding human rights and serves as a foundation for its policies and practices. Through this public commitment, MTU aims to encourage all stakeholders to adhere to these principles and to report any potential violations.
Associated material impacts, risks and opportunities	As all material sustainability matters relating to MTU's own workforce (with the exception of work-life balance) are anchored in the ILO conventions and the Universal Declaration of Human Rights, which MTU has committed to upholding in the policy statement on the protection of human rights, the statement covers all material impacts and risks in the social area.
Monitoring	The Executive Board bears the responsibility for ensuring that the principles, measures, and requirements defined in this statement are implemented within the respective areas of its own business activities. This includes the identification, prevention, and mitigation of any potential negative impacts of business activities on human rights.
Scope	The policy statement covers MTU's own business activities (MTU Aero Engines AG and the companies controlled by the MTU Group). Both employees and non-employees fall within the scope of the policy.
Responsible organizational level	MTU's Executive Board is responsible for the implementation of the principles, measures and requirements defined in the statement within MTU's own operations. The compliance officer and the human rights officer regularly report to the Corporate Sustainability Board and the Executive Board, under the responsibility of the Chief Sustainability Officer.
Third-party standards or initiatives	/ Universal Declaration of Human Rights / Core Labor Standards of the International Labour Organization (ILO) / Ten Principles of the UN Global Compact / UN Guiding Principles on Business and Human Rights / Sustainable Development Goals of the United Nations (SDG 5/8)
Stakeholder consideration	The policy statement on the protection of human rights takes into account the interests of key stakeholders. It ensures fair treatment and safe working conditions for the whole workforce, promotes ethical practices, builds trust and maintains high standards of business conduct for investors and supervisory authorities.
Availability	The policy is publicly available on the MTU website: *https://www.mtu.de/fileadmin/EN/1_About_us/5_Compliance/Grundsatzerklaerung_Menschenrechte_V2_final_EN.pdf**

Corporate works agreement on Code of Conduct for employees	
Content	MTU's internal Code of Conduct (also available to the public in an abridged version) emphasizes the importance of integrity and responsibility across all business areas. Employees are obliged to comply with legal requirements and internal rules while adhering to ethical standards of conduct. In addition, the Code of Conduct highlights the importance of respectful and fair interactions among colleagues, with business partners and customers. The Code also describes MTU's commitment to human rights, equal opportunities, safe working conditions and environmental sustainability and it also covers fair competition, trade compliance, prevention of insider trading, and outlines enforcement measures and consequences for violations.
Target	The main objective of the Code of Conduct is to establish clear policies and standards for ethical behavior and decision-making for MTU's workforce. It is designed to ensure consistency, integrity and compliance with laws and regulations. At the same time, the Code of Conduct aims to foster a positive work environment, protect MTU's reputation, and build trust with stakeholders.
Associated material impacts, risks and opportunities	MTU's Code of Conduct reflects the value the company places on respect for human rights and promotes a respectful and fair working environment. The Code emphasizes the importance of equal treatment by rejecting discrimination in any form and promoting equal opportunities for all employees. In addition, fair and performance-based compensation is offered that is in line with or better than national legal standards and collective bargaining agreements. Overall, the Code of Conduct serves to prevent potential negative impacts on employees and create a positive working environment.
Monitoring	It is the responsibility of every MTU manager to ensure that all employees are aware of this policy and comply with its provisions. MTU regularly trains its employees and managers across all hierarchies on the Code of Conduct. When new employees are taken on, MTU informs them about the Code of Conduct and requires them to sign a declaration committing to uphold it. The Code of Conduct is subject to oversight by the Works Council.
Scope	The corporate works agreement applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH
Responsible organizational level	MTU's Executive Board is responsible for implementing the Code of Conduct. As part of compliance-related regular reporting, the compliance officer regularly reports to the Executive Board on adherence to the Code.
Availability	The policy is accessible to MTU employees via the document management system and can be viewed publicly in an abridged version: *https://www.mtu.de/fileadmin/EN/7_News_Media/2_Media/Brochures/Company/MTU_Verhaltensgrundsaetze_en_2604_150.pdf**

Manual for the implementation of human rights risk management at MTU (including corresponding environmental obligations)	
Content	The policy describes the actions and responsibilities that MTU has implemented to prevent, as far as possible, the violation of human rights and corresponding labor and environmental obligations along its upstream value chain and as part of its own business activities.
Target	The policy is fundamentally designed to fulfill the requirements arising from the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG) and thereby reduce or prevent human rights and environmental risks and violations resulting from the business activities of MTU.
Associated material impacts, risks and opportunities	As all material sustainability matters relating to MTU's own workforce (with the exception of work-life balance) are anchored in the ILO conventions and the Universal Declaration of Human Rights, which MTU has committed to upholding in its policy statement on the protection of human rights, to which the manual refers, the manual covers all material impacts and risks in the social area. A particular focus here is on freedom of association, equal treatment of employees, appropriate wages and occupational health and safety.
Monitoring	The approach described in this policy for fulfilling the human rights and environmental due diligence obligations under the German Supply Chain Due Diligence Act is reviewed annually and as needed, particularly when MTU expects a significantly changed or expanded risk situation within its own business operations or with its immediate suppliers. The review is generally carried out in consultation between the MRB (human rights officer) and the MRKK (human rights coordinators Group).
Scope	In the context of the ESRS-S1, the scope covers MTU's own workforce.
Responsible organizational level	The Legal, Compliance, Intellectual Property Management & Corporate Audit department is responsible for the policy. The responsibility ensures that the policy is monitored. All departments are responsible for implementing the policy.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Management manual	
Content	The management manual is the central document containing the requirements and rules pertaining to the integrated management system for quality, occupational health & safety and environmental protection. With regard to health and safety (H&S), the manual sets out the principles of the occupational health and safety management system, explains potential risks to workers' health and safety, emphasizes the importance of training to ensure occupational health and safety and describes the processes for root cause analysis of incidents. It forms the basis for more specific rules and regulations (policies, process descriptions, standards and work instructions) that apply to MTU. The management manual is the overarching document in the IMS for quality, environmental protection and occupational health and safety, and serves as the basis for further regulations (process descriptions, standards, and work instructions) across all business units of MTU. With regard to health and safety (H&S), the Manual sets out the principles of the occupational health and safety management system, explains potential risks to workers' health and safety, emphasizes the importance of training to ensure occupational health and safety and describes the processes for root cause analysis of incidents. It forms the basis for more specific regulations (policies, process descriptions, standards and work instructions) that apply to MTU.
Target	MTU considers it its responsibility to make a significant contribution towards helping its employees stay in good health in the long term. The aims are zero accidents and the mitigation of any workplace exposures in a work environment appropriate for this purpose. For this reason, company-wide health and safety management processes and activities have been introduced.
Associated material impacts, risks and opportunities	The management manual addresses the potential negative impacts and risks for the health and safety of MTU's own workforce.
Monitoring	The system is part of MTU's integrated management system (IMS) and its ISO 45001 certification for the following sites: MTU Aero Engines AG (Munich), MTU Maintenance Hannover GmbH, MTU Maintenance Berlin-Brandenburg GmbH, MTU Maintenance do Brasil Ltda, MTU Maintenance Australia Pty Ltd. and MTU Maintenance Service Centre Ayutthaya Ltd. It is supported by regular inspections, audits and an annual management review of the IMS. On the operational level, responsibilities for health and safety are assigned to the MTU sites.
Scope	For the MTU sites covered by the CSRD scope of consolidation, the IMS is valid at the following MTU sites: / MTU Aero Engines AG (Munich) / MTU Aero Engines Polska sp. z o. o. / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / MTU Maintenance Canada Ltd. / MTU Maintenance Dallas Inc. / MTU Maintenance Serbia d.o.o.
Responsible organizational level	For the area of health and safety: The Executive Board and managers are responsible for the implementation of the policy.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Responsibility in occupational health and safety and environmental protection	
Content	This policy governs the assignment of tasks and responsibilities at MTU in the area of occupational health and safety and environmental protection at the Munich site (MTU Aero Engines AG). It provides an explanation of the roles of the management, appointed representatives and center coordinators.
Target	The overall aim of the policy is to promote a safe working environment by clearly defining the roles, responsibilities and procedures that are necessary to ensure compliance with the relevant health, safety and environmental regulations. The aim is also to support continuous improvement in these areas.
Associated material impacts, risks and opportunities	The policy aims to counteract negative impacts on the (physical and mental) health and the safety of MTU's workforce.
Monitoring	The center objectives in occupational health and safety are included in the annual target agreements between the centers, the site manager, and the department management, and are approved by them. The center objectives are cascaded down to individual departments and are aligned through annual target-setting and target achievement discussions. The policy is subject to oversight by the Works Council.
Scope	The policy applies to all employees at the MTU Aero Engines AG (Munich) site.
Responsible organizational level	The Executive Board and managers are responsible for the implementation of the policy.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Documentation and reporting of accidents	
Content	The policy includes definitions of safety and work accidents for internal statistics and reporting, the accident investigation and analysis process, reporting requirements, including frequency, content, handling and distribution of reports, and management responsibility for documenting and reporting accidents.
Target	The policy provides minimum requirements for the investigation procedure, documentation and reporting of accidents with the goal of determining root causes and implementing corrective actions to prevent recurrence of accidents.
Associated material impacts, risks and opportunities	With a clear focus on improving employees' physical and mental health, (occupational) safety and general working conditions, the policy aims to counteract these negative impacts. Targeted actions are in place to promote the well-being of employees and prevent accidents at work.
Monitoring	The system is part of MTU's integrated management system (IMS) and its ISO 45001 certification for the following sites: MTU Aero Engines AG (Munich), MTU Maintenance Hannover GmbH, MTU Maintenance Berlin-Brandenburg GmbH, MTU Maintenance do Brasil Ltda, MTU Maintenance Australia Pty. Ltd. and MTU Maintenance Service Centre Ayutthaya Ltd. It is supported by regular inspections and audits. On the operational level, responsibilities for health and safety are assigned for each MTU site. Quarterly reporting is communicated through local management. In addition, the report is distributed to top management as defined by the safety organization chart.
Scope	For the MTU sites covered by the CSRD scope of consolidation, the policy is valid at the following MTU sites: / MTU Aero Engines AG (Munich) / MTU Aero Engines Polska sp. z o. o. / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / MTU Maintenance Canada Ltd. / MTU Maintenance Serbia d.o.o. / MTU Maintenance Lease Services B.V. / MTU Aero Engines North America Inc.
Responsible organizational level	The safety engineers or safety coordinators are responsible for the categorization, analysis, documentation and reporting of work accidents. The management on the sites is responsible for implementing corrective actions after work accidents.
Third-party standards or initiatives	DIN ISO 45001 10.2 Incident, nonconformity and corrective action
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Continuous training / corporate works agreement on training and development	
Content	The policy describes the framework of the company's educational program for cross-center topics. The educational program includes both project- and center-specific qualification programs, as well as cross-center educational counseling for specific groups such as FLP (First Leadership Program). Associated with the program are processes for determining the company's qualification needs, as well as individual educational agreements in the qualification discussion for company-required and appropriate educational measures.
Target	The policy aims to support employees' personal and professional development through a structured qualification program, emphasizing their own responsibility for this process.
Associated material impacts, risks and opportunities	The policy supports the positive impacts of a comprehensive training program for all employees by supporting the employees' personal and professional development through a structured qualification program, thereby enhancing job performance and career advancement opportunities.
Monitoring	The policy is monitored by the HR department using an IT-supported platform for the education process. Regular updates and information are provided to the Works Council.
Scope	The corporate works agreement applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH
Responsible organizational level	The People & Organization Center is responsible for implementing the policy.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Corporate works agreement on disease prevention and the integration of severely disabled individuals	
Content	The corporate works agreement regulates preventive measures of the company's integration management for all employees, the integration of severely disabled individuals and those with equivalent status and supplementary provisions for both groups.
Target	The Group-wide works agreement aims to fulfill the legal prevention mandate of § 167 SGB IX. In the event of health impairments, MTU works proactively with the affected employees to find ways of overcoming incapacity for work, avoiding further incapacity for work and preserving their jobs. The aim is also to maintain and strengthen employability through workplace prevention and, if necessary, to find work that matches the skills profile of the person concerned.
Associated material impacts, risks and opportunities	The corporate works agreement aims to reduce negative impacts for people with disabilities, such as psychological risks and professional consequences, that can arise from discrimination, exclusion and bullying. This is to be achieved by maintaining and strengthening the employability of severely disabled people and creating a supportive framework for their integration.
Monitoring	A regular exchange between the HR departments, the inclusion officers and the locally responsible representatives for severely disabled employees and works councils takes place as required, but at least once a month. Violations can be reported via the official MTU compliance reporting channels and additionally via the German General Equal Treatment Act (AGG) and inclusion officers as well as the representatives for severely disabled employees at all German locations. In Munich and Hanover, MTU also employs Certified Disability Management Professionals (CDMP) to support affected employees.
Scope	The corporate works agreement applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH
Responsible organizational level	Local inclusion officers and representatives for severely disabled employees in each legal entity.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Corporate works agreement on collaborative behavior in the workplace	
Content	The policy includes a commitment to preventing bullying, sexual harassment, and discrimination, and to promoting and maintaining a collaborative working environment. According to the policy, every employee is obligated to contribute to maintaining a peaceful environment in the company and a positive work environment. This includes respecting the personal rights and dignity of each individual. The policy also explains and ensures every employee's right to file a complaint. If the harassed person is unable or unwilling to address the situation directly, they can involve a person of their trust. This can also apply to employees who have witnessed or observed the misconduct, even if they were not personally affected. Violations against the policy are met with sanctions.
Target	The overall goal of the corporate works agreement on collaborative behavior in the workplace is to create and sustain a workplace environment where all employees feel safe, respected, and valued. By preventing bullying, sexual harassment, and discrimination, and promoting a collaborative climate, the policy aims to ensure that every employee can work in a positive and supportive atmosphere where their personal rights and dignity are upheld. Through this commitment, the company seeks to enhance overall workplace harmony and productivity.
Associated material impacts, risks and opportunities	The policy takes account of potential negative impacts on the well-being of the workforce, which includes their physical, emotional and social equilibrium, by describing actions to promote a respectful and supportive working environment. It provides a clear framework for collaborative behavior and promotes a working environment that works against bullying, sexual harassment and discrimination.
Monitoring	Affected persons who feel that they have been neglected can contact the following bodies: direct managers, HR department, social management, health service and Works Council. The procedure for consultations and complaints is described in the process and stage program and includes reporting, problem, target and resource analysis followed by implementation and evaluation.
Scope	The corporate works agreement applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH
Responsible organizational level	The People & Organization Center is responsible for the implementation of the policy.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Process for engaging with own workforce and workers' representatives about impacts (S1-2)

MTU takes the perspectives of the workforce into account by engaging in regular, open and trust-based dialogue between employee representatives and management, ensuring that the insights actively shape decisions and guide activities aimed at managing both the actual and potential impacts on MTU's workforce. MTU's German sites have works councils as well as a Group Works Council, which is responsible for Group-related matters, and executive representative committees. In Poland and Canada, workers' representatives advocate for the workforce in discussions with management. Additionally, employees' interests are safeguarded on the co-determined Supervisory Board, where seats are equally distributed.

Dialogue with employee representatives at Group level takes place during regular monthly meetings, e.g. as part of an ongoing exchange on specific topics.

MTU assesses the effectiveness of engagement with its workforce through regular employee surveys.

To gain insights into the perspectives of employees, especially individuals who may be particularly vulnerable to impacts, such as people with disabilities, migrants, and members of the LGBTQ+ community, MTU takes the following actions: MTU engages with legitimate representatives of vulnerable groups, such as elected representatives for severely disabled persons. Furthermore, MTU has dedicated inclusion officers who act as points of contact. In this way, MTU integrates the perspectives of vulnerable groups and creates important structures for inclusion. Furthermore, MTU supports employee resource groups (ERGs), which are self-organized networks and groups of employees dedicated to fostering a diverse and inclusive work environment. These networks enable employees to voice their concerns and encourage collaboration within the company. This approach allows MTU to integrate a wide range of experiences and perspectives from its own employees into the MTU decision-making processes. Examples of such groups include the Network of Engine Women (NEW), supported by CEO Lars Wagner, and the AeroPride queer network, established in 2023 with the backing of Dr. Silke Maurer, Chief Operating Officer.

Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)

MTU has implemented a complaints procedure to effectively address potential material negative impacts on working conditions, equal opportunities and other work-related rights of the workforce. This mechanism provides MTU's workforce with a clearly defined reporting channel through which they can report concerns and potential violations confidentially and securely.

The reports received are carefully examined so that individual and targeted remedial action can be taken. This action may include adapting work practices, awareness training programs and structural changes. The effectiveness of the remedial action taken is regularly evaluated by the Group Compliance function and MTU's human rights officer as part of the human rights-related risk management system. Continuous monitoring and evaluation of the measures ensure not only that individual cases are resolved but also that systematic improvements are established in the work processes.

MTU offers its workforce a variety of channels through which they can raise concerns in person or anonymously, including by contacting the compliance organization directly or through the web-based whistleblower system (iTrust), which is available in several languages. It is also possible to submit a complaint anonymously. This system is available at all times to all MTU employees, non-employees and third parties and other stakeholders, such as suppliers and their workers.

In addition, mechanisms have been established to address complaints or grievances related to employee matters; these include points of contact for employees. For instance, in accordance with statutory regulations such as the German General Equal Treatment Act, each site has designated trained personnel to handle complaints regarding discrimination. At MTU Maintenance Canada, employees can file a complaint with the HR department in cases of discrimination and also have the right to raise the complaint to the British Columbia Human Rights Tribunal. At MTU Aero Engines Polska, an employee-elected individual fulfills the role of a contact point. Furthermore, employees can report grievances to managers, the Works Council, or the HR department.

MTU promotes knowledge about access to the channels in the workplace by publicly communicating the rules of procedure and information on the reporting channels.

The complaints raised and addressed are tracked and monitored by the compliance officer and overseen by the human rights officer (HRO), in order to maximize the effectiveness of the reporting channels. The compliance officer is responsible for the receipt confirmation of a complaint, follow-up in case more information is needed and the initiation or coordination of subsequent actions. In the event of violations, the compliance officer informs the human rights officer. The latter involves the Group human rights coordinators and site human rights coordinators as required when determining the action to be taken. The effectiveness of the complaints procedure is reviewed annually and on an ad hoc basis if MTU has reason to expect a significant change or deterioration in the risk situation within its own operations or at direct suppliers.

MTU assesses whether its workforce is aware of the complaints procedure and reporting channels and trust them as a way to raise their concerns or needs and have them addressed. This is ensured by communicating openly about the grievance mechanism and the rules of procedure, including to third parties, e.g. through information on the MTU website and the policy statement on the protection of human rights at MTU Aero Engines. The information is clear and formulated in an understandable manner (see *section Business conduct policies and corporate culture (G1-1)*), additionally, the complaints procedure states that MTU does not tolerate any form of retaliation against individuals utilizing these channels.

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

MTU Aero Engines AG is committed to effectively manage its material impacts, risks, and opportunities related to its own workforce through targeted actions. The main initiatives center around:

- Effective health and safety measures to ensure a secure working environment.
- Employ and integrate people with disabilities to foster diversity and inclusion.
- Effective complaint mechanisms and human rights risk management system.
- Flexible working hours, mobile working, and more to promote work life balance.
- Strengthen internal communication by an integrated feedback system.
- Continuous investment in training and development opportunities to support employee development.

Health and safety:
To minimize the risk of injury or accidents during working hours and avoid negative impacts on its workforce, MTU is constantly improving health and safety measures and encouraging its workforce on MTU sites to report unsafe situations in order to improve constantly. Occupational health and safety (H&S) is part of MTU's integrated management system (IMS). Occupational health and safety processes are regularly reviewed and developed. The occupational health and safety management systems at MTU Aero Engines AG (Munich), MTU Maintenance Hannover GmbH, MTU Maintenance Berlin-Brandenburg GmbH, MTU Maintenance do Brasil Ltda., MTU Maintenance Australia Pty. Ltd. und MTU Maintenance Service Centre Ayutthaya Ltd. are externally certified to ISO 45001, ensuring compliance with international standards and enhancing safety culture. The safety culture should continue to improve as a result of planned actions, such as the introduction of safety briefings and training sessions on developing a safety mindset.

Employment and inclusion of persons with disabilities:
MTU has already implemented a variety of actions related to employment and inclusion of people with disabilities regarding e.g. accessibility, integration and support. Furthermore, ongoing and planned enhancements to the physical work environment will better accommodate the needs of people with disabilities. These actions are overseen by an inclusion officer in order to increase employee satisfaction and prevent discrimination.

Actions taken, to provide or enable remedy in relation to an actual material impact:

- Health and safety management:
  Due to MTU's regulatory environment, any impact that affects the health and safety of its workforce is considered an actual negative impact. To this end actual negative impacts can arise from the risk of injury or accidents during working hours. In order to provide remedy in case of an incident, MTU has a comprehensive occupational health & safety management system in place. This system includes the medical care required in the event of sudden health emergencies at the workplace. First-aiders are appointed and obligated to attend a refresher course every two years. Additional functions are fire safety assistants and safety officers.
- Training and development opportunities:
  Deficiencies in employee qualifications, whether through over- or under-demanding training, career and talent development programs, can have a negative impact on employees. In such cases, those affected can contact their responsible supervisors through various existing channels. MTU is constantly developing its feedback landscape to provide a variety of reporting channels. To remedy these negative impacts, MTU provides a comprehensive and needs-based training program that contributes to the targeted further development of employees.
- Actions to improve grievance mechanisms and respect for human rights among the company's own workforce:
  In the event of actual negative impacts, for example in connection with discrimination, MTU has a systematic process for handling complaints. This process makes it possible to take remedial action quickly and effectively to remedy such incidents and prevent them from occurring in the future.

Additional actions or initiatives in place with the primary purpose of delivering positive impacts:

- Actions to improve grievance mechanisms and respect for human rights among MTU's own workforce:
  MTU has implemented structured reporting processes to handle complaints of discrimination including confidential and anonymous reporting options through systems like iTrust. Site-specific channels and trained contacts should ensure that all complaints are addressed effectively and appropriately.
- MTU promotes work-life balance by offering various flexible work options, such as flexible hours, educational leave, mobile working, sabbaticals, etc. These initiatives cater to the diverse life phases and needs of employees, supporting a harmonious integration of work and personal life.
- Revised feedback landscape:
  One action that MTU has implemented is the transformation of the employee survey (Puls-Check) into an integrated feedback system with targeted surveys supplemented by additional tools such as management feedback and team feedback.
- Training and development opportunities:
  MTU attaches great importance to the development of its employees and invests systematically in training and developing their talents. The company offers extensive training programs in aviation and specialized fields (e.g., safety training), supported by an online learning portal for self-directed learning. This ensures employees have the resources to enhance their skills and advance their careers.

With the help of the various roles within MTU, including the Executive Board for strategic direction, department heads for implementation in their areas, and the HR department for employee development and training, these actions can be efficiently followed up. This is accomplished through internal and external audits, benchmarking, and stakeholder feedback to assess and ensure the success of these measures.

At MTU, necessary and appropriate actions in response to actual or potential negative impacts on the workforce are determined through e.g. a systematic risk assessment. Feedback is gathered regularly from employees to identify common issues and compare practices against legal requirements and industry standards in the aviation sector. By continuously monitoring and adjusting its strategies, MTU ensures that its actions remain effective and up to date, safeguarding the well-being of its workforce.

MTU has identified a risk due to the working conditions prevailing at MTU (e.g., due to insufficiently flexible working time models), which may result in increased staff turnover and higher recruitment and personnel costs. Policies and actions aimed at achieving a work-life balance make a significant contribution to mitigating this risk. MTU reviews the effectiveness of the models offered to make working hours more flexible, such as flexitime models, various part-time models and mobile working, by regularly evaluating acceptance rates as part of its HR processes.

MTU is committed to ensuring that its business practices do not cause or contribute to any material negative impacts on its workforce. By implementing a range of actions, including effective grievance mechanisms, a continuous monitoring and reporting system, and various other initiatives, MTU strives to maintain a positive and supportive environment for its employees. The company fosters continuous dialogue with stakeholders to proactively identify and address potential issues.

MTU provides significant resources, including specialized experts (e.g. HR sustainability manager, equal treatment officers, social counseling, etc.), financial investments (company doctor, occupational integration management, health management, MTU Study Foundation, etc.) and technological tools (e.g. e-learning platform for training in conflict management and diversity, equal opportunities and inclusion, among other things) in order to effectively manage MTU's material impacts. Stakeholder engagement and continuous improvement guided by international standards ensure the effectiveness and transparency of MTU's sustainability efforts.

Increased training in health and safety, investment in safer equipment, and improvement of behavior-based safety

Key actions taken and outcomes achieved	MTU has implemented a number of actions to improve health and safety in the workplace, including the "Safety Culture@MTU" project and themed action days (e.g. on occupational health and safety or handling hazardous substances). At its German sites, MTU provides occupational and emergency medicine and offers preventive programs on nutrition, exercise and physiotherapy. If illnesses or accidents occur, internal case managers support the reintegration process. A working group with safety officers continuously improves safety standards in order to achieve ongoing improvements in behavior-based safety and reducing unsafe situations.
Key actions planned and time horizons for implementation	MTU will continue the "Safety Culture@MTU" project until June 2027. MTU also plans to continue its ongoing information campaigns and action days for occupational health and safety in the next reporting period.
Contribution to the policy objectives and requirements	Management manual Responsibility in occupational health and safety and environmental protection / procedural instructions Documentation and reporting of accidents
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH
Progress	The progress of actions is monitored with the integrated management system. The actions taken to inform employees and raise their awareness, such as action days on hazardous substances or the Occupational Health and Safety Day, were very well received. The participation rate of safety officers at the working group meetings and the number of safety officers increased compared to the previous year. In the future, the focus will continue to be on behavior-related occupational safety, e.g. through the "Safety Culture@MTU" project.

The employment and inclusion of people with disabilities	
Key actions taken and outcomes achieved	MTU has taken various actions at its German sites to promote inclusion and support for people with disabilities. This includes appointing inclusion officers, establishing counseling centers and the work of a committed health management team. A particular focus is on accessibility in new buildings and renovation projects, as well as in digital media, for example by providing subtitles. MTU attaches great importance to encouraging people with severe disabilities to apply and offers comprehensive support in this regard. The job advertisements are worded accordingly and applicants have the opportunity to include a representative for severely disabled persons in the application process. These representatives support the individuals concerned during the recruitment process and in their day-to-day work. Certified Disability Management Professionals (CDMP) are available in Munich and Hanover to support integration management for the affected employee. These actions have increased the number of applications by and appointments of people with severe disabilities and promoted openness to inclusion-related issues. All employees, including managers, continuously have their awareness of an inclusive corporate culture raised.
Key actions planned and time horizons for implementation	The actions implemented in the reporting year are to be continued on an ongoing basis until December 2026.
Contribution to the policy objectives and requirements	Corporate works agreement on disease prevention and the integration of severely disabled individuals.
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH
Progress	MTU has not yet reached the planned quota of severely disabled employees within its own workforce in Germany. The aim is to recruit more candidates in order to achieve the statutory quota of 5% severely disabled employees.

Improving complaint mechanisms and respecting human rights within MTU's own workforce	
Key actions taken and outcomes achieved	MTU has taken actions to protect the human rights of its own employees and improve the grievance mechanism. These actions include the introduction of comprehensive risk management, which is led by a human rights officer and site-specific coordinators. In addition, reporting channels such as iTrust have been set up to enable employees to report complaints – for example, about discrimination – confidentially and anonymously. In addition, MTU offers training and awareness programs for all employees to inform them about the Code of Conduct, anti-discrimination policies and human rights. In addition, MTU's intranet is used to regularly provide employees with updates and important information.
Key actions planned and time horizons for implementation	The actions implemented in the reporting year will be continued on an ongoing basis.
Contribution to the policy objectives and requirements	These actions are based on the corporate works agreement, the Code of Conduct and the policy statement on the protection of human rights. The focus here is on respect for human rights, ensuring equal opportunities, and preventing discrimination.
Scope	The actions apply to all MTU Aero Engines AG sites.

Promoting work-life balance within own workforce	
Key actions taken and outcomes achieved	MTU has implemented measures to promote its employees' work-life balance. These include flexible working time models, flextime accounts, part-time and job-sharing options, hybrid working and support for families with childcare and care services. The company also offers sabbaticals, educational leave, time off for personal reasons, parental leave and partial retirement. Taking these actions has created a working environment that enables employees to balance their professional obligations with their private lives.
Key actions planned and time horizons for implementation	MTU plans to continuously improve work-life balance and take a range of additional actions, such as the ongoing development of flexible working time arrangements.
Contribution to the policy objectives and requirements	Implementation without specific policies.
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH

Revised feedback landscape within own workforce	
Key actions taken and outcomes achieved	MTU has taken a range of actions to improve the feedback landscape. These include the introduction of an integrated feedback system and regular surveys to record employee satisfaction and evaluate the corporate strategy. A key component of this system is the PulsCheck, which continuously gauges employee sentiment regarding satisfaction and commitment. MTU has also implemented 180-degree feedback for all team and management levels with the aim of improving cooperation.
Key actions planned and time horizons for implementation	MTU plans to continue the PulsCheck and 180-degree management feedback on an ongoing basis.
Contribution to the policy objectives and requirements	The feedback landscape as a whole and each individual survey make a continuous and well-founded contribution to successful leadership and collaboration and thus to the company's success.
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH

Training and development opportunities	
Key actions taken and outcomes achieved	MTU has implemented a number of actions to promote the development opportunities of its employees, including transition coaching for managers and program development, the use of the Gallup Strengths Finder to assess the potential of high potentials, and the creation of an HR Instrument Map to harmonize existing activities and identify requirements for future talent and management development. There is also a comprehensive training program that is updated on an ongoing basis and the offer of a mentoring program to ensure the continuous professional development of employees. These actions contribute to the ongoing qualification of MTU's employees.
Key actions planned and time horizons for implementation	MTU plans to continue developing its training programs in Germany in line with business requirements. In addition, employees are supported through targeted training measures in order to continuously promote further development.
Contribution to the policy objectives and requirements	Actions relating to the topic of training and development support the implementation of the ESG STI "training days per employee" corporate target.
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

In line with MTU's strategy, relevant targets are defined, and performance criteria are derived and discussed with the Executive Board. The performance criteria are also discussed in the co-determined Supervisory Board.

Regular meetings and feedback/review sessions enable MTU to track progress, identify obstacles, and make necessary adjustments. The Corporate Sustainability Board discusses the progress of sustainability management topics every two months. This committee recommends targets that are decided by the Executive Board and (where relevant for Executive Board remuneration) also by the Supervisory Board. Employee engagement includes the annual PulsCheck, the results of which are presented to the Executive Board. The procedure and questions for the PulsCheck are discussed and agreed with the Works Council. MTU places great emphasis on learning and continuous improvement in its target-setting and performance tracking.

The following strategic directions can be derived from MTU's management process:

- Ensuring compliance with human rights at the company's own sites
- Ensuring a high level of health and safety in the workplace
- Promoting diversity and equal opportunities
- Providing active and targeted employee development
- Ensuring a high level of employee satisfaction and of employer attractiveness
- Enabling a healthy work-life balance for all employees

Within the framework of the sustainability statement for fiscal year 2024, MTU is focusing on the following three targets, which were defined in accordance with the minimum requirements of ESRS in order to address material impacts, risks and opportunities in connection with its own workforce:

Employee training and development (ESG STI): The short-term incentive (STI) focuses on education and training days to ensure the continuous development and qualification of employees. The aim is to increase participation in training courses in order to upskill employees and foster a culture of continuous learning.

Women in leadership positions (ESG LTI): MTU is committed to increasing the proportion of women in leadership positions. This long-term incentive (LTI) is aimed at enhancing gender diversity within the leadership team, fostering an inclusive and diverse corporate culture. The LTI target looks at the proportion of female managers from foremen to Executive Board level.

Women in senior management positions: The aim is to significantly increase the proportion of women in senior management positions at MTU. This goal will be pursued by setting specific quotas for female representation and actively promoting women into leadership positions. The first management level (center level, senior manager) and second management level (department level, manager) below the Executive Board are regarded as top management positions.

Employee training and development (ESG short-term incentive)	
Relationship to policy objectives	The goal of continuous further education and training for MTU's own employees is based on the requirements of the corporate works agreement.
Objectives and period	MTU's target is an average of 3.0 training days per employee in the period from January 1 to December 6, 2024.
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH
Base year and value	The targets are set and progress is measured in absolute values for the reporting period without reference to previous years.
Methodologies and assumptions	The target includes all completed trainings at German sites from January 1 to December 6, 2024 stated in days per employee pursuant to data taken from the SAP portal. The target was set without direct involvement of stakeholders.
Changes in targets and corresponding metrics	The target for 2024 (3.0 training days) was increased compared to the previous year (2.5 training days).
Target achievement	For the reporting year 2024, the ESG STI KPI was an average of 3.38 training days per employee.

Women in leadership positions (ESG long-term incentive)	
Relationship to policy objectives	The target for women in leadership positions is based on the policy statement on the protection of human rights at MTU in order to promote non-discrimination, equal opportunities, training and qualification of women and gender diversity.
Objectives and period	MTU's target is for women to hold 16% of leadership positions in fiscal years 2024 to 2027.
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH
Base year and value	The target was set for the first time in 2024. The measurement of progress therefore relates to the reporting year.
Methodologies and assumptions	The target represents the relative proportion of women in leadership positions across all management levels by (as of December 31). The target was set without direct involvement of stakeholders.
Changes in targets and corresponding metrics	The targets, which were set for the first time in the reporting year, were not adjusted.
Target achievement	For the reporting year 2024, the ESG LTI KPI came to 15.78% of leadership positions filled by women.

Women in senior management positions (FüPoGII)	
Relationship to policy objectives	The target for women in senior management positions is based on the policy statement on the protection of human rights in order to promote gender diversity, non-discrimination, equal opportunities, and the training and qualification of women at MTU.
Objectives and period	In the 2022 fiscal year, new targets were set for the top two management levels in accordance with Germany's Second Act on Equal Participation of Men and Women in Management Positions (FüPoG II). The target for the second management level was increased in the reporting year 2024: / 15% / 3 women in the first management level below the Executive Board / 22% / 26 women in the second management level The deadline for achieving the targets is December 31, 2027.
Scope	This applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH
Base year and value	The new target was set in 2022 in accordance with the requirements of FüPoG II and the target for the second management level was updated in 2024.
Methodologies and assumptions	The target represents the relative proportion and absolute number (in accordance with legal requirements) of women in management positions at the first and second level below the Executive Board. The measurement of progress relates to the 2024 reporting year and is based on the reporting date of December 31. The target was set without the direct involvement of stakeholders.
Changes in targets and corresponding metrics	Due to the positive development in target achievement, MTU adjusted the target for the second management level from 20% to 22% in the course of 2024.
Target achievement	For the reporting year 2024, a share of 8.7% of women was achieved for the first management level and a share of 15.5% for the second level.

Characteristics of the undertaking's employees (S1-6)

The figures presented in the following tables on employees at MTU meet the requirements of ESRS S1-6 and include both permanent and temporary employees. Permanent employees comprise both blue- and white-collar workers with a permanent contract (full-time or part-time in accordance with national law or practice). They also include managers (apart from members of the Executive Board) as well as employees on maternity leave, and those with long-term illnesses or in temporary part-time employment due to parental leave.

Temporary employees have a limited/fixed-term contract, full-time or part-time according to national law or practice. At MTU these include temporary blue- and white-collar workers as well as substitute contracts (e.g. for permanent employees on maternity leave or with long-term illnesses). Temporary employees contribute to the flexibility of MTU's labor capacities in a volatile market environment, supporting MTU's ability to deliver in time-limited projects, during peak workloads in production and coping with fluctuations.

It is of note that employees in vocational training, interns, working students and doctoral candidates are not considered employees in the context of ESRS S1-6.

Beyond this, MTU does not have any employment relationships with non-guaranteed hours employees (e.g. workers who are not guaranteed a minimum or fixed number of working hours). All data relates to the headcount at the end of the reporting period.

Further information on the number of employees at MTU, broken down by national and international locations, can be found in the *Group structure, locations and organization section under The MTU Group in the combined management report.*

Total workforce by number of employees and breakdown down by gender

Category	Headcount
Total number of employees	**11,953**
Male	9,900
Female	2,053
Other	0
Not reported	0

The following table shows the total number of employees by gender and country for countries where MTU employs 50 or more employees and the sum of those represents at least 10% of the total number of employees (significant employment).

Number of MTU employees in countries with significant employment

Country	Headcount
Germany	9,241
Poland	1,299

Number of MTU employees by employment relationship and breakdown by gender

Category	Permanent employees	Temporary employees	Non-guaranteed hours employees
Total number of employees	**11,330**	**623**	**0**
Male	9,399	501	0
Female	1,931	122	0
Other	0	0	0
Not reported	0	0	0

MTU's employer attractiveness is reflected in the employee turnover rate and the total number of departing employees in 2024. The turnover rate is calculated by dividing the number of employees who have left MTU by the total number of employees at the end of the fiscal year. Reasons for leaving include resignations by employees or dismissals by the employer, mutually agreed resignations and natural turnover (e.g. due to retirement).

Employee turnover

Turnover rate (%)	4%
Total number of employees who have left (headcount)	497

Collective bargaining coverage and social dialogue (S1-8)

MTU recognizes the right of all employees to form workers' representatives. The corporate culture at MTU with regard to workers' representation is characterized by a trusting and constructive dialogue with the respective representatives. Even in contentious discussions, the goal remains to maintain a viable collaboration for the benefit of the company and the employees. Employees are neither favored nor disadvantaged based on their membership or non-membership in a union or workers' representative by the company.

78.5% of MTU employees at locations in countries in the European Economic Area (EEA) are covered by collective agreements. MTU has three collective bargaining agreements in the EEA.

Regular exchanges between the MTU Works Council and corporate management ensure effective representation of employees. At sites in the European Economic Area, 99.7% of MTU employees have workers' representatives.

The following table shows the coverage rates for collective bargaining agreements and workers' representatives for countries with significant employment.

Collective bargaining coverage and social dialogue

Coverage rate	**Collective bargaining coverage** Employees – EEA for countries with significant employment >50 employees and representing >10% of all employees	**Social dialogue** Workplace representation – EEA for countries with significant employment >50 employees and representing >10% of all employees
0 – 19%	Poland	
20 – 39%		
40 – 59%		
60 – 79%		
80 – 100%	Germany	Germany, Poland

MTU does not currently have an agreement with its employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

MTU is making use of the phase-in option to omit the datapoints with regard to its own employees in non-EEA countries in the Disclosure Requirement ESRS S1-8 for the fiscal year 2024 sustainability statement (first year of preparation).

Diversity metrics (S1-9)

Gender distribution at top management level

Category	Headcount	in %
Total number of employees (top management levels)	**170**	–
Male	144	85%
Female	26	15%
Other	0	0%
Not reported	0	0%

Distribution of employees by age group

Category	Headcount	in %
Total number of employees	**11,953**	–
Employees under 30	2,055	17%
Employees between 30 and 50	6,935	58%
Employees over 50	2,963	25%

Adequate wages (S1-10)

All MTU employees in EEA countries are paid an adequate wage in comparison to European minimum wage directives. All MTU employees in non-EEA countries receive an adequate wage in line with the applicable national minimum wage or living wage benchmark.

Health and safety metrics (S1-14)

MTU is committed to maintaining a robust health and safety management system to ensure the well-being of its workforce. This is in line with its social responsibility and is expressed in strict occupational safety standards, health management, and a preventive approach. This requirement is implemented by the following management systems: the Integrated Management System (IMS) and the occupational health and safety management system according to ISO 45001 for the following sites: MTU Aero Engines AG (Munich), MTU Maintenance Hannover GmbH, MTU Maintenance Berlin-Brandenburg GmbH, MTU Maintenance do Brasil Ltda., MTU Maintenance Australia Pty. Ltd. and MTU Maintenance Service Centre Ayutthaya Ltd. MTU discloses the extent to which all MTU employees are covered by the health and safety management system, which corresponds to the Integrated Management System of MTU Aero Engines or ISO 45001 (management manual, see policy description under *Policies related to own workforce (S1-1)*). 97% of MTU employees are covered by these systems.

Health and safety metrics

Category	
Health and safety management system coverage ratio	97%
Number of fatalities – employees	0
Number of fatalities – value chain workers at MTU sites	0
Number of work-related accidents	64
Rate of recordable work-related accidents	3.3

MTU is making use of the phase-in option to omit all datapoints related to non-employees and the datapoints on cases of work-related ill-health and on number of days lost to injuries, accidents, fatalities, and work-related ill-health in the Disclosure Requirement ESRS S1-14 for the fiscal year 2024 sustainability statement (first year of preparation).

Remuneration metrics (pay gap and total remuneration) (S1-16)

Equal opportunity is reflected in the compensation system, which is designed non-discriminatory and independently of gender and gender identity, and aiming for gender equitable pay. For calculating the gender pay gap, the gross annual remuneration and the gross hourly wage extrapolated from this are taken into account. The (unadjusted) gender pay gap is calculated at Group level and is based on the following formula:

$$\frac{\text{(Average gross hourly wage of male employees – Average gross hourly wage of female employees)}}{\text{Average gross hourly wage of male employees}} \times 100$$

The MTU gender pay gap is reported on for the first time in the sustainability statement 2024.

Gender pay gap

Gender pay gap	2%

In addition to its commitment to equal pay, MTU is also committed to fair remuneration and providing transparent information. In terms of fair remuneration, MTU discloses the ratio of the annual total remuneration of the highest paid individual to the median annual total remuneration of all employees. Members of the Executive Board, including the highest-paid individual, are not taken into account in the median remuneration. The calculation of the MTU annual total remuneration ratio is based on the gross amount subject to wage tax for employees and the highest paid individual. At MTU, the CEO is regarded as the highest paid individual. Further information on management remuneration can be found in the *Management compensation report* section of the annual report.

Ratio of the median of the total annual remuneration of all employees to the total annual remuneration of the highest-paid individual

Total remuneration ratio	1:41

Incidents, complaints, and severe human rights impacts (S1-17)

As part of its commitment to transparency and accountability, MTU aims to provide a clear picture of complaints, work-related incidents and severe human rights incidents affecting its workforce. Eleven incidents of discrimination were registered during the reporting period. The reported cases involved cases of sexual harassment and racism. All confirmed cases resulted in consequences under labor law. Furthermore, MTU received five complaints through internal grievance mechanisms, separate from the incidents reported above.

Incidents, complaints and penalties

Number of reported incidents of discrimination, incl. harassment	11
of which confirmed cases of discrimination, incl. harassment	6
Number of complaints filed through reporting channels for own workforce	5
Amount of fines, penalties and compensation	€0

Severe incidents and penalties related to human rights

Number of severe human rights incidents reported	0
Amount of fines, penalties and compensation for severe human-rights incidents	€0

Workers in the value chain (S2)

Material impacts, risks and opportunities and their interaction with strategy and business model (S2-SBM-3)

In the assessment of the materiality of topics in the upstream value chain, the focus was primarily on production materials. This covers the entire process, starting with workers in mines, through processing in smelters and in the casting and forging processes, to the further processing of the products. The quality and availability of data in the upstream value chain varies considerably, which is partly due to a lack of transparency in the higher tiers of the upstream value chain. The materiality assessment also took into account other workers in the value chain, such as those working for customers. However, no material impacts, opportunities or risks outside the upstream value chain were identified, which is why the further disclosures focus on workers in the upstream value chain.

Given the nature of the material impacts, there are various particularly vulnerable groups that could be affected, such as women, people with disabilities, and children. However, MTU could not identify any impacts that specifically concentrate on one of these groups. MTU does not yet have processes in place for the detailed analysis of vulnerable groups in the upstream value chain.

As described under *Interests and views of stakeholders (SBM-2)*, MTU only has a limited choice of potential suppliers for production materials due to the quality requirements and expertise needed. Due to the limited flexibility in the selection of suppliers, there may be potential negative impacts associated with the business model. MTU is aware of its responsibility and sets out clear requirements for its direct suppliers regarding human rights and social standards. These should be cascaded up to the higher tiers of the upstream value chain (for more information, see *Policies related to value chain workers (S2-1)*).

The majority of MTU's direct suppliers are based in Europe and the United States, with only a small proportion based in other regions. For the higher tiers of the upstream value chain, however, there is a lack of transparency with regard to geographical areas.

For direct suppliers, the risk of potential negative impacts regarding child labor and forced labor is classified as non-material due to the required qualifications of the workforce and the countries of origin. In the higher tiers of the upstream value chain, there is a general risk of child labor and forced labor in the extraction of raw materials in the mines. However, as the raw materials can come from different regions with different legal requirements concerning child labor and forced labor, lack of transparency means that it is not possible to conclusively assess the risk.

In the materiality assessment, a distinction was made between direct (tier 1) and indirect suppliers (tiers 2 to n). This is due partly to gaps in the data and lack of transparency, but also partly to the different levels of power to exert influence.

In the materiality assessment process, specific impacts, opportunities and risks related to the workers were taken into account based on the processing steps in the value chain. This included an assessment of whether the production step poses a particular risk of negative impacts on human rights and/or working conditions. For example, forging and casting were classified as physically demanding jobs with a high potential for injury.

For the direct suppliers, potential negative impacts on local workers were identified in relation to working conditions, equal opportunities and equal treatment. The impacts associated with fair pay and working hours are considered to be rather minor due to the countries of production, although no in-depth information is currently available on this.

Due to the production processes, it can be assumed that there is a high proportion of men. Integration of people with disabilities is not possible in all areas of the companies. Since no in-depth information is available here either, the topics have been assessed as material in order to emphasize their importance.

Furthermore, based on the transparency achieved in the reporting year, the topics of working conditions, equal opportunities and equal treatment were also identified as material for the higher tiers of the upstream value chain. Since most of the indirect suppliers lack transparency, no conclusions based on the countries of production can be drawn. Given the activities in the higher tiers of the upstream value chain, it can be assumed that hard work, long working hours and unfair pay are prevalent until further information can be collected.

In the coming years, it will be necessary to further develop data quality and availability in order to be able to make more detailed, better quality statements about the upstream value chain. Due to the transparency achieved in the reporting year, potential negative impacts as a result of discrimination are to be assumed, in particular on the basis of origin, sex and ethnicity.

When the risk analysis was carried out (see *Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4)*), no material impacts were identified as a result of individual incidents or specific business relationships. The material impacts identified are based on aggregated statements from the risk management process or scientific articles and are therefore to be classified as widespread or systemic.

No material opportunities, risks or positive impacts were identified.

Policies related to value chain workers (S2-1)

MTU has implemented a policy statement on the protection of human rights that defines basic principles on human rights and working conditions as well as responsibilities for their protection (see *Policies related to own workforce (S1-1)*). MTU has committed itself to the principles of the UN Global Compact and regards the protection of human rights as an essential component of its sustainable corporate governance and part of its social, environmental and corporate responsibility. The commitments include compliance with the following standards:

- United Nations Universal Declaration of Human Rights
- Core Labor Standards of the International Labour Organization (ILO)
- 10 Principles of the UN Global Compact
- UN Guiding Principles on Business and Human Rights and the UN Declaration on Human Rights
- UN Sustainable Development Goals (SDG 5/8)

Building on the policy statement, MTU has developed a specific Supplier Code of Conduct that addresses topics including human trafficking, forced labor and child labor. Those topics are also included in the risk assessment with focus on social topics.

To meet the requirements of the German Supply Chain Due Diligence Act (LkSG), MTU has developed a strategy to consider human rights issues in the upstream value chain, with a focus on Tier 1 suppliers. To comply with the due diligence demands, the following policies are a central component of the MTU procurement organizations:

- Supplier Code of Conduct
- Terms and conditions of purchase
- Manual for the implementation of human rights risk management

MTU confirms that the policies for workers in the upstream value chain explicitly address topics such as working hours, adequate wages, freedom of association, the existence of works councils and collective bargaining, including the percentage of employees covered by collective bargaining agreements, as well as health and safety, gender equality and equal pay for work of equal value, employment and integration of people with disabilities, measures to prevent violence and harassment at work, diversity and data privacy. Particular focus is placed on Tier 1 suppliers in this context.

For detailed information on the content, goal, scope, responsibilities and availability of the individual policies for stakeholders, see the tables below.

In the event of human rights violations or other breaches of MTU's social standards within the upstream value chain, affected parties have the option of using the MTU complaints mechanism (see *Business conduct (G1)* for more information on the MTU reporting channels and the policies set out in the rules of procedure for complaints and whistleblowing and the corporate works agreement on the protection of whistleblowers). If MTU becomes aware of incidents via the established communication channels or other sources of information, an investigation is initiated, and in case of confirmed human rights violations remedial action is taken. For those cases, MTU does not have standardized measures because its intent is to solve the problems in

the interest of the injured party. Further information on remediation can be found under *Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)*, while actions to prevent and mitigate the risk of human rights violations are described under *Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4)*.

In addition to the reference to MTU's own complaints channel, the Supplier Code of Conduct also requires suppliers to implement a grievance mechanism which, in addition to ensuring the anonymity of the affected party, also excludes discrimination or other negative effects as a result of reports.

MTU falls under the scope of the Corporate Sustainability Due Diligence Directive (CSDDD). In order to implement the requirements of this EU directive, MTU plans to expand the scope of corporate due diligence obligations with regard to human rights, with a particular focus on the higher tiers of the upstream value chain.

In 2024, MTU was not informed of any cases of non-respect of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises that involve value chain workers reported in its upstream and downstream value chain.

Supplier Code of Conduct	
Content	The Supplier Code of Conduct of MTU Aero Engines AG sets out its expectations of the upstream value chain and covers a broad range of requirements in the areas of human rights, working conditions and employee rights, the environment and integrity in business conduct. This includes topics such as the prohibition of child labor, slavery, human trafficking, forced and compulsory labor, compliance with labor standards (freedom of association, the right to collective bargaining, prohibition of discrimination, equal pay, and compliance with a minimum wage), occupational health and safety, the creation of a grievance mechanism, the reduction of greenhouse gas emissions, energy efficiency, the use of renewable energy, resource-conserving measures, chemical management, and governance matters such as corruption and bribery, money laundering, terrorism financing, fair competition, antitrust laws, and the avoidance of conflicts of interest. The inclusion of these topics means the Supplier Code of Conduct is in line with the E1, S2, and G1 ESRS standards.
Target	The Supplier Code of Conduct outlines MTU's requirements regarding human rights, labor rights and conditions, environmental protection, and integrity in business conduct. It forms an essential basis for cooperation between MTU and its upstream value chain and has been integrated as a contractual component.
Associated material impacts, risks and opportunities	The policy covers all material impacts at direct suppliers and, with regard to the topics in the impacts, risks and opportunities identified, is intended to affect the higher upstream value chain by way of transfer by the direct suppliers.
Monitoring	Compliance with the required standards is monitored by an ESG assessment carried out by an external service provider. Violations of the principles can be reported at any time through the iTrust reporting channel. In addition, compliance is monitored through regular on-site visits by MTU employees to suppliers of OEM production materials.
Scope	The Supplier Code of Conduct is a contractual component of cooperation with direct suppliers and is intended to have a cascading effect on the higher tiers of the upstream value chain. The scope covers all regions and activities of these suppliers.
Responsible organizational level	Responsibility is held by the management of the respective purchasing department; if necessary in collaboration with the human rights officer or the compliance officer.
Third-party standards or initiatives	/ UN Global Compact, derived from the Universal Declaration of Human Rights / International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work / Rio Declaration on Environment and Development / United Nations Convention against Corruption / UN Guiding Principles on Business and Human Rights (UNGPs)
Availability	The policy is publicly available on the MTU website: *https://www.mtu.de/fileadmin/EN/7_News_Media/2_Media/Brochures/Company/06_Code_of_Conduct_Lieferanten_EN.pdf**

Terms and conditions of purchase (TCP)	
Content	In addition to compliance with the Code of Conduct and provisions on data privacy, the TCP also include requirements for suppliers regarding conflict minerals. This includes, in particular, ensuring that potential conflict minerals come from responsible smelters/suppliers. In addition, the policy addresses a large number of other topics that relate to MTU's cooperation with suppliers but are not relevant to this report.
Target	The terms and conditions of purchase are the basis for clarifying fundamental issues relating to orders. They set out the contractual conditions between MTU and its suppliers and support MTU in safeguarding fundamental interests and placing requirements on the supplier, especially in the case of one-off procurement transactions.
Associated material impacts, risks and opportunities	The concept covers all material impacts at direct suppliers as well as the identified material impact on human rights in the higher upstream value chain through the required cascading effect in the Supplier Code of Conduct.
Monitoring	Contractual assurance by the supplier.
Scope	The terms and conditions of purchase regulate fundamental topics for all purchasing processes and are used for every order. The scope covers all regions and activities of direct suppliers.
Responsible organizational level	Responsibility is held by the management of the respective purchasing department.
Third-party standards or initiatives	/ UN Global Compact, derived from the Universal Declaration of Human Rights / International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work / Rio Declaration on Environment and Development / United Nations Convention against Corruption / UN Guiding Principles on Business and Human Rights (UNGPs)
Availability	The policy is publicly available on the MTU website: *https://www.mtu.de/fileadmin/EN/9_Privacy-Statement_Terms-Conditions/AGB-EN/Terms_and_Conditions_of_Purchase_of_German_MTU_Sites_-_No_Russia_10.12.2024.pdf**

Manual for the implementation of human rights risk management at MTU (including corresponding environmental obligations)	
Content	The policy describes the actions and responsibilities that MTU has put in place to identify potential and actual human rights violations, define and implement preventive and remedial actions and ensure internal and external communication of the results.
Target	The policy is designed to meet the requirements of the German Supply Chain Due Diligence Act (LkSG). The aim of this policy is to reduce or prevent human rights- or environment-related risks and violations arising from MTU's business activities along the upstream value chain. The policy also describes actions and responsibilities to promote more sustainable business activities.
Associated material impacts, risks and opportunities	All material impacts at direct suppliers are covered.
Monitoring	The approach described in this policy for fulfilling the human rights and environmental due diligence obligations under the LkSG is reviewed annually and as needed. This applies in particular if MTU expects a significantly changed or expanded risk situation along the upstream value chain. The review is generally carried out in consultation between the HRO (human rights officer) and the MRKK (human rights coordinators Group).
Scope	The scope of this policy covers MTU Aero Engines AG and the controlled companies of the MTU Group with regard to the requirements of the LkSG along the upstream value chain and the company's own business operations.
Responsible organizational level	The Legal, Compliance, Intellectual Property Management & Corporate Audit department is responsible for the policy. The responsibility ensures the monitoring and implementation of the policy.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

Processes for engaging with value chain workers about impacts (S2-2)

As part of the International Aerospace Environmental Group, MTU gains insights into the key findings of the IAEG Sustainability Assessment Program, which focuses on risks in the upstream value chain. Even though MTU is not an active partner within this program, the insights gained are relevant for identifying areas for improvement within the aerospace industry, defining potential mitigation measures as part of the initiative, and measuring the effect through a reassessment. These insights are incorporated into, for example, the materiality assessment.

The knowledge gained from this program is shared twice a year by IAEG with its members within the framework of an IAEG working group dealing with sustainability in the upstream value chain.

Participation in the working group takes place at subject matter level for sustainability in the upstream value chain, with responsibility for integrating the findings lying with the purchasing management team.

Further information on stakeholder dialogue, including with actors in the upstream and downstream value chain, outside the specific requirements of ESRS S2, can be found under *Interests and views of stakeholders (SBM-2)*.

Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)

MTU has implemented a complaints procedure to effectively address potential material negative impacts on working conditions, equal opportunities and other work-related rights of workers in the value chain. This procedure provides workers with a clearly defined reporting channel through which they can report concerns and potential violations confidentially and securely.

The reports received are carefully examined so that individual and targeted remedial actions can be taken. Appropriate actions would be defined and implemented as part of an overall assessment of all the circumstances of the individual case. The actions can range from clarifying communication through the use of contractually agreed rights to the termination of the contractual relationship. The implementation of the actions at the supplier would be followed up by MTU employees.

MTU provides its workforce with the opportunity to report their concerns directly to the company and to have them addressed through various channels, including reports to the compliance officer by email or post, as well as a web-based whistleblower system (iTrust), which is available in several languages. It is also possible to submit a complaint anonymously. The system is available at all times to all MTU employees, third parties and other stakeholders, such as suppliers and their workers. These channels were set up by MTU itself.

In addition to the publicly accessible website, which contains a full set of information on potential complaints channels, the options for reporting possible violations are included in the Supplier Code of Conduct. In addition, the Code of Conduct requires the implementation of a dedicated complaints channel at the supplier itself, which enables workers or other stakeholders to report potentially illegal practices in the workplace or misconduct.

The issues raised and addressed are tracked and monitored by the compliance officer, overseen by the human rights officer (HRO), ensuring the effectiveness of the channels. The compliance officer is responsible for the receipt confirmation of a complaint, follow-up in case more information is needed and the initiation or coordination of subsequent actions. In the event of violations, the compliance officer informs the purchasing organization concerned and the human rights officer, and the latter involves the Group human rights coordinators and site human rights coordinators as required when determining the action to be taken.

The effectiveness of the complaints procedure is reviewed annually and on an ad hoc basis if MTU has reason to expect a significant change or deterioration in the risk situation within its own operations or at direct suppliers.

MTU assesses whether value chain workers are aware of the complaints procedure and reporting channels and trust them as a way to raise their concerns or needs and have them addressed. This is ensured by communicating openly about the grievance mechanism and the rules of procedure, including to third parties, e.g. through information on the MTU website and the policy statement on the protection of human rights. Efforts are made to formulate information in a clear and comprehensible way. In addition, the complaints procedure (see *Business conduct policies and corporate culture (G1-1)* for further information on the corporate works agreement) explicitly states that MTU will not tolerate any form of retaliation against individuals who use these reporting channels. This is also a minimum requirement for the supplier's own complaints channel.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4)

MTU has taken the following actions in the upstream value chain to identify and minimize the risk of negative impacts from human rights violations and non-compliance with MTU's social standards:

- Risk analysis
- ESG assessment
- Contractual safeguarding
- Training for buyers
- Supplier visits
- Conflict minerals survey

Most of the actions listed result from the implementation of the requirements of the German Supply Chain Due Diligence Act and therefore primarily relate to the identified material impacts, risks and opportunities that affect direct suppliers, with the exception of the conflict minerals survey. Actions that relate to material impacts, risks and opportunities in the higher upstream value chain are reviewed and, if necessary, implemented as part of the implementation of the CSDDD.

Since no opportunities, risks or material positive impacts on workers in the value chain were identified, no actions were taken to manage these impacts, risks or opportunities.

An annual risk analysis is conducted for direct suppliers of fully consolidated Group companies using a standardized tool, taking into account the likelihood of occurrence and the extent of damage. This is based on defined ESG-relevant criteria such as product groups and their sourcing countries. Building on this, other criteria such as the ESG assessment of a third-party provider are included in the evaluation in order to map a supplier-specific risk in relation to sustainability. In the coming years, the existing risk management system will be reviewed regarding the requirements of emerging regulations such as the Corporate Sustainability Due Diligence Directive (CSDDD) and adapted where necessary.

In order to obtain more information about suppliers, MTU requires an ESG assessment by an external provider from key suppliers. Key suppliers are defined on the basis of an increased ESG risk and/or purchasing volume. In addition to environmental, human rights and ethical issues, this also covers sustainable procurement. The statements in the questionnaire must be supported by evidence in order to validate the information provided and to be able to reliably assess the supplier's sustainability activities. The ESG assessment supports the monitoring of the contents of the MTU Supplier Code of Conduct and helps to identify material impacts and risks at supplier level. The scope of application is currently being expanded.

The content of the Supplier Code of Conduct is a binding component of the contract templates and the terms and conditions of purchase. This means that fundamental requirements on human rights and environmental issues are included in the negotiations before the contract is signed. The Code of Conduct is based on international standards and defines social and environmental requirements, respect for human rights and integrity in business conduct, including the prohibition of corruption and bribery. By signing the contract, each supplier commits to adhering to these principles and passing them on to their subcontractors.

In the event of serious violations such as corruption, extortion, favoritism, or child labor in the execution of orders for MTU, the company reserves the contractual right to terminate the collaboration with immediate effect.

In addition to the contractual requirements, MTU purchasers receive regular training on the topic of ESG, the requirements in this field and possible preventive measures. The aim of the training is to ensure that the content can be implemented by the suppliers. They also create an understanding of the importance of the issues among the people involved.

MTU employees generally visit the production sites of all OEM production material suppliers several times a year, which means that serious violations of the Supplier Code of Conduct are also monitored.

To avoid the use of conflict minerals, MTU conducts an annual survey of OEM suppliers of products containing the following raw materials: tantalum, tin, gold and tungsten. Procurement of these minerals can be problematic because some of them come from Central African mines where the profits may be used specifically to fund armed conflicts that violate human rights.

MTU does not procure minerals directly; instead, they enter production or pre-production via a global, multi-stage upstream value chain. The relevant suppliers of components containing minerals named in the Dodd-Frank Act are therefore required to provide information once a year on the origin of minerals and only to procure minerals from certified mines and smelters (compliant smelter list) in order to minimize the risk of conflict minerals in the supply chain.

As described above for the policies, the current actions are focused mainly on direct suppliers. However, as part of the implementation of the Corporate Sustainability Due Diligence Directive (CSDDD), reasonable measures for the higher upstream value chain are also examined and, if necessary, included in the catalog of actions.

Severe human rights issues or other incidents connected to the upstream and downstream value chain have not been reported.

Violations of the Supplier Code of Conduct can be reported at any time via the grievance mechanism (see *Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)* for further details).

In the event of incidents in the upstream value chain, corrective measures are initiated and followed up by the responsible persons defined in the risk management system. There are no predefined remedial measures, as these are adapted, developed and implemented depending on the case.

In the purchasing organizations, the sustainability coordinators take charge of the material impacts, risks and opportunities identified, develop policies for their management and define actions for their implementation. This is usually done in coordination with other departments.

Purchasing management is regularly informed about the current status of the actions, their implementation and the effects on the upstream value chain and is involved in the further development of the actions and policies.

The respective buyers are responsible for communicating with suppliers and for the specific implementation of the actions, with the professional support of the sustainability coordinators. In addition, progress in implementing the actions is regularly reviewed by purchasing management.

The effectiveness of the actions has not yet had to be verified, as no violations are known to date. Once the roll-out of the ESG assessment has been completed, the annual update of the results will enable a well-founded analysis of the development of sustainability issues at supplier level.

Risk analysis	
Key actions taken and outcomes achieved	An annual risk analysis is conducted for direct suppliers of fully consolidated Group companies using a standardized tool, taking into account the likelihood of occurrence and the extent of damage. The analysis is based on defined ESG-relevant criteria such as product categories and their procurement countries (ESG=Environmental, Social, Governance). The risk analysis is integrated into the existing risk process for suppliers. Additionally, key suppliers are screened for compliance with sustainability aspects using an ESG assessment tool and a scorecard to systematically record relevant aspects. The risk management process includes preventive and, if necessary, corrective measures. The risk analysis is used to identify suppliers who may pose a risk of disregarding human rights or social standards and serves as a basis for initiating preventive actions.
Key actions planned and time horizons for implementation	A possible extension of these requirements could include compliance with due diligence obligations in the higher upstream value chain. Planning for the coming years is still being finalized, which is why no firm statements can be made. The actions implemented in the reporting year will be continued on an ongoing basis.
Contribution to the policy objectives and requirements	Monitoring process for the Supplier Code of Conduct
Scope	All direct suppliers of the fully consolidated locations in the past fiscal year, regardless of their activity and geographical location

ESG assessment	
Key actions taken and outcomes achieved	MTU requires an ESG assessment from a third-party provider, which must be renewed annually. The statements in the questionnaire must be supported by appropriate evidence, the content of which is checked by the assessment provider. The aim of the ESG assessment is to ensure a reliable assessment of the sustainability performance of suppliers. The current expansion of the scope is intended to improve and expand the data basis for assessing social topics and human rights in the upstream value chain.
Key actions planned and time horizons for implementation	The scope of affected suppliers is currently being expanded further in order to cover a broader population. Planning for the coming years is still being finalized, which is why no firm statements can be made. The actions implemented in the reporting year will be continued on an ongoing basis.
Contribution to the policy objectives and requirements	Compliance with the Supplier Code of Conduct and identification of material impacts and risks in the upstream value chain.
Scope	Key direct suppliers that are significant for MTU based on revenue and risk-oriented criteria, for OEM and MRO production materials and in general purchasing, including new suppliers regardless of activity or geographical location.

Contractual safeguarding	
Key actions taken and outcomes achieved	By signing the contract, each supplier commits to complying with the content of the Supplier Code of Conduct and to passing it on to their subcontractors. In addition, the terms and conditions of purchase of MTU include a clause regarding compliance with the Supplier Code of Conduct. The aim is to guarantee minimum standards at MTU through contractual agreements. In the event of non-compliance with these standards, MTU has put measures in place that, in the case of serious violations, can extend as far as termination of the contract.
Key actions planned and time horizons for implementation	A possible extension of these requirements could include compliance with due diligence obligations in the upstream value chain. Planning for the coming years is still being finalized, which is why no firm statements can be made.
Contribution to the policy objectives and requirements	Contractual basis for ensuring compliance with the Supplier Code of Conduct and the requirements of the terms and conditions of purchase.
Scope	All orders in the fiscal year, irrespective of the activities and geographical location of the direct supplier

Training for buyers	
Key actions taken and outcomes achieved	MTU regularly trains its buyers on the Code of Conduct, which applies to all employees of the company and prohibits corruption, bribery, favoritism, and anti-competitive behavior. MTU's buyers are also given specific training on the Supplier Code of Conduct. Additionally, MTU offers specialized corporate responsibility trainings, specifically tailored to the procurement department's requirements. The aim of the trainings is to sensitize participants and raise their awareness of sustainability standards in the upstream value chain and their background.
Key actions planned and time horizons for implementation	Additional training sessions are planned for the next fiscal year. Planning for the coming years is still being finalized, so no concrete statements can be made. The actions implemented in the reporting year will be continued on an ongoing basis.
Contribution to the policy objectives and requirements	Basis for the monitoring process for compliance with the Supplier Code of Conduct
Scope	Buyers at the following sites: / MTU Aero Engines AG (Munich) / MTU Aero Engines Polska sp.z.o.o. / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Canada Ltd / MTU Maintenance Dallas Inc. / MTU Maintenance do Brasil Ltda. / MTU Maintenance Hannover GmbH / MTU Maintenance Lease Services B.V. / MTU Maintenance Serbia d.o.o. / MTU Maintenance Australia Pty. Ltd. / MTU Maintenance Service Center Ayutthaya Ltd. for production and general material.

Supplier visits	
Key actions taken and outcomes achieved	As part of the business relationships with OEM production suppliers, MTU employees generally visit the production sites of all suppliers several times a year. These visits serve as an additional control mechanism to identify obvious violations of the Supplier Code of Conduct.
Key actions planned and time horizons for implementation	Planning for the coming years is still being finalized, which is why no firm statements can be made. The actions implemented in the reporting year will be continued on an ongoing basis.
Contribution to the policy objectives and requirements	Monitoring process for the Supplier Code of Conduct
Scope	OEM production suppliers (Tier 1) regardless of geographical location

Conflict minerals survey	
Key actions taken and outcomes achieved	To be able to rule out the use of conflict minerals, MTU conducts an annual survey of OEM suppliers of products containing the following raw materials: tantalum, tin, gold and tungsten. The aim of the survey is to ensure that the upstream value chain for MTU products does not contain conflict minerals.
Key actions planned and time horizons for implementation	Apart from the continuation of the action, no further actions are currently planned. The actions implemented in the reporting year will be continued on an ongoing basis.
Contribution to the policy objectives and requirements	Monitoring of the requirements in the terms and conditions of purchase on conflict minerals.
Scope	Relevant OEM suppliers that supplied components with minerals named in the Dodd-Frank Act in the reporting year, regardless of activities and geographical location

Targets related to managing material impacts, and managing material risks and opportunities (S2-5)

For the upstream value chain, no quantitative targets can be reported that meet the requirements of the ESRS. Nevertheless, the implementation of actions and their progress are regularly monitored and actions for improvement are defined. However, these are not based on fixed targets.

Due to the risk situation and the general maturity of the topic of sustainability, the policies and actions implemented to manage and promote the material impacts, risks and opportunities identified did not have the strategic importance in the purchasing departments in the past required for defining quantitative targets (see statements under *Interests and views of stakeholders (SBM-2)*). However, qualitative targets were set for the implementation of sustainability criteria in the procurement processes.

Product quality and flight safety

Within the framework of this sustainability statement, MTU has identified the topic of "product quality and flight safety" as an entity-specific topic that is essential for the long-term success of the company and the safety of its customers.

Material impacts, risks and opportunities and their interaction with strategy and business model

In the aviation industry, ensuring product quality and flight safety is of vital importance. To minimize potential impacts on flight safety, defect-free product quality as a key corporate goal is an integral part of MTU's strategy and business model. Derived from its "Zero Defects" vision, MTU assesses the topic of product quality and flight safety as material in accordance with its self-defined zero-tolerance principle (see *Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)* for further information on how this criterion is taken into account in the double materiality assessment).

Policies related to product quality and flight safety

MTU's integrated management system (IMS) serves to comply with aviation regulations, customer requirements and MTU's internal requirements and to implement them as a management system with clear roles and responsibilities. The main principle of the IMS in this context is: "Safety takes priority in what we do." The regulations are binding for all employees and managers within the scope and are documented as policies in the MTU management manual. The IMS forms the basis for and encompasses more specific MTU management systems for product quality and flight safety, such as the quality management system (QMS) or the safety management system (SMS). The IMS and its components support customer satisfaction, process orientation and continuous improvement in all phases of development, production and maintenance. It takes into account the requirements of the ISO9001, EN/AS9100, ISO14001/EMAS and ISO45001 standards.

Corporate Quality, which is responsible for the operational implementation, reports directly to the Chief Operating Officer (COO) and submits quarterly reports on quality aspects and flight incidents to the Executive Board. The IMS includes a safety management system (SMS) in accordance with the International Civil Aviation Organization (ICAO) standard. This defines how to handle safety-related incidents at MTU's sites and in air traffic. Appropriate organizational structures and responsibilities, such as a Flight Safety Board and a Flight Safety Manager, have also been established.

Management manual	
Content	The management manual is the overarching document in the IMS for quality, environmental protection and occupational health and safety, serving as the basis for further regulations (process descriptions, standards, and work instructions) across all business units of MTU. For this section of the report, the topic of product quality and flight safety is relevant.
Target	Supports the objective derived from MTU's "Zero Defects" vision for product quality and flight safety for the entire product life cycle of an engine.
Associated material impacts, risks and opportunities	In the aviation industry, ensuring product quality and flight safety is of vital importance. The management manual is the overarching document in the IMS and must be properly implemented in order to avoid deviations and associated risks. Non-compliance with the IMS could potentially lead to a flight incident.
Monitoring	To ensure compliance with quality and safety requirements, MTU has established comprehensive inspection and monitoring processes.
Scope	For the MTU sites covered by the CSRD scope of consolidation, the IMS is valid at the following MTU sites: / MTU Aero Engines AG (Munich) / MTU Aero Engines Polska sp. z o. o. / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / MTU Maintenance Canada Ltd. / MTU Maintenance Dallas Inc. / MTU Maintenance Serbia d.o.o.
Responsible organizational level	The Corporate Quality Center and the Chief Operating Officer (COO) are responsible for product quality and flight safety.
Third-party standards and initiatives	Standards of the International Civil Aviation Organization (ICAO) The implementation of the IMS is validated and confirmed at the sites by independent and accredited inspection bodies. More information is available online on the MTU website: *https://www.mtu.de/en/engines/quality/approvals-certifications**
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

To ensure compliance with quality and safety requirements, MTU has implemented comprehensive testing and monitoring processes throughout the entire value chain. Components undergo thorough testing, based on their criticality, and are monitored in the production process. Annual internal quality audits and quality audits by customers and authorities provide evidence that MTU meets uniformly high standards and is in conformance with regulatory requirements. A defined process ensures that all customer complaints regarding inadequate quality of MTU products are followed up and analyzed and that suitable actions are defined and implemented to eliminate the causes of defects. The effectiveness of these actions is closely monitored in the IMS through defined processes and reporting.

Actions and resources in relation to material sustainability matters

MTU continuously monitors the quality of its products and services. MTU is continuously developing its quality management system and the associated regulations. The company also draws ideas from industry initiatives, such as from its involvement in AESQ (Aero Engine Supplier Quality Group), an international quality group for the engine industry, or from the regular sharing of experience and information between quality managers. Continuous development focuses first and foremost on the set of rules and internal quality reporting.

Continuous development of the integrated management system	
Key actions taken and outcomes achieved	Regular site-specific training on quality aspects is held for employees and managers. New employees, for example, are required to complete mandatory training on the IMS. Time horizons for these activities are continuous. In the reporting year, MTU continued the development of the IMS and the SMS subsystem in light of new regulatory requirements from the European aviation authority. As a first step, a new training concept with web-based mandatory trainings for all employees and in-depth training for MTU safety personnel was rolled out for the German locations (starting as early as 2023). MTU is committed to meeting both existing and new requirements on flight safety and product quality, including through implementing actions and the associated continuous development of the IMS, in order to meet customers' and regulatory authorities' expectations and also to achieve its own ambition of innovative and safe solutions in all phases of development, production and maintenance.
Key actions planned and time horizons for implementation	MTU continuously develops its quality management, its internal quality reporting and the digitalization of quality processes.
Contribution to the policy objectives and requirements	Supports the objective derived from MTU's "Zero Defects" vision for product quality and flight safety. The continuous development of the IMS contributes to achieving this target.
Scope	All MTU employees at the MTU sites according to the line "Scope" (Table: management manual), unless otherwise specified.

Tracking effectiveness of policies and actions through targets

MTU has set itself internal quantitative targets in the area of quality management, but these cannot be published as part of the sustainability statement as they contain sensitive information. MTU has additionally set itself qualitative targets for quality management / product quality and flight safety as part of its Sustainability Program 2025+ and in line with its "Zero Defects" vision:

- Implementation of innovative and, at the same time, recognized standards
- Commitment to the further development of state-of-the-art standards
- High level of employee training and support through the use of digital solutions
- Recognized and standardized methods for systematic error prevention, analysis and sustainable remediation

MTU uses continuous data analysis – for example, of customer complaints – as operational indicators for achievement of the qualitative targets for customer satisfaction, product quality and flight safety.

Business conduct

Business conduct policies and corporate culture (G1-1)

MTU's corporate culture is characterized by trust and mutual respect. Compliance with legal requirements and adherence to ethical principles are fundamental components of this culture and are embedded in MTU's Code of Conduct. The Code of Conduct serves as the Group-wide policy for lawful business conduct and demands responsible and ethical behavior from both employees and management. Compliance with the Code of Conduct is supported, in particular, by the whistleblower protection policy, which, as a corporate works agreement, covers the fundamentals of the whistleblower reporting office, and by the rules of procedure for complaints and whistleblowing, which create transparency regarding the available reporting channels.

MTU's compliance management system (CMS) is designed to ensure compliance with legislation and internal policies. It is intended to promote ethical conduct and prevent misconduct. It encompasses risk identification, preventive measures, and continuous monitoring to maintain regulatory compliance and support corporate integrity and is characterized by a continuous improvement process.

Raising MTU employees' awareness of compliance-related issues is part of the preventive actions. MTU has established a training concept on relevant corporate governance topics (general business conduct): This includes both role-specific expectations – for example, for managers – and fundamental business conduct principles in line with MTU's Code of Conduct, including requirements for business and contractual relationships with third parties, trade compliance, data security and potential conflicts of interest. The training program includes basic training on the MTU Code of Conduct and other training courses, some of which are function-specific.

MTU's long-term business success is based on compliance with the applicable laws and regulations and the company's own internal policies. MTU's policies are in line with the United Nations Convention against Corruption and condemn corruption of any kind. Derived from MTU's zero-tolerance management approach, compliance with the statutory provisions of foreign trade law (trade compliance) is another important aspect of business conduct. Customs and export control laws regulate the distribution and sale of products, the sharing of technical data and the provision of services. All business units, subsidiaries, and employees are bound by these legal frameworks.

Corporate works agreement on Code of Conduct for employees	
Content	MTU's internal Code of Conduct (also available to the public in an abridged version) emphasizes the importance of integrity and responsibility across all business areas. Employees are obliged to comply with legal requirements and internal rules while adhering to ethical standards of conduct. In addition, the Code of Conduct highlights the importance of respectful and fair interactions among colleagues, with business partners and customers. The Code also describes MTU's commitment to human rights, equal opportunities, safe working conditions and environmental sustainability and it also covers fair competition, trade compliance, prevention of insider trading, and outlines enforcement measures and consequences for violations.
Target	The main objective of the Code of Conduct is to establish clear policies and standards for ethical behavior and decision-making for MTU's workforce. It is designed to ensure consistency, integrity and compliance with laws and regulations. At the same time, the Code of Conduct aims to foster a positive work environment, protect MTU's reputation, and build trust with stakeholders.
Associated material impacts, risks and opportunities	Supporting the potential positive material impact through the MTU-specific framework with regard to combating corruption and bribery.
Monitoring	It is the responsibility of every MTU manager to ensure that all employees are aware of this policy and comply with its provisions. MTU regularly trains its employees and managers across all hierarchies on the Code of Conduct. When new employees are taken on, MTU informs them about the Code of Conduct and requires them to sign a declaration committing to uphold it. The Code of Conduct is subject to oversight by the Works Council.
Scope	The corporate works agreement applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH
Responsible organizational level	MTU's Executive Board is responsible for implementing the Code of Conduct. As part of compliance-related regular reporting, the compliance officer regularly reports to the Executive Board on adherence to the Code.
Availability	The policy is accessible to MTU employees via the document management system and can be viewed publicly in an abridged version: https://www.mtu.de/fileadmin/EN/7_News_Media/2_Media/Brochures/Company/MTU_Verhaltensgrundsaetze_en_2604_150.pdf*

Rules of procedure for complaints and whistleblowing	
Content	Communication and transparency about the available reporting channels for complaints and reports, which can be used to report any information on possible violations of laws and/or regulations, including human rights or environmental risks or violations in MTU's own operations and throughout the entire value chain. The complaints procedure is available to MTU employees, external individuals and external organizations alike.
Target	Transparency and easy access to the various reporting channels
Associated material impacts, risks and opportunities	Supporting the potential positive material impact through the MTU-specific framework with regard to combating corruption and bribery.
Monitoring	It is the responsibility of every MTU manager to ensure that all employees are aware of this policy and comply with its provisions.
Scope	The rules of procedure for complaints and whistleblowing applies worldwide, regardless of the person involved.
Responsible organizational level	The Group compliance officer is responsible for implementing the rules of procedure.
Availability	The policy is publicly available on the MTU website: *https://www.mtu.de/fileadmin/EN/7_News_Media/2_Media/Brochures/Company/Rules_of_procedure.pdf**

Whistleblower protection policy	
Content	The corporate works agreement sets out the fundamentals of the whistleblower reporting office along the reporting office's process steps (including receiving reports, processing and investigation, deriving measures, information and communication) and basic requirements for confidentiality, investigation and information.
Target	Documentation of MTU requirements and process steps for whistleblowers in accordance with the requirements for the internal reporting office procedure pursuant to Section 16 of the German Whistleblower Protection Act (HinSchG).
Associated material impacts, risks and opportunities	Supporting the potential positive material impact through the MTU-specific framework with regard to combating corruption and bribery.
Monitoring	It is the responsibility of every MTU manager to ensure compliance with the policy. Process monitoring is the responsibility of the compliance function.
Scope	The corporate works agreement applies to all employees of the following MTU Group companies: / MTU Aero Engines AG (Munich) / MTU Maintenance Berlin-Brandenburg GmbH / MTU Maintenance Hannover GmbH / eMoSys GmbH
Responsible organizational level	The Group compliance officer is responsible for implementing the policy.
Availability	The policy is not publicly available and can only be accessed via the document management system for MTU employees.

MTU Aero Engines AG's global whistleblowing system provides a mechanism for employees and stakeholders to report any suspected misconduct or violations of regulations. It includes protecting whistleblowers from retaliation and promotes a culture of transparency and accountability within the organization. MTU's iTrust system is a platform that employees and stakeholders can use to report compliance concerns and potential misconduct securely, confidentially and anonymously. MTU's procedures for investigating business conduct incidents, including incidents of corruption and bribery, promptly, independently and objectively, build on the following key elements:

/ Anonymous reporting & communication through iTrust whistleblowing system
/ FAQ with detailed information on the practical function of the iTrust whistleblowing system
/ Confidential investigation and feedback to whistleblowers
/ Time off work for whistleblowers or affected persons for the duration of the investigation or organizational protective measures during the ongoing investigation
/ Regular training and professional development for compliance function employees

In accordance with the principles for the protection of whistleblowers, reports are processed and investigated in accordance with MTU Aero Engines AG's Group-wide rules of procedure for complaints and whistleblowing. The identity of the whistleblowers and the content of the report are treated confidentially. A complaint process is only effective if the individuals providing the information are protected against any disadvantages or reprisals arising from the report. MTU does not tolerate retaliatory measures. It appreciates the reports and the associated interest in protecting the company and its stakeholders by addressing any potential wrongdoing. MTU's compliance function is the recipient of any reports from the whistleblowing system. Compliance function employees regularly take part in external training and professional development events and subject specific conferences. The Group compliance officer is responsible for implementing the policy.

Prevention and detection of corruption and bribery (G1-3)

As a member of the UN Global Compact, a global multi-stakeholder initiative, MTU is committed to complying with the Ten Principles, which include the protection of human rights, fair working conditions, environmental protection and anti-corruption. In addition, the company participates in topic-specific initiatives that focus on anti-corruption, such as TRACE International.

As part of its company-wide strategy, MTU pursues the objective of consistently preventing corruption and bribery through a zero-tolerance principle. From the perspective of the management bodies, the CMS and the associated whistleblower system are intended to ensure that legal provisions and internal policies are complied with and that potential misconduct is uncovered (see *Business conduct policies and corporate culture (G1-1)* for more information on the whistleblower system). To minimize corruption risks, the compliance officer reviews all sales-related consultancy contracts for potential risks before they are concluded or renewed involving external service providers as needed. In addition, the Corporate Audit organizational unit assesses the appropriateness and effectiveness of MTU's CMS and internal control system through comprehensive audits and supports the compliance organization in uncovering misconduct within the company – for example, by reviewing processes and controls. MTU follows the standards of the IDW AsS 980 assurance standard published by the Institute of Public Auditors in Germany and the Good Practice Guidance on Internal Controls, Ethics, and Compliance issued by the Organization for Economic Co-operation and Development (OECD). MTU has also signed the standards issued by the Aerospace and Defense Industries Association of Europe (ASD), which aim to prevent corruption and bribery and encourage fair competitive conditions. In Germany, this initiative is supported by the German Aerospace Industries Association (BDLI). The standards are also set out in contracts with sales consultants as binding criteria.

In line with MTU's zero-tolerance principle on corruption and bribery, any allegations or suspicions are taken seriously and thoroughly investigated. MTU cooperates fully with law enforcement agencies and regulatory bodies during the investigation.

The compliance officer is responsible for handling allegations or incidents of corruption and bribery, irrespective of the management level involved. A systematic process has been established through which the compliance officer and the Compliance Board provide information to the Executive Board and the Audit Committee. This includes the regular monthly report to the Executive Board on current compliance issues, the quarterly Compliance Board meetings and ad hoc reporting as required.

MTU's Group-wide training plan is in line with the Group policies and in fiscal year 2024 included both cross-functional basic training on the Code of Conduct and topic-specific training on combating bribery and corruption for the functions-at-risk.

The basic training course on the Code of Conduct was redesigned in the reporting year as a more modern form of web-based training with gamification approaches and focuses on increasing awareness and building competencies for decisions in the event of ethical dilemmas in daily tasks. The participants in the training are taken on a journey through typical risky business situations in a realistic and practical way and have to resolve these through ethical decisions in order to achieve the training goal. At the same time, various examples of corruption are used to shed light on the global perspective and the particular danger posed by working with public officials.

Training title	Type	Scope	Depth
Code of Conduct	/ Web-based training or e-Info (PDF) / Duration approx. 45 min	/ Bookable for all employees throughout the Group / Part of the onboarding for new hires / Newly introduced training certificate valid for three years	/ MTU values, including resolving ethical conflict situations, including under pressure, that could lead to corruption or bribery / Detailed information on corruption and public authorities
Anti-bribery / anti-corruption	/ In-person or virtual training, 3-4 times p.a / Duration approx. 60 min	/ Bookable for all employees throughout the Group / Employees in functions-at-risk are a particular target group	/ In-depth training on anti-bribery and anti-corruption to raise awareness in particular among employees in functions-at-risk

MTU attaches great importance to the continuous training and development of its employees, especially in functions-at-risk. In line with the preventive approach of the compliance organization, the definition of functions-at-risk at MTU in the area of corruption and bribery covers around a quarter of all employees. This definition includes individuals who are classified as having functions-at-risk due to their tasks and responsibilities in areas such as purchasing and sales, accounting, IT, the legal department or the compliance organization. Among the group of affected individuals are also senior employees such as general managers, executives and members of the Executive Board, and the MTU Works Council.

Due to the fact that MTU is reporting for the first time in accordance with ESRS and given the broad definition of functions-at-risk at MTU, fully capturing training coverage in the MTU training management systems is a challenge. In 2024, the training coverage for high-risk functions was 71%. The switch to the new training certificates introduced in the reporting year with a maximum validity period of three years, the recertification process for certificates that expired in December 2024 and the implementation of the new web-based training courses are expected to be completed at all MTU sites in 2025. The aforementioned challenges have led to a temporary shift in the recording of training coverage, as the employees concerned are currently in the process of recertification.

MTU's training management is geared toward systematically and sustainably improving the coverage rate. The fields of action identified in the previous section show that it is crucial to fully record all relevant employees in functions-at-risk in the training management systems. MTU expects to significantly increase the training coverage of functions-at-risk when the technical implementation measures are completed in 2025, so as to ensure that all employees are fully trained and demonstrably up to date with the latest compliance requirements concerning the Code of Conduct and combating bribery and corruption.

Percentage of employees in functions-at-risk covered by training programs

Percentage of training coverage for functions-at-risk	71%

The members of the Supervisory Board of MTU Aero Engines have not yet been included in the aforementioned training curriculum. Both the Executive Board and the Supervisory Board are recipients of regular and ad hoc reports from the MTU compliance function and are therefore particularly aware of the issues of anti-corruption and anti-bribery. The members of the Supervisory Board also undertake their own training on compliance-specific topics and are supported in this by MTU where necessary. For further information, see the qualification matrix of the Supervisory Board and the declaration of conformity with the recommendations of the GCGC in the *section of the combined management report headed Corporate governance statement*.

Incidents of corruption or bribery (G1-4)

No convictions for violations of anti-corruption and anti-bribery laws were reported in the reporting period. Furthermore, no incidents were recorded with actors in the value chain in which MTU or its employees were involved.

Convictions and fines

Number of convictions	
for violations of anti-corruption and anti-bribery laws	0
Amount of fines	
for violations of anti-corruption and anti-bribery laws	€0

Tracking the effectiveness of policies and actions through targets

For the sustainability matter of business conduct, no quantitative targets can be reported that meet the requirements of the ESRS.

Appendix

Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Index

ESRS	Topic	Disclosure Requirement	Reference (page number) sustainability statement
ESRS E1	Climate Change	E1-1 Transition plan for climate change mitigation	146
		E1-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	148
		E1-2 Policies related to climate change mitigation and adaptation	149
		E1-3 Actions and resources in relation to climate change policies	150
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		E1-7 GHG removals and GHG mitigation projects financed through carbon credits	159
		E1-8 – Internal carbon pricing	159
ESRS E5	Resource use and circular economy	E5-1 Policies related to resource use and circular economy	160
		E5-2 Actions and resources related to resource use and circular economy	161
		E5-3 Targets related to resource use and circular economy	162
		E5-5 Resource outflows	162
ESRS S1	Own workforce	S1-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	164
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		S1-2 Processes for engaging with own workforce and workers' representatives about impacts	172
		S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	172
		S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	173
		S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	178
		S1-6 Characteristics of MTU's employees	180
		S1-8 Collective bargaining coverage and social dialogue	181
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		S1-14 Health and safety metrics	182
		S1-16 Remuneration metrics (pay gap and total remuneration)	183
		S1-17 Incidents, complaints, and severe human rights impacts	183

ESRS	Topic	Disclosure Requirement	Reference (page number) sustainability statement
ESRS S2	Workers in the value chain	S2-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	184
		S2-1 Policies related to value chain workers	185
		S2-2 Processes for engaging with value chain workers about impacts	188
		S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	188
		S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	189
		S2-5 Targets related to managing material impacts, advancing positive impacts, and risk and opportunities	192
ESRS G1	Business conduct	G1-1 Business conduct policies and corporate culture	195
		G1-3 Prevention and detection of corruption and bribery	197
		G1-4 Incidents of corruption or bribery	199

List of phased-in Disclosure Requirements

ESRS	Disclosure Requirement	Description	Use of the exemption
ESRS 2	SBM-1 40 (b) and (c)	Strategy, business model and value chain Revenue by significant ESRS sectors	Yes
ESRS 2	SBM-3 48(e)	Material impacts, risks and opportunities and their interaction with strategy and business model Anticipated financial effects	Yes
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Yes
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related risks and opportunities	Yes
ESRS S1	S1-7	Characteristics of non-employees All datapoints	Yes
ESRS S1	S1-8	Collective bargaining coverage and social dialogue Datapoints related to own employees in non-EEA countries	Yes
ESRS S1	S1-11	Social protection All datapoints	Yes
ESRS S1	S1-12	Persons with disabilities All datapoints	Yes
ESRS S1	S1-13	Training and skills development All datapoints	Yes
ESRS S1	S1-14	Health and safety Datapoints related to cases of work-related ill-health and the number of days lost to injuries, accidents, fatalities and work-related ill health	Yes
ESRS S1	S1-14	Health and safety Datapoints related to non-employees	Yes
ESRS S1	S1-15	Work-life balance All datapoints	Yes

List of datapoints from other EU regulations

Disclosure Requirement and related datapoint	Materiality	Section in the sustainability statement
ESRS 2 GOV-1 paragraph 21 (d) Board gender diversity	Mandatory	The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2 GOV-1 paragraph 21 (e) Percentage of board members who are independent	Mandatory	The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2 GOV-4 paragraph 30 Statement on due diligence	Mandatory	Statement on due diligence (GOV-4)
ESRS 2 SBM-1 paragraph 40 (d) i Involvement in activities related to fossil fuel activities	Mandatory	Not applicable
ESRS 2 SBM-1 paragraph 40 (d) ii Involvement in activities related to chemical production	Mandatory	Not applicable
ESRS 2 SBM-1 paragraph 40 (d) iii Involvement in activities related to controversial weapons	Mandatory	Not applicable
ESRS 2 SBM-1 paragraph 40 (d) iv Involvement in activities related to cultivation and production of tobacco	Mandatory	Not applicable
ESRS E1-1 paragraph 14 Transition plan to reach climate neutrality by 2050	Material	Transition plan for climate change mitigation (E1-1)
ESRS E1-1 paragraph 16 (g) Undertakings excluded from Paris-aligned Benchmarks	Material	Transition plan for climate change mitigation (E1-1)
ESRS E1-4 paragraph 34 GHG emission reduction targets	Material	Targets related to climate change mitigation and adaptation (E1-4)
ESRS E1-5 paragraph 38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Material	Energy consumption and mix (E1-5)
ESRS E1-5 paragraph 37 Energy consumption and mix	Material	Energy consumption and mix (E1-5)
ESRS E1-5 paragraphs 40 to 43 Energy intensity associated with activities in high climate impact sectors	Material	Energy consumption and mix (E1-5)
ESRS E1-6 paragraph 44 Gross Scopes 1, 2, 3 and Total GHG emissions	Material	Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)
ESRS E1-6 paragraphs 53 to 55 Gross GHG emissions intensity	Material	Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)
ESRS E1-7 paragraph 56 GHG removals and carbon credits	Material	GHG removals and GHG mitigation projects financed through carbon credits (E1-7)
ESRS E1-9 paragraph 66 Exposure of the benchmark portfolio to climate-related physical risks	Material	Use of the exemption

Disclosure Requirement and related datapoint	Materiality	Section in the sustainability statement
ESRS E1-9 paragraph 66 (a) Disaggregation of monetary amounts by acute and chronic physical risk ESRS E1-9 paragraph 66 (c) Location of significant assets at material physical risk	Material	Use of the exemption
ESRS E1-9 paragraph 67 (c) Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Material	Use of the exemption
ESRS E1-9 paragraph 69 Degree of exposure of the portfolio to climate-related opportunities	Material	Use of the exemption
ESRS E2-4 paragraph 28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Not material	–/–
ESRS E3-1 paragraph 9 Water and marine resources	Not material	–/–
ESRS E3-1 paragraph 13 Dedicated policy	Not material	–/–
ESRS E3-1 paragraph 14 Sustainable oceans and seas	Not material	–/–
ESRS E3-4 paragraph 28 (c) Total water recycled and reused	Not material	–/–
ESRS E3-4 paragraph 29 Total water consumption in m3 per net revenue on own operations	Not material	–/–
ESRS 2– SBM-3 – E4 paragraph 16 (a) i	Not material	–/–
ESRS 2 – SBM-3 – E4 paragraph 16 (b)	Not material	–/–
ESRS 2 – SBM-3 – E4 paragraph 16 (c)	Not material	–/–
ESRS E4-2 paragraph 24 (b) Sustainable land/agriculture practices or policies	Not material	–/–
ESRS E4-2 paragraph 24 (c) Sustainable oceans/seas practices or policies	Not material	–/–
ESRS E4-2 paragraph 24 (d) Policies to address deforestation	Not material	–/–
ESRS E5-5 paragraph 37 (d) Non-recycled waste	Not material	–/–
ESRS E5-5 paragraph 39 Hazardous waste and radioactive waste	Not material	–/–
ESRS 2- SBM-3 – S1 paragraph 14 (f) Risk of incidents of forced labour	Material	Material impacts, risks and opportunities and their interaction with strategy and business model (S1-SBM-3)
ESRS 2- SBM-3 – S1 paragraph 14 (g) Risk of incidents of child labour	Material	Material impacts, risks and opportunities and their interaction with strategy and business model (S1-SBM-3)

Disclosure Requirement and related datapoint	Materiality	Section in the sustainability statement
ESRS S1-1 paragraph 20 Human rights policy commitments	Material	Policies related to own workforce (S1-1)
ESRS S1-1 paragraph 21 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Material	Policies related to own workforce (S1-1)
ESRS S1-1 paragraph 22 Processes and measures for preventing trafficking in human beings	Material	Policies related to own workforce (S1-1)
ESRS S1-1 paragraph 23 Workplace accident prevention policy or management system	Material	Policies related to own workforce (S1-1)
ESRS S1-3 paragraph 32 (c) Grievance/complaints handling mechanisms	Material	Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)
ESRS S1-14 paragraph 88 (b) and (c) Number of fatalities and number and rate of work-related accidents	Material	Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)
ESRS S1-14 paragraph 88 (e) Number of days lost to injuries, accidents, fatalities or illness	Material	Use of the exemption
ESRS S1-16 paragraph 97 (a) Unadjusted gender pay gap	Material	Remuneration metrics (pay gap and total remuneration) (S1-16)
ESRS S1-16 paragraph 97 (b) Excessive CEO pay ratio	Material	Remuneration metrics (pay gap and total remuneration) (S1-16)
ESRS S1-17 paragraph 103 (a) Incidents of discrimination	Material	Incidents, complaints, and severe human rights impacts (S1-17)
ESRS S1-17 paragraph 104 (a) Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Material	Incidents, complaints, and severe human rights impacts (S1-17)
ESRS 2 SBM3 – S2 paragraph 11 (b) Incidents, complaints and severe human rights impacts	Material	Material impacts, risks and opportunities and their interaction with strategy and business model (S2-SBM-3)
ESRS S2-1 paragraph 17 Human rights policy commitments	Material	Policies related to value chain workers (S2-1)
ESRS S2-1 paragraph 18 Policies related to value chain workers	Material	Policies related to value chain workers (S2-1)
ESRS S2-1 paragraph 19 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Material	Policies related to value chain workers (S2-1)
ESRS S2-1 paragraph 19 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Material	Policies related to value chain workers (S2-1)
ESRS S2-4 paragraph 36 Human rights issues and incidents connected to its upstream and downstream value chain	Material	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4)
ESRS S3-1 paragraph 16 Human rights policy commitments	Not material	–/–

Disclosure Requirement and related datapoint	Materiality	Section in the sustainability statement
ESRS S3-1 paragraph 17 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	Not material	–/–
ESRS S3-4 paragraph 36 Human rights issues and incidents	Not material	–/–
ESRS S4-1 paragraph 16 Policies related to consumers and end-users	Not material	–/–
ESRS S4-1 paragraph 17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Not material	–/–
ESRS S4-4 paragraph 35 Human rights issues and incidents	Not material	–/–
ESRS G1-1 paragraph 10 (b) United Nations Convention against Corruption	Material	Business conduct policies and corporate culture (G1-1)
ESRS G1-1 paragraph 10 (d) Protection of whistleblowers	Material	Business conduct policies and corporate culture (G1-1)
ESRS G1-4 paragraph 24 (a) Fines for violation of anti-corruption and anti-bribery laws	Material	Incidents of corruption or bribery (G1-4)
ESRS G1-4 paragraph 24 (b) Standards of anti-corruption and anti-bribery	Material	Incidents of corruption or bribery (G1-4)

List of material impacts, risks and opportunities

ESRS	Type	Time Horizon	Value chain	Description
E1	Negative impact	Short- / medium- / long-term	Downstream	MTUs products are modules for engines in the aviation sector. The GHG emissions generated by these products during the use phase have an actual negative impact on the environment by contributing to global warming. These include CO_2 emissions and non-CO_2 effects, which in turn are mainly caused by NOx and contrails.
E1	Negative impact	Short- / medium- / long-term	Own operations	As an industrial company that manufactures aircraft engine parts and maintains engines, MTU continuously generates Scope 1 and 2 GHG emissions during production, repair and testing at its six largest sites. MTU's activities have a negative impact on the environment, especially concerning climate change.
E1	Negative impact	Short- / medium- / long-term	Downstream	MTU participates in joint ventures in the downstream value chain (MTU Aero Engines AG) that are active in the OEM and MRO business; however, it does not exercise operational control over them. The business activities of these joint ventures result in the emission of GHGs. Their contribution to global climate change has negative impacts on the environment.
E1	Negative impact	Short- / medium- / long-term	Upstream	Since MTU generates GHG emissions in the upstream value chain, it has negative impacts on climate change. GHG emissions can occur along the entire upstream value chain and include processes such as processing of products and transportation.
E1	Risk	Long-term	Own operations	A risk for MTU could be that climate targets are not achieved, resulting in poor ESG ratings. The perceptions of external stakeholders and customers could deteriorate and have a potentially negative impact on financial performance through financial losses, such as reduced revenue.
E5	Positive Impact	Short- / medium- / long-term	Own operations	MTU's long-standing expertise in the maintenance, repair, and overhaul (MRO) of engines and the resulting high quality of customer-specific or needs-based engine MRO services have a positive impact on the circular economy. Only non-repairable parts are replaced, while the rest of the engine is reused. The MRO services also prolong the products' service life. MTU's MRO business activities thus significantly contribute to the circular economy through its efficient maintenance and repair operations.
S1	Negative impact	Short-/ medium- / long-term	Own operations	Ineffective structures or actions to ensure work-life balance, job security, working hours, wages, social dialogue, freedom of association, the existence of works councils, collective bargaining, and employees' rights to information, consultation and co-determination can have negative impacts on employees.
S1	Positive Impact	Short- / medium- / long-term	Own operations	Structures or measures implemented make a positive contribution to the well-being and physical health of employees by ensuring employment and financial security, work flexibility and work-life balance. They also ensure social dialogue, codetermination and consultation opportunities (incl. works councils) and create an ergonomic work environment for employees.
S1	Negative impact	Short- / medium- / long-term	Own operations	Ineffective mandatory technical training or non-continuous updates to health and safety training can have negative impacts on occupational health and safety. This has a negative impact on the workforce.
S1	Negative impact	Short- / medium- / long-term	Own operations	Ineffective occupational health and safety measures may lead to a higher probability of work-related accidents, negatively affecting a safe work environment and the well-being of the workforce.
S1	Risk	Long-term	Own operations	Restricted working conditions (e.g. insufficiently flexible working time models, low financial security, non-ergonomic workplaces, etc.) can reduce employer attractiveness, lead to higher employee turnover and, in the long term, cause a shortage of highly qualified and motivated employees. This carries the risk of higher personnel costs.
S1	Negative impact	Short- / medium- / long-term	Own operations	Cases of exclusion, discrimination and bullying can lead to psychological and emotional stress for the affected employees, which in turn has a negative impact on the individuals concerned, the corporate culture and the workforce.
S1	Negative impact	Short-term	Own operations	Ineffective actions related to training, career development, and promoting performance can lead to a lack of personal fulfillment (prospects), a sense of being underchallenged, and psychological risks, which can have a negative impact on employees.
S1	Positive impact	Short- / medium- / long-term	Own operations	A positive impact is achieved by implementing the MTU training curriculum and program – e.g., in the areas of personal development, leadership skills, IT training etc. – and through the associated KPI "training days per employee" and career development opportunities. In addition, initiatives such as job rotation, lateral hires and similar measures support employees in achieving their individual goals.

ESRS	Type	Time Horizon	Value chain	Description
S1	Negative impact	Short- / medium- / long-term	Own operations	Ineffective measures to prevent, assess and mitigate human rights violations (e.g. disregard of labor rights, child and forced labor, restriction of freedom of association, expropriation of land, discrimination, lack of equal opportunities, inappropriate use of security forces, inadequate pay/working hours) and failure to implement remedial actions can adversely affect the freedom of employees, as well as discriminate against and harm them. This may even have consequences for their mental and physical well-being.
S2	Negative impact	Short- / medium- / long-term	Upstream	Potentially inadequate working conditions in the factories of direct suppliers with a focus on casting and forging production processes, e.g. hard physical labor with a high probability of long-term injuries, working hours and fair wages. All supplier workers were considered part of the stakeholder group in the analysis.
S2	Negative impact	Short- / medium- / long-term	Upstream	Potentially negative impact assumed due to external reports on working conditions in mining, such as high safety and health risks for workers, long working hours and rather inadequate payment conditions – no transparency available regarding the higher upstream value chain. All supplier workers were considered part of the stakeholder group in the analysis.
S2	Negative impact	Short- / medium- / long-term	Upstream	Potential negative impact at direct suppliers, as the nature of the work does not usually allow for the inclusion of people with disabilities, low proportion of women in production; all current and potential workers for suppliers were treated as part of the stakeholder group in the analysis.
S2	Negative impact	Short- / medium- / long-term	Upstream	Potential negative impact due to assumed cases of discrimination based on origin, gender and ethnicity at indirect suppliers; all current and potential workers for suppliers were treated as part of the stakeholder group in the analysis.
S2	Negative impact	Short- / medium- / long-term	Upstream	Potential negative impact assumed due to reported cases of forced or child labor in mining; all workers were considered part of the stakeholder group in the analysis.
MTU specific	Negative impact	Short- / medium- / long-term	Downstream	In the aviation industry, ensuring product quality and flight safety is of vital importance. MTU has a Group-wide integrated management system (IMS), which must be properly implemented in order to avoid deviations and associated risks. Non-compliance could potentially lead to a flight incident, which would have a negative impact on customers and end users. For this reason, the topic of "product quality and flight safety" is rated as material in accordance with the MTU zero-tolerance principle.
G1	Positive impact	Short- / medium- / long-term	Own operations	MTU conducts business internationally and opens sites in several countries with lower level of implemented anti-corruption measures. Since MTU requires European standards in the aforementioned measures, it creates a learning effect, imparting knowledge to local employees and contract partners. MTU's strategy and policies for combating corruption in less developed countries may help to increase the maturity level of anti-corruption measures, which also has an impact on societal stability and trust in local institutions. This includes economic decision-making on fair competition/combating corruption whenever MTU decides to build new sites or negotiate large order volumes.

MDR-M disclosures

ESRS	Metric	Methodology
ESRS 2 General disclosures		
ESRS 2	Number of MTU employees by region	Number of employee headcount is reported as of December 31, 2024. The primary data is provided by the IT environment or, in the case of smaller sites, by local HR business partners. Number of employees is based on the employee definition according to disclosures from S1-6 and corresponding metrics.
ESRS E1 Climate change		
E1-1	Taxonomy-aligned capital expenditure that contributing to the transition plan for climate change mitigation	The amount of Taxonomy-aligned capital expenditures that contributed to the transition plan for climate change mitigation is determined on the basis of the reporting requirements in accordance with the EU Taxonomy.
E1-3	Significant CapEx and OpEx on actions to achieve GHG emission reduction targets	The KPIs regarding the significant CapEx and OpEx for the implementation of climate change mitigation actions in the reporting year are derived from the asset additions and the expenses according to the income statement as of December 31, 2024. The disclosures on Taxonomy-eligible and Taxonomy-aligned CapEx and OpEx in this context were determined based on the reporting requirements under the EU Taxonomy.
E1-4	Contribution of the decarbonization levers to target achievement	The reported contributions to target achievement are derived on the basis of the expected contributions of MTU's planned and implemented climate change mitigation actions. The reported figures are forecasts based on assumptions regarding the implementation of the planned actions and the expected emission reductions compared with non-implementation of the actions.
E1-5	Energy consumption and mix	To calculate the energy mix, the energy mix data for the relevant energy sources concerned are taken for each site and multiplied by the site's energy consumption. The total energy consumption is determined based on meter readings and/or invoices from energy suppliers. Estimation methods were used for sites and energy sources for which no primary data could be collected. MTU's energy consumption is calculated, taking into account all available activity data per square meter. This factor is used for the estimated energy consumption of subsidiaries that do not have energy consumption data. If data is not available in time, MTU uses the previous month's or year's data or calculates the consumption data using the mean value of the available data.
E1-5	Generation of self-used energy	The amount of energy generated is recorded based on meter readings.
E1-5	Energy intensity per million euros of net revenue	The energy intensity metric represents MTU's total energy consumption in MWh per net revenue in millions of euros. The KPI is based on MTU's energy consumption in high climate impact sectors. Since MTU's entire business operations fall under the industry sector "30.30 Manufacture of air and spacecraft and related machinery" and are therefore in a high climate impact sector, the total energy consumption is reported for this performance indicator and divided by the net revenue (from contracts with customers/in accordance with IFRS 15) recorded in MTU's financial statements, which only include fully consolidated subsidiaries.
E1-6	Scope 1 emissions	The calculation of Scope 1 emissions includes the direct emission sources within the company. The data used to calculate the Scope 1 emissions is based on MTU's energy consumption data. To calculate the emissions, the activity data collected is multiplied by the corresponding emission factors. Further information on the calculation methods can be found under "Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)".
E1-6	Scope 2 emissions	To calculate the Scope 2 GHG emissions, MTU follows both location-based and market-based methods. For location-based emissions, MTU uses average energy generation emission factors specific to the MTU sites. For market-based emissions, MTU quantified the GHG emissions from generators with whom MTU has contractual agreements for bundled and unbundled electricity. If no data on contractual instruments is available, MTU takes account of the emission factor of the corresponding residual mix, if available. Further information on the calculation methods can be found under "Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)".
E1-6	Scope 3 emissions	MTU bases its calculation of Scope 3 GHG emissions on data from certain activities within its upstream and downstream value chain. Further information on the calculation methods can be found under "Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)".
E1-6	MTU's total emissions	The metric comprises the sum of MTU's gross GHG emissions in the reporting year.
E1-6	GHG intensity based on net revenue	GHG intensity per million euros of net revenue is determined on the basis of MTU's total emissions and net revenue (from contracts with customers/in accordance with IFRS 15) in tCO2eq per million euros in the reporting year.

ESRS	Metric	Methodology
E1-6	Share of purchased energy with bundled and unbundled attributes for energy generation	The share of purchased energy with bundled and unbundled attributes for energy generation is determined on the basis of the contracts for the procurement of energy. The figure is calculated as the ratio of the amount of energy purchased (electricity and district heating) with bundled or unbundled attributes for energy generation to the total amount of energy purchased (electricity and district heating).
E1-7	Metrics on carbon credits used	These metrics describe the amount of carbon credits canceled by financing projects to reduce and remove GHG emissions outside of MTU's value chain in the reporting year. The measurement is expressed in metric tons of CO_2 equivalents (CO2eq). When data is collected for this performance indicator, projects with a focus on reducing GHGs outside of MTU's value chain must first be identified. Every project to reduce GHGs is considered a reduction project (e.g. through reforestation or urban tree planting) or an extraction project (e.g. direct capture from the air). The carbon credits are based on existing contractual agreements and the receipt of carbon certificates. Finally, the data on the amount of carbon credits canceled for the reporting year per project is recorded in tons of CO2eq.
E1-7	Carbon credits planned to be canceled in the future	The stated quantity of carbon credits is calculated from the sum of contracts in place in the reporting year for the purchase and retirement of carbon credits in subsequent years.
ESRS E5 Resource use and circular economy		
E5-5	Durability of key MTU products	This key performance indicator measures the durability of MTU's products compared with the industry average. Durability is determined by the operational years or operational hours of the aircraft for which the engine or module was designed. The key performance indicator must be calculated separately for each market segment and takes into account the different useful lives both in years and in operating hours. The durability metric for each market segment is calculated by determining the ratio of the service life of MTU products in this market segment to the market segment-specific industry average. Industry-standard commercial and proprietary databases (Cirium® and Mercury) are used to calculate the industry average. As sevice life can also vary slightly within a market segment depending on the aircraft type, the average service life per market segment is calculated taking into account the corresponding sales / manufacturing figures for each aircraft type. This applies to the annual average per market segment for both MTU products and the industry average. The final durability index is calculated as a weighted average across all market segments based on the sales of MTU products. Disclosures on the estimation method: Each aircraft type has a different service life. Accordingly, the number of aircraft manufactured per aircraft type in the respective reporting period is taken into account when calculating the annual industry average. In order to calculate the average service life, the number of aircraft manufactured from January to November is taken into account, as the December figures are not available in time for year-end reporting. It is therefore assumed that the same mix of aircraft in terms of service life are manufactured in December. There is currently no data available in the standard commercial databases for calculating the industry average for business jets. Based on discussions with experts, the durability of MTU components is assessed as 100%. This corresponds to the industry average.
E5-5	Recyclable content in products and packaging	This KPI evaluates the recyclability of MTU's products and their packaging. The assessment follows the definition of recycling outlined in the EU Waste Framework Directive (2008/98/EC), excluding energy recovery and reprocessing into fuels or backfilling materials. The recyclability of MTU's products is determined at the parts level and allocated on a mass-based approach to modules (HPC, LPT, TCF) and product level. Components made of metal alloys are considered 100% recyclable, while the recyclability of other materials was determined through literature research and discussions with experts. For materials whose recyclability could not be determined, a value of 0% was assumed. The total recyclability of MTU's products is determined by dividing the recyclable content of all products sold by the total weight of products sold. The same calculation method also applies to the recyclability assessment of materials used to package the products sold, including the packaging in circulation that is owned by MTU. The packaging's rate of recyclable content is determined with the aid of the MTU packaging catalog, among other things. This contains the item numbers of the materials used for the packaging of MTU products, the material type and the weight. Using this information, the recyclability of the respective materials is first determined on the basis of literature research and discussions with experts. The recyclable weight is then calculated by multiplying the recyclability of each item of packaging by its respective weight and the quantity ordered. The total recyclable content is thus the ratio of total recyclable material to total packaging weight.

ESRS	Metric	Methodology
ESRS S1 Own workforce		
S1-6	Total workforce by number of employees and breakdown by gender	Employee information (headcount) is reported as of December 31, 2024. The primary data is provided by the HR IT environment or, in the case of smaller sites, by local HR business partners. In some EU Member States it is possible for persons to legally register themselves as having a third, often neutral, gender, which is categorized as "other" in the table. It should be noted that the gender category "other" is not applicable in the following countries with MTU sites, as it is not possible to legally register a third gender there: Brazil, China, Poland, Serbia, Singapore, USA (state of Texas).
S1-6	Number of MTU employees in countries with significant employment	The employee figures (headcount) are reported as of December 31, 2024. The primary data is provided by the HR IT environment or, in the case of smaller sites, by local HR business partners. The number of employees is reported for countries with significant employment, i.e. having 50 or more employees and representing at least 10% of the total number of employees; the reporting therefore refers to 2 out of 11 countries with MTU sites.
S1-6	Number of MTU employees by employment relationship and breakdown by gender	The number of permanent and temporary employees is reported as of December 31, 2024. Temporary employees have a fixed-term contract (full-time or part-time in accordance with national law or practice) and include both temporary blue- and white-collar workers as well as substitute contracts (e.g. for permanent employees on maternity leave or with long-term illnesses). Similarly to the definition of permanent employees, employees on maternity leave and employees with long-term illnesses are also included in the definition. The primary data is provided by the HR IT environment or, in the case of smaller sites, by local HR business partners. In some EU Member States it is possible for persons to legally register themselves as having a third, often neutral, gender, which is categorized as "other" in the table above. It should be noted that the gender category "other" is not applicable in the following countries with MTU sites, as it is not possible to legally register a third gender there: Brazil, China, Poland, Serbia, Singapore, USA (state of Texas).
S1-6	Employee turnover	The total number of employees leaving the company is reported in terms of headcount as of December 31, 2024 representing the aggregate of the number of employees who have left voluntarily or due to dismissal, retirement, or death in service. Employees with contractually fixed-term employment contracts are taken into account if they leave early. As a basic population, the number of employees (permanent and temporary) is used as a reference value in the calculation. The primary data is provided by the HR IT environment or, in the case of smaller sites, by local HR business partners.
S1-8	Collective bargaining coverage and social dialogue	The percentage of employees in the EEA covered by collective bargaining agreements is calculated by dividing the number of employees covered by collective bargaining agreements by the total number of employees in the EEA. The percentage of employees in the EEA covered by workers' representatives is calculated by dividing the number of employees working at MTU sites with workers' representatives by the total number of employees in the EEA. Only EEA countries with significant employment (> 50 employees, representing > 10 % of all employees) are considered. Number of employees is reported as of December 31, 2024. The primary data is provided by the HR IT environment or, in the case of smaller sites, by local HR business partners.
S1-9	Gender distribution at top management level	The top management levels comprise the management levels below the Executive Board: Level 1 at MTU mid-level with first-level managers (OFK) and Level 2 at MTU departmental level with second-level managers (FK). The number is the headcount and is reported as of December 31, 2024. The primary data is provided by the HR IT environment or, in the case of smaller sites, by local HR business partners. In some EU Member States it is possible for persons to legally register themselves as having a third, often neutral, gender, which is categorized as "other" in the table above. It should be noted that the gender category "other" is not applicable in the following countries with MTU sites, as it is not possible to legally register a third gender there: Brazil, China, Poland, Serbia, Singapore, USA (state of Texas).
S1-9	Distribution of employees by age group	The number is the headcount and is reported as of December 31, 2024. The primary data is provided by the HR IT environment or, in the case of smaller sites, by local HR business partners.
S1-10	Adequate wages	Primary data on the remuneration components relevant to the annual total remuneration regarding the guaranteed remuneration components for each employee is extracted from MTU's payroll system or, for countries with smaller sites, requested from payroll service providers. The respective hourly rates were analyzed for each payroll cycle if required (change in the minimum wage or remuneration during the year).

ESRS	Metric	Methodology
S1-14	Health and safety metrics	To calculate the metrics for occupational health and safety, the underlying number of employees (in contrast to the disclosures in accordance with ESRS S1-6, including interns, apprentices, trainees and working students) is reported as of December 31, 2024. The primary data is provided by the MTU HR IT environment or, in the case of smaller sites, by local HR business partners. In determining the coverage rate (inclusion of employees in accordance with ESRS S1-6, excluding interns, apprentices, trainees, and working students) with health and safety management systems, sites are considered covered if they are covered by either the IMS or the occupational health and safety management system in accordance with ISO 45001. For the German sites, coverage is provided by both systems. The following sites are certified in accordance with the ISO 45001 standard: MTU Aero Engines AG (Munich), MTU Maintenance Hannover GmbH, MTU Maintenance Berlin-Brandenburg GmbH, MTU Maintenance do Brasil Ltda., MTU Maintenance Australia Pty. Ltd. and MTU Maintenance Service Centre Ayutthaya Ltd. The certifications are reviewed annually by an external body. The number of work-related accidents, including fatalities, is documented by the occupational safety managers at site level in accordance with the standardized classification scheme (categories 1-5, from near miss to fatality) and investigated in cooperation with the affected employee and the responsible management level. Fatalities as a result of work-related injuries are recorded as category 5 accidents. They must be reported immediately to local and Group management. The primary data for the reporting period Jan. 1 – Dec. 31 is provided by the local occupational safety departments, which are responsible for the accuracy of the data. The rate of work-related accidents is calculated by dividing the respective number of cases in categories 3 and 4 by the total working hours of the employees (in contrast to the disclosures in accordance with ESRS S1-6, including interns, apprentices, trainees and working students) and standardized to one million working hours (corresponds to 500 full-time employees in the period of one year). A category 3 case corresponds to an accident at work with an injury that results in one to three days' absence from work; a category 4 case corresponds to an accident at work with an injury resulting in more than three days' absence from work. Due to legal requirements for data privacy and data protection, MTU cannot obtain and report any data for the indicator work-related ill health.
S1-16	Gender pay gap	The gross hourly wages of all male and female employees are based on the gross annual amount subject to payroll tax, which is divided by the annual working hours (adjusted for the reporting period from Jan. 1 – Dec. 31 if the payroll period differs). Primary data on the remuneration components relevant to the annual total remuneration for each employee is extracted from MTU's payroll system or, for countries with smaller sites, requested from payroll service providers. The KPI is calculated at Group level. Hourly wages at foreign sites are converted into euros accordingly.
S1-16	Ratio of the median of the total annual remuneration of all employees to the total annual remuneration of the highest-paid individual	The calculation of the median total remuneration of employees follows the definition of ESRS S1-6 (i.e. members of the Executive Board are not included as employees) and is based on the gross annual amount subject to payroll tax (for different payroll periods, adjusted to the reporting period Jan. 1 – Dec. 31). To ensure the comparability of the remuneration data, it was extrapolated to an annual working time of 2,080 hours. Primary data on the remuneration components relevant to the annual total remuneration for each employee is extracted from MTU's payroll system or, for countries with smaller sites, requested from payroll service providers. The KPI is calculated at Group level. The annual gross wage or equivalent for the foreign sites is converted into euros accordingly.
S1-17	Incidents, complaints and penalties	The figures include work-related incidents of discrimination reported or identified in the reporting period from Jan. 1 - Dec. 31 that relate to MTU's own workforce. Available reporting channels for complaints are: (i) the internet-based whistleblower system, which has been set up as a central portal for reports or complaints and offers both employees at MTU and third parties, such as employees of suppliers, the opportunity to submit information about suspected unlawful behavior, anonymously if desired. Complaints reported via the internet-based reporting system will be assessed by the compliance officer directly. Additionally, complaints may be reported via (ii) direct communication channels to the responsible management level or the equal treatment officer. Reports submitted via the National Contact Point for the OECD Guidelines at the Federal Ministry for Economic Affairs and Climate Action are also taken into account, provided MTU is aware of the report. Complaints raised and incidents reported are assessed by the Group Compliance Office in consultation with the General Equal Opportunities Office.
S1-17	Severe incidents and penalties related to human rights	The figures include severe human rights violations (e.g. forced labor, human trafficking, or child labor) reported or identified in the reporting period from Jan. 1 – Dec. 31 that relate to MTU's own workforce. Incidents reported or identified are assessed by the Compliance Office directly.

ESRS	Metric	Methodology
ESRS G1 Business conduct		
G1-3	Percentage of employees in functions-at-risk covered by training programs	The calculation of the training coverage of functions-at-risk is based on the total number of employees in functions-at-risk with valid training certificates for participation in one of the two training formats in the reporting year, standardized to the total number of employees in functions-at-risk. Employees are defined as described in "Characteristics of the undertaking's employees (S1-6)". In addition, apprentices, interns, working students and trainees are considered. Due to their tasks and responsibilities, the functions-at-risk include purchasing and sales, accounting, IT, the legal department and compliance. The group of individuals affected also includes senior employees, such as members of the management and the Executive Board, and the Works Council. The allocation of the employee headcount to the functions-at-risk is checked for double counting. The number of employees and valid training certificates relate to the reporting period from Jan. 1 – Dec. 31.
G1-4	Convictions and fines	The figures include reported convictions for corruption or bribery incidents and the amount of fines for incidents directly involving MTU or MTU employees in the reporting period from Jan. 1 – Dec. 31. Primary data is reported quarterly by each MTU site to the Group compliance officer.